



SOMNOMED LIMITED

ACN 003 255 221

Retail Entitlement Offer
Information Booklet

1 for 3.82 accelerated pro-rata non-renounceable entitlement offer
of fully paid ordinary shares in the Company at an issue price of \$0.60 per New Share

Lead Manager to the Issue

Wilson's Corporate Finance Limited ACN 057 547 323

Retail Entitlement Offer closes: 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023 (unless extended). Valid Applications must be received before that time.

If you are an Eligible Retail Shareholder, this Retail Offer Booklet together with the personalised Entitlement and Acceptance Form which accompanies it are important documents that require your immediate attention. These documents should be read in their entirety. This Retail Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with the Australian Securities and Investments Commission. You should consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions. If you have any questions about the Retail Entitlement Offer, please contact the Offer Information Line on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia) at any time between 8.30am and 5.00pm (Sydney time), Monday to Friday during the Retail Offer Period.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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Retail Entitlement Offer Information Booklet

IMPORTANT NOTICES

This Retail Offer Booklet is dated Thursday, 7 September 2023. Capitalised terms used in this Retail Offer Booklet have the meaning given to them in Section 7 of this **Retail Offer Booklet**.

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The Retail Entitlement Offer is made pursuant to section 708AA of the Corporations Act (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2017/73*), which allows entitlement offers to be made without a prospectus or other disclosure document. As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read carefully and understand this Retail Offer Booklet and the information about the Company and the Retail Entitlement Offer made publicly available, prior to deciding whether to take up all or part of their Entitlement or apply for Additional New Shares or do nothing in respect of their Entitlement.

This Retail Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares and Additional New Shares through BPAY^{®1} in accordance with the instructions on the Entitlement and Acceptance Form, you will be deemed to have acknowledged that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

No overseas offering

This Retail Offer Booklet (including the accompanying Entitlement and Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States and the New Shares and Additional New Shares may not be offered or sold, directly or indirectly, to persons in the United States or to any person acting for the account or benefit of any person in the United States.

¹ ® registered to BPAY Pty Ltd ABN 69 079 137 518.

No overseas offering (continued)

This Retail Offer Booklet is not to be distributed in, and no offer of New Shares or Additional New Shares is to be made under the Retail Entitlement Offer, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Shares, the Additional New Shares or otherwise permit the public offering of the New Shares or Additional New Shares, in any jurisdiction other than Australia.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares (and Additional New Shares, as the case may be) is subject to all requisite authorities and clearances being obtained for the Company to lawfully receive your Application Monies.

New Zealand

The New Shares and Additional 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.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

None of the information in this Retail Offer Booklet or the personalised Entitlement and Acceptance Form accompanying it when it is dispatched to Eligible Retail Shareholders (as set out in the **"Key dates" section**) constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person acting for the account or benefit of any person in the United States. Neither this Retail Offer Booklet (or any part of it) nor the personalised Entitlement and Acceptance Form, when made available, may be released or distributed, directly or indirectly, to persons in the United States.

Neither the Entitlements, the New Shares nor the Additional New Shares have been, or will be, registered under the U.S. Securities Act of 1933 (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States. Neither the Entitlements or the New Shares or the Additional New Shares (as the case may be) may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable U.S. states securities laws. The Entitlements, the New Shares and the Additional New Shares to be offered and sold in the Retail Entitlement Offer described in this Retail Offer Booklet may only be offered and sold outside the United States in **"offshore transactions"** (as defined in Regulation S under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Definitions, currency and time

Defined terms used in this Retail Offer Booklet are contained in Section 7. All references to time are to Sydney, Australia time, unless otherwise indicated.

Foreign exchange

All references to '\$' are AUD unless otherwise noted.

Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares and Additional New Shares (if applicable). Section 6 provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Shareholders who are Australian tax residents and who hold their Shares on capital account. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. The Company recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

Privacy

The Company collects information about each Applicant provided on an Applicant's personalised Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting your personalised Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or through its Share Registry). The Company collects, holds and will use that information to assess your Application. The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to its Share Registry, The Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through its Share Registry.

Governing law

This Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet may not be relied upon as having been authorised by the Company, its related bodies corporate or any of their respective directors, officers, employees, agents, advisers or representatives. Except as required by law, and only to the extent so required, none of the Company, its related bodies corporate or any their respective directors, officers, employees, agents, advisers or representatives, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Retail Offer Booklet.

Past performance

Investors should note that any past performance information given in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future the Company's performance, including future share price performance.

Future performance and forward-looking statements

This Retail Offer Booklet contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “should”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance”, “project”, “forecast”, “likely”, “could”, “target” or other similar words or expressions, and include statements in this Retail Offer Booklet regarding certain plans, strategies and objectives of management of the Company and indications of, and guidance or outlook on, expected financial performance or position, future earnings, distributions, the conduct and outcome of the Entitlement Offer and the use of proceeds.

The forward-looking statements contained in this Retail Offer Booklet involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond the control of the Company, subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Retail Offer Booklet in light of those disclosures.

Neither the Company, nor any other person, gives any representation, warranty, assurance nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement actually occur. The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and the Company disclaims any responsibility to update or revise any forward-looking statement to reflect any change in the Company's financial condition, status, expectations or affairs or any change in events, conditions or circumstances on which a statement is based, except as required by law.

Risks

An investment in New Shares and Additional New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible delays in repayment and loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment.

Shareholders should refer to the “Key risks” section of the Investor Presentation included in Section 4 of this Retail Entitlement Offer Booklet for a summary of general and specific risk factors that may affect the Company.

Trading New Shares and Additional New Shares

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares and Additional New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or its Share Registry or otherwise, or who otherwise trade or purport to trade New Shares or Additional New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.



Chairman's letter

Thursday, 7 September 2023

Dear Shareholder,

On 30 August 2023, SomnoMed Limited (Company) announced a fully underwritten capital raising of approximately \$15.5 million, comprising a A\$2.5 million placement to institutional investors (Placement) and a \$13.0 million pro rata accelerated non-renounceable entitlement offer (Entitlement Offer, and together with the Placement, the Capital Raise).

The Placement and the institutional component of the Entitlement Offer (Institutional Entitlement Offer) were successfully completed before trading in the Company's ordinary shares (Shares) recommenced on ASX on Monday 4 September 2023 and raised approximately \$9.8 million.

As a valued shareholder of the Company, I am pleased to offer you the opportunity to participate in the retail component of the Entitlement Offer (Retail Entitlement Offer) by subscribing for 1 new fully paid Share (New Share) for every 3.82 existing Shares you hold on the Record Date (as defined below) for an offer price of \$0.60 (Offer Price) per New Share. The Retail Entitlement Offer is expected to raise approximately \$5.7 million.

This retail entitlement offer booklet contains important information with respect to the Capital Raise and the Retail Entitlement Offer which you should read before participating in the Retail Entitlement Offer.

Use of proceeds

The funds raised under the Capital Raise are expected to be used for the following reasons:

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>	3.0
<i>Investment in Rest Assure® product technology innovation</i>	3.0
<i>Working capital support for Rest Assure® inventory growth</i>	2.5
Invest in driving organic growth	1.5
Subtotal	15.0
Transaction costs	0.5
Total Capital Raise size	15.5

Details of the Entitlement Offer

As noted above, the Entitlement Offer comprises an accelerated institutional component which raised approximately \$7.3 million and a retail component to raise approximately \$5.7 million.

The Capital Raise is fully underwritten by Wilsons Corporate Finance Limited (Underwriter), subject to the terms and conditions of its underwriting agreement. The Entitlement Offer but not the Placement is also 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.

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 Capital Raise, with support from external advisors. The IBC has reviewed and approved the terms and pricing of the Capital Raise.

The Retail Entitlement Offer opens at 10.00am (Sydney, Australia time) on Thursday, 7 September 2023 and closes at 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023, unless extended.

Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders in Australia and New Zealand have the opportunity to invest at the same price as the Institutional Shareholders who participated in the Institutional Entitlement Offer. The number of New Shares and Additional New Shares (as defined below) for which you are entitled to subscribe under the Retail Entitlement Offer (Entitlement) is set out in your personalised Entitlement and Acceptance Form which accompanies this Retail Offer Booklet.

The Entitlement Offer is non-renounceable and therefore your Entitlement will not be tradeable on the ASX or any other exchange, cannot be sold and is not otherwise transferable. This means that Eligible Retail Shareholders (as defined in Section 7 of this Retail Offer Booklet) who do not take up their Entitlements will not receive any value for those Entitlements and their proportionate interest in the Company will be diluted.

Eligible Retail Shareholders are entitled to subscribe for 1 New Share at the Offer Price for every 3.82 existing Shares in the Company held at 7.00pm (Sydney, Australia time) on Monday, 4 September 2023 (Record Date).

Oversubscription Facility

Eligible Retail Shareholders who take up and pay for their Entitlement in full may also apply for additional Shares in excess of their Entitlement at the Offer Price (Additional New Shares). New Shares and Additional New Shares issued under the Entitlement Offer will rank equally with existing Shares from their date of issue. If the number of Additional New Shares applied for exceeds the number of Additional New Shares available (or, if lower, the amount that you may subscribe for to the extent permitted by law and the ASX Listing Rules), there will be a pro-rata scale-back by the Independent Board Committee of the Company.

Offer Price

The Offer Price of \$0.60 per New Share and Additional New Share represents:

- a 16.9% discount to the theoretical ex-rights price (TERP) of \$0.722 on 30th August 2023 (being the last day before announcement of the Capital Raise); and
- a 21.1% discount to the last closing price at 30th August 2023 of \$0.760 per share.

FY23 Preliminary Report

At the time of announcing the Capital Raise, the Company also released its preliminary report for the financial year ended 30 June 2023 (FY23). **A copy of the Company's FY23 preliminary report can be found at <https://somnomed.com/au/about-us/investor-centre/>. Highlights of the Company's first half are shown on in the Investor Presentation contained in this booklet.**

How to apply and pay

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement.

The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023. To participate, you should ensure that you have completed your Application and make payment of the relevant application monies (Application Monies).

If you are resident in Australia, you can pay the Application Monies by BPAY® or cheque.

If you are resident in New Zealand, you can pay the Application Monies by making an electronic transfer into a trust account of the Company (as per the additional payment option letter sent to holders in New Zealand).

Further information

Further information on the Retail Entitlement Offer and the Company's business is detailed in this Retail Offer Booklet. You should carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the key risks detailed in the Investor Presentation included in Section 4 of this Retail Offer Booklet, which contains a summary of some of the key risks associated with an investment in the Company.

If you have any questions in respect of the Retail Entitlement Offer, please call the Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) at any time from 8.30am to 5.00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period. This Retail Offer Booklet contains detailed information about the Entitlement Offer, including instructions on how to participate should you choose to do so. Please read this Retail Offer Booklet carefully and in its entirety before choosing to participate in the Retail Entitlement Offer.

On behalf of my fellow directors, I look forward to welcoming your participation in the Retail Entitlement Offer and your continued ownership of the Company.

Yours sincerely,



Non-Executive Chairman
SomnoMed Limited

Summary of the Capital Raise

Placement	
Offer Price	\$0.60 per New Share
Size	Approximately 4.2 million New Shares
Gross proceeds	Approximately \$2.5 million
Institutional Entitlement Offer	
Ratio	1 New Share for every 3.82 Existing Shares held
Offer Price	\$0.60 per New Share
Size	Approximately 12.2 million New Shares
Gross proceeds	Approximately \$7.3 million
Retail Entitlement Offer	
Ratio	1 New Share for every 3.82 Existing Shares held (same as Institutional Entitlement Offer)
Offer Price	\$0.60 per New Share (same as Placement and Institutional Entitlement Offer)
Size	Approximately 9.5 million New Shares
Gross proceeds	Approximately \$5.7 million
Total gross proceeds	
Expected total gross proceeds from the Capital Raise	Approximately \$15.5 million

Key Dates

Activity	Date (2023)
Record Date for Entitlement Offer (7.00pm Sydney, Australia time)	Monday, 4 September
- Retail Offer Booklet lodged with ASX - Despatched to Eligible Retail Shareholders ² - Retail Entitlement Offer opens	Thursday, 7 September
New Shares issued under the Placement and Institutional Entitlement Offer commence trading on ASX	Friday, 8 September
Retail Entitlement Offer closes (5.00pm Sydney, Australia time)	Thursday, 21 September
Issue of New Shares and Additional New Shares under the Retail Entitlement Offer	Thursday , 28 September
Normal ASX trading for New Shares and Additional New Shares issued under the Retail Entitlement Offer commences	Friday , 29 September
Despatch of holding statements for New Shares and Additional New Shares issued under the Retail Entitlement Offer	Monday, 2 October

Notes:

This timetable above (and each reference thereto or to dates therein in this Retail Offer Booklet) is indicative only and subject to change without notice. All times and dates in the timetable refer to Sydney, Australia time. The Company reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late Applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares and Additional New Shares.

The Company also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to issue of the New Shares and Additional New Shares (as applicable). 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 and Additional New Shares. You cannot withdraw your Application once it has been accepted. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

Enquiries

If you have any doubt about whether you should participate in the Retail Entitlement Offer, you should seek professional financial advice from your stockbroker, solicitor, accountant or other professional adviser before making any investment decision.

If you have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement or have lost your Entitlement and Acceptance Form and would like a replacement form, please call 1300 737 760 (inside Australia) and +61 2 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period.

² Note – this Retail Offer Booklet will be sent by electronic email to all Eligible Retail Shareholders on the Record Date that have elected to receive correspondence by electronic email. Other Eligible Retail Shareholders on the Record Date will receive a letter informing them of how to access this Retail Offer Booklet electronically. Shareholders that have elected to receive hard copy correspondence will receive a printed copy of this Retail Offer Booklet (email notices election will be sent via email, all others will receive a posted form and letter).

1. Summary of options available to you

If you are an Eligible Retail Shareholder³, you may take one of the following actions:

- take up all of your Entitlement;
- take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for the lapsed Entitlement; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement.

Options available to you	Key considerations
Option 1: Take up all of your Entitlement	<ul style="list-style-type: none"> • You may elect to purchase New Shares at the Offer Price (see Section 3 <i>“How to apply”</i> for instructions on how to take up your Entitlement). • The New Shares will rank equally in all respects with Existing Shares from their date of issue (including rights to dividends and distributions). • The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023. • Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Eligible Shareholders who do not take up their rights in full will not receive any value in respect of those rights they do not take up.
Option 2: Take up all of your Entitlement and also apply for Additional New Shares in excess of your Entitlement	<ul style="list-style-type: none"> • You may elect to apply for New Shares up to your Entitlement and that number of Additional New Shares in excess of your Entitlement to the extent there is any shortfall under the Retail Entitlement Offer (see Section 3 <i>“How to apply”</i> for instructions on how to take up Additional New Shares in excess of your Entitlement). • The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any Excess Amounts received by the Company, may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, scaled back on a pro rata basis or to the extent considered necessary to prevent the issue of securities being made contrary to the law or ASX Listing Rules. Please note that allocations of Additional New Shares are at the discretion of the Company acting through the Independent Board Committee. • The New Shares and Additional New Shares will rank equally in all respects with Existing Shares from their date of issue (including rights to dividends and distributions). • The Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023.

³ See Section 5.3 of this Retail Offer Booklet.

Options available to you	Key considerations
Option 3: Take up part of your Entitlement	<ul style="list-style-type: none"> • If you only take up part of your Entitlement, the part not taken up will lapse and the New Shares not subscribed for will form part of the Retail Shortfall. • If you do not take up your Entitlement in full, you will not receive any payment or value for that part of your Entitlement not taken up. • If you do not take up your Entitlement in full, you will have your percentage holding in the Company reduced as a result of the Entitlement Offer.
Option 4: Do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement	<ul style="list-style-type: none"> • If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlement will lapse. • The New Shares not subscribed for will form part of the Retail Shortfall. • Your Entitlement is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred. • If you do not take up your Entitlement, you will not receive any payment or value for your Entitlement. • If you do not take up your Entitlement, you will have your percentage holding in the Company reduced as a result of the Entitlement Offer.

If you are a retail Shareholder that is not an Eligible Retail Shareholder, you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer.

2. Overview of the Entitlement Offer

2.1 Overview

The Company intends to raise approximately \$13.0 million under the Entitlement Offer via an offer of approximately 21.7 million New Shares at an Offer Price of \$0.60 per New Share. Eligible Shareholders may also apply for Additional New Shares in excess of their Entitlement to the extent there is any shortfall under the Retail Entitlement Offer. The allocation of any Additional New Shares will be limited to the extent that there are sufficient New Shares in the Retail Shortfall available from Eligible Shareholders who do not take up their full Entitlement.

The Company will use the proceeds of the Entitlement Offer to reduce the Company's balance of drawn debt, drive organic growth and support the continued commercialisation of Rest Assure® moving into FY24.

The Entitlement Offer has two components:

- a) the Institutional Entitlement Offer – Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to sell Entitlements not taken up by Eligible Institutional Shareholders as well as New Shares that otherwise would have been offered to Ineligible Shareholders at the Offer Price was carried out, to raise approximately \$7.3 million; and
- b) the Retail Entitlement Offer (to which this Retail Offer Booklet relates) – Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement. Eligible Retail Shareholders who take up their Entitlement in full may also apply for Additional New Shares. The Retail Entitlement Offer is expected to raise approximately \$5.7 million.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements cannot be traded on the ASX, nor can they be sold, transferred or otherwise disposed of.

New Shares and Additional New Shares issued under the Retail Entitlement Offer are to be issued at the same **price as New Shares issued under the Institutional Entitlement Offer. In addition, Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.**

The Entitlement Offer is fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement (as summarised in Section 5.7 of this Retail Offer Booklet).

2.2 Institutional Entitlement Offer and Placement

The Company has already raised approximately \$9.8 million from Eligible Institutional Shareholders as part of the Institutional Entitlement Offer and Placement, at \$0.60 per New Share.³

New Shares are expected to be issued under the Institutional Entitlement Offer and Placement on Friday, 8 September 2023.

2.3 Retail Entitlement Offer

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2017/73*) which allows entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on the Company and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the materials in Section 4 of this Retail Offer Booklet and other announcements made available at asx.com.au and all other parts of this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

³ Settlement of the Institutional Entitlement Offer is due to occur on Thursday, 7 September 2023 and is subject to certain conditions and termination events. Refer to Section 5.7.

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 3.82 Existing Shares held on the Record Date.

The Retail Entitlement Offer opens on Thursday, 7 September 2023. This is also the date when the Retail Offer Booklet will be dispatched, along with an Entitlement and Acceptance Form, to Eligible Retail Shareholders. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023.

3. How to Apply

3.1 Retail Entitlement Offer

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 3.82 Existing Shares held on the Record Date at 7.00pm (Sydney, Australia time) on Monday, 4 September 2023. The Offer Price of \$0.60 per New Share represents a discount of 16.9% to the TERP on 30 August 2023 (being the day before announcement of the Capital Raise) of \$0.7222 reflecting the Entitlement Offer. Eligible Retail Shareholders who take up their Entitlement Offer in full may also apply for Additional New Shares (see Section 3.3 below for further details).

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be sold, transferred or otherwise disposed of.

The Retail Entitlement Offer opens on Thursday, 7 September 2023. The Retail Entitlement Offer is expected to close at 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023.

3.2 Your Entitlement

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 3.82 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) accompanies this Retail Offer Booklet. Eligible Retail Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Please note that the Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Retail Shareholders in Section 5.3 of this Retail Offer Booklet). Eligible Retail Shareholders should be aware that an investment in the Company involves risks and in the circumstances should be considered speculative. The key risks identified by the Company are set out in Section 4 of the Investor Presentation (see Section 4 of this Retail Offer Booklet).

Nominees

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders (see definition of Eligible Retail Shareholder in the 'Additional information' section). **The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Entitlement Offer).** Nominees and custodians may not distribute any part of this Retail Offer Booklet, and may not permit any beneficial shareholders to participate in the Entitlement Offer, in any country outside Australia and New Zealand, without the consent of the Company. Any person that is in the United States or is a U.S. Person, or that is acting for the account or benefit of a person in the United States or a U.S. Person, will not be able to purchase the New Shares or the Additional New Shares.

3.3 Additional New Shares

Eligible Retail Shareholders who take up their Entitlement in full may also apply for any number of Additional New Shares they wish as the application for Additional New Shares is uncapped to the extent permitted by law and the ASX Listing Rules.

Allocations of Additional New Shares are at the discretion of the Company. 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 by the Independent Board Committee on a pro rata basis or to the extent considered necessary to prevent the issue of securities being made contrary to the law or ASX Listing Rules.

There is no guarantee that you will receive the amount of Additional New Shares applied for above your Entitlement, if any. The allocation of any Additional New Shares will be limited to the extent that there are sufficient New Shares from Eligible Retail Shareholders who do not take up their full Entitlement.

Any Excess Amount paid by you may be treated as an application to apply for as many Additional New Shares as your Excess Amount will pay for in full. No Additional New Shares will be issued to an Eligible Retail Shareholder which will result in them increasing their voting power in the Company above 20%.

3.4 Options available to you

The number of New Shares to which Eligible Retail Shareholders are entitled is shown on the Entitlement and Acceptance Form that accompanies this Retail Offer Booklet. Eligible Retail Shareholders may:

- (a) take up their Entitlement in full by the Closing Date (refer to Section 3.5);
- (b) take up their Entitlement in full and also apply for Additional New Shares in excess of their Entitlement by the Closing Date (refer to Section 3.5);
- (c) take up part of their Entitlement by the Closing Date, in which case the balance of their Entitlement would lapse (refer to Section 3.6); or
- (d) do nothing and allow their Entitlement to lapse (refer to section 3.7).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Ineligible Retail Shareholders may not take up all or part of their Entitlement.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Retail Entitlement Offer is 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023 (however, that date may be varied by the Company, in accordance with the ASX Listing Rules and applicable law).

3.5 Taking up all of your Entitlement and applying for Additional New Shares

If you wish to take up all of your Entitlement or take up all of your Entitlement and apply for Additional New Shares, payment must be made via Bpay® if possible or cheque (if you are in Australia). Eligible Retail Shareholders based in New Zealand who do not have an Australian bank account will be able to pay by bank draft in Australian currency (as per the additional payment option letter sent to holders in New Zealand). Payments must be made by following the instructions set out on the Entitlement and Acceptance Form. Payment is due by no later than 5.00pm (Sydney, Australia time) on the Closing Date (Thursday, 21 September 2023).

The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any Excess Amounts received by the Company, may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject to any scale-back it may determine to implement to comply with applicable law. **Please note that allocations of Additional New Shares are at the discretion of the Company.**

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque or banks draft sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders). If you wish to advise or change your banking instructions with the Share Registry you may do so by going to <https://boardroomlimited.com.au/> and logging into the InvestorServe before the Entitlement Offer closes.

3.6 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, payment must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. If the Company receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an Application for as many New Shares as your Application Monies will pay for in full.

3.7 Allowing your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and your Entitlement will lapse. The New Shares not subscribed for will form part of the Retail Shortfall.

3.8 Consequences of not taking up all or part of your Entitlement and control impact of TDM sub-underwriting

If you do not take up all or part of your Entitlement in accordance with the instructions set out above, those New Shares representing your Entitlement (or the part of your Entitlement not taken up) will be acquired by other Eligible Retail Shareholders who apply for Additional New Shares or, if there are New Shares leftover in the Retail Shortfall, by TDM.

TDM, SomnoMed's largest shareholder with a shareholding of 26.96% shares on issue as at the date of announcement of the Entitlement Offer, **is supportive of the Company's strategy and supportive of the Capital Raising.** TDM has provided an irrevocable commitment to subscribe for 100% of its pro rata share of the Entitlement Offer and has agreed to act as **sub-underwriter to the Entitlement Offer.** **Any shortfall not taken up by SomnoMed's** other existing shareholders who are eligible to participate in the Entitlement Offer will be allocated to TDM pursuant to its sub-underwriting commitment.

The participation of TDM in the Entitlement Offer, through the take up of its Entitlement and the allocation of any New Shares Shortfall, may result in its shareholding increasing up to a theoretical maximum of 40.5% if no other shareholder were to participate in the Entitlement Offer.⁴

By allowing all or part of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares representing that part of your Entitlement not taken up and you will not receive any value for that part of your Entitlement. Your interest in the Company will also be diluted **and TDM's control may increase.**

3.9 Payment

Payment should be made using Bpay® if possible. Eligible Retail Shareholders who do not have an Australian bank account will be able to pay by bank draft in Australian currency (see below at Section 3.11).

Cash payments will not be accepted. Receipts for payment will not be issued.

⁴ This assumes there are no investors under the institutional bookbuild, no other sub-underwriting commitments have been obtained and no eligible shareholders take up their Entitlement to New Shares. We note that based on the outcome of the institutional bookbuild, and assuming no default by any of the investors to whom shares were allocated following that bookbuild, the new theoretical maximum shareholding of TDM after completion of the Entitlement Offer is 34.7%.

The Company will treat you as applying for as many New Shares as your Application Monies will pay for in full up to your full Entitlement and, in respect of any Excess Amounts received by the Company, may treat your application as applying for as many Additional New Shares as your Excess Amount will pay for in full, subject to any scale-back that the Independent Board Committee may determine to implement (in the manner disclosed in this booklet). Please note that allocations of Additional New Shares are at the discretion of the Company.

Any Application Monies received for more than your final allocation of New Shares or Additional New Shares (as the case may be) will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

3.10 Payment by Bpay®

For payment by Bpay®, please follow the instructions on the Entitlement and Acceptance Form. You can only make payment via Bpay® if you are the holder of an account with an Australian financial institution that supports Bpay® transactions.

If you are paying by Bpay®, please make sure you use the specific Biller Code and your unique Customer Reference Number (CRN) on your Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your Application will not be recognised as valid.

Please note that by paying by Bpay®:

- (a) you do not need to submit your Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 3.12 of this Retail Offer Booklet; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your Bpay® payment is received by the Share Registry by no later than 5.00pm (Sydney, Australia time) on the Closing Date (ie Thursday, 21 September 2023). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

3.11 If you are unable to pay by Bpay®

The Company encourages payments by Bpay® if possible.

If you are unable to pay by Bpay® and wish to make a payment by cheque or bank draft, you should complete your Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied **by a cheque or bank draft in Australian currency for the amount of the Application Monies, payable to 'SomnoMed Limited' and crossed 'Not Negotiable'**.

It is your responsibility to ensure that your payment by cheque or bank draft is received by the Share Registry by no later than 5.00pm (Sydney, Australia time) on the Closing Date (ie Thursday, 21 September 2023) at the address set out below:

Mailing Address
SomnoMed Limited
C/- Boardroom Pty Limited
GPO Box 3993, Sydney NSW 2001

You must ensure cleared funds are held in your account as your cheque will be banked as soon as it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque or bank draft must be:

- a) for an amount equal to \$0.60 multiplied by the number of New Shares and Additional New Shares (if any) that you are applying for; and
- b) New Zealand resident shareholders must arrange for payment to be made in Australian dollars (as per the additional payment option letter sent to holders in New Zealand).

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque or bank draft will be processed on the day of receipt. If the amount of your cheque or bank draft for Application Monies (or the amount for which the cheque or bank draft clears in time for allocation) is insufficient to pay in full for the number of New Shares and Additional New Shares (as the case may be) you have applied for in your Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares and Additional New Shares (as the case may be) as your cleared Application Monies will pay for (and to have specified that number of New Shares and Additional New Shares (as the case may be) on your Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

3.12 Payment through Bpay® or submission of Entitlement and Acceptance Form is binding

A payment made through Bpay® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares and Additional New Shares (as the case may be) on the terms and conditions set out in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares and Additional New Shares (as the case may be). The Company's decision whether to treat an Application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by Bpay® or by completing and returning your Entitlement and Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are (or the person on whose account you are acting is) an Eligible Retail Shareholder;
- (b) you have read and understood this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety;
- (c) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (and accompanying Entitlement and Acceptance Form), and the Company's constitution;
- (d) you authorise the Company to register you as the holder(s) of New Shares and any Additional New Shares (if any) issued to you;
- (e) all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;
- (g) you acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of Application Monies via Bpay®, you may not withdraw your Application or funds provided except as allowed by law;
- (h) you agree to apply for and be issued up to the number of New Shares and Additional New Shares (as the case may be) specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via Bpay®, including, in each case, any Additional New Shares, at the Offer Price **per new Share (noting that allocations of Additional New Shares are at the absolute discretion of the Company)**;

- (i) you authorise the Company, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares and any Additional New Shares (if any) to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (j) you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date and are an Eligible Retail Shareholder;
- (k) the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares or Additional New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (l) this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (m) the statement of risks in the Investor Presentation included in Section **4 of this Retail Offer Booklet, and that** investments in the Company are subject to risks;
- (n) you acknowledge that none of the Company, the Underwriter, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (o) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- (p) you authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (q) for the benefit of the Company, the Underwriter and their respective related bodies corporate and affiliates, that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (r) determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and Share Registry constraints and the discretion of the Company and / or the Underwriter, and each of the Company and the Underwriter and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;
- (s) the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and Additional New Shares (as the case may be) and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- (t) for the benefit of the Company, the Underwriter and their respective related bodies corporate and affiliates, that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (u) you understand and acknowledge that neither the Entitlements, the New Shares nor the Additional New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be taken by persons in the United States or by persons who are acting for the account or benefit of a person in the United States;

- (v) if you are in the United States and/or are acting for the account or benefit of a person in the United States, **you are subscribing for or purchasing the New Shares or Additional New Shares in an “offshore transaction”** (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulations under the US Securities Act;
- (w) you are not engaged in the business of distributing securities;
- (x) you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
- (y) if in the future you decide to sell or otherwise transfer the New Shares or Additional New Shares acquired **under the Retail Entitlement Offer you will only do so in “regular way” transactions on ASX or Chi-x** where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;
- (z) you are eligible under applicable securities laws to exercise Entitlements and acquire New Shares and Additional New Shares (as the case may be) under the Retail Entitlement Offer; and
- (aa) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

3.13 Brokerage and stamp duty

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares and/or Additional New Shares (as the case may be) under the Retail Entitlement Offer.

3.14 Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees or custodians with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from the Company. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- (b) Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- (c) Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- (d) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States.

The Company is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. The Company is not able to advise on foreign laws.

For the avoidance of doubt, the Company reserves the right (in its absolute sole discretion) to reduce the number of New Shares and Additional New Shares (as the case may be) allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

The Company also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

3.15 Withdrawal of Entitlement Offer

Subject to applicable law, the Company reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares and Additional New Shares, in which case the Company will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders).

3.16 Risks

Eligible Retail Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are set out in the Investor Presentation in Section 4 of this Retail Offer Booklet, but these are not an exhaustive list of the risks associated with an investment in the Shares.

3.17 Further enquiries

If you have not received or you have lost your Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Share Registry on 1300 737 760 (within Australia) and +61 2 9290 9600 (outside of Australia) at any time from 8.30am to 5.00pm (Sydney, Australia time) Monday to Friday, before the Retail Entitlement Offer closes at 5.00pm (Sydney, Australia time) on the Closing Date (ie Thursday, 21 September 2023). If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

4. ASX Announcement and Investor Presentation



Guidance achieved despite lower second half revenue growth Fully underwritten \$15.5 million Capital Raising

SomnoMed Limited (ASX:SOM or the Company), a leading company in the provision of treatment solutions for sleep-related breathing disorders and obstructive sleep apnea (**OSA**), is pleased to provide its preliminary report for the Financial Year (**FY23**) and a further update on the development of its technology-enabled oral sleep appliance, Rest Assure®. SomnoMed is also pleased to announce the launch of a fully underwritten equity raising (**Offer**) through a placement to institutional investors (**Placement**) and a pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) to raise gross proceeds of \$15.5m.

Results Overview¹ and Capital Raising

- FY23 revenue of \$83.6 million, up +15% on FY22 (+12% constant currency) and in line with the guidance of +15% growth for FY23. Revenue growth was impacted by a range of issues including increased competition, challenging economic environments and unexpected changes to Medicare reimbursement rules in the US
- Product (MAS) gross margin of 72% (FY22: 70%)
- EBITDA² increased to \$2.1 million (FY22: \$1.3 million), in line with guidance, despite investment in sales & marketing initiatives and the continued development of the connected device technology
- Net cash outflow for the period of \$3.7 million (FY22: net cash outflow of \$4.5 million)
- SomnoMed had available cash of \$12.0 million and drawn debt of \$17.6 million as at 30 June 2023
- Total patients treated worldwide now exceeds 810,000
- SomnoMed is concurrently launching a fully underwritten \$15.5 million capital raising to reduce the Company's balance of drawn debt, drive organic growth and support the continued commercialisation of Rest Assure® moving into FY24

Rest Assure® Update

- The design and development of Rest Assure® continued with the design of the Rest Assure® device and software, including the design history file needed for U.S. Food and Drug Administration (**FDA**) submission, now complete other than one outstanding test report expected mid-September
- The regulatory filings will be submitted by the end of September 2023, and a response is expected to be received within 120 days. Commercialisation in the United States is expected to commence once these approvals have been received. Due to different regulatory classifications with Europe, first sales of Rest Assure® are expected during Q2 FY24
- Management has continued to focus on ensuring technical teams are in place and ready to commercialise Rest Assure® once approvals are granted

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

² EBITDA does include AASB16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations.

Capital raising

The Company has today announced a fully underwritten capital raising of A\$15.5 million, comprising the Entitlement Offer and Placement.

The Entitlement Offer and Placement are expected to result in the issue of approximately 25.8 million new fully paid ordinary shares in SomnoMed (**New Shares**), representing approximately 31.2% of SomnoMed's existing fully paid ordinary shares on issue in total (with the Placement component comprising approximately 5.0% of SomnoMed's existing fully paid ordinary shares on issue and which will be made utilising a portion of the company's ASX Listing Rule 7.1 capacity). Each New Share issued under the Entitlement Offer and Placement will rank equally with existing shares in the Company on issue.

The Entitlement Offer

The Entitlement Offer of approximately A\$13.0 million will consist of a 1 for 3.82 accelerated pro rata non-renounceable entitlement offer of New Shares, and includes:

- An institutional entitlement offer to raise ~ A\$10.5 million (**Institutional Entitlement Offer**) and;
- A retail entitlement offer to raise ~ A\$2.5 million (**Retail Entitlement Offer**).

The Entitlement Offer is fully underwritten by Wilsons Corporate Finance Limited and sub-underwritten by major shareholder, TDM Growth Partners Pty Ltd (**TDM**).

All New Shares in the Entitlement Offer will be issued at a price of A\$0.60 per New Share (**Offer Price**) which represents:

- A 16.9% discount to the theoretical ex-rights price (**TERP**)³ of \$0.722 on 30th August 2023 (the last day of trading before the trading halt); and
- A 21.1% discount to the last closing price at 30th August 2023 of \$0.760 per share.

The Offer Price will be the same as the issue price under the Placement.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 New Share for every 3.82 existing shares held at 7.00pm (Sydney Time) on Monday, 4th September 2023 (**Record Date**) at the Offer Price (**Entitlements**), with fractions rounded up.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

It is expected that approximately 21.7 million New Shares will be issued as part of the Entitlement Offer. New Shares issued under the Entitlement Offer will rank equally with existing SomnoMed shares.

TDM, SomnoMed's largest shareholder with a current shareholding of 26.96% shares on issue, is supportive of the Company's strategy and supportive of the capital raising. TDM has provided an irrevocable commitment to subscribe for 100% of its pro rata share of the Entitlement Offer and has agreed to act as sub-underwriter to the Entitlement Offer. Any shortfall not taken up by SomnoMed's other existing shareholders who are eligible to participate in the Entitlement Offer (and any other sub-underwriters who are appointed) will be allocated to TDM pursuant to its sub-underwriting commitment.

³ 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's closing price of \$0.76 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.

The participation of TDM in the Entitlement Offer, through the take up of its Entitlement and the allocation of any shortfall shares, may result in its shareholding increasing up to a theoretical maximum of 40.5% if no other shareholder were to participate in the Entitlement Offer.⁴

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, Thursday, 31st August 2023. Eligible institutional shareholders may opt to take up all, part or none of their Entitlement.

Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and institutional 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 eligible institutional investors who bid into the institutional bookbuild being conducted concurrently with the Institutional Entitlement Offer. Any residual shortfall shares not taken-up by eligible institutional shareholders during the bookbuild process will be allocated to TDM as part of its sub-underwriting commitment.

SomnoMed shares will remain in a trading halt pending completion of the Institutional Entitlement Offer.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer, on Thursday, 7 September 2023 and the offer will close at 5.00pm (Sydney Time) on Thursday, 21 September 2023. Retail shareholders will be notified by the Company as to their eligibility to participate in the Retail Entitlement Offer. Eligible shareholders will be sent a letter explaining how to access an information booklet along with a personalised entitlement and acceptance form on Friday, 7 September 2023. The information booklet will provide the details of how to participate in the Retail Entitlement Offer. A copy of the Information Booklet will also be lodged with the ASX on Thursday, 7 September 2023.

Eligible retail shareholders that accept their full Entitlement can apply for additional New Shares through a retail oversubscription facility at the Offer Price, subject to pro-rata scale back in the event of oversubscription. Any shortfall shares not taken-up by eligible retail shareholders will be allocated on a pro rata basis to eligible institutional shareholders who commit to sub-underwrite the Retail Entitlement Offer. Any subsequent shortfall will then be allocated to TDM as sub-underwriter of 'last resort'.

Further details about the Retail Entitlement Offer will be set out in a retail offer booklet, which SomnoMed expects to lodge with the ASX and despatch to eligible shareholders with the accompanying Entitlement and Acceptance Form on Thursday, 7 September 2023. For eligible retail shareholders who wish to take up all or part of their Entitlement, payment must be made via BPAY® or cheque for Australian shareholders by following the instructions set out on the personalised Entitlement and Acceptance Form. Eligible shareholders based in New Zealand who do not have an Australian bank account will be able to pay by bank draft in Australian currency. Payment is due by no later than 5.00pm (Sydney time) on Thursday, 21 September 2023.

Placement

The Placement will comprise an institutional placement of 4.2 million New Shares to raise A\$2.5 million under the Offeror's existing placement capacity under ASX Listing Rule 7.1. The Placement is fully underwritten by Wilsons Corporate Finance Limited. The Placement is not sub-underwritten by TDM.

New Shares issued under the Placement will be issued at the same price as New Shares issued under the Entitlement Offer.

⁴ This assumes there are no investors under the institutional bookbuild, no other sub-underwriting commitments have been obtained and no eligible shareholders take up their Entitlement to New Shares.

Use of proceeds received under the Offer

The funds raised under the Offer are expected to be used as follows:

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>	3.0
<i>Investment in Rest Assure® product technology innovation</i>	3.0
<i>Working capital support for Rest Assure® inventory growth</i>	2.5
Invest in driving organic growth	1.5
Subtotal	15.0
Transaction costs	0.5
Total Offer size	15.5

Offer 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 above timetable is indicative and subject to variation. SomnoMed reserves the right to alter the timetable at its absolute discretion and without notice, subject to ASX Listing Rules and Corporations Act 2001 (Cth) and other applicable law. All dates and times refer to Sydney time.

Commenting on the results, SomnoMed’s Managing Director, Mr Neil Verdal-Austin said: “In a challenging environment, SomnoMed delivered revenue of \$83.6 million in the 2023 financial year, up over 15% on the prior corresponding period and achieved EBITDA⁵ of \$2.1 million. Pleasingly, these financial metrics were in-line with our guidance.”

“Our vision of providing an effective long-term treatment for patients who suffer from the effects of OSA is unchanged. The Company remains focused on increasing the awareness of COAT™ for the treatment of OSA, continuing the development of our technology-enabled oral appliance Rest Assure®, all while ensuring we deliver strong financial outcomes for our shareholders.”

Additional Details

Further details of the Offer are set out in the Investor Presentation provided to the ASX today (**Investor Presentation**). It contains important information including key risks and foreign selling restrictions with respect to the Placement and the Entitlement Offer as well as a summary of the key terms of the underwriting agreement.

Advisers

Wilsons Corporate Finance Limited is acting as sole lead manager and underwriter of the Capital Raising. Gilbert + Tobin is acting as legal adviser to SomnoMed in relation to the Entitlement Offer.

---ends---

⁵ EBITDA does include AASB16 lease payments, share/option expenses, unrealised forex gain/(loss) and discontinued operations.

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

31 August 2023

For further information please contact

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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 commercialized 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 810,000 patients in 28 countries.

For further information, visit SomnoMed at <http://www.somnomed.com.au>



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/options expenses, unrealised forex gain/(loss) and discontinued operations.



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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.



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Capital raising to accelerate growth and support balance sheet strength

Capital raising to support growth and balance sheet quality	<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
Funding of global Rest Assure® launch and growth initiatives	<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
Debt reduction and renegotiated facility terms	<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®
Strategic growth outlook	<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.



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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



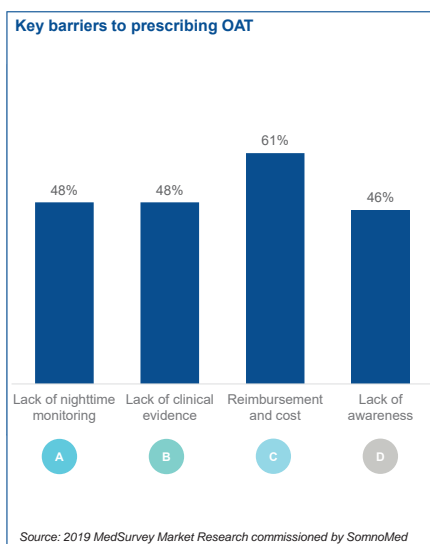
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Rest Assure[®]

SomnoMed's
technology-enabled oral
appliance



What are the barriers to prescription for OAT?



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

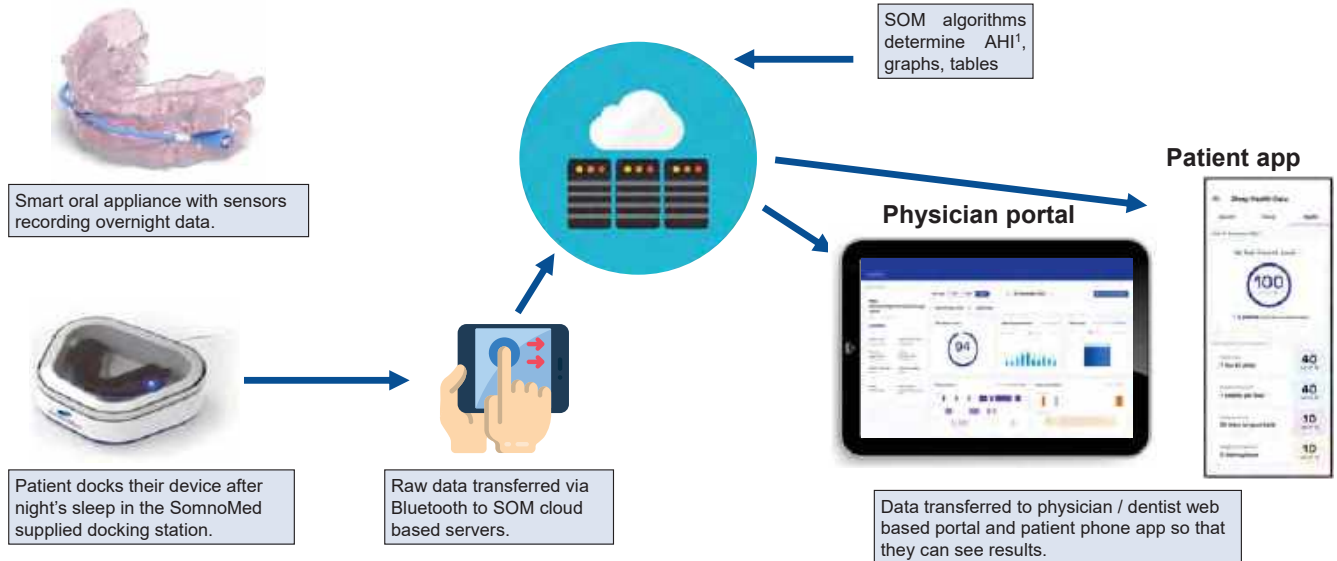
- Assurance for patients that their treatment is working
- Validation that Rest Assure® can provide therapy for mild and moderate OSA that is equivalent to CPAP
- Increased confidence for physicians to prescribe Rest Assure®, leading to greater adoption of OAT
- Opportunity to apply for higher reimbursement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



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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



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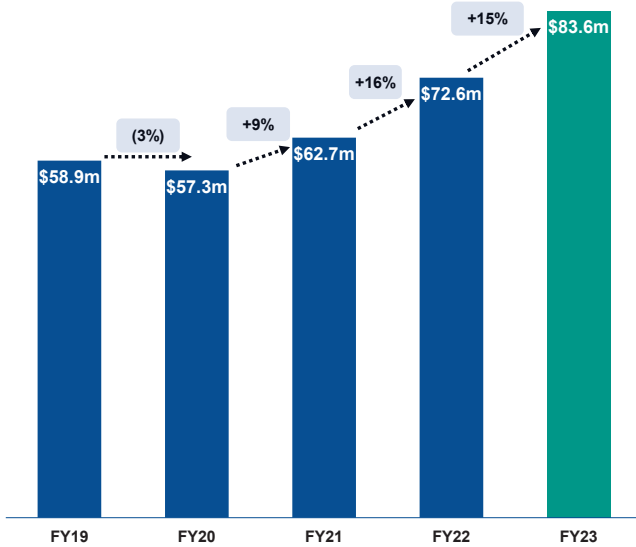
Rest Assure[®] commercial readiness

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

Delivered in FY22:	Delivered in FY23:	FY24 focus:
<ul style="list-style-type: none"> • 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[®]" 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

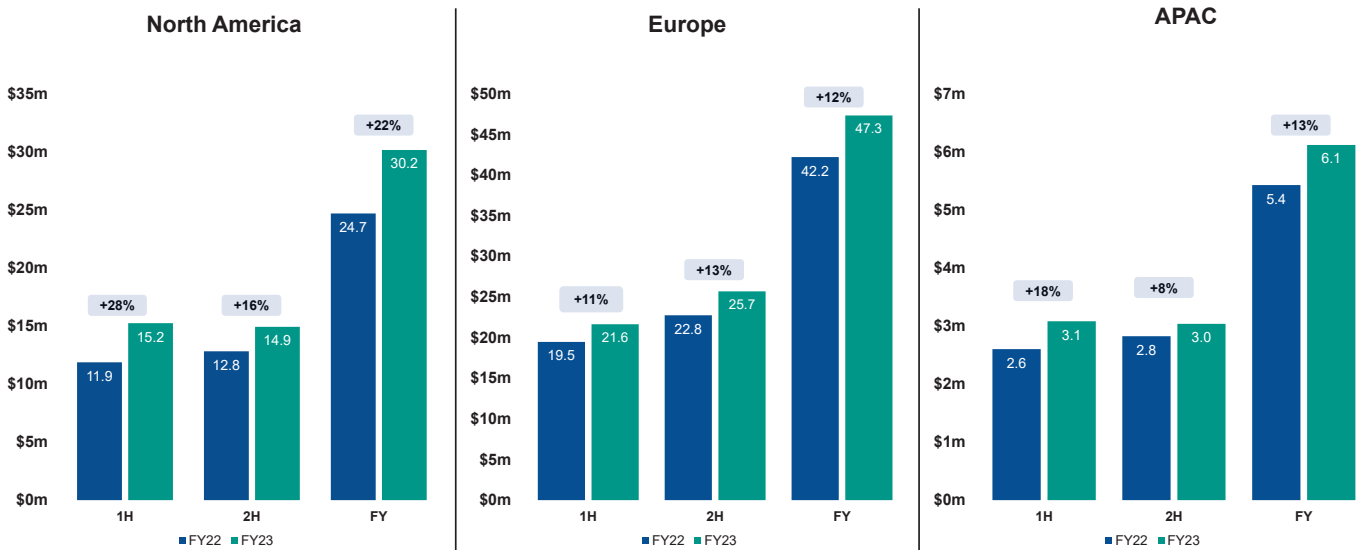


- Solid revenue recovery out of COVID-19 pandemic with 13% CAGR since FY20
- Total patients treated now exceeds 810,000, up 43% from 565,000 in 2020
- Revenue and patient growth reflective of the increasing acceptance of OAT and leading brand presence of SomnoMed amongst sleep physicians and dental clinicians
- 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



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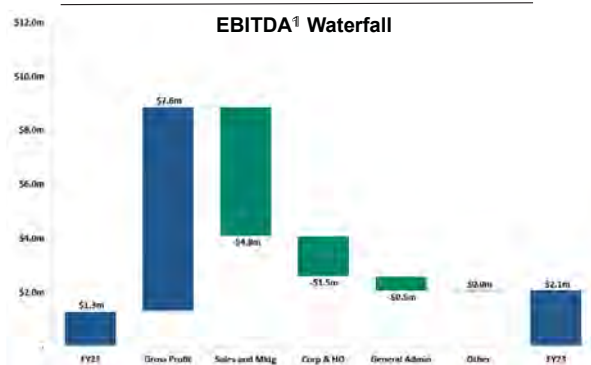
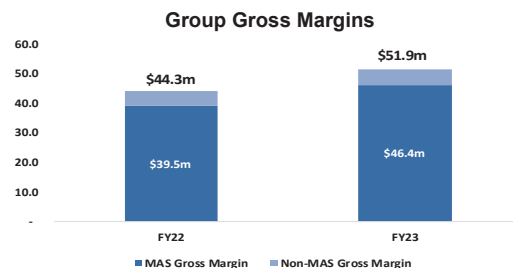
Total regional revenues



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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/options expenses, unrealised forex gain/(loss) and discontinued operations



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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%
Government assistance	-	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/options expenses, unrealised forex gain/(loss) and discontinued operations



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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

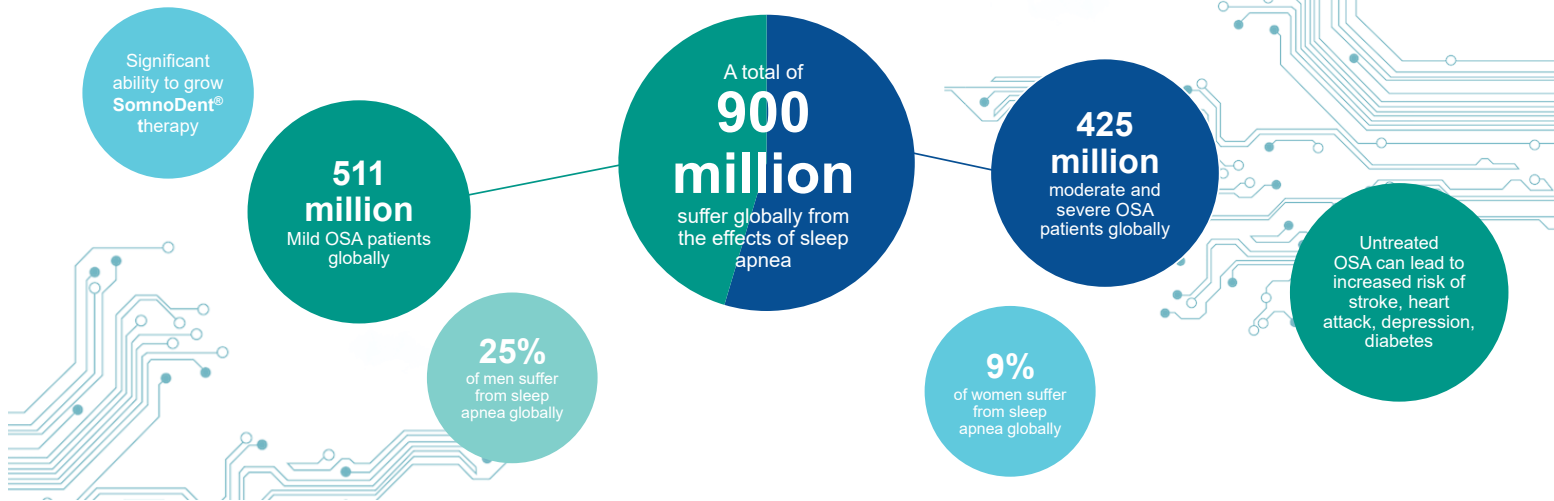
Strategic Outlook



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

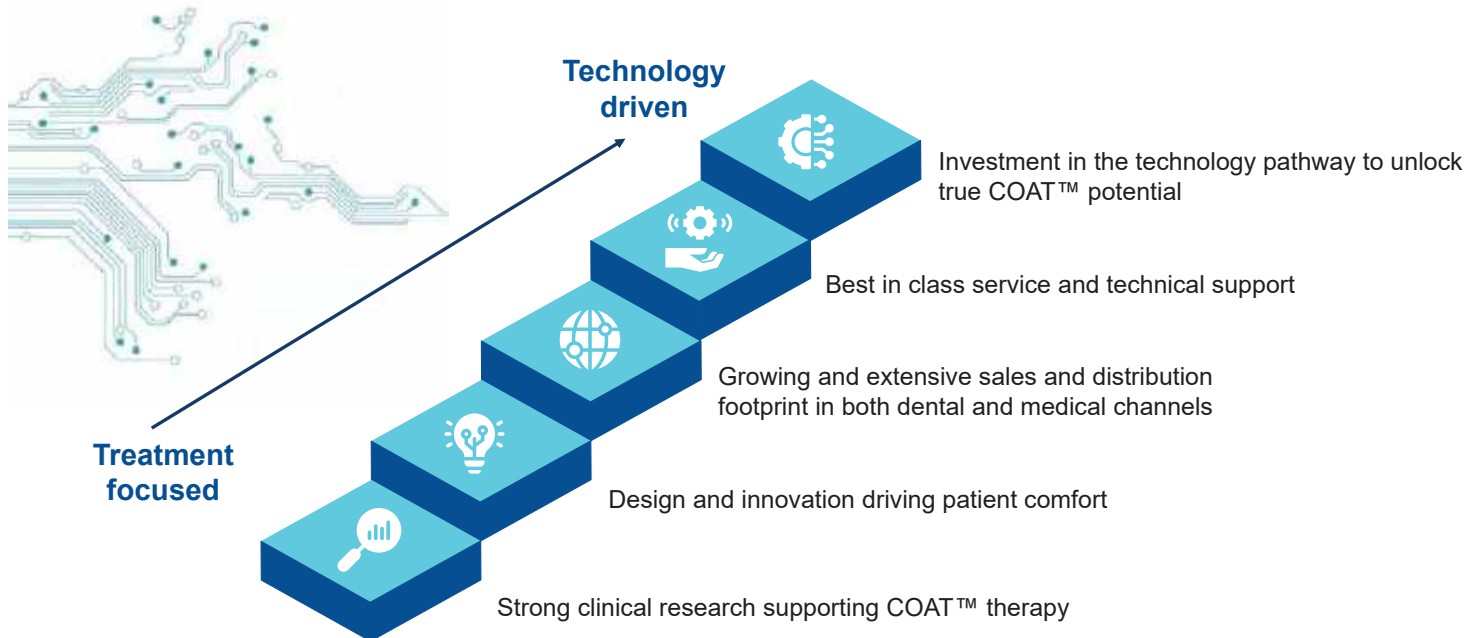


1. Benjafield et al.: Estimation of the global prevalence and burden of obstructive sleep apnea: a literature-based analysis, *Lancet Respir Med* 2019



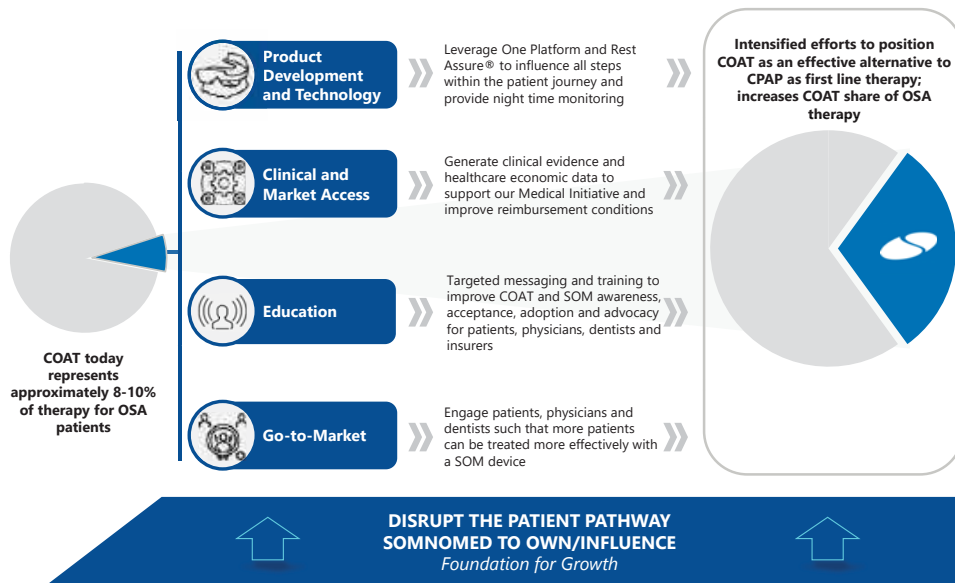
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Positioned for future growth



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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 \$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"> Wilson's Corporate Finance Limited ("Wilson's" or the "Underwriter") has applied for approval by ASIC, for the purposes 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"> Wilson's 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.



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Use of funds and pro forma balance sheet

Use of funds breakdown

Use of Funds	A\$m
Category	A\$m
Pay down a portion of the Epsilon Direct Lending Facility	5.0
Investment into Rest Assure® initiatives	8.5
Support the continued development and commercialisation of Rest Assure® globally including sales and marketing initiatives	3.0
Investment in Rest Assure® product technology innovation	3.0
Working capital support for Rest Assure® inventory growth	2.5
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/options expenses, unrealised forex gain/(loss) and discontinued operations



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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.



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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>



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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.



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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's 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.



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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.



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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 and agree to be bound by 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 the 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 (AS 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"). They may not be comparable to the calculation of similar measures 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.



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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's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Group's 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's 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 way 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, market making, 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.



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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.



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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.



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Underwriting Agreement Summary

Underwriting agreement

Wilson's Corporation Finance Limited (**Wilson's**) 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 Wilson's in respect of the Offer (**Agreement**). The Agreement contains representations and warranties and indemnities in favour of Wilson's. Wilson's 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 Wilson's 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 Wilson's.
- 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 Wilson's 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 Wilson's, 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 Wilson's, 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 Wilson's.
- 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.



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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 Wilson's 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 Wilson's, 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 Wilson's (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 Wilson's, 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 Wilson's.
- 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 Wilson's**) the information supplied by or on behalf of SomnoMed to Wilson's 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).



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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.



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5. Additional Information

5.1 Responsibility for this Retail Offer Booklet

This Retail Offer Booklet has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations or undertakings in, this Retail Offer Booklet.

5.2 Date of this Retail Offer Booklet

This Retail Offer Booklet is dated Thursday, 7 September 2023. Subject to the following paragraph, statements in this Retail Offer Booklet are made only as of the date of this Retail Offer Booklet unless otherwise stated and the information in this Retail Offer Booklet remains subject to change without notice. The Company is not responsible for updating this Retail Offer Booklet.

The ASX Announcement and Investor Presentation set out in Section 4 of this Retail Offer Booklet are current as at the date on which they were released. There may be additional announcements that are made by the Company (including after the date of this Retail Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by the Company before submitting an Application.

5.3 Eligibility of Retail Shareholders

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

Eligible Retail Shareholders are Shareholders on the Record Date who:

- (a) are registered as a holder of Existing Shares;
- (b) have a registered address in Australia or New Zealand as noted on the Company's share register;
- (c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Existing Shares;
- (d) were not invited to participate in the Institutional Entitlement Offer and were not treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The Company has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand, but reserves its right to do so (subject to compliance with relevant laws).

5.4 Ranking of New Shares and Additional New Shares

The New Shares and Additional New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares with effect from their date of issue.

The rights attaching to the New Shares and Additional New Shares are set out in the Company's constitution and are regulated by the Corporations Act, Listing Rules and general law.

5.5 Issue, quotation and trading

The Company has applied for quotation of the New Shares and Additional New Shares on ASX in accordance with Listing Rule requirements. If ASX does not grant quotation of the New Shares and Additional New Shares, the Company will repay all Application Monies (without interest).

Subject to ASX approval being granted, it is expected that the New Shares and Additional New Shares issued under the Retail Entitlement Offer will commence trading on a normal basis on Thursday, 28 September 2023. No interest will be paid on Application Monies, and any interest earned on Application Monies will be for the benefit of the Company and will be retained by the Company irrespective of whether New Shares and Additional New Shares are issued.

It is the responsibility of Applicants to determine the number of New Shares and Additional New Shares (as the case may be) issued to them prior to trading in such Shares. The sale by an Applicant of New Shares and/or Additional New Shares (as the case may be) prior to receiving their holding statement is at the Applicant's own risk. The Company and the Underwriter disclaim all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares and/or Additional New Shares (as the case may be) before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Share Registry or otherwise.

5.6 Reconciliation

In any entitlement offer, investors may believe that they own more shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all eligible shareholders have the opportunity to receive their full entitlement.

The Company may need to issue a small quantity of additional New Shares and/or Additional New Shares (as the case may be) to ensure all eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares and/or Additional New Shares (as the case may be). The price at which these New Shares and/or Additional New Shares (as the case may be) would be issued, if required, is the same as the Offer Price.

The Company reserves the right to reduce the number of an Entitlement, New Shares or Additional New Shares allocated to eligible Shareholders or persons claiming to be eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees / custodians fail to provide information requested to substantiate their Entitlement claims, or if they are not eligible Shareholders.

5.7 Underwriting and sub-underwriting

The Entitlement Offer is fully underwritten by the Underwriter. Any New Shares or Additional New Shares which are not subscribed for by Eligible Retail Shareholders pursuant to their Entitlement will form part of the Retail Shortfall to be taken up first by Eligible Retail Shareholders who apply for Additional New Shares, then by the sub-underwriter, TDM.

The Company and the Underwriter have entered into an Underwriting Agreement.

Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Underwriter (as well as common conditions precedent for a transaction of the nature of the Entitlement Offer including the Company lodging the documentation to effect the Offer with ASX and ASX granting the necessary approvals to enable the Entitlement Offer to proceed in accordance with the timetable).

The representations and warranties given by the Company relate to matters such as the conduct of the Company, power and authorisations, information provided by the Company, information in the documentation to effect the Offer which is lodged with ASX, the conduct of the Entitlement Offer, and compliance with laws, the Listing Rules and other legally binding requirements. The Company also provides additional representations and warranties in connection with matters including in relation to its assets, its Shares, litigation, entitlements of third parties, tax, authorisations and its listing on the ASX. **The Company's undertakings include that it will not, during the period following the date of the Underwriting Agreement until 180 days after Shares have been issued under the Entitlement Offer, dispose (or permit a member of the Group to dispose) of, or grant security (other than in the ordinary course of their business) over, all or any material part of their business, property or securities without the prior written consent of the Underwriter to the variation (such consent not to be unreasonably withheld or delayed).**

Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, fraud or wilful misconduct of an indemnified party, the Company has agreed in the Underwriting Agreement to keep the Underwriter and certain of its affiliated parties indemnified from losses suffered in connection with the Entitlement Offer.

Commissions, fees and expenses

The Underwriter will be paid, in aggregate:

- (a) on the date of settlement of the Institutional Entitlement Offer, an underwriting fee of 2.5%, and a management fee of 2.0%, of the total proceeds raised under the Institutional Entitlement Offer; and
- (b) on the settlement date for the placement of the shortfall arising under the Retail Entitlement Offer, an underwriting fee of 2.5%, and a management fee of 2.0%, of the total proceeds raised under the Retail Entitlement Offer.

The Underwriter will also be reimbursed for certain expenses.

Termination events

The Underwriter may terminate the Underwriting Agreement without cost or liability by written notice to the Company at any time after the date of the Underwriting Agreement and on or before 8.00am on the settlement date for the Retail Entitlement Offer if any of the events set out in Appendix A of the Investor Presentation (see Section 4 of this Retail Offer Booklet) occur.

5.8 Continuous disclosure

The Company is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

The Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of the Company's Shares. That information is available to the public from ASX and can be accessed at www.asx.com.au.

Some documents are required to be lodged with ASIC in relation to the Company. These documents may be obtained from, or inspected at, an ASIC office.

5.9 No cooling off rights

Cooling off rights do not apply to an investment in New Shares or Additional New Shares. You cannot withdraw your Application once it has been made or accepted.

5.10 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

5.11 Not financial product or investment advice

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form is for information purposes only and is not a prospectus, disclosure document or other offering document under the Corporations Act or any other law and has not been lodged with ASIC. It is also not financial product or investment advice or a recommendation to acquire New Shares or Additional New Shares and has been prepared without taking into account your objectives, financial circumstances or particular needs. This Retail Offer Booklet should not be considered to be

comprehensive and does not purport to contain all the information that you may require to make a decision about whether to submit your Entitlement and Acceptance Form and invest in New Shares or Additional New Shares.

Before making an investment decision, you should consider the appropriateness of the information in this Retail Offer Booklet having regard to your own objectives, financial situation and needs and seek legal and taxation advice appropriate to your jurisdiction. If you have any questions about whether you should participate in the Entitlement Offer, you should seek professional financial advice before making any investment decision. The Company is not licensed to provide financial product advice in respect of New Shares or Additional New Shares.

5.12 Financial data

All dollar values are in Australian dollars (\$A).

All financial data is presented as at 30 June 2023 unless otherwise stated.

5.13 Ineligible Shareholders

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless the Company otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because the Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number and value of New Shares and Additional New Shares (as the case may be) to which those Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

The Company, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, Eligible Institutional Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, the Company disclaims all liability in respect of such determination.

The price at which the Ineligible Entitlements will be sold is the Offer Price. Accordingly, Ineligible Shareholders will not receive any value as a result of the issue of any of those New Shares or Additional New Shares (as the case may be) they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

6. Australian taxation consequences

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. SomnoMed considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Information Booklet or the subsequent disposal of any New Shares. SomnoMed recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

6.1 General

Set out below is a general summary of the Australian income tax, Goods and Services Tax (GST) and stamp duty implications of the Retail Entitlement Offer and receiving New Shares for certain Eligible Shareholders.

Neither the Company nor any of its officers or employees, nor its taxation or other advisers, accept any liability or responsibility in respect of any taxation consequences of the Entitlement Offer or any associated statements made within this document.

The comments in this section cover the Australian taxation implications of the Entitlement Offer only if you (referred to in this section as Eligible Shareholder, Shareholder or you):

are an Eligible Shareholder;

are an Australian resident for Australian income tax purposes; and

hold your existing Shares and New Shares on capital account for Australian income tax purposes.

The comments do not apply to you if:

- you are a non-resident for Australian income tax purposes;
- your Shares are subject to the taxation of financial arrangements provisions contained in Division 230 of the Income Tax Assessment Act 1997 (Cth);
- you hold your existing Shares as revenue assets or trading stock;
- you acquired your existing Shares in respect of which the Entitlements are issued under any employee share scheme;
- **your existing Shares are “traditional securities” (as defined in the Income Tax Assessment Act 1997 (Cth))**;
- your existing Shares are convertible interests; or
- you are exempt from Australian income tax.

This taxation summary is necessarily general in nature and is not an authoritative or complete statement of all potential tax implications for each Eligible Shareholder.

It is based on the Australian tax legislation and administrative practice in force as at the date of this Offer Booklet. It does not take into account of, or anticipate changes to, the Australian tax laws or future judicial or administrative interpretations of that law after this time. The comments also do not take into account the tax laws of any country **other than Australia. The tax law and Australian tax authorities' interpretation of it are subject to change, and such changes may be effective retrospectively and may affect the comments below.**

The summary does not take into account any financial objectives, tax positions or investment needs of Eligible Shareholders. As the taxation implications of the Entitlement Offer will vary depending upon your particular circumstances, you should seek and rely upon your own professional tax advice before concluding on the particular taxation treatment that will apply to you.

6.2 Australian tax considerations for Eligible Shareholders

(a) Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

(b) Exercise of Entitlements

You should not make a capital gain or loss, or derive assessable income, at the time of exercising your Entitlements under the Retail Entitlement Offer. If you take up all or part of your Entitlements, you will acquire New Shares. Additional New Shares may be issued in the circumstances detailed in section 3.5. For Australian capital gains tax (CGT) purposes:

- Each New Share acquired upon exercising the Entitlement will comprise a CGT asset, being a share in the Company;
- Each New Share should be taken to have been acquired on the date the New Share is issued to you; and
- Each New Share should have a cost base (and reduced cost base) that is equal to the Offer Price payable for the New Share plus certain non-deductible incidental costs incurred in acquiring, holding and disposing of the New Share.

New Shares will be taken to have been acquired on the day you exercise the Entitlement for CGT purposes.

(c) Lapse of Entitlement

If an Eligible Shareholder does not accept all or part of their Entitlement in accordance with the instructions, that Entitlement will lapse and the Eligible Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no tax implications for an Eligible Shareholder from the lapse of the Entitlement.

(d) Distributions on New Shares as a result of Entitlements taken up

Any future distributions made in respect of the New Shares should be subject to the same income taxation treatment as distributions made in respect of existing Shares held in the same circumstances.

Any dividends paid by the Company on a New Share will constitute assessable income of an Eligible Shareholder.

An Eligible Shareholder should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such an Eligible Shareholder should be entitled to a tax offset equal to the franking **credits attached to the dividend subject to satisfying the 'holding period' and 'related payment' rules (refer to comments below) and provided the benefit of franking credits is not denied under various franking integrity rules.** The tax offset can be applied to **reduce the tax payable on the Eligible Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Eligible Shareholder's taxable income and such** Eligible Shareholder is:

- an individual or complying superannuation entity – the Eligible Shareholder should be entitled to a refund of the excess franking offsets;
- a company – the excess franking offsets may be carried forward to future income years as tax losses (provided certain loss utilisation tests are satisfied); or
- a trustee (other than a trustee of a complying superannuation entity) – the treatment of the excess **franking offsets will depend upon the identity of the person liable to tax on the trust's net income.**

Where a dividend paid by the Company is wholly or partly unfranked, the Eligible Shareholder should include the unfranked amount in their assessable income and there will be no tax offset entitlement to that extent.

(e) **New Shares held 'at risk'**

In order to be eligible for the benefit of franking credits and tax offsets, an Eligible Shareholder must satisfy both the **'holding period' and 'related payment' rules. This broadly requires that an Eligible Shareholder holds the New Shares 'at risk' for at least 45 days continuously (not including the date of acquisition and disposal) during the holding period.**

The holding period commences on the day after the Eligible Shareholder acquires the New Shares and ends on the 45th day after the New Shares become ex-dividend.

Any day on which an Eligible Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the New Shares will not be counted as a day on which the Eligible Shareholder held the shares 'at risk', but such days do not break the continuity of holding. Where the shares are funded by limited recourse loans, or there are options or other derivatives in respect of the shares, these may adversely affect the ability of a shareholder to satisfy the 'at risk' requirement.

Where these rules are not satisfied, the Eligible Shareholder will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

The holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed A\$5,000.

The related payment rule applies where the Eligible Shareholder has made, or is under an obligation to make, a related payment (broadly, a payment whereby the benefit of the dividend is passed to another person) in relation to a dividend paid by the Company. The related payment rule requires the Eligible Shareholder to have held the New Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the New Shares become ex-dividend.

(f) Disposal of New Shares

The disposal of New Shares will constitute a disposal for CGT purposes.

On a disposal of New Shares, Eligible Shareholders should make a capital gain if the capital proceeds on disposal exceed the total cost base of the New Shares, or a capital loss if the capital proceeds are less than the total reduced cost base of the New Shares.

In general, the capital proceeds will be the consideration received for the disposal, and the cost base (or reduced cost base) of each constituent Share will be broadly equal to the Offer Price payable (plus any non-deductible incidental costs the Eligible Shareholder incurs in acquiring, holding and selling the New Shares).

Individuals, trustees or complying superannuation entities that have held New Shares for 12 months or more (excluding the date of acquisition and the date of disposal) at the time of disposal may be entitled to apply the applicable CGT discount to reduce the capital gain (after offsetting current year or carried forward capital losses). The CGT discount is 50% for individuals and trustees and 33⅓% for complying superannuation entities.

The CGT discount is not available to companies, unless the Shares are held by the company in the capacity as a trustee.

New Shares should be treated for the purposes of the CGT discount as having been acquired when the Eligible Shareholder exercised the Entitlement. Accordingly, in order to benefit from the CGT discount in respect of a disposal of those New Shares, they must have been held for at least 12 months after the date of exercise before the disposal occurs.

If you make a capital loss, you can only use that loss to offset other capital gains (i.e. the capital loss cannot be offset against assessable income). However, if the capital loss cannot be used in a particular income year, it can be carried forward for use in future income years, provided certain loss utilisation tests are satisfied.

(g) Other Australian taxes

No GST should be payable by you in respect of the issue or exercise of Entitlements or the acquisition of New Shares.

To the extent you incur GST on costs that relate to the issue or exercise of Entitlements or the acquisition of New Shares, you may not be entitled to recover such GST as an input tax credit. In this regard, we recommend that you seek independent taxation advice in respect of your individual taxation affairs.

Stamp duty will not be payable in respect of the acquisition of the New Shares on the assumption that each Eligible Shareholder will act independently of each other such shareholder in respect of its holding of such shares, and no Eligible Shareholder and its "associates" will hold 90% or more of the total issued shares in the Company.

7. Definitions

These definitions are provided to assist in the understanding of some of the expressions used in this Information Booklet.

Additional New Shares means New Shares applied for by an Eligible Retail Shareholder in excess of their Entitlement.

Applicant means an Eligible Retail Shareholder who has submitted a valid Application.

Application means the arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

Application Monies means the aggregate amount payable for the New Shares and Additional New Shares (as the case may be) applied for through Bpay® or in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context requires, the securities exchange operated by it on which Shares are quoted.

ASX Announcement means the announcement released to ASX by the Company on Thursday, 31 August 2023 in connection with the Entitlement Offer, incorporated in Section 4 of this Retail Offer Booklet.

BPAY® means registered to BPAY Pty Ltd ABN 69 079 137 518.

CGT means capital gains tax.

Company means SomnoMed Limited (ACN 003 255 221).

Closing Date means the day the Retail Entitlement Offer closes, expected to be 5.00pm (Sydney, Australia time) on Thursday, 21 September 2023.

Corporations Act means the *Corporations Act 2001* (Cth).

Eligible Institutional Shareholder means an Institutional Shareholder to whom the Underwriter made an offer on behalf of the Company under the Institutional Entitlement Offer or Placement (and who, for the avoidance of doubt, is not an excluded institutional shareholder under the Underwriting Agreement).

Eligible Retail Shareholder means a Shareholder on the Record Date who:

- (a) is registered as a holder of Existing Shares;
- (b) has a registered address in Australia or New Zealand;
- (c) is not in the United States and is not a person (including nominees or custodians) acting for the account or benefit of a person in the United States in respect of the relevant underlying holders of Existing Shares;
- (d) was not invited to participate in the Institutional Entitlement Offer, was not an Eligible Institutional Shareholder and was not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer (other than as a nominee or custodian, in each case in respect of other underlying holdings); and
- (e) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Entitlement means the right to subscribe for 1 New Share for every 3.82 Existing Shares held by eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form that accompanies this Retail Offer Booklet.

Entitlement Cleansing Notice means the notice given to ASX by the Company under section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Entitlement Offer means the pro rata accelerated non-renounceable entitlement offer of New Shares to Eligible Shareholders to raise approximately A\$13.0 million at the Offer Price on the basis of 1 New Share for every 3.82 Existing Shares held on the Record Date, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

Excess Amount means any monies in excess of the full amount of Application Monies for an Eligible Retail **Shareholder's whole Entitlement**.

Existing Shares means the Shares already on issue on the Record Date.

GST means goods and services tax imposed in Australia pursuant to the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Ineligible Institutional Shareholder means an Institutional Shareholder that is not an Eligible Institutional Shareholder.

Ineligible Retail Shareholder means a retail Shareholder that is not an Eligible Retail Shareholder.

Ineligible Shareholder means an Ineligible Institutional Shareholder and an Ineligible Retail Shareholder.

Institutional Entitlement Offer means the accelerated pro rata non-renounceable entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

Institutional Investor means a person:

- (a) in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an "exempt investor" as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84); or
- (b) in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which the Company, at its absolute discretion, is willing to comply with such requirements),

provided that if such an investor is in the United States, it is only an Institutional Investor if it (and any person for whom such person is acting) is an Approved U.S. Shareholder or Approved U.S. Investor (each as defined in the Underwriting Agreement).

Institutional Shareholder means a Shareholder who is an Institutional Investor.

Investor Presentation means the presentation to investors released to the ASX on Thursday, 31 August 2023, incorporated in Section 4 of this Retail Offer Booklet.

Listing Rules means the official listing rules of ASX.

New Shares means Shares to be issued under the Entitlement Offer, including (as the context requires) to the Underwriter or any sub-underwriters.

Offer Price means \$0.60 per New Share, being the price payable per New Share and Additional New Share under the Entitlement Offer and Placement.

Placement means the fully underwritten placement to institutional investors at the Offer Price to raise approximately \$2.5m.

Record Date means 7.00pm (Sydney, Australia time) on Monday, 4 September 2023.

Retail Entitlement Offer means the pro rata non-renounceable entitlement offer of New Shares (including Additional New Shares) to Eligible Retail Shareholders under the Entitlement Offer.

Retail Entitlement Offer Period means the period during which the Retail Entitlement Offer is open.

Retail Offer Booklet means this document (including the personalised Entitlement and Acceptance Form accompanying it).

Section means a section of this Retail Offer Booklet.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Boardroom Pty Limited.

Shareholder means a registered holder of Shares.

Retail Shortfall means the New Shares offered under the Retail Entitlement Offer for which valid Applications are not received from Eligible Retail Shareholders.

Underwriter means Wilsons Corporate Finance Limited (ACN 057 547 323).

Underwriting Agreement means the underwriting agreement entered into on Wednesday, 30 August 2023 between the Company and the Underwriter.

US Securities Act means the U.S. Securities Act of 1933.

8. Corporate information

Company

SomnoMed Limited
Level 3, 20 Clarke St
CROWS NEST NSW 2065

Underwriter

Wilson's Corporate Finance Limited
Level 32, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000 Australia

Share Registry

Boardroom Pty Limited
Level 8, 210 George St
Sydney, NSW 2000

Legal adviser

Gilbert + Tobin
Level 35, Tower 2, International Towers Sydney
200 Barangaroo Avenue
Sydney NSW 2000

Retail Entitlement Offer information line

Australia: 1300 737 760
International: +61 2 9290 9600
Open 8.30am to 5.00pm (Sydney, Australia time) Monday to Friday during the Retail Entitlement Offer Period