

MARCH QUARTERLY ACTIVITIES AND BUSINESS UPDATE

TOPLINE

- Record Quarterly revenues \$3.04m, up 203% year on year:
 - Strong Consumer health revenues via online and via retail store count increases
 - Q3 FY22 Cash receipts up 295% year on year – \$2.8m
- Rhinoswab Supply agreement with BTNX Inc:
 - Minimum Rhinoswab orders of 22.5 million over 24 months, orders to commence July 2022
 - Significant material impact on revenues in FY23 and FY24
 - Exclusivity in the Canadian market and non-exclusivity in other markets
- Rhinoswab pipeline continues to grow
- Rights issue raising up to \$5.0 million

28 April 2022: Melbourne, Australia.

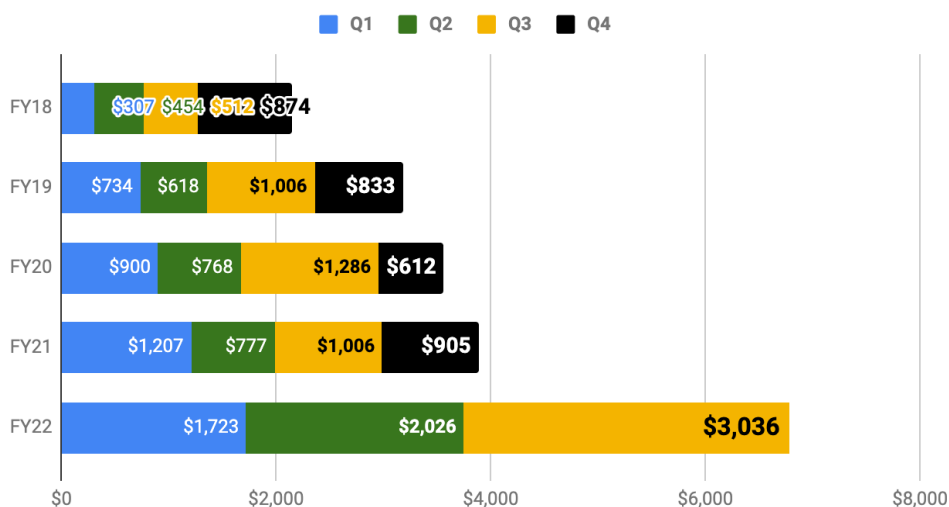
Rhinomed Limited (ASX:RNO OTCQB:RHNMF), a leader in wearable nasal and respiratory technology, has continued to deliver on key milestones with strong momentum across the business.

Financial snapshot

Revenue for Q3 FY22 was \$3.04m, up 50% on the previous quarter's record revenue of \$2.03m and up 203% for the same period last year. The full FY22 revenue guidance remains \$8.9m, an increase of 130% over last year's revenue of \$3.9m.

Group Revenues	Quarterly Receipts	FY 22 Revenue Guidance	Balance Sheet	Units shipped
<ul style="list-style-type: none"> ● \$3.04 m ● Up 203% on Q3 FY21 	<ul style="list-style-type: none"> ● \$2.8 m ● Up 295% on Q3 FY21 ● Up 11% on Q2 FY22 	<ul style="list-style-type: none"> ● \$8.9 m ● Up 130% on FY21 	<ul style="list-style-type: none"> ● A/c rec - \$1.4m ● Rights issue up to \$5.0m ● Line of credit \$2.5m ● No debt 	<ul style="list-style-type: none"> ● Consumer Health - 134,000 ● Up 54% on Q2 FY22 ● Rhinoswabs - 1m

Quarterly Revenues (\$'000 AUD)



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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 134,000 over the quarter – representing a significant increase of over 54% versus Q2 FY22
 - FY22 YTD units shipped is already 104% of the FY21 full year figure
 - Consumer health business revenue contribution – 64%
 - Gross margins remain strong – c.70%
 - Retail presence continues to grow with Walgreens extending the presence of Mute on shelf to over 6,000 stores across the USA.
 - Amazon UK set up has been completed with revenues expected in Q4 FY22
 - Mute is #1 internal nasal dilator in the US market
 - Mute is #32 sleep product on Amazon US
 - In line with World Sleep Day the company released the 2022 Global Annual Sleep and Snoring Report. https://mutesnoring.com/wp-content/uploads/2022/04/SleepSnoring_AnnualReport.pdf

Diagnostics & Rhinoswab:

- **BTNX Inc. Supply agreement:**
 - Supply agreement with Canadian based BTNX Inc. to supply both Rhinoswab and Rhinoswab Junior.
 - BTNX Inc. is Canada's leading point of care diagnostic company – having supplied over 315 million rapid antigen tests over the last 4 months.
 - 22.5 minimum swabs to be ordered over the 2 year term with 500,000 swabs per month (commencing in July) in the first 3 months scaling up to a *minimum* of 1 million swabs per month for the remainder of the agreement.
 - Rhinoswab Junior to feature in the world's first rapid antigen test kit designed specifically for children - *Rapid Response Covid-19 Antigen Rapid Test Cassette - Junior Home Test featuring Rhinoswab Junior*
 - 2-year term with exclusivity in the Canadian Rapid antigen test market and non-exclusivity in other jurisdictions.



- Rhinoswab sales/opportunity pipeline:
 - In dialogue with four additional rapid antigen test companies to include the Rhinoswab into their test kits.
 - A UK Rapid antigen test company has now submitted an application to the Australian TGA for approval of their rapid antigen test kit with Rhinoswab and Rhinoswab Junior for sale in the Australian market.
 - Rhinoswab sales pipeline now exceeds USD\$120 million.

Production capacity

- In response to significant increases in demand for its consumer health and diagnostics technology Rhinomed is expanding its manufacturing program. The company is now implementing a new manufacturing strategy to:
 - Significantly expand its Rhinoswab production capacity to more than 100 million Rhinoswabs/Rhinoswab Juniors per annum
 - Diversify its production sources in response to global supply chain and geopolitical changes.
 - Over the quarter the company:
 - Brought online its Chinese based manufacturing facility to produce c. 2.5m Rhinoswabs /month
 - Scoped out and is now close to commencing fitting out an Australian based manufacturing facility capable of responding to local and international demand.
 - Identified new production sites in both the US and the UK
 - Continued to engage with Government to develop an Australian based manufacturing center capable of scaling to meet global demand. Additionally, this manufacturing center could act as a hub for future development programs in diagnostics and nasal drug delivery
 - The company expects to provide material updates on the program over the course of Q4 FY22.

Drug delivery program - Cannabis

- Rhinomed has an ongoing focus on drug delivery using its proprietary nasal technology. The company believes that its unique nasal drug delivery capability enables the predictable, reliable and repeatable delivery of a range of medications including medical cannabis formulations.
 - In the 2020 annual report the company reported that its medical cannabis delivery program was placed on hold as a result of the Covid pandemic and the company's desire to accelerate the commercialisation of its nasal swab technology.
 - Rhinomed noted the recent announcement by Columbia Care that they have accepted a circa US\$2Bn offer from US based Cresco Labs and as a result is reviewing the impact of this on its US program.
 - The company is continuing to develop its drug delivery proposition and anticipates this program will recommence over the course of the financial year 2023.

Current revenue treatment status

At the end of Q3 FY22 the company recorded \$3.036m in recognised revenues and an additional \$296k 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 Q3	134,093	\$3.036m	\$296k	\$1.391m

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*: decreased 25% to \$287k (Q2 FY22 – \$381k) reflecting the more advanced stages of the company's new technology development.
- *Production costs*: increased 11% to \$955k (Q2 FY22 – \$858k) 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.
- *Marketing and Promotion*: increased 33% to \$1,149k (Q2 FY22 – \$865k). The company continued its marketing investment in our key market, the US, the UK and Australia during Q3.
- *Staff Costs*: increased 31% to \$1,090k (Q2 FY22 – \$829k). 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 98% to \$624k (Q2 FY22 – \$315k).

Over the quarter cash receipts from customers increased by 11% to \$2.8m (Q2 FY22 – \$2.5m) largely due to increased revenue in Q2 FY22 relating to Rhinoswab.

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. Whilst the closing quarterly cash balance was \$427k, post quarter end we have successfully raised \$3.6m, to date, via the Institutional component of the rights issue.

On 7 April 2022, Rhinomed announced a strategic rights issue to raise up to \$5.0m priced at \$0.19. This is to allow Rhinomed to fund the expansion of the manufacturing capacity and to provide working capital. The institutional component, representing \$3.37m, closed fully subscribed on 8 April 2022. The remaining \$1.6m for the retail component closes on Friday 29 April 2022.

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.

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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*

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 2022

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	2,803	6,881
1.2 Payments for		
(a) research and development	(287)	(1,178)
(b) product manufacturing and operating costs	(955)	(2,200)
(c) advertising and marketing	(1,149)	(2,839)
(d) leased assets	(56)	(168)
(e) staff costs	(1,090)	(2,773)
(f) administration and corporate costs	(624)	(1,316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(4)	(10)
1.6 Income taxes paid	-	(1)
1.7 Government grants and tax incentives	425	425
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(937)	(3,177)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(264)	(489)
(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 (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	(264)	(489)

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	-	1,722
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	-	1,722

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,636	2,376
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(937)	(3,177)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(264)	(489)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,722

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
4.5	Effect of movement in exchange rates on cash held	(8)	(5)
4.6	Cash and cash equivalents at end of period	427	427

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	427	1,636
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)	427	1,636

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)	(937)
8.2 Cash and cash equivalents at quarter end (item 4.6)	427
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)	2,927
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.12
<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 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?	
<p>Answer:</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?	
<p>Answer:</p>	

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 April 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.