



Investor Presentation

Full Year 2023 Results and Capital Raising

August 2023

**Treatment focused.
Technology driven.**

SomnoMed's vision and mission

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

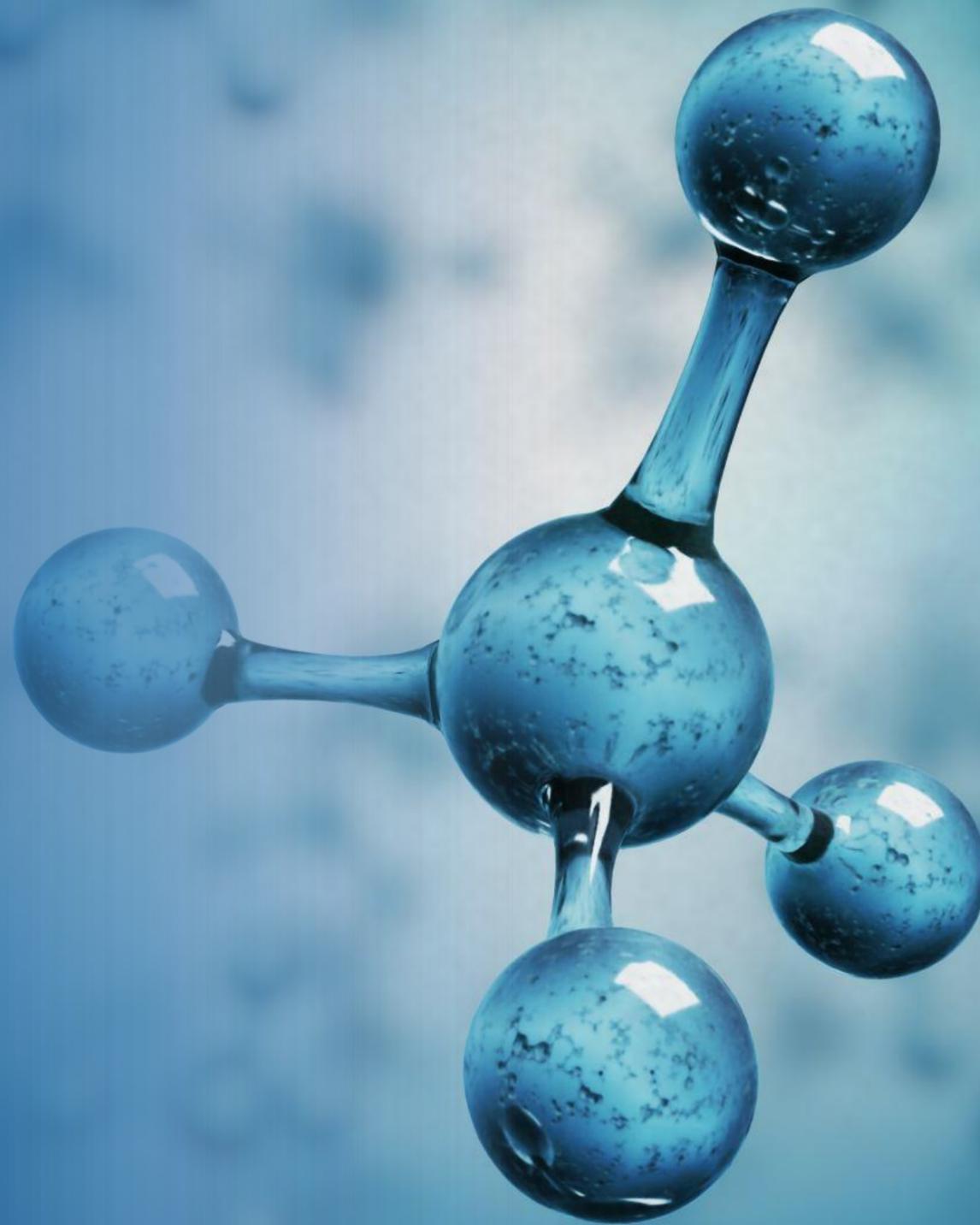
Our mission is to advance the adoption, acceptance and treatment of oral sleep apnea therapies by medical specialists, dentists, patients and insurers



Agenda

1. FY23 highlights
2. Rest Assure[®] connected technology
3. Financial information
4. Strategic outlook
5. Capital raising

FY23 highlights



FY23 financial highlights¹

Total revenue

A\$83.6m²

+15% vs FY22 and in line with revised guidance

North America

+22% vs FY22

Europe²

+12% vs FY22

APAC

+13% vs FY22

EBITDA³

A\$2.1m

Increased product gross margin to 72%

EBITDA³ in-line with guidance despite investment for future growth

Investments include new technology initiatives and increased sales & marketing activities

Cash

A\$12.0m

30 June 2023

Drawn debt of \$17.6 million as at 30 June 2023

¹ All FY23 financial information provided in this presentation is unaudited, and derived from the preliminary FY23 financial results lodged with ASX

² Excludes HIC (Health Care Companies) Revenue which is associated with allowances received in the Netherlands which compensates SOM for a portion of lost managed care income in the country due to COVID-19

³ EBITDA does not include AASB16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations

FY23 strategic & operational highlights

- Developed all Rest Assure® validation and verification testing for a 510k FDA regulatory filing in the United States
- Continued to invest in technical engineering and software teams to be ready to manufacture and commercialise Rest Assure® once approvals are granted
- Significant cost control measures implemented across the business, including a recent headcount freeze in all regions except for manufacturing
- Implemented improved sales measurement and tracking systems, BI tools and enhanced customer ordering platforms
- SomnoDent® Avant with proprietary BFlex technology presented by US based Clayton Sleep Institute at SLEEP 2023 Conference in June. Study suggests that when both efficacy (AHI) and compliance (usage) are considered, SomnoDent® Avant therapy is a clinically effective tool to treat mild to moderate OSA patients¹
- Created SOMAcademy as a unique and differentiated education & learning opportunity (both physical and online) for dental and medical communities
- Participated in numerous sleep medicine conferences throughout the year across both Europe and the US. Received widespread acknowledgement of SomnoMed's leadership position in the oral appliance field and validation for future connected technology pathway

¹ Study showed a statistically significant improvement with the average patient wearing SomnoDent® Avant for ~7 hours per night with a reduction in the Apnea Hypopnea Index ("AHI") from 16.4 events/hour to 5.8 events/hour after three months of use.

Capital raising to accelerate growth and support balance sheet strength

<p>Capital raising to support growth and balance sheet quality</p>	<ul style="list-style-type: none"> Fully underwritten capital raising of A\$15.5 million which comprises: <ul style="list-style-type: none"> An institutional placement (“Placement”) to raise approximately A\$2.5 million A pro rata accelerated non-renounceable 1 for 3.82 entitlement offer (“Entitlement Offer”) to raise approximately A\$13.0 million The Offer will be conducted at a fixed price of A\$0.60 per New Share, which represents a: <ul style="list-style-type: none"> 16.9% discount to the TERP¹ of A\$0.722 based on the closing price of SomnoMed shares on 30 August 2023 21.1% discount to the last close price of A\$0.760 on 30 August 2023 21.5% discount to the 3-day VWAP² of A\$0.764 up to and including 30 August 2023
<p>Funding of global Rest Assure® launch and growth initiatives</p>	<ul style="list-style-type: none"> Investment in organic growth, including: <ul style="list-style-type: none"> Marketing and sales initiatives, in particular in North America and Europe Continuing product technology innovations Working capital to support growth First Rest Assure® sales expected in Q2 FY24 in Europe and Canada Rest Assure® sales in US post clearance by FDA (estimated Q4 FY24) Cost base to be increased conservatively and incrementally in-line with market approvals and commercialisation opportunities globally
<p>Debt reduction and renegotiated facility terms</p>	<ul style="list-style-type: none"> Capital raising to enable \$5m reduction of Epsilon Direct Lending (“EDL”) facility and establishment of more favourable lending covenants (refer to page 26 for more details) Balance sheet enhancement to set the business up for success leading up to and post commercial launch of Rest Assure®
<p>Strategic growth outlook</p>	<ul style="list-style-type: none"> Significant addressable market with >900 million individuals suffering from obstructive sleep apnea globally Material investment to date in a technology-enabled and world-leading platform leaves SomnoMed well positioned to achieve substantial global growth with its connected oral appliance therapy solution Capital raising provides SomnoMed the balance sheet strength and growth funding to support its medium-term growth aspirations

Note: 1. The theoretical ex-rights price (“TERP”) is a theoretical price at which SomnoMed shares trade immediately after the ex-date for the Entitlement Offer. TERP is calculated by reference to SomnoMed closing price of A\$0.760 on 30 August 2023. TERP is a theoretical calculation only and the actual price at which SomnoMed shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. 2. Volume-weighted average price.

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 \$3m• CAPEX investment of \$5m, of which technology innovation spend expected to be c.\$3m	<ul style="list-style-type: none">• Drive medical initiative referral program• Execute on planned sales and marketing programs globally• Launch Rest Assure® into approved markets• Secure supply chain and mitigate negative impact of inflation and cost pressures	<ul style="list-style-type: none">• Remain patient centric and multidisciplinary in approach• Execute 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 revenue• Stable product gross margin• Target EBITDA¹ margin ~10% of total revenue• Robust and capital efficient balance sheet

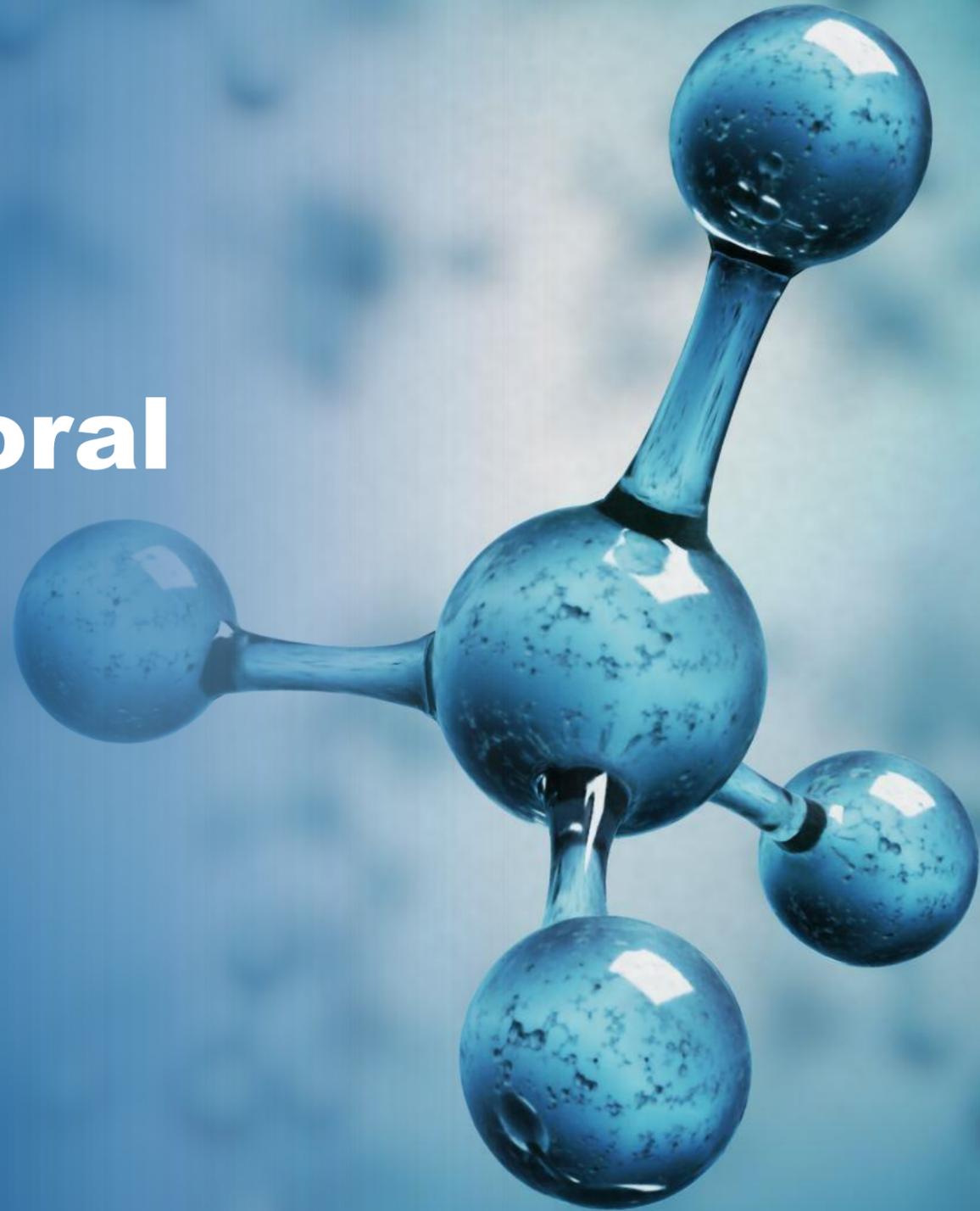
Capital raising provides the balance sheet and growth funding to support medium-term growth aspirations

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, some of which are outlined in the 'Key Risks' section of this presentation. See the Important Notices and Disclaimer on pages 35 and 36

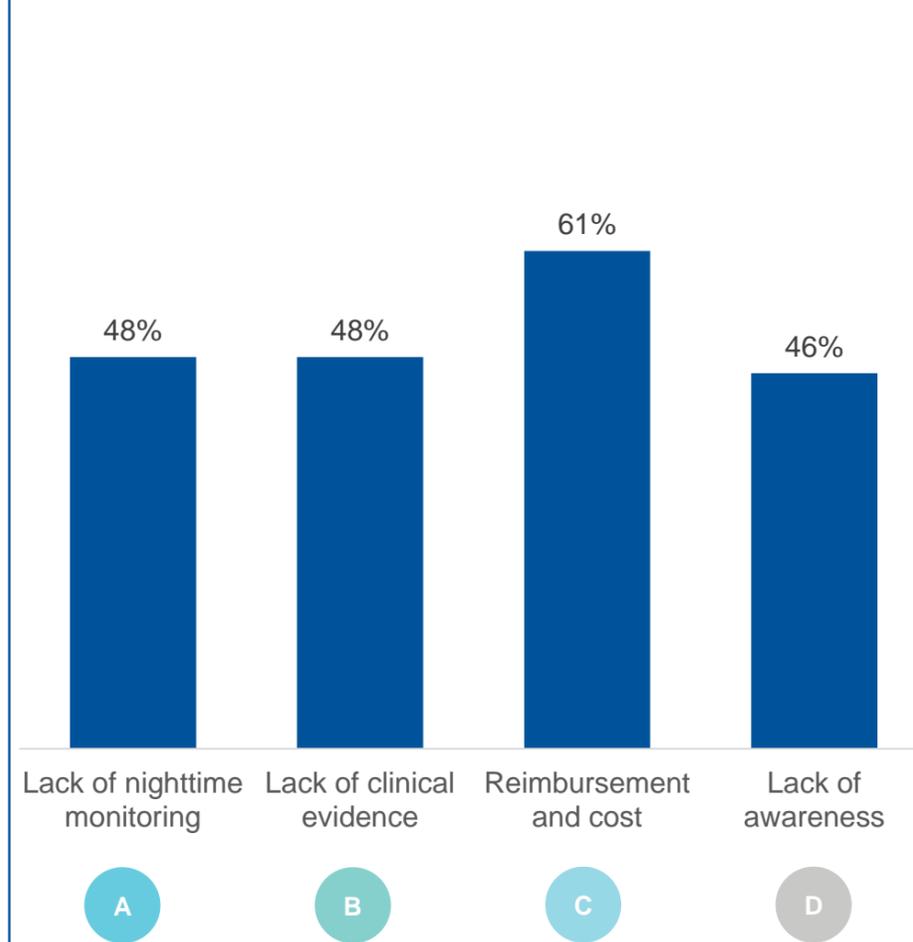
Rest Assure[®]

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



What are the barriers to prescription for OAT?

Key barriers to prescribing OAT



Source: 2019 MedSurvey Market Research commissioned by SomnoMed

A Lack of night-time monitoring

- Currently physicians don't know if a patient is wearing their oral appliance device or if it's effectively treating the patient's OSA
- Patients, physicians and dentists have never had the ability to track OAT efficacy and compliance over time i.e., nightly as well as long-term effectiveness

B Lack of clinical evidence

- Clinical evidence supporting OAT is based on small patient population studies
- Currently there is very limited real-world data that proves the effectiveness of OAT

C Reimbursement and cost

- More evidence is required to prove that OAT improves health outcomes and reduces indirect health costs
- Currently OAT does not provide a mechanism for physicians to get reimbursed for remote patient monitoring and ongoing care

D Lack of awareness

- Physicians don't know dentists to refer patients to for OAT delivery
- Patients are not aware that OAT is a suitable treatment option
- Dentists do not know how to build their patient base and then conduct and get paid for OAT scanning and fitting

Rest Assure® - all night, every night data for OAT

Rest Assure®

SomnoMed's technology enabled oral appliance:

- Enables patients, physicians and sleep dentists to better understand and monitor the efficacy and compliance of their treatment with OAT.
- Allows physicians and sleep dentists to collaborate to improve patient care using Rest Assure® data.

Addressing a key difference to CPAP

Oral appliances have lacked overnight monitoring, unlike CPAP, leading to:

- Lower acceptance and adoption of OAT
- Lower reimbursement for OAT over a 5-year period
- Lower utilisation of OAT in patient groups where monitoring is required

Utilising industry first technology

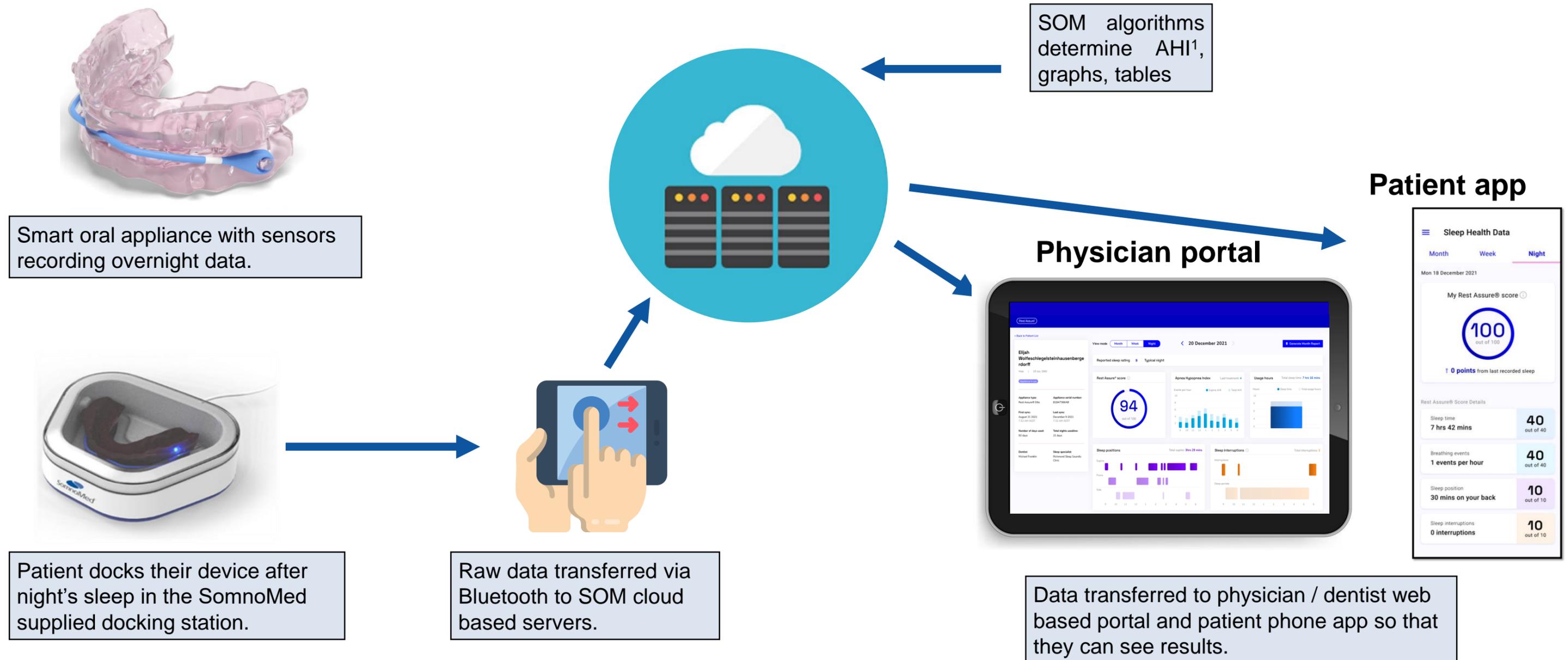
- Sensors determine in-mouth efficacy and compliance for SomnoMed's milled oral appliances
- The Rest Assure® patient mobile app that enables patients to monitor and engage with their own therapy
- The Rest Assure® web-based portal for physicians and dentists to review treatment enables a multi-disciplinary team approach to patient care.

Delivering data and commercial benefits

- Assurance for patients that their treatment is working
- Validation that Rest Assure® can provide therapy for mild and moderate OSA that is equivalent to CPAP
- Increased confidence for physicians to prescribe Rest Assure®, leading to greater adoption of OAT
- Opportunity to apply for higher reimbursement for Rest Assure® based on data of actual users.

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
- Reports and documents completed for US FDA 510K submission

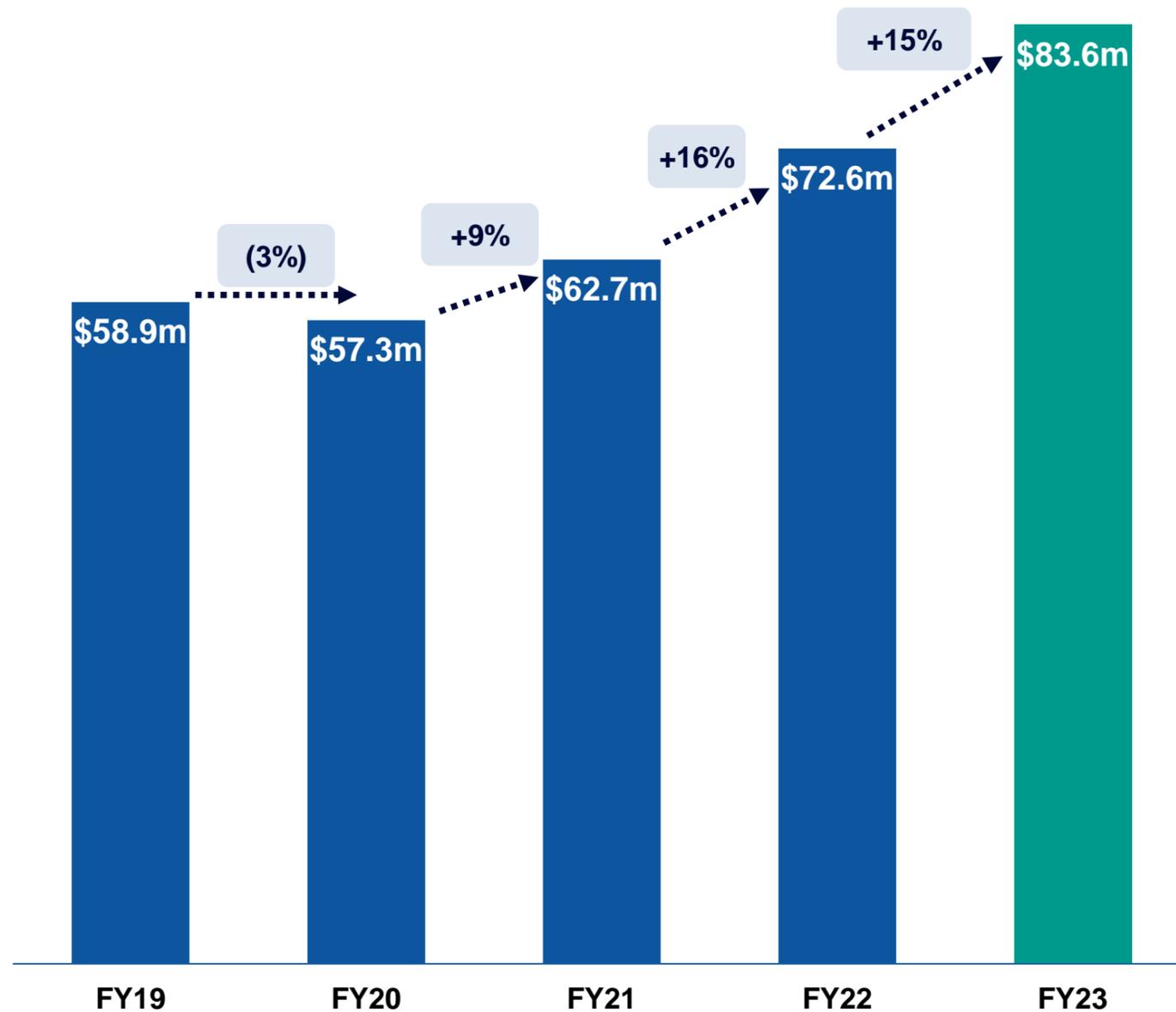
FY24 focus:

- US FDA 510K submission
- Finalising manufacturing processes and training of production teams
- Validating manufacturing processes as required by ISO13485
- Deployment of cloud-based servers
- Completing Rest Assure marketing and training materials
- EU sales and customer service training Q1 FY24
- First sales expected in Q2 FY24 in Europe and Canada
- Sales in US post clearance by FDA (estimated Q4 FY24)

Financial information

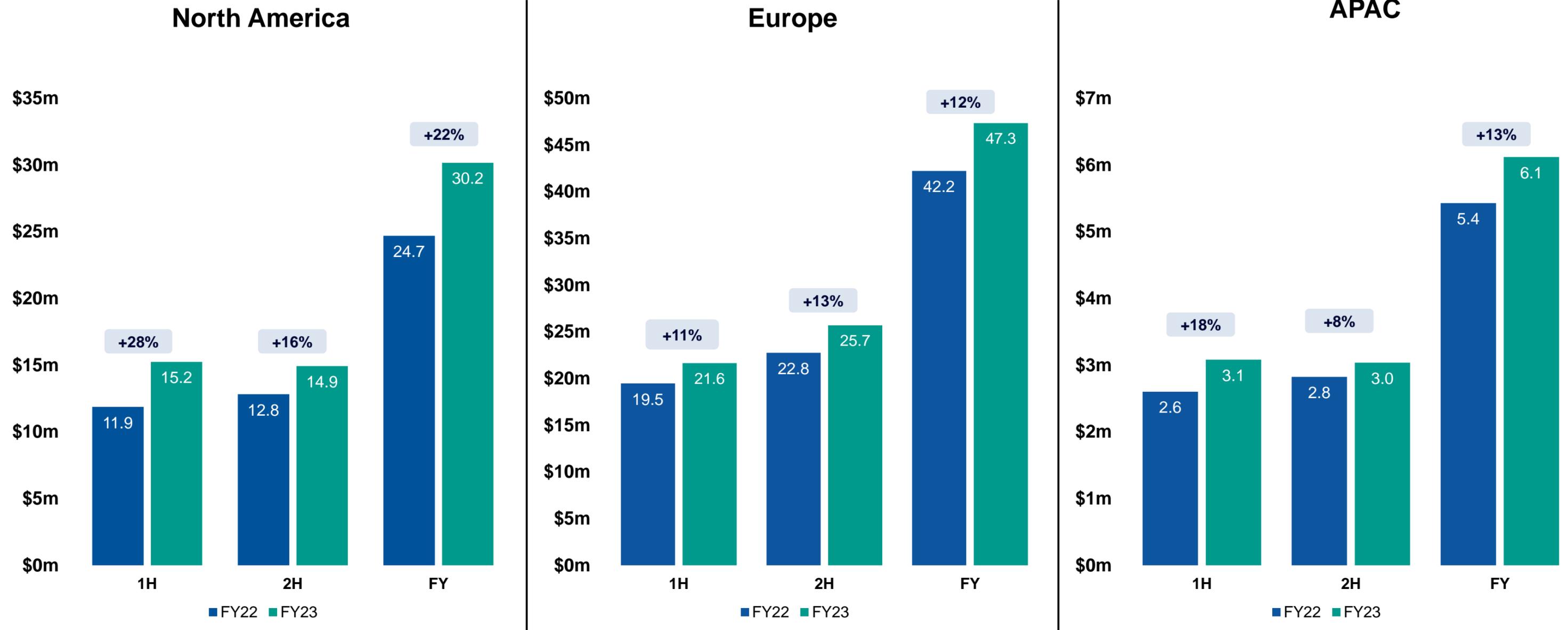


Solid growth profile despite tough trading conditions



- Solid revenue recovery out of COVID-19 pandemic with 13% CAGR since FY20
- Total patients treated now exceeds 810,000, up 43% from 565,000 in 2020
- Revenue and patient growth reflective of the increasing acceptance of OAT and leading brand presence of SomnoMed amongst sleep physicians and dental clinicians
- Expanded sales and marketing footprint in all regions
- SOMAcademy impact in on-boarding new, educated and trained dental partners in sleep medicine
- Managed care revenue growth of +14% over FY22 (+11% constant currency)
- Guiding to at least +12% revenue growth in FY24

Total regional revenues

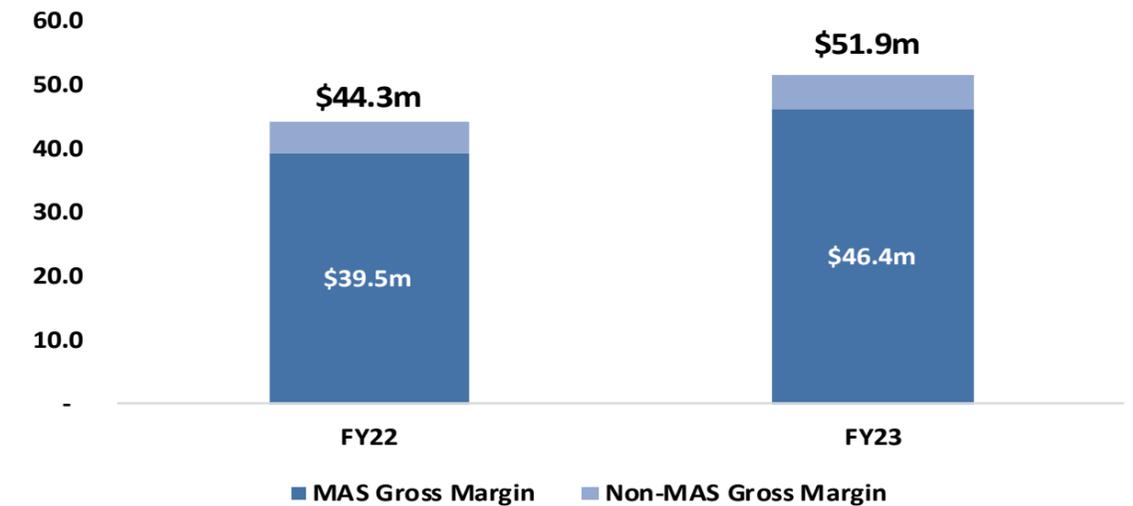


EBITDA¹ and margin analysis

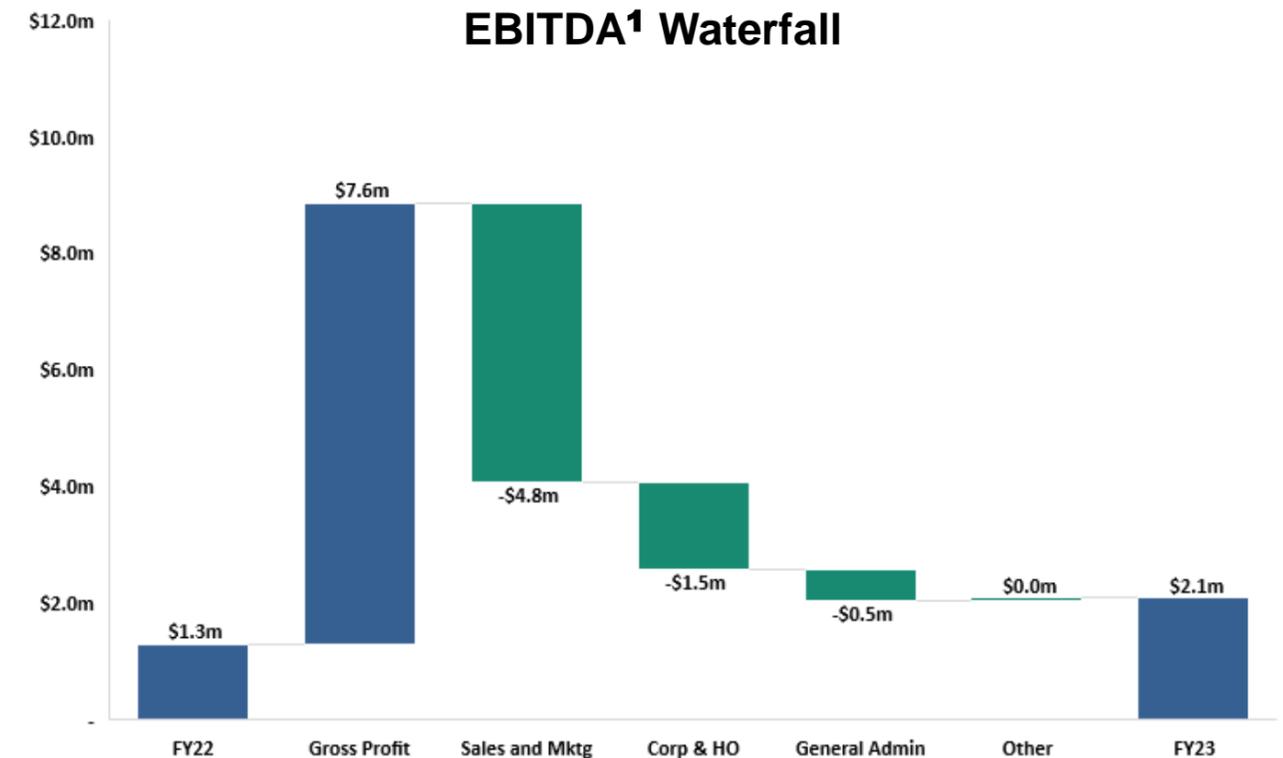
- EBITDA¹ of \$2.1m in line with guidance
- Gross margin grew by \$7.6m vs FY22, reflecting increased revenues driven by regional growth initiatives
- The MAS product gross margin of 72% increased by 120 basis points from FY22, due to ongoing production efficiencies and favorable product mix
- Primary areas into which the increased gross margin was reinvested include:
 - Expansion of global sales and marketing resources
 - Investment in R&D, strategic marketing teams, One Platform licences and IT infrastructure to support in-device technology prior to launch
 - Increase in medically targeted advertising and communications

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

Group Gross Margins



EBITDA¹ Waterfall



Profit and loss summary

A\$m	FY23	FY22	% change
Revenue	83.6	72.6	+15%
Gross margin	51.9	44.3	+17%
Regional sales & marketing expenses	(24.5)	(19.7)	+24%
Regional administrative expenses	(13.1)	(12.6)	+4%
Operating profit (before corporate, research and business development)	14.3	11.9	+20%
Corporate & head office expenses	(12.2)	(10.9)	+12%
<i>Government assistance</i>	-	0.3	
EBITDA¹	2.1	1.3	+62%

Regional Sales & Marketing Expenses including:

- \$3.4m on sales and marketing resources to facilitate the pre-launch of Rest Assure® and drive organic growth
- \$1.4m in face-to-face travel and medically targeted advertising and communications, including supporting Rest Assure® pre-launch activities

Key metrics	FY23	FY22
MAS gross margin %	71.5%	70.3%
Group gross margin	62.1%	61.0%

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

Cash flow summary

Statement of cash flows

A\$m	Statutory 30 Jun 2023	Statutory 30 Jun 2022
EBITDA⁽¹⁾	2.1	1.3
Movement in working capital & other non-cash	(2.3)	1.7
Tax paid	(1.9)	(0.7)
Net finance costs paid	(1.8)	(0.4)
Operating cash flows	(3.9)	1.9
Payments for intangible assets	(3.3)	(7.8)
Payments for property, plant and equipment	(3.1)	(1.0)
Free cash flow	(10.3)	(6.9)
Proceeds from issue of shares	-	-
Proceeds from term deposits	-	0.3
Borrowings / (repayment of borrowings)	9.1	4.5
AASB16 leased asset payment	(2.5)	(2.5)
Exchange rate adjustments	(0.0)	(0.9)
Financing cash flows	6.6	1.4
Net cash flow	(3.7)	(5.5)

Operating Activities:

- \$1.5m interest on \$16m fully drawn loan from Epsilon Direct Lending to reduce in FY24 as facility partially repaid by offer proceeds

Payments for PP&E and Intangibles including:

- -\$2.5m Rest Assure®
- -\$1.2m systems implementation to support Rest Assure® including eCommerce platform, CRM, and BI module
- -\$1.8m investment in manufacturing facility and laboratory

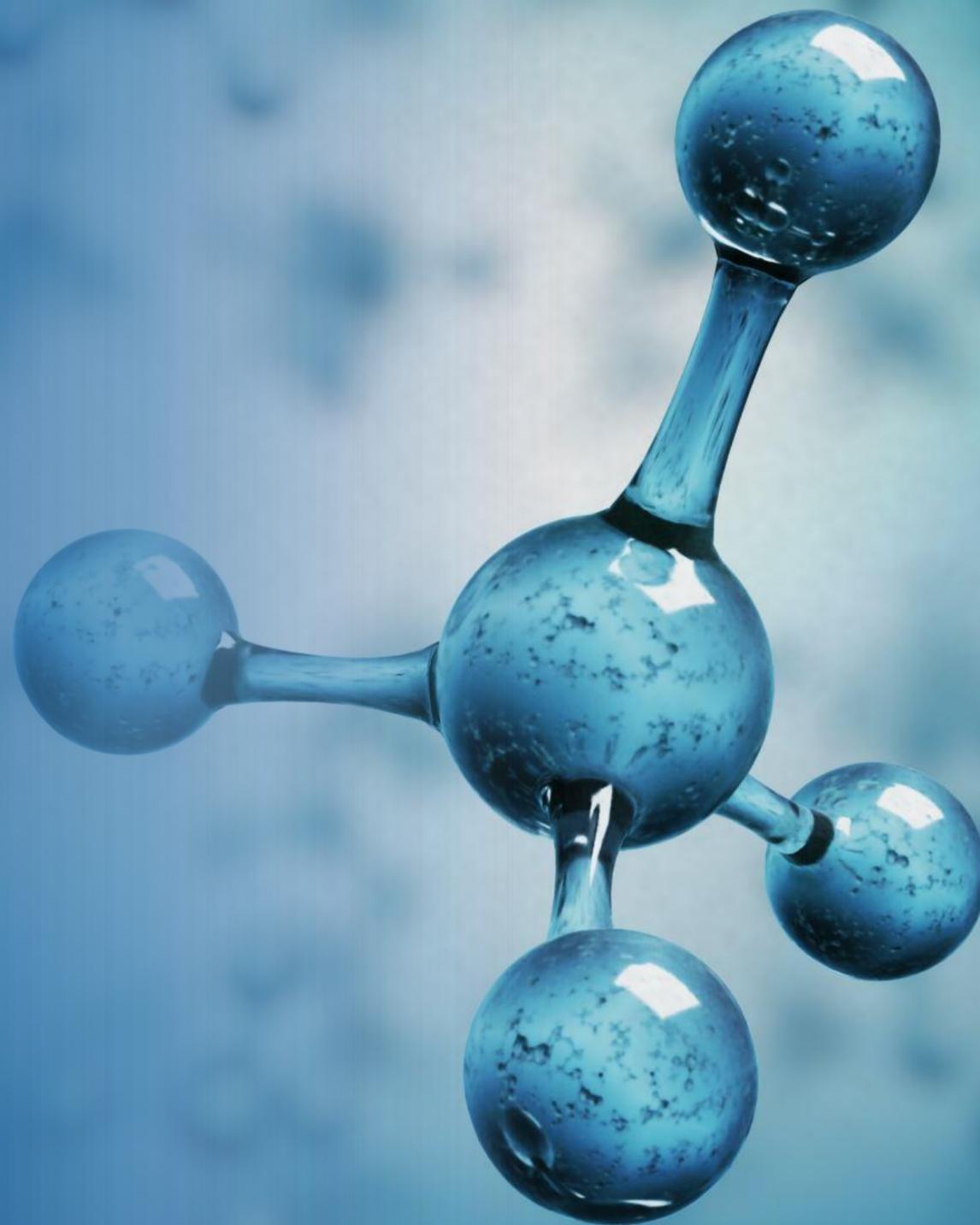
Borrowings:

- +\$16m fully drawn loan from Epsilon Direct Lending in Q2 FY23
- -\$4.5m repayment of HSBC facility and -\$1.1m Europe government loans
- -\$1.3m borrowing costs

*Prior to impact of Offer (ref. page 26)

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

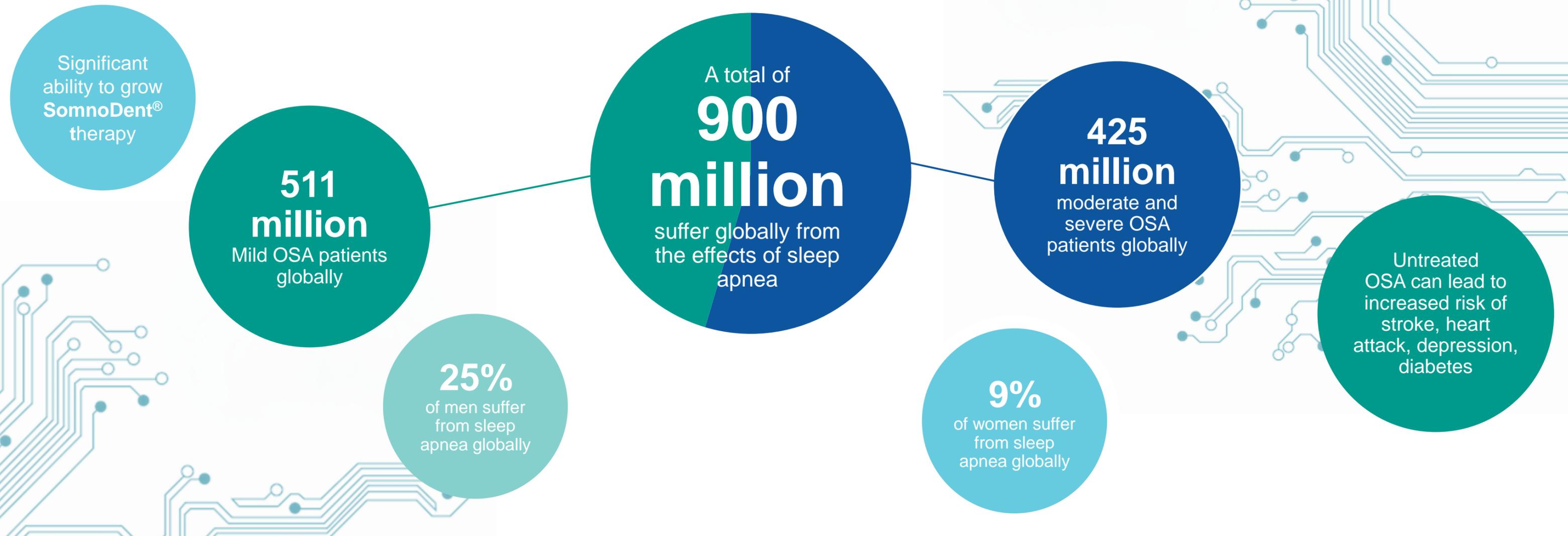
Strategic Outlook



Significant addressable markets globally

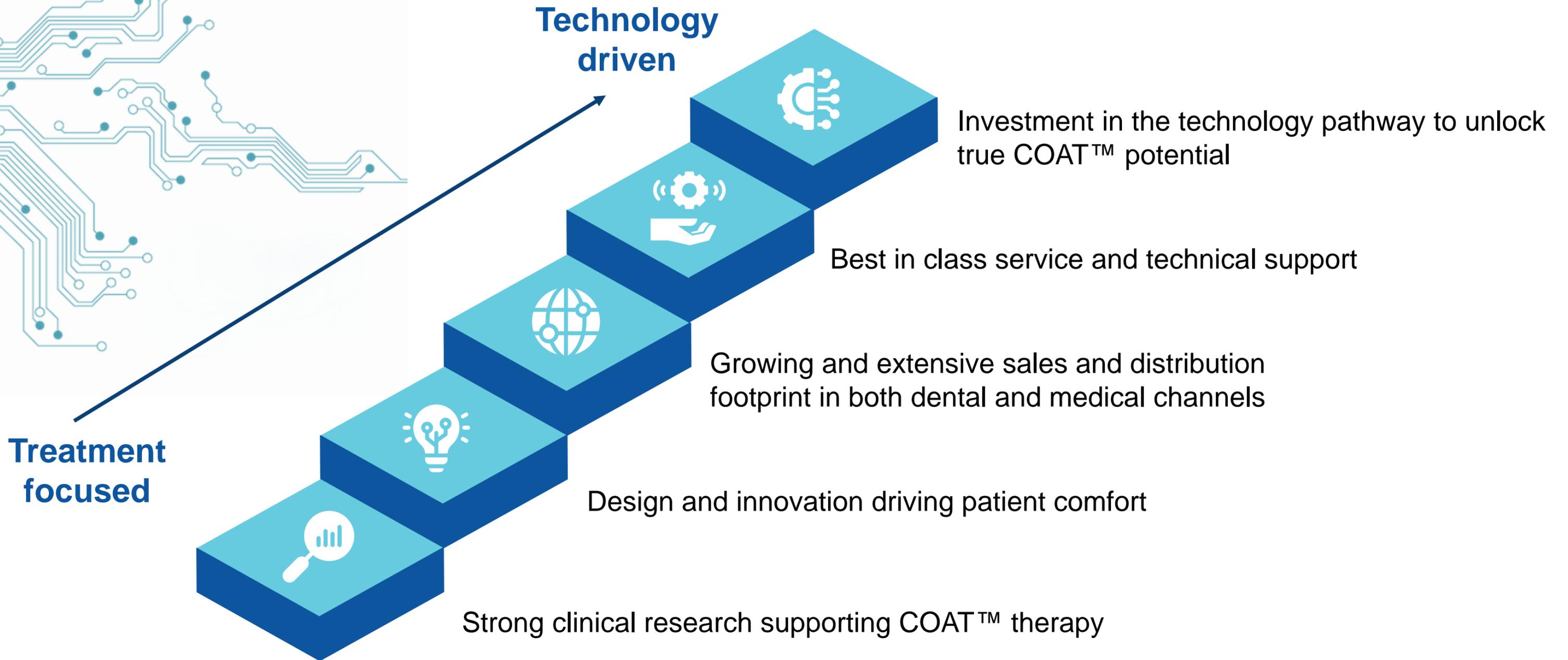
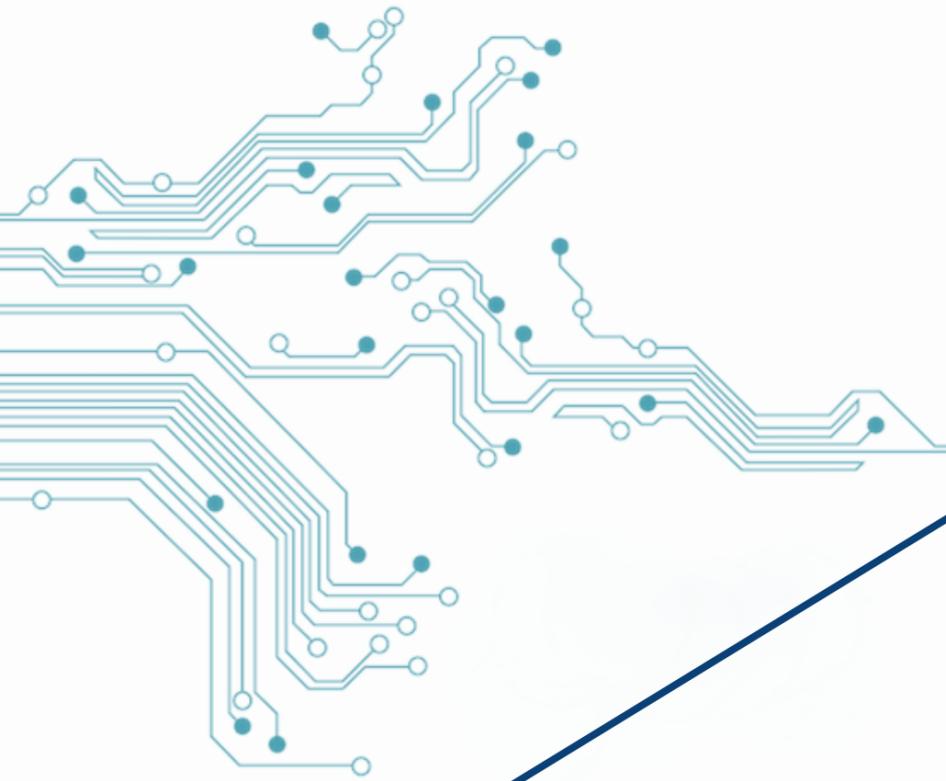
Obstructive sleep apnea, a growing burden on the medical system affecting a significant portion of the population

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

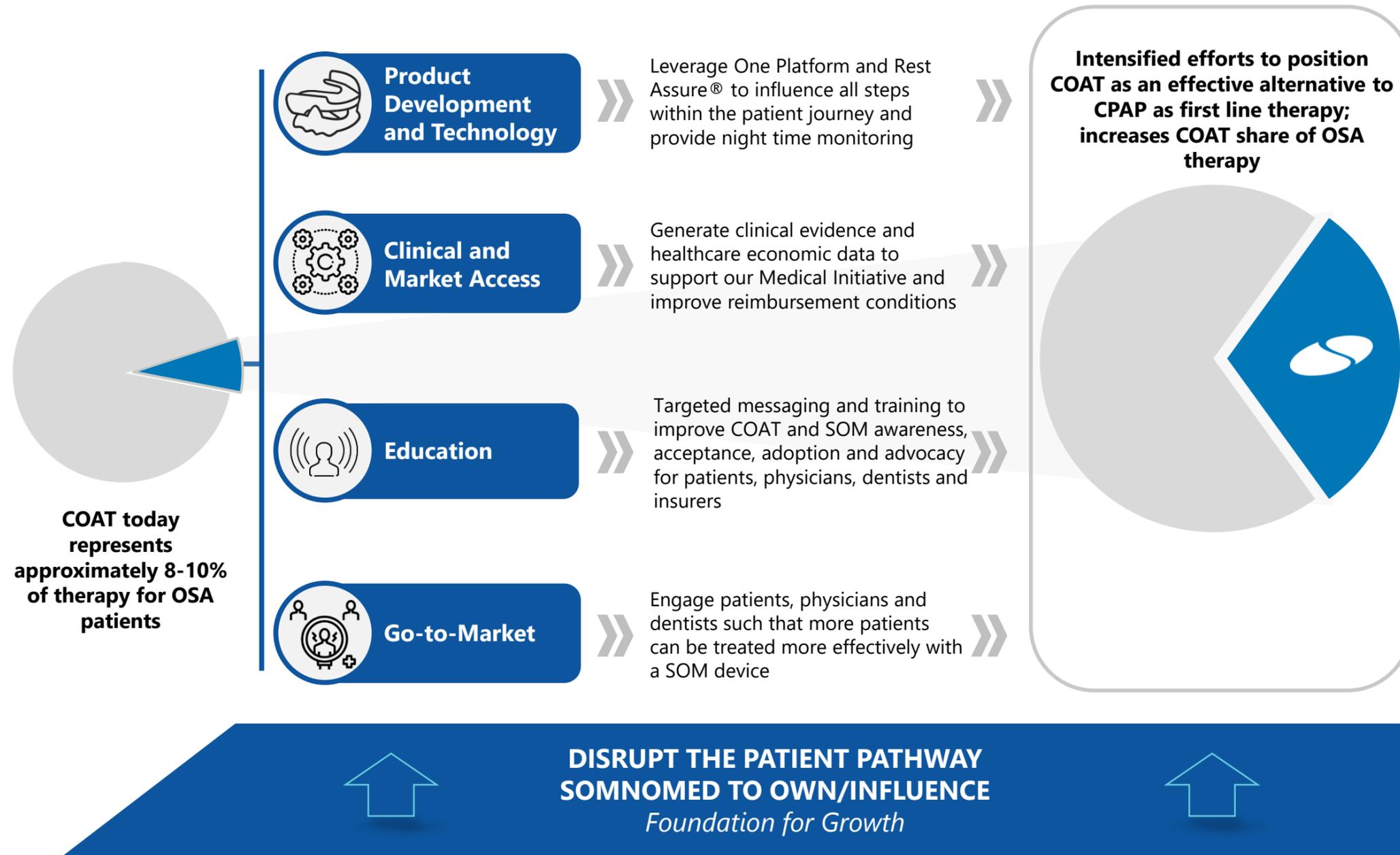


1. Benjafiel et.al : Estimation of the global prevalence and burden of obstructive sleep apnea: a literature-based analysis, *Lancet Respir Med* 2019

Positioned for future growth



Growing the sector through positioning the patient's alternative



Capital Raising



Capital raising details

Offer size and structure	<ul style="list-style-type: none"> • \$15.5m capital raising comprising an Institutional Placement to raise approximately \$2.5m (“Placement”) and a 1 for 3.82 pro rata accelerated non-renounceable entitlement offer to raise approximately \$13.0m (“Entitlement Offer”) • The Entitlement Offer comprises: <ul style="list-style-type: none"> • An institutional offer to raise approximately \$8.4 million (“Institutional Entitlement Offer”); and • A retail component to raise approximately A\$4.6 million (“Retail Entitlement Offer”) • The Entitlement Offer and Placement will be fully underwritten • Approximately 25.8 million new SomnoMed shares to be issued (“New Shares”), representing 31.2% of current SomnoMed shares on issue
Offer price	<ul style="list-style-type: none"> • The Offer will be conducted at a fixed price of A\$0.60 per New Share which represents a: <ul style="list-style-type: none"> • 16.9% discount to the TERP¹ of A\$0.722 based on the closing price of SomnoMed shares on 30 August 2023 • 21.1% discount to the last close price of A\$0.760 on 30 August 2023 • 21.5% discount to the 3-day VWAP² of A\$0.764 up to and including 30 August 2023²
Ranking	<ul style="list-style-type: none"> • New Shares issued under the Placement and Entitlement Offer will rank equally with existing SomnoMed shares on issue
Institutional Entitlement Offer	<ul style="list-style-type: none"> • The Institutional Entitlement Offer will be conducted on Thursday, 31 August 2023 and Friday, 1 September 2023 and be open to Eligible Shareholders who are institutional shareholders (“Eligible Institutional Shareholders”) • Entitlements to New Shares (“Entitlements”) that institutional Eligible Shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional and retail Entitlements that would otherwise have been offered to ineligible institutional and retail shareholders, will be offered to Eligible Institutional Shareholders who apply for New Shares in excess of their Entitlement, as well as to certain other institutional investors in Australia, New Zealand, Singapore and Hong Kong who bid into the institutional bookbuild being conducted concurrently with the Institutional Entitlement Offer (“Shortfall Bookbuild”)
Major shareholder intentions and sub-underwriting³	<ul style="list-style-type: none"> • Wilsons Corporate Finance Limited (“Wilsons” or the “Underwriter”) has applied for approval by ASIC, for the purposed of section 615 of the Corporations Act, so as to deal with New Shares that would have otherwise been offered to ineligible foreign shareholders in the Entitlement Offer. • The Company’s largest shareholder, TDM Growth Partners Pty Ltd (“TDM”) has confirmed that it will take up its full Entitlement under the Entitlement Offer and has also agreed to sub-underwrite the Entitlement Offer should there be any shortfall. Pursuant to its sub-underwriting agreement, TDM will receive a fee of 1.0% (including GST) on the value of any shortfall allocated to TDM under the Entitlement Offer, which is equivalent to the fee that any other sub-underwriter will receive on the value of any shortfall allocations to them in the Entitlement Offer • TDM’s shareholding (depending upon the take up of the Entitlement Offer by other shareholders) may increase from 27.0% to a maximum of 40.5% of shares on issue post completion of the Entitlement Offer
Retail Entitlement Offer	<ul style="list-style-type: none"> • The Retail Entitlement Offer will be open to Eligible Shareholders who are retail shareholders in Australia and New Zealand (“Eligible Retail Shareholders”) • Eligible Retail Shareholders may subscribe for all, or part of their Entitlement under the Retail Entitlement Offer and, if they take up and pay for all of their Entitlement, they may apply for additional New Shares via an oversubscription facility (“Oversubscription Facility”). Applications under the Oversubscription Facility are not capped and allocations will be determined by an independent board committee of the board of SomnoMed • The Retail Entitlement Offer opens on Thursday, 7 September 2023 and closes on Thursday, 21 September 2023
Lead Manager and Underwriter³	<ul style="list-style-type: none"> • Wilsons has been appointed as Lead Manager and Underwriter to the capital raising
Record Date	<ul style="list-style-type: none"> • 7:00pm (AEST) on Monday, 4 September 2023

Note: 1. The theoretical ex-rights price (“TERP”) is a theoretical price at which SomnoMed shares trade immediately after the ex-date for the Entitlement Offer. TERP is calculated by reference to SomnoMed closing price of A\$0.760 on 30 August 2023. TERP is a theoretical calculation only and the actual price at which SomnoMed shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. 2. Volume-weighted average price. 3. Refer to page 39 for more detailed disclosure of the potential control implications of the Offer. 4. Refer to page 41 for a summary of the material terms of the underwriting agreement.

Use of funds and pro forma balance sheet

Use of funds breakdown

Use of Funds	
Category	A\$m
Pay down a portion of the Epsilon Direct Lending Facility	5.0
Investment into Rest Assure® initiatives	8.5
<i>Support the continued development and commercialisation of Rest Assure® globally including sales and marketing initiatives</i>	<i>3.0</i>
<i>Investment in Rest Assure® product technology innovation</i>	<i>3.0</i>
<i>Working capital support for Rest Assure® inventory growth</i>	<i>2.5</i>
Invest in driving organic growth	1.5
Subtotal	15.0
Transaction costs	0.5
Total Offer size	15.5

Statement of financial position

A\$m	Statutory 30 Jun 2023	Impact of Capital Raise	Pro forma
Cash and cash equivalents	12.0	4.5	16.5
Inventories	4.1	1.0	5.1
Trade and other receivables	11.4	2.0	13.4
Plant and equipment	6.2		6.2
Goodwill & intangibles	19.0	3.0	22.0
Right of use asset (AASB16)	6.5		6.5
Deferred tax assets	3.3		3.3
Total Assets	62.5	10.5	73.0
Payables	12.8	(0.5)	13.3
Borrowings – commercial	15.3	5.0	10.3
Borrowings – governments	1.4		1.4
Provisions	3.3		3.3
Income tax payable	0.5		0.5
Lease liability (AASB16)	6.8		6.8
Total Liabilities	40.1	4.5	35.6
Net Assets	22.4	15.0	37.4

Improved Epsilon Debt terms and strong balance sheet

- Epsilon Direct Lending (“EDL”) has agreed to suspend existing gross leverage and interest cover covenants for FY24, to be replaced by a minimum quarterly EBITDA¹ covenant. EDL’s approval to amend the covenants is contingent on a partial debt repayment of \$5m. The Company will be required to maintain a minimum cash balance of A\$5m as per its existing debt terms.
- The minimum EBITDA¹ covenant is significantly below internal budgeted levels, and consequently SomnoMed expects to be compliant with the covenant throughout FY24.
- Sufficient working capital position to support medium-term global growth initiatives following capital raise. Cost base increased conservatively and incrementally in-line with market approvals and commercialisation opportunities globally.

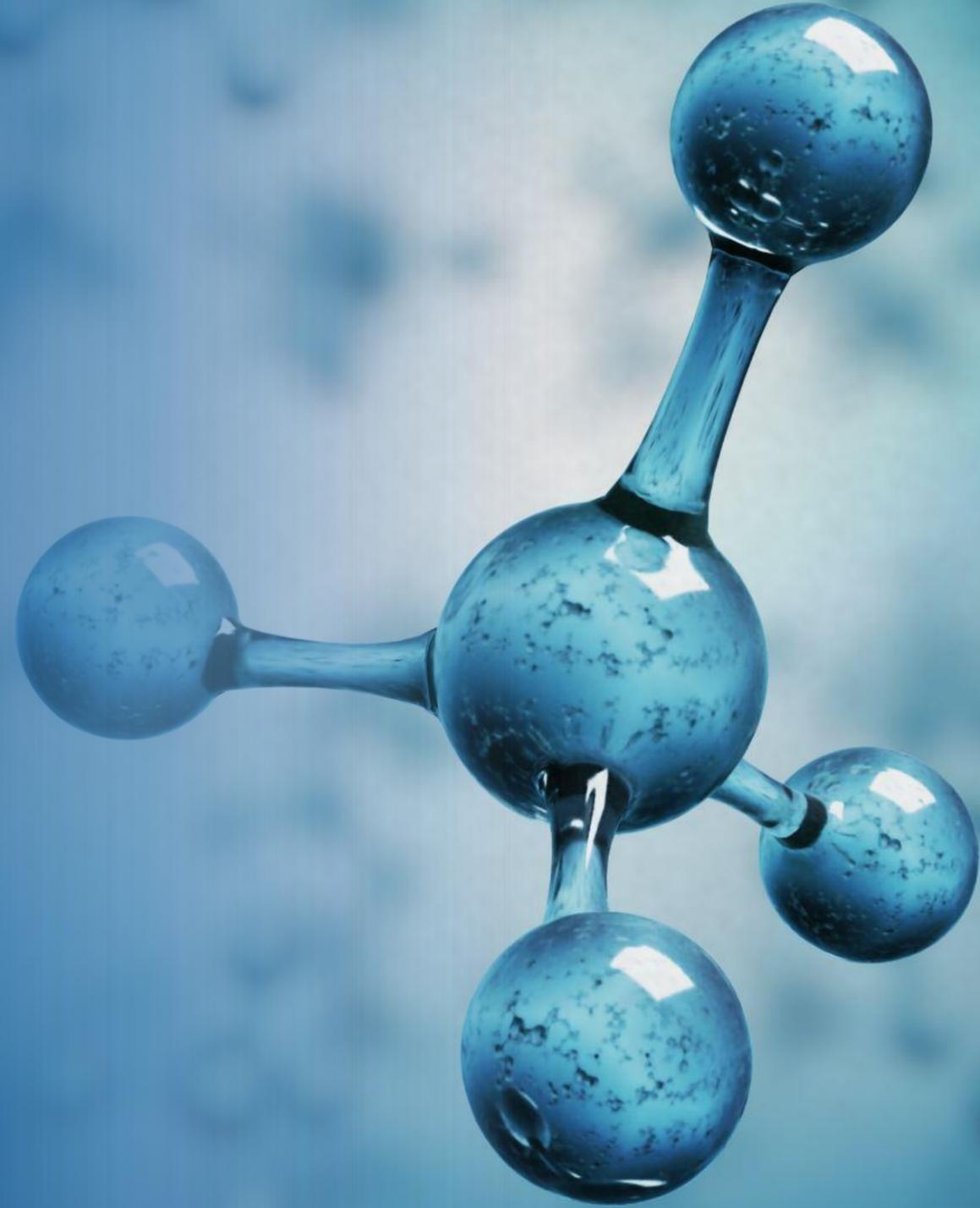
¹ EBITDA does not include AASB16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations

Timetable

Event	Date (2023)
Trading halt - Placement and Institutional Entitlement Offer opens	Thursday, 31 August
Placement and Institutional Entitlement Offer closes	Friday, 1 September
Trading halt lifted, trading resumes on an ex-entitlement basis	Monday, 4 September
Record date for the Entitlement Offer	7:00pm (AEST) on Monday, 4 September
Settlement of shares issued under the Placement and Institutional Entitlement Offer	Thursday, 7 September
Retail Entitlement Offer opens, booklet and acceptance forms issued	Thursday, 7 September
Allotment and trading of New Shares issued under the Placement and Institutional Entitlement Offer	Friday, 8 September
Retail Entitlement Offer closes	5:00pm (AEST) on Thursday, 21 September
Settlement of Retail Entitlement Offer	Wednesday, 27 September
Allotment and trading of New Shares issued under the Retail Entitlement Offer	Thursday, 28 September

The timetable is indicative only and may change. SomnoMed reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, SomnoMed reserves the right to extend the closing date of the Placement or Entitlement Offer, to accept late applications under the Placement or Entitlement Offer (either generally or in particular cases) and to withdraw the Placement or Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX. All references are to Sydney time. SomnoMed also reserves the right not to proceed with the Placement or Entitlement Offer in whole or in part at any time prior to the allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

Key Risks



Key Risks

Key risk	Description
Specific investment risk	
Changes affecting prices charged and cost of supply / distribution	There can be no guarantee that SomnoMed's products will continue to be successful in the market nor that SomnoMed will continue to receive significant revenues from the sale of its products or services. Unexpected expenses or downward pressure on the prices SomnoMed charges as a result of changes in regulations by national health authorities, emergence of alternative treatments for OSA delivering a higher level of efficacy and patient compliance as well as better health economics, competitive pressures, or levels of reimbursement provided by health insurers in the places in which SomnoMed operates, may affect the profitability of that business. In addition, SomnoMed has experienced disruptions to its supply chain post COVID-19 and as a result of inflation which have increased the cost of supply and distribution of its products to market. There is a risk that this will continue to be experienced by SomnoMed which will affect profitability.
Regulatory approvals	<p>SomnoMed operates within a highly regulated industry, relating to the manufacture, distribution and supply of oral appliance treatment solutions for sleep-related breathing disorders and obstructive sleep apnea. There is no guarantee that SomnoMed will obtain or maintain the required approvals, licenses and registrations from all relevant regulatory authorities in all jurisdictions in which it operates. Further clinical trials may be delayed and SomnoMed may incur further costs if the Food and Drug Administration (FDA) and other regulatory agencies observe deficiencies that require resolution or request additional studies be conducted in addition to those that are currently planned. Furthermore SomnoMed is exposed to the risk of changes to existing, or the introduction of new, government policies, regulations and legislation in all jurisdictions in which it operates. A failure to obtain or maintain any required approvals, licenses and registrations or any change in regulation may adversely affect SomnoMed's ability to commercialise and manufacture its treatments. In particular:</p> <ul style="list-style-type: none"> SomnoMed is in the process of seeking FDA approval for Rest Assure and has made assumptions about when it will be able to generate revenue from that product based on anticipated regulatory approval timeframes. Should there be a delay to those timeframes, there is a risk that SomnoMed's cash flows may not meet its forecasts which could require it to need additional capital; and SomnoMed's AVANT product has not been approved for reimbursement by Medicare in the United States. SomnoMed has appealed that initial decision and management is confident that the appeal will ultimately be successful. However, if AVANT is not eligible for reimbursement by Medicare it will adversely impact SomnoMed's ability to sell AVANT within the United States which in turn will reduce its revenue and profit in that jurisdiction.
Financing and liquidity risk and interest rate risk	<p>Although SomnoMed monitors cashflow management and cashflow forecasts, in the event that SomnoMed does not maintain sufficient cash reserves to meet the requirements of its business, there is a risk that it may exceed its banking facilities, or fail to pay its creditors on time. SomnoMed's ability to operate depends on maintaining a strong reputation for creditworthiness.</p> <p>If SomnoMed were to breach any of its obligations under its financing facilities, it could face actions that have an adverse impact on SomnoMed's cashflow and ability to operate. SomnoMed is conducting the Entitlement Offer in part to provide additional working capital for the business. There is no guarantee that the proceeds of the Entitlement Offer will be sufficient for this purpose, as it is not possible to predict with certainty the future performance of the company. SomnoMed might need to raise further debt or equity capital in the future, and there is a risk that this will not be possible to achieve on acceptable terms or at all. The inability to obtain funding to finance current and future activities may result in reduced financial liquidity, which may adversely impact SomnoMed's ability to fund its operations and new business initiatives.</p> <p>SomnoMed is exposed to interest rate risk at variable interest rates. SomnoMed has interest rate exposure for utilised facilities which are used during each financial year. An increase in interest rates may result in a decrease in the Group's profitability.</p> <p>The Company has in place a \$16 million debt facility with Epsilon Direct Lending to fund its working capital needs (Epsilon Facility). A portion of the proceeds from the Offer (\$5 million) will be applied to paying down the Epsilon Facility as a condition to amendments to certain covenants as described in this Presentation. The Company's continued ability to operate within its financial covenants, and its going concern treatment, will depend on a partial repayment of the Epsilon Facility from the Placement and Entitlement Offer (Offer). If SomnoMed were to breach its financial covenants, the lender could demand immediate repayment of the current facilities</p>
Underwriting risk	<p>The Offer is fully underwritten by Wilsons pursuant to the terms of the underwriting agreement summarised on page 41 of this presentation (Underwriting Agreement). TDM and Wilsons have also entered into a sub-underwriting agreement under which TDM will subunderwrite the Entitlement Offer (Sub-Underwriting Agreement). If certain conditions are not satisfied or certain customary termination events occur, Wilsons or TDM may be able to terminate their underwriting or sub-underwriting commitments, which would consequently have an adverse impact on the amount of proceeds raised under the Offer or result in the Offer not proceeding at all.</p> <p>As SomnoMed is undertaking the Offer to repay part of the Epsilon Facility in connection with a covenant change conditional on such repayment, there is a risk that if the underwriting is removed or arrangements are terminated, this repayment may not take place and the Company could be in breach of its financial covenants when next tested. The Company would also continue to be obliged to raise a minimum of \$15 million by 31 December 2023 in order to meet the requirements of its facility.</p>

Key Risks

Key risk	Description
Specific investment risk	
Cyber Security	There is a risk of security breaches of data (whether that of SomnoMed's or that of its clients) by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential customer data. Any data security breaches or SomnoMed's failure to protect confidential information could cause significant disruption to its business and trigger mandatory data breach notification obligations. Such an event may adversely impact SomnoMed's operations and financial performance, exposing SomnoMed's to reputational damage and regulatory scrutiny and fines as well as potentially material costs associated with remediation and other costs and payments relating to such a breach.
Disruption to technology systems	SomnoMed's technology systems may be inadequate or fail to perform as expected or be adversely impacted by factors outside its control, including disruption, failure, service outages or data corruption that could occur as a result of computer viruses, malware, cyber-attacks, including external malicious interventions such as hacking or denial of service attacks, or other disruptions including natural disasters, power outages or other similar events. Any such disruption could have a material adverse impact on SomnoMed's operations.
Competition	There is a risk that the competitive landscape might change and new competitors might emerge or existing competitors might be taken over by larger and better resourced companies which may offer services that compete with the products and services provided by SomnoMed. There can be no assurance that a competitor of SomnoMed will not develop or achieve commercialisation of services that compete with, or supersede, SomnoMed services or products. The Directors believe that the potential market size for the services to be provided by SomnoMed is large enough to absorb a number of competitors.
Intellectual property	<p>Securing rights in technology and patents is an integral part of securing potential product value in the outcomes of biotechnology research and development. Competition in retaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes. SomnoMed's success depends, in part, on its ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties. Because the patent position of biotechnology companies can be highly uncertain and frequently involves complex legal and factual questions, neither the breadth of claims allowed in biotechnology patents nor their enforceability can be predicted. There can be no assurance that any patents which SomnoMed may own, access or control will afford SomnoMed commercially significant protection of its technology or its products or have commercial application, or that access to these patents will mean that SomnoMed will be free to commercialize its products.</p> <p>The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology or products to avoid SomnoMed's patented technology. Patenting strategies do not cover all countries which may lead to generic competition arising in those markets. SOM to confirm this risk disclosure is appropriate for its business</p>
Manufacturing	There are numerous risks associated with manufacturing SomnoMed's products. Technical difficulties could include the inability to generate material that meets regulatory specifications for human administration or the products produced may be insufficient to support commercialization as currently planned. SomnoMed may from time to time experience delays in finding appropriate manufacturers for specific components or product upgrades. Any unforeseen difficulty relating to manufacturing, including changes in methods of product candidate manufacturing or formulation, disruption to supply, shortages of input materials, delays in locating appropriate manufacturers or changes to arrangements with, or capacity of, any third-party manufacturers, may negatively impact SomnoMed's ability to generate revenue. The Company relies on a single manufacturing site for the production of all of its products at present. There is a risk that if that site is unavailable there would be a material impact on the business.
Product safety and efficacy	Serious or unexpected health, safety or efficacy concerns with products may expose SomnoMed to reputational harm or reduced market acceptance of its products, and may lead to product recalls and/or product liability claims and resulting liability, and increased regulatory reporting. There can be no guarantee that unforeseen adverse events or manufacturing defects will not occur. SomnoMed has product liability insurance to seek to minimise its liability to such claims, however there can be no assurance that adequate insurance coverage will always be available at an acceptable cost or that it will respond. Any health, safety or efficacy concerns are likely to lead to reduced customer demand and impact on the potential future profitability of SomnoMed.

Key Risks

Key risk	Description
General Investment Risks	
Non-renounceable Entitlement Offer and dilution risk	The Entitlement Offer is non-renounceable, and shareholders will not be able to transfer or trade Entitlements on ASX or in private sales. Investors who do not participate in the Entitlement Offer, or do not take up all of their entitlement under the Entitlement Offer, will have their percentage security holding in SomnoMed diluted. Future equity raisings or equity funded acquisitions may dilute the holdings of particular shareholders to the extent that such shareholders do not subscribe for additional equity or are otherwise not invited to subscribe for additional equity.
Share price and liquidity	SomnoMed is subject to a general market risk inherent in all securities traded on a stock exchange. The market price for SomnoMed's shares may fluctuate over time as a result of a number of factors, including the financial performance and prospects of the Group, prevailing market conditions, commodity prices and foreign exchange movements, general investor sentiment, inflation, geo-political conditions, fiscal policy and interest rate rises, as well as the liquidity and volume of the shares being bought or sold at any point in time. SomnoMed' shares may therefore rise above or below the current share price, depending on its financial performance and various other factors which are outside of its control.
Effect of Entitlement Offer on control	<p>TDM has committed to exercise all of its Entitlement under the Entitlement Offer and to sub-underwrite the Offer. Following the Offer, TDM's respective shareholding (and voting power) will increase to the extent that other shareholders do not participate in the Offer.</p> <p>TDM may increase its holding by relying on the exception contained in item 10A of Section 611 and Section 615 of the Corporations Act.</p> <p>The effect of the Offer on the control of SomnoMed will depend on a number of factors including:</p> <ul style="list-style-type: none"> • the level of shareholder participation; • which shareholders participate; and • the level of dispersion via the Oversubscription Facility and the Shortfall Bookbuild (see slide 39 - "Impact on control from TDM sub-underwriting" of this presentation for more information) <p>As the Entitlement Offer is pro-rata, if all shareholders were to take up their full Entitlement, there would be no material effect on the control of SomnoMed (excluding the impact of ineligible shareholders).</p>
Litigation, claims and disputes	SomnoMed may be subject to litigation and other claims and disputes in the course of its business and as a result of being a listed company, including employment disputes, contractual disputes, indemnity claims, criminal or civil proceedings. Legal proceedings may also eventuate where parties seek to re-negotiate pricing once a contract has been signed. There is a risk that any such litigation, claims and disputes could materially and adversely affect SomnoMed's business, operations and financial performance, including the costs of bringing, defending or settling such claims as well as SomnoMed's reputation.
Taxation	Future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect taxation treatment of an investment in SomnoMed's shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which SomnoMed operates, may impact the future tax liabilities and performance of SomnoMed. Any changes to the current rates of income tax applying to individuals and trusts will similarly impact on shareholder returns.

Foreign Selling Jurisdictions



Offer Restrictions

This document does not constitute an offer of new ordinary shares (“New Shares”) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

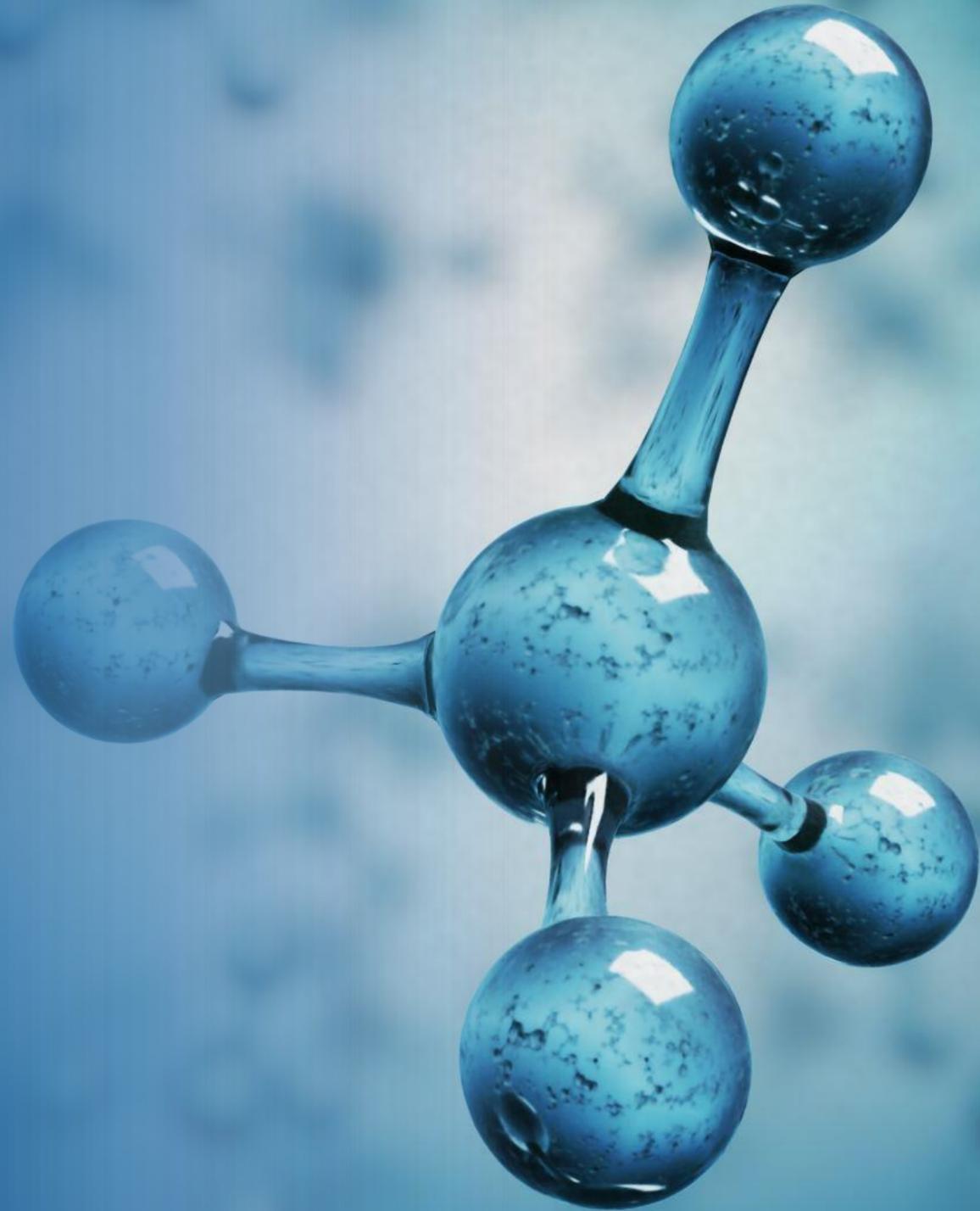
Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the “SFA”) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Important Notices and Disclaimer



Important Notices and Disclaimer

The following notice and disclaimer applies to this investor presentation (**Presentation**) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting, accessing or reviewing this Presentation or attending an investor presentation or briefing, you represent and warrant that you are entitled to receive this Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation has been prepared by SomnoMed Limited (ACN 003 255 221) (**SomnoMed or Company**) and is dated 1 September 2023. This Presentation has been prepared in connection with SomnoMed's FY23 performance and financial results and an underwritten accelerated non-renounceable pro rata entitlement offer of new ordinary shares in the Company ("**New Shares**") to eligible existing shareholders of SomnoMed ("**Entitlement Offer**") and an institutional placement (**Placement**, and together with the Entitlement Offer, the **Offer**).

The Entitlement Offer will comprise an offer to Eligible Institutional Shareholders and Eligible Retail Shareholders in Australia and New Zealand under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**).

Summary information

This Presentation: (i) contains summary information about SomnoMed and its subsidiaries (the **Group**) and their activities current as at the date of this Presentation; (ii) is for information purposes only and is not, and does not comprise all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other offering document under Australian law or any other law and will not be lodged with the Australian Securities and Investments Commission (**ASIC**) or any foreign regulator; (iii) does not and will not form any part of any contract for the acquisition of New Shares; and (iv) should be read in conjunction with SomnoMed's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Market and industry data

Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of the Group, its representatives or advisors have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer

This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction in which it would be unlawful. This Presentation is not a prospectus, product disclosure statement or other disclosure document under the Corporations Act (and has not been lodged with ASIC) or any other law. The Offer will be made on the basis of the information contained in the offer booklet to be prepared for eligible shareholders in Australia and New Zealand (**Entitlement Offer Booklet**) and made available following its lodgement with ASX. Any eligible shareholder in Australia or New Zealand who wishes to participate in the Entitlement Offer should consider the Entitlement Offer Booklet before deciding whether to apply for New Shares under the Entitlement Offer. Anyone who wishes to apply for New Shares under the Entitlement Offer will need to apply in accordance with the instructions contained in the Entitlement Offer Booklet and the entitlement and acceptance form.

New Zealand

This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the **FMC Act**). The entitlements and the New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Group with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct (Incidental Entitlement Offers) Exemption Notice 2021*.

This Presentation is not a product disclosure statement under New Zealand law. It does not, and is not required to, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Other than through the exercise of entitlements, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

The distribution of this Presentation in other jurisdictions outside Australia and New Zealand may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Refer to the "Foreign Selling Restrictions" in this Presentation for further information.

By accepting this Presentation, you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained therein.

Not for release or distribution in the United States

This Presentation may not be distributed or released in the United States or to any person acting for the account or benefit of a person in the United States. This Presentation and the information contained herein does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States unless the securities have been registered under the Securities Act (which SomnoMed has no obligation to do or procure) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

Not investment or financial product advice

This Presentation is not financial product or investment advice or a recommendation to acquire SomnoMed shares or accounting, legal or tax advice. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Group and the impact that different future outcomes might have on the Group. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek financial, legal and taxation advice appropriate to their jurisdiction. The Group is not licensed to provide financial product advice in respect of the New Shares.

Financial data

All dollar values are in Australian dollars (A\$ or AUD) unless stated otherwise. This Presentation includes certain financial information as at 30 June 2023 and FY24 guidance (**Financial Information**).

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by Australian Accounting Standards (**AAS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The directors of SomnoMed (the **Directors**) are responsible for the preparation and presentation of the Financial Information.

Certain financial measures included in this Presentation are (i) "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" and (ii) non-GAAP financial measures under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. This Presentation includes financial information for the Group for the period post-30 June 2023, which has neither been reviewed nor audited.

While the Group believes that this non-IFRS financial information provided, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of the Group, non-IFRS and non-GAAP financial measures do not have standardised meanings prescribed by AAS or International Financial Reporting Standards ("IFRS"), may not be comparable to the calculation of similar measures of other companies and, as presented, may not be permissible in a registration statement under the U.S. Securities Act. Therefore, you should not place undue reliance on any non-IFRS financial information or non-GAAP financial measures included in this Presentation or construe them as alternatives to other financial measures determined in accordance with AAS or IFRS.

This Presentation contains pro forma financial information. In particular, it includes the Group's pro forma cash balance information for FY23 (and taking into account the impact of the Offer including the use of funds from it). Investors should note that the pro forma financial information included in this Presentation is for illustrative purposes only, is not represented as being indicative of the Group's views on its future financial condition or performance, and any pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Pro-forma financial information in this Presentation has not been audited or reviewed in accordance with the AAS.

Important Notices and Disclaimer

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding.

Future performance and forward looking statements

This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. The words "expect", "likely", "should", "could", "may", "will", "aim", "intend", "propose", "believe", "opinion", "consider", "predict", "plan", "scenario", "project", "outlook", "guidance", "forecast", "anticipates", "target" "estimate" and other similar expressions within the meaning of securities laws of applicable jurisdictions are intended to identify forward-looking statements. Such forward-looking statements include statements regarding the Group's expectations about the financial and operating performance of its businesses, statements about the plans, objective and strategies of the Group's management, statements about the industry and markets in which the Group operates and statements about the timetable and the outcome of the Offer and the proceeds thereof. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and significant volatility, uncertainty and disruption caused by certain geopolitical tensions and the ongoing impact of COVID-19, as well as the impact of these factors on global supply chains and economic conditions. Any forward-looking statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Any such statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks, contingencies and uncertainties and other factors, many of which are beyond the control of the Group, and may involve significant elements of subjective judgment and assumptions as to future events, which may or may not be correct. Forward-looking statements may also assume the success of the Group' business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Group' control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statements may have been prepared or otherwise. Refer to the "Key Risks" in this Presentation for a non-exhaustive summary of certain general and company-specific risk factors that may affect the Group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of the current geopolitical tensions, the Australian and global economic environment and capital market conditions and other risk factors set out in this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to the Group as at the date of this Presentation.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Group or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), the Group disclaims any obligation or undertaking to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

Past performance

Past performance and pro forma historical information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Group' views on its future performance or condition. Investors should note that past performance, including past share price performance, of the Group cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Group including future share price performance. The historical financial information contained in this Presentation is, or is based on, information that has previously been released to ASX.

Investment risk and other risks

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Group. the Group does not guarantee any particular rate of return or the performance of the Group nor does it guarantee any particular tax treatment. Investors should have regard to the "Key Risks" of this Presentation when making their investment decision. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of shares in the Group (including New Shares) in the future. There is no guarantee that the New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future.

Disclaimer

No party other than the Group has authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation or makes or purports to make any statement in this Presentation. Wilsons is the sole underwriter, bookrunner and lead manager to the Offer.

To the maximum extent permitted by law, each of the Group, the Underwriter, their respective affiliates or related bodies corporate, and each of their respective advisers, directors, officers, partners, employees and agents (each a **Limited Party**):

- expressly exclude and disclaim all responsibility and liability, including, without limitation, for negligence or in respect of any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by way of negligence or otherwise; and
- make no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this Presentation or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, implied by, the information in this Presentation or any part of it, or that this Presentation contains all material information about the Group, the Offer or that a prospective investor or purchaser may require in evaluating a possible investment in the Group or acquisition of New Shares.

The Underwriter and its other Limited Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer. There is no statement in this Presentation which is based on any statement by the Underwriter or the Underwriter's Limited Parties (except for references to the Underwriter's name). You represent, warrant and agree that you have not relied on any statements made by the Underwriter or other Limited Parties in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of the Group, the Underwriter or their Limited Parties. You undertake that you will not seek to sue or hold the Underwriter or its Limited Parties liable in any respect in connection with this Presentation or the Offer (to the maximum extent permitted by law).

The Underwriter, together with its affiliates and related bodies corporate, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, marketing making, market lending, brokerage and other financial and non-financial activities and services including for which it has received or may receive customary fees and expenses. The Underwriter (and/or its bodies corporate) has performed, and may perform, other financial or advisory services for the Group, and/or may have other interests in or relationships with the Group and its related entities or other entities mentioned in this Presentation for which they have received or may receive customary fees and expenses. Without limitation, in the ordinary course of their various business activities, the Underwriter and other Limited Parties may have interests in the securities of the Group, including being directors of, or providing investment banking services to, the Group. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriter may receive fees for acting in its capacity as lead manager and bookrunner to the Offer.

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Group and the Underwriter. Each of the Group and the Underwriter and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Statements made in this presentation are made only as at the date of this Presentation. Except as required by applicable law, the Underwriter, the Group and their respective Limited Parties do not have any obligation to update the statements in this Presentation. The information in this Presentation remains subject to change without notice.

Withdrawal and cooling-off

the Group reserves the right to withdraw, or vary the timetable for, the Offer without notice. Cooling-off rights do not apply to the acquisition of New Shares.



For further information please contact:

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Appendix



Impact on control from TDM sub-underwriting

Background information to assess the potential impact of the Offer on control

Based on publicly available information as at the date of this presentation, the Company's largest shareholder is TDM which holds 26.96% of the Company's Shares. TDM has pre-committed to taking up its entire Entitlement under the Institutional Entitlement Offer.

Given the Company needs to raise net proceeds of \$15.5 million under the Offer, the Company determined that the Offer should be underwritten to ensure that amount could be raised. The Company has engaged Wilsons, who has agreed to underwrite the Offer on the condition that TDM sub-underwrites the Entitlement Offer, which it has agreed to do.

Entitlements to New Shares will firstly be issued to any Eligible Shareholder who submits a valid application for New Shares under the Entitlement Offer. The Company has determined existing shareholders who resident outside of Australia and New Zealand (**Ineligible Shareholders**) will not be entitled to participate in the Entitlement Offer due to the costs and consideration of the other factors set out in ASX Listing Rule 7.7.1. The Company is required by section 615 of the Corporations Act to appoint a nominee to sell the rights that would have otherwise been issued to Ineligible Shareholders had they been entitled to participate in the Entitlement Offer. The Underwriter will act in this capacity.

The Entitlement Offer is non-renounceable, meaning that there will not be any transfers or trading of Entitlements on ASX or privately in accordance with the Timetable. This structure was chosen as it is expected to elicit the strongest shareholder take-up of Entitlements and is the most attractive structure to potentially generate new investor interest. The Company expects that there would be limited trading of Entitlements for a number of reasons, including the Company's limited institutional ownership beyond the Company's current significant shareholders, the high ownership percentage of the Company's current significant shareholders and relatively low trading liquidity. The Company's expectations noted above are based on advice received from Wilsons. It was also not possible for the Company to obtain professional underwriting on acceptable terms without a non-renounceable structure with TDM acting as a sub-underwriter.

In order to maximise the level of take-up under the Entitlement Offer and also reduce the scope for the Entitlement Offer to impact control, the Entitlement Offer includes the following shortfall dispersion mechanisms:

Oversubscription Facility: all Eligible Retail Shareholders who accept and pay for their Entitlement in full will be entitled to apply for "overs" (subject to compliance with applicable laws and the ASX Listing Rules). To reduce the impact on control, there will be no 'cap' on the amount of 'overs' Eligible Retail Shareholders may apply for, but to the extent there is greater demand than there is shortfall, Eligible Retail Shareholders who have applied for additional new Shares will have their applications scaled back on a pro rata basis or to the extent considered necessary to prevent the issue of securities being contrary to the law or ASX Listing Rules.

Shortfall Bookbuild: following completion of the Offer period for the institutional component of the Entitlement Offer, the Underwriter, and the Company will determine the number of any shortfall shares after acceptances by Eligible Shareholders. These shortfall shares together with Entitlements of any deemed Ineligible Shareholders from the institutional and retail components of the Entitlement Offer will be offered at the Offer Price to new and existing institutional and sophisticated investors (other than TDM) in a bookbuild process (the **Shortfall Bookbuild**) which is intended to be a bookbuild as to volume only. To the extent there is any shortfall following the Shortfall Bookbuild, it will be taken up by the Underwriter and in turn by TDM as sub-underwriter to the Entitlement Offer (along with, but after allocations to, any sub-underwriters that have been appointed up to their sub-underwriting commitments).

An Independent Board Committee of the Company's directors that excludes TDM's nominee directors (**IBC**) was formed for the purpose of considering the terms and pricing of the Entitlement Offer, with support from external advisors. The IBC has reviewed and approved the terms and pricing of the Entitlement Offer.

The allocation of the shortfall Shares pursuant to the Shortfall Bookbuild will be determined by the Underwriter (in agreement with the IBC), having regard to the guidance relating to dispersion strategies set out in the Takeovers Panel's Guidance Note 17 (**GN 17**). The allocation of shortfall Shares to Eligible Retail Shareholders under the Oversubscription Facility will be determined by the IBC in its absolute discretion and having regard to the guidance relating to dispersion strategies set out in GN 17 and the allocation policy set out in the Retail Offer Booklet.

Ownership of the Company following completion of the Offer

Ownership of the Company following completion of the Offer

The potential effect that the issue of the New Shares will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including:

- the extent to which Eligible Shareholders other than TDM take up their Entitlements;
- the extent to which Eligible Retail Shareholders participate in the Oversubscription Facility;
- the number of New Shares placed to institutional and/or sophisticated investors under the Shortfall Bookbuild;
- the extent to which any other investors or existing Eligible Shareholders agree to sub-underwrite the Offer; and
- the number of entitlements sold by the foreign holder nominee on behalf of ineligible shareholders under the Entitlement Offer (to the extent that there are any ineligible shareholders as at the Record Date).

Depending on whether other Eligible Shareholders elect to take up their full Entitlement and the other factors outlined above, there are a range of potential ownership outcomes which may eventuate as a result of the Entitlement Offer, a number of which are shown below:

- If all Eligible Shareholders take up their full Entitlement, then each Eligible Shareholder's percentage ownership interest (and voting power) in the Company will slightly reduce (due to the dilutive impact of the Placement) and there will be no material effect on the control of the Company;²
- If some Eligible Shareholders do not take up their full Entitlement, such Shareholders' interest will be diluted relative to those who did take up their full Entitlement (and potentially also applied for additional New Shares through participation in the Oversubscription Facility), and TDM's interest will increase as a result of its sub-underwriting commitment; and
- If no other Eligible Shareholders other than TDM participate in the Entitlement Offer, and assuming there are no investors under the Shortfall Bookbuild, TDM's ownership interest (and voting power) will increase from 26.96% to 40.5%.

In accordance with section 708AA(7)(e) of the Corporations Act, the cleansing statement released by the Company to ASX today states the potential effect that the issue of the New Shares will have on control of the Company and the consequences of that effect.

The table below illustrates the effect of the Entitlement Offer on the control of the Company where all Eligible Shareholders take up 0%, 25%, 50%, 75% and 100% of their Entitlement and no shortfall Shares are allocated to any person other than TDM (where applicable).

	Post-Entitlement Offer shareholding based on take-up from Eligible Shareholders other than TDM (and after taking into account the Placement)					
	Current shareholding	0% take-up ¹	25% take-up	50% take-up	75% take-up	100% take-up
TDM	27.0%	40.5%	36.9%	33.2%	29.6%	25.9%
Other shareholders	73.0%	59.5%	63.1%	66.8%	70.4%	74.1%

Note: 1. Assumes there are no investors under the Shortfall Bookbuild and no other sub-underwriting commitments have been obtained. 2. Ineligible Shareholders hold approximately 0.10% of existing shares and such shares may be acquired by TDM if there is no participation in the Shortfall Bookbuild, no other sub-underwriters and no application for additional New Shares in the Oversubscription Facility. This acquisition of 0.10% would not have a material effect on the control of the Company. Assumes all Eligible Shareholders take up their entitlements and all shortfall shares are placed to new or existing shareholders through the Oversubscription Facility or the Shortfall.

Underwriting Agreement Summary

Underwriting agreement

Wilsons Corporation Finance Limited (**Wilsons**) is acting as sole lead manager and underwriter of the Placement and Entitlement Offer (together, the **Offer**). SomnoMed has entered into an underwriting agreement with Wilsons in respect of the Offer (**Agreement**). The Agreement contains representations and warranties and indemnities in favour of Wilsons. Wilsons may also, in certain circumstances, terminate its obligations under the Agreement if any of the following events occur prior to 8.00am on the date for the issue of shares under the retail component of the Entitlement Offer by giving written notice to SomnoMed:

- a) **(Offer materials)** a statement contained in any of the materials released to ASX in connection with the Offer or used to market the Offer (Offer Materials) is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive or the Offer Materials omit any information they are required to contain (having regard to section 708AA and section 708A of the Corporations Act and any other applicable requirements).
- b) **(listing)** ASX announces that SomnoMed will be removed from the official list or that its Shares will be delisted or suspended from quotation by ASX for any reason or ASX makes any official statement to any person or indicates to SomnoMed or Wilsons that official quotation on ASX of the New Shares will not be granted.
- c) **(notifications)** ASIC (i) applies for an order under section 1324 or 1325 of the Corporations Act or an order under Part 9.5 of the Corporations Act, in relation to the Placement and Entitlement Offer or any related offer materials ("Offer Materials"); (ii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer materials; (iii) prosecutes or gives notice of an intention to prosecute; or (iv) commences proceedings against, or gives notice of an intention to commence proceedings against, SomnoMed or any of its officers, employees or agents in relation to the Entitlement Offer or any Offer material, and the matter has not been withdrawn within 2 business days of receipt, or by the date of settlement of the institutional component of the Entitlement Offer ("Institutional Settlement Date") if arising within that period, or the date of settlement of the retail component of the Entitlement Offer if arising after the Institutional Settlement Date and within that period.
- d) **(suspension)** ASX suspends trading of the Shares for any period of time, other than in respect of the trading halt granted for the Entitlement Offer and any other trading halt or suspension made with the prior agreement of Wilsons.
- e) **(Nominee)** SomnoMed has not obtained ASIC approval, prior to 10.00am on the day of opening of the institutional component of the Entitlement Offer, for the appointment of Wilsons to act as a nominee under section 615 of the Corporations Act and to undertake the foreign holder sale facility;
- f) **(market fall)** at any time (i) before the Institutional Settlement Date, the S&P/ASX 300 Index falls to a level that is 88% or less of the level as at the close of trading on the business date before the date of the Agreement; and (ii) after the Institutional Settlement Date, the S&P/ASX 300 Index falls to a level that is 88% or less of the level as at the close of trading on the business day before the date of the agreement and stays at or below that level for more than two trading days.
- g) **(quotation)** unconditional approval (or conditional approval, provided that the conditions would not, in the reasonable opinion of Wilsons, have a material adverse effect on the success or settlement of the Entitlement Offer) by ASX for official quotation of (i) the shares to be issued under the institutional component of the Entitlement Offer is refused, or not granted by the Institutional Settlement Date or is withdrawn, qualified or withheld on or before the Institutional Settlement Date; or (ii) the shares to be issued under the retail component of the Entitlement is refused, or not granted by the retail shortfall settlement date or is withdrawn, qualified or withheld on or before the retail shortfall settlement date.
- h) **(capital structure)** SomnoMed alters its capital structure without the consent of Wilsons, other than by issuing securities required as a consequence of Entitlement Offer.
- i) **(timetable)** any event specified in the timetable for the Entitlement Offer is delayed by SomnoMed for more than one business day without the prior written consent of Wilsons.
- j) **(withdrawal)** SomnoMed withdraws any Offer Material or the Entitlement Offer or indicates that it does not intend to proceed with the Offer.
- k) **(unable to issue)** SomnoMed is prevented from granting entitlements or issuing New Shares under the Offer in accordance with ASX Listing Rules, applicable laws, a government agency or an order of a court of competent jurisdiction.
- l) **(prosecution)** any of the following new circumstances occur following the execution of the Agreement (i) a director of SomnoMed is charged with an indictable offence; (ii) any government agency commences any public proceedings against SomnoMed or any of its directors in their capacity as a director of SomnoMed, or announces that it intends to take such action; or (iii) any director of SomnoMed is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.
- m) **(change in CEO, CFO or Chair)** a change in CEO, CFO or Chair of SomnoMed occurs.
- n) **(ASX and ASIC)** ASX or ASIC withdraws or revokes any waivers, consents or approvals required for the Entitlement Offer which has granted to permit the Offer to occur, or ASX or ASIC amends in a material respect such consents, waivers, approvals or modifications.
- o) **(certificate)** any certificate which is required to be furnished by SomnoMed under the Agreement is not furnished.

Underwriting Agreement Summary

- p) **(insolvency event)** any insolvency event occurs in respect of SomnoMed or any of its subsidiaries (together, the Group).
- q) **(facility agreement)** the facility agreement to amend the existing covenants under the Epsilon Facility as described under the slide “Use of funds and pro forma balance sheet” is terminated;
- r) **(force majeure)** there is an event or occurrence, including an official directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency or a pandemic or an epidemic (such as novel coronavirus, a recurrence of Severe Acute Respiratory Syndrome or an outbreak of swine or avian influenza), which makes it illegal for Wilsons to satisfy an obligation under the Agreement, or to market, promote or settle the Entitlement Offer.
- s) **(conduct)** SomnoMed or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent, misleading or deceptive conduct or activity in connection with the Offer.
- t) **(refund)** any circumstance arising after the date of the Agreement that results in SomnoMed, without the prior written consent of Wilsons, offering one or more applicants an opportunity to withdraw their valid applications(s).
- u) **(ASIC determination)** ASIC makes a determination under section 708AA(3) of the Corporations Act.
- v) **(new information)** a new circumstance which is adverse to an investor arises (whether or not SomnoMed announces it) that would have been required to be included in the Offer Materials (or otherwise to have been previously disclosed) had it arisen before the relevant Offer Materials were given to ASX.
- w) **(corrective statement)** in the opinion of Wilsons (acting reasonably) SomnoMed becomes required to give, or gives, in respect of a corrective cleansing notice.
- x) **(future matters)** any statement in an Offer Materials which relates to future matters or any forecast or forward looking statement is or becomes incapable of being met, or in the reasonable opinion of Wilsons, unlikely to be met.
- y) **(application)** there is an application to a government agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy in connection with the Entitlement Offer (or any part of it), except where such application does not become public and is withdrawn or dismissed within two business days after it is commenced or where it is commenced less than two business days before the date for issue of Shares under the institutional component of the Entitlement Offer or completion of the Entitlement Offer it has not been withdrawn or dismissed by the date for issue of Shares under the institutional component of the Entitlement Offer or completion of the Entitlement Offer (as the case may be).
- z) ***(statement)** a statement in a certificate furnished by SomnoMed under the Agreement is untrue or incorrect in a material respect.
- aa) **(changes to SomnoMed)** SomnoMed (i) varies any term of its Constitution, (ii) alters the issued capital or capital structure of SomnoMed other than in connection with the Entitlement Offer or (iii) disposes, attempts or agrees to dispose of a substantial part of the business or property of SomnoMed (including any material subsidiary of SomnoMed), without the prior written consent of Wilsons.
- bb) ***(hostilities)** hostilities not presently existing commence (whether or not war has been declared), or a major escalation in existing hostilities occurs (whether or not war has been declared) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, the Republic of China, North Korea, South Korea or a member state of the European Union or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated anywhere in the world;
- cc) ***(material financing arrangement)** any breach or defaults under any provision, undertaking, covenant or ratio of any material debt or financial arrangement of SomnoMed or an event of default, potential event of default or review event which in each case gives a lender or financier the right to accelerate or require repayment of the debt or financing occurs in respect of any material debt or financial arrangement of SomnoMed;
- dd) ***(breach of obligations)** SomnoMed is in breach of any terms and conditions of the Agreement (other than with respect to compliance with the timetable for the Entitlement Offer).
- ee) ***(breach of other representations)** any of the warranties given by SomnoMed under the Agreement is or becomes incorrect, untrue or misleading.
- ff) ***(information supplied to Wilsons)** the information supplied by or on behalf of SomnoMed to Wilsons for the purposes of the due diligence investigations undertaken in connection with the Entitlement Offer taken as a whole is, or the Offer Materials are, false, misleading or deceptive (including by omission).

Underwriting Agreement Summary

- gg) ***(change in law)** there is introduced, or there is an official public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced prior to the date of this agreement), any of which does or is likely to prohibit, restrict or regulate the Offer, capital issues, the level or likely level of valid applications under the Entitlement Offer or stock markets.
- hh) ***(contravention of law)** a contravention by SomnoMed of the Corporations Act, its Constitution, any of the ASX Listing Rules, any other applicable law or regulation (as amended or varied) or order or request made by or on behalf of ASIC, ASX or any government agency.
- ii) ***(market or trading disruption)** any of the following occurs (i) trading in securities generally on ASX, the New York Stock Exchange, and/or the London Stock Exchange is suspended or limited in a material respect on three or more consecutive days (ii) a general moratorium on commercial banking activities is declared in Australia, the United States of America, Hong Kong, Canada, Japan or the United Kingdom is declared by the relevant central banking authority in any of the countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or (iii) any adverse change or disruption in the political or economic conditions or adverse effect on the financial markets in Australia, the United States of America, Hong Kong, Canada, Japan or the United Kingdom, or in foreign exchange rates or any development involving a prospective change in political or economic conditions or markets in any of those countries or in foreign exchange rates;.
- jj) ***(adverse change)** in the bona fide and reasonable opinion of Wilsons, there is a material adverse change, or any one or more matters, events or circumstances occurs, is announced or disclosed or becomes known to Wilsons (whether or not it becomes public) which individually or when aggregated with any other such matters, events or circumstances is likely to give rise to a material adverse change, in the financial position or performance, shareholders' equity, profits, losses, results, condition, operations or prospects of SomnoMed.

No event listed with an (*) in this slide or the immediately preceding slide entitles Wilsons to exercise its termination rights unless, Wilsons has reasonable grounds to believe or actually believes that the event (a) has had, is having or is reasonably likely to have a material adverse effect on the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Group either individually or taken as a whole or the success or outcome of the Offer, the market price of Shares to be issued under the Offer or SomnoMed's Shares or the ability of Wilsons to market, promote or settle the Entitlement Offer (including matters likely to have an effect on a decision of an investor to invest in Shares of SomnoMed or Shares to be issued under the Entitlement Offer); (b) leads (or is, in Wilsons' opinion, reasonably likely to lead) to Wilsons' obligations under the Agreement becoming materially more onerous than those which exist at the date of the Agreement was entered into; or (c) leads (or is, in Wilsons' opinion, reasonably likely to lead) to the contravention, or involvement in a contravention of, or a liability under the Corporations Act or any other applicable law.

If Wilsons terminates its obligations under the Agreement, Wilsons will not be obliged to perform any of its obligations that remain to be performed. Termination of the Agreement could have an adverse impact on the amount of proceeds raised under the Entitlement Offer.