



# Investor Update Presentation

**Jerry Korten, iSonea CEO**

January 2014



## iSonea is an asthma control company

leveraging cutting edge acoustic and mobile technology to provide information that enables better control of asthma

which has been shown to:

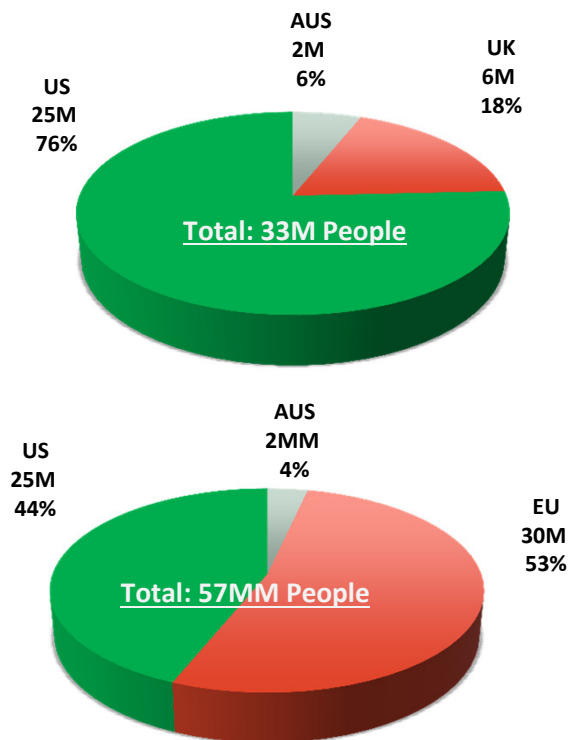
- *improve quality of life*
- *improve lung function*
- *and potentially reduce mortality*

# iSonea Near Term Market Potential: US/AU/UK



- There are 300 million asthma sufferers world wide
- ~57 million asthmatics in near term markets for AirSonea: AU, EU & US
- CDC Estimates direct and indirect cost of asthma at \$56bn in the USA

**Asthma Sufferers, Millions and % of Total**  
**AUS, US & UK and AUS, US & EU\***



Metric	USA	Australia	UK
Population	313,000,000	23,000,000	62,000,000
Asthma Rate	8%	10%	10%
Asthma Pool	<b>25,000,000</b>	<b>2,300,000</b>	<b>6,200,000</b>
• Adults	18,000,000	1,656,000	5,000,000
• Children/Teens	7,000,000	644,000	1,200,000
% Patients & Parents with Smartphones	30%	50%	55%
Asthma Pool with Smartphones	<b>7,500,000</b>	<b>1,150,000</b>	<b>3,410,000</b>
Intent to Purchase AirSonea*	60%	25%	50%
Asthma Purchase Pool	<b>4,500,000</b>	<b>288,000</b>	<b>1,705,000</b>

\* According to market research

# The Importance of Asthma Monitoring

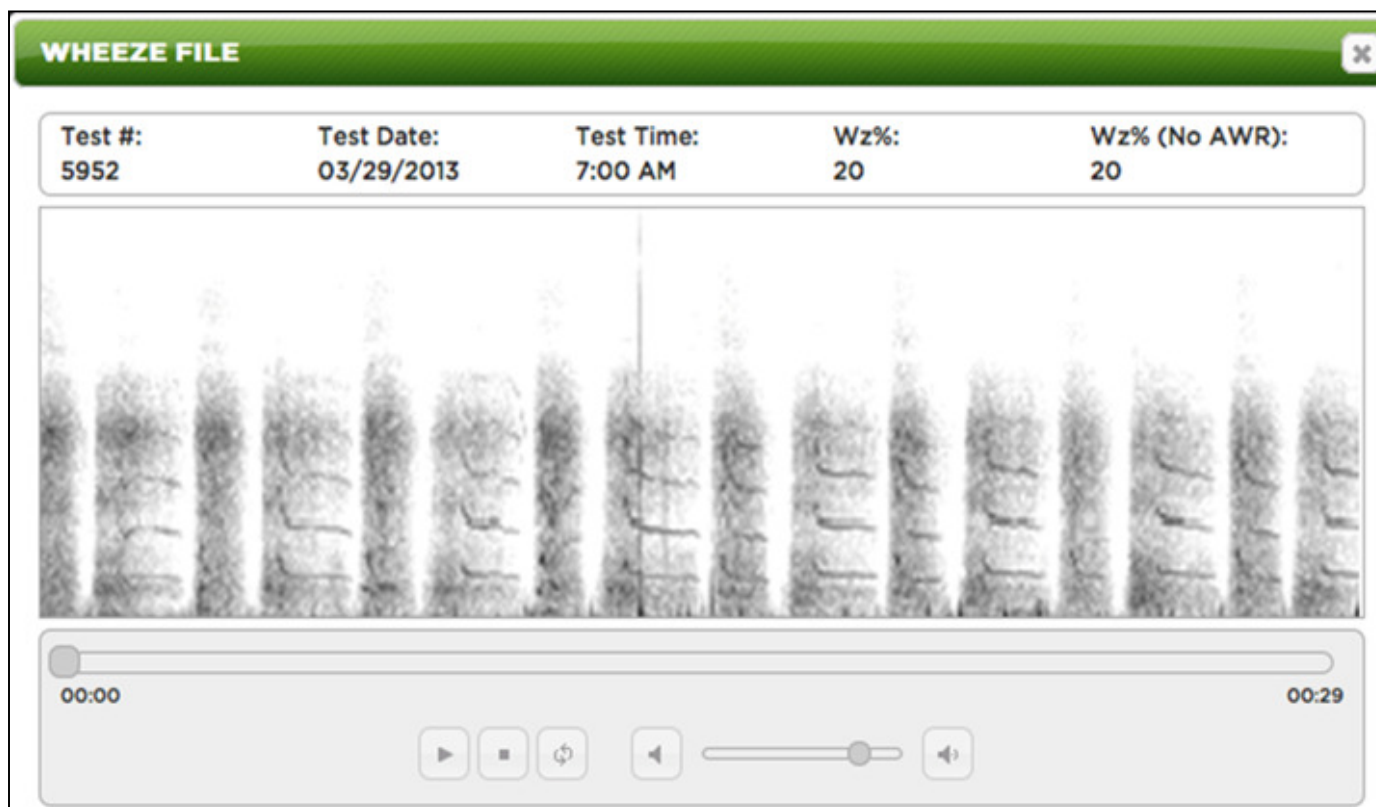


- Asthma is a chronic life long disease
- If properly treated, in most patients, as opposed to the other major chronic illnesses... can remain mostly asymptomatic.
- Ideal management comes from a partnership between the patient and health care professional. The patient/care giver must monitor the disease status and follow the action plan designed by the professional. Until iSonea, people with asthma have not previously had a completely objective way of monitoring their disease activity.

# Audio Sonogram Wheeze Files



- AirSonea records airway sounds to detect and measure the extent of wheezing, a cardinal sign of asthma related to airway obstruction.
- The sound file and sonogram below are of an actual wheezing event from an asthma patient, recorded with iSonea's Acoustic Respiratory Monitoring (ARM) technology.



# iSonea's Asthma Control System Has Two Parts



# AsthmaSense PRIME™ Software (Release Q1 2014)



AsthmaSense PRIME is a smart phone tool which empowers the person with asthma to follow physician-driven asthma therapy.



The backbone of AsthmaSense is a server-based artificial intelligence system that will connect iSonea to our customers and to potential partners who desire access to this information.

It is available worldwide and we are engaging large integrated health care delivery networks to participate.

# AirSonea™ Wheeze Monitor (Available Now)



## CASE STUDY

### Cathy Freeman

Olympic legend Cathy Freeman first became aware of her asthma symptoms on a humid day in Darwin during her late teens. 'I didn't realise it was asthma,' she says. 'All of a sudden I just found it really hard to breathe. I was wheezing.'

Despite winning a Commonwealth gold at 17, in other ways Cathy was a typical teenager. She ignored her symptoms. 'I think I was just taken aback by what was happening to me,' she says. 'I didn't see it coming. It just kind of hit me out of the blue. I brushed it under the rug and just continued.'

But, looking back, Cathy believes she would have increased her chances of winning more races if she had addressed her asthma properly. Lucky for Cathy – and for Australia – her asthma symptoms were absent during her famous 400m victory at the 2000 Olympic Games. But since that hot day in the Northern Territory, Cathy has taken her asthma more seriously. She was diagnosed as an adult and now actively manages her asthma with regular check ups, monitoring and medication.

'Since I retired from professional athletics, I nearly stopped running altogether because I was just so frustrated with my asthma symptoms,' Cathy says. 'Asthma doesn't just affect Cathy physically. Like so many people with asthma, she gets upset when she has problems breathing. "When I can't breathe I have to stop," she explains. 'I get anxious and unhappy. It's just really frustrating at times.'

Although she has retired from elite athletics, Cathy is still active and her health is important to her. She boxes weekly and ran her first marathon in 2013. Cathy takes her Ventolin, spacer and preventer with her wherever she goes. And recently she added a new addition to her handbag: AirSonea.

Cathy started trialling the portable wheeze monitor before its official launch, and she describes it as fantastic. AirSonea enables Cathy to measure her wheeze anytime, anywhere. She holds the device



*'I nearly stopped running altogether because I was just so frustrated with my asthma symptoms.'*

against her neck for 30 seconds and her iPhone then provides a reading of what percentage of her breathing is wheeze.

'I feel so much more confident knowing that just at my fingertips I can measure the percentage of my wheeze,' she says. 'I'm feeling really confident with the way I'm managing it. I'm excited because I feel in control. It just gives me such great peace of mind knowing that I'm looking after myself. It's actually working a treat in my life.'

Cathy doesn't avoid running because of worries about asthma. She says: 'I can just go out and run knowing that I won't get asthma most likely because I'm aware of the symptoms and of how to best treat it.'

Now that Cathy has her asthma under control, she is ready for any problems that her daughter, Ruby, may face. 'I'm very mindful now of my daughter's health,' Cathy says. 'If Ruby develops asthma, knowing that I can keep a close eye on her wheeze, is really appealing to me as a parent.'

Cathy believes that AirSonea offers parents a 'huge peace of mind' because they can easily monitor their child's wheeze. 'Knowing that I can keep a close eye on her asthma is really appealing to me as a parent,' Cathy says. 'Under Cathy's careful watch, it's unlikely Ruby will find herself as a teenager ignoring the symptoms of asthma.'

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The only device available that allows a patient to monitor one of their signs – wheeze – which is an indication of airway inflammation.



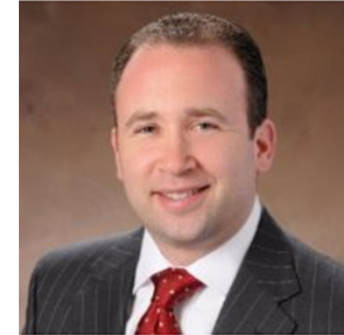


# Evolution of iSonea from Development to Commercialisation

# Positioning for Commercialization



- **Ed Rosen – VP Sales and Marketing.** Over 20 years experience in med device and diagnostics and pharma selling. Strong track record of linking consumers and physicians to drive revenue growth on US and global basis.
- **Nick Spring – Business Development.** Over 30 years executive leadership in pharmaceuticals and medical devices. Over 20 years with Merck, with contacts throughout the pharma retail industry. Founder and CEO of Topaz Pharmaceuticals (acquired by Sanofi in 2011).
- **Jerry Korten – CEO.** 30 years of executive leadership in the medical device business. Former CEO of Versamed, sold company to GE Healthcare.





## **Top Ten Pick of the Consumer Electronics Show (CES) 2014 by Tech Podcast News Network!**

(Out of two thousand six hundred exhibitors.... )

- Interview with Ed Rosen can be seen at: the iSonea website:  
<http://isoneamed.com/vp-of-sales-ed-rosen-is-interviewed-at-digital-ces-show/>
- Tremendous engagement at our booth:
  - ✓ People with asthma
  - ✓ Distribution partners
  - ✓ Clinical research organizations



**THE GLOBAL STAGE FOR INNOVATION**

# What People Are Saying About AirSonea



***“The thing I like about this product is it gives data. Not just data for the person, their mother or father, but data for the doctor. It gives you something to grasp at, something to use to improve the management of asthma in the community.”***

Dr John D’Arcy, GP and Channel 7 medical editor

***“As parents we were always worried. We know that asthma is a killer. The fear that at some point he’ll get an attack, and it’s completely random. Now I have clarity and confidence about how I manage his asthma. AirSonea moves you away from being reactionary to being proactive.”***

Ben, father of 5-year old son with asthma – AirSonea user

***“I can now find out whether he’s out of breath because he’s been running around or if it’s his asthma. The device and app can do so much; we’re not even using it to it’s full potential yet, but we’re excited to use it because we’re seeing results.”***

Brenda, mother of 7-year old son with asthma – AirSonea user

# Driving Forward With Phased Launch Strategy



Q4 2013

Q1-Q2 2014

Q3-Q4 2014

**Consumers**

**Physicians & Pharmacists**

**Retail Channel**

**Healthcare Networks**

**Drive Awareness**

**Engage and Inform**

**Pharmacies and Online**

**Strategic Partnerships**

Strategy

- Create wide spread brand awareness
- Lay foundation to convert awareness into action

- Engage physicians on wheeze monitoring
- Physicians and pharmacists as patient education channel
- Physician referrals to pharmacies

- Build channel presence
- Support pharmacists for point of sale consultations

- Increase reach
- Channel partnerships
- Health system collaboration
- Clinical research solutions

# Building Awareness Among Physicians



- **Initial GP response to AirSonea has been supportive**
  - Excellent receptivity at GP13 conference in October with ~250 doctors detailed
  - 70% interested in technology; 20% were “wowed” by AirSonea
- **Australian Physician market research (n=100) indicates majority of GPs are supportive**
- **Educational webinar tutorial on wheeze monitoring now available to physicians**
  - InfoMED distributing educational information to GPs in Sydney pilot
  - Physician practices will provide AirSonea materials to asthma patients



# Valuation – our long term perspective



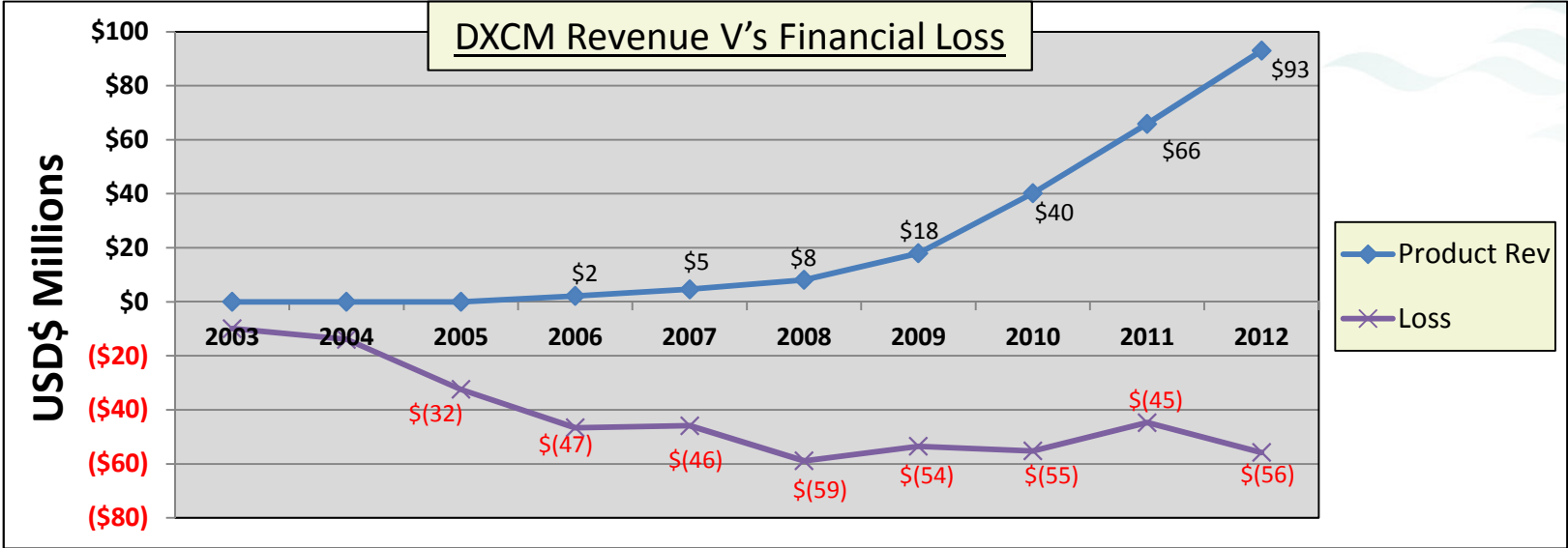
## From the JP Morgan Coverage:

### 5 insights from digital health CEOs at JP Morgan Healthcare conference

Read more: <http://medcitynews.com/2014/01/5-interesting-points-raised-digital-health-roundtable/#ixzz2qbbHgehD>

*In the early stages, revenue is a trap. Of course this can be widely applied to companies in most industries but it works especially well for startups in digital health. Thompson pointed out that digital health startups can do themselves a disservice if they become consumed with how to generate revenue. Their focus should be on how to attract users and produce data that shows their technology not only works but is more effective than what's available. Once they do that, it should be much easier to focus on revenue.*

# Dexcom Comparison DXCM.NAS



Serving comp. chronic illness (diabetes), competitive space, \$2.6 billion valuation with sales traction





# Summary



During 2013, iSonea:

- Emerged from Development Stage
- Focused on Commercialisation
- Primed the Product Pipeline for Future Growth

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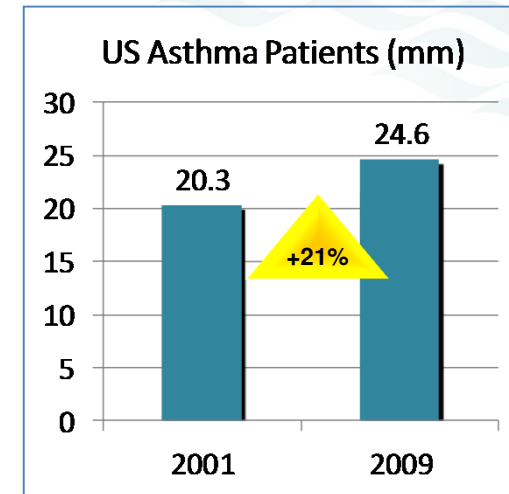


## **Appendix: Market Data mHealth Trends**

# Asthma: A Costly, Global Epidemic



- Asthma & Chronic Obstructive Pulmonary Disease (COPD) affect 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*
- **53%** of asthmatics in US are having annual attacks.
- Asthma is the **#1** cause for outpatient emergency visits.
- In 2010, ~60% of asthma hospital visits were children 0-14.



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

**Medical Expenses  
Associated with Asthma  
(Direct & Indirect Costs)**

**~\$3,300**  
Per Person/Year

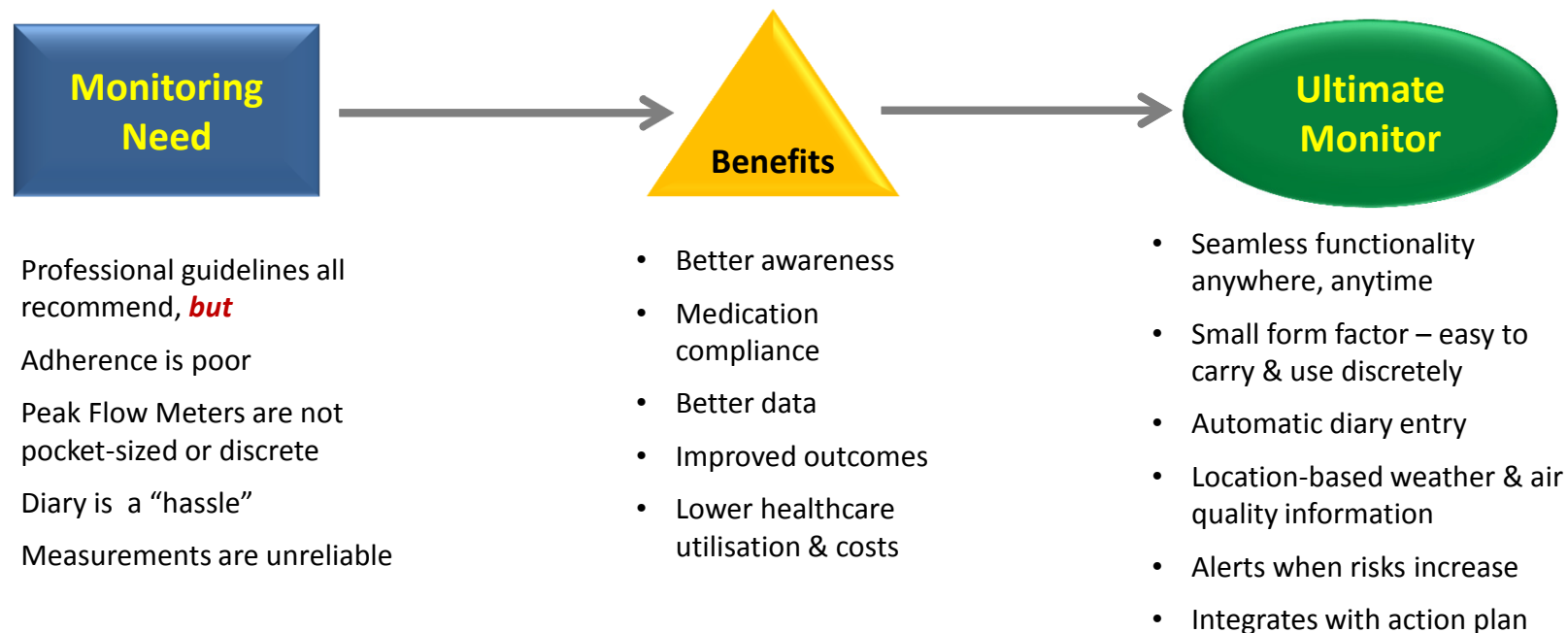
*Source: NIH, NHLBI Data 2007*

# 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:

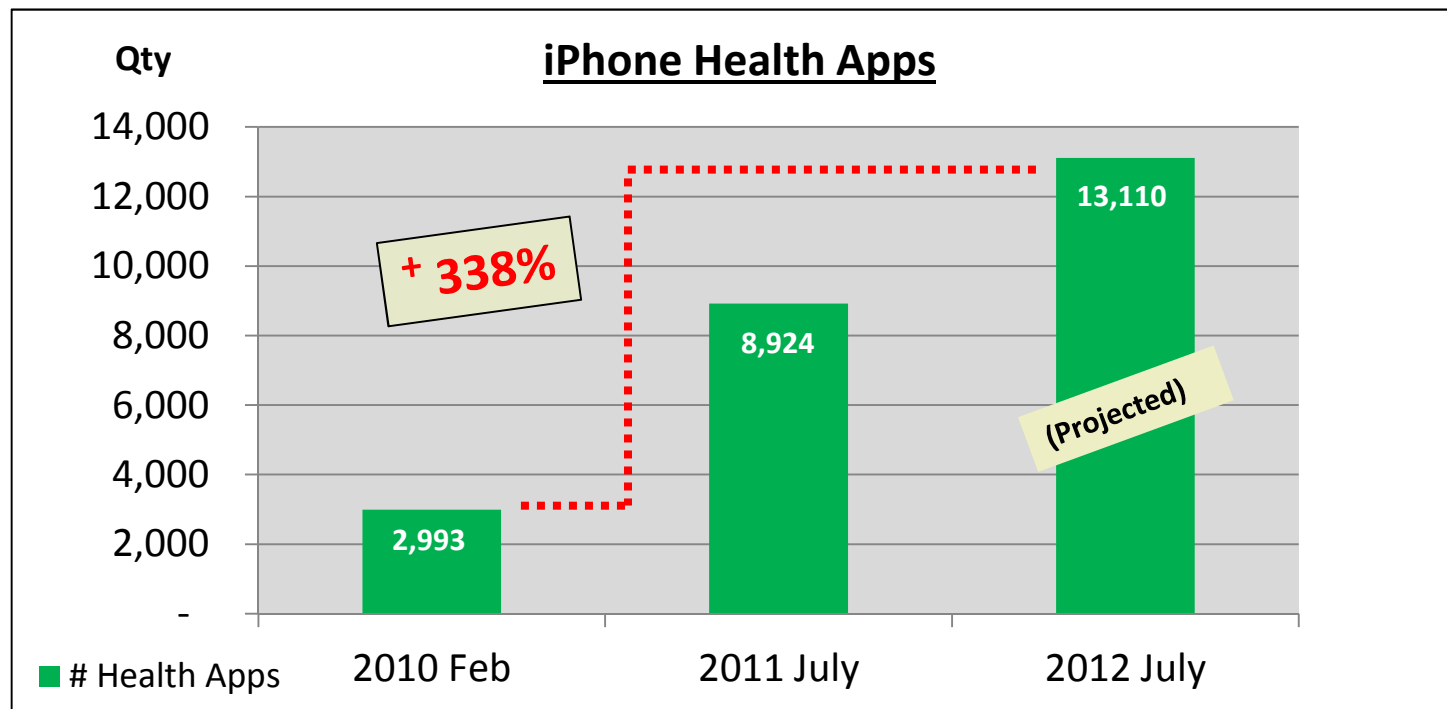
- Only **33%** of patients use long-term control medications
- While **26%** report emergency department visits for asthma
- Only **40%** of patients use peak flow meter



# Why Mobile Health (mHealth)?



- 500M smart phones sold globally in 2011 – expected to be >1B phones annually by 2015.
- 40,000 mobile health apps generated \$718 million in revenue in 2011; \$1.3B in 2012<sup>1</sup>
- 247 million downloading mHealth apps in 2012, up from 124 million in 2011<sup>1</sup>
- 7.4B mobile subscriptions projected by 2015.
- Number of health management apps for smart phones has grown **>4X** since 2010.

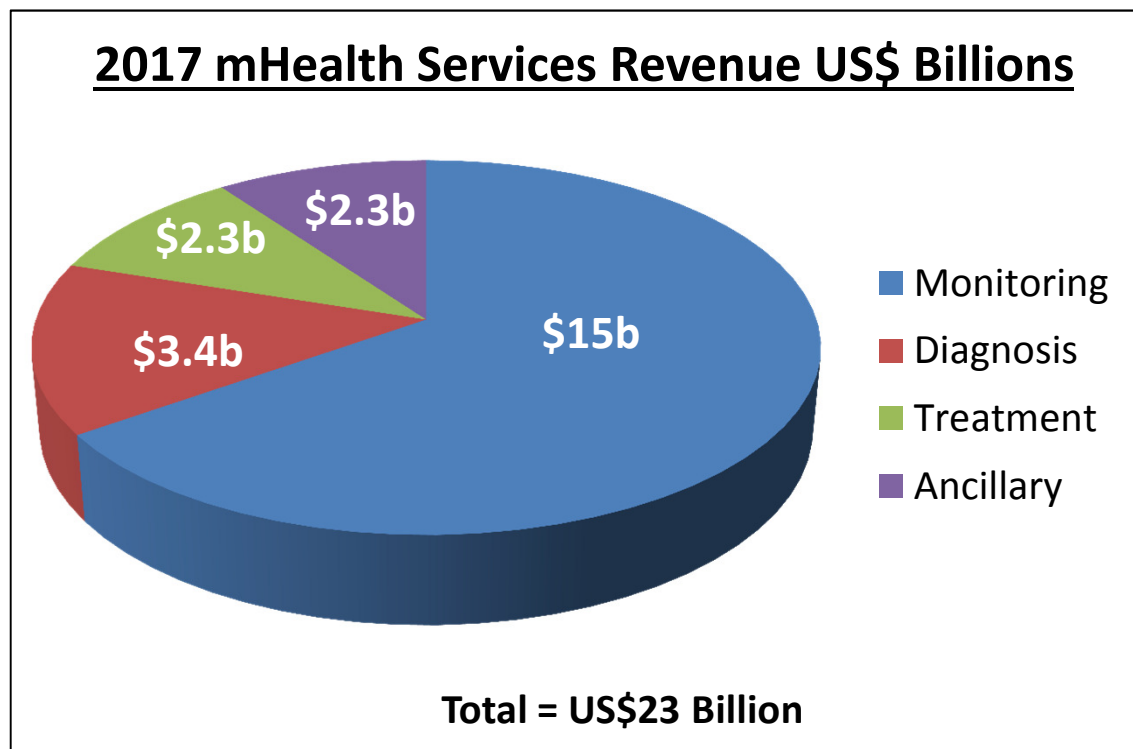


1. Research2Guidance  
2. Source: Pew Research Center 2011

# Global mHealth Revenue Projections



- 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.





# Relevant Healthcare Issues & Trends

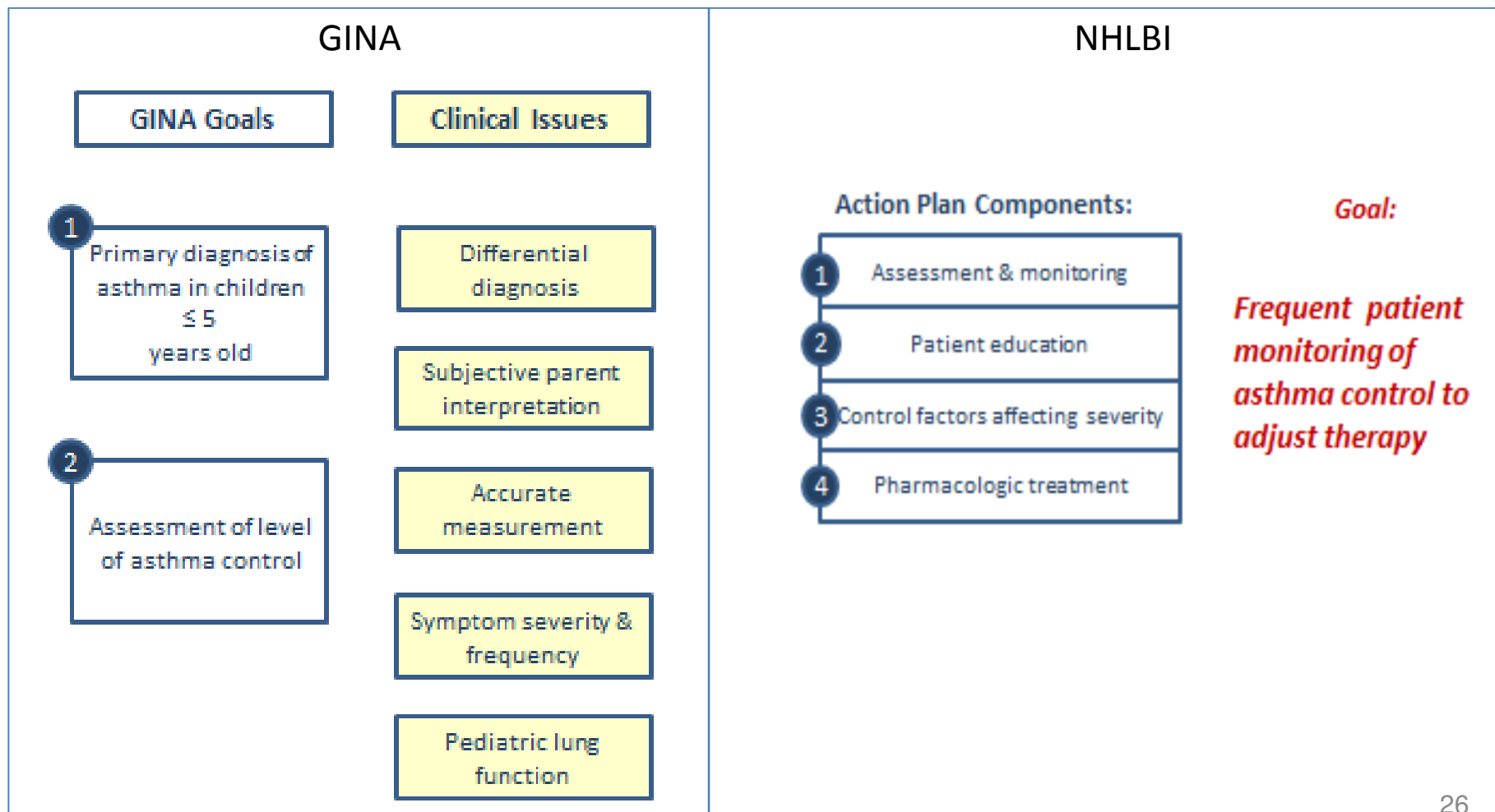


- 75% of US healthcare costs are related to chronic disease management
  - More active patient collaboration in care is essential to improve outcomes & lower costs
- Health plans are investing in mHealth solutions for member wellness programs
  - Increase personalized communication with health coaches, case managers, providers
  - Aetna buys iTriage; Wellpoint & Verizon collaborate; UHC partners with CareSpeak, FitBit
- Medicare hospital readmission rates under scrutiny
  - Can mHealth tools at discharge provide early alerts of risk factors for readmission?
- Independent medical market research: (Source: Float Mobile Learning 2012)
  - 90% of physicians want chronic disease patients to self-monitor with mobile devices
  - 56% of physicians stated their use of mHealth increases speed of decision-making
  - 40% expect mHealth to reduce patient office visits
  - 40% see improvements in administrative efficiency
- Global proliferation of smart phones provides accessible technology platform
  - Even third world countries have established mobile telephony systems

# Scientific Foundation for Asthma Self-Monitoring



The need for frequent, ongoing self-monitoring of asthma symptoms is well established by the Global Initiative for Asthma (GINA) and National Heart Lung & Blood Institute (NHLBI) guidelines for asthma management.



# Published Studies Demonstrate mHealth Benefits



Recently published clinical studies demonstrate beneficial health outcomes of mHealth tools in the management of chronic diseases:

- **Hypertension** – K Jethwani et al, presented American Heart Assoc. May 2012
  - 219 hypertensive patients, 22-90 years old, on different medications
  - Significant reduction in systolic blood pressure
  - Web-based self management program for monitoring & data sharing
- **Diabetes** – WellDoc study, *Diabetes Care*, Sept 2011
  - Mobile Diabetes Intervention Study - RCT with 163 diabetes patients
  - Significant reduction in hemoglobin A1C for intervention group vs. control
  - Smartphone app for diabetes management
- **Asthma** – H Zhao et al, *Telemedicine Journal E Health*, June 2012
  - Asthma quality of life study – RCT with 150 asthma outpatients
  - Significant increase in QOL & perceived control measures after 12 weeks
  - Smartphone delivered SMS text reminders

# Consumers Confirm mHealth Benefits



Widespread adoption of mHealth technology is viewed as inevitable, according to new study for Pricewaterhouse Coopers: *(Source: EIU for PwC Healthcare, June 2012)*

- ~50% of consumers predict that mHealth will improve convenience, cost & quality of healthcare in next 3 years
- ~50% believe mHealth will change the way they manage chronic conditions (e.g., asthma), medication, and overall health
- 59% expect mHealth to change the way they obtain health information
- 48% expect mHealth to change the way they communicate with doctors
- 59% of those already using mHealth claim it has replaced some doctor visits

## ***Top 3 Reasons Consumers Use mHealth:***

- 1) More convenient connectivity with doctor**
- 2) Reduce out-of-pocket costs**
- 3) Assert greater personal control over health**

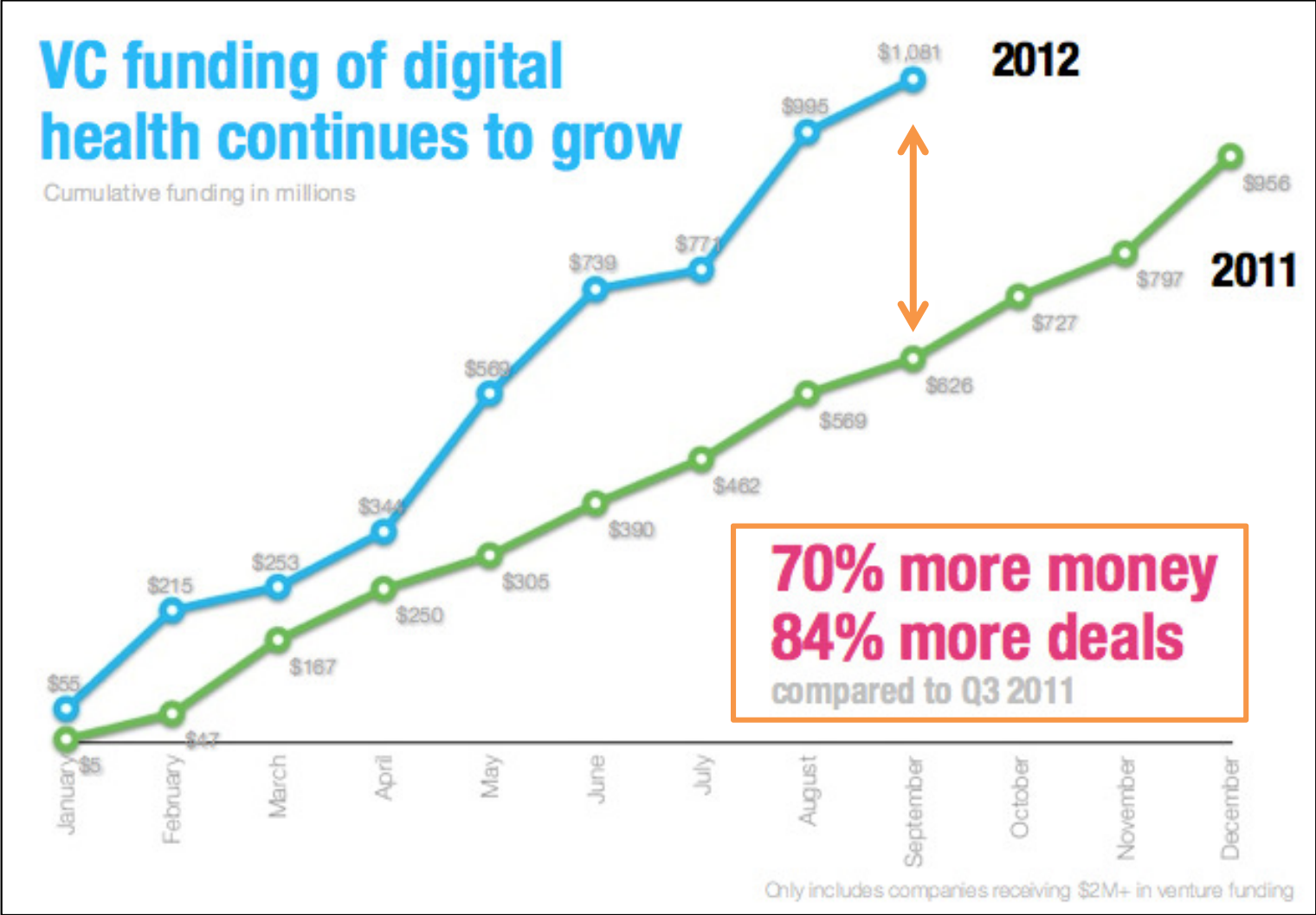
# Goal: Mass Customization Through mHealth



Mobile health (mHealth) allows ***mass customisation*** 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 a ubiquitous hardware platform – the monitor as a constant companion.
  - With a “commodity” platform, the 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?
    - Identify zones of elevated risks

# Digital Health Companies Attract Investment



Source: Rock Health 2012