

# R H I N O M E D

## Rhinomed Limited - 2018 AGM - Chairman's Address

**Melbourne Australia, December 14th 2018.**

Rhinomed Limited (ASX:RNO) is pleased to present the Chairman's address that is being presented at the company's AGM, held at the Melbourne Cricket Ground.

Chairman: Mr Ron Dewhurst.

My great thanks to you all for joining us today at the 2018 Rhinomed Annual General Meeting.

The 2018 financial year and indeed, the 2018 calendar year has been a pivotal one for your company.

Our strategy is clear. We seek to create compelling solutions that solve the specific customer, patient and clinician needs that exist throughout the sleep continuum. Be it providing Mute to the millions of people around the world who suffer nightly from snoring or now moving to creating compelling solutions for the millions who suffer from upper respiratory, sleep and sleep disturbed breathing issues. Our patented technology platform provides a unique opportunity for us to deliver solutions that have the potential to radically change the global sleep industry.

I am pleased to report that over the course of FY18 the company has made extraordinary strides in executing this strategy. This time last year we had just completed a roll out of our snoring technology - Mute - into 4300 Walgreens stores in the USA. Today we are now selling Mute through 9,000 stores in the USA. Our early success in Walgreens has resulted in both 1300 CVS stores and over 3000 Rite Aid stores being added to this impressive roster.

Indeed, it is worth noting that we are one of only a handful of Australian based companies who have not only developed their own technology, but have also managed to have it core ranged by these iconic American drug store pharmacy retailers. This is a great endorsement of Rhinomed's technology, team and strategy.

The growth of Mute is a key focus of our commercialisation program. We believe that Mute can be the gateway product for the sleep category. It is via snoring and then through an interaction with Mute that we believe millions will first come into contact with the sleep market. As a result, the creation of an easy to use, non invasive solution wrapped in a compelling, attractive brand is vital.

Pleasingly, the steady global growth in customers using Mute, the increase in stores stocking Mute and the steady growth in Doctors and dentists adopting, accepting and recommending Mute is growing proof of the success of this strategy. It is also reflected in our steady growth with recognised revenues in Financial Year 18 reaching \$2.1 million driven by a significant jump in units shipped year on year.

# R H I N O M E D

In 2018 we also executed another important element of our strategy - validating the utility of our platform in the global drug delivery market. Drug delivery is a significant market opportunity. However, Rhinomed does not have the resources to investigate this by itself. Therefore finding the right partner to investigate this opportunity was vital.

Over the last three years the growth of the medical cannabis market has been spectacular. So we were certainly interested when we were first approached by America's largest medical cannabis operator Columbia Care to look at nasal delivery of medical cannabis using our platform. When I first floated this interest with Michael, there was some level of uncertainty. However, as he will comment on later, the publishing of the result of a trial that provides belief that a cannabinoid formulation could be an effective treatment for sleep apnea provided us with more than enough strategic reasons to progress this relationship.

The result is now a strong, and what we believe we will be, an extremely valuable long term relationship with Columbia Care. They are a company that have impressed us with their philosophy, their integrity and their strategy. We are working with a company that has the resources to bring game changing products to market. Investors should note that while the Canadian market has grabbed much of the attention to date, there is no question in our mind that the USA will be the world's largest market for medical cannabis and Rhinomed is now well positioned to take advantage of this growth.

Investors should be confident that your company is now well positioned to deliver on its promise. Over the course of the second half of this financial year we'll continue to update you on our growth, we will update you on the launch of a game changing new inhaled technology which we will be bringing to market in 2019 and also keeping you informed about our clinical program with Mute and the exciting program with Columbia Care.

However, make no mistake, we are committed to getting Rhinomed to a sustainable position as quickly as possible and that is the clear and strong focus of your board and the management team.

With that in mind, I would like to thank our small dedicated team who have ensured that Rhinomed continues to punch above its weight in global markets. I would like to thank our board who bring a diversity in background, approach and ideas to their roles and to our CEO who continues to provide the vision, resilience and passion required for a company with a true global agenda.

I will finish with these comments, it is often said that 'success is a journey, not an end'. Every week we are reminded of this when we get the feedback from people all over the world telling us how Mute has changed their lives for the better.

This view of the world not only guides what we do, it guides how we do it. We believe that it is imperative to deliver better outcomes for customers, patients and clinicians. We also believe it be imperative that we deliver value to our shareholders. We do not believe these two goals to be mutually exclusive. Doing right, and doing the right thing are not optional at Rhinomed, it is what defines us. My great thanks for your support over the last 12 months and I look forward to sharing the journey with you during what will be an exciting 2019.



# RHINOMED

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ANNUAL GENERAL MEETING

DECEMBER 14<sup>TH</sup> 2018

# IMPORTANT NOTICE

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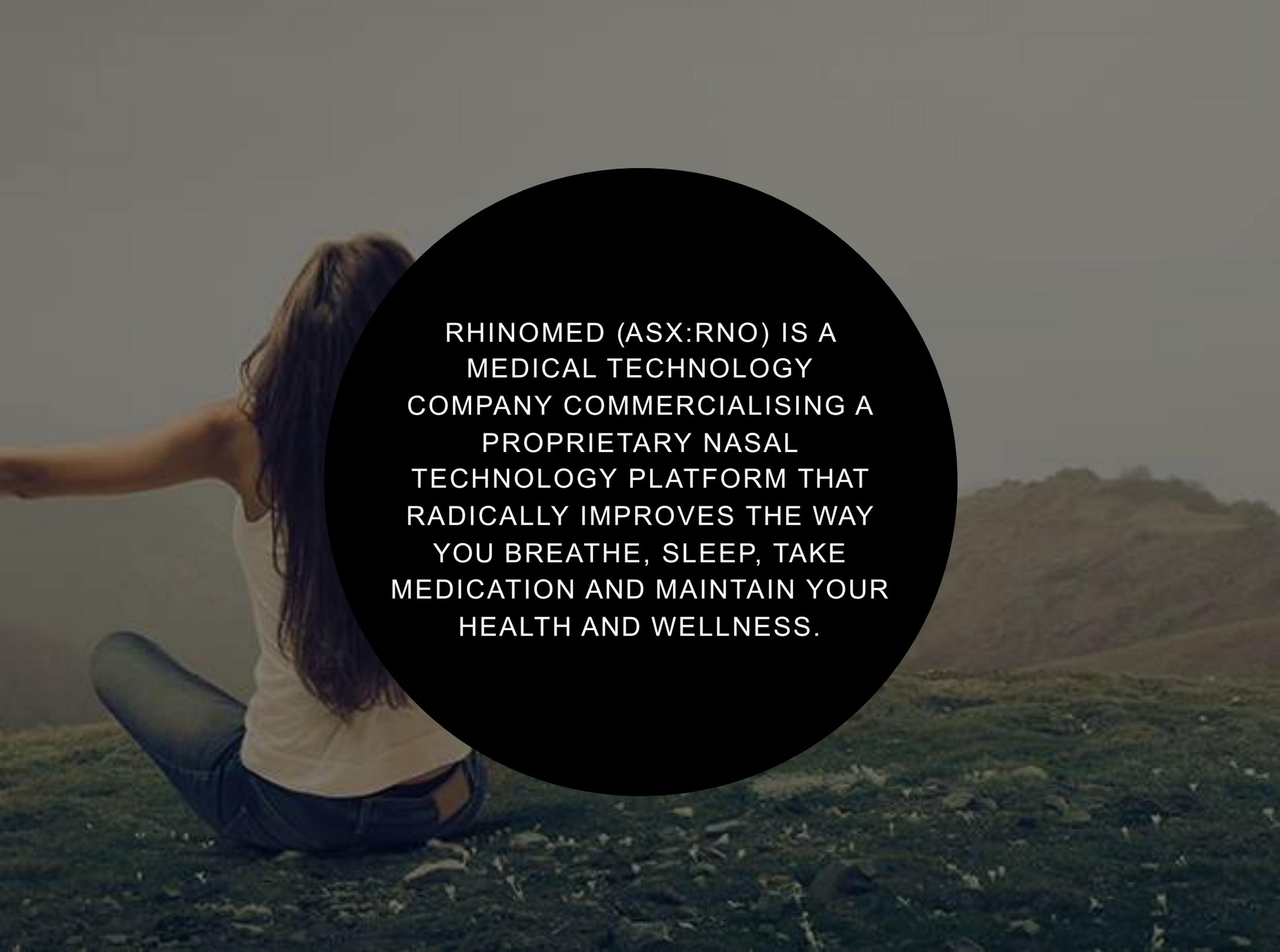
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In particular, managements expectations regarding the approval and commercialization of the technology could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical 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.

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RHINOMED (ASX:RNO) IS A  
MEDICAL TECHNOLOGY  
COMPANY COMMERCIALISING A  
PROPRIETARY NASAL  
TECHNOLOGY PLATFORM THAT  
RADICALLY IMPROVES THE WAY  
YOU BREATHE, SLEEP, TAKE  
MEDICATION AND MAINTAIN YOUR  
HEALTH AND WELLNESS.

# THE RHINOMED INVESTMENT OVERVIEW

## HIGH POTENTIAL PROPRIETARY PLATFORM

Multiple applications across global OTC, Rx and Device markets

Protected by family of 60 patents, 57 design patents and class leading brands

Addressable market of products in pipeline US\$39 billion+



## CONSISTENTLY DELIVERING ON KEY MILESTONES

Two products in market - Turbine and Mute delivery \$2.1m (FY18)

Expanding global retail footprint to 11,000+ stores.

FY18 units shipped grew 50% year on year



## ATTRACTIVE NEAR TERM MARKET OPPORTUNITIES

Fastest growing brand in US nasal snoring market

Strong financial progress and focus on move to breakeven as soon as possible.

Strong gross margins 70%+



## MULTIPLE VALUE CATALYSTS

Two new products coming to market in CY19. Decongestant and Anxiety/Sleep

Expanding store count in USA

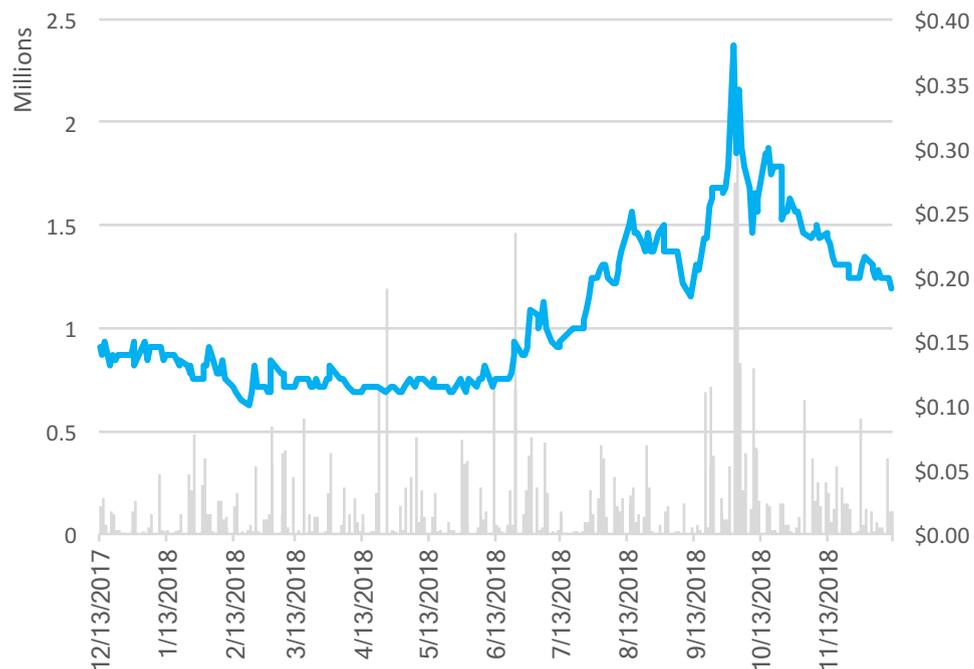
Accessing and delivering on US medical cannabis opportunity

**STRONG GROWTH FROM NEW STORES AND SAME STORE SALES**

**CLEAR PIPELINE OF NEAR TERM, HIGH VALUE APPLICATIONS AND OPPORTUNITIES**

# CORPORATE OVERVIEW

ASX:RNO



## FY18 FINANCIAL POSITION\*

Premium, global retail network	11,000+ stores globally
Units Shipped FY18	229,000
FY18 Recognised Revenues	\$2.1m

## CAPITAL STRUCTURE

Market Cap Approx. A\$29m

Shares on issues 141m

## TOP 20 SHAREHOLDERS - 64%

Whitney George (US based) 21%

Paul Stephens (US based) 6%

Kroy Wen Pty Ltd 6%

John McBain 6%

*\*All figures provided in this presentation are on an unaudited basis*

# THE RHINOMED NASAL TECHNOLOGY PLATFORM

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## AN INTERNAL NASAL STENT PLATFORM

- Nasal stent platform capable of delivering multiple solutions from simple dilation through to complex applications such as vapour or drug delivery
- Already adopted and used by clinicians and patients in nasal obstruction, sleep, snoring and as a companion therapy for Obstructive Sleep Apnea.
- Registered Class 1 status with US FDA, Australian TGA, Canada Health, CE Mark from the European Authority and Taiwanese FDA.

# DELIVERING YEAR ON YEAR REVENUE GROWTH



**CONSECUTIVE QUARTERS OF GROWTH**

**TOTAL UNITS SHIPPED IN FY18 UP 50% YEAR ON YEAR**

*\*All figures provided in this presentation are on an unaudited basis*

# BUILDING OUT A PREMIUM GLOBAL RETAIL NETWORK

Entering 2019 with over 11,000 premium pharmacies now stocking Mute

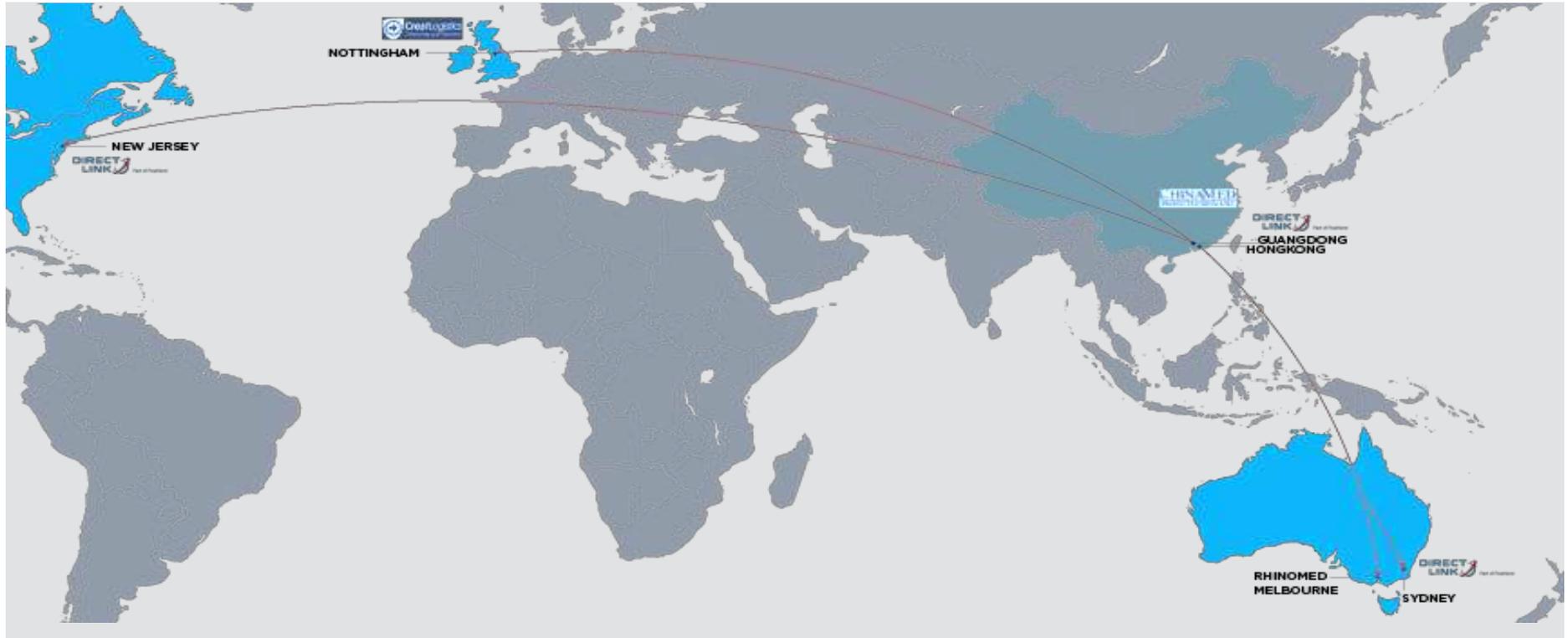
Strong pipeline of store growth from both existing and new accounts

Retail network extends across 3 continents – Australia, UK, North America.

Providing access to a population of over 400 million people



# SERVICED BY A GLOBAL PRODUCTION AND LOGISTICS NETWORK



- Manufacturing out of 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.

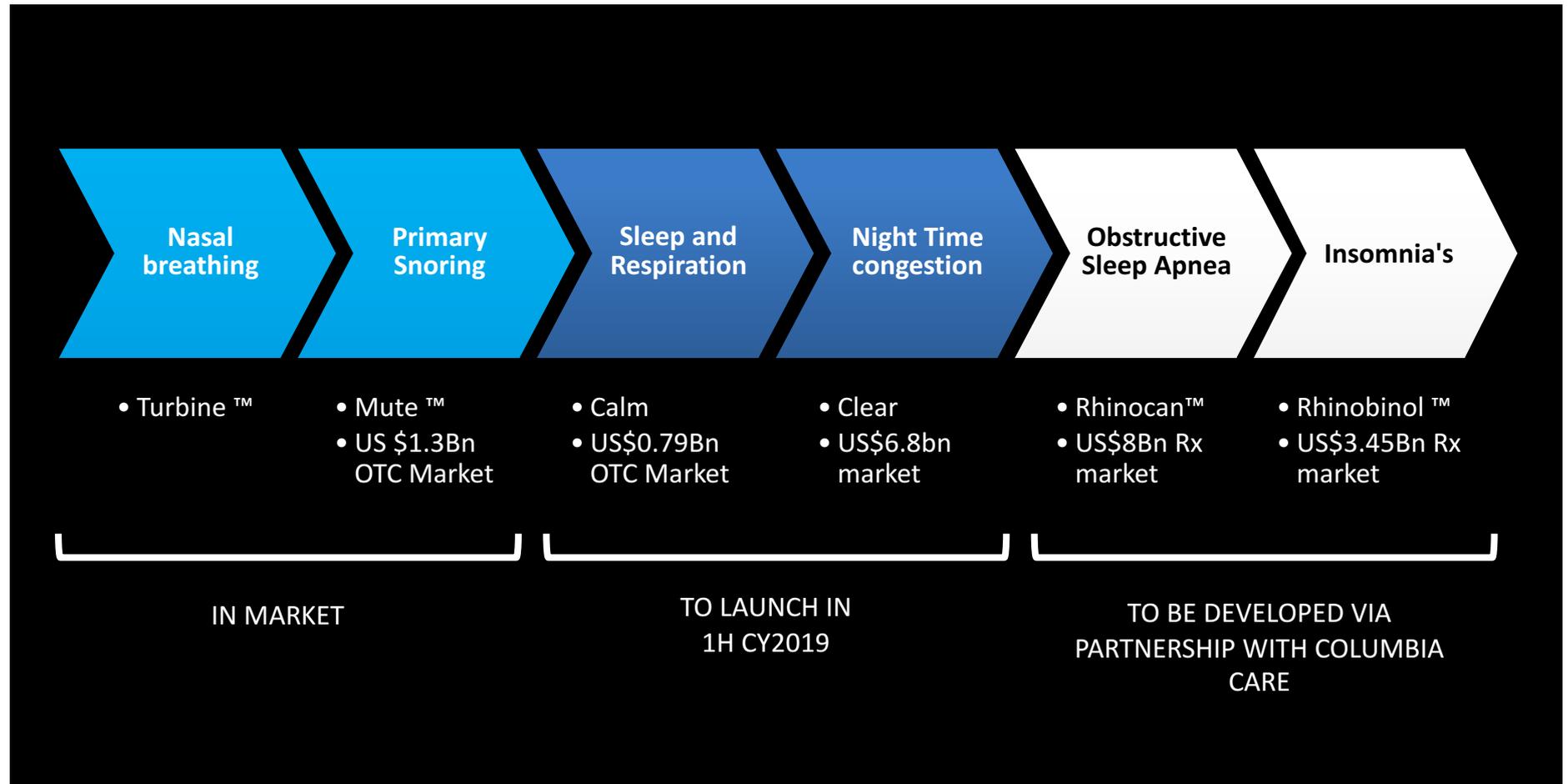


- Provides global logistics support from its Hong Kong hub
- Fulfillment to key US and European Distribution warehouses
- Provides direct to consumer fulfillment services



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

# DELIVERING END TO END SOLUTIONS FOR THE US\$30 BILLION SLEEP MARKET



# DELIVERING INNOVATION AND CATEGORY LEADERSHIP IN GLOBAL OTC SLEEP AND SNORING MARKET

THE FRONT LINE SOLUTION AND GATEWAY PRODUCT TO THE  
GLOBAL SLEEP AID MARKET.



11,000+ STORES GLOBALLY NOW STOCKING MUTE  
GROSS MARGINS OF 70%+

# LAUNCHING IN 2019 - A REVOLUTIONARY NEW MEDICAMENT DELIVERY PLATFORM

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- Vapor inhaled delivery platform
- Unique proprietary delivery system
- Opportunity for multiple formulations targeting clear consumer health needs
- Disruptive technology in global US\$8billion aromatherapy /natural medicament market
- Initial target markets:
  - Sleep onset
  - Nasal congestion
  - Anxiety and concentration
- Major Product launch - 1H 2019
- Targeted store roll out - 2H 2019
- Program update in February 2019



# THE GLOBAL OBSTRUCTIVE SLEEP APNEA MARKET - DESPERATE FOR INNOVATION

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Patients, clinicians and payers are all seeking new alternatives to the existing therapies. Continuous Positive Airway Pressure (CPAP) and Oral Advancement Therapies (OATS) have been around for 30+ years yet :

- Costs do not decrease - \$2-\$5k for CPAP. \$500-\$3.5k for OAT
- 50% of CPAP patients fail to initiate treatment
- CPAP compliance rates remain chronically low (43%) and night time adherence is less than 4hrs a night
- Both therapies require the patient to wear the device forever to resolve the apnea. In effect both therapies are 'prosthetics'

# CHANGING THE PARADIGM IN OBSTRUCTIVE SLEEP APNEA

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Rhinomed's mission is to change the paradigm and deliver value to investors, patients, clinicians and the health system by:

- Delivering solutions that inform and educate people about breathing, sleep and the treatment options
- Identify sleep apnea patients earlier and improve diagnosis rates.
- Deliver solutions that improve the treatment options available to clinicians and patients.
- Work with new therapy developers to optimize patient experience thereby improving compliance rate and treatment outcomes.

# CAN A DRUG CHANGE THE WAY WE TREAT OBSTRUCTIVE SLEEP APNEA?

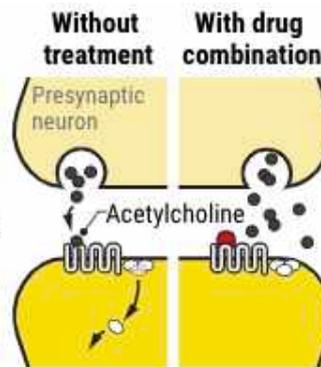
Two studies have now confirmed that drugs targeting the airway smooth muscle have reduced AHI:

## 1.

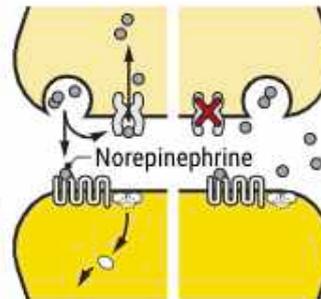
RespireRx – using a synthetic cannabinoid (Dronabinol)

1. Phase 2 trial demonstrated that an oral version of Dronabinol (Delta 9-THC) showed some potential application as an OSA - Cannabinoid receptor agonist.
2. Statistically significant improvement in primary outcomes including lowering AHI, reducing daytime sleepiness and improving treatment satisfaction.

**Oxybutynin** blocks receptors for acetylcholine on hypoglossal motorneurons, making the genioglossus muscle more responsive during rapid eye movement (REM) sleep.



**Atomoxetine** prevents norepinephrine from being resorbed by neurons that release it, increasing its signal. In concert with oxybutynin, it boosts responsiveness of the genioglossus in non-REM sleep.



## 2.

Apnimed – using a combination of Atomoxetine and Oxybutynin

1. Proof of concept trial – increasing the activity of the upper airway dilator muscles to treat OSA.
2. Showed that using drugs with specific neurotransmitter profiles (in this case noradrenergic and antimuscarinic agents) administered systemically greatly reduced OSA severity.

Source:

1. *Pharmacotherapy of Apnea by Cannabimimetic Enhancement, the PACE Clinical Trial: Effects of Dronabinol in Obstructive Sleep Apnea.* Carley et al. Sleep 2018 Jan 1;41 (1)
2. *The combination of Atomoxetine and Oxybutynin greatly reduced Obstructive sleep Apnea severity: A randomized placebo controlled, double blind, crossover trial.* Taranto-Montemurro et al. American Journal of Respiratory and Critical Care Medicine. November 2018

# COLUMBIA CARE AND RHINOMED



## COLUMBIA CARE IS THE IDEAL PARTNER FOR RHINOMED

- The leading player in the US market - the world's largest and fastest growing cannabis market.
- Vertically Integrated with the most Licenses of any U.S. Operator
- The ability to reach almost 50% of the US population with 33 licenses across 13 U.S. markets.
- 12 grow/manufacturing facilities and 16 dispensaries by 2018YE with licenses and capital to build out to 60+ dispensaries by 2019YE.
- Global agenda
- Powerful partnership and Licensing deal:
  - 12 year US exclusive deal
  - Cost Plus Double digit royalty return
  - PLUS Double digit profit share depending on distribution channel

# WHY NASAL DRUG DELIVERY?

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## NASAL DRUG DELIVERY OFFERS SIGNIFICANT BENEFITS OVER OTHER DELIVERY MODES

Rapid absorption  
and higher  
bio-availability

Fast onset of  
therapeutic mode  
of action

Avoidance of  
first pass through  
the liver

Self medication  
and titration

Reduced risk of  
overdose

Rapid absorption  
and higher  
bio-availability

Fast acting and  
long release  
delivery applications

Ability to  
micro/low dose

Several drug candidates and conditions lend themselves to nasal delivery

MIGRAINE | HORMONE AND NICOTINE REPLACEMENT | VACCINES | ALLERGY | ALLERGIC RHINITIS | PAIN | CNS  
DISORDERS | ENDOCRINE & METABOLIC DISORDERS | RESPIRATORY DISORDERS | NASAL POLYPS|  
ALZHEIMERS

# RHINOMED & COLUMBIA CARE – TARGETED SLEEP PROGRAM

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Obstructive Sleep Apnea

Sleep

Anxiety/Sleep

Developing a clinically relevant, pharmaceutical quality range of products that nasally deliver a precise and targeted amount of medical cannabis formulation to address specific unmet clinical needs in the global sleep market:

- Targeting a range of sleep issues
- Dose controlled - Low/micro dosing
- Controlled or sustained (Up to 8hr) release and/or quick onset
- Development program being scoped with development commencing in 2019

# INVESTMENT PROPOSITION



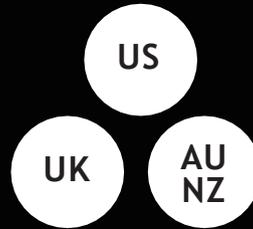
## MARKET

- Compelling Products in growing global markets
- Compelling pipeline of next generation products
- Licensing opportunities into high value Rx and OTC markets.



## DISTRIBUTION

- Business is rapidly expanding the revenue base through a global distribution footprint
- Partnering with worlds leading pharmacy chains and retailers
- Adoption and acceptance by clinicians



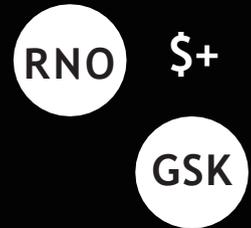
## KEY FOCUS

- Driven by globally experienced board and management team
- Clear focus on three key growth markets:
  - USA & CANADA
  - UK
  - Aust/NZ Base



## NEAR-TERM NEWS FLOW

- Growing the number of distributors and retailers
- 2019 Product launches
- Further progress in medical cannabis



## COMPELLING INVESTMENT COMPARATOR

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

**RHINOMED – ASX:RNO**

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