

AUTUMN 2016

# RHINOMED

CHANGING THE WAY THE WORLD BREATHES

INVESTOR NEWSLETTER



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# MESSAGE FROM THE CEO

2016 is already shaping up as a watershed year for Rhinomed.

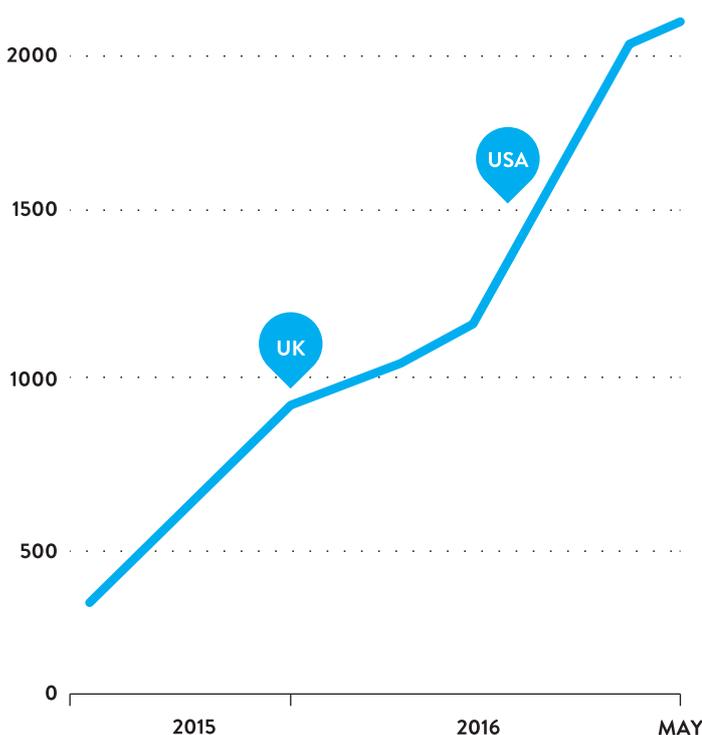
Amid solid gains over the first six months of FY16 (\$522,165 in ordinary revenues) and a strong pipeline of activity in train for the year ahead, I am delighted to announce key global distribution agreements that continue to implement our international expansion strategy and work to consolidate the company's upward trajectory.

## ENTRY INTO NORTH AMERICA

Leading the way is our launch with US retail drugstore giant Walgreens and Duane Reade.

Penetration into the US is fundamental to our plans for growth, and the Walgreens and Duane Reade chain comprises more than 8,500 stores. The deal is the culmination of negotiations that were initiated in mid 2015 and rollout is currently underway in 107 Duane Reade stores and 891 Walgreens outlets. The stores are part of the Walgreens Boots Alliance (NASDAQ: WBA) and the US deal builds on last year's expansion into the UK through the Boots pharmacy chain.

STORE NUMBERS (GLOBAL)



## EXPANSION INTO CANADA

Canada has the potential to be a considerable market for Rhinomed. There are 9,558 pharmacies in Canada alone and snoring prevalence is similar to that of the US where 48% of Americans have been identified to snore. At the end of February, Rhinomed completed a significant deal with Toronto-based McArthur Medical Group. As the sole distributor for Mute and Turbine, McArthur is a highly reputable and trusted channel to leverage the products into the Canadian market for us. Their impressive track record of gaining support from both the retail and clinical sectors in Canada, provides a strong fit with our strategy of building a significant customer base in North America. The agreement follows our successful registration with the Canadian regulator, Canada Health, in December 2015.

## GROWING SPORTS FOOTPRINT

Turbine distribution will also be enhanced in the US through deals with Europa Sports Products, Dick's Sporting Goods, Performance Bicycle Inc. and Inbox Fitness. Europa Sports is one of America's leading sports equipment and supplement distributors representing 300+ of the industry's leading brands. This important new distribution channel will introduce Turbine to food, drug and mass market retailers, gyms, health food stores and specialty sports equipment and supplement retailers throughout America. Performance Bicycle, the number 1 specialty bike retailer in the US will see Turbine distributed chain-wide and also via their online store. Inbox Fitness.com is one of the fastest growing online marketplaces for health and fitness products, with a monthly customer base of over 100,000.

We were particularly pleased to receive the following feedback from Inbox CEO Vincent Scalisi: "Turbine's completely novel approach to improving athletic performance, and its ability to produce remarkable results for our customers, make the brand a perfect fit for us. Consumers in this market have very high expectations - and Turbine delivers."

Each of these developments broadens our global footprint in key markets and will be critical in driving the next phase of the company's growth.



On the back of the new distribution agreements the company has raised AUD\$4 million via a placement of 166.67 million ordinary shares at A\$0.024 per share to Australian institutional and sophisticated investors, existing shareholders have an opportunity to participate through the SPP (Shareholder Purchase Plan). The company is now well positioned to take full advantage of the significant opportunities in the global sleep market. The funds are being used for working capital purposes and to support the launch of Mute into the US market and current activities in the UK/ European markets.

At the end of April, we attended the Master Investor Show in London. This provided an excellent platform to showcase our technology and products and engage with new international investors. The Show was the

biggest in its 14 year history, with 9800 tickets sold. Considered the 'Glastonbury of Investment Forums', Rhinomed's booth was particularly popular and reported investors 10-deep at one stage! Footage of the presentation will be available to share shortly. Click here to view some images and information from the show <http://masterinvestor.co.uk/show/2016-show/>

I would like to thank Chairman Ron Dewhurst for his support and sound counsel over what has been an extremely busy period of growth and expansion to the company. Our increasingly global outlook and priorities are greatly enhanced by his experience and we will continue to pursue these goals with an eye firmly on opportunities for future value for the company and its shareholders.



**MICHAEL JOHNSON**  
MANAGING DIRECTOR  
& CEO  
@rhinomedceo

# MUTE UPDATE



## MUTE DEAL AN IMPORTANT MILESTONE

We are delighted that Mute has now launched into the US, across Duane Reade stores in Manhattan, New York, which will soon be followed by a roll-out into 891 Walgreen stores across the USA.

“The distribution network of Walgreens will enable us to get Mute into the hands of people who are looking for an effective, easy to use solution,” Chief Executive Officer, Michael Johnson said.

The launch will be supported by a promotional campaign centered around “Be Good in Bed” (a typical target for Mute), as well as a “take-over” of Bryant Park station in Manhattan with sampling of Mute, advertising and activities. We look forward to sharing images of the launch with you in due course.

Walgreens ([www.walgreens.com](http://www.walgreens.com)), one of the USA’s largest drugstore chains, is included in the Retail Pharmacy USA Division of Walgreens Boots Alliance, Inc. (Nasdaq: WBA), the first global pharmacy-led, health and well-being enterprise. With a strong focus on urban retailing and customer loyalty, more than eight million customers interact with Walgreens each day in communities across America.

## UK STOP SNORING WEEK

Mute continues to gain traction and attention from consumers in the UK and Australia. Distribution through the Boots pharmacy chain received an additional push during the UK’s Stop Snoring Week (25-30 April). Picking up on the theme of the week “How to sleep with a snorer”, the Mute promotion included social media and public relation activities,

including a range of blogs covering topics such as ‘You think you can’t escape snoring but have you tried Mute?’ and ‘7 ways snoring affects your day’. The blogs also included articles by external reviewers on popular health blog sites.

The campaign was very successful with UK’s loudest snorer and Mute supporter Jenny Chapman appearing on ‘This Morning’ on UK TV, as well as in The Daily Mail discussing her experience with snoring and the benefits of Mute.

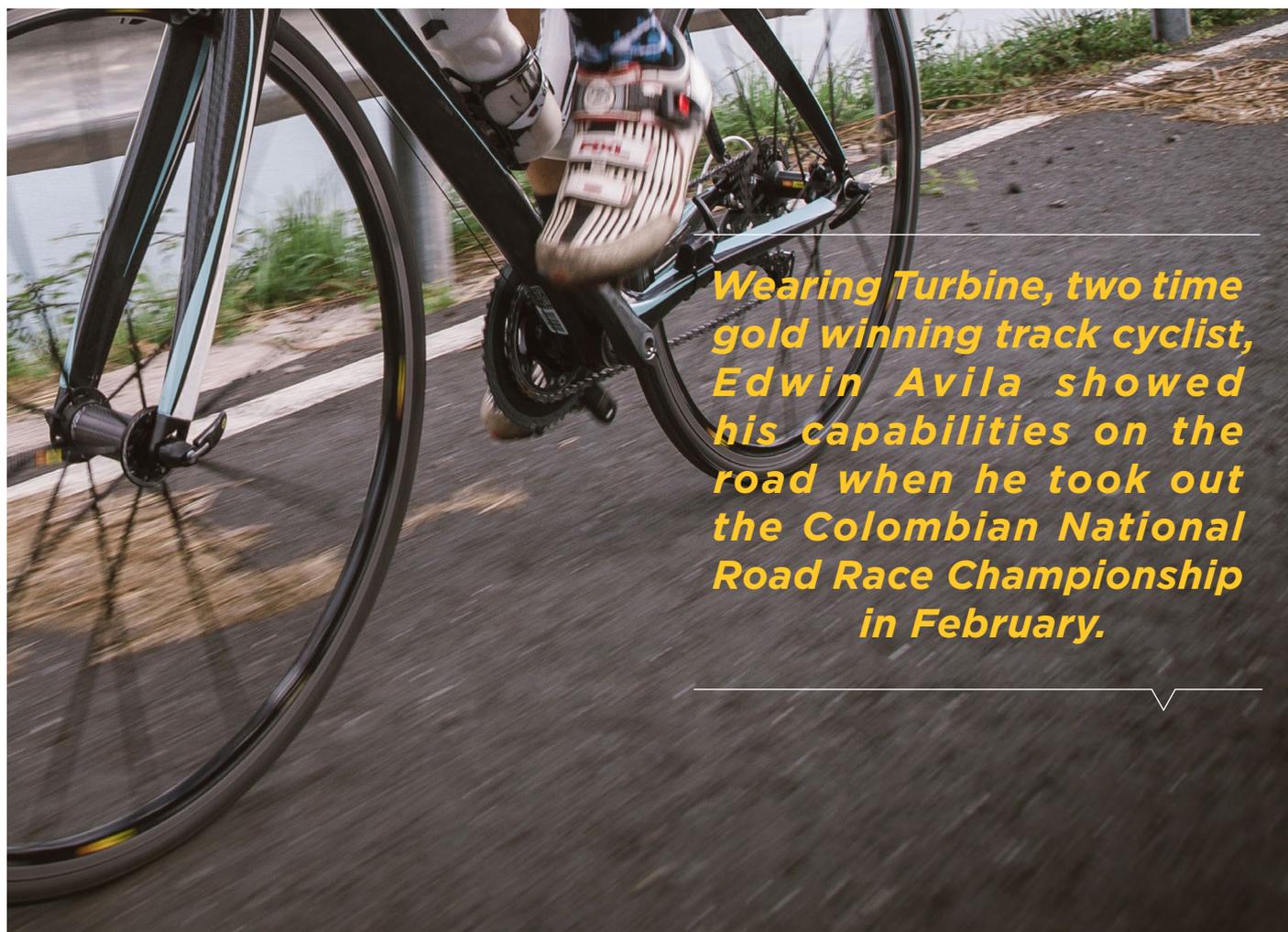
## FURTHER GROWING THE NETWORK

Rhinomed recently exhibited at APP 2016, Australia’s largest Pharmacy Conference. The response to Mute continued to be positive and we are currently following up with stores, orders and in-store training for pharmacies in our Australian Mute network. Mute is currently retailed in approximately 330 Australian pharmacies with plans in development to grow the network to over 1,000 pharmacies.

China is an exciting new market we have prioritised for Mute in 2016. Using a ‘soft’ launch approach, a tailored Chinese online platform for Mute and a targeted social media campaign will be piloted over the coming month.

In addition, we will again be exhibiting Mute at the major Sleep Denver 2016 conference, hosted by the American Academy of Sleep Medicine in June in the USA. This will be an excellent opportunity to expand our network of specialists in the field and we are working towards a series of white papers from a series of key opinion leaders.

# TURBINE UPDATE



***Wearing Turbine, two time gold winning track cyclist, Edwin Avila showed his capabilities on the road when he took out the Colombian National Road Race Championship in February.***

We were delighted to announce Turbine going on sale through iconic US sports retailer Dicks's Sporting Goods in early May. Dick's is a Fortune 500 company, active across 47 US states. Turbine is entering 20 stores as part of an in-store trial and will display the product in specialised aisle end display units to provide strong branding.

The new US distribution contract with Europa Sports Products opens up new prospects for Turbine in the US. Europa Sports is the US industry leader in the distribution of nutritional and sports supplements, sports drinks and accessories to mass market retailers, gyms, health food stores and specialty supplement retailers.

The Co-CEO of Europa Sports Eric Hillman said "The market is wide open for a product like this. We look forward to partnering and creating a successful position in the marketplace for the Turbine (and Mute) brands."

Under the arrangement, Europa will drive the sell-in of

Turbine and Mute into approximately 30,000 outlets throughout the USA. Revenues from this agreement are expected to flow in the second half of CY2016.

## **TOUR DE FRANCE - GO FOR Y3LLOW**

It's now only a few months until the world's premier cycling event, the Tour de France commences on 2 July. Turbine will be right there where all the action is.

Two times Tour winner and Turbine ambassador, Chris Froome will again ride with team Sky in the 2016 event with the advantage of Turbine, and we will be supporting him with our new Y3LLOW campaign. The campaign will document Froome's quest for a third yellow winner's jersey. You can see the online advertisement [here](#). Turbine will be a visible part of Froome's journey on the global stage during 2016.

# PIPELINE UPDATE



## MONASH SLEEP TRIAL FOR OSA SUFFERERS

Looking forward, we are poised to move into the development phase of our INPEAP (Intranasal Positive Expiratory Airway Pressure) sleep device aimed at patients with mild/moderate sleep apnea. Product development will be informed by recent trials conducted by Monash Lung and Sleep Department, Monash Health. At the end of March, 18 subjects had completed the study. A further two patients were being recruited and we anticipate finalisation of the trial by the end of the quarter.

## SLEEP HEALTH IS A GROWTH SECTOR

There is growing recognition of the negative impacts of interrupted and insufficient sleep. What scientists and psychologists have long-known, is becoming a populist talking point.

Digital media master, President and Editor in Chief of Huffington Post, Arianna Huffington has just released her latest book *The Sleep Revolution* for the mainstream market connecting sleep with optimal cognitive function and suggesting that we are in the midst of a 'sleep crisis'.

Against this backdrop, is greater understanding of the issues that can prevent restorative sleep including Obstructive Sleep Apnea (OSA), and the rapidly growing sleep industry is estimated to be worth around US\$58.1 billion (Persistence Market Research, 2014).

Rhinomed's pipeline is poised to play a role across multiple points and channels involved in the sleep aid industry, starting with our over-the-counter product Mute and rolling out to our nasal decongestant (in development) and sleep apnea technology (in trial).



## FORWARD LOOKING STATEMENT

Any forward looking statements in this document have been prepared on the basis of a number of assumptions which may prove incorrect and the current intentions, plans, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which are outside Rhinomed Limited's control. Important factors that could cause actual results to differ materially from any assumptions or expectations expressed or implied in this newsletter include known and unknown risks.

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