

RHINOMED DELIVERS STRONG Q3 REVENUE GROWTH

TOPLINE

- Quarterly Revenue increases 64% up to \$1.012 million
- Growth momentum continues - FY19 Year to Date revenue beats FY18 Full Year revenues

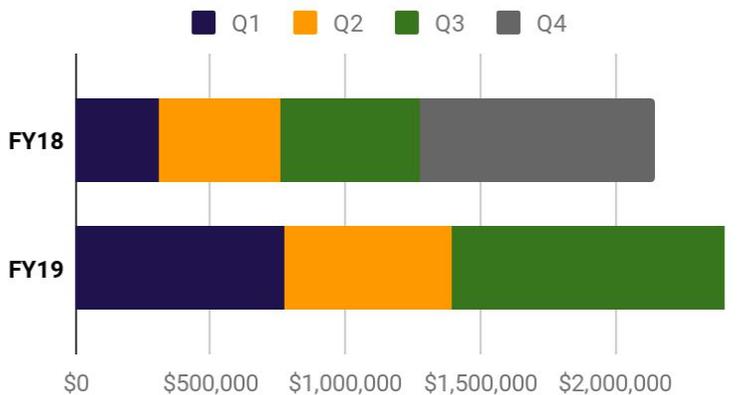
Full Year revenues

- New Pronto™ rechargeable vapour delivery technology orders received
- Rhinomed wins US Drug Store News 'Retail Excellence Award' (OTC category)

April 29, 2019. Melbourne, Australia.

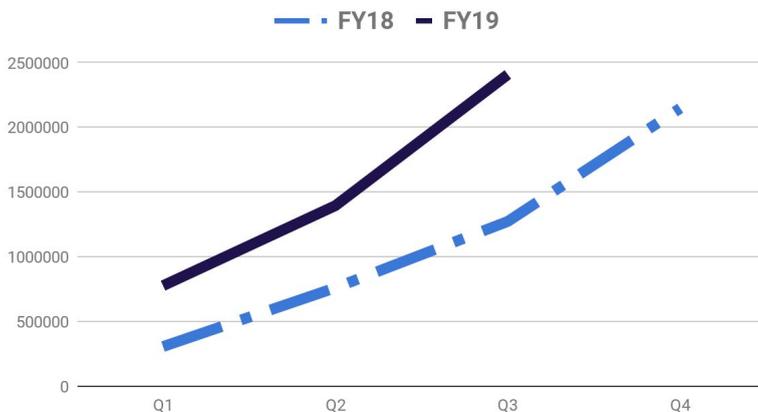
Rhinomed (ASX:RNO) a leader in nasal respiratory delivery technology is pleased to report continued strong revenue growth for FY19 Q3 of \$1.012m.

Quarterly Revenue FY18 v FY19



The FY19 Quarter 3 recognized revenue result reflects a 64% quarter on quarter increase. The company's FY 19 YTD revenues of \$2.4m (unaudited) now exceed its entire FY18 revenues. The company notes that an additional amount of stock shipped and invoiced (\$579k) has yet to be recognised as revenue but is expected to be recognised over coming quarters.

Cumulative revenue - Year on Year



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Delivers major innovation milestone - new Pronto™ vapour release technology

During the quarter the company commenced production of its new dual action, rechargeable Pronto™ vapour release technology. This follows a successful sell-in at the Chicago Drug store and Grocery sales show in early February.



The company subsequently announced on April 19th, 2019 that it has received orders for the Pronto Sleep product from a major North American drug store chain (and current Mute stockist). Stock will be shipped towards the end of May / beginning of June. Revenues are not expected to be recognized until FY20 Q2 at the earliest.

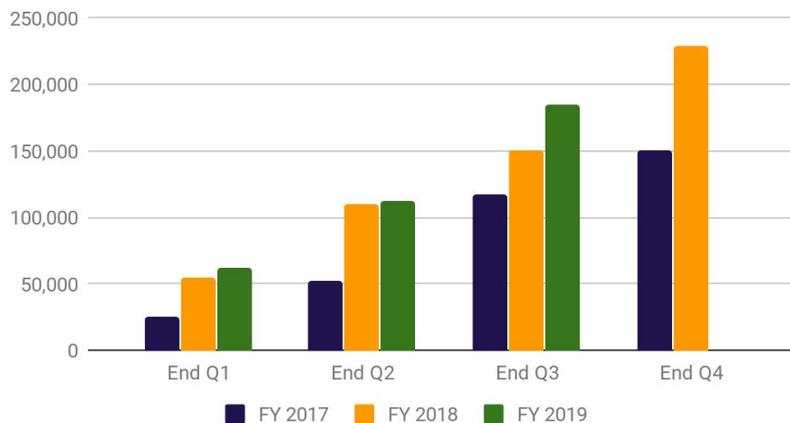
Rhinomed notes the achievement of this important 'milestone' and its transformation from being a company with a small range of products driven by 'door growth' to an innovation led business expanding its growing suite of disruptive products in to new and adjacent categories within its existing global retail network/ channel.

The licensing of its technology to Columbia Care (one of the US's largest medical cannabis companies) in late 2018 and the launch of these two new products is clear validation of the company's platform technology and its success in socialising the technology as a valued drug delivery platform.

Operational Update

In line with the recognised revenue growth, shipment of units continued to respond to demand across three continents - increasing to 71,554 units, up 39% over Q2. This increase in demand was in large part due to growing product awareness through the continuing investment in promotional activities.

Cumulative Stock Shipped by Qtr end



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The company is pleased to report a strong correlation between advertising investment and the number of units sold in the US market and believes that prudent and continual investment in increasing brand awareness of the Mute technology will deliver a consistent and growing return in revenues.

Receipts from customers remains modest (FYQ3 \$611k/YTD \$1,590k) as an increased number of sales have been completed through larger retail channel partners on trading terms. The company is actively working on incentive based trading terms with its large customers and exploring working capital options.

Receipts from Customers and Recognised Revenues



Net Cash used in Operating Activities was \$1,432k which included payments for:

- Research and development: This was \$231k (YTD - \$490k) which represents an increase in the company's new technology development program, particularly in relation to the new Pronto product.
- Production costs: \$312k (YTD - \$965k) reflects the prudent use and management of stock globally.
- Marketing and Promotion: \$630k (YTD - \$1,305k) represents the increased focus on promotion and building brand awareness both in the USA and Australia.
- Staff Costs: \$559k (YTD- \$1,282k) covering changes to the team across the Australian and US operations.
- Administrative expenses: \$314k (YTD - \$989k) includes the increasing burden for listed entities.

At the end of the quarter the company had a closing cash balance of \$2.5M reflecting a net burn of \$1.3M. The Account receivables balance of \$1.5M continues to grow, increasing by \$200k from Q2, as the significant increase in new stores came on-line.

Pronto™ Clear and Pronto™ Sleep - targeting two multi-billion dollar markets

During the quarter the company began tooling and production of its new Pronto™ technology suite - a new range of 'Dual Action' products comprising improved dilated nasal breathing plus delivery of proprietary formulations. This technology builds off the existing platform and introduces a new range of products targeting high value markets.

Two new product lines are being developed initially - Pronto™ Clear targeting the US\$6.8bn# global nasal cold and decongestant market, and Pronto™ Sleep targeting sleep onset issues in the \$0.79bn* global sleep aid market.

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Based on the company's existing BreatheAssist™ stenting technology – which has successfully seen the release of two variants Mute™ and Turbine™ – the new Pronto™ range includes the novel Airstream™ release system that allows a specific amount of a formulation to be released into the nasal air stream over a set period of time. By combining this new vapour release technology with the Mute's stenting action, Rhinomed provides users with a unique dual action medical device that not only improves nasal airflow, but also delivers the associated benefits of the proprietary pure essential oil formulation.

This unique and patented technology has a broad range of applications and can be tailored to suit specific formulations of drugs, while also being tailored to suit specific drug delivery profile requirements for example - low dose, long release, or high dose, fast acting. Rhinomed has also developed a novel rechargeable system that recharges the device allowing it to be reused a set number of times –always releasing a set amount of the formulation upon recharge.

While initially these products target opportunities in the Over-The-Counter (OTC) global consumer health markets, there is potential for delivery of other prescription based medicines in the future.

Pronto product launch to be held in June at American Sleep meeting San Antonio

The company will be showcasing the Pronto™ range at the forthcoming 32nd Annual American Sleep Medicine Meeting which is being held in San Antonio, Texas in June. The meeting brings together many of the world's leading sleep specialists and researchers and provides an ideal opportunity to introduce these key opinion leaders to the extended Rhinomed platform.

Medical cannabis - Rhinocan™ program

As previously announced the company completed a landmark nasal drug delivery licensing deal with US based Columbia Care at the end of September.

This deal will see Rhinomed's nasal platform used by Columbia Care to deliver nasal medical cannabis formulations. During the quarter Rhinomed worked with the CSIRO to review the existing delivery landscape and this review is now complete. In parallel the company commenced work on designs that will optimise the delivery of cannabinoid formulations through the nose.

Rhinomed wins Drug Store News Retail Excellence (REX) Award .

During the quarter the Company became the first Australian owned and listed product to receive the prestigious Drug Store News Retail Excellence (REX) Award in the OTC (Over the Counter) category.



As the trusted voice of the North American retail pharmacy marketplace, Drug Store News (DSN) is the number one source of news, knowledge, and networking in the industry. Drug Store News said: "Drug Store News REX Awards honour those manufacturers who have made a difference in their respective industries during the last several years, be it with innovative products, merchandising or marketing."

The Over the Counter Category (OTC) is one of the largest and most competitive categories in the North American retail market.

Selected for being an industry disruptor over the last two years, Rhinomed's Mute™ technology was recognized as not only offering a revolutionary innovative approach to breathing, snoring and sleep issues, but for its clean, clever design, universal accessibility and cost effectiveness. This in no small way has contributed to Mute™ being one of the fastest growing brands in its category.

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The company notes that it is a great honour for an Australian based company to receive the REX award and to be recognized by its peers for its continued growth and innovation in one of the toughest markets in the world and one of the most highly competitive categories - the OTC category. This is a clear testament to the inroads Mute has made against some of the biggest and strongest brands in the world.

Business development

Interest in the company's technologies from the global Over the Counter (OTC), consumer health and sleep medicine community continues to grow. This strongly illustrates the growing recognition of the importance of the nose, nasal resistance and airflow and its impact on both efficacy and compliance with a range of other sleep therapies, including CPAP and oral devices.

Future focus

The key focus of the company remains reaching a sustainable cash flow position which it remains on track to achieve. The growth in store numbers provides the company with a strong base from which it can build a steady and strong growth in customer numbers.

Rhinomed continues to build a reputation and be recognised as an innovator and global leader in improving nasal drug delivery, airflow, breathing and sleep. The strong interest in the company's progress continues to open up opportunities for strategic relationships that will further assist the company to expand its footprint.

| Company | Investor and Media Relations |
|---|--|
| Michael Johnson, CEO & Director +61 (0) 3 8416 0900 mjohnson@rhinomed.global Follow us on Twitter @rhinomedceo | Warrick Lace NWR Communications +61(0) 404 656 408 warrick@nwrcommunications.com.au |

About Rhinomed Limited (ASX: RNO)

Rhinomed Limited is a Melbourne based technology firm with a focus on nasal, respiratory and breathing management technologies. The company is seeking to monetise applications of its technology portfolio in the Sport, Sleep, Wellbeing and Drug Delivery markets. For more information go to www.rhinomed.global

**All financial figures contained in this Announcement are provided on an unaudited bases*

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Rhinomed Limited

ABN

12 107 903 159

Quarter ended ("current quarter")

31 March 2019

| 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 | 611 | 1,590 |
| 1.2 Payments for | | |
| (a) research and development | (230) | (489) |
| (b) product manufacturing and operating costs | (312) | (986) |
| (c) advertising and marketing | (630) | (1,362) |
| (d) leased assets | - | - |
| (e) staff costs | (559) | (1,415) |
| (f) administration and corporate costs | (314) | (1,039) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 7 | 14 |
| 1.5 Interest and other costs of finance paid | (4) | (12) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | 40 |
| 1.8 Other (GST refunded) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,431) | (3,659) |

| | | | |
|------------|---|---|---|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | - | - |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) 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 | - | - |

| | | | |
|-------------|---|-----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 110 | 5,095 |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | (27) | (232) |
| 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 | 83 | 4,863 |

Quarterly report for entities subject to Listing Rule 4.7B

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of quarter/year to date | 3,817 | 1,263 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,431) | (3,659) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 83 | 4,863 |
| 4.5 | Effect of movement in exchange rates on cash held | 4 | 6 |
| 4.6 | Cash and cash equivalents at end of quarter | 2,473 | 2,473 |

| | | | |
|------------|---|------------------------------------|-------------------------------------|
| 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 | 2,473 | 3,817 |
| 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) | 2,473 | 3,817 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| |
|------------------------------------|
| Current quarter \$A'000 |
|------------------------------------|

| |
|-----|
| 289 |
|-----|

| |
|---|
| - |
|---|

The amount at 6.1 includes payment of directors' fees and payments to a director-related entity, excluding reimbursement for administrative expenses and travel expenses.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

| |
|------------------------------------|
| Current quarter \$A'000 |
|------------------------------------|

| |
|---|
| - |
|---|

| |
|---|
| - |
|---|

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | 2,000 | Nil |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

On 30 January 2017, RNO entered into an unsecured working capital financing facility to the value of A\$2 million.

The facility is provided from an entity related to the company, Chairman Ron Dewhurst.

The facility can be drawn upon in multiples of A\$250,000 and interest is at commercial rates.

The facility has been rolled over and is repayable by 31 July 2019.

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Research and development | (150) |
| 9.2 Product manufacturing and operating costs | (250) |
| 9.3 Advertising and marketing | (400) |
| 9.4 Leased assets | - |
| 9.5 Staff costs | (450) |
| 9.6 Administration and corporate costs | (300) |
| 9.7 Other - Intellectual Property | - |
| 9.8 Total estimated cash outflows | (1,550) |

* The actual expenditure for the quarter may be different depending on the opportunities, level of activities, priorities and resources available.

| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|--|---------------------|------------------|
| 10.1 Name of entity | - | - |
| 10.2 Place of incorporation or registration | - | - |
| 10.3 Consideration for acquisition or disposal | - | - |
| 10.4 Total net assets | - | - |
| 10.5 Nature of business | - | - |

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.

Sign here:

Date: 29 April 2019


Company Secretary

Print name: Phillip Hains

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

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