



The Manager
Company Announcements Office
Australian Securities Exchange Limited
20 Bridge St
Sydney NSW 2000

**Chairman's AGM address by Mr Guy Russo
2020 Annual General Meeting - 26 November, 2020**

Dear Shareholders

It is an honour to address you today as your new Chairman. I have said this to the many shareholders I have met so far: when I was approached to join the SomnoMed Board as the Chair, I was tremendously excited about the scope of the expansion opportunities that lay ahead. The meetings I had with Hamish Corlett and our CEO, Neil Verdal-Austin, gave me a clear sense of not only the unparalleled global market size but also the passion and commitment that exists at SomnoMed to change peoples' lives through its technology. Such a mission aligns with my own business passions, a clear focus on commercial opportunities and the direct satisfaction of customers' needs. The more I learned the more I was convinced to sign on and commit my efforts to SomnoMed's success.

SomnoMed has had, like others, a challenging year due to the COVID-19 pandemic. SomnoMed evaluated this potential risk early and with your support sought to secure the balance sheet. To weather the storm SomnoMed raised \$15.5m in late March 2020. Since then the executive team has done an excellent job in managing through this extremely difficult period with outstanding results. The business is intact, no staff were lost due to cost pressures, net cash has increased to a record high and sales are improving in all regions.

The opportunity to help treat millions of patients suffering from OSA (**Obstructive Sleep Apnea**) remains large and growing. Treating OSA with COAT™ ("Continuous Open Airway Therapy"), which has been pioneered by SomnoMed, has enormous potential because it is the "patients' choice". SomnoMed offers a wide range of clinically validated and researched oral appliances that are comfortable to wear, durable and highly effective. SomnoMed operates under all the necessary medical manufacturing regulations around the world to ensure the delivery of a high-quality medical device to the patients of our clinical partners.

Neil and his team work tirelessly with various authorities to promote stronger clinical guidelines, as well as investing in and supporting clinical research, which validates the treatment option. We also work with insurance companies to treat their members with a SomnoDent® so that they, too, can be assured that the appropriate medical outcome is achieved with a high level of compliance.

The number of patients throughout the world treated with a SomnoDent® device surpassed 585,000 recently. The company owns 100% of all SomnoMed entities in all direct markets in which we operate and continues to develop our culture of integrity, commitment and performance excellence as we build and develop our staff to maximize their individual professional and personal achievements.

I have already thanked the previous Board for their efforts in the Annual Report but in this my first AGM as Chairman I would like to acknowledge the contribution of your past Board members Lee Ausburn, Robert Scherini and especially Peter Neustadt.

Before I hand over to Neil to give you more colour on the current trading conditions and future directions, allow me to thank you for your support during 2020 and express the board's full confidence in Neil and his team. The business has never been stronger.

It is now my pleasure to introduce our CEO, Mr Neil Verdall-Austin.

**Managing Director's address by Mr Neil Verdal-Austin
2020 Annual General Meeting
26 November, 2020**

It is indeed an honour to address you today and provide you with an update on the business.

It is now two years ago that I was appointed as your CEO and we began a new journey for SomnoMed Limited. Throughout my 12 years at SomnoMed and especially during this past, very difficult last 6 months, it has become even clearer to me that this company is a real treasure. A treasure because of its people. The team at SomnoMed have shown their true colours throughout this COVID-19 pandemic. They are loyal, dedicated, passionate and driven. They know what it means and how it feels, when we help treat patients that suffer from Obstructive Sleep Apnea ("OSA"). It is a global feeling, and it permeates throughout the organization. It's this attitude and culture that will ensure that this business will achieve its potential in the future. And it's that future that I want to address today.

Before I get there, I would like to give you a quick trading update.

As you know your company was well on its way to achieving our guidance as at 31 March 2020. Both in terms of revenue and EBITDA. Since then, the negative effects of COVID-19 on Q4 was significant. We finished the FY20 year on revenues of \$57m (-3% to prior year) and posted an underlying EBITDA profit of just under \$5m, the same as prior year.

We have also recently posted the results for Q1. The Q1 numbers confirmed the improving sales trend since Q4 FY20. Revenues were \$13.7m and down 6% (5% constant currency) to prior year.

Q2 so far shows a similar trading result to Q1 and mirrors the -6% revenue result as a group globally.

The past 12 months have been a mixed bag of, on the one side an incredible overall performance to March but on the other side, a dramatic and almost reverse of those fortunes in Q4 due to COVID-19.

Despite that, we have achieved many of the goals I had set the organization for the year:

- Strong growth in the US where we have restructured and invested in operational service excellence and a new digital product offering with a new Sales and Marketing team;
- New sales leader appointed and a medical focused sales approach in Canada, achieving impressive growth in that region;
- In Europe we continue to invest in the developing markets that are poised for strong growth and where we see reimbursement trends changing in our favour, due to the work SomnoMed has done to bring about these changes for the good of patients suffering from OSA where they would previously not have had access to this cost-effective treatment option;
- In APAC we focused on growing our network of medical referrers, who are accepting COAT™ more and more as the most comfortable and effective alternative to CPAP;
- We have continued to strengthen the global executive corporate team through new appointments in Sydney;
- Our technology journey continues with App-Nea (software platform that will enable dentists and sleep physicians to work together and more closely collaborate on patient treatment with a SomnoDent® within a trusted and effective portal), the Effectiveness Equation (modelling both efficacy and compliance of the SomnoDent® against CPAP using clinical evidence) and the digital manufacturing platform.

More importantly I wanted to use this time together today to talk more about the future of your company. SomnoMed has an exciting and long-term opportunity where transformational technology and other investments will be made to enhance and build on its competitive advantage. While we always focus on further improvements in the digital supply chain, further clinical studies, greater re-imbursement efforts in currently non-reimbursed countries and an investment in sales and marketing resources on a regional basis, the future horizons as previously communicated are important to explain in a little more detail.

I will now run through a few slides to better illustrate this, which will come up on your screens (Slide Presentation attached).

Finally, I would like to thank you, our shareholders for the support over these past 12 months. My thanks also go to the many new shareholders who joined us during the year and invested in SomnoMed as we embark on a new era.

Thank you all for your trust and support in our company, in me as your Managing Director and CEO and to the executive team who have helped me to achieve the results that we have seen during the past 12 months. We look forward to continued growth in the current financial year and beyond.

Thank you for the opportunity to lead this company and change people's lives.

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



**Treatment focused.
Technology driven.**

AGM Presentation
November 2020

Agenda

 **FY20 Performance & Key Takeaways**

 **Future Horizons**

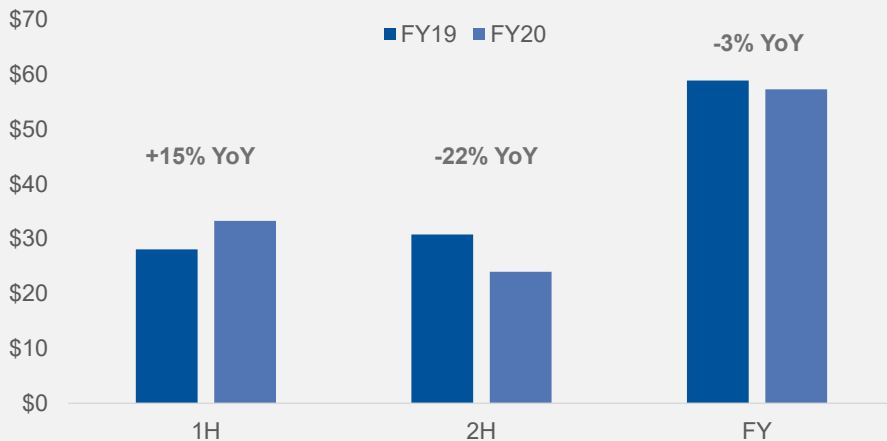
 **FY21 Outlook**



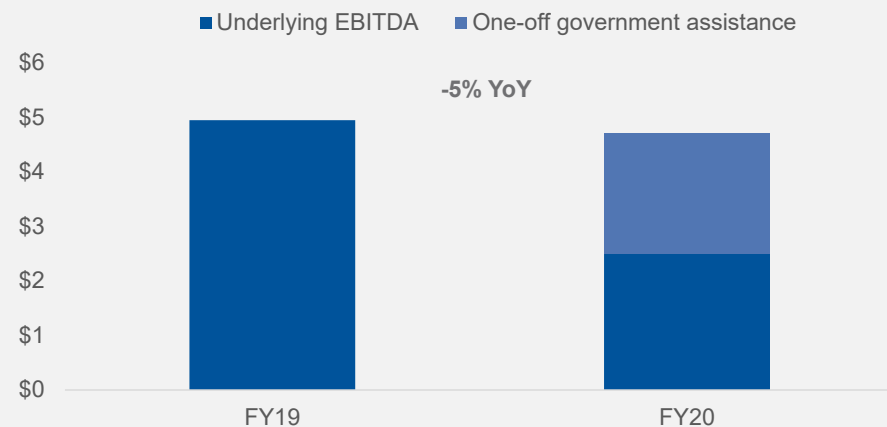
FY20 Performance & Key Takeaways

FY20 at a glance

Revenue (A\$m)



EBITDA¹ (A\$m)



Summary of performance

SomnoMed performed strongly up to 31 March 2020 before experiencing significant headwinds as a result of COVID-19.

Despite these challenges, we have achieved many of the goals set for the business this year:

- Strong growth in the US with a new sales and marketing leadership team
- New sales leadership in Canada driving growth through medical referrals
- Continue to invest in developing markets in Europe that are poised for growth and where reimbursement trends are changing in our favour
- Focused on growing our network of medical referrers in APAC
- Continued to strengthen the global executive corporate team through new key appointments in Sydney
- Ongoing investment in technology with App-Nea, the Effectiveness Equation, the digital manufacturing platform and future connectivity

¹ EBITDA as adjusted does not include share and option expense, loss on contingent consideration payable and unrealised foreign exchange gain / (loss).

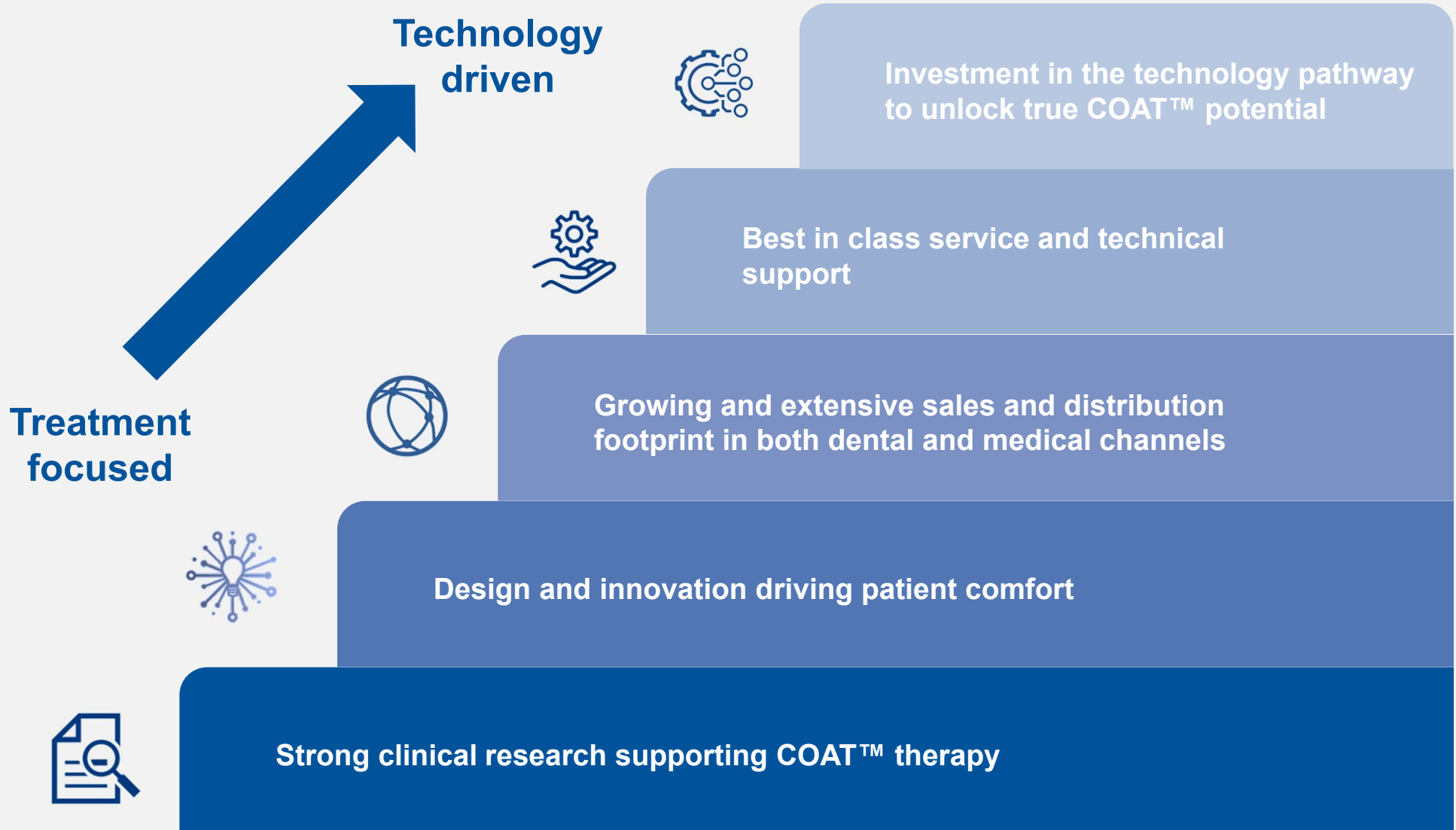
History of continued innovation around the patient



Driving patient value through access and comfort



Positioned for growth



Highly supportive Board

New Board members with the diversity of skill set, perspective, experience, and background to drive our journey towards being a more technology enabled sleep apnea solutions business



Guy Russo
Chairman

- Highly accomplished business leader with strong commercial & customer oriented background



Amrita Blickstead

- Currently COO & CMO for eBay Australia
- Trained biomedical engineer



Hilton Brett

- Currently operating partner at TDM Growth Partners, with extensive consumer retail experience



Michael Gordon

- Currently CFO of ROKT, a high growth technology business



Karen Borg

- Past CEO of Healthdirect Australia
- Former President APAC, ResMed



Neil Verdal-Austin

- 25+ years experience with various medical distribution and manufacturing companies
- CEO since 2018; previously CFO for 10 years



Hamish Corlett

- Founder and director of TDM Growth Partners
- TDM made its first investment in SomnoMed in 2010 and has been a substantial shareholder since 2012

Experienced management team



Neil Verdal-Austin
CEO



Hervé Fiévet
CFO

- Joined SomnoMed in April 2019
- Extensive experience in managing all aspects of managing finance, IT, supply chains, global purchasing, legal and HR



Mark Harding
VP, Global Marketing

- Joined SomnoMed in July 2019
- Strong track record of executing sales & marketing strategies in APAC, Europe and Australia



Matthew Conlon
EVP, Sales & Marketing North America

- Joined SomnoMed in October 2019
- Extensive experience in the medical devices industry and medical technologies sector, and possesses broad expertise in scaling organisations, working through involved and complex strategy, and navigating change



Paul Cottee
Director, Sales & Marketing APAC

- Joined SomnoMed in April 2018
- Marketing and sales leader with extensive medical device experience
- Proven history of successfully managing orthopaedic, capital equipment and surgical consumable businesses



Martin Weiland
EVP, Sales & Marketing Europe

- Joined SomnoMed in July 2010
- Vast experience of 28+ years in the dental and medical business in North America and Europe



Christopher Bedford
VP, Research & Development

- 16+ years at SomnoMed
- Appointed VP of R&D in August 2017



Future Horizons

Our future horizons



**Advancing treatment and
building the core**

**Positioning the patient's
alternative**

**Technology
driven**

**Category leadership in a multi-billion
dollar opportunity**

Advancing treatment and building the core

Service Support & Excellence

- Industry best practises with service and customer support
- Technological, real-time innovations for our dental customers at the time of scan/impression taking

Best in Class Digital Product Range

- Precision fit, low profile and comfortable digital product range
- Proprietary Bflex® inner lining material for superior retention and comfort

Patient reimbursement coverage

- Direct managed care contracts assisting patients to receive treatment
- Initiatives to change reimbursement guidelines in various countries



Global Sales & Marketing Footprint

- Continued investment in global medical field sales teams
- Marketing initiatives driving acceptance and adoption of the SomnoDent® product range
- Formation of Clinical Advisory Board
- Clinical research opportunities to broaden COAT™ usage

Medical & Dental Partnerships

- APP-NEA portal launch to facilitate the working relationship between medical and dental to ensure a trusted referral pathway for COAT™
- Dental Service Organisations (DSO) partnerships
- Collaborations with various parties to address failed CPAP patients

Operational Scale

- Project “One Platform” launched to delight our customers
- Investment in manufacturing scale and leverage

Positioning the patient's alternative

COAT™ today represents only ~8-10% of therapy for OSA patients



Effectiveness Equation



- Show Sleep Physicians how COAT™ and CPAP can be equally effective over a patient's full night of sleep
- Focus is on superior compliance of COAT™ and patient preference for COAT™



Clinical Research & Reimbursement Policy



- Fund and support clinical trials that address barriers to COAT™ adoption
- Use health economic models to demonstrate cost effectiveness of COAT™ vs CPAP to address reimbursement disparities



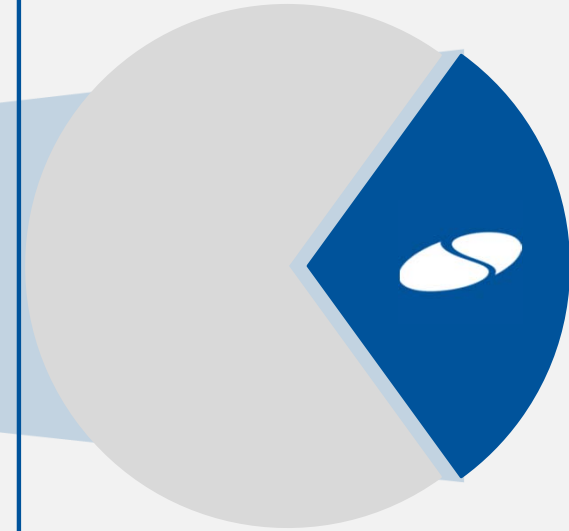
Key Opinion Leaders (KOLs)



- Engage medical and dental KOLs to advise on new product development and programs to reduce barriers to COAT™ adoption



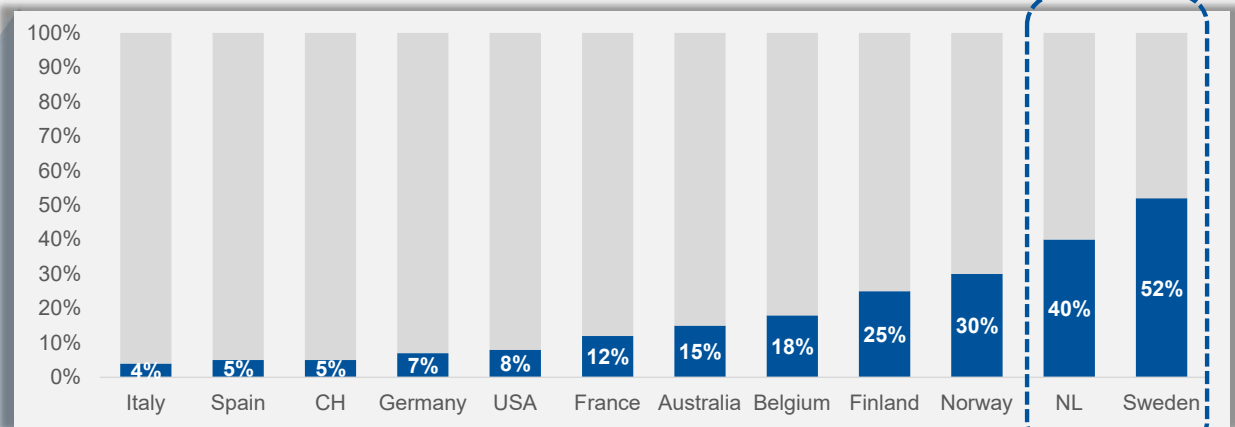
Intensified efforts to position COAT™ as an effective alternative to CPAP drives increases in COAT™ share of OSA therapy



~1.4bn sleep apnea patients globally

Proven ability to build market share

Estimated COAT™ penetration in SomnoMed global markets



Netherlands

Estimated 40% share of total OSA market, driven by:

- ✓ **Managed care/reimbursement contracts** directly with insurers
- ✓ Acceptance of COAT™ as an effective and cost efficient solution for at least mild and moderate patients – **effectiveness equation in action**

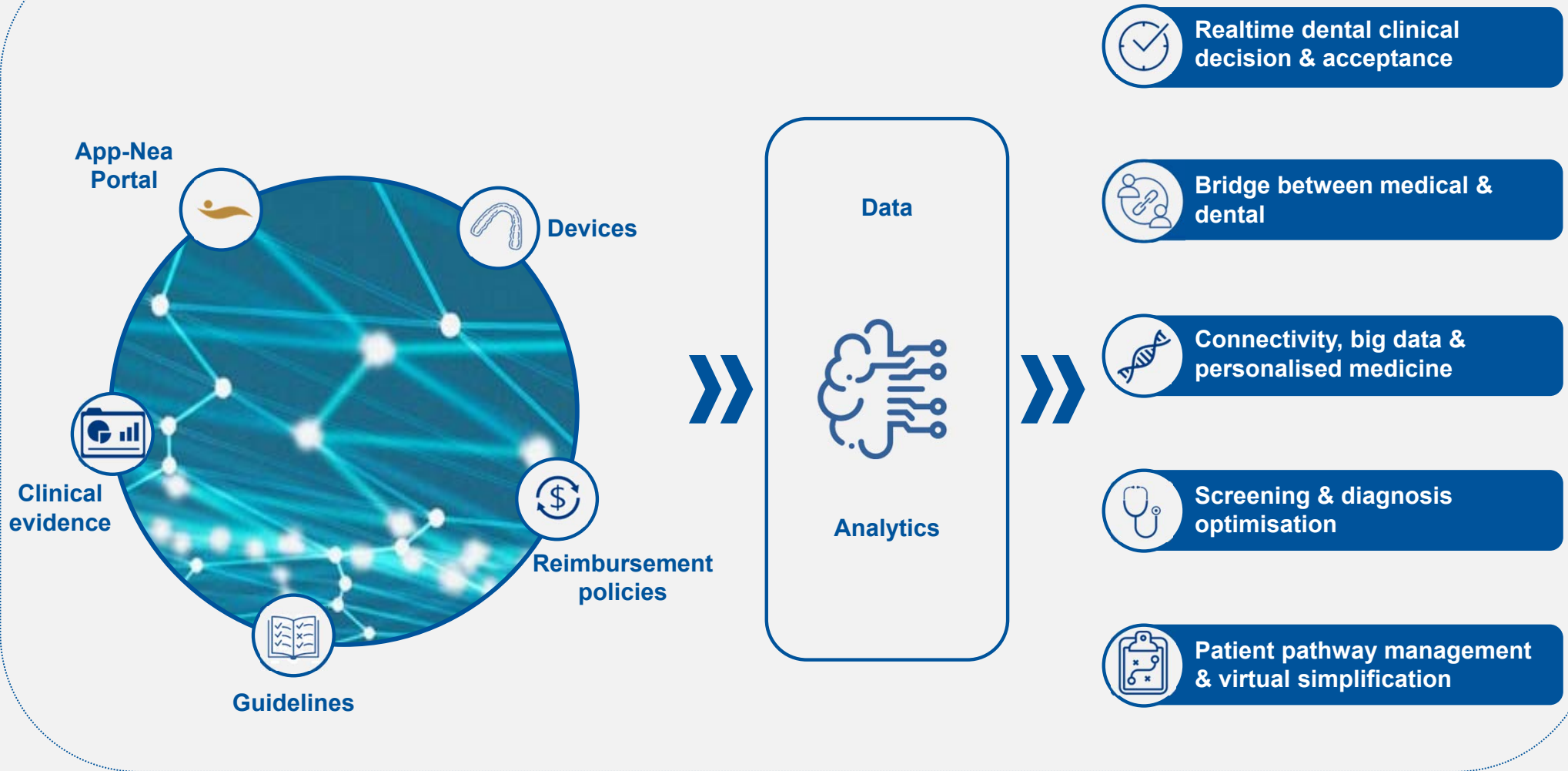
Sweden

Estimated 52% share of total OSA market, driven by:

- ✓ **Hospital facilitation** of both medical and dental partners effectively treating all OSA patients
- ✓ Growing adoption of COAT™ through **Key Opinion Leaders and trusted medical referral pathway**

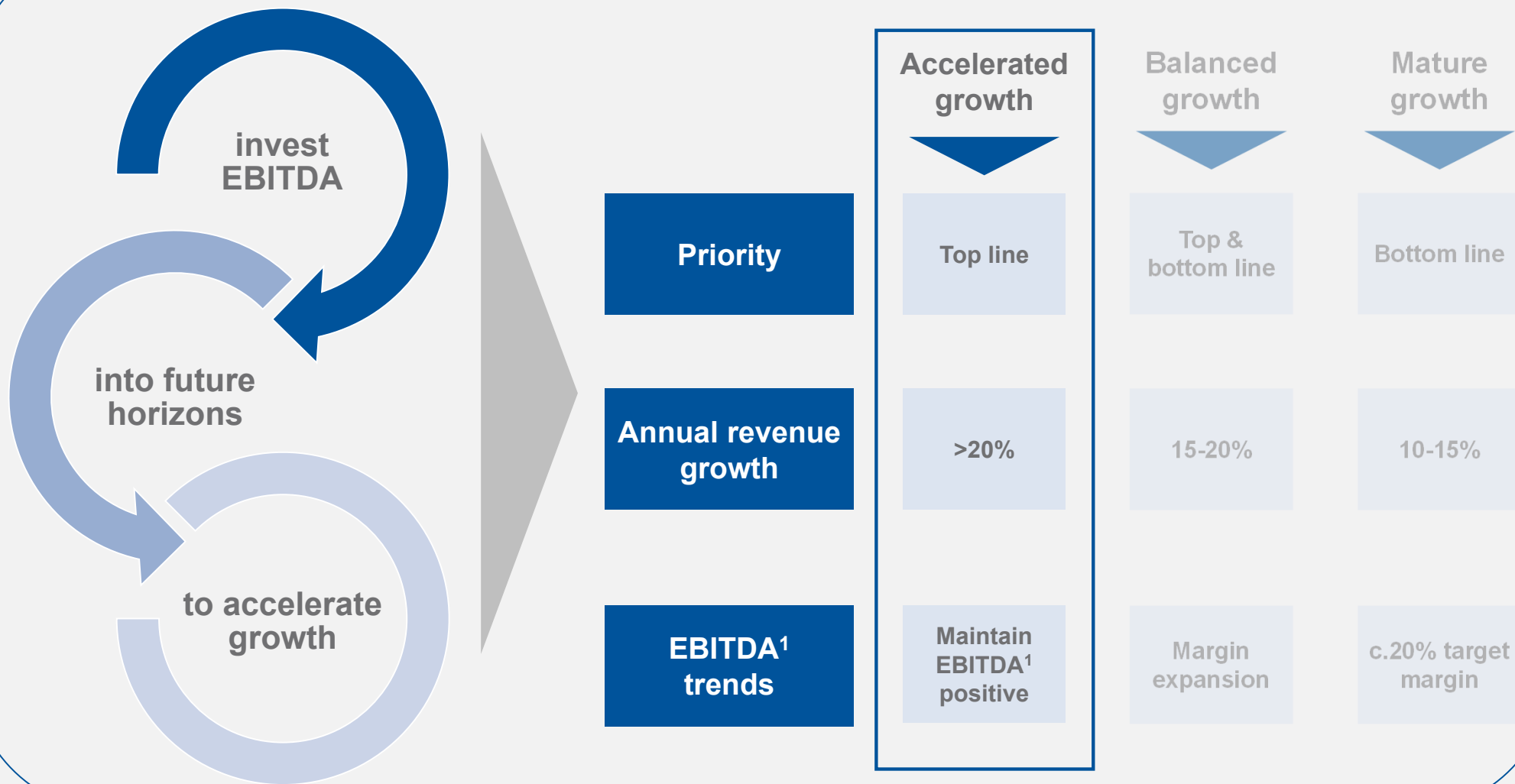
Technology driven

One integrated and automated technology platform



Investing to achieve category leadership

Financial framework for growth and profitability



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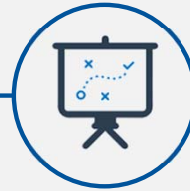


FY21 Outlook



FY21 Guidance

- No guidance is currently provided for FY21 due to the uncertainties created by COVID-19
- We will provide ongoing trading visibility as we progress throughout the year



Key Considerations

- Stabilise and respond to changing market conditions
- Drive growth opportunities where possible and outside of COVID-19 influences



Key Strategic Objectives

Treatment Focused

- Medical sales and marketing investment and initiatives
- Digital product precision
- Effectiveness Equation

Technology Driven

- App-Nea Portal
- One Platform
- Connectivity