



ADHERIUM LTD

INVESTOR PRESENTATION
JULY 2015



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Any application for Adherium shares can only be made on the application form attaching to its Prospectus dated 20 July 2015 which is available from the company. You should consider the prospectus in full in deciding whether to subscribe for Adherium shares.

PRESENTATION TEAM



DR DOUG WILSON
Chairman

50 year track record in pharmaceutical drug development & commercialisation
Former Head Medical & Regulatory Affairs Boehringer Ingelheim



GARTH SUTHERLAND
Chief Executive Officer & Chief Technology Officer

Company founder
20 year track record in technology development & commercialisation



BRONWYN LE GRICE
Head of Commercial Development & Corporate Affairs

15 year track record spanning executive management, business development, commercialisation and venture capital in the life sciences

TRANSACTION OVERVIEW



- Prospectus Lodged with ASIC July 20, Expected Offer Period August 3-17.
- Minimum Subscription A\$20m | Maximum Subscription A\$35m
- \$25.85m in signed commitments
- Cornerstone investment of US\$3m from key commercial client AstraZeneca
- 10 Year Master Supply & Development Agreement with AstraZeneca in place
- Listing to be achieved via "top hat" structure via Adherium (NZ) share swap for shares in Adherium Limited, an Australian domiciled holding company

ABOUT ADHERIUM



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Adherium (ASX.ADR) is a leader in digital health technologies which address sub-optimal medication use & remote patient management in chronic respiratory disease

First product range – Smartinhaler™ – a smart, connected device that attaches to prescription inhalers to provide reminders and monitoring, combined with the SmartinhalerLive software which makes patient data accessible via mobile applications and cloud based software



COMPANY OVERVIEW



- Established Auckland New Zealand 2001 (as Nexus6 Limited)
- Developed the Smartinhaler range that attach to a wide range of prescription inhalers for chronic respiratory diseases
- Smartinhalers validated in 40+ clinical studies across 29 countries. 14 studies have resulted in over 30 peer reviewed publications
- Integrated platform comprising device, mobile application, web portal & database
- Regulatory clearances in USA (FDA 510k) & Europe (CE Mark)
- Revenues year to 31 Mar 2015 ~NZ\$3m
- 10 year Master Supply & Development Agreement for global distribution signed with AstraZeneca

ASTHMA & COPD OVERVIEW



CHRONIC RESPIRATORY DISEASES & THEIR TREATMENT

- Asthma & COPD are inflammatory diseases of the airways
- Two medication classes for persistent disease control
 - Preventer/Maintenance: mandatory daily use to reduce disease inflammation and prevent attacks
 - Rescue/Reliever: Used as-needed for temporary symptom relief
- Both medications delivered through range of inhalers including:
 - Pressured aerosols (PMDI's)
 - Dry powders (DPI's)
 - Solutions

In Australia it is estimated that only 43% of asthmatics take their medication as prescribed all of the time and only 11% use prescribed preventative medication on a daily basis.

SMARTINHALERS

TRANSFORMING ASTHMA & COPD

SmartInhaler:
A wireless sensor for
inhalers



SmartTouch

SmartInhaler installed on
prescription inhalers for
respiratory disease



SmartDisk



SmartTurbo2



Continuous innovation & new
product development



AN INTEGRATED PLATFORM

DEVICE-APPLICATION-WEB INTERFACE BETWEEN PATIENT & PHYSICIAN

Smart inhaler data can be viewed and shared in a number of ways *Importantly, data is generated by the devices not the user*

Accurate & objective data on inhaler use generated by the Smart Inhaler & communicated to the app & to the cloud



Patients receive reminders & warnings via the device & can also receive alerts from their physicians

Clinicians can view objective & accurate data on medication use enabling remote management of asthma & COPD

Patients, parents & caregivers can track their own performance using the company's proprietary app or via client company apps

Independent Validated Accuracy & Clinical Outcomes

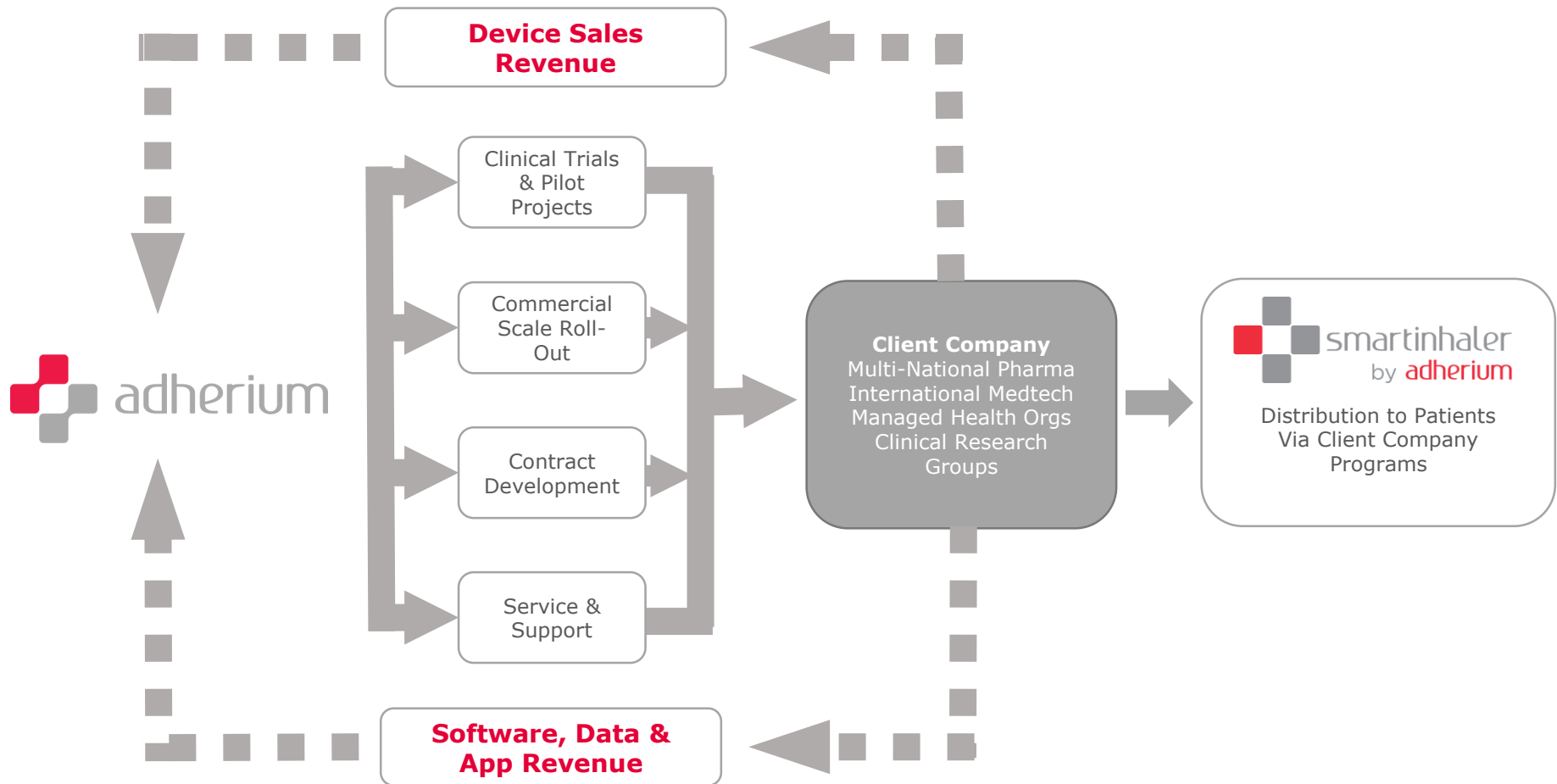
- Multiple studies independently validating Smartinhaler accuracy at ~99%
- **Children:** Chan et al¹ showed Smartinhaler
 - increased preventer medication use from 30% to 84% – a 180% increase
 - Reduction in parental-reported exacerbations at 2 months from 26% to 7%
 - 45% reduction in “rescue” medication use
 - Improvement in quality of life and reduction in observed symptoms
- **Adults:** Foster et al² in Australia showed
 - 59% increase in preventer medication use with Smartinhaler
 - 60% reduction in severe exacerbations

¹ Chan AHY, Stewart AWS, Harrison J, Camargo C, Black PN, Mitchell EA. The effect of an inhaler with ringtones on asthma control and school attendance in children. *Lancet Respir Med*. January 21 2015. [http://dx.doi.org/10.1016/S2213-2600\(15\)00008-9](http://dx.doi.org/10.1016/S2213-2600(15)00008-9)

² Foster JM, Usherwood T, Smith L, Sawyer SM, Xuan W, Rand CS, Reddel HK. Inhaler reminders improve adherence with controller treatment in primary care patients with asthma. *Journal of Allergy and Clinical Immunology*, Volume 134, Issue 6, 1260 - 1268.e3

A B2B BUSINESS MODEL

END USERS ACCESSED VIA CLIENT COMPANY PROGRAMS



STAYING AHEAD OF THE GAME MEANS LOOKING “BEYOND THE PILL”

“Increasing the effectiveness of adherence interventions may have a far greater impact on the health of the population than any improvement in specific medical treatments”

WHO Report, 2003

- New technologies addressing non-adherence can deliver
 - Increased health system efficiency (governments)
 - Increased sales of pharmaceutical products (industry)
 - Improved health outcomes (patients/consumers)
- New “smart” devices also contribute to Pharmaceutical company
 - Brand extension
 - Life cycle management
 - Product differentiation
 - Reliable data sets from clinical trials for regulatory use
 - Increased knowledge of user behaviours via robust patient data collection & management

ADHERIUM COMPETENCIES



A MULTI-DISCIPLINARY IN-HOUSE TEAM

- **Device:** Sensor Design, Circuit Board Design, PCB Layout & Assembly, Mechanical Engineering, Device Software, Device Communications Protocols, Power Management
- **App Development:** Communications Protocols, iOS and Android Sensor and App Development, Database, Security, Interaction with Cloud Server
- **Cloud Development:** Database Design, Browser Development, Business Logic, Privacy and Security, Notifications, Patient Management System Integration, Communications Protocols, Algorithm Development, Internationalization
- **Manufacturing:** New Product Introduction (NPI) Line, Volume Manufacturing, Product Verification, Product Quality, Procurement, Logistics
- **Regulatory & Quality:** FDA Submissions, European Regulatory Submissions, Authorised Representation, Medical Electrical Devices, Verification, Software Devices, ISO13485

THE MARKET



THE MEDICAL PROBLEM



OBJECTIVE DATA & IMPROVED ADHERENCE KEY IN CHRONIC DISEASE

- Currently physicians cannot readily access objective & accurate data on patients' medication use
- Access to objective data on medication use supports doctors & patients
 - Patient can better self-manage adherence
 - Physician can identify non-adherence & make better informed decisions regarding optimal treatment
- Non-adherence to treatment regimes associated with increased morbidity, severe exacerbations & hospital admissions
- Smartinhaler platform clinically proven to improve adherence by 180% in children¹ & 59% in adults²

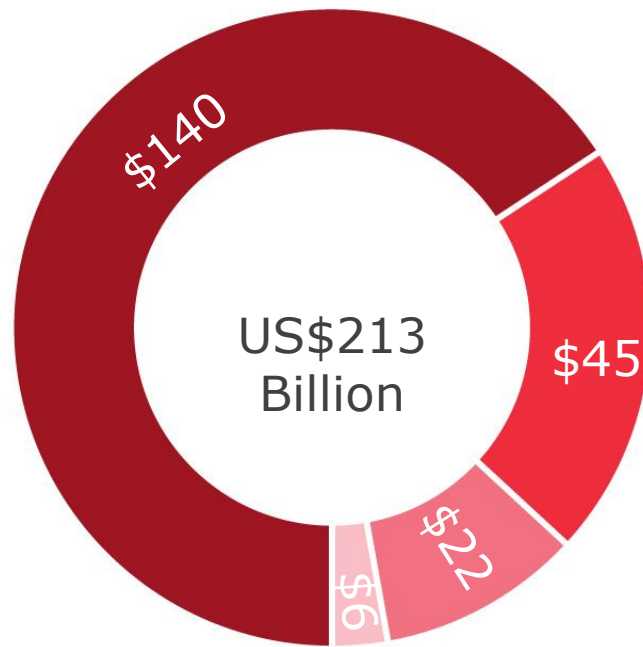
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² Foster JM, Smith L, Bosnic-Anticevich SZ, Usherwood T, Sawyer SM, Rand CS, Reddel HK. Identifying patient-specific beliefs and behaviours for conversations about adherence in asthma. *Int Med J*. 2012;42:e136–e144.

THE ECONOMIC PROBLEM

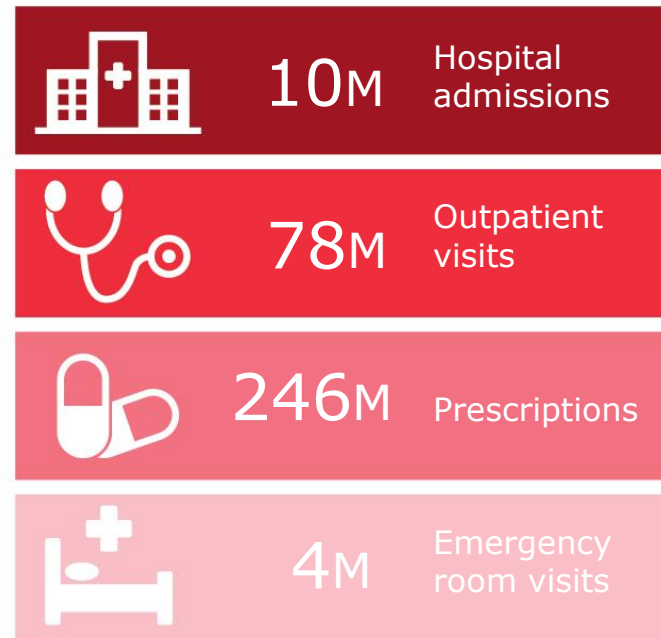
SUBOPTIMAL MEDICATION USE DRIVES INCREASED HEALTHCARE SPEND

- 8% of global healthcare expenditure (US\$500B) is spent on health interventions which would be unnecessary if medications were used properly
- In the US these costs exceed \$210B per annum



Avoidable Costs (US\$ Billion)

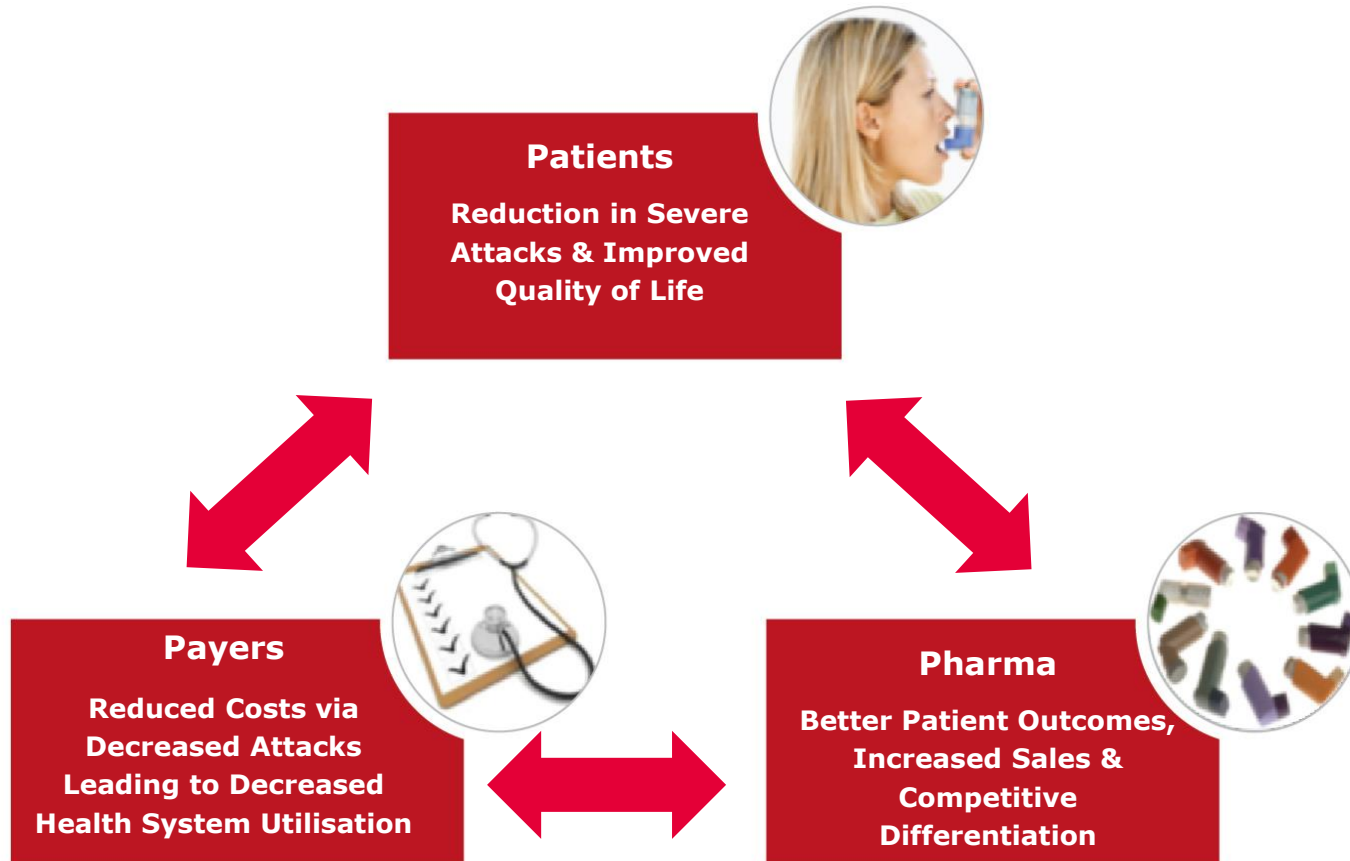
Millions of lives affected



Healthcare System Utilisation

RESPIRATORY MARKET OPPORTUNITY

BENEFITS TO MULTIPLE STAKEHOLDERS



RESPIRATORY MARKET SIZE







REVENUES AND SCRIPTS DISPENSED

- 2014 Global Sales Revenues
 - Asthma US\$22 billion
 - COPD US\$14.4 billion
- US Scripts Dispensed 2011-2012
 - 140m for asthma medications in total
 - 128m top ten asthma medications (*predominantly inhaled medications*)
 - Estimated Total including COPD approx. 240m in US p.a.
- Average adherence rates in US 50-55%
- A 10% increase in adherence could therefore result in:
 - US\$3.4 billion in additional revenues globally
 - 24 million additional scripts dispensed in the US

COMPETITIVE LANDSCAPE

A CLEAR LEADERSHIP POSITION

3 Direct Competitors with connected adherence devices for respiratory disease

Area	Adherium SmartInhaler	Propeller Health	Gecko Health Innovations CareTRx	Cohero Health
Product Range				
Number of Inhaler Monitoring Devices	15	2	1	2
Number of Monitors for Dry Power Inhalers	5	✗	✗	1
Device User Interface Types	LED, OLED, Colour Touch Screen	LED	LED	Unknown
Apps for Apple and Android Devices	✓	✓	Android Only	✓
Device Levels (Starter, Standard, Elite)	✓	✗	✗	✗
Ringtone Reminders on Monitoring Device	✓	✗	✗	✗
US FDA 510(k) Clearance	✓	✓	✗	✗
Independent Peer-Reviewed Publications	✓	✗	✗	✗

NB: The above assessment is based on the Company's current knowledge and publicly available information

TRANSACTION SUMMARY



RATIONALE FOR CAPITAL RAISE



PROVEN TECHNOLOGY, EXISTING CLIENTS

- **Working Capital to Support Commercial Supply**
- **New Product Development & Continuous Innovation**
- **Commercial & Business Development**
 - New Pharmaceutical Company Clients
 - Expanded Clinical Trials and Managed Health Client Base
- **Provide High Quality Service & Support**
- **Expand Digital Health Applications in Inhaled Market**
- **New Applications & Markets**
 - Leverage existing market & platform knowledge & expertise

INNOVATIVE PRODUCT DEVELOPMENT

- Continuous Innovation
 - New versions of existing devices
 - Devices for new inhalers
 - Miniaturisation
 - Increased feature sets
 - Cost reduction
- Customer Led Development
 - New products driven by customer demand
- New Applications
 - Application of technology to other drug delivery modalities

HISTORICAL FINANCIALS



NEXUS6 LTD EOFY 2015 (MARCH 31 FINANCIAL YEAR)

	Year ending 31 Mar 2014	Year ending 31 Mar 2015
	NZ\$	NZ\$
Sales	513,842	3,135,098
Cost of sales	(350,865)	(1,478,471)
Gross profit	162,977	1,656,627
Grants income	162,845	219,335
Research & development costs	(1,389,405)	(1,448,407)
Sales & marketing costs	(355,883)	(271,680)
Administrative expenses	(990,187)	(1,342,132)
EBITDA	(2,409,653)	(1,186,257)

USE OF PROCEEDS



EXPECTED EXPENDITURE PROGRAM

Expenditure Programme	A\$20m	A\$30m	A\$35m
Research & New Product Development	5,606	11,271	11,772
Manufacturing	1,789	2,238	2,238
Sales & Marketing, Clinical Operations & Business Development	3,832	6,160	6,402
Other Working Capital (for General & Administration)	4,680	5,298	9,275
OPERATING FUNDS USAGE	15,907	24,967	29,687
Capital Expenditure	2,066	3,001	3,014
Costs of offer	1,330	1,930	2,230
TOTAL USE OF FUNDS	19,303	29,898	34,931

INVESTMENT HIGHLIGHTS



MARKET LEADERSHIP

- Multiple products approved across different regulatory jurisdictions for category leading products. 30+ peer reviewed publications using ADR technology

ATTRACTIVE MARKET DYNAMICS

- ADR technology platform = clinical/economic benefits to stakeholders; patients improve quality of life with better clinical outcomes, pharma companies gain additional sales, & payers (insurers/governments) have reduced medical costs as patients have fewer acute events

ATTRACTIVE BUSINESS MODEL

- ADR sells directly to pharma and medical device companies, insurers & CROs

SOLID CUSTOMER BASE

- Long-standing relationships with diverse range of customers across pharma & medical device companies, managed health & contract research organisations

SIGNIFICANT GROWTH OPPORTUNITIES

- Continued expansion opportunities within & outside the respiratory space. ADR to leverage current business to expand into data analytics & new applications (beyond respiratory)



APPENDICES



SENIOR MANAGEMENT



Garth Sutherland
Chief Executive Officer &
Chief Technology Officer

Founder
20 year track record in
technology development &
commercialisation



Rob Turnbull
Chief Financial Officer

20 years' experience financial
operations, former CFO ASX listed
biotechnology company



Bronwyn LeGrice
Head of Commercial
Development & Corporate Affairs

15 year track record spanning
marketing, business development,
commercialisation and venture capital



Maggie Scott
Head of Clinical Operations

25 years in life sciences senior
management overseeing clinical trials
Former manager of full service CRO



Nigel Devine
Head of Manufacturing
Operations

35 years manufacturing and
engineering experience across the UK,
US, NZ & Asia



Nancy She
Procurement/
Supply Chain Manager

20 year track record in supply chain &
procurement management in
technology companies



Chris Mander
Regulatory and Quality Manager

20 year track record in medical device
manufacturing focused on quality &
regulatory affairs

BOARD OF DIRECTORS



Doug Wilson
Chairman

50 year track record in pharmaceutical drug development & commercialisation Former Global Head Medical & Regulatory Affairs Boehringer Ingelheim



Garth Sutherland
Executive Director

Founder
20 year track record in technology development & commercialisation



Jeremy Curnock Cook
Non-Executive Director

40 year track record in international healthcare funds management. Former Head Rothschilds Life Sciences Unit & current Managing Director of BioScience Managers Pty Ltd



John Mills
Independent Non-Executive Director

Prof John Mills AO is an internationally-regarded physician, scientist and biotechnology businessman. Since then he has been managing director of an ASX-listed company, chairman of another ASX-listed company and executive chairman of a Swedish biotechnology company, and non-executive director of a further ASX-listed company.



Bruce McHarrie
Independent Non-Executive Director

Over 20 years' experience in the Health and Life Sciences sectors. Formerly with the Telethon Kids Institute in Perth, Western Australia, for 15 years where his roles included Chief Financial Officer, Director of Operations and Director of Strategic Projects.



Bryan Mogridge
Independent Non-Executive Director

30 Years experience as a public company Director with a background in science, manufacturing, investment and technology. Current directorships include, Rakon Ltd (Chairman), Pyne Gould Corporation (Chairman), Mainfreight Ltd and BUPA ANZ Pty Ltd.

INTERESTS OF EXISTING SHAREHOLDERS

TOP 10 EXISTING SHAREHOLDERS AT MINIMUM & MAXIMUM RAISE

Shareholder	% Shareholding A\$20m Raise	% Shareholding A\$30m Raise	% Shareholding A\$35m Raise
One Funds Management Limited for Asia Pacific Healthcare Fund II	19.8%	16.8%	15.6%
K One W One Ltd	10.0%	8.5%	7.9%
Garth Sutherland	9.2%	7.8%	7.2%
Ice Angels Nominees	5.8%	4.9%	4.5%
NZVIF Investments Limited	4.1%	3.4%	3.2%
Cure Kids Ventures Ltd	3.1%	2.7%	2.5%
N6 EIP Nominees Ltd	1.8%	1.6%	1.4%
Mogridge & Associates Ltd	1.3%	1.1%	1.0%
Ross Alan Sutherland, Valerie Mary Sutherland and Garth Campbell Sutherland	1.0%	0.8%	0.8%
John Leonard Walley and Selwyn Pellet	0.9%	0.8%	0.7%

- *Pre-money Valuation \$35m.*
- *Broker Escrow of 12 months on all existing shareholders with 2% or more in post-IPO share capital.*

REGULATORY APPROVALS



INTERNATIONAL REGULATORY APPROVALS

Device	EU	US	China	Australia	NZ
SmartTouch AV	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>	TGA listing	MedSafe listing
SmartTouch	RandTTE Directive CE	FDA 510(k) FDA listing FCC certification	<i>Not Required to Date*</i>	TGA listing TGA declaration	MedSafe listing
SmartTurbo2	MHRA registration MDD Directive CE RandTTE Directive CE	<i>Not Required to Date*</i>	CFDA registration in progress	TGA listing	MedSafe listing EMC declaration
SmartDisk	EMC Directive CE	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>	TGA listing	MedSafe listing
SmartHandy	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>	TGA listing	MedSafe listing
SmartKey	<i>Not Required to Date*</i>	FCC certification	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>
SmartinhalerLive™ Connection Centre	<i>Not Required to Date*</i>	FDA 510(k)	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>	<i>Not Required to Date*</i>

* “Not Required to Date” means there is no reason to seek clearance to market for that product in that market – as it is not required by either the (a) regulatory requirements in the stated jurisdiction at this time, or (b) pharmaceutical customer due to the use of a different device which is sold in that jurisdiction.



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