



ASX Announcement

28 January 2021

\$17m of revenue delivered for the December Quarter FY21

SomnoMed Limited (ASX "SOM", or the Company) a leading company in the provision of treatment solutions for sleep-related breathing disorders and obstructive sleep apnea, is pleased to provide its quarterly activities report for the period ended 31 December 2020.

Overview

- Revenue of \$17 million for Q2 FY21 (+24% vs Q1 FY21 and -9% vs PCP) delivering \$31 million in revenue for 1HFY21
- Total patients treated worldwide now exceed 600,000. SomnoMed remains the largest global oral appliance company focussed on treatment solutions for patients who suffer from obstructive sleep apnea
- Net cash¹ position remains strong with \$22.7m at 31 December 2020 (no change from 30 September 2020)
- Overall market conditions remain challenging given the ongoing impacts of COVID-19. Moderate improvements continued in business trading activities, despite restricted access to hospitals and clinics in North America and Europe
- Continue to actively work with Governments and authorities across all regions to promote stronger clinical guidelines and drive positive reimbursement trends
- Continue to actively pursue transformational technology opportunities that will enhance and build upon SomnoMed's competitive advantage
- Remains well-positioned to benefit as the market normalises over the coming quarters

Commenting on the results, SomnoMed's Managing Director, Mr Neil Verdal-Austin said, "Market conditions across the globe continue to be challenging as COVID-19 places growing demands on hospitals, clinics and the broader medical profession. We recognise the unusual circumstances that our customers and patients have experienced, and we continue to work with our network to support their businesses.

Despite the tough trading environment, the Company delivered an improved financial performance for the quarter, with revenues up 24% versus the September quarter. Importantly, the Company remains focussed on costs and cashflow management and ended the period with a robust balance sheet and a net cash position of \$22.7m.

Whilst we continue to expect some regional volatility in revenue as each region navigates the ongoing effects of COVID-19, SomnoMed continues to focus on delivering long term growth. We continue to invest in and develop transformational technology that will enhance our products and drive a lasting competitive advantage. We also remain actively engaged with Governments and insurers to drive positive reimbursement outcomes for our patients, so they can access a cost-effective treatment for sleep apnea.

I would like to thank the SomnoMed team for all their efforts during the quarter and their commitment to delivering on our vision to provide an effective long-term treatment for patients that suffer from the effects of obstructive sleep apnea."

Financial Review

Q2 FY2021 unaudited revenues of \$17 million were down 9% over the previous corresponding period (PCP) (down 8% in constant currency terms) due to the ongoing effects of COVID-19. On a regional basis Europe and APAC both fared better than North America vs PCP.

	Q2 FY21 Revenue (A\$000's)	Revenue Growth (vs PCP)	Revenue Growth (QoQ)
North America	4,984	-29%	10%
Europe	10,640	3%	34%
APAC	1,386	0%	9%
Total	17,011	-9%	24%

The Company continued to take an active approach to cost management, whilst also focusing on longer term initiatives for growth. The Company did not receive any further COVID-19 related government support in the December quarter and continues to operate on a positive cash flow basis despite current trading conditions. The Company's strong cash position allows management to significantly drive forward with product innovation and advancements to the benefit of future periods.

Operational Review

SomnoMed continues its global leadership position while building on the well-established networks within the three core regions and the resultant ongoing demand for its products. The headwinds experienced over the course of the past year have impacted all regions at differing levels dependent on the regional responses to the coronavirus pandemic. The medium-term operational impact of this pandemic is difficult to predict due to the lag between diagnostics and treatment recommendations. However, the Company remains well-positioned to support its customers across all regions as and when business trading conditions begin to normalise.

North America

The effects of the election and the ongoing uncertainty in most states towards COVID-19 and the actions to be taken, have impacted on business activity levels. Q2 activity levels remain at around 75-80% of pre COVID-19 business volumes and revenues.

The launch of the new Herbst Advance Elite™ was successful and the uptake of new orders for the digitally made, PDAC approved (Medicare insurance approval) SomnoDent® oral appliance was encouraging. The Herbst Advance Elite™ offers, for the first time in the market, a precise fit and retention with the inclusion of the BFlex soft lining material to a digitally made oral appliance, which is proprietary to SomnoMed.

Europe

The positive reimbursement trends continue with two further countries approving the SomnoDent® as a first line treatment versus CPAP. This step reaffirms what we see globally in the trend to further accept and adopt oral appliances into the mainstream as an effective, long term treatment for patients suffering from obstructive sleep apnea.

Asia Pacific

Activity levels across the APAC region remained broadly in line with prior periods. Australia showed good results for the region with the State of Victoria slowly returning as a strong contributor.

Corporate Update

SomnoMed announced the appointment of Karen Borg to the Board effective 26 November 2020. In addition, SomnoMed held its AGM on 26 November 2020, with shareholders voting in favour of the election of Guy Russo, Amrita Blickstead, Michael Gordon and Hilton Brett and the re-election of Hamish Corlett.

Notes

1. Net cash ¹: defined as gross cash less, commercial borrowings and COVID-19 related government loans
2. Aggregate amount of payments to related parties and their associates included at 6.1 in the Appendix 4C for the December 2020 quarter includes payments made for the Managing Director's remuneration pursuant to his employment contract.

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This release has been approved by the Board of SomnoMed Limited

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About SomnoMed

SomnoMed is a public company providing 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 600,000 patients in 28 countries. For additional information, visit SomnoMed at <http://www.somnomed.com.au>