

## BUSINESS UPDATE - JUNE QUARTER CASH FLOW REPORT

### TOPLINE

- Record quarterly recognised revenue - \$874k - up 71% quarter on quarter.
- Total FY18 annual recognised revenues - \$2.13m - up 24%.
- Total FY18 annual sales invoiced - \$3.17m - up 31%.
- Core ranged by major US based pharmacies chains - doubling US store count.
- Over 202,000 units shipped to customers for the full year - up 35%.
- Net quarterly cash burn down 31% - \$752k for quarter.
- Pivotal drug delivery licensing deal with US's largest medical cannabis operator.

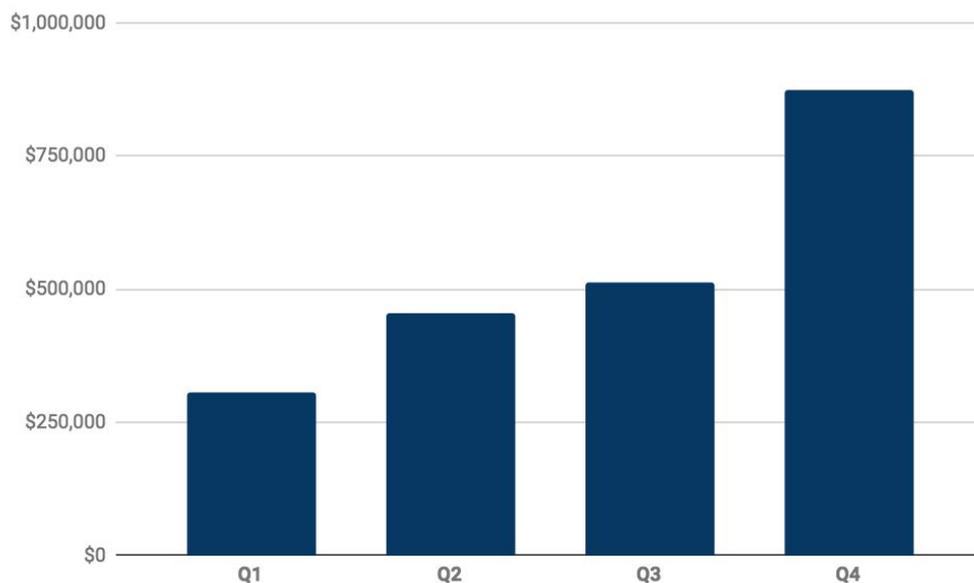
### July 31 2018. Melbourne, Australia.

Rhinomed (ASX:RNO) a leader in nasal respiratory technology, today announced a pivotal year of growth and milestone achievement.

The company can report record recognised revenues for FY18 Q4 of \$874k - a 71% increase over FY18 Q3 and totalling \$2.13m for the full FY18, up 24% on FY17. This came off the back of another strong quarter of unaudited invoiced sales of \$708k which totaled \$3.17m for the full FY18.

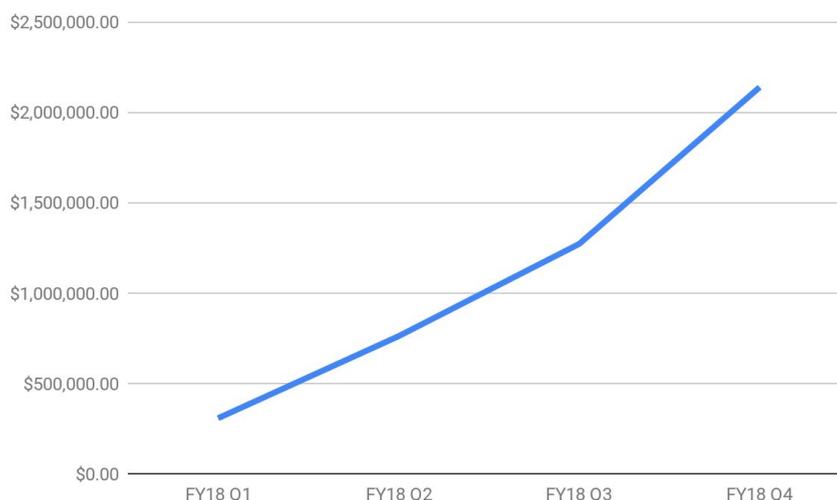
This result is Rhinomed's 6th consecutive quarter of growth and reflects the growing appeal of the Mute technology to consumers as reflected in the opening of new stores and same store growth.

### FY18 Quarterly Performance



As at year end, trade receivables which is yet to be recognised as revenue, amounted to \$1.04m. The company expects this stock to be recognized as revenue over the coming quarters. As a result of the trading terms cash receipts for the quarter of \$444k continues to lag invoiced revenue.

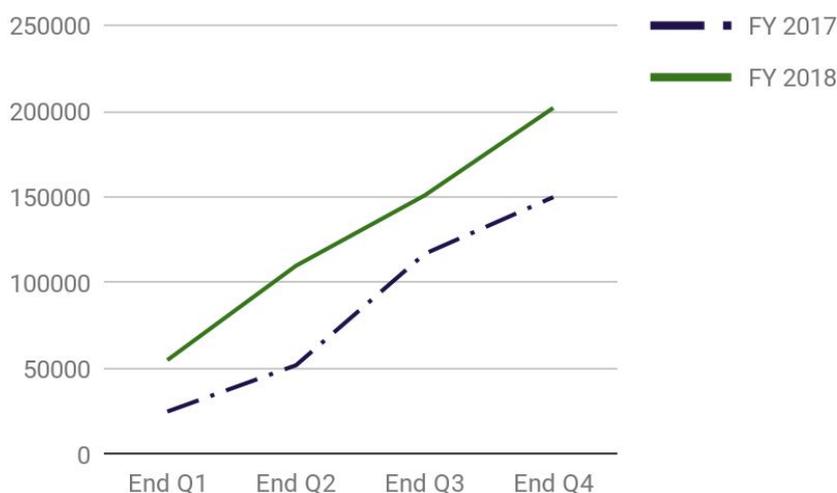
## 12 Month Rolling Recognised Revenue



The company reported a growing rate of revenue over the course of the year, reflecting the impact of the Walgreens stores core ranging that occurred in FY18 Q2.

Net Cash used in Operating Activities dropped 34% in Q4 to \$751k amounting to \$3.8m for the FY18. The company ended the financial year with \$1.26m in cash and has rolled over the existing \$2m working capital facility on the same commercial terms. The company is currently exploring a range of commercial financial solutions to assist with its growing working capital requirements and the continued growth opportunities in the US market.

## Units shipped to customers



During the course of the quarter a further 53,000 units were shipped bringing the annual total to over 202,000 units. This represents a 35% increase over the FY 2017 result.

## Year on Year Growth

Over the course of the year the company employed a deliberate strategy of expanding its US retail distribution footprint. At the beginning of FY18 the company announced that Walgreens was core ranging the Mute technology into 4300 stores. This process was completed in October 2018.

# RHINOMED

MAKE EVERY BREATH COUNT

The success of the roll out in Walgreens and the strong sales result enabled Rhinomed to present a compelling business case to other major pharmacy chains. As a result, leading US pharmacy chains including CVS and Rite Aid informed the company that they will core range the Mute technology. This will see the US store count more than double to close to 10,000 by September 2018 providing a critical mass from which Rhinomed can reach many more US customers.

Having a presence on the shelves of all three major pharmacy chains was a major milestone for the company as it seeks to position the Mute technology as a front line solution to respiratory based sleep issues.

## **Drug Delivery partnership in US medical cannabis market**

In June the company announced that it has entered into a non-binding term sheet with the US's largest and most experienced medical cannabis operator - New York based Columbia Care. This agreement seeks to create a unique and compelling portfolio of nasally delivered cannabis products that would initially be sold through Columbia Care's US based dispensary network in what is one of the largest cannabis markets in the world.

This is a pivotal moment in the company's development and reflects the valuable utility the company's proprietary platform has across a wide number of applications. This new and exciting relationship with Columbia Care opens up a significant opportunity in one of the fast growing markets in healthcare.

The company is working closely with its legal advisors to move to a definitive agreement with Columbia Care. We will update shareholders on the outcome of this process upon completion of the agreement.

## **Business development**

Interest in the company's technologies from the sleep medicine community continues to grow at a rapid rate. Rhinomed attended the American Sleep Medicine conference and exhibited at the American Dental Sleep Medicine conference held in early June. Both these important meetings strongly illustrated the growing recognition of the importance of the nose and nasal airflow and its positive impact on both efficacy and compliance with a range of other sleep therapies, including CPAP and oral devices.

Rhinomed continues to build a reputation and be recognised as an innovator and global leader in improving nasal airflow, breathing and sleep.

## **Future**

The key focus of the company remains reaching a sustainable cash flow position as soon as practical. The growth in store numbers provides the company with a strong base from which it can build a steady and strong growth in customer numbers. The strong interest in the company's progress continues to open up opportunities for strategic relationships that will further assist the company to expand its footprint.

## **Media Enquiries**

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Follow us on **Twitter** @rhinomedceo

## **About Rhinomed Limited (ASX: RNO)**

Rhinomed Limited is a Melbourne based technology firm with a focus on nasal, respiratory and breathing management technologies. The company is seeking to monetise applications of its technology portfolio in the Sport, Sleep, Wellbeing and Drug Delivery markets. For more information go to [www.rhinomed.global](http://www.rhinomed.global)

*\*All financial figures contained in this Announcement are provided on an unaudited bases*

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Rhinomed Limited

**ABN**

12 107 903 159

**Quarter ended ("current quarter")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers <i>(Unaudited revenue: Qtr \$874k; YTD \$2,130k)</i>	444	1,768
1.2 Payments for		
(a) research and development	(68)	(316)
(b) product manufacturing and operating costs	(188)	(415)
(c) advertising and marketing	(325)	(2,124)
(d) leased assets	-	-
(e) staff costs	(412)	(1,600)
(f) administration and corporate costs	(231)	(1,330)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	15
1.5 Interest and other costs of finance paid	(7)	(18)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	32	147
1.8 Other (GST refunded)	-	47
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(751)</b>	<b>(3,826)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(12)	(12)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(12)</b>	<b>(12)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	3,605
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(176)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(2)</b>	<b>3,429</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,015	1,666
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(751)	(3,826)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(12)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	3,429
4.5	Effect of movement in exchange rates on cash held	13	6
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,263</b>	<b>1,263</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,263	2,015
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,263</b>	<b>2,015</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
164
-

The amount at 6.1 includes payment of directors' fees and payments to a director-related entity, excluding reimbursement for administrative expenses and travel expenses.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	2,000	Nil
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 30 January 2017, RNO entered into an unsecured working capital financing facility to the value of A\$2 million.

The facility is provided from an entity related to the company, Chairman Ron Dewhurst.

The facility can be drawn upon in multiples of A\$250,000 and interest is at commercial rates.

The facility has been rolled over and is repayable by 31 July 2019.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(50)
9.2 Product manufacturing and operating costs	(200)
9.3 Advertising and marketing	(300)
9.4 Leased assets	-
9.5 Staff costs	(400)
9.6 Administration and corporate costs	(200)
9.7 Other - Intellectual Property	-
<b>9.8 Total estimated cash outflows</b>	<b>(1,150)</b>

\* The actual expenditure for the quarter may be different depending on the opportunities, level of activities, priorities and resources available.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....

Date: 30 July 2018

Company Secretary

Print name: Phillip Hains

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.