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**R H I N O M E D**

CHANGING THE WAY THE WORLD BREATHES

INVESTOR UPDATE - OCTOBER 2017

ASX: RNO

#### IMPORTANT NOTICE

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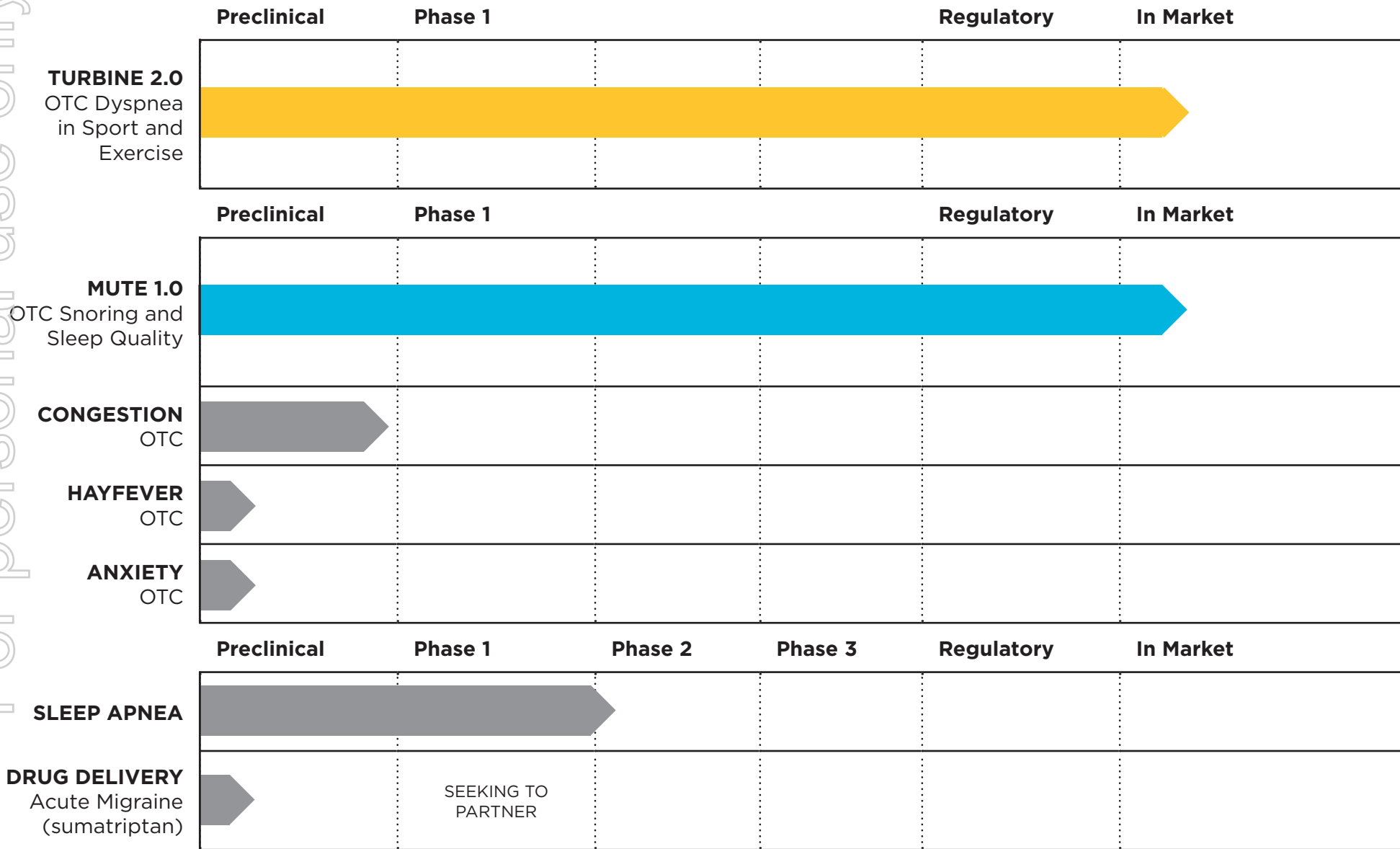
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**WE HAVE DEVELOPED  
AN ELEGANTLY DESIGNED AND  
PATENTED NASAL TECHNOLOGY PLATFORM  
THAT TARGETS THE ONE IN FOUR PEOPLE  
WHO SUFFER FROM NASAL OBSTRUCTION**

# COMPELLING PIPELINE AND TECHNOLOGY PLATFORM

A unique and multi faceted nasal technology platform

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# THE RHINOMED INVESTMENT VALUE PROPOSITION

Positioned in the rapidly growing sleep and respiratory medicine markets, Rhinomed has achieved commercial validation and strong retail acceptance with global consumer health retailers.

1

## EXCITING PLATFORM TECHNOLOGY

1. Two products already in market
2. Two products in development
3. Multiple next generation technology applications

4

## SIGNIFICANT OPPORTUNITY TO SCALE GLOBALLY

1. Already on shelf in over 7000 stores in Aust, UK, Canada and USA
2. Business development pipeline of 10,000+ stores in US alone
3. Opportunity for retail expansion in Europe and Asia.

2

## COMPREHENSIVE IP PORTFOLIO

1. Over 60 patents covering multiple applications
2. 57 Design patents
3. Brands and trademarks

5

## CLEAR PATHWAY TO BREAK EVEN

1. Strong existing retail channels
2. Well established production and logistic network
3. Strong gross margins
4. Addressing needs of 90 million American snorers and the one in four people suffering from nasal obstruction

3

## ESTABLISHED SCIENCE AND EXCITING NEXT GEN OSA PROGRAM

1. Leveraging existing research in role of the nose and respiration
2. Positive Phase 1 Trial results for Next Gen Obstructive Sleep Apnea Therapy

6

## COMPELLING CONSUMER HEALTH BRANDS IN GROWING GLOBAL MARKETS

1. Turbine - global sport and exercise market
2. Mute - OTC consumer health and sleep markets
3. Emerging interest as companion therapy in existing sleep apnea market

*"I'm a huge fan of your product. It has changed my life!  
I sleep like a baby and run like an iron man."*

- Charles, Customer

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**CHRIS FROOME**

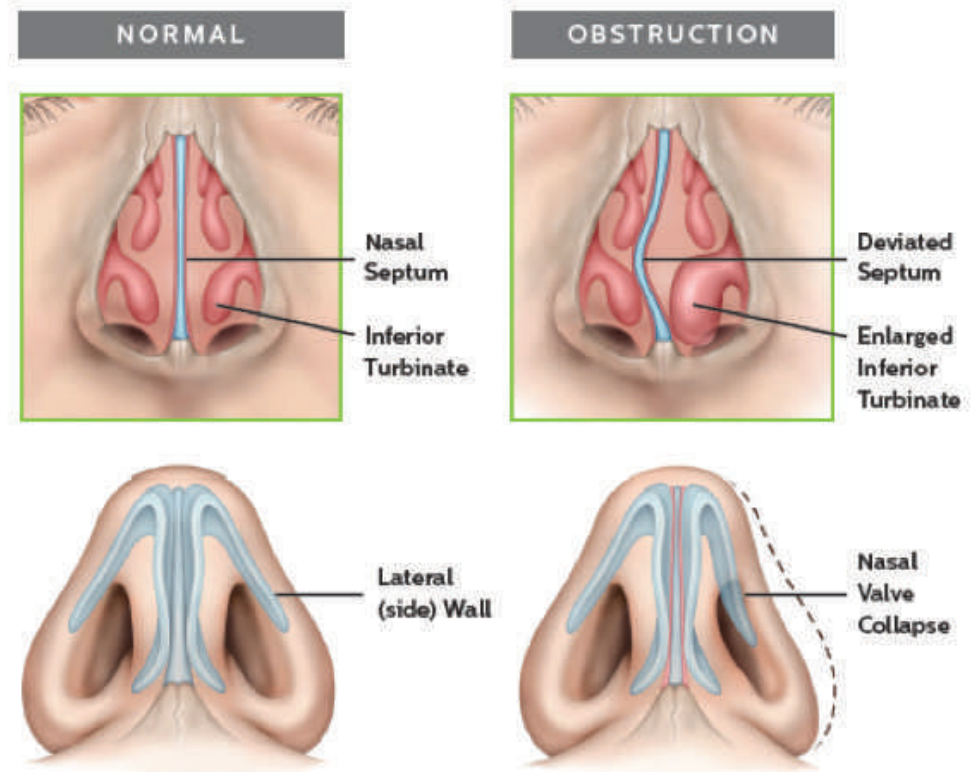
TOUR DE FRANCE WINNER  
2013, 2015, 2016 & 2017



# NASAL OBSTRUCTION – COMPROMISING SLEEP AND RESPIRATION

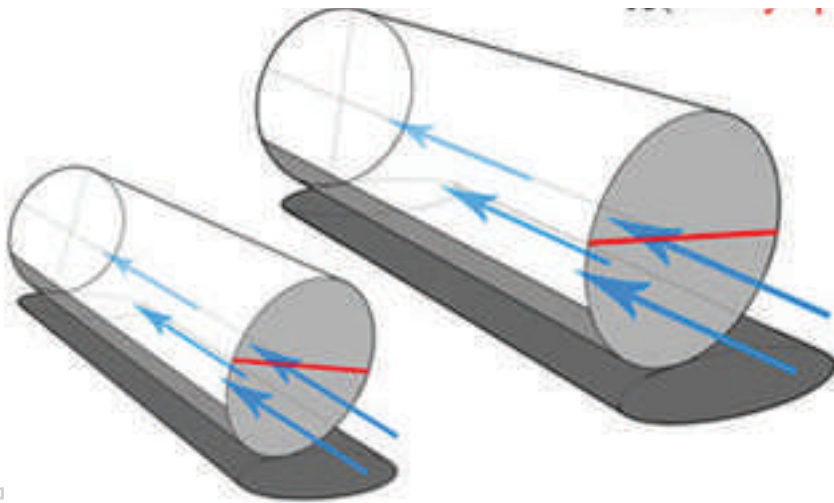
One in four people suffer from some form of nasal obstruction

- The nose performs at least 30 vitally important physiological activities
- The presence of nasal obstruction represents a severe compromise to normal respiratory activity and good health
- *“The case against mouth breathing is growing. The restoration of the nasal breathing route as early as possible is critical”#*
- *“Repeated awakening from constricted nasal airways stimulates the sympathetic nervous system which leads to systemic inflammation, endothelial dysfunction and other more serious conditions such as cardiovascular disease and neurocognitive disorders”\**
- *“There is a strong relationship between nasal obstruction, mouth breathing, snoring and sleep apnea. People with nasal congestion due to allergy are almost twice as likely to have moderate to severe sleep disorders than those without nasal congestion”.+*



# LEVERAGING NASAL PHYSIOLOGY AND PHYSICS TO ADDRESS OBSTRUCTION

- The diameter of your nose matters
- 50% of airway resistance occurs in the nose. A small change in the radius of the nose can dramatically impact the volume of air entering the airway.
- Poiseuille's Law - if the radius of the nose increases by 1, the volume of air traveling through the airway increases 16 times - to the power of 4.
- Mute and Turbine leverage Poiseuille's Law to deliver a significant improvement in nasal patency and efficacy



Poiseuille's Law

Q	Flow rate
P	Pressure
r	Radius
$\eta$	Fluid viscosity
l	Length of tubing

$$Q = \frac{\pi Pr^4}{8\eta l}$$

Proprietary ratchet mechanism that delivers perfect individualised fit gently expands the nostril delivering airflow to the power of 4



Dilates from the back of the nose minimising pressure on the septum

Designed to mold to the internal surface of the nostril



# STRONG GLOBAL INTELLECTUAL PROPERTY AND REGULATORY APPROVALS

- Developed and secured Intellectual Property position - 60+ patents, (13 granted), 57 design patents, global brands and trademarks
- Achieved and secured regulatory and quality control registrations for both Mute and Turbine:
  - US - FDA Class I Medical Device
  - Europe - CE Mark Class I Medical Device
  - Australia - TGA Class I Medical Device
  - Canada - Canada Health Class I Medical Device
  - New Zealand - Medsafe Class I Medical Device
  - Taiwan FDA - Class 1 Medical Device



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## **BUSINESS OVERVIEW**

# A FOCUS ON ONE OF THE FASTEST GROWING MARKETS IN HEALTH - SLEEP

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Apple included a new 'blue light' function in their iPhone OS



Sleep is being picked up by mainstream media as a 'health story'



Sleep and fatigue has a major impact on economic productivity and workplace safety

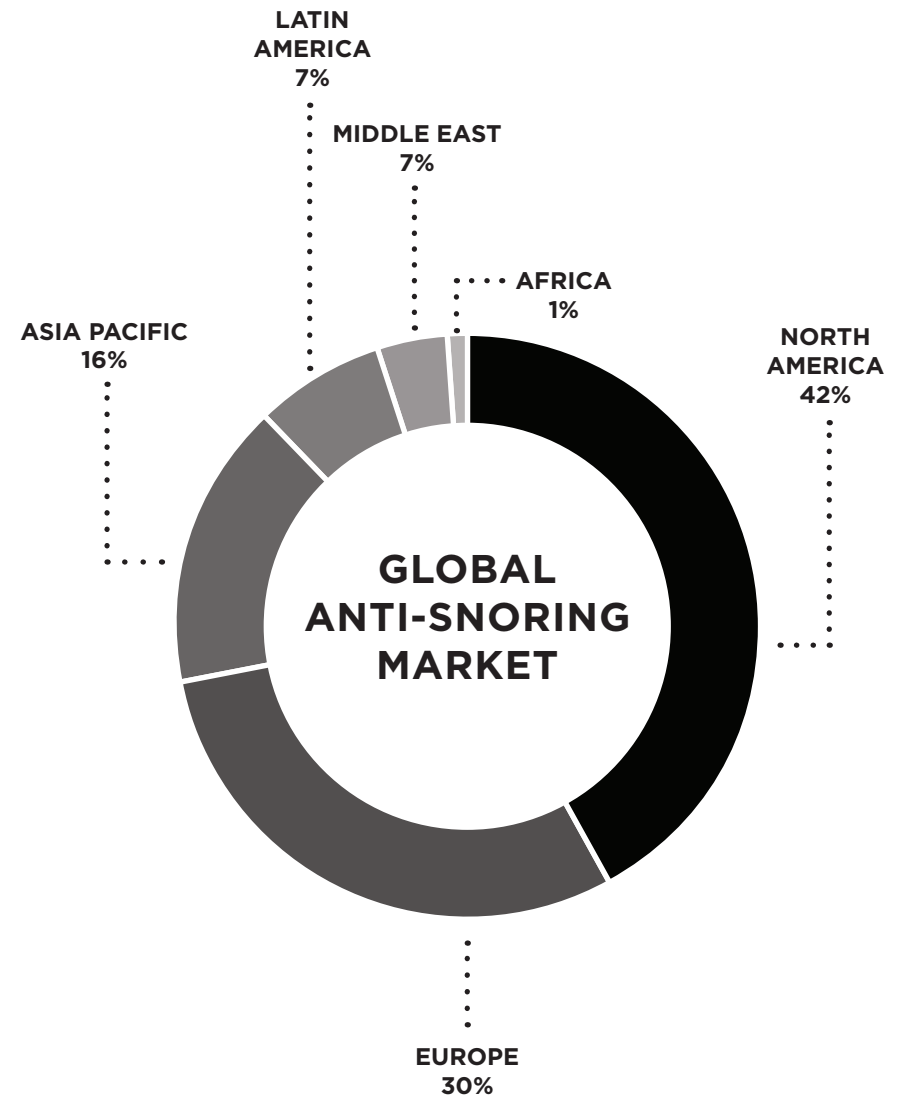


Poor sleep and snoring emerging as a contributor to chronic disease and dementia

# GLOBAL ANTI-SNORING & SLEEP APNEA DEVICES MARKET

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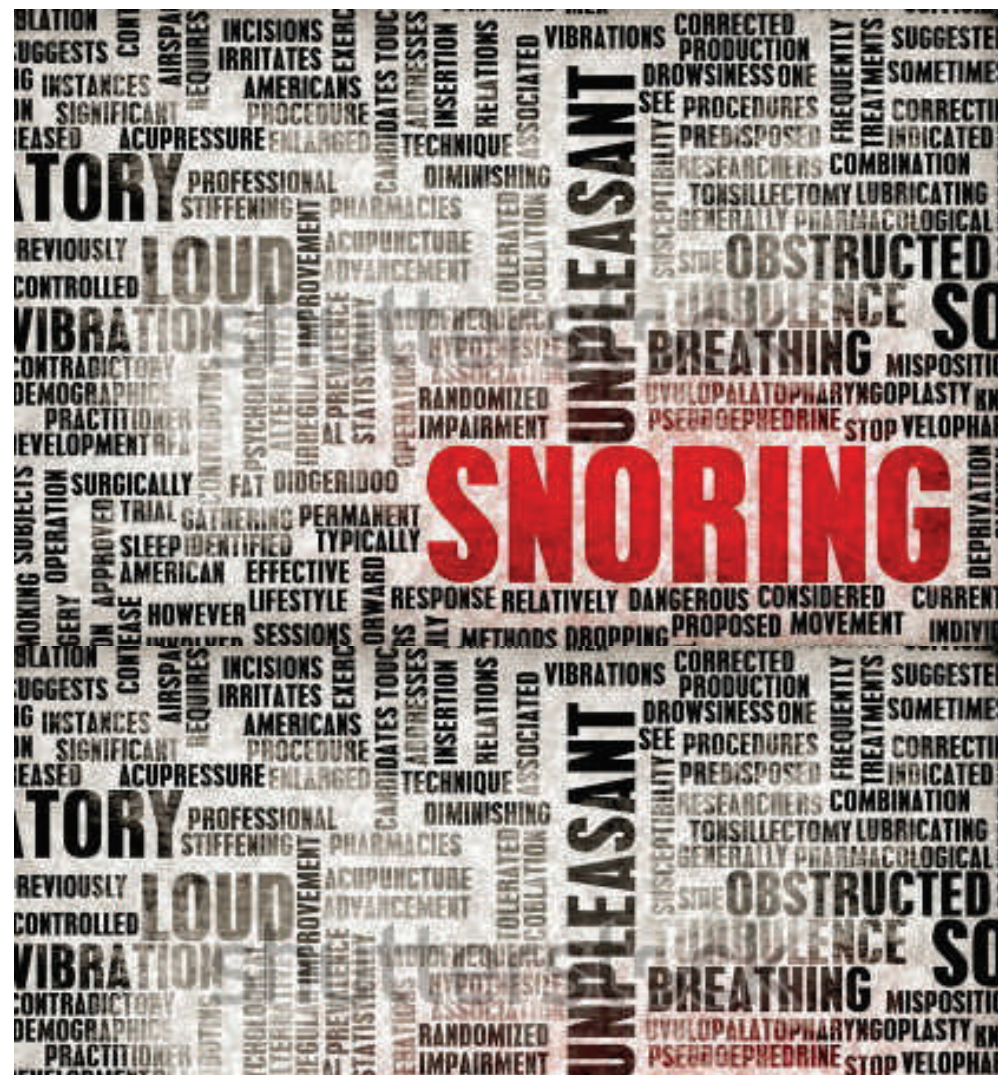
- Market valued at US\$7 Billion in 2015
- The total over-the-counter market for sleep aids alone reached \$604 million in 2008, an increase of 9 percent over 2007 Packaged Facts
- Forecast to grow to US\$10 billion by 2020 at a CAGR of 6.4% from 2016 to 2020
- Market Drivers:
  - Increasing incidence of obesity.
  - High awareness of sleep apnea and snoring.
  - Link to cardiac health.
  - Growth of the sleep research and sleep diagnostics industry is anticipated to supplement the growth of both anti-snoring & sleep apnea market.



# MARKET OPPORTUNITY – MUTE

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- One in four people suffer from nasal obstruction#
- Frequent loud snoring is reported by 24% of men and 17% of women+
- Over 90 million Americans report snoring^
- Among those with frequent loud snoring 70% report daytime impairment as a result-
- According to the US CDC insufficient sleep is now a public health epidemic - 30% of adults report less than 6 hours a night.\*
- An improvement in nasal resistance may improve sleep quality
- Nasal obstruction is a contributor to poor compliance with CPAP and oral device therapies.



# Allergy 1997; 52 (suppl./40): 3-6. +Sleep health of Australian adults in 2016: results of the 2016 Sleep Health Foundation national survey. Adams RJ1 Sleep Health. 2017 Feb;3(1):35-42. ^www.sleepfoundation.org =Sleep health of Australian adults in 2016 \*https://www.cdc.gov/features/dssleep/index.html >Nasal Involvement in Obstructive Sleep Apnea Syndrome de Sousa et al Int J Otolaryngol. 2014; 2014: 717419.

## CATEGORY LEADING CONSUMER HEALTH BRANDS

- Comfortable, scientifically proven, disposable nasal dilator that improves airflow and reduces snoring
- Adjustable for each nostril to ensure ultimate comfort and fit
- Available in a trial pack (contains 3 different sizes) and three sizes (small, medium & large)
- Reusable up to 10 times, thus small, medium & large pack lasts 30 days
- RRP US\$24.95 delivering strong margins



# GROWING CUSTOMER SUPPORT & ENGAGEMENT

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## **I CAN BREATHE**

By Mike April 22, 2017

I can breathe again, love this product as it gently opens nasal passages and preventing airway collapse, letting me BREATHE!!!

## **SO AWESOME!**

By John M Langston March 31, 2016

These things work amazing. How I slept with these encouraged me to finally have my deviated septum repaired.

## **SO SIMPLE, WHY OH WHY DID IT TAKE ME...**

By Ann June 16, 2017

So simple, why oh why did it take me so long to find these. I have tried everything short of a cpap machine. This actually works and is by far more comfortable than any mouthguard solution.

## **WOW**

By Jon February 7, 2017

These are absolutely amazing. I have never been able to breathe from my nose the way I can while wearing this device. It literally feels like I got corrective nose surgery. They stay nice and secure while sleeping. For the price, it is amazing what this does for nose breathing, don't even notice them anymore, besides the ability to actually breathe from my nose for once. Highly recommend this

## **WORKS AMAZINGLY WELL!**

By Linda K. Horton May 21, 2016

I have finally found a product that works! I used the strips for years but disliked that I would have an indentation every morning when I would take it off plus the fact that it sometimes take my skin off with it. Mute has been perfect!

## **GREAT FOR STUFFY NOSES!**

By Imstillhere September 14, 2016

Great product! Much better than the tunnel products,

## **SNORING IS DOWN TO A RUMBLE...**

By Mike T August 21, 2016

Snoring is down to a rumble, no stops in breathing, more rested, and my wife was able to ditch the ear plugs.

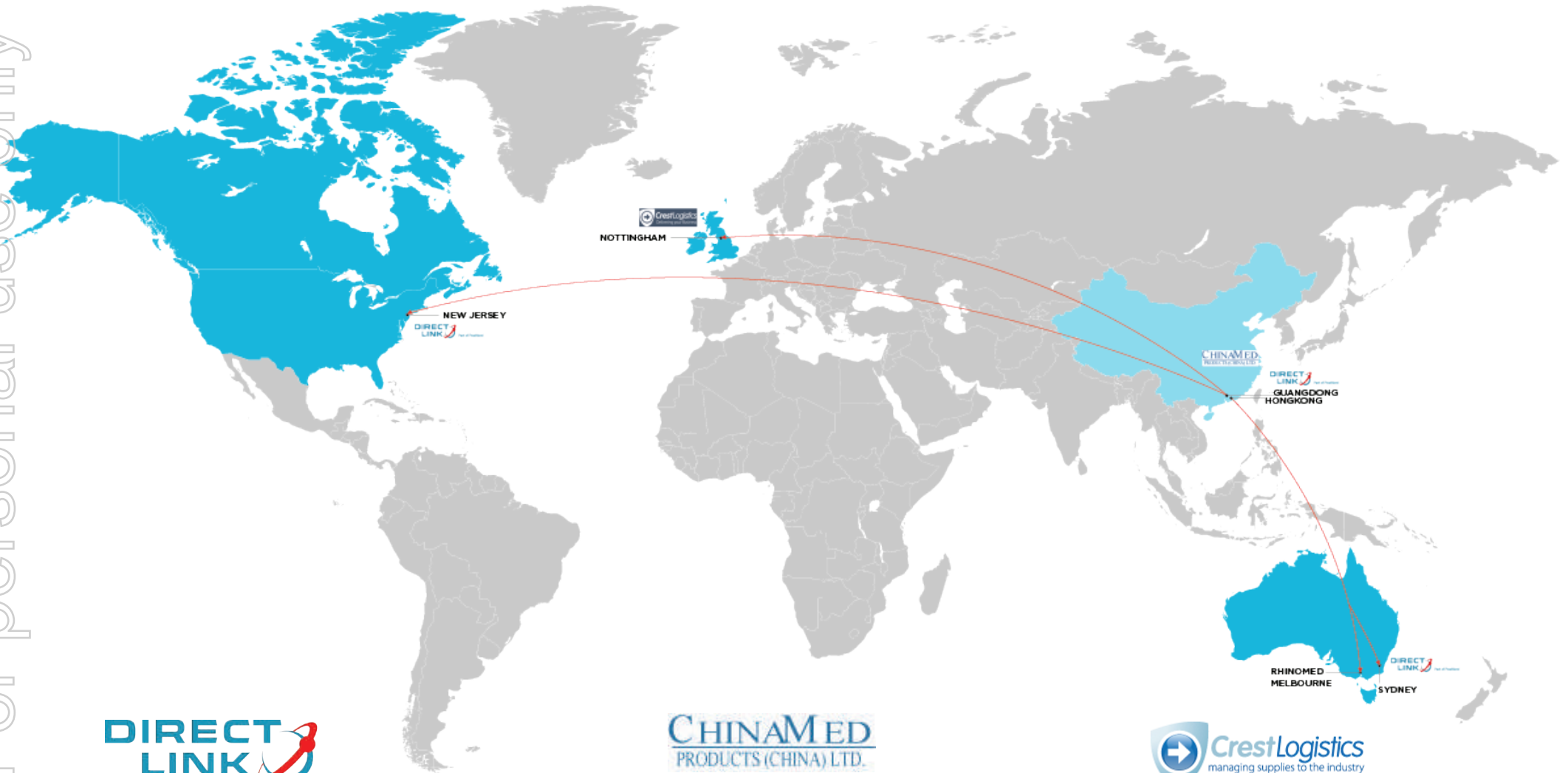
## **AIR!!!!!!**

By David December 1, 2016

Why did I only discover this product now?!!!! As soon as I placed Mute in, I could breathe! I was amazed how much air I was taking in. It was super comfortable and didn't fall out when I was sleeping. I didn't know breathing could be so satisfying.

# ESTABLISHED GLOBAL PRODUCTION AND LOGISTICS NETWORK

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- Provides global logistics support from its Hong Kong hub
- Fulfillment to key US and European Distribution warehouses
- Provides direct to consumer fulfillment services



- Situated in Jiaotang, Gaoyao, Zhaoqing in Guangdong
- Certified ISO13485-2003 and QSR820 facility
- RNO has 5 dedicated tooling, production, assembly and packaging lines - production capacity of 3.9 million pack pa.

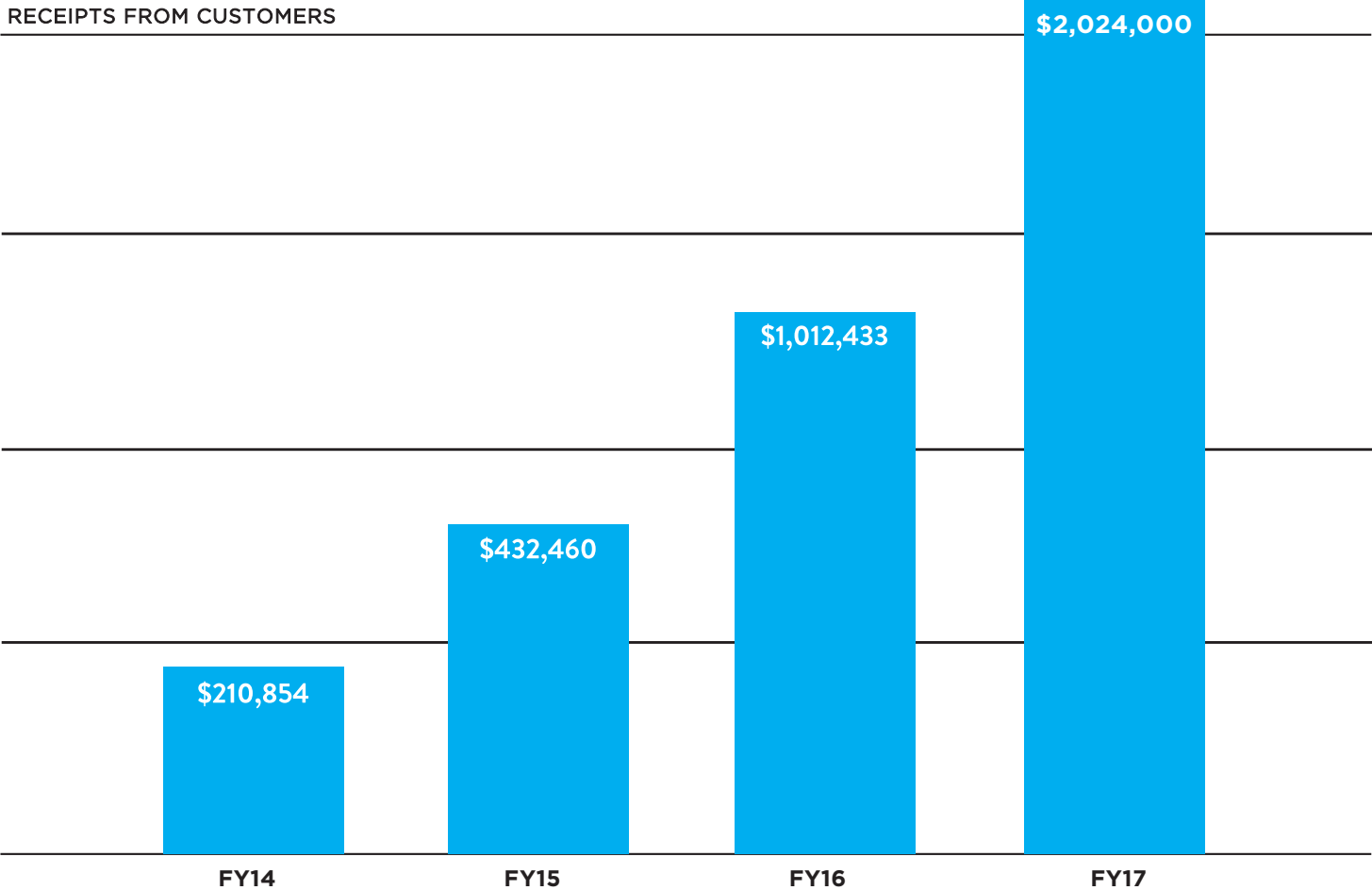


- Provides UK warehousing, customs and logistics support
- Distribution into Boots warehouses
- Provides direct to consumer fulfillment services for UK, IE and EU.



# DELIVERING YEAR ON YEAR REVENUE GROWTH

- Steady growth in units shipped to customers
- Total units shipped FY17 YTD - approx. 150,000
- FY17 Revenue generated from installed store base of approximately 2500 stores
- Revenues lag store 'announcements' by up to 8 months



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## STRONG UNDERLYING BUSINESS GROWTH

- Initial focus on building significant global retail scale is beginning to drive growth
- Significant support and stocking by leading iconic pharmacy chains and wholesalers - accessible through 10,000+ stores globally
- Store numbers have more than doubled over the last 5 months
- Strong gross margins maintained during sell in process

Walgreens

GNC  
LIVE WELL

BOC  
Member of The Linde Group

SIGMA

amazon

Boots

drugstore.com  
the uncommon drugstore

Vittoria

symbion

PERFORMANCE<sup>®</sup>  
BICYCLE

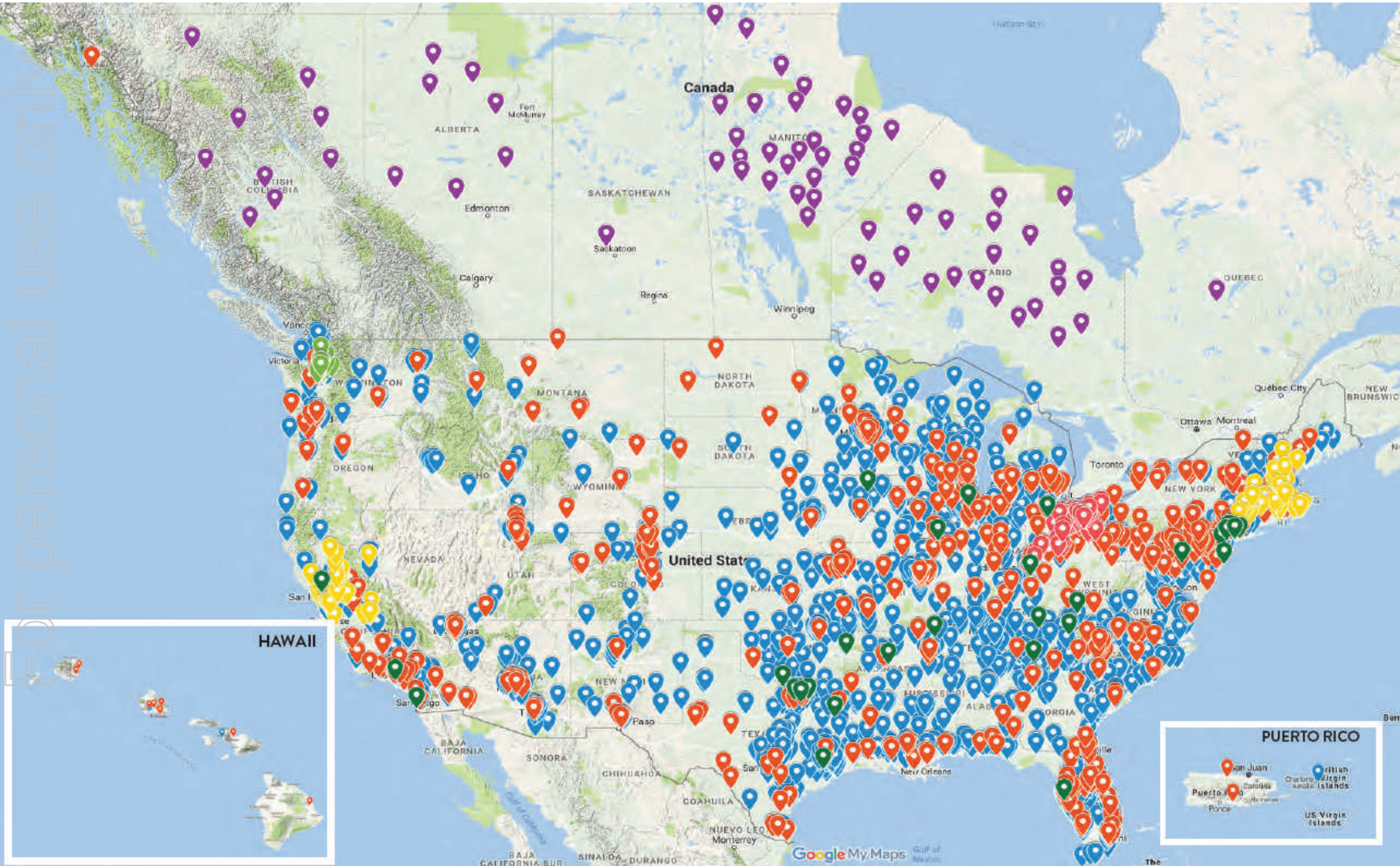
jet

CVS  
pharmacy<sup>®</sup>

MMSI  
McARTHUR  
MEDICAL SALES INC.

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# MAJOR GROWTH IN NORTH AMERICAN STORE NUMBERS – ALL WITHIN 12 MONTHS



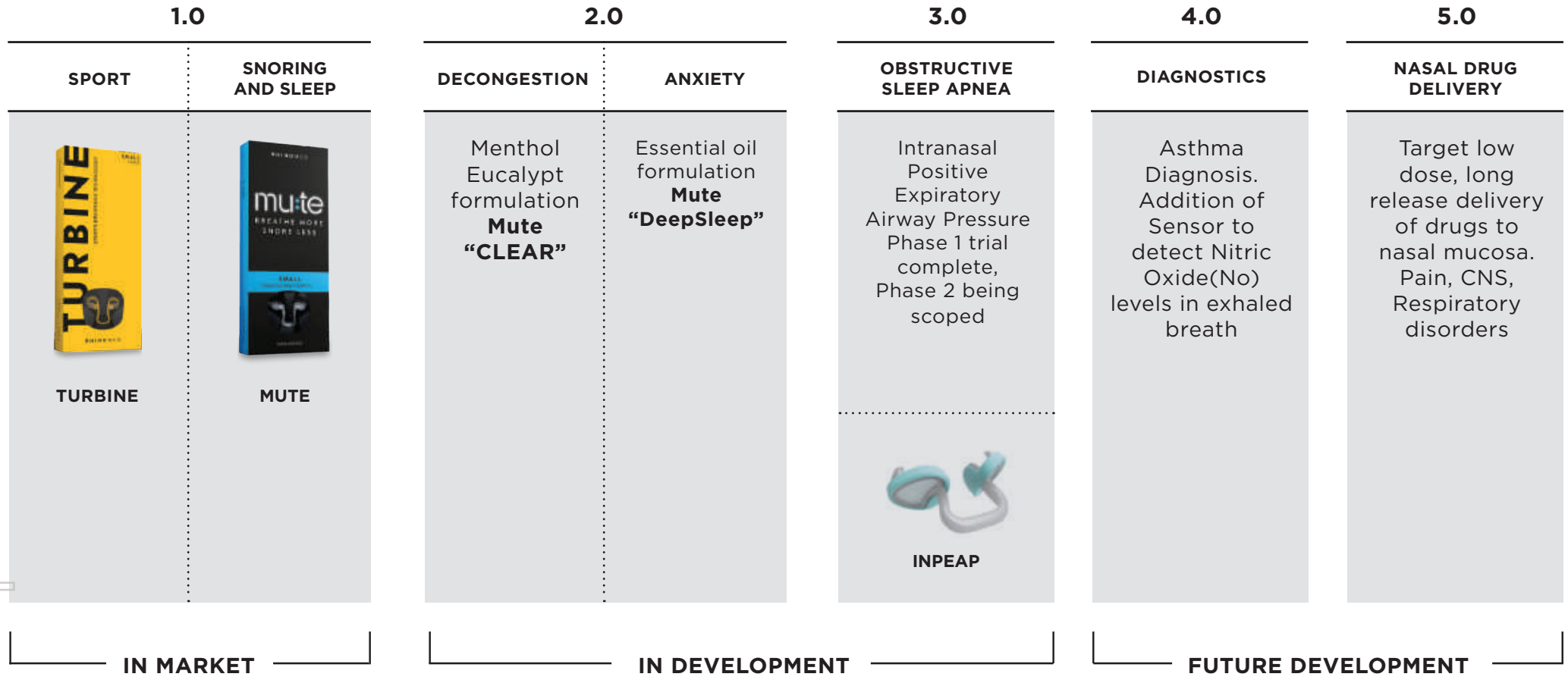
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# INNOVATION PIPELINE

# NEXT GENERATION NASAL TECHNOLOGY

Growing acceptance of Mute and Turbine significantly de-risks later stage innovation program

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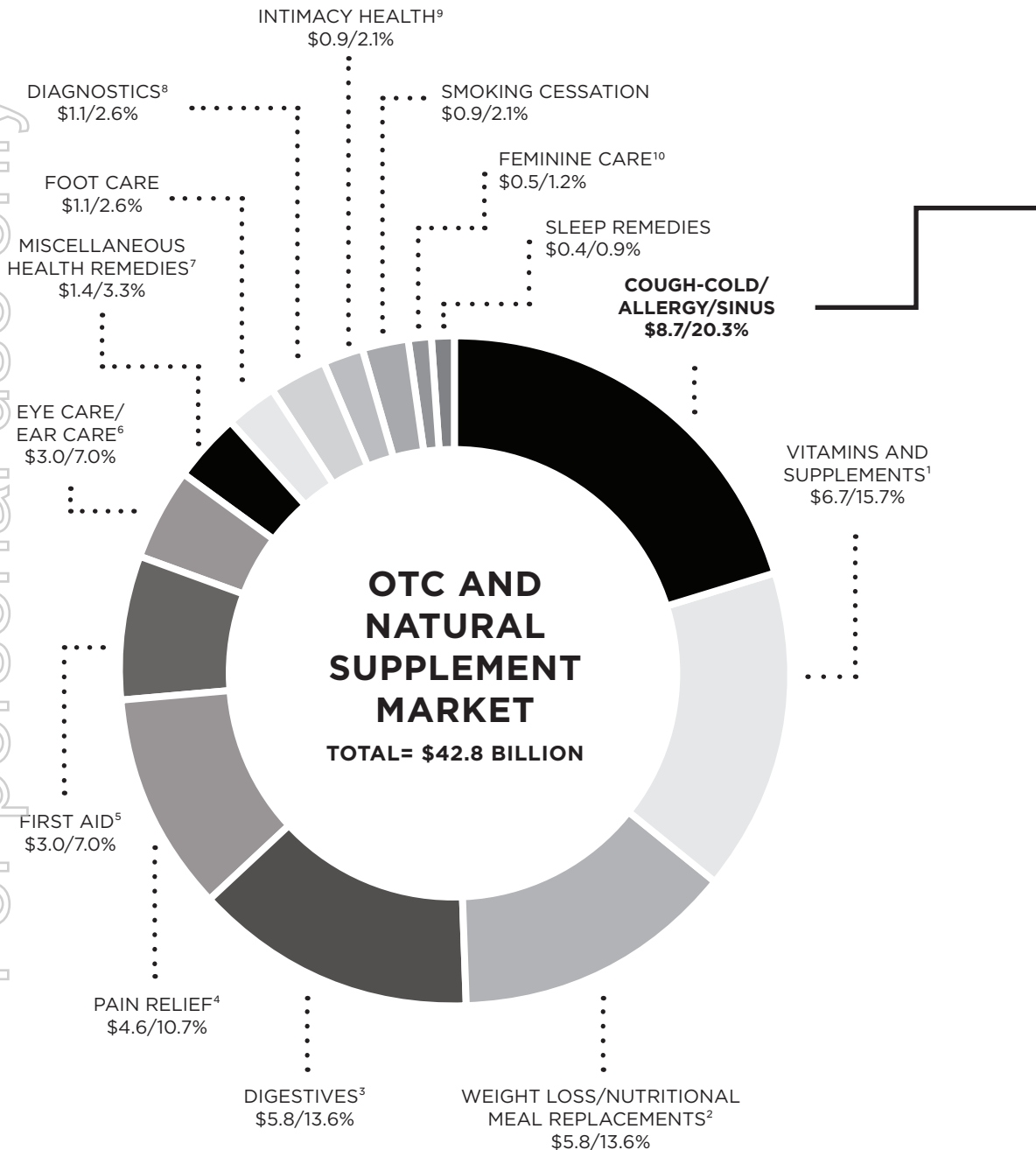


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**GEN 2.0 – IN DEVELOPMENT  
NASAL TECHNOLOGY – OLFACTORY PATHWAY**

# A DISRUPTIVE SOLUTION FOR THE US\$8BILLION DECONGESTION MARKET

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## MUTE 'CLEAR'

- Mute with added 'menthol/eucalypt' formulation
- Next generation multi formulation platform
- Delivers low dose, overnight nasal decongestant
- Disruptive innovation in a market Vicks has dominated for decades
- Class 1 product - regulatory process scoped
- Design being finalised and production scoping underway

# A DISRUPTIVE SOLUTION FOR THE US\$8BILLION DECONGESTION MARKET

## MUTE 'DEEP SLEEP'

- Mute with added 'lavender/ chamomile' formulation
- Delivers low dose, overnight nasal relaxant to tackle anxiety and poor sleep maintenance
- Disruptive delivery technology in the aromatherapy market
- Class 1 product - regulatory process scoped
- Design being finalised and production scoping underway





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**GEN 3.0 – IN DEVELOPMENT  
NASAL TECHNOLOGY – OBSTRUCTIVE SLEEP APNEA**

# SOLVING A BILLION DOLLAR PROBLEM IN THE GLOBAL SLEEP APNEA MARKET

Obstructive Sleep Apnea affects millions of patients. However, the market is hampered by three key problems:

## 1. Lack of early diagnosis

- a. 80% of people with Sleep Apnea remain undiagnosed
- b. Lack of awareness and fear of existing therapies are preventing early identification and diagnosis

## 2. Poor compliance rates

- a. CPAP compliance and adherence rates are as low as 43% and less than 4 hrs a night

## 3. Therapy cost/value equation

- a. CPAP and MAD therapies are expensive - \$2000+

**MILD TO  
MODERATE  
SUFFERERS**

**70%**

Of all OSA patients are  
MILD/MODERATE OSA

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# INPEAP – A DISRUPTIVE LOW INVASIVE SOLUTION FOR OSA

## **INTRA NASAL POSITIVE EXPIRATORY AIRWAY PRESSURE (INPEAP) TECHNOLOGY**

- A new patented alternative to CPAP and mandibular advancement technologies
- Targeting the 70% of OSA patients with Mild to moderate OSA - (AHI 14-29)
- Internal nasal delivery of Positive Expiratory Airway Pressure to keep airway open during sleep
- Low invasive solution when compared to CPAP and Oral devices
- Successfully completed Phase 1 trial showing
  - Nasally delivered EPAP
  - Well tolerated 73% compliance
  - Leverages the growing acceptance of Mute



# END TO END SLEEP CATEGORY SOLUTIONS

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**SNORING**

**NASAL  
CONGESTION**

**MILD/  
MODERATE  
SLEEP APNEA**

**SEVERE SLEEP  
APNEA**



### **MUTE CLEAR**

Aroma enhanced  
(menthol, eucalypt,  
sleep & relaxation  
blends)

### **RNO INPEAP**

Phase IIb  
being scoped

### **COMPANION THERAPY**

MUTE + CPAP Mask  
MUTE/INPEAP +  
Mandibular Splint

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**GEN 4.0 – FUTURE DEVELOPMENT  
NASAL TECHNOLOGY – NASAL SENSORS**

## NEXT GENERATION OF WEARABLE NASAL SENSOR TECHNOLOGY

Adoption of the platform to measure a variety of both organic and inorganic substances:

For example:

- Nitric Oxide - measurement of NO as a bio-marker for asthma, COPD and other respiratory diseases
- SpO<sub>2</sub> - Alar pulse oximetry
- Nasal air pressure - OSA



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**GEN 5.0 – FUTURE DEVELOPMENT  
NASAL TECHNOLOGY – NASAL DRUG DELIVERY**

## NEXT GENERATION NASAL DRUG DELIVERY - **SEEKING PARTNERSHIP**

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Opening up a new window for nasal drug delivery

- in situ delivery
- low dose, long release
- High dose, quick onset
- Providing an innovative platform for multiple targets
- Existing solutions significantly de-risk acceptance and adoption of a drug delivery solution - compliance

Migraine an initial target

- 37 Million Americans suffer from Migraine
- US\$1.6 Billion worldwide sales of Imitrex
- Nasal efficacy and safety established
- 7 million sumatriptan prescriptions annually
- Less than 25% are satisfied with their existing therapy



# CORPORATE SUMMARY

## GLOBALLY EXPERIENCED BOARD OF DIRECTORS

**Mr Ron Dewhurst - Chairman** Previously Head of Americas JP Morgan Asset Management, EVP Head of Global Investment Managers Legg Mason Inc, CEO IOOF Holdings Ltd. Currently Director OneVue Ltd, Sprott Inc.

**Mr Michael Johnson - CEO and Managing Director** CEO and MD since February 2013, Director Cogentum Advisory, Previously Director Cetus Energy, Principal Strategyn

**Mr Brent Scrimshaw - Non Exec Director** Previously VP & CEO Nike Western Europe, VP & CMO Nike Europe, Middle East & Africa, GM Nike USA (East), CMO Nike Australia and NZ. Currently Non Exec Director Catapult Ltd (ASX: CAT) and CEO Unscript'd Pty Ltd

**Dr Eric Knight - Non Exec Director** Previously Lawyer Baker McKenzie, Consultant Boston Consulting Group. Currently University Sydney Business School, member Commonwealth Administrative Appeals Tribunal

## ASX: RNO

### FY17 Financial Position

Cash - \$1.6 Million  
Receipts FY17 - \$2.02m  
Units shipped FY17 YTD - 150,000  
Strong Gross Margins

### Capital Structure


Top 20 - 47%  
Market Cap - approx A\$20m  
Shares on issues - 93m

### Offices

Melbourne, Australia and Cincinnati, USA

# INVESTMENT PROPOSITION

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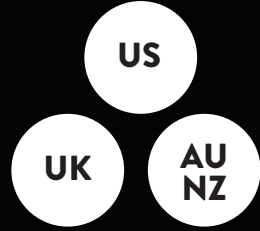
**MARKET**

Compelling technology in a growing global market - Sleep



**DISTRIBUTION**

Business is rapidly expanding the revenue base through a global distribution footprint




**KEY FOCUS**

- USA & CANADA
- UK
- Aust/NZ Base



**NEAR-TERM NEWS FLOW**

- Growing number of distributors



**COMPELLING INVESTMENT COMPARATOR**

- Breathe Right™ Strips - Peak revenues of approximately US\$150m
- Purchased by GSK - US\$566m in 2007

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