



Investor Presentation

Half Year 2024 results

**Treatment focused.
Technology driven.**



Disclaimer

This document has been prepared as a summary only and does not contain all information about the Company's assets and liabilities, financial position and performance, profit and losses and the rights and liabilities attaching to the Company's securities. This document should be read in conjunction with any public announcements and reports (including financial reports and disclosure documents) released by SomnoMed Limited. The securities issued by the Company are considered speculative and there is no guarantee that they will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Some of the statements contained in this release are forward-looking statements. Forward looking statements include but are not limited to, statements concerning estimates of future sales, expected revenues and costs, statements relating to the continued advancement of the Company's operations and other statements which are not historical facts. When used in this document, and on other published information of the Company, the words such as "aim", "could", "estimate", "expect", "intend", "target", "forecast", "future", "will", "may", "potential", "should" and similar expressions are forward-looking statements.

Although the company believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results and projections of future performance to differ from these forward-looking statements as a result of known and unknown risks, uncertainties and other factors not anticipated by the Company or disclosed in the Company's published material. Many of these factors are beyond the control of SomnoMed Limited and may involve subjective judgement and assumptions as to future events, which may or may not be correct.

The Company does not purport to give financial or investment advice. No account has been taken of the objectives, financial situation or needs of any recipient of this document.

Recipients of this document should carefully consider whether the securities issued by the Company are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position.

Agenda

- **1H FY24 highlights**
- **Vision and market opportunities**
- **Financial information**
- **Rest Assure® connected technology**
- **Future outlook**

1H FY24 highlights



1H24 financial highlights

Total revenue

A\$45.1m
+13% vs 1H23

Europe

+17% vs 1H23

North America

+9% vs 1H23

APAC

+5% vs 1H23

EBITDA¹

A\$(1.1)m

- Impacted by interruptions to manufacturing capacity in 2Q
- Includes investments in sales and marketing activities, legal and regulatory compliance, manufacturing capabilities and One Platform licences to support Rest Assure®
- Cost reduction program now underway to strengthen margins and improve profitability in 2H FY24 and FY25
- EBITDA¹ remains on track to meet the FY24 guidance of at least \$3m

Cash

A\$12.8m

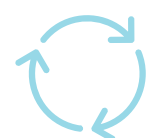
- Capital raising of \$14.6m (net of equity raising costs) successfully completed in September 2023
- \$5m reduction in debt

¹EBITDA does not include AASB16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations

1H24 strategic & operational highlights



Delivered revenue growth of 13% (+7% in constant currency) in 1H FY24 and remain on track to deliver revenue growth guidance of at least 12%.



Manufacturing capacity was interrupted in 2Q by unplanned downtime in milling machines, which reduced the revenue growth rate from 15% in 1Q to 11% in 2Q.



The cost management program which was announced in November 2023 to protect and grow profitability is now underway. The impact of these significant cost reduction measures is expected to be seen in 2H and throughout FY25.



The 510k FDA regulatory filing for the Rest Assure[®] technology in the United States was completed and submitted in October 2023. The submission has been accepted for review and has now progressed to substantive review phase.



Total patients treated now exceeds 860,000, up > 50% from 565,000 in 2020

¹ EBITDA does not include AASB16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations

Vision and market opportunities



SomnoMed's vision and mission

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

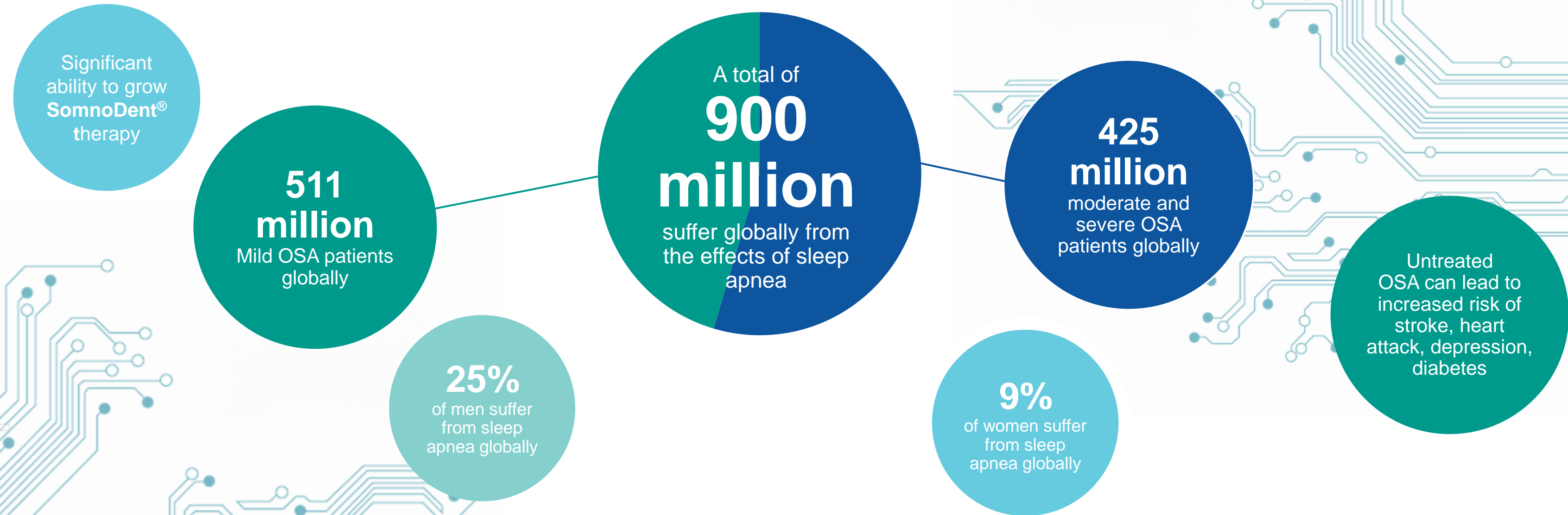
Our mission is to advance the adoption, acceptance and treatment of oral sleep apnea therapies by medical specialists, dentists, patients and insurers



Significant addressable markets globally

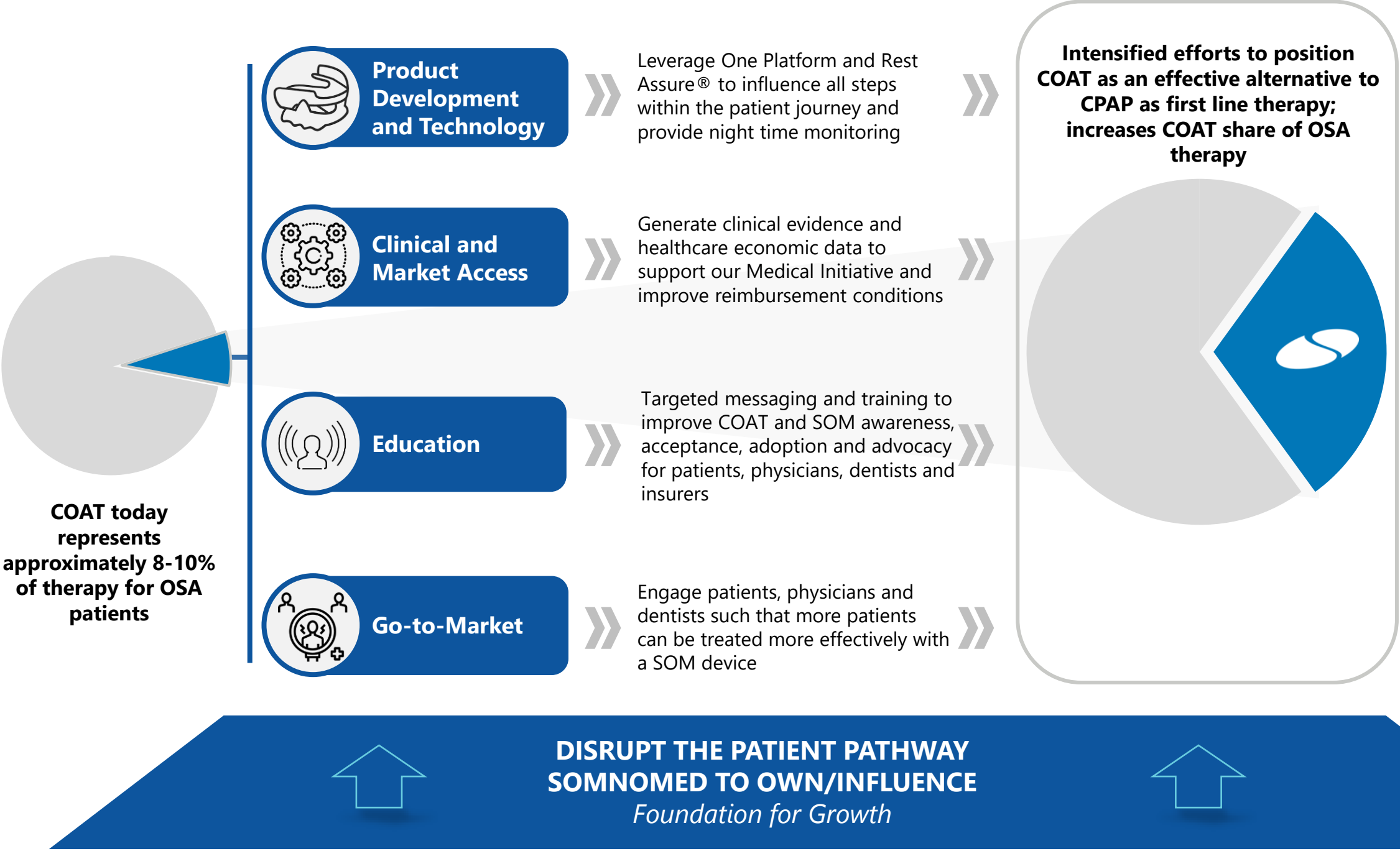
Obstructive sleep apnea, a growing burden on the medical system affecting a significant portion of the population

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



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

Growing the sector through positioning the patient alternative

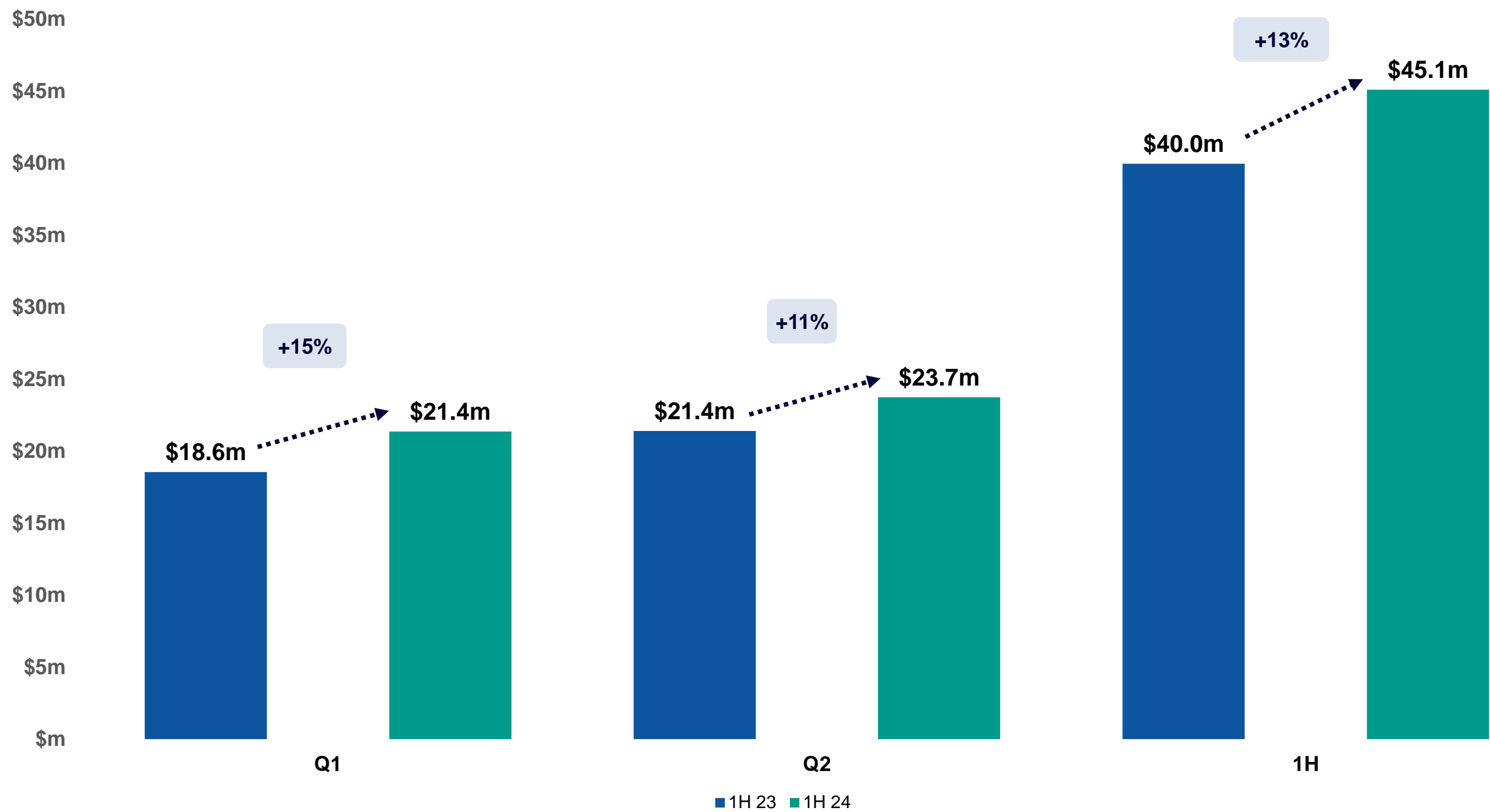


For personal use only

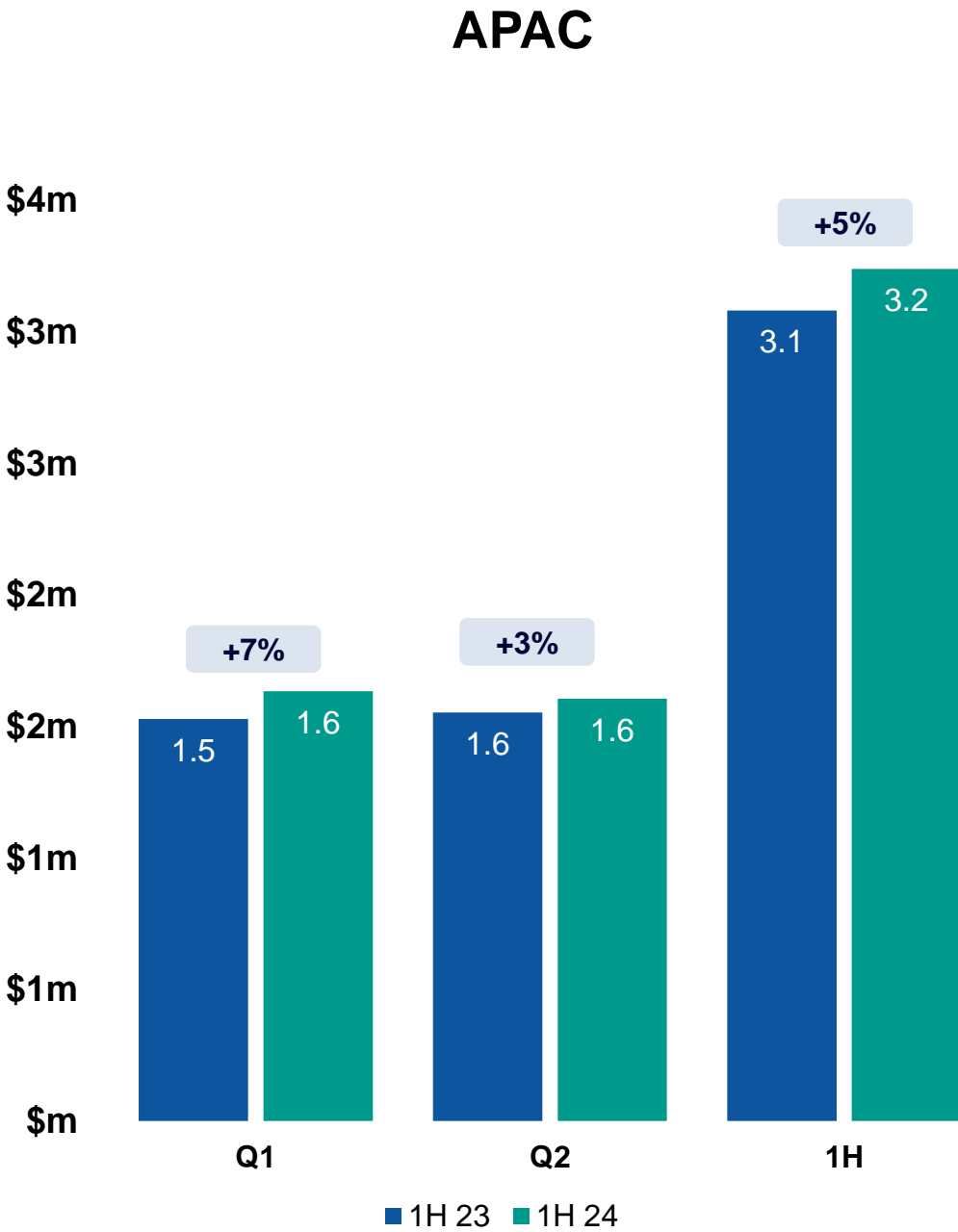
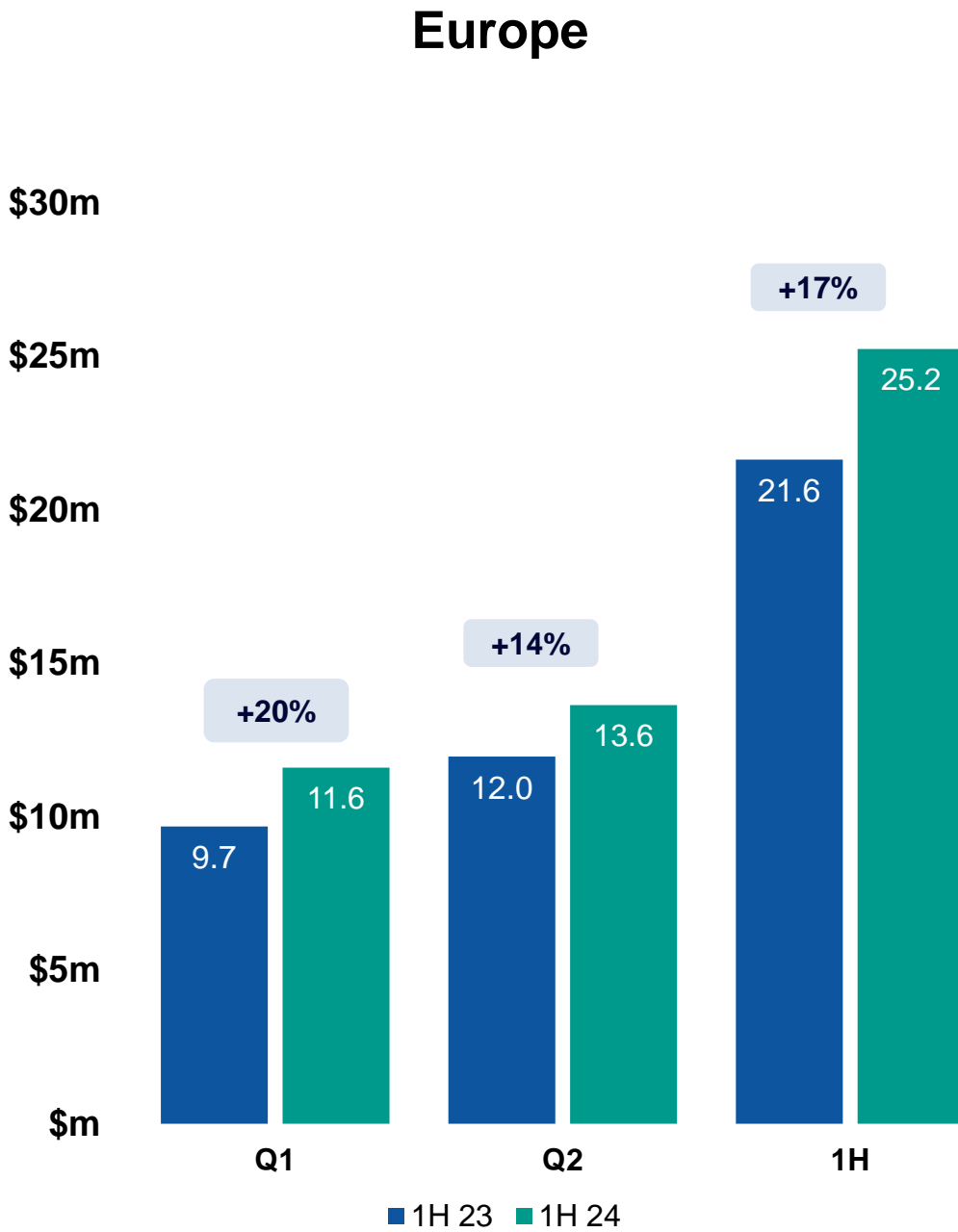
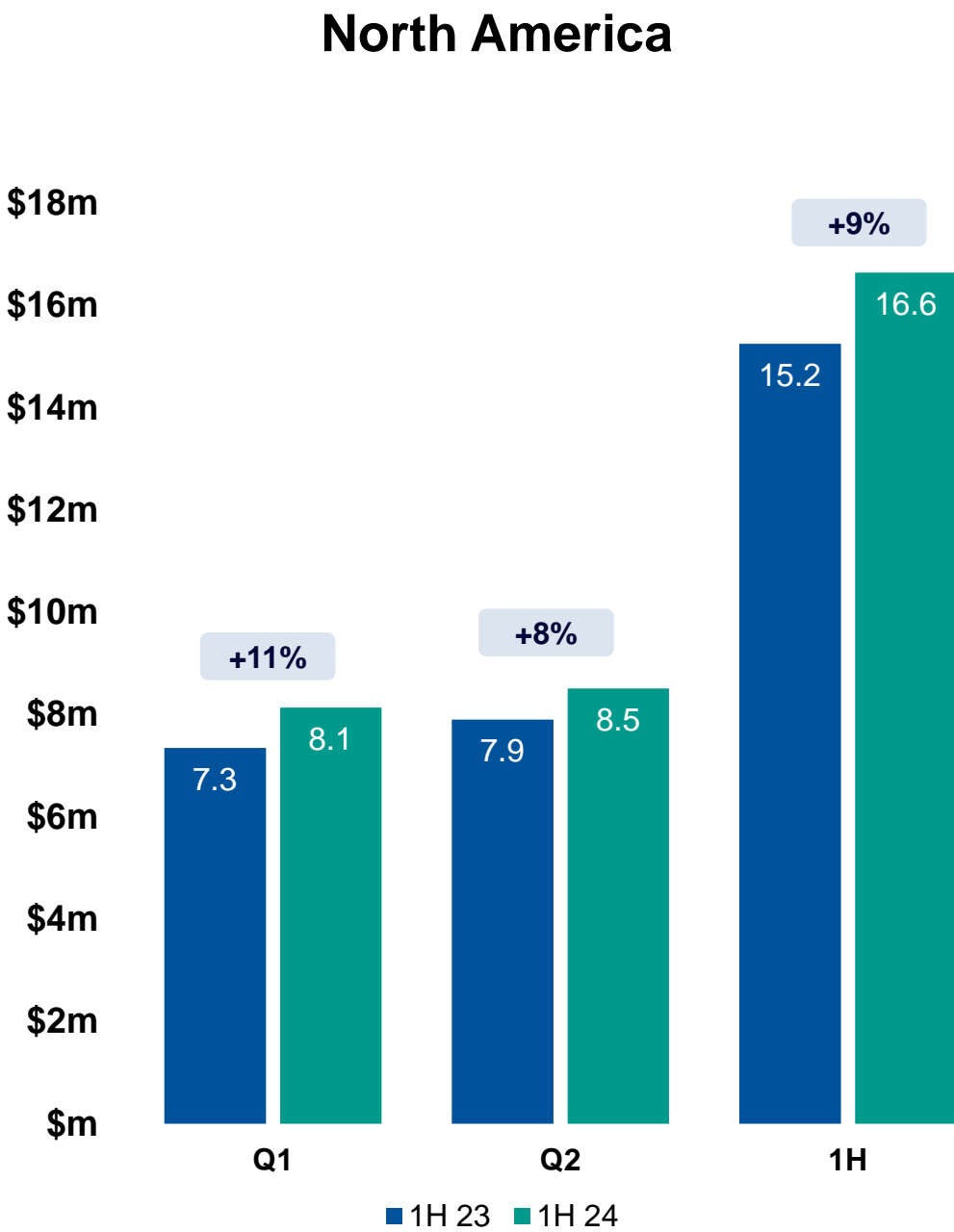
Financial information



Total group revenues



Total regional revenues

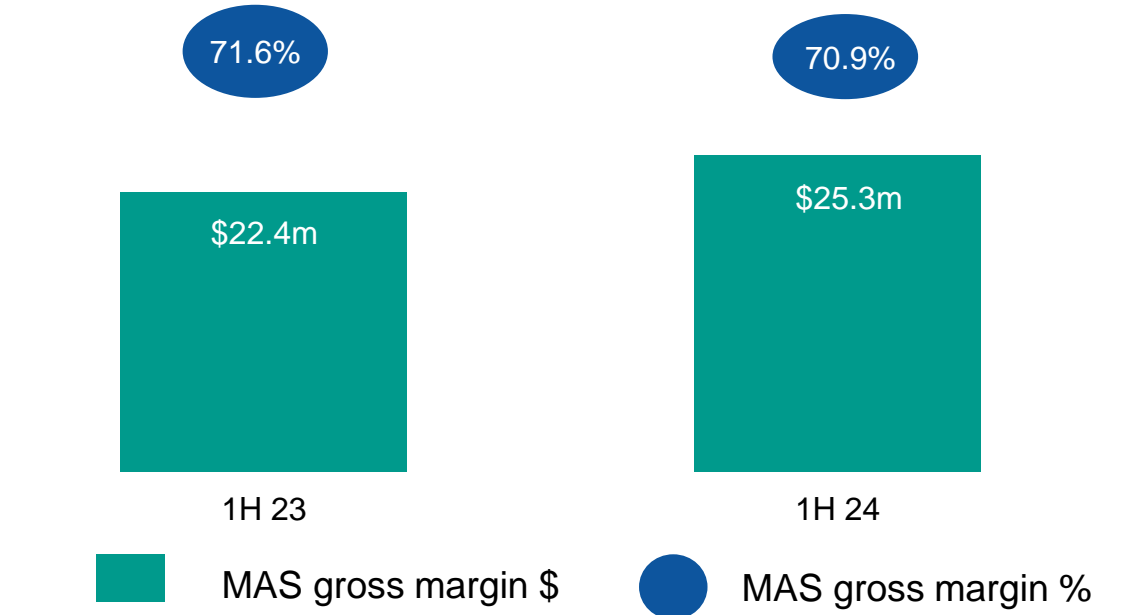


EBITDA¹ and margin analysis

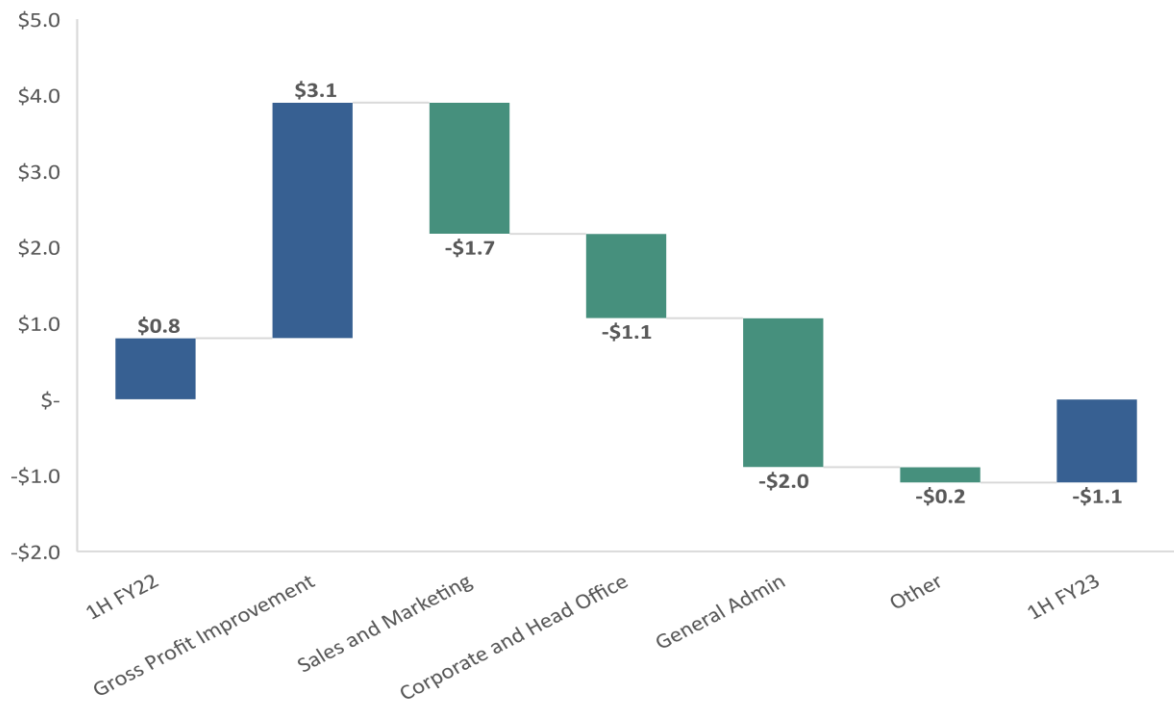
- Gross margin for 1H24 grew by \$3.1m vs 1H23 in line with the increase in revenue. The MAS product gross margin of 70.9% decreased marginally from 71.6% in 1H23, arising from lower average selling prices in USA in 2Q to partially counter the impact of manufacturing interruptions
- The increase in gross margin dollars was reinvested into:
 - Expansion of sales and marketing resources globally
 - Investment in R&D, strategic marketing teams, One Platform licences and IT infrastructure to support connected-device technology Rest Assure[®]
- Cost reduction program now underway to strengthen margins and improve profitability in 2H FY24 and FY25
- EBITDA¹ remains on track to meet the FY24 guidance of at least \$3m

¹ EBITDA does not include AASB 16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations

Product gross margin



EBITDA¹ Waterfall (\$m)



Profit and loss summary

A\$ m	1H FY24	1H FY23	%
Revenue	45.1	40.0	13%
Gross Margin	28.1	25.2	12%
Regional Sales & Marketing Expenses	(13.7)	(12.0)	14%
Regional Administrative Expenses	(8.6)	(6.7)	29%
Operating Profit (before corporate, research and business development)	5.8	6.5	-12%
Corporate and Head Office Expenses	(6.9)	(5.7)	19%
EBITDA¹	(1.1)	0.8	-236%

Regional Sales & Marketing Expenses:

- \$1.7m on sales & marketing effort to facilitate growth and support pre-launch of Rest Assure® (EUR \$1.2m ; USA \$0.5m)

Regional Administrative Expenses:

- Integration of previously outsourced Netherlands laboratory in-house
- New investments in legal & regulatory positions for European GDPR compliance
- Investment in upskilling manufacturing facility (incl. engineering & quality teams) capability to support launch of Rest Assure®

Corporate & Head Office Expenses:

- Investment in One Platform licenses and IT support/structure needed for connected-device technology Rest Assure®
- Regulatory compliance costs associated with Rest Assure® pre-launch

Key Metrics	1H FY24	1H FY23
MAS gross margin %	70.9%	71.6%
Group gross margin %	62.2%	63.0%

¹ EBITDA does not include AASB16 lease payments, 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 2023	Statutory 30 Jun 2023
Cash and cash equivalents	12.8	12.0
Inventories	4.8	4.1
Trade and other receivables	12.3	11.1
Plant and equipment	5.8	6.2
Goodwill & intangibles	18.8	19.0
Right of use asset (AASB16)	6.2	6.5
Deferred tax assets	2.9	3.3
Other assets	0.3	0.3
Total Assets	63.9	62.5
Payables	11.3	12.2
Borrowings - Commercial	10.7	15.3
Borrowings - Governments	1.3	1.4
Provisions	3.8	3.9
Income tax payable	0.3	0.5
Lease Liability (AASB16)	6.6	6.8
Total Liabilities	34.0	40.1
Net Assets	29.9	22.4
Net Cash/(Debt)	0.9	(4.7)

Statement of cash flows

A\$m	Statutory 31 Dec 2023	Statutory 30 Jun 2023
EBITDA⁽¹⁾	(1.1)	2.1
Movement in working capital & other non-cash	(1.7)	(2.3)
Tax paid	(0.7)	(1.9)
Net finance costs paid	(1.1)	(1.8)
Operating cash flow	(4.6)	(3.9)
Payments for intangible assets	(1.7)	(3.3)
Payments for property, plant and equipment	(0.5)	(3.1)
Investing cash flow	(2.2)	(6.4)
Proceeds from issue of shares	14.6	-
Borrowings/Repayment of borrowings)	(5.1)	9.1
AASB16 leased asset payment	(1.2)	(2.5)
Exchange rate adjustments	(0.6)	-
Financing cash flow	7.7	6.6
Net cash flow	0.9	(3.7)

Cashflow from Operating activities:

- \$(4.6)m for 1H: improved to \$(0.3)m for 2Q from \$(4.3)m in 1Q
- Increase in finance costs paid in 1H FY24 resulting from significant increase in interest rates
- Improvement in finance costs expected in 2H following \$5m partial debt repayment in 2Q

Cashflow from Investing activities:

- \$1.4m Rest Assure® development
- \$0.3m on systems development to support Rest Assure® including eCommerce platform, CRM, and business intelligence module

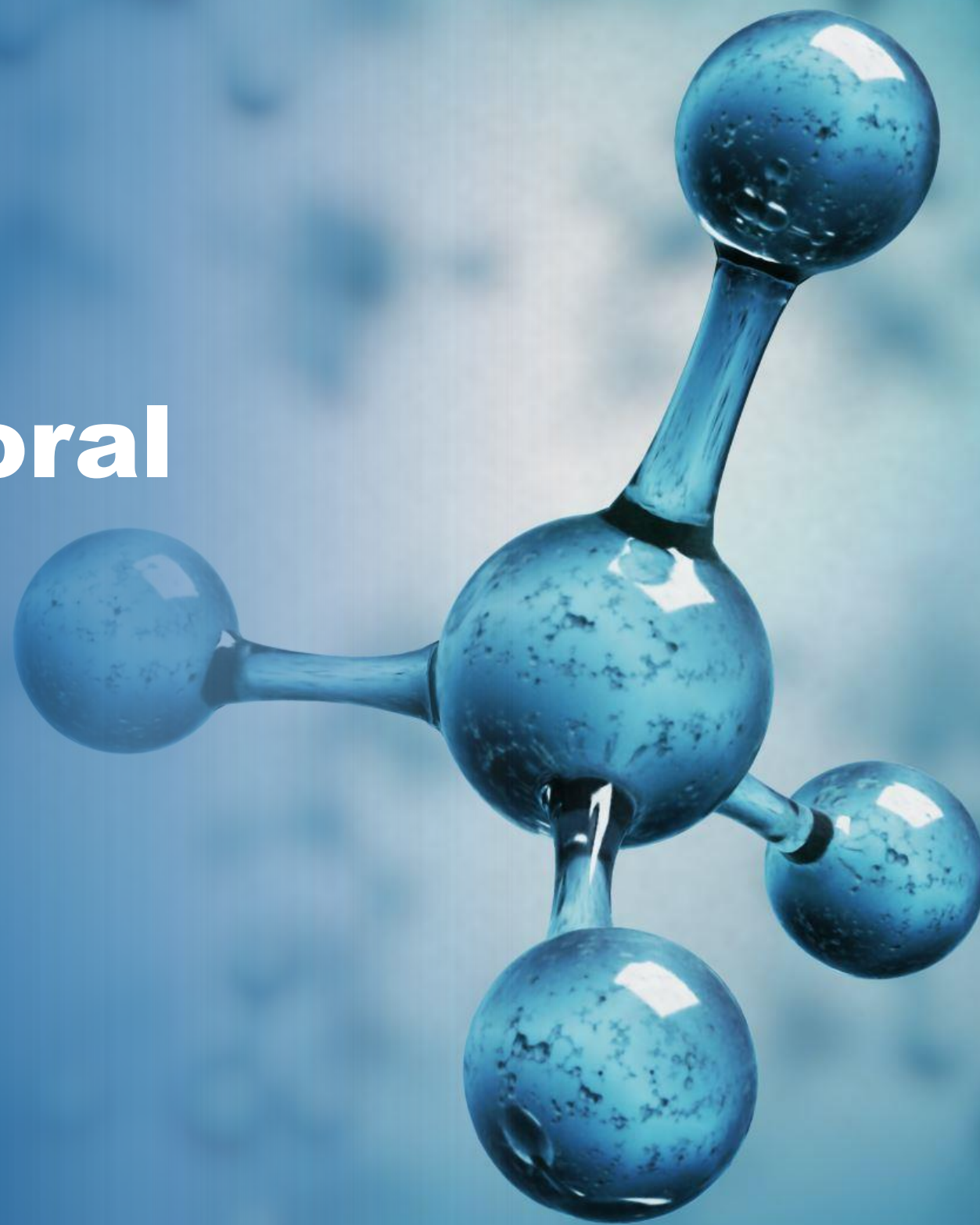
Cashflow from Financing activities:

- Capital raising of \$14.6m (net of equity raising costs) successfully completed in September 2023
- \$5m repayment of debt

¹ EBITDA does not include AASB16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations

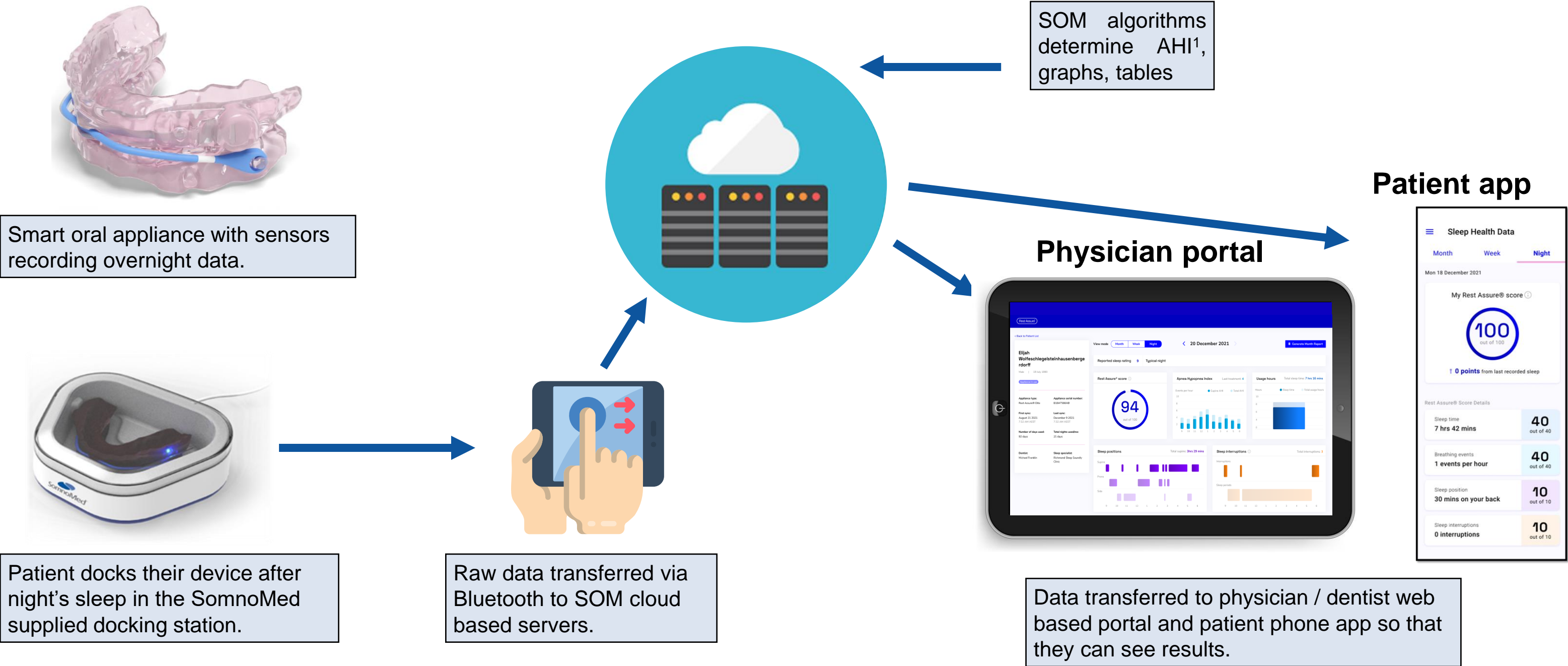
Rest Assure®

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



Rest Assure[®] technology – how does it work?

Smart oral appliance and cloud based infrastructure



¹ Apnea Hypopnea Index (AHI), an Index used to indicate the severity of sleep apnea represented by the number of apnea events per hour of sleep

Rest Assure[®] commercial readiness

SomnoMed's extensive testing and operational readiness activities are de-risking the commercial rollout of Rest Assure[®]

Delivered in FY22:

- ✓ Patent strategy was finalised
- ✓ Completion of second patient validation study
- ✓ Finalised design of docking station and sensor package
- ✓ FDA pre-submission completed
- ✓ Created brand name "Rest Assure"[®]

Delivered in FY23:

- ✓ First production run of 400+ devices for testing
- ✓ Completion of Rest Assure[®] patient app and HCP portal
- ✓ Completed usability testing with patients
- ✓ Completed 300 internal tests to determine safety, functionality and durability
- ✓ Key components secured for commercial production
- ✓ Launch plans and initial marketing materials developed

FY24 focus:

- ❑ **US 510K regulatory filing was submitted for FDA clearance and has now progressed to substantive review phase**
- ❑ Finalising manufacturing processes and validation as required by ISO13485
- ❑ Additional resources have been allocated to manufacturing to improve capacity
- ❑ Training of production teams to support launch of Rest Assure[®]

Future Outlook



Investing in Direct-to-Patient marketing

One-platform technology and marketing teams driving patient engagement



Dear Shane,

You recently took the ESS Test and your score was more than 11. This indicates 'excessive daytime sleepiness' and suggests you should investigate your situation further.

This email in our educational series outlines what oral devices are, how they work and why SomnoMed's oral devices can be the most effective solution for OSA. We end with the next steps you can take to get a diagnosis.



What is an oral device?

Oral devices or mandibular advancement splints (MAS) are mouthguard like devices that move the lower jaw forward. This movement opens the airway and reduces apnea occurrence while sleeping.

Studies have shown MAS has similar outcomes to CPAP due to better compliance (people use the device for longer periods). The higher compliance is due to the comfort, ease of use, and lower device maintenance.

Matching patients with local dentists:

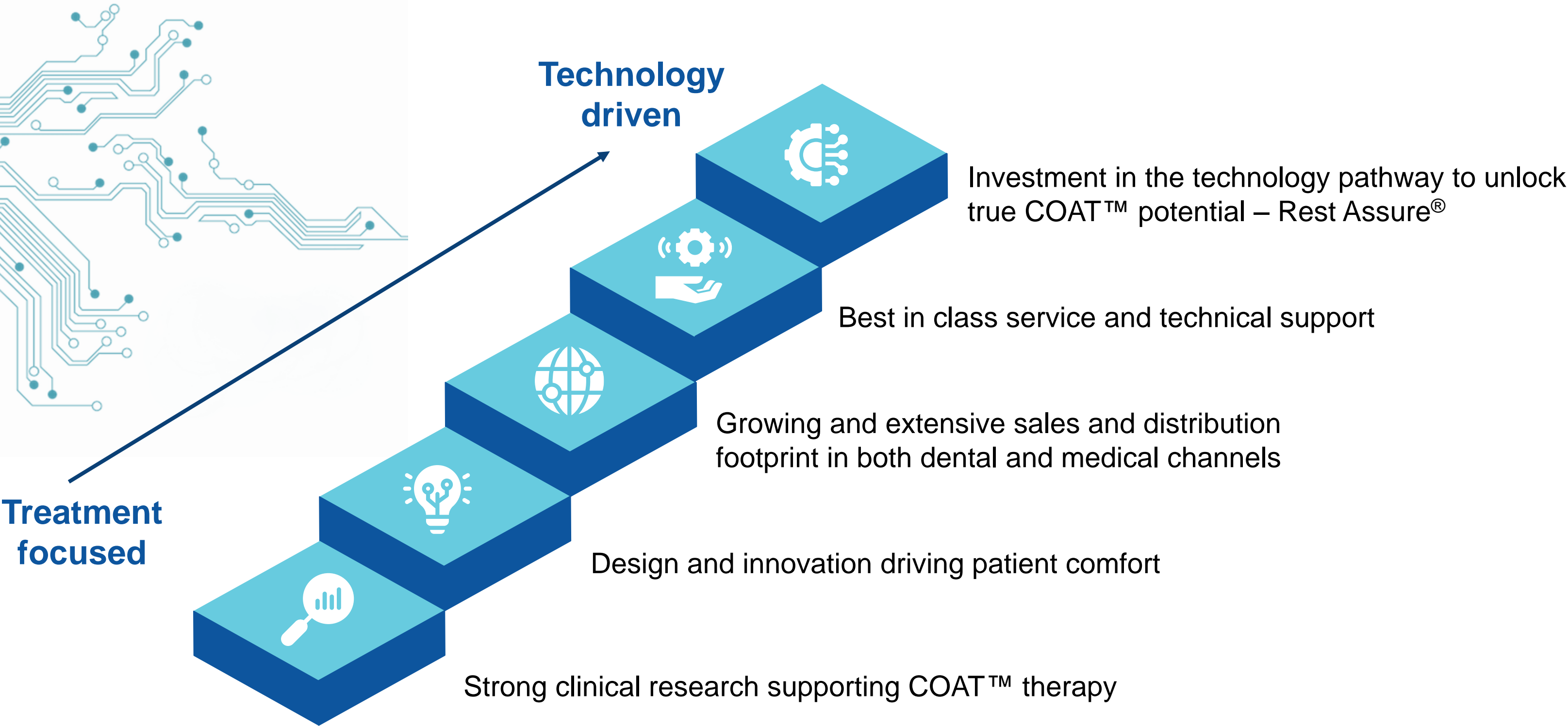
- OSA sufferers click the “Find a Provider” (“FAP”) button on somnomed.com¹
- Patient receives targeted education on oral appliances based on diagnosis and knowledge of COAT
- Patients who are ready to get an oral appliance can get contact details for dentists who offer SOM products in their local area
- Try for yourself:
<https://somnomed.com/au/patients/find-a-dental-sleep-medicine-expert/>

Results:

- **10%** of patients clicking FAP link in Australia purchase an oral appliance from SOM in **~40 days**
- Conversion rate lower and time to sale longer in US due to insurance
- Increased loyalty from dentists to SOM
- Facebook campaigns show patients are looking for alternatives to CPAP
- Automated, cost effective, scalable patient education for COAT
- Reduces leakage/delay in the patient pathway - easier for patients to get COAT

¹ Currently only offered in USA and Australia / NZ

Positioned for future growth



Strategic growth outlook

Advance the acceptance and adoption of technology enabled OAT solution for OSA patients

FY24 Guidance	Operational Initiatives	Strategic Objectives	FY2027 aspiration ²
<ul style="list-style-type: none">Revenue growth of at least 12%EBITDA¹ of at least \$3mCAPEX investment of \$5m, of which technology innovation spend expected to be c.\$3m	<ul style="list-style-type: none">Drive medical initiative referral programExecute on planned sales and marketing programs globallyLaunch Rest Assure® into approved marketsSecure supply chain and mitigate negative impact of inflation and cost pressures with full implementation of cost reduction program	<ul style="list-style-type: none">Remain patient centric and multidisciplinary in approachExecute on “treatment focused / technology driven”Build a long-term sustainable medical device company	<ul style="list-style-type: none">Over 1.5 million patients treated>20% CAGR revenueStable product gross marginTarget EBITDA¹ margin ~10% of total revenueRobust and capital efficient balance sheet

September 2023 funding coupled with cost out initiatives to drive efficient growth and achieve medium-term strategic aspirations

¹ EBITDA does not include AASB16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations
² All statements in relation to future revenue, margins, EBITDA aspirations are based on management estimates and reflect management’s internal goals and should not be taken as forecasts or guidance in any way. There is no representation being made that these aspirations will be realised. Stated aspirations are indicative and based on a range of assumptions that are subject to numerous risks and uncertainties



For further information please contact:

Corporate

Ms Karen Borg
Joint CEO SomnoMed
+61 437 260 284

Ms Amrita Blickstead
Joint CEO SomnoMed
+61 422 239 242

Mr Darren Collins
CFO SomnoMed
+61 439 544 996