

## **RHINOMED QUARTERLY REPORT**

---

- **Global Turbine Ambassador Chris Froome wins 2015 Tour de France**
- **Receipts from customers increased to near \$200k**
- **Strong growth set for FY16**
- **Turbine Distribution Footprint strengthened**
- **Negotiations for Mute global distribution progressing positively**
- **Commencement of INPEAP Clinical trial at Monash Health**

### **July 31, 2015. Melbourne, Australia.**

Rhinomed (ASX:RNO) has continued to build its global presence over the quarter with significant progress being made across all business units.

Key highlights of the quarter included the growing demand for the company's new Turbine design and strong early demand for the Mute snoring and sleep technology. Receipts from Customers for the quarter were up \$33k to \$192k. Revenues from the Australian pharmacy channel will be included during the next quarter.

### **Upgraded Sales Guidance**

The company can provide upgraded guidance that FY16 will see higher growth in sales of both the Turbine technology and in particular Mute, coming off the back of significantly expanded global distribution.

The company accelerated its business development program during the quarter by attending the American Sleep Association conference in Seattle in early June followed by the 2015 BIO conference in Philadelphia. The reaction to the Rhinomed technology platform was extremely positive. As a result, the company has received a strong and promising level of interest in global distribution of the company's technology. We will continue to update shareholders on the progress of these discussions when material.

### **Turbine**

During the quarter 2013 Tour de France yellow jersey winner Chris Froome joined the company as Global ambassador for the Turbine technology. Chris wore the Turbine during his 2015 campaign and we are thrilled to congratulate Chris on his victory in this years Tour de France. The Turbine received significant press during the Tour and the company will be leveraging this in campaigns now, and over the next 12 months, to support both consumer and trade activities.

During the quarter the company continued to expand its Turbine global distribution footprint with the appointment of a new distributor in South Africa - Fit Sports Labs - and the appointment of VeloBrands as Turbine Distributor in the UK. Turbine has also received an initial order from major US cycling retailer Performance Inc, which has the Performance Bike and Bike Nashbar brands. The Turbine is now available in 19 countries, with all distributors having now placed their second orders.

# RHINOMED

MAKE EVERY BREATH COUNT

## **Digital Strategy**

Over the quarter the company continued to refine its online presence. A revised Turbine website has been rolled out and a significant increase in social media presence has also been introduced. Our digital strategy was particularly strong during the Tour de France and generated a major jump in web traffic and sales. This web presence is playing a crucial role in broadening the reach of the Turbine and we continue to see a growing number of athletes using the Turbine across a range of sports from Triathlon, to athletics, mountain biking, yoga, cycling through to extreme sports such as motorcross, skiing and mountain climbing. Additionally, the company has expanded its ecommerce presence to include a Turbine Amazon store.

Our Mute digital strategy includes partnering the technology through a range of affiliates and online retail portals including Amazon and other sleep company's online channels. The company has begun the roll out of an online subscription model in the US and partnered with major affiliates to support this program. We will continue to examine the effectiveness of these channels and will work closely to build strong relationships with our current partners.

## **Mute roll out.**

During the quarter the company commenced the Australian pharmacy roll out of our Mute Snoring and sleep technology. This began with the ranging of the product into the pharmacy networks in April. The company will continue to accelerate this roll out in the coming quarters through the appointment of a pharmacy sales force to support initial acceptance by major banner groups.

To complement this pharmacy roll out, the company has also appointed a representative who will focus on introducing the Mute technology to the Australian medical profession and in particular ENT surgeons, sleep specialists, Dentists and GP's with a focus on sleep issues.

Our international business development activities over the quarter have generated extremely strong interest from a range of potential global partners and we are pleased at the progress being made in this area. With ongoing negotiations with major UK and US distributors for Mute progressing positively, the relationship with one of our current UK online distributor (Resmed) changing to allow the company to explore these significant global distribution opportunities – all these discussions are subject to a non-disclosure agreements.

## **Obstructive sleep Apnoea**

In June, Rhinomed attended the APSS Conference in Seattle, which is the joint meeting of the American Academy of Sleep Medicine and Sleep Research Society. It was Mute's first international conference presence and was a profound opportunity, giving us direct exposure and contact with potential distributors, partners, sleep specialists and hospitals. The company also introduced the INPEAP (Intranasal Positive Expiratory Air Pressure) technology to the American sleep industry. INPEAP is currently the subject of a clinical trial at Monash Lung and Sleep Department, Monash Health which commenced in early June. The trial will seek to demonstrate that the technology is an effective and well tolerated treatment for patients suffering from moderate sleep apnea – which represents close to 70% of all Obstructive Sleep Apnea patients. The response to this technology at the conference was extremely positive and the results of the clinical trial are being eagerly awaited by specialists keen to provide patients with an alternative to existing therapies that suffer from compliance rates of less than 40%.

# RHINOMED

MAKE EVERY BREATH COUNT

The company also confirmed strong support from clinicians, ENT surgeons and sleep dentists who identified a new opportunity for Mute to be used as an adjunct to oral devices. By using the Mute to stent the nose and improve breathing, these specialists believe that they can improve the patient compliance rates with oral devices. The company will use this input to drive further clinical research.

## **Drug delivery**

During the quarter the company continued its preclinical work in the nasal delivery of sumatriptan. Further work in formulation is now being scoped following data that showed the platform is effective at delivering medication into the nasal mucosa. The company is now seeking to identify appropriate partners with strong experience in formulation. While this program is progressing slower than desired, the strong interest in the potential from prospective partners at the 2015Bio conference reinforced the value of this asset.

## **Intellectual property.**

The company continued to invest heavily in R&D having spent over \$1m during the year in the development of a highly valuable Intellectual property portfolio. Since its initial position two and half years ago with a very small and tenuous IP portfolio, the company has now created a family of 56 patents in the nasal and respiratory area of which 13 are granted. In addition, we have secured a further 60 design patents and have trademarks protecting our increasingly valuable Turbine and Mute brands.

Rhinomed's strategy of creating a global business anchored on two global brands (Turbine and Mu:te) in the Sport and Exercise and Sleep markets and pairing this to a compelling clinical program is on schedule together with Rhinomed's strategy and commitment to becoming a successful global consumer health and medical technology company.

## **Media Enquiries**

Michael Johnson, CEO & Managing Director  
+61 (0)3 8416 0900  
[mjohnson@rhinomed.global](mailto:mjohnson@rhinomed.global)

## **About Rhinomed Limited (ASX: RNO)**

Rhinomed Limited is a Melbourne based technology firm with a focus on nasal, respiratory and breathing management technologies. The company is commercialising applications of its technology portfolio in the Sport, Sleep, Wellbeing and Drug Delivery markets. For more information go to [www.rhinomed.global](http://www.rhinomed.global)

The Mute snoring and sleep technology can be purchased at selected pharmacies and at [www.mutesnoring.com](http://www.mutesnoring.com) The Turbine sport and exercise breathing technology can be purchased at cycling and triathlon stores and at [www.theturbine.com](http://www.theturbine.com)