



27<sup>th</sup> November 2024

## 2024 Annual General Meeting

### Chairman's AGM address by Guy Russo

Dear Shareholders

On behalf of the Board of Directors I would like to welcome you to the 2024 Annual General Meeting for SomnoMed Limited. Today is my fourth AGM as your Chairman and together with the board, I remain dedicated to ensuring the Company unlocks its full potential and opportunity ahead of it.

There is no doubt the past financial year has been one of significant change for the Company.

We welcomed two new co-CEOs to the business. Both Karen Borg and Amrita Blickstead were on the Board prior to taking up their current roles. We have been incredibly lucky that they could hit the ground running with minimal transition time to enable change to be enacted quickly so that the business continues to grow. I am the Chair of two companies with the co-CEO arrangement and the power of a team in that role has been tremendous to watch in both cases. Our co-CEOs have been able to divide and conquer on several key projects, while debating, aligning and remaining supportive of each other. This has been particularly important given the global nature of the business. Karen has led our highly successful commercial teams across the US, Europe and APAC, knowing that Amrita is fully across the manufacturing operations and corporate functions.

For the FY24 financial year, SomnoMed brought in \$91.7m of revenue and \$0.6m EBITDA<sup>1</sup>, in line with our revised EBITDA<sup>1</sup> guidance. Over the past year our key priority has been to strengthen and stabilise the core business. A successful recapitalisation allowed us to repay our primary debt in full and provide the business with balance sheet flexibility. Raising \$38.1m in gross equity was supported by current shareholders and in the process, we were also able to welcome new shareholders to the register. As we identified capacity constraints, we also increased our focus and investment in manufacturing, so that we could supply enough product to meet our customers' needs. We are still on this journey of change which I have witnessed first-hand on my recent trips to both our manufacturing facility in Manilla and several of our key offices across Europe, where I spent time with leadership, the team and customers. You will have seen from this morning's announcement that we have upgraded guidance. This is testament to the fast execution and transformation that is happening across the business. We thank you for your support through a period of operational and financial change that was necessary for the future growth of the business.

<sup>1</sup> EBITDA does not include AASB 16 lease payments, share/option expenses, unrealised foreign exchange gain/loss, one off restructuring costs and discontinued operations

In regards to future growth, while our current portfolio of products continues to have strong demand, we remain very committed to the development and introduction of Rest Assure® and the transformational impact this connected device will create across the entire oral therapy category. Last month, the FDA cleared Rest Assure® as the first oral device with built-in compliance monitoring. While there is still more work to do, this is a worldwide first and a major milestone for the team.

Before I pass onto Amrita and Karen to provide you with an update on the business, I would like to thank the Board for their efforts and contribution over the past 12 months. I would like to make a very special mention to Mr Hamish Corlett for his service to the Board – his impact over many years has been immeasurable and whilst we were sad to see him step down recently, we are equally excited by Mr Ben Gisz stepping into that role. Like Hamish, Ben is a Partner at TDM Growth Partners, our largest shareholder, and the energy and vigour he has brought to the role is already palpable.

To our other non-executive director, Mr Michael Gordon, you have been tireless in your commitment to the Company, providing both myself and management with valuable insights. We are currently looking to add some additional domain expertise to the Board and are in the final stages of recruitment.

I would also like to take this opportunity to extend our deepest thanks to Karen and Amrita and their management team, who have stepped in during a difficult transition point in the business and have managed to execute change and transformation quickly.

Finally, allow me to thank you once again for your support.

It is now my pleasure to introduce our co-CEOs.

## **Co-CEOs' address by Karen Borg and Amrita Blickstead**

Thank you, Chairman. It has been a year of change. We are very excited to be able to address you today for our first AGM as co-CEOs and update you on the progress we have made across the business since our appointment in February earlier this year.

We want to reiterate the messaging we delivered in the FY24 results. As new co-CEOs, we are on a mission to build the trust of our team, our investors and most importantly our clinicians and customers. We want to consistently deliver a product and customer experience of the highest quality, and in turn, deliver a double-digit revenue growth and 10% EBITDA<sup>1</sup> margin to our investors within the next 3 years.

In many ways, the second half of FY24 was an opportunity to reset and build the right financial and operational foundations for our core business. We moved quickly to pay down the debt and re-establish where we invest in the business. There has been no shortage of demand for our products, so we increased focus on manufacturing output. We endeavour to fulfill orders quickly, so that patients can access our therapy and get a better night's sleep.

In FY25, this momentum will continue with continued focus on manufacturing output and improved turnaround times to customers. This focus is already showing a lift in our results as Amrita will share with you shortly. With regards to people and culture, we have recently recruited several key people to our leadership team to build a passionate, high performing team that is focused on a culture of execution, efficiency and improvement. When Amrita and I stepped into this role, we promised you a focus on financial stability and manufacturing recovery which we are delivering on. We will only make commitments to you that we are confident on delivering.

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As Karen and Guy mentioned, our top priority was building strength in our core business. The reset we went through this year saw us raise capital, pay down debt, cut costs and invest in manufacturing. As a result of this focus, we have had a strong start to FY25, demonstrated through revenue growth, capacity uplift and positive operating cashflow.

Financially, Q1 FY25 has already seen us generate \$25.3 million of revenue, up 18.2% compared to the same period in the prior year (up 20.3% in constant currency). We have a positive operating cashflow of \$1.1 million and a positive free cash flow for the first quarter.

The Company's continued focus on cost control has allowed our Q1 FY25 EBITDA<sup>1</sup> to surpass that of FY23 and FY24.

Demand for our products is strong and delivering high quality products to meet our customer needs remains our top priority. Operationally, we have lifted our manufacturing capacity over 30% and will continue on this journey.

With the lift in capacity, our turnaround times to customers have improved over 30% across our products and regions, which goes a long way towards improving both customer and employee satisfaction.

Behind a good business are good people. We have been working hard to build a top tier leadership team to drive this business forward. We are thrilled to have attracted top tier talent to our organisation, all of whom are already running fast, executing and driving so much value to SomnoMed.

Firstly, we are delighted that Ye-Fei Guo will step into the CFO role effective today. She has already proven to be an incredibly valuable partner to not only Karen and myself, but to the Board, the leadership team and the business. She has over 20 years of finance experience, ASX experience, private equity experience, healthcare operations, company secretarial and is a Chartered Accountant.

Without delving into their full biographies, at a high level, we have Jonathon Vowels, our Vice President, Manufacturing and Operations, with over 25 years of manufacturing experience from British American Tobacco. He has led best in class and cost-efficient manufacturing across Asia. Janice Hiskett-Jones, our Chief People Officer from SunRice, who has deep specialisation in incentives – no doubt valuable when motivating sales, marketing and manufacturing. Keshan Gunasinghe, our Chief Product Officer with over 20 years of R&D experience at J&J will be moving here from Singapore in January and Mary Kennel, Global Director Quality Assurance and Regulatory Affairs from Alcon, who has already provided us incredible guidance regionally and at CPF.

We feel so fortunate to have incredible talent join SomnoMed and help us lead the business in its next chapter of growth.

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## Upgrading Guidance

As it relates to our commitment to sustainable growth through strong financial performance, we are pleased to be upgrading both our revenue and EBITDA<sup>1</sup> guidance for FY25.

Trading year to date has been healthy, with Q1 FY25 having closed on \$25.3 million of total revenue, +18.2% (+20.3% in constant currency) versus the previous corresponding period, and Q2 starting out strongly. Whilst revenue in all key geographies grew strongly as production turnaround times continued to improve and demand remains robust, Q1 growth was strong as order backlog continued to reduce.

Whilst this positive trend is expected to continue, there is an expectation that growth will slow in the remaining quarters as order backlog is cleared. The Company also intends to make key budgeted operational and personnel investments.

We have factored these dynamics in upgrading our revenue guidance from circa \$100 million to circa \$105 million and our EBITDA<sup>1</sup> guidance from greater than \$5 million to greater than \$7 million.

We know that the core of this business is incredibly strong and believe that we can meet the continued demand for SomnoMed products with consistent operational excellence and delivery.

## Rest Assure®

On 7 October 2024, Rest Assure® was cleared as the first oral device with built-in compliance monitoring. This clearance includes the physical Rest Assure® oral device, as well as the software platform including patient app, physician platform, docking station and cloud-based systems.

This is a milestone moment for SomnoMed and transformational for the oral appliance therapy market.

Our immediate goal now is to have FDA approval for the efficacy feature of Rest Assure®. This feature, coupled with the compliance monitor, will deliver data to the clinician and patient, confirming both time and effectiveness of the therapy, matching the current data delivery of CPAP. This will require a further 510k submission to the FDA, which will require a US-based clinical study. Work has already commenced on this, with outreach to leading clinical research institutions and key opinion leaders. Costs associated with this trial have been budgeted for and while timings are still being firmed up with third parties, we are aiming for the study to take place during 2025, with a new submission being finalised by the end of the year.

Key milestones will include:

- Scoping the clinical trial
- Engaging principal investigators and clinical trial sites
- Conducting a pre-submission review of the study with the FDA
- Recruiting and following up patients as per the study protocol
- Lodging a new 510k submission to the FDA for clearance of the efficacy monitoring feature

We will continue to keep you updated as we progress through the milestones.

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Thank you to our long-term shareholders who continue to support and invest in this Company. We also want to thank the many new shareholders who joined us during the year as we embark on a new era. And of course, we would not be the Company we are today without our passionate team around the world. Their support and the effort they provide every day is the foundation for this business. In fact, this year marked not only our 20 year anniversary as an ASX listed company but also, crossing the milestone of having produced and delivered over 1 million SomnoMed oral appliances to patients around the world. Knowing that there will be over a million people who are sleeping better and also, experiencing a much-improved quality of life, is the reason why everyone at SomnoMed and certainly, Amrita and I, feel privileged to be here. Thank you for the opportunity to be part of a Company that makes a difference.

**This release has been approved by the Chairman and co-CEOs of SomnoMed Limited.**

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