

QUARTERLY ACTIVITIES AND BUSINESS UPDATE

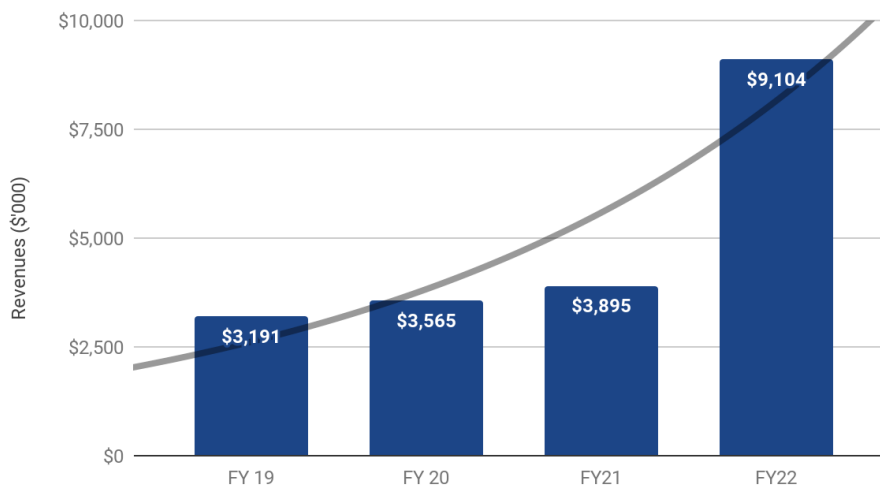
TOPLINE

- Record FY22 unaudited revenue of \$9.1m, up \$5.2m or 134% on FY21 revenues of \$3.9m
- Record cash receipts FY22 of \$8.8m up \$5.9m (200%) on FY21 receipts of \$2.9m
- Quarterly revenues \$2.32m, up 156% year on year, beating forecast:
- Rhinoswab Supply agreement with SureScreen Australia:
 - Minimum Rhinoswab orders of 10 million over 24 months, orders to commence Q1FY23
 - Significant material impact on revenues in FY23 and FY24
 - Exclusivity in the Australia, New Zealand, Singapore and South Pacific region markets
 - Builds on 22.5 million swab supply agreement with Canada based BTNX announced earlier this year (ASX: 7 April 2022)
- Rhinoswab and Rhinoswab Junior pipeline continues to grow

28 July 2022: Melbourne, Australia.

Rhinomed Limited (ASX:RNO OTCQB:RHNMF), a leader in wearable nasal and respiratory technology, has continued to deliver on key milestones delivering record full year revenues with strong momentum across the business.

FULL YEAR REVENUES



Financial snapshot

Revenue for FY22 was \$9.1m (unaudited), up 134% on FY21, and beating the forecast provided at the end of FY22 Q3 of \$8.8m. FY22 Q4 revenues were \$2.32m, up 156% on the FY21 Q4 revenue of \$0.905m and beating the Q4 forecast of \$2.0m reflecting the continuing growth from our consumer health business.

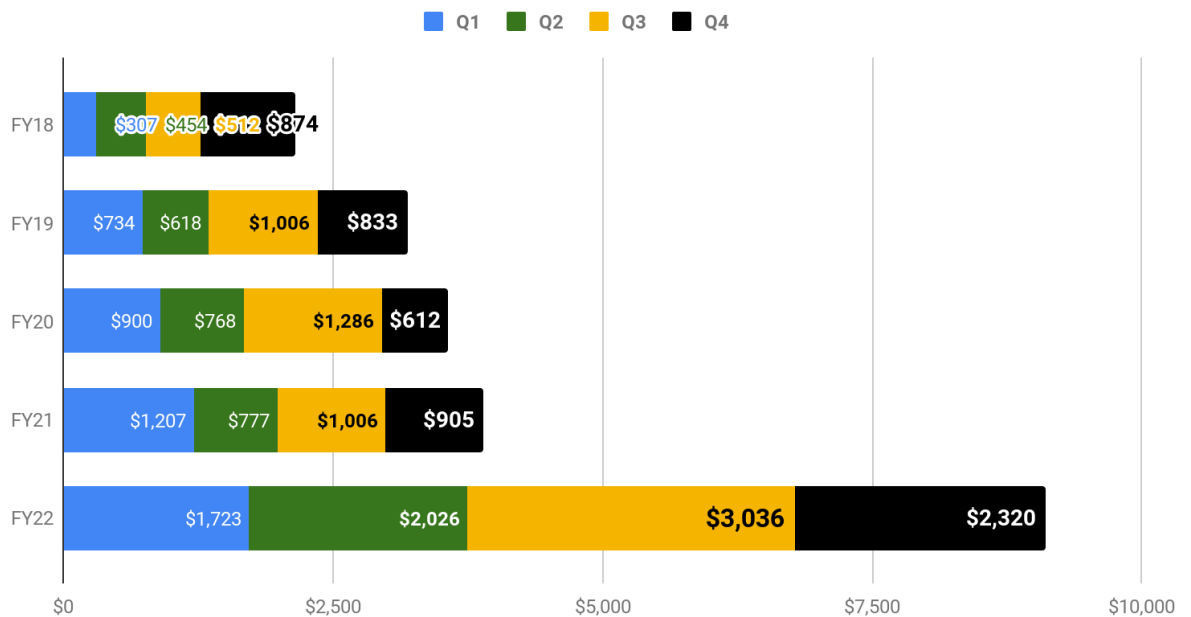
Cash receipts in FY22 reached a record \$8.8m, up 200% on FY21 of \$2.9m. Investors should note that the high cash burn over the course of the year reflected the significant investment in plant and equipment as the company built out its production capacity in order to respond to the growing demand for its new range of swabs.

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Group Revenues	Quarterly Receipts	FY 22 unaudited Revenue	Balance Sheet	Units shipped
<ul style="list-style-type: none">FY22 Q4 - \$2.32mUp 156% on Q4 FY21	<ul style="list-style-type: none">\$1.9 mUp 107% on Q4 FY21	<ul style="list-style-type: none">\$9.1 mUp 134% on FY21 of \$3.9m	<ul style="list-style-type: none">A/C rec - \$1.75mLine of credit \$2.5mNo debt	<ul style="list-style-type: none">Consumer Health - 98k units (Full year - 393,500)Up 38% on FY21

Quarterly Revenues (\$'000 AUD)



Consumer health business:

- Our Consumer health business continues to experience robust growth across our three key markets – the USA, UK and Australia:
 - Units shipped jumped to 97,856 over the quarter – representing a significant increase of over 30% versus Q4 FY21.
 - The number of units shipped to customers and retailers during FY22 reached 393,500 up 38% on FY21
 - The Consumer health business revenue of \$6.0m represented 66% of full year revenue
 - Gross margins remain strong, circa.68%
 - Our retail presence continues to grow with Terry White Chemmart being added across Australia during the quarter. This followed further expansion in the Walgreens chain in the USA earlier in this year
 - Mute continues to experience strong demand and growth online with Amazon US remaining a critically important channel. Pleasingly, Rhinomed’s full range of products continue to experience strong consumer support and ratings. The company expects online revenues to continue to grow in excess of the current 40% annual growth rate
 - Over the quarter the company completed the Amazon UK set up with revenues commencing in Q1 FY23.

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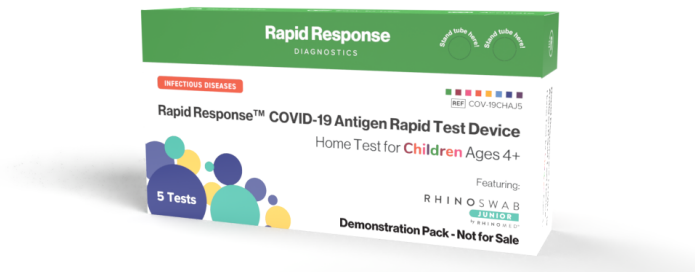
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Diagnostics & Rhinoswab:

- Over the course of FY22 the company continued to accelerate the Rhinoswab program.
- Rhinomed continues to believe that there is overwhelming evidence that the Covid pandemic will continue for a number of years. The current rising number of infections in the Australian winter and subsequent viral mutation will potentially lead to further waves of infection. Adding to this significant health risk is the likelihood of an increase in other upper respiratory diseases such as seasonal flu, RSV, etc.
- The Company believes that the impact being felt in the Southern Hemisphere is likely to translate to the Northern Hemisphere during the coming winter.
- All of these issues will drive global demand for upper respiratory diagnostics. Nasal swabs remain the single most effective population wide sampling method for diagnosing upper respiratory disease and Rhinomed's solution continues to gather strongly supportive data that would indicate that it is not only preferred by users, but is also clinically equivalent to the far more invasive combined nose and throat swab.
- The company had identified a sales pipeline of US\$115m+ over the course of FY22 and remains focused on unlocking these opportunities.
- Key to this is ensuring that we meet the clear demand for Rhinoswab and Rhinoswab Junior with the appropriate production capacity, quality control systems and resources necessary to build a significant global business.
- Over the first half of this calendar year we successfully closed two critical supply deals which will deliver significant revenues over the next 24 months anchored by a minimum production requirement of 32.5 million swabs.

- **BTNX Inc. (Canada)**

- Rhinomed is on track to commence delivery in Q1 FY23 toward the minimum 22.5m commitment from Canadian based BTNX Inc. over a 24 month period.

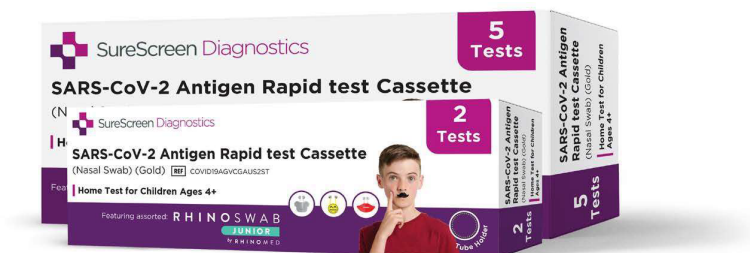


- **SureScreen Australia:**

- As detailed in the ASX announcement dated 18 July 2022 the company completed a supply agreement with SureScreen Australia.
- The agreement features a commitment to order a minimum of 10 million Rhinoswab or Rhinoswab Juniors over a 24 month period. The supply will commence in Q1 FY23.
- Exclusivity for SureScreen Australia has been granted for Australia, New Zealand, Singapore and South Pacific.
- Sure Screen have successfully registered their new SARS-COV-2 Antigen Rapid test cassette with the Rhinoswab Junior with the Australian TGA.

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Production capacity

- Rhinomed has continued to significantly expand our production capability across Q4 FY22. This is in response to significant demand for its consumer health and diagnostics technology.
- The company is pleased to advise that we have current manufacturing capacity to meet all current demand. Rhinomed is continuing to develop additional manufacturing partners to meet demand globally. This will see the company diversify our production sources, allowing us to meet demand as well as mitigating risks associated with supply chains and logistics.
- The company expects to provide material updates on the program over the course of Q1 FY23.

Current revenue treatment status

At the end of Q4 FY22 the company recorded \$2.32m in recognised revenues and an additional \$319k* as 'unrecognised revenue'. This figure represents those goods that have been invoiced to customers and that will be recorded as recognised revenues in coming quarters.

	Stock Shipped	Recognised revenues	Unrecognised Revenues	A/C receivables
FY22 Q4	97,856	\$2.320m	\$319k *	\$1.75m
FY22	393,500	\$9.105m	\$653k **	\$1.75m

* The amount of \$319k represents goods delivered and invoiced to customers during Q4 FY22, but not brought to the Profit and Loss Statement as recognised revenue. This amount will be brought to the Profit and Loss Statement in coming periods. This amount sits within the year end number of \$653k. It is not in addition to the \$653k.

** The amount of \$653k represents goods delivered and invoiced to customers at 30 June 2022 across FY22, but not yet brought to the Profit and Loss Statement as recognised revenue. The amount of \$653k will be recognised in coming periods.

Operational Update

The company remains focused on delivering on its strategy of optimising 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*: increased 75% to \$501k (Q3 FY22 – \$287k) reflecting the more advanced stages of the company's new technology development, and continued investment in specialized equipment to produce the proprietary Rhinoswab range.
- *Production costs*: decreased 2% to \$939k (Q3 FY22 – \$955k) reflecting the investment in manufacturing Rhinoswab, ordering stock, partially for increased demand, and also to allow for increased delivery times globally due to the global pressures on logistics.

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- *Marketing and Promotion:* increased 60% to \$1,838k (Q3 FY22 – \$1,149k). The company continued its marketing investment in our key market, the US, the UK and Australia during Q4.
- *Staff Costs:* decreased 19% to \$884k (Q3 FY22 – \$1,090k). 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 \$119k and Non-Executive Board Remuneration of \$90k. 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 17% to \$515k (Q3 FY22 – \$624k).

Over the quarter cash receipts from customers decreased by 32% to \$1.899m (Q3 FY22 – \$2.8m) largely due to revenue in Q2 FY22 relating to Rhinoswab being collected in Q3 FY22.

Solid financial position

The company continues to execute a prudent capital conservation strategy to support its operational momentum and allow us to deliver on short term revenue opportunities. The closing quarterly cash balance was \$2.032m. Closing Accounts Receivable was \$1.75m. The company expects to collect approximately \$830k in the coming month of the 30 June 2022 balance of Accounts Receivable.

In July 2021 Rhinomed entered into an unsecured working capital facility to the value of \$2.5m. This was provided equally from entities related to the company by way of our Chairman, Ron Dewhurst and Non-Executive Director John McBain. The facility is on commercial terms and is repayable by 31 July 2023. This facility has not been drawn on.

The company is strongly of the opinion that there are sufficiently strong cashflow generated from sales, along with a solid Accounts Receivable position to ensure we remain able to meet debts as and when they fall due. The company is not of the opinion that it will need to raise funds in the near term.

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*

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")

30 June 2022

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	1,899	8,780
1.2 Payments for		
(a) research and development	(501)	(1,679)
(b) product manufacturing and operating costs	(939)	(3,139)
(c) advertising and marketing	(1,838)	(4,677)
(d) leased assets	(56)	(224)
(e) staff costs	(884)	(3,657)
(f) administration and corporate costs	(515)	(1,831)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(1)	(11)
1.6 Income taxes paid	-	(1)
1.7 Government grants and tax incentives	-	425
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,835)	(6,012)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(228)	(717)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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 (12 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	(228)	(717)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,923	4,923
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	1,722
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(263)	(263)
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	4,660	6,382

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	427	2,376
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,835)	(6,012)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(228)	(717)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,660	6,382

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	8	3
4.6	Cash and cash equivalents at end of period	2,032	2,032

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	2,032	427
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)	2,032	427

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	253
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 - \$119k

Non-Executive Board remuneration - \$90k

Related party transaction - \$44k

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	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	<p>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.</p> <p>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.</p> <p>The facility is repayable by 31 July 2023.</p> <p>This facility will be retired no later than the expiry date.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,835)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,032
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)	4,532
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.60
	<p><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></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: The company doesn't expect continued levels of net operating cash flows. The company invested heavily in operating expenditure in Q4, particularly for Research and Development and Advertising and Marketing. This saw an increase of c. \$900k on the prior quarter (Q3 FY22). This material amount would see the quarter coverage at 2.3 quarters. This additional amount spent is investing for future revenues and associated cashflows. The company expects to realise this increased revenue and associated cashflow across Q1 and Q2 in FY23 and then ongoing.</p>	

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: The company believes that the combination of strong Accounts Receivable and Revenues will ensure the company does not need to raise external funds in the near term.

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: The Company is strongly of the view that it will continue its operations and meet all obligations as and when they fall due. This will be internally funded by way of continued strong cashflows, current Accounts Receivable being collected and access to our FY22 R&D tax incentive.

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: 28 July 2022

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.