

RHINOMED REPORTS DOUBLE DIGIT YEAR ON YEAR GROWTH

TOPLINE

- **FY20 Q2 Quarterly Receipts up 45% quarter on quarter to \$920k**
- **Year on year growth continues with Q2 Recognised revenues of \$762k**
- **Distribution set to grow in Australia and the US following strong sell in period.**
- **Columbia Care to launch nasal delivered cannabis product in first half CY 2020**

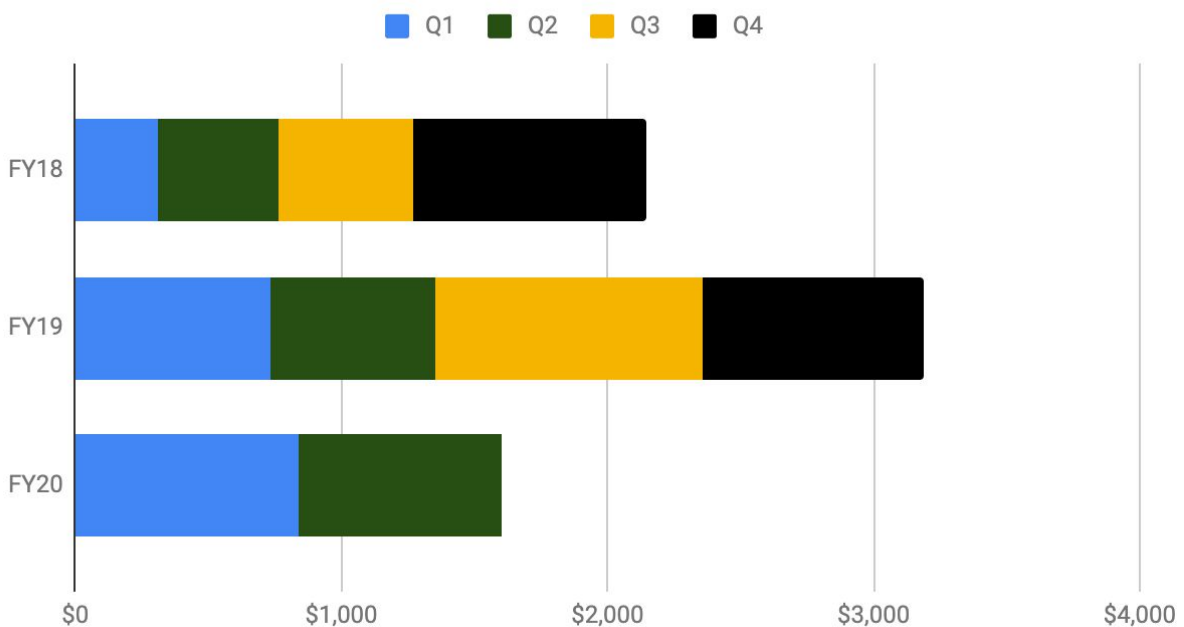
January 31st, 2020. Melbourne, Australia.

Rhinomed (ASX:RNO OTCQB:RHNMF) a leader in nasal delivery technology is pleased to report continued year on year revenue growth for the half year ended 31st December 2019. Recognised revenues of \$762k for FY20 Q2 were up 23% on the same period last year.

Additionally the company saw a 45% jump in quarterly customer receipts to \$920k as sell through from its store base continue to grow and trading terms with major customers continues to improve.

Half year recognized revenues were up 19% Year on Year to \$1.6m with an additional \$946k invoiced but yet to be recorded as recognized revenues. Rhinomed remains confident that revenues will continue to grow in the second half of FY20 as the combination of new stores stocking Mute and the new Pronto technology and the effect of the the promotional and marketing activities now underway begin to take effect..

Year on Year Quarterly Revenues



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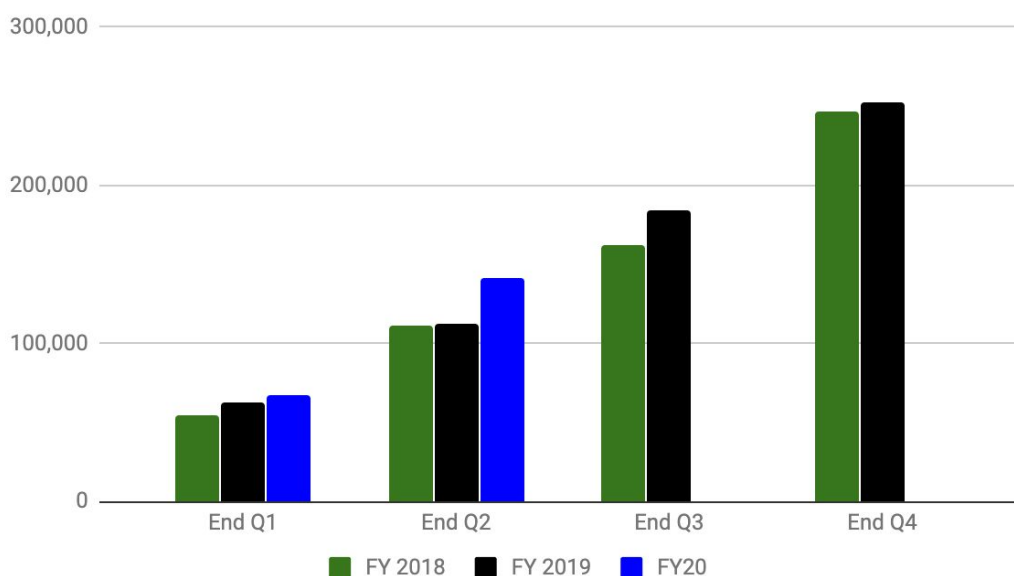
Operational and Distribution Update

In line with the revenue growth, shipment of units continued to respond to demand across three continents. Over 74,000 units were shipped to customers.

The company continues to pursue discussions with category buyers in both existing and new accounts. The company was particularly pleased to add major US midwest grocery/mass market chain Meijer to the network of retailers in the USA. Meijer is a 242 strong retailer with a major presence in Michigan, Illinois, Indiana and Ohio in the USA. Meijer becomes the first major US retail chain to not only stock Mute and Pronto Sleep but also stock our new Pronto Clear product. Meijer will begin selling stock in Q3 of FY20.

The company expects to see significant growth in store numbers both within the North American and ROW markets throughout CY2020.

Cumulative Stock Shipped by Quarter end



Receipts from customers continues to grow to \$920K (YTD \$1.6m) as an increased number of sales have been completed through larger retail channel partners on trading terms.

Net Cash used in Operating Activities was \$2.2m which included payments for:

- Research and development: This has remained constant \$209k (YTD - \$303k) which covers the company's new technology development program.
- Production costs: \$330k (YTD - \$479k) reflects the prudent use and management of stock globally.
- Marketing and Promotion: \$1.26m (YTD - \$1.88m) of which \$158k was prepayment for marketing activities that are now underway in FY20 Q3.
- Staff Costs: \$875k (YTD- \$1.44m) covering changes to the team across the Australian and US operations.
- Administrative expenses: \$523k (YTD - \$975k) includes renewal of insurances which is an increasing burden for listed entities.

At the end of the quarter the company had a closing cash balance of \$3.6m and Account receivables balance of \$1m which positions the company well for future activities. The company is currently preparing its FY2019 R&D tax claim.

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We are pleased to see a strong response from the Australian market to recent promotional and sales support. Additionally, the company's Mute product continues to lead the US nasal strip category in year on year growth as reported by Industry researcher IRI.

The company is also pleased to acknowledge receipt of a Drug Store New Retail Excellence (REX) Award in the Natural products category. (<https://drugstorenews.com/rex-awards-2020-natural-products>). This recognition, alongside strong same store sales data provides the company with continued confidence that its retail network will continue to grow in parallel to the increasing awareness of the Mute and Pronto technologies.

At 31 December 2019, we hold \$946k as 'unrecognised revenue', classified as a liability in the statement of financial position. This balance represents those goods that have been shipped by us to the customer, and are held by the customer on their shelves until the performance obligation is met - when the goods are acquired by our customer's retail consumers.

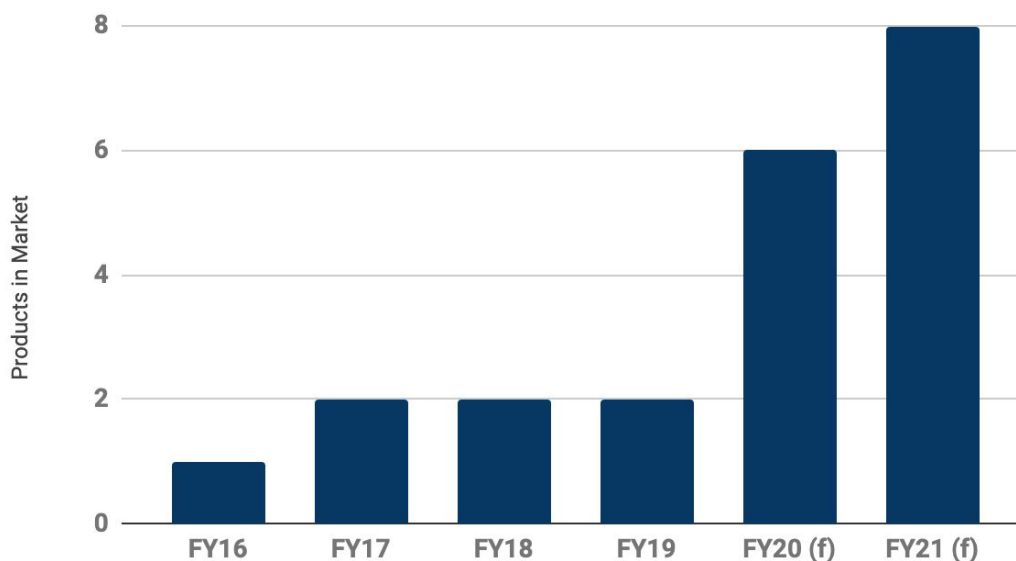
Current revenue treatment status

	Stock Shipped	Recognised revenues	Unrecognised Revenues	A/c receivables
FY20 YTD Total	141 k	\$1.6 m	\$0.946m	\$1m

Successful release of Pronto technology

The company has in line with guidance successfully released the next generation of its nasal technology with both Pronto Sleep and Pronto clear now on market.

Products in Market



These two new product lines bring the total number of products on market to four - with an additional 2 planned for release during 2020. The Pronto Clear is targeting the US\$6.8bn global nasal cold and decongestant market, while the Pronto Sleep is targeting sleep onset issues in the \$0.79bn global sleep aid market. With the key consumer health themes of sleep and the desire for more natural products only growing, the Rhinomed Pronto range is well positioned to exploit a significant global opportunity.

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Columbia Care Medical cannabis program

As previously announced the company completed a landmark nasal drug delivery licensing deal with US based Columbia Care in September 2018.

This deal will see Rhinomed's nasal platform used by Columbia Care to deliver nasal medical cannabis formulations. The company has optimised the platform for use by Columbia Care and production is now underway. The company expects to be able to update investors with details of the commercial launch of the new Columbia Care nasal product shortly. With the US CBD market growing rapidly and with residual concern about both Vaping and ingestible forms of CBD, the potential for nasal delivery of CBD is significant.

Business development

Interest in the company's technologies from the global Over the Counter (OTC), consumer health and sleep medicine community continues to grow at a rapid rate. This strongly illustrates the growing recognition of the importance of the nose and 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. 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.

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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 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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	920	1,554
1.2 Payments for		
(a) research and development	(209)	(303)
(b) product manufacturing and operating costs	(330)	(479)
(c) advertising and marketing	(1,259)	(1,877)
(d) leased assets	-	-
(e) staff costs	(875)	(1,437)
(f) administration and corporate costs	(522)	(974)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	8
1.5 Interest and other costs of finance paid	(8)	(16)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	40	40
1.8 Other (GST refunded)	-	-
1.9 Net cash from / (used in) operating activities	(2,236)	(3,484)

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	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	(16)	(316)
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	(16)	5,684

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	5,855	1,456
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,236)	(3,484)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(66)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(16)	5,684
4.5	Effect of movement in exchange rates on cash held	(9)	4
4.6	Cash and cash equivalents at end of quarter	3,594	3,594

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	3,594	5,855
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)	3,594	5,855

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**

322

-

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	(75)
9.2 Product manufacturing and operating costs	(150)
9.3 Advertising and marketing	(600)
9.4 Leased assets	-
9.5 Staff costs	(619)
9.6 Administration and corporate costs	(350)
9.7 Other - Intellectual Property	-
9.8 Total estimated cash outflows	(1,794)

* 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:


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Date: 31 January 2020

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.