AIRWAY TECHNOLOGY

RHINOMED

ANNUAL REPORT 2024

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RHINOMED

AIRWAY TECHNOLOGY

IMPROVING THE WAY WE

- **BREATHE**
- **SLEEP**
- **MEDICATE**
- **DIAGNOSE**

Rhinomed Limited is a nasal and airway technology company developing and commercialising innovative products that improve breathing, help the diagnosis of upper respiratory diseases and have the potential to enable more effective drug delivery.

Through our proprietary platform technology that focuses on the role and function of the nose we seek to radically improve the way people breathe, sleep, take medication and diagnose disease.

Our relentless focus on identifying and understanding the needs of our customers, clinicians and patients drives the design and development of leading-edge solutions. Rhinomed's novel nasal platform is protected by a family of over 60 patents and over 57 design patents and by brands and trademarks.

Rhinomed continues to pursue a strategy of creating category leading technologies that can have a long-lasting impact on the health of people around the world. Over the course of FY24 Rhinomed has experienced considerable growth as more and more people try, use, and are exposed to Rhinomed's unique offering. As we enter FY25 the company is well positioned to take advantage of significant opportunities in the global sleep, snoring, diagnostic and drug delivery markets.

LETTER FROM THE CHAIRMAN

It is my pleasant duty to present the Rhinomed Annual Report for 2024.

As our shareholders would be aware, the latest year saw significant changes for our company as we look to position Rhinomed for the future.

The Board undertook a process of strategically reviewing a range of options to give Rhinomed the best opportunity of unlocking the value we believe exists in our company given the product range and markets we are pursuing.

As evidenced by our growth in revenues and distribution relationships, Rhinomed's greatest opportunities are outside of Australia, primarily in North America.

As several other small Australian companies have experienced, recognising shareholder value as a public company listed on the Australian Stock Exchange is not always the best pathway. This is particularly true when the bulk of their business is not domestically based, and the size of the overseas opportunity is not adequately recognised and valued in the local listed environment.
Further, smaller companies are regularly capital constrained and the resultant competition and drain on capital versus the benefit of maintaining a public market listing is not always a match.

As a result, and a first step, our Board decided to delist Rhinomed, the company becoming an unlisted public company.

Subsequently, the company raised additional capital to ensure the business is appropriately funded to continue to grow, in addition to reviewing and right sizing our cost base.

I wish to emphasise that these strategic decisions were not taken lightly with the Board being particular mindful of the long-term interests of our shareholders. We shall continue to consider and review all options for our future.

Reverting to "business as usual", in 2024 Rhinomed continued to show encouraging and growing momentum in our revenue. Our growth in the U.S. benefitted by greater penetration in online sales complementing our traditional distribution through retail distribution outlets.

In Australia, sales continued to grow assisted by an increase in the number of retail outlets, most notably the addition of Chemist Warehouse.

Product development remains a key area of focus with our Mute product continuing to be our cornerstone, however we have recently added a mouth tape product with the early sales signs being very encouraging, and our nasal swab progressing through further regulatory approval.

In closing, I wish to acknowledge the commitment of our Board, Management Team, and staff. This is particularly relevant for our Management Team both in Australia and the United States given the demands of the geographic spread of our business.

RON DEWHURST
CHAIRMAN

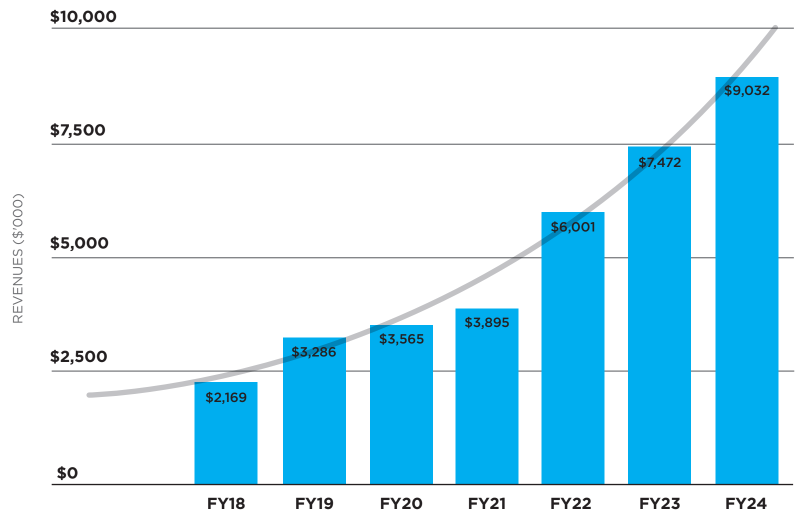
LETTER FROM THE CEO & MANAGING DIRECTOR

Dear Shareholders,

In FY24 your company made strong progress across our technology portfolio and in multiple markets. Our strategy is to use our novel intellectual property portfolio to create a range of unique and highly valuable health solutions. In parallel, we seek to build a high value global distribution network in the consumer health and diagnostic markets. We remain committed to delivering on this strategy.

In FY24 our focus was on continuing to grow our Mute brand within the global sleep and snoring market. We delivered on this not only by expanding the presence of the Mute nasal dilator within the retail pharmacy market but also through the introduction of the new Mute Mouth Tape product. As a result, we are pleased to report that our total revenue from customers grew from $7.47m to $9.03m. This revenue was all attributable to the Consumer Health business.

FULL YEAR REVENUES - CONSUMER HEALTH ONLY

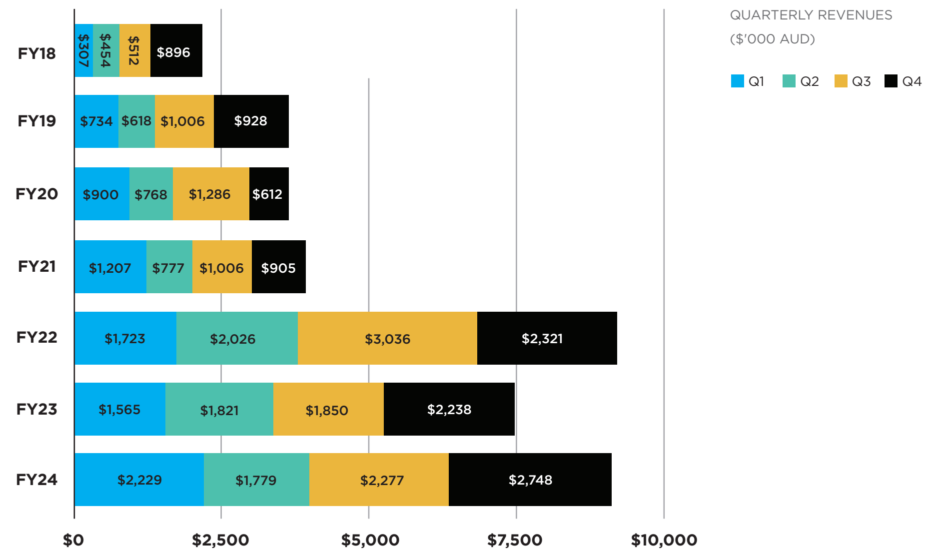


CREATING A GLOBALLY LEADING BRAND IN CONSUMER HEALTH

The Mute technology is an easily inserted, comfortable and fully adjustable nasal stent or dilator. By opening the nasal airway Mute can significantly increase airflow through the nose which can assist with respiration and consequently reduce snoring. Pleasingly, the business saw positive growth from our global retail network of pharmacy chains and grocery stores which were carrying our leading Mute snoring and sleep brand which now include the Mute Mouth Tape that we introduced to the US and Australian market during the second half of FY24.

Investors should take great pride in the way the company deployed the Mouth Tape program. Having identified an opportunity in late 2023, the company presented our concept to our major retail partners in the US in January of 2024, received our first orders in February, and immediately then proceeded into production, coordinated regulatory registration in the US and Australia, and had stock on the shelves of CVS and Walgreens in April of 2024. This type of turnaround and ability to respond to market opportunity is a capability that we have curated within the business for some time. We Rhinomed is not only a world class innovator, but one that can commercialise its technologies globally in a timely manner.

I would also like to call out the extraordinary job our sales teams have done in all our major markets.



Over the course of the year, we added the Chemist Warehouse chain in Australia, further expanded our presence in iconic North American drugstore chain CVS, Walgreens and Wegmans amongst others while also continuing to expand our presence in the US grocery channel. In addition, we have continued to make inroads in the UK and European markets. Our team stays committed to ensuring our consumers can access our product regardless of the channel they ship in - be it online, in store or via our website. Critically they stay focused on helping our retail partners to optimise their sleep categories by ensuring we provide world class merchandising and marketing solutions.

Our online presence continues to build. Our entry in the Amazon UK and Australian markets is delivering solid growth and we are rolling out into the European market via Amazon Germany. The company is well positioned to build a substantial footprint as we seek to ensure consumers can gain access to our Mute product whenever they need and wherever they shop.

Snoring affects close to 57% of the global population. It is still a key issue affecting the lives and relationships of millions of people. By focusing on delivering solutions to these customers Rhinomed is building a significant presence as a brand and thought leader in the market and a leading provider of solutions, information and education for the broader population.

Over the course of the year our customer numbers continued to grow as we shipped over 505,000 packets of Mute and our Turbine sports breathing technology to customers all around the world.

The Turbine remains a niche sporting technology, its role in educating people about the role of nasal breathing during aerobic activity continues to build. The emergence of the biohacking market offers an exciting opportunity for the Turbine brand.

RHINOSWAB PLATFORM

Our novel Rhinoswab technology has proved clinical equivalence to the highly invasive combined nose and throat swab while also proving clear market leading user preference. Both the Rhinoswab Adult and Rhinoswab Junior have also established regulatory clearance in Australia, Europe, Malaysia, Canada, and the USA.

During FY24 we have continued to work with partners to attain regulatory clearance for the rapid antigen tests with the Rhinoswab and have been actively working with our rapid antigen test partners to include the Rhinoswab platform into a range of lateral flow tests. This included the widely available Covid-19 tests but will also include in the near future combination tests that include not only Covid but also RSV and Flu A&B.

Investors should note that the commercial opportunity for in-home testing of respiratory diseases continues to be significant. Consumer research carried out by the Consumer Health Products Association in the USA reported that some 56% of American consumers expect to home test.

Consumer health channels are now seen by both Governments and consumers as the destination through which to acquire these tests. This has translated into significant retail sales in all major markets. The expectation amongst health agencies is that Covid will remain a fixture for some years to come. In addition, global communities continue to be assailed by annual waves of upper respiratory disease including Flu variants, RSV etc.

The Rhinomed Rhinoswab platform standardises the sample collection process for the first time thereby significantly improving sample integrity. In addition, our patented superior design radically improves the patient, consumer and clinician experience. In a diagnostic market, be it molecular based or rapid antigen, where there is very little to no differentiation between tests and where the user experience is more often ignored, the Rhinoswab platform offers a compelling opportunity to grow significant market share for our testing partners. For this reason, we stay committed to executing our Rhinoswab strategy to radically improve both sample integrity and the testing experience for consumers, patients and clinicians.

A UNIQUE PLATFORM TECHNOLOGY

As we continue to grow our goal remains strong for sustainable revenue growth. In parallel we will continue to identify new opportunities for our novel platform technology. We believe that there is substantial opportunity in both the diagnostic and drug delivery markets and are identifying further opportunities.

While the Rhinoswab program remains our more immediate focus in FY24 we expect that the nasal drug delivery program will continue to offer some exciting opportunities for partnering in the future.

POSITIONED FOR THE FUTURE

As detailed further in the operational review in the Financial Statements, at the end of the first half 2024 we implemented a right sizing program that saw a significant reduction in operating costs due to the delay of regulatory approvals in the rapid antigen tests. A key element of this program was the decision made by shareholders to delist from the ASX. This move has resulted in a significant reduction of costs.

We are excited about FY25 and beyond. Rhinomed's prospects have never been more compelling and this in no small part due to our exceptional team. Despite the challenges we have collectively faced over the last year, our team remains focused on the important things.

Our board continues to challenge, inspire and actively drive us forward, while our dedicated team ensures that all our customers, wherever they are in the world, remain our daily focus. It is an absolute privilege to work with each and every one of them.

Finally, I thank all our investors who have stood by the company over its journey to date. You have supported the creation of what is truly a unique platform technology; a platform that continues to make a positive impact on the lives of hundreds of thousands of people around the world every year. We believe that this impact will only continue to grow and look forward to sharing that success with you.

MICHAEL JOHNSON
Chief Executive
Officer and
Managing Director

CORPORATE
DIRECTORY

RHINOMED
2024

DIRECTORS

MR MICHAEL JOHNSON
Executive Director and Chief Executive Officer

MR RON DEWHURST
Non-Executive Chairman

MR BRENT SCRIMSHAW
Non-Executive Director (resignation effective 17 November 2023)

ASSOC. PROF. JOHN MCBAIN AO
Non-Executive Director

MS LYNETTE SWINBURNE AO
Non-Executive Director

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

MR SEAN SLATTERY

AUSTRALIAN BUSINESS NUMBER ('ABN')
12 107 903 159

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Melbourne VIC 3008

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Melbourne VIC 3000
T +61 (0) 3 8644 3500

BANKERS

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330 Collins Street
Melbourne VIC 3000

WEBSITE

www.rhinomed.global

CORPORATE GOVERNANCE STATEMENT

www.rhinomed.global/investor-information/corporate-governance

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors are pleased to present their report, together with the financial statements, of the consolidated group consisting of Rhinomed Limited (the 'Company') and the entities it controlled (the 'Group') at the end of, or during, the year ended 30 June 2024.

DIRECTORS

The following persons were Directors of Rhinomed Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Michael Johnson
Executive Director and Chief Executive Officer

Mr Ron Dewhurst
Non-Executive Chairman

Mr Brent Scrimshaw
Non-Executive Director (resigned 17 November 2023)

Assoc. Prof. John McBain AO
Non-Executive Director

Ms Lynette Swinburne AO
Non-Executive Director

PRINCIPAL ACTIVITIES

The Group's principal activities are research, development and commercialisation of consumer and medical devices. There were no significant changes in the nature of the Group's principal activities during the financial year.

DIVIDENDS

There were no dividends paid, recommended, or declared during the current or previous financial year.

REVIEW OF OPERATIONS

Rhinomed is a wearable nasal and respiratory medical device company. Rhinomed is actively seeking to improve the way millions of people around the world breathe, sleep, take medication and maintain their health by utilising the nose as a site for the delivery of novel solutions.

We achieve this goal by assisting people to overcome nasal breathing issues, such as congestion and obstruction, and socialise 'wearing' a device in the nose in order to solve high value unmet needs in the global consumer health, diagnostic, and drug delivery markets. Our strategy is to ensure our products are available online and on the shelves of the world's leading pharmacy/drugstore, grocery and mass market retailers and are recommended by leading clinicians and practitioners who recognise the impact the nose and upper airway has on a wide range of health issues.

The focus during the year ended 30 June 2024 ('FY24') has been to optimise Rhinomed's wearable technology platform across both the growing sleep and respiratory consumer health markets and to execute our go-to-market strategy for our solutions in the global point of care diagnostics market.

The loss for the Group after providing for income tax amounted to $6,016,054 (2023: $10,908,255).

The Group held cash reserves of $61,941 at 30 June 2024 (2023: $190,412), a decrease of $128,471 from the previous year. As at 30 June 2024, the Group's net liabilities were $12,444,288 (2023: $6,405,761).

The Group loss of $6,016,054 consists of depreciation and amortisation costs of $276,881 (a decrease of 69% compared to 2023), impairment of assets of $282,532 (a decrease of 89% compared to 2023), and employee benefit expenses of $4,614,142 (a decrease of 6% compared to 2023).

Net cash used in operating activities was $5,120,736 decreasing from $7,177,948 in 2023. Operating expenditure is aligned with revenue generation and investment to support the sales growth in key markets. This includes the continued growth and roll out of the Mute technology and as a result, Consumer Health sales represented 100% of total revenue for the year ended 30 June 2024 (2023: 100%).

OVERVIEW

For Rhinomed the 2024 financial year was a story of two halves.

As investors would be aware the financial year started strongly with the news that we had successfully listed the Mute nasal dilator range in Australia's largest pharmacy chain - Chemist Warehouse. Additionally, following successful presentations at the major US based pharmacy and grocery trade shows, the Company received confirmation of both shelf and store expansion in the US.

These wins coupled with steady organic growth of the Mute and Turbine brands via Amazon provided strong momentum as our consumer health business headed into FY24. Pleasingly this growth continued throughout the year and saw revenue from customers grow by 25% in the six months to 30 June 2024 compared to the prior six months.

Toward the end of the first half of FY24, Rhinomed learnt of more regulatory delays in the regulatory approval of the Covid-19 Rapid Antigen Test for children featuring the Rhinoswab Junior in the US and Europe. Investors familiar with the biotech and medtech space are aware that regulatory delays can occur and are often outside a company's control.

What is not outside our control is our response. Given the impact of this delay on the Company's operational program, strategy and forecasts, we immediately instituted a right sizing program that commenced at the end of the first half of FY24. This program has already delivered significant savings in operational costs across the business including changes to headcount, administration costs and reduction of marketing and R&D expenditures.

The impact of these actions can be clearly illustrated on the next page when assessing the two halves of FY24. The bottom line being a 55% improvement in our Net Profit/Loss position.

FROM JUL 2023 TO JUN 2024	HY1 2024 ($)	HY2 2024 ($)	TOTAL ($)	HY 1 V HY 2 ($)	HY 1 V HY 2 (%)
INCOME					
Revenue from customers	$4,007,835	$5,024,375	$9,032,210	$1,016,540	25%
TOTAL - INCOME	**$4,007,835**	**$5,024,375**	**$9,032,210**	**$1,016,540**	**25%**
Cost Of Sales	$940,607	$668,689	$1,609,296	$(271,918)	(29)%
GROSS PROFIT	**$3,067,228**	**$4,355,686**	**$7,422,914**	**$1,288,458**	**42%**
EXPENSES					
Marketing	$2,410,809	$2,256,185	$4,666,994	$(154,624)	(6)%
Administrative expenses	$955,307	$709,332	$1,664,639	$(245,975)	(26)%
Employee benefits	$2,215,192	$2,398,950	$4,614,142	$183,758	8%
Research and development	$433,036	$451,767	$884,803	$18,731	4%
Depreciation and amortisation	$175,726	$101,155	$276,881	$(74,571)	(42)%
Other operating expenditure	$179,821	$140,825	$320,646	$(38,996)	(22)%
Impairment	$281,542	$990	$282,532	$(280,552)	100%
TOTAL - EXPENSES	**$6,651,433**	**$6,059,204**	**$12,710,637**	**$(592,229)**	**(9)%**
OPERATING LOSS	**$(3,584,205)**	**$(1,703,518)**	**$(5,287,723)**	**$1,880,687**	**(52)%**
Other Income	$133,979	$181,541	$315,520	$47,562	35%
Other Expenses	$(711,115)	$(332,736)	$(1,043,851)	$378,379	(53)%
NET LOSS	**$(4,161,341)**	**$(1,854,713)**	**$(6,016,054)**	**$2,306,628**	**(55)%**

A key decision coming from this right sizing program was an assessment of the value of remaining as a listed company on the Australian Stock Exchange ('ASX'). Given the concentration of ownership, the small volume of shares being transacted, the significant disparity between the market cap on the ASX and the Board's belief of the Company's underlying value, and the significant costs associated with being a listed entity, the board decided that delisting the Company was a sensible and prudent proposition to put forward to shareholders. In January of 2024 the Company held an extraordinary general meeting where 98.8% of shareholders voted in favour of delisting. Following this, the Company formally delisted from the ASX on February 16th 2024.

The second half of FY24 has seen a steady improvement in the Company's performance. Revenues continue to grow and it was in this period that we introduced a new brand extension for the Mute portfolio - Mute Mouth Tape.

Mute Mouth Tape is designed to be placed over the mouth and assist with nasal breathing. The Company presented this as a concept to two of its largest American retailers in January of 2024 and in early March we received first orders confirming that Mute Mouth Tape had been accepted onto the shelves of over 4,500 CVS pharmacy stores and 1,500 Walgreens stores in the US. The team galvanised into action and we were pleased to confirm US FDA regulatory registration in March 2024, followed by registration with the Australian TGA in May 2024. Some 8 weeks after the initial receipt of orders we are proud to report that Rhinomed delivered its first boxes of Mute Mouth Tape to CVS.

This rapid acceleration which included moving from initial prototypes to full production plus the successful receipt of regulatory approvals is reflective of the extraordinary strength, depth, capability and capacity of the Rhinomed team to innovate and commercialise at a global scale. In May 2024, the Australian team replicated this success by propitiously selling in Mute Mouth Tape to Australia's largest pharmacy network Chemist warehouse - bookending what has been a year of positive growth for the business.

Mute Mouth Tape is a complementary product to our Mute Nasal Dilator and that trains people to focus on breathing through their noses. Mouth Tape has been a growing global phenomena in the consumer health market and Rhinomed is well positioned to grow our existing sleep and respiratory franchise in this exciting space.

The Rhinoswab program continues to be a significant opportunity for the Company despite the frustrating regulatory delays. Covid-19 continues to be a challenge for communities across the globe. Investors will be aware of the waves of upper respiratory disease that surge through our communities every year - be it Covid, Influenza, RSV or other existing or emerging viruses. Despite the mass acceptance of the rapid antigen tests, there continues to be very little user based innovation. The Rhinomed Rhinoswab is a revolutionary step forward in improving the user experience and we continue to gather both clinical and user evidence that supports that proposition that this novel solution is a critical front line solution that will increase testing within the important first five days. The Company strongly believes that Rhinswab plays a vital role in all upper respiratory pandemic responses and we will continue to engage with the government and private health sectors to drive this message and see adoption of the technology in major markets.

Rhinomed continues to pursue a commercialisation program that focuses on partnering with leading rapid antigen test developers. Our strategy is to seek to pair the Rhinoswab Adult and Junior with these tests, seek regulatory approval of this testing modality and then distribute these products through Rhinomed's existing consumer health distribution network. This strategy enables us to leverage both our intellectual property platform and the capability and capacity that we have built within the organisation. We look forward over the course of FY25 to updating our investors on the progress of this strategy.

Total Consumer Health revenue for the Group for the year ended 30 June 2024 totalled just over $9 million which represents 506,629 units shipped. Consumer Health revenue increased by 21% compared to the prior year.

OUTLOOK

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

- Continue to grow our topline revenue via:
  - New customer acquisition via distribution expansion
  - Expansion of our retail brick and mortar network in the US, APAC and UK
  - Grow our customer base through ecommerce channels (Amazon and Direct to Consumer)
  - Securing a growing presence in clinical channels (sleep, sleep dental and ENT)
  - Increase customer retention and repeat purchase rates
  - Introduction of new Mute packaging through our bricks and mortar retail channels
  - Targeted marketing/sales campaigns via both online and retail channels
  - Introduction of new products into our existing retail networks - Mouth Tape, RAT kits
- Identify further product growth opportunities in strategically relevant markets that further strengthen our appeal to customers, grow our existing franchises and have the potential to make us an attractive strategic target for other parties.
- Maintain our pricing and margins with a focus on continued delivery of gross profit margins of 70%+
- Ensure cash flow positive position via better cost controls, budgeting & forecasting and a review of our working capital systems and processes.
- Deliver positive EBITDA

BUSINESS RISKS

The Group recognises that risk is present in all aspects of its business and that managing risk effectively is essential in meeting the expectations of all shareholders, employees, customers, suppliers, and regulators. These risks include Rhinomed's ability to:

- Implement and execute its business strategy;
- Develop its products;
- Identify and secure capable commercialisation partners on profitable terms;
- Obtain regulatory approval approval for its products;
- Establish cost competitive and reliable supply chains for its products;
- Manage expanding operations; and
- Respond effectively to competitive pressures and developments.

REGULATORY APPROVAL

The Group's products are subject to various laws and regulations including, but not limited to, regulatory approval and quality compliance. Data obtained from clinical activities are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval or clearance.

Before the Group or its commercialisation partners can undertake further clinical trials or market and sell its products, the products must be demonstrated to be safe and effective and of suitable quality and must obtain necessary approvals from regulatory authorities (for example, the Australian Therapeutic Goods Administration and the United States Food and Drug Administration). Such approval may take longer than anticipated, require additional trials to be undertaken, or may not be provided at all. As a result, the Group's ability to commercialise any new products may be delayed or halted until such funds are raised, in turn delaying the Group from generating revenues.

Changes in laws and regulations (including interpretation and enforcement) could also adversely affect the Group's ability to meet compliance costs and to market, distribute and sell its products. It is also not possible to predict the likelihood, nature or extent of changes in government regulation that may arise.

The Group monitors legislative and regulatory developments and engages proactively with key stakeholders to manage this risk.

SUFFICIENCY OF FUNDING

As at 30 June 2024, the Group had cash and cash equivalents of $61,941, a net working capital deficiency of $12,504,557 and net liabilities of $12,444,288. While at the date of this report, the Group has sufficient forecast cash to sustain operations for the next 12 months, beyond this, the ability of the Group to continue as a going concern is principally dependent upon securing additional working capital to sufficiently fund the continued development, commercialisation, operations, and its other longer-term objectives. The Group's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Group and its Directors, including cyclical factors affecting the economy and share markets generally. If for any reason the Group was unable to raise future funds, its ability to achieve its milestones or continue future development/ commercialisation of its technology and products would be significantly impacted.

The Directors regularly review the cash flow requirements to ensure the Group has sufficient cash inflows to settle its creditors and other liabilities. In addition, the Group is eligible for certain government grants and R&D tax incentives.

To meet the Group's short-term obligations the following events have occurred subsequent to 30 June 2024:

(a) On 23 July 2024 the Group invited eligible shareholders to participate in a non-renounceable entitlement issue of 5 new shares for every 12 existing shares at an issue price of $0.03 per new share. The offer was fully underwritten. On the closing date of 22 August 2024, the Group raised $3.54 million (before costs). This amount includes the conversion of the US$500,000 unsecured loan that was fully drawn during the year ended 30 June 2024.

(b) Ron Dewhurst has agreed to extend the expiry date of his line of credit of $1,250,000 forward until 1 November 2025.

(c) John McBain has agreed to extend the expiry date of his line of credit of $1,250,000 forward until 1 November 2025.

(d) The expiry date for the agreement relating to the unsecured fully drawn loan of US$2,500,000 was extended to 1 November 2025.

(e) The expiry date for the agreement relating to the unsecured fully drawn loan of US$1,970,000 was extended to 1 November 2025.

When required, the Group will explore further potential funding opportunities to meet any additional obligations as they arise.

SUPPLY RISK

The Group's products are manufactured using a unique, novel and highly specialised manufacturing process. The Group relies on supply relationships with third party organisations for raw materials and other consumables. An inability of these third party organisations to continue to supply the Group in a timely, economical and/or consistent manner could result in inventory shortages. Any sustained inventory shortage would have a material impact on the financial performance of the Group.

Mitigation measures employed by the Group include performing rigorous due diligence on suppliers, engaging suppliers with strong track records and sufficient capability to meet the Group's foreseeable needs, and employing a senior manager responsible for managing and monitoring the performance of third parties including suppliers.

INTELLECTUAL PROPERTY

The Group's ability to leverage its innovation and expertise is dependent on its ability to obtain and protect its intellectual property including maintaining patent protection for its product technology.

The Group relies on its ability to develop and commercialise intellectual property. A failure or inability to protect its intellectual property rights could lead to a loss of opportunities and adversely impact the Group's operating results and financial position.

The Group proactively monitors applications and renewals of patents and licences and requires relevant stakeholders to comply with the requirements set out in confidential policies.

CURRENCY RISK

Expenditure in overseas jurisdictions is subject to the risk of fluctuations in foreign exchange. The Group's payment obligations to many of its third-party service providers, including its manufacturer, are expected to be in foreign currency. If there are adverse currency fluctuations against the Australian dollar, there is a risk that the cost of manufacturing may cost more than that budgeted for and as a result, the Group may need to obtain additional funds to ensure sufficient inventory levels.

When foreign currency expenditure exceeds foreign currency revenue and foreign currency cash, the Group may consider purchasing foreign currency to meet anticipated requirements under spot or forward contracts.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 23 July 2024 the Group invited eligible shareholders to participate in a non-renounceable entitlement issue of 5 new shares for every 12 existing shares at an issue price of $0.03 per new share. The offer was fully underwritten. On the closing date of 22 August 2024, the Group raised $3.54 million (before costs). This amount includes the US$500,000 unsecured loan that was fully drawn during the year ended 30 June 2024.

On 25 August 2024, Rhinomed Limited entered into a two year lease commencing 23 August 2024 with rent payable monthly in advance. Contingent rental provisions within the lease agreement permit the minimum lease payments to increase by 1% per annum.

On 19 September 2024, as part of the unsecured working capital facility, Ron Dewhurst agreed to extend his line of credit of $1.25m forward until 1 November 2025.

On 26 September 2024, as part of the unsecured working capital facility, John McBain agreed to extend his line of credit of $1.25m forward until 1 November 2025.

On 30 September 2024, the expiry date for the agreement relating to the unsecured fully drawn loan of US$2,500,000 was extended to 1 November 2025.

On 30 September 2024, the expiry date for the agreement relating to the unsecured fully drawn down loan of US$1,970,000 was extended to 1 November 2025.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

MR MICHAEL JOHNSON	EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER ('CEO')
EXPERIENCE AND EXPERTISE	Highly experienced leader and innovator with a focus on the successful commercialisation of emerging technologies. Since joining Rhinomed Michael has been responsible for the development of Rhinomed's nasal technology platform and has led Rhinomed to being one of the world's leading developers of wearable nasal medical technology. The Company has successfully commercialised six products including solutions in the global sleep, snoring and respiratory markets. In response to the global pandemic, Michael led the development of the revolutionary new Rhinoswab and Rhinoswab Junior - the world's first nasal swab designed specifically for children. Over the course of his career he has worked for large multinationals through to start-ups and across sectors- from Life Sciences, Cleantech, Financial Services and the Media and Communication industries. Michael is the lead author of over 50 patents and has coauthored research in the Journal of Clinical Psychiatry on Sleep and Suicide. Michael has received a Master's in Entrepreneurship and Innovation from Swinburne University and a Bachelor's degree in Business from Monash University.
Other current directorships	None
Former directorships (last 3 years)	None
Special responsibilities	Member of the Audit Committee
Interest in shares	1,848,617
Interest in options	25,380,915

MR RON DEWHURST	NON-EXECUTIVE CHAIRMAN
EXPERIENCE AND EXPERTISE	Mr Dewhurst has spent 40 years in the investment banking and asset management industries, covering Australia, Asia, Europe and the United States of America. He was formerly Head of Americas for J P Morgan Asset Management and Senior Executive Vice President and Head of Global Investment Managers for Legg Mason Inc. based in the United States, before returning to live in Melbourne in 2014.
Other current directorships	Sprott Inc (TSX/NYSE: SII) since 2017
Former directorships (last 3 years)	None
Special responsibilities	Member of the Audit Committee
Interest in shares	28,062,057
Interest in options	None

MR BRENT SCRIMSHAW	NON-EXECUTIVE DIRECTOR *(resignation effective 17 November 2023)*
EXPERIENCE AND EXPERTISE	Mr Scrimshaw brings a unique understanding of the requirements of building disruptive brands and businesses worldwide. During a 19-year career with Nike Inc. where he held the position of Vice President and Chief Executive of Western Europe amongst other leadership roles and was a member of the global corporate leadership team where he was responsible for many of Nike's major growth and brand strategies worldwide. He is now the CEO and Executive Director of Enero Group Limited (ASX: EGG) and is also a non-executive director of Kathmandu Holdings Limited (ASX/NZX: KMD).
Other current directorships	Kathmandu Holdings Limited (ASX/NZX: KMD), since 2018 Enero Group Limited (ASX: EGG) since 2020
Former directorships (last 3 years)	None
Interest in shares	None
Interest in options	None

ASSOC. PROF. JOHN MCBAIN AO	NON-EXECUTIVE DIRECTOR
EXPERIENCE AND EXPERTISE	Assoc. Prof. McBain is the former Head of Reproductive Services at The Royal Women's Hospital in Melbourne, Australia. He is also the former President of the Fertility Society of Australia, and was a founder of Melbourne IVF, now Virtus Health (ASX:VRT). Assoc. Prof. McBain served as a Director of Melbourne IVF and subsequently as a Director of Virtus Health prior to its listing on the ASX. Assoc. Prof. McBain holds a Medical degree from Glasgow University.
Other current directorships	None
Former directorships (last 3 years)	None
Interest in shares	62,232,393
Interest in options	None

MS LYNETTE SWINBURNE AO	NON-EXECUTIVE DIRECTOR
EXPERIENCE AND EXPERTISE	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-centred 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. Ms Swinburne's contribution to the Australian health sector has been acknowledged with numerous awards including the Order of Australia 2018, Honorary Doctorate (Social Sciences) Swinburne University 2015, Australian of the Year finalist 2006, Melburnian of the Year 2007, Equity Trustees' Not-for-Profit CEO of the Year Award 2004, The Centenary Federation Medal 2003, Victorian Women's Honour Role 2002. She was also one of the Australian Financial Review/Westpac's Australian 100 Women of Influence in 2016, and was the winner of the Social Enterprise & Not-for-Profit Category of the 100 Women of Influence Award 2016.
Other current directorships	None
Former directorships (last 3 years)	None
Interest in shares	178,000
Interest in options	None

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships' (last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

MR SEAN SLATTERY

Mr Slattery was appointed the Company's Chief Financial Officer ('CFO') in December 2018. Mr Slattery has over 20 years' experience as a director, company secretary and CFO of both private and ASX listed companies. Mr Slattery's previous roles have included media, financial services, and technology companies. Mr Slattery has a Master of Taxation from University of Melbourne, is a Member of the Institute of Chartered Accountants and completed his Bachelor of Science, majoring in Accounting, from Salisbury University in Maryland, USA.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	FULL BOARD		AUDIT COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD
MR MICHAEL JOHNSON	3	3	2	2
MR RON DEWHURST	3	3	2	2
MR BRENT SCRIMSHAW	1	1	-	-
ASSOC. PROF. JOHN MCBAIN AO	3	3	2	2
MS LYNNETTE SWINBURNE AO	3	3	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

SHARES UNDER OPTION

Unissued ordinary shares of Rhinomed Limited under option at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
20 November 2020*	23 December 2024	$0.1160	15,228,548
15 March 2021	31 December 2026	$0.2500	12,690,456
			27,919,004

*Included in these options were options granted as remuneration to the CEO and CFO in the year ended 30 June 2021.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

No options were granted to the directors or any key management personnel of the Company since the end of the financial year.

DIRECTORS'
REPORT

RHINOMED
2024

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company and its Australian-based controlled entities against a liability to the extent permitted by the Corporations Act 2001.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

AUDIT AND NON-AUDIT SERVICES

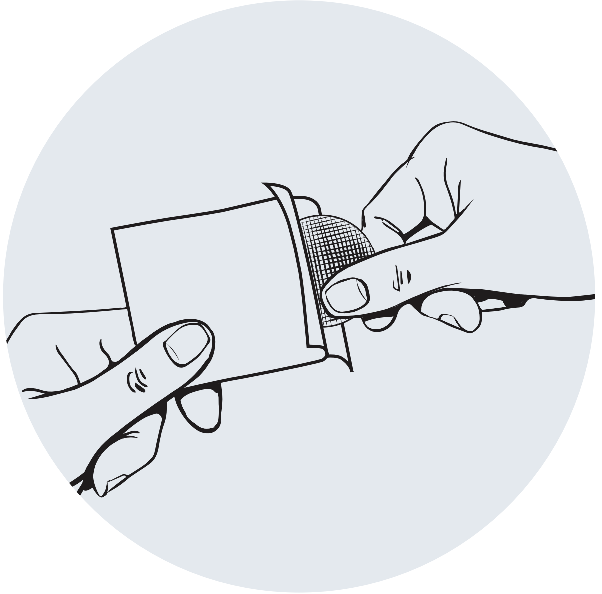
Details of the amounts paid or payable to the auditor (Grant Thornton Audit Pty Ltd) for audit and non-audit services provided during the financial year are outlined in Note 25 to the consolidated financial statements.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise with the Company and/or Group are important.

The Board, in accordance with advice provided by the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Board are of the opinion that the services as disclosed in Note 25 to the consolidated financial statements do not compromise the auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved by the audit committee to ensure that they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board.



AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Michael Johnson
Chief Executive Officer
and Managing Director

4 October 2024

GrantThornton

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Rhinomed Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Rhinomed Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

J Vasiliou

J D Vasiliou
Partner – Audit & Assurance

Melbourne, 4 October 2024

CONSOLIDATED FINANCIAL STATEMENTS

RHINOMED LIMITED
ABN 12 107 903 159

AUDITED FINANCIAL STATEMENTS 30 JUNE 2024

These financial statements are consolidated financial statements for the Group consisting of Rhinomed Limited and its subsidiaries. A list of subsidiaries is included in Note 30.

The financial statements are presented in Australian dollars.

Rhinomed Limited is a public company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:
L1, 132 Gwynne Street
Cremorne VIC 3121
Australia

The financial statements were authorised for issue by the Directors on 4 October 2024. The Directors have the power to amend and reissue the financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	30 JUNE 2024 $	30 JUNE 2023 $
REVENUE			
Revenue from customers	5	9,032,210	7,472,451
Other income	6	271,149	578,267
Foreign currency exchange gains	7	41,082	405,591
EXPENSES			
Raw materials and consumables used		(1,609,296)	(1,881,248)
Administrative expenses		(1,664,639)	(1,307,983)
Depreciation and amortisation	8	(276,881)	(891,984)
Employee benefit expenses		(4,614,142)	(4,889,659)
Marketing expenses		(4,666,994)	(5,615,397)
Research and development expenses		(884,803)	(1,161,353)
Other operating expenses		(320,646)	(755,627)
Impairment loss	8	(282,532)	(2,486,577)
Foreign exchange currency losses	7	(202,300)	(63,684)
OPERATING LOSS		**(5,177,792)**	**(10,597,203)**
Finance income	22	3,289	2,518
Finance costs	22	(840,690)	(312,790)
LOSS BEFORE INCOME TAX EXPENSE		**(6,015,193)**	**(10,907,475)**
Income tax expense	9	(861)	(861)
LOSS AFTER INCOME TAX EXPENSE FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF RHINOMED LIMITED		**(6,016,054)**	**(10,908,255)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	20	152,920	(532,144)
Other comprehensive income/(loss) for the year		152,920	(532,144)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF RHINOMED LIMITED		**(5,863,134)**	**(11,440,399)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	NOTE	30 JUNE 2024 $	30 JUNE 2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	61,941	190,412
Trade and other receivables	11	2,197,781	1,497,381
Inventories	12	769,090	629,566
Other current assets		117,014	213,786
Other financial assets		83,413	-
TOTAL CURRENT ASSETS		**3,229,239**	**2,531,145**
NON-CURRENT ASSETS			
Other financial assets		-	82,015
Property, plant and equipment		70,912	320,324
Right-of-use assets	13	11,060	141,629
TOTAL NON-CURRENT ASSETS		**81,972**	**543,968**
TOTAL ASSETS		**3,311,211**	**3,075,113**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	2,760,144	2,558,843
Contract liabilities	15	363,963	417,423
Lease liabilities	16	14,683	170,572
Employee benefits obligations	17	862,784	444,506
Borrowings	18	11,732,222	5,790,099
TOTAL CURRENT LIABILITIES		**15,733,796**	**9,381,443**
NON-CURRENT LIABILITIES			
Lease liabilities	16	-	14,867
Employee benefits obligations	17	21,703	84,564
TOTAL NON-CURRENT LIABILITIES		**21,703**	**99,431**
TOTAL LIABILITIES		**15,755,499**	**9,480,874**
NET LIABILITIES		**(12,444,288)**	**(6,405,761)**
EQUITY			
Share capital	19	77,475,386	77,650,779
Other reserves	20	1,015,435	2,336,015
Accumulated losses		(90,935,109)	(86,392,555)
TOTAL DEFICIENCY IN EQUITY		**(12,444,288)**	**(6,405,761)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	SHARE CAPITAL $	OPTION RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	ACCUMULATED LOSSES $	TOTAL DEFICIENCY IN EQUITY $
BALANCE AT 01 JULY 2022	**77,650,779**	**3,576,587**	**(708,428)**	**(75,484,300)**	**5,034,638**
Loss for the year	-	-	-	(10,908,255)	(10,908,255)
Other comprehensive loss for the year	-	-	(532,144)	-	(532,144)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	-	-	**(532,144)**	**(10,908,255)**	**(11,440,399)**
BALANCE AT 30 JUNE 2023	**77,650,779**	**3,576,587**	**(1,240,572)**	**(86,392,555)**	**(6,405,761)**

	NOTE	SHARE CAPITAL $	OPTION RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	ACCUMULATED LOSSES $	TOTAL DEFICIENCY IN EQUITY $
BALANCE AT 01 JULY 2023		77,650,779	3,576,587	(1,240,572)	(86,392,555)	(6,405,761)
Loss for the year		-	-	-	(6,016,054)	(6,016,054)
Other comprehensive income for the year		-	-	152,920	-	152,920
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		-	-	**152,920**	**(6,016,054)**	**(5,863,134)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Contributions of equity, net of transaction costs	19	(45,367)	-	-	-	(45,367)
Unmarketable parcels buy-back	19	(130,026)	-	-	-	(130,026)
Expiry of options not exercised	20	-	(1,473,500)	-	1,473,500	-
BALANCE AT 30 JUNE 2024		**77,475,386**	**2,103,087**	**(1,087,652)**	**(90,935,109)**	**(12,444,288)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	30 JUNE 2024 $	30 JUNE 2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		8,483,035	8,346,637
Payments to suppliers and employees (inclusive of GST)		(13,893,342)	(16,037,803)
Government grants and tax incentives received		439,669	639,862
Interest received		1,891	1,974
Interest paid		(151,989)	(128,618)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	32	**(5,120,736)**	**(7,177,948)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(7,107)	(95,249)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(7,107)**	**(95,249)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		42,207	-
Share issue transaction costs		(24,032)	-
Payment for unmarketable parcels buy-back		(130,026)	-
Lease principal repayment		(170,756)	(151,304)
Proceeds from borrowings		5,737,351	5,945,739
Repayment of borrowings		(453,028)	(329,675)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**5,001,716**	**5,464,760**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(126,127)**	**(1,808,437)**
Cash and cash equivalents at the beginning of the financial year		190,412	1,984,949
Effects of exchange rate changes on cash and cash equivalents		(2,344)	13,900
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	10	**61,941**	**190,412**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1.

REPORTING ENTITY

These financial statements cover Rhinomed Limited (the 'Company' or the 'parent') as a consolidated entity (referred to hereafter as the 'Group') consisting of Rhinomed Limited and the entities it controlled at the end of, or during, the year.
The financial statements are presented in Australian dollars, which is Rhinomed Limited's functional and presentation currency.

Rhinomed Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

L1, 132 Gwynne Street
Cremorne VIC 3121
Australia
+61 (0)3 8416 0900

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Rhinomed Limited is registered under the Corporations Act 2001. It delisted from the Australian Securities Exchange ('ASX') and the OTC Markets ('OTCQB') on 16 February 2024.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 October 2024.

The directors have the power to amend and reissue the financial statements.

NOTE 2.

MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Rhinomed Limited and its subsidiaries.

(A) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

HISTORICAL COST CONVENTION

The financial statements have been prepared on a historical cost basis, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not had a material effect on the Group.

AASB 2021-2: Amendments to Australian Accounting Standards - Disclosure of accounting policies and definition of accounting estimates
AASB 101 Presentation of Financial Statements has been amended to require entities to disclose their *material* rather than their *significant* accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. To support this amendment, the AASB also amended AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2.

NOTE 2.

MATERIAL ACCOUNTING POLICIES (CONTINUED)

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the full impact of these new or amended Accounting Standards and Interpretations.

AASB 2020-1: Amendments to Australian Accounting Standards - Classification of liabilities as current or non-current
AASB 101 Presentation of Financial Statements has been amended to clarify whether a liability should be presented as current or non-current depending on the rights that exist at the end of the reporting period. The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include the carrying amount of the liability, information about the covenants, and facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The Group plans on adopting the amendment for the reporting period ending 30 June 2025. The amendment is not expected to have a material impact on the financial statements once adopted.

GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of these consolidated financial statements.

At 30 June 2024, the Group had a working capital deficiency, being current assets less current liabilities, of $$12,504,577 (FY23: $6,850,298) and net liabilities of $12,444,288 (FY23: $6,405,761). For the year ended 30 June 2024, the Group experienced a loss of $6,016,054 (FY23: $10,908,255) and a net cash outflow from operating activities of $5,120,736 (FY23: $7,177,948).

There are significant risks associated with product development and regulatory approvals required by biotechnology companies, as such it is difficult to predict the exact timing and quantum of income from the commercialisation of products and technology and there are inherent uncertainties involved in raising funds from investors within forecasted timelines.

To mitigate these risks, the Group will explore potential funding opportunities to meet any short-term obligations when required. To date, the Group has entered into:

- An unsecured working capital facility to the value of $1.25m with Chairman Ron Dewhurst which was fully drawn during the year ended 30 June 2024.

NOTE 2.

MATERIAL ACCOUNTING POLICIES (CONTINUED)

- An unsecured working capital facility to the value of $1.25m with non-executive director John McBain. As of 30 June 2024, $1m had been drawn down.
- Further unsecured loan facilities to finance working capital with a total value of US$4.47m. As of 30 June 2024 the total available amount under the facilities had been drawn.
- A credit line facility to finance working capital. The total available amount under the facility is $2,800,000 at a borrowing base percentage of 80%, of which $1,178,275 had been drawn down as at 30 June 2024.
- A senior loan to finance working capital of US$500,000. As of 30 June 2024 the total available amount under the loan had been drawn. Upon completion of the rights issue on 22 August 2024, the full amount of this loan converted to equity.

Subsequent to 30 June 2024, the following events have occurred:

- On 23 July 2024 the Group invited eligible shareholders to participate in a non-renounceable entitlement issue of 5 new shares for every 12 existing shares at an issue price of $0.03 per new share. The offer was fully underwritten. On the closing date of 22 August 2024, the Group raised $3.54 million (before costs). This amount includes the conversion of the US$500,000 unsecured loan that was fully drawn during the year ended 30 June 2024.
- On 19 September 2024, as part of the unsecured working capital facility, Ron Dewhurst agreed to extend his line of credit of $1.25m forward until 1 November 2025.
- On 26 September 2024, as part of the unsecured working capital facility, John McBain agreed to extend his line of credit of $1.25m forward until 1 November 2025.
- On 30 September 2024, the expiry date for the agreement relating to the unsecured fully drawn loan of US$2,500,000 was extended to 1 November 2025.
- On 30 September 2024, the expiry date for the agreement relating to the unsecured fully drawn down loan of US$1,970,000 was extended to 1 November 2025.

Based on current budget assumptions, the Group has sufficient funds to meet current commitments towards promoting existing commercialised technology and further development of the technology platform. The Group has the ability to raise additional working capital through the issue of equity, as needed, and has a successful history in raising funds and is well supported by its major shareholders. Further, the Group can scale down its costs sufficiently should it be needed.

Due to the above a material uncertainty exists that may cast doubt upon the Group's ability to continue as a going concern however, the Directors are confident that the Group has adequate resources and funding opportunities to continue in operational existence for the foreseeable future.

NOTE 2.

MATERIAL ACCOUNTING POLICIES (CONTINUED)

(B) PRINCIPLES OF CONSOLIDATION

Subsidiaries are all entities over which the Group has control.
The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, which results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Rhinomed Limited.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities, and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(C) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Operating segments are presented using the ‘management approach’ where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker (‘CODM’). The CODM is the Board of Directors which is responsible for the allocation of resources to operating segments and assessing their performance.

(D) FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the ‘functional’ currency). The consolidated financial statements are presented in Australian dollars, which is Rhinomed Limited’s functional and presentation currency.

NOTE 2.

MATERIAL ACCOUNTING POLICIES (CONTINUED)

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into Australian dollars using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of their fair value gain or loss.

GROUP COMPANIES

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income (‘OCI’) are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value of adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(E) IMPAIRMENT OF ASSETS

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use.

NOTE 2.

MATERIAL ACCOUNTING POLICIES (CONTINUED)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(F) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

RECOGNITION AND DERECOGNITION

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

MEASUREMENT

Investments and other financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or FVOCI.
The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

NOTE 2.

MATERIAL ACCOUNTING POLICIES (CONTINUED)

(G) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(H) EMPLOYEE BENEFITS

(I) SHORT-TERM OBLIGATIONS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and any accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(II) OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

The Group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

NOTE 2.

MATERIAL ACCOUNTING POLICIES (CONTINUED)

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(III) SHARE-BASED PAYMENTS
The fair value of options granted under the Rhinomed Limited ESOP is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(I) GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(J) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTE 3.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Management continually evaluates its estimates and judgements in relation to assets, liabilities, contingent liabilities, revenue, and expenses and bases its estimates and judgements on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected item in the financial statements.

SHARE-BASED PAYMENT TRANSACTIONS

The value attributed to share options and remuneration shares issued is an estimate calculated using an appropriate mathematical formula based on an option pricing model. The choice of models and the resultant option value require assumptions to be made in relation to the likelihood and timing of the conversion of the options to shares and the value and volatility of the price of the underlying shares.

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NOTE 4.

OPERATING SEGMENTS

The Group has identified one reportable operating segment; that is, the identification, acquisition, and commercialisation of late stage consumer therapeutic and medical delivery technologies at Rhinomed Group level as one consolidated operation. The Board currently allocates resources and decisions based on the nasal stent technology brand and its commercialisation to the market. Due to the nature of the products sold, the Group has assessed that analysis and reporting of its operations by geographical areas or countries has very limited impact on CODM's decision-making process.

This, along with taking into consideration the cost to develop this reporting, the Group opted not to report its operations by geographical areas.

The segment details are therefore fully reflected in the body of the financial report.

NOTE 5.

REVENUE FROM CUSTOMERS

The Group derives revenue from the transfer of goods at a point in time.

	30 JUNE 2024 $	30 JUNE 2023
Revenue from customers for the sale of goods	9,032,210	7,472,451

Revenue from the sale of goods relates to late-stage therapeutic delivery products.

DISAGGREGATION OF REVENUE

The disaggregation of revenue from customers for the sale of goods is as follows:

	30 JUNE 2024 $	30 JUNE 2023 $
PRODUCT LINES		
Consumer Health	9,032,210	7,472,451
	9,032,210	**7,472,451**
GEOGRAPHICAL REGIONS		
North, Central, and South America	6,651,712	5,654,011
Asia-Pacific	1,710,157	1,255,903
Europe, Middle East, and Africa	670,341	562,537
	9,032,210	**7,472,451**

The revenue for the year includes $417,423 (FY23: $125,144) included in the contract liability balance at the beginning of the year.

SALE OF GOODS

Revenue from the sale of late stage therapeutic delivery products are recognised at a point in time.

The performance obligation is satisfied when the customer has access and thus control of the product, which is generally at the time of delivery. For retailer customers, control of the product is generally at the point of which sales are made to the end consumer.

NOTE 5.

REVENUE FROM CUSTOMERS (CONTINUED)

MAJOR CUSTOMERS

Two US customers represented 60% of the Group's revenue for the year ended 30 June 2024 totalling $5.4 million (FY23: three customers represented 60% of the Group's revenue totalling $4.5 million):

- an American 'Big Five' e-commerce company; and
- an American healthcare company owning the largest pharmacy chain in the US.

The revenue generated from the above customers during the year related to Rhinomed's Consumer Health products.

RECOGNITION OF REVENUE FROM CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a contract liability.

FINANCING COMPONENTS

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds 12 months. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTE 6.
OTHER INCOME

	30 JUNE 2024 $	30 JUNE 2023 $
Government grants and incentives	-	36,600
R&D tax incentive	271,149	541,667
	271,149	**578,267**

The R&D tax incentive relates to an incentive to support companies that undertake eligible R&D activities. AusIndustry administers the registration and compliance of the R&D activities and the ATO are responsible for the R&D expenditure claimed on the income tax return.

ACCOUNTING POLICY FOR GOVERNMENT GRANTS

Government grants, including R&D tax incentive, are recognised at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

OTHER INCOME

Other income is recognised when it is received or when the right to receive payment is established.

NOTE 7.
FOREIGN EXCHANGE DIFFERENCES

	30 JUNE 2024 $	30 JUNE 2023 $
Foreign currency exchange gains	41,082	405,591
Foreign currency exchange losses	(202,300)	(63,684)
NET FOREIGN CURRENCY EXCHANGE DIFFERENCES	**(161,218)**	**341,907**

NOTE 8.
EXPENSES

Loss before income tax includes the following specific expenses:

	30 JUNE 2024 $	30 JUNE 2023 $
DEPRECIATION AND AMORTISATION		
Depreciation of right-of-use assets	130,570	130,213
Depreciation of property, plant and equipment	146,311	484,264
Amortisation of intangible assets	-	277,507
	276,881	**891,984**
OPERATING LEASES		
Operating lease expense on short term leases	123,239	174,436
SUPERANNUATION		
Superannuation expenses	290,260	269,305
IMPAIRMENT OF ASSETS		
Impairment on intangible assets	-	1,592,601
Impairment on inventory	242,532	893,976
Impairment on property, plant & equipment	40,000	-
	282,532	**2,486,577**

NOTE 9.

INCOME TAX

RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	30 JUNE 2024 $	30 JUNE 2023 $
Loss before income tax expense	(6,015,193)	(10,907,475)
Statutory tax rate	25.0%	25.0%
Tax at the statutory tax rate	(1,503,798)	(2,726,869)
TAX EFFECT OF ADJUSTMENTS RELATING TO NON-TEMPORARY DIFFERENCES:		
Research and development incentive	(67,787)	(109,917)
Other non allowable or assessable items	226,726	695,963
TAX EFFECT OF ADJUSTMENTS RELATING TO TEMPORARY DIFFERENCES:		
Temporary differences not recognised	179,463	113,852
Deferred tax assets relating to tax losses not recognised	1,165,396	2,026,971
Adjustment recognised for prior periods	861	780
INCOME TAX EXPENSE	**861**	**780**
REPRESENTED BY		
Current tax on profits for the year	-	-
Adjustment recognised for prior periods	861	780
AGGREGATE INCOME TAX EXPENSE	**861**	**780**
TAX LOSSES		
The Group estimates the below carried forward tax losses that have not been recognised as a deferred tax asset to the Group:		
Australia	44,605,474	41,725,633
United States	14,645,960	12,173,271
United Kingdom	-	41,829
Germany	16,247	40,923
	59,267,681	**53,981,656**

NOTE 9.

INCOME TAX (CONTINUED)

These losses are available for offset against taxable income of the companies in which those losses arose subject to the meeting of the relevant tests in that jurisdiction. The benefit of these tax losses has not been brought to account as the probable recognition criteria has not been satisfied. Were these tax losses to be recognised, it would result in a deferred tax asset at the statutory tax rate in the relevant jurisdiction.

ACCOUNTING POLICY FOR INCOME TAX

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 9.

INCOME TAX (CONTINUED)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balance relates to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the iability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

NOTE 10.

CASH AND CASH EQUIVALENTS

	30 JUNE 2024 $	30 JUNE 2023 $
Cash at bank	61,941	190,412

ACCOUNTING POLICY FOR CASH AND CASH EQUIVALENTS

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

NOTE 11.
TRADE AND OTHER RECEIVABLES

	30 JUNE 2024 $	30 JUNE 2023 $
Trade receivables	1,758,984	1,081,401
Less: Allowance for expected credit losses	(1,113)	(51,410)
	1,757,871	**1,029,991**
R&D tax incentive receivable	271,149	439,669
Other receivables	168,761	27,721
	2,197,781	**1,497,381**

CLASSIFICATION AS TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

IMPAIRMENT AND RISK EXPOSURE

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 23.

ACCOUNTING POLICY FOR TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

NOTE 12.
INVENTORIES

	30 JUNE 2024 $	30 JUNE 2023 $
Inventory available for sale – at cost	1,842,634	1,453,849
Less: Allowance for impairment of inventories	(1,137,187)	(893,976)
Inventory on consignment – at cost	63,643	69,693
	769,090	**629,566**

ACCOUNTING POLICY FOR INVENTORIES

Inventory is stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

As a result of the delays in regulatory approval in the USA and Canada, the Directors have concluded that an impairment charge for Rhinoswab Adult inventory was necessary and as a result, the Group has recognised an impairment loss of $242,532 (FY23: $893,976).

NOTE 13.

RIGHT-OF-USE ASSETS

The Group entered into a five-year commercial lease in Cremorne in August 2019. The lease is for the use of office

	30 JUNE 2024 $	30 JUNE 2023 $
Leased properties – right-of-use - at cost	651,780	651,780
Less: Accumulated depreciation	(640,720)	(510,151)
	11,060	**141,629**

ACCOUNTING POLICY FOR RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 14.
TRADE AND OTHER PAYABLES

	30 JUNE 2024 $	30 JUNE 2023 $
Trade payables	1,653,570	1,714,854
Accrued expenses	821,148	657,527
Other payables	285,426	186,462
	2,760,144	**2,558,843**

Refer to Note 23 for further information on financial instruments.

ACCOUNTING POLICY FOR TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Due to their short-term nature, the carrying amounts of trade and other payables are considered to be the same as their fair values.

NOTE 15.
CONTRACT LIABILITIES

	30 JUNE 2024 $	30 JUNE 2023 $
Opening balance	417,423	125,144
Increase due to cash received, excluding amounts recognised as revenue	959,654	1,243,900
Revenue from performance obligations satisfied during the period	(1,009,734)	(971,276)
Foreign exchange differences	3,510	19,655
Transfer to bad debts	(6,890)	-
	363,963	**417,423**

The Group derives revenue from the transfer of goods at a point in time when the products are sold to the end customers by the retailer.

NOTE 16.
LEASE LIABILITIES

	30 JUNE 2024 $	30 JUNE 2023 $
Lease liability - current	14,683	170,572
Lease liability - non-current	-	14,867
	14,683	**185,439**

The Group's lease liability relates to the head office in Cremorne. This lease agreement does not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset (Note 13) and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

During the year, payments made in respect to lease liabilities totalled $178,016 (FY23: $170,992) which includes an interest expense of $7,260 (FY23: $19,688).

ACCOUNTING POLICY FOR LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate.
Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.
The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

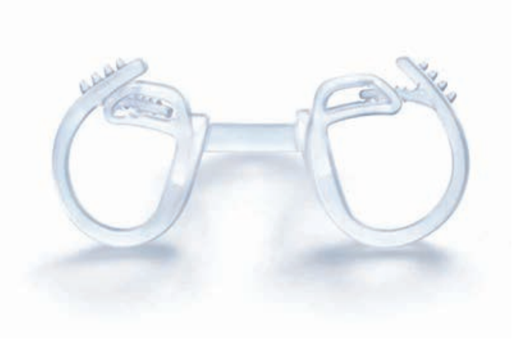
Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties.
When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 17.
EMPLOYEE BENEFITS OBLIGATIONS

CURRENT LIABILITY	30 JUNE 2024 $	30 JUNE 2023 $
Leave obligations	521,332	316,408
Employee entitlements	341,452	128,098
	862,784	**444,506**
NON-CURRENT LIABILITY		
Long service leave obligations	**21,703**	**84,564**

Current leave obligations relate to amounts that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts are classified as current liabilities as the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Long service leave obligations relate to employee entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.



NOTE 18.
BORROWINGS

Borrowings are made up of the following financial liabilities:

	30 JUNE 2024 $	30 JUNE 2023 $
CURRENT LIABILITY		
Credit line facility	1,178,275	595,324
Unsecured loans	10,553,947	5,194,775
	11,732,222	**5,790,099**

CREDIT LINE FACILITY

In October 2022, ASAP Breatheassist Pty Ltd, a subsidiary of the Group, entered into a credit line facility to finance working capital. Under the facility, ASAP Breatheassist Pty Ltd is able to borrow up to 80% of trade receivable balances approved by the funder. The maximum amount that ASAP Breatheassist Pty Ltd can draw under the facility is $2,800,000. As at 30 June 2024, $1,178,275 had been drawn. This credit line facility is subject to renewal on 30 November 2024. ASAP Breatheassist Pty Ltd is subject to quarterly reviews by the credit line facility provider and has demonstrated a history of annual renewals. As this facility is Australian dollar denominated, there was no impact on the Group's exposure to foreign exchange risk.

The credit line facility is an uncommitted revolving loan facility with a variable interest rate and is secured by:

- A Featherweight General Security Agreement over ASAP Breatheassist Pty Ltd's assets.
- First ranking priority charge over ASAP Breatheassist Pty Ltd's receivables book.

The interest rate on this credit line facility is variable and averaged 11.17% for the financial year (FY23: 10.29%). There is also a facility fee of 1.35% (FY23: 1.35%). Interest and facility fees are paid monthly in arrears and are recorded as transaction costs in the profit and loss. An arrangement fee of $16,000 was also payable to the lender upon signing the credit line facility agreement which was paid prior to the first draw down of the facility and expensed in the profit and loss.

UNSECURED LOANS

The Group has entered into the following unsecured loan facilities to finance working capital:

- In December 2022, a US$2,500,000 loan facility was entered. The facility was fully drawn during the 2023 financial year. As at 30 June 2024, the drawn amounts were repayable by 1 October 2024. On 30 September 2024, the repayment date was extended to 1 November 2025.

NOTE 18.

BORROWINGS (CONTINUED)

If the Group raises funds by way of:

a) A capital event (including an equity raise, issue of convertible note, or capital raise), the net proceeds raised may be applied in repayment of the loan; or
b) Internally generated revenues and cash flows from commercial operations, the cash received may be applied in repayment of the loan.

The loan has a fixed rate of 8%, and is a US dollar denominated loan which is carried at amortised cost. There is no impact on the Group's exposure to cash flow interest rate risk. Further, there are no facility or transaction fees payable.

- The Group entered into a further unsecured loan facility to finance working capital on 25 September 2023. The total available amount under the loan is US$1,970,000 and was fully drawn on 27 September 2023. As at 30 June 2024, the drawn amount was repayable not later than 1 October 2024. On 30 September 2024, the repayment date was extended to 1 November 2025.

If the Group raises funds by way of:

a) A capital event (including an equity raise, issue of convertible note, or capital raise), the net proceeds raised may be applied in repayment of the loan; or
b) Internally generated revenues and cash flows from commercial operations, the cash received may be applied in repayment of the loan.
The loan has a fixed rate of 8%, and is a US dollar denominated loan which is carried at amortised cost. There is no impact on the Group's exposure to cash flow interest rate risk. Further, there are no facility or transaction fees payable.

- In July 2021, the Group entered into the following facilities:

  - $1,250,000 loan facility with Chairman Ron Dewhurst which was fully drawn during the 2023 financial year. On 19 September 2024, the repayment date was extended to 1 November 2025; and

NOTE 18.

BORROWINGS (CONTINUED)

  - $1,250,000 loan facility with non-executive director John McBain. During the 2024 financial year, $1,000,000 was drawn on. On 26 September 2024, the repayment date was extended to 1 November 2025.

  The facilities are on commercial terms, have a fixed rate of 8%, and are AU dollar denominated. There is no impact on the Group's exposure to cash flow interest rate risk and no facility or transaction fees payable.

  If the Group raises funds by way of:

  a) A capital event (including an equity raise, issue of convertible note, or capital raise), the net proceeds raised may be applied in repayment of the facilities; or
  b) Internally generated revenues and cash flows from commercial operations, the cash received may be applied in repayment of the facilities.

- The Group entered into an unsecured loan facility to finance working capital on 26 April 2024 and the total available amount under the loan of US$500,000 was fully drawn on the same day. Under the terms of the loan agreement, the drawn amount will be settled via the rights issue that was completed on 22 August 2024.

  The loan has a fixed rate of 8%, and is a US dollar denominated loan which is carried at amortised cost. There is no impact on the Group's exposure to cash flow interest rate risk. Further, there are no facility or transaction fees payable.

COMPLIANCE WITH LOAN COVENANTS

There are no amounts subject to loan covenants.

FAIR VALUE

The fair values of the Group's borrowings are not materially different from their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

NOTE 19.

SHARE CAPITAL

	30 JUNE 2024 SHARES	30 JUNE 2023 SHARES	30 JUNE 2024 $	30 JUNE 2023 $
Ordinary shares – fully paid	283,524,215	285,719,694	77,475,386	77,650,779

MOVEMENTS IN ORDINARY SHARE CAPITAL

DETAILS	DATE	SHARES	ISSUE PRICE	$
Balance	**01/07/2022**	285,719,694		77,650,779
Balance	**30/06/2023**	285,719,694		77,650,779
Issued shares		1,055,165	$0.040	42,207
Less: transaction costs arising on issued shares		-		(87,574)
		1,055,165		(45,367)
Unmarketable parcels buy-back		(3,250,644)	$0.040	(130,026)
BALANCE	**30/06/2024**	**283,524,215**		**77,475,386**

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

ACCOUNTING POLICY FOR ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution. The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Group's management, the Board monitors the need to raise additional equity from the equity markets.

NOTE 20.
RESERVES

	30 JUNE 2024 $	30 JUNE 2023 $
Foreign currency translation reserve	(1,087,652)	(1,240,572)
Options reserve	2,103,087	3,576,587
	1,015,435	**2,336,015**

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

	OPTION RESERVE $	FOREIGN CURRENCY TRANSLATION RESERVE $	TOTAL $
Balance at 1 July 2022	3,576,587	(708,428)	2,868,159
Currency translation differences	-	(532,144)	(532,144)
Balance at 30 June 2023	3,576,587	(1,240,572)	2,336,015
Expiry of options not exercised	(1,473,500)	-	(1,473,500)
Currency translation differences	-	152,920	152,920
BALANCE AT 30 JUNE 2024	**2,103,087**	**(1,087,652)**	**1,015,435**

OPTION RESERVE

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested

FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income as described in Note 2(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

NOTE 21.
DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

NOTE 22.
FINANCE INCOME AND COSTS

FINANCE INCOME

	30 JUNE 2024 $	30 JUNE 2023 $
Interest from financial assets held for cash management purposes	3,289	2,518

Interest income is calculated using the effective interest rate method.

FINANCE COSTS

	30 JUNE 2024 $	30 JUNE 2023 $
Interest and finance charges paid/payable for lease liabilities	7,260	19,688
Other finance charges	833,430	293,102
	840,690	**312,790**

NOTE 23.

FINANCIAL INSTRUMENTS

The Group's financial instruments are detailed below:

	30 JUNE 2024 $	30 JUNE 2023 $
Cash and cash equivalents	61,941	190,412
Net trade receivables	1,757,871	1,029,991
Other financial assets	83,413	82,015
Trade and other payables	(2,760,144)	(2,558,843)
Lease liability	(14,683)	(185,439)
Borrowings	(11,732,222)	(5,790,099)
	(12,603,824)	**(7,231,963)**

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the Group's implementation of that system on a regular basis.

The Directors and senior management identify the general areas of risk and their impact on the activities of the Group, with management performing a regular review of:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- if appropriate, determine:
    - any inadequacies of the current approach; and
    - possible new approaches that more efficiently and effectively address the risk.

Management reports risks identified to the Board through the monthly 'operations report'.

The Group seeks to ensure that its exposure to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost effective manner.

NOTE 23.

FINANCIAL INSTRUMENTS (CONTINUED)

ELEMENTS OF RISK

The main risks the Group is exposed to through its operations are foreign exchange risk, interest rate risk, credit risk and liquidity risk.

(A) MARKET RISK
(I) FOREIGN EXCHANGE RISK

The Group operates internationally, undertaking certain transactions denominated in foreign currency and is exposed to foreign exchange risk through foreign exchange rate fluctuations. The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date, expressed in Australian dollars, was as follows:

	ASSETS		LIABILITIES	
	30 JUNE 2024 $	30 JUNE 2023 $	30 JUNE 2024 $	30 JUNE 2023 $
US dollars	1,559,459	765,129	(9,012,650)	(427,212)
Pound Sterling	4,602	34,319	-	(12,089)
Euro	-	-	(15,686)	(37,970)
Canadian dollars	16,387	14,371	(1,501)	(11,311)
	1,580,448	**813,819**	**(9,029,837)**	**(488,582)**

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the functional currency of the relevant Group entity.

As shown above, the Group is primarily exposed to changes in the exchange rates of the US dollar. A strengthening or weakening of the Australian dollar against these foreign currencies would have an equal and opposite effect on the loss after tax and equity.

The table on the next page illustrates the sensitivity of profit and equity in relation to the Group's financial assets and financial liabilities against the AUD/USD exchange rate. The analysis assumes that all other variables remain constant. It assumes a +/- 3% change of the AUD/USD rate for the year ended 30 June 2024 (FY23: +/- 7%). This percentage has been determined based on management's assessment of a reasonably possible change, based on the average market volatility in exchange rates in the previous twelve months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

NOTE 23.

FINANCIAL INSTRUMENTS (CONTINUED)

	AUD STRENGTHENED			AUD WEAKENED		
	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
30 JUNE 2024						
US dollars	3%	217,083	217,083	3%	(230,511)	(230,511)
		217,083	**217,083**		**(230,511)**	**(230,511)**
30 JUNE 2023						
US dollars	7%	(22,107)	(22,107)	7%	25,435	25,435
		(22,107)	**(22,107)**		**25,435**	**25,435**

The post-tax impact on profit and equity of reasonably possible changes in the Pound Sterling, Euro and Canadian dollar exchange rates were considered and were immaterial.

(ii) INTEREST RATE RISK

As at 30 June 2024, the Group is exposed to market interest rates through its credit line facility. All other borrowings have a fixed interest rate. The exposure to interest rates for the Group's cash and cash equivalents is considered immaterial.

An increase or decrease of 1.75% (FY23: 2%) in interest rates at the reporting date would have a corresponding increase/(decrease) effect on profit after tax and equity of $1,366 (FY23: $927).

(B) CREDIT RISK

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

CREDIT RISK MANAGEMENT

The credit risk in respect of cash and cash equivalents is minimised through diversification of bank deposits, and are only with major reputable financial institutions that maintain a high credit rating.

NOTE 23.

FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk in respect to trade and other receivables is managed on a group basis based on the Group's credit risk management policies and procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties) ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are normally between 30 and 60 days from the invoice date.

IMPAIRMENT OF FINANCIAL ASSETS

The Group has one type of financial asset subject to the expected credit loss model, being trade receivables for sales of inventory. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

SECURITY

Trade receivables consist of a large number of customers in various geographic areas. The Group does not hold any security on any trade receivables balances at each annual reporting date.

TRADE RECEIVABLES

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the amount outstanding.

On that basis, there was no further loss allowance as at 30 June 2024 from the expected credit loss method. This was ascertained based on an individual customer analysis; the identified loss beyond this at a portfolio level was determined to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

NOTE 23.
FINANCIAL INSTRUMENTS (CONTINUED)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(C) LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk as follows:

- preparation of cash flow analyses related to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- managing credit risk related to financial assets;
- investing surplus funds with reputable financial institutions.

The Group's objective is to maintain cash balances to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting period. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables.

The Group's existing cash resources and trade receivables exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

REMAINING CONTRACTUAL MATURITIES

The tables on the next page detail the Group's remaining contractual maturity for its financial liabilities. The amounts disclosed in the tables are the contractual undiscounted cash flows of financial liabilities required to be paid, assuming no early repayment clauses are triggered. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their

NOTE 23.
FINANCIAL INSTRUMENTS (CONTINUED)

NON-DERIVATIVES 30 JUNE 2024	1 YEAR OR LESS $	BETWEEN 1 AND 5 YEARS $	OVER 5 YEARS $	REMAINING CONTRACTUAL MATURITIES $
NON-INTEREST BEARING				
Trade and other payables	2,760,144	-	-	2,760,144
INTEREST BEARING				
Lease liabilities	14,683	-	-	14,683
Borrowings	12,453,319	-	-	12,453,319
TOTAL NON-DERIVATIVES	**15,228,146**	**-**	**-**	**15,228,146**

NON-DERIVATIVES 30 JUNE 2023	1 YEAR OR LESS $	BETWEEN 1 AND 5 YEARS $	OVER 5 YEARS $	REMAINING CONTRACTUAL MATURITIES $
NON-INTEREST BEARING				
Trade and other payables	2,558,843	-	-	2,558,843
INTEREST BEARING				
Lease liabilities	170,572	14,867	-	185,439
Borrowings	4,865,941	1,487,031	-	6,352,972
TOTAL NON-DERIVATIVES	**7,595,356**	**1,501,898**	**-**	**9,097,254**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 24.

KEY MANAGEMENT PERSONNEL DISCLOSURES

DIRECTORS

The following persons were directors of Rhinomed Limited during the financial year:

Mr Michael Johnson
Executive Director and Chief Executive Officer

Mr Ron Dewhurst
Non-Executive Chairman

Mr Brent Scrimshaw
Non-Executive Director (resignation effective 17 November 2023)

Assoc. Prof. John McBain AO
Non-Executive Director

Ms Lynette Swinburne AO
Non-Executive Director

OTHER KEY MANAGEMENT PERSONNEL

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr Sean Slattery
Chief Financial Officer and Company Secretary

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	30 JUNE 2024 $	30 JUNE 2023 $
Short-term employee benefits	968,208	1,147,990
Long-term employee benefits	13,092	16,584
Post-employment benefits	89,867	80,454
	1,071,167	**1,245,028**

NOTE 25.

REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by the auditor of the parent entity, Rhinomed Limited, by the auditor's related network firms and by non-related audit firms:

	30 JUNE 2024 $	30 JUNE 2023 $
AUDIT SERVICES		
Audit or review of the financial statements – Grant Thornton Audit Pty Ltd	77,250	108,150
	77,250	**108,150**
OTHER SERVICES		
Tax compliance services – Grant Thornton Australia Ltd	17,107	8,500
	94,357	**116,650**

NOTE 26.

CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2024 or as at 30 June 2023.

NOTE 27.

COMMITMENTS

The Group had no capital or expenditure commitments as at 30 June 2024 or as at 30 June 2023.

NOTE 28.

RELATED PARTY TRANSACTIONS

PARENT ENTITY

Rhinomed Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in Note 30.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 24.

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	30 JUNE 2024 $	30 JUNE 2023 $
RENDERING OR RECEIVING OF SERVICES:		
Employee benefits*	242,785	217,557
	242,785	**217,557**

*The wife of Mr Michael Johnson is employed as the National Sales Manager and during the year received a salary and bonus totalling $218,454 (FY23:$196,828) plus superannuation guarantee of $24,331 (FY23:$20,729).

NOTE 28.

RELATED PARTY TRANSACTIONS (CONTINUED)

RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	30 JUNE 2024 $	30 JUNE 2023 $
Employee benefits obligations:		
Current liabilities	8,530	5,068
Non-current liabilities	1,705	-
	10,235	**5,068**

LOANS TO/FROM RELATED PARTIES

During the year, drawdowns totalling $1.0 million were made by the Group on the unsecured working capital facility provided by Non-Executive Director, John McBain. The facility is on commercial terms and on 26 September 2024, John McBain agreed to extend the expiry date to 1 November 2025, assuming no early repayment clauses are triggered.

During the year ending 30 June 2023, a drawdown was made by the Group on the unsecured working capital facility to the value of $1.25 million provided by Chairman Ron Dewhurst.

The facility is on commercial terms and on 19 September 2024, Ron Dewhurst agreed to extend the expiry date to 1 November 2025, assuming no early repayment clauses are triggered.

Refer to Note 18 Borrowings for further information.

TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 29.

PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	PARENT	
	30 JUNE 2024 $	30 JUNE 2023 $
Loss after income tax	(1,690,790)	(5,271,447)
TOTAL COMPREHENSIVE LOSS	**(1,690,790)**	**(5,271,447)**

STATEMENT OF FINANCIAL POSITION	PARENT	
	30 JUNE 2024 $	30 JUNE 2023 $
Total current assets	495,760	704,169
Total assets	523,336	955,830
Total current liabilities	4,200,858	2,689,441
Total liabilities	4,222,561	2,788,872
EQUITY		
Share capital	77,475,386	77,650,779
Option reserve	2,103,087	3,576,587
Accumulated losses	(83,277,698)	(83,060,408)
TOTAL DEFICIENCY IN EQUITY	**(3,699,225)**	**(1,833,042)**

NOTE 29.

PARENT ENTITY INFORMATION (CONTINUED)

GUARANTEES ENTERED INTO BY THE PARENT ENTITY IN RELATION TO THE DEBTS OF ITS SUBSIDIARIES

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2024 and or as at 30 June 2023.

CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and or as at 30 June 2023.

MATERIAL ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 30.
INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		30 JUNE 2024 %	30 JUNE 2023 %
ASAP Breatheassist Pty Ltd	Australia	100.00%	100.00%
Breathing Space Health Pty Ltd	Australia	100.00%	100.00%
Diagnosehealth Pty Ltd	Australia	100.00%	100.00%
Rhinomed UK Limited	United Kingdom	100.00%	100.00%
Breatheassist Limited	United Kingdom	100.00%	100.00%
Rhinomed Inc.	United States	100.00%	100.00%
Rhinomed EU GmbH	Germany	100.00%	100.00%

NOTE 31.
EVENTS AFTER THE REPORTING PERIOD

On 23 July 2024 the Group invited eligible shareholders to participate in a non-renounceable entitlement issue of 5 new shares for every 12 existing shares at an issue price of $0.03 per new share. The offer was fully underwritten. On the closing date of 22 August 2024, the Group raised $3.54 million (before costs). This amount includes the conversion of the US$500,000 unsecured loan that was fully drawn during the year ended 30 June 2024 to equity.

On 25 August 2024, Rhinomed Limited entered into a two year lease commencing 23 August 2024 with rent payable monthly in advance. Contingent rental provisions within the lease agreement permit the minimum lease payments to increase by 1% per annum.

On 19 September 2024, as part of the unsecured working capital facility, Ron Dewhurst agreed to extend his line of credit of $1.25m forward until 1 November 2025.

On 26 September 2024, as part of the unsecured working capital facility, John McBain agreed to extend his line of credit of $1.25m forward until 1 November 2025.

NOTE 31.
EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

On 30 September 2024, the expiry date for the agreement relating to the unsecured fully drawn loan of US$2,500,000 was extended to 1 November 2025.

On 30 September 2024, the expiry date for the agreement relating to the unsecured fully drawn down loan of US$1,970,000 was extended to 1 November 2025.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTE 32.
CASH FLOW INFORMATION

RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	30 JUNE 2024 $	30 JUNE 2023 $
Loss after income tax expense for the year	(6,016,054)	(10,908,255)
ADJUSTMENTS FOR:		
Depreciation and amortisation	276,881	891,984
Accrued interest on borrowings	683,050	-
Foreign exchange differences	135,281	(328,522)
Impairment losses	282,532	2,486,577
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase)/decrease in trade and other receivables	(700,400)	596,177
Increase in inventories	(382,056)	(281,794)
(Increase)/decrease in other operating assets	96,772	(11,145)
Increase/(decrease) in trade and other payables	201,301	(110,672)
Increase in contract liabilities and employee benefits	301,957	487,702
NET CASH USED IN OPERATING ACTIVITIES	**(5,120,736)**	**(7,177,948)**

NOTE 33.

SHARE-BASED PAYMENTS

The establishment of the 'employee share and option plan' ('ESOP') was approved by shareholders at the 2017 annual general meeting. The plan is designed to provide long-term incentives for employees (including Directors) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of options granted under ESOP which was established to provide ongoing incentive to reward employees and consultants for their contribution to the Group's performance. All options listed below have a vesting date equal to their grant date:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED	BALANCE AT THE END OF THE YEAR
30 JUNE 2024							
29/11/2019	29/11/2023	$0.2998	10,000,000	-	-	(10,000,000)	-
20/01/2020	20/01/2024	$0.2998	3,000,000	-	-	(3,000,000)	-
20/11/2020	23/12/2024	$0.1160	12,690,457	-	-	-	12,690,457
20/11/2020	23/12/2024	$0.1160	2,538,091	-	-	-	2,538,091
			28,228,548	**-**	**-**	**(13,000,000)**	**15,228,548**
WEIGHTED AVERAGE EXERCISE PRICE			**$0.2006**	**$0.0000**	**$0.0000**	**$0.2998**	**$0.1160**
30 JUNE 2023							
29/11/2019	29/11/2023	$0.2998	10,000,000	-	-	-	10,000,000
20/01/2020	20/01/2024	$0.2998	3,000,000	-	-	-	3,000,000
20/11/2020	23/12/2024	$0.1160	12,690,457	-	-	-	12,690,457
20/11/2020	23/12/2024	$0.1160	2,538,091	-	-	-	2,538,091
			37,228,548	**-**	**-**	**-**	**28,228,548**
WEIGHTED AVERAGE EXERCISE PRICE			**$0.2006**	**$0.0000**	**$0.1027**	**$0.1027**	**$0.2006**

NOTE 33.

SHARE-BASED PAYMENTS (CONTINUED)

ACCOUNTING POLICY
FOR SHARE-BASED PAYMENTS

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

NOTE 33.

SHARE-BASED PAYMENTS (CONTINUED)

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

NAME OF ENTITY	TYPE OF ENTITY	% OF SHARE CAPITAL HELD	PLACE OF INCORPORATION	AUSTRALIAN RESIDENT OR FOREIGN RESIDENT	FOREIGN TAX JURISDICTION(S) OF FOREIGN RESIDENTS
Rhinomed Limited	Body corporate	N/A	Australia	Australian	N/A
ASAP Breatheassist Pty Ltd	Body corporate	100%	Australia	Australian	N/A
Breathing Space Health Pty Ltd	Body corporate	100%	Australia	Australian	N/A
Diagnosehealth Pty Ltd	Body corporate	100%	Australia	Australian	N/A
Rhinomed UK Limited	Body corporate	100%	United Kingdom	Foreign	United Kingdom
Breatheassist Limited	Body corporate	100%	United Kingdom	Foreign	United Kingdom
Rhinomed Inc.	Body corporate	100%	United States of America	Foreign	United States of America
Rhinomed EU GmbH	Body corporate	100%	Germany	Foreign	Germany

There are no entities within the Group that are a trustee, partner or participant in a joint venture.

BASIS OF PREPARATION

This Consolidated Entity Disclosure Statement ('CEDS') has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

DETERMINATION OF TAX RESIDENCY

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the Income Tax Assessment Act 1997 are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for thepurposes of disclosure in the CEDS.

In determining tax residency, the consolidated entity has applied the following interpretations:

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

AUSTRALIAN TAX RESIDENCY

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

FOREIGN TAX RESIDENCY

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statement is true and correct.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of directors.

On behalf of the Directors,

MR MICHAEL JOHNSON
Chief Executive Officer
and Managing Director

4 October 2024

GrantThornton

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Independent Auditor's Report

To the Members of Rhinomed Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Rhinomed Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a loss of $6,016,054 and cash outflows from operating activities of $5,120,736 during the year ended 30 June 2024, and as of that date, the Group's current liabilities exceeded its current assets by $12,504,577 and the Group had net liabilities of $12,444,288. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of:

a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and

b the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the Directors determine is necessary to enable the preparation of:

i. the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

JVasiliou

J D Vasiliou
Partner – Audit & Assurance

Melbourne, 4 October 2024

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