ASX ANNOUNCEMENT

28 August 2026

2026 Full Year Report and Appendix 4E

In accordance with the requirements of the ASX Listing Rules, attached for release to the Market are the 2026 SomnoMed Limited (SomnoMed) Full Year Report and Appendix 4E.

The following will be released in conjunction with today's announcement:

- 2026 SomnoMed Full Year Results ASX Announcement;
- 2026 SomnoMed Full Year Results Presentation; and
- 2026 SomnoMed Corporate Governance Statement and Appendix 4G.

Karen Borg, CEO, and Ye-Fei Guo, CFO, will host an investor briefing and Q&A on the FY26 results via a webinar commencing at 10:30am AEST on Friday 28 August 2026:

https://us02web.zoom.us/webinar/register/WN_8aoW1pk5Sf2iTA9T6ZaYxA

Authorised by the Company Secretary of SomnoMed Limited

About SomnoMed SomnoMed is a public company providing treatment solutions for sleep-related breathing disorders including obstructive sleep apnea, snoring and bruxism. SomnoMed was commercialised on the basis of extensive clinical research. Supporting independent clinical research, continuous innovation and instituting medical manufacturing standards has resulted in SomnoDent® becoming the state-of-the-art and clinically proven medical oral appliance therapy for more than 1 million patients in over 20 countries. For additional information, visit SomnoMed at http://www.somnomed.com.au

Investor Enquiries
Investor Relations
ir@somnomed.com

SOMNOMED LIMITED
ACN 003 255 221
YEAR ENDED 30 JUNE 2026

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2026 $'000	2025 $'000	Movement $'000	Increase/ (Decrease)
Revenue from ordinary activities	$114,532	$111,493	$3,039	2.7%
Revenue from ordinary activities, interest revenue and other income	$114,619	$111,516	$3,103	2.8%
Loss from ordinary activities before tax attributable to members	($458)	($764)	$306	(40.1%)
Loss from ordinary activities after tax attributable to members	($2,650)	($3,456)	$806	(23.3%)

Commentary on results and other significant information

The Annual Report contains commentary on the year's results and the Company's operations and financial performance.

The Annual Report contains the Company's accounts and Remuneration Report, which have both been audited.

Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2026 are as follows:

Dividends/distributions	**Amount per security**	**Franked amount per security**	**Record date** for determining entitlements to the dividend
Final dividend	Nil	Nil	N/A
Interim dividend	Nil	Nil	N/A

The Board has resolved that no dividend will be paid for the year ended 30 June 2026.

SomnoMed®
Treatment Focused | Technology Driven

Better sleep. Better days. **Better lives.**

2026

ANNUAL REPORT

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SOMNOMED LIMITED

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders,

FY26 delivered strong North American momentum, operational resilience, and a clear strategic shift for SomnoMed Limited ("Company"). Revenue for the year ended 30 June 2026 was $114.5 million, up 3% on the prior year. In the face of unexpected second-half headwinds in Europe, we demonstrated operational agility and disciplined cost management, delivering EBITDA[1] of $10.9 million, up 19% compared to FY25, while lifting our EBITDA[1] margin to 9.6% from 8.2% in FY25. We continued to strengthen our global market-leading position in oral appliance therapy through our best-in-class, "fit right first time", devices and built upon on the historic milestone of treating over one million patients globally.

Operational and Financial Highlights

Operational improvement and manufacturing capacity expansion initiatives delivered outstanding progress throughout FY26. Over the last 24 months, we increased our global manufacturing capacity by approximately 40%, while reducing production times by over 50%. This enhanced manufacturing capability has reduced our reliance on overtime, eliminated order backlog, and created substantial capacity to support future growth.

Following Amrita Blickstead's decision to step down as Co-CEO in late July 2026, Karen Borg assumed the CEO role and will lead the company in all aspects globally. Accompanying this change, we embarked on a wider executive leadership restructure that lays the foundation for further improvements in the years ahead. Greg Knight was promoted to Chief Operating Officer, with responsibilities including manufacturing, regulatory affairs and quality assurance, research and development and strategy. Greg has more than 20 years of global medical device product, manufacturing and operations experience, including senior leadership roles at ResMed. His experience will be critical as we optimise our operational systems and plan the medium-term diversification of our manufacturing footprint.

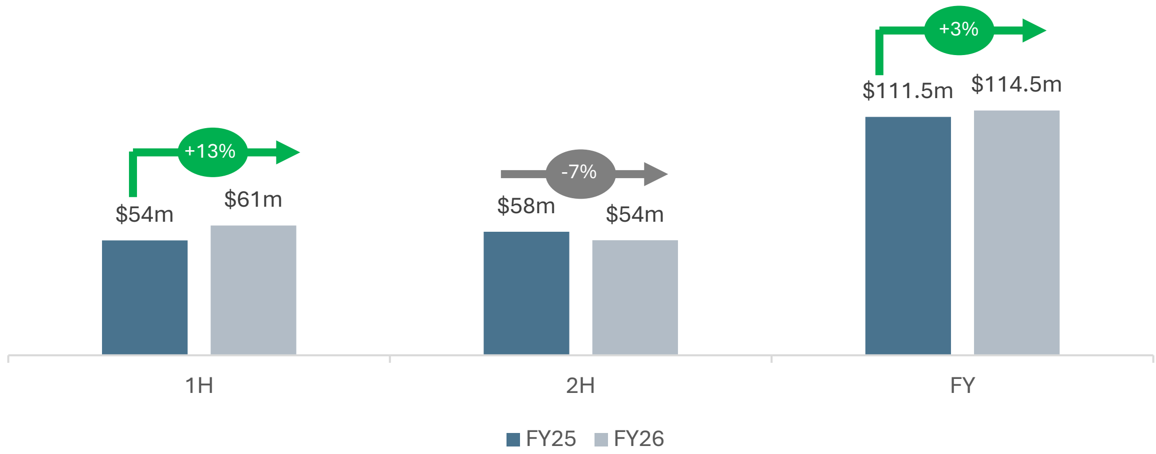
The Company maintained its disciplined investment approach, deploying $5.7 million in capital expenditure during FY26, up from $4.0 million in FY25. These investments were allocated across a range of initiatives, including manufacturing facility expansion, Rest Assure® technology development, and essential business maintenance.

Innovation continues to pave the way for our future. We commenced the global controlled market release of Virtus, our new oral appliance designed for the 50%[2] of obstructive sleep apnea (OSA) patients who also suffer from sleep bruxism. This purpose-built device reinforces our clinical differentiation and strengthens our competitive position in this large, underserved segment of the oral appliance therapy (OAT) market. Moving forward, we will continue to closely align our development pipeline with commercial outcomes, ensuring that our product innovation efforts are highly disciplined, customer-focused, and designed to deliver faster, sustainable returns for our shareholders.

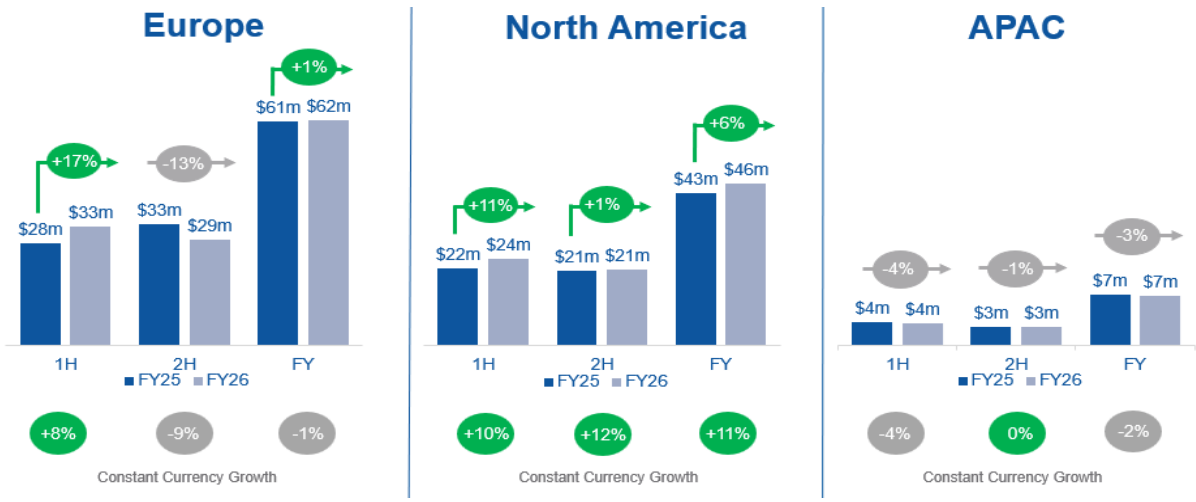
[1] EBITDA excludes leases payments ($3.1m), share/option expenses ($3.6m), unrealised foreign exchange gain/(loss) ($1.1m), one-off costs ($0.7m - tranche 3 restructure) and discontinued operations (nil).

[2] Li D, Kuang B, Lobbezoo F, de Vries N, Hilgevoord A, Aarab G. A large scale polysomnographic study involving 914 adults with OSA published in March 2023 found that sleep bruxism is highly prevalent in adults with obstructive sleep apnea. Journal of Clinical Sleep Medicine. 2023;19(3):443-451.

Consolidated revenue growth



Regional revenue growth



<u>Europe</u>

Europe, SomnoMed's largest region, contributed $61.9 million in revenue for the full-year, up a reported 1%, but down 1% on a constant currency basis. While first-half growth was strong, second-half sales were impacted by structural shifts in key European markets, slowing the pace at which patients were able to access oral appliance therapies. These included changes to clinical eligibility and public payor reimbursement criteria, plus a shift in patient referral pathways.

North America

North America is SomnoMed's primary growth driver, delivering $45.8 million in revenue for FY26, up 11% on a constant currency basis and 6% on a reported basis. The strong Australian dollar in 2H FY26 adversely affected reported revenue, which grew by just 1%, despite 12% growth in constant currency terms.

Growth in the region was underpinned by dedicated strategies to drive demand across customer segments, further facilitated by a cost-effective internal sales function and the continued strong performance of Managed Care. The region's focus on contribution and operational efficiencies played a significant role in driving group margin expansion.

Asia Pacific

Asia Pacific, our first commercial region, generated $6.8 million in revenue for the year, a decline of 3% on a reported basis. This was primarily driven by cost-of-living pressures which impacted patient demand across the non-reimbursed markets.

Outlook

As announced on 27 July 2026, the Company is targeting high single digit revenue growth in FY27 while maintaining EBITDA[3] margins consistent with FY26.

FY27 guidance range is expected to be issued as part of the 2026 Annual General Meeting.

Key assumptions and sensitivities:

1. Continued NAM growth and EU stabilisation
2. Successful global adoption of Virtus – H2 FY27
3. Stable EBITDA[3] margins while investing to support future growth
4. FX movements

Our plan is supported by expanded global manufacturing capabilities, a robust balance sheet with $17.2 million in cash, a strengthened product pipeline and a strong leadership team focused on driving successful execution.

Longer term, as senior leadership transitions to a more streamlined model, maintaining a clear focus on delivering greater levels of accretive growth over the next three years remains a key priority.

Thank You

On behalf of the Board, we express our sincere gratitude to our global employees for their outstanding focus, dedication, and adaptability during a year of transition. We also thank our clinical partners and sleep specialists, whose ongoing trust in our oral appliance therapies remains vital to our mission of improving the lives of OSA patients.

We also express our deep gratitude to Amrita Blickstead for her leadership and service to SomnoMed over the past six years, including three and a half years as a Non-Executive Director and the last two and a half years as Co-CEO. In stepping from a non-executive into the management of the Company, Amrita demonstrated an outstanding commitment to genuine company change, developed a high-performance team, and delivered on the Company's mission and values. We wish her every success in the future.

[3] EBITDA excludes leases payments, share/option expenses, unrealised foreign exchange gain/(loss), one-off costs and discontinued operations.

SOMNOMED LIMITED

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Finally, we thank our shareholders for their ongoing support and confidence in our strategy. We are invigorated by the steps we have taken over the past year to realign the business, strengthen our market position, and enhance our ability to attack the large and growing clinical opportunity in OSA. Backed by a newly streamlined and strengthened executive leadership team, an optimised manufacturing base, and a focused operational roadmap, we enter FY27 well-positioned to execute on our strategic goals and deliver sustainable, long-term value for our shareholders.

Mr Guy Russo	Ms Karen Borg
Chairman	Chief Executive Officer

SOMNOMED LIMITED
FY26 FINANCIAL PERFORMANCE

Adjusted versus reported results[4]	FY26 results $'000	FY26 one-off adjustment[5] $'000	FY26 results excluding one-off adjustments $'000
Total income	114,532	-	114,532
EBITDA[6]	10,242	707	10,949
EBIT[7]	(81)	707	626
Loss after tax	(2,650)	707	(1,943)

[4] This table details adjustments made to the reported results for the current period to reflect the adjusted performance of the business on the basis on which we provided guidance to the market. EBITDA and EBIT are non-IFRS profit measures.
[5] Represents tranche 3 restructure costs.
[6] EBITDA excludes lease payments ($3.1m), share/option expenses ($3.6m), unrealised foreign exchange gain/(loss) ($1.1m), one off costs ($0.7m) and discontinued operations (nil).
[7] EBIT represents earnings before interest including finance facility fees and tax.

SOMNOMED LIMITED
MATERIAL BUSINESS RISKS

SomnoMed Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2026 comprise the Company and its controlled entities (together referred to as the Consolidated Entity).

The management of the Consolidated Entity and the execution of its growth strategies are subject to a number of risks which could adversely affect the Consolidated Entity's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the Consolidated Entity but those considered by management to be the principal material risks:

Customer base	The Consolidated Entity needs new and repeat customers in sufficient numbers to grow the business, especially in markets where the Consolidated Entity already has a degree of market penetration. In order to do so, the Company is keeping in close contact with its core customer base and is targeting customers who have historically used other suppliers and channels to purchase products. The Company's strategy also assists existing customers to grow their business and make repeat purchases of products. If these strategies fail, the revenue may be reduced which could have an adverse effect on the financial results.
Competition and product mix	The Consolidated Entity monitors competitors in its markets and seeks to differentiate itself from competitors by selling quality products and providing quality services to its customers. The Consolidated Entity's business could suffer if competitors increase their market share.
Product research and development	The Consolidated Entity invests in research and technology and continues to develop its products and materials used in them. Should these products fail to meet the demands of the market or cost more in research and development than the Consolidated Entity anticipated, this could have an adverse effect on the financial results and overall image of the Consolidated Entity.
Patents, trademarks and brand reputation	Maintaining and enhancing the brand is critical to the Consolidated Entity's strategies going forward. If the Consolidated Entity fails to meet customer expectations, negative publicity and complaints on social media platforms could damage the brand and ultimately reduce customers' willingness to buy from the Consolidated Entity. If the Consolidated Entity fails to maintain its brand or if excessive expenses are incurred in this effort, the Consolidated Entity's business, results of operations, financial condition and financial results may be materially and adversely affected. As with all brands, the Consolidated Entity is exposed to risk from unauthorised use of its trademarks and other intellectual property.
Cash and other financial risk	The management of cash is of fundamental importance. At the reporting date the Consolidated Entity had a cash balance of $17.184 million (2025: $17.293 million). The working capital will be used to carry out the Consolidated Entity's growth and expansion plans. The Consolidated Entity is also exposed to financial risks such as foreign currency risk. Refer to the Note 17 Financial risk management note to the financial statements for further information on these risks and how they are managed.
Loss of people	The Consolidated Entity's senior executive team is instrumental in implementing the Consolidated Entity's strategies and executing business plans which support the business operations and growth. Service agreements are in place and the risk of the loss of key personnel is mitigated by regular reviews of remuneration packages (including short-term and long-term incentive schemes) and succession planning within the team.
Interruption of production	The Consolidated Entity is aware that an extended interruption to the manufacturing of the Consolidated Entity's products at its main production facility would be extremely disruptive and could have an adverse impact on the financial results and overall image of the Consolidated Entity. To mitigate this risk the Consolidated Entity has put in place a number of measures, including the insurance for "Material Loss or Damage and Consequential Loss" arising from such an event, and the formulation of a Disaster Recovery Plan, should it be required, for the Consolidated Entity's main production facility. These and other relevant measures are reviewed for adequacy as circumstances require.
Equal opportunity	The Consolidated Entity is committed to an active equal opportunities policy. It is the Consolidated Entity's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the Consolidated Entity.

SOMNOMED LIMITED
MATERIAL BUSINESS RISKS (CONTINUED)

Financing and liquidity risk and interest rate risk	In June 2020, SomnoMed Germany GmbH (Germany) secured a €0.500 million Government-backed unsecured loan facility with Commerzbank. The interest payable is 3% per annum and the loan expires on 30 June 2030. The drawn amount at the end of 30 June 2026 was €0.250 million (A$0.415 million). Whilst the Consolidated Entity monitors cashflow management and cashflow forecasts, in the event that the Consolidated Entity does not maintain sufficient cash reserves to meet the requirements of its business, there is a risk that it could face a shortage of working capital or fail to pay its creditors on time. The Consolidated Entity's ability to operate depends on maintaining a strong reputation for creditworthiness. If the Consolidated Entity were to breach any of its obligations under any of its financing facilities, it could face actions that have an adverse impact on the Consolidated Entity's cashflow. The inability to obtain funding to finance current and future activities may result in reduced financial liquidity, which may adversely impact the Consolidated Entity's ability to fund its operations and new business initiatives.
United States of America (US) tariff policies	The United States' (US) tariff landscape has continued to evolve with investigations into sectoral tariffs and frequent changes in policies continuing to pose a potential risk. Following the Supreme Court of the United States (SCOTUS) ruling that tariffs imposed under the International Emergency Economic Powers Act (IEEPA) —the "Reciprocal" tariffs — were unlawful, these tariffs were terminated for goods entering the US from 24 February 2026. Since being invalidated, the US has implemented a process for tariff payments and interest earned to be refunded. The Consolidated Entity has been working with its customs brokers and advisors to ensure all claimable refunds are received. Following the SCOTUS ruling invalidating tariffs imposed under IEEPA, the US Administration immediately moved to introduce similarly widespread tariff measures through alternative statutory mechanisms, including a temporary tariff under Section 122 of the Trade Act of 1974, which expired on 24 July 2026 and was replaced by tariffs imposed following Section 301 investigations into the forced-labour import policies of a broad range of US trading partners. Further Section 301 investigations cover matters like structural manufacturing overcapacity and forced labour enforcement across a broad range of trading partners and sectors, where there continue to be tariffs applied under Section 232 covering strategic sectors. The scope, duration, and eventual tariff rates under these evolving mechanisms remain under active development. Changes in trade regulations or the introduction of new tariffs could increase the cost of imported materials and components, disrupt established supply chains, and complicate pricing strategies. These factors may diminish the Consolidated Entity's competitiveness in key markets and exert pressure on profit margins. The Consolidated Entity has commenced claiming duty-free treatment for its medical devices imported into the US after self-assessing eligibility under the Nairobi Protocol Agreement to the Florence Agreement, which is incorporated under the Harmonised Tariff Schedule of the US. The Consolidated Entity is currently working with advisors to seek a formal ruling from US Customs and Border Protection (CBP) as a next step. While the Nairobi Protocol offers possible relief by exempting certain medical devices from US import tariffs, vulnerability to tariff impacts remain due to the evolving nature of tariff policies.

Regulatory approvals

The Consolidated Entity 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 the Consolidated Entity will obtain or maintain the required approvals, licences and registrations from all relevant regulatory authorities in all jurisdictions in which it operates. Further clinical trials may be delayed, and the Consolidated Entity 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, the Consolidated Entity 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, licences and registrations or any change in regulation or an adverse audit outcome may adversely affect the Consolidated Entity's ability to commercialise and manufacture its treatments.

a) The Consolidated Entity received FDA clearance for Virtus in June 2026 with the Pricing, Data Analysis and Coding ("PDAC") application submitted and approval awaited.
b) Reimbursement changes can impact market dynamics significantly; and
c) The SomnoMed, Inc. office located in Texas, US underwent a routine FDA surveillance audit in May 2025 and the Consolidated Entity's quality and regulatory function has successfully addressed all the observations raised. In addition, the manufacturing facility in Manila underwent an audit in September 2025 that resulted in renewal of their ISO 13485 certification. The next ISO audit is scheduled for September 2026.

Cyber security

There is a risk of security breaches of data (whether that of the Consolidated Entity'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 the Consolidated Entity'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 the Consolidated Entity's operations and financial performance, exposing the Consolidated Entity 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

The Consolidated Entity'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 the Consolidated Entity's operations.

Changes affecting prices charged and cost of supply/ distribution

There can be no guarantee that the Consolidated Entity's products will continue to be successful in the market nor that the Consolidated Entity will continue to receive significant revenues from the sale of its products or services. Unexpected expenses or downward pressure on the prices the Consolidated Entity charges as a result of changes in regulations by national health authorities, emergence of alternative treatments for Obstructive Sleep Apnea (OSA) delivering a higher level of efficacy and patient compliance as well as better health economics, competitive pressures, or levels of reimbursement provided health insurers in the places in which the Consolidated Entity operates, may affect the profitability of that business.

SOMNOMED LIMITED
MATERIAL BUSINESS RISKS (CONTINUED)

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 the Consolidated Entity. There can be no assurance that a competitor of the Consolidated Entity will not develop or achieve commercialisation of services that compete with, or supersede, the Consolidated Entity services or products. The Directors believe that the potential market size for the services to be provided by the Consolidated Entity is large enough to absorb a number of competitors.
Product safety and efficacy	Serious or unexpected health, safety or efficacy concerns with products may expose the Consolidated Entity 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. The Consolidated Entity 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 the Consolidated Entity.
Intellectual property	Securing rights in technology and patents is an integral part of securing potential product value in the outcomes of medical device research and development. Competition in retaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes. The Consolidated Entity'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. The patent position of medical device companies can be highly uncertain and frequently involves complex legal and factual questions, neither the breadth of claims allowed in medical device patents, nor their enforceability can be predicted. There can be no assurance that any patents which the Consolidated Entity may own, access or control will afford the Consolidated Entity commercially significant protection of its technology or its products or have commercial application, or that access to these patents will mean that the Consolidated Entity will be free to commercialise its products. 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 the Consolidated Entity's patented technology. Patenting strategies do not cover all countries which may lead to generic competition arising in those markets.

SOMNOMED LIMITED
MATERIAL BUSINESS RISKS (CONTINUED)

Manufacturing

There are numerous risks associated with manufacturing the Consolidated Entity's products. Technical difficulties could include the inability to produce products that meet approved regulatory specifications, or that production volumes may be insufficient to support revenue as currently forecasted, or products may not meet the expectations of key customers from a quality standpoint. The Consolidated Entity may from time-to-time experience delays in finding appropriate manufacturers for specific components, raw materials, machinery or systems. Any unforeseen difficulty relating to manufacturing, including changes in methods of manufacturing, 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 the Consolidated Entity's ability to support revenue as currently forecasted.

The Consolidated Entity relies on the central manufacturing facility in the Philippines for the production of all of its products at present and the following issues (amongst others) may impact production at this site:

a) under staffing/inexperience of staff;
b) equipment shortages and breakdowns;
c) elevated levels of remakes;
d) reliance upon single suppliers for a number of key components;
e) seasonal typhoons and floods affecting access to the site;
f) key software within the plant is at end of life; and
g) a negative audit outcome leading to an immediate need for improvement of the quality management systems in place.

The Consolidated Entity from time-to-time receives strong demand for the Consolidated Entity's products, which can place additional strain on the manufacturing facility. If from time-to-time the capacity of the facility is not capable of manufacturing enough volume to satisfy the increasing demand for the Consolidated Entity's products, the future revenues of the Consolidated Entity would be impacted in the short term and that this would have a consequential impact on the results, profitability and cash flow generation of the Consolidated Entity. If such issues persist in the future for an extended period of time, there is a risk that this could have a material impact on the ongoing operations and financial performance of the Consolidated Entity, particularly as a result of:

a) an inability to scale Rest Assure® to meet anticipated customer demand; and
b) further loss of customers due to longer lead-times in the production of the product.

This, in-turn, may also impact the ability of the Consolidated Entity to continue to meet its revised earnings guidance given the Consolidated Entity has issued such guidance on the key assumption that a number of these aforementioned issues, such as customer turnaround times and manufacturing capability, do not deteriorate further and remain at consistent levels.

SOMNOMED LIMITED
DIRECTORS' REPORT

The Directors present their report, together with the financial statements, of the Consolidated Entity (referred to hereafter as the "Consolidated Entity") consisting of SomnoMed Limited (ACN 003 255 221) (referred to hereafter as the "Company" or "Parent Entity") and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

The names of Directors in office at any time during or since the end of the year are:

Guy Russo (Chairman)

Karen Borg

Benjamin Gisz

Michael Gordon

Andrew Price

Amrita Blickstead (resigned 27 July 2026)

Directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Principal Activity

The principal activity of the Consolidated Entity during the financial year was the commercialisation of the SomnoDent® Mandibular Advancement Splint ("MAS") and other oral devices for sleep related disorders in Australia and overseas.

There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial year.

Operating Results

The loss of the Consolidated Entity amounted to $2.650 million (2025: $3.456 million). A more detailed review of the operations is contained on pages 29 to 32 of the Annual Report, which accompanies this Directors' Report.

Dividends Paid or Recommended

There were no dividends paid, declared or recommended for the year ended 30 June 2026 (2025: Nil).

Significant Changes in State of Affairs

Other than as stated in the accompanying Chairman and CEO's Report and financial report, there were no significant changes in the state of affairs of the Consolidated Entity during the reporting year.

After Reporting Date Events

The Directors have not become aware of any matter or circumstance that has arisen since the end of the year to the date of this report that has significantly affected or may affect:

(i) The operations of the Company and the entities that it controls,

(ii) The results of those operations, or

(iii) The state of affairs of the Company in subsequent years.

Future Developments

The Company will continue to produce and sell devices for the oral treatment of sleep related disorders in Australia and overseas.

Directors

Guy Russo

Chairman, Non-Executive Director, member of the Remuneration Committee

Guy Russo is an accomplished business leader with a strong commercial and customer-focused background working in Australia and internationally. In addition to Chairman of SomnoMed, he is Chairman of Guzman y Gomez Mexican Kitchen (ASX: GYG), Australia's fastest growing restaurant business. He is a Non-Executive Director of Scentre Group (ASX: SCG) which owns and operates Westfield Living Centres in Australia and New Zealand and Chairman of OneSky, an international charity for children living in poverty in Asia.

Previously, Guy has served as Chief Executive Officer ("CEO"), Wesfarmers Department Store Division (Kmart & Target); Managing Director, Kmart Australia & NZ; President, McDonald's Greater China; CEO McDonald's Australia Ltd and Chairman of Ronald McDonald House Children's Charities.

Guy is perhaps most well known in Australia for his leadership in turning Kmart into the largest and most profitable retail department store in the country. He has been a member of YPO since 2006, served as a member of the Business Council of Australia, and won industry awards for leadership in diversity in employment.

Karen Borg

Executive Director and Chief Executive Officer

Karen has been Chief Executive Officer ("CEO") since 28 July 2026. Karen was a Co-CEO of the Company until 27 July 2026 and a Non-Executive Director of the Company until her appointment as Co-CEO on 23 February 2024.

Karen has held senior roles in FTSE 100-250 and ASX-listed companies in medical devices and consumer products as well as government and not-for-profit human and financial services.

Karen has held multiple Chief Executive Officer positions, including Catholic Healthcare Ltd, Healthdirect and Jobs for NSW. She was also the former President (Asia Pacific & Middle East) of ResMed (ASX: RMD) and held several senior roles with Johnson & Johnson Medical Devices in Australia and the United States. Karen began her career in the fast-moving consumer goods sector and worked for Goodman Fielder, Nestle and Revlon in commercial management, business development and marketing in Eastern Europe and Asia Pacific.

Karen is on the Board of Optiscan Ltd (ASX: OIL) and KOPWA Aged Care Services and was previously on the Board of The North Foundation and Interim Chair of the Australian Vaccine Research Alliance.

Karen has a Bachelor of Arts from the University of Sydney and was a NSW finalist for Telstra Business Woman of the Year 2017.

Benjamin (Ben) Gisz

Non-Executive Director, Chairman of the Remuneration Committee & member of Audit & Risk Committee

Ben is a Director and member of the investment team at TDM Growth Partners, an investment firm specialising in long term investments in high growth companies globally. Ben has extensive investing, corporate advisory and financial markets experience, including prior roles with Investec Group and Credit Suisse.

Ben is a current Non-Executive Director at Australian pet supplies ecommerce business Pet Circle and previously served as a Non-Executive Director on the board of ASX listed dental group Pacific Smiles Limited.

Ben holds a Bachelor of Commerce (Finance and Accounting) from the University of Sydney.

Michael Gordon
Non-Executive Director, Chairman of the Audit & Risk Committee, member of the Remuneration Committee
Michael is a Director of The Koala Company Limited ("Koala"), an ASX listed direct-to-consumer household goods retailer. Michael was previously the CFO of Rokt, a high-growth marketing technology company and CFO of Different Technologies, a property technology company.

Prior to these, Michael was the Group CFO and MD Group Services for Greenlit Brands Pty Limited. Greenlit Brands grew from a turnover of A$250m (Freedom) to a A$2.4 billion vertically integrated retailer based in Australia and New Zealand and included the brands Freedom, Snooze, Fantastic, Plush, OMF, Best & Less and Harris Scarfe.

Michael started his career with PricewaterhouseCoopers, spending 10 years with them in South Africa, the United Kingdom and Australia specialising in the retail and pharmaceutical industries with experience in audit, taxation, and corporate finance.

Michael is a Chartered Accountant and holds a Bachelor of Commerce and Bachelor of Accounting from the University of Witwatersrand (South Africa).

Andrew Price
Non-Executive Director, member of Audit & Risk Committee
Andrew, a seasoned executive in the medical device industry, spent 25 years at ResMed in various senior roles. Prior to finishing his employment with ResMed, Andrew was Chief Supply Chain Officer, leading all functions of the end-to-end supply chain including supplier management, manufacturing, logistics, distribution, quality assurance and regulatory affairs.

Andrew held roles at ResMed across product development, project management and business development globally.

Andrew holds an Industrial Design Degree from University of Technology, Sydney, has completed the Advanced Management Program (AMP) with INSEAD Singapore and is a Graduate of the Australian Institute of Company Directors (GAICD).

Amrita Blickstead
Executive Director and Co-Chief Executive Officer (resigned 27 July 2026)
Amrita was a Co-Chief Executive Officer ("Co-CEO") of the Company until her resignation on 27 July 2026 and a Non-Executive Director of the Company until her appointment as Co-CEO on 23 February 2024.

Amrita was the Chief Operating and Marketing Officer at eBay Australia & New Zealand, where she led business areas across strategy, operations, marketing, sales, and pricing over her ten-year tenure. Prior to these executive roles, Amrita built her foundation as a Management Consultant and a Biomedical Engineer. Amrita currently serves as a Non-Executive Director at ASX listed Audinate, Genea and Vision Beyond Aus as well as a Venture Partner at One Ventures.

Amrita holds a Master of Business Administration from Harvard Business School and a Bachelor of Mechanical (Biomedical) Engineering from the University of Sydney. Amrita won the Australian Financial Review BOSS Awards for Young Executive of the Year in 2019.

Company Secretary
Terence Flitcroft
Terence has been Company Secretary since 1995.

Terence is a Chartered Accountant with broad commercial and financial experience and has acted as Director and company secretary for a number of private and public companies.

Board Member's Directorships

Listed below are details of other listed public company directorships held by Board Members over the last three years.

Director	Directorship of	Date Appointed	Date Resigned
Guy Russo	The Scentre Group	1 September 2020	-
	Guzman Y Gomez Limited[1]	20 June 2024	-
Karen Borg	Optiscan Imaging Limited	29 July 2021	-
Benjamin Gisz	No other listed public company directorship	-	-
Michael Gordon	The Koala Company Limited[2]	31 March 2026	-
Andrew Price	No other listed public company directorship	-	-
Amrita Blickstead[3]	Audinate Group Limited	1 January 2023	-

[1] Guzman Y Gomez Limited became a listed public company on 20 June 2024.
[2] The Koala Company Limited became a listed public company on 31 March 2026.
[3] Resigned effective 27 July 2026.

Directors' Interests in Securities

As at the date of this report, details of Directors who hold shares or options in the Company for their own benefit or who have an interest in holdings through a third party are detailed below.

Director	Shares	Options over Ordinary Shares	Zero exercise price options over Ordinary Shares
Guy Russo [1]	2,055,220	1,300,000	-
Karen Borg [1][2]	1,839,023	1,700,000	2,100,000
Benjamin Gisz [1]	54,504,649	500,000	-
Michael Gordon [1]	225,061	700,000	-
Andrew Price	-	300,000	-
Amrita Blickstead [3]	2,392,364	1,885,000	600,000

[1] Held by the Director or entities associated with the Director and in which the Director has a financial interest.
[2] Zero exercise price options include a total of 1,500,000 options with a vesting date of 4 December 2028 and expiry date of 6 December 2032, granted subsequent to 30 June 2026, to be issued to Karen Borg (or entities associated with Karen Borg) conditional upon shareholder approval to be obtained at the 2026 Annual General Meeting.
[3] Held as at date of resignation on 27 July 2026.

Meetings of Directors

The number of meetings of the Company's Board of Directors and each board committee held during the year to 30 June 2026 and the number of meetings attended by each Director were:

	DIRECTORS' MEETINGS		COMMITTEE MEETINGS			
			AUDIT COMMITTEE		REMUNERATION COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Guy Russo	7	7	-	-	5	5
Karen Borg	7	7	-	-	-	-
Benjamin Gisz	7	7	2	2	5	5
Michael Gordon	7	7	2	2	5	5
Andrew Price	7	7	2	2	-	-
Amrita Blickstead	7	7	-	-	-	-

Indemnifying Directors or Officers

Each Director has entered into a Deed with the Company under which the Director is given access to documentation and in addition is:

- indemnified by the Company to the full extent permitted by law against all liabilities sustained or incurred through acting as a Director (under the Corporations Act 2001 the indemnity does not extend to a liability owed to the Company or its related bodies corporate, or which arises out of conduct involving a lack of good faith, or is for a pecuniary penalty order under section 1317G of the Corporations Act 2001 or a compensation order under section 1317H of the Corporations Act 2001);
- indemnified by the Company to the full extent permitted by law against legal costs and expenses incurred in defending an action for a liability incurred as an officer of the Company (under the Corporations Act 2001 the indemnity does not extend to costs incurred in circumstances where the Director is found to have a liability for which the Director cannot be indemnified, or costs of defending or resisting criminal proceedings in which the Director is found guilty or defending proceedings brought by ASIC or a liquidator for a court order where the court holds that the grounds for making the order are established, or costs of proceedings seeking relief for the Director under the Corporations Act 2001 where the court denies relief);
- entitled to a loan to meet the costs of defending or responding to any such claim or proceeding; and
- entitled to have the Company maintain and pay premiums in respect of directors' and officers' insurance.

Premiums paid excluding GST in respect of this insurance were $128,485.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Consolidated Entity support and have adhered to key principles of corporate governance.

Refer to the Corporate Governance Statement of SomnoMed Limited on our website for more information https://somnomed.com/au/about-us/corporate-governance/.

Environmental regulations

The Consolidated Entities' operations are not materially affected by environmental regulations.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Options

At the date of this report there were 15,032,500 (2025: 11,124,000) unissued ordinary shares of the Company under option. A total of 1,338,500 (2025: 4,198,500) shares issued by the Company pursuant to the Company's Executive Share and Option Plan have been treated as share-based payments (exercise price equals issue price) in the accounts accompanying this Directors' Report, in accordance with the Company's accounting policies and Australian Accounting Standards (refer Note 20 to the accompanying financial statements). During the year ended 30 June 2026, 7,185,500 options were granted to directors and employees pursuant to Share Option Plans as part of their remuneration. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

REMUNERATION REPORT – AUDITED

This remuneration report details the nature and amount of remuneration for each Director and Key Management Personnel (KMP) of the Company.

Remuneration Policy

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration Committee, which consists of three Non-Executive Directors. The policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short-term incentives ("STIs") and/or long-term incentives ("LTIs") based on key performance areas impacting the Consolidated Entity's financial results. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Consolidated Entity, as well as create goal congruence between directors, executives and shareholders.

The following table shows the gross revenue and results for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2022	2023	2024	2025	2026
Revenue ($'000)	72,580	83,616	91,651	111,493	**114,532**
Net loss ($'000)	(4,426)*	(7,867)*	(12,242)*	(3,456)	**(2,650)**
Share price at year end	$1.21	$0.96	$0.25	$0.65	**$0.52**
Earnings per share (cents)	(5.63)**	(10.01)**	(10.14)**	(1.63)**	**(1.22)****

* The 2022, 2023, 2024 and 2025 amounts have been adjusted to exclude the discontinued operations of Renew Sleep Solutions, which ceased operations in December 2018.

** Earnings per share – continuing operations.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Consolidated Entity is as follows:

All executives receive a total remuneration package, which may include a base salary (commensurate with their expertise and experience), superannuation, fringe benefits, options and performance incentives. The remuneration committee reviews executive packages annually by reference to the Consolidated Entity's performance and executive performance.

The performance of each executive is measured based on the achievement against set performance indicators, as well as the forecasted growth of the Company's financial performance, the achievement of the annual budget for their respective areas and shareholders' value. The policy is designed to attract and retain the highest calibre of executives taking into consideration the size, nature and complexity of the operation, and reward them for performance that results in the achievement of annual targets and building long-term growth in shareholder wealth.

Directors and executives are also entitled to participate in the employee option arrangements. Share Option Plans for both employees and non-executives were approved by shareholders at the General Meeting held in June 2021. The approval of both plans was refreshed at the Annual General Meeting on 27 November 2024. The issue of options to the Co-CEO's pursuant to the terms of their employment contracts was approved by shareholders at the Annual General Meeting held on 27 November 2025.

Senior executives in Australia receive a superannuation guarantee contribution required by the government, which was 12% for FY26, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology and/or Monte-Carlo methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Directors' interests with shareholder interests, the Directors may hold options in the Company.

REMUNERATION REPORT - AUDITED (continued)

Performance Based Remuneration

As part of senior executives' remuneration packages there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with executives. The measures are specifically tailored to the areas each executive is responsible for and has a level of control over but are also linked to the overall results achieved by the Company. KPIs target areas typically linked to drive results which will improve the performance of the Company, covering financial and non-financial as well as short-term and medium-term goals. The level set for each KPI is based on budgeted figures for the Consolidated Entity.

Performance in relation to the KPIs is assessed annually, with incentives being awarded depending on the KPIs and overall financial performance achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Consolidated Entity's goals and shareholder wealth, before the KPIs are set for the following year.

The long-term incentives (LTIs) for employees are related to equity and options granted to senior executives pursuant to the Company's Employee Share Option Plan. Employees are invited to participate in this plan on an annual basis. The Remuneration Committee sets the overall quantum of shares to be issued and approves the allocation to each individual on the basis of recommendations it receives from the CEO. The performance of the employee in the previous financial year is an important factor taken into consideration in determining the allocation as well as the criticality and retention of key skills for the future development of our company. Vesting conditions apply to units issued under the Company's Employee Share Trust and units vest progressively over a number of years. This provides employees with a long-term incentive to continue to add value to the Company's operations and remain employed with Consolidated Entity.

In determining whether or not a KPI has been achieved, the Company bases the assessment on audited figures where appropriate.

At the date of this report, a total of 18,692,500 (2025: 13,199,000) options had been granted under the Employee Share Option Plan and Non-Executive Share Option Plan, approved by shareholders in June 2021 and November 2024. This excludes options that have lapsed due to target thresholds not met and/or employees no longer being employed. 3,660,000, including 2,075,000 exercised on 6 August 2025 and disclosed in the 30 June 2025 Directors Report, options have been exercised throughout the year up to date of this report, therefore 15,032,500 (2025: 11,124,000) remain outstanding. Details of options issued to Directors and KMP are contained on page 23 of this report.

The options issued under these plans vest across the following profiles:

1. A total of 1,902,000 options were granted to employees in 2021, vesting over five years from their Issue Date, provided that the volume weighted average price of an ordinary share in the Company for the 20-day period ending on the Test Date is at least equal to $3.50 (the Threshold):
   a) in respect of the first tranche comprising 1/3 of the Options (First Tranche), the First Tranche will vest on the third anniversary of the Issue Date;
   b) in respect of the second tranche comprising 1/3 of the Options (Second Tranche), the Second Tranche will vest on the fourth anniversary of the Issue Date; and
   c) in respect of the third tranche comprising 1/3 of the Options (Third Tranche), the Third Tranche will vest on the fifth anniversary of the Issue Date.

   If on a Test Date for a particular tranche of Options, the Threshold is not met on the Test Date, but the Threshold is met on a subsequent Test Date, then that tranche of Options will vest on that subsequent Test Date. For example, if the Threshold for the First Tranche is not met until the fourth anniversary of the Issue Date, then both the First Tranche and the Second Tranche, being 2/3 of the Options, will vest on the fourth anniversary of the Issue Date. None of the First, Second or Third Tranche Options had vested as at 30 June 2026. 1,475,000 of these options have subsequently lapsed due to the target threshold not being met.

REMUNERATION REPORT - AUDITED (continued)

Performance Based Remuneration (continued)

2. Zero exercise price options issued to the Co-CEO's that were approved by shareholders at the General Meeting on 27 June 2024.
   a) Tranche one of 1,500,000 options, granted on 28 June 2024 vested on 23 February 2025; all these options were exercised on 6 August 2025;
   b) Tranche two of 1,150,000 options, granted on 1 July 2024 vested on 1 July 2025; 575,000 were exercised on 6 August 2025 and 575,000 were exercised on 23 July 2026; and
   c) Tranche three of 1,200,000 options granted on 1 July 2025 vested on 1 July 2026.
3. A total of 1,500,000 options were granted to Non-Executive Directors under the Non-Executive Share Option Plan 2021, approved at the Annual General Meeting on 27 November 2024, with an exercise price of $0.60 and a four-year expiry term. These options vested on 28 August 2025.
4. A total of 300,000 options issued to a Non-Executive Director with a commencement date of 17 January 2025, subject to shareholder approval which was subsequently obtained at the Annual General Meeting on 27 November 2025, pursuant to the terms of his engagement as a Non-Executive Director. These options have an exercise price of $0.69 and a four-year expiry term from the commencement date. The options vested on 17 January 2026.
5. A total of 3,130,000 zero exercise price options granted to employees on 20 December 2024, with a further 110,000 granted on 1 October 2025. These options vested on 20 December 2025 and 1,010,000 of these options were exercised throughout the year.
6. A total of 2,000,000 options were granted to the Co-CEO's on 27 June 2025, subject to shareholder approval, which was subsequently received at the Annual General Meeting on 27 November 2025, with an exercise price of $0.65 and a two-year expiry term from the Grant Date. These options vested on 27 June 2026.
7. A total of 1,000,000 options were granted to Non-Executive Directors under the Non-Executive Share Option Plan 2021, approved by the Shareholders at the Annual General Meeting on 27 November 2025, with an exercise price of $1.00 and a four-year expiry term. These options will vest on 16 September 2026.
8. A total of 1,400,000 options were granted to the Co-CEO's on 16 September 2025, subject to shareholder approval, which was obtained at the Annual General Meeting on 27 November 2025, with an exercise price of $0.70 and a two-year year expiry from the Grant date. These options will vest on 16 September 2026.
9. Zero exercise price options were granted to employees on 18 September 2025, as follows:
   a) Tranche 1 of 1,256,900 options will vest on 1 December 2026, subject to the employee being employed with the Company on vesting date. These options have a 1 December 2030 expiry date; and
   b) Tranche 2 of 2,218,600 options will vest on 1 December 2027, subject to the employee being employed with the Company on vesting date. These options have a 1 December 2031 expiry date.
10. A total of 1,500,000 zero exercise price options with a vesting date of 4 December 2028 and expiry date of 6 December 2032, granted subsequent to 30 June 2026, are to be issued to Karen Borg (or entities associated with Karen Borg) conditional upon shareholder approval to be obtained at the 2026 Annual General Meeting.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and executives. There have been two methods applied in achieving this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to Directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy is effective in increasing shareholder wealth over the medium term.

The Board will review its remuneration policy annually to ensure it is effective.

REMUNERATION REPORT - AUDITED (continued)

Employment Contracts of Directors and Senior Executives

The employment conditions of specified executives are formalised in contracts of employment or its wholly owned subsidiary as set out below:

Name and Role	Term of Agreement	Notice Periods by either party
Karen Borg, Co-CEO[(1)]	3 Year Term Contract ending 23 February 2027	3 months
Ye-Fei Guo, CFO	No fixed term	3 months
Amrita Blickstead, Co-CEO[(2)]	3 Year Term Contract ending 23 February 2027	3 months

All executives are permanent employees of the Company.

(1) Appointed CEO on 28 July 2026 with no fixed term and a 6 month notice period by either party.

(2) Resigned on 27 July 2026.

Performance Income as a proportion of Total Remuneration

Senior executives are paid performance-based bonuses based on a proportion of their total remuneration package. The Remuneration Committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and financial performance of the Consolidated Entity. The Remuneration Committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit, to ensure use of the most cost effective and efficient methods. All senior executives' remuneration for the year ended 30 June 2026 had a fixed component and a variable component of their overall remuneration, with the variable part of their remuneration paid subject to a performance condition.

Options granted as part of Remuneration for the year ended 30 June 2026

A total of 3,832,800 (2025: 5,160,000) options were granted to Non-Executive Directors and KMP during the year based on terms noted above.

REMUNERATION REPORT - AUDITED (continued)

Non-Executive Directors' remuneration

The following table discloses the remuneration of Directors of the Company for the year ended 30 June 2026. The information contained in this table is audited.

	Short -term Benefits	Post-employment Benefits	Long-term Benefits			
Director	**Salary & Fees $**	**Superannuation $**	**Long Service Leave $**	**Termination Benefits $**	**Equity Settled Share-based Payment [1] $**	**Total $**
Guy Russo [2]						
- 2026	**-**	**-**	**-**	**-**	**214,802**	**214,802**
- 2025	-	-	-	-	181,670	181,670
Benjamin Gisz [3]						
- 2026	**50,000**	**-**	**-**	**-**	**78,279**	**128,279**
- 2025	37,500	-	-	-	49,289	86,789
Michael Gordon						
- 2026	**50,000**	**-**	**-**	**-**	**84,899**	**134,899**
- 2025	50,000	-	-	-	115,480	165,480
Andrew Price [4]						
- 2026	**44,643**	**5,357**	**-**	**-**	**96,286**	**146,286**
- 2025	20,472	2,354	-	-	25,008	47,834
Hamish Corlett [5]						
- 2026	**-**	**-**	**-**	**-**	**-**	**-**
- 2025	11,364	1,307	-	-	-	12,671
TOTAL 2026	**144,643**	**5,357**	**-**	**-**	**474,266**	**624,266**
TOTAL 2025	**119,336**	**3,661**	**-**	**-**	**371,447**	**494,444**

[1] The amounts disclosed are based on the assessed fair value at the date of grant using the Black-Scholes model or Monte Carlo model and allocated to each reporting period evenly over the period from grant date to vesting date.

[2] Guy Russo has forgone any cash remuneration for his services as a Non-Executive Director since 1 July 2024.

[3] Benjamin Gisz was appointed on 3 October 2024.

[4] Andrew Price was appointed on 17 January 2025.

[5] Hamish Corlett resigned on 3 October 2024.

REMUNERATION REPORT - AUDITED (continued)

Shareholdings

Number of shares held by the Directors and Key Management Personnel, including shares held by associated entities as at 30 June 2026:

	Balance 1 July 2025	Held at date of appointment/ resignation	Issued/ Acquired	Sold	Balance 30 June 2026
Guy Russo	2,055,220	-	-	-	2,055,220
Karen Borg	514,023	-	750,000	-	1,264,023
Benjamin Gisz	67,716,079	-	-	(13,211,430)	54,504,649
Michael Gordon	225,061	-	-	-	225,061
Andrew Price	-	-	-	-	-
Ye-Fei Guo	-	-	-	-	-
Amrita Blickstead	1,067,364	-	1,325,000	-	2,392,364
Total shareholding	**71,577,747**	**-**	**2,075,000**	**(13,211,430)**	**60,441,317**

2,075,000 options were exercised during the year to 30 June 2026 by the Directors and Key Management Personnel.

REMUNERATION REPORT - AUDITED (continued)

Options and Rights Holdings

Number of options held by the Directors and Key Management Personnel, including options held by associated entities as at 30 June 2026:

	Balance 1 July 2025	Granted as Remuneration	Exercised or Lapsed or Sold	Balance 30 June 2026	Total Vested 30 June 2026	Total Exercisable	Total Un-exercisable
Guy Russo (1)	1,070,000	600,000	-	1,670,000	700,000	700,000	970,000
Karen Borg (1) (2)	2,510,000	1,300,000	(750,000)	3,060,000	1,575,000	1,575,000	1,485,000
Benjamin Gisz (1)	485,000	200,000	-	685,000	300,000	300,000	385,000
Michael Gordon (1)	685,000	200,000	-	885,000	500,000	500,000	385,000
Andrew Price (3)	300,000	-	-	300,000	300,000	300,000	-
Ye-Fei Guo	210,000	232,800	-	442,800	210,000	210,000	232,800
Amrita Blickstead (2)	2,510,000	1,300,000	(1,325,000)	2,485,000	1,000,000	1,000,000	1,485,000
Total	**7,770,000**	**3,832,800**	**(2,075,000)**	**9,527,800**	**4,585,000**	**4,585,000**	**4,942,800**

(1) Held by associated entities.

(2) 600,000 zero exercise price options granted 1 July 2025 as approved by the shareholders at the General Meeting on 27 June 2024, these options vested on 1 July 2026. 700,000 options granted on 16 September 2025 with an exercise price of $0.70, vesting date of 16 September 2026 and have a two- year expiry from grant date. Shareholder approval for these options was obtained at the Annual General Meeting held on 27 November 2025. The balance at 1 July 2025 includes 1,000,000 options granted on 27 June 2025 which were approved by the shareholders at the Annual General Meeting on 27 November 2025.

(3) 300,000 options reflected in the balance at 1 July 2025 were approved by the shareholders at the Annual General Meeting held on 27 November 2025. These options were issued pursuant to the terms of his engagement as a Non-Executive Director, with a commencement date of 17 January 2025. These options have a 4-year expiry from commencement date, a $0.69 exercise price and vested on 17 January 2026.

REMUNERATION REPORT - AUDITED (continued)

Executives' remuneration

The following table discloses the remuneration of the specified executives of the Company and the Consolidated Entity for the year ended 30 June 2026. The information in this table is audited.

Executive	Salary & Fees $	Bonuses $	Other [1] $	Super-annuation $	Long service leave [2] $	Share-based payment [3] $	Termination Benefits $	Total $
Karen Borg								
-2026	**520,000**	**186,201**	**48,823**	**30,000**	**1,129**	**619,072**	-	**1,405,225**
-2025	470,068	375,000	25,492	29,932	763	339,538	-	1,240,793
Ye-Fei Guo [4]								
-2026	**310,200**	**52,509**	**14,577**	**30,000**	**662**	**140,438**	-	**548,386**
-2025[5]	175,577	46,504	(419)	17,657	233	46,948	-	286,500
Amrita Blickstead[6]								
-2026	**520,000**	**186,201**	**30,462**	**30,000**	**1,129**	**619,072**	**-**	**1,386,864**
-2025	470,068	375,000	18,260	29,932	763	339,538	-	1,233,561
Darren Collins[7]								
-2026	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-2025	93,333	-	(24,133)	10,733	-	-	-	79,933
Total 2026	**1,350,200**	**424,911**	**93,862**	**90,000**	**2,920**	**1,378,582**	**-**	**3,340,475**
Total 2025	1,209,046	796,504	19,200	88,254	1,759	726,024	-	2,840,787

[1] Other includes net movements in accrued annual leave during the period.

[2] Long service leave includes net movements in accrued long service leave during the period.

[3] The amounts disclosed are based on the assessed fair value at the date of grant using the Black-Scholes model or Monte Carlo model and allocated to each reporting period evenly over the period from grant date to vesting date.

[4] Ye-Fei Guo was appointed as CFO on 27 November 2024.

[5] The bonus amount disclosed for Ye-Fei Guo in the FY2025 remuneration report ($27,520) was based on an estimate at the time the report was finalised, as the final assessment of performance outcomes for the FY2025 performance period had not yet been completed. Following finalisation of performance assessments, the actual bonus amount awarded in respect of FY2025 was $46,504. This amount was paid in FY2026 and is reflected in the FY2025 comparative figures above.

[6] Amrita Blickstead resigned as Co-CEO on 27 July 2026.

[7] Darren Collins resigned as CFO on 31 July 2024.

For the year ended 30 June 2026 the Company had three (30 June 2025 – three) persons employed who were deemed to be specified executives. The key management personnel of the Consolidated Entity comprise the Directors and the specified executives. Bonuses are awarded as part of the Consolidated Entity's incentive scheme for the retention of key executives and are awarded as at year end. All bonuses have vested and the pre-requisites for the receipt of the award have been satisfied. The terms and conditions relating to options granted as remuneration during the year to key management personnel are disclosed in Note 20.

REMUNERATION REPORT - AUDITED (continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI		At risk – LTI	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**
Directors:						
Guy Russo	100%	100%	-	-	-	-
Benjamin Gisz [(1)]	100%	100%	-	-	-	-
Michael Gordon	100%	100%	-	-	-	-
Andrew Price [(2)]	100%	100%	-	-	-	-
Hamish Corlett [(3)]	-	100%	-	-	-	-
Karen Borg	43%	43%	13%	30%	44%	27%
Amrita Blickstead [(4)]	42%	42%	13%	30%	45%	28%
Other Key Management Personnel:						
Ye-Fei Guo [(5)]	65%	67%	10%	17%	25%	16%
Darren Collins [(6)]	-	100%	-	-	-	-

[(1)] Benjamin Gisz was appointed 3 October 2024.
[(2)] Andrew Price was appointed 17 January 2025.
[(3)] Hamish Corlett resigned on 3 October 2024.
[(4)] Amrita Blickstead resigned as Co-CEO on 27 July 2026.
[(5)] Ye-Fei Guo was appointed as Chief Financial Officer ("CFO") on 27 November 2024.
[(6)] Darren Collins resigned as CFO on 31 July 2024.

The proportion of the cash bonus paid/payable or forfeited is as follows:

Non-Executive Directors are not entitled to cash bonus payments. Executive Directors and KMP's have been listed below.

	Cash bonus paid/payable		Cash bonus forfeited	
	2026	**2025**	**2026**	**2025**
Executive Directors & other KMPs:				
Karen Borg	68%	100%	32%	-
Ye-Fei Guo [(5)]	85%	90%	15%	10%
Amrita Blickstead [(4)]	68%	100%	32%	-
Darren Collins [(6)]	-	-	-	-

As per notes above.

This concludes the Remuneration Report which has been audited.

Other information

Environmental, Social and Governance (ESG) Statement

The Company is committed to supporting global ESG standards and is actively aligning its operations with the Australian Sustainability Reporting Standards (ASRS), issued by the Australian Accounting Standards Board (AASB). In preparation for Group 3 reporting obligations, the Company is embedding sustainability principles into its governance and operational practices to ensure readiness for disclosures required under AASB S1 and AASB S2. These standards, which are aligned with the international IFRS Sustainability Disclosure Standards, mandate climate-related financial disclosures for entities with reporting obligations under Chapter 2M of the *Corporations Act 2001* (Cth). As part of the phased implementation, the Company is taking proactive steps to meet the expectations for Group 3 entities, whose reporting obligations commence from financial years starting on or after 1 July 2027.

Non-audit services

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Fees of $17,148 (2025: $20,707) for tax and other services were paid/payable to the external auditors and network firms during the year ended 30 June 2026.

Rounding of amounts

The Company is an entity to which section 7 of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 applies and in accordance with that section amounts in the directors' report are rounded off to the nearest thousand dollars, unless otherwise required.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2026 is set out on page 27 of this Annual Report.

Signed in accordance with a resolution of the Board of Directors pursuant to section 298(2)(a) of the *Corporations Act 2001* (Cth).

Guy Russo
Chairman

28 August 2026

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Australia

DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF SOMNOMED LIMITED

As lead auditor of SomnoMed Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SomnoMed Limited and the entities it controlled during the period.

Ian Hooper
Director

BDO Audit Pty Ltd

Sydney, 28 August 2026

SOMNOMED LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026	2025
		$'000	$'000
Continuing operations			
Revenue from sale of goods and services, net of discounts	3	114,532	111,493
Cost of sales		(44,513)	(44,763)
Gross margin		70,019	66,730
Sales and marketing expenses		(22,993)	(22,914)
Administrative and other expenses		(19,590)	(20,192)
Corporate, research and business development expenses		(17,352)	(16,242)
Share-based payments	20	(3,623)	(1,947)
Depreciation and amortisation	4	(5,485)	(5,746)
Interest income	3	87	23
Finance costs	4	(464)	(399)
Unrealised foreign exchange loss		(1,057)	(77)
Loss before income tax		**(458)**	**(764)**
Income tax expense attributable to operating loss	5	(2,192)	(2,692)
Loss after income tax from continuing operations		**(2,650)**	**(3,456)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation difference for foreign operations		(1,785)	2,740
Items that will not subsequently be reclassified to profit or loss			
Defined benefit plan payable		(145)	136
Other comprehensive (loss)/income for the year, net of tax		**(1,930)**	**2,876**
Total comprehensive loss for the year attributable to the owners of SomnoMed Limited		**(4,580)**	**(580)**
Earnings per share			
Basic earnings per share (cents)	6	(1.22)	(1.63)
Diluted earnings per share (cents)	6	(1.22)	(1.63)

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

SOMNOMED LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026	2025
ASSETS		**$'000**	**$'000**
Current Assets			
Cash and cash equivalents	7	17,184	17,293
Trade and other receivables	8	14,407	18,420
Inventories	9	7,356	7,426
Total Current Assets		**38,947**	**43,139**
Non-Current Assets			
Trade and other receivables		58	55
Property, plant and equipment	10	7,575	6,982
Right-of-use assets	11	4,749	6,925
Intangible assets	12	22,369	21,488
Deferred tax assets	5	1,300	2,381
Total Non-Current Assets		**36,051**	**37,831**
Total Assets		**74,998**	**80,970**
LIABILITIES			
Current Liabilities			
Trade and other payables	13	16,417	19,459
Provisions	14	3,570	4,517
Lease liabilities	15	2,145	2,488
Borrowings	16	104	344
Current tax liabilities	5	1,033	1,767
Total Current Liabilities		**23,269**	**28,575**
Non-Current Liabilities			
Provisions	14	1,120	810
Lease liabilities	15	2,898	4,745
Borrowings	16	311	449
Total Non-Current Liabilities		**4,329**	**6,004**
Total Liabilities		**27,598**	**34,579**
Net Assets		**47,400**	**46,391**
EQUITY			
Issued capital	19	112,197	110,231
Reserves	21	15,846	14,153
Accumulated losses		(80,643)	(77,993)
Total Equity		**47,400**	**46,391**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

SOMNOMED LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Issued capital	Foreign currency translation reserve	Other reserves	Accumulated losses	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2025	**110,231**	**3,571**	**10,582**	**(77,993)**	**46,391**
Loss after income tax expense for the year	-	-	-	(2,650)	(2,650)
Other comprehensive loss for the year, net of tax	-	(1,785)	(145)	-	(1,930)
Total comprehensive loss for the year	-	(1,785)	(145)	(2,650)	(4,580)
Transactions with owners in their capacity as owners:					
Proceeds from repayment of loan by Employee Share Trust	1,982	-	-	-	1,982
Share issue costs	(16)	-	-	-	(16)
Share option reserve on recognition of remuneration options	-	-	3,623	-	3,623
Balance at 30 June 2026	**112,197**	**1,786**	**14,060**	**(80,643)**	**47,400**
Balance at 1 July 2024	**110,231**	**831**	**8,499**	**(74,537)**	**45,024**
Loss after income tax expense for the year	-	-	-	(3,456)	(3,456)
Other comprehensive income for the year, net of tax	-	2,740	136	-	2,876
Total comprehensive income/(loss) for the year	-	2,740	136	(3,456)	(580)
Transactions with owners in their capacity as owners:					
Shares issued during the period net of transaction costs	-	-	-	-	-
Share option reserve on recognition of remuneration options	-	-	1,947	-	1,947
Balance at 30 June 2025	**110,231**	**3,571**	**10,582**	**(77,993)**	**46,391**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

SOMNOMED LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2026	2025
		$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		115,347	108,625
Payments to suppliers and employees (inclusive of GST)		(105,669)	(100,037)
Interest received	3	87	23
Interest paid		(69)	(65)
Income tax paid		(1,418)	(762)
Net cash inflow from operating activities	7.2	**8,278**	**7,784**
Cash flows from investing activities			
Payments for intangible assets		(2,474)	(1,556)
Payments for property, plant and equipment		(3,261)	(2,421)
Net cash outflow from investing activities		**(5,735)**	**(3,977)**
Cash flows from financing activities			
Repayment of borrowings		(317)	(334)
Proceeds from repayment of loan by Employee Share Trust		1,982	-
Share issuance costs		(16)	(44)
Payment of finance leases		(3,115)	(3,007)
Net cash outflow from financing activities		**(1,466)**	**(3,385)**
Net increase in cash and cash equivalents		1,077	422
Cash at beginning of the financial year		17,293	16,179
Exchange rate adjustment		(1,186)	692
Cash at the end of the financial year	**7**	**17,184**	**17,293**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

SOMNOMED LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

1. REPORTING ENTITY

SomnoMed Limited ("the Company") is a for-profit entity domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2026 comprise the Company and its controlled entities (together referred to as "the Consolidated Entity"). The Consolidated Entity produces and sells devices for the oral treatment of sleep related disorders.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth) as appropriate for-profit oriented entities. The financial report of the Consolidated Entity and the financial report of the Company complies with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts.

2.2. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis unless where carried at fair value.

2.3. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

Rounding of amounts

The Consolidated Entity is an entity to which section 7 of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 applies and in accordance with that section amounts the financial report are rounded off to the nearest thousand dollars, unless otherwise required.

2.4. Foreign Currency

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, generally are translated to the functional currency at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to the functional currency at rates approximating the foreign exchange rates ruling at the dates of transactions. Foreign currency differences arising from translation of controlled entities with a different functional currency to that of the Consolidated Entity are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount of its FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

2.5. Basis of Consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in controlled entities are carried at their cost of acquisition less any impairment in the Company's financial statements.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. BASIS OF PREPARATION (continued)

2.6 Use of judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Notes affected by the use of estimates include:

Note 5 – Recoverability of deferred tax assets

Note 8 – Estimates in relation to Expected Credit Losses (ECL)

Note 10 – Impairment of assets

Note 12 – Intangible assets

Note 14 – Provisions

Note 17 – Financial Risk Management

Note 20 – Share-based Payments

2.7 New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period. There was no material effect to the financial report due to this implementation.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 18 *Presentation of Financial Statements* which will replace AASB 101 *Presentation of Financial Statements* comes into effect for annual reporting periods beginning on or after 1 January 2027 and is expected to bring significant changes to the structure and presentation of financial disclosures.

The Consolidated Entity is currently assessing the implications of these changes and preparing for a smooth transition to ensure compliance and maintain the integrity of our financial reporting.

2.8 Comparative information

Comparative information has been presented for the preceding reporting period in respect of all amounts reported in the financial statements, unless otherwise stated. Where necessary, comparative information has been reclassified to conform with the presentation adopted in the current period.

2.9 Material accounting policies

Material accounting policies have been disclosed in the notes below.

3 REVENUE AND OTHER INCOME

	2026 $'000	2025 $'000
Operating activities		
Revenue from sale of goods and services, net of discounts	114,532	111,493
Interest income	87	23
Total revenue and other income	**114,619**	**111,516**

Recognition and measurement

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Sales revenue

Revenue derived from the sale of devices for the treatment of sleep related disorders and related products is based on the contracted sales price and is recognised at the point in time when the performance obligations are satisfied, which usually occurs after final quality control is passed and goods are ready for pick up by customers. Warranties are not considered as separate performance obligations.

Refer to the segment report in Note 22 to view the disaggregation of revenue by region.

4 LOSS BEFORE INCOME TAX FOR THE YEAR

	2026 $'000	2025 $'000
Loss before income tax includes the following specific expenses:		
Operating lease rentals	104	31
Employee benefits expense*	50,735	50,557
Research and development expenditure	1,739	1,606
Finance costs		
Interest expense on borrowings and capital leases	60	74
Interest expense on leases	404	330
Facility fee rebate	-	(5)
Total finance costs	**464**	**399**
Depreciation and amortisation		
Property, plant and equipment depreciation	1,955	1,773
Amortisation of intellectual property	813	1,312
Right-of-use asset depreciation	2,717	2,661
Total depreciation and amortisation	**5,485**	**5,746**

*The Consolidated Entity has reclassified comparative amounts in this note disclosure in order to align with current year classification. This reclassification had no impact on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

4. LOSS BEFORE INCOME TAX FOR THE YEAR (continued)	2026	2025
	$	$
Remuneration to auditors		
Remuneration of BDO Audit Pty Ltd (Australia):		
Auditing or reviewing the financial report	334,000	316,000
Tax compliance and other services	6,525	17,356
Remuneration of other auditors (paid to BDO Network firms):		
Auditing or reviewing the financial reports of subsidiaries	129,463	112,023
Tax compliance and other services	11,123	3,351
Total auditors' remuneration included in operating result	**481,111**	**448,730**

5. INCOME TAX EXPENSE	2026	2025
	$'000	$'000
The components of tax expense comprise:		
Current tax expense	1,300	1,853
Deferred tax expense	892	839
Total income tax expense	**2,192**	**2,692**

5.1. Reconciliation of effective tax rate

Loss before tax	(458)	(764)
Income tax using domestic corporate tax rate 30%	**(137)**	**(229)**
Non-deductible expenses – share-based payments	1,087	584
Non-deductible expenses – other	54	52
Effect of tax rates in foreign jurisdictions	(901)	(912)
Current year tax loss not recognised as deferred tax asset	2,089	3,197
Income tax expense	**2,192**	**2,692**

5.2. Deferred tax assets

Recognised deferred tax assets		
Plant and equipment	(8)	(8)
Accruals	219	1,083
Provisions	107	627
Deferred revenue	12	26
Future royalty deduction	422	-
Tax losses carried forward	548	653
Total deferred tax assets	**1,300**	**2,381**

Recoverability of deferred tax assets

The Consolidated Entity has recorded a deferred tax asset relating to the future benefit of tax losses of $0.548 million (2025: $0.653 million). The Consolidated Entity assesses the impairment of deferred tax assets by taking into account its projected profitability over the foreseeable future and hence its ability to recover the value of the deferred tax asset by reducing future liabilities for income tax. Management's forecasts project that the deferred tax asset is fully recoverable based on the expected sales growth for 2027 and, notably on following financial years.

Where actual results are lower than expectations as described above a proportion of the deferred tax asset may not be used, and a write-off of the deferred tax asset may be required.

5. INCOME TAX EXPENSE (continued)	**2026**	**2025**
	$'000	**$'000**
5.3. Movement in temporary differences and tax losses during the year		
Carrying amount at beginning of financial year	2,381	3,144
Recognised in the consolidated statement of profit or loss	(892)	(839)
Foreign exchange adjustment	(189)	76
Carrying amount at end of financial year	**1,300**	**2,381**

5.4. Deferred tax assets not brought to account

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 5.2 occur.

Tax effect of accumulated losses at 30%	12,654	13,255
Franking Credits		
Franking credits available for subsequent financial years based on a tax rate of 30%	33	33

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date; and
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

5.5. Current tax liability	**2026**	**2025**
	$'000	**$'000**
Current tax liability	**1,033**	**1,767**

Recognition and measurement

Income tax expense in the consolidated statement of profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of goodwill and other assets or liabilities in a transaction that affects neither accounting nor taxable profit nor differences relating to investments in subsidiaries to the extent that it is probable.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based upon the laws that have been enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on a different tax entity but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

6. EARNINGS PER SHARE (EPS)

6.1. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year, calculated as follows:

	Note	2026	2025
Loss attributable to ordinary shareholders			
Net loss attributable to ordinary shareholders ($'000)		(2,650)	(3,456)
Weighted average number of ordinary shares			
Issued ordinary shares on 1 July* (number of shares)	19	211,909,753	211,909,753
Effect of shares issued during the year (number of shares)		4,432,768	-
Weighted average number of ordinary shares at 30 June		216,342,521	211,909,753
Basic EPS attributable to ordinary shareholders (cents)		**(1.22)**	**(1.63)**

Diluted earnings per share have not been presented as the impact of options on issue is anti-dilutive. Accordingly, basic earnings per share and diluted earnings per share are the same for the period. Refer to Remuneration Report for more information on options granted and issued during year.

***Issued ordinary shares**	**# Number of shares**	**# Number of shares**
Shares on issue at end of the year	219,193,253	216,108,253
Less: Employee Share Trust shares issued but not recorded in accounts (units held in Employee Share Trust for employees to buy shares in the Company by funds advanced by the Company)	(1,338,500)	(4,198,500)
Shares recorded as issued capital in Company's accounts	**217,854,753**	**211,909,753**

SOMNOMED LIMITED
NOTES TO THE FINANCIAL STATEMENTS

7. CASH FLOW INFORMATION

	2026 $'000	2025 $'000
7.1. Cash at bank on and deposit	**17,184**	**17,293**

Recognition and measurement

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

7.2. Reconciliation of loss after income tax to net cash inflow from operating activities

	2026 $'000	2025 $'000
Loss after income tax	**(2,650)**	**(3,456)**
Adjustments for:		
Share-based payments	3,623	1,947
Unwinding borrowing costs	-	(5)
Loss on disposal of assets	-	(2)
Depreciation and amortisation	5,485	5,746
Interest on lease liabilities	404	330
Defined benefit retirement cost	96	101
Net exchange differences	1,057	77
Change in operating assets and liabilities		
Increase in inventories	(775)	(688)
Decrease/(increase) in trade and other receivables	2,848	(4,175)
(Decrease)/increase in trade and other payables	(1,653)	5,346
(Decrease)/increase in provisions	(415)	631
(Decrease)/increase in tax liabilities	(684)	1,081
Decrease in deferred tax assets	942	851
Net cash inflow from operating activities	**8,278**	**7,784**

7.3. Changes in liabilities arising from finance activities

Liabilities			**Non-cashflows $'000**			
2026	**Opening**	**Cashflows**	**New ***	**Other ****	**Interest expense**	**Closing**
Leases	7,233	(3,115)	391	130	404	5,043
Borrowings	793	(317)	-	(61)	-	415
Total	**8,026**	**(3,432)**	**391**	**69**	**404**	**5,458**
2025						
Leases	5,704	(3,007)	3,946	261	330	7,233
Borrowings	1,016	(334)	-	111	-	793
Total	**6,720**	**(3,341)**	**3,946**	**372**	**330**	**8,026**

* New lease agreements under AASB 16.

**Re-measurement of leases under AASB 16. Borrowings include foreign exchange impacts.

8. TRADE AND OTHER RECEIVABLES

	2026 $'000	2025 $'000
Current		
Trade receivables	9,746	11,296
Less allowance for expected credit losses	(168)	(110)
	9,578	**11,186**
Current other receivables	2,049	2,909
Prepayments	2,780	4,325
Total trade and other receivables	**14,407**	**18,420**

Expected credit loss (ECL)

The ageing of the trade receivables at the reporting date was:

Gross receivables	Expected credit loss rate		Gross amount		Allowance of ECL		Carrying amount	
	2026	2025	2026	2025	2026	2025	2026	2025
Days	**%**	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Not past due	0%	0%	7,822	8,576	-	-	7,822	8,576
Past due 0 – 30 days	1%	1%	969	1,386	(10)	(7)	959	1,379
Past due 31 – 60 days	2%	2%	414	578	(8)	(10)	406	568
Past due 61 – 90 days	2%	3%	133	489	(3)	(18)	130	471
Past due over 90 days	29%	28%	408	267	(147)	(75)	261	192
			9,746	**11,296**	**(168)**	**(110)**	**9,578**	**11,186**

Recognition and measurement

Trade receivables are recognised when the control of ownership of the underlying sales transactions have passed to the customer in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Consolidated Entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less allowance for expected credit losses.

Other receivables arise principally from financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition on issue and are subsequently recognised at amortised cost using the effective interest rate method, less allowance for expected credit losses.

Expected credit loss

Expected credit losses are measured using the simplified approach and are recognised in the reporting period in which they relate to specific customers, based on assessments conducted in accordance with the Consolidated Entity's accounting policy.

Based upon past experience, the Consolidated Entity believes that no allowance for expected credit losses allowance other than as provided in these accounts is necessary in respect of trade receivables not past due.

The allowance accounts used in respect of trade receivables are used to record expected credit losses unless the Consolidated Entity is satisfied that non-recovery of the amount owing is possible; at that point, the amount considered non-recoverable is written off against the financial asset directly.

9. INVENTORY

	2026 $'000	2025 $'000
Raw materials and consumables excluding provisions	7,698	7,869
Provisions for obsolete stock	(342)	(443)
Carrying amount	**7,356**	**7,426**

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and selling, marketing and distribution expenses. Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

10. PROPERTY PLANT AND EQUIPMENT

	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
2026			
At cost	19,030	1,763	20,793
Accumulated depreciation/amortisation	(12,334)	(884)	(13,218)
Carrying amount	**6,696**	**879**	**7,575**
2025			
At cost	17,788	1,717	19,505
Accumulated depreciation/amortisation	(11,669)	(854)	(12,523)
Carrying amount	**6,119**	**863**	**6,982**

Movements in the carrying amounts of property, plant and equipment during the current financial year:

	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Balance at 1 July 2025	**6,119**	**863**	**6,982**
Additions	2,826	350	3,176
Disposals at cost	(1,367)	(217)	(1,584)
Disposals accumulated depreciation	1,367	217	1,584
Depreciation/amortisation expense	(1,733)	(222)	(1,955)
Foreign exchange impact	(516)	(112)	(628)
Balance at 30 June 2026	**6,696**	**879**	**7,575**
Balance at 1 July 2024	**5,252**	**516**	**5,767**
Additions	2,241	457	2,698
Disposals at cost	(731)	(63)	(794)
Disposals accumulated depreciation	731	63	794
Depreciation/amortisation expense	(1,635)	(138)	(1,772)
Foreign exchange impact	261	28	289
Balance at 30 June 2025	**6,119**	**863**	**6,982**

10. PROPERTY PLANT AND EQUIPMENT (continued)

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses. An asset's cost is determined as the consideration provided plus incidental costs directly attributable to the acquisition. Subsequent costs in relation to replacing a part of property, plant and equipment are recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. All other costs are recognised in the consolidated statement of profit or loss as incurred.

Depreciation

Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis. Items of property, plant and equipment, including leasehold assets, are depreciated using the straight-line method over their estimated useful lives, taking into account estimated residual values. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Depreciation rates and methods, useful lives and residual values are reviewed at each reporting date. When changes are made, adjustments are reflected prospectively in current and future financial periods only. The estimated useful lives in the current and comparative periods are as follows:

Leasehold improvements	1 – 3 years
Plant & equipment	3 – 20 years

11. RIGHT OF USE ASSETS

	Land & buildings $'000	Plant & equipment $'000	Vehicles $'000	Total $'000
2026				
Cost	13,639	405	3,235	17,279
Lease modifications*	185	-	(35)	150
Less: accumulated depreciation	(9,907)	(287)	(2,486)	(12,680)
Carrying value	**3,917**	**118**	**714**	**4,749**
2025				
Cost	12,860	410	3,324	16,594
Lease modifications*	423	(6)	(156)	261
Less: accumulated depreciation	(7,584)	(224)	(2,122)	(9,930)
Carrying value	**5,699**	**180**	**1,046**	**6,925**

*Lease modifications for surrender of leases, early terminations and changes to lease terms.

11. RIGHT OF USE ASSETS (continued)

Movement for the year	**Land & buildings $'000**	**Plant & equipment $'000**	**Vehicles $'000**	**Total $'000**
Balance at 1 July 2025	**5,699**	**180**	**1,046**	**6,925**
Additions	168	-	223	391
Lease modifications*	185	-	(35)	150
Depreciation expense	(2,135)	(62)	(520)	(2,717)
Balance at 30 June 2026	**3,917**	**118**	**714**	**4,749**
Balance at 1 July 2024	**4,034**	**128**	**1,217**	**5,379**
Additions	3,332	122	492	3,946
Lease modifications*	422	(5)	(156)	261
Depreciation expense	(2,089)	(65)	(507)	(2,661)
Balance at 30 June 2025	**5,699**	**180**	**1,046**	**6,925**

*Lease modifications for surrender of leases, early terminations and changes to lease terms.

	2026 $'000	**2025 $'000**
Amounts recognised in profit & loss		
Depreciation	2,717	2,661
Interest on finance leases	404	330

"Land and buildings" include offices utilised as administration offices, laboratories and also the lease for the global manufacturing site. "Plant and equipment" are comprised mostly of leased printers and, to a smaller extent, intra-oral scanners. "Vehicles" relate to leased cars to sales and administration staff.

The Consolidated Entity leases land and buildings for its offices and laboratories under agreements of between one to ten years with, in some cases, options to extend. The leases have various escalation clauses. Office equipment leases are generally between three and five years, property agreements of between one and ten years whilst vehicle lease agreements have a duration between one and five years.

Recognition and measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

12. INTANGIBLE ASSETS

	Patents & trademarks $'000	Product development $'000	Software $'000	Goodwill $'000	Total $'000
30 June 2026					
At cost	2,146	16,168	6,256	6,537	31,107
Accumulated deprecation	(1,861)	(1,472)	(5,405)	-	(8,738)
Carrying amount	**285**	**14,696**	**851**	**6,537**	**22,369**
30 June 2025					
At cost	2,201	14,226	6,061	7,048	29,536
Accumulated deprecation	(1,854)	(1,342)	(4,852)	-	(8,048)
Carrying amount	**347**	**12,884**	**1,209**	**7,048**	**21,488**
Movement for the year:					
Balance at 1 July 2025	**347**	**12,884**	**1,209**	**7,048**	**21,488**
Additions	34	1,942	250	-	2,226
Amortisation	(81)	(130)	(602)	-	(813)
Foreign exchange impact	(15)	-	(6)	(511)	(532)
Balance at 30 June 2026	**285**	**14,696**	**851**	**6,537**	**22,369**
Balance at 1 July 2024	**426**	**11,853**	**1,696**	**6,343**	**20,318**
Additions	15	1,243	489	-	1,747
Amortisation	(121)	(212)	(979)	-	(1,312)
Foreign exchange impact	27	-	3	705	735
Balance at 30 June 2025	**347**	**12,884**	**1,209**	**7,048**	**21,488**

Recognition and measurement

Product Developmental costs

An intangible asset arising from development expenditure is recognised only when the Consolidated Entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected benefits from the related project commencing from the commercial release of the project. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

12. INTANGIBLE ASSETS (continued)

Research and development expenditure

Research and development expenditure during the research phase of a project is recognised as an expense when incurred.

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment annually. The estimated useful lives for the current and comparative periods are as follows:

Patents and trademarks	10 years
Product development expenditure capitalised	5 - 10 years
Software	2 - 5 years

Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash flows from continuing use that are largely independent of the cash flows of other assets or groups of assets (cash generating units).

The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the cash generating units that are expected to benefit from the synergies of the combination. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the consolidated statement of profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit or a group of units and then, to reduce the carrying amount of the other assets in the unit or a group of units on a pro-rata basis.

Impairment of assets - accounting judgements and estimates

Goodwill and other indefinite life intangible assets

The Consolidated Entity tests goodwill for impairment on an annual basis, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. Recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

12. INTANGIBLE ASSETS (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of non-financial assets including goodwill

Goodwill is allocated to the Group's cash generating units identified based on how the regions are managed and reported on taking into account the use of shared resources. The recoverable amount of the Consolidated Entity's non-financial assets including goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5-year projection period approved by management, as well as a terminal value component beyond the 5-year projection (growth rate of 2.5%).

European Division

Europe assumes an average revenue growth rate over the forecast period of 8% (2025: 11%) per annum and an average operating costs growth rate of 6% (2025: 9%). The average discount rate used was 10.5% (2025: 10%) which reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. The value in use calculations utilise the most recently approved budgets for the forthcoming year. Cash flows beyond the one-year period are extrapolated using estimated growth rates stated above. Based on the above, no impairment has been applied as the carrying amount, including a reasonable allocation of corporate assets, of $25.196 million (2025: $36.490 million), including goodwill of $6.397 million (2025: $6.782 million) did not exceed its recoverable amount for Europe.

Sensitivity Analysis

A sensitivity analysis was performed to assess the impact of adverse changes in key assumptions. Based on the sensitivity analysis performed, Management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

Asia Pacific Division

There is no goodwill in the Asia Pacific Division.

North America Division

North America assumes an average revenue growth rate over the forecast period of 12% (2025: 12%) per annum and an average operating costs growth rate of 8% (2025: 9%) per annum over the forecast period. The average discount rate used was 10.5% (2025: 10%) which reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. The calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using the estimated growth rates stated above. Based on the above, no impairment has been applied as the carrying amount, including a reasonable allocation of corporate assets, of $16.031 million (2025: $17.314 million), including goodwill of $0.140 million (2025: $0.154 million) did not exceed its recoverable amount for North America.

Sensitivity Analysis

A sensitivity analysis was performed to assess the impact of adverse changes in key assumptions. Based on the sensitivity analysis performed, Management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

13. TRADE AND OTHER PAYABLES	2026 $'000	2025 $'000
Current		
Trade payables	6,012	6,635
Other payables and accruals	10,360	12,701
Deferred rent	45	123
Total trade and other payables	**16,417**	**19,459**

Recognition and measurement

Trade and other payables are stated at amortised cost. Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period that are unpaid when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 to 60 days of purchase. They are recognised initially at the fair value and subsequently measured at amortised cost using the effective interest method.

14. PROVISIONS	2026 $'000	2025 $'000
Current		
Warranty	654	657
Lease make good	251	237
Employee entitlements	2,665	3,623
Total current provisions	**3,570**	**4,517**
Non-current		
Employee entitlements	1,120	810
Total current and non-current provisions	**4,690**	**5,327**

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Movements in total provisions	Warranty $'000	Lease make good $'000	Employee entitlements $'000	Onerous leases $'000	Total $'000
2026					
Opening balance	657	237	4,433	-	5,327
Additional provisions recognised	34	14	3,002	-	3,050
Amounts used	-	-	(3,415)	-	(3,415)
Foreign exchange impact	(37)	-	(235)	-	(272)
Balance at end of year	**654**	**251**	**3,785**	**-**	**4,690**

14. PROVISIONS (continued)	Warranty $'000	Lease make good $'000	Employee entitlements $'000	Onerous leases $'000	Total $'000
2025					
Opening balance	627	257	3,225	440	4,549
Additional provisions recognised	32	14	3,119	-	3,165
Amounts used	(42)	(38)	(2,064)	(440)	(2,584)
Foreign exchange impact	40	4	153	-	197
Balance at end of year	**657**	**237**	**4,433**	**-**	**5,327**

15. LEASE LIABILITIES

	2026 $'000	2025 $'000
15.1. Total lease liabilities		
Current	2,145	2,488
Non-current	2,898	4,745
Total lease liabilities	**5,043**	**7,233**
15.2. Amounts recognised through Consolidated Statement of Profit or Loss		
Interest on lease liabilities	404	330
Expense related to short-term leases	94	28
Expense related to low-value assets	11	4
	509	**362**
15.3. Maturity analysis – contractual undiscounted cashflows		
Less than one year	2,441	2,865
Between one year and five years	3,145	5,160
More than five years	254	87
Total undiscounted liabilities	**5,840**	**8,112**

Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate.

Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

16. BORROWINGS

	2026 $'000	2025 $'000
Current borrowings	104	344
Non-current borrowings	311	449
Total borrowings	**415**	**793**

Unsecured loan facilities (Government borrowings)

In May 2020, SomnoMed France SAS (France) secured a €0.515 million Government backed unsecured loan facility with Société Générale. The interest payable was 0.3% plus a fixed guaranteed amount of €5,000 per annum. This loan was settled in full on 20 May 2026.

In June 2020, SomnoMed Germany GmbH (Germany) secured a €0.500 million Government-backed unsecured loan facility with Commerzbank. The interest payable is 3% per annum and the loan expires on 30 June 2030. The drawn amount at the end of 30 June 2026 was €0.250 million (A$0.415).

17. FINANCIAL RISK MANAGEMENT

Overview

The Consolidated Entity has exposure to the following risks from the use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Currency risk

The Board of Directors has overall responsibility for the establishment and oversight of risk management and monitors operational and financial risk management throughout the Consolidated Entity. Monitoring risk management includes ensuring appropriate policies and procedures are published and adhered to. Management reports to the Audit and Risk Committee.

The Board aims to manage the impact of short-term fluctuations on earnings. Over the longer term, permanent changes in market rates will have an impact on earnings.

The Consolidated Entity is exposed to risks from movements in exchange rates and interest rates that affect revenues, expenses, assets, liabilities and forecast transactions. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

Exposure to credit and foreign exchange risks arises in the normal course of business. The Audit and Risk Committee oversees adequacy of the risk management framework in relation to the risks faced by the Consolidated Entity.

For the 30 June 2026 year, the Consolidated Entity has minimal exposure to interest rate given the nature of the borrowings on hand. Interest rate risk has therefore not been addressed.

Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders, to provide benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board aims to maintain and develop a capital base appropriate to the Consolidated Entity. In order to maintain or adjust the capital structure, the Consolidated Entity can issue new shares. The Board of Directors undertakes periodic reviews of the Consolidated Entity's capital management position to assess whether the capital management structure is appropriate to meet the Consolidated Entity's medium and long-term strategic requirements. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements. There were no significant changes in the Consolidated Entity's approach to capital management during the year.

17. FINANCIAL RISK MANAGEMENT (continued)

Risk exposure and management

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's net profit or loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer, controlled entity or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the receivables from customers.

Trade and other receivables

Exposure to credit risk is influenced mainly by the geographical location and characteristics of individual customers. The Consolidated Entity does not have a significant concentration of credit risk with a single customer.

Policies and procedures of credit management and administration of receivables are established and executed at a regional level. Debtor ageing and collection activities are reviewed on a regular basis.

High risk customers are identified and restrictions placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

The Consolidated Entity has established an allowance for impairment that represents their estimate of expected losses in respect of trade and other receivables based on the expected credit loss model. Refer to note 8 for more detail.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	2026 $'000	2025 $'000
Cash and equivalents	17,184	17,293
Trade receivables	9, 578	11,186
Other receivables – current	2,049	2,909
Total	**28,811**	**31,388**

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

North America	3,980	4,261
Europe	4,893	6,335
Asia Pacific	705	590
Total	**9,578**	**11,186**

17. FINANCIAL RISK MANAGEMENT

Risk exposure and management (continued)

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity monitors cash flow requirements and produces cash flow projections for the short and long term with a view to optimising return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational net cash flows for a period of at least 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of the Consolidated Entity's financial assets and liabilities including estimated interest payments:

Exposure to liquidity risk

2026	Effective interest rate p.a.	Carrying amount $'000	Less than 1 year $'000	1-5 years $'000	More than 5 years $'000
Cash and cash equivalents	0.51%	17,184	17,184	-	-
Receivables	-	11,627	11,627	-	-
Payables	-	(7,531)	(7,531)	-	-
Lease liabilities	7.47%	(5,043)	(2,145)	(2,648)	(250)
Borrowings	3.00%	(415)	(104)	(311)	-
Total		**15,822**	**19,031**	**(2,959)**	**(250)**
2025					
Cash and cash equivalents	0.13%	17,293	17,293	-	-
Receivables	-	14,095	14,095	-	-
Payables	-	(7,944)	(7,944)	-	-
Lease liabilities	6.30%	(7,233)	(2,488)	(4,657)	(87)
Borrowings	2.50%	(793)	(344)	(336)	(112)
Total		**15,418**	**20,612**	**(4,993)**	**(199)**

Currency risk

The Consolidated Entity is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the controlled entities. The following currencies account for the majority of the currency risk for the Consolidated Entity: Australian dollars (AUD), United States dollars (USD), Euros (EUR) and Philippine Peso (PHP). The remainder of the currencies held and/or transacted do not expose the Consolidated Entity to material currency risk.

The Consolidated Entity is exposed to the risk relating to the translation of assets and liabilities of foreign operations into AUD as there is currently no hedging for these transactions.

17. FINANCIAL RISK MANAGEMENT (continued)

Risk Exposure and management (continued)

Currency risk exposure

Consolidated Entity's exposure to foreign currency risk was as follows, based upon notional amounts:

Local Currency	PHP	USD	EUR	Exposure %	Other foreign currency	Total
	$'000	$'000	$'000		$'000	$'000
2026						
Amount in AUD $						
Cash and cash equivalents	59	2,104	11,026	89%	1,669	14,858
Trade receivables	-	3,782	4,893	97%	249	8,924
Trade payables	(953)	(2,076)	(1,934)	98%	(118)	(5,081)
Net exposure	**(894)**	**3,810**	**13,985**	**90%**	**1,800**	**18,701**
Exchange rates (AUD = $1)						
Average rate (cents)	40.46	0.6673	0.5478			
Closing rate (cents)	42.18	0.6890	0.6029			

2025	PHP	USD	EUR	Exposure %	Other foreign currency	Total
	$'000	$'000	$'000		$'000	$'000
Amount in AUD $						
Cash and cash equivalents	90	2,850	8,422	83%	2,278	13,640
Trade receivables	-	3,778	6,335	97%	294	10,407
Trade payables	(1,201)	(1,533)	(3,155)	98%	(130)	(6,019)
Net exposure	**(1,111)**	**5,095**	**11,602**	**86%**	**2,442**	**18,028**
Exchange rates (AUD = $1)						
Average rate (cents)	36.6947	0.6568	0.6078			
Closing rate (cents)	36.9039	0.6532	0.5573			

Sensitivity Analysis

In managing currency risks, the Consolidated Entity aims to reduce the impact of short-term fluctuations on the Consolidated Entity's earnings. Over the longer term however, changes in foreign exchange and interest rates will have an impact on the result.

It is estimated that a general increase of 10% in the value of the AUD against material foreign currencies would have increased the Consolidated Entity's loss for the year ended 30 June 2026 by approximately $1.759 million (2025: $1.121 million) and decreased the Consolidated Entity's equity by approximately $1.845 million (2025: $1.192 million).

It is estimated that a general decrease of 10% in the value of the AUD against other foreign currencies would have decreased the Consolidated Entity's loss for the year ended 30 June 2026 by approximately $2.139 million (2025: $1.371 million) and increased the Consolidated Entity's equity by approximately $2.670 million (2025: $1.457 million).

18. FINANCIAL INSTUMENTS

Recognition and measurement

Financial assets

The Consolidated Entity classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income, or profit or loss) and those to be held at amortised cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. At initial recognition, a financial asset is measured at its fair value.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or those held at amortised cost. All financial liabilities are recognised initially at fair value. Financial liabilities include trade and other payables, borrowings and lease liabilities.

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Non-derivative financial assets and liabilities

The fair value of cash, receivables, payables and short-term borrowings is considered to approximate their carrying amount because of their short maturity.

Valuation techniques for fair value measurements categorised within level 3.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Financial assets and liabilities by category – carrying value	2026 $'000	2025 $'000
Classification	**Amortised cost**	**Amortised cost**
Financial assets		
Cash and cash equivalents	17,184	17,293
Trade and other receivables	11,627	14,095
Total financial assets	**28,811**	**31,388**
Financial liabilities		
Trade and other payables	7,531	7,944
Borrowings	415	793
Lease liabilities	5,043	7,233
Total financial liabilities	**12,989**	**15,970**

The carrying values of financial assets and financial liabilities recorded in the financial statements materially approximates their respective net fair values, determined in accordance with the accounting policies disclosed in notes.

19. ISSUED CAPITAL

Share capital in company accounts	30 June 2026 $'000	Number of ordinary shares	30 June 2025 $'000	Number of ordinary shares
Issued capital at the beginning of the period	**110,231**	**211,909,753**	**110,231**	**211,909,753**
Movement during the period				
Reduction of shares held by EST that were treated as options in accounts	1,982	2,860,000	-	-
Shares issued on exercise of ZEPO's	-	3,085,000	-	-
Less: Issue costs	(16)	-	-	-
Balance of share capital in company accounts at end of the year for accounting purposes	**112,197**	**217,854,753**	**110,231**	**211,909,753**
EST shares on issue*		1,338,500		4,198,500
Total shares on issue		**219,193,253**		**216,108,253**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

At 30 June 2026 there were 16,921,000 (2025: 16,197,500) unissued ordinary shares for which options were outstanding (including 1,338,500 (2025: 4,198,500)) issued ordinary shares which are treated as options in these accounts).

*Shares held by Employee Share Trust ("EST") for executives to acquire shares in the Company by utilising funds advanced by the Company and are treated as options in these accounts. These shares were financed by non-recourse loans and have been treated as options in the Company's accounts.

20. SHARE-BASED PAYMENTS

	2026	2025
	$	$
20.1. Employee expenses		
Expense recognised related to equity settled share-based payments	3,623,296	1,946,712

20.2. Details of the share options outstanding during the year are as follows:

	2026		2025	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Opening balance*	16,197,500	$0.73	8,117,500	$1.40
Granted during the year	7,185,500	$0.42	8,080,000	$0.18
EST shares no longer under option	(2,860,000)	$0.94	-	-
Forfeited during the year	(517,000)	$2.00	-	-
Exercised during the year	(3,085,000)	$0.00	-	-
Outstanding at the end of the year	**16,921,000**	$0.66	**16,197,500**	$0.73
Exercisable at the end of the year	**7,943,500**		**5,698,500**	

*Shares treated as options for these accounts are included 1,338,500 (2025: 4,198,500).

The weighted average share price at the date of exercise for share options exercised during the year was $0.75. The options and shares issued under the Employee Share and Option plan outstanding at 30 June 2026 had a weighted average remaining contractual life of 2.32 years (2025: 2.28 years). Exercise prices range from $0.00 to $2.46 in respect of options outstanding at 30 June 2026 (2025: $0.00 to $2.46 range).

The aggregate of the estimated fair values of the options granted during the year was $4,096,129 (2025: $2,544,394), representing a weighted average fair value per option of $0.57 (2025: $0.32).

20.3 Details of options granted during the year – 2026

	Zero-exercise price options Co-CEO's	**Options granted to NED's**	**Options granted to Co-CEO's**	**Zero exercise price options -employees**
Weighted average share price (cents)	$0.27	$0.81	$0.81	$0.83
Weighted average exercise price (cents)	$0.00	$1.00	$0.70	$0.00
Expected volatility (%)	61%	60%	60%	60%
Expected life (years)	2.25	3.81	1.81	5.75
Risk-free interest rate (%)	4.35%	4.23%	4.23%	4.38%
Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

20. SHARE BASED PAYMENTS (continued)

20.3 Details of options granted during the year - 2025

	Zero-exercise price options	Options granted to NED's	Options granted to Co-CEO's
Weighted average share price (cents)	$0.38	$0.46	$0.65
Weighted average exercise price (cents)	-	$0.60	$0.65
Expected volatility (%)	61%	61%	73%
Expected life (years)	3.61	4.01	2
Risk-free interest rate (%)	4.35%	4.35%	4.28%
Model used	Black Scholes	Black Scholes	Black Scholes

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

20.4. Shareholdings and Options and Rights Holdings held by Key Management Personnel

Refer to the Remuneration Report

21. RESERVES

	2026 $'000	2025 $'000
Share-based payment reserve	13,376	9,753
Foreign currency translation reserve	1,786	3,571
Defined benefit reserve	628	773
Capital reserve	56	56
Total reserves	**15,846**	**14,153**

22. SEGMENT REPORT

22.1. Primary reporting – business segments

The Consolidated Entity produces and sells devices for the oral treatment of sleep related disorders primarily in the Asia Pacific region, North America and Europe.

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Consolidated Entity is managed primarily on the basis of geographical segments and the operating segments are therefore determined on the same basis.

The Consolidated Entity's operations during the period related to the production and sale of products treating sleep disordered breathing, which is the only business segment.

22. SEGMENT REPORT (continued)

22.1. Primary reporting – business segments

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Consolidated Entity.

Unallocated items

The following items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment: derivatives and foreign exchange gains and losses; corporate, research and development expenses; share-based payments and other one-off expenses.

22.2. Secondary reporting – geographical segments

Geographical location:	**North America**	**Europe**	**Asia Pacific**	**Consolidated Entity**
2026	**$'000**	**$'000**	**$'000**	**$'000**
Total revenue	45,938	63,509	26,468	135,915
Intersegment eliminations	(169)	(1,567)	(19,647)	(21,383)
External revenue	**45,769**	**61,942**	**6,821**	**114,532**
Segment net profit/(loss) before tax	**14,099**	**14,105**	**(1,347)**	**26,857**
Unallocated expense items	-	(478)	(20,975)	(21,453)
Depreciation and amortisation	(576)	(1,868)	(3,041)	(5,485)
Interest income	-	17	70	87
Finance cost	(40)	(196)	(228)	(464)
Profit/(loss) before tax	**13,483**	**11,580**	**(25,521)**	**(458)**
Income tax expense	(1,386)	(537)	(269)	(2,192)
Profit/(loss) after tax	**12,097**	**11,043**	**(25,790)**	**(2,650)**
Total Assets	**9,282**	**28,283**	**37,433**	**74,998**
Total Liabilities	**3,885**	**10,698**	**13,015**	**27,598**

22. SEGMENT REPORT (continued)

22.2. Secondary reporting – geographical segments

Geographical location:	**North America**	**Europe**	**Asia Pacific**	**Consolidated Entity**
2025	**$'000**	**$'000**	**$'000**	**$'000**
Total revenue	43,232	62,702	26,233	132,167
Intersegment eliminations	(184)	(1,271)	(19,219)	(20,674)
External revenue	**43,048**	**61,431**	**7,014**	**111,493**
Segment net profit / (loss) before tax	**13,683**	**13,344**	**(1,746)**	**25,281**
Unallocated expense items	-	(842)	(19,076)	(19,918)
Depreciation and amortisation	(580)	(1,895)	(3,271)	(5,746)
Interest income	-	8	15	23
Finance cost	(31)	(150)	(223)	(404)
Profit/(loss) before tax	**13,072**	**10,465**	**(24,301)**	**(764)**
Income tax expense	(1,226)	(1,236)	(230)	(2,692)
Profit/(loss) after tax	**11,846**	**9,229**	**(24,531)**	**(3,456)**
Total Assets	**10,365**	**28,523**	**42,082**	**80,970**
Total Liabilities	**4,477**	**15,573**	**14,529**	**34,579**

23. CONSOLIDATED ENTITY STRUCTURE

23.1. Particulars relating to controlled entities

Company	Country of Incorporation	2026	2025
SomnoMed Limited	Australia		
Entities controlled by SomnoMed Limited			
SomCentre Pty Limited	Australia	100%	100%
SomnoMed, Inc.	USA	100%	100%
SomnoDent Pty Limited	Australia	100%	100%
SomnoMed Pte Ltd	Singapore	100%	100%
SomnoMed AG	Switzerland	100%	100%
SomnoMed Corporation Japan	Japan	100%	100%
SomnoMed Nordic AB	Sweden	100%	100%
SomnoMed Philippines Inc.	Philippines	100%	100%
SomnoMed Netherlands BV	Netherlands	100%	100%
SomnoMed France	France	100%	100%
Goedegebuure Slaaptechniek BV	Netherlands	100%	100%
SomnoMed Germany GmbH	Germany	100%	100%
SomnoMed Service GmbH	Germany	100%	100%
SMH Biomaterial AG	Switzerland	100%	100%
SomnoMed Korea	South Korea	100%	100%
SomnoMed UK Limited	UK	100%	100%
SomnoMed Spain SL	Spain	100%	100%
SomnoMed Italy S.r.L	Italy	100%	100%
SomnoMed Canada Inc.	Canada	100%	100%
SomnoMed Taiwan Limited	Taiwan	100%	100%
Renew Sleep Solutions, Inc. *	USA	-	100%
SomnoMed Finance, Inc. *	USA	-	100%
SomnoMed Finland OY	Finland	100%	100%

*On 1 July 2025 an application to merge SomnoMed Finance, Inc. and Renew Sleep Solutions, Inc. into SomnoMed, Inc. was approved. These entities ceased to exist on 1 July 2025 with SomnoMed, Inc. being the surviving corporation post the merger.

23. CONSOLIDATED ENTITY STRUCTURE (continued)

23.2. Related party transactions

No Director has received any payment or consideration other than that disclosed in the Remuneration Report. No Director has entered into a material contract with the Consolidated Entity since the end of previous year and there were no material contracts involving Directors' interests existing at year end.

Directors or related entities received share options during the year as disclosed in the Remuneration Report.

23.3. Key management personnel remuneration

Details of compensation practices and key management personnel compensation are disclosed in the Remuneration Report, which accompanies these financial statements.

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

Total remuneration	2026 $	2025 $
Short-term employee benefits	2,013,616	2,125,102
Post-employment benefits	95,357	91,915
Share-based payments	1,852,847	1,097,471
Other long-term employee benefits	2,920	1,759
	3,964,740	**3,316,247**

23.4. Parent entity disclosure

At and throughout the financial year ended 30 June 2026, the parent company was SomnoMed Limited, which has adopted the accounting policies consistent with those of the Consolidated Entity, except for investments in controlled entities that are carried at their cost of acquisition less any provision for impairment.

	2026 $'000	2025 $'000
Net loss after income tax	(8,146)	(11,918)
Other comprehensive income	-	-
Total comprehensive loss	**(8,146)**	**(11,918)**
Financial position of the parent entity at year end		
Current assets	5,674	10,160
Non-current assets	16,716	14,237
Total assets	22,390	24,397
Current liabilities	6,437	6,035
Non-current liabilities	447	331
Total liabilities	6,884	6,366
Total equity of the parent entity comprising of:		
Issued capital	112,197	110,231
Share option reserve	13,376	9,752
Foreign exchange reserve	(702)	(702)
Accumulated losses	(109,365)	(101,250)
Total equity	**15,506**	**18,031**

There are no contingent liabilities or future commitments in respect to the parent entity.

24. EVENTS SUBSEQUENT TO REPORTING DATE

The Directors have not become aware of any matter or circumstance that has arisen since the end of the year to the date of this report that has significantly affected or may affect:

(i) The operations of the Company and the entities that it controls

(ii) The results of those operations, or

(iii) The state of affairs of the Company in subsequent years.

SOMNOMED LIMITED

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A) of the Corporations Act 2001. The entities listed in the statement are SomnoMed Limited and all the entities it controls in accordance with AASB 10 *Consolidated Financial Statements*.

An entity is reported in the consolidated entity disclosure statement as being tax resident in Australia if it is:

- An Australian resident within the meaning of the *Income Tax Assessment Act 1997;*
- A partnership at least one member of which is an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*); and
- A resident trust estate (within the meaning of Division 6 of Part III of the Income Tax Assessment Act 1936) in relation to the year of income (within the meaning of that Act).

In developing the disclosures in the statement, the directors determined tax residency considering the place of incorporation, being the jurisdiction in which the entity principally conducts its business.

Name of entity	Type of entity	Equity Holding	Country of incorporation	Australian resident	Foreign jurisdiction(s) in which the entity is a resident for tax purposes (according to the law of the foreign jurisdiction)
SomnoMed Limited	Body corporate	100%	Australia	Yes	N/A
SomCentre Pty Limited	Body corporate	100%	Australia	Yes	N/A
SomnoMed, Inc.	Body corporate	100%	USA	No	USA
SomnoDent Pty Limited	Body corporate	100%	Australia	Yes	N/A
SomnoMed Pte Ltd	Body corporate	100%	Singapore	No	Singapore
SomnoMed AG	Body corporate	100%	Switzerland	No	Switzerland
SomnoMed Corporation Japan	Body corporate	100%	Japan	No	Japan
SomnoMed Nordic AB	Body corporate	100%	Sweden	No	Sweden
SomnoMed Philippines Inc.	Body corporate	100%	Philippines	No	Philippines
SomnoMed Netherlands BV	Body corporate	100%	Netherlands	No	Netherlands
SomnoMed France	Body corporate	100%	France	No	France
Goedegebuure Slaaptechniek BV	Body corporate	100%	Netherlands	No	Netherlands
SomnoMed Germany GmbH	Body corporate	100%	Germany	No	Germany
SomnoMed Service GmbH	Body corporate	100%	Germany	No	Germany
SMH Biomaterial AG	Body corporate	100%	Switzerland	No	Switzerland
SomnoMed Korea	Body corporate	100%	South Korea	No	South Korea
SomnoMed UK Limited	Body corporate	100%	UK	No	UK
SomnoMed Spain SL	Body corporate	100%	Spain	No	Spain
SomnoMed Italy S.r.L	Body corporate	100%	Italy	No	Italy
SomnoMed Canada Inc.	Body corporate	100%	Canada	No	Canada
SomnoMed Taiwan Limited	Body corporate	100%	Taiwan	No	Taiwan
SomnoMed Finland OY	Body corporate	100%	Finland	No	Finland

As at 30 June 2026, none of the above entities was a trustee of a trust within the Consolidated Entity, a partner in a partnership within the Consolidated Entity nor a participant in a joint venture within the Consolidated Entity.

SOMNOMED LIMITED
DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

- the information disclosed in the attached Consolidated Entity disclosure statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Ms Karen Borg
Chief Executive Officer

28 August 2026

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of SomnoMed Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SomnoMed Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Valuation of goodwill and intangibles Refer to Note 12 - Intangible Assets. The Group recognised intangible assets as at 30 June 2026 of $22,369,000. This was determined to be a key audit matter as the determination of the value-in-use of each cash generating units (CGU) and whether or not an impairment charge is necessary, involved judgements and estimates by management regarding the future growth rates of the cash flows in each CGU, the discount rates applied to those cash flows, and other key assumptions required in determining the appropriate value-in-use.	Our audit procedures to address this key audit matter included, but were not limited to: • Assessing the appropriateness of identified CGU's and the allocation of carrying value of assets to identified CGU's. • Obtaining the Group's value in use models and reviewing reasonableness of the cash flows against historical trends and future budgets approved by management and those charged with governance. • Assessing the key assumptions within the cash flow model including the growth rate and terminal growth rate • Considering the sensitivity of the key assumptions in the models by analysing the impact on the recoverable amount from changes in key assumptions. • Checking the mathematical accuracy of the cash flow forecasts and impairment model. • Using our valuation specialists to evaluate management's discount rates based on external data where available. • Assessing the adequacy of disclosures within the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of SomnoMed Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Ian Hooper
Director

Sydney, 28 August 2026

ADDITIONAL INFORMATION (UNAUDITED)

Shareholding

1) Distribution of Shareholders as at 2 August 2026	Shareholders	Shares	Percentage
Category (size of Holding)			
1-1,000	531	150,994	0.070
1,001-5,000	283	732,199	0.330
5,001-10,000	101	733,069	0.330
10,001-100,000	214	6,865,325	3.120
100,001-9,999,999,999	104	211,286,666	96.140
Totals	**1,233**	**219,768,253**	**100.000**

2) The number of shareholdings held in less than marketable parcels is 548

3) The names of the substantial shareholders listed in the holding company's register as at 2 August 2026 are:

Shareholder	Number of Ordinary Shares	Percentage
TDM Growth Partners Pty Ltd & Associates	54,504,649	24.98%
National Nominees Ltd ACF Australian Ethical Investment Limited	31,395,623	14.53%
FIL Limited and associated entities	17,800,389	8.24%
Dottie Investments Pty Ltd and associated entities	17,072,189	7.79%
NAOS Asset Management Limited and NAOS Small Cap Opportunities Company Limited & Associates	11,172,767	5.10%

4) Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

5) 20 Largest Shareholders — Ordinary Shares as at 2 August 2026

Rank	Name	No. of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	HSBC Custody Nominees (Australia) Limited	98,499,293	44.937%
2.	J P Morgan Nominees Australia Pty Limited	29,473,058	13.446%
3.	Dottie Investments Pty Ltd	9,166,619	4.182%
4.	Howarth PAF Pty Ltd <The Howarth Foundation A/C>	5,415,675	2.471%
5.	Caroline House Superannuation Fund Pty Ltd <The Caroline House S/F A/C>	5,266,331	2.403%
6.	Ginga Pty Ltd <TG Klinger S/F A/C>	3,590,114	1.638%
7.	BNP Paribas Nominees Pty Ltd <Clearstream>	3,584,104	1.635%
8.	Timbina Pty Limited <Timbina Super Fund A/C>	2,696,297	1.230%
9.	Ginga Pty Ltd	2,434,216	1.111%
10.	Amrita Singh Blickstead	2,392,364	1.091%
11.	P Neustadt Holdings Pty Limited <Belgove Super Fund A/C>	2,353,628	1.074%
12.	Penn Nominees Pty Ltd <JB Parncutt Family Account>	2,131,386	0.972%
13.	Mr Gaetano Alfred Gerrard <Rusbev Super FD A/C>	2,055,220	0.938%
14.	Ginga Pty Ltd <TG Klinger S/F A/C>	2,000,000	0.912%
15.	Lion Nominees Pty Ltd <JB Parncutt Family Super Account>	1,990,099	0.908%
16.	Parncutt Family Foundation Pty Ltd < Pancutt Family Foundation Account>	1,739,800	0.794%
17.	Citicorp Nominees Pty Limited	1,685,781	0.769%
18.	Dinwoodie Investments Pty Ltd	1,628,164	0.743%
19.	Equity Plan Services Pty Ltd	1,597,307	0.729%
20.	UBS Nominees Pty Ltd	1,578,029	0.720%
		181,277,485	**82.703%**

CORPORATE DIRECTORY

SomnoMed Limited

ACN 003 255 221

Registered Office and Principal Place of Business
Level 3
20 Clarke St, Crows Nest 2065
Telephone: (02) 9467 0400

Directors

Guy Russo	Non-Executive Chairman
Karen Borg	Executive Director
Benjamin Gisz	Non-Executive Director
Michael Gordon	Non-Executive Director
Andrew Price	Non-Executive Director

Chief Executive Officer
Karen Borg

Chief Financial Officer
Ye-Fei Guo

Company Secretary
Terence Flitcroft

Patent Attorneys
Spruson & Ferguson

Bankers
HSBC
Westpac Banking Corporation

Auditors
BDO Audit Pty Ltd (Australia)

Share Registry
Boardroom Pty Limited
SYDNEY NSW 2000
(GPO Box 3993 Sydney NSW 2001)
Telephone (02) 9290 9600
Facsimile (02) 9279 0664
www.boardroomlimited.com.au

Company Website
www.somnomed.com.au

Stock Exchange listing
SomnoMed Limited shares are listed on the Australian Securities Exchange (ASX code: SOM)

SomnoMed®

2026
ANNUAL REPORT

somnomed.com

Level 3, Clarke Street, Crows Nest NSW 2065