Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity	
SomnoMed Limited	
ABN	**Quarter ended ("current quarter")**
35 003 255 221	30th September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	13,058	13,058
1.2	Payments for		
	(a) research and development	(14)	(14)
	(b) product manufacturing and operating costs	(4,914)	(4,914)
	(c) advertising and marketing	(552)	(552)
	(d) leased assets	-	-
	(e) staff costs	(4,830)	(4,830)
	(f) administration and corporate costs	(1,779)	(1,779)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid	(104)	(104)
1.6	Income taxes (paid) / refund	(37)	(37)
1.7	Government grants and tax incentives	441	441
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**1,272**	**1,272**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(312)	(312)
	(d) investments	-	-
	(e) intellectual property	(338)	(338)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
2.6	**Net cash from / (used in) investing activities**	**(650)**	**(650)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options (EST)	34	34
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(38)	(38)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (AASB16 Leased Assets)	(572)	(572)
3.10	**Net cash from / (used in) financing activities**	**(576)**	**(576)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	30,174	30,174
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,272	1,272
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(650)	(650)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(576)	(576)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	94	94
4.6	**Cash and cash equivalents at end of period**	**30,315**	**30,315**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	22,638	21,204
5.2	Call deposits	317	317
5.3	Bank overdrafts	4,782	4,884
5.4	Other (Unsecured Facilities)	2,578	3,769
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**30,315**	**30,174**

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6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	107
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities (unsecured)	2,578	2,578
7.2	Credit standby arrangements	4,782	4,782
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**7,360**	**7,360**

7.5	**Unused financing facilities available at quarter end**	65
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

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Loan Facilities:

- In March 2020, SomnoMed AG (Switzerland) secured a CHF 0.5 million (A$0.766 million) Government-backed unsecured loan facility with Credit Suisse (maturity of 5 years). The interest payable is currently at 0.50% per annum. This loan expires on 26 February 2025;

- In April 2020, SomnoMed, Inc. (United States of America) secured a US $0.919 million (A$1.341 million) Government-backed unsecured loan facility with JPMorgan Chase Bank under the CARES ACT (maturity of 2 years). The interest payable is at 0.98% per annum. The company has formed a reasonable opinion that it has satisfied the criteria to have a portion of this loan forgiven by the US SBA (the majority of such monies having been utilised during a period of 24 weeks to cover Payroll and other selective Administration expenses), and on that basis, has treated the remaining US $0.102 million (A$0.149 million) as repayable by 13 March 2022. This conversion has resulted in a decrease in the amount shown in 5.4 from the previous quarter;

- In May 2020, SomnoMed France SAS (France) secured a EUR 0.515 million (A$0.844 million Government-backed unsecured loan facility with Société Générale. The interest payable is at 0.5% per annum in the first year (after a grace period of 12 months. Maturity of 5 years). This loan expires on 20 May 2026;

- In June 2020, SomnoMed Germany GmbH (Germany) secured a EUR 0.5 million (A$0.819 million) Government-backed unsecured loan facility with Commerzbank (maturity of up to 6 years). The interest payable is 3% per annum. This loan expires on 30 June 2030.

Credit Standby arrangements:

- In June 2019, SomnoMed Limited secured a EUR 3 million (A$4.8 million) credit facility, in the form of an overdraft facility, with HSBC France, Amsterdam Branch. The total drawdown by 30th June 2020 was EUR 2.96 million (A$ 4.78 million) with an interest calculated at the Main Refinancing Operations rate published by the European Central Bank (provided that, if such interest rate is less than zero, it shall be deemed to be zero), increased with the applicable margin of 2.75%. The Main Refinancing Operations Rate is currently at 0%.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,272
8.2	Cash and cash equivalents at quarter end (Item 4.6)	30,315
8.3	Unused finance facilities available at quarter end (Item 7.5)	65
8.4	Total available funding (Item 8.2 + Item 8.3)	30,380
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	23.88

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This unaudited statement gives a true and fair view of the matters disclosed.

Date: 21 October 2020

Authorised for release to the ASX by T. Flitcroft, Company Secretary on behalf of the Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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