



# The AirSonea Opportunity: Providing the Ultimate Asthma Security System

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CEO

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# Executive Summary



iSonea successfully completed a rights issue on 29 October 2012, raising \$4 million in new capital.

- New capital will enable fast track development of the AirSonea™ personal asthma security system for regulatory review and commercialisation.
- Enables AirSonea prototype development to “leapfrog” the tethered sensor approach and proceed directly to Bluetooth™ wireless functionality –
  - ✓ Significant improvement in user experience
- Expedites development of next versions of AsthmaSense app & cloud functions to support AirSonea
  - ✓ Increase risk prediction & early warning capabilities
  - ✓ Wheeze monitoring interpretation & patient data tracking
  - ✓ Data share with multiple users – patient, family & caregivers, physicians
- On track to launch Q1 FY 2014 in US and key ex-US markets

# What Does iSonea Do?



Developer, manufacturer and marketer of devices, software & mobile health applications for management of asthma and related chronic respiratory diseases.

- **Mobile Health App Development**

- AsthmaSense™ Asthma Management Apps for iPhone & Droid

- **Acoustic Respiratory Monitoring (ARM™)**

- SonoSentry™ Wheeze Monitoring Device
- AirSonea™ Asthma Remote Security System

- First Generation products have regulatory clearance in US, EU, AU
- Strong Intellectual Property portfolio



Corporate HQ	Annapolis, Maryland
Manufacturing	Haifa, Israel
Head Office	Melbourne, Australia
Trading	ASX: ISN ; US OTCQX: ISOAY



[www.iSoneaMed.com](http://www.iSoneaMed.com); [www.SoundAsthma.com](http://www.SoundAsthma.com)

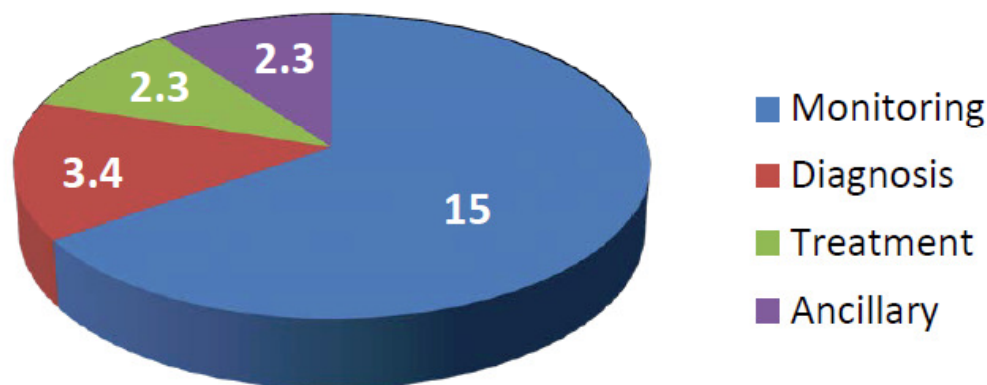


# Why Mobile Health (mHealth)?



- >1B smart phones sold annually by 2015
- 247 million people downloading mHealth apps in 2012, up from 124 million in 2011<sup>1</sup>
- Mobile health apps generated \$718 million in revenue in 2011; \$1.3B in 2012<sup>1</sup>

2017 mHealth Services Revenue  
US \$ Billions



- Global mHealth market revenues are projected to reach **\$23B** by 2017.
- Monitoring services for chronic diseases are expected to account for **65%** or **\$15B**.
- Healthcare apps are expected to generate **\$2.4B** in revenues by 2017.

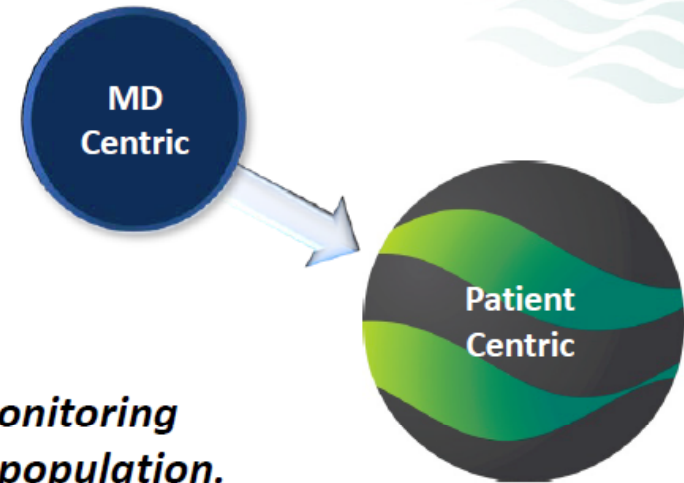
1. Research2Guidance  
2. Source: Pew Research Center 2011

# mHealth Will Revolutionize Patient Care



Mobile health (mHealth) allows **mass customization** of healthcare:

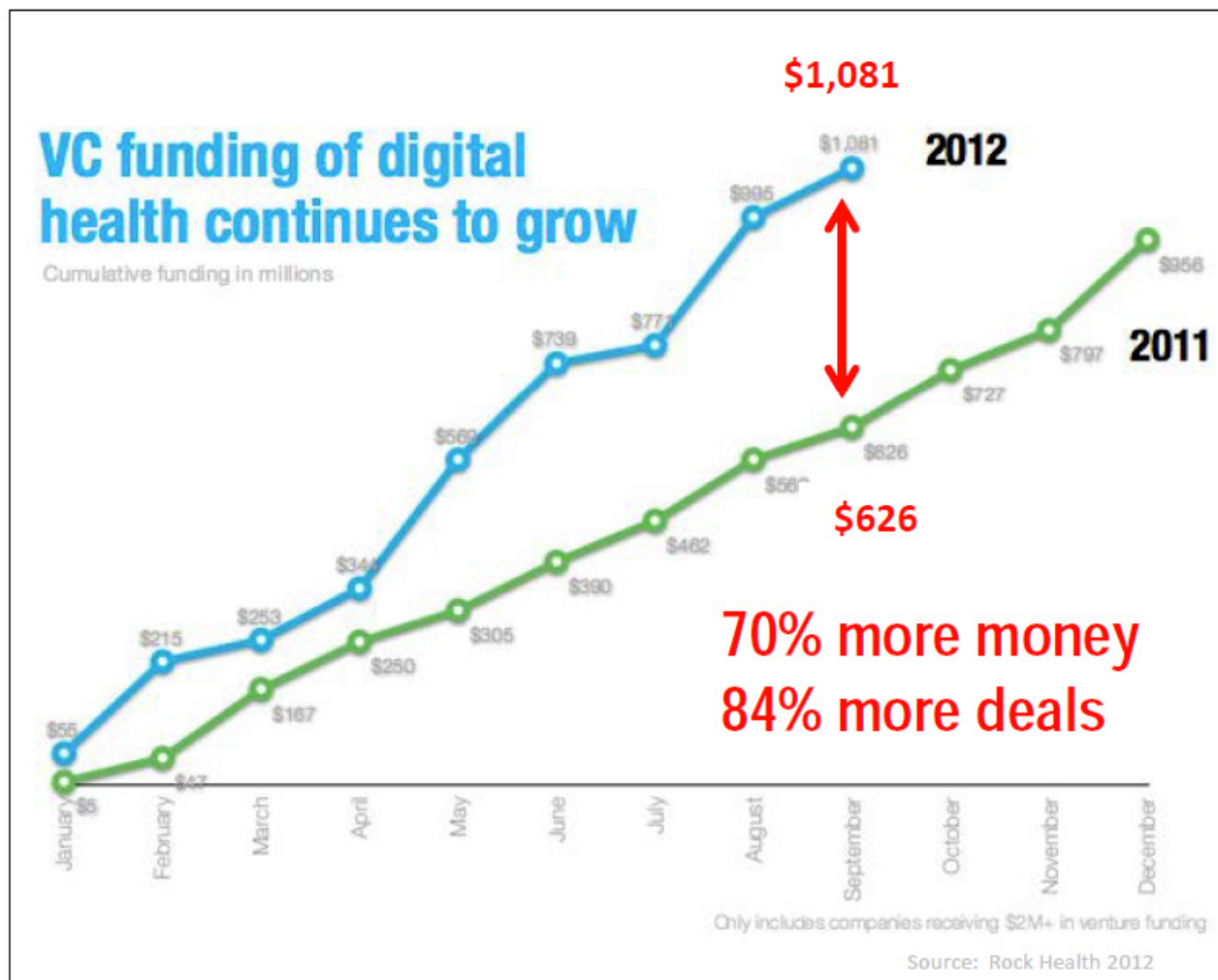
- Individualized monitoring & treatment plans
  - Patient as an active driver of their own care
  - Facilitates behavioral modification
  - Measurement of individual treatment response
- mHealth can allow small company with innovative monitoring or treatment technology to efficiently reach a global population.***
- Smart phones provide the hardware platform as a “constant companion.”
  - Innovation is in the proprietary sensors, software, and algorithms “hosted” by the platform to deliver specific diagnostic, monitoring, or treatment benefits.
  - Populations with smart phone enabled monitoring devices can function as an artificial “neural network” – providing large scale geographical & epidemiological trend data
    - In asthma, where are environmental factors causing attacks?
    - Zones of elevated risks?



# Digital Health Companies Attract Investment



mHealth pioneers are attracting aggressive investment in 2012.



## Recent Examples:

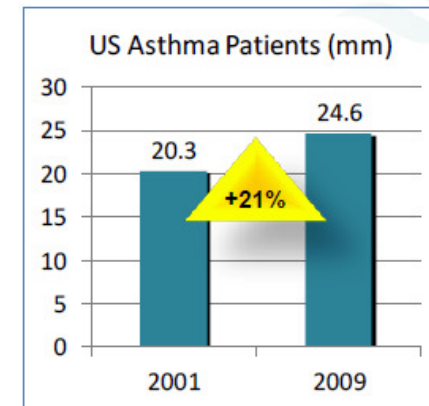
- Telcare - \$25.5 mil Cellular-enabled glucose meter & app for diabetes
- Healthrageous - \$6.5 mil smart phone glucose meter & app for diabetes
- Voalte - \$6.0 mil iOS clinical connectivity for field-based care teams

# Asthma: A Costly, Global Epidemic



- Asthma affects an estimated **300,000,000** people worldwide. *Source: World Health Organization*
- World Health Organization expects asthma affected population to increase by another **100 million** by 2025.
- **250,000 preventable deaths** occur from asthma annually.
- **25 million** in US have asthma, including **10%** of children. *Source: CDC*
- The cost burden of asthma in the US alone exceeds **\$56 billion** annually. *Source: CDC*

As a chronic disease, asthma is unique in that it is reversible when detected early & properly treated.



*Source: CDC, Data from National Health Interview Survey*

Medical Expenses  
Associated with Asthma  
(Direct & Indirect Costs)

~\$3,300

Per Person/Year

*Source: NIH, NHLBI Data 2007*



# High Costs & Poor Outcomes Are Preventable



The 2010 CDC National Health Interview Survey underscores a great need for routine asthma monitoring in real life settings to improve management outcomes:

- Only **33%** of patients use long-term control medications
- While **26%** report emergency department visits for asthma
- Only **40%** of patients use peak flow meter



# AirSonea™ - The Asthma Security System



Components of the ultimate asthma monitoring system:

**Lung Function & Symptoms**

- **Wheeze Rate (ARM)**
- Peak Flow
- FEV1

**Easy Data Entry**

- Automatic
- Effortless
- Bluetooth from sensor

**Action Alerts**

- GPS location
- Environment
- Triggers
- Breathing symptoms

**Data Transmission**

- Data to cloud
- Action plan
- Notify MD
- Alert family
- 911 message

**Integrate with Action Plan**

- Data trends
- Medication adherence
- View events
- Better control

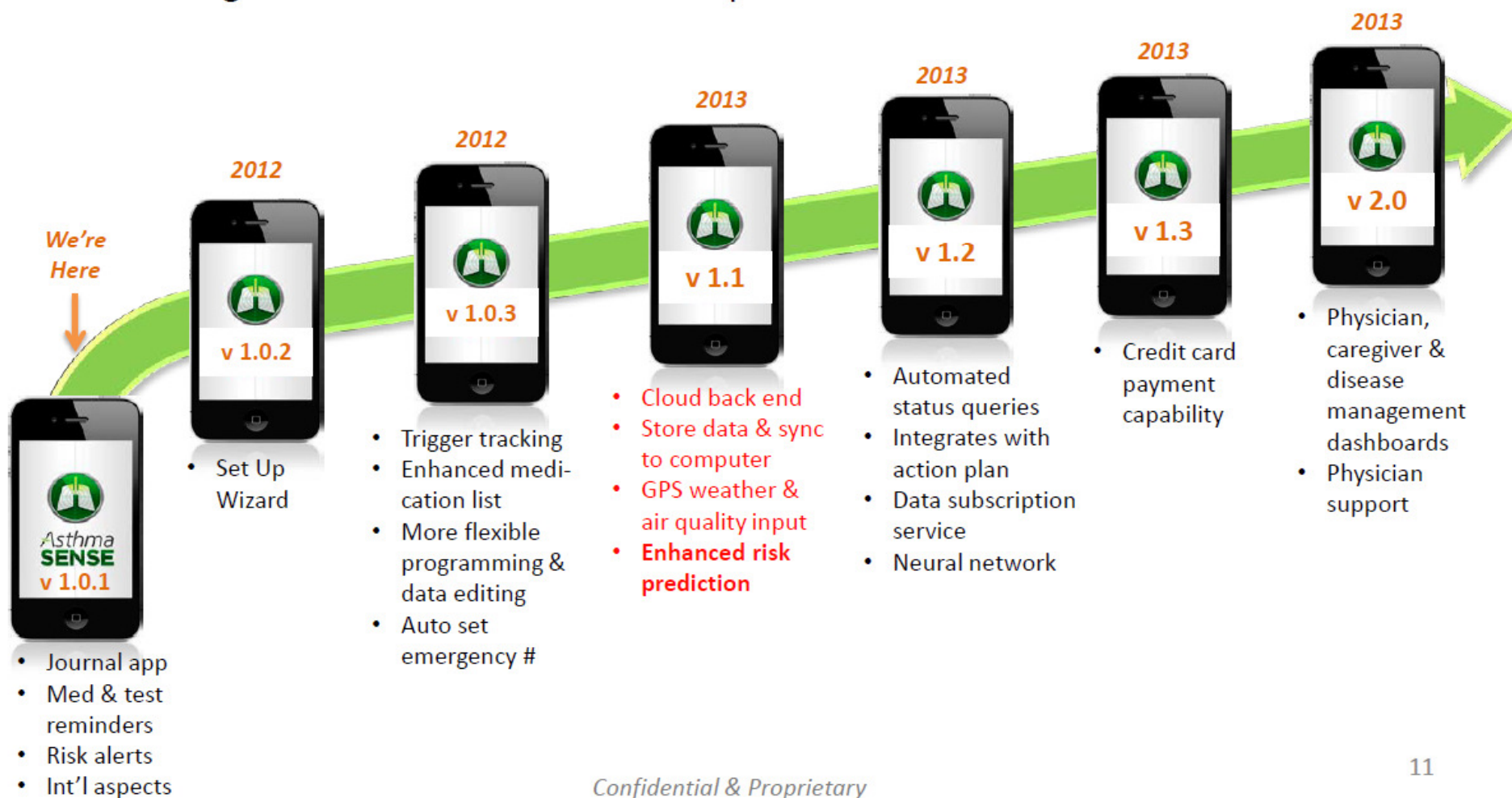


# AsthmaSense™ App Pathway



AsthmaSense apps are paving the pathway to AirSonea launch in Q4 FY2013

- The apps are the building blocks or “pavers” for creating the infrastructure
- Gaining mHealth launch experience & creating patient brand awareness
- Creating installed base of customers to purchase AirSonea

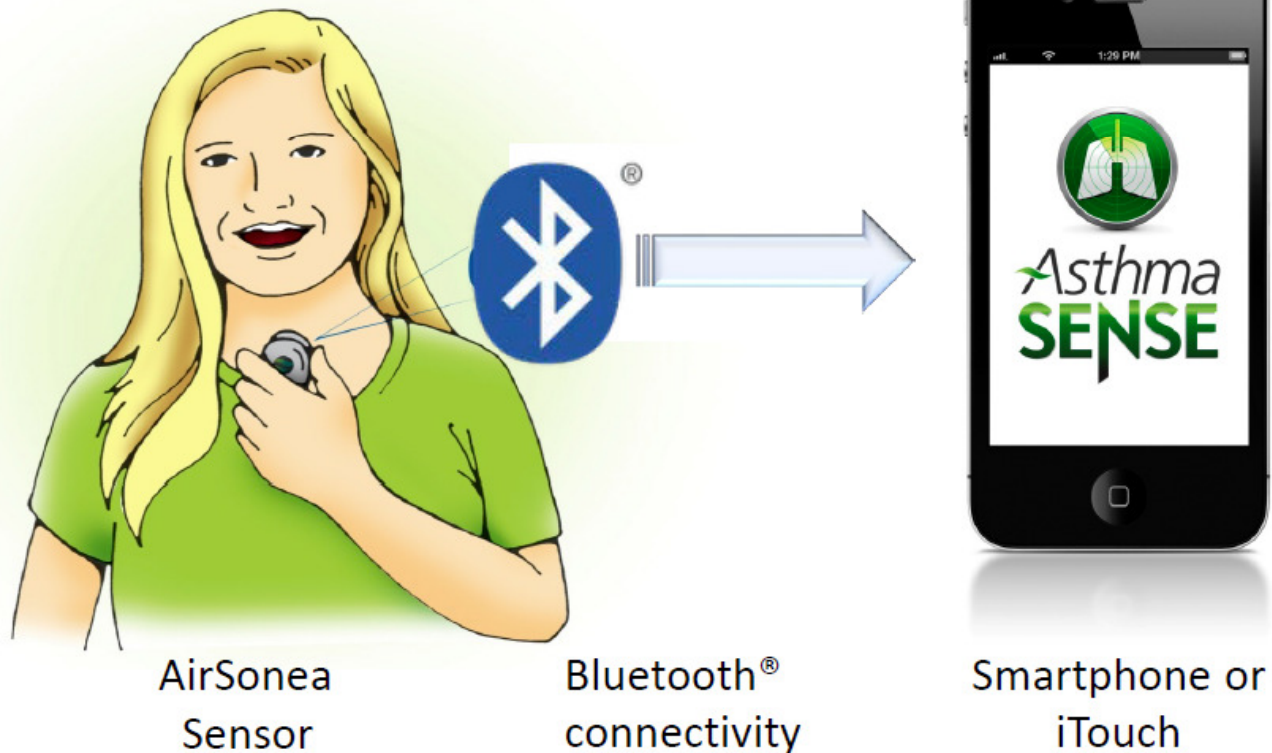




# AirSonea Leadership

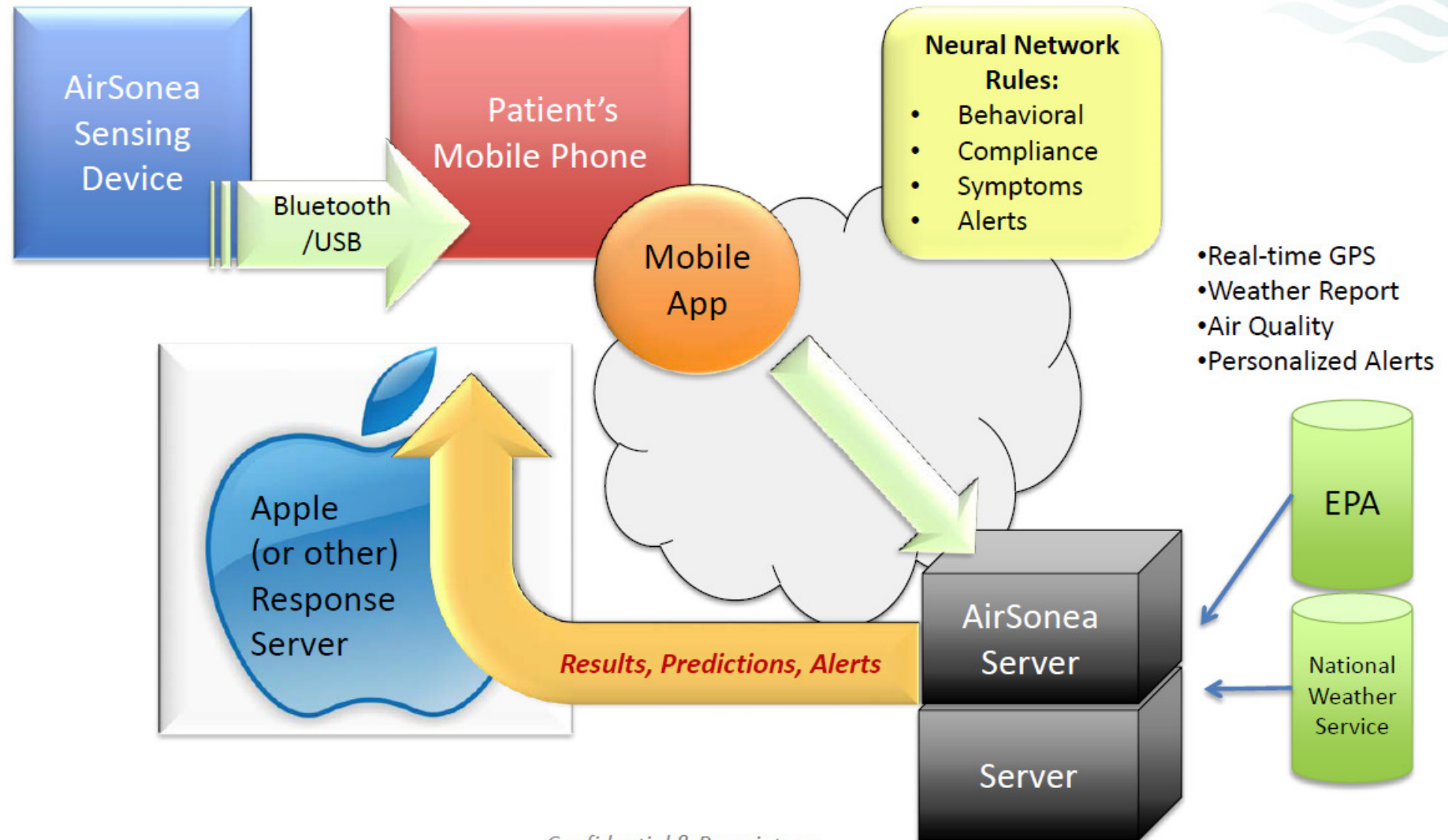


- First remote sensor for measuring wheeze
- First direct-to-Bluetooth medical app for Apple
- First artificial neural network for asthmatics





# AirSonea System Data Transfer



# New Product Development Timeline



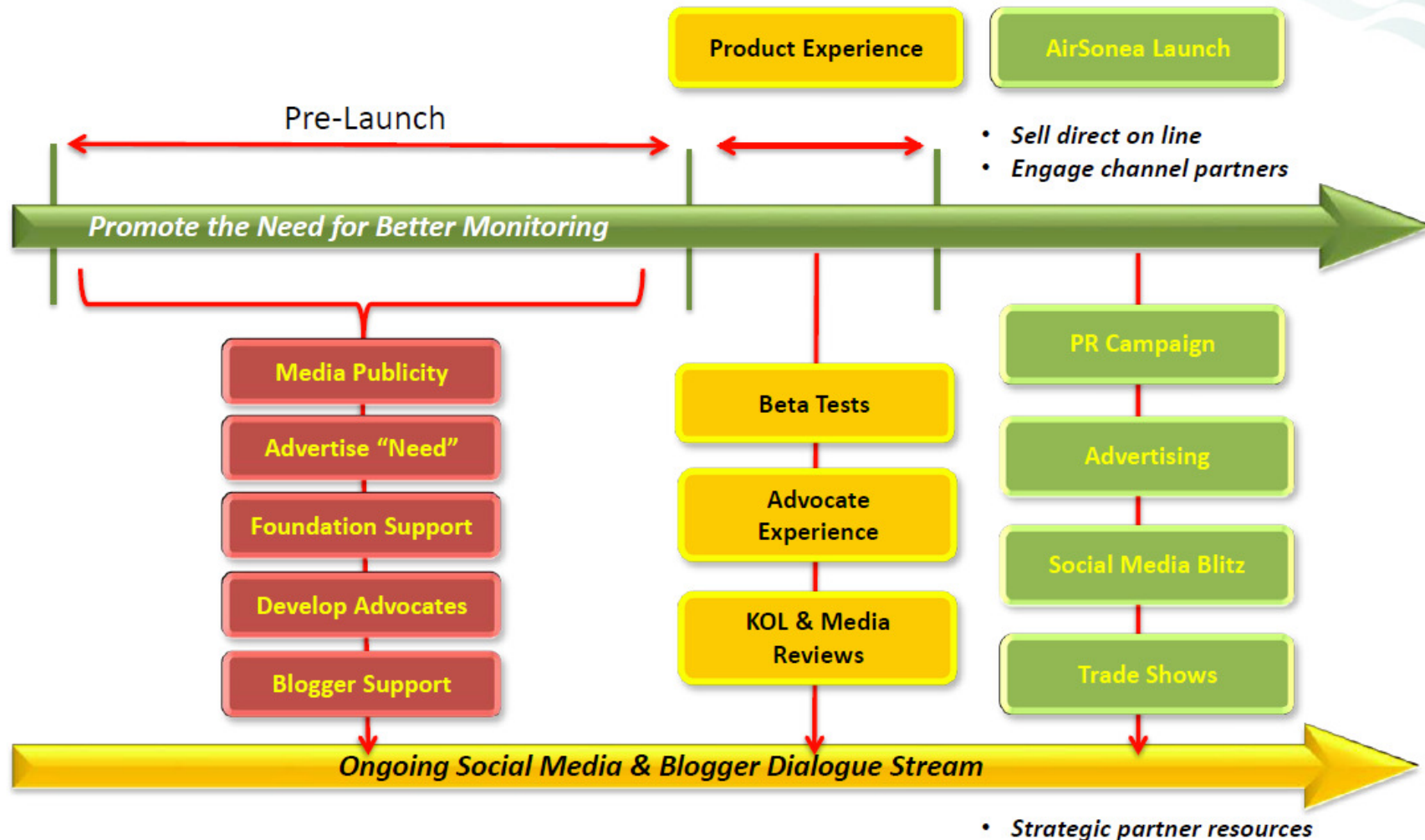
**Key Milestones for CY2013:**

- Launching successive AsthmaSense apps with predictive & data sharing capabilities
- Development of the AirSonea smartphone wheeze monitor

# AirSonea™ Market Preparation (Pre-Launch) Process



**Objective:** Raise awareness of the need for better asthma monitor and create anticipation for the AirSonea solution.



# AirSonea Sales & Distribution Channels



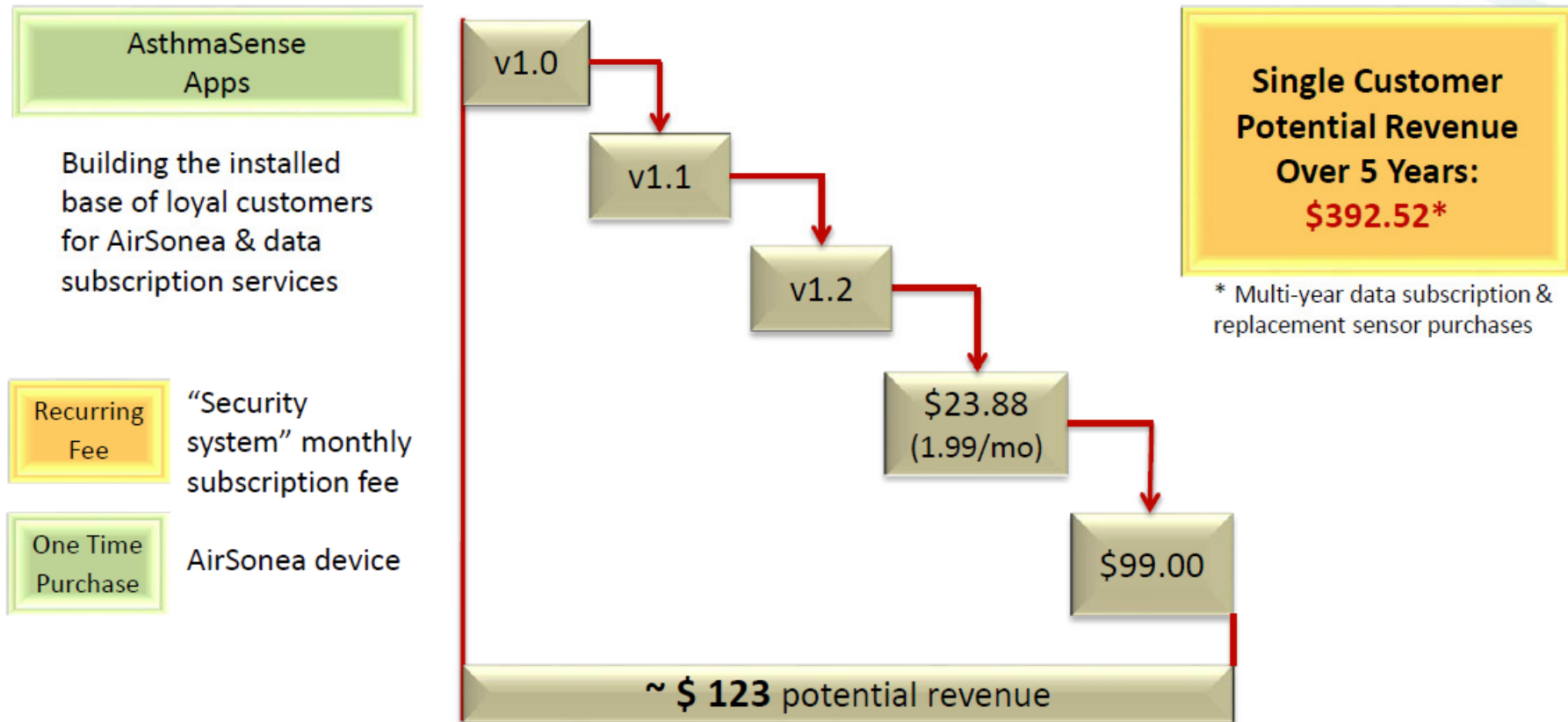
AirSonea will be launched first in AU, UK & US markets.

- Direct-to-consumer sales online via ISN consumer website & Amazon.com
  - Promotion through online advertising, social media, publicity, support groups
  - Initial focus on moms with asthmatic children; teens, young adults
- Strategic partners are being aggressively sought:

<i>Targets</i>	<i>Motivators</i>	<i>Targets</i>	<i>Motivators</i>
<div style="background-color: yellow; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>Pharmaceutical</b></div> <p>Astra Zeneca, GSK, Merck, Novartis, Teva, Mylan, Watson</p>	<ul style="list-style-type: none"> <li>• Marketing differentiator</li> <li>• Increase compliance</li> </ul>	<div style="background-color: #003366; color: white; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>Insurers</b></div> <p>United, Amerigroup, Blues, BUPA-Veterans Affairs</p>	<ul style="list-style-type: none"> <li>• Improve drug compliance</li> <li>• Increase revenue</li> </ul>
<div style="background-color: yellow; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>Disease Management</b></div> <p>Alere, Healthx, American Healthways</p>	<ul style="list-style-type: none"> <li>• Marketing differentiator</li> <li>• Improve outcomes</li> </ul>	<div style="background-color: #003366; color: white; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>Clinics</b></div> <p>Minute Clinics, Walmart</p>	<ul style="list-style-type: none"> <li>• Attract new patients</li> <li>• Product sales revenue</li> </ul>
<div style="background-color: yellow; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>Telecom</b></div> <p>AT&amp;T, Verizon, Telstra, Optus II Net</p>	<ul style="list-style-type: none"> <li>• Sell the cloud</li> <li>• Promote bandwidth</li> <li>• Increase data transfer</li> </ul>	<div style="background-color: #003366; color: white; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>EMR/ACOs</b></div> <p>Epic, Practice Fusion</p>	<ul style="list-style-type: none"> <li>• Objective &amp; subjective inputs for point of care</li> </ul>
<div style="background-color: #003366; color: white; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>Retail</b></div> <p>Walgreens, Walmart, CVS, Guardian, Chemists Warehouse</p>	<ul style="list-style-type: none"> <li>• Product sales revenue</li> <li>• Commercial development</li> </ul>	<div style="background-color: #003366; color: white; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>Medical Device</b></div> <p>Omron, GE, Care Innovations</p>	<ul style="list-style-type: none"> <li>• Increase sales revenue</li> <li>• Differentiate services</li> </ul>
		<div style="background-color: #003366; color: white; border: 1px solid black; padding: 5px; text-align: center; margin-bottom: 10px;"><b>Distributors</b></div> <p>McKesson, Cardinal</p>	<ul style="list-style-type: none"> <li>• Boost inhaler sales</li> <li>• Telehealth initiatives</li> </ul>



# Asthma Consumer Model: Aggregate Revenue



Revenue potential per AsthmaSense customer in a "razor & razorblade" model.

# Asthma Consumer Promotion Potential



Memphis was ranked the worst US city for asthma in 2012. AsthmaSense app was promoted via TV news and online to Memphis residents for 2 days.

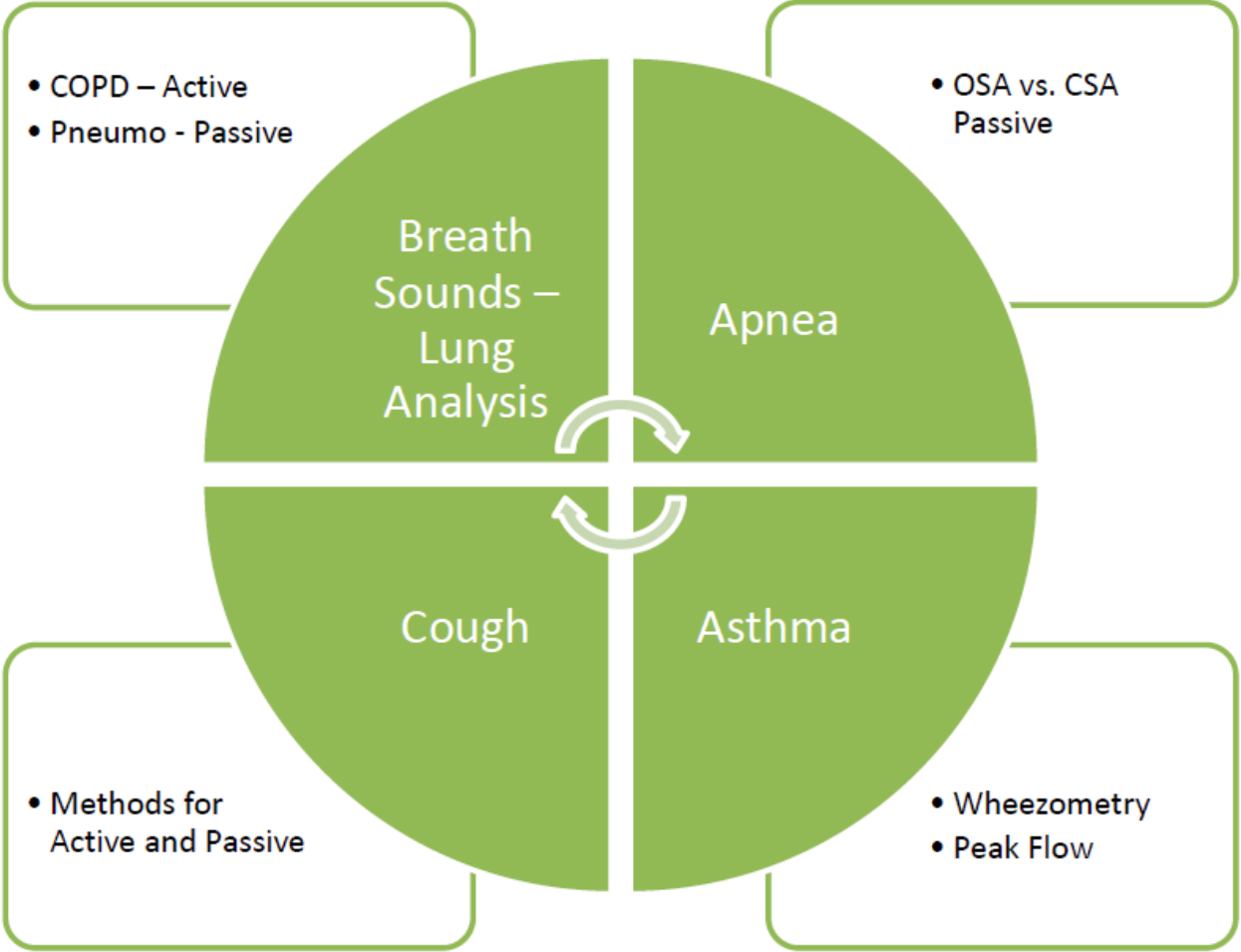
Memphis TN: AsthmaSense Promotion Experiment				
Population	Asthmatic Population @ 8% Prevalence	Asthmatics with Smartphones @ 30% Penetration	Promotion Response (Early Adopter Pool)	Response Rate (% of addressable market)
652,000	52,160	15,648	1,100	7%

Apply this regional promotion experience to the US asthmatic market:

US Asthma Market Penetration: Early Adopter Potential Revenue					
Population	Asthmatic Population @ 8% Prevalence	Asthmatics with Smartphones @ 30% Penetration	Response Rate (% of addressable market)	Promotion Response (Early Adopter Pool)	Revenue from AirSonea & Data Subscription @ \$123.
307,000,000	25,000,000	7,500,000	7%	525,000	\$64,575,000



## Categories of Patents



# Experienced Management Team



- Michael J. Thomas - CEO with successful track record and in-depth knowledge of breathing disorder technologies & markets:
  - 3 VC start ups, 1 IPO (NASDAQ: PATI), 1 M&A (NYSE: GE)
  - ~\$100MM in growth equity raised
  - Former CEO roles: Appian Partners; Sleep Solutions, Inc.
  - Former AdvaMed BOD member

<p><b>Michael J. Thomas</b> Chief Executive Officer</p>	
<p><b>Steve Tunnell</b> SVP of Operations</p>	
<p><b>David Model</b> SVP of Finance</p>	
<p><b>Jonathan Freudman, MD</b> Medical Director</p>	
<p><b>Michael Cheney</b> VP, Marketing</p>	
<p><b>Jan P. Barker</b> VP, Business Development</p>	



# Influential & Successful Board



<p><b>Dr. Stewart Washer</b>  <b>Chairman</b>  <i>Investment Director,              Octa Phillip Bioscience Managers</i></p>	<ul style="list-style-type: none"> <li>• 15+ years of CEO and Board experience in medical device, drug development, and agrifood companies</li> <li>• Venture partner with Inventages (a Nestlé fund)</li> <li>• Former CEO of Calzada Ltd; founding CEO of Phylogica Ltd; former CEO of Celentis Ltd</li> <li>• Director of Immuron Ltd; former Chairman of Resonance Health Ltd and Hatchtech Pty Ltd; former Director of iCeutica Pty Ltd and AusBiotech Ltd; former Senator, Murdoch University</li> </ul>
<p><b>Mr. Ross Haghight</b>  <b>Executive Vice Chairman</b>  <i>CEO, Triton Systems</i></p>	<ul style="list-style-type: none"> <li>• 25+ years of new venture creation and venture financing</li> <li>• 8 start ups, 3 M&amp;As, \$1.9 B in shareholder value created</li> <li>• Member of 4 for-profit and 1 non-profit Board of Directors</li> <li>• Founder and CEO of Triton Systems – an full service business venturing company</li> </ul>
<p><b>Mr. Jerry Korten</b>  <i>President, Medelelex Inc.</i></p>	<ul style="list-style-type: none"> <li>• 25 Years of private and public company executive, director</li> <li>• Former CEO of Versamed Inc. (acquired by GE Healthcare)</li> <li>• Former President of Vitaltrends Technology, Inc.</li> <li>• Life Science Mentor, NYC Investment Fund BioAccelerate Program</li> </ul>
<p><b>Dr. David Dantzker, MD</b>  <i>General Partner              Wheatley Partners, LP</i></p>	<ul style="list-style-type: none"> <li>• 10+ years of medical technology portfolio management for venture capital fund and corporate board experience</li> <li>• Past President of North Shore- Long Island Jewish Health System</li> <li>• Former Vice Chairman, Dept. of Internal Medicine, University of Texas Health Science Center</li> <li>• Former Director of Pulmonary &amp; Critical Care Medicine, University of Texas</li> <li>• Former Chairman, American Board of Internal Medicine, Pulmonary Disease Sub-specialty Board</li> </ul>
<p><b>Dr. Ross Macdonald</b>  <i>CEO, Hatchtech Pty Ltd</i></p>	<ul style="list-style-type: none"> <li>• 20+ years of experience in local &amp; international biomedical companies, including general management, technology commercialisation, capital raising, and business development</li> <li>• Former CEO &amp; Managing Director of Living Cell Technologies Ltd</li> <li>• Former VP Business Development for Sinclair Pharmaceuticals Ltd, VP Corporate Development for Stiefel Laboratories, Inc, and VP Business Development for Connectics Corporation; former VP Research &amp; Development for F. H. Faulding &amp; Co, Ltd</li> <li>• Member of Investment Committee for Uniseed Management Pty Ltd and Director of Telesso Technologies Ltd, a pharmaceutical development company</li> </ul>

# Why Invest Now?



The iSonea opportunity will create shareholder value appreciation over the next 24 months with substantive milestone achievements and increasing US investment.

- **AirSonea™ advantage** – the 1st convenient, *effortless* asthma monitoring system
  - Makes frequent asthma monitoring possible for any patient, anytime, anywhere
  - Better monitoring improves disease management
- **Innovative & Unique ARM Technology** – assets to leverage and monetize
- **Asthma Prevalence & Mobile Health Proliferation**
  - 300 million people worldwide affected by asthma & COPD
  - 25 million in the US have asthma
  - Mobile health app trends are skyrocketing
  - Monitoring services for chronic diseases are expected to account for \$15B globally in 2017
- **Low Valuation** – Company has substantial value creation potential
- **Delivery of Milestones** in 2013 – 2014 will drive significant shareholder value
- **Experienced Management Team** – seasoned, successful team is in place, with experience commercializing medical devices and software
- Company trades on **ASX: ISN** and ADRs trade on **US OTCQX: ISOAY**