

Digital Health Company Focused on Medication Adherence

adherium 



Company Update
AGM 2018

Forward Looking Statement

The following material is of a general nature and has only been prepared as a presentation aid. This presentation does NOT contain all of the information that may be required for evaluating Adherium Limited ACN 605 352 510 (Adherium or the Company), its assets, prospects or potential opportunities.

This presentation may contain budget information, forecasts and forward looking statements in respect of which there is NO guarantee of future performance and which of themselves involve significant risks (both known and unknown). Actual results and future outcomes will in all likelihood differ from those outlined herein.

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, statements regarding market size, future results, regulatory approvals, production targets, sales, staffing levels etc. All of such statements are subject to risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

These risks and uncertainties include, but are not limited to: (i) the possible delays in and the outcome of product development, (ii) risks relating to possible partnering or other like arrangements, (iii) the potential for delays in regulatory approvals, (iv) the unknown uptake and market penetration of any potential commercial products and (vi) other risks and uncertainties related to the Company’s prospects, assets / products and business strategy. This is particularly the case with companies such as Adherium which operate in the field of developing and commercializing medical devices and related services. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

Additionally there are a number of factors, both specific to Adherium and of a general nature, which may affect the future performance of Adherium. There is no guarantee that Adherium will achieve its stated objectives/milestones, that any of its forecasts will be met or that forward looking statements will be realized.

Digital Health Company

Focused on Medication Adherence



DATA-DRIVEN PLATFORM ADDRESSES >\$10B OPPORTUNITY IN RESPIRATORY DISEASE

- \$100B+ economic burden from respiratory medication non-adherence
- 40M+ people in the U.S. diagnosed with asthma or COPD



PROVEN CLINICAL EFFICACY & REGULATORY APPROVAL

- FDA 501(k) clearance, or under clearance review, for 80% of the prescribed inhalers in the U.S.
- 30 trials and 76 peer-reviewed publications
- Significant reduction in acute attacks, hospitalizations, missed days of school or work



MOMENTUM IN U.S.

- Broadest compatibility with Rx inhalers on the market today
- Differentiated approach focused on home-health agencies, self-insured employers and leading pharmacies
- Partnerships with SmartAirLA (Blue Shield of California Foundation) & Vitalus Health



RECURRING REVENUE STREAM MODEL

- Software-driven approach; subscription-based monthly fee
- Highly scalable model targeting Enterprise partners and Direct-to-Consumer channels

Medication Non-Adherence: An Annual \$300B+ Problem



3 out of 4 patients do not take medications as directed by their physician



Nonadherence leads to **poor patient outcomes, disease progression, lost time** in school and work



~30% waste in the healthcare system due to increased hospitalizations, ER visits and increased health costs



\$300B+ spent annually in the U.S. on avoidable direct healthcare costs (e.g., ER Visits, Hospitalizations, Emergency Meds, Office Visits)

Chronic Respiratory Disease in the U.S.

ASTHMA

Patients
Diagnosed

25M

Economic Burden
from Non Adherence

\$56B+

COPD

Chronic or
Severe

15M

Economic Burden
from Non Adherence

\$50B+

\$100B+ Economic Burden of **Avoidable Costs** in the U.S.
from Non-Adherence to Respiratory Medication

Recent Highlights



Global Commercialization

- Shipped 27,000 Hailie™ sensors, a 49.1% year-over-year increase
- Significant increase in commercial rollouts of SmartTurbo™ in Europe and Australia
- Strong clinical results in peer reviewed journals support more regulatory clearances
- Agreement with AstraZeneca to fund innovative design and engineering services



Continued Innovation

- FDA 510(k) clearance covering Symbicort, Proair, Qvar, Ventolin, Flovent, Advair HFA
- FDA 510(k) clearance for OTC sales of Hailie™ sensor
- Next-gen mobile apps (iOS and Android) and cloud software platform



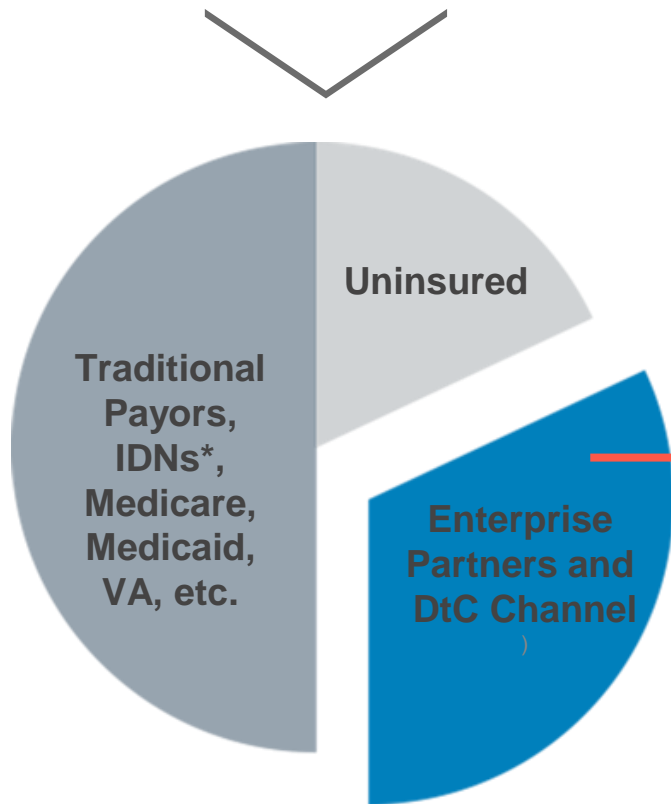
U.S. Market Launch

- Corporate headquarters moved to Silicon Valley, CA
- Hired strong, experienced executive team (CFO, VP of Sales, Marketing, and R&D)
- First Enterprise-based commercial program launched with Vitalus Health
- Grew DtC to >10 new subscribers per day in first 90 days

• Hailie Sensors were rebranded in May 2018; formerly known as Smartinhaler™

U.S. Payers and Target Customers

40M+ Asthma and COPD patients in the U.S.

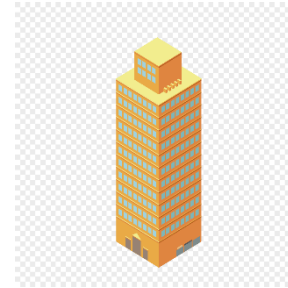


ADDRESSABLE MARKET OPPORTUNITY



Home Health Agencies

~1M Patients



Self-Insured Employers

~10M Covered Lives



Pharmacies (Top 9)

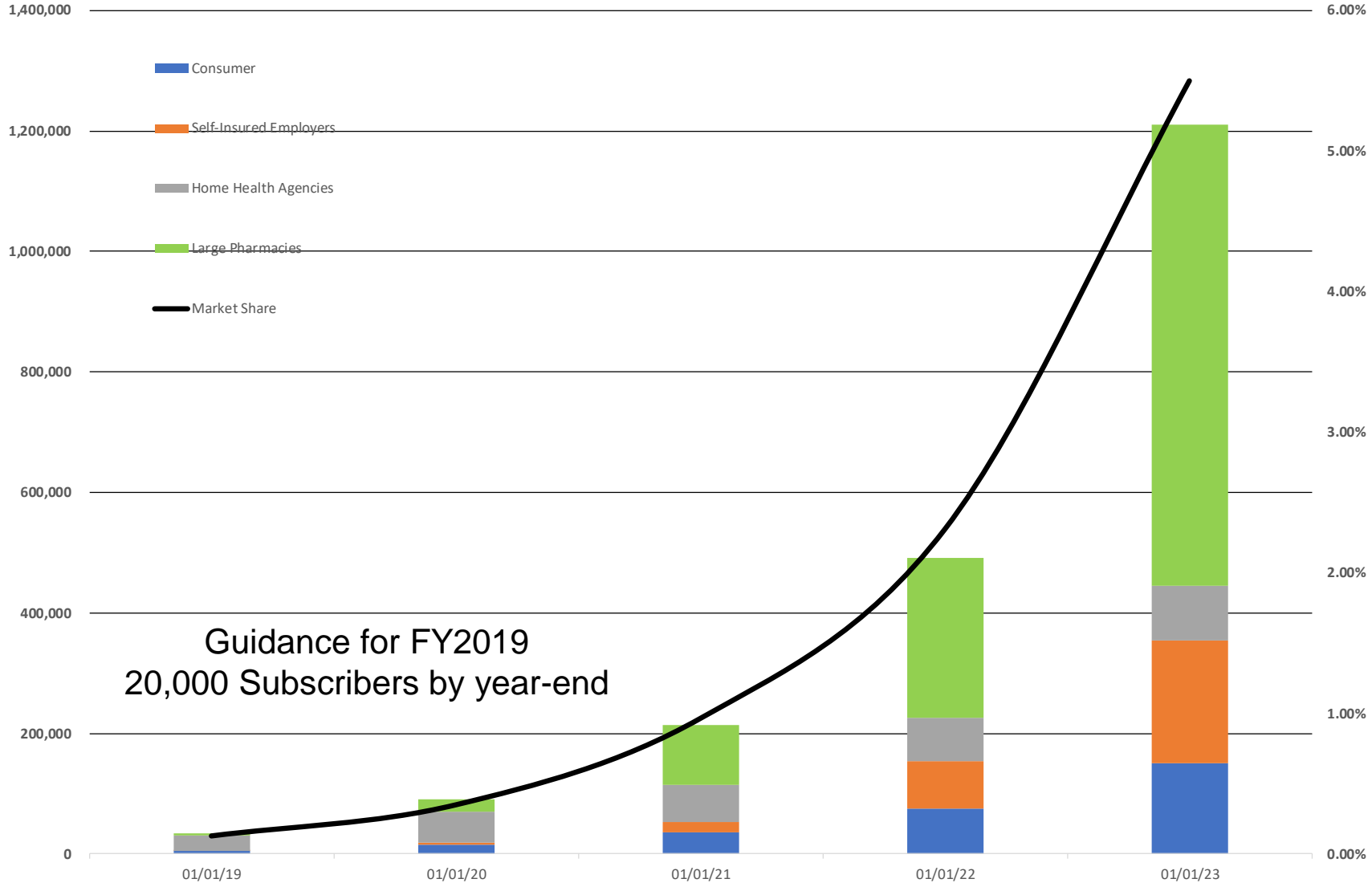
~16M Customers

Addressing a \$10B Market in Respiratory Disease

*Integrated Delivery Network

Aspirational Subscriber Growth / Market Share

Number of Subscribers



Market Share Percent

Sources of Patients

	INDICATIVE UNIT ECONOMICS PER				
	Patient	Employer	Home Health Agency	An IDN Hospital	Store With Pharmacy
Monthly list subscription fee per unit	\$9.99	\$30.00	\$30.00	\$30.00	\$30.00
Annual revenue per unit	\$9.99	\$12,000	\$165,000	\$25,054	\$9,981
Annual gross margin per unit	\$4.50	\$8,640	\$118,800	\$18,039	\$7,186
<i>As a percent of revenue</i>	45%	72%	72%	72%	72%
Incremental EBITDA per unit	\$3.80	\$7,080	\$97,350	\$14,782	\$5,889
<i>As a percent of revenue</i>	38%	59%	59%	59%	59%

Units:

Patient: One patient or their caregiver enrolled via one of several DTC such as our web store - Target >10 per day.

Employer: A corporation employing > 5,000 employees that enrolls ~400 covered lives.

Home Health Agency: An independent company managing ~5,500 COPD patients at a point in time.

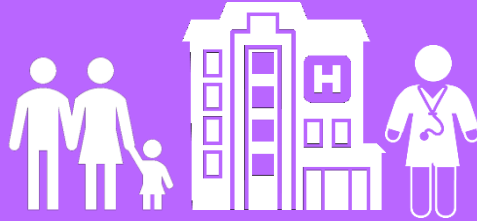
IDN: A group of acute care hospitals (~19 per system with ~4,235 beds) discharging ~4.8M COPD patients annually.

Store With Pharmacy: One retail outlet of a national chain providing ~500 asthma and COPD customer patients.

Enabling Data-Driven Information to Improve Outcomes

Healthcare Ecosystem

Relationships with Enterprise Partners to support wellness and reduce expenses



Patented, Approved Sensor

Compliant with 80% of Rx inhalers on the market today

Scalable and Flexible Architecture

Data Analysis

Real-time data provides physicians and patients insights into adherence, efficacy, and treatment options

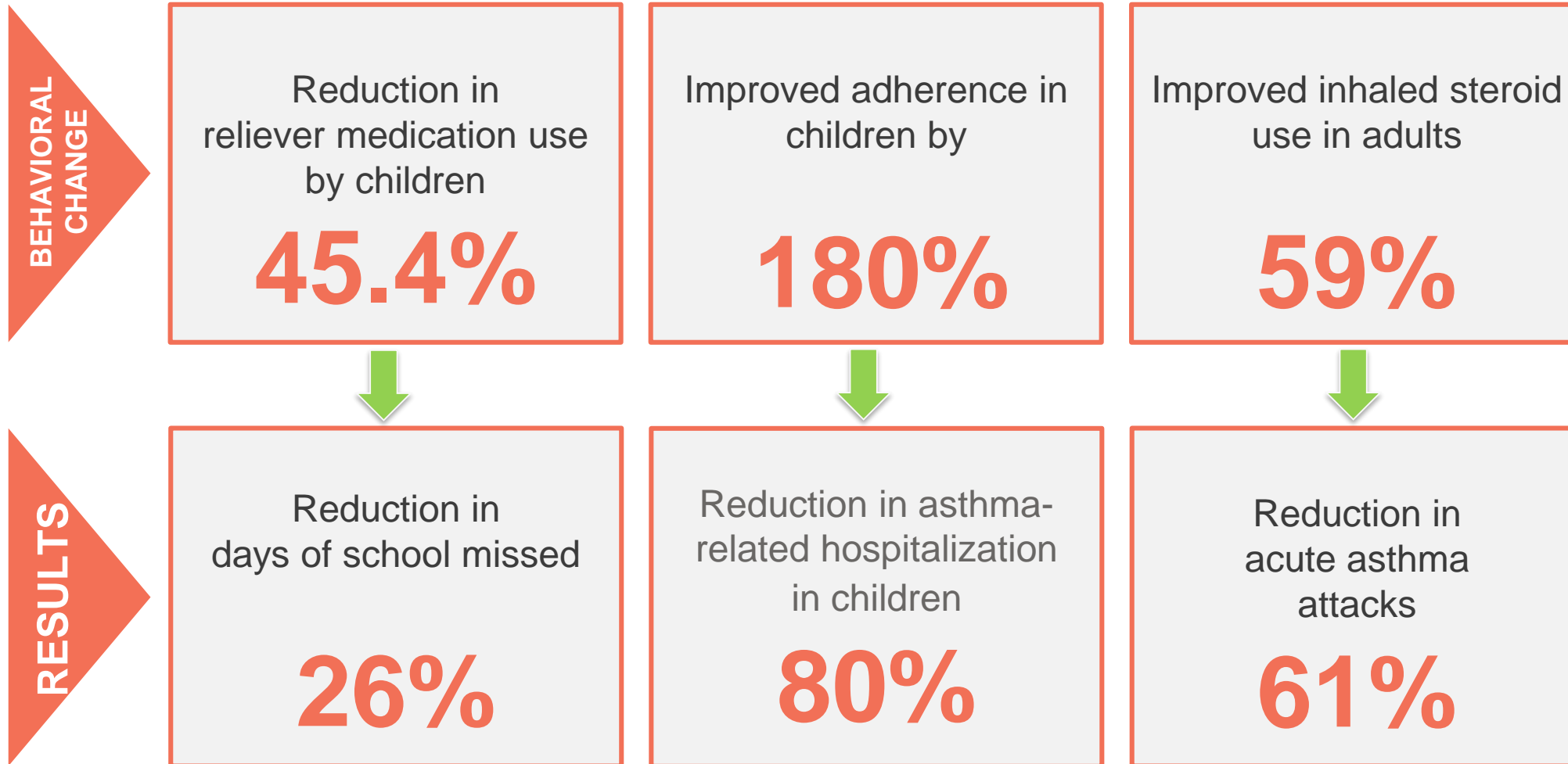


Cloud-based Interface

Provides usage data and reminders on iOS and Android platforms for all devices

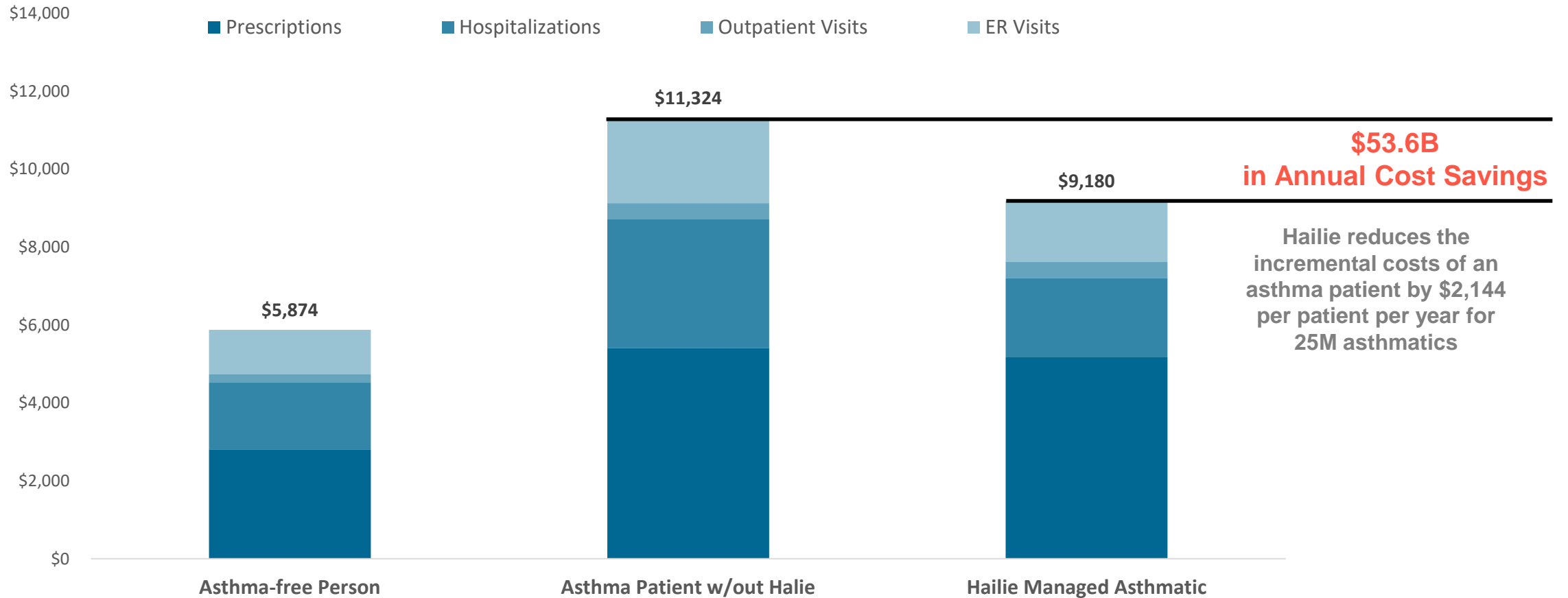


Compelling Clinical Outcomes with Hailie™



NOTE: Specific clinical studies referenced in presentation appendix

Cost of an Asthma Patient in the U.S.



Source: Cost of Asthma in the U.S., Sarah Beth Barnett, MA J Allergy Clin Immunol Vol 127, No.1

Growth Opportunities

Expansion of DtC & Enterprise Partners

- Extend the reach of platform and grow subscriber base across DtC and Enterprise channels
- Broaden the dataset to enhance value (tiered level of subscriptions)
- Grow addressable market through traditional payors, Medicare/Medicaid, VA, etc.

Leverage AstraZenca Success

- Add devices – accelerate sales as partnership agreements grow
- Focus on large scale global rollouts in high-growth markets
- Expand into new medications and chronic diseases
- Sign contracts with other biopharmaceutical companies

Beyond U.S. Respiratory

- Expand into other key markets across the globe
- Monetize data – create value from most extensive respiratory database
- Leverage channels to expand beyond asthma and COPD to other chronic diseases

Establish comprehensive platform for chronic disease management

Proven Leadership Team

Experienced US-based leadership team already established

- Chairman has successfully brought multiple offshore healthcare companies to the US market
- Adherium HQ now located in Silicon Valley, anchoring strong commercial team with extensive US-based tech experience
- Proven track record of growing multiple US healthtech companies. CEO grew Somanetics from US\$8m to US\$60m (acquired by Covidien for US\$350m).



Thomas Lynch
Chairman
US/EU



Arik Anderson
CEO
US



David Allinson
CFO
US



Vik Panda
VP of Marketing
US



Tim Houchin
VP of Sales
US



Digital Health Company Focused on Medication Adherence

Chronic Disease Platform Validated in Respiratory Disease



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Large Market Opportunity in Respiratory Disease

40M patients with Asthma and COPD

Data-driven platform addressing >\$10B market

Data-Driven Platform Approach

Connects Entire Healthcare Ecosystem

Patient + Caregiver + Healthcare Provider + Enterprise

Clinically Proven

30 Trials = 76 Peer Reviewed Publications

Significant reduction in ER visits, missed days of school or work

Commercial Traction

130K+ Hailie™ Sensors Distributed

Material shift from clinical to commercial sales

Leverageable Channels to Market

Enterprise and DtC Opportunities

Targeting 20K subscribers by 6/2019

Rapidly Scaling Business

>150% Y-o-Y Revenue Growth

Software-driven, recurring revenue model

- Hailie Sensors were rebranded in May 2018; formerly known as Smartinhaler™



THANK YOU

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