

A woman with long dark hair is shown in profile, using a red and white Adherium inhaler. She is holding the device to her mouth and exhaling. The background is a soft-focus image of yellow flowers. The Adherium logo is overlaid on the left side of the image.

adherium

Investor Results Q3 FY18

May 4, 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.

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Corporate Highlights

A few of our Quarterly Highlights:

- **Revenue growth continues to be strong**
- **Net cash use** limited to **\$762K** for quarter
- **SmartTouch™** for **Symbicort®** 510(k) clearance for **OTC** by US FDA
- US based **VP of Sales** was hired
- **Adherium** and **Vitalus Health** announce program to reach **COPD** patients





Review Results

Quarter 3 Cash Flows

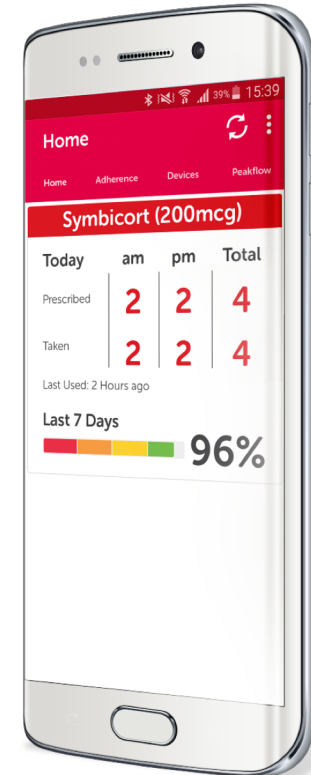
	3 months to March 31, 2018	3 months to December 31, 2017	Change %
Receipts from customers	\$2.0m	\$0.6m	358% increase
Staff costs	\$1.6m	\$2.2m	24% decrease
Other operating cash outflows (net)	\$1.4m	\$1.9m	30% decrease
Total operating cash outflows	\$1.0m	\$3.5m	72% decrease
	As at March 31, 2018	As at December 31, 2017	Change
Cash at balance date	\$14.2m	\$14.9m	\$0.7m net use of funds



Execution and Guidance

Quarterly Execution Review

- Shipped over 17,500 devices to AstraZeneca in the 9 months, with over 4,200 in Q3 FY18
- Over 19,100 devices shipped to the end of Q3 FY18 compared with 18,100 for all of FY17
- Revenue on plan to achieve guidance for FY18 full year
- Received FDA 510(k) OTC clearance for SmartTouch™ for Symbicort®
- Hired our Vice President of Sales who has already begun having meaningful discussions with payers and providers
- Expenses managed within plan, and on target to meet guidance of >\$10m cash at the end of FY18





Market Channel

- OEM



OEM – Strategic Priorities

- Increasing volume in existing Smartinhaler product lines by launching into new large markets
- Expanding 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

- Focusing on launch into the US market during 2018
- Developing expanded range of products (AZ inhalers beyond Symbicort®)



Market Channel

- 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



Market Channel

- 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 program with Vitalus Health announced on May 1, World Asthma Day
- Expect additional announcements in CY18
- First revenue from payer / provider in CY19

Summary

Q3 Summary

Delivering predictable results to the metrics while establishing our new market channels.

OEM

Commercial sensor shipments are progressing to plan, and innovation and engineering services are focused on expanded list of drugs. Next step is for sensor shipments to increase.

DtC

Prepared for US based DtC launch in June 2018. Targeting 1000 new subscribers in first 3 months after launch.

DtP

First provider program has been announced with Vitalus Health.

FY 18

Reaffirming FY18 Guidance.

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



Adherium

THANK YOU