



Investor Presentation

First Half Financial Year 2022 Results and
Connected Technology Update

Treatment focused.
Technology driven.

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Agenda

- **First half (1H FY22) results summary**
- **Vision and market opportunities**
- **Financial information**
- **Connected technology**
- **FY22 outlook**

1H FY22 Highlights



1H FY22 financial highlights

Total Revenue
A\$33.9m (+10%) PCP

North America
+25% PCP

Europe
+5% PCP

APAC
-2% PCP

EBITDA¹
A\$0.2m

Stable product gross
margin of 69%

Reduction in EBITDA¹
due to investment for
growth

Investments include
new technology and
increased sales &
marketing activities

Cash
A\$17.6m

Prudent use
of funds

\$5m available in
undrawn debt
facilities

Positive net operating
cash flow

¹ EBITDA does not include share/option expenses, unrealised forex gain/(loss) and discontinued operations

1H FY22 strategic & operational highlights

- **Launch of Rest Assure[®]**, an inbuilt technology-enabled device to address the lack of overnight monitoring in COAT[™] applications
- **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
- Digitally made **SomnoDent Avant[®]** remains a **category leader** due to the design, retention and comfort from the proprietary b-flex comfort liner
- North America's success with the **Herbst Advance Elite[™]** differentiating it from all other products in that category

Vision and Market Opportunity



SomnoMed's Vision/Mission

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

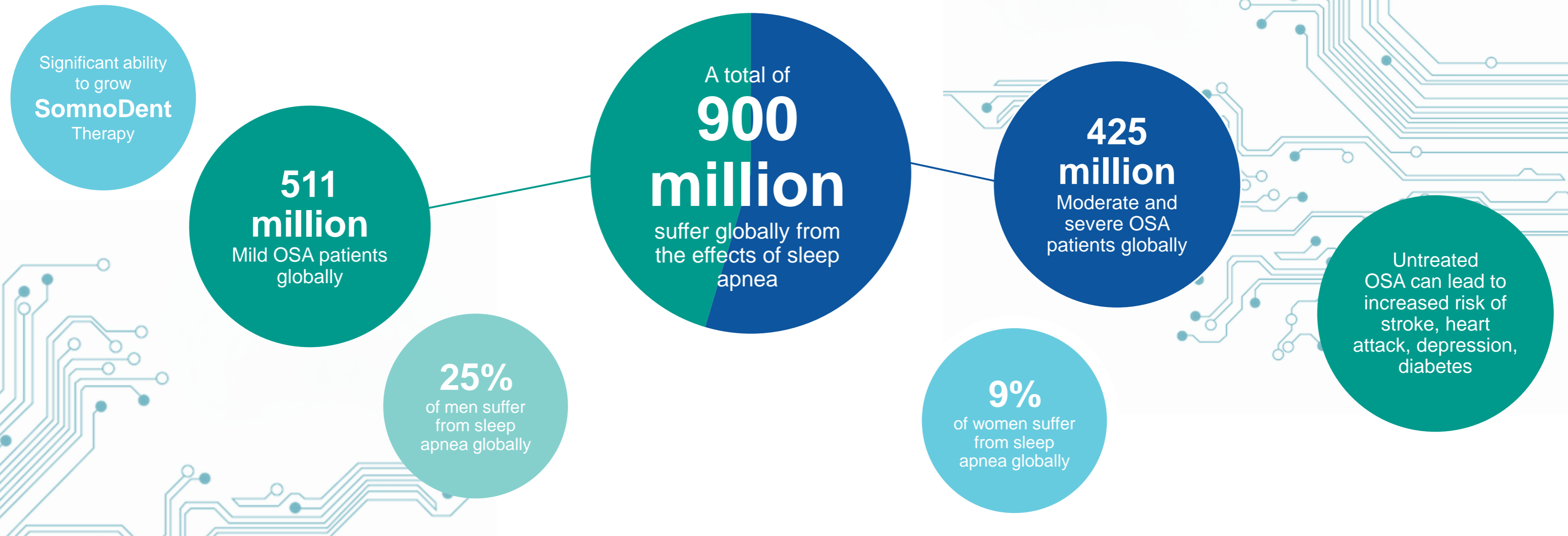
Our mission is to advance the adoption, acceptance and treatment of oral sleep apnea therapies by medical specialists, dentists, patients and insurers



Significant addressable markets globally

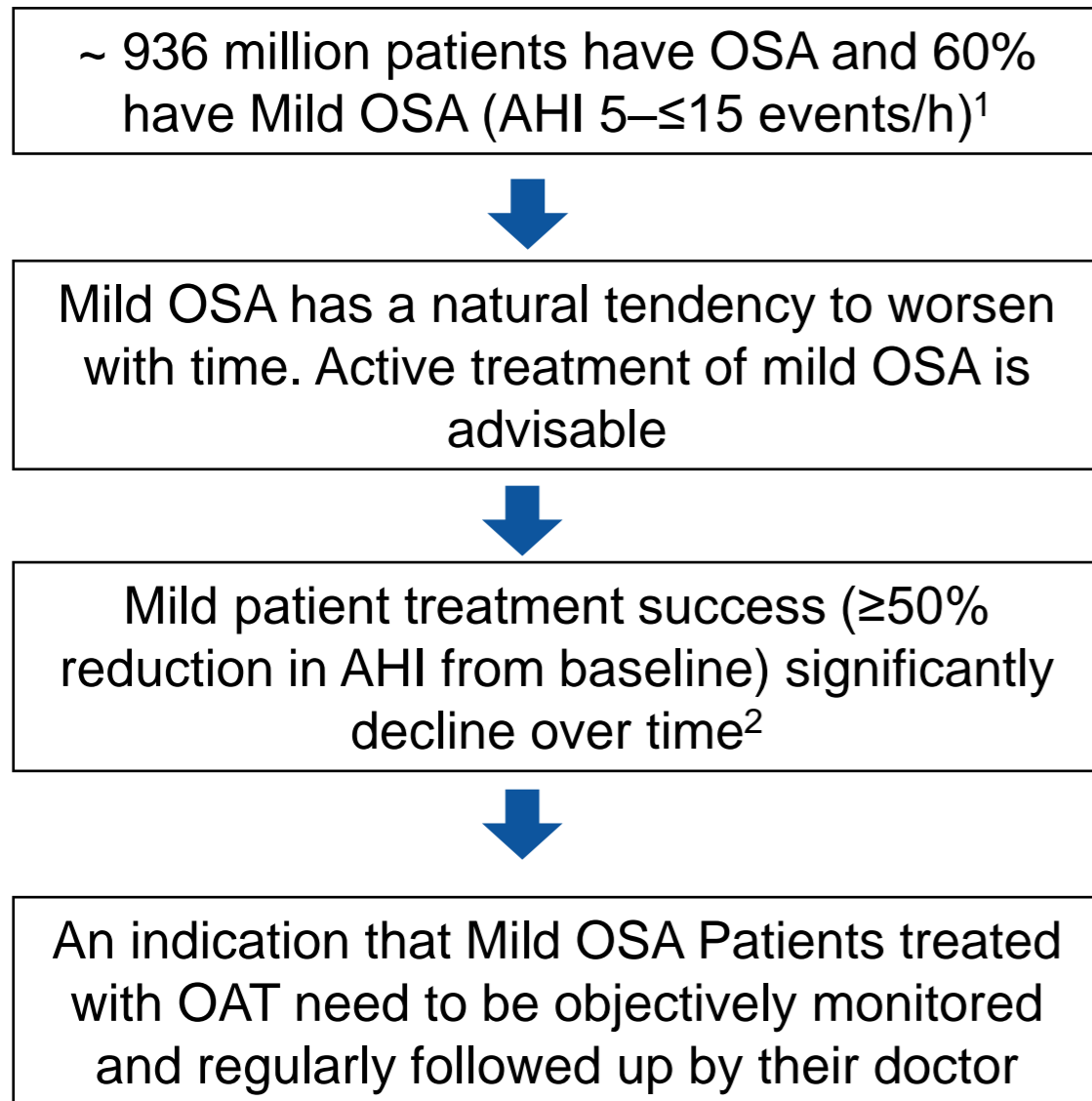
Obstructive sleep apnea, a growing burden on the medical system affecting a significant portion of the population

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

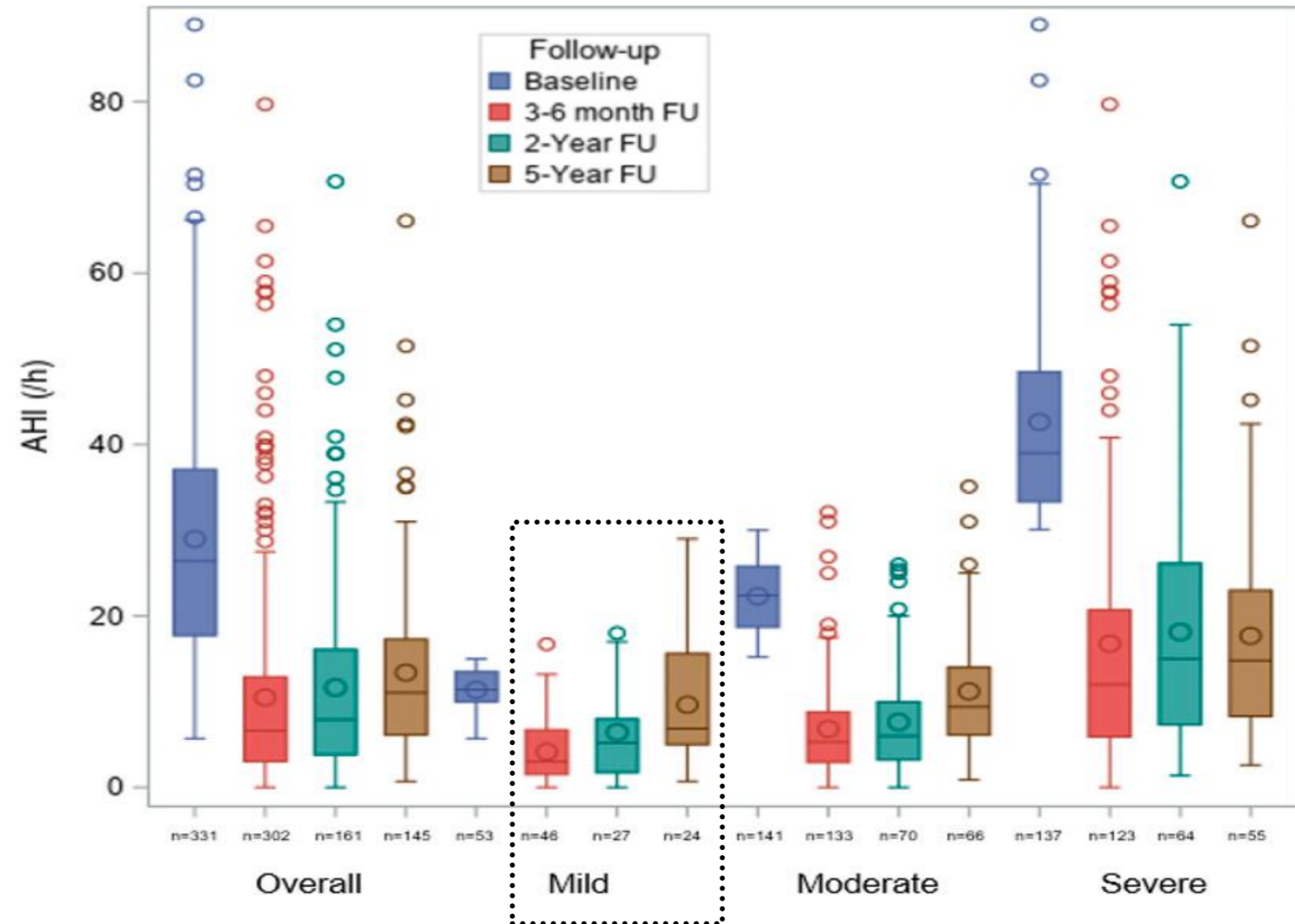


1. Benjafiel et.al : Estimation of the global prevalence and burden of obstructive sleep apnoea: a literature-based analysis, *Lancet Respir Med* 2019

The long-term effectiveness of OAT therapy



Change in the AHI over time in the overall population and in patient sub-groups based on baseline OSA severity



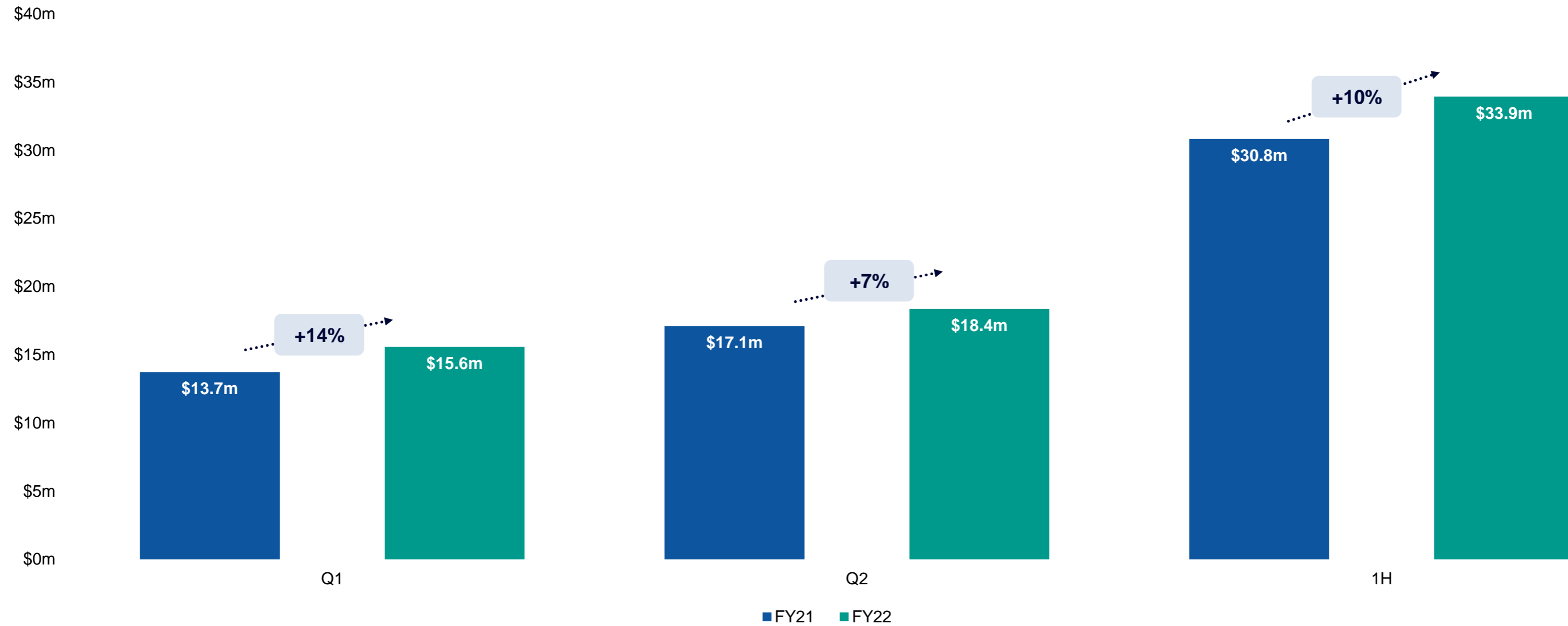
1. Benjafield et.al : Estimation of the global prevalence and burden of obstructive sleep apnoea: a literature-based analysis, *Lancet Respir Med* 2019

2. Vecchierini MF, Attali V, Collet JM, et al. Mandibular advancement device use in obstructive sleep apnea: ORCADES study 5-year follow-up data. *J Clin Sleep Med*. 2021;17(8):1695–1705

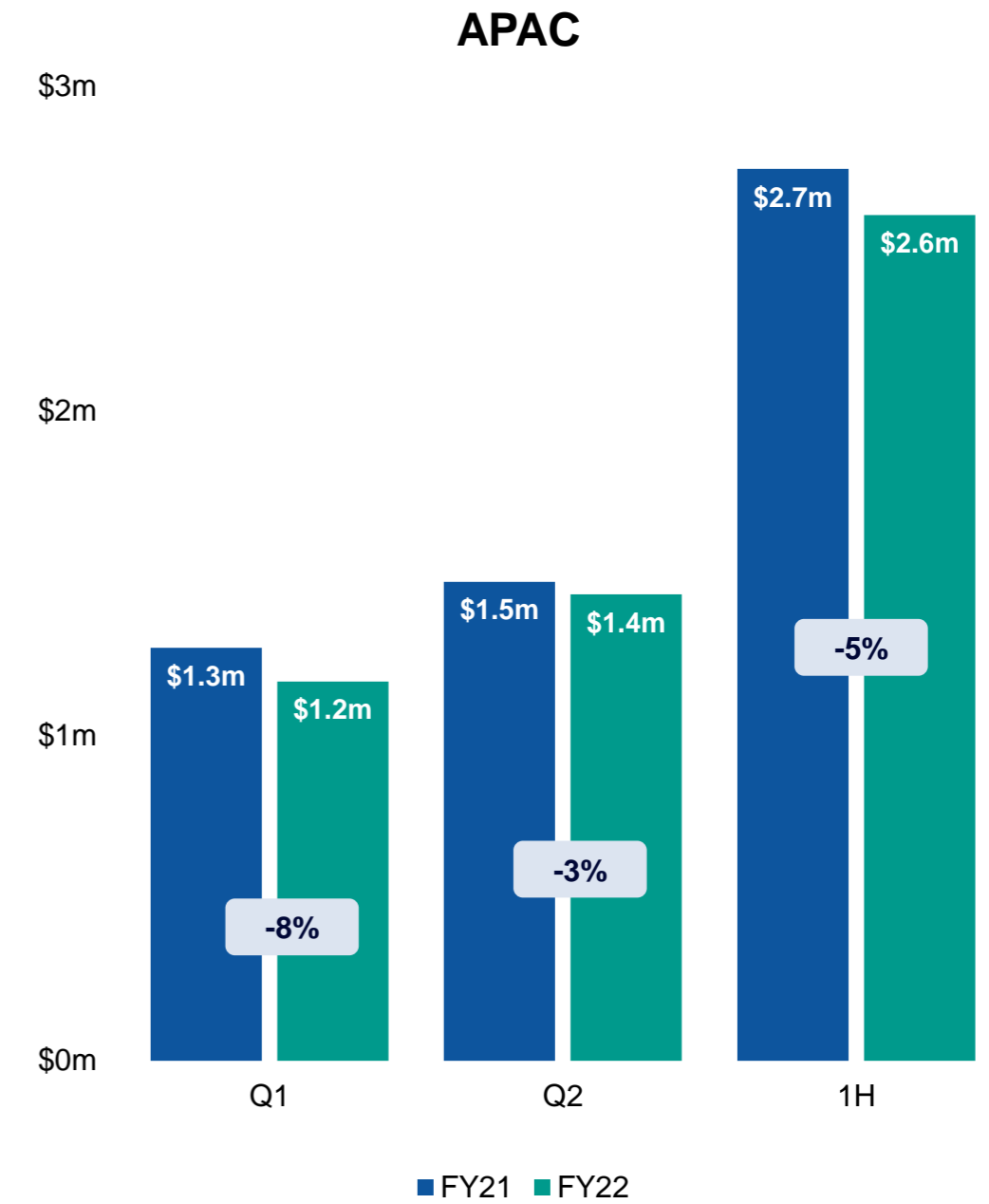
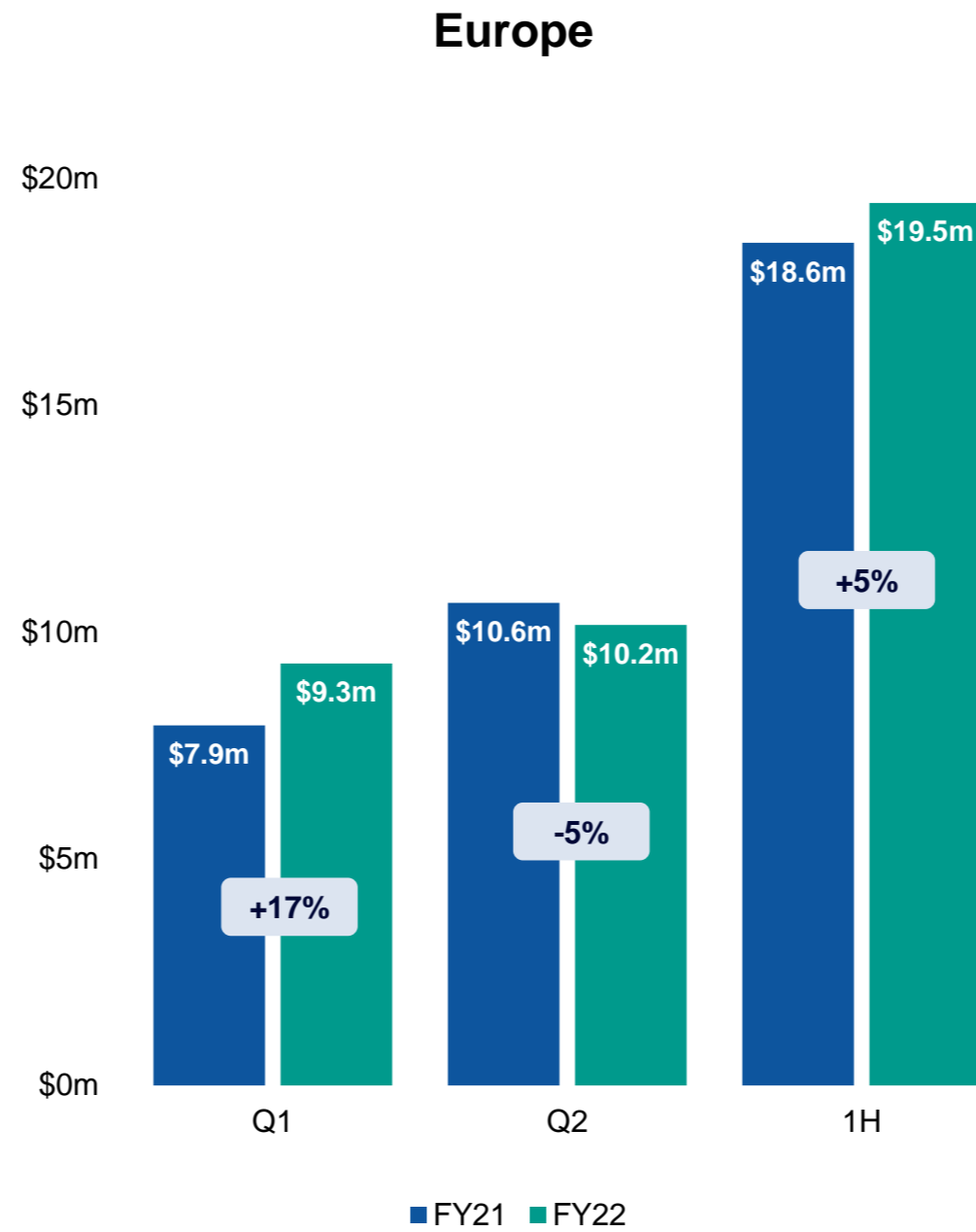
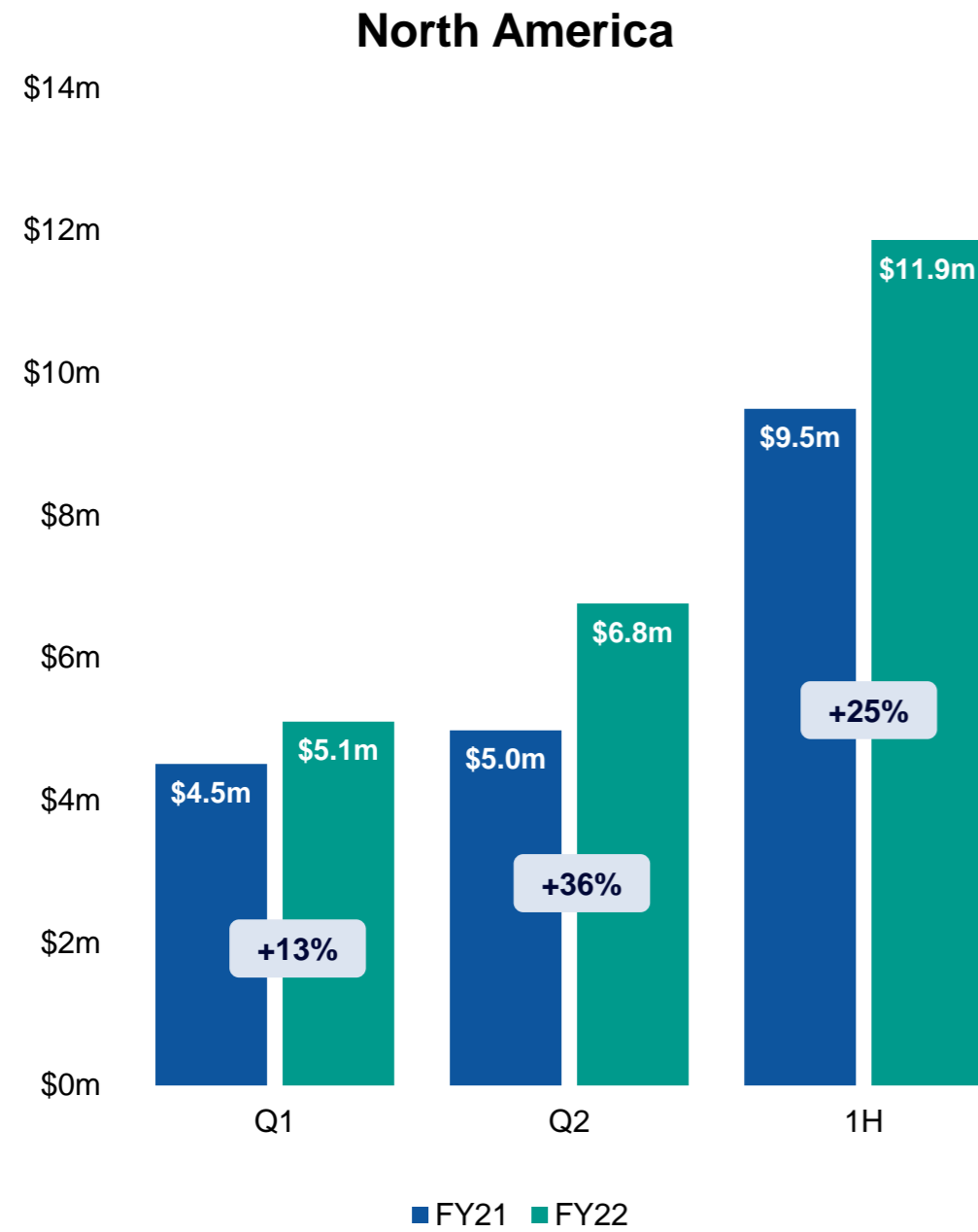
1H FY22 Results



Group total revenues by quarter



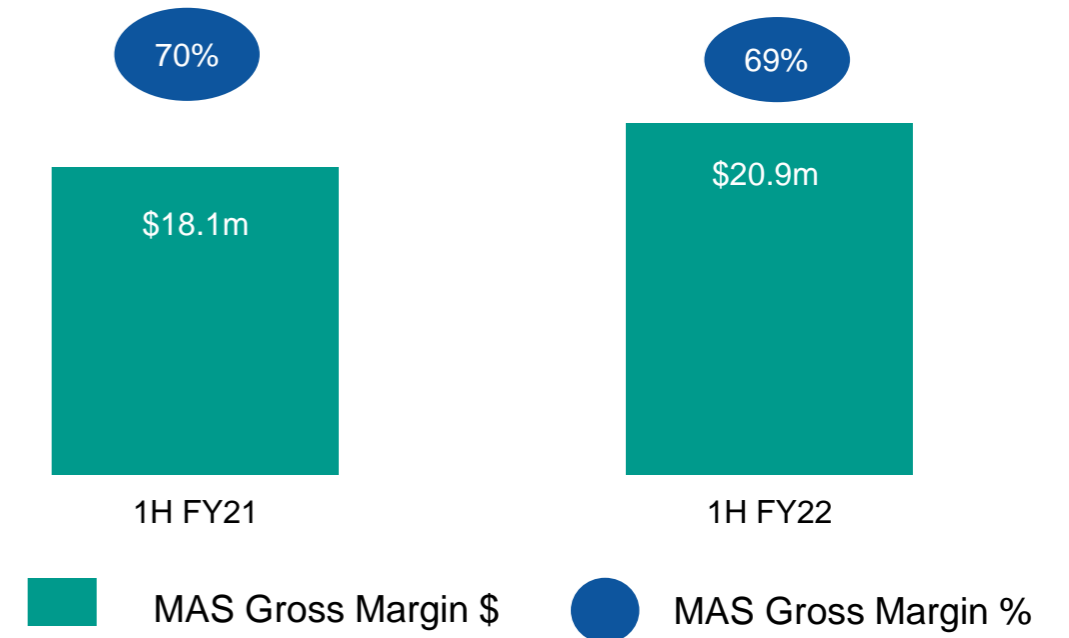
Regional total revenues by quarter



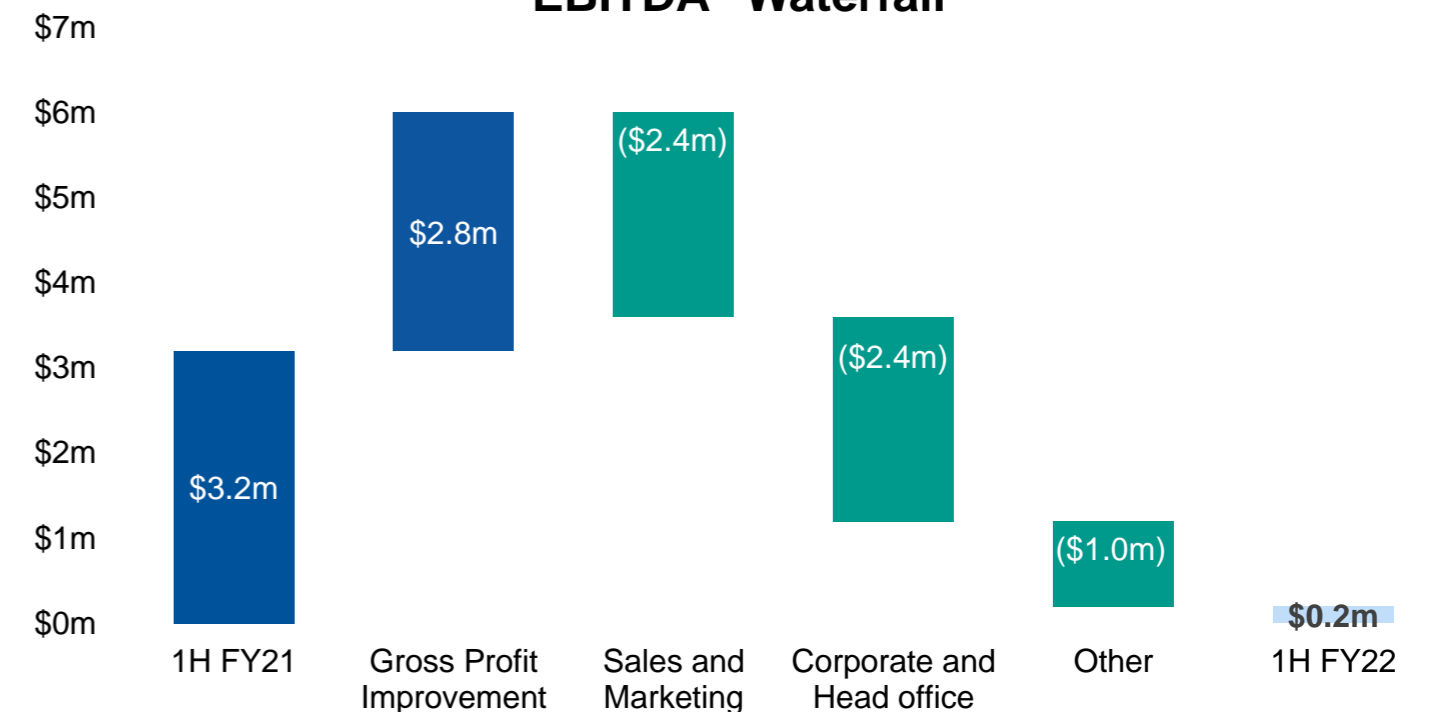
EBITDA¹ and margin analysis

- Gross margin grew \$2.8m over the previous corresponding period, reflecting increased revenues driven by positive effects of the medical strategy
- The MAS product gross margin of 69% for the half remained stable vs 1HFY22 despite impacts of COVID-19
- The reduction in EBITDA¹ versus 1H FY22 was driven by the investment into growth initiatives
- The main areas into which the increased gross margin was reinvested include:
 - Investment in R&D, strategic marketing teams, One Platform licenses and IT infrastructure to support in-device technology
 - Expansion of sales and marketing resources globally
 - Increase in medically targeted advertising and communications

Product Gross Margin



EBITDA¹ Waterfall



¹ EBITDA does not include share/option expenses, unrealised forex gain/(loss) and discontinued operations

Profit and loss summary

A\$m	1H22	1H21	%
Revenue	33.9	30.8	+10%
Gross margin	20.9	18.1	+16%
Regional sales & marketing expenses	(9.5)	(7.1)	+34%
Regional administrative expenses	(5.9)	(5.1)	+17%
Operating profit (before corporate, research and business development)	5.5	5.9	-7%
Corporate & head office expenses	(5.6)	(3.2)	+75%
<i>Government assistance</i>	0.3	0.5	n/a
EBITDA¹	0.2	3.2	-93%
Key Metrics	1H22	1H21	
MAS Gross Margin %	69.2%	69.9%	
Group Gross Margin	61.7%	58.7%	

Regional sales and marketing expenses including:

- A\$1.5m on sales and marketing resources to drive organic growth as well as to support new product initiatives
- A\$0.9m in medically targeted advertising and communications

Corporate and head office expenses including:

- A\$1.0m in R&D, staff and infrastructure associated with the development of Rest Assure[®]
- A\$1.0m in IT and system licenses to build foundations needed to support Rest Assure[®]

¹ EBITDA does not include share/option expenses, unrealised forex gain/(loss) and discontinued operations

Summary balance sheet and cash flow

Statement of financial position

A\$m	Statutory 31 Dec 2021	Statutory 30 Jun 2021
Cash and cash equivalents	17.6	21.1
Inventories	2.6	2.3
Trade and other receivables	10.4	10.6
Plant and equipment	4.5	4.7
Goodwill & intangibles	10.8	8.6
Right of use asset (AASB16)	5.1	5.6
Deferred tax assets	2.8	3.0
Other assets	0.2	0.1
Total Assets	54.1	56.2
Payables	12.0	10.6
Borrowings – commercial	-	-
Borrowings – governments	2.1	2.3
Provisions	3.8	3.5
Income tax payable	1.1	1.0
Lease liability (AASB16)	5.8	6.4
Other liabilities	0.1	0.2
Total Liabilities	25.1	24.0
Net Assets	29.0	32.2
Net Cash or (Debt)	15.3	18.8

Statement of cash flows

A\$m	Statutory 31 Dec 2021	Statutory 30 Jun 2021
EBITDA⁽¹⁾	0.21	3.88
Movement in working capital & other non-cash	0.22	(0.08)
Tax paid	(0.17)	(0.62)
Net finance costs paid	(0.26)	(0.48)
Net cash flow from operating activities	0.01	2.71
Proceeds from term deposits	0.32	(0.27)
Payments for intangible assets	(2.52)	(1.98)
Payments for property, plant and equipment	(0.43)	(2.12)
Operating cash flow	(2.63)	(1.66)
Proceeds from issue of shares	-	0.40
Borrowings / (repayment of borrowings)	-	(4.78)
Other (AASB16 leased assets payment)	(1.08)	(2.42)
Net cash flow	(3.71)	(8.47)

Net cash flow from operating activities:

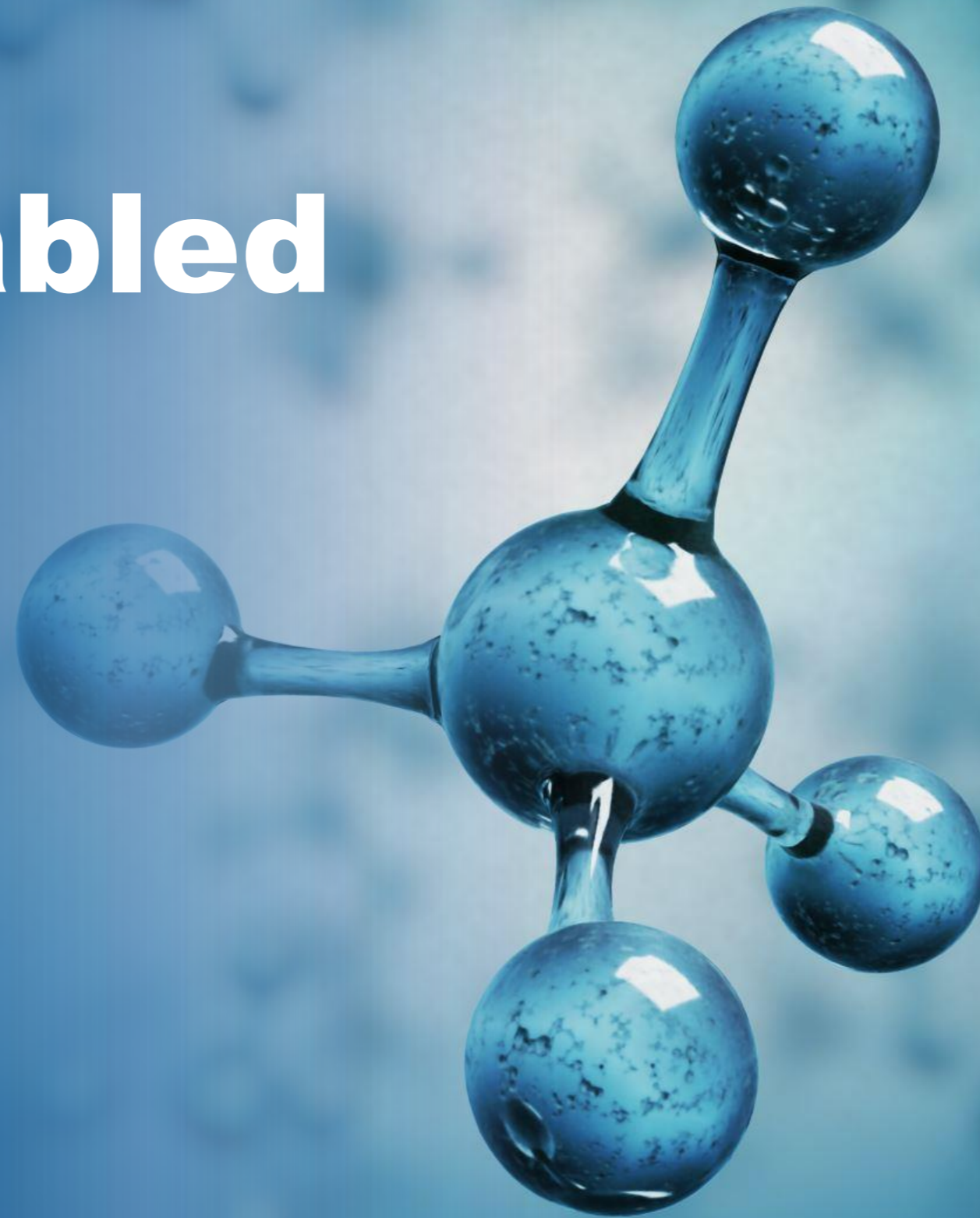
Balanced increased investment with improved gross profit to deliver positive cash flow

Intangibles including:

- \$1.3m Rest Assure®
- \$1.0m on systems implementation to support Rest Assure® including eCommerce platform, CRM, and business intelligence module

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**SomnoMed's
technology-enabled
oral appliance**



Dawn of a New Era

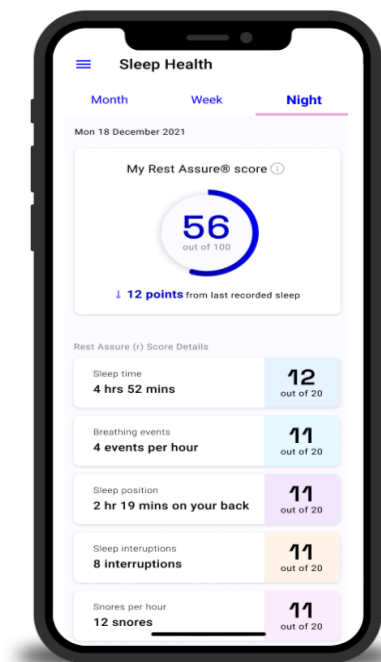
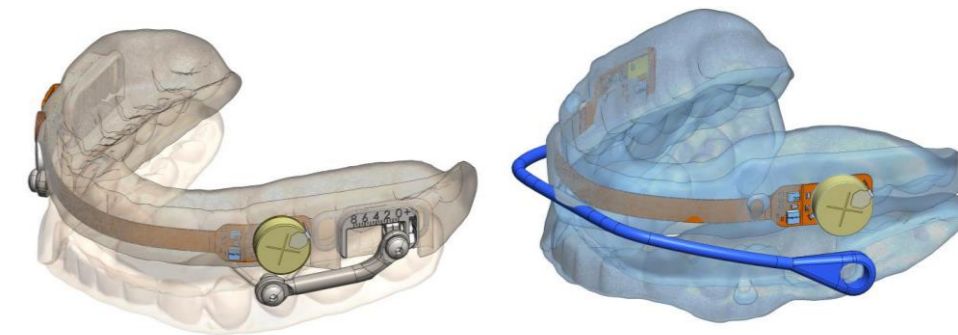
Welcome to Rest Assure®

SomnoMed's inbuilt, technology-enabled oral appliance

- Oral appliances have lacked overnight monitoring, unlike CPAP, resulting in:
 - Lower acceptance and adoption of COAT™
 - Lower reimbursement for COAT™ over a 5-year period
- Rest Assure® addresses these limitations, delivering inbuilt technology that provides personalised overnight monitoring of patients' OSA treatment
- Rest Assure® provides:
 - Sensors that determine in-mouth efficacy and compliance for SomnoMed's milled oral appliances
 - A patient phone app enabling patients to monitor their own therapy
 - A web-based portal for physicians and dentists to review treatment, enabling a multi-disciplinary team approach

Rest Assure®

Rest Assure® Elite and Rest Assure® Avant will be connected to a patient phone app as well as web-based portal for physicians

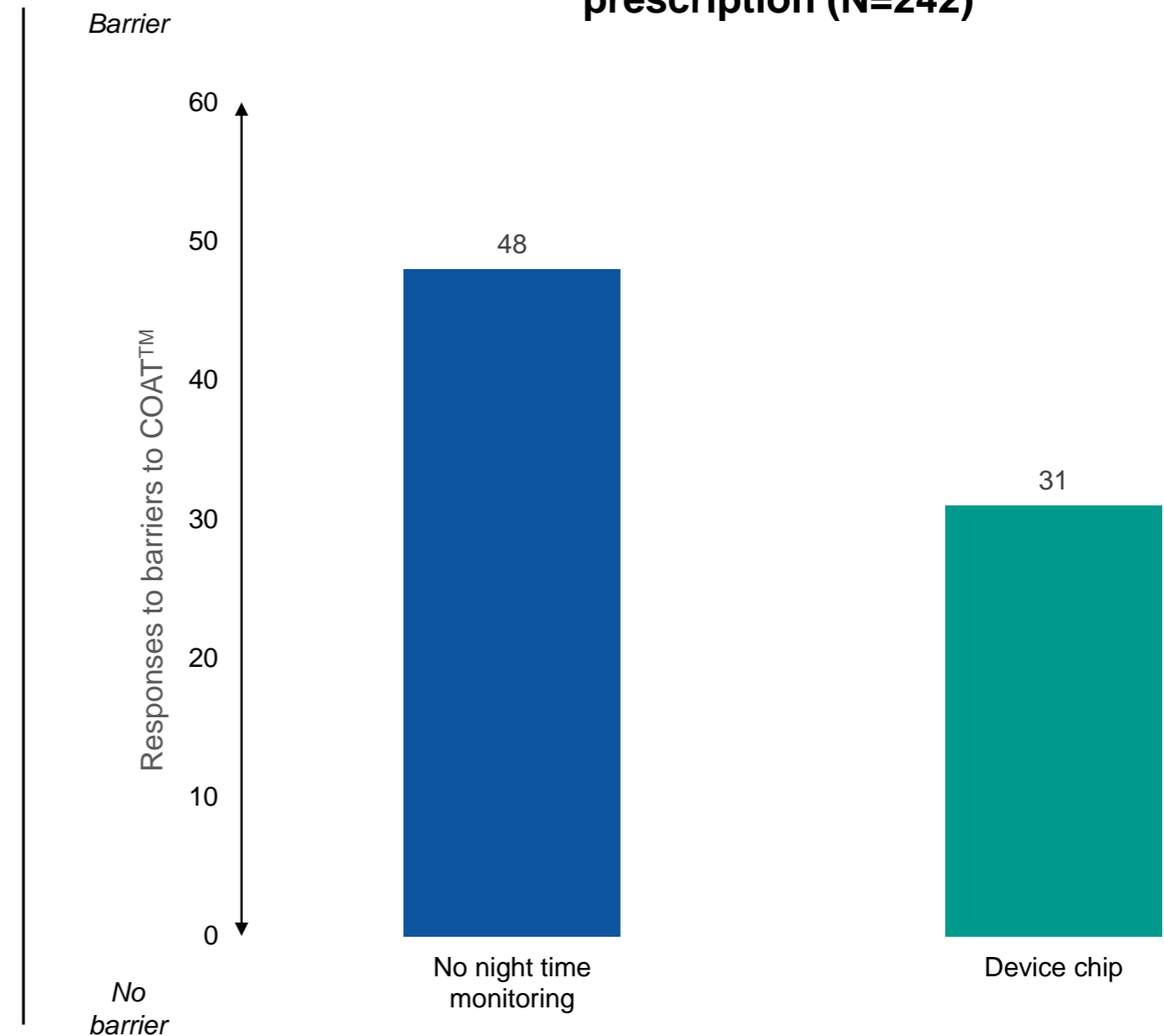


The value of Rest Assure®

SomnoMed's inbuilt, technology-enabled oral appliance

- **Addressing the lack of night time monitoring** as a major barrier to COAT™ prescription, Rest Assure® will provide objective data to clinicians on “how my patient’s therapy is working”
- **Data to prove the effectiveness equation for COAT™:**
 - CPAP = high efficacy, low compliance
 - COAT™ = medium efficacy, high compliance
 - CPAP and OAT have similar effectiveness
- **Acknowledgement of equivalent clinical effectiveness** will drive prescriptions, increased reimbursement and ultimately greater therapy share for COAT™ vs CPAP
- **Brand recognition:** Prescription and request for Rest Assure® by name

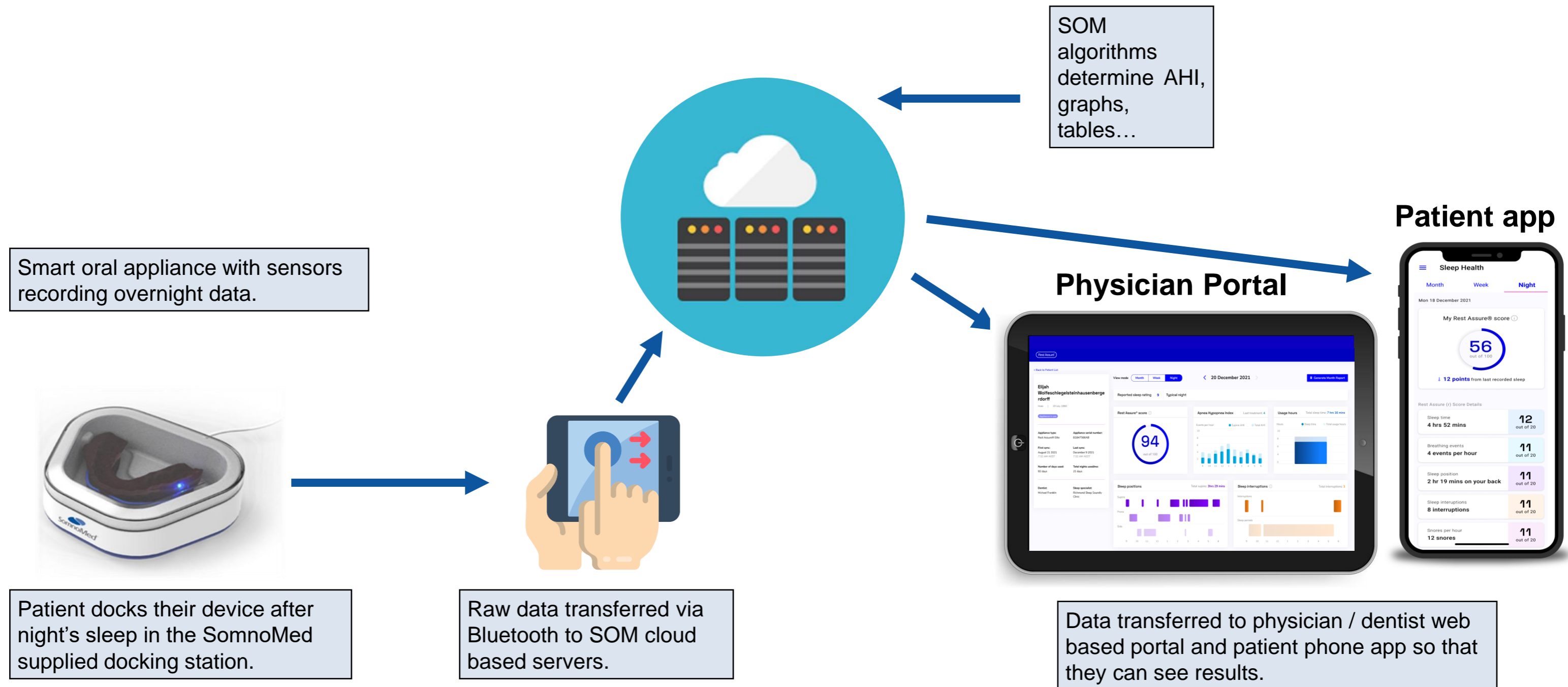
US Sleep Physician Research - Barriers to COAT™ prescription (N=242)



Conducted by MedSurvey, Nov 2019. Commissioned and paid for by SomnoMed.



How does Rest Assure[®] technology work?

Smart oral appliance and cloud based infrastructure



What is measured vs. CPAP?

Multiple in-mouth sensors providing objective, personalised data

	Usage (adherence)	Efficacy	Sleep Position - Prone / Supine	Treatment Interruptions	Respiratory Rate
<p>CPAP</p> 	Time the device is connected to patient (software algorithm detects breathing)	Surrogate AHI from ventilation, validated by comparing to diagnostic sleep test	Not provided	Mask removal	Breathing algorithm
<p>Rest Assure®</p> 	Remove from dock, temperature sensor detects device in mouth, other sensors activated	Surrogate AHI, validated by comparing to diagnostic sleep test (validation study in progress)	Determined by sensors in device	Patient moving into a vertical position (sitting or standing up), removing the device from mouth	Jaw movement algorithm

Patient study validation

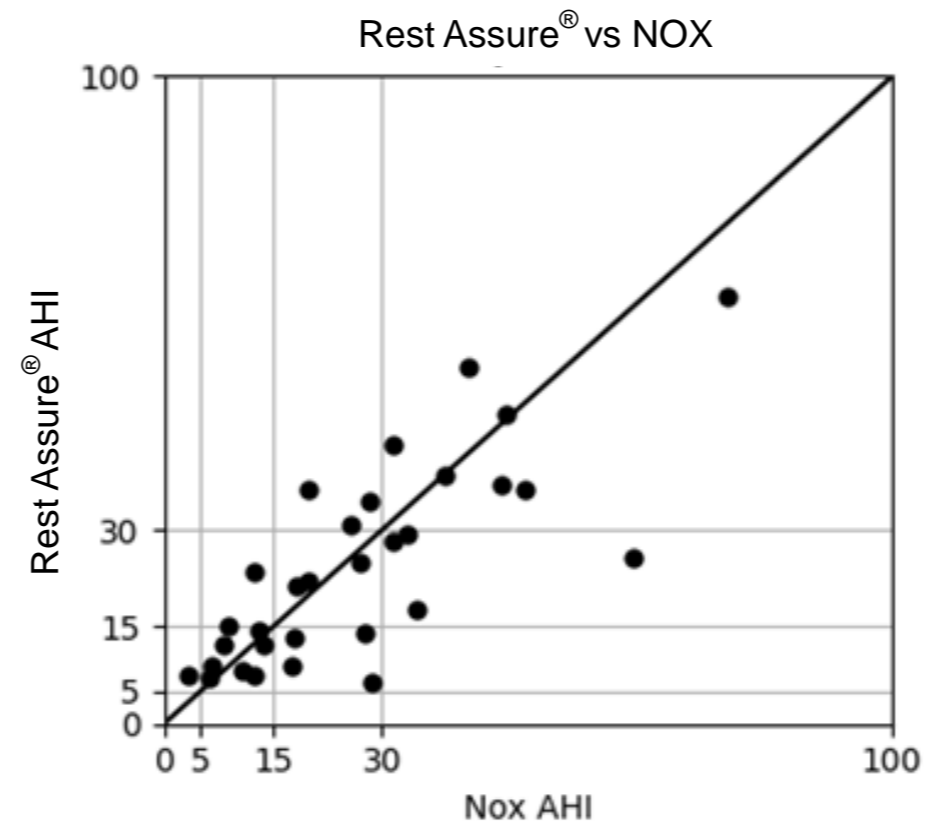
2 stage, best practice approach

Algorithm derivation study:

- 31 patients, ~400 hours of sleep
- Algorithms derived by correlating Rest Assure[®] sensor values and Nox sleep test values¹
- Completed October 2021



High correlation with NOX AHI (efficacy):



1) The Nox Sleep Test is a Type II, portable Home Sleep Test. It is a standard diagnostic test in sleep medicine

Algorithm validation/usability study:

- Currently underway, conducted by Professor Peter Cistulli
- 30 different patients currently using SOM device (~480 hours of sleep)
- Rest Assure[®] algorithms compared with output from NOX sleep test
- Confirm ease of use, comfort and preference vs. current COAT[™] device
- Study to be presented at World Sleep Meeting in Rome, March 11-16, 2022
- Study results will be included in CE and FDA regulatory submissions

Timeline for commercial readiness

Rest Assure® - overnight compliance and efficacy monitoring for COAT™

End Q3 FY22:

- Finalise patent strategy
- Present at World Sleep meeting (~2,000 physician attendees)
- Completion of patient validation study

End Q4 FY22:

- Final design for docking station and sensor package
- Selection and validation of sensor and docking station manufacturers

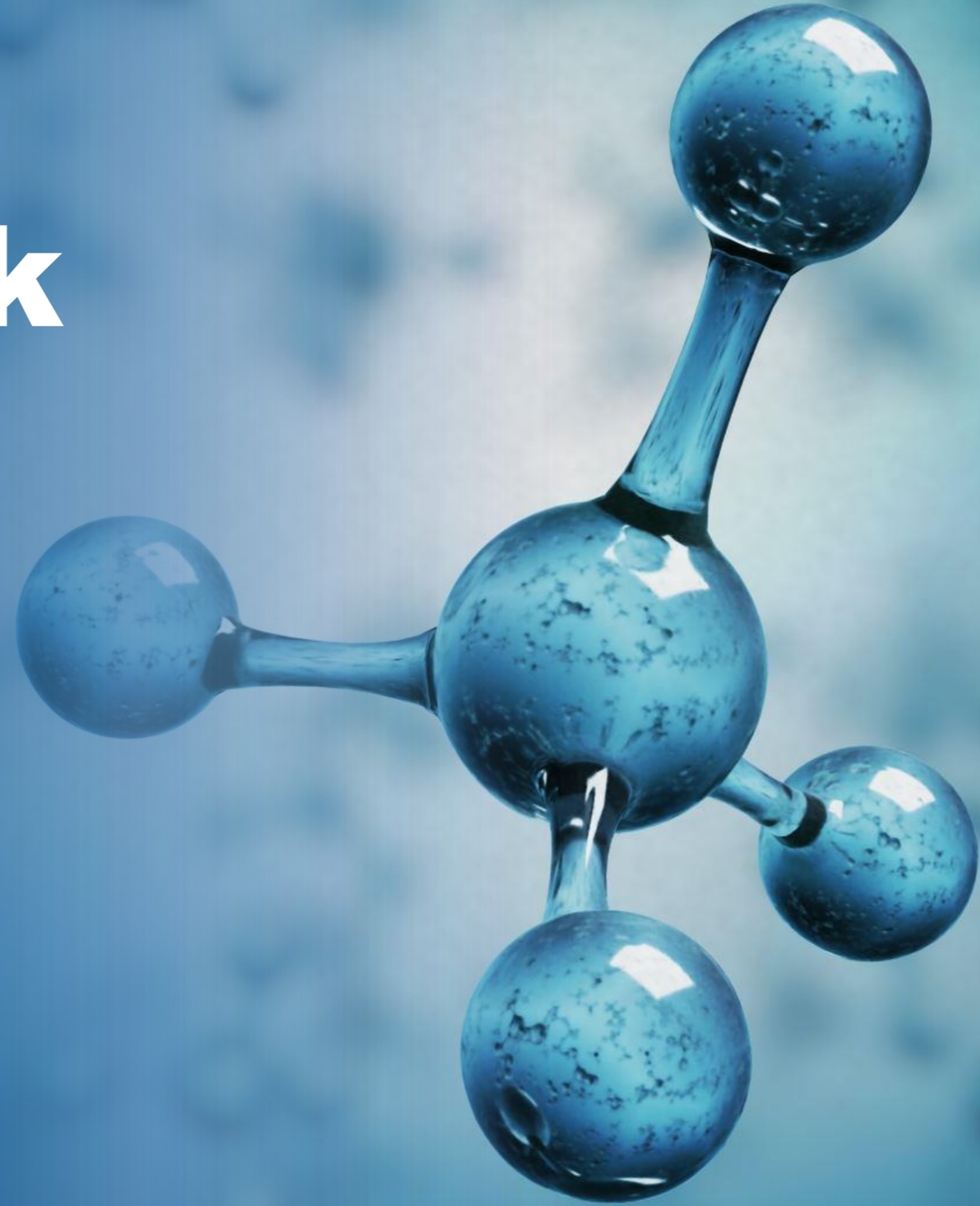
FY23:

- 1st production run for internal testing
- End-to-end validation of hardware, software and cloud based systems
- Preparation and submission of regulatory documentation to FDA, CE and TGA
- Commercialisation pending review by regulatory authorities

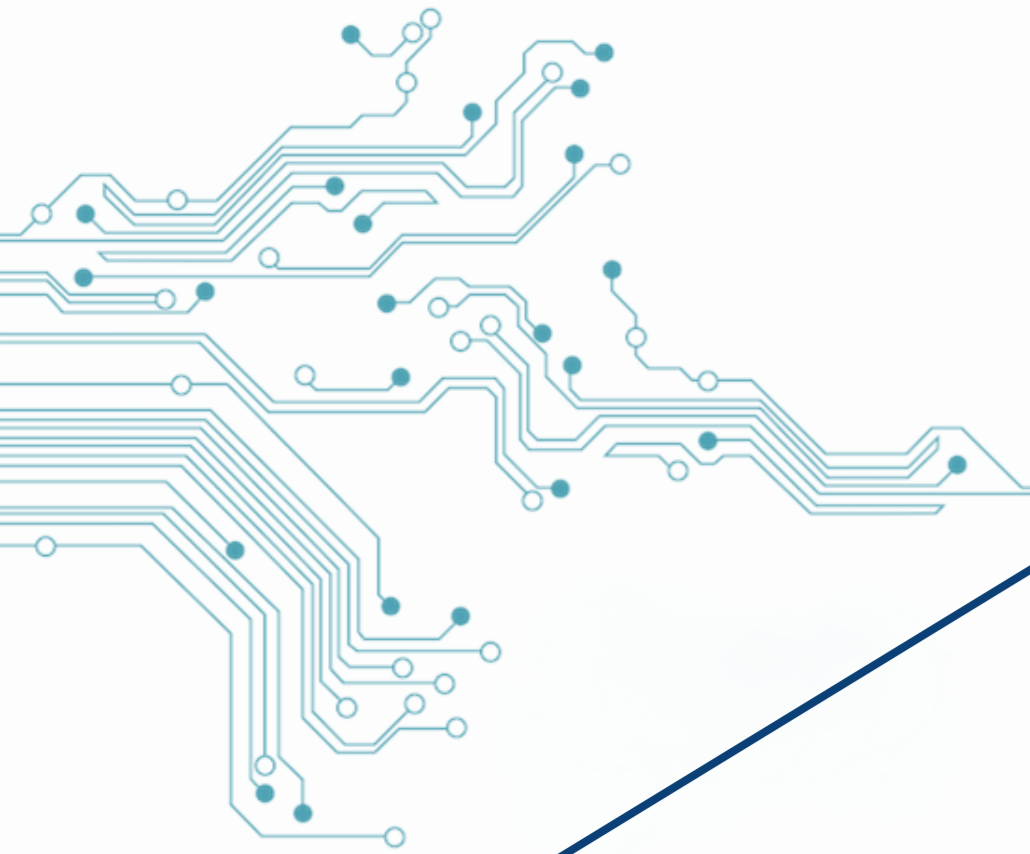
WORLD SLEEP *March 11-16* **2022** *Rome, Italy*



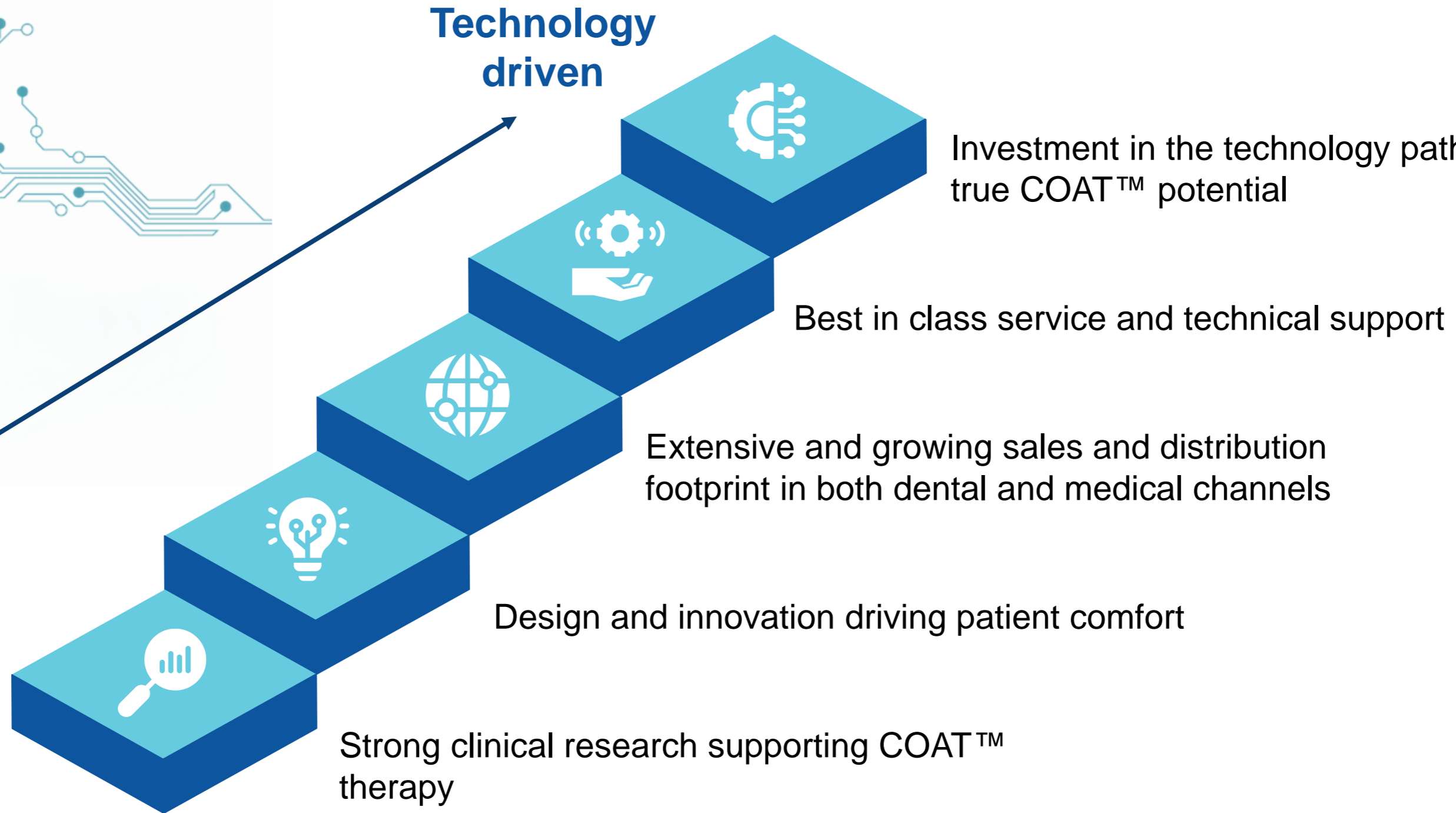
Future Outlook



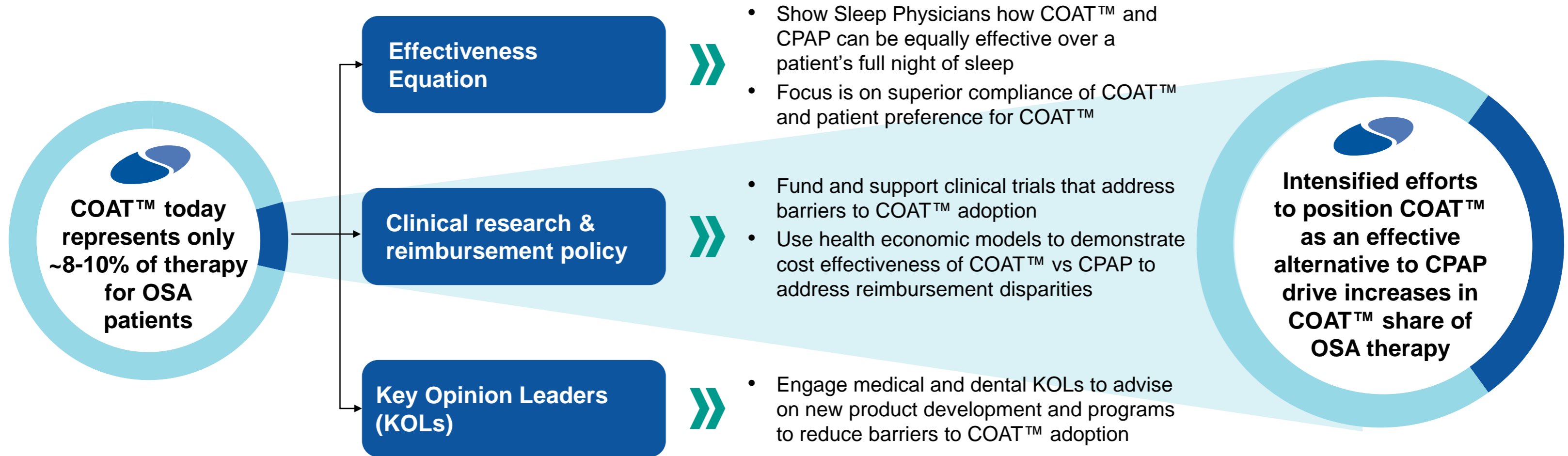
Positioned for future growth



Treatment focused



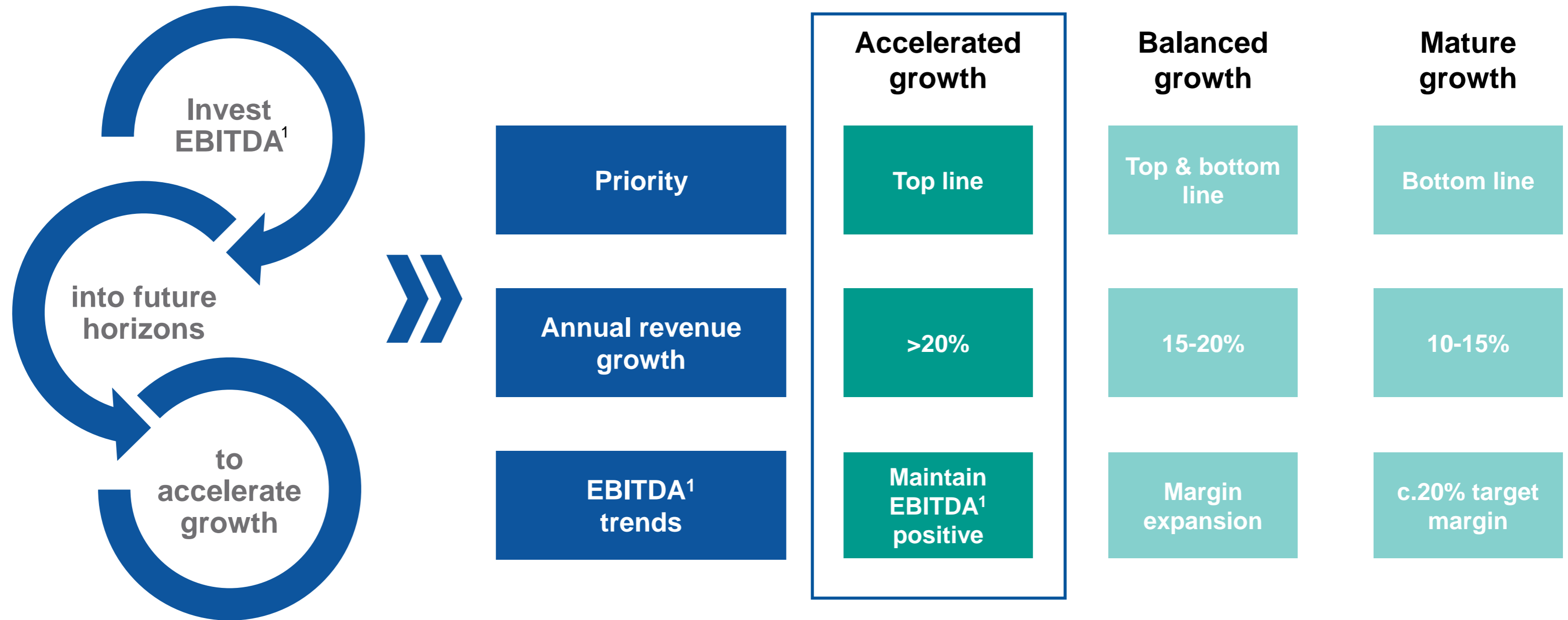
Growing the sector through positioning the patient's alternative



~ 900+ million sleep apnea patients globally

Investing to achieve category leadership

Financial framework for future growth and profitability



¹ EBITDA does not include share/option expenses, unrealised forex gain/(loss) and discontinued operations

Outlook



FY22 guidance remains¹

- Revenue growth of at least 15%
- EBITDA² breaking even as we invest for future growth
- Cash investment (non P&L) in technology innovations expected to be c.\$8m (c.\$5m in 2H FY22)



Key considerations

- Continue to respond to changing market conditions
- Drive growth opportunities
- Build and expand sales and marketing teams globally
- Investment in technology innovations to be funded from
 - Continued profit improvements driven by revenue growth
 - A\$17.6m available net cash
 - A\$5m in undrawn debt facility



Key strategic objectives

Treatment focused

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

Technology driven

- Rest Assure® connected technology
- IT and system licenses to build foundations needed to support Rest Assure®



For further information please contact:

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