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**Treatment focused.
Technology driven.**

**Investor Presentation
Half Year FY2021**

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Agenda

-  **First half results summary**
-  **Vision and market opportunity**
-  **Financial information**
-  **Future horizons**
-  **Second half outlook**



First half results summary

HY21 at a glance

Revenue

- A\$30.8m (-7% PCP)
- Europe +2% and APAC +1% PCP
- North America -23% PCP

EBITDA¹

- A\$3.2m (+7% PCP)
- Costs well managed
- Future horizon investments begun

Cash

- Net cash remains A\$22.7m
- Prudent use of funds
- Bank debt fully repaid

Summary of the period

Despite the challenges of COVID-19, SomnoMed secured its business and market leadership position and achieved its re-set goals and milestones during the period to 31 December 2020 of:

- Maintenance of strong customer interaction and execution of virtual educational programs in all three regions
- Enhanced and ongoing global communication within the leadership teams to create positive momentum and support
- Launch of the second digitally made SomnoDent[®] product line in the US, the Herbst Advance Elite[™] with the proprietary BFlex inner liner for unparalleled retention, fit and comfort
- Investment in the digital manufacturing platform
- Driving further positive reimbursement trends in Europe
- Ongoing investment in the transformational technology projects aligned with the future horizons vision for the company

¹ EBITDA as adjusted does not include share option expense, unrealised foreign exchange gain/(loss) and discontinued operations

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**Vision and market
opportunity**

Vision/Mission

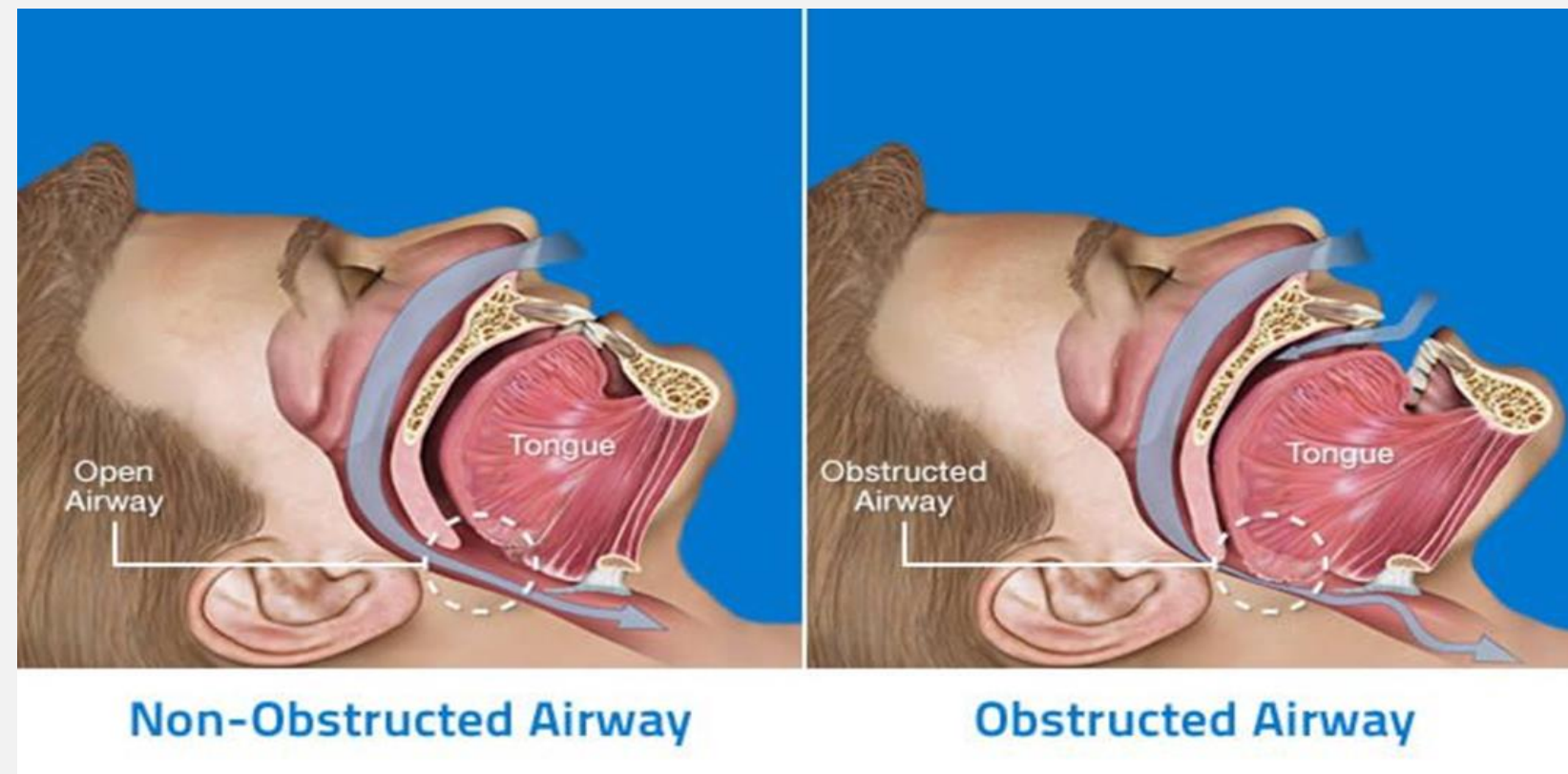


Vision: SomnoMed will be a leader in the treatment of patients suffering from obstructive sleep apnea and relevant adjacent conditions

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

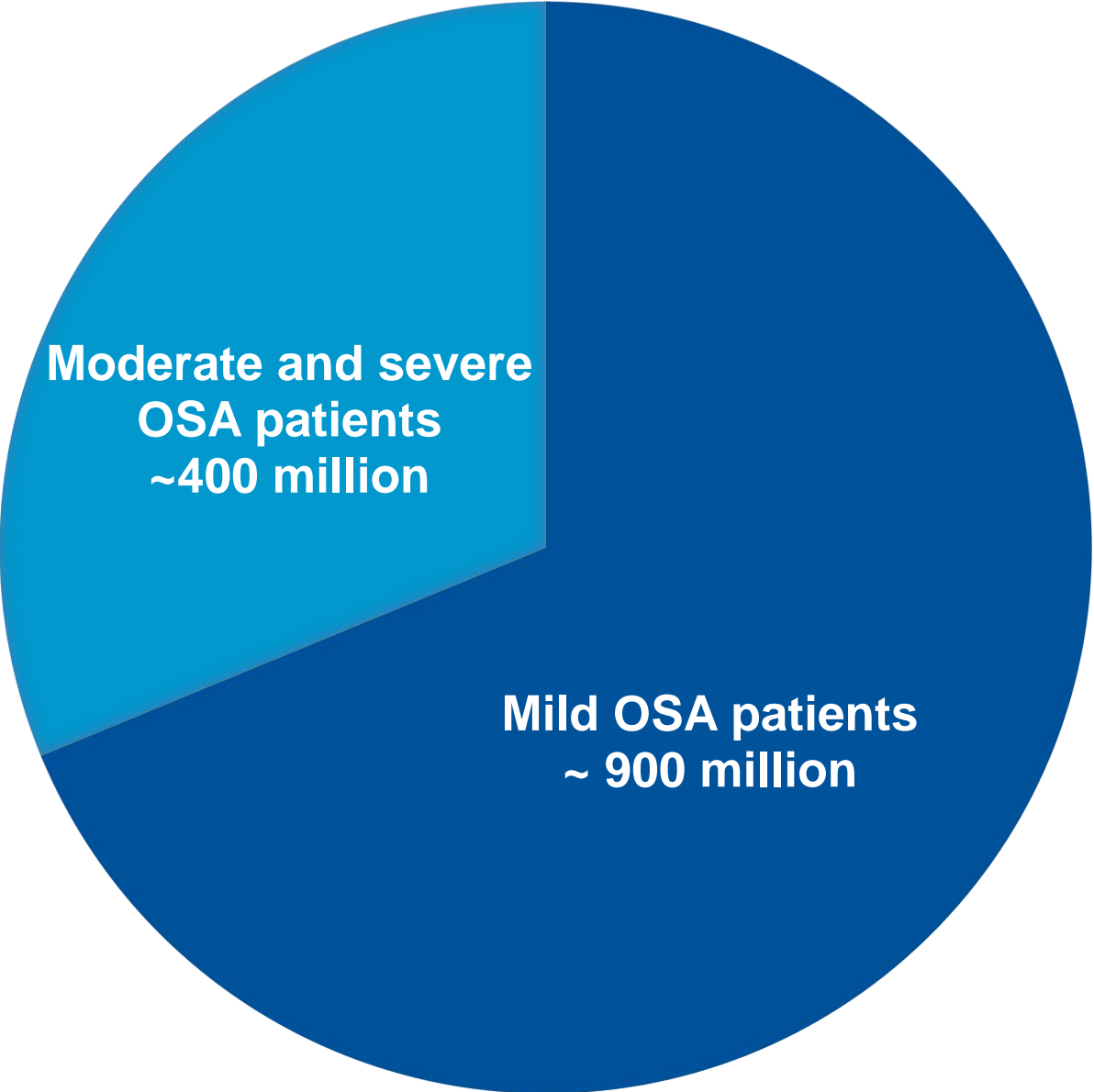
Obstructive sleep apnea

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

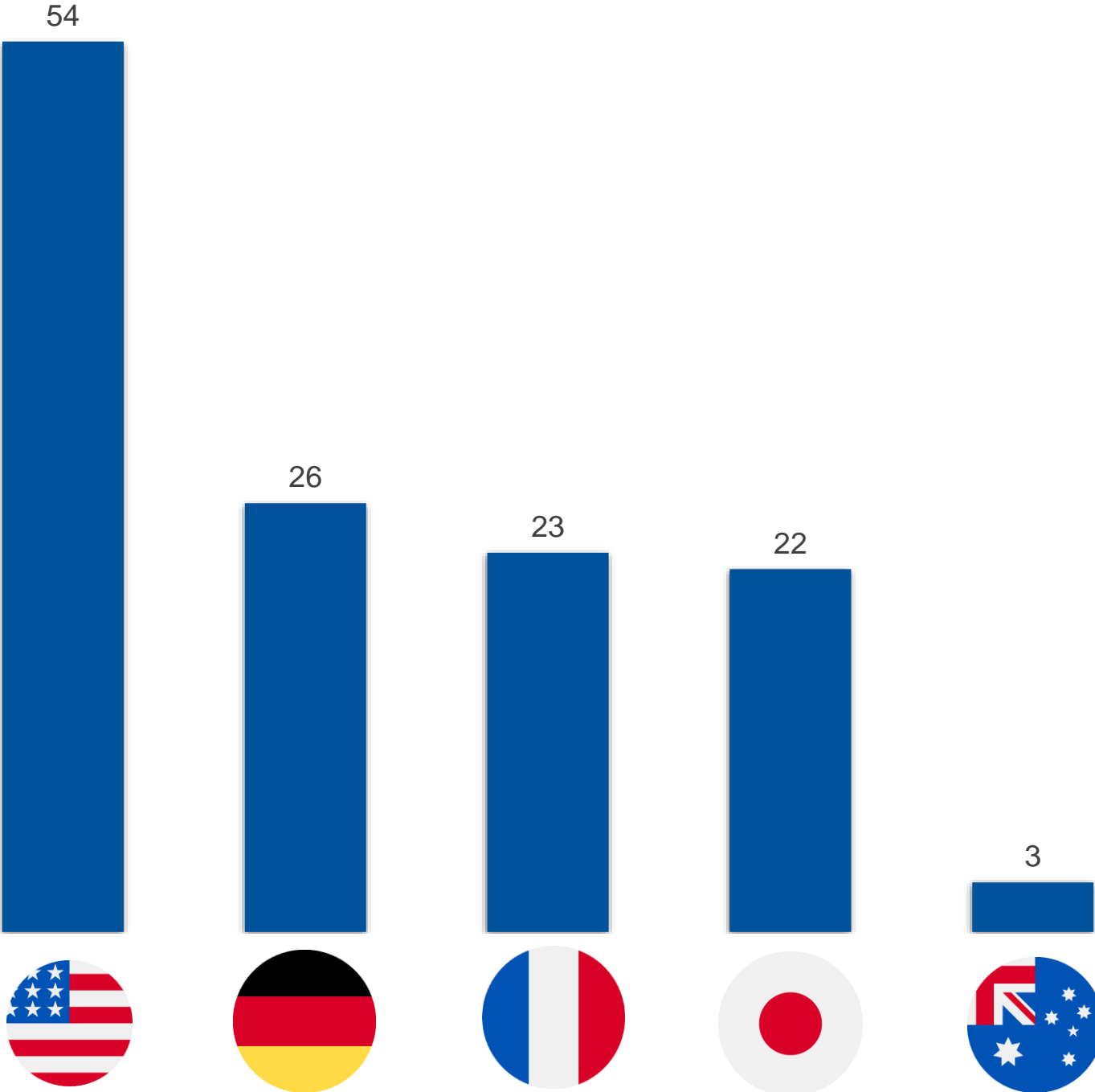


OSA market - 1.36 billion patients suffer globally

Affects 9% of women and 25% of men globally



Large addressable markets of mild OSA suffers
(millions)

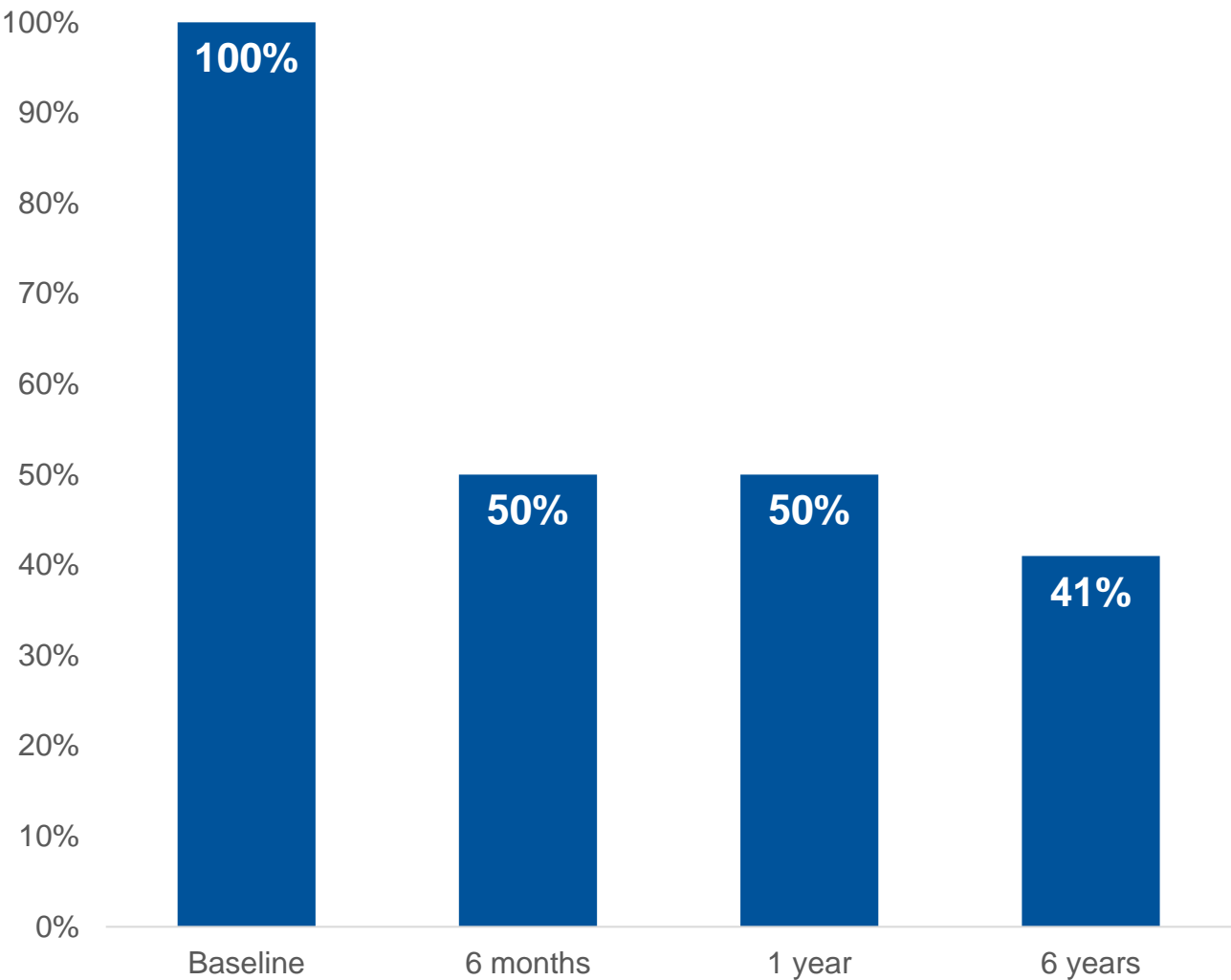


Benjafield et.al : Estimation of the global prevalence and burden of obstructive sleep apnoea: a literature-based analysis, *Lancet Respir Med* 2019

CPAP therapy compliance – first dilemma

50% of patients do not use CPAP after 6 months¹

CPAP patient compliance decreases over time



1. Catchside et. al “Predictors of continuous positive airway pressure adherence” **Medicine Reports**, 23 Sept 2010

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

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

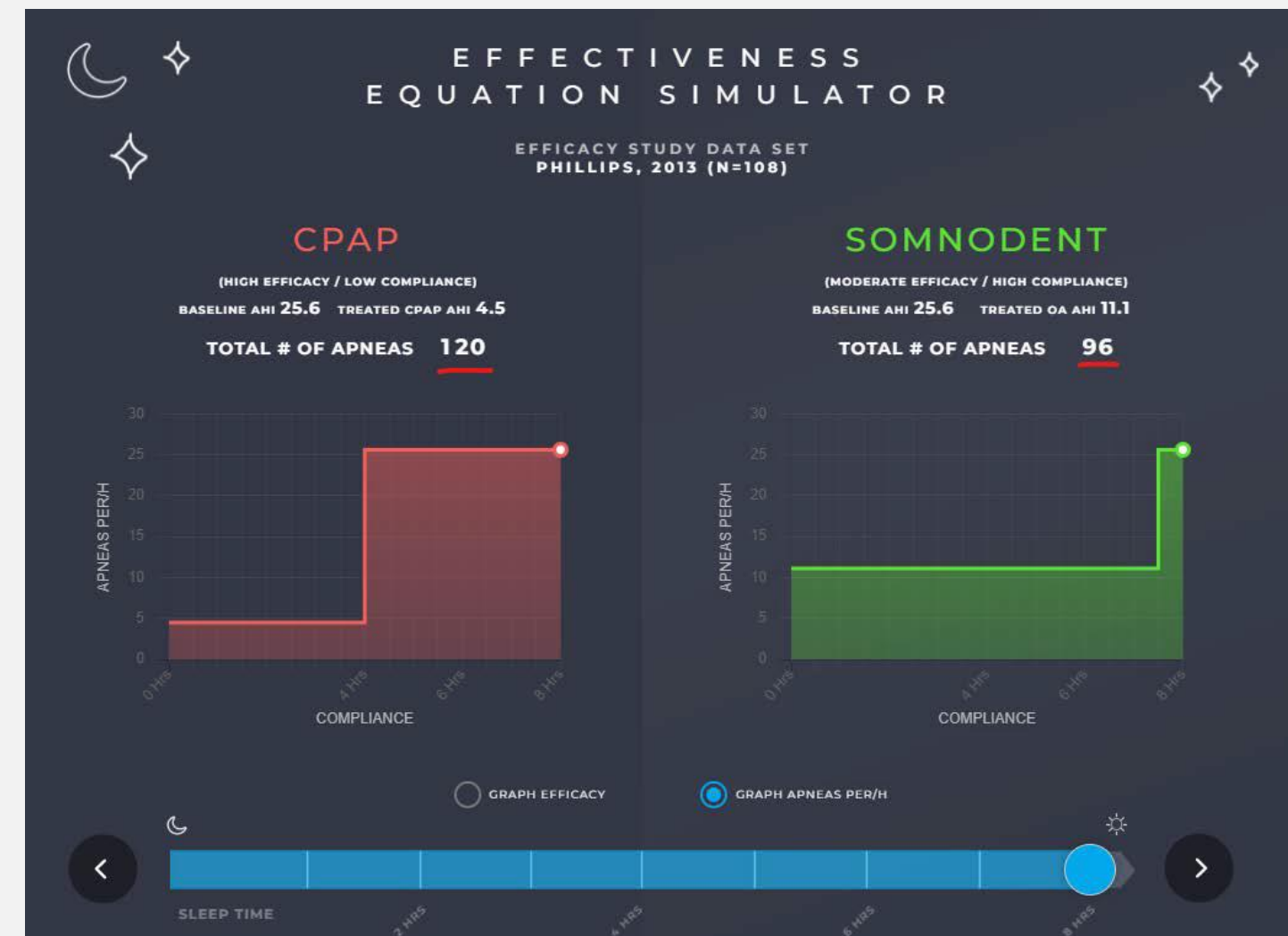
Brian W. Rotenberg¹, Dorian Murariu¹ and Kenny P. Pang^{2*}



CPAP therapy compliance – second dilemma

Comparison of CPAP and COAT™ with the Effectiveness Equation

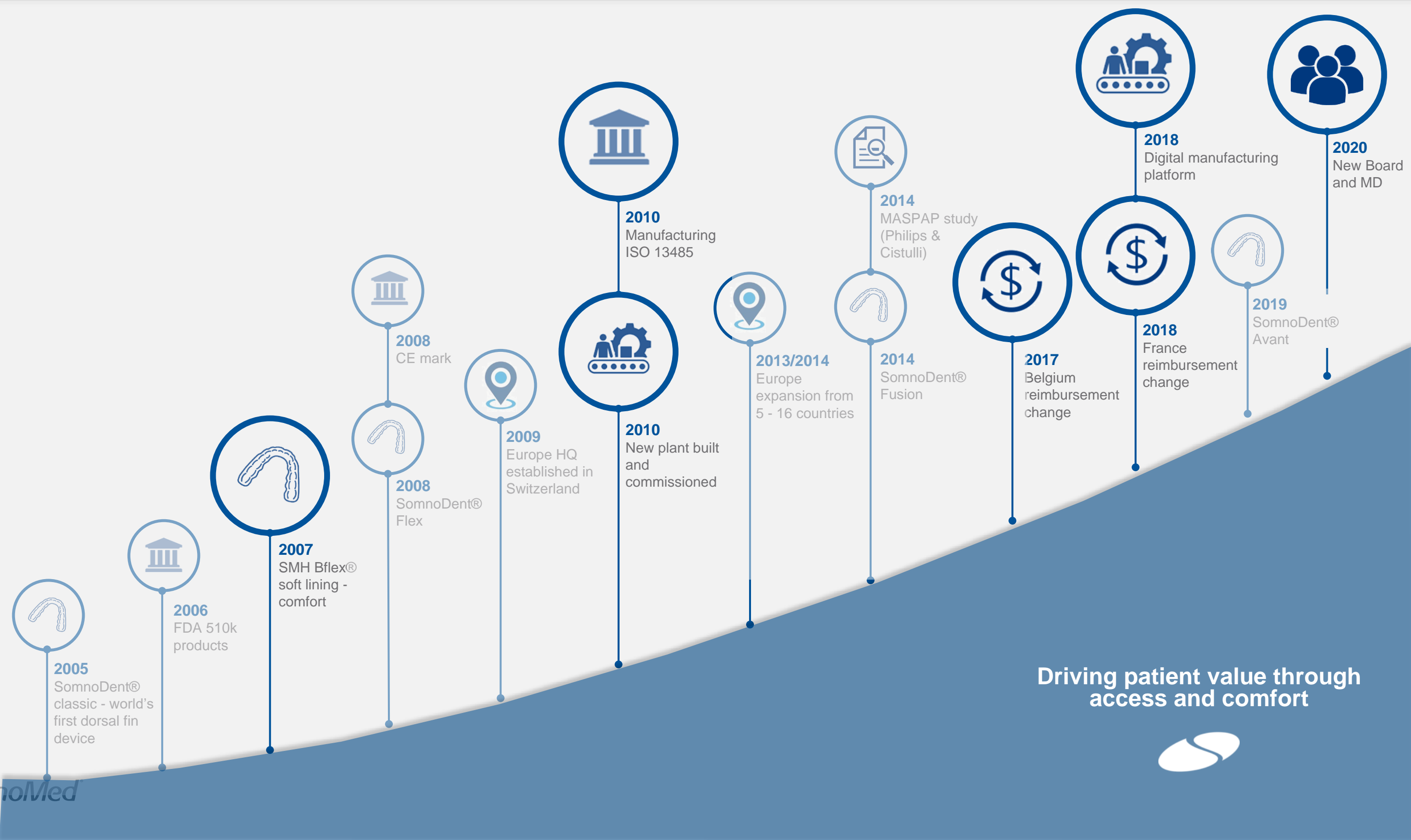
- Compares CPAP and COAT™ over a complete night's sleep
- Interactive sales tool that allows Sleep Physicians to determine which therapy is more effective for their patient
- Apnea events occur whilst untreated during the rest of the night's sleep with CPAP
- Apnea events per night may be less than CPAP



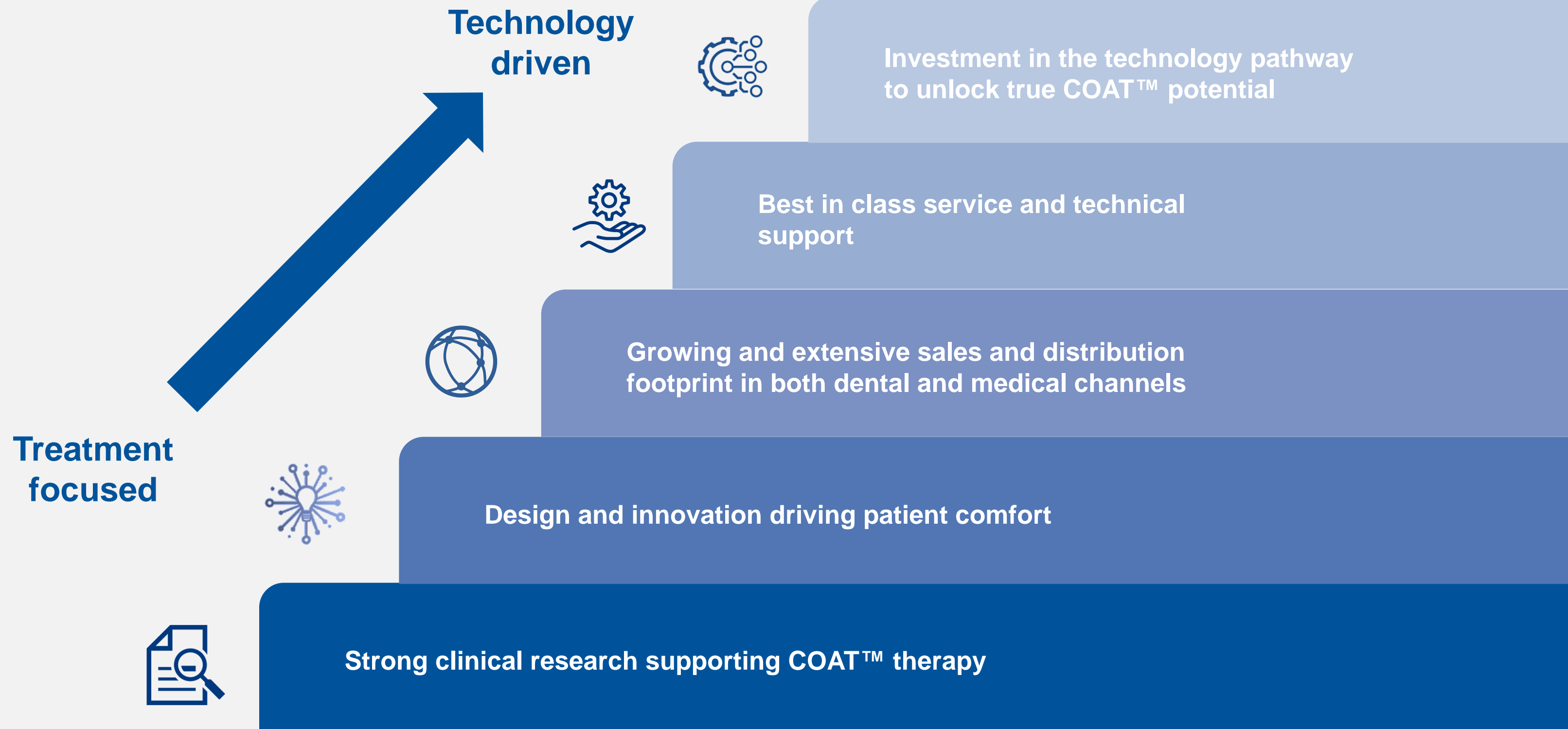
Many patients don't get effective treatment all night, every night

History of continued innovation centered around the patient

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Positioned for growth



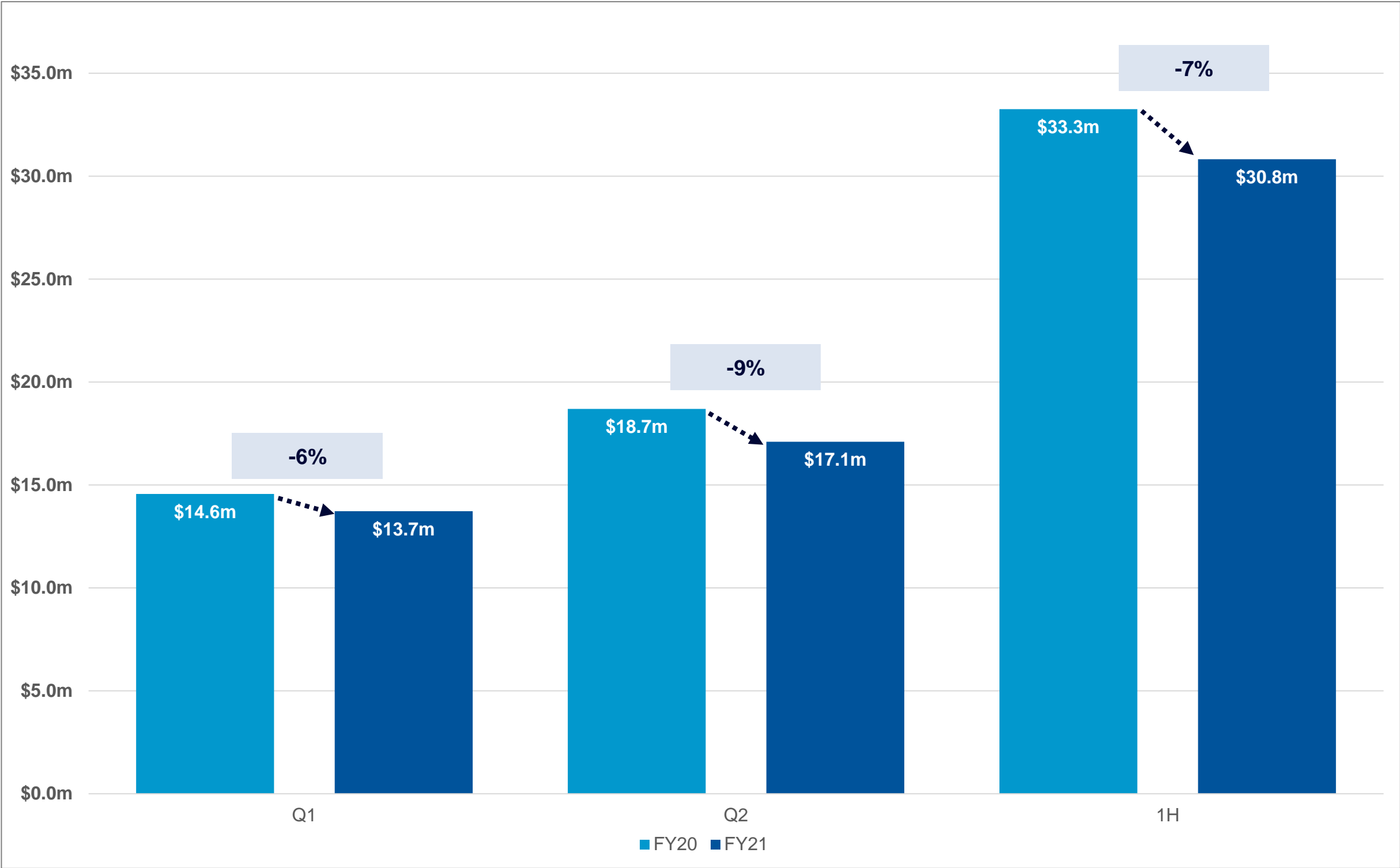
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SomnoMed®

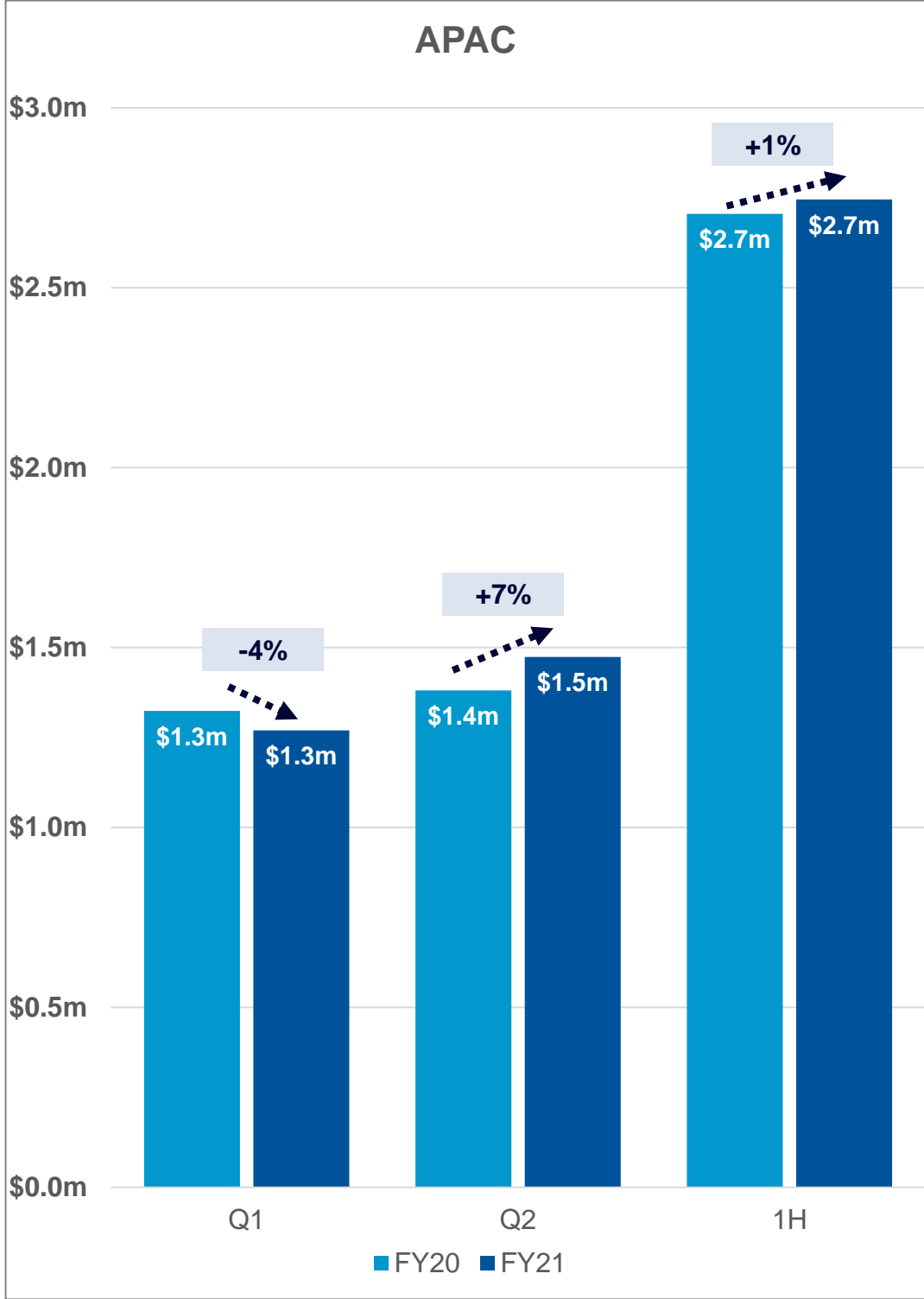
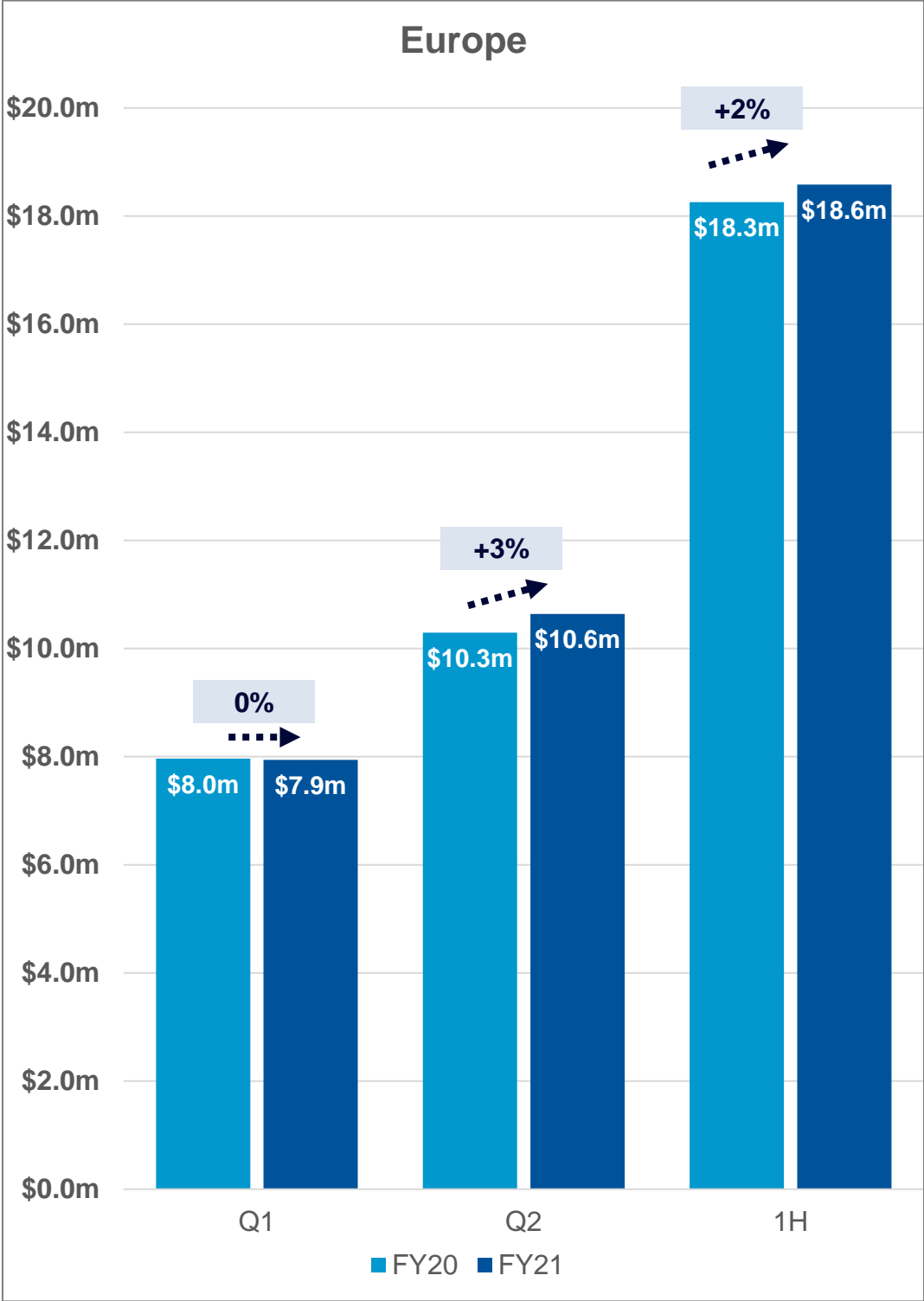
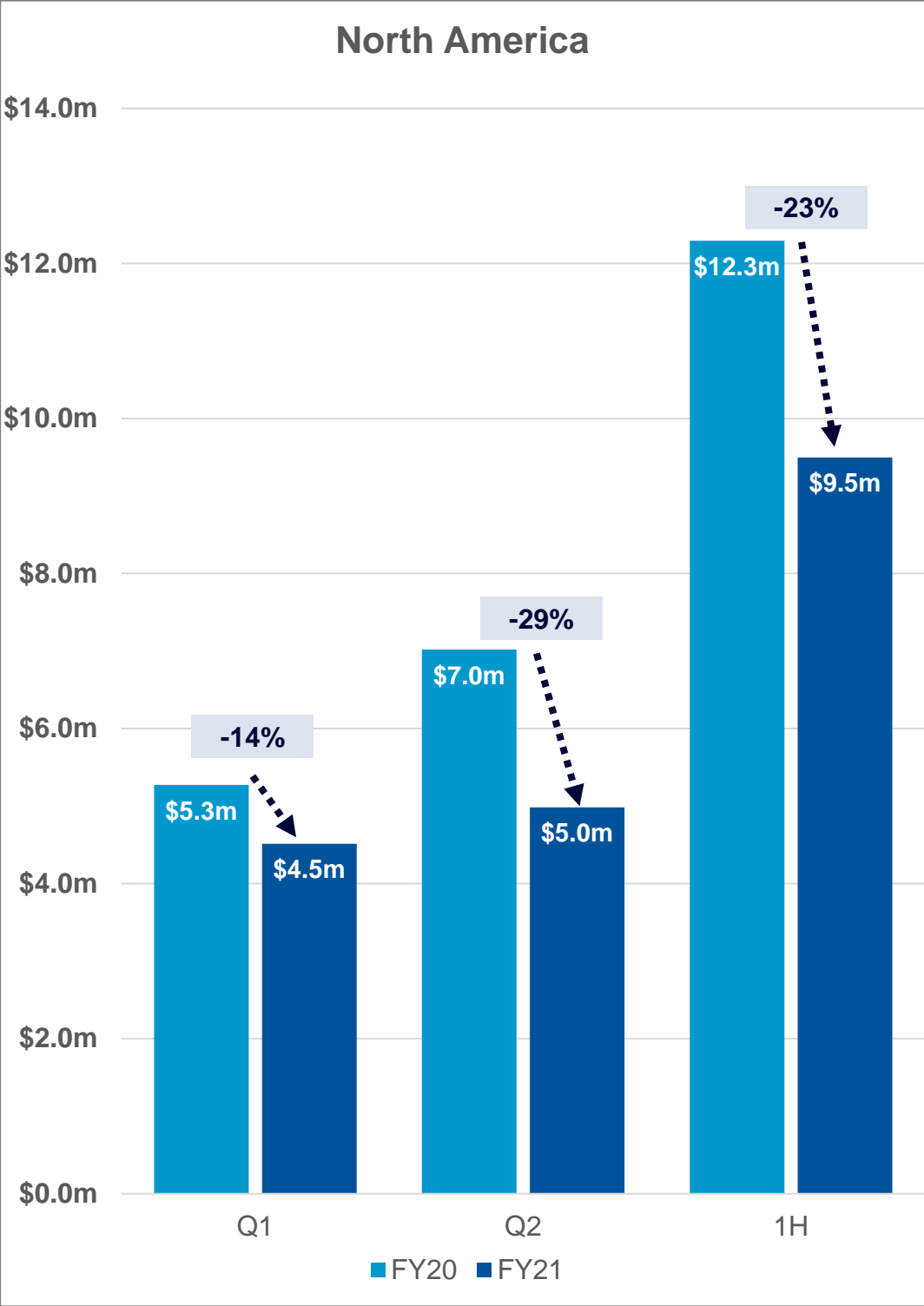
Financial information

Group total revenues by quarter



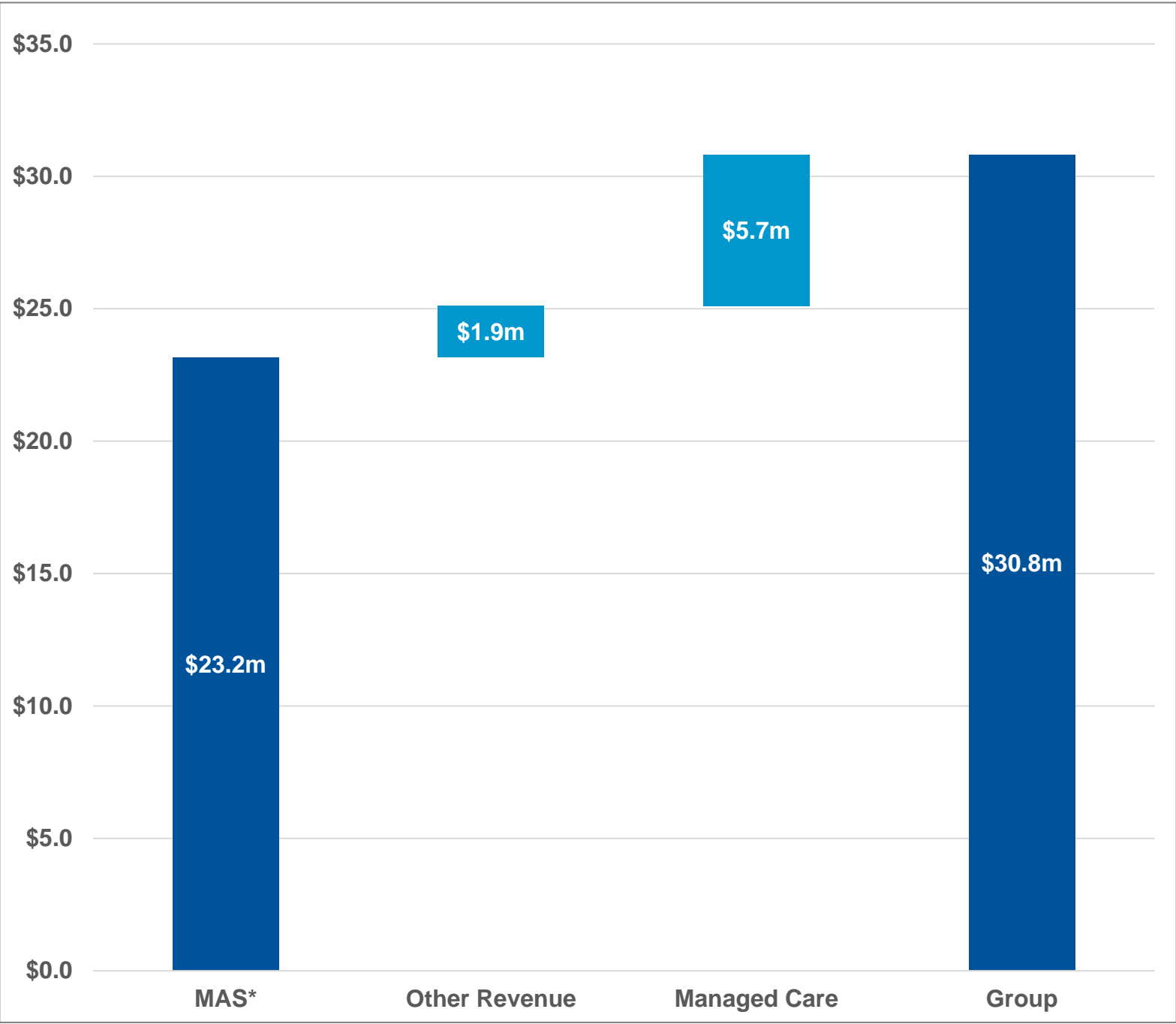
Regional total revenues by quarter

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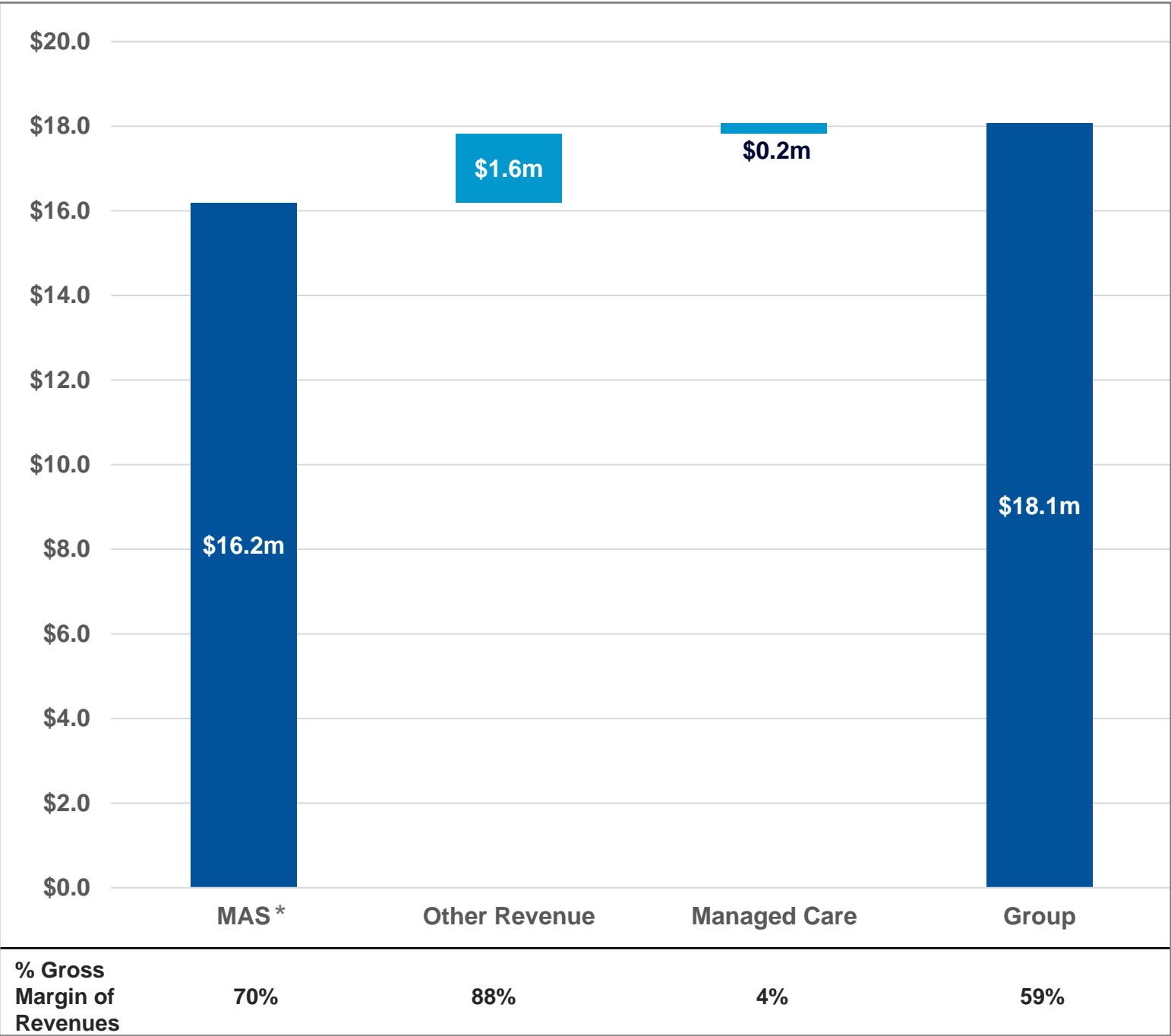


Margins maintained

Revenue (A\$m)



Gross margin (A\$m)

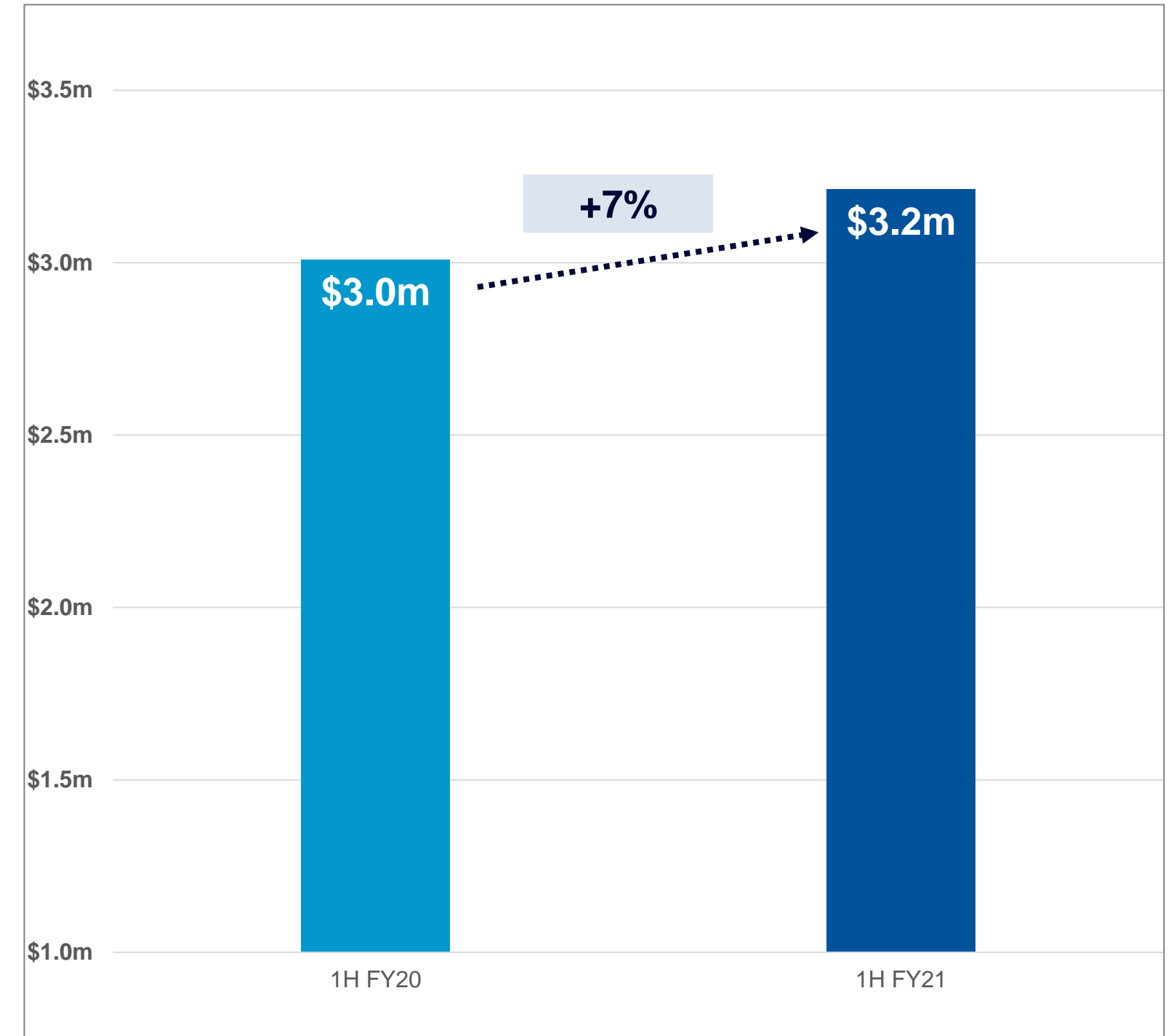


* Mandibular Advancement Splint

EBITDA¹ growth

- Maintained gross margin percentage even at lower group revenues
- Cost management
 - Travel restrictions due to COVID-19
 - Increased virtual vs. physical meetings
 - Repurposed sales and marketing expenditure
 - General and administrative expenses carefully controlled
- Corporate and head office expenses cautiously managed but offset against key recruitments needed to support the future horizons, still committed to

EBITDA (A\$m)¹



¹ EBITDA as adjusted does not include share option expense, unrealised foreign exchange gain/(loss) and discontinued operations.

Profit and loss summary

A\$m	1H21	1H20	%
Revenue	30.8	33.3	(7%)
Gross margin	18.1	19.5	(7%)
Regional sales & marketing expenses	(7.1)	(8.5)	(17%)
Regional administrative expenses	(5.1)	(5.1)	0%
Operating profit (before corporate, research and business development)	5.9	5.9	1%
Corporate & head office expenses	(3.2)	(2.9)	11%
<i>Government assistance</i>	<i>0.5</i>	<i>-</i>	<i>n/a</i>
EBITDA¹	3.2	3.0	7%

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

Corporate and head office expenses

Key recruitments to support future horizons and accelerate growth

Key Metrics	1H21	1H20
MAS Gross Margin %	69.9%	70.5%
Group Gross Margin	58.7%	58.5%

¹ EBITDA as adjusted does not include share option expense, unrealised foreign exchange gain/(loss) and discontinued operations.

Summary balance sheet and cash flow

Statement of financial position

A\$m	Statutory 31 Dec 2020	Statutory 30 Jun 2020
Cash and cash equivalents	25.1	30.2
Inventories	2.1	2.2
Trade and other receivables	10.4	7.7
Plant and equipment	4.0	3.9
Goodwill & intangibles	8.0	7.9
Right of use asset (AASB16)	6.0	6.3
Deferred tax assets	2.9	3.1
Other assets	0.3	0.3
Total Assets	58.9	61.7
Payables	11.8	8.4
Borrowings – commercial	0.0	4.9
Borrowings – governments	2.4	2.6
Provisions	2.9	3.0
Income tax payable	0.8	0.6
Lease liability (AASB16)	7.3	7.7
Other liabilities	0.1	0.7
Total Liabilities	25.3	27.9
Net Assets	33.6	33.8
Net Cash	22.7	22.7

Statement of cash flows

A\$m	Statutory 31 Dec 2020	Statutory 30 Jun 2020
EBITDA⁽¹⁾	3.2	4.7
Movement in working capital & other non-cash	0.6	1.9
Tax Paid	(0.2)	(1.0)
Net finance costs paid	(0.3)	(0.4)
Net cash flow from operating activities	3.3	5.2
Proceeds from term deposits	-	0.3
Payments for intangible assets	(0.6)	(0.4)
Payments for property, plant and equipment	(1.0)	(1.8)
Operating cash flow	1.7	3.4
Proceeds from issue of shares	0.1	16.3
Borrowings / (repayment of borrowings)	(4.9)	4.5
Other (AASB16 leased assets payment)	(1.3)	(1.8)
Net cash flow²	(4.5)	22.2

² Net cash flow at 31st Dec 2020 per table adds up to (\$4.4m) due to rounding on the proceeds from issue of share. Actual net cash flow is (\$4.5m).

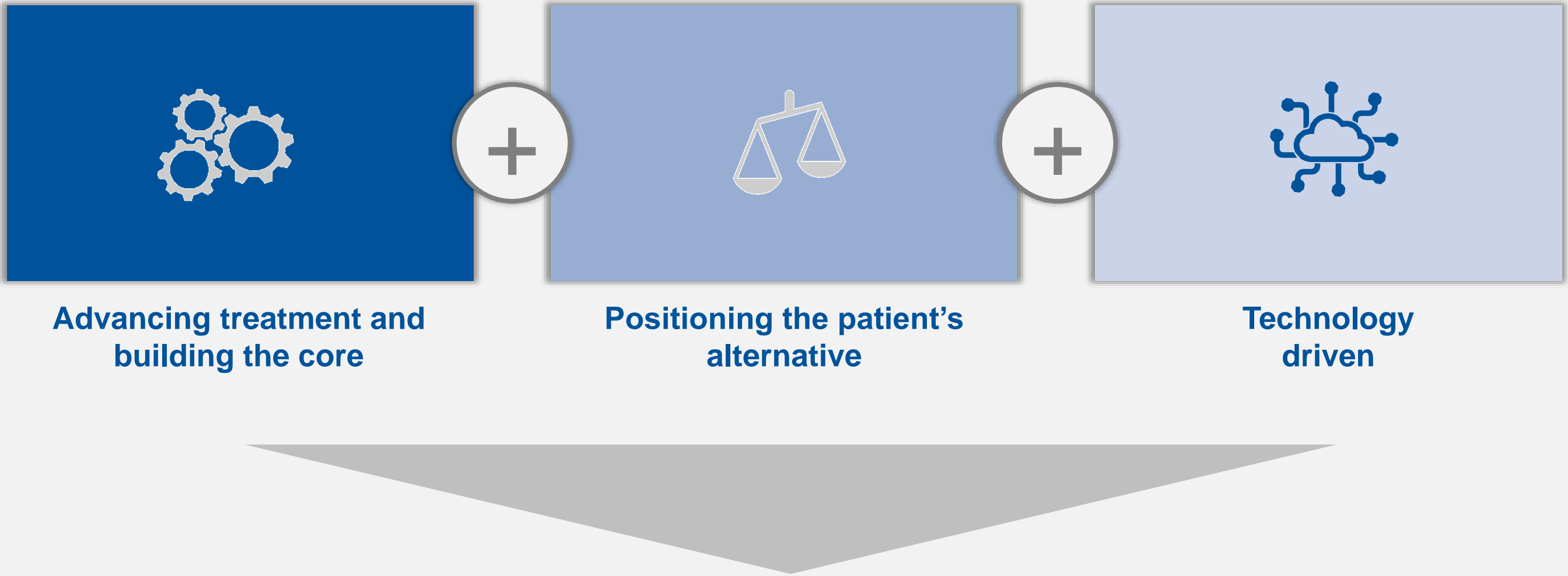
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SomnoMed®

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**

Growing the sector through 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



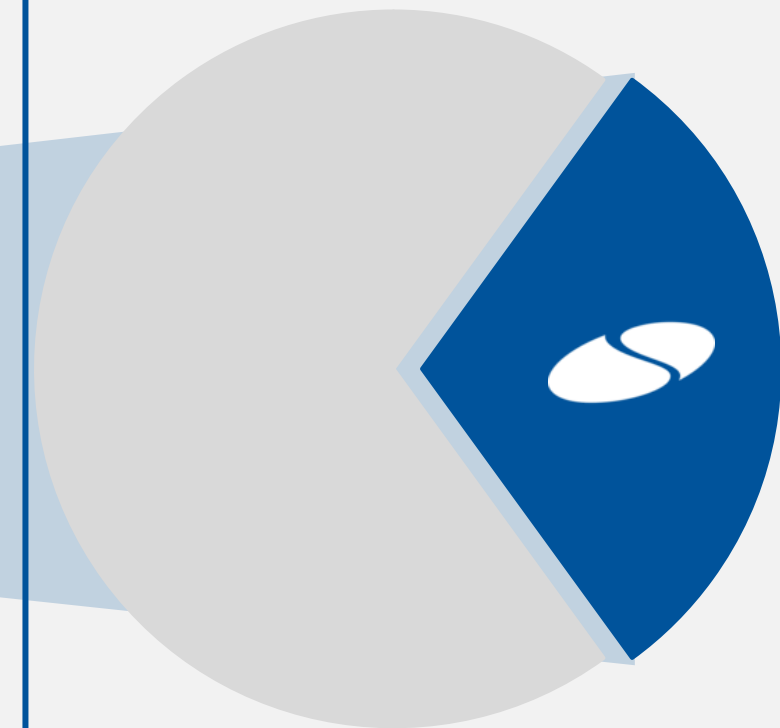
**Key Opinion
Leaders (KOLs)**



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

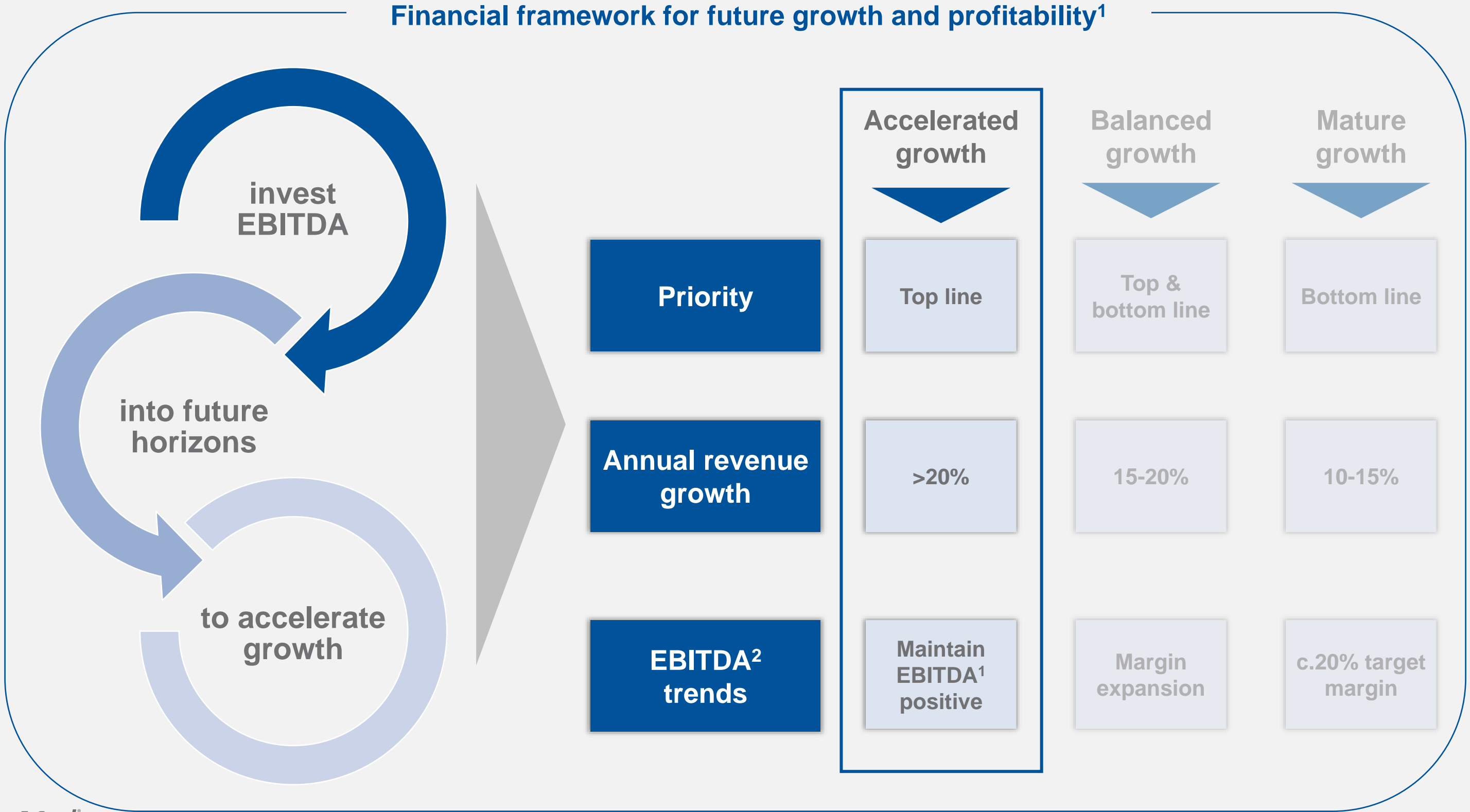


**Intensified efforts to position
COAT™ as an effective alternative
to CPAP drives increases in
COAT™ share of OSA therapy**



Investing to achieve category leadership

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1. Consideration on timing of future investments for growth will be made given the ongoing impact from the COVID-19 pandemic
2. EBITDA as adjusted does not include share option expense, unrealised foreign exchange gain/(loss).and discontinued operations



Second half outlook

Second half outlook



FY21 guidance

- No guidance is currently provided for the second half FY21 due to the uncertainties created by COVID-19
- We will provide ongoing trading visibility as we progress throughout the rest of the fiscal 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 in all three regions
- Digital product precision
- Effectiveness Equation

Technology driven

- App-Nea portal
- One Platform project
- Connectivity development

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**Treatment focused.
Technology driven.**

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