

YEAR ON YEAR GROWTH IN MAJOR MARKETS, COMMERCIALISING NEW NASAL SWAB

TOPLINE

- Operating revenue for 1H FY21 was A\$1.95m up 16.7% (1HFY20 - \$1.67m)
- Loss after income tax for 1H FY21 was A\$5.48 (up 3.5%)
- Total units shipped for 1H FY21 was 145,576
- Cash reserves of A\$5.4m (as at 31 December 2020)
- Successfully initiated and completed design of a new and novel nasal swab (Rhinoswab) for sampling and use in testing for upper respiratory diseases including SARS-CoV-2, Influenza, etc.
- Clinical validation program completed with the Melbourne based Peter Doherty Institute's Victorian Infectious Diseases References Library (VIDRL)
- Rhinoswab registered as a Class 1 device in the USA with the FDA and in Australia with the TGA
- Commencement of Rhinoswab production program

24th February, 2021: Melbourne, Australia.

Rhinomed Limited (ASX:RNO OTCQB:RHNMF) a global leader in wearable nasal and respiratory technology is pleased to provide its report for the half year ended 31 December 2020.

Commenting on the results, Rhinomed's CEO Michael Johnson said "2020 produced unheralded uncertainty in all of our major markets, despite this Rhinomed continued its strong focus on delivering value to our customers, clinicians and retail partners right across the world. Our unique product range which includes the Turbine, Mute and Pronto vapour delivery platform continues to help people to breathe and sleep better. By working closely with our clinician and retail partners we were able to minimise supply chain disruption and consistently deliver.

Quarterly Revenues (\$'000)



Rhinomed entered calendar year 2020 with record revenue growth. The impact of the pandemic slowed this growth as foot traffic in our major retail partners stalled as a result of lockdowns in the US, the UK and Australia. This momentum returned in the first half of FY21 and we continue to work

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closely with our retail partners to ensure that our product suite is on shelf and in the right stores. At a time when sleep, breathing and upper respiratory health has never been so important, Rhinomed has continued to highlight the importance of the nose and the role it plays in maintaining health and wellness.

During the first half we made great strides with the new Rhinoswab program. This is an exciting program that responds to very clearly defined unmet needs in testing for Covid-19. We have rapidly moved from initial designs, to validating the efficacy of the swab and registering it with both the American and Australian regulators as a Class 1 device. Our next step is to ensure we can move to scaled production and respond to the strong levels of interest. We invite all investors to find out more about the Rhinoswab by visiting www.rhinomed.global/swab

Business Overview

Sales of the Mute Snoring and sleep technology continued to grow in both the USA and Australian markets. While the COVID19 pandemic has impacted consumer behaviour, reducing the number and frequency of store visits, sales from ecommerce channels, and in particular, via Amazon, continue to grow.

The Group continues to observe a challenging retail environment in its core markets. With most markets either recovering from or entering into COVID-19 induced restrictions and lockdowns, consumer behaviour has changed significantly as consumers seek to limit their exposure to the virus by consolidating store visits.

Despite the challenges, in addition to operating revenue for the six months to 31 December 2020 of \$1.95 million, the Group recorded a further \$50k as 'unrecognised revenue' as at 31 December 2020. This amount represents those goods that have been shipped and invoiced to customers that will be recorded as recognised revenue in the future. Gross profit margins on our products also continue to remain strong. Continued underlying growth and the maturing of the business and impact of sell through from our USA store base is creating a strong business case for new retailers to stock our products.

Rhinoswab

The new nasal swab program has made significant progress having received registration as a Class 1 device by the FDA (USA) and the TGA (Australia). The program is an extension of the Rhinomed platform and represents a radical change in the way that nasal samples are collected.

A user study performed during the period showed that 97% of participants found the swab to be painless and 74% found it either comfortable or very comfortable. The Group commenced working with the Melbourne based Doherty Institute and its Victorian Infectious Disease Research Laboratory (VIDRL) to validate the Rhinomed nasal swab effectiveness. The results of the study performed established 100% category detection of SARS-CoV-2 for the Rhinomed swab (Rhinoswab) with no difference in the mean Ct value for detection of SARS-CoV-2 at both low and high virus burdens.

Prototype production of the novel nasal swab was initially undertaken via 3D printing. During the six months to 31 December 2020 the Group commenced a tooling project to enable mass production of the swab. Rhinomed is actively engaging with both Federal and State Governments as it seeks support for establishing an Australian based manufacturing facility that will create skilled employment opportunities, lower the existing reliance on imported swabs, improve the National health system's response capability and provide a compelling export opportunity via a world leading technology.

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Having secured FDA/TGA registration, positive results from the user study, and clinical validation confirmed, we expect Rhinoswab will be able to remove the barriers to mass, high frequency testing while being price competitive and affordable.

Strong Balance sheet and cash position

In the face of significant global uncertainty the company took steps during the previous quarter to strengthen its balance sheet and cash position. The company continues to execute a prudent capital conservation strategy to support its operational momentum. The closing quarterly cash balance was \$5.5 million. In addition we note that the vast majority of our Account Receivables balance of \$1.1 million is held in \$USD with our premium pharmacy accounts.

US Medical Cannabis Opportunity

As noted previously the company is in dialogue with its US medical cannabis partner, Columbia Care, regarding the commercialisation of a range of cannabis based products which utilises the company's patented nasal delivery platform. We continue to believe that the global cannabis market represents a significant opportunity and upside for investors over the longer term.

The Company is continuing to assess opportunities in other markets where medical cannabis has been legalised.

Outlook

The Group remains focused on delivering growth based on four key metrics:

1. Increasing distribution amongst our existing key accounts in our three key markets.
2. Increasing the overall retail footprint through a strategic focus on high value retail pharmacy and grocery networks.
3. Leverage our significant intellectual property and platform technology to create new high value products and solutions.
4. Delivering strong high margin revenue growth.

Rhinomed is well placed to continue to execute its strategy of commercialising its platform technology by expanding its strong and growing retail presence in the USA, Australian and UK markets. With increased global demand for nasal swabs, the Rhinoswab is a perfect addition to the Group's pipeline of opportunity.

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About Rhinomed Limited (ASX: RNO, OTCQB:RHNMF)

Rhinomed Limited is a Melbourne, Australia based ASX listed wearable nasal 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*