



adherium 

Investor Results 1H FY18

FEBRUARY 8, 2018

Forward Looking Statement

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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.

Recent Achievements



- ✔ Achieved revenue of \$2.7m in H1 2018, up 92% on H1 2017
- ✔ Commercial traction - Over 100,000 devices sold globally. Successful launch of SmartInhaler™ through AstraZeneca in Australia, Italy, The Netherlands, Switzerland and Austria.
- ✔ Delivered 18,000 connected devices during FY17 and 14,700 in the first six months of FY18 (+63% YoY)
- ✔ Agreement by AstraZeneca to fund innovative product design and engineering services, resulting in record ADR revenues in H1-FY18
- ✔ Development of the next generation mobile apps (iOS and Android) and cloud platform software
- ✔ FDA 510(k) of SmartTouch™ for Symbicort®

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Review Results

Financial Results H1 2018

	6 months to Dec 31, 2017	6 months to Dec 31, 2016	Change %
Revenue	\$2,661,000	\$1,386,000	+92%
Gross profit	\$2,047,000	\$664,000	+208%
Other income (grants and interest)	\$439,000	\$588,000	-25%
Operating expenses	\$(7,464,000)	\$(6,060,000)	+23%
Net loss	\$(4,978,000)	\$(4,808,000)	+4%
Capital raised (net)	-	\$7,512,000	N/A
Cash at balance date	\$14,935,000	\$29,523,000	-49%

- **FY18 Guidance is reaffirmed:**
 - **FY18 Revenue guidance between \$5.7m and 7.0m**
 - **Ending cash balance of >\$10m**

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Execution and Guidance

Corporate Overview

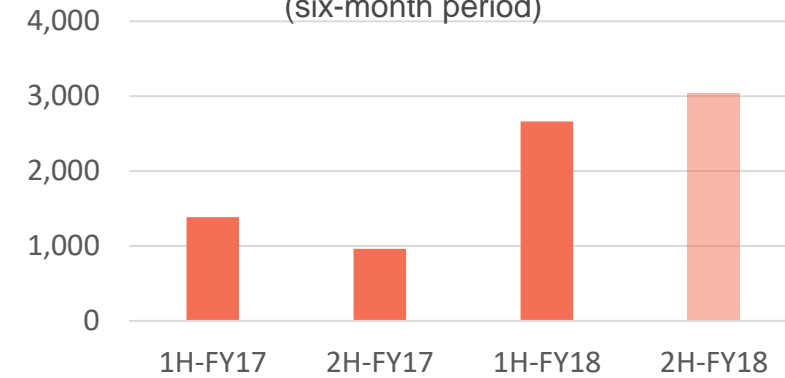
ADR: ASX

Market Cap	\$16.5M
Ordinary Shares	173.9M
Options	5.8M
12 Month Share Price Range	\$0.07 - \$0.25
Cash & Equivalents (31 Dec 2017)	\$14.9M

Top Shareholders (at 11 Dec 2017)

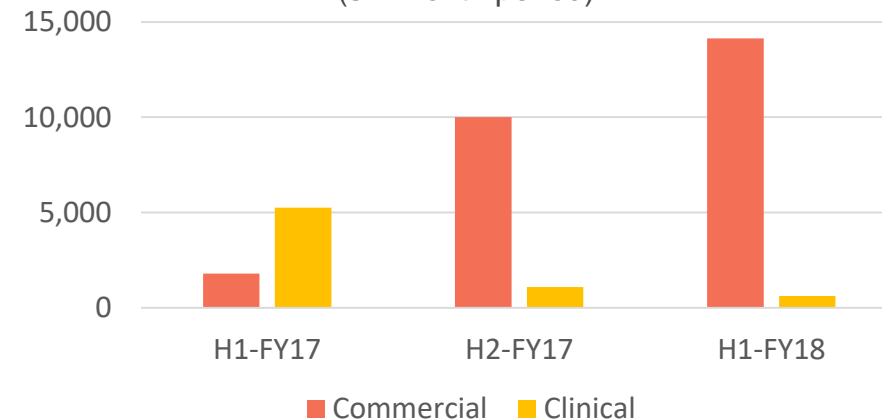
	No. of Shares	% Capital
BioScience Managers Pty	23.8m	13.6%
Fidelity International Limited	17.2m	9.8%
I.G. Investment	12.1m	6.9%
Garth Sutherland	11.3m	6.5%
K One W One Ltd	11.0m	6.3%
AstraZeneca AB	8.1m	4.6%

Half Year Revenue (six-month period)



* H1 2018 revenue up 92% to \$2.7m and FY18 guidance of \$5.7 – \$7.0m reconfirmed (~150% YoY growth)

Device Sales Volumes (six-month period)





Strategic Priorities and Business Model



ADR Corporate Strategy

- Drive expansion of existing OEM relationships into world's largest markets
- Create direct to consumer (DtC) and direct to payer (DtP) customer channels
- Focus new channels on US market opportunity (US = ~50% of global TAM)



Shareholder Value Creation

- Increase significant annualized revenue in medium-term from:
 - Grow OEM device shipments from 2k to 5k/month in near term and 30k / month in the medium based on launches in major global markets in US and Asia.
 - Build DtC / DtP
 - ~40m US patient TAM
 - Grow subscribers to 200k patients in medium term (0.5% penetration)



Strategic Priorities and Business Model

- OEM



OEM – Strategic Priorities

- Increase volume in existing SmartInhaler product lines by launches into new large markets
- Expand product range leveraging existing OEM partnerships (beyond Symbicort)
- Opportunistically evaluating new OEM distribution agreements



OEM – Business Model

- Innovation partner for adherence products for OEM relationship
- Establishes credibility for other market channels
- Revenue streams: R&D services, maintenance fees, device sales
- Generation of adherence data



OEM – CY18 Goals

- Focus on launch into the US market during 2018
- Development for expanded range of products



Strategic Priorities and Business Model

- Direct to Consumer (DtC)



Direct to Consumer – Strategic Priorities

- Focus only on US market (~40m Asthma and COPD patients)
- Direct, digital only marketing
- Highly targeted customer acquisition strategy
- Subscription offering



Direct to Consumer – Business Model

- Online – using Facebook, Instagram, Google to reach targeted customers through low cost media
- SaaS - monthly subscription, including device and upgrades
- Margins - anticipate higher margins than OEM with high customer retention rates
- Model – built on direct to consumer models used by Cochlear, AliveCor, and Mylan's EpiPen



Direct to Consumer – CY18 Goals

- US launch on track for June 2018
- Acquisition of 1,000 users in first three months after launch



Strategic Priorities and Business Model

- Direct to Payer(DtP)



Direct to Payer – Strategic Priorities

- Launch in US market to have access to ~40m patient market size
- B2B sales with initial focus on smaller, self-contained insurance systems for more rapid adoption and in market economic validation
- Larger self-insured corporations focused on lowering cost of coverage
- Subscription offering and sharing of Payer savings



Direct to Payer – Business Model

- Direct sales model requiring modest-sized highly commissioned sales group
- Patient counts are acquired in blocks
- Margins – anticipate highest margin channel with highest retention rates
- Model – based on success Fitbit had selling to payers with wellness device



Direct to Payer – CY18 & CY19 Goals

- First pilot in CY18
- First revenue from payer in CY19

Summary

1H FY18

Platform, clinical evidence, and regulatory approvals are already in place and market leading. VP of Marketing and VP of Sales are in place, US based HQ has moved to Silicon Valley.

OEM

Sensor shipments have shifted from clinical to commercial, roll-outs are progressing to plan, and innovation and engineering services being funded. Next step is for sensor shipments to increase.

DtC

NZ Pilot is progressing well, and US DtC Launch is on schedule for June 2018.

DtP

For the DtC / DtP channel opportunity, leveraging ADR's established platform and market validation, and employing approaches demonstrated in adjacent spaces to achieve growth rates in these channels.

FY 18

Reaffirming FY18 Guidance.

- Revenue of \$5.7m to \$7.0m, ending cash balance >\$10m, deliver of a minimum of 25k devices to AstraZeneca and launch of DtC channel in the US by June 2018.

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THANK YOU