

## BUSINESS UPDATE - SEPTEMBER QUARTER

### RECORD NUMBER OF UNITS SHIPPED, US STORES STOCKED

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#### KEY HIGHLIGHTS:

- Record quarterly number of units shipped to customers - 53,000.
- Secures core ranging in 4,300 Walgreens stores with roll out completed in October.
- Quarterly recognised revenue \$307k (up 21% on last quarter).
- Quarterly Cash received \$249k (down 17% on last quarter).
- Secures core ranging in Hamacher Resource Group planogram.
- Company assessing working capital needs as US business continues to grow rapidly.

#### October 31, 2017. Melbourne, Australia.

Respiratory technology company Rhinomed Limited (ASX: RNO) has reported a record quarter for units shipped to customers - with 53,000 units shipped during Q1 FY18 (compared to 159,000 units shipped for the full FY17). This significant jump reflects strong underlying growth in store numbers - up to 5,500 in the US alone.

Recognised revenue growth of 21% for the quarter and revenue of \$307k reflects the accounting treatment of consignment stock. Cash receipts of \$249k also reflected a lag in payment terms as the business opens new retail accounts and grows its retail footprint in the USA.

During the quarter the company announced the successful core ranging of the Mute technology by iconic US based pharmacy retailer Walgreens. The roll out of all 4 product variants (trial, small, medium, large pack sizes) of Mute into 4,300 stores across the USA was completed in early October.

Additionally, the company also announced that the Hamacher Resource Group would core range 2 product variants of the Mute technology in its planogram which is utilised by up to 10,000 independent pharmacies throughout the USA. This pharmacy network is now being serviced by the Rhinomed US sales team with stock being fulfilled by the company's US based wholesalers - McKessons and AmerisourceBergen.

The closing cash balance sits at \$475k with the \$2m working capital facility remaining in place. An assessment of the company's medium term working capital needs is currently underway to support the significant growth in the US business.

The cash burn for the quarter was in line with expectations and reflects the company's belief that investment in the growth of the Mute brand in the USA and the significant growth in the global store count will enable the business to reach FY18 company objectives.

# RHINOMED

MAKE EVERY BREATH COUNT

The quarterly financial performance continues to recognise timing issues surrounding onboarding of large scale retail distributors in the USA, appropriate merchandising of the product in-store and the accounting treatment of consignment stock. Heading into the northern winter, it is anticipated that sales will increase in line with expanded distribution and reflect greater consumer awareness during the northern winter and the cough/cold allergy season.

During the quarter Rhinomed obtained registration with the Taiwan Food and Drug Administration (TFDA) for both Mute and Turbine and established a non-exclusive distribution relationship with Brojaw Inc. to sell Mute into Ear, Nose and Throat (ENT) specialists and sleep clinics.

On 18 September 2017, the company saw the completion of its sale of less than marketable parcel initiative, as part of its capital restructure undertaken earlier this calendar year. A total of 425 shareholders took the offer to sell their unmarketable parcels, on market at 18c/share.

The Company enters Q2 FY18 focused on supporting the now significant global retail store base and reaching breakeven as soon as practical. Strong interest in the company's technology by US, UK and Australian retailers continues and the company will announce these deals as they are completed.

The significant retail distribution base that has been built over the last 12 months in particular, provides a very real opportunity from which to grow a major presence in the global consumer health sleep market.

#### Media Enquiries

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#### 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)

## 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 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers (Unaudited sales for: Qtr \$307k; YTD 307k)	249	249
1.2 Payments for		
(a) research and development	(32)	(32)
(b) product manufacturing and operating costs	(115)	(115)
(c) advertising and marketing	(461)	(461)
(d) leased assets	-	-
(e) staff costs	(389)	(389)
(f) administration and corporate costs	(486)	(486)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refunded)	47	47
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,190)</b>	<b>(1,190)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(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>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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	-	-
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>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	1,667	1,667
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,190)	(1,190)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>475</b>	<b>475</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	475	1,667
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>475</b>	<b>1,667</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

**Current quarter  
\$A'000**

144

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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.

7. <b>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	
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8. <b>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 is repayable by 31 July 2018.

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	53
9.3 Advertising and marketing	374
9.4 Leased assets	-
9.5 Staff costs	600
9.6 Administration and corporate costs	180
9.7 Other - Intellectual Property	57
<b>9.8 Total estimated cash outflows</b>	<b>1,264</b>

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: 31 October 2017

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.