

SEPTEMBER QUARTERLY ACTIVITIES AND BUSINESS UPDATE

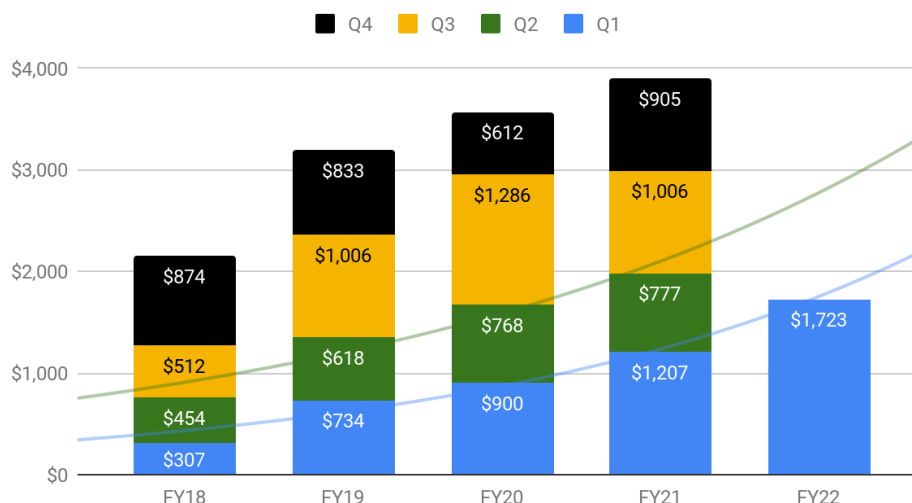
TOPLINE

- **Business experiencing positive growth across all markets:**
 - Q1 FY22 Total sales orders exceed \$4.203m
 - Q1 FY22 recognised revenues - \$1.723m, up 90% on Q4 FY21 audited revenues
 - Q1 FY22 Cash receipts - \$1.548m
- **Mute, Turbine and Pronto revenues recover as retail markets open up:**
 - Mute, Turbine, Pronto revenues - \$1.2m up 33% on Q4 FY21 audited revenues
 - 74,479 units shipped to customers
 - New retail accounts added across US, UK and Australian markets
- **Rhinoswab generates first commercial sales:**
 - Initial Rhinoswab sales orders of \$3.02m
 - Recognised revenues of \$0.52m
 - Significant global sales pipeline for both Rhinoswab and Rhinoswab Junior in both PCR and rapid antigen testing
 - Production scaling up locally and internationally.

28 October 2021: Melbourne, Australia.

Rhinomed Limited (ASX:RNO OTCQB:RHNMF) a leader in wearable nasal and respiratory technology is pleased to report strong FY22Q1 revenue of \$1.7m and continued year on year growth. Sales orders received across the business in Q1 FY22 now exceed all of FY21's reported revenues.

Quarterly Revenues (\$'000 AUD)



Consumer health business

The consumer health business (Mute, Turbine, Pronto) continues to see strong organic growth via both its extensive global retail networks and through online ecommerce. Recognised revenues for Q1 FY22 were \$1.205m up from \$905k in Q4 FY21 - an increase of 33% as the US market began to recover following the downturn in foot traffic over the last 18 months.

RHINOMED

MAKE EVERY BREATH COUNT

In the US revenue grew from \$750k in Q4 FY21 to \$974k in Q1 FY22, representing an increase of 30%. The company added the Giant Eagle retail chain situated in the US northeast, while in the UK Mute is being added as a line in Holland & Barrett, a leading health and wellbeing chain. Despite the Australian market being in lockdown in both NSW and Victoria, the company has grown its pharmacy numbers in Australia via the rollout of Mute in the API pharmacy network.

The company's strategy to strengthen its presence online is generating pleasing results. This investment in the digital channel is focused on building awareness of the Mute technology and its unique ability to assist people to breathe more, snore less and sleep better. The campaign is gaining substantial traction with Mute now consistently appearing in the top 100 sleep products sold by Amazon in the US. As this strategy generates momentum we will be leveraging this experience and learnings into other key markets via Amazon including the UK and Europe.

Rhinoswab business

Rhinomed's new Rhinoswab program has continued to gain significant interest from pathology groups, pathology and diagnostic technology companies, governments, distributors and rapid antigen testing companies worldwide.



The Rhinoswab provides a compelling and novel solution to sample collection for upper respiratory diseases. The Rhinoswab standardises the sample collection process while making it easier and more comfortable to get a statistically larger sample. These benefits are baked into the patent pending design of the Rhinoswab and Rhinoswab Junior and resolve significant long term issues that impact the sensitivity, specificity and overall accuracy of the testing technology for upper respiratory disease (SARS-CoV-2, influenza, RSV etc) including both PCR and rapid antigen testing.

We were pleased that in Q1 FY22 we received first orders for the new Rhinoswab. NSW Health Pathology placed an initial order for one million Rhinoswabs. The Rhinoswabs were included as part of a testing and vaccination program of over 15,000 year 12 high school students at Qudos Bank Arena in Sydney. Investors can view a short video of this program here <https://www.youtube.com/watch?v=DiMFGb4iFW0>. We continue to work closely with NSW Health Pathology as it integrates the Rhinoswab into its testing protocols.

We were also pleased to receive an initial order for one million Rhinoswabs from the Victorian Health Department, which is also integrating the Rhinoswab into its testing program. It is gratifying to receive such strong support for an Australian developed innovation from the NSW and Victorian governments and we look forward to assisting other State and Territory governments in their efforts to deliver more effective mass high frequency testing.

Rhinoswab sales orders were \$3.02m for the quarter with \$518k recorded as recognised revenue based on product manufactured and delivered during Q1 FY22.

Our business development program is well advanced and we are actively negotiating with a number of customers. The company is pursuing opportunities across several key channels including government, large pathology laboratories, testing organisations and rapid antigen testing kit

RHINOMED

MAKE EVERY BREATH COUNT

companies. The company is in early dialogue with a number of companies regarding the inclusion of the Rhinoswab in rapid antigen test kits and the required regulatory approvals. This program has provided us with strong indications of demand and the company expects to be able to update investors on material orders as, and when, they are finalised.

Rhinoswab Junior

During the quarter the company commenced a new clinical trial with the Murdoch Children's Research Institute (MCRI) and the Royal Children's Hospital (RCH) in Melbourne to trial the new Rhinoswab Junior.

The Rhinoswab Junior is the world's first nasal swab designed specifically for children aged 4-12. This age group represents a significant challenge for the healthcare system. Research carried out by the RCH identified that 30-80% of children are not presented for testing because of the trauma, anxiety and fear they experience when being tested. It was identified that traditional nasal swabs significantly contribute to this.



The Rhinoswab Junior addresses this issue head on. Fun, friendly, easy to use and, importantly, effective, we believe that the Rhinoswab Junior has the potential to radically improve the way children are tested for upper respiratory infections (URI) including SARS-CoV-2, Influenza, RSV, Adenovirus, Enterovirus, etc.

With children experiencing significantly more URIs and remaining, at present, unvaccinated, we expect the Rhinoswab Junior to play a part in testing children in the 2022 school year. The trial is expected to report this calendar year.

Production capacity

The potential demand for the Rhinoswab and Rhinoswab Junior has required the company to assess the best method for consistently delivering a secure supply of these two medical devices.

Rhinomed has considered a range of production models to respond to global demand in a timely manner. The company is engaging with and expects to finalise a series of agreements with accredited manufacturers in Europe and the US that will be able supply the Rhinoswab range to global customers. In parallel, Rhinomed will need to expand its existing Chinese based manufacturing program while maintaining a smaller Australian based manufacturing facility. The company currently has a capacity to produce 90 million units per year and expects to increase this to over 100 million units in calendar year 2022.

The company believes that it is feasible to develop a centralised Australian based manufacturing centre that would produce sufficient volume to cater for global supply. Additionally, this manufacturing

RHINOMED

MAKE EVERY BREATH COUNT

centre could act as a hub for future development programs in diagnostics and nasal drug delivery. However, this is not possible without government support.

Rhinomed believes that the development of an Australian based manufacturing facility addresses major policy objectives of improving national health security, building sovereign capability and creating long term jobs in the medical technology sector. We look forward to continuing to investigate this opportunity with government(s) in the future.

Current revenue treatment status

At the end of Q1 FY22 the company recorded \$1.723m in recognised revenues and an additional \$2,694k 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
Q1 FY22	74,479	\$1.723m	\$2.694m	\$3.781m

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 14% to \$510k (Q4 FY21 - \$447k) which covers the company's new technology development program.
- *Production costs*: increased 163% to \$387k (Q4 FY21 - \$147k) reflects 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.
- *Marketing and Promotion*: decreased 1% to \$825k (Q4 FY21 - \$837k). The company continued its marketing investment in our key market, the US and Australia during Q1.
- *Staff Costs*: increased 3% to \$854k (Q4 FY21 - \$827k). 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 \$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*: increased 4% to \$377k (Q4 FY21 - \$362k).

Over the quarter cash receipts from customers increased by 69% to \$1,548k (Q4 FY20 - \$918k) largely due to increased revenue in Q1 FY22 across both the consumer health business and Rhinoswab.

Solid financial position

The company continues to execute a prudent capital conservation strategy to support its operational momentum. While the closing quarterly cash balance was \$0.84 million we note that the vast majority of our Account Receivables balance of \$3.781million relates to Rhinoswab sales to government customers of \$3.2 million that are to be paid in Q2 FY22.

In July 2021 Rhinomed entered into an unsecured working capital facility to the value of \$2,500,000. 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.

RHINOMED

MAKE EVERY BREATH COUNT

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 September 2021

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	1,548	1,548
1.2 Payments for		
(a) research and development	(510)	(510)
(b) product manufacturing and operating costs	(387)	(387)
(c) advertising and marketing	(825)	(825)
(d) leased assets	(57)	(57)
(e) staff costs	(854)	(854)
(f) administration and corporate costs	(377)	(377)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,463)	(1,463)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(81)	(81)
(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 (3 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	(81)	(81)

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	2,376	2,376
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,464)	(1,464)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(81)	(81)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	9	9
4.6	Cash and cash equivalents at end of period	840	840

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	840	840
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)	840	840

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	215
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 - \$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 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>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)	(1,464)
8.2 Cash and cash equivalents at quarter end (item 4.6)	840
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)	3,340
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.28
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: 28 October 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.