RHINOMED
MAKE EVERY BREATH COUNT

JUNE QUARTERLY ACTIVITIES AND BUSINESS UPDATE

TOPLINE

- **Consumer Health Business**
  - **Unaudited FY21 revenues increase 12% on prior year to $3.898m**
  - **Q4 FY21 revenues - $951k**
  - **75,163 units shipped to customers**
  - **Q4 cash receipts of $918k increase 29% from Q3**
- **New nasal swab hits key milestones:**
  - **Rhinoswab business development program gaining strong traction, first sales.**
  - **Post market clinical trials being scoped in Australia**
  - **In market study in the Netherlands interim results**
  - **Production scaling up domestically and internationally.**
- **Cash Balance of $2.4m, strong account receivable book at quarter end and working capital facility in place**

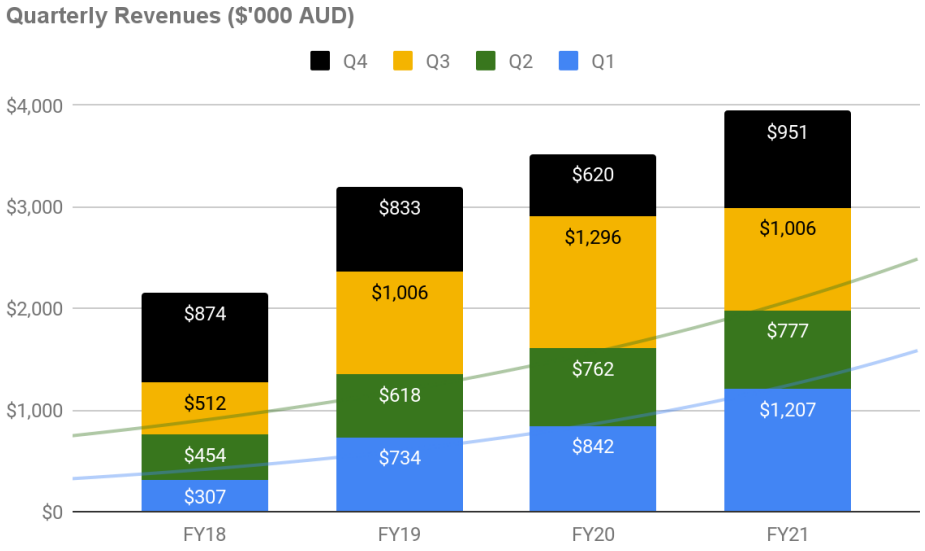
29th July, 2021: Melbourne, Australia.
Rhinomed Limited (ASX:RNO OTCQB:RHNMF) a leader in wearable nasal and respiratory technology is pleased to report continued year on year growth, with FY21 revenues of $3.9m up 12% on FY20.

Strong quarter on quarter cash receipts growth saw receipts for FY21 Q4 grow to $918k - up 29% on Q3. FY21 Q4 unaudited Revenues were $951k, a flat quarter on quarter result, reflective of the ongoing impact of the pandemic on global foot traffic in pharmacies over the period.

FY21 Revenues were supported by 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 with the Mute brand now being rolled out in the Priceline chain.

In the USA, the pharmacy drug store market continues to show signs of recovery. The company was able to increase its presence in the USA via an expansion of shelf presence in the Rite Aid and Giant Eagle chains being a highlight. However, the impact of the Covid-19 pandemic has been very much felt in a significant drop in foot traffic as consumers sought to consolidate shopping trips. The Cough, Cold, Flu categories were particularly impacted. As the US continues to recover we expect to see revenues resume previous growth rates.

Throughout the quarter the company continued to focus on building out its online presence and in particular its performance on the Amazon platform. Pleasingly, this is showing some very promising signs, with the Mute product being ranked in the Top 50 sleep products in Amazon USA.
The company shipped 75,163 units to customers during the quarter, representing a 17% increase on the prior quarter.



Current revenue treatment status

At the end of FY21 Q4 the company recorded $951k in recognised revenues and an additional $231k 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 Q4	75,163	$951k	$231k	$647k

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/

Business Development Program

The Company is actively engaged with multiple parties both here in Australia and internationally as it seeks to bring the Rhinoswab to market. The Company is pleased to report that it has to the 29th of July received orders for over 200,000 swabs to date. We believe that demand for Rhinsowab will continue to grow and we will provide updates to the market as and when material supply agreements are finalised. With global demand for nasal swabs continuing to grow the company is focused on securing significant supply agreements with major customers in a market that was reported to be worth $4bn in 2020.[#]

Post market Trials

Rhinomed is continuing to examine how the Rhinoswab improves clinical outcomes, accelerates testing centre workflows and increases the number of people who can be tested easily and quickly.

The Company is developing protocols for two trials with leading hospitals located in Melbourne, Australia that will seek to add to the existing data and evidence that has already been disclosed. These trials will compare the Rhinoswab to the existing nasopharyngeal swab and saliva testing.

Both the nasopharyngeal and saliva swabs have weaknesses including a lack of standardisation in the collection process, poor user acceptance, and in the case of saliva, issues that can potentially impact the saliva sample. The Company continues to believe that the Rhinoswab provides a compelling and easily implemented alternative to both nasopharyngeal and saliva testing. Rhinomed will provide further details on the trials as scoping is finalised and upon the receipt of ethics approval from these hospitals.

Dutch in market study
Rhinomed has been working closely with a leading Dutch hospital, CWZ, on the use of Rhinoswab in a clinical setting, a remote testing environment and a local Government COVID-19 testing centre. These three environments will provide a valuable insight into how effective and easy the Rhinoswab is to deploy as a sampling methodology. This study is nearing completion. Interim results indicate that user acceptance of the Rhinoswab is in line with the previously published user study data. Additionally, there is increasing evidence that the Rhinoswab can significantly increase the number of people who can be sampled using the Rhinoswab and the ease with which users can provide a valid sample.

Regulatory registration
During the FY21 Q4 the company successfully registered the Rhinoswab with the European Authority and on May 20, 2021 received a CE Mark. With significant interest in Rhinoswab globally the company will continue to assess regulatory approvals as needed.

Production capacity
As previously disclosed, the Company began initial production of the Rhinoswab through a small scale production facility in Keysborough, Melbourne. The facility will be increasing its production capacity at the start of August 2021. Given the significant export market potential and increasing level of interest in Rhinoswab, the Company is examining the further expansion of the local manufacturing resource and the addition of offshore manufacturing resources in both Asia and Europe in order to provide a secure supply chain. The Company will provide further details on any material changes to production capacity in due course.

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 Developmen*t: increased 78% to $447k (FY21 Q3 - $251k) which covers the company's new technology development program. This takes into account the investment made in the Rhinoswab program, which represented $297k in Q4.
- *Production costs:* decreased 7% to $147k (FY21 Q3 - $157k) 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 14% to $837k (FY21 Q3 - $736k). The company continued its marketing investment in our key market, the USA, during Q4. We also invested domestically in the Australian market.
- *Staff Costs*: increased 17% to $827k (FY21 Q3 - $704k). 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 $193k and Non-Executive Board Remuneration of $81k. 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*: decreased 21% to $362k (FY21 Q3 - $457k).

Over the quarter cash receipts from customers increased by 29% to $918k (FY20 Q3 - $709k) largely due to increased revenue in Q2 and Q3.

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 $2.4 million. In addition we note that the vast majority of our Account Receivables balance of $647k million is held in $USD with our premium pharmacy accounts. On 29 July 2021 Rhinomed Limited entered into unsecured working capital facilities to the value of $2,500,000. These were provided equally from related parties associated with our Chairman, Ron Dewhurst and Non Executive Director John McBain. The facilities are on arms-length, commercial terms and are repayable by 31 July 2023.

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.

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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	**Quarter ended ("current quarter")**
12 107 903 159	30 June 2021

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	918	2,916
1.2	Payments for		
	(a) research and development	(447)	(1,159)
	(b) product manufacturing and operating costs	(147)	(655)
	(c) advertising and marketing	(837)	(2,395)
	(d) leased assets	-	-
	(e) staff costs	(827)	(2,988)
	(f) administration and corporate costs	(362)	(1,615)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	29
1.5	Interest and other costs of finance paid	(7)	(23)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	186	511
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,520)**	**(5,379)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(17)	(49)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
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**	**(17)**	**(49)**

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	3,903	7,838
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,520)	(5,379)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17)	(49)
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	10	(12)
4.6	**Cash and cash equivalents at end of period**	**2,376**	**2,376**

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	2,376	2,376
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)**	**2,376**	**2,376**

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	318
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 - $193k

Non-Executive Board remuneration - $81k

Related party transaction - $44k

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	-	-
7.2	Credit standby arrangements	2,500	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**2,500**	-

7.5	**Unused financing facilities available at quarter end**	2,500

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.

On 29 July 2021 Rhinomed Limited entered into an unsecured working capital facility to the value of $2,500,000 AUD, provided equally from an entity related to the Company, Chairman Ron Dewhurst and an entity related to the Company, Non Executive Director John McBain.

The facility is repayable by 31 July 2023.

This facility will be retired no later than the expiry date.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,520)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,376
8.3	Unused finance facilities available at quarter end (item 7.5)	2,500
8.4	Total available funding (item 8.2 + item 8.3)	4,876
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	3.21

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.

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:	

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.

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 July 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.