

**Investor
Presentation
FY2020**



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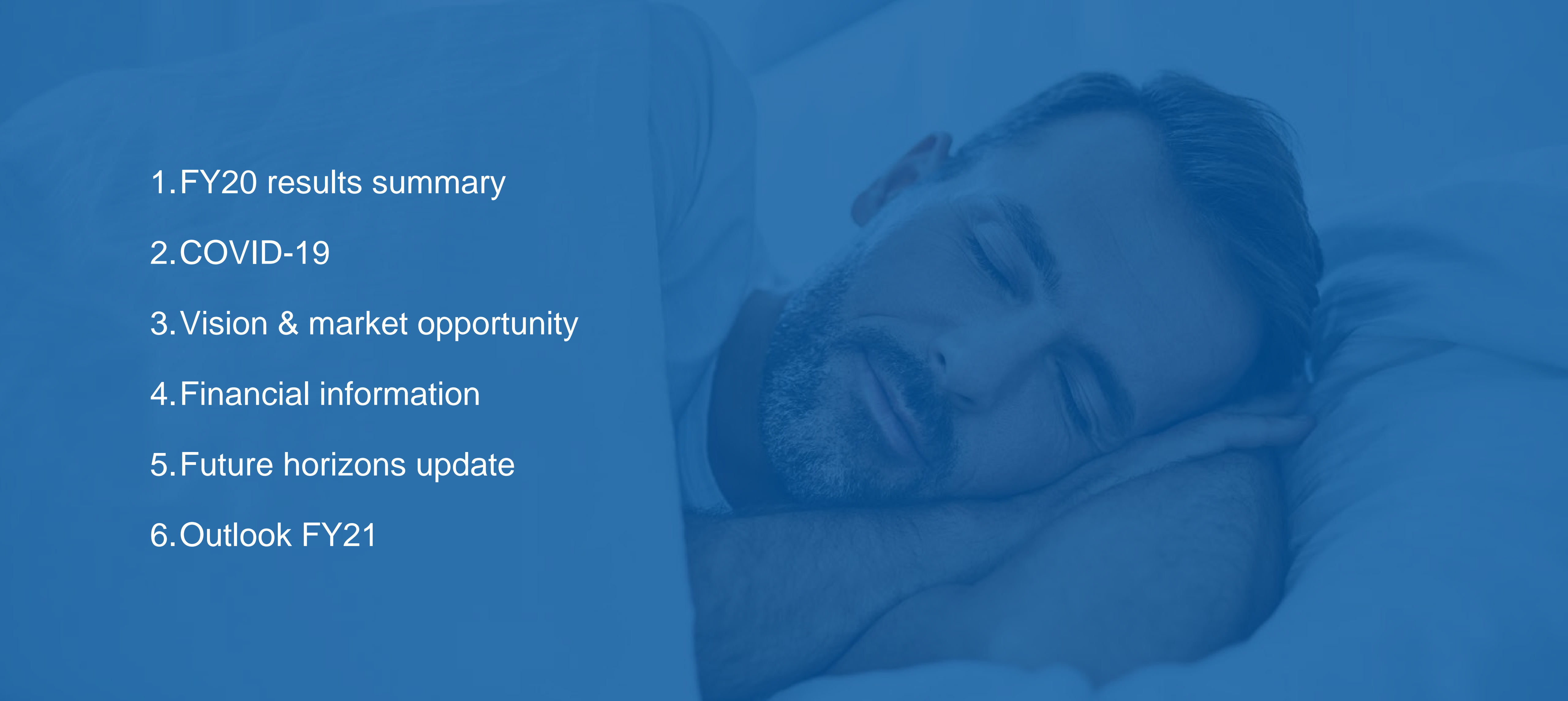
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Treatment focused
Technology driven



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1. FY20 results summary
 2. COVID-19
 3. Vision & market opportunity
 4. Financial information
 5. Future horizons update
 6. Outlook FY21



1. FY20 results summary

FY20 summary

- ✓ SomnoMed's core revenues \$57m and -3% to prior year
- ✓ EBITDA* \$4.7m and -5% to prior year underlying EBITDA*
- ✓ North America revenue growth 9 months to March 2020 was +24% with FY20 ending at +3%
- ✓ Europe revenue growth 9 months to March 2020 was +9% with FY20 ending at -6%
- ✓ APAC revenue growth 9 months to March 2020 was +2% with FY20 ending at -6%
- ✓ Successful acceptance and adoption of the digital SomnoDent® Avant
- ✓ App-Nea software providing a connectivity network between dentists and medical practitioners refined and tested
- ✓ Medical initiative implementation in North America providing a key future strategic pathway
- ✓ United and committed executive leadership team and staff globally
- ✓ Cash on hand \$30m

2. COVID-19

COVID-19

✓ Responded quickly to ensure financial safety:

- raised \$15.5m to protect the business
- implemented immediate cost saving measures
- focused on maximising cash collections
- built various business scenarios based on assumptions that determined cash flow decisions
- obtained government financial support in all possible jurisdictions
- updated the market outside of the normal quarterly releases

✓ Staff safety was paramount with limited office attendance, strict social distancing, testing if symptoms were displayed and travel support

✓ Constant, open, transparent and honest communication within the entire organisation throughout the process

✓ Rebased and fully supported global manufacturing capacities and requirements

✓ Virtual customer interaction maintained

✓ Launched webinar education series



3. Vision & market opportunity

Vision/Mission

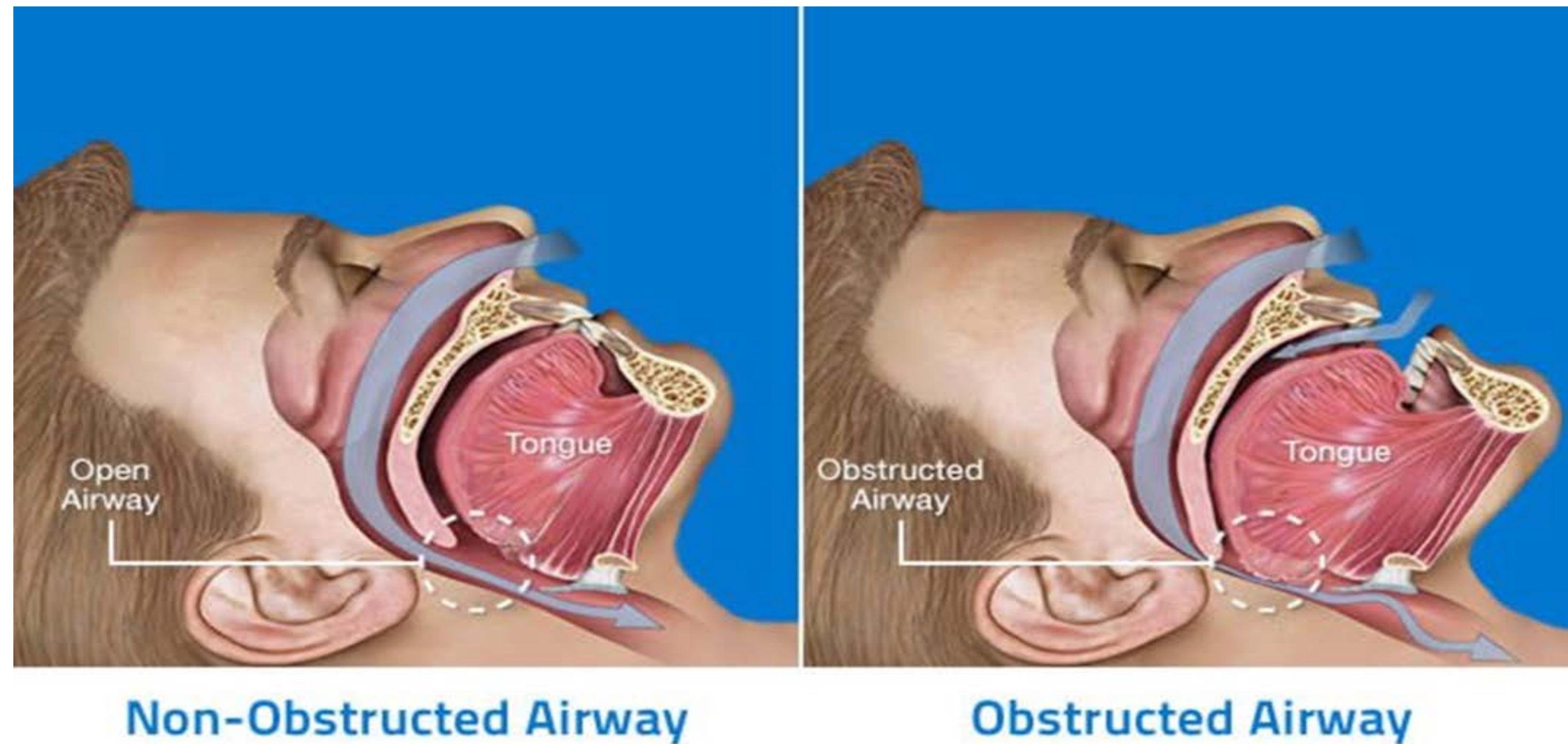


Vision: SomnoMed will be a leader in the treatment of patients suffering from obstructive sleep apnea and relevant adjacent conditions

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

SOMNOMED

Obstructive Sleep Apnea



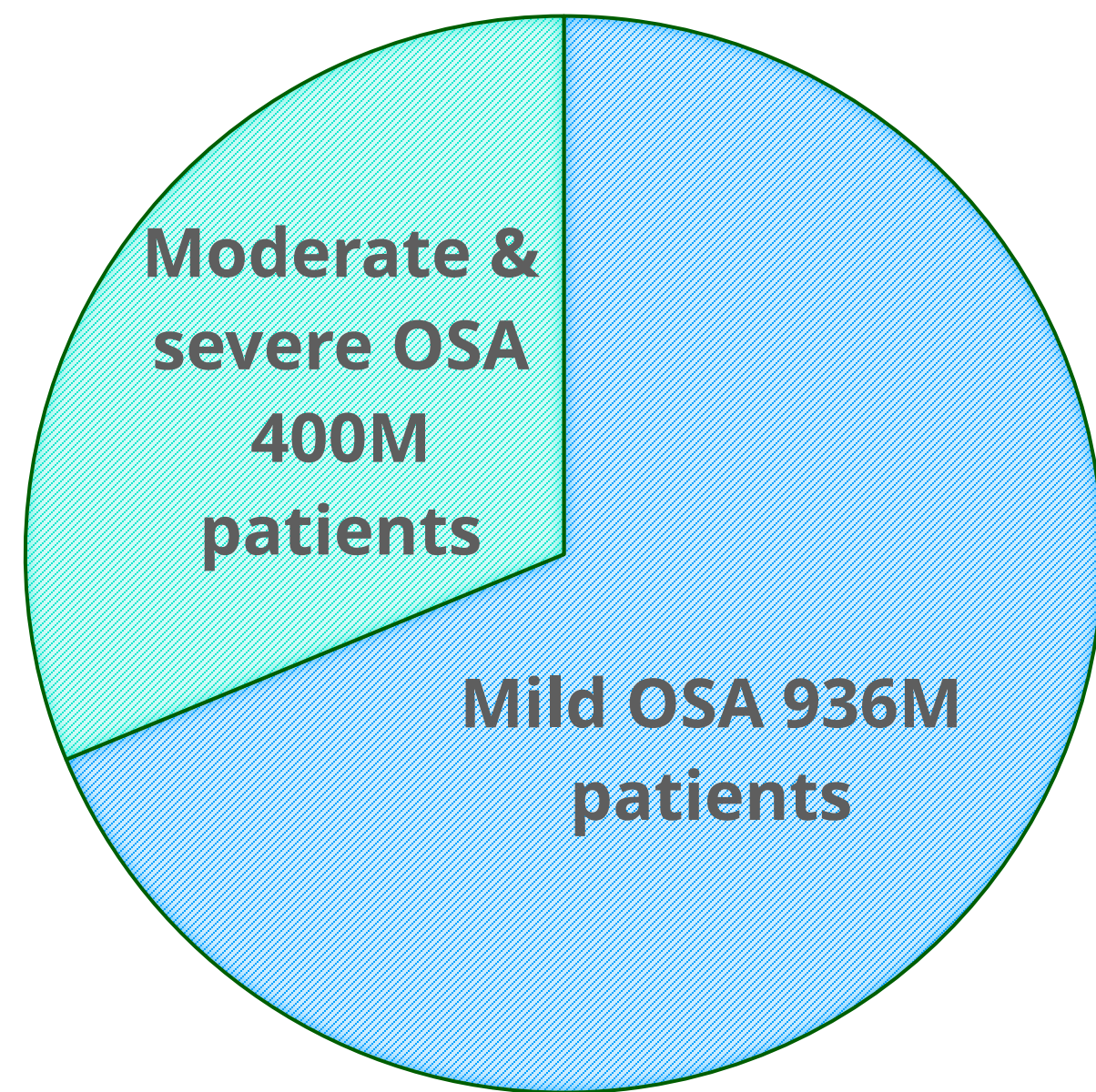
Obstructive sleep apnea is a disorder that occurs when a person's breathing is interrupted during sleep because the airway becomes blocked

MARKET OPPORTUNITY

OSA Market

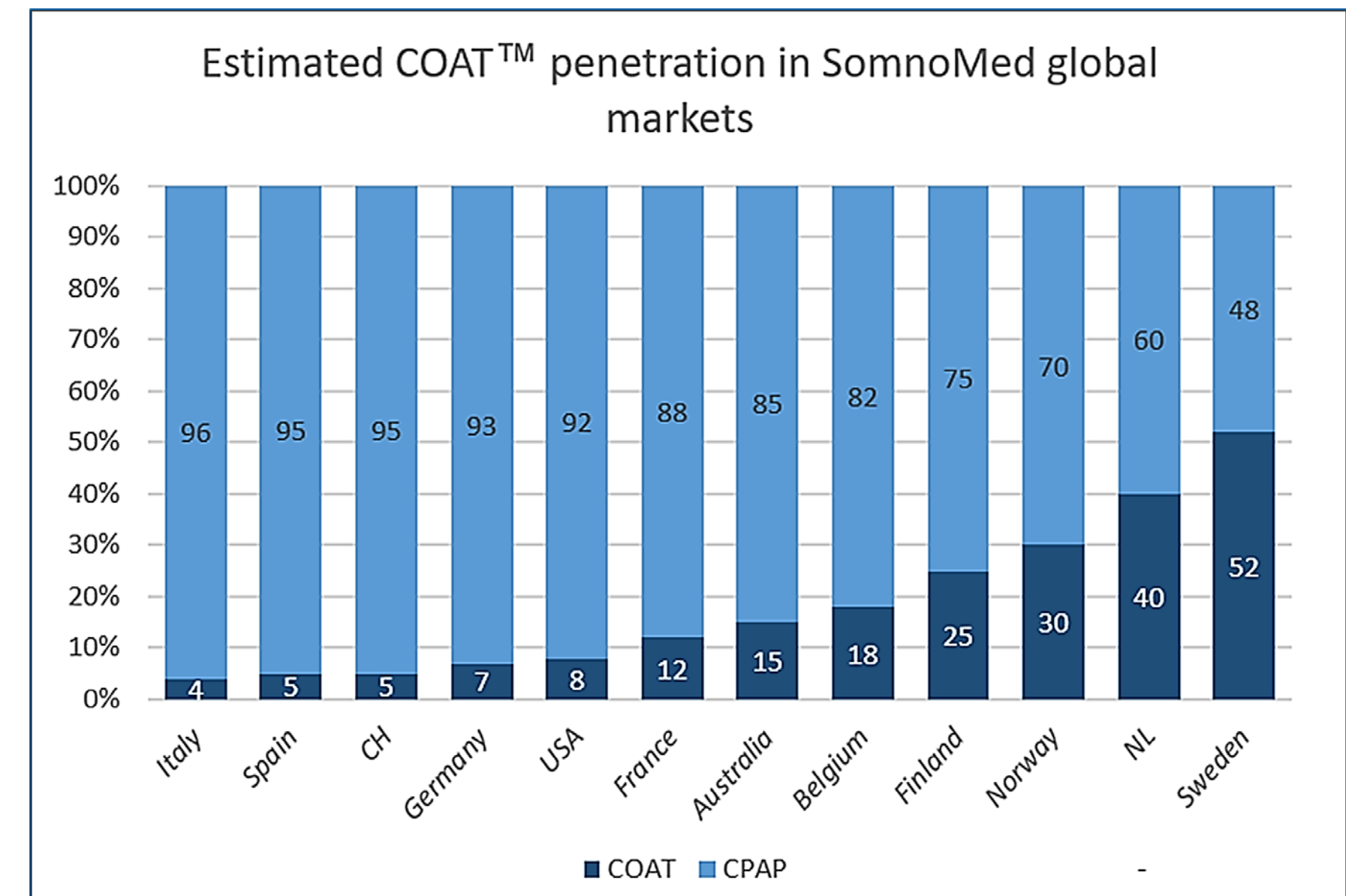
COAT™ Market

1.36 billion patients suffer with OSA globally



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

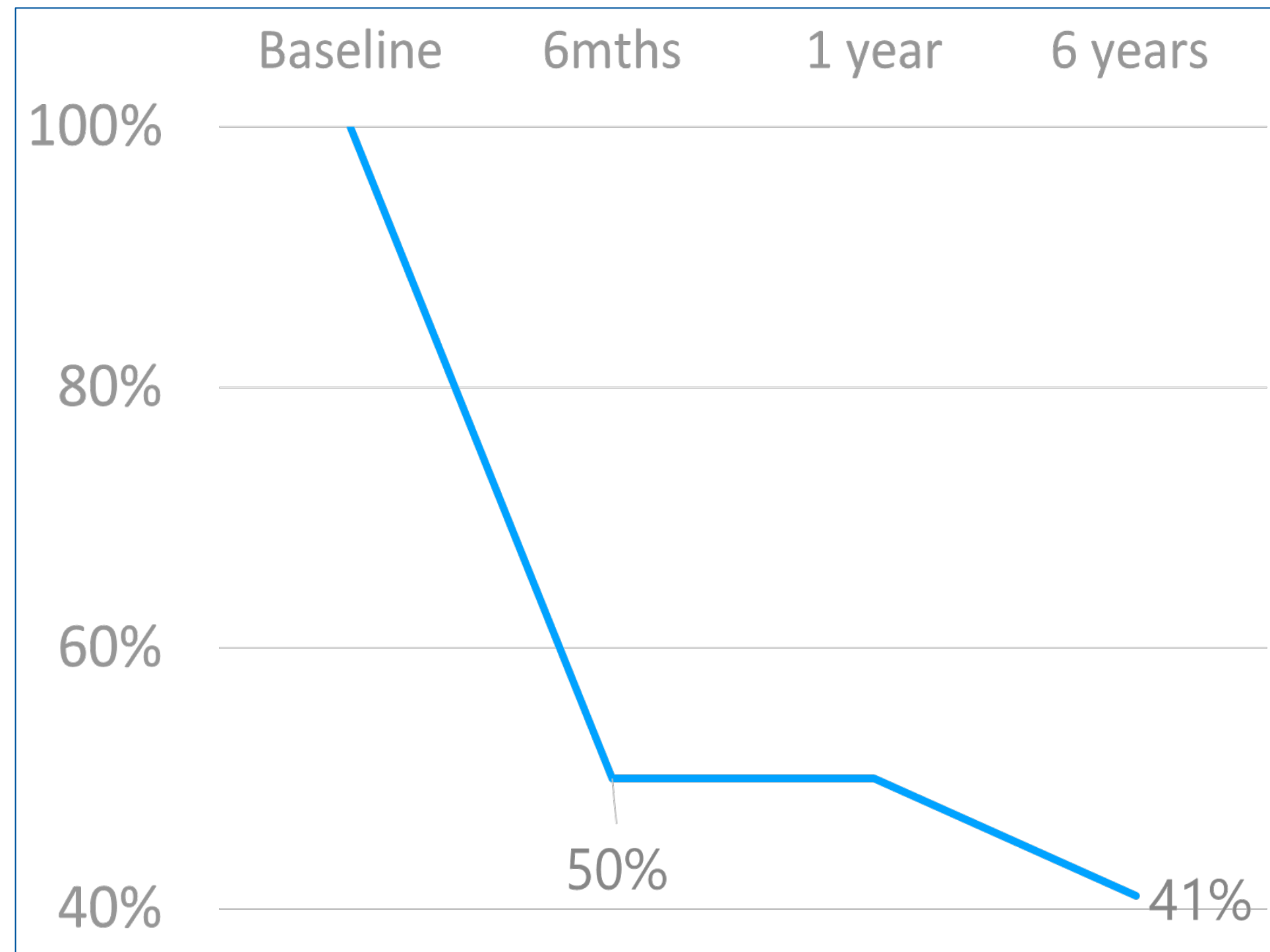
There is a high ceiling for COAT™ growth



SomnoMed internal market source

CPAP therapy compliance – first dilemma

50% of patients do not use CPAP after 6 months*



Clinical Insight

“The findings are sobering. Our data suggest that despite numerous changes to machine and mask dynamics as well as behavioral interventions, CPAP adherence remains a severe problem for management of patients with OSA - **the concept of CPAP as gold standard for OSA therapy is no longer valid**”.

Rotenberg et al. *Journal of Otolaryngology - Head and Neck Surgery* (2016) 45:43
DOI 10.1186/s40463-016-0156-0

Journal of Otolaryngology -
Head & Neck Surgery

ORIGINAL RESEARCH ARTICLE

Open Access



Trends in CPAP adherence over twenty years of data collection: a flattened curve

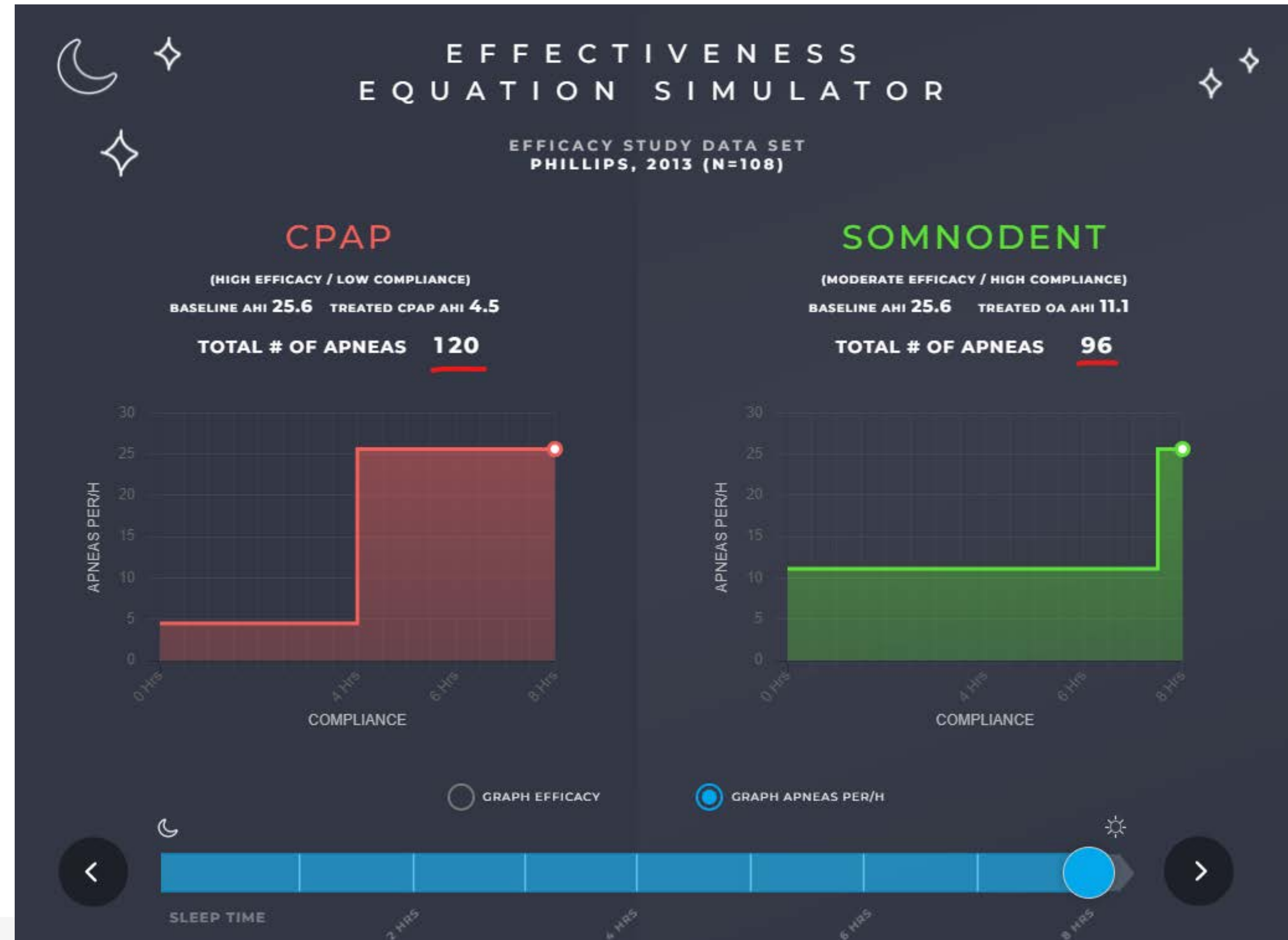
Brian W. Rotenberg¹, Dorian Murariu¹ and Kenny P. Pang^{2*}

CPAP therapy compliance – second dilemma

Many patients don't get effective treatment all night, every night

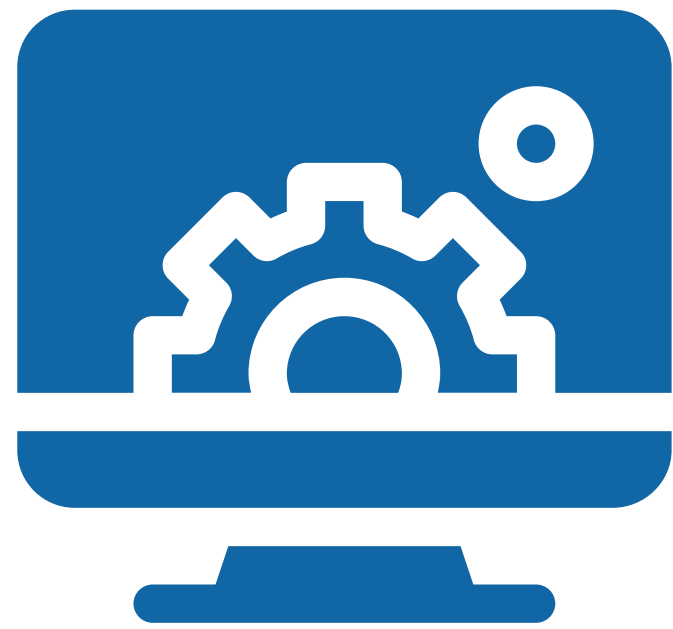
Comparison of CPAP and COAT™

- Compares CPAP and COAT™ over a complete night's sleep
- Interactive sales tool that allows Sleep Physicians to determine which therapy is more effective for their patient
- Apnea events occur whilst untreated during the rest of the night's sleep with CPAP
- Apnea events per night may be less than CPAP



SomnoMed core strengths

Leader in the oral appliance treatment of Obstructive Sleep Apnea

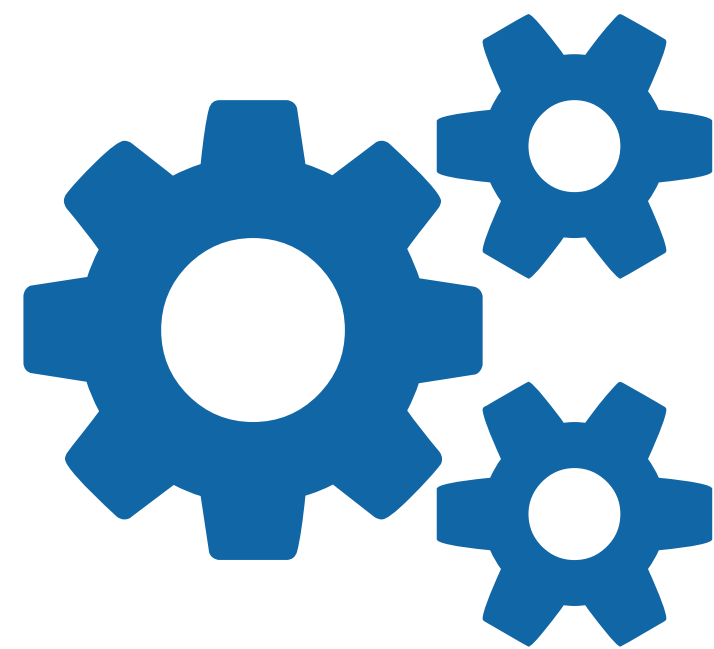


Design and innovation

Titration methodology

Product range

Proprietary materials



Manufacturing

Traditional

Digital done right

Artificial Intelligence



Sales and distribution

Strong market brand

Direct global footprint

Own sales teams



Service and support

Technical support

Best in class service

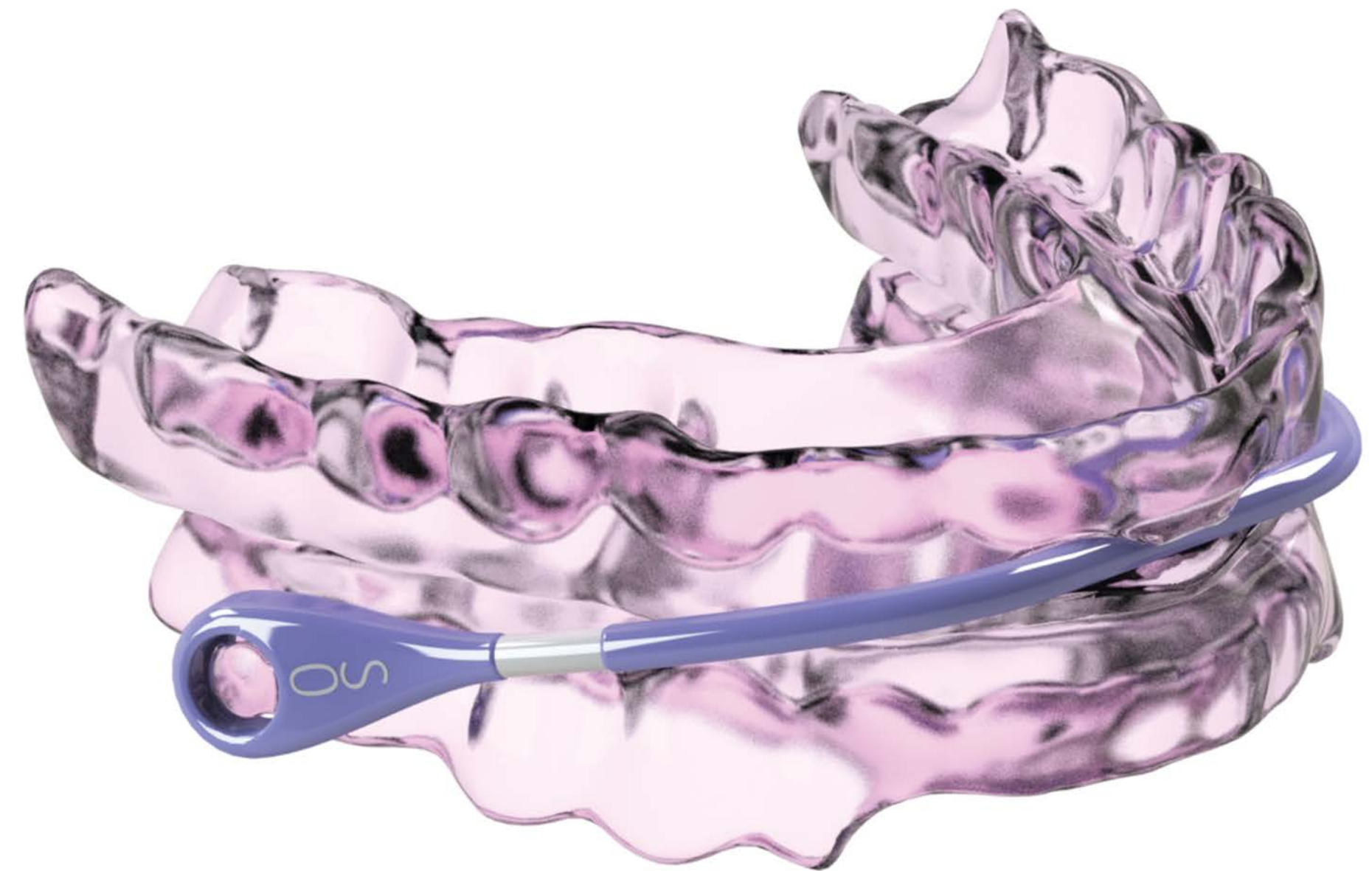
SomnoMed's competitive advantage

- ✓ Strong clinical research supporting COAT™ therapy
- ✓ Design and innovation driving patient comfort
 - ✓ Unrivalled, comprehensive product range
 - ✓ Proprietary materials
 - ✓ Unique and patented titration methodology (SomnoDent® Avant)
- ✓ Growing and extensive sales and distribution footprint in both dental and medical channels
- ✓ Best in class service and technical support
- ✓ Experienced, dedicated and passionate global team
- ✓ Investment in the technology pathway to unlock true COAT™ potential for the future

The patient preferred alternative

SomnoMed is the world leader in oral appliances with over 565,000 patients treated worldwide

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



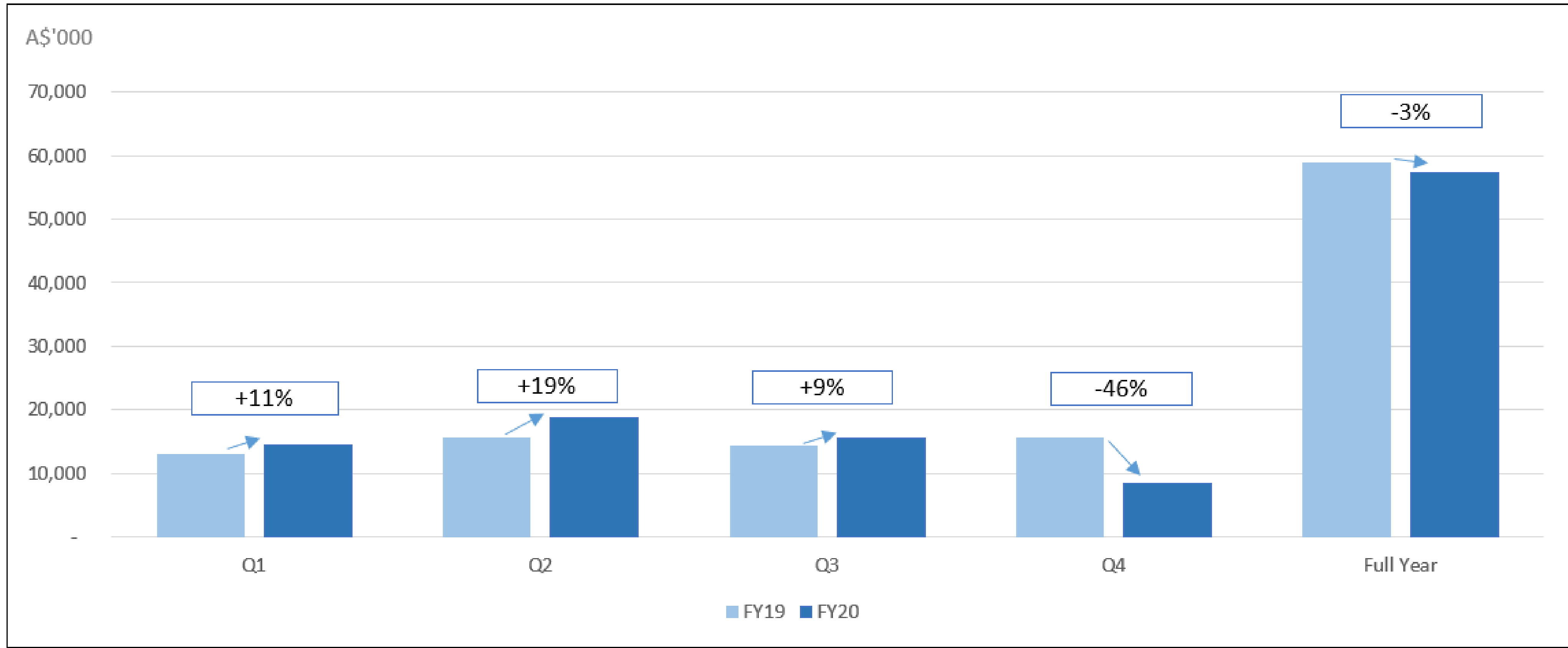
SomnoDent[®] AVANT[™]
SLEEP APNEA APPLIANCE



4. Financial information

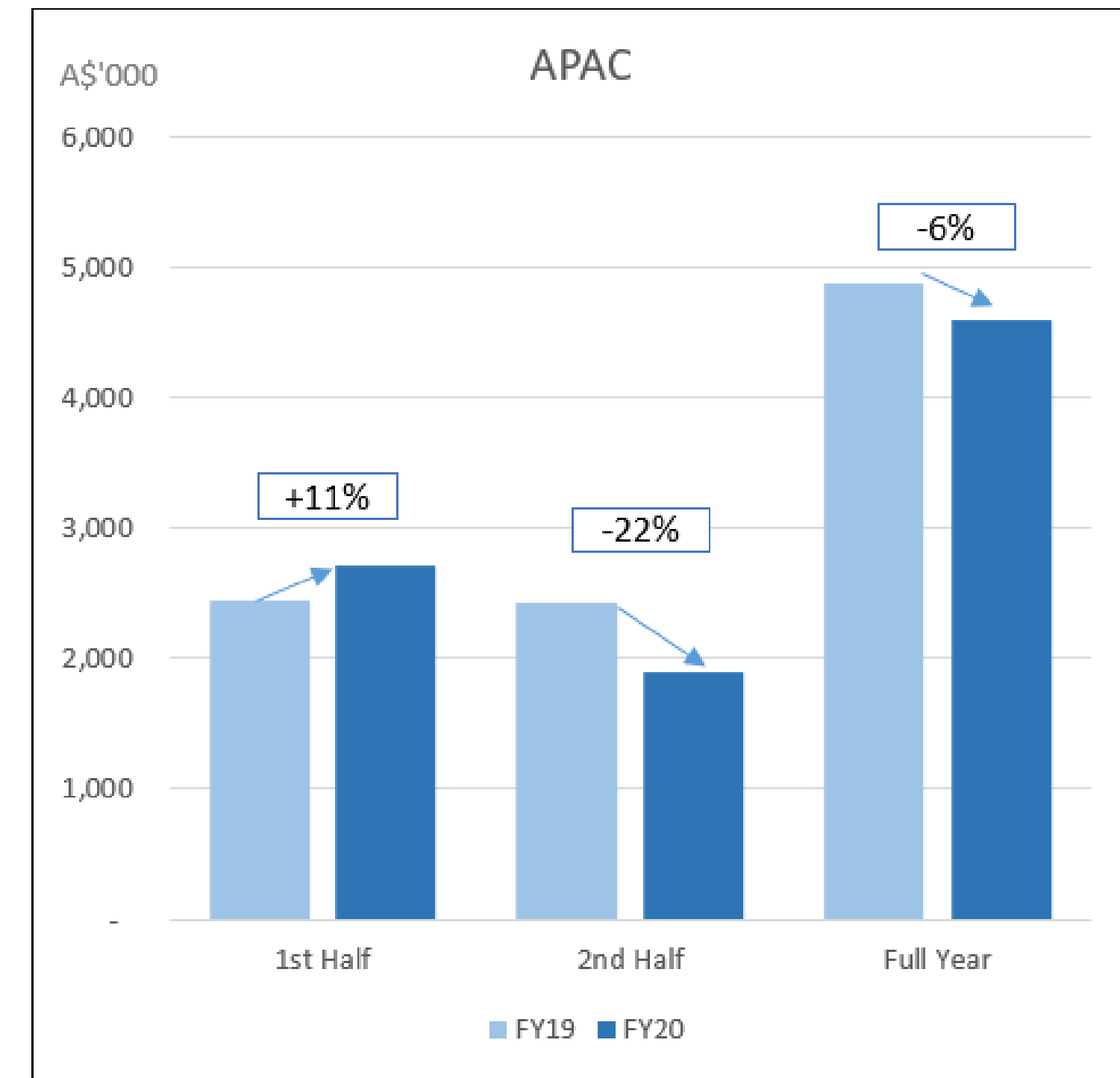
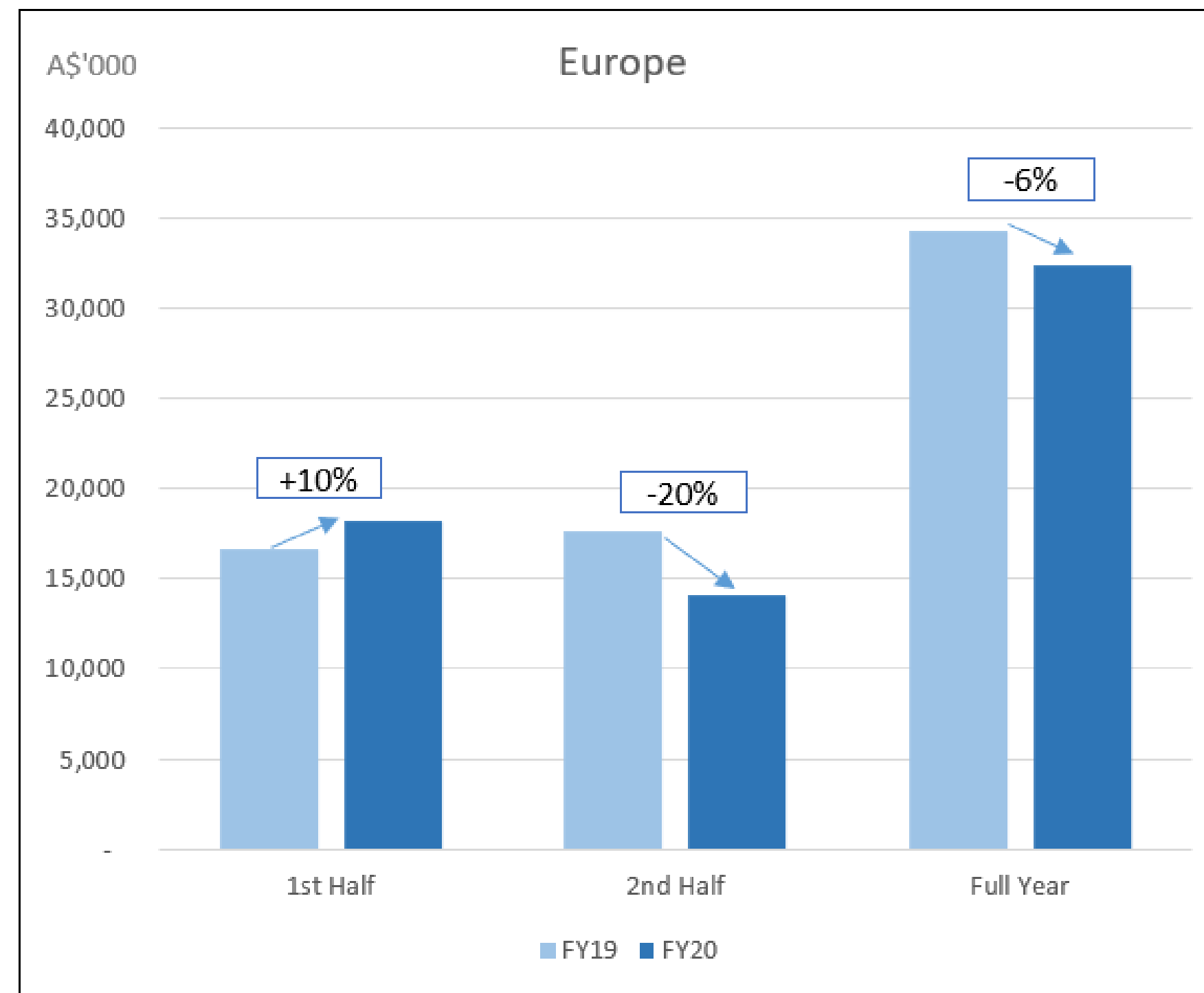
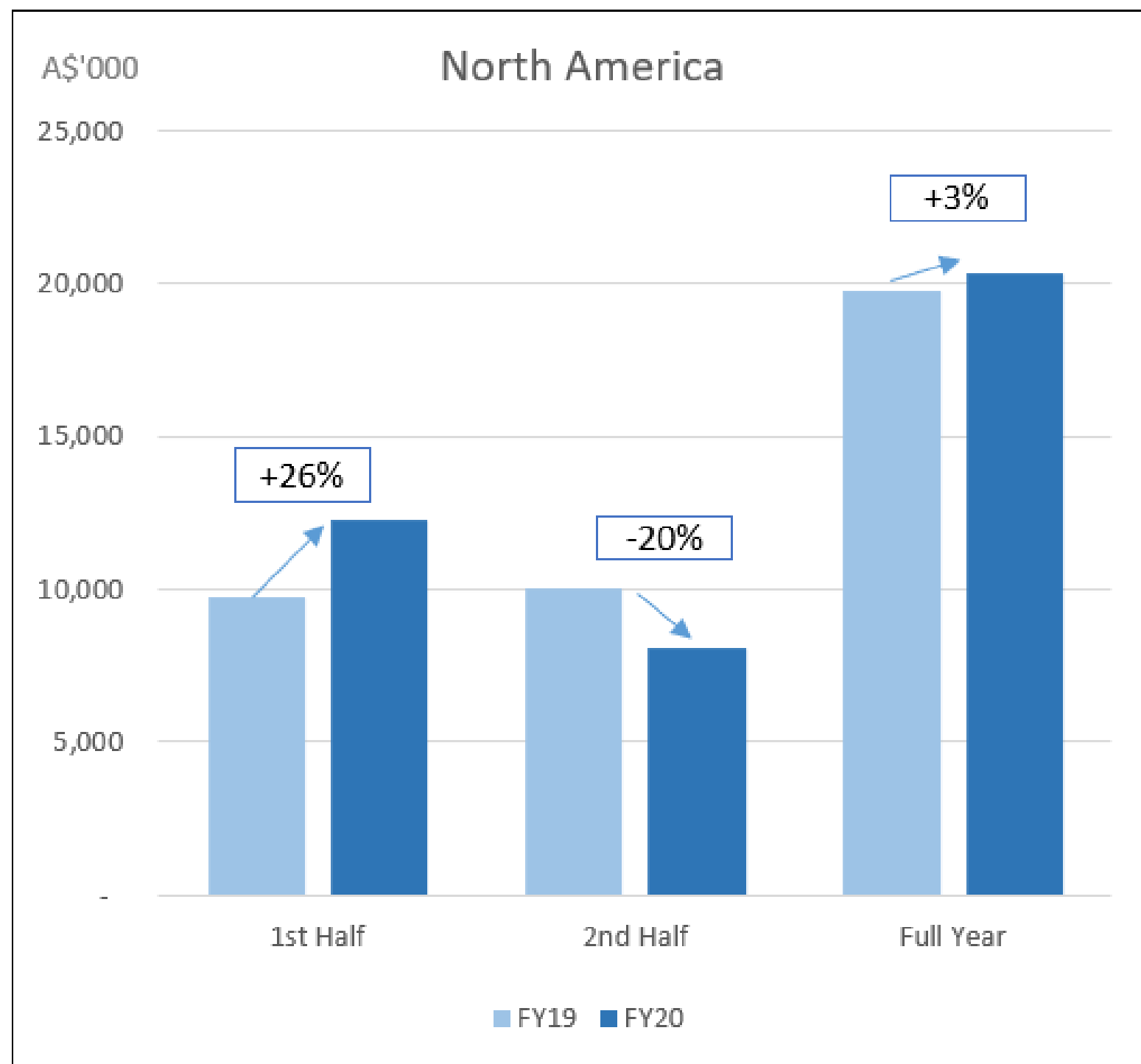
Financials

Total SomnoMed core revenue growth



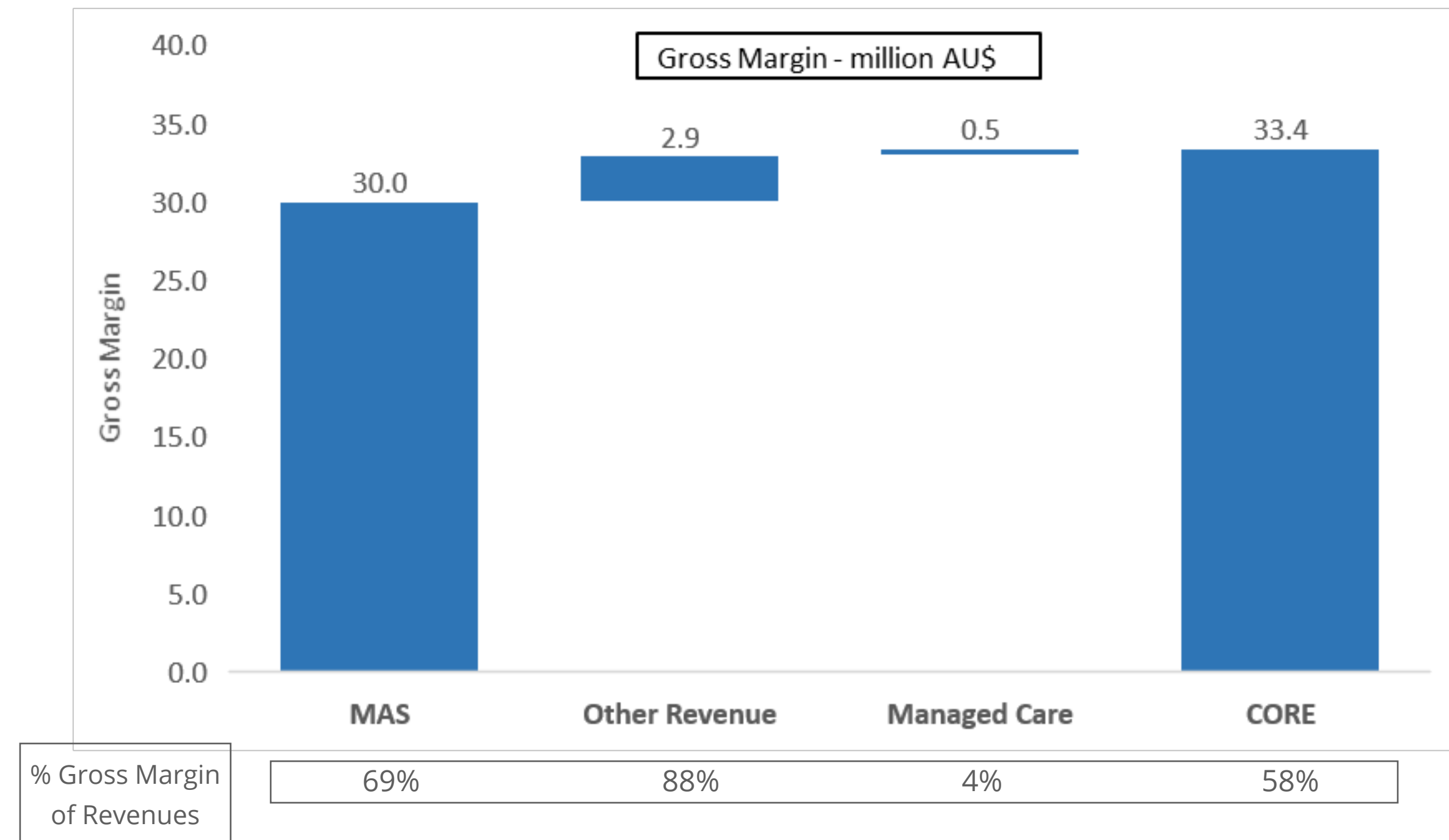
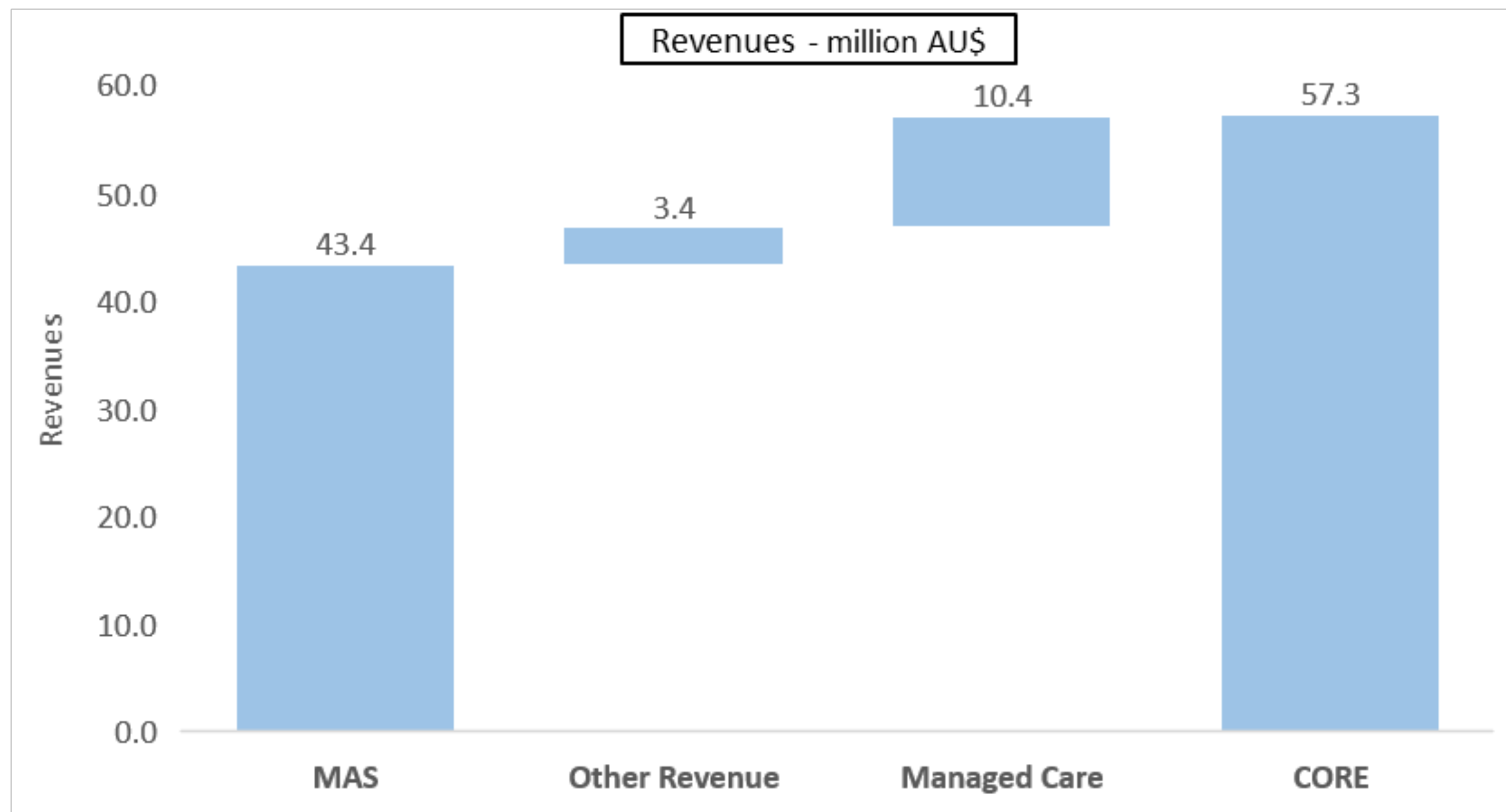
Financials

Core revenue growth by region



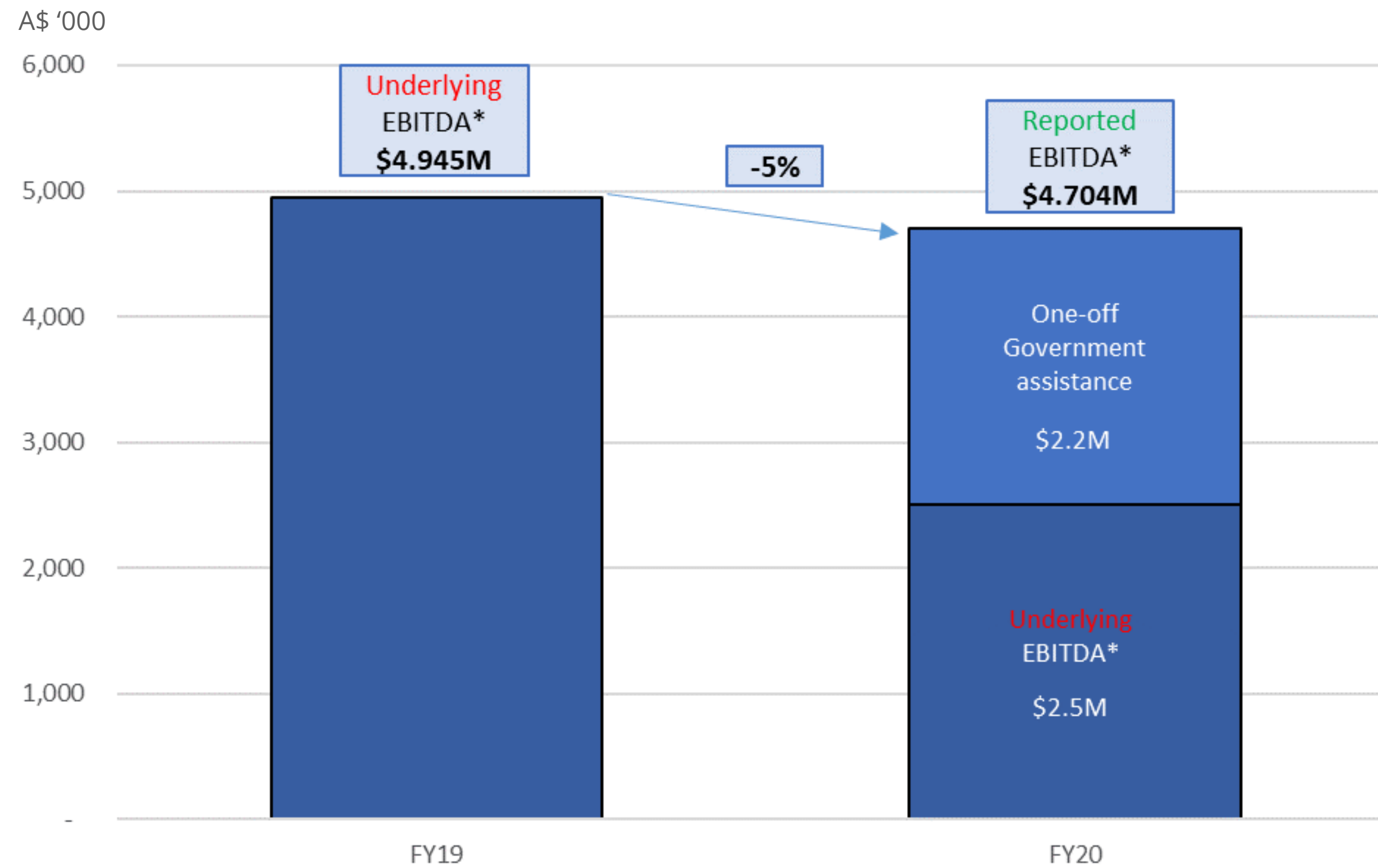
Financials

Revenue and Gross Margin Breakdown



Financials

SomnoMed Core EBITDA* protected



* EBITDA as adjusted does not include share option expense, gain on contingent consideration payable, impairment of goodwill, effects of AASB16 and discontinued operations

Financial Summary - AUD \$000's	SomnoMed		%
	FY20	FY19	
Revenue	57,296	58,892	-3%
Gross margin	33,100	34,572	-4%
Regional sales and marketing expenses	(15,437)	(14,967)	3%
Regional administrative expenses	(10,081)	(11,196)	-10%
Operating profit before corporate, research and business development	7,581	8,410	-10%
Corporate and headoffice expenses	(5,055)	(5,018)	1%
EBITDA*	4,704	3,392	39%
<i>of which: - Government assistance</i>	2,172		
<i>- Rent abatements</i>	105		
<i>Discontinued operation - RSS</i>			
<i>Revenue</i>	5	3,950	
<i>Expenses</i>	(685)	(14,441)	
<i>Results from operating activities</i>	(680)	(10,491)	
<i>Asset impairment</i>	-	(1,906)	
<i>Lease costs</i>	-	(2,794)	
<i>Provision for severance payments, legal and other costs to close RSS</i>	-	(1,182)	
<i>Net loss from discontinued operation</i>	(680)	(16,372)	
Key Metrics			
MAS gross margin %	69.1%	70.3%	
Group gross margin % SOM core	58.4%	58.7%	

Regional sales and marketing expenses

Managed by region and individual market to same levels as PY

Regional administrative expenses

Strong effort to "share the pain" and support business during Covid-19 via salary sacrifice and government grants

Corporate expenses

Strong control of central overhead costs

* EBITDA as adjusted does not include share option expense, gain on contingent consideration payable, impairment of goodwill, effects of AASB16 and discontinued operations

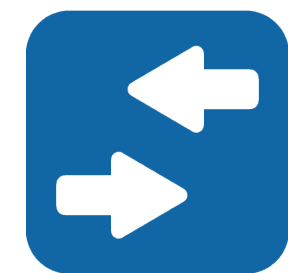
Summary Balance Sheet and Cash Flow

Statement of cash flows - AUD \$m	Statutory FY20	Statutory FY19
\$ million		
EBITDA* CORE	4.7	3.4
EBITDA* RSS**	-	(9.5)
EBITDA GROUP	4.7	(6.1)
Movement in Working Capital & other non-cash	1.9	0.5
Tax Paid	(1.0)	(0.7)
Net finance costs paid	(0.4)	(0.3)
Net cash flow from operating activities	5.2	(6.5)
Acquisition of subsidiary	-	(0.0)
Proceeds from disposal of assets	0.0	0.1
Proceeds from term deposits	0.3	
Payments for intangible assets	(0.4)	(0.3)
Payments for property, plant and equipment	(1.8)	(1.3)
Operating cash flow	3.4	(8.2)
Proceeds from issuance of shares	16.3	(0.1)
Dividends paid	-	-
Borrowings (net)	4.5	3.0
Payment leases	(1.8)	(0.5)
Net cash flow	22.2	(5.8)
* EBITDA as adjusted does not include share option expense, gain on contingent consideration payable, impairment of goodwill, effects of AASB16 and discontinued operations		
** Discontinued business at December 2018		

Statement of financial position - AUD \$m	Statutory 30-Jun-20	Statutory 30-Jun-19
\$ million		
Cash and cash equivalents	30.2	7.7
Inventories	2.2	1.9
Trade and other receivables	7.7	10.7
Plant and equipment	3.9	3.2
Goodwill & intangibles	8.0	7.8
Right of use asset (AASB16)	6.3	
Deferred tax assets	3.8	3.4
Other assets	0.3	
Total Assets	62.4	34.8
Payables	8.4	7.9
Borrowings - Commercial	4.9	3.0
Borrowings - Governments	2.6	
Provisions	3.0	4.2
Income tax payable	0.6	1.0
Lease Liability (AASB16)	7.7	
Other liabilities	0.7	0.9
Total Liabilities	27.9	16.9
Net Assets	34.6	17.8
Net Cash / (Debt)	25.3	4.7

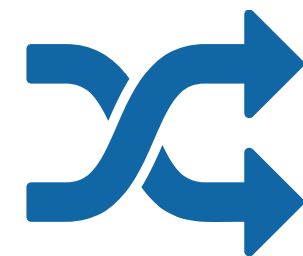
5. Future horizons update

Our future horizons



Advancing treatment & building the core

- ✓ Sales and marketing focus and investment globally
- ✓ Medical initiative focus
- ✓ Successful launch of the digital product range
- ✓ Operational and service excellence



Positioning “the patient’s alternative”

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



Technology driven

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

6. Outlook FY21

Outlook FY21

- ✓ Year of two distinct halves
 - ✓ First half : restore and recover, respond to changing market conditions, stabilize
 - ✓ Second half : rebuild and grow, execute on strategic initiatives, optimise
- ✓ Regional
 - ✓ Europe – market fundamentals remain sound, reimbursement trends positive, focus on medical access strategy
 - ✓ North America – revenue growth through product and service differentiation, medical initiative launched
 - ✓ APAC – focus on the Australian medical referral channel
- ✓ Research and development of further innovations aligned with additional technology led advancements
- ✓ Develop and expand on future horizons
- ✓ July revenue results -5% to PY, continues the positive trend
- ✓ No guidance for FY21 is provided at this time



**Treatment focused
Technology driven**



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