RHINOMED
MAKE EVERY BREATH COUNT

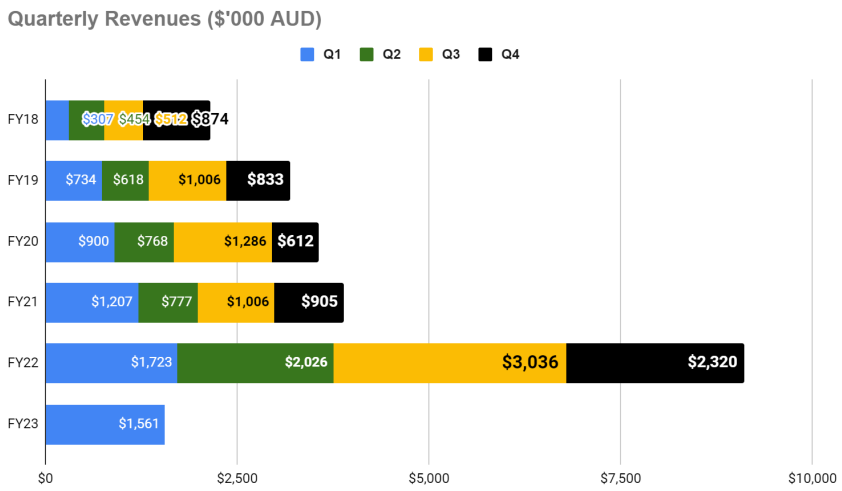
QUARTERLY ACTIVITIES AND BUSINESS UPDATE

TOPLINE

- **First Rhinoswab orders received from BTNX (1.5 million swabs) as part of 22.5m swab supply deal**
- **Signs Rhinoswab Supply agreement with SureScreen Australia:**
  - **Minimum Rhinoswab orders of 10 million over 24 months.**
  - **Material impact on revenues in FY23 and FY24.**
  - **Exclusivity in the Australia, New Zealand, Singapore and South Pacific region markets.**
  - **First orders received for Rhinoswab Juniors**
  - **SureScreen receives TGA approval of Children's Covid rapid antigen test kit including Rhinsowab Junior.**
- **Q1 FY23 unaudited recognised revenue of $1.561m.**
- **Consumer Health revenue of $1.557m, up 29% on Q1 FY22.**
- **Successful Clinical trial results from Murdoch Children's Research Institute & Royal Children's Hospital Rhinoswab Junior trial.**
- **Appointment of healthcare leader Lyn Swinburne AO, as Non-Executive Director.**

31 October 2022: Melbourne, Australia.
Rhinomed Limited (ASX:RNO OTCQB:RHNMF), (**Rhinomed** or **Company**) a leader in wearable nasal and respiratory technology, has continued to deliver on key milestones with strong momentum continuing across the business.

Financial snapshot
Recognised revenue for Q1 FY23 was $1.561m (unaudited), down 33% on Q4 FY22. This excluded the receipt during the quarter of $1.9m of orders for Rhinoswab from BTNX and Sure Screen Australia which will be recognised in coming quarters. Revenue from the consumer health business unit was $1.557m, an increase of $352k or 29% on Q1 FY22.



- * https://www.medrxiv.org/content/10.1101/2022.09.21.22280208v1

During the quarter the Company received its first Rhinoswab orders (1.5 million swabs) from BTNX, its Canadian lateral flow diagnostic and rapid antigen test partner (see ASX announcement dated 7 April 2022 for further details on the agreement). These orders are part of the 2 year, minimum 22.5 million swab supply agreement. In addition, the Company also received its first orders from SureScreen Australia kicking off the 2 year, minimum 10 million Rhinoswab supply agreement (see ASX announcement dated 17 August 2022 for further details). Total value of orders received was $1.9m. Revenues and receipts from these material orders will be received and recognised in the coming quarters.

Cash receipts in Q1 FY23 were $1.4m, down 27% on Q4 FY22 of $1.9m. The net cash burn for FY23 Q1 included significant investment in stock levels as the Company built out its production capacity in order to respond to the growing demand and to fulfill orders for its new range of swabs.

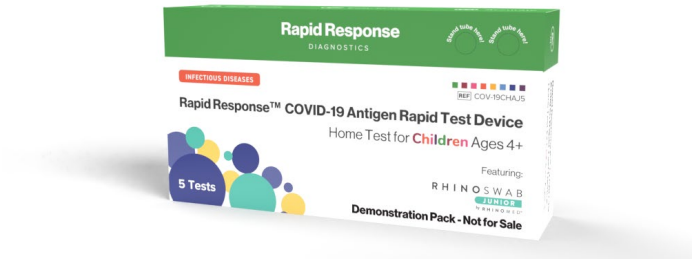
Consumer health business:

- Our Consumer health business continues to experience robust growth across our three key markets – the USA, UK and Australia:
    - Units shipped were consistent at 98,687 over the quarter.
    - The Consumer health business recorded revenue of $1.557m for Q1 FY23.
    - Gross margins for the Consumer Health business remain strong, circa.73%.
    - While revenues in the US market were seasonally flat over the northern hemisphere summer, our retail presence continues to grow with further expansion in the US based Walgreens chain of up to 8,000 stores confirmed in Q1 FY23. This will begin to impact revenues in Q3 FY23.
    - Our retail presence in the Australian market also continues to grow with chain wide roll out in the Terry White pharmacies. The Australian market continues to deliver quarterly record revenue - up 30% on Q4 FY22 .
    - 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.

Diagnostics & Rhinoswab:

- **BTNX**
    - The Company was pleased to receive its first orders for Rhinoswab from its Canadian lateral flow and rapid antigen test partner BTNX.
    - BTNX is Canada's largest supplier of rapid antigen tests having supplied in excess of 390 million to the Canadian Government.
    - The Order for 1.5 million Rhinoswab Juniors are the first orders that form part of the minimum 22.5 million Rhinoswab supply agreement announced earlier in 2022.
    - Revenues and receipts from this order will be received and recognised over the course of FY23 Q2 and Q3.

    - * https://www.medrxiv.org/content/10.1101/2022.09.21.22280208v1



- **SureScreen Australia**
  - The Company completed a new supply deal with SureScreen Australia, the Australian distributor for one of the UK and Europe's premier lateral flow diagnostic companies SureScreen Diagnostics UK.
  - This is a two year, 10 million Rhinoswab supply deal with first orders received during FY23 Q1.
  - SureScreen Australia has also successfully received TGA approval for the SureScreen Rapid antigen test kit including the Rhinoswab Junior. This is Australia's first rapid antigen test kit design specifically for children.
  - SureScreen has submitted a further application to the TGA for inclusion of the Rhinoswab adult into a rapid antigen test kit that will target the aged care sector.

- **Upper Respiratory Disease Diagnostic market opportunity**
  - The global upper respiratory disease diagnostic market continues to grow significantly.
  - Government modeling indicates that the Covid pandemic will continue for a number of years with waves expected every 3-6 months. Current waves of SARS-CoV-2 impacting the northern hemisphere are being driven by new variants.
  - Investors should note that the Rhinoswab range standardises the sample collection process and has been shown to detect a wide range of upper respiratory pathogens including but not limited to SARS-CoV-2, RSV and influenza across both PCR and Lateral flow testing platforms.
  - 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.
  - During FY23 Q1 the Company exhibited at the American Association of Clinical Chemistry conference in Chicago. The Company received an extremely strong response and identified significant opportunities and remains focused on unlocking these over the course of FY23.
  - Investors can view some of the coverage Rhinomed received at the conference https://www.nbcchicago.com/top-videos-home/co/2898859/

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- **Successful clinical trial results**
  - The Company continues to build compelling clinical evidence that Rhinoswab Junior is the emerging gold standard for sample collection from children.
  - Over the course of Q1 FY23 the Company announced the successful outcomes from a pivotal trial carried out at the Murdoch Children's Research Institute & Royal Children's Hospital Melbourne. The *Less invasive SARS-CoV-2 testing for children: A comparison of saliva and a novel Anterior Nasal Swab** trial showed that Rhinoswab Junior:
    - can be readily used by children to self-collect,
    - is more comfortable and preferred to the standard combined nose and throat swabs,
    - is highly sensitive and accurate for SARS-CoV-2 detection, and
    - is more sensitive and has better COVID-19 case detection than saliva sampling.
    - The trial confirms Rhinoswab Junior is the preferred method of sample collection for respiratory diseases for children whether for PCR or RAT testing.
    - Enables regular and repeat testing of children for a range of respiratory viruses at home, in schools and health settings.
  - This trial builds on the previous studies by the Murdoch Children's Research Institute & Royal Children's Hospital Melbourne that showed:
    - 79% of parents want children to be tested with Rhinoswab Junior.
    - 82% of nursing staff would prefer to test children with the Rhinoswab Junior.
    - Reduces fear & anxiety in children and their parents over testing.
    - Empowers children to take their own sample under supervision.
    - Less intrusive, more comfortable & pain free.

Appointment of Ms. Lyn Swinburne AO as Non-Executive Director

During the quarter Rhinomed was pleased to announce the appointment of Ms. Lyn Swinburne AO, one of Australia's most experienced consumer-led health leaders, as a Non-Executive Director of Rhinomed.

Ms. Swinburne is the founder of Breast Cancer Network Australia, the nation's most successful consumer-led health organisation with over 160,000 network members. Over the course of her career she has revolutionised awareness of breast cancer and driven a fundamental change to patient-centered care for breast cancer sufferers. She is internationally recognised as a pioneer and leader in developing best practice models for consumer input into health research, policy, services and commercial outcomes. An experienced Non-Executive Director in the corporate and not-for-profit sectors, Ms. Swinburne recently stepped down after nine years as Chair of the Board of the Royal Women's Hospital, Melbourne.

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We also thanked Dr Eric Knight who retired from Rhinomed's Board after 8 and a half years of service as a Non-Executive Director.

Production capacity

Rhinomed has continued to significantly expand our production capability across Q1 FY23. This is in response to significant demand for its consumer health and diagnostics technology.

The Company is pleased to advise that we have manufacturing capacity to meet forecast demand. Rhinomed is continuing to identify additional manufacturing capacity to meet global demand. 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.

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 Developmen*t: decreased 52% to $242k (Q4 FY22 – $501k) reflecting the more advanced stages of the Company's new technology development, and continued investment in specialised equipment to produce the proprietary Rhinoswab range.
- *Production costs:* increased 23% to $1,158k (Q4 FY22 – $939k) reflecting the investment in manufacturing both Mute and Rhinoswab, ordering stock, partially for increased demand, and also to allow for increased delivery times globally due to the global pressures on logistics.
- *Marketing and Promotion:* decreased 68% to $592k (Q4 FY22 – $1,838k). The Company continued its marketing investment in our key market, the US, the UK and Australia across Q1.
- *Leased assets:* increased 5% to $59k (Q4 FY22 - $56k).
- *Staff Costs*: increased an immaterial 1% to $895k (Q4 FY22 – $884k). 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 $93k 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 19% to $418k (Q4 FY22 – $515k).

Current revenue treatment status

At the end of Q1 FY23 the Company recorded $1.56m in recognised revenues and an additional $177k* 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. In addition it has received orders for $1.9 million Rhinoswabs which will increase Accounts Receivables to $3.6m.

	Stock Shipped	Recognised revenues	Rhinoswab Orders received	Unrecognised Revenues	A/C receivables
Q1 FY23	98,687	$1.561m	$1.94	$177k *	$1.57m

* The amount of $177k represents goods delivered and invoiced to customers during Q1 FY23, 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.

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Working Capital facility established

- The significant increase in orders from the Rhinoswab business and the increased forecast revenues from the US consumer health business is expected to grow both revenues and the Company's Account receivables considerably over the course of FY23. While the accounts receivable balance as at 30 September was $1.6m it is forecast to grow to $3.6m by end of FY23 Q2 and to be significantly greater over the course of FY23.
- With this in mind the Company has identified an opportunity to optimize its growth through a working capital and line of credit facility secured against its growing Accounts Receivables.
- This Company has now secured and finalised a revolving working capital facility through a leading international lender which will provide up to 80% of eligible Accounts Receivables at a commercial interest rate, to a maximum of $2.8m. The facility will provide the Company with a non-dilutive funding mechanism to enable it to continue to drive considerable growth and to meet forecast demand across FY23.
- In addition, the Company entered an agreement with Radium Capital whereby the Company gained early access to $482k of the FY22 R&D tax incentive of $603k.

In July 2021 Rhinomed entered into an unsecured line of credit 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.

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*

- * https://www.medrxiv.org/content/10.1101/2022.09.21.22280208v1

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 September 2022

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	1,378	1,378
1.2	Payments for		
	(a) research and development	(242)	(242)
	(b) product manufacturing and operating costs	(1,158)	(1,158)
	(c) advertising and marketing	(592)	(592)
	(d) leased assets	(59)	(59)
	(e) staff costs	(895)	(895)
	(f) administration and corporate costs	(418)	(418)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	482	482
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,507)**	**(1,507)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(60)	(60)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(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**	**(60)**	**(60)**

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	-	-
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.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,032	2,032
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,507)	(1,507)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(60)	(60)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(4)	(4)
4.6	**Cash and cash equivalents at end of period**	**461**	**461**

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	461	461
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)**	**461**	**461**

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	227
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 - $93k

Non-Executive Board remuneration - $90k

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)	(1,507)
8.2	Cash and cash equivalents at quarter end (item 4.6)	461
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)	2,961

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.96

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:

The Company has decreased net operating cashflows to a run rate of ($1.5m) in FY23 Q1.

The consumer health business grows continues to grow (year on year growth of 54% in FY22)

The Company has also secured supply agreements for Rhinoswab totalling 32.5m swabs over the next 24 months.

The Company expects to see its net operating cash flows move to a breakeven position over the course of FY23

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 has received orders for $1.9 million Rhinoswabs over the course of FY23 Q1 which will be delivered over Q2 and Q3 FY23. This and future forecast orders will significantly increase Account Receivables, none of which have previously come through the App 4C as cash inflows. Account receivables will increase to $3.6m+ by Q2 FY23.

The Company has post quarter end established a revolving working capital facility with an international lender against Accounts Receivable to a maximum of $2.8m.

This facility will provide up to 80% of eligible Accounts Receivables at a commercial interest rate. Access to these funds on an ongoing revolving basis will be non-dilutionary to holders of the Company.

The Company believes access to this facility on an ongoing basis, which matches the maturity and growth of the business, will provide surplus operating cashflows and not require the Company to raise any additional capital at this stage.

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 has put in place a working capital facility as outlined above in section 8.6.2, and has a separate line of credit facility provided by directors which when combined with its ongoing growth and terms of business will ensure it will continue to operate and meet all obligations as and when they fall due and fund its ongoing operations.

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: 31 October 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.