



Positive trends for Q4 in the midst of a global pandemic

22 July 2020, SomnoMed Limited (ASX:SOM) announced today group revenues for Q4 of \$8.5m (unaudited), down 46% on the same period last year. All three regions were behind prior year Q4 revenues due to the ongoing effects of COVID-19, with APAC faring better than both North America and Europe. Total group revenues for FY20 are \$57.3m (unaudited) and only slightly behind the \$58.8m posted in the prior year.

“Since the trading update in early June, we have seen the sales trend continue on a positive trajectory to finish the year better than we expected,” commented Mr Neil Verdal-Austin, Global CEO SomnoMed Limited. “April and May revenues were down 73% and 47% respectively. June posted revenues 14% behind that of the same month last year, indicating a progressive return to business across the globe,” added Mr Verdal-Austin.

The North American business has shown stronger signs of recovery into June, with most states now open for business and dental practices opening up and receiving patients. Although this improvement is inconsistent from week to week due to the various state governors adopting different COVID-19 strategies, the overall level of business is back to around 60-65% of pre-COVID (January and February 2020) times. In Europe, the business has seen some strong volume growth from those countries where we see a complete lifting of lockdown restrictions. For those countries, revenues have returned fairly quickly, with encouraging demand seen from Holland, Germany, France, Sweden and Switzerland. Europe’s recovery has been gradual and consistent, with the region back to 75%-80% of pre-COVID business. APAC has returned to stronger volumes and, within Australia, the opening up of dental practices has made a significant difference where we see revenues to 60%-65% of pre-COVID times.

“We are extremely proud of all of our teams in all 28 countries in which we operate and how they have managed through these quite unbelievably challenging times,” said Mr Verdal-Austin. “Everyone at SomnoMed has remained committed and focused on our customers, while we also build on various exciting projects aimed at further growth opportunities for the company, its employees and shareholders. While we remain cautious about the future and how difficult it remains to forecast how long it will take to fully restore the business back to levels pre COVID-19, we are also optimistic as customers continue to return to the treatment of their obstructive sleep apnea patients with the SomnoDent® appliance,” commented Mr Verdal-Austin.

During this last quarter the cost containment measures introduced some months ago continue as planned, with some of these slowly being relaxed within markets that show a consistent return to certain trading levels. Salaries of those staff members now back at work are being re-instated where those costs can be supported by the business and without the various government support previously received. As a group, even without various government support and based on the current revenue levels, SomnoMed is currently operating on a positive cash flow basis.

The quarter ahead heralds an exciting product launch for SomnoMed North America where we will introduce our second digitally made, PDAC approved (Medicare insurance approval) SomnoDent® oral appliance. The Herbst Advance Elite™ will further enhance our product offering targeted for a defined and growing customer segment who seek digital precision but without compromising patient comfort and retention, which is achieved with the proprietary SMH BFlex soft liner.

The Company had a cash balance of \$30 million at 30 June 2020 and had generated operating cash of \$700,000 during the quarter.

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About SomnoMed

SomnoMed is a public company providing diagnostic and treatment solutions for Sleep-related Breathing Disorders including obstructive sleep apnea, snoring and bruxism. SomnoMed was commercialized on the basis of extensive clinical research. Supporting independent clinical research, continuous innovation and instituting medical manufacturing standards has resulted in SomnoDent® becoming the state-of-the-art and clinically proven medical oral appliance therapy for more than 565,000 patients in 28 countries. For additional information, visit SomnoMed at <http://www.somnomed.com.au>

Authorised for release to the ASX by Terry Flitcroft, Company Secretary on behalf of the Board of Directors