

RHINOMED DELIVERS FY20 Q1 YEAR ON YEAR GROWTH

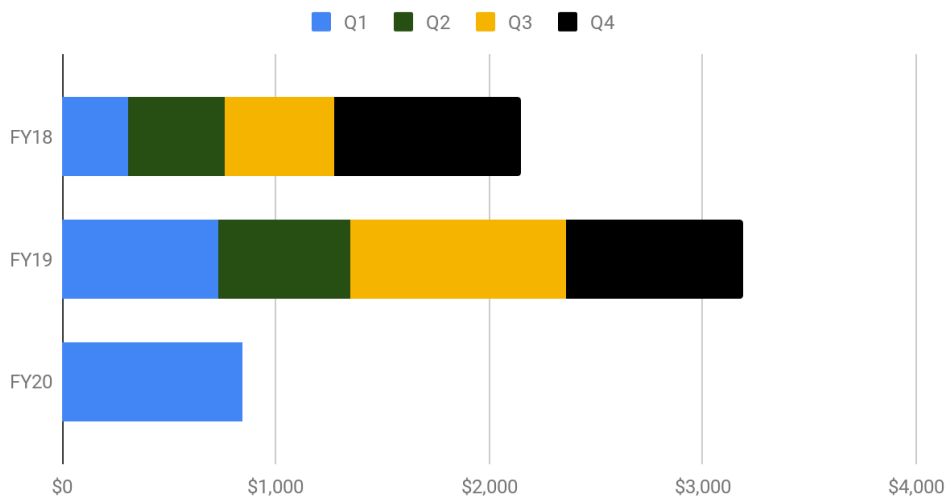
HIGHLIGHTS:

- **FY20 Q1 revenues of \$842k, receipts of \$634k**
- **Stock invoiced, but not yet recognised as revenue, increases to \$1.0 million. Account Receivables up to \$1.1 million.**
- **New Pronto™ Sleep rechargeable vapour technology shipped to approximately 1,000 Walgreens stores**
- **New product development program to expand product line up from 3 to 8 during 2020**

October 30, 2019. Melbourne, Australia.

Rhinomed (ASX: RNO, OTCQB: RHNMF) a leader in nasal respiratory delivery technology is pleased to report continued year on year growth across the business with recognised revenues for FY20 Q1 of \$842k compared to \$734k for the same quarter last year.

Year on Year Quarterly Revenues



Revenues

The company continues to see steady growth across the business. The recognition of \$842k in revenues is in line with Q4 of FY19 and a reflection of the continued sell through on a same store basis and the prudent investment in promotional activities in major markets.

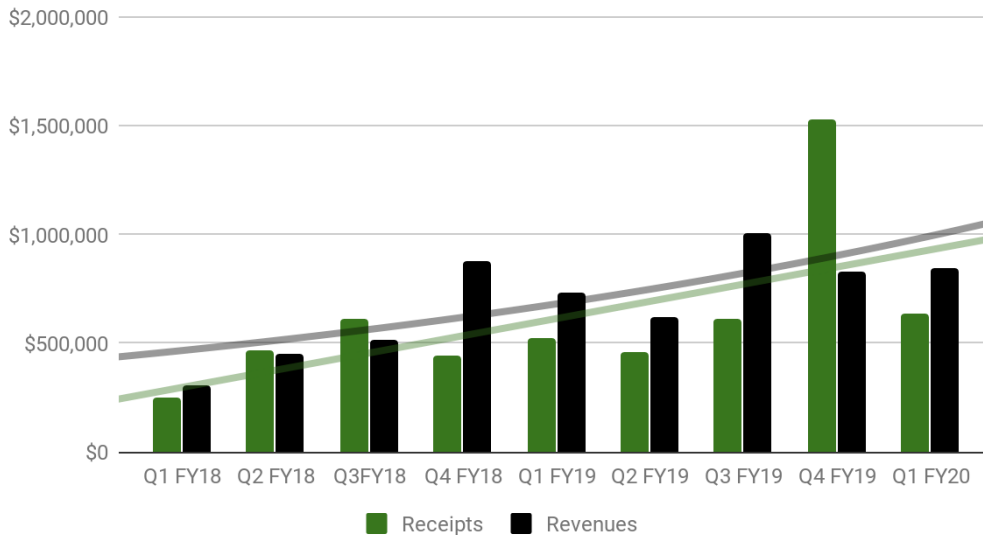
The company notes that an additional amount of stock shipped and invoiced (A\$1.0 million) has yet to be recognised as revenue but is expected to be recognised over coming quarters. Receipts were down quarter on quarter, reflecting the timing of collections, with Accounts Receivables increasing to a closing balance of A\$1.1million at quarter end. A distinct lag exists between when product is shipped to retailers and when revenues are recognised and cash collected.

RHINOMED

MAKE EVERY BREATH COUNT

Underlying growth viewed on yearly basis continues to build, reflecting the growth in store count and the growing awareness of the Mute technology in the US, Australian and UK markets. Revenues continue to originate from the Mute technology, with revenues from Pronto yet to be recognised.

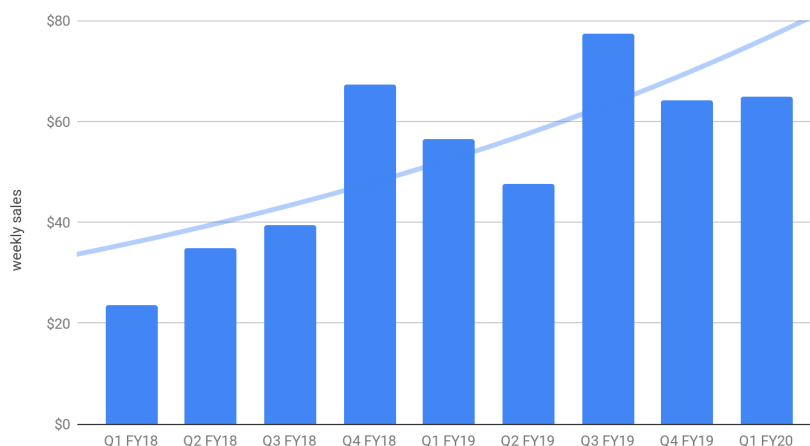
Receipts and Revenues - FY18- FY20



During the quarter the Australian business continued to grow following this business coming back in house at the start of the calendar year. Additionally, the company noted that the US summer was particularly soft reflecting a potential seasonal influence for the Mute product. The company will shortly commence a national radio campaign for both its Mute and Pronto technology in order to drive awareness and support in store presence in the lead up to the US Thanksgiving period.

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.

Quarterly Average Weekly Sales



Operational Update

In line with the recognised revenue growth, shipment of units continued to respond to demand across all three key markets (Australia, the US and the UK). The shipment of 67,072 units during the quarter was in line with the Q4 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.

Net Cash used in Operating Activities for the quarter was up 18% to \$1.2 million which included payments for:

- Research and development: \$94k which represents the investment in the company's new technology development program.
- Production costs: \$149k reflecting continued placement of production orders in order to satisfy the growing demand for both Mute and Pronto reflecting the forecast increase in demand expected during the first half of FY20.
- Marketing and Promotion: \$618k represents the increased focus on promotion and building brand awareness both in the USA and Australia during the quarter.
- Staff Costs: \$561k.
- Administrative expenses: \$452k was down on previous quarters as the business strives to build efficiencies.

Capital management

At the end of the quarter the company had a closing cash balance of \$5.9 million reflecting a net burn of cash used in operating activities of \$1.2 million. Accounts Receivables had a balance of \$1.1 million at quarter end, reflecting the outstanding amounts with our major retail partners.

During the quarter the company conducted a A\$6.0m capital raise at A\$0.22 per share to existing sophisticated and several new institutional investors. The placement shares were issued under the Company's existing capacity under ASX listing Rule 7.1 and 7.1A. The level of support the company received speaks to the strong commercial opportunity and global potential of our proprietary platform technology and growing global distribution network.

The company's existing \$2 million credit facility was not utilised.

OTC listing

During the quarter the company completed the process to formalise a listing in the USA on the OTCQB Market ("OTCQB") and to trade under the symbol "**RHNMF**".

The move to list the Company's securities in the North American market follows the growing presence of the Company's brands and technology through national retailers in the USA. With North American investors now owning ~35% of the Company's stock the Board determined that a listing on the OTCQB market has the potential to provide a new source of demand for Rhinomed shares and a greater opportunity for North American investors to participate in Rhinomed's growth story.

The board notes that this dual listing structure is not dilutive to Rhinomed's existing shareholders with no new capital or shares being issued to facilitate this listing.

The OTCQB Market is operated by OTC Markets Group. The OTC QB market is the mid-tier OTC market and was created in 2010 for early stage and developing US and international companies. The Listing requirements for the OTCQB are inline with Rhinomed's current ASX requirements.

Showcasing Rhinomed technology at 2019 NACDS Total Store Expo

During the quarter the company showcased its portfolio of products at the 2019 NACDS Total Store Expo in Boston, USA.

This program continues the sell-in process of our new Pronto range with both existing and new retail partners. Both Mute and Pronto were well received with the company expecting to be able to announce new stockists over the coming months.



This process follows the successful stocking of approximately 1,000 Walgreens stores with the new Pronto Sleep during July and August. While it is too early to assess the response, a new promotional program featuring a national radio campaign will begin in November to support this important first step.

Pronto receives European CE Mark

During FY19 Q4 the company successfully registered the new Pronto range with the US FDA and the Australian TGA as a Class 1 product. This progress continued during FY20 Q1 with the 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.

New Product Development program update

In 2014 the company outlined a strategy to sequentially develop our proprietary medical platform technology.

The company has now successfully executed this strategy through the commercialisation of the Turbine and Mute products and more recently, through the release of the Pronto range. Additionally, in September 2018 the company successfully licensed its platform for the nasal delivery of Cannabis based products to US based Columbia Care.

The Columbia Care program is now well underway with consumer testing of the new device and proprietary formulations underway. We expect to receive feedback from Columbia Care on the outcomes of this consumer research program before the end of the year.

To further exploit the growing global interest in CBD and in particular, the safe and effective delivery of this drug, Rhinomed outlined a major new product development initiative.

RHINOMED

MAKE EVERY BREATH COUNT

This program will see the release of four new CBD based products during calendar year 2020. Given the significant levels of global demand, the clear benefits of Rhinomed's proprietary delivery platform and our extensive global retail network we believe the potential for this boarder portfolio of products to deliver value to investors is significant. The table below outlines the product development pipeline that was presented to investors in October 2019.

GLOBAL MARKETS	TECHNOLOGY	IN MARKET	PIPELINE			
SPORT	Stent	Turbine	CY20	CY21	LICENSING OPPORTUNITIES	
SNORING		Mute				
SLEEP	Airstream Platform	Pronto Sleep	Pronto Sleep Plus - CBD	Pronto Sleep Performance -CBD	Obstructive Sleep Apnea – Medical Cannabis	INSOMNIA
COUGH, COLD CONGESTION		Pronto Clear	Pronto Allergy Relief - CBD		Non-Steroidal Anti-Inflammatory Drugs (NSAIDS)	COPD
NAUSEA			Pronto Nausea Relief - CBD	Pronto Travel - CBD		
PAIN				Pronto Migraine Relief - CBD		MIGRAINE
ANXIETY			Pronto Calm - CBD	Pronto Focus - CBD	PTSD	CNS DISORDERS

The new range of products will leverage 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. This is the same system utilised by the Pronto range.

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. The company will provide a more detailed update on this new range at the Company AGM on the 29th of November 2019.

Sleep and Suicide study

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

This study is now underway with Professor Darren Mansfield and the team at Monash University seeking to 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.

The company notes that interest in 'Enhanced Sleep' including products and technology that allow people to fall asleep faster, stay in deep sleep longer and wake up refreshed continues to grow. In addition, interest in helping people to breathe smoothly through the night by improving airflow, air quality and scent are all highly attractive to both consumers and to potential partners.

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.

RHINOMED

MAKE EVERY BREATH COUNT

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 +61 (0) 3 8416 0900 mjohnson@rhinomed.global Follow us on Twitter @rhinomedceo	Warrick Lace NWR Communications +61(0) 404 656 408 warrick@nwrcommunications.com.au

About Rhinomed Limited (ASX: RNO, OTCQB: RHNMF)

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 and \$AUD.*

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 2019

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	634	634
1.2 Payments for		
(a) research and development	(94)	(94)
(b) product manufacturing and operating costs	(149)	(149)
(c) advertising and marketing	(618)	(618)
(d) leased assets	-	-
(e) staff costs	(562)	(562)
(f) administration and corporate costs	(452)	(452)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(8)	(8)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refunded)	-	-
1.9 Net cash from / (used in) operating activities	(1,248)	(1,248)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(66)	(66)
	(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	(66)	(66)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	6,000	6,000
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	(300)	(300)
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	5,700	5,700

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	1,456	1,456
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,248)	(1,248)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(66)	(66)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,700	5,700
4.5	Effect of movement in exchange rates on cash held	13	13
4.6	Cash and cash equivalents at end of quarter	5,855	5,855

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	5,855	1,456
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)	5,855	1,456

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**

179

-

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	(85)
9.2 Product manufacturing and operating costs	(190)
9.3 Advertising and marketing	(500)
9.4 Leased assets	-
9.5 Staff costs	(520)
9.6 Administration and corporate costs	(300)
9.7 Other - Intellectual Property	-
9.8 Total estimated cash outflows	(1,595)

* 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 October 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.