

Adherium, a Respiratory eHealth company
focused on patient adherence, remote
monitoring & data management solutions

NOVEMBER 2020

adherium  | right now

right time | right product | right strategy | right team*

* refer "disclaimer & forward-looking statements" slide herein

Overview & Contents

Founded in 2001

Listed on the ASX 2015

Adherium, a Respiratory eHealth company focused on patient adherence, remote monitoring & data management solutions for patients, payers & providers

Business turnaround & transformation with key lessons learnt

Strategy change from Pharma/DTC to Payer/Provider with recurring revenue

New CEO, CFO, CTO & Chairman forms world class leadership team

Vision

To be the leading digital solution for the management of respiratory disease; integrating devices & data to optimise outcomes for patients, physicians & payers



Developed

Connected solution for
Asthma & COPD

Bluetooth® enabled sensors to
track adherence, compliance
& physiological measures

“On sensor” & “in app”
reminders & alerts for patients

Physician Portal for clinical
management

Data reporting to support
reimbursement



Capabilities

**The Adherium Hailie®
Solution simplifies**

Adherence

Compliance

Monitoring

Management

right team

New Highly Qualified Management in Place



James Ward-Lilley
Chairman

- Extensive experience in operational & executive leadership roles in pharmaceutical & medical devices industry
- >28 years in global roles at **AstraZeneca**, successfully leading their Respiratory & AutoImmune Global Franchise
- Then joined **Vectura PLC**, the inhaled respiratory formulation & device specialists, as Chief Executive
- During time at both **AstraZeneca** & at **Vectura**, worked closely with both **Adherium** & **Propeller Health**



Mike Motion
Executive Director & CEO

- >35 years experience in medical devices & pharmaceuticals
- 15 years **Baxter Healthcare** in international commercial leadership roles
- Joined **Biocompatible's**, 2005, led commercialisation of its interventional oncology portfolio, setting up a direct US sales force & global distributor network
- Grew business to ~US\$40m; acquired by **BTG**, 2011 for US\$283m
- Led **BTG** Oncology, Digital & Vein franchises until acquired by **Boston Scientific** 2019
- Joined **Adherium**, November 2019: key activities re-financing, refresh strategy, new business model, technology development plan



Anne Bell
Chief Financial Officer

- Qualified as a Chartered Accountant in 1984 with **Arthur Young** before joining **Arthur Andersen** & becoming a partner in the Business Consulting practice
- Joined **Colonial** (subsequently acquired by Commonwealth Bank of Australia) in 1996
- Global roles with **AstraZeneca** 2003-2008
- CFO for **Invida**, which was bought by **Menarini** in 2011 – remained at **Menarini** until 2018



Geoff Feakes
Chief Technical Officer

- >25 years of information technology governance & leadership, solution innovation & realisation across Australia & Internationally including Europe, USA & Asia
- Executive positions in the Acute healthcare sector in Australia & 10 years with **Tunstall Healthcare**, both globally & Australasia
- Extensive experience with Remote Patient & Chronic Disease management platforms & solutions, including development & market release
- Board Member & Vice Chair of Australia's Personal Emergency Response Services Limited (PERSL), & committee member of the Medical Technology Association of Australia (MTAA)



Jane Lapon
Head of Pricing & Reimbursement

- >25 years international experience in pricing & reimbursement in medical devices
- Held executive positions with **Bristol-Myers Squibb**, **BTG** & **Boston Scientific**
- Exemplary track record ensuring physicians get paid by public & private payers for company products globally
- Achievements include securing reimbursement for:
- Failing pulmonology device in Germany, reversing business trajectory
- Flagship device in France, securing ~€60m/year in public funding, resulting in exponential sales in a previously untapped market

adherium | Our Opportunity

Asthma and COPD is sub-optimally managed

Due to poor adherence & compliance with inhaled medications, severe & difficult to treat Asthma & late stage COPD patients experience frequent & severe exacerbations resulting in high healthcare costs & financial penalties for providers.

Adherium's patient adherence, remote monitoring & data management solutions can address these issues across a wide patient population where adherence matters most.

Estimated US Asthma population

25.4m

15.8m

13.8m

9.5m

4.3m

1.0m

PREVELANCE

DIAGNOSED

TREATED

MAINTENANCE

DIFFICULT TO TREAT

SEVERE UNCONTROLLED

Estimated US COPD population

25.8m

12.2m

8.8m

6.2m

4.3m

0.6m

GOLD C+D TREATED

UNCONTROLLED

Current

- ~1.5m targeted patient¹
- 56% Inhaler coverage²
- 8 drug presentations

Available opportunity
~0.9m US patients²

Future

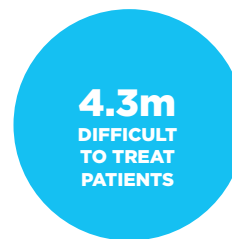
- ~8.6m targeted patient¹
- 80% inhaler coverage² 18
- drug presentations

Available opportunity
~6.9m US patients²

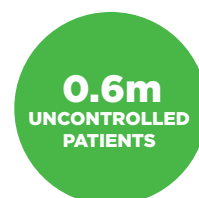
CURRENT TARGET



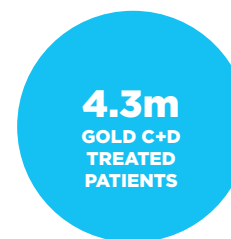
FUTURE TARGET



CURRENT TARGET



FUTURE TARGET



Assumptions/Comments:

1 Patient Epidemiology sources: GINA/GOLD/Global Asthma Network data, AstraZeneca Epidemiology data

2 Adherium Internal data modelling

right time

US reimbursement for remote patient monitoring
Adoption of remote monitoring accelerating due to COVID-19
Global guidelines recommending electronic adherence assessment



1 **Physician sets patient up on a remote monitoring platform/system**



Physician bills
once
\$18.77

2 **Physiological data is captured/ recorded for at least 16 days**



Physician bills
monthly
\$62.44

3 **Clinical staff review RPM data & interact with the patient**



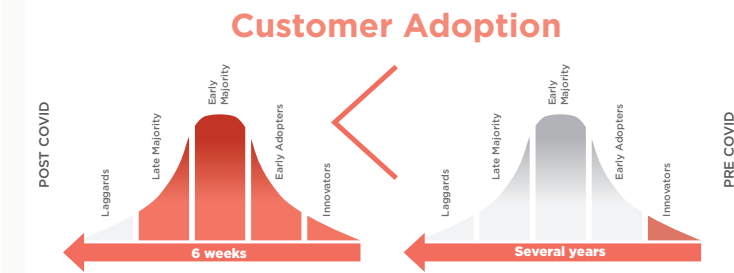
Physician bills
monthly
\$51.61 – \$95.83

Reimbursement per patient per year US\$1400+

Reimbursement shows 2020 National Rate for non-facility sites. Actual rates vary by Provider & depend on site-of-care. Physician specific time can also be billed instead of this code, for up to 30 mins of time using 99091 @ \$59.19

Separate codes exist for remote monitoring of blood pressure & for mental health services.

COVID-19 is accelerating the digitalisation of medicine & the willingness of patients & HCPs to accept it & payers to pay for it



International Asthma guidelines mandate the assessment of adherence

- Ahead of biologic treatment
- **Assess adherence** objectively, monitoring prescribing / dispensing records, blood prednisolone level, or **electronic inhaler monitoring**

right product

Proven technology with strong evidence base
Investing to enable physiological measures & extend therapeutic coverage

Patient data reporting



Sensors attach to inhaled medication devices

Captures medication use & physiological measure data



Monitors device activation, adherence & timing

Physiological measures in development

Reimbursement-compliant data

Patient feedback via app as appropriate

hailie

Data management & analytics, Microsoft Azure

Regulatory, HIPAA & GDPR compliant cloud infrastructure

Future data & freemium services

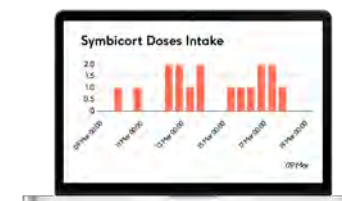
Payer / Provider online interfaces



Reimbursement-compliant reports

Billing support & audit trail

Clinician



Tailored clinical data reports

Clinical dashboard direct-connect to cloud

Percentage reduction vs. control group

✓ **59%**
Missed doses

✓ **80%**
Hospital admissions


✓ **61%**
Acute Attacks

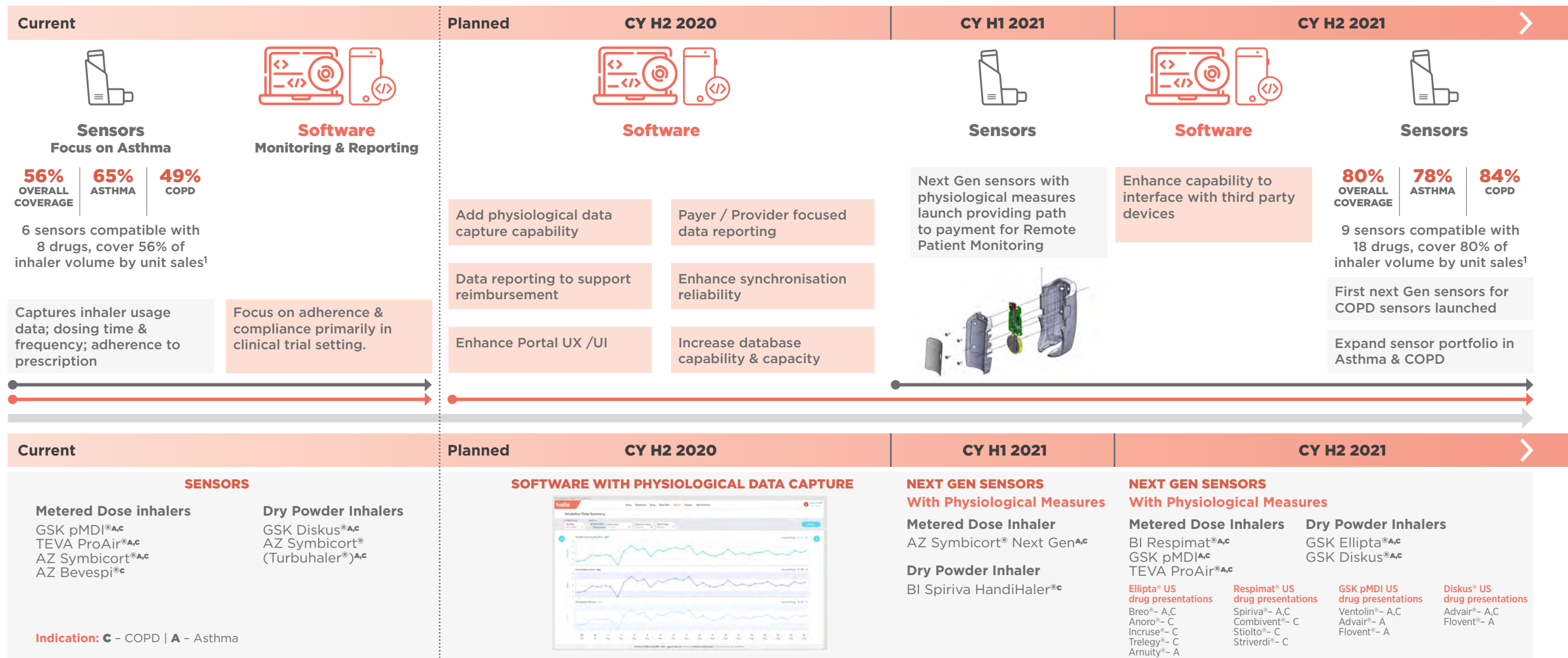
✓ **39%**
Oral Steroid Use

✓ **15%**
Missed School Days

Hailie® proven technology in >85 peer reviewed publications
Over 170,000 sensors sold globally; ~13,000 patients; 30+ countries

right product

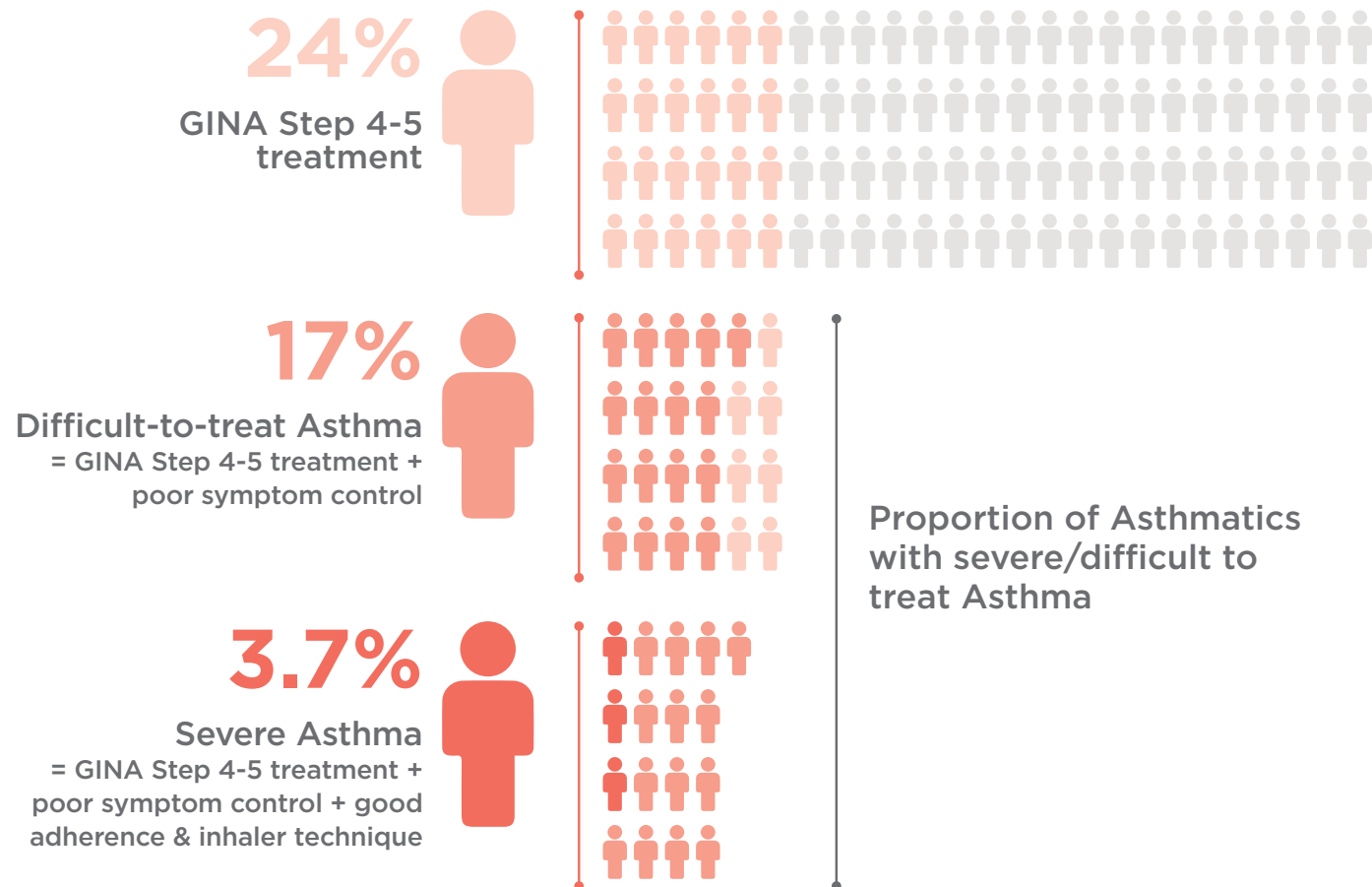
Investing with specialist R&D partner  Planet Innovation to enhance proven hardware enabling industry leading integration of physiological measurement, simplifying ease of use & increasing coverage from 56% to 80%¹



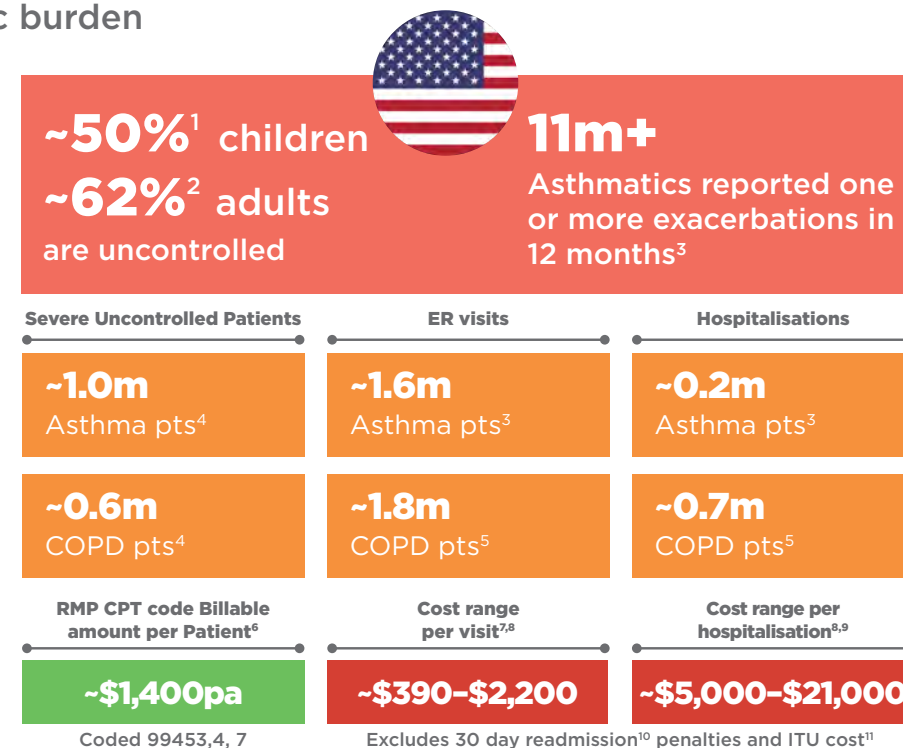
1. Based on US unit volume sales 2019 IQVIA

right strategy

focused on patients where adherence matters most – severe uncontrolled patients with highest health economic burden



Graphic adapted from © Global Initiative for Asthma, www.ginasthma.org
1. Hekking et al, JACI 2015



US patient population Asthma ~25 million⁴, COPD ~26 million⁴

- https://www.cdc.gov/asthma/asthma_stats/uncontrolled-asthma-children.htm
- https://www.cdc.gov/asthma/asthma_stats/uncontrolled-asthma-adults.htm
- https://www.cdc.gov/asthma/most_recent_national_asthma_data.htm, Asthma Attacks
- Patient Epidemiology sources; GINA/GOLD/Global Asthma Network data, AstraZeneca Epidemiology data
- ES Ford Hospital discharges, readmissions, and ED visits for COPD or bronchiectasis among US adults: findings from the Nationwide Inpatient Sample 2001-2012 and Nationwide Emergency Department Sample 2006-2011 Chest, 147 (2015), pp. 989-998
- <https://www.cms.gov/apps/physician-fee-schedule/search/search-criteria.aspx>
- American Health & Drugs Benefits "Inpatient Treatment of Asthma Is Costly: \$5000 per Hospitalization Calls for Proper Office Management", 14/02/2019
- Wang T, Srebotnjak T, Brownwell J, Hsia RY. Emergency Department Charges for Asthma-related Outpatient Visits by Insurance Status. J Health Care Poor Underserved. 2014 February ; 25(1): 396-405
- Dalal AA, Shah M, D'Souza AO, Rane P. Costs of COPD exacerbations in the emergency department and inpatient setting. Respir Med. 2011;105(3):454-460

right strategy

How does Adherium make money?

Adherium targets recurring revenue from three channel partners & direct sales

Channel Partners



Specialist Distribution

Market leader in spacer technology & specialist respiratory products

US sales & marketing organisation

Targets specialist Asthma centres, clinics, hospitals & IDNs

13% shareholding in Adherium



Disease Management

Clinical call centre managing symptoms of COPD & respiratory patients

Preventing exacerbations; reducing hospital admissions; lowering healthcare costs

Reduces 30-day readmission penalties

Access to in excess of 100,000 COPD patients through payer/provider contracts



Pharmaceutical

Partner since 2015

One of the largest respiratory companies globally

Develops & commercialises inhaled drugs & biologic immunotherapeutics for Asthma & COPD

Monaghan Revenue

- Sensor sales @ unit transfer price
- Software license for platform access
- Data license fee

HGE Health Revenue

- Per Patient Per Sensor Per Month fee
- Share of incremental savings from Risk Share contracts
- Share of RPM service fee to providers

AstraZeneca Revenue

- Sensor sales @ unit transfer price
- Development contracts
- Clinical trial supplies and support
- Data license fee

Direct Sales

- Sensor sales
- Clinical trial supplies and support
- Software license for platform access

1 CY Q3 2020 - Q1 2021

Initial partner model establishment / proof of concept

- Validate channel partners
- Test operational model
- Validate business model
- Limited initial sensor volumes & orders
- Appointment of key leadership roles in US & CTO in Australia

2 CY Q2 2021 - Q4 2021

Partner scale up in US with revenue traction

- Scale up of HGE & Monaghan activity
- Progressive revenue growth
- Increase penetration in COPD
- First wave sensors with physiological measures
- Complete market launch of full range of physiological enabled sensor
- Limited highly selective ex-US activity

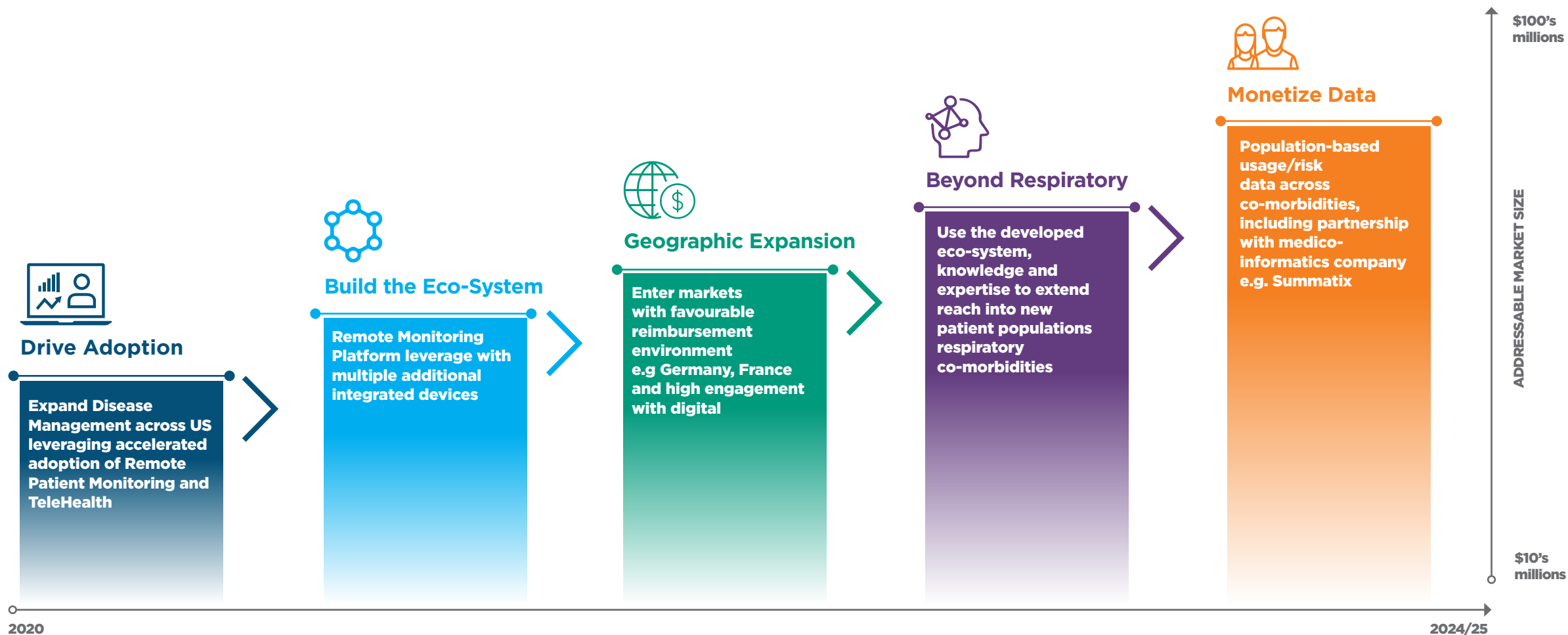
3 CY 2022

Full expansion & platform leverage in US & ex US

- Accelerated US commercialisation with full portfolio
- Potential expanded scale up ex-US
- Assess next wave device development e.g. nebulisers/integrated sensors
- Potential multi-provider data integration leverage & monetisation

right now

Multiple drivers of growth with current focus & beyond initial geographic, patient & single device scope



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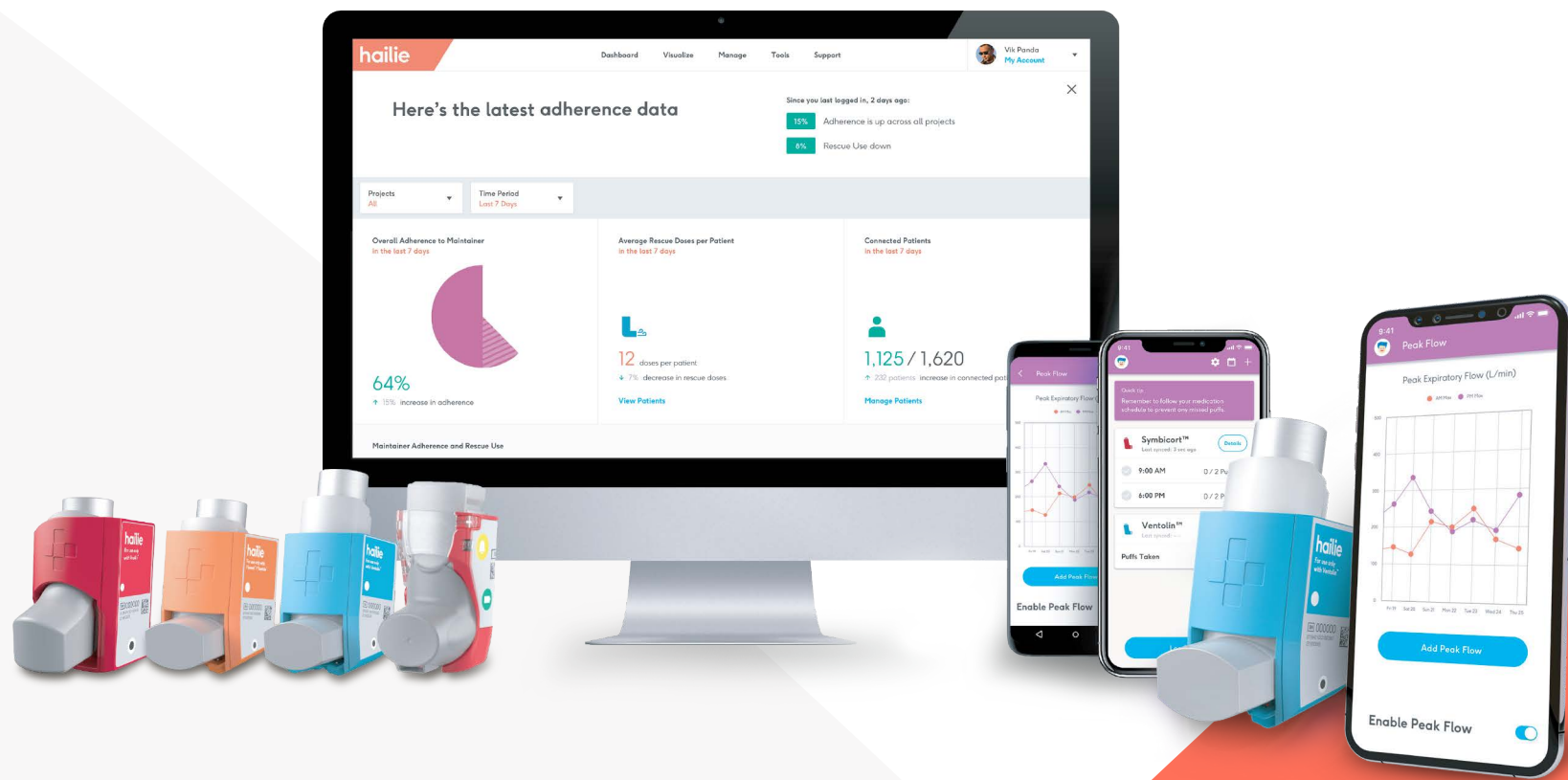
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