

RHINOMED

INVESTOR NEWSLETTER / SUMMER 2015 - 2016 /



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A MESSAGE FROM THE CEO

Dear Shareholders,

Welcome to the final issue of the Rhinomed Newsletter for 2015. It is a great pleasure to report on another strong period of growth for the company.

2015 has truly been a momentous year for Rhinomed. 12 months ago we had just completed the user trial of the Mute technology. Since then we have not only had regulatory registration in America, Europe and Australia, we have also launched the product into the Australian and UK markets and are poised for a broader global roll-out in 2016.

The announcement that Boots - the iconic UK pharmacy chain - would stock Mute was a significant milestone for Rhinomed. We see no greater endorsement than the decision by a retailer of Boots' standing to stock Mute. Boots is the UK arm of the Walgreens Boots Alliance company (NASDAQ:WBA). WBA is the largest pharmacy led health company on the planet with over 13,000 pharmacies globally. In addition, they wholesale into thousands of pharmacies in Europe. This relationship marks a significant turning point for Rhinomed.

2015 also saw the redesign of Turbine. Turbine 2.0 was then released in February and has since gone on to assist amateur and professional athletes from around the world alike break new records and achieve new personal bests.

Our progress in R&D continues. We are now waiting to see the results of our inaugural phase one proof of concept clinical trial in obstructive sleep apnea. The trial began in June and we look forward to seeing these results early in 2016.

The clear progress that has taken place over the last 12 months gives your Board great confidence that the strategy we put in place a little over two and a half years ago is beginning to deliver. We are committed to growing a significant franchise in the sleep and health space by delivering to consumers, patients, clinicians and insurers, solutions that truly help. Key to success over the next 12 months will be demonstrating a continual growth in sales and customer numbers.

One of the clear signs of the early success of our strategy is that we continue to attract customers, business partners and high quality talent to the company. In February we appointed Ms Justine Heath as CFO. Justine brings a wealth of experience as a manager of healthcare companies, having previously worked with Blamey Saunders, Hexima, Faulding, Santos and PWC. In August, we appointed Mr Shane Duncan as Global Head of Sales and Marketing. Shane, who is originally from Australia has spent the last five years in the USA and has spent over 25 years in the healthcare and pharmaceutical industry having worked at GSK, Merck and Compumedics.

During the period we also welcomed Ms Nic Boyd and Mr Andrew Whiteman to head up our Mute and Turbine brand teams.

Finally, in November we were delighted to announce the appointment of Mr Ron Dewhurst as Chairman of Rhinomed. Ron has taken over the reins from Martin Rogers. Martin's conviction, support and resilience has been invaluable and the company thanks him for his leadership over the last three years and looks forward to his support as a shareholder and ongoing champion of the Rhinomed story.

The appointment of Ron as Chairman marks a significant milestone for the company. Ron's experience over a career spanning 40 years is simply extraordinary. Originally hailing from Melbourne he was the Managing Director for the successful stockbroking business ANZ McCaughan Limited, before heading overseas where he was Head of Americas for JP Morgan Asset Management. Returning in 2004 he was CEO of IOOF Holdings before joining Legg Mason Inc in 2008 and returning to New York where he was Head of Global Investment Managers. Ron's decision to move from being a substantial shareholder to joining the Board is a great endorsement of our strategy and the opportunity we are pursuing. We warmly welcome Ron to the Rhinomed team.

The company continues to work to build a truly world-class team. We will continue to focus on improving our corporate governance and build the right community of people at each stage of the company's development, all part of the steps necessary to build a truly global business. We will continue to seek out talent that has clear international business experience and a proven love of innovation. We believe that diversity in thinking, in background and approach, as well as a true desire to help are critical elements to the company's success.

Rhinomed has set a strategy to be a major player in the global respiration and sleep markets. Our objective is to ensure we are in the homes of millions of people globally. While we are only at the beginning of this journey, we are already seeing the growth in customer numbers, the quality of our relationships and the talent that we are attracting, which reinforces our belief that we are on track to achieve this outcome. Australian innovation can be globally competitive and we are firm believers that Rhinomed can showcase this.

I would like to thank all shareholders, customers, our Board and our incredible and tireless team who have made this year such a successful year for Rhinomed. We look forward to an extraordinarily exciting 2016. I wish you all a very safe and happy holiday season.

Michael Johnson
Chief Executive Officer
@rhinomedceo



INTRODUCING MR RON DEWHURST: CHAIRMAN

Following our November AGM we had great pleasure in announcing the appointment of Mr Ron Dewhurst to Rhinomed's Board of Directors and to the role of Chairman.

Mr Dewhurst has been a major shareholder of Rhinomed since 2014. Ron is one of the country's most experienced investors and his experience in running some of the world's largest and most respected financial companies including JP Morgan and Legg Mason will be invaluable to Rhinomed as we focus on the global opportunity in sleep and respiration.

ABOUT MR DEWHURST

Mr Dewhurst was employed by JP Morgan from 1992 - 2002 with his last role as Head of Americas for JP Morgan Asset Management Inc. From 2004 - 2007 he was Group Chief Executive Officer of IOOF Holdings Ltd, and from 2008 - 2013 he was Head of Global Investment Managers for Legg Mason Inc based out of New York.

He has previously served as non-executive Director of Orchard Petroleum Ltd, Australian United Investment Co Ltd, Acctrak21 International Ltd, and Pride Capital Partners LLC. He was also previously a Board member of the Breast Cancer Network of Australia and a Trustee of the National Gallery of Victoria.

Q & A WITH RON DEWHURST

1. WHAT ATTRACTED YOU TO RNO?

I went to a broker presentation day at the Sydney Cricket Ground at which three companies presented. I was impressed by Michael's presentation and as a result I tested the Turbine product the next day and was surprised by the positive results. My interest is in companies with global potential, RNO fitted the bill.

As I got to know the company, I became intrigued and impressed by the culture and progress of the organisation. It is hard to build culture and grow a small, capital constrained company.

2. WHY DID YOU MOVE FROM BEING A SHAREHOLDER TO WANTING TO CHAIR THE COMPANY?

RNO is at an inflection point where it needs to move from being a small company that looks like a small company, to a company that thinks more strategically and is credible to major global companies. I think I can help RNO achieve that end.

3. WHERE DO YOU SEE THE OPPORTUNITY AND FOCUS FOR THE NEXT 12 MONTHS?

Four areas are important;

- Completion of distribution deals
- Delivery of sales growth
- New product innovation in the Mute space
- Building our culture and developing our people.

MUTE UPDATE



BOOTS UK ROLL OUT COMMENCES

The Boots UK pharmacy rollout has commenced with Mute now stocked in over 600 stores throughout the United Kingdom and Ireland.

The consumer launch of Mute in the UK commenced on November 4th. It included a comprehensive campaign featuring public relations headlined by British Olympic legend Sir Steve Redgrave CBE and the UK's loudest snorer, Jenny Chapman. Also included was in-store promotion and activation, a social media campaign and a four week radio campaign targeting Greater London.

We were humbled by the support received from Boots management and in-store management groups for both the internal Boots launch at Nottingham HQ and the retail launch at the flagship Oxford street store. As you can see from the images included in this newsletter, the Mute branding is very distinctive and certainly makes its presence felt in-store.

We look forward to updating shareholders on the uptake for the product across the Boots network in due course.

“The growing awareness of the company’s unique nasal technology is continuing to attract interest from distributors and customers alike. Our strong investment in ensuring we have a robust and extensive intellectual property position, premium breakthrough and disruptive brands and a secure and well resourced production, manufacturing and logistics system has ensured that the company is well positioned to meet demand and growth expectations.”

– Michael Johnson, CEO.

MUTE UPDATE

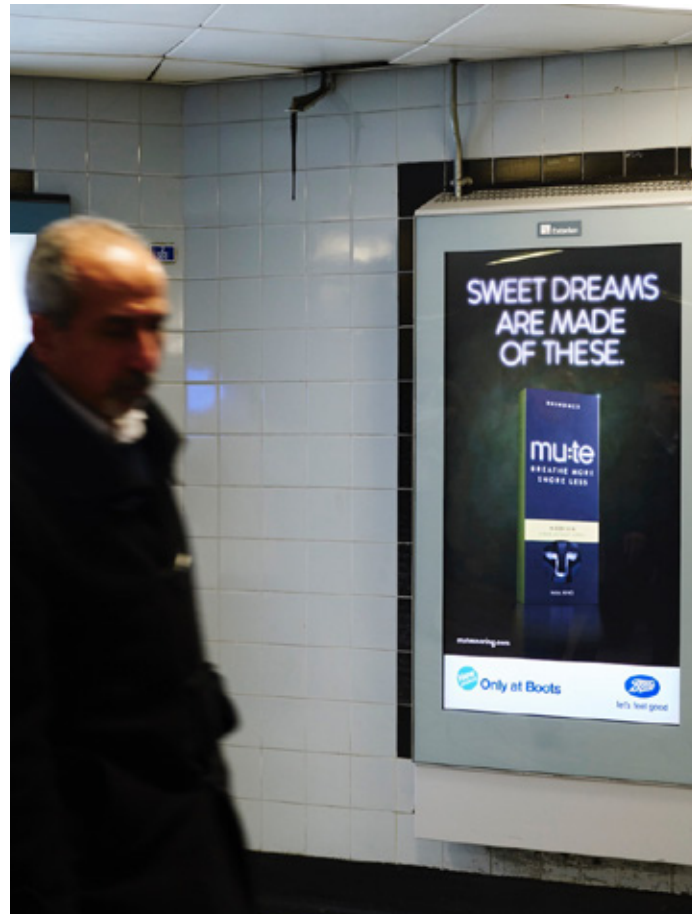
INTERNAL LAUNCH AT BOOTS HQ NOTTINGHAM

In the first week of October an internal launch of Mute occurred in Boots at the Nottingham HQ. The launch featured a sampling program with over 1200 Boots staff, Rhinomed brand ambassador and five-time Olympic gold medallist Sir Steve Redgrave CBE, Rhinomed CEO Michael Johnson and senior representatives of the WBA team. Sir Steve is a long-term shareholder and supporter of the company and has been actively involved in promoting the business throughout 2015. Additionally, the company invested in a nationwide training program of all Boots retail staff to ensure they are informed about Mute and its role as a solution to snoring and sleep issues.

CONSUMER LAUNCH

The consumer promotional program commenced on November 4th with a focus on Greater London. The program features a multi-media campaign and is designed to grow awareness of the Mute snoring solution and its availability in-store in Boots or online through the Boots.com e-commerce platform. The Mute technology is available in three sizes- small, medium and large and is on sale for £16.99 for a packet of three, which is in effect a month's supply.

The consumer launch is generating strong interest and response across the UK from British snorers. Initial feedback has been positive with growing sales recorded and the company is continuing to work closely with the Boots team to create a strong presence in store in the lead up to Christmas. A full assessment of the results will take place in January following the completion of the campaign.



CAMPAIGN DETAILS - PR

During the consumer launch Sir Steve and the UK's loudest snorer Jenny Chapman and her husband Colin were interviewed by 17 different radio stations across the UK. Both Sir Steve, Jenny and Colin focused on introducing the importance of snoring and the role Mute plays in addressing this health issue.

Sir Steve continues to strongly promote the connection between performance and good sleep, while Jenny Chapman, one of the world's loudest snorers having been recorded at 111 decibels (8 decibels louder than a low flying jet) talks first hand about the impact it can have on relationships. Jenny now uses Mute to great effect.

LONDON STORE ACTIVATION

During the first three days of the campaign Mute was promoted in-store in London with a key focus on several key Boots stores including Euston Station, St Pancras and Oxford Street. The campaign included promotional staff introducing Boots customers to Mute and providing information and posters in the stations. A key element to the Mute brand is its strong and distinctive in-store presence. The company is committed to ensuring Mute is positioned as the premium category leader.





MUTE UPDATE



SOCIAL MEDIA

A strong social media campaign has also commenced. Key elements include raising awareness of snoring as a health issue, the impact it can have on relationships and linking back to the Mute solution and its availability at Boots.com and the Mutesnoring.com sites.

So far the social media campaign featuring a man snoring on a train in the London underground has been viewed by over 620,000 people.

 **Mute Snoring** shared Mute Snoring UK's video.
Published by Patrick Moore [?] · 5 November at 09:09 · Edited · 

Our UK friends are now hitting the Mute button on snoring. You can too.
Shop now: <http://goo.gl/8iRRRP>



621,469 Views

Mute Snoring UK
4 November at 23:40 · 

Snoring... funny on the #tube, not in the bedroom.

Do you have a #snoring story to top this one?

RADIO CAMPAIGN

The Mute radio campaign is currently underway and will continue until early December. The campaign features three radio advertisements that are being run on four radio stations in the Greater London region.

Shareholders seeking to see more of the campaigns are invited to connect to the social media campaign at www.facebook.com/mutesnoring and on twitter [@mutesnoringuk](https://twitter.com/mutesnoringuk).

Rhinomed will continue to monitor the response from UK consumers and are working closely with Boots UK to ensure a growing level of awareness and adoption of the technology in the UK market.



MUTE UPDATE

THE UK'S LOUDEST SNORER



The Boots launch coincided with the latest YouGov research in the UK showing that 68% of the UK public are affected by snoring - either as snorers themselves, or as partners of snorers. Of these, 38% of couples were sleeping apart due to snoring.

Earlier this year, we found one such couple - Jenny and Colin Chapman. Not your average couple - Jenny holds the record for Britain's loudest snorer, with her snoring recorded at 111 decibels! To put this in perspective, that is 8 decibels louder than a low flying jet.

Ms Chapman supported Rhinomed at the launch of Mute and spoke with radio stations all over the UK about how Mute has made such a difference to her.

"I have tried and tried all sorts of things - sprays, things you stick in your mouth, and all sorts of things.. and I now have something new, which is very good. It's reduced it [my snoring] substantially."

- Jenny Chapman

The variety of Jenny's snores and her current success with Mute was also outlined in a feature in the Daily Mail on November 21st. The article can be accessed via this link:

<http://www.dailymail.co.uk/femail/article-3327979/The-wife-s-Britain-s-loudest-snorer-Retired-bank-worker-noisy-low-flying-jet-husband-hasn-t-decent-night-s-sleep-30-years.html>

SLEEP DOWNUNDER 2015



SLEEP DOWNUNDER 2015

Sleep DownUnder is the annual conference of the peak scientific body in Australia and New Zealand - the Australasian Sleep Association. Held in Melbourne, it provided a great opportunity for Rhinomed to engage with leading sleep specialists and clinicians. The conference generated strong interest from specialists on the role the Mute technology could play as an adjunct to existing therapies such as Mandibular Advancement Splints and CPAP. We will continue to investigate how Mute could potentially improve the compliance and efficacy rates of these well established therapies.

The conference also provided us with an opportunity to showcase the new Intranasal Positive Expiratory Airway Pressure (INPEAP) technology. The INPEAP technology is the subject of a Phase 1 clinical trial being run by lead investigator Assoc. Prof. Darren Mansfield at the Monash Lung and Sleep Department, Monash Health.

BUSINESS DEVELOPMENT ACTIVITIES

The response and reaction to both Mute and Turbine from the sport, sleep, retail pharmacy and global health and pharma industry has been strong. As we increasingly socialise consumers and patients with the company's technology platform, we significantly derisk and increase the strategic value of the company's Intellectual property.

We continue to receive strong interest from potential partners in the sleep, health and pharma industries. As we continue to expand the company's footprint into new markets, geographies and channels we will seek to partner and license the technology where and when it aligns with the companies strategic goals. We will update investors on the progress of these discussions when material.

TURBINE UPDATE



The uptake and recognition of Turbine amongst elite athletes and at consumer trade fairs has grown considerably in the past quarter. It has been a year since we exhibited at the major Interbike show in Las Vegas in 2014. This year, we were not new kids on the block, but had strong athlete endorsement and a number of Turbine distributors also in attendance. The Interbike exhibit was also a great opportunity for our latest member of the team, Shane Duncan (Global Head of Sales and Marketing) - to immerse himself in the brand and see first hand the reaction and support we receive from buyers.

Around the time of Interbike, we learned of a number of world records being smashed with Turbine - which we have outlined in the Turbine section below. Following the Show, we also secured 11 new sales representatives for Turbine, which will help us actively attend to opportunities in the US.

TUMBLING WORLD RECORDS WITH TURBINE

Word of mouth is a powerful thing and so is endorsement from elite athletes. You can imagine our delight when we have found out that numerous sporting records have been broken recently using the Turbine!

- Chris Froome's second win in the 2015 Tour de France.
- Linda Villumsen became the UCI Woman's 2015 Time Trial World Champion using Turbine.
- Aerovelo broke the human powered speed record in the speed bike 'Eta' at 137.93 kph (see below).



TURBINE UPDATE



Chris with competition winner, Stef, from Velobrands, our UK distributor

THE LATEST WITH FROOME

During the middle of the year we held a competition to 'Win a Lunch with Froome'. The lucky winners were recently treated to just that - a special lunch with Chris Froome in Monaco. During the day, Froome also participated in a media shoot for us.

Froome has announced that he will attend the 2016 Herald Sun Tour in Melbourne this February. We will be delighted to host Froome in Melbourne at this time - as he continues preparations for his 3rd yellow jersey in the 2016 Tour de France.

We are also working on the promotional campaign that will support Froome in his journey for a third yellow jersey. Look out for the #Y3LLOW hashtag.

SPREADING THE WORD

In-line with our Mute launch through Boots, we are also very pleased to advise that Turbine is now available online in the UK through their online shopping portal - Boots.com

As part of our ongoing development activities with Turbine - we are maintaining a presence at major international sporting events. Recently, Turbine was on hand at the Ironman World Championships in Kona, where we sampled hundreds of endurance athletes, doctors and coaches. We have also exhibited at the Philadelphia Marathon, and at The Running Event 2015 in Austin, Texas.

Once again we attended the incredible Interbike exhibition in Las Vegas in September, where we participated in the indoor and outdoor demo exhibition and sampled over 2,000 people, covering both athletes and trade. This exhibition gave us excellent leads into retail and distribution options, which we are now actively pursuing. Following the Interbike exhibition we also recruited new sales representatives to cover Turbine in the US. We are pleased that these reps are now up and running, with local knowledge and networks to assist us in gaining momentum in this significant market.

TOP SPORTS CONSUMER PRODUCT LIST

We are pleased to also be recognised as one of the top Fitness Products of the Year in 'The Happy Athlete Top Fitness Products of 2015' Awards. The group says that products were "selected for their quality, reliability and innovative features to improve your health and athletic performance."

Alongside Turbine were leading wearable technologies and specialised cycling equipment. To read the full article, please go to: <http://www.thehappyathlete.net/uncategorized/the-happy-athletes-top-fitness-products-of-2015/>

We are delighted to receive such independent acknowledgment of Turbine's benefits and that we are truly supplying something of value to athletes.

TURBINE UPDATE



THE RUNNING SHOW

In November/December we attended two major US Events on the Running Calendar. The Gore-Tex Philadelphia Marathon was held over the 20-21st of November and attracted over 30,000 runners. We sold and sampled Turbine to over 2,000 athletes at the Event Expo with many people experiencing the instant benefit the product can provide and indicating that they would use the product on race day. We will continue to target major events like this to increase our exposure and awareness in the USA.

In early December we introduced Turbine to the Independent Running store community at The Running Event in Austin Texas. This event gave us the opportunity to sample and outline the benefits of the product to athletes and Sporting retailers. Over the course of the three days we were able to generate interest with major running store retail chains across the USA, creating good quality leads for our Independent rep team, which we have now grown to 11 people across the US. These major industry events will continue to be a core part of our sport strategy as we continue to build awareness of Turbine at the retailer level.

CORPORATE UPDATE

VIBROVEIN DIVESTMENT

The company recently divested the Vibrovein technology. While the company had developed the intellectual property position and developed an initial prototype, the decision to divest was made after a review of the opportunity and business case. Key elements to this included an assessment of the technology and intellectual property area, the emerging drug delivery market and trends and ultimately, the significant size of the investment required to further progress the technology, given the opportunity.

The Board concluded that ultimately further investment was not in the best interests of shareholders. As a result, the Board decided to divest the technology. The company secured an offer from an Australian based investor and sold the intellectual property and prototype assets.

R&D AND INPEAP CLINICAL TRIAL PROGRAM

We are awaiting preliminary results of our Phase 1 study of our novel Intranasal Positive Expiratory Airway Pressure (INPEAP) device to treat moderate Obstructive Sleep Apnea (OSA). The trial is currently underway at Monash Health. Patient recruitment is continuing with patient #11 now complete. We will seek to report on the trial early in the new year.

The INPEAP trial is seeking to demonstrate that the device is well-tolerated and will attenuate moderate obstructive sleep apnea (approximately 70% of sleep apnea patients). Importantly, the trial includes both in-clinic sleep studies and polysomnography and a 14-day in-home use phase.

We have clearly identified a strong unmet need for a well tolerated, economic and efficacious front line solution for Obstructive Sleep Apnea. Patient compliance rates with existing therapies remain a challenge. Additionally, recent changes such as the introduction of the Affordable Care Act in the USA now allows insurers to discontinue paying for a treatment if it is ineffective or the patient does not use it. Many US insurance companies now require proof of compliance from the patient or their equipment provider before they will pay for on-going device rental, purchase or additional replacement supplies. Rhinomed believes that the INPEAP technology has the potential to meet the needs of patients, clinicians and insurance companies.

The development of our Mute CLEAR device which will deliver a proprietary formulation designed to tackle the effects of night-time nasal congestion continues. We will also be developing a Turbine variant that caters for athletes who are confronted with congestion and/or runny noses during aerobic activity. Further updates are expected during FY16Q3.

SHAREHOLDER OFFER

DO YOU KNOW A SNORER?

This Christmas we are offering all our shareholders a unique opportunity to enjoy a true 'Silent Night'. Visit www.mutesnoring.com and buy a Mute to receive 10% off when you enter "Shareholder" in the promo code. This offer is exclusive to Rhinomed shareholders and expires January 1st, 2016.



RHINOMED IN THE NEWS

MASTER INVESTOR INTERVIEW

Rhinomed CEO Michael Johnson was recently interviewed by leading UK investment magazine, Master Investor. A link through to the article is available on our corporate LinkedIn page, or you can link through to the article here: https://www.linkedin.com/lite/external-redirect?url=https%3A%2F%2Fink.com%2Ein%2FbFUrC_e&urlHash=cDdT

MUTE IN THE MEDIA

DAILY MAIL: *The wife who's Britain's loudest snorer: Retired bank worker is as noisy as a low-flying jet and her husband hasn't had a decent night's sleep for 30 years* - <http://www.dailymail.co.uk/femail/article-3327979/The-wife-s-Britain-s-loudest-snorer-Retired-bank-worker-noisy-low-flying-jet-husband-hasn-t-decent-night-s-sleep-30-years.html>

SYDNEY MORNING HERALD: *Why Boots snapped up Rhinomed's anti-snoring device* - <http://www.smh.com.au/small-business/smallbiz-tech/why-boots-snapped-up-rhinomeds-antisnoring-device-20151126-gl8wve.html>

BUZZFEED: *28 Ridiculously Amazing Products That'll Make Your Life Easier* - <http://bzfd.it/1QdRrgW>

FORWARD LOOKING STATEMENT

This document contains certain forward-looking statements, relating to Rhinomed Limited (Rhinomed) business which can be identified by the use of forward looking terminology such as "promising," "plans," "anticipated," "will," "project," "believe," "forecast," "expected," "estimated," "targeting," "aiming," "set to," "potential," "seeking to," "goal," "could provide," "intends," "is being developed," "could be," "on track," or similar expressions or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of the company's technologies and products. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy any specific health authority and other health authorities requirements regarding any one or more product or technology nor can there any assurance that such products or technologies will be approved by any health authorities for sale in any markets or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the technology could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property protection; competition in general; government, industry, and general public pricing pressures; and additional factors that involve significant risks and uncertainties about our products, technology, financial result, and business prospects. Should one of more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Rhinomed is providing this information as of the date of this presentation and does not assume any obligation to update any forward-looking statements contained in this document as a result of new information, future events or developments or otherwise.

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