



25 October 2022

## North America's Q1 revenue growth leads the way

**SomnoMed Limited (ASX "SOM", or the Company)**, a leading company in the provision of oral appliance treatment solutions for sleep-related breathing disorders and obstructive sleep apnea ('OSA'), is pleased to provide its quarterly activities report for the period ended 30 September 2022 (Q1 FY23).

### Financial Highlights

- Q1 FY23 revenue of \$18.5 million, up +19% (+21% in constant currency) versus the previous corresponding period (pcp)
- North America Q1 FY23 revenue of \$7.3 million, up +44% (+33% in constant currency) versus pcp, demonstrates strong sales momentum in the region driven by best-in-class products and service
- The strong group quarterly performance versus pcp reflects the impact of the sales and marketing initiatives in all regions and the trend of growing patient and medical clinician adoption of Continuous Open Airway Therapy ("COAT™") for the treatment of OSA
- SomnoMed's FY23 guidance, including +20% revenue growth, remains unchanged
- Available cash of \$12 million as at 30 September 2022, sufficient to fund growth opportunities and the development of Rest Assure® with a further \$6 million of the new debt funding arrangement to be drawn down towards the end of Q2 FY23

### Operational Highlights

- The Company hosted the second annual SOM Summit which brought together the leading Sleep Medicine practitioners from North America and globally to drive awareness and education of COAT™ for the treatment of OSA
- Total patients treated worldwide now exceeds 740,000
- Development of Rest Assure®, the Company's first ever in-built technology-enabled oral appliance, remains on schedule with the focus on the preparation of documentation required for regulatory submissions
- The Company continues to proactively deliver on a range of initiatives to secure our supply chain with the aim of limiting any negative impact of inflation pressure on margins

**Commenting on the results, SomnoMed's Managing Director, Mr Neil Verdal-Austin said:** "The September quarter saw the Company deliver financial growth in line with guidance, increase the awareness of COAT™ for the treatment of OSA and progress the development of our technology-enabled oral appliance, Rest Assure®."

"Whilst the Northern Hemisphere summer represents a seasonally lower revenue quarter in Q1, total group revenue was up 19% year on year. Our strong sales results and growing level of patients treated validates our Medical Initiative™ strategy and confirms that the exceptional 'first time fit' quality and durability of our product range is superior and preferred by clinicians and patients world-wide for the treatment of mild to moderate OSA."

## Financial Review

Q1 FY23 revenue of \$18.5 million, up +19% (+21% in constant currency) versus pcp reflects the growing demand for our COAT™ technologies, AVANT™ and Herbst Advance Elite™, and the investment the Company has made into sales teams and business development channels in all regions.

Revenue (A\$000's)	Q1 FY23	Q1 FY22	% Change	% Change
	(A\$000's)	(A\$000's)	Actual	Constant Currency
North America	7,345	5,105	+43.9%	+33.4%
Europe	9,679	9,308	+4.0%	+12.3%
APAC	1,529	1,167	+31.0%	+32.6%
<b>Total group revenue</b>	<b>18,553</b>	<b>15,580</b>	<b>+19.1%</b>	<b>+20.8%</b>

Cashflow from operations was negative \$1.9 million after excluding one-off payments relating to annual license fees and bonuses. Cash investments in R&D were mainly related to the Rest Assure® technology of c.\$1 million. The Company maintains the forecast for FY23 EBITDA<sup>1</sup> of at least \$2 million and a CAPEX investment of c.\$7 million, which includes expected technology innovation spend of c.\$3 million.

SomnoMed remains well funded to execute on our growth priorities with available cash of \$12 million as at 30 September 2022, and a further \$6 million of the new debt funding arrangement to be drawn down towards the end of Q2 FY23.

## Operational Review

Business conditions continued to improve across SomnoMed's key regions of North America, Europe and Asia Pacific as the impacts of COVID-19 on the medical sector and broader dental community continued to reduce.

SomnoMed's position within the OSA market remains strong, with the potential to further increase the addressable market by providing an alternative to the traditional default CPAP recommendations by most sleep physicians.

SomnoMed's "treatment focused" part of our mantra ensures our commitment to provide a best-in-class, durable oral appliance for the treatment of OSA. The Company has continued to experience positive engagement within the medical sector, which is driving further acceptance of COAT™.

During the quarter, the Company continued to proactively deliver on a range of initiatives to secure our supply chain with the aim to limit any negative impact of inflation pressure on our cost structures to protect margins and cash flow.

### North America

The North America market experienced another positive quarter with revenue up +44% (+33% in constant currency) versus pcp, driven by increased investment in sales and marketing efforts in the region driving demand for the product range, especially the AVANT™ and Herbst Advance Elite™.

The direct impact of the Medical Initiative™ continues to validate the Company's strategic direction. The additions made to both the business development team and account management personnel indicate the depth and strength that the Company has over its competitors in integrity, value-based sales methodologies across both the medical and dental communities.

<sup>1</sup> EBITDA as adjusted does not include share-based payments, discontinued operations, and other expenses

## Europe

Revenue for the quarter was up +4% (+12% in constant currency) versus pcp. Patient demand for the Company's COAT™ technology remains strong across core countries within Europe, driven by strong positive reimbursement trends and a growing acceptance of the benefits of oral appliances for mild and moderate OSA patients. An investment was made this quarter in sales training across the region involving a strategic methodology approach to solution selling which is informed by our customer needs.

## Asia Pacific

Asia Pacific quarterly revenues were up +31% (+33% in constant currency) versus pcp. This region has returned to deliver impressive growth for the quarter while continuing with its clinical education program and the investment in new sales and marketing resources to advance the adoption of oral appliances within the medical sector.

## **Rest Assure®**

SomnoMed introduced Rest Assure®, its first ever in-built technology-enabled oral appliance, in February 2022. Rest Assure is designed to address the lack of overnight monitoring and objective data in COAT™, which has been a major barrier to prescription and reimbursement rates to date.

This innovative technology underpins the “technology driven” part of our mantra. The second patient validation study has been completed and the results are currently being analysed by the principal investigators. The Rest Assure® project remains on schedule, with SomnoMed's focus now on the preparation of documentation required for regulatory submissions to the FDA (USA), TGA (Australia) and for CE marking (Europe). Rest Assure® will be commercialised once these approvals are received.

## **SOM Summit 2022**

During the quarter, SomnoMed was proud to host and partner the second annual SOM Summit, a conference that brings together the leading Sleep Medicine practitioners from North America and globally. The summit is a key pillar in the awareness and education process for delivering COAT™ for the treatment of OSA, allowing SomnoMed to further develop relationships within the medical field that will build on the Medical Initiative™ strategy and to “treat more patients more effectively”.

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This release has been approved by the Board of SomnoMed Limited.

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## **About SomnoMed**

SomnoMed is a public company providing treatment solutions for sleep-related breathing disorders including obstructive sleep apnea, snoring and bruxism. SomnoMed was commercialised on the basis of extensive clinical research. Supporting independent clinical research, continuous innovation and instituting medical manufacturing standards has resulted in SomnoDent® becoming the state-of-the-art and clinically proven medical oral appliance therapy for more than 740,000 patients in 28 countries. For additional information, visit SomnoMed at <http://www.somnomed.com.au>