



SOMNOMED LIMITED

ACN 003 255 221

## Retail Entitlement Offer Information Booklet

1 for 3.24 accelerated pro-rata non-renounceable entitlement offer  
of fully paid ordinary shares in the Company at an issue price of \$0.80 per New Share

Lead Manager to the Issue

Wilson's Corporate Finance Limited ACN 057 547 323

Retail Entitlement Offer closes: 5.00pm (Sydney, Australia time) on Wednesday, 15 April 2020 (unless extended). Valid Applications must be received before that time.

If you are an Eligible Retail Shareholder, this Retail Offer Booklet together with the personalised Entitlement and Acceptance Form which accompanies it are important documents that require your immediate attention. These documents should be read in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with the Australian Securities and Investments Commission. You should consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions. If you have any questions about the Retail Entitlement Offer, please contact the Offer Information Line on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia) at any time between 8.30am and 5.00pm (Sydney time), Monday to Friday during the Retail Offer Period.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

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## Retail Entitlement Offer Information Booklet

### IMPORTANT NOTICES

This Retail Offer Booklet is dated Wednesday, 1 April 2020. Capitalised terms used in this Retail Offer Booklet have the meaning given to them in Section 7 of this Retail Offer Booklet.

### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

The Retail Entitlement Offer is made pursuant to section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), which allows entitlement offers to be made without a prospectus or other disclosure document. As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read carefully and understand this Retail Offer Booklet and the information about the Company and the Retail Entitlement Offer made publicly available, prior to deciding whether to take up all or part of their Entitlement or apply for Additional New Shares or do nothing in respect of their Entitlement.

This Retail Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares and Additional New Shares through BPAY<sup>®1</sup> in accordance with the instructions on the Entitlement and Acceptance Form, you will be deemed to have acknowledged that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

### No overseas offering

This Retail Offer Booklet (including the accompanying Entitlement and Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States and the New Shares and Additional New Shares may not be offered or sold, directly or indirectly, to persons in the United States or to any person acting for the account or benefit of any person in the United States.

<sup>1</sup> ® registered to BPAY Pty Ltd ABN 69 079 137 518.

### No overseas offering (continued)

This Retail Offer Booklet is not to be distributed in, and no offer of New Shares or Additional New Shares is to be made under the Retail Entitlement Offer, in countries other than Australia and New Zealand.

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

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares (and Additional New Shares, as the case may be) is subject to all requisite authorities and clearances being obtained for the Company to lawfully receive your Application Monies.

### 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 (and, if an eligible investor, have provided the necessary certification).

## United States

None of the information in this Retail Offer Booklet or the personalised Entitlement and Acceptance Form accompanying it when it is dispatched to Eligible Retail Shareholders (as set out in the "Key dates" section) constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. Neither this Retail Offer Booklet (or any part of it) nor the personalised Entitlement and Acceptance Form, when made available, may be released or distributed, directly or indirectly, to persons in the United States.

Neither the Entitlements, the New Shares nor the Additional New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States. Neither the Entitlements or the New Shares or the Additional New Shares (as the case may be) may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable U.S. states securities laws. The Entitlements, the New Shares and the Additional New Shares to be offered and sold in the Retail Entitlement Offer described in this Retail Offer Booklet may only be offered and sold outside the United States in "offshore transactions" (as defined in Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.

### Definitions, currency and time

Defined terms used in this Retail Offer Booklet are contained in Section 7. All references to time are to Sydney, Australia time, unless otherwise indicated.

### Foreign exchange

All references to '\$' are AUD unless otherwise noted.

### Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares and Additional New Shares (if applicable). Section 6 provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. The Company recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

## Privacy

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

By submitting your personalised Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or through its Share Registry). The Company collects, holds and will use that information to assess your Application. The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to its Share Registry, The Company'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 the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through its Share Registry.

### Governing law

This Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

### 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 Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet may not be relied upon as having been authorised by the Company, its related bodies corporate or any of their respective directors, officers, employees, agents, advisers or representatives. Except as required by law, and only to the extent so required, none of the Company, its related bodies corporate or any their respective directors, officers, employees, agents, advisers or representatives, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Retail Offer Booklet.

### Past performance

Investors should note that any past performance information given in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future the Company's performance, including future share price performance.

### **Future performance and forward-looking statements**

This Retail Offer Booklet contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “should”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance”, “project”, “forecast”, “likely”, “could”, “target” or other similar words or expressions, and include statements in this Retail Offer Booklet regarding certain plans, strategies and objectives of management of the Company and indications of, and guidance or outlook on, expected financial performance or position, future earnings, distributions, the conduct and outcome of the Entitlement Offer and the use of proceeds.

The forward-looking statements contained in this Retail Offer Booklet involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond the control of the Company, 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. 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 Retail Offer Booklet in light of those disclosures.

Neither the Company, nor any other person, gives any representation, warranty, assurance nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement actually occur. The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and the Company disclaims any responsibility to update or revise any forward-looking statement to reflect any change in the Company's financial condition, status, expectations or affairs or any change in events, conditions or circumstances on which a statement is based, except as required by law.

### **Risks**

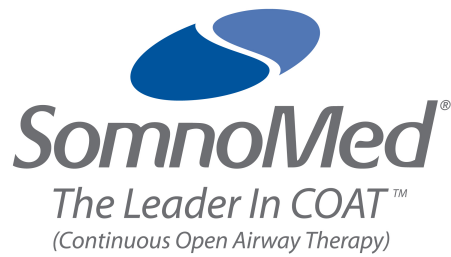
An investment in New Shares and Additional New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible delays in repayment and loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

Shareholders should refer to the “Key risks” section of the Investor Presentation included in Section 4 of this Retail Entitlement Offer Booklet for a summary of general and specific risk factors that may affect the Company.

### **Trading New Shares and Additional New Shares**

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares and Additional New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or its Share Registry or otherwise, or who otherwise trade or purport to trade New Shares or Additional New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.



## Chairman's letter

Wednesday, 1 April 2020

Dear Shareholder,

Since the outbreak of COVID19 pandemic we all have been subjected to worse news on a daily basis. Every day gone by, we have come to realise more that this crisis will have a profound impact on all of us – our health, our businesses, employment, and our everyday life.

SomnoMed is operating in 28 countries in the world. To a varying degree, all countries we are operating in are affected by COVID19. Many of our medical and dental practices are subject to lock downs or held to commitments to use their facilities and staff only for the diagnosis and treatment of COVID19 patients or conditions of high urgency. Sadly this comes at a time when SomnoMed have been enjoying high growth, especially in the United States and Canada, and to a lesser degree in Europe. Based on our unaudited management accounts this trend continued in January and February this year, allowing us to be on track to achieve our guidance for the financial years 2020 until very recently.

It is impossible to predict the length, the depth and the extent of this crisis. However, we have to assume that it will take months before we see this crisis abating and life returning to some normality. Based on that, your Board and the management of our Company have decided to revoke its guidance for this financial year and start work immediately on measures to secure the future of our Company. Given the uncertainty as to the timing of trading returning to relative normality due to COVID 19 the Company believes it cannot provide an updated guidance at this point in time.

At the time of writing this, measures are being announced to reduce cost drastically and to control the cash outflow across all our businesses in all countries and in all departments. Unfortunately this also has to include measures, which will reduce payments to our executives and staff despite their excellent performance, the great efforts made and the loyalty demonstrated to our Company. At the same time the Board decided to forgo the payment of fees to Directors effective immediately until further notice. Taking steps to secure the long-term future our Company in this dreadful crisis must now be our priority and will guide every action we are taking.

The effects of COVID19 will have an effect on our business and as no one can predict how long this crisis will last, the Board also decided that additional capital should be raised as soon as possible. We hope that you will be able to participate in the Entitlement Issue detailed in this booklet.

The Board hopes that your circumstances will allow you to subscribe to your entitlements and participate in this action aimed to safeguard the future of SomnoMed. More importantly, let me wish you the very best for your health and the health of all your families.

As a valued shareholder of SomnoMed Limited (**Company**), I am pleased to offer you the opportunity to participate in the Company's recently announced fully underwritten 1 for 3.24 pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an offer price of \$0.80 (**Offer Price**) per New Share to raise approximately \$15.5 million.

## Entitlement Offer and use of proceeds

On Wednesday, 25 March 2020, the Company announced its intention to raise approximately \$15.5 million for working capital purposes, through a fully underwritten pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**). The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) was successfully completed before trading in the Company's Shares recommenced on ASX on Thursday, 26 April 2020 and raised approximately \$9.7 million.

This retail entitlement offer booklet (**Retail Offer Booklet**) relates to the retail component of the Entitlement Offer (**Retail Entitlement Offer**). The Retail Entitlement Offer is expected to raise approximately \$5.8 million.

## Details of the Entitlement Offer

As noted above, the Entitlement Offer comprises an accelerated institutional component which raised approximately \$9.7 million and a retail component to raise approximately \$5.8 million.

The Entitlement Offer is fully underwritten by Wilsons Corporate Finance Limited (**Underwriter**).

The Retail Entitlement Offer opens at 10.00am (Sydney, Australia time) on Wednesday, 1 April 2020 and closes at 5.00pm (Sydney, Australia time) on Wednesday, 15 April 2020.

## Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders in Australia and New Zealand have the opportunity to invest at the same price as the Institutional Shareholders who participated in the Institutional Entitlement Offer. The number of New Shares and Additional New Shares (as defined below) for which you are entitled to subscribe under the Retail Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form which accompanies this Retail Offer Booklet.

The Entitlement Offer is non-renounceable and therefore your Entitlement will not be tradeable on the ASX or any other exchange, cannot be sold and is not otherwise transferable. This means that Eligible Retail Shareholders (as defined in Section 7 of this Retail Offer Booklet) who do not take up their Entitlements will not receive any value for those Entitlements and their proportionate interest in the Company will be diluted.

Eligible Retail Shareholders are entitled to subscribe for 1 new Share (**New Share**) at the Offer Price for every 3.24 existing Shares in the Company (**Existing Shares**) held at 7.00pm (Sydney, Australia time) on Friday, 27 March 2020 (**Record Date**) (**Entitlement**). Eligible Retail Shareholders who take up their Entitlement in full may also apply for additional Shares in excess of their Entitlement at the Offer Price (**Additional New Shares**). New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares from their date of issue.

The Offer Price of \$0.80 per New Share and Additional New Share represents:

- a discount of approximately 60.0% to the last closing price of the Shares as traded on ASX before announcement of the Entitlement Offer (being \$2.00 on Tuesday, 17 March 2020); and
- a discount of approximately 53.4% to the theoretical ex-rights (**TERP**) price of \$1.72 reflecting the Entitlement Offer.<sup>2</sup>

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<sup>2</sup> TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares traded on ASX immediately after the ex-date for the Entitlement Offer depended on many factors and may not have been equal to TERP. TERP is calculated by reference to the closing price of the Shares as traded on ASX of \$2.00 on Tuesday, 17 March 2020, being the last trading day prior to the announcement of the Entitlement Offer.



## How to apply

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement.

The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Wednesday, 15 April 2020. To participate, you should ensure that you have completed your Application by paying the relevant application monies (**Application Monies**) by BPAY® before this time in the manner described in this Retail Offer Booklet. If you are unable to pay by BPAY® (for example if you are based in New Zealand and do not have an Australian bank account), you are able to pay by cheque.

## Further information

Further information on the Retail Entitlement Offer and the Company's business is detailed in this Retail Offer Booklet. You should carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, accountant or other professional adviser before making your investment decision. In particular, you should read and consider Section 4 (Key risks) of the Investor Presentation included in Section 4 of this Retail Offer Booklet, which contains a summary of some of the key risks associated with an investment in the Company.

If you have any questions in respect of the Retail Entitlement Offer, please call the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) at any time from 8.30am to 5.00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period. This Retail Offer Booklet contains detailed information about the Entitlement Offer, including instructions on how to participate should you choose to do so. Please read this Retail Offer Booklet carefully and in its entirety before choosing to participate in the Retail Entitlement Offer.

On behalf of my fellow directors, I look forward to welcoming your participation in the Retail Entitlement Offer and your continued ownership of the Company.

Yours sincerely,



Dr. Peter Neustadt  
Chairman  
SomnoMed Limited



## Letter from the CEO

Dear SomnoMed Shareholder,

### Why are we raising capital

COVID 19 is expected to have a significant negative impact on SomnoMed's business of providing the SomnoDent oral appliance for the treatment of obstructive sleep apnea to our customers and their patients in the near future. The result of the spread of COVID 19 and following the lock down of many of the countries in which SomnoMed operates, means that access to and treatment from such clinicians will not be possible for the time that the lock downs remains in place.

Since the most recent updates around the world regarding the spread and impact of this terrible virus, we are seeing a number of dental and medical societies recommend that practices close and refrain from such treatment for the sake of the health and wellbeing of their patients and treating staff. This is understandable and we will continue to see a growing strain on these practices, hospitals, clinics and the general healthcare system as a whole, until the rate of infection of COVID 19 is under control.

For these reasons, the Company will require additional working capital to secure the Company's future. Funds raised from the Entitlement Offer will be used for this purpose.

### Trading update

SomnoMed has until recently continued on its path of high revenue growth rates, especially in the US, and was well on track to achieve its FY20 revenue and earnings guidance. However, the impact of COVID 19 on medical and dental practices started to become visible once more countries were affected and more drastic measures to control the virus were implemented. It is now clear that Q4 will see a significant impact on the number of patients that are able to be diagnosed and treated for any medical condition that is not urgent, non-elective or connected to the treatment of the virus itself.

In this environment it is not possible to responsibly forecast what the full impact on our device sales in Q4 will be due to the high level of uncertainty. In light of this, the Company has therefore decided to revoke our guidance at this point in time. Given the uncertainty as to the timing of trading returning to relative normality due to COVID 19 the Company believes it cannot provide an updated guidance at this point of time.

The Company's manufacturing site in Manila has been re-based to expected volumes and supply chain remains open while the Company navigates the recently imposed restrictive laws that will determine staff access to the facility.

SomnoMed has and will continue to take measures to reduce all travel, non-essential operational costs, salaries, right-sizing manufacturing, and a freeze on capital expenditure and new hires. SomnoMed is also optimising working capital management to ensure cash maximisation is achieved. At the same time, we have taken all necessary steps to protect the health and safety of all our employees.

## 2019/20 First Half Financial Results

SomnoMed Limited announced its results for the first half of the financial year on 18th February 2020. A copy of the Company's half year accounts for the period ended 31st December 2019 can be found at <https://somnomed.com/au/about-us/investor-centre/>. Highlights of the Company's first half are shown on in the Investor Presentation contained in this booklet.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Neil - M'.

Neil Verdahl-Austin  
CEO  
SomnoMed Limited

## Summary of the Entitlement Offer

| Institutional Entitlement Offer                        |   |
|--|---|
| Ratio  | 1 New Share for every 3.24 Existing Shares held   |
| Offer Price  | \$0.80 per New Share  |
| Size   | Approximately 12.1 million New Shares   |
| Gross proceeds   | Approximately \$9.7 million   |
| Retail Entitlement Offer                               |   |
| Ratio  | 1 New Share for every 3.24 Existing Shares held (same as Institutional Entitlement Offer) |
| Offer Price  | \$0.80 per New Share (same as Institutional Entitlement Offer)                            |
| Size   | Approximately 7.3 million New Shares  |
| Gross proceeds   | Approximately \$5.8 million   |
| Total gross proceeds                                   |   |
| Expected total gross proceeds of the Entitlement Offer | Approximately \$15.5 million  |

## Key Dates

| Activity  | Date                     |
|---|--------------------------|
| Announcement of Entitlement Offer   | Wednesday, 25 March 2020 |
| Record Date for Entitlement Offer (7.00pm Sydney, Australia time)   | Friday, 27 March 2020    |
| Retail Offer Booklet lodged with ASX  | Wednesday, 1 April 2020  |
| Retail Offer Booklet and Entitlement and Acceptance Form despatched to Eligible Retail Shareholders               | Wednesday, 1 April 2020  |
| Retail Entitlement Offer opens  | Wednesday, 1 April 2020  |
| Settlement of New Shares under the Institutional Entitlement Offer  | Tuesday, 31 March 2020   |
| New Shares issued under the Institutional Entitlement Offer commence trading on ASX                               | Wednesday, 1 April 2020  |
| Retail Entitlement Offer closes (5.00pm Sydney, Australia time)   | Wednesday, 15 April 2020 |
| Issue of New Shares and Additional New Shares under the Retail Entitlement Offer                                  | Wednesday, 22 April 2020 |
| Normal ASX trading for New Shares and Additional New Shares issued under the Retail Entitlement Offer commences   | Thursday, 23 April 2020  |
| Despatch of holding statements for New Shares and Additional New Shares issued under the Retail Entitlement Offer | Friday, 24 April 2020    |

### Notes:

*This timetable above (and each reference thereto or to dates therein in this Retail Offer Booklet) is indicative only and subject to change without notice. All times and dates in the timetable refer to Sydney, Australia time. The Company reserves 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, the Company reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late Applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares and Additional New Shares.*

*The Company also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to issue of the New Shares and Additional New Shares (as applicable). In that event, the relevant Application Monies (without interest) will be returned in full to Applicants. Cooling off rights do not apply to an investment in New Shares and Additional New Shares. You cannot withdraw your Application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.*

## Enquiries

If you have any doubt about whether you should participate in the Retail Entitlement Offer, you should seek professional financial advice from your stockbroker, solicitor, accountant or other professional adviser before making any investment decision.

If you have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement or have lost your Entitlement and Acceptance Form and would like a replacement form, please call 1300 737 760 (inside Australia) and +61 2 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period.

## 1. Summary of options available to you

If you are an Eligible Retail Shareholder<sup>3</sup>, you may take one of the following actions:

- take up all of your Entitlement;
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for the lapsed Entitlement; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement.

| Options available to you   | Key considerations  |
|--|---|
| <p><b>Option 1:</b> Take up all of your Entitlement</p>  | <ul style="list-style-type: none"> <li>• You may elect to purchase New Shares at the Offer Price (see Section 3 <i>"How to apply"</i> for instructions on how to take up your Entitlement).</li> <li>• The New Shares will rank equally in all respects with Existing Shares from their date of issue (including rights to dividends and distributions).</li> <li>• The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Wednesday, 15 April 2020.</li> <li>• Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Eligible Shareholders who do not take up their rights in full will not receive any value in respect of those rights they do not take up.</li> </ul>  |
| <p><b>Option 2:</b> Take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement</p> | <ul style="list-style-type: none"> <li>• You may elect to apply for New Shares up to your Entitlement and that number of Additional New Shares in excess of your Entitlement which represents 100% of your Entitlement (see Section 3 <i>"How to apply"</i> for instructions on how to take up Additional New Shares in excess of your Entitlement).</li> <li>• The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any Excess Amounts received by the Company, may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject to any scale-back it may determine to implement in respect of Additional New Shares. Please note that allocations of Additional New Shares are at the discretion of the Company.</li> <li>• The New Shares and Additional New Shares will rank equally in all respects with Existing Shares from their date of issue (including rights to dividends and distributions).</li> <li>• The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Wednesday, 15 April 2020.</li> </ul> |

<sup>3</sup> See Section 5.3 of this Retail Offer Booklet.

| Options available to you   | Key considerations  |
|--|---|
| <p><b>Option 3:</b> Take up part of your Entitlement</p>   | <ul style="list-style-type: none"> <li>• If you only take up part of your Entitlement, the part not taken up will lapse and the New Shares not subscribed for will form part of the Shortfall.</li> <li>• If you do not take up your Entitlement in full, you will not receive any payment or value for that part of your Entitlement not taken up.</li> <li>• If you do not take up your Entitlement in full, you will have your percentage holding in the Company reduced as a result of the Entitlement Offer.</li> </ul>  |
| <p><b>Option 4:</b> Do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement</p> | <ul style="list-style-type: none"> <li>• If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlement will lapse.</li> <li>• The New Shares not subscribed for will form part of the Shortfall.</li> <li>• Your Entitlement is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred.</li> <li>• If you do not take up your Entitlement, you will not receive any payment or value for your Entitlement.</li> <li>• If you do not take up your Entitlement, you will have your percentage holding in the Company reduced as a result of the Entitlement Offer.</li> </ul> |

If you are a retail Shareholder that is not an Eligible Retail Shareholder, you are an **Ineligible Retail Shareholder**. Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer.

## 2. Overview of the Entitlement Offer

### 2.1 Overview

The Company intends to raise approximately \$15.5 million under the Entitlement Offer via an offer of approximately 19.4 million New Shares at an Offer Price of \$0.80 per New Share. Eligible Shareholders may also apply for Additional New Shares in excess of their Entitlement up to that number which represents 100% of their Entitlement. The allocation of any Additional New Shares will be limited to the extent that there are sufficient New Shares available from Eligible Shareholders who do not take up their full Entitlement.

The Company will use the proceeds of the Entitlement Offer for working capital purposes

The Entitlement Offer has two components:

- a) the Institutional Entitlement Offer – Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to sell Entitlements not taken up by Eligible Institutional Shareholders as well as New Shares that otherwise would have been offered to Ineligible Shareholders at the Offer Price was carried out, to raise approximately \$9.7 million; and
- b) the Retail Entitlement Offer (to which this Retail Offer Booklet relates) – Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement. Eligible Retail Shareholders who take up their Entitlement in full may also apply for Additional New Shares. The Retail Entitlement Offer is expected to raise approximately \$5.8 million.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements cannot be traded on the ASX, nor can they be sold, transferred or otherwise disposed of.

New Shares and Additional New Shares issued under the Retail Entitlement Offer are to be issued at the same price as New Shares issued under the Institutional Entitlement Offer. In addition, Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.

The Entitlement Offer is fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement (as summarised in Section 5.7 of this Retail Offer Booklet).

### 2.2 Institutional Entitlement Offer

The Company has already raised approximately \$9.7 million from Eligible Institutional Shareholders as part of the Institutional Entitlement Offer, at \$0.80 per New Share.<sup>3</sup>

New Shares are expected to be issued under the Institutional Entitlement Offer on Wednesday, 1 April 2020.

### 2.3 Retail Entitlement Offer

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84)) which allows entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on the Company and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the materials in Section 4 of this Retail Offer Booklet and other announcements made available at [asx.com.au](http://asx.com.au) and all other parts of this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

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<sup>3</sup> Settlement of the Institutional Entitlement Offer is due to occur on Tuesday, 31 March 2020 and is subject to certain conditions and termination events. Refer to Section 5.7.



The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 3.24 Existing Shares held on the Record Date.

The Retail Entitlement Offer opens on Wednesday, 1 April 2020. This is also the date when the Retail Offer Booklet will be dispatched, along with an Entitlement and Acceptance Form, to Eligible Retail Shareholders. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney, Australia time) on Wednesday, 15 April 2020.

### **3. How to Apply**

#### **3.1 Retail Entitlement Offer**

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 3.24 Existing Shares held on the Record Date at 7.00pm (Sydney, Australia time) on Friday, 27 March 2020. The Offer Price of \$0.80 per New Share represents a discount of 53.4% to the TERP of \$1.72 reflecting the Entitlement Offer. Eligible Retail Shareholders who take up their Entitlement Offer in full may also apply for Additional New Shares (see Section 3.3 below for further details).

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

The Retail Entitlement Offer opens on Wednesday, 1 April 2020. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney, Australia time) on Wednesday, 15 April 2020.

#### **3.2 Your Entitlement**

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 3.24 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) accompanies this Retail Offer Booklet. Eligible Retail Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Please note that the Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Retail Shareholders in Section 5.3 of this Retail Offer Booklet). Eligible Retail Shareholders should be aware that an investment in the Company involves risks and in the circumstances should be considered speculative. The key risks identified by the Company are set out in Section 4 of the Investor Presentation (see Section 4 of this Retail Offer Booklet).

#### **Nominees**

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders (see definition of Eligible Retail Shareholder in the 'Additional information' section). The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Entitlement Offer). Nominees and custodians may not distribute any part of this booklet, and may not permit any beneficial shareholders to participate in the Entitlement Offer, in any country outside Australia and New Zealand, without the consent of the Company. Any person that is in the United States or is a U.S. Person, or that is acting for the account or benefit of a person in the United States or a U.S. Person, will not be able to purchase the New Shares or the Additional New Shares.

### 3.3 Additional New Shares

Eligible Retail Shareholders who take up their Entitlement in full may also apply for that number of Additional New Shares which represents 100% of their Entitlement at the Offer Price per Additional New Share (**Additional New Share Cap**).

Allocations of Additional New Shares are at the discretion of the Company and will be subject to the Additional New Share Cap. The Company may scale back applications for Additional New Shares having regard to all relevant circumstances, including an Eligible Retail Shareholder's underlying shareholding at the Record Date and in the event that an application for Additional New Shares is received from an Eligible Retail Shareholder which is in excess of the Additional New Share Cap.

There is no guarantee that you will receive the amount of Additional New Shares applied for above your Entitlement, if any. The allocation of any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlement and will be subject always to the Additional New Share Cap.

Any Excess Amount paid by you may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full. No Additional New Shares will be issued to an Eligible Retail Shareholder which will result in them increasing their voting power in the Company above 20% or exceeding the Additional New Share Cap.

### 3.4 Options available to you

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the Entitlement and Acceptance Form that accompanies this Retail Offer Booklet. Eligible Retail Shareholders may:

- (a) take up their Entitlement in full by the Closing Date (refer to Section 3.5);
- (b) take up their Entitlement in full and also apply for Additional New Shares in excess of their Entitlement by the Closing Date (refer to Section 3.5);
- (c) take up part of their Entitlement by the Closing Date, in which case the balance of their Entitlement would lapse (refer to Section 3.6); or
- (d) do nothing and allow their Entitlement to lapse (refer to section 3.7).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Ineligible Retail Shareholders may not take up all or part of their Entitlement.

The Company 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, Australia time) on Wednesday, 15 April 2020** (however, that date may be varied by the Company, in accordance with the ASX Listing Rules and applicable law).

### 3.5 Taking up all of your Entitlement and applying for Additional New Shares

If you wish to take up all of your Entitlement or take up all of your Entitlement and apply for Additional New Shares up to the Additional New Share Cap, payment must be made via Bpay® if possible. Eligible Retail Shareholders based in New Zealand who do not have an Australian bank account will be able to pay by bank draft in Australian currency. Payments must be made by following the instructions set out on the Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney, Australia time) on the Closing Date (Wednesday, 15 April 2020).

The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any Excess Amounts received by the Company, may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject to the Additional New Share Cap and any scale-back it may determine to implement. Please note that allocations of Additional New Shares are at the discretion of the Company.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque or banks draft 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). If you wish to advise or change your banking instructions with the Share Registry you may do so by going to <https://boardroomlimited.com.au/> and logging into the InvestorServe before the Entitlement Offer closes.

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

If you wish to take up part of your Entitlement, payment must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. If the Company receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an Application for as many New Shares as your Application Monies will pay for in full.

### 3.7 Allowing 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 your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

### 3.8 Consequences of not taking up all or part of your Entitlement

If you do not take up all or part of your Entitlement in accordance with the instructions set out above, those New Shares representing your Entitlement (or the part of your Entitlement not taken up) will be acquired by the Underwriter or any sub-underwriters.

By allowing all or part of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares representing that part of your Entitlement not taken up and you will not receive any value for that part of your Entitlement. Your interest in the Company will also be diluted.

### 3.9 Payment

Payment should be made using Bpay® if possible. Eligible Retail Shareholders who do not have an Australian bank account will be able to pay by bank draft in Australian currency (see below at Section 3.11).

Cash payments will not be accepted. Receipts for payment will not be issued.

The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any Excess Amounts received by the Company, may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject to the Additional New Share Cap and any scale-back it may determine to implement. Please note that allocations of Additional New Shares are at the discretion of the Company.

Any Application Monies received for more than your final allocation of New Shares or Additional New Shares (as the case may be) will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

### 3.10 Payment by Bpay®

For payment by Bpay®, please follow the instructions on the Entitlement and Acceptance Form. You can only make payment via Bpay® if you are the holder of an account with an Australian financial institution that supports Bpay® transactions.

If you are paying by Bpay®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on your Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Please note that by paying by Bpay®:

- (a) you do not need to submit your Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.12 of this Retail Offer Booklet; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your Bpay® payment is received by the Share Registry by no later than 5.00pm (Sydney, Australia time) on the Closing Date (ie Wednesday, 15 April 2020). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

### 3.11 If you are unable to pay by Bpay®

The Company encourages payments by Bpay® if possible.

If you are unable to pay by Bpay® and wish to make a payment by cheque or bank draft, you should complete your Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque or bank draft in Australian currency for the amount of the Application Monies, payable to 'SomnoMed Limited' and crossed 'Not Negotiable'.

It is your responsibility to ensure that your payment by cheque or bank draft is received by the Share Registry by no later than 5.00pm (Sydney, Australia time) on the Closing Date (ie Wednesday, 15 April 2020) at the address set out below:

#### **Mailing Address**

SomnoMed Limited  
C/- Boardroom Pty Limited  
GPO Box 3993, Sydney NSW 2001

You must ensure cleared funds are held in your account as your cheque will be banked as soon as it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque or bank draft must be:

- a) for an amount equal to \$0.80 multiplied by the number of New Shares and Additional New Shares (if any) that you are applying for; and
- b) in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque or bank draft will be processed on the day of receipt. If the amount of your cheque or bank draft for Application Monies (or the amount for which the cheque or bank draft clears in time for allocation) is insufficient to pay in full for the number of New Shares and Additional New Shares (as the case may be) you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares and Additional New Shares (as the case may be) as your cleared Application Monies will pay for (and to have specified that number of New Shares and Additional New Shares (as the case may be) on your Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

### 3.12 Payment through Bpay® or submission of Entitlement and Acceptance Form is binding

A payment made through Bpay® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares and Additional New Shares (as the case may be) on the terms and conditions set out in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form 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 and Additional New Shares (as the case may be). The Company's decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

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

- (a) you are (or the person on whose account you are acting is) an Eligible Retail Shareholder;
- (b) you have read and understood this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety;
- (c) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (and accompanying Entitlement and Acceptance Form), and the Company's constitution;
- (d) you authorise the Company to register you as the holder(s) of New Shares and any Additional New Shares (if any) issued to you;
- (e) all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;
- (g) you acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of Application Monies via Bpay®, you may not withdraw your Application or funds provided except as allowed by law;
- (h) you agree to apply for and be issued up to the number of New Shares and Additional New Shares (as the case may be) specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via Bpay®, including, in each case, any Additional New Shares, at the Offer Price per new Share (noting that allocations of Additional New Shares are subject to the Additional New Share Cap and are at the absolute discretion of the Company);
- (i) you authorise the Company, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares and any Additional New Shares (if any) to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (j) you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date and are an Eligible Retail Shareholder;

- (k) the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares or Additional New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (l) this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (m) the statement of risks in Section 4 of the Investor Presentation included in Section 4 of this Retail Offer Booklet, and that investments in the Company are subject to risks;
- (n) you acknowledge that none of the Company, the Underwriter, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (o) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- (p) you authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (q) for the benefit of the Company, the Underwriter and their respective related bodies corporate and affiliates, that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (r) determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and Share Registry constraints and the discretion of the Company and / or the Underwriter, and each of the Company and the Underwriter and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;
- (s) the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and Additional New Shares (as the case may be) and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- (t) for the benefit of the Company, the Underwriter and their respective related bodies corporate and affiliates, that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (u) you understand and acknowledge that neither the Entitlements, the New Shares nor the Additional New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be taken by persons in the United States or by persons who are acting for the account or benefit of a person in the United States;
- (v) if you are in the United States and/or are acting for the account or benefit of a person in the United States, you are subscribing for or purchasing the New Shares or Additional New Shares in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- (w) you are not engaged in the business of distributing securities;
- (x) you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;

- (y) if in the future you decide to sell or otherwise transfer the New Shares or Additional New Shares acquired under the Retail Entitlement Offer you will only do so in “regular way” transactions on ASX or Chi-x where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;
- (z) you are eligible under applicable securities laws to exercise Entitlements and acquire New Shares and Additional New Shares (as the case may be) under the Retail Entitlement Offer; and
- (aa) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

### 3.13 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 and/or Additional New Shares (as the case may be) under the Retail Entitlement Offer.

### 3.14 Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees or custodians with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from the Company. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- (b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- (c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- (d) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States.

The Company is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. The Company is not able to advise on foreign laws.

For the avoidance of doubt, the Company reserves the right (in its absolute sole discretion) to reduce the number of New Shares and Additional New Shares (as the case may be) allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

The Company also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

### 3.15 Withdrawal of Entitlement Offer

Subject to applicable law, the Company reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares and Additional New Shares, in which case the Company will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or 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).

### 3.16 Risks

Eligible Retail Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are set out in the Investor Presentation in Section 4 of this Retail Offer Booklet, but these are not an exhaustive list of the risks associated with an investment in the Shares.

### 3.17 Further enquiries

If you have not received or you have lost your Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Share Registry on 1300 737 760 (within Australia) and +61 2 9290 9600 (outside of Australia) at any time from 8.30am to 5.00pm (Sydney, Australia time) Monday to Friday, before the Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on the Closing Date (ie Wednesday, 15 April 2020). If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.



## 4. ASX Announcement and Investor Presentation



25 March 2020

ASX Limited

Dear Sir/Madam,

### **SomnoMed Limited ACN 003 255 221 (ASX:SOM) – TRADING UPDATE AND ACCELERATED NON-RENONCEABLE ENTITLEMENT OFFER**

- SomnoMed Limited (SomnoMed) provides a trading update with regard to the impact of Coronavirus (COVID 19) on the business
- SomnoMed con-currently announces a 1 for 3.24 fully underwritten accelerated pro-rata non-renounceable entitlement offer to raise gross proceeds of approximately \$15.5 million (Entitlement Offer).

#### **Trading update**

COVID 19 is expected to have a significant but short-term negative impact on SomnoMed's business of providing the SomnoDent oral appliance for the treatment of obstructive sleep apnoea to our customers and their patients. The result of the spread of COVID 19 and following the lock down of many of the countries in which SomnoMed operates, means that access to and treatment from such clinicians will not be possible for the time that the lock down remains in place.

Since the most recent updates around the world regarding the spread and impact of this terrible virus, we are seeing a number of dental and medical societies recommend that practices close and refrain from such treatment for the sake of the health and wellbeing of their patients and treating staff. This is understandable and we will continue to see a growing strain on these practices, hospitals, clinics and the general healthcare system as a whole, until the rate of infection of COVID 19 is under control.

For these reasons, the Company will require additional working capital to secure the Company's future. Funds raised from the Entitlement Offer will be used for this purpose.

SomnoMed has until recently continued on its path of high revenue growth rates, especially in the US, and was well on track to achieve its FY20 revenue and earnings guidance. However, the impact of COVID 19 on medical and dental practices started to become visible once more countries were affected and more drastic measures to control the virus were implemented. It is now clear that Q4 will see a significant impact on the number of patients that are able to be diagnosed and treated for any medical condition unless it is urgent, non-elective or connected to the treatment of the virus itself.

In this environment it is not possible to responsibly forecast what the full impact on our device sales in Q4 will be, due to the high level of uncertainty. In light of this, the Company has therefore decided to revoke our guidance at this point in time. Given the uncertainty as to the timing of trading returning to relative normality due to COVID 19 the Company believes it cannot provide an updated guidance.

The Company's manufacturing site in Manila has been re-based to expected volumes and supply chain remains open while the Company navigates the recently imposed restrictive laws that will determine staff access to the facility.

SomnoMed has and will continue to take significant cost reduction measures including:

- CEO salary reduced by 50% until further notice
- Salary costs reduced by at least 30% globally until further notice
- Directors will forgo all fees until further notice
- Ban all travel within the organisation
- Only operational essential costs to be incurred to match demand
- Establish work from home and work rotation programs
- Down size and right size manufacturing to meet demand
- Freeze all investments in CAPEX
- Freeze all current technology enhancing and innovation projects
- Optimise working capital management

At the same time, we have taken all necessary steps to protect the health and safety of all our employees.

## Entitlement Offer

SomnoMed announces a 1 for 3.24 accelerated pro rata non-renounceable entitlement offer of fully paid ordinary shares in to raise approximately \$15.5 million.

The offer price of 0.80 per New Share represents a 53.4% discount to the theoretical ex-rights price ("TERP")<sup>1</sup> of \$1.72 on 17 March 2020 (the last day of trading before the trading halt), and a 60.0% discount to the last closing price at 17 March 2020.

The Entitlement Offer will consist of an Institutional Entitlement Offer and Retail Entitlement Offer. It is fully underwritten by Wilsons Corporate Finance Limited.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 New Share for every 3.24 existing shares held at 7.00pm (Sydney Time) on Friday, 27 March 2020 (Record Date) at the Offer Price (Entitlements), with fractions rounded up.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

It is expected that approximately 19.4 million New Shares will be issued as part of the Entitlement Offer. New Shares issued under the Entitlement Offer will rank equally with existing SomnoMed shares.

## Institutional Entitlement Offer

The Entitlement Offer includes an institutional component (Institutional Entitlement Offer) and a retail component (Retail Entitlement Offer). Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, Wednesday, 25 March 2020. Eligible institutional shareholders may opt to take up all, part or none of their Entitlement.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for new shares in excess of their Entitlement, as well as to certain other eligible institutional investors who bid into the institutional bookbuild being conducted concurrently with the Institutional Entitlement Offer.

SomnoMed shares will remain in a trading halt pending completion of the Institutional Entitlement Offer.

## Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer, on Wednesday, 1 April 2020 and the offer will close at 5.00pm (Sydney Time) on Wednesday, 15 April 2020. Retail shareholders will be notified by the Company as to their eligibility to participate in the Retail Entitlement Offer. Eligible shareholders will be sent an information booklet including a personalised entitlement and acceptance form on Wednesday, 1 April 2020. The information booklet will provide the details of how to participate in the Retail Entitlement Offer. A copy of the Information Booklet will also be lodged with the ASX on Wednesday, 1 April 2020.

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<sup>1</sup> TERP is a theoretical price at which SomnoMed shares trade immediately after the ex-date for the Entitlement Offer. TERP is calculated by reference to SomnoMed's closing price of \$2.00 on 17 March 2020. TERP is a theoretical calculation only and the actual price at which SomnoMed shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

## Summary of key dates

| Procedure step  | Date                     |
|---|--------------------------|
| Announcement of Entitlement offer and Institutional Entitlement Offer opens   | Wednesday, 25 March 2020 |
| Institutional Entitlement Offer and institutional bookbuild closes (4:00pm)   | Wednesday, 25 March 2020 |
| Trading halt lifted and announcement of results of Institutional Entitlement Offer (pre-market open)                  | Thursday, 26 March 2020  |
| Record date for determining Entitlements to subscribe for new shares under the Entitlement Offer (7:00pm Sydney Time) | Friday, 27 March 2020    |
| Settlement of Institutional Entitlement Offer   | Tuesday, 31 March 2020   |
| Retail offer booklet despatched and Retail Entitlement Offer opens  | Wednesday, 1 April 2020  |
| Allotment and normal trading of New Shares under the Institutional Entitlement Offer                                  | Wednesday, 1 April 2020  |
| Retail Entitlement Offer closes (5:00pm Sydney Time)  | Wednesday, 15 April 2020 |
| Announce results of Retail Entitlement Offer  | Friday, 17 April 2020    |
| Allotment of New Shares under the Retail Entitlement Offer  | Wednesday, 22 April 2020 |
| Quotation and normal trading of New Shares issued under the Retail Entitlement Offer                                  | Thursday, 23 April 2020  |

All dates and times are indicative only and subject to change. Unless otherwise specified, all dates and times refer to time in Sydney, Australia. 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.

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.

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 apnoea, snoring and bruxism. SomnoMed was commercialised 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 apnoea. SomnoDent® is the most comfortable and effective design and treatment solution for almost 525,000 patients in 28 countries. For additional information, visit SomnoMed at <http://www.somnomed.com.au>

# Investor Presentation

## Trading update and capital raising

### March 2020



## DISCLAIMER & REGULATORY DISCLOSURE

The following notice and disclaimer applies to this investor presentation (Presentation) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation you represent and warrant that you are entitled to receive the Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation has been prepared by SomnoMed Limited ACN 003 255 221 (SomnoMed or Company) and is dated 25 March 2020. This Presentation has been prepared in relation to the Company's proposed fully underwritten pro rata non-renounceable accelerated entitlement offer of new fully paid ordinary shares (New Shares) in SomnoMed to certain eligible shareholders of the Company (Entitlement Offer or Offer). The Entitlement Offer is being made to:

- a) eligible institutional shareholders of the Company (Institutional Entitlement Offer); and
- b) eligible retail shareholders of the Company (Retail Entitlement Offer).

under section 708AA of the Corporations Act (as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84). Wilsons Corporate Finance Limited (Wilsons or Underwriter) is acting as sole lead manager and underwriter of the Offer.

#### Summary information

This Presentation contains summary information about the Company and its subsidiaries (Group) and their respective activities which are current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. This presentation should be read in conjunction with the Company's other periodic and continuous disclosure information lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au). Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications.

#### Market and industry data

Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of the Company, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

#### Not an offer

This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (ASIC) or other similar regulatory body). This Presentation is not and should not be considered an offer or an invitation to acquire entitlements or New Shares or any other financial products. The Retail Entitlement Offer will be made on the basis of the information contained in the retail offer booklet to be prepared for eligible retail shareholders in Australia and New Zealand (Retail Offer Booklet), and made available following its lodgement with ASX. Any eligible retail shareholder in Australia or New Zealand who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet before deciding whether to apply for New Shares under the Retail Entitlement Offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Offer Booklet and the entitlement and acceptance form.

This Presentation is not and should not be considered an offer or an invitation to acquire the New Shares or any other financial products and does not and will not form any part of any contract for the acquisition of the New Shares. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the US Securities Act of 1933 (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the securities have been registered under the US Securities Act (which the Company has no obligation to do or procure) or are offered or sold pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. This Presentation may not be distributed or released in the United States.

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#### Not financial product advice

This Presentation does not constitute financial product or investment advice or any recommendation to acquire New Shares or accounting, legal or tax advice. Each recipient of the Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Group and the impact that different future outcomes might have on the Group. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. The Company is not licensed to provide financial product advice in respect of the New Shares. Cooling off rights do not apply to the acquisition of New Shares under the Offer.

# DISCLAIMER & REGULATORY DISCLOSURE

## Investment risk

An investment in New Shares is subject to known and unknown risks, some of which are beyond the control of the Group, including possible delays in repayment and loss of principal and income invested. The Company does not guarantee any particular rate of return or the performance of the Group, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Persons should have regard to the risk factors outlined in this Presentation. An investment in New Shares should be considered speculative.

## Forward-looking statements and forecasts

This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include, but are not limited to, statements regarding certain plans, strategies and objectives of management of the Company, the outcome and effects of the Offer and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Any such statements, opinions and estimates in this Presentation, including the current trading outlook, speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group (including but not limited to the current Covid-19 Pandemic), and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the "Key Risks" in Section 4 of this Presentation for a non-exhaustive summary of certain general and specific risk factors that may affect the Group. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the risk factors set out in this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to the Company as at the date of this Presentation. The Presentation also includes a current trading outlook, which is based on a number of assumptions concerning future events, including, without limitation, the successful implementation of the Group's business operation strategies, as well as a number of assumptions and estimates relating to factors affecting the Group's business (including but not limited to the current Covid-19 Pandemic). Given the current uncertainties regarding the impact of the current Covid-19 Pandemic on the trading conditions impacting the Company, the financial markets and the health services world-wide investors are cautioned not to place undue reliance on the current trading outlook.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), the Company disclaims any obligation to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

## Past performance

Past performance and pro forma financial information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Group's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Group including future share price performance. The historical financial information contained in this Presentation is, or is based on, information that has previously been released to the market.

The information in this Presentation has been obtained from or based on sources believed by the Company to be reliable

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## Institutional bookbuild

Shareholders should note that Wilsons (whether in that capacity, as nominee in accordance with section 615 of the Corporations Act (if applicable) or otherwise) is not acting as agent for securityholders (including shareholders who are ineligible to participate in the Offer (Ineligible Shareholders), manages the institutional bookbuild, and the sale process under section 615 of the Corporations Act in respect of the Offer (if applicable), for and at the request of the Company only; owes no duties (fiduciary or otherwise) to securityholders (including Ineligible Shareholders) is not obliged to return any entitlements to, or act at the direction, or consider the interests, or the requests, of any shareholders (including Ineligible Shareholders) may determine in its discretion to whom it allocates entitlements and New Shares in accordance with its arrangements with the Company and subject to pro-rata entitlements of eligible securityholders under the Entitlement Offer, and that it is not liable for failure to sell such entitlements or New Shares at any particular price or at all.



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2. Outlook
3. Capital raising
4. Key risks
5. Foreign selling jurisdictions



# 1. Trading conditions update



## Trading conditions update

- ✔ SomnoMed's trading performance in January and February 2020 was on target and in accordance with guidance. Revenues were growing strongly with both months posting revenue growth of 17% over prior year
  - ✔ Since early March 2020, the impacts of the Coronavirus (COVID-19) started to spread to all our markets. The board has decided to withdraw FY20 guidance given the size and duration of the negative impact of COVID-19 on the Company's operating and financial performance is currently unclear
  - ✔ The assessment performed and analysis done during March on various assumptions and scenarios indicated that it is more than likely that there is a severe impact on revenues in Q4, necessitating the withdrawal of guidance
  - ✔ In light of this, the board has made a decision to act quickly and decisively to protect and preserve the business, and for this reason, the Company is seeking to raise additional working capital
- ✔ SomnoMed has the following implemented significant cost saving measures to date:
    - > CEO salary reduced by 50% until further notice
    - > Salary costs reduced by at least 30% globally until further notice
    - > Directors will forgo all fees until further notice
    - > Ban all travel within the organisation
    - > Only operational essential costs to be incurred to match demand
    - > Establish work from home and work rotation programs
    - > Down size and right size manufacturing to meet demand
    - > Freeze all investments in CAPEX
    - > Freeze all current technology enhancing and innovation projects
    - > Optimise working capital management
  - ✔ The Company's manufacturing site in Manila has been re-based to expected volumes and supply chain currently remains open
  - ✔ Further measures have been drafted to be implemented should the effects of this virus continue for extended periods of time. SomnoMed has and will continue to take measures to reduce all non-essential spending and capital expenditure

# First-half ending 31 December 2019 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



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

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## Prior to the impact of COVID-19, SomnoMed was performing to expectations

(Financials – January and February 2020\*)

### Total SomnoMed core revenue growth

| Revenue growth (%)   | Jan-20     | Feb-20     | Jan + Feb FY20 |
|----------------------|------------|------------|----------------|
| North America        | 33%        | 32%        | 32%            |
| Europe               | 12%        | 12%        | 12%            |
| APAC                 | (14%)      | 3%         | (6%)           |
| <b>SomnoMed Core</b> | <b>17%</b> | <b>17%</b> | <b>17%</b>     |

### Total SomnoMed core revenue

| Total Revenue (A\$000's) | Jan-20       | Feb-20       | Jan + Feb FY20 | YTD Feb FY20  |
|--------------------------|--------------|--------------|----------------|---------------|
| North America            | 1,889        | 1,908        | 3,797          | 16,152        |
| Europe                   | 2,669        | 3,719        | 6,387          | 24,693        |
| APAC                     | 328          | 414          | 741            | 3,448         |
| <b>SomnoMed Core</b>     | <b>4,886</b> | <b>6,041</b> | <b>10,926</b>  | <b>44,293</b> |



\*Unaudited management accounts

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## 2. Outlook



### Outlook for the rest of FY20

- ✓ Given the uncertain extent and duration of the impact of COVID-19 on the Company, current outlook is largely unknown
- ✓ Actions are in place to preserve cash and protect the business
- ✓ Further actions will be taken should necessity dictate
- ✓ The focus of the management team is to ensure that our staff are safe, the business is protected and that SomnoMed has a strengthened balance sheet to assist the Company to withstand the likely downturn in revenues and the inability for patients to see their practitioners and receive treatment
- ✓ Cost reduction programs are currently being developed in all our global entities and across all departments to be implemented immediately and over the next weeks
- ✓ Regular updates will be given to the market



## 3. Capital Raising



### Capital raising details

#### Offer Size and Structure

- A \$15.5m offer comprising a 1 for 3.24 pro-rata accelerated non-renounceable entitlement offer ("Entitlement Offer")
- Approximately 19.4 million new SomnoMed shares to be issued ("New Shares"), representing 30.9% of current SomnoMed shares on issue
- The Entitlement Offer will consist of an Institutional Entitlement Offer and a Retail Entitlement Offer

#### Offer Price

- Offer price of \$0.80 per New Share under the Entitlement Offer, which represents:
- 53.4% discount to the TERP<sup>1</sup> of \$1.72, based on the closing price of SomnoMed shares on 17 March 2020
- 60.0% discount to the last close of \$2.00, based on the closing price of SomnoMed shares on 17 March 2020

#### Ranking

- The New Shares issued under the Entitlement Offer will rank equally with existing SomnoMed shares

#### Institutional Entitlement Offer

- The Institutional Entitlement Offer will be conducted on Wednesday, 25 March 2020 and be open to eligible institutional holders in Australia, New Zealand, Singapore and Hong Kong
- Institutional entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional shareholders who apply for new shares in excess of their Entitlement, as well as to certain other eligible institutional investors who bid into the institutional bookbuild being conducted concurrently with the Institutional Entitlement Offer

Note: 1. TERP is a theoretical price at which SomnoMed shares trade immediately after the ex-date for the Entitlement Offer. TERP is calculated by reference to SomnoMed closing price of \$2.00 on 17 March 2020. TERP is a theoretical calculation only and the actual price at which SomnoMed shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

# Capital raising details

## Use of proceeds

- The Entitlement Offer proceeds will be used for working capital purposes

## Major shareholder intentions

- A nominee has been appointed, and approved by ASIC, for the purpose of section 615 of the Corporations Act, so as to deal with new Shares that would have otherwise been offered to ineligible foreign shareholders in the Entitlement Offer
- The Company's largest shareholder, TDM Growth Partners Pty Ltd has confirmed that it will take up its full entitlement under the Entitlement Offer and have also agreed to sub-underwrite the Entitlement Offer
- TDM's shareholding (depending upon the take up of the Entitlement Offer by other shareholders) may increase from 19.8% to a maximum of 38.7% of shares on issue post completion of the Entitlement Offer

## Retail Entitlement Offer

- The Retail Entitlement Offer will be open to eligible retail shareholders in Australia and New Zealand
- The Retail Entitlement Offer opens Wednesday, 1 April 2020 and closes Wednesday, 15 April 2020

## Lead Manager and Underwriter

- Wilson's Corporate Finance Limited is Lead Manager and Underwriter of the Entitlement Offer
- The Entitlement Offer is fully underwritten by the Lead Manager

## Record Date

- 7:00pm (Sydney time) Friday, 27 March 2020

# Timetable

| Procedure Step   | Date                |
|--|---------------------|
| Announcement of Entitlement Offer                        | Wednesday, 25 March |
| Institutional Offer opens                                | Wednesday, 25 March |
| Institutional Offer closes (5pm Sydney time)             | Wednesday, 25 March |
| Announce Results of Institutional Offer                  | Thursday, 26 March  |
| Trading Halt Lifted – Trading is on ex-entitlement basis | Thursday, 26 March  |
| Record date for holders (7pm Sydney time)                | Friday, 27 March    |

| Procedure Step   | Date                |
|--|---------------------|
| Information Booklet and Entitlement and Acceptance Form sent to Retail Investors | Wednesday, 01 April |
| Retail Entitlement Offer opens   | Wednesday, 01 April |
| Issue and Quotation of New Shares under Institutional Offer                      | Wednesday, 01 April |
| Retail Offer closes (5pm Sydney time)  | Wednesday, 15 April |
| Announce Results of Retail Offer   | Friday, 17 April    |
| Issue New Shares under Retail Offer  | Wednesday, 22 April |
| Quotation of New Shares under Retail Offer                                       | Thursday, 23 April  |
| Dispatch Holding Statements under Retail Offer                                   | Friday, 24 April    |

**Note:**

- Dates and times are indicative only and subject to change without notice. SomnoMed reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates and times refer to Sydney time and 2020.

## 4. Key risks



### 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 Entitlements 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:

- economic conditions in both Australia and internationally;
- investor sentiment and local and international share market conditions;
- changes in interest rates and the rate of inflation;
- changes to government regulation, policy or legislation;
- changes in exchange rates;
- the nature of competition in the industry in which SomnoMed operates; and
- new government policies or initiatives to deal with COVID 19.

#### Specific risks relating to SomnoMed

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

#### Coronavirus (COVID 19) event

The specific risks associated with the Coronavirus (COVID 19) event are:

- Patients not being able to seek diagnosis and obtain treatment and people not wanting or able to visit dentists
- Inability to collect accounts receivable from customers whose practices have been temporarily closed
- Manufacturing risk such that there is an inability to have technicians physically able to come to work and perform their duties
- Third party supply disruption of necessary raw material
- Executive management contracting COVID 19 and remaining sick or no longer being able to fulfil their duties in any capacity
- Prolonged periods of lock down in SomnoMed's sales markets
- Ongoing support of current finance providers

#### Growth management and additional capital requirements

Post the COVID-19 outbreak, the 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.

Additional funding may be required for 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.

#### 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 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

SomnoMed could be exposed to product liability claims or other lawsuits resulting from maltreatment and/or serious side effects or harm being caused to a patient. SomnoMed had never been subject to such a law suit in its over fifteen year history, having treated almost 525,000 patients. 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 92% of its sales and revenues take 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.

## 5. Foreign selling jurisdictions



### 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.

#### 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 (and, if an eligible investor, have provided the necessary certification).

#### 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) an "accredited investor" (as defined in 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.

## Contact

Chief Executive Officer: Mr Neil Verdal-Austin

Chief Financial Officer: Mr Hervé Fiévet

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Telephone: 02 9467 0400

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## Appendix A: Underwriting Agreement Summary



# SUMMARY OF UNDERWRITING ARRANGEMENTS

Wilson's Corporation Finance Limited (Wilson's) is acting as sole lead manager and underwriter of the Entitlement Offer. SomnoMed has entered into an underwriting agreement with Wilson's in respect of the Entitlement Offer (Agreement). The Agreement contains representations and warranties and indemnities in favour of Wilson's. Wilson's may also, in certain circumstances, terminate its obligations under the Agreement if any of the following events occur prior to 8.00am on the date for the issue of shares under the retail component of the Entitlement Offer by giving written notice to SomnoMed:

- a) **(Offer materials)** a statement contained in any of the materials released to ASX in connection with the Offer or used to market the Offer (Offer Materials) is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive or the Offer Materials omit any information they are required to contain (having regard to section 708AA of the Corporations Act and any other applicable requirements).
- b) **(Listing)** ASX announces that SomnoMed will be removed from the official list or that its Shares will be delisted or suspended from quotation by ASX for any reason or ASX makes any official statement to any person, or indicates to SomnoMed or Wilson's that official quotation on ASX of the Shares to be issued under the Entitlement Offer will not be granted.
- c) **(notifications)** ASIC (i) applies for an order under section 1324 or 1325 of the Corporations Act or an order under Part 9.5 of the Corporations Act, in relation to the Entitlement Offer or any Offer Materials; (ii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Entitlement Offer or any Offer Materials; (iii) prosecutes or gives notice of an intention to prosecute; or (iv) commences proceedings against, or gives notice of an intention to commence proceedings against, SomnoMed or any of its officers, employees or agents in relation to the Entitlement Offer or any Offer Material, and the matter has not been withdrawn within 3 business days of receipt, or by the date of settlement of the institutional component of the Entitlement Offer (Institutional Settlement Date) if arising within that period, or the date of settlement of the retail component of the Entitlement Offer if arising after the Institutional Settlement Date and within that period.
- d) **(suspension)** ASX suspends trading of the Shares for any period of time, other than in respect of the trading halt granted for the Entitlement Offer and any other trading halt or suspension made with the prior agreement of Wilson's.
- e) **(market fall)** at any time (i) before the Institutional Settlement Date, the S&P/ASX 300 Index falls to a level that is 88% or less of the level as at the close of trading on the business day before the date of the Agreement; and (ii) after the Institutional Settlement Date, the S&P/ASX 300 Index falls to a level that is 88% or less of the level as at the close of trading on the business day before the date of the agreement and stays at or below that level for more than two trading days.
- f) **(quotation)** unconditional approval (or conditional approval, provided that the conditions would not, in the reasonable opinion of Wilson's, have a material adverse effect on the success or settlement of the Entitlement Offer) by ASX for official quotation of (i) the shares to be issued under the institutional component of the Entitlement Offer is refused, or not granted by the Institutional Settlement Date or is withdrawn, qualified or withheld on or before the Institutional Settlement Date; or (ii) the shares to be issued under the retail component of the Entitlement is refused, or not granted by the retail shortfall settlement date or is withdrawn, qualified or withheld on or before the retail shortfall settlement date.
- g) **(capital structure)** SomnoMed alters its capital structure without the consent of Wilson's, other than by issuing securities required as a consequence of Entitlement Offer.
- h) **(timetable)** any event specified in the timetable for the Entitlement Offer is delayed by SomnoMed for more than one business days without the prior written consent of Wilson's.
- i) **(withdrawal)** SomnoMed withdraws any Offer Material or the Entitlement Offer or indicates that it does not intend to proceed with the Entitlement Offer.
- j) **(unable to issue)** SomnoMed is prevented from granting entitlements or issuing Shares under the Entitlement Offer in accordance with ASX Listing Rules, applicable laws, a government agency or an order of a court of competent jurisdiction.
- k) **(future matters)** any statement in an Offer Materials which relates to future matters or any forecast or forward looking statement is or becomes incapable of being met, or in the reasonable opinion of Wilson's, unlikely to be met.
- l) **(prosecution)** any of the following new circumstances occur following the execution of the Agreement (i) a director of SomnoMed is charged with an indictable offence; (ii) any government agency commences any public proceedings against SomnoMed or any of its directors in their capacity as a director of SomnoMed, or announces that it intends to take such action; or (iii) any director of SomnoMed is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.
- m) **(change in CEO, CFO or Chair)** a change in CEO, CFO or Chair of SomnoMed occurs.
- n) **(ASX and ASIC)** ASX or ASIC withdraws or revokes any waivers, consents or approvals required for the Entitlement Offer which has granted to permit the Entitlement Offer to occur, or ASX or ASIC amends in a material respect such consents, waivers, approvals or modifications.
- o) **(certificate)** any certificate which is required to be furnished by SomnoMed under this Agreement is not furnished.
- p) **(insolvency event)** any insolvency event occurs in respect of SomnoMed or any of its subsidiaries (together, the Group).
- q) **(force majeure)** there is an event or occurrence, including an official directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency or a pandemic or an epidemic (such as novel coronavirus, a recurrence of Severe Acute Respiratory Syndrome or an outbreak of swine or avian influenza), which makes it illegal for Wilson's to satisfy an obligation under the Agreement, or to market, promote or settle the Entitlement Offer.
- r) **(conduct)** SomnoMed or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent, misleading or deceptive conduct or activity in connection with the Entitlement Offer.
- s) **(refund)** any circumstance arising after the date of the Agreement that results in SomnoMed, without the prior written consent of Wilson's, offering one or more applicants an opportunity to withdraw their valid applications(s).
- t) **(ASIC determination)** ASIC makes a determination under section 708AA(3) of the Corporations Act.
- u) **(new information)** a new circumstance which is adverse to an investor arises (whether or not SomnoMed announces it) that would have been required to be included in the Offer Materials (or otherwise to have been previously disclosed) had it arisen before the relevant Offer Materials were given to ASX.



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# SUMMARY OF UNDERWRITING ARRANGEMENTS (CONT'D)

- r) **(corrective statement)** in the opinion of Wilson's (acting reasonably) SomnoMed becomes required to give, or gives, in respect of a cleansing notice issued in connection with the Entitlement Offer which is defective, a notice given to ASX in accordance with section 708AA(12) of the Corporations Act to correct that cleansing notice.
- s) **(future matters)** any statement in an Offer Materials which relates to future matters or any forecast or forward looking statement is or becomes incapable of being met, or in the reasonable opinion of Wilson's, unlikely to be met.
- t) **(application)** there is an application to a government agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy in connection with the Entitlement Offer (or any part of it), except where such application does not become public and is withdrawn or dismissed within two business days after it is commenced or where it is commenced less than two business days before the date for issue of Shares under the institutional component of the Entitlement Offer or completion of the Entitlement Offer it has not been withdrawn or dismissed by the date for issue of Shares under the institutional component of the Entitlement Offer or completion of the Entitlement Offer (as the case may be).\*(statement) a statement in a certificate furnished by SomnoMed under the Agreement is untrue or incorrect in a material respect.
- u) **(statement)** a statement in a certificate furnished by SomnoMed under the Agreement is untrue or incorrect in a material respect.
- v) **(changes to SomnoMed)** SomnoMed (i) varies any term of its Constitution, (ii) alters the issued capital or capital structure of SomnoMed other than in connection with the Entitlement Offer or (iii) disposes, attempts or agrees to dispose of a substantial part of the business or property of SomnoMed (including any material subsidiary of SomnoMed), without the prior written consent of Wilson's.
- w) **(hostilities)** there is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs (whether or not war has been declared) involving any one or more of Australia, New Zealand, the United States of America, Canada, the United Kingdom, the People's Republic of China, Hong Kong, Singapore, the Democratic People's Republic of Korea, the Republic of Korea or Japan or any member state of the European Union or a national emergency is declared by any 1 of those countries
- x) **(pandemics)** in any of the countries listed paragraph AA above, there is an escalation of the existing COVID-19 pandemic or the declaration of a new pandemic by the World Health Organisation involving a disease other than COVID-19 or a recurrence of Severe Acute Respiratory Syndrome (SARS) or Middle East Respiratory Syndrome (MERS) or an outbreak of swine or avian influenza occurs in any 1 of those countries, the Australian federal government or any Australian state or territory government implements further unexpected wide ranging controls on the freedom of movement of personnel other than those which are in place as at the date of the Agreement.
- y) **(breach of obligations)** SomnoMed is in breach of any terms and conditions of the Agreement (other than with respect to compliance with the timetable for the Entitlement Offer).
- z) **(breach of other representations)** any of the warranties given by SomnoMed under the Agreement is or becomes incorrect, untrue or misleading.
- aa) **(information supplied to Wilson's)** the information supplied by or on behalf of SomnoMed to Wilson's for the purposes of the due diligence investigations under taken in connection with the Entitlement Offer taken as a whole is, or the Offer Materials are, false, misleading or deceptive (including by omission).
- bb) **(change in law)** there is introduced, or there is an official public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced prior to the date of this agreement), any of which does or is likely to prohibit, restrict or regulate the Offer, capital issues, the level or likely level of valid applications under the Entitlement Offer or stock markets.
- cc) **(contravention of law)** a contravention by SomnoMed of the Corporations Act, its Constitution, any of the ASX Listing Rules, any other applicable law or regulation (as amended or varied) or order or request made by or on behalf of ASIC, ASX or any government agency.
- dd) **(disruption in financial markets)** any of the following occurs (i) a general moratorium on commercial banking activities in Australia, the United States of America, Hong Kong, Canada, Japan or the United Kingdom is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; (ii) any adverse change in the political or economic conditions or adverse effect on the financial markets in Australia, the United States of America, Hong Kong, Canada, Japan or the United Kingdom, or in foreign exchange rates or any development involving a prospective change in political or economic conditions or financial markets in any of those countries or in foreign exchange rates; or (iii) trading in securities generally on ASX, the New York Stock Exchange, and/or the London Stock Exchange is suspended or limited in a material respect on three or more consecutive days.
- ee) **(adverse change)** other than as a direct result of the effect of the 2020 Covid -19 Pandemic which has occurred as at the date of the Agreement, in the bona fide and reasonable opinion of Wilson's, there is a material adverse change, or any one or more matters, events or circumstances occurs, is announced or disclosed or becomes known to Wilson's (whether or not it becomes public) which individually or when aggregated with any other such matters, events or circumstances is likely to give rise to a material adverse change, in the financial position or performance, shareholders' equity, profits, losses, results, condition, operations or prospects of SomnoMed.

No event listed with an (\*) in this slide or the immediately preceding slide entitles Wilson's to exercise its termination rights unless, Wilson's has reasonable grounds to believe or actually believes that the event (a) has had, is having or is reasonably likely to have a material adverse effect on the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Group either individually or taken as a whole or the success or outcome of the Entitlement Offer, the market price of Shares to be issued under the Offer or SomnoMed's Shares or the ability of Wilson's to market, promote or settle the Entitlement Offer (including matters likely to have an effect on a decision of an investor to invest in Shares of SomnoMed or Shares to be issued under the Entitlement Offer); (b) (other than in the case of BB above) leads (or is, in Wilson's opinion, reasonably likely to lead) to Wilson's obligations under the Agreement becoming materially more onerous than those which exist at the date of the Agreement was entered into; or (c) leads (or is, in Wilson's opinion, reasonably likely to lead) to the contravention, or involvement in a contravention of, or a liability under the Corporations Act or any other applicable law.

If Wilson's terminates its obligations under the Agreement, Wilson's will not be obliged to perform any of its obligations that remain to be performed. Termination of the Agreement could have an adverse impact on the amount of proceeds raised under the Entitlement Offer.

In respect of the sub-underwriting agreement between Wilson's and TDM Growth Partners Pty Ltd, that agreement if the Agreement summarised above is terminated.



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## 5. Additional Information

### 5.1 Responsibility for this Retail Offer Booklet

This Retail Offer Booklet has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations or undertakings in, this Retail Offer Booklet.

### 5.2 Date of this Retail Offer Booklet

This Retail Offer Booklet is dated Wednesday, 1 April 2020. Subject to the following paragraph, statements in this Retail Offer Booklet are made only as of the date of this Retail Offer Booklet unless otherwise stated and the information in this Retail Offer Booklet remains subject to change without notice. The Company is not responsible for updating this Retail Offer Booklet.

The ASX Announcement and Investor Presentation set out in Section 4 of this Retail Offer Booklet are current as at the date on which they were released. There may be additional announcements that are made by the Company (including after the date of this Retail Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by the Company before submitting an Application.

### 5.3 Eligibility of Retail Shareholders

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

Eligible Retail Shareholders are Shareholders on the Record Date who:

- (a) are registered as a holder of Existing Shares;
- (b) have a registered address in Australia or New Zealand as noted on the Company's share register;
- (c) 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 in respect of the relevant underlying holders of Existing Shares;
- (d) were not invited to participate in the Institutional Entitlement Offer and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The Company has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand, but reserves its right to do so (subject to compliance with relevant laws).

### 5.4 Ranking of New Shares and Additional New Shares

The New Shares and Additional New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares with effect from their date of issue.

The rights attaching to the New Shares and Additional New Shares are set out in the Company's constitution and are regulated by the Corporations Act, Listing Rules and general law.

### 5.5 Issue, quotation and trading

The Company has applied for quotation of the New Shares and Additional New Shares on ASX in accordance with Listing Rule requirements. If ASX does not grant quotation of the New Shares and Additional New Shares, the Company will repay all Application Monies (without interest).

Subject to ASX approval being granted, it is expected that the New Shares and Additional New Shares issued under the Retail Entitlement Offer will commence trading on a normal basis on Thursday, 23 April 2020. No interest will be paid on Application Monies, and any interest earned on Application Monies will be for the benefit of the Company and will be retained by the Company irrespective of whether New Shares and Additional New Shares are issued.

It is the responsibility of Applicants to determine the number of New Shares and Additional New Shares (as the case may be) issued to them prior to trading in such Shares. The sale by an Applicant of New Shares and/or Additional New Shares (as the case may be) prior to receiving their holding statement is at the Applicant's own risk. The Company and the Underwriter disclaim all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares and/or Additional New Shares (as the case may be) before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry or otherwise.

### 5.6 Reconciliation

In any entitlement offer, investors may believe that they own more shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all eligible shareholders have the opportunity to receive their full entitlement.

The Company may need to issue a small quantity of additional New Shares and/or Additional New Shares (as the case may be) to ensure all eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares and/or Additional New Shares (as the case may be). The price at which these New Shares and/or Additional New Shares (as the case may be) would be issued, if required, is the same as the Offer Price.

The Company reserves the right to reduce the number of an Entitlement, New Shares or Additional New Shares allocated to eligible Shareholders or persons claiming to be eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees / custodians fail to provide information requested to substantiate their Entitlement claims, or if they are not eligible Shareholders.

### 5.7 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter. Any New Shares or Additional New Shares which are not subscribed for by Eligible Retail Shareholders pursuant to their Entitlement will form part of the Shortfall to be taken up by the Underwriter or sub-underwriters, on the terms and conditions of the Underwriting Agreement. The Company and the Underwriter have entered into an Underwriting Agreement.

#### ***Conditions, warranties, undertakings and other terms***

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Underwriter (as well as common conditions precedent for a transaction of the nature of the Entitlement Offer including the Company lodging the documentation to effect the Offer with ASX and ASX granting the necessary approvals to enable the Entitlement Offer to proceed in accordance with the timetable).

The representations and warranties given by the Company relate to matters such as the conduct of the Company, power and authorisations, information provided by the Company, information in the documentation to effect the Offer which is lodged with ASX, the conduct of the Entitlement Offer, and compliance with laws, the Listing Rules and other legally binding requirements. The Company also provides additional representations and warranties in connection with matters including in relation to its assets, its Shares, litigation, entitlements of third parties, tax, authorisations and its listing on the ASX. The Company's undertakings include that it will not, during the period following the date of the Underwriting Agreement until 180 days after Shares have been issued under the



Entitlement Offer, dispose (or permit a member of the Group to dispose) of, or grant security (other than in the ordinary course of their business) over, all or any material part of their business, property or securities without the prior written consent of the Underwriter to the variation (such consent not to be unreasonably withheld or delayed).

### ***Indemnity***

Subject to certain exclusions relating to, among other things, gross negligence, fraud or wilful misconduct of an indemnified party, the Company has agreed in the Underwriting Agreement to keep the Underwriter and certain of its affiliated parties indemnified from losses suffered in connection with the Entitlement Offer.

### ***Commissions, fees and expenses***

The Underwriter will be paid, in aggregate:

- (a) on the date of settlement of the Institutional Entitlement Offer, a fee of \$175,000 to be paid out of the proceeds from Institutional Entitlement Offer;
- (b) on the date of settlement of the Institutional Entitlement Offer, an underwriting fee of 1.0%, and a management fee of 0.625%, of the total proceeds raised under the Institutional Entitlement Offer; and
- (c) on the settlement date for the placement of the shortfall arising under the Retail Entitlement Offer, an underwriting fee of 1.0%, and a management fee of 0.625%, of the total proceeds raised under the Retail Entitlement Offer.

The Underwriter will also be reimbursed for certain expenses.

### ***Termination events***

The Underwriter may terminate the Underwriting Agreement without cost or liability by written notice to the Company at any time after the date of the Underwriting Agreement and on or before 8.00am on the settlement date for the Retail Entitlement Offer if any of the events set out in Appendix A of the Investor Presentation (see Section 4 of this Retail Offer Booklet) occur.

### **5.8 Continuous disclosure**

The Company is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of the Company's Shares. That information is available to the public from ASX and can be accessed at [www.asx.com.au](http://www.asx.com.au).

Some documents are required to be lodged with ASIC in relation to the Company. These documents may be obtained from, or inspected at, an ASIC office.

### **5.9 No cooling off rights**

Cooling off rights do not apply to an investment in New Shares or Additional New Shares. You cannot withdraw your Application once it has been made or accepted.

### **5.10 Rounding of Entitlements**

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

### 5.11 Not financial product or investment advice

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form is for information purposes only and is not a prospectus, disclosure document or other offering document under the Corporations Act or any other law and has not been lodged with ASIC. It is also not financial product or investment advice or a recommendation to acquire New Shares or Additional New Shares and has been prepared without taking into account your objectives, financial circumstances or particular needs. This Retail Offer Booklet should not be considered to be comprehensive and does not purport to contain all the information that you may require to make a decision about whether to submit your Entitlement and Acceptance Form and invest in New Shares or Additional New Shares.

Before making an investment decision, you should consider the appropriateness of the information in this Retail Offer Booklet having regard to your own objectives, financial situation and needs and seek legal and taxation advice appropriate to your jurisdiction. If you have any questions about whether you should participate in the Entitlement Offer, you should seek professional financial advice before making any investment decision. The Company is not licensed to provide financial product advice in respect of New Shares or Additional New Shares.

### 5.12 Financial data

All dollar values are in Australian dollars (\$A).

All financial data is presented as at 31 December 2019 unless otherwise stated.

### 5.13 Ineligible Shareholders

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless the Company otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because the Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number and value of New Shares and Additional New Shares (as the case may be) to which those Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

The Company, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, Eligible Institutional Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination.

The price at which the Ineligible Entitlements will be sold is the Offer Price. Accordingly, Ineligible Shareholders will not receive any value as a result of the issue of any of those New Shares or Additional New Shares (as the case may be) they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

## **6. Taxation consequences**

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.

## 7. Definitions

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

**Additional New Shares** means New Shares applied for by an Eligible Retail Shareholder in excess of their Entitlement and up to the Additional New Share Cap.

**Additional New Share Cap** has the meaning given to that term in Section 3.3.

**Applicant** means an Eligible Retail Shareholder who has submitted a valid Application.

**Application** means the arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

**Application Monies** means the aggregate amount payable for the New Shares and Additional New Shares (as the case may be) applied for through Bpay® or in a duly completed Entitlement and Acceptance Form.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context requires, the securities exchange operated by it on which Shares are quoted.

**ASX Announcement** means the announcement released to ASX by the Company on Wednesday, 25 March 2020 in connection with the Entitlement Offer, incorporated in Section 4 of this Retail Offer Booklet.

**BPAY®** means registered to BPAY Pty Ltd ABN 69 079 137 518.

**CGT** means capital gains tax.

**Company** means SomnoMed Limited (ACN 003 255 221).

**Closing Date** means the day the Retail Entitlement Offer closes, expected to be 5.00pm (Sydney, Australia time) on Wednesday, 15 April 2020.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Eligible Institutional Shareholder** means an Institutional Shareholder to whom the Underwriter made an offer on behalf of the Company under the Institutional Entitlement Offer (and who, for the avoidance of doubt, is not an excluded institutional shareholder under the Underwriting Agreement).

**Eligible Retail Shareholder** means a Shareholder on the Record Date who:

- (a) is registered as a holder of Existing Shares;
- (b) has a registered address in Australia or New Zealand;
- (c) is not in the United States and is not a person (including nominees or custodians) acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Existing Shares;
- (d) was not invited to participate in the Institutional Entitlement Offer, was not an Eligible Institutional Shareholder and was not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

**Entitlement** means the right to subscribe for 1 New Share for every 3.24 Existing Shares held by eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.

**Entitlement and Acceptance Form** means the personalised entitlement and acceptance form that accompanies this Retail Offer Booklet.

**Entitlement Cleansing Notice** means the notice given to ASX by the Company under section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

**Entitlement Offer** means the pro rata accelerated non-renounceable entitlement offer of New Shares to Eligible Shareholders to raise approximately A\$15.5 million at the Offer Price on the basis of 1 New Share for every 3.24 Existing Shares held on the Record Date, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

**Excess Amount** means any monies in excess of the full amount of Application Monies for an Eligible Retail Shareholder's whole Entitlement.

**Existing Shares** means the Shares already on issue on the Record Date.

**GST** means goods and services tax imposed in Australia pursuant to the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Ineligible Institutional Shareholder** means an Institutional Shareholder that is not an Eligible Institutional Shareholder.

**Ineligible Retail Shareholder** means a retail Shareholder that is not an Eligible Retail Shareholder.

**Ineligible Shareholder** means an Ineligible Institutional Shareholder and an Ineligible Retail Shareholder.

**Institutional Entitlement Offer** means the accelerated pro rata non-renounceable entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

**Institutional Investor** means a person:

- (a) in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84); or
- (b) in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which the Company, at its absolute discretion, is willing to comply with such requirements),

provided that if such an investor is in the United States, it is only an Institutional Investor if it (and any person for whom such person is acting) is an Approved U.S. Shareholder or Approved U.S. Investor (each as defined in the Underwriting Agreement).

**Institutional Shareholder** means a Shareholder who is an Institutional Investor.

**Investor Presentation** means the presentation to investors released to the ASX on Wednesday, 25 March 2020, incorporated in Section 4 of this Retail Offer Booklet.

**Listing Rules** means the official listing rules of ASX.

**New Shares** means Shares to be issued under the Entitlement Offer, including (as the context requires) to the Underwriter or any sub-underwriters.

**Offer Price** means \$0.80 per New Share, being the price payable per New Share and Additional New Share under the Entitlement Offer.

**Record Date** means 7.00pm (Sydney, Australia time) on Friday, 27 March 2020.

**Retail Entitlement Offer** means the pro rata non-renounceable entitlement offer of New Shares (including Additional New Shares) to Eligible Retail Shareholders under the Entitlement Offer.

**Retail Entitlement Offer Period** means the period during which the Retail Entitlement Offer is open.

**Retail Offer Booklet** means this document (including the personalised Entitlement and Acceptance Form accompanying it).

**Section** means a section of this Retail Offer Booklet.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Boardroom Pty Limited.

**Shareholder** means a registered holder of Shares.

**Shortfall** means the New Shares offered under the Retail Entitlement Offer for which valid Applications are not received from Eligible Retail Shareholders.

**Underwriter** means Wilsons Corporate Finance Limited (ACN 057 547 323).

**Underwriting Agreement** means the underwriting agreement entered into on Wednesday, 25 March 2020 between the Company and the Underwriter.

**US Securities Act** means the U.S. Securities Act of 1933.

## 8. Corporate information

### Company

SomnoMed Limited  
Level 3, 20 Clarke St  
CROWS NEST NSW 2065

### Underwriter

Wilson's Corporate Finance Limited  
Level 32, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000 Australia

### Share Registry

Boardroom Pty Limited  
Level 12, 225 George St  
Sydney, NSW 2000

### Legal adviser

Barclay Pearce Corporate Lawyers Pty Ltd  
Level 17  
115 Pitt Street  
Sydney NSW 2000

### Retail Entitlement Offer information line

Australia: 1300 737 760  
International: +61 2 9290 9600  
Open 8.30am to 5.00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period