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# Investor Presentation

Financial Year 2021 results

**Treatment focused.**
**Technology driven.**



Financial results are unaudited

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# FY21 Highlights



# FY21 financial highlights

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

Europe
+20% PCP

APAC
+17% PCP

North America
-9% PCP

**EBITDA[1]**
**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

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# 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

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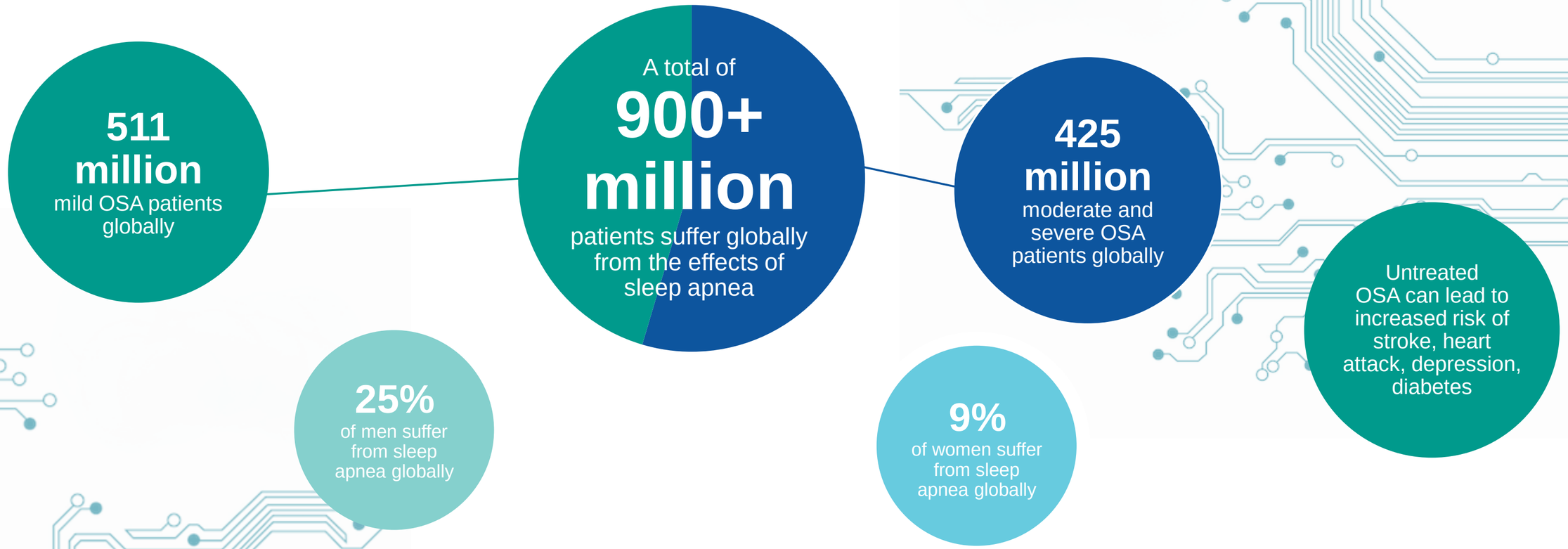
# Market Opportunity



# 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




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

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# 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

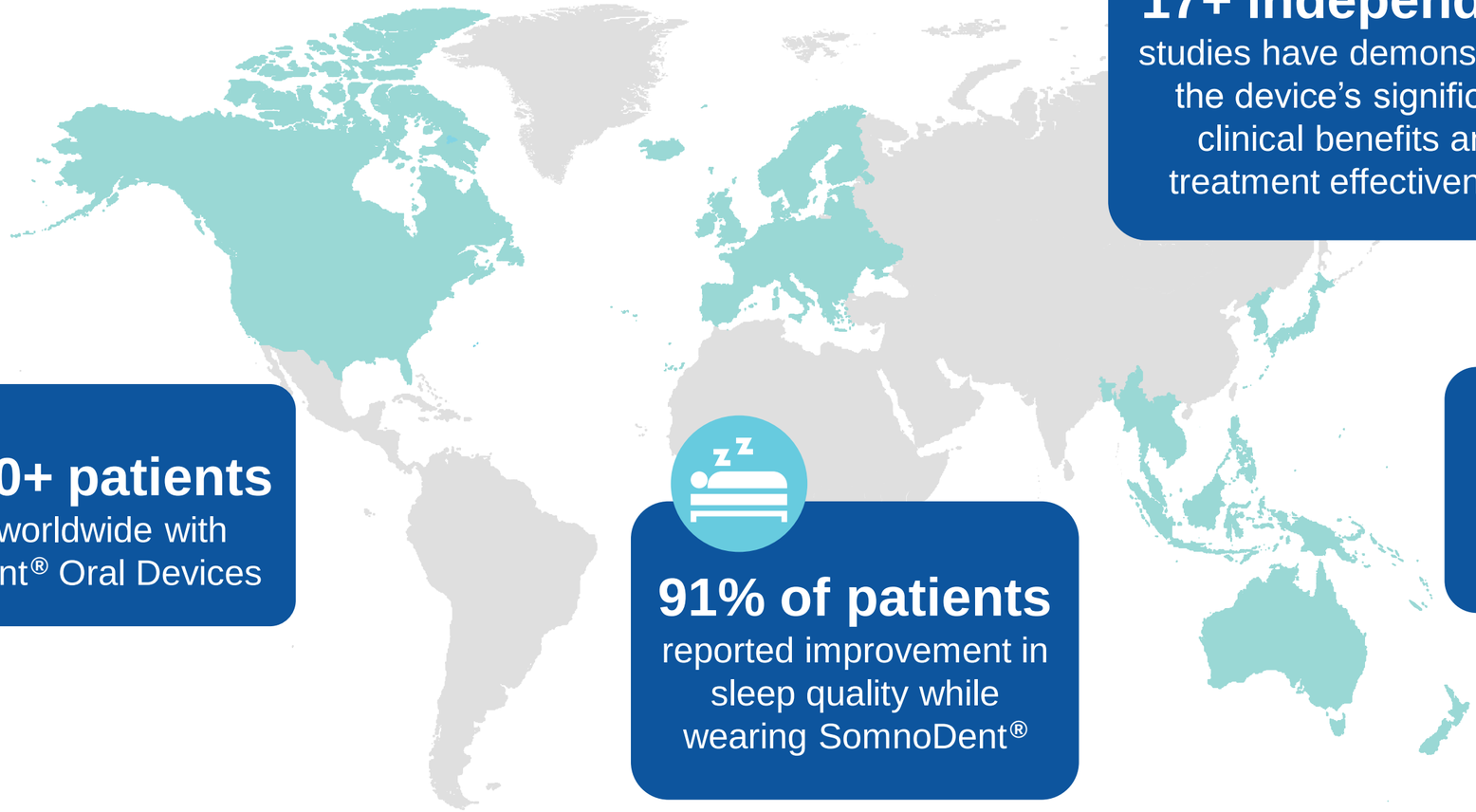


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# SomnoMed's credentials

**The leader in COAT™ products for the treatment of OSA**



**620,000+ patients**
treated worldwide with SomnoDent® Oral Devices

**17+ independent**
studies have demonstrated the device's significant clinical benefits and treatment effectiveness

**91% of patients**
reported improvement in sleep quality while wearing SomnoDent®

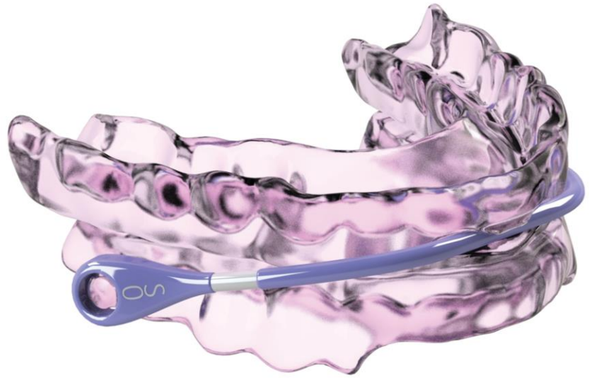
**28 countries**
with sales track record and market penetration

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# 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

SomnoMed®

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

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# Improving treatment options for OSA patients

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**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.

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**CPAP**

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

**Surgery**

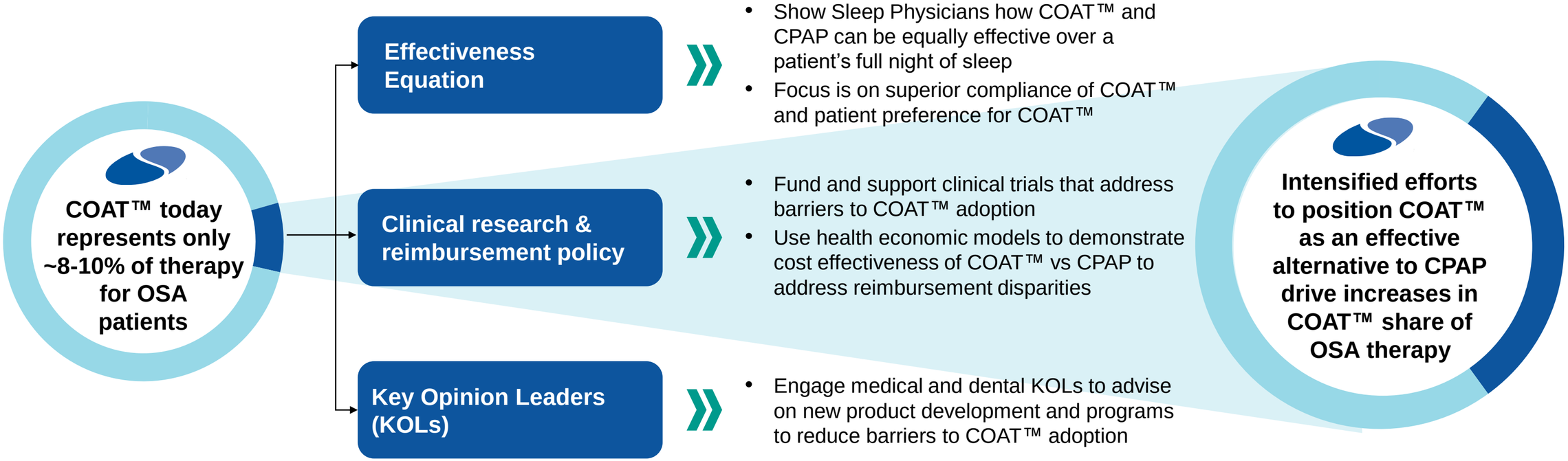
Invasive option considered as a last resort.

**$** → **$$$**

**Increasing long term cost in treatment**


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# Growing the sector through positioning the patient's alternative

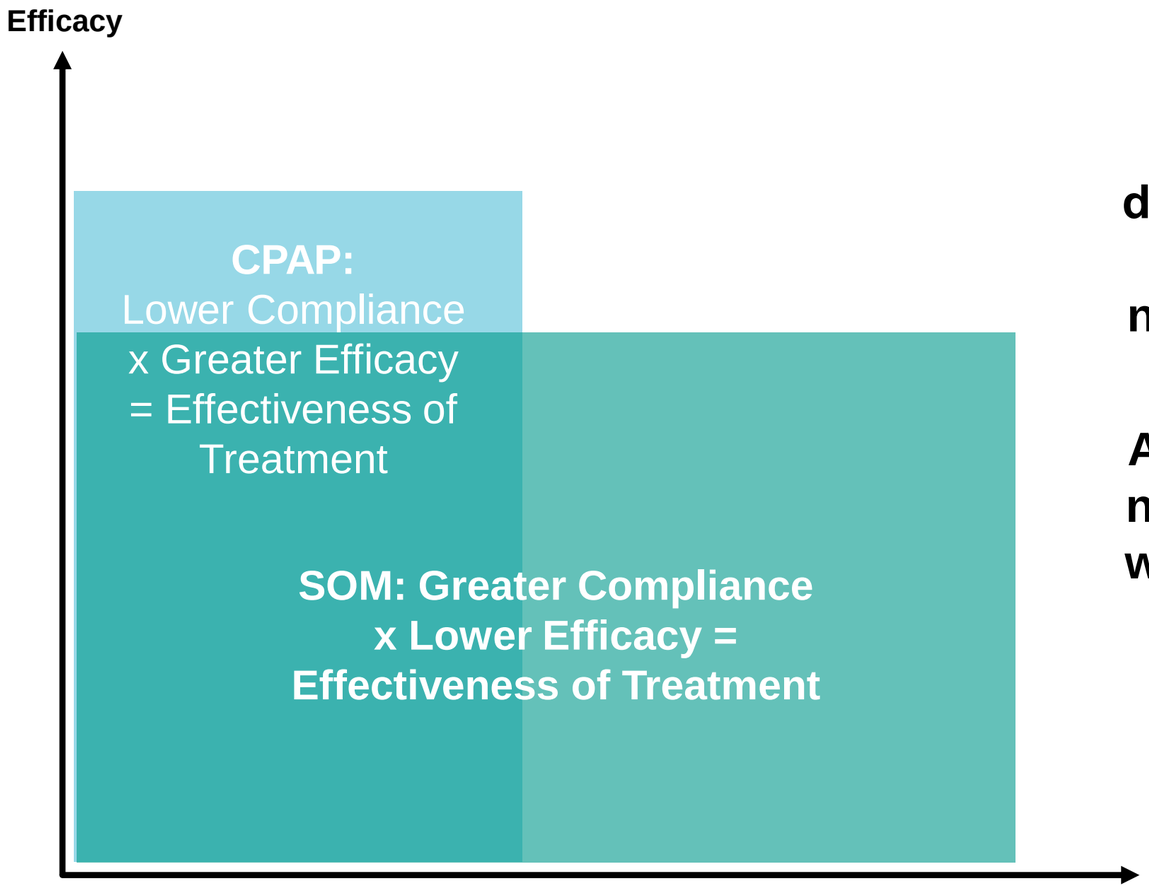



**~ 900+ million sleep apnea patients globally**

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# Improving treatment effectiveness for OSA patients




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

**Apnea events per night *may be* less with COAT™ than CPAP**

**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

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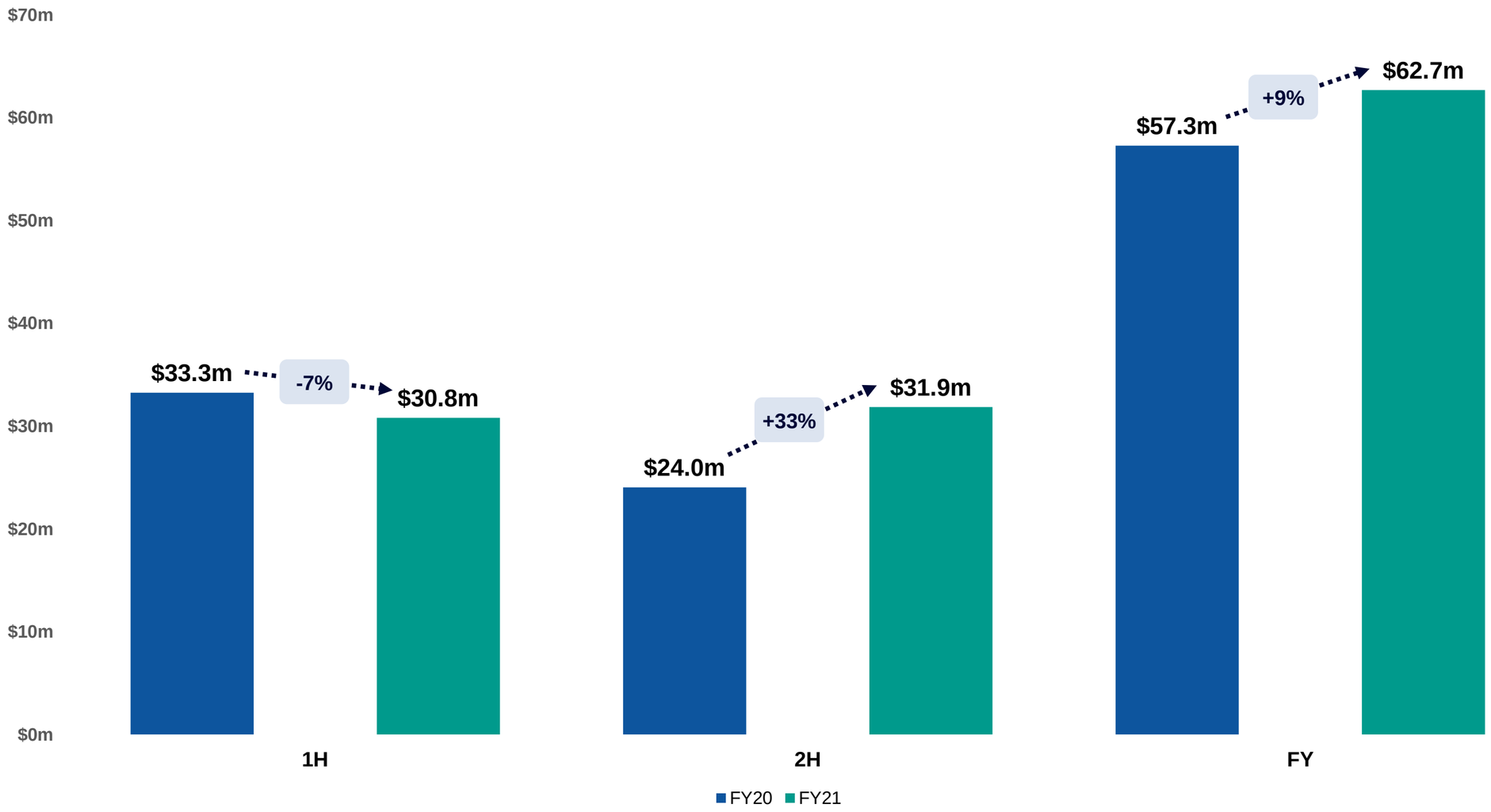

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# FY21 Results



# Total group revenues

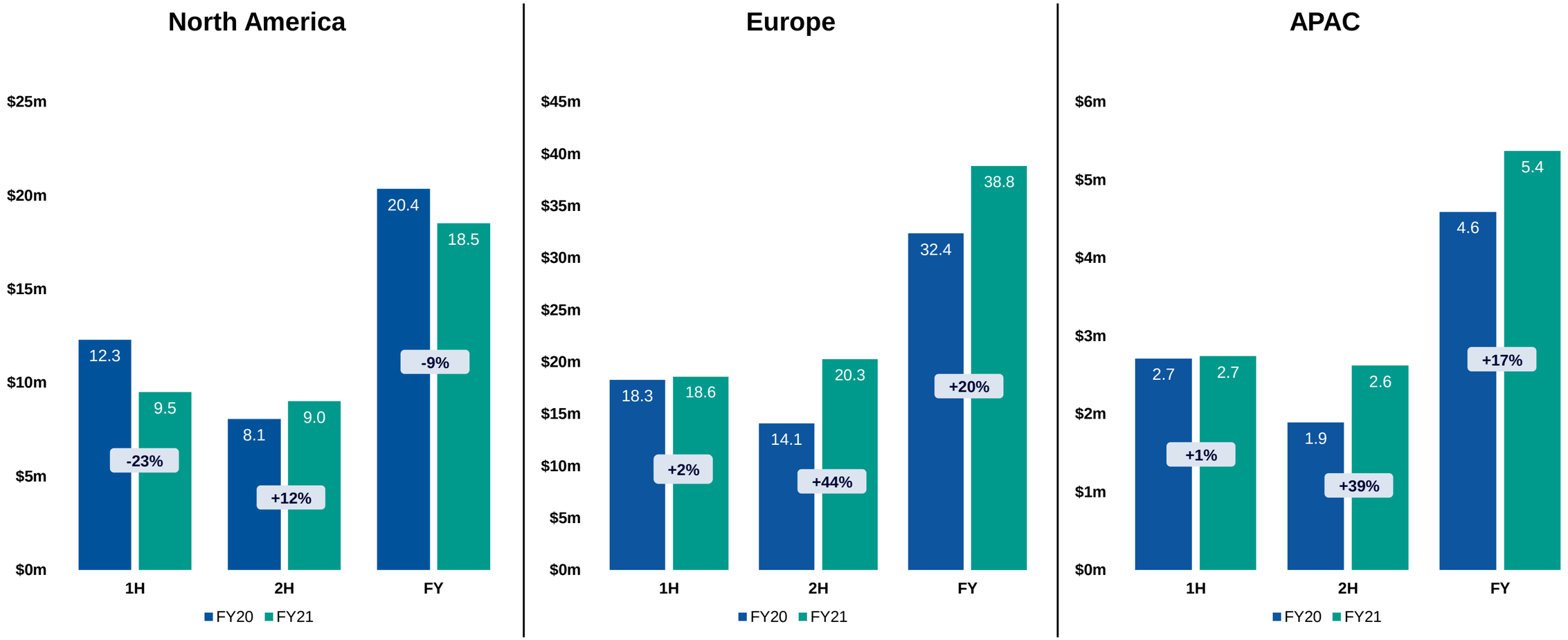



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# Total regional revenues

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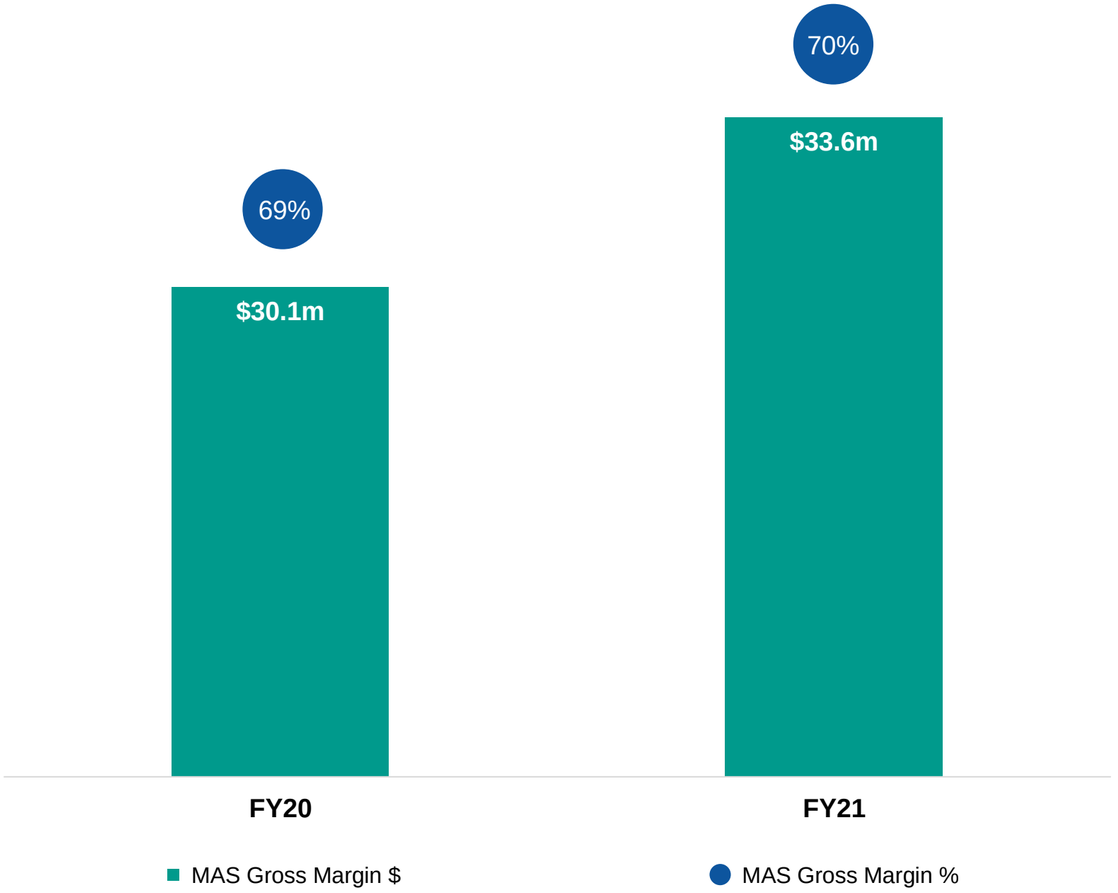




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# Stable MAS* product gross margin

- 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

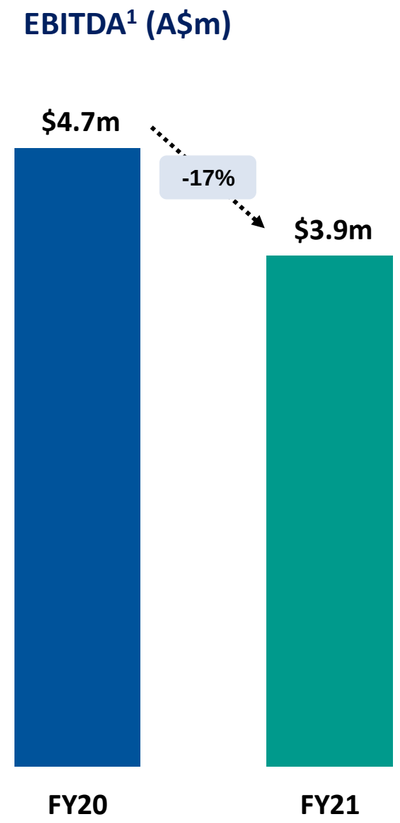



*Mandibular Advancement Splint

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# EBITDA[1]

- EBITDA[1] decreased 17% to $3.9m, however product gross margin (FY21: 70%) was maintained and positive impacts from recovery resulted in stronger contributions
- Impacts on EBITDA[1]:
  - 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




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

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# 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%) |
| **EBITDA[1]** | **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

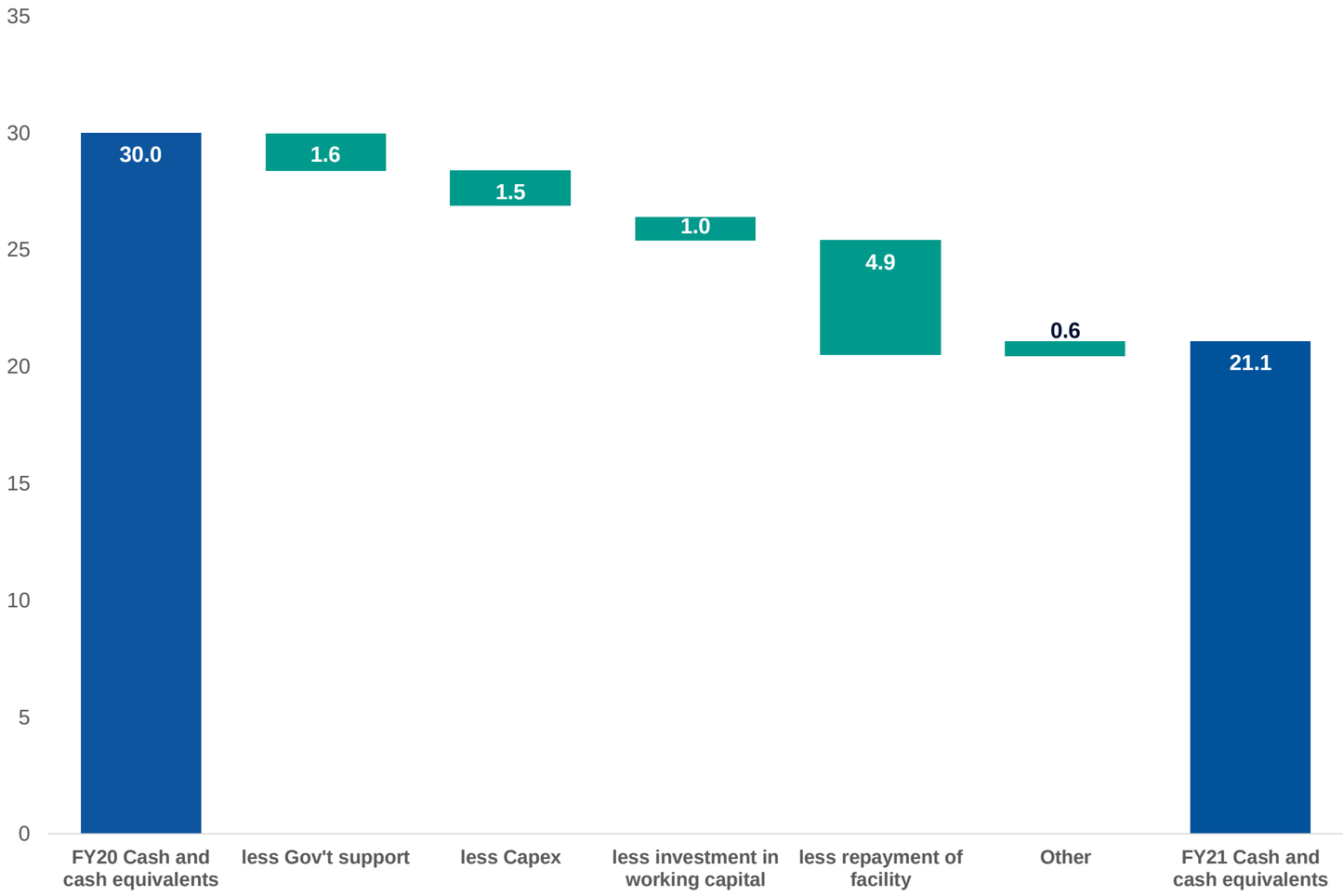
[1] EBITDA as adjusted does not include share based payments, discontinued operations and other expenses

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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

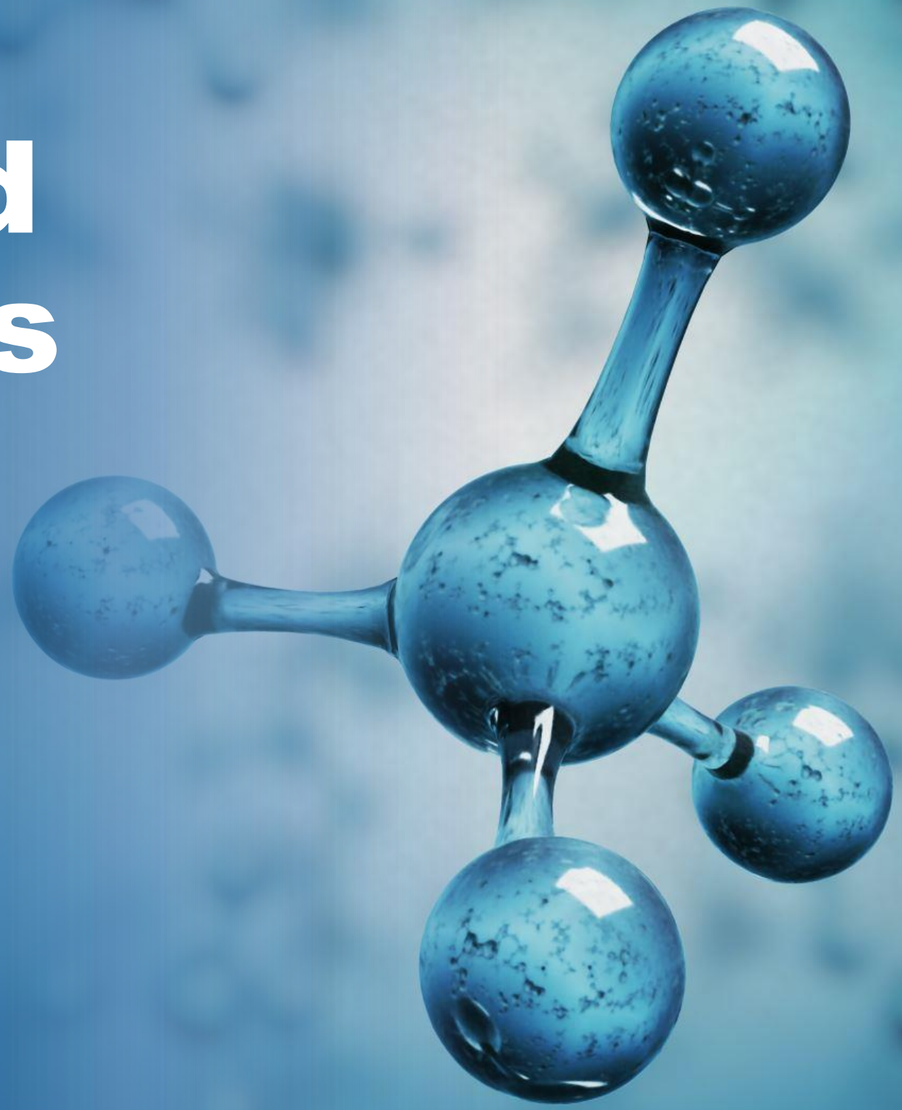



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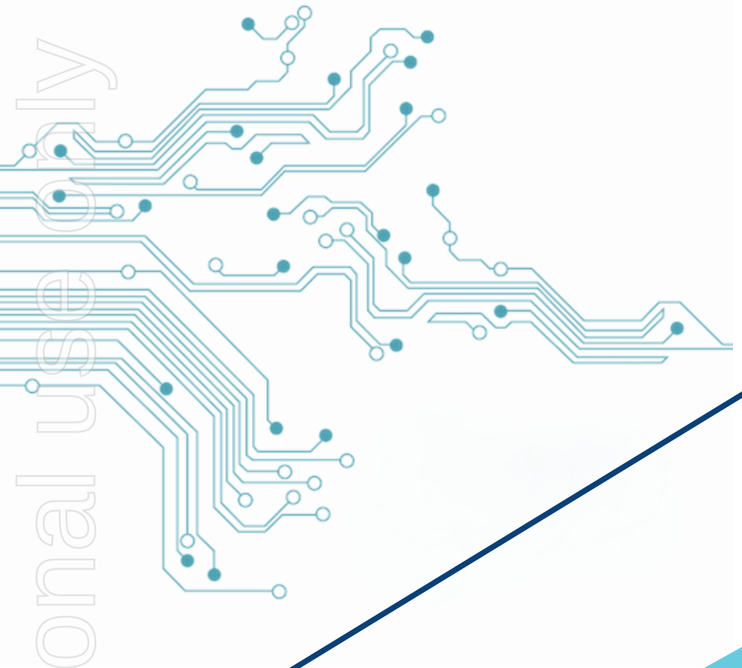

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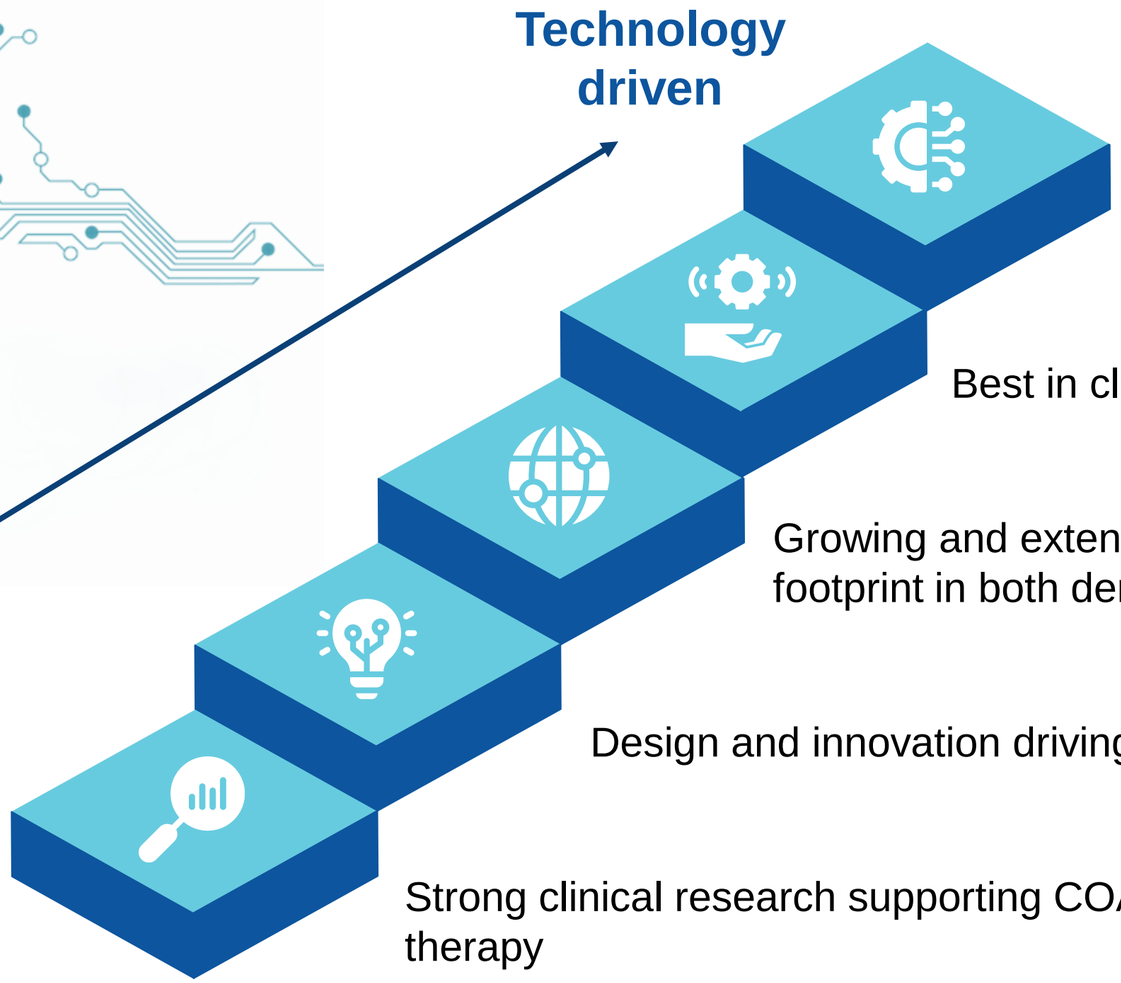
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# Innovation and future horizons



# Positioned for future growth






Investment in the technology pathway to unlock true COAT™ potential

Best in class service and technical support

Growing and extensive sales and distribution footprint in both dental and medical channels

Design and innovation driving patient comfort

Strong clinical research supporting COAT™ therapy

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# SomnoMed future horizons

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**Building Awareness**

Advancing treatment and building the core



**Creating Acceptance**

Positioning the patient's alternative



**Driving Adoption**

Continued investment in product development and innovation



**Investing in Innovation**

Transformational technology and connectivity

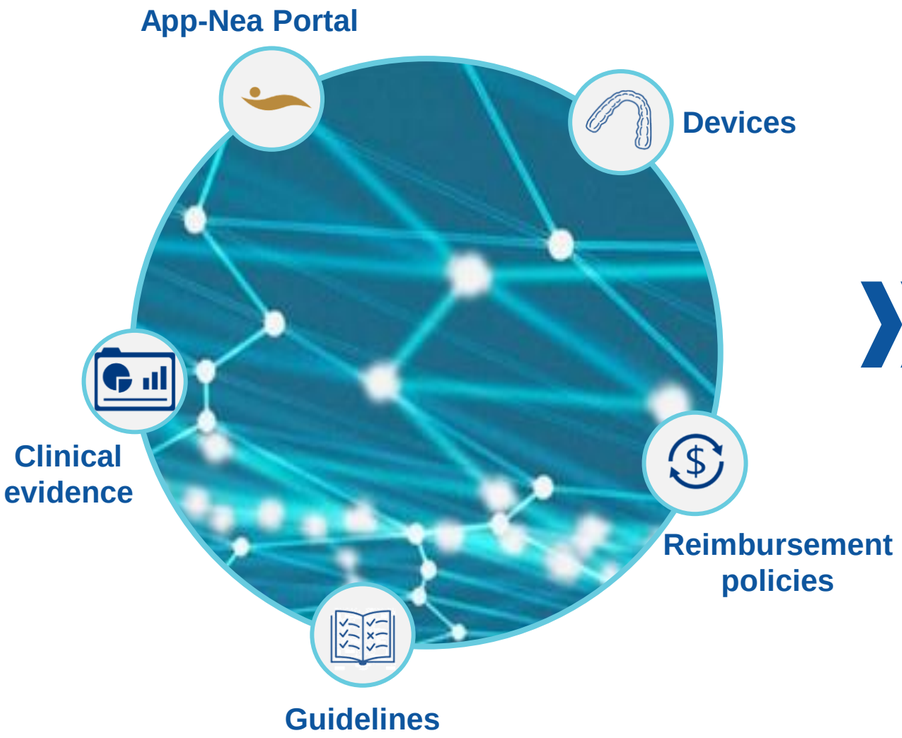
**Category leadership in a multi-billion dollar opportunity**

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# Technology driven

## One integrated and automated technology platform




Data

Analytics

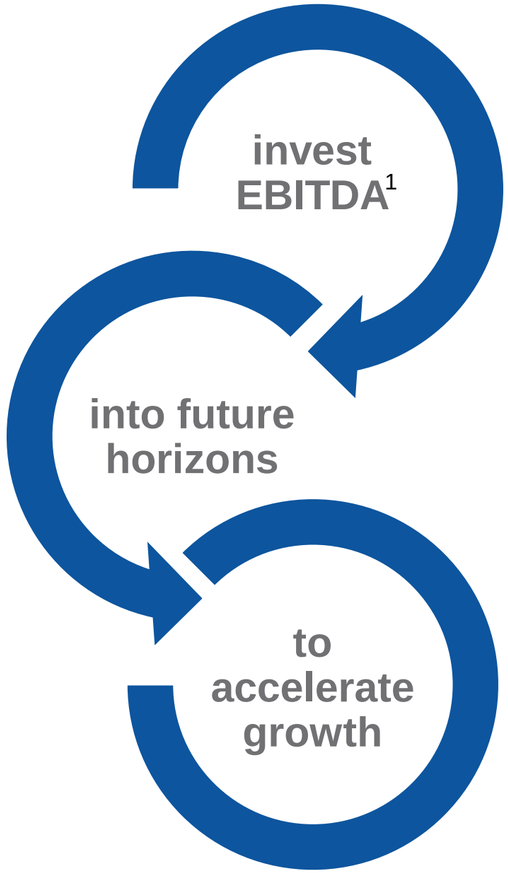
- Realtime dental clinical decision & acceptance
- Bridge between medical & dental
- Connectivity, big data & personalised medicine
- Screening & diagnosis optimisation
- Patient pathway management & virtual simplification

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# Investing to achieve category leadership

## Financial framework for future growth and profitability




| | Accelerated growth | Balanced growth | Mature growth |
|---|---|---|---|
| Priority | Top line | Top & bottom line | Bottom line |
| Annual revenue growth | >20% | 15-20% | 10-15% |
| EBITDA[1] trends | Maintain EBITDA[1] positive | Margin expansion | c.20% target margin |

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

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# Outlook



# Outlook

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## FY22 guidance

- Revenue growth of at least 15%[2]
- EBITDA[1] 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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