



Adherium FY17 Full Year Results Investor Update

August 2017

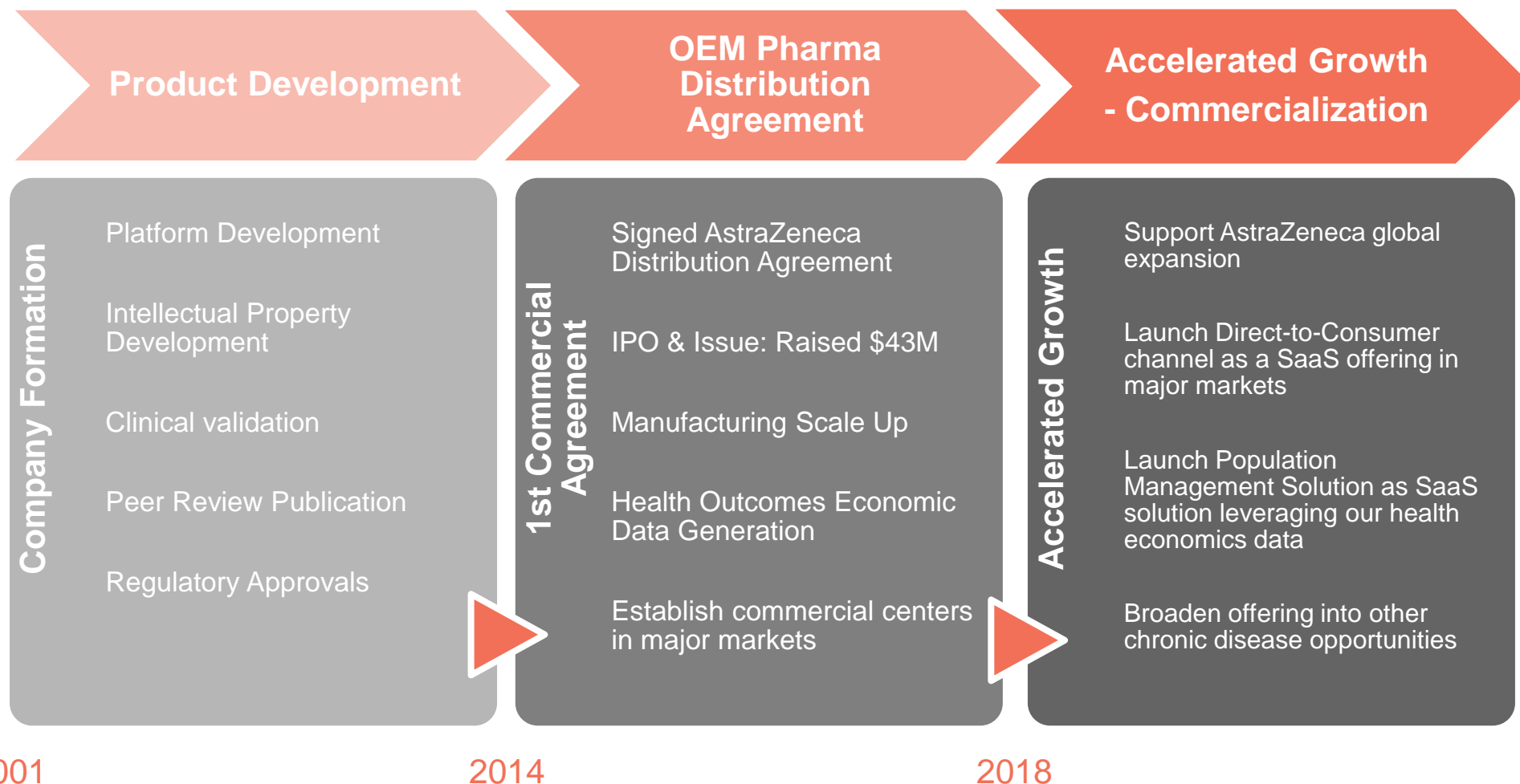
Vision

Adherium will **maximize our enterprise value** by **becoming the adherence company** in Digital Health through employing device data to ensure proper patient use of medication, resulting in:

- **reducing costs** of healthcare,
- **enhancing** comprehensive care,
- and **improving** the quality of **patients' lives**.



Company Development



Fast Facts About Adherium



Technical and Clinical

- ✓ **15 years** of experience in developing and manufacturing Smartinhalers
- ✓ **In depth knowledge** of medical device, mobile health, cloud data analytics platform and security
- ✓ Large set of **clinical data** proving **outcomes** (>65 publications)
- ✓ Technologies **adaptable** to other chronic conditions to create for a data-rich, but secured **platform**



Commercial

- ✓ **Partnership with AZ** moving into commercial activity with launch in over 6 countries, new launches continuing and expandable to other diseases
- ✓ **New commercial channel** opened, with Direct-to-Consumer (DTC) New Zealand launch in July 2017
- ✓ **Over 100,000** devices sold globally
- ✓ Regulatory approvals received in all **major markets**



Strategic

- ✓ Route to sustainable revenues across **multiple channels**
- ✓ Aligned with **Healthcare** system **needs**
- ✓ Rapid **global expansion** with hubs in US and EU
- ✓ **Increased capabilities** (marketing, data, design, regulatory)
- ✓ **Working capital** to execute global expansion

Key Drivers to Shareholder Value

Adherium is at the center of the rapidly growing digital health sector

- ✓ **\$290B of avoidable US healthcare costs**, \$34B in respiratory diseases alone resulting from non-adherence being addressed by Adherium's solution
- ✓ Commercial stage digital health company with **the most clinically proven solution** in the respiratory space
- ✓ Regulatory clearances in **all major global markets**
- ✓ Valuable intellectual property portfolio, with a 15 year investment in one of the **world's largest datasets of respiratory medication usage data**
- ✓ Focus on growing active patients via **existing AstraZeneca OEM agreement, Direct to Consumer channel and through provider and payor markets**
- ✓ Founder and Board share ownership aligns incentives with **global institutional shareholders**

FY18 Guidance and Assumptions

- ✓ AZ
 - Ship a minimum of 25,000 devices
 - Obtain FDA 501(k) clearance to market SmartTouch for Symbicort pMDI in the USA
 - Expand Adherium's offering beyond AZ's Symbicort medication

- ✓ Launch medication adherence service solution
 - NZ: Go live Q1, obtain 1,300 active users in FY18
 - USA: 1,000 users in first 3 months from launch in second-half of FY18

- ✓ Revenue
 - Increase revenue to between \$5.7m and \$7m based on:
 - Support of AZ's continued global adherence roll-out along with regulatory and software services
 - Beginning direct to consumer medication adherence service in NZ and USA

- ✓ Cash Utilization
 - Hold net cash burn at no more than \$12m, with FY18 closing cash of >\$10m

IP Assets




- ✓ Adherium IP rights cover the Smartinhaler™ proprietary digital adherence monitoring platform;
- ✓ Registered and unregistered rights protecting Smartinhaler™ hardware and software;
- ✓ Adherium patent portfolio is relevant to compliance monitors for use with most market-leading inhalers: pMDI, DPI (incl. capsule, blister pack, solid form medication, soft mist, etc.);
- ✓ Adherium patents and patent applications cover attachment mechanisms, sensors and data processing methods, incl. recognition of valid doses and user errors;
- ✓ **14 patent families** across the USA, EU, the PRC, Japan, Australia and New Zealand:
 - Patents granted in the USA:
 - US8,424,517 relates to releasable monitors with optical dose counter and
 - US9,468,729 relates to communications devices for use with electronic medicament inhalers;
 - 1 European patent granted:
 - EP2758111 relates to compliance monitors such as SmartTouch™. Currently validated (CH, DE, ES, FR, GB, IE, IT NL, SE)
- ✓ 2 registered design families:
 - **Over 70 design registrations** across EU, China, Australia and New Zealand, with the USA design registrations pending;
 - Extensive design portfolio around SmartTurbo™ designs;
- ✓ Smartinhaler™ trade mark accepted for publication in the USA (and registered in NZ) in classes 9, 10 and 42.

Market Opportunities for Asthma and COPD

Healthcare Economic Burden of Asthma

	Patients	Economic Burden
Worldwide 	334M	US\$ 100B+
U.S. 	25M	US\$ 56B

Adherium's Clinically Proven Outcomes

-  **3.4x** More patients achieving 80% adherence to preventative medication¹
-  **5x** Reduction in asthma-related hospitalization¹
-  **61%** Reduction in oral steroid use¹

Source: [1] Morton et al, Thorax, 2015

Sale Strategies

Aggressive commercialization strategy focuses on building from the OEM channel, leveraging Direct to Consumer channel to grow active user number, creating a market pull to Payer while developing undeniable healthcare economic data.

The FY18 sales strategy priorities are listed below and are to (i) Continue to build the AZ business, (ii) Create the DTC channel, and (iii) do the preparation work for payer / provider growth in FY19.

OEM Pharma Partners

1. Transition to AZ funded engineering projects and software support. FY18 revenues to exceed \$1M.
 2. Drive ongoing commercial roll-out and new pilot countries. FY18 minimum of 25K devices.
- ✓ First commercial agreement in the market (AZ)
 - ✓ Validated technology, add users & revenue

Direct to Consumer

3. Launch New Zealand (NZ) ecommerce offering in Q1.
4. Using SaaS model and metrics, add minimum 1,300 new users from NZ by end of Q4.
5. Based on NZ experience, launch in US in second-half FY18.

Pay for Performance

6. Based on clinical outcome data and US patient results, target payers / providers for revenue growth in FY19.
- ✓ Best clinical outcome data, key USP for payers & providers
 - ✓ est. \$1500 (40%) savings per US asthma patient
 - ✓ SaaS/risk share disease management model

AstraZeneca Partnership

OEM ➤ DTC ➤ P4P

Pharma partnerships...

... leading to

AstraZeneca partnership

- ✓ First commercial agreement in the market
- ✓ Over 100,000 devices sold
- ✓ Multiple market and product launches in 2017
- ✓ New clinical trials and drugs being explored across asthma and COPD



Potential to expand partnership to other form factors and disease conditions

User Acquisition



Commercial roll-out
bringing users to the platform

More users → more data
To support Pay for Performance

AZ's Revenue Potential



AZ Symbicort '16 revenue
US\$4bn

Symbicort '16 patients
> 6mn worldwide

Results Review

Executive Summary – Investing for growth

	12 months to June 30, 2017	15 months to June 30, 2016	Change % on comparable period basis
Revenue	\$2.3m	\$2.6m	12% increase
Gross profit	\$1.2m 49% margin	\$1.3m 49% margin	13% increase
Other income (grants and interest)	\$1.0m	\$0.9m	50% increase
Operating expenses	\$15.0m	\$10.0m	87% increase
Net loss	\$12.8m	\$7.9m	103% increase
Capital raised (net)	\$7.5m	\$31.7m	
Cash at balance date	\$22.8m	\$27.2m	\$4.4m net use of funds

Operational Review

- ✓ Delivered 18,000 connected devices in the year, compared with 30,000 in the 15 months to June 2016 (prior year included initial market launch volume from AZ). Total devices sold now exceed 100,000.
- ✓ Sales highlights related to:
 - AstraZeneca's deployments of Adherium's SmartTurbo™ in Europe throughout the year
 - the Australian commercial rollout by AstraZeneca involving over 130 respiratory clinicians and several channels to distribute the Smartinhaler™ asthma management solution to consumers
- ✓ Development activities for year included:
 - a new version of Adherium's SmartTurbo™ to incorporate new sensors to provide patients and caregivers with information to be able to better manage their asthma or COPD. This device was transferred to volume production in H2 and the first batches of devices have been delivered to AstraZeneca for European roll-out;
 - development of the next generation of our mobile apps (iOS and Android) and cloud software platform;
 - preparation and submission of an FDA 510(k) application for Adherium's SmartTouch™ for Symbicort®. This is currently under review by the US FDA with clearance expected by the end of 2017;
 - grant by the US Patent and Trademark Office (USPTO) of a key patent covering medication adherence monitoring devices that include an optical dose counter, further strengthening the Company's growing intellectual property portfolio;

Cost Analysis

- ✓ Cost of goods were consistent with gross margin at 49% in FY16 and FY17
- ✓ Operating expenses included non-cash expenses of \$748,000 related to depreciation and amortizations, and employee share plan expense (FY16: \$1m including non-cash interest and product development costs)
- ✓ Salaries and wages at \$6.8m (FY16: \$3.7m) was the major expense, representing a full financial year after building the internal resource to meet expected demand post-IPO and focus on new business development opportunities.
- ✓ A critical review of activities and resources for alignment with the company's revised strategy was undertaken in Q3-Q4, which resulted in a reorganisation and consolidation of staffing. In relation to this ~\$3m in costs in FY17 will not be recurring.
- ✓ Review of activities and costs is ongoing to ensure focus on channels to market for Adherium technology and minimize overall spend.
- ✓ Recurring costs by activity in FY17 were consistent with FY16, and in R&D reflected development of new mobile app and cloud features, and iterations of devices with new sensors and for new respiratory medications:

Costs excluding salaries & wages, non-cash expenses and one off costs related to the strategic re-focus	12 months to June 30, 2017	15 months to June 30, 2016
Research & development	\$1.6m	\$1.0m
Sales & marketing	\$1.2m	\$1.4m
Administration	\$2.7m	\$2.6m



Execution

Execution Priorities

- ✓ Maintain focus on the AstraZeneca business, enabling continuation of rollout globally.
- ✓ Build HQ and commercial team in Silicon Valley (CEO, CFO, VP of Marketing by end of 2017).
- ✓ Direct-to-Consumer business
 - New Zealand – 1,300 active users by June 2018
 - Launch in USA – in second-half of FY18
- ✓ Continue development of Payer / Provider relationship, leverage DTC evidence.
- ✓ Maintain a strong cash position – reduce all unessential expenses and manage cash.

Summary

Work with **AstraZeneca** has evolved from development to **commercial**.

Adherium's focus is commercial – getting our technology in the hands of the **maximum number of active users**.

We've **launched** our **Direct-to-Consumer offering in New Zealand**. We are committed to demonstrate our ability to get our technology to people who will benefit, and we will demonstrate this by having over 1,300 active NZ users by the end of June.

We will launch our **Direct-to-Consumer offering in the US** this fiscal year, taking advantage of the success in New Zealand, and adding 1,000 new active users in the US over the first 3 months.

We will maintain a **strong cash position** to enable Adherium's growth in the US market driven by DTC and Payer / Provider channels.

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®), 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 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.

Neither Adherium nor any other entity or person in or associated with the Adherium group of companies guarantees any return (whether capital or income) or generally the performance of Adherium or the price at which its securities may trade. Any investment in Adherium is subject to investment risks including the possibility of loss of capital invested and no return of income or payment of any dividends.

This presentation is not for general distribution or third party reliance or use. While it has been prepared from sources Adherium believe to be reliable, Adherium cannot guarantee its accuracy or completeness and, other than as required by law, Adherium undertakes NO obligation to advise of changes or updates to any such materials. These materials do NOT take into account any specific objectives, financial situation or needs of potential recipient/user. In addition, the past performance of Adherium cannot be assumed as indicative of the future performance of the Company.

For these and other reasons, before undertaking any evaluation of Adherium, its assets, prospects or opportunities you are strongly recommended to obtain your own up to date independent legal, financial and commercial advice – those acting without such advice do so at their own risk. Except as otherwise expressly stated in this presentation, Adherium has not authorized any person to give any information or make any representation which is not contained in this presentation. Any such information or representation not contained in this presentation must not be relied upon as having been authorized by, or on behalf of, Adherium.

Thank You