



27 July 2021

## Strong Q4 provides momentum into FY22

**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 30 June 2021.

### Overview

- Revenue of \$16.2 million for Q4 FY21 (+91% vs Q4 FY20, +3% vs Q4 FY19) (unaudited). Importantly quarterly revenue represented an uplift on Q4 FY19, demonstrating the Company's ability to increase product sales and revenue across the medium term, despite the impacts of COVID-19
- Full year unaudited revenues posted were \$62.7 million up 9% over pcp (up 15% in constant currency)
- The June quarter was the strongest for the year, activity and revenue levels continued to gain momentum through the period as business conditions normalise post the impacts of COVID-19
- Total patients treated worldwide exceed 630,000 as SomnoMed remains the largest global oral appliance company
- Net cash<sup>1</sup> position of \$19 million at 30 June 2021
- Improving business conditions are providing greater confidence in the medium-term outlook, enabling the Company to lift its investment in people, R&D and product development to underpin future growth. Non-essential investment had previously been delayed given the uncertainty of economic conditions driven by COVID-19
- The Company continues to pursue product development and technology opportunities that will enhance and build upon existing competitive advantage
- SomnoMed remains actively engaged in continued education, through key global events, and ongoing discussions with authorities across all regions to promote stronger clinical guidelines and drive positive reimbursement trends
- SomnoMed is well-positioned to benefit as the market continues to normalise over the coming quarters and deferred patient engagement returns after the COVID-19 delays. The Company is working with all medical partners, associations and industry players in addressing the significant CPAP supply issue caused of the recently announced Philips global product recall.

**Commenting on the results, SomnoMed's Managing Director, Neil Verdal-Austin said,** "We are exceptionally pleased with the results for this quarter, with all regions demonstrating recovery as our key markets begin to return to normal trading conditions.

The improving activity levels and momentum we have seen since March this year are anticipated to continue and we are positioning ourselves for future growth with a focus on investing in people, product development and innovation. Our investment will align with our patient centric strategy to provide effective long-term solutions for patients who suffer from Obstructive Sleep Apnea.

The investment for growth will ensure that the Company will drive revenue uplift and continue to deliver best in class products as we work to increase awareness, acceptance and adoption of COAT™ treatments across our core regions."

## Financial Review

Q4 FY2021 unaudited revenues of \$16.2 million were up 91% over pcp (up 105% in constant currency). Importantly revenues are also up 3% on Q4 FY2019, reflecting the ability for the Company to increase product sales, despite the impacts of COVID-19.

As mentioned in the Q3 FY21 release, the month of March had delivered exceptionally strong results. That momentum continued across the fourth quarter as activity levels improved, particularly in the USA and Europe. Additionally, activity levels in June were significantly above those previously witnessed and reflect the momentum that we believe will continue into FY22.

	Q4 FY21 Revenue (A\$000's)	Revenue growth vs PCP	Revenue growth QoQ
North America	4,938	84%	22%
Europe	9,878	100%	(5%)
APAC	1,335	58%	4%
<b>Total</b>	<b>16,152</b>	<b>91%</b>	<b>3%</b>

During the quarter, the Company recorded a neutral cash flow with a strong net cash position with \$19 million at the quarter end. The first half of FY21 saw the Company focus on cautiously managing its cash outflow. The improving conditions are providing increased optimism on the outlook for FY22, and consequently the company will look to recommence investment in growth.

## Operational Review

With business conditions improving, the Company will look to invest in its strategic sales and marketing programs, business development and progress its technological transformation to strengthen future revenues and SomnoMed's industry leading position. Specifically, the Company has recruited in the areas of R&D engineers, product development, human resources, sales & marketing, IT and systems infrastructure to provide a platform for increased customer engagement, customer experience and product adoption from the new transformational technology development.

More broadly, the Company continues to focus on ensuring that all OSA patients receive the right treatment from the outset and remain in treatment as part of the overarching 'patient centric' business strategy. This strategy seeks to ensure the whole Company is focused on addressing the key challenges of awareness, acceptance, and adoption through education, patient advocacy and a focus on improving reimbursement structures.

### North America

The North America region has seen a significant improvement over the quarter in overall trading conditions with a reopening of most major centres and a backlog of patients providing strong demand. Revenues were up 84% on pcp (up 110% in constant currency) but behind same quarter FY19 by 11%.

SomSUMMIT21 (SomnoMed Medical Education Event) occurred in the US in May in Scottsdale, Arizona and showcased collaborations aiming to place Oral Appliance Therapy in its appropriate, central position within the OSA treatment ecosystem. This pioneering summit highlighted why SomnoMed is the company of choice in Oral Appliance Therapy and featured well-known medical thought leaders demonstrating the multidisciplinary approach needed within sleep medicine 'treat more patients more successfully'.

## Europe

The European market had further delays in reopening hospitals and providing access to specialists in some regions due to COVID-19 in the quarter. In recent months however there is evidence that this has improved, and providers are now working to catch up on the treatment backlog throughout most European countries. Revenues for the period were up 100% over pcp (up 110% in constant currency) and also up 9% on the same quarter FY19.

Additionally, SomnoMed was involved in the NICE (National Institute for Health and Care Excellence) study with a draft report recently published in Europe. The study reviewed the current treatment for OSA patients and concluded that although CPAP remains the treatment of choice, many people are unable to tolerate it in any form and therefore remain untreated. The evidence in the draft report stated that oral appliances are of benefit to people with mild and moderate symptoms and that they should be considered as an alternative treatment to CPAP. Oral appliances showed clinical benefit, better ease of use and higher patient preference scores than CPAP overall.

## Asia Pacific

Steady results were seen in the APAC region with a 58% growth in revenue over Q4 FY20 and up 12% over Q4 FY19. The Company also hosted a Medical Education event in Australia, that was well attended with immediate, positive results. This continues on the commitment to build stronger partnership relationships with medical specialists. Experienced sleep physicians and ENT surgeons from across Australia attended the long-weekend Masterclass event, where SomnoMed continued to provide high quality education opportunities through peer-to-peer discussions and clinical evidence. The event also showcased how new SomnoMed products and technologies will further enhance patient care and treatment outcomes.

## **Corporate**

All resolutions in relation to new share option plans were passed at the Extraordinary General Meeting of shareholders held in early June 2021.

During the quarter it was announced that Mr Neil Verdal-Austin extended his contract as CEO of SomnoMed until 30 June 2026.

## **Notes**

1. Net cash <sup>1</sup>: defined as unaudited 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 June 2021 quarter includes payments made for non-executive directors' fees and the Managing Director's remuneration
3. All FY21 amounts referred to in this release are unaudited.

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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 630,000 patients in 28 countries. For additional information, visit SomnoMed at <http://www.somnomed.com.au>