



Investor Presentation

Financial Year 2021 results

**Treatment focused.
Technology driven.**

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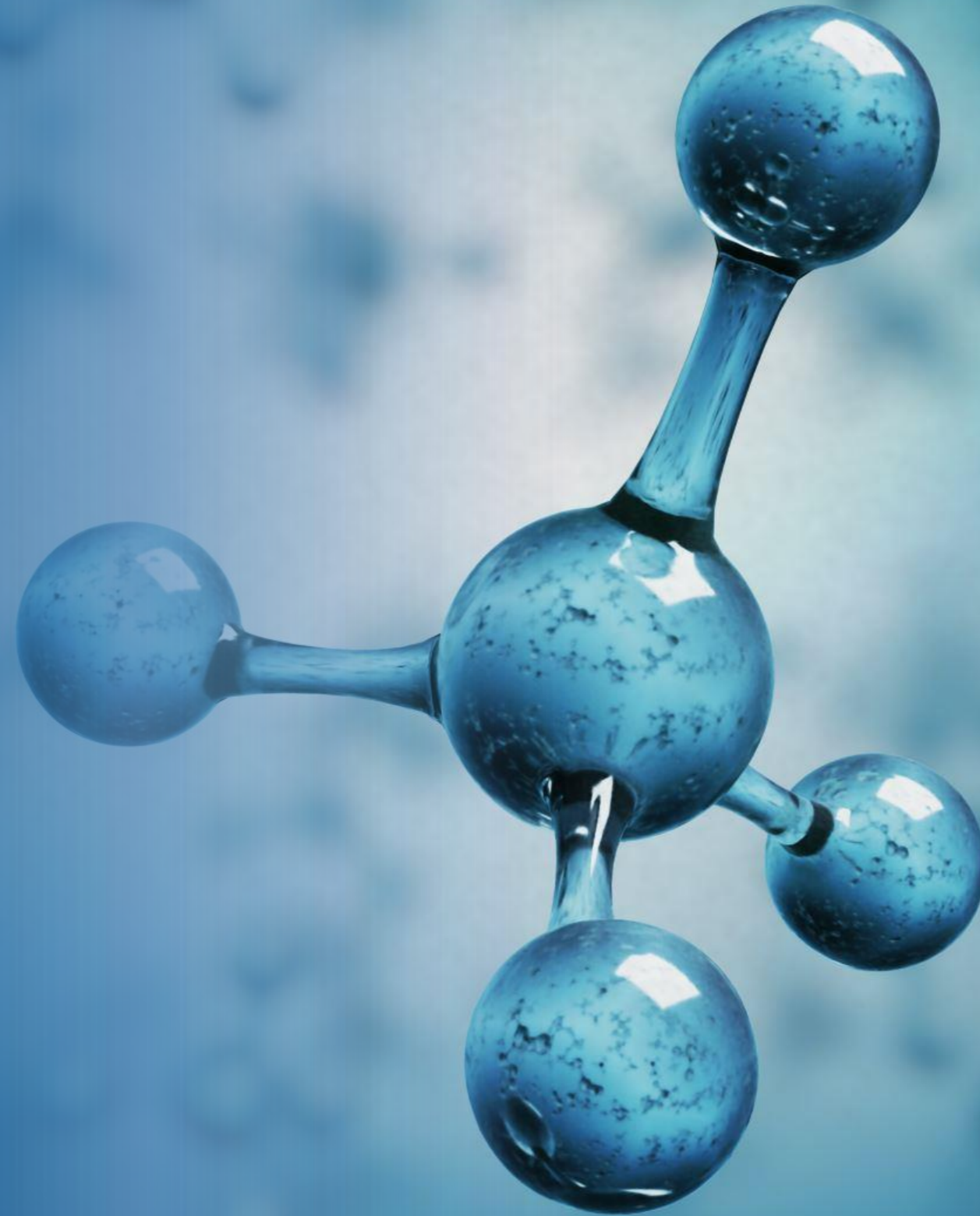
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FY21 Highlights



FY21 financial highlights

Total Revenue
A\$62.7m (+9%) PCP

Europe
+20% PCP

APAC
+17% PCP

North America
-9% PCP

EBITDA¹
A\$3.9m (-17%) PCP

Costs well
managed

Stable product gross
margin

Future horizon
investments begun

Cash
A\$21.1m

Prudent use
of funds

Bank debt
fully repaid

Positive net operating
cash flow

¹ EBITDA as adjusted does not include share based payments, discontinued operations and other expenses

FY21 strategic & operational highlights

- **Patient centric strategic objective** leads to long term effective solutions for OSA patients
- Strengthened **sales and marketing efforts** in each OSA market
- Europe's **reimbursement initiatives** continue within the region with the medical community and recent research indicating a growing acceptance of oral appliance therapy
- APAC's focus on **medical education** and the referral pathway raises awareness and a greater COAT™ acceptance
- Digitally made **SomnoDent Avant™** is a **category leader** due to the design, retention and comfort from the proprietary SMH BFlex inner liner
- SomnoMed's **digital manufacturing platform** further enhanced
- North America's success with the **Herbst Advance Elite™** differentiating it from all other products in that category

Market Opportunity



Significant addressable markets globally

Obstructive sleep apnea, a growing burden on the medical system affecting a significant portion of the population

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

511 million
mild OSA patients globally

A total of
900+ million
patients suffer globally from the effects of sleep apnea

425 million
moderate and severe OSA patients globally

25%
of men suffer from sleep apnea globally

9%
of women suffer from sleep apnea globally

Untreated OSA can lead to increased risk of stroke, heart attack, depression, diabetes

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

SomnoMed



SomnoMed's Vision/Mission

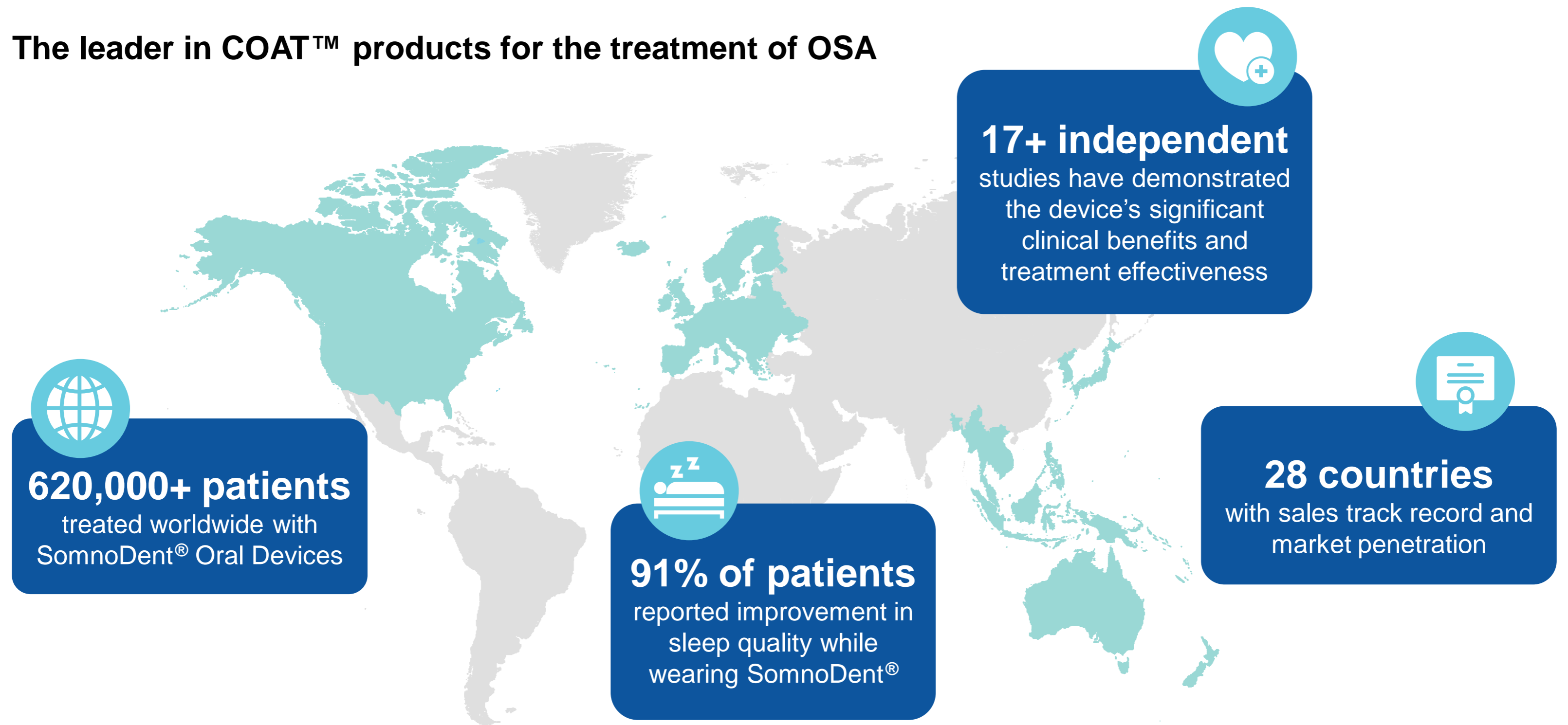
Our vision is to lead in the treatment of patients suffering from obstructive sleep apnea and relevant adjacent conditions

Our mission is to advance the adoption, acceptance and treatment of oral sleep apnea therapies by medical specialists, dentists, patients and insurers



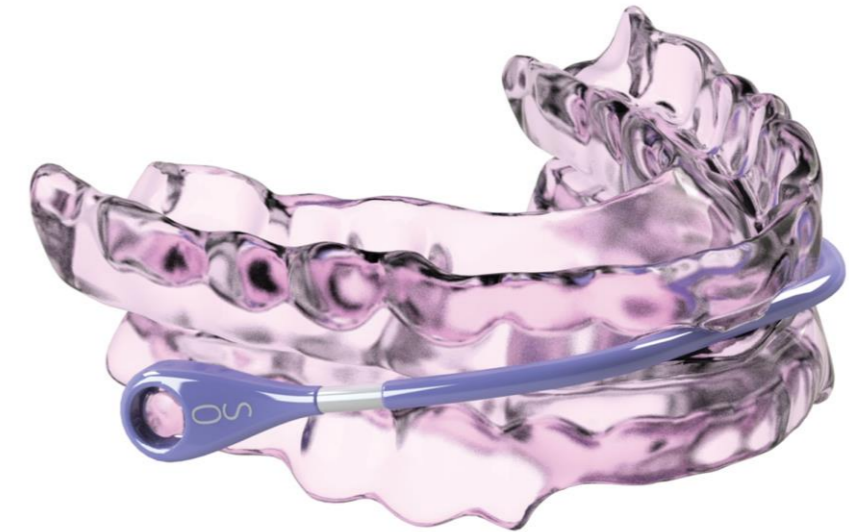
SomnoMed's credentials

The leader in COAT™ products for the treatment of OSA



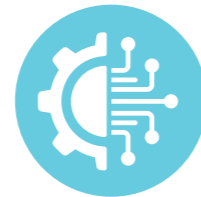
The SomnoMed product difference

SomnoDent[®] AVANT[™]
SLEEP APNEA APPLIANCE



SomnoMed delivers the highest level COAT[™] comfort and quality

Technologically Advanced



Materials that improve patient comfort and product function

Cost Effective Solution



Lower cost to fit, maintain and retain customers for sleep physicians, dentists and insurers

Superior Comfort



Designed with proprietary materials, SomnoDent[®] devices are known for their custom fit

Customised



Patient-specific and fitted by a qualified sleep dentist



- ✓ Permits normal mouth opening
- ✓ Allows speech and drinking
- ✓ Professionally fitted
- ✓ Safe and effective
- ✓ Easily adjustable
- ✓ Clinically proven

Improving treatment options for OSA patients

COAT™ provides a non-invasive alternative treatment option for those that can't undertake surgery or find CPAP difficult to tolerate

COAT™

Continuous Open Airway Therapy (COAT™) works by moving the mandible forward, opening the airway and removing any airflow restriction.



CPAP

Continuous Positive Airway Pressure applies air pressure to the upper airway to keep that airway open to enable normal breathing while asleep.

Surgery

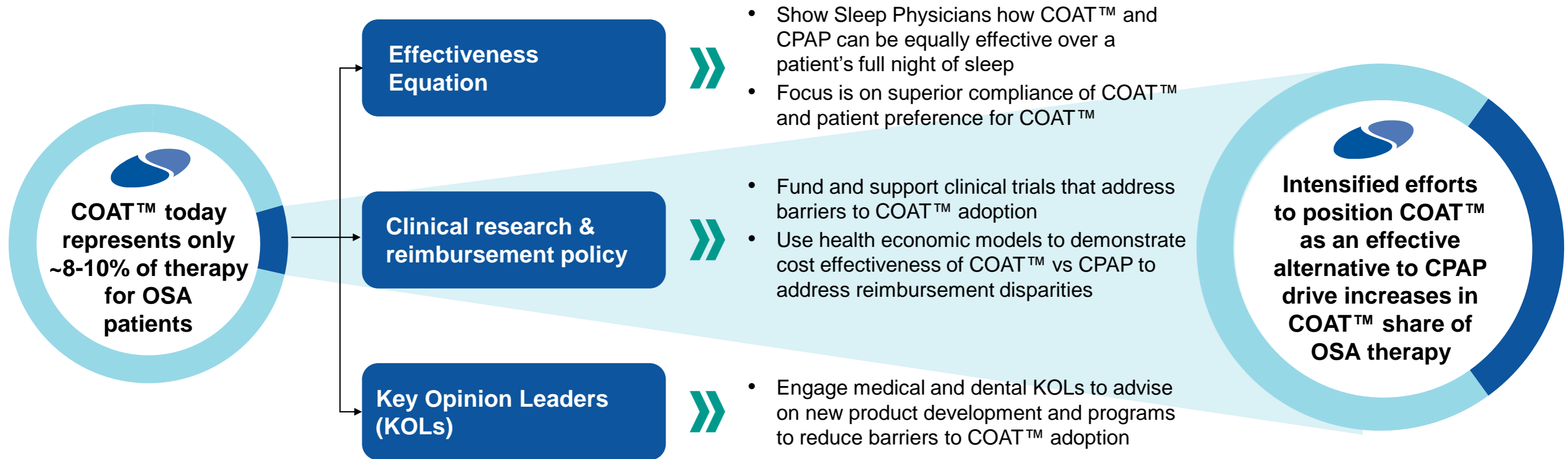
Invasive option considered as a last resort.

\$

Increasing long term cost in treatment

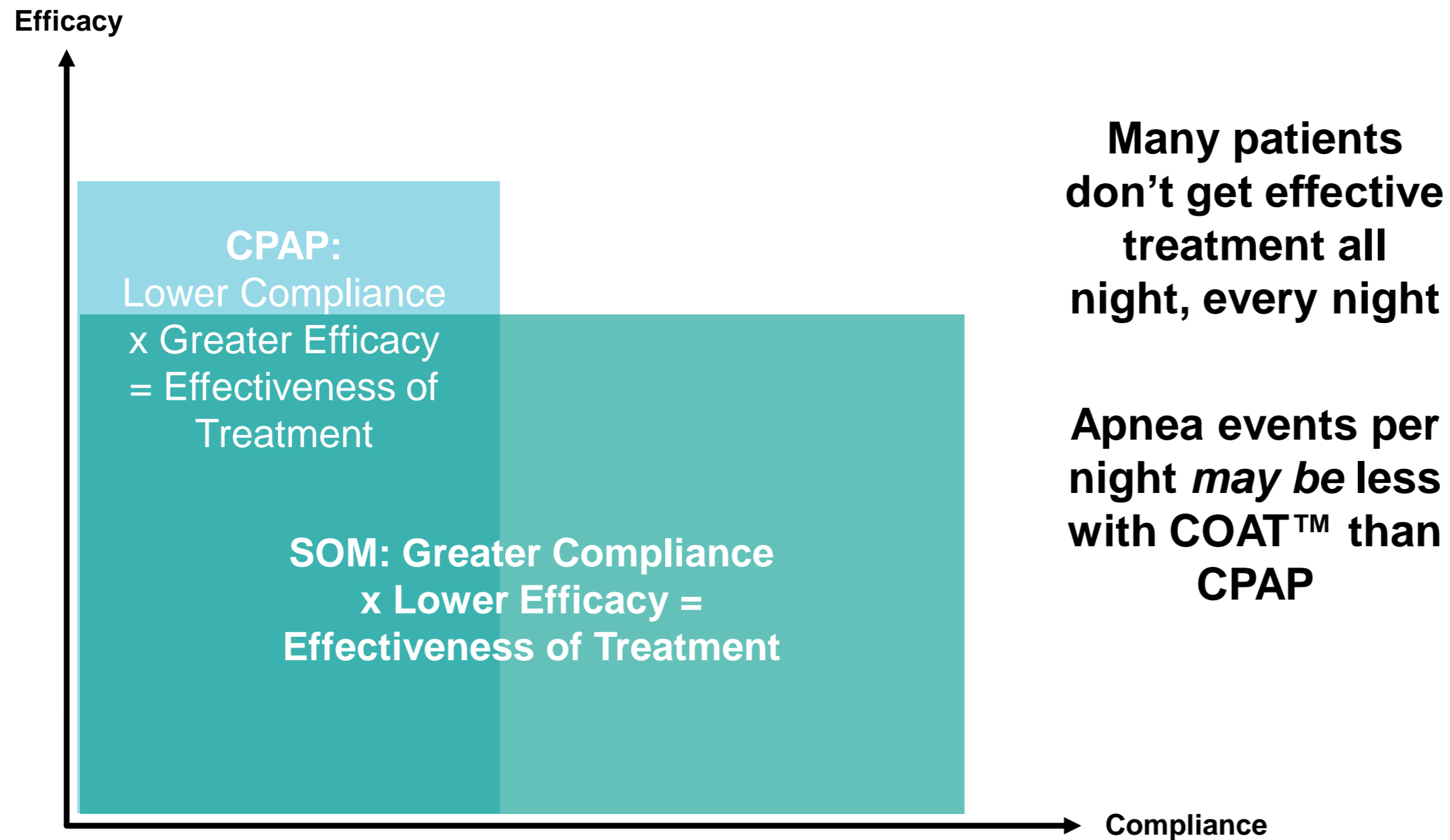
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Growing the sector through positioning the patient's alternative



~ 900+ million sleep apnea patients globally

Improving treatment effectiveness for OSA patients



Clinical Insight

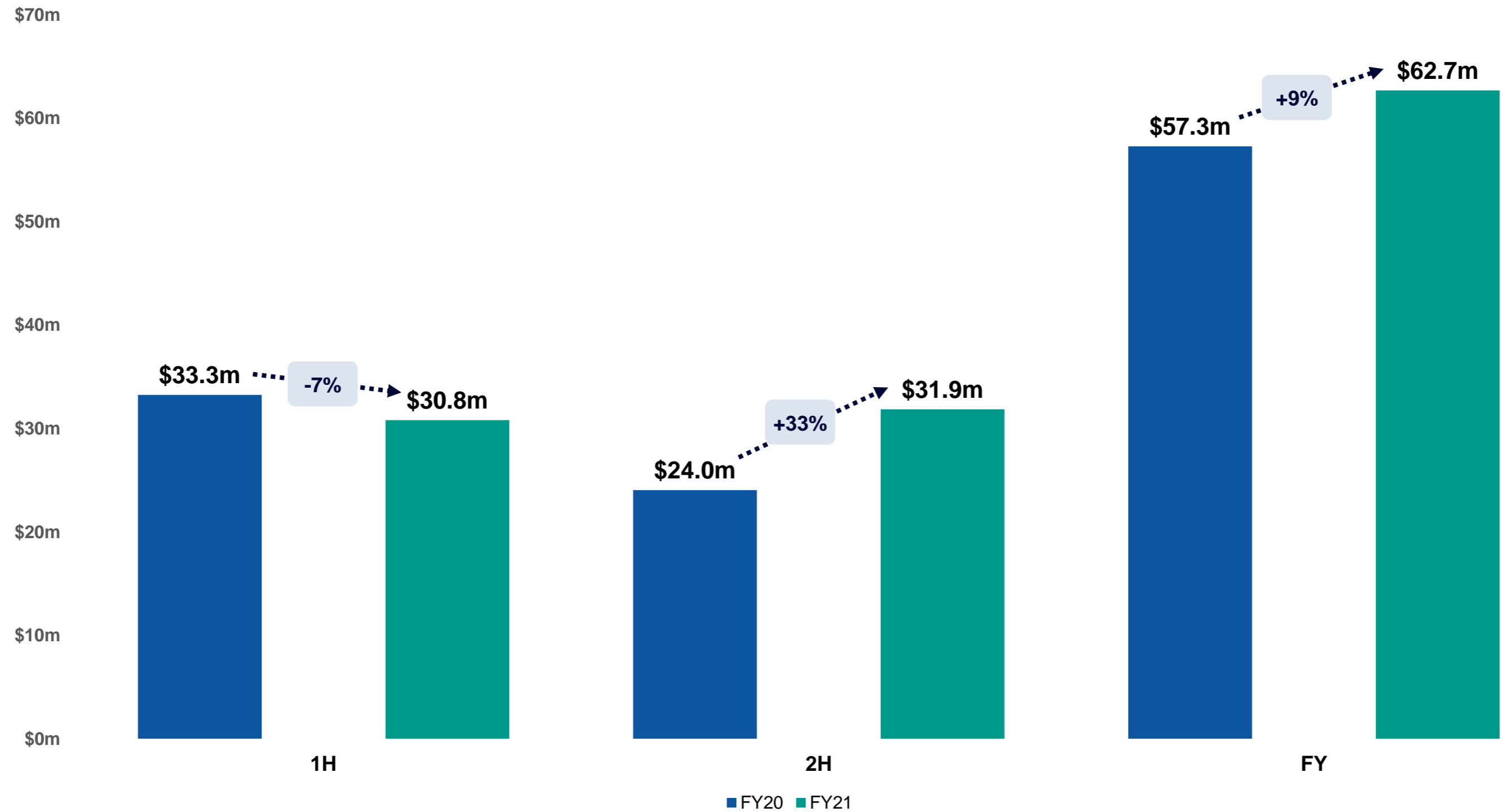
The findings are sobering. Our data suggest that despite numerous changes to machine and mask dynamics as well as behavioral interventions, CPAP adherence remains a severe problem for management of patients with OSA - the concept of CPAP as gold standard for OSA therapy is no longer valid.¹

1. Rotenberg et al. Journal of Otolaryngology - Head and Neck Surgery (2016) 45:43

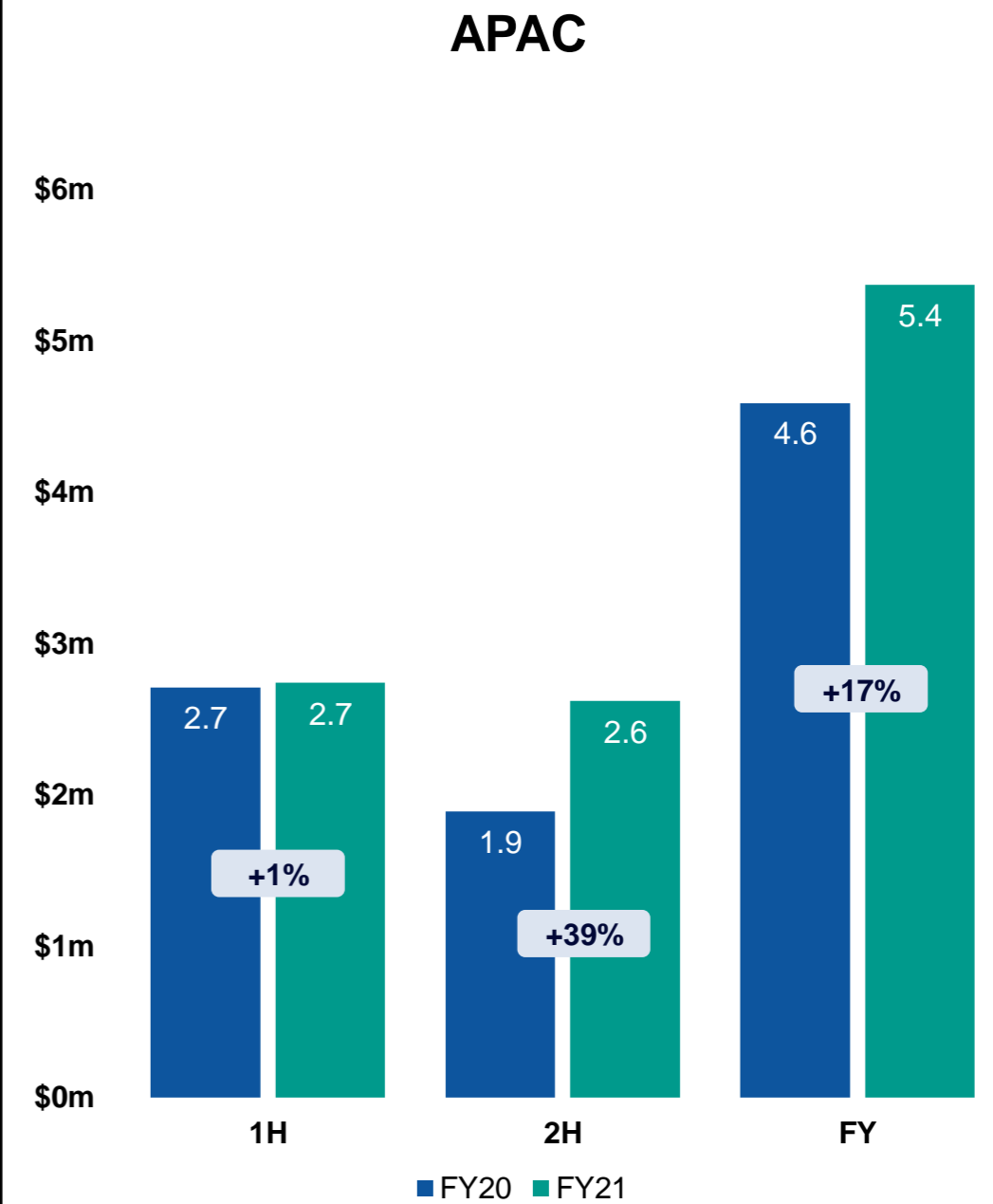
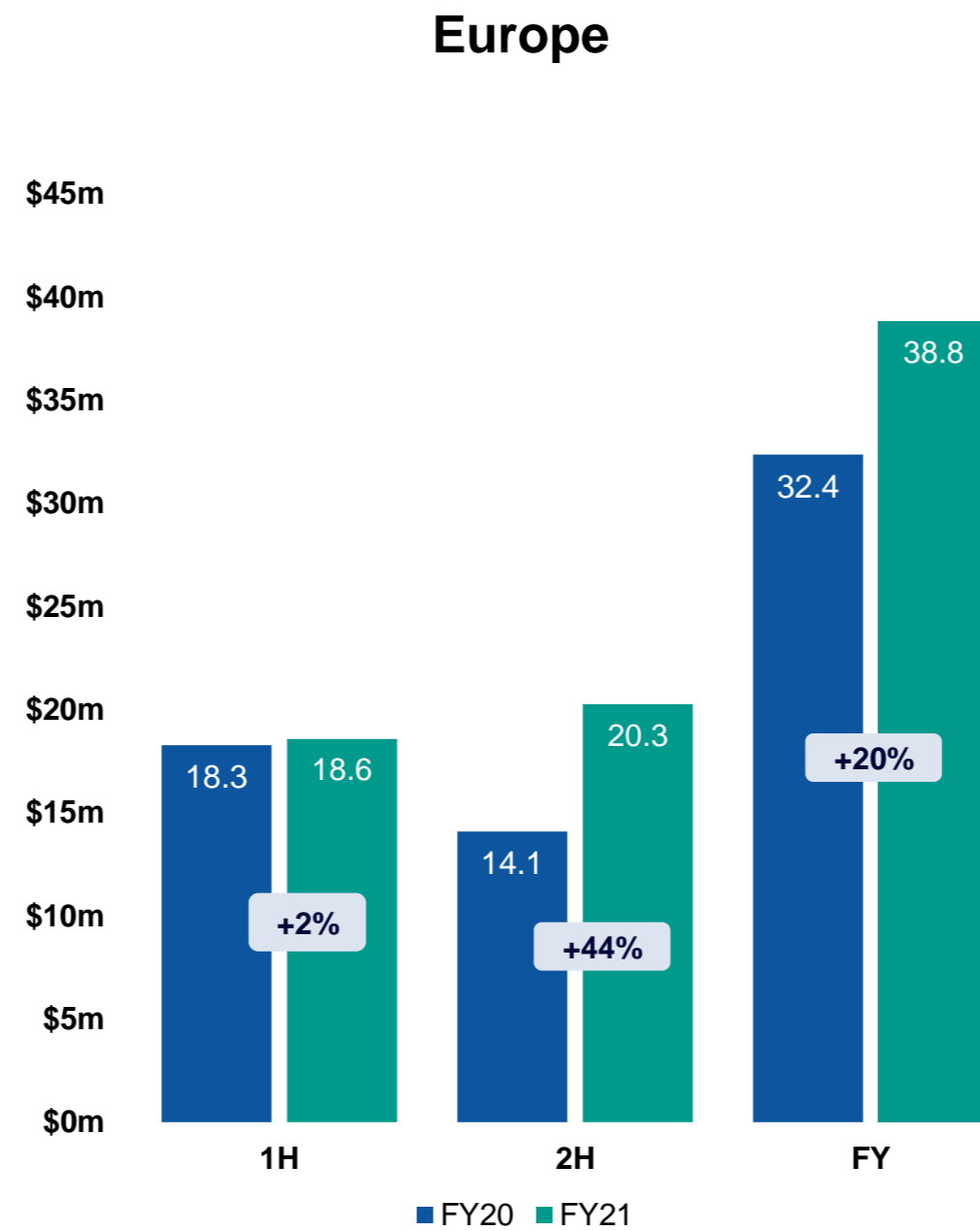
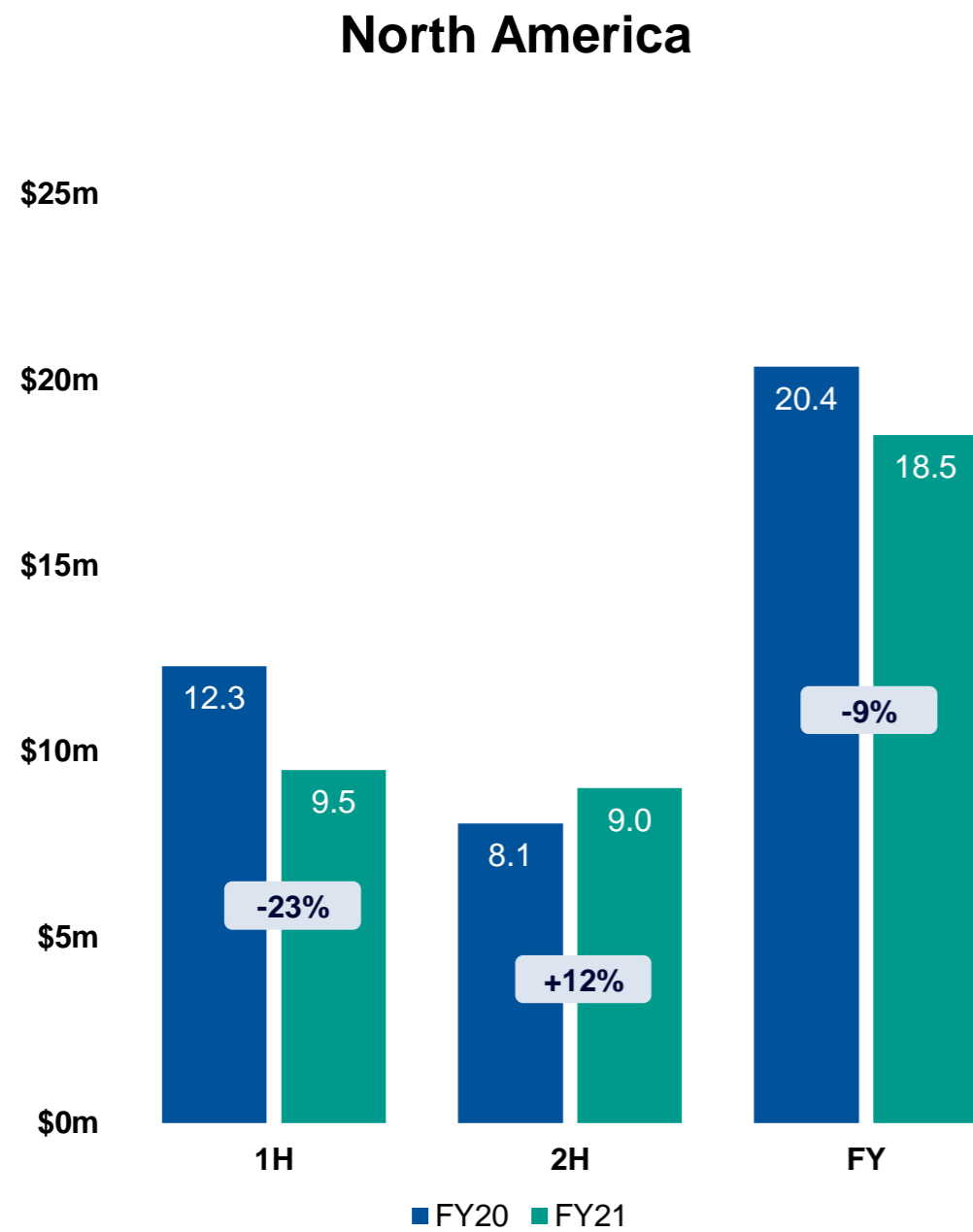
FY21 Results



Total group revenues

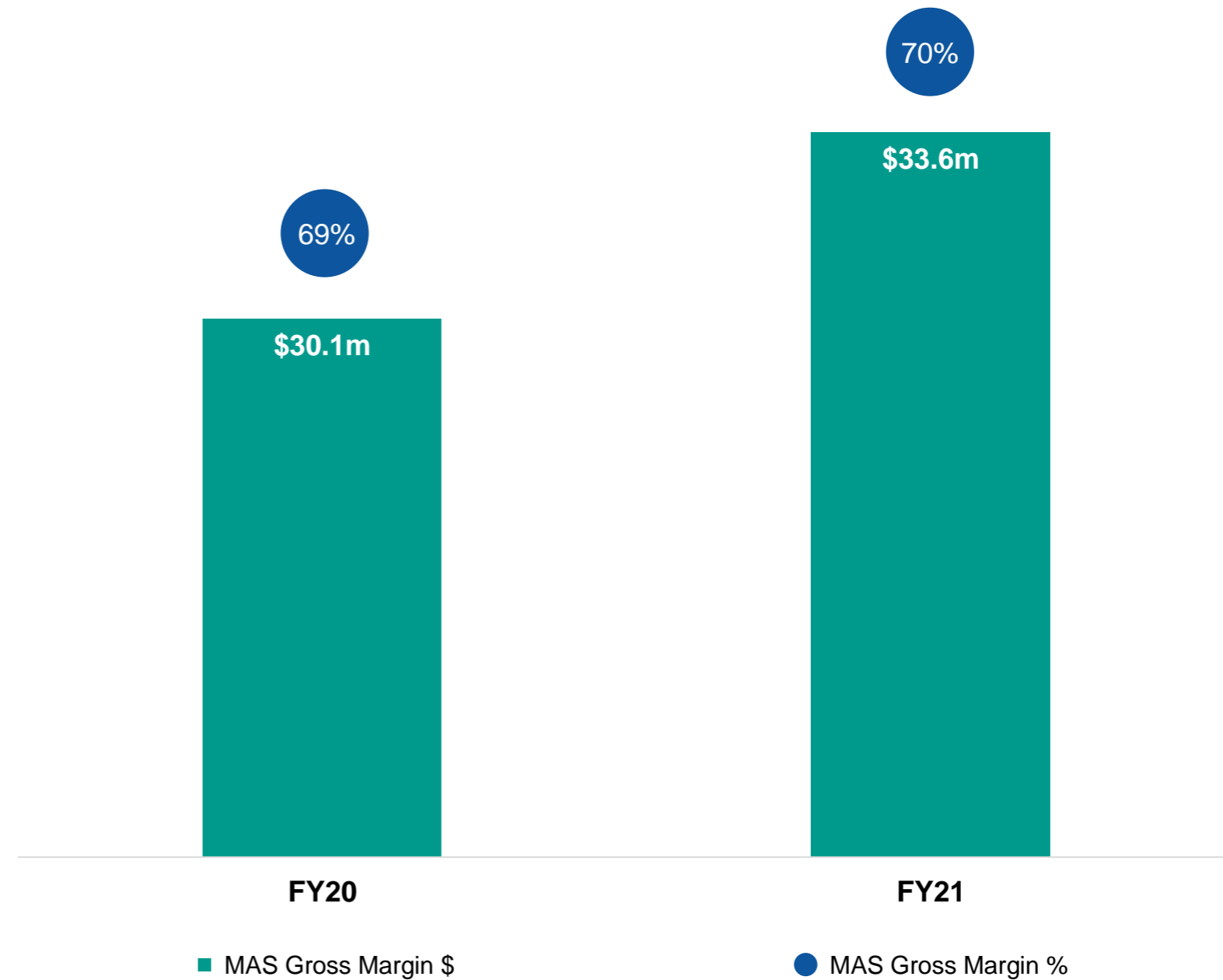


Total regional revenues



Stable MAS* product gross margin

- Product level (MAS) gross margin remained stable at ~70%
- Digital manufacturing process producing efficiencies across product range
- MAS gross margin \$ grew 10% to \$33.6m contributing strongly to Group Results



*Mandibular Advancement Splint

EBITDA¹

- EBITDA¹ decreased 17% to \$3.9m, however product gross margin (FY21: 70%) was maintained and positive impacts from recovery resulted in stronger contributions
- Impacts on EBITDA¹:
 - Focused on retaining staff to be well-positioned, post COVID-19, to accelerate growth
 - Commenced investment in key strategic roles aligned to technological transformation and future growth
 - Reduction in government support schemes despite ongoing global impacts from COVID-19
 - Sales and marketing cost management
 - Travel restrictions due to COVID-19
 - Increased virtual vs. physical meetings
 - Repurposed sales and marketing expenditure
- Retained overall prudent approach to administrative costs

EBITDA¹ (A\$m)



¹ EBITDA as adjusted does not include share based payments, discontinued operations and other expenses

Profit and loss summary

A\$m	FY21	FY20	%
Revenue	62.7	57.3	+9%
Gross margin	37.7	33.1	+14%
Regional sales and marketing expenses	(15.6)	(15.4)	+1%
Regional administrative expenses	(11.2)	(10.0)	+11%
Operating profit (before corporate, research and business development)	11.0	7.6	+44%
Corporate and headoffice expenses	(7.8)	(5.1)	+54%
Government assistance	0.7	2.3	(71%)
EBITDA¹	3.9	4.7	(17%)
Key Metrics	FY21	FY20	
MAS gross margin %	70.5%	69.1%	
Group gross margin % SOM core	60.4%	58.4%	

Regional sales and marketing expenses:
Travel restrictions due to Covid-19 with more virtual sales calls than physical due to limitation on hospital and clinic access

Regional administrative expenses and Corporate and head office expenses

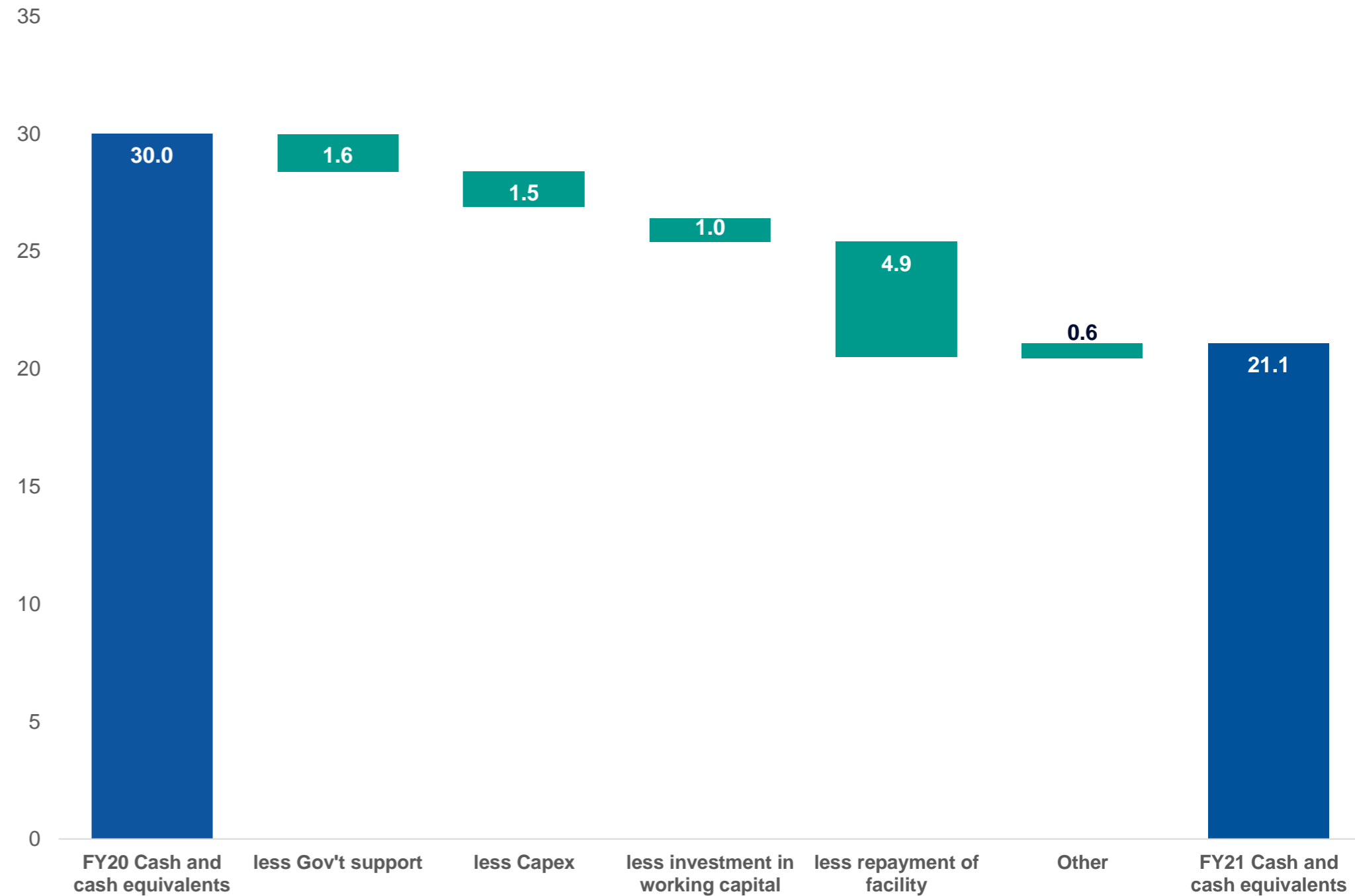
Key recruitments aligned with technological investments

Government assistance:
Schemes stopped or reduced while Covid-19 was still affecting global markets

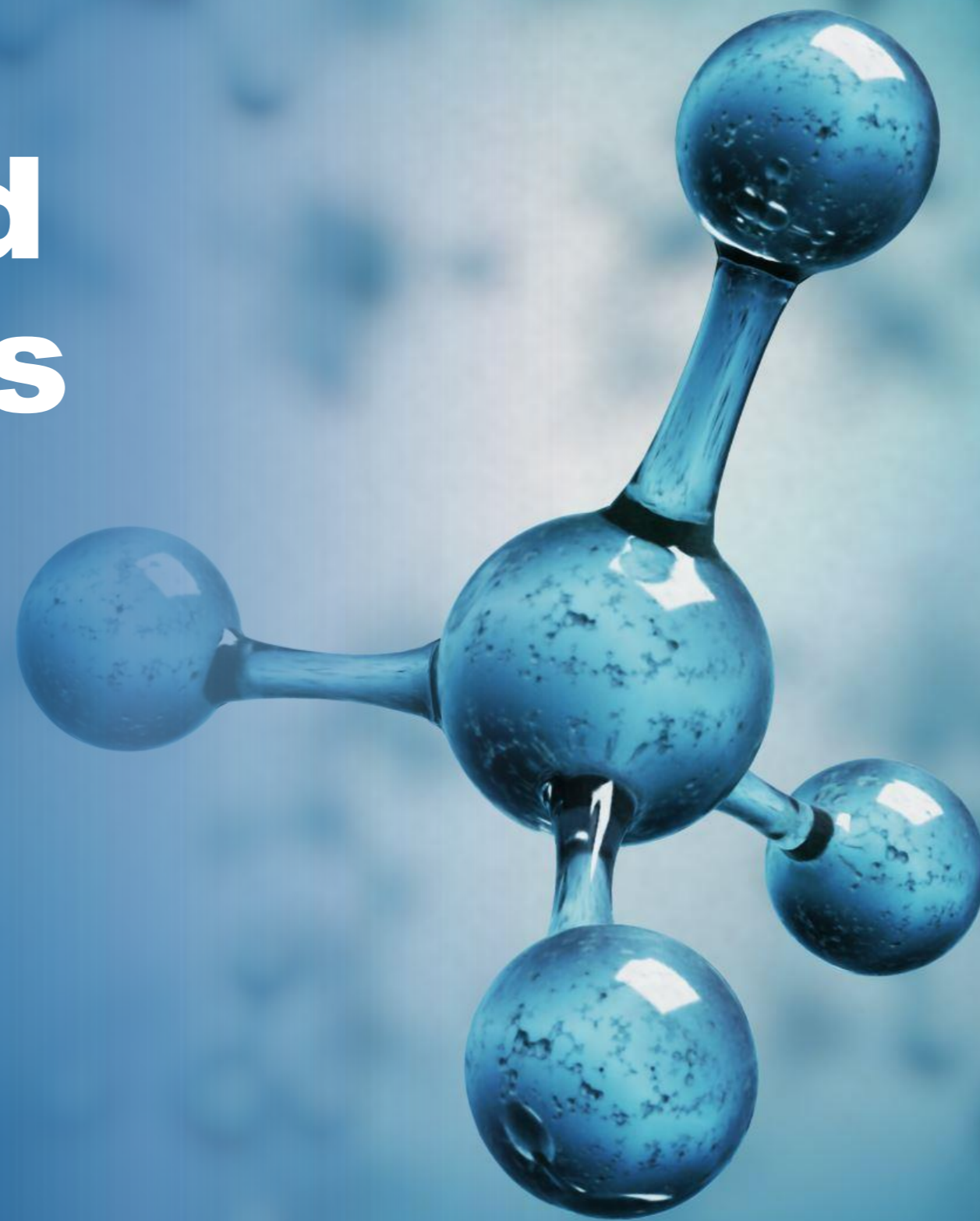
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Reduced liability and investing for future growth

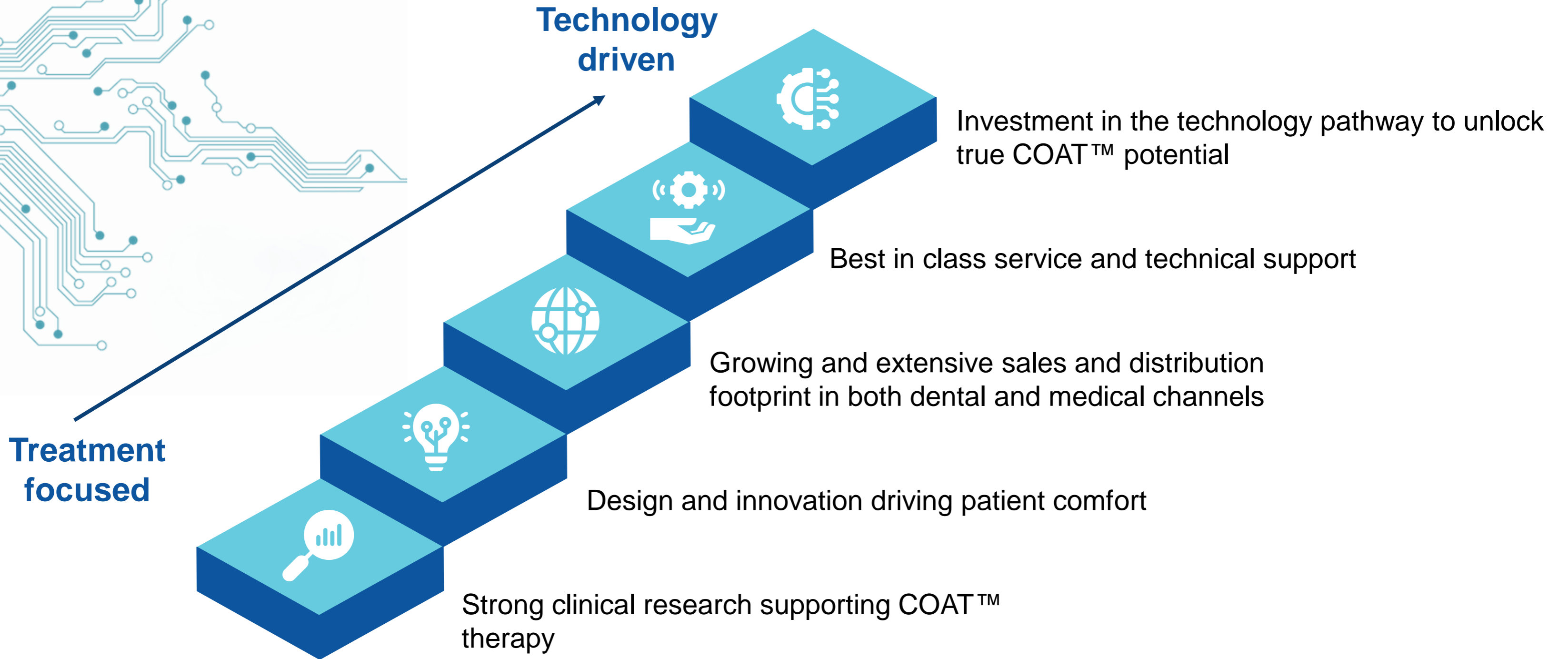
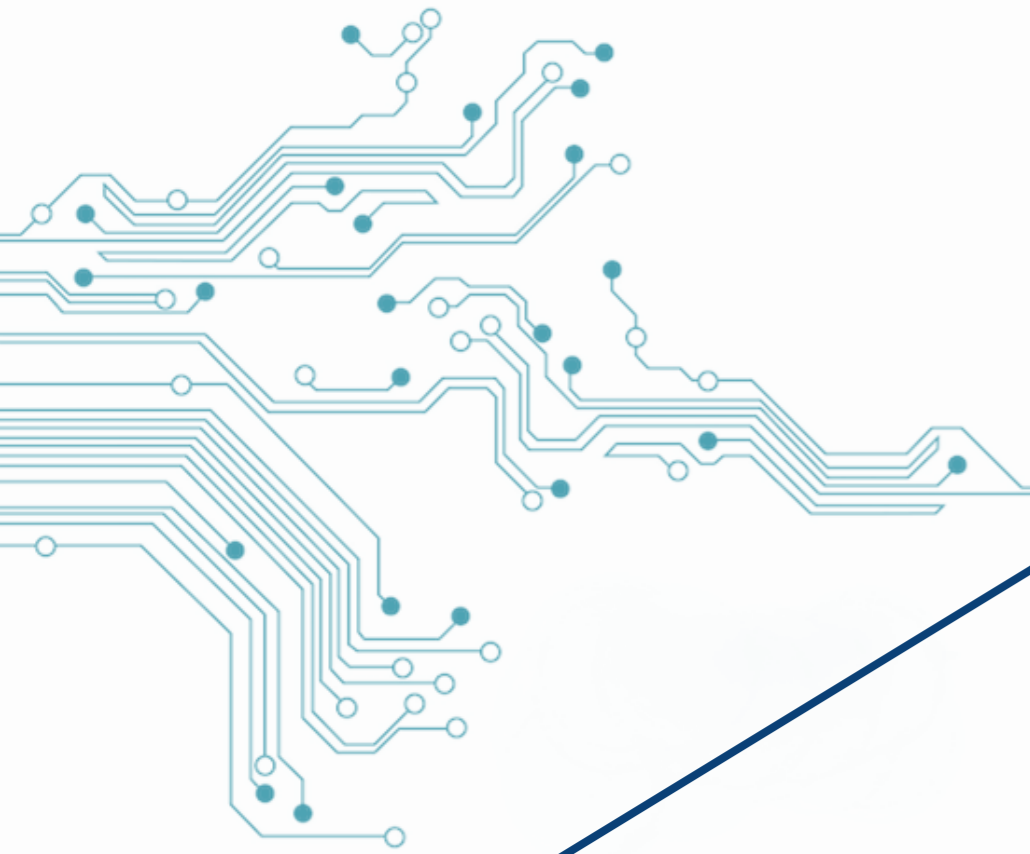
- Cash and cash equivalents reduced from A\$30.2m in FY20 to A\$21.1m in FY21 reflecting:
 - Focus on reducing liabilities through the repayment of the \$4.9m bank facility
 - COVID-19 government support schemes finishing resulting in net impact of \$1.6m
 - Investment in future growth through net investment in capex of \$1.5m and working capital of \$1.0m to support growth moving forward



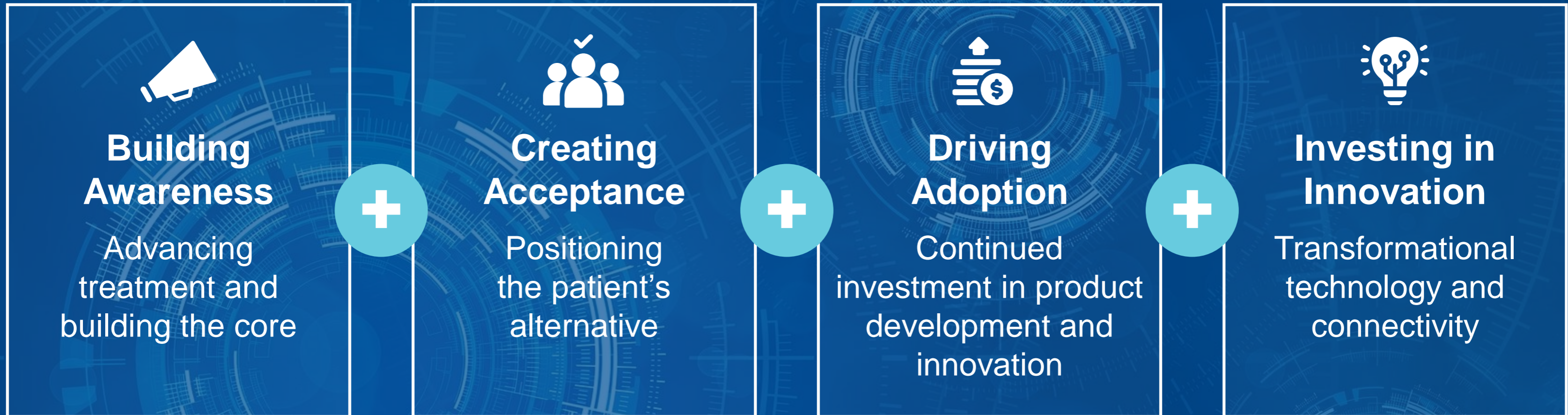
Innovation and future horizons



Positioned for future growth



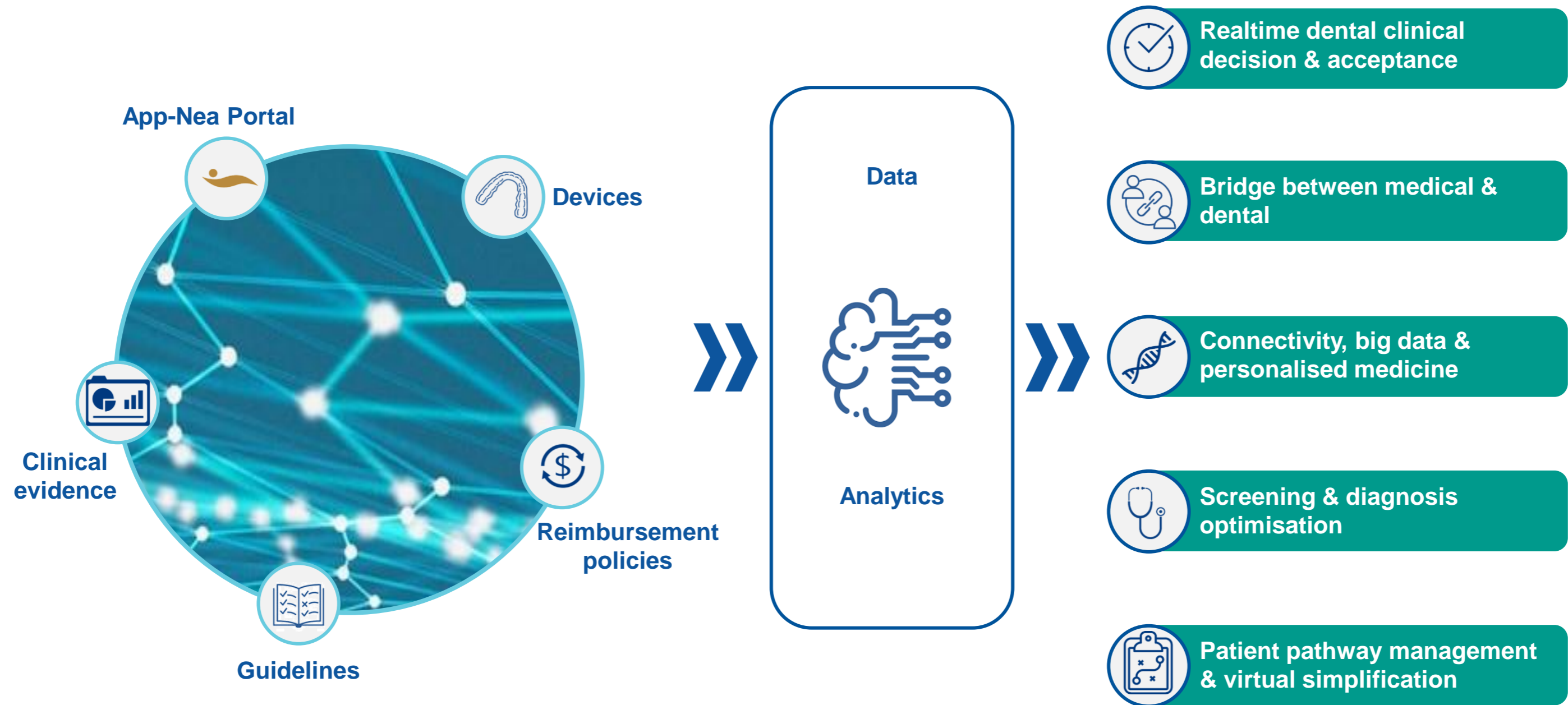
SomnoMed future horizons



Category leadership in a multi-billion dollar opportunity

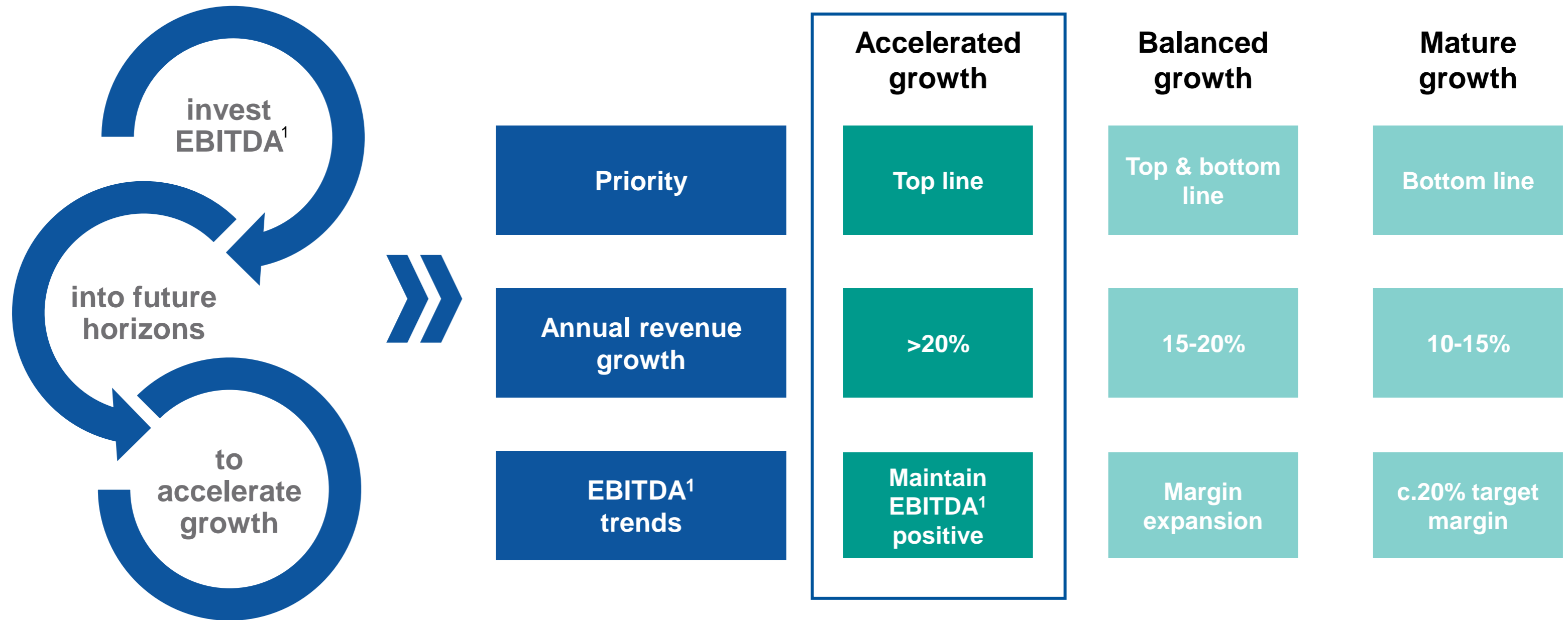
Technology driven

One integrated and automated technology platform



Investing to achieve category leadership

Financial framework for future growth and profitability



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Outlook



Outlook



FY22 guidance

- Revenue growth of at least 15%²
- EBITDA¹ break even as we invest for future growth (expected to rebound in FY23 and beyond)²
- Cash investment (non P&L) in technology innovations expected to be c\$8m
- Credit facility of \$10m close to finalization



Key considerations

- Continue to respond to changing market conditions
- Drive growth opportunities
- Build and expand sales and marketing teams globally



Key strategic objectives

Treatment focused

- Focus on Medical Initiative in all three regions
- Continue digital product precision
- Drive Effectiveness Equation

Technology driven

- One Platform Project
- Transformational connectivity development

¹ EBITDA as adjusted does not include share based payments, discontinued operations and other expenses

² Assumes no change to the current COVID-19 lockdowns and restrictions in all trading markets



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