

MARCH QUARTERLY ACTIVITIES AND BUSINESS UPDATE

TOPLINE

- Q3 FY21 revenues increase 29% on prior period to \$1.006m
- 64,306 units shipped to customers
- New nasal swab delivers major milestones:
 - Business development pipeline growing
 - Initial Australian based production commences
- Cash Balance of \$3.9m, strong account receivable book at quarter end.

30th April, 2021: Melbourne, Australia.

Rhinomed Limited (ASX:RNO OTCQB:RHNMF) a leader in wearable nasal and respiratory technology is pleased to report continued strong quarter on quarter revenue growth for FY21 Q3. Revenues were up 29% to \$1.0m, despite the ongoing impact of the pandemic on global foot traffic over the period. YTD FY21 total revenue is \$3.0m.

The growth in revenue is reflected in a strong contribution by the Australian business where expansion in key pharmacy chains continues. The recent addition of API as a distributor further strengthens the company's presence in its home market. In the USA, the pharmacy drug store market continues to show strong signs of recovering from both the pandemic and the significant winter storms. Despite many retail partners reporting foot traffic drops of up to 70%, the company has continued to strengthen its position and has recently completed a positive category review period and expects to update investors with further store expansion news over the coming months. The company shipped 64,306 units to customers during the quarter, representing a 5% increase on the prior quarter.

Quarterly Revenues (\$'000 AUD)



RHINOMED

MAKE EVERY BREATH COUNT

Current revenue treatment status

At the end of FY21 Q3 the company recorded \$1.006m in recognised revenues and an additional \$264k as 'unrecognised revenue'. This figure represents those goods that have been shipped and invoiced to customers and that will be recorded as recognised revenues in coming quarters.

	Stock Shipped	Recognised revenues	Unrecognised Revenues	A/C receivables
FY21 Q3	64,306	\$1.006m	\$264k	\$1.1m

Retail environment

As mentioned previously the company continues to note a challenging retail environment in its core markets - Australia, the US and the UK. We note significant changes in consumer behaviour and are working with our retail partners to respond to these. In particular, we note that the awareness of the importance of sleep is growing. Retailers are actively seeking new and innovative solutions in this category, an opportunity Rhinomed is committed to responding to.

Toward the end of FY20 and beginning of FY21 the company moved its core sales and marketing functions to the USA. This move, and the strengthening of its digital resources is beginning to show clear signs of strong progress. Despite a challenging retail environment, the company has seen significant and continued growth through its ecommerce channels, especially Amazon in the US. As a result of this success the company will, in the coming quarter, seek to broaden its Mute and Turbine ecommerce focus to include the UK and Europe.

New nasal swab program: A technology led response to the COVID-19 pandemic

During the quarter the company continued development of its patent pending nasal swab program that was announced during Q1 FY21. More information about the swab can be found at <https://www.rhinomed.global/about-rhino-med/diagnostics/>

Clinical validation

Rhinomed has already shown that the Rhinoswab was as effective as existing commercial swabs in detecting the SARS-CoV-2 virus in RT-PCR testing. During the quarter the company commenced a new series of trials that will seek to validate the Rhinoswab as being effective with Point of Care antigen test kits. With one of the key criticisms of Point of Care testing being the lack of standardisation in swabbing and the subsequent impact on sample size and quality, the ability of the Rhinoswab to radically change and improve the swabbing process presents a significant step change in the efficacy and outcomes of existing point of care testing. The company expects to release the results of these trials in May.

Regulatory registration

Having successfully registered the new nasal swab as a Class 1 Device with both the US FDA and the Australian TGA the company continued the process of seeking a CE Mark during the quarter. With

RHINOMED

MAKE EVERY BREATH COUNT

significant interest in Rhinoswab from the European market, the CE mark is the next critical step in responding to potential demand. The company expects to receive the CE mark during May.

Production

During the quarter the company established an initial small scale production facility with its local production partner APS Innovation. The facility is located in Melbourne, Australia and includes both an eight cavity injection moulding line and a bespoke flocking line that has enabled the company to supply product samples and product for trials. With strong international interest, the company is also in dialogue with other potential manufacturing partners both here and overseas.

The company is actively engaging with both Federal and State Governments as it seeks support for establishing an Australian based manufacturing facility that would create skilled employment opportunities, build the country's sovereign capability and lower the existing reliance on imported swabs, improve the National health system's response capability and provide a compelling export opportunity via a world leading technology.

Commercialisation

The company has established an initial potential demand pipeline of some 60m+ Rhinoswabs and is actively seeking to secure first orders. The new nasal swab provides several compelling benefits to both users, clinicians, pathology partners and Government health systems, while also being price competitive with existing nasal swabs. With global demand for nasal swabs continuing to grow the company is focused on securing a significant first purchase order in a market that was reported to be worth \$4bn in 2020.#

US Medical Cannabis Opportunity

As noted previously, the company is in dialogue with its US medical cannabis partner, Columbia Care, regarding the commercialisation of a range of cannabis based products which utilises the company's patented nasal delivery platform.

With demand for cannabis based products growing, and particularly in the sleep category, the company has identified a range of solutions that it is working to bring to market through its existing retail distribution network in the USA.

A further update on this project will be provided over the course of FY21 Q4.

Operational Update

The company remains focused on delivering on its strategy of optimizing its wearable technology platform across both the growing sleep and respiratory consumer health markets and strategic entry in the high value diagnostics market. Over the course of the quarter the company continued investment in the following areas:

- *Research and Development*: decreased 19% to \$251k (FY21 Q2 - \$309k) which covers the company's new technology development program. This takes into account the investment made in the Rhinoswab program, which represented \$166k in Q3.

RHINOMED

MAKE EVERY BREATH COUNT

- *Production costs:* increased 42% to \$157k (FY21 Q2 - \$111k) reflects the investment in ordering stock, partially for increased demand, and also to allow for increased delivery times globally due to the global demand on logistics.
- *Marketing and Promotion:* increased 33% to \$736k (FY21 Q2 - \$552k). The company recommenced its marketing spend during Q2 and continued investment in our key market, the USA during Q3. We also invested domestically in the Australian market.
- *Staff Costs:* decreased 21% to \$704k (FY21 Q2 - \$894k). Included in Staff costs at item 1.2 (e) of the Appendix 4C, and detailed at Item 6.1, are the amounts paid for Directors fees and salaries, excluding GST where applicable; Executive Board remuneration of \$81k and Non-Executive Board Remuneration of \$70k. Also included at item 6.1 is the amount of \$44k for salaries and wages paid to another related party, on an arm's length basis.
- *Administrative expenses:* unchanged at \$457k (FY21 Q2 - \$456k).

Over the quarter cash receipts from customers increased by 9% to \$709k (FY20 Q2 - \$648k) largely due to increased revenue in Q1 and Q2.

Strong Balance sheet and cash position

The company continues to execute a prudent capital conservation strategy to support its operational momentum. The closing quarterly cash balance was \$3.9 million. In addition, we note that the vast majority of our Account Receivables balance of \$1.1 million is held in \$USD with our premium pharmacy accounts.

Future focus

The key focus remains reaching a sustainable operational cash flow position. Additionally, the company continues to assess all strategic options that will enable investors to realise the value in the technology platform.

This report has been authorised for release to the market by the Board.

Company	Investor and Media Relations
Michael Johnson, CEO & Director +61 (0) 3 8416 0900 mjohnson@rhinomed.global Follow us on Twitter @rhinomedceo	Rudi Michelson Monsoon Communications +61(0) 411 402 737 rudim@monsoon.com.au

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

Rhinomed Limited is a Melbourne, Australia based ASX listed nasal and airway technology company that has developed an innovative nasal technology platform that can improve air flow and provide both drug delivery and diagnostic capabilities.

**All financial figures contained in this Announcement are provided on an unaudited basis and are in \$AUD
#Nasopharyngeal Swabs for COVID-19 Test Kits Market by Types (Flocked Swabs, Cotton Swabs, Polyester Swabs, Other),
Applications (Hospital, Clinic, Other) and Region - Global Forecast to 2026. 360 Research Reports*

Appendix 4C

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

Name of entity

Rhinomed Limited

ABN

12 107 903 159

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	709	1,998
1.2 Payments for		
(a) research and development	(251)	(713)
(b) product manufacturing and operating costs	(157)	(508)
(c) advertising and marketing	(736)	(1,558)
(d) leased assets	-	-
(e) staff costs	(704)	(2,160)
(f) administration and corporate costs	(457)	(1,254)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	25
1.5 Interest and other costs of finance paid	(6)	(15)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	325
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,597)	(3,859)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(23)	(32)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(23)	(32)

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(22)
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	-	(22)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,520	7,838
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,597)	(3,859)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23)	(32)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(22)
4.5	Effect of movement in exchange rates on cash held	3	(22)
4.6	Cash and cash equivalents at end of period	3,903	3,903

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	3,903	5,520
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)	3,903	5,520

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	195
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.

Item 6.1: Directors fees and salaries, excluding GST where applicable.
Executive Board remuneration - \$81k
Non-Executive Board remuneration - \$70k
Related party transaction - \$44k

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,597)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,903
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,903
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.44
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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:	
8.6.2 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:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

Date: 30 April 2021

Authorised by: By the Board of Rhinomed Limited.
(Name of body or officer authorising release – see note 4)

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.