

RHINOMED DELIVERS 49% YEAR ON YEAR GROWTH

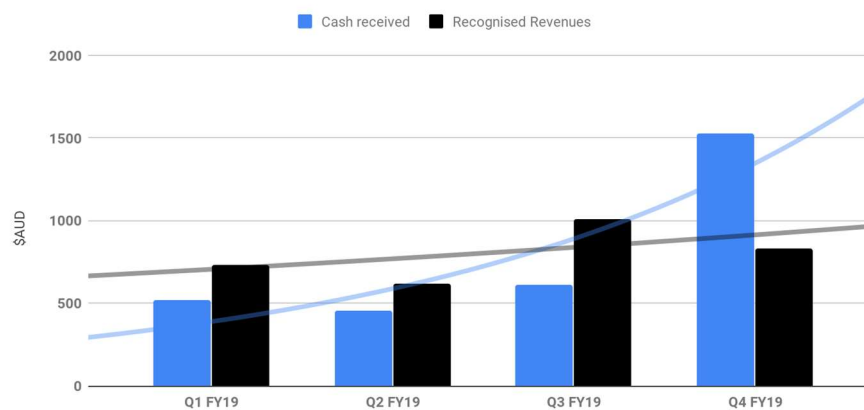
HIGHLIGHTS:

- FY19 Q4 Receipts increase 150% up to \$1.5 million
- FY19 Revenue surpasses \$3M mark to \$3.2 million
- Mute fastest growing brand in US drug store nasal strip category
- New Pronto™ rechargeable vapour technology on shelf in approximately 1,000 Walgreens stores with further roll out in FY20

July 31, 2019. Melbourne, Australia.

Rhinomed (ASX:RNO) a leader in nasal respiratory delivery technology is pleased to report continued strong growth across the business with Cash Receipts during FY19 Q4 growing 150% to \$1.53million with full year receipts of \$3.1million.

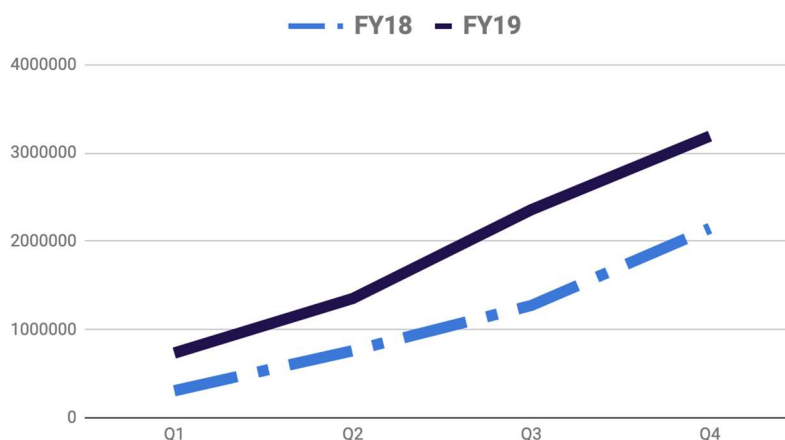
Cash Receipts and Recognised Revenues (\$k AUD)



Recognised revenues

The company's FY19 Recognised Revenues finished at \$3.2million, up 49%. The company notes that an additional amount of stock shipped and invoiced (\$721k) has yet to be recognised as revenue but is expected to be recognised over coming quarters.

Cumulative revenue - Year on Year

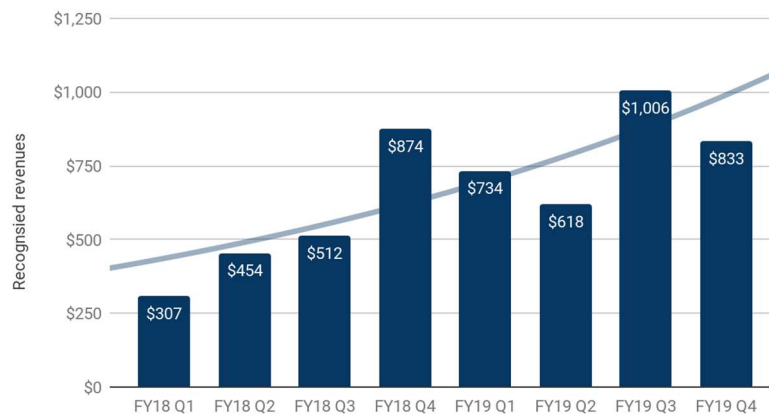


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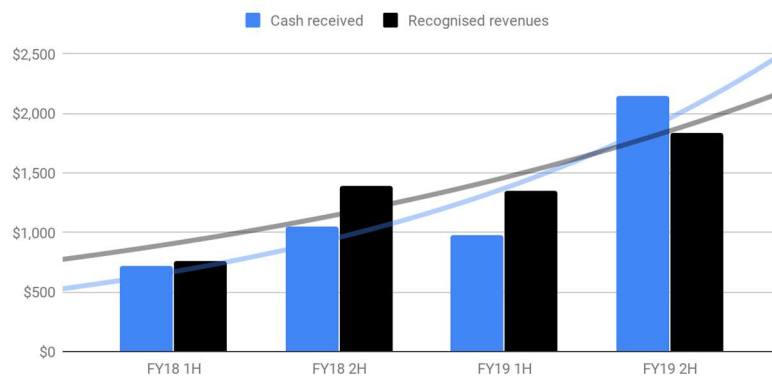
Unaudited recognised revenues for Q4 were \$833k reflecting the lag in recognition of revenues due to store reporting of sales through the register.

Recognised revenues (\$k AUD)



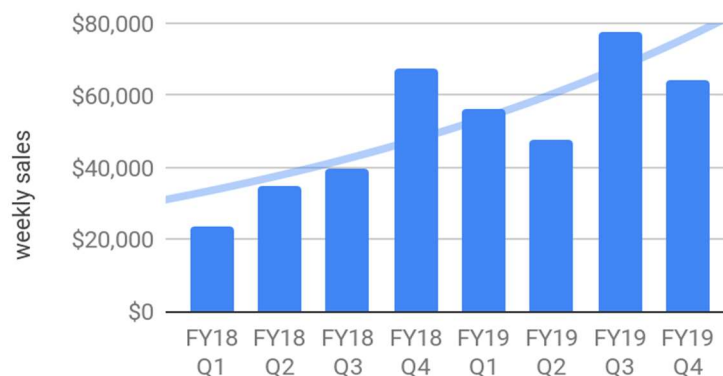
A distinct lag exists between when product is shipped to retailers and when revenues are recognised and cash collected. Underlying growth viewed on half yearly basis continues to build. Marketing and promotional activities are managed on an annual and half yearly basis.

Half yearly results -Cash received & Recognised revenues (\$k AUD)



On a Weekly store sales basis and allowing for the growth in stores the underlying weekly sales growth over the last two years remains strong.

Qtrly Avg Weekly Sales



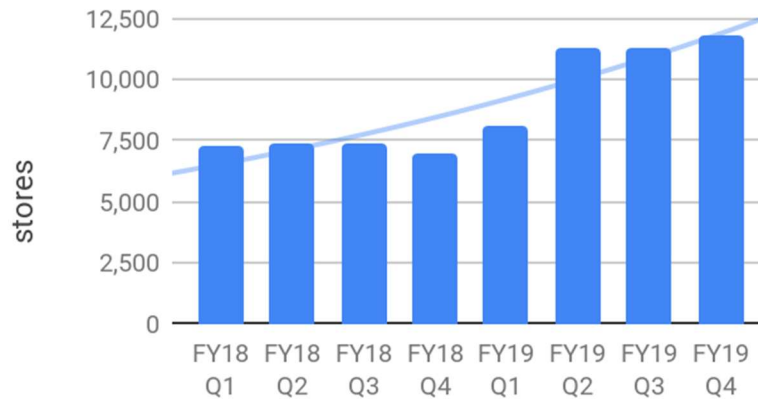
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Growth across key metrics

The company is pleased to report that it is continuing to grow its retail footprint in both the US and Australian markets. Strong retailer support driven by Rhinomed's clear innovation proposition continues to attract retailer attention and support. The Mute technology continues to deliver strong margins to our retail partners.

Store count



The company will continue to focus much of its efforts on growing store count- especially in the US market where significant opportunity exists. Over the course of FY20 we will seek to expand our existing footprint from the drugstore/pharmacy market and into the Food and Mass market retailers.

Mute - Fastest growing product in US drug store nasal strip category

The Over the Counter Category (OTC) is one of the largest categories in the North American retail market. The Mute technology competes in the nasal strip category which has been dominated for many years by the Breathe Right strip.

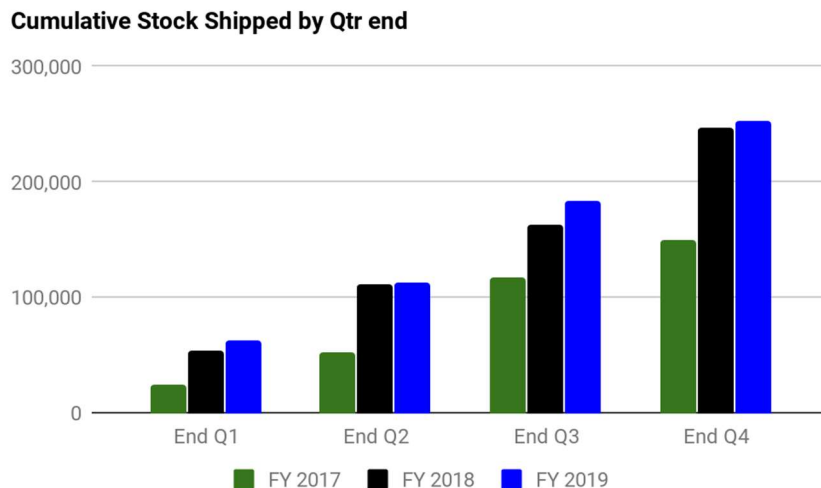
Post the end of the quarter www.drugstoremanagement.com published a report indicating that Mute is now the fastest growing product in the US Drug Store Nasal Strip market. The company notes that this great result is a testament to the consumer product benefits and the strong and effective branding and awareness programs that the company is building. The data was sourced from IRI - Chicago based market research firm for the 52 week period ended April 21, 2019 and includes only US drug store channels.

Brand	\$ Sales	% Change	\$ Share	Unit Sales	% Change	Avg Price	Avg price Change
Breathe Right Extra	\$11,574,297	-16.70%	\$31.28	937,921	-15.40%	\$12.34	-\$0.18
Breath Right	\$10,829,768	-3.00%	\$29.27	942,397	6.40%	\$11.49	-\$1.11
Private label strips	\$9,881,882	2.90%	\$26.71	1,072,558	6.80%	\$9.21	-\$0.36
Rhinomed Mute	\$1,476,215	56.60%	\$3.99	80,974	57.20%	\$18.23	\$0.07

Operational Update

In line with the recognised revenue growth, shipment of units continued to respond to demand across all three key markets (Australia, US and the UK). The shipment of 69,092 units during the quarter was in line with the Q3 result. This consistent demand was in large part due to growing product awareness through the continuing investment in promotional activities as well as the growing number of stores stocking the Mute technology.

The company notes the impact during FY19 Q3 of TV promotional activity in the US that generated a positive response and is seeking to repeat this activity as part of its marketing program in FY20.



Receipts from customers significantly increased over the quarter as the company actively worked on further improvements to its trading terms with its large customers.

Net Cash used on Operating Activities for the quarter was down 26% to \$1.0 million which included payments for:

- Research and development: \$139k (FY19 - \$628k) which represents an increase in the company's new technology development program, particularly in relation to the new Pronto product.
- Production costs: \$226k (FY19 - \$1,211k) the company undertook a major production run for both Mute and Pronto reflecting the forecast increase in demand expected during the first half of FY20.
- Marketing and Promotion: \$1,022k (FY19 - \$2,383k) represents the increased focus on promotion and building brand awareness both in the USA and Australia during the quarter and prepayments for the coming quarter.
- Staff Costs: \$589k (FY19- \$2,004k) covering changes to the team across the Australian and US operations.
- Administrative expenses: \$633k (FY19 - \$1,672k) includes the increasing administrative cost burden for listed entities.

Capital management

At the end of the quarter the company had a closing cash balance of \$1.5 million reflecting a net burn of \$1.0 million - down 41%. The accounts receivables had a balance of \$1.025 million at year end, reflecting an increase in turn and better payment terms coming to bear.

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The company can inform investors that its existing \$2 million credit facility has been rolled over for a further 12 months on the same terms as previously disclosed.

Delivers major innovation milestone - Pronto™ Clear and Pronto™ Sleep - targeting two multi-billion dollar markets

During the quarter the company completed production of its new dual action, rechargeable Pronto™ vapour release technology. This followed a successful sell-in at the Chicago Drug store and Grocery sales show in early February.



The company subsequently announced during the quarter that it has received orders for the Pronto Sleep product from Walgreens, a major North American drug store chain (and current Mute stockist). Stock was successfully shipped towards the end of May/beginning of June. Revenues are expected to be recognized during FY20.

Rhinomed notes the achievement of this important 'milestone' and its transformation from being a company with two products driven by 'door growth' to an innovation led business expanding its growing suite of disruptive products in to new and adjacent categories within its existing global retail network/ channel.

Pronto™ Clear targets the US\$6.8bn# global nasal cold and decongestant market, and Pronto™ Sleep targeting sleep onset issues in the \$0.79bn* global sleep aid market. The new Pronto™ range includes the novel Airstream™ release system that allows a specific amount of a formulation to be released into the nasal air stream over a set period of time. By combining this new vapour release technology with the Mute's stenting action, Rhinomed provides users with a unique dual action medical device that not only improves nasal airflow, but also delivers the associated benefits of the proprietary pure essential oil formulation.

Successful registration with US FDA, Australian TGA and European CE Mark

During the quarter the company successfully registered the new Pronto range with the US FDA and the Australian TGA as a Class 1 product. Post quarter close the company also announced successful registration with the European authority and the receipt of a CE mark for both products. Successful registration with the relevant regulatory authorities is a critically important part of Rhinomed's longer term strategy of building a multi application medical device platform.

Medical cannabis - Rhinocan™ program

The company is continuing to progress its product development program with partner Columbia Care. The Columbia Care program seeks to address significant opportunities exclusively within the US market. An update on this program will be provided to investors in due course.

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Rhinomed notes the move by many cannabis companies globally to use CBD (sourced from industrial hemp) in products that are starting to be sold through retail pharmacy channels. The company believes that its growing global retail footprint places it in a unique position to leverage its role as an innovator and platform technology player. Further, Rhinomed's ability to provide a repeatable, predictable and reliable dosing form - goes some way to providing the dosing certainty required by clinicians, pharmacy retailers and regulators in this major emerging global market.

Sleep and Suicide study

During the quarter the company announced that it will be supporting a vitally important new study to be carried out by Monash University looking at the link between Sleep and Suicide.

At the 2018 American Sleep Meeting, Rhinomed CEO Michael Johnson met with Prof Michael Grandner of the University of Arizona – one of the lead authors of a landmark 2016 US based study *Nocturnal Wakefulness as a Previously Unrecognised Risk Factor for Suicide* (J.Clin Psychiatry 77:6, June 2016). The study demonstrated that being awake at night confers a greater risk for suicide than being awake at other times of the day suggesting that disturbances of sleep or circadian neurobiology may potentiate suicide risk. The results of this study were confronting. When 6-hour blocks were examined, the observed frequency at night was 3.6 times higher than would be expected by chance ($P < 0.001$).

To our knowledge no Australian study has formally assessed the time of day at which suicides occur, nor demonstrated that if nocturnal suicides are over-represented when adjusting for the likelihood of wakefulness. If this finding was reproduced among the Australian population it may indicate that poor sleep provides an important target in the prevention of suicide.

Rhinomed is therefore supporting research by Professor Darren Mansfield and the team at Monash University, who will now seek to repeat this trial in Australia and establish if a relationship between nocturnal wakeful activity and suicide exists after adjusting for the probability of nocturnal wakeful activity based on Australian community norms. Investors will be updated on the outcome of this program in due course.

Business development

Interest in the company's technologies from the global Over the Counter (OTC), consumer health and sleep medicine community continues to grow. This strongly illustrates the growing recognition of the importance of the nose, nasal resistance and airflow and its impact on both efficacy and compliance with a range of other sleep therapies, including CPAP and oral devices.

Future focus

The key focus of the company remains reaching a sustainable cash flow position which it remains on track to achieve. 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.

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

Company	Investor and Media Relations
Michael Johnson, CEO & Director	Warrick Lace NWR Communications

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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

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

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** All figures are unaudited, and \$AUD unless otherwise noted.*

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 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,530	3,120
1.2 Payments for		
(a) research and development	(139)	(628)
(b) product manufacturing and operating costs	(226)	(1,212)
(c) advertising and marketing	(1,022)	(2,384)
(d) leased assets	-	-
(e) staff costs	(589)	(2,004)
(f) administration and corporate costs	(633)	(1,672)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	18
1.5 Interest and other costs of finance paid	(6)	(18)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	27	67
1.8 Other (GST refunded)	-	-
1.9 Net cash from / (used in) operating activities	(1,054)	(4,713)

2.	Cash flows from investing activities		
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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	5,095
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	-	(232)
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)	-	-
3.10	Net cash from / (used in) financing activities	-	4,863

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,473	1,263
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,054)	(4,713)
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)	-	4,863
4.5	Effect of movement in exchange rates on cash held	37	43
4.6	Cash and cash equivalents at end of quarter	1,456	1,456

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	1,456	2,473
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,456	2,473

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**

225

-

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. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	
-	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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 2020.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(125)
9.2 Product manufacturing and operating costs	(200)
9.3 Advertising and marketing	(750)
9.4 Leased assets	-
9.5 Staff costs	(500)
9.6 Administration and corporate costs	(350)
9.7 Other - Intellectual Property	-
9.8 Total estimated cash outflows	(1,925)

* 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: 31 July 2019

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.