



31 August 2023

ASX Limited

Dear Sir/Madam,

**SomnoMed Limited ACN 003 255 221 (ASX:SOM) ENTITLEMENT OFFER CLEANSING NOTICE UNDER SECTION 708AA(2) (f) OF THE CORPORATIONS ACT 2001 (CTH)<sup>1</sup>**

This Notice is given by SomnoMed Limited ("SOM" or the "Company") under Section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* (the "Act") as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2017/73.

SOM has announced that it will undertake an accelerated non-renounceable entitlement offer ("Entitlement Offer") of 1 fully paid Ordinary Share ("New Shares") for every 3.82 ordinary shares held as at 7.00pm (AEST) on Monday, 4 September 2023 ("Record Date") by SOM's existing shareholders with a registered address in Australia or New Zealand, along with a fully underwritten placement to institutional investors ("Placement"). The issue price for each New Share under the Entitlement Offer will be \$0.60 ("Offer Price").

SOM advises that:

- (a) the New Shares will be offered for issue without disclosure under Part 6D.2 of the Act;
- (b) this Notice is being given under Section 708AA(2)(f) of the Act;
- (c) as at the date of this notice SOM has complied with:
  - i. the provisions of Chapter 2M of the Act as they apply to SOM; and
  - ii. Sections 674 and 674A of the Act;
- (d) as at the date of this notice there is no excluded information of the type referred to in sub-sections 708AA(8) or (9) of the Act; and
- (e) the potential effect the Entitlement Offer will have on the control of SOM, and the consequences of that effect, will depend on a number of factors, including shareholder demand. The potential effect and the consequences of that effect are assessed further below.

The Company has on issue 82,759,315 Ordinary Shares.

The Placement and the Entitlement Offer is fully underwritten by Wilsons Corporate Finance Limited, subject to the terms and conditions of an underwriting agreement. The Entitlement Offer but not the Placement will be sub-underwritten by the Company's largest shareholders, TDM Growth Partners Pty Ltd (**TDM**), subject to the terms and conditions of its sub-underwriting agreement.

TDM who is expected to hold approximately 26.96% of the Company's voting shares as at the Record Date, has confirmed that it will take up its full entitlement under the Entitlement Offer and has also agreed to sub-underwrite

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<sup>1</sup> This announcement has been approved by the board of directors of the Company.

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.

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:

- (a) *Oversubscription facility*: all eligible retail shareholders who accept and pay for their entitlement in full will be entitled to apply for additional New Shares in the oversubscription facility (to the extent permitted by law and the ASX Listing Rules) at the Offer Price. To the extent that there is greater demand than there is a 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 contrary to the law or ASX Listing Rules.
- (b) *Shortfall Bookbuild*: following completion of the institutional component of the Entitlement Offer, the Lead Manager and the Company will determine the number of any shortfall shares after acceptances by eligible shareholders (after taking into account any allotment of oversubscriptions). These shortfall shares (together with any Shares that would have been offered to ineligible institutional and retail shareholders had they been eligible to participate in the Entitlement Offer) will be offered to new and existing institutional and sophisticated investors in a bookbuild process ("Shortfall Bookbuild"). The Shortfall Bookbuild will be conducted at the Offer Price and, as such will be a bookbuild as to volume only. To the extent there is any shortfall following the Shortfall Bookbuild, it will be taken up by TDM as underwriter to the Entitlement 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:

- (a) the extent to which eligible shareholders other than TDM take up their entitlements;
- (b) the extent to which eligible retail shareholders participate in the oversubscription facility;
- (c) the number of New Shares placed to institutional and/or sophisticated investors under the Shortfall Bookbuild;
- (d) the extent to which any investors other than TDM agree to sub-underwrite the Entitlement Offer; and
- (e) 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:

- (a) if all Eligible Shareholders take up their entitlement in full under the Entitlement Offer, there will be no significant effect on the control of the Company;
- (b) if Eligible Shareholders do not take up some or substantially all of their entitlement under the Entitlement Offer, the shareholding interests of those Eligible Shareholders 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 or the Shortfall Bookbuild) and TDM's interest will increase as a result of their sub-underwriting commitment;

- (c) the proportional interests of shareholders that are not Eligible Shareholders will be diluted because those shareholders are not entitled to participated in the Entitlement Offer; and
- (d) if no eligible shareholders other than TDM participated in the Entitlement Offer, and assuming no sub-underwriting commitments were received from anyone other than TDM and there are no investors under the Shortfall Bookbuild, TDM's ownership interest (and voting power) will increase from 26.96% to 40.50%.

Yours faithfully,

A handwritten signature in black ink, consisting of a stylized, cursive script that is difficult to decipher but appears to be the name of the signatory.

Terry Flitcroft  
*Company Secretary*  
**SomnoMed Limited**