



# AirXpanders®

Investor Presentation

Oct 2017



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# ABOUT AIRXPANDERS



We believe AeroForm is the best  
innovation in tissue expansion in decades

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US\$800M+ addressable market in U.S.

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Full commercial launch in U.S. underway

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Positive initial momentum in the U.S.

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FDA clearance; U.S. and AU  
reimbursements in place

# AirXpanders' Mission

*To be the global leader in reconstructive surgery products and to become the standard of care in two-stage breast reconstruction*





# AeroForm® vs Saline

## AeroForm®

### Patients

- Shorter expansion process
- Needle-free
- Fewer surgeon visits
- Patient-controlled expansion

### Surgeons

- Frees up time for other surgeries or consults
- Happier patients

### Hospitals

- Cutting edge technology
- Potential for reduced infection risks
- Improved patient comfort



## Saline

### Patients

- Lengthy expansion process (months)
- Painful needles
- Inconvenient office visits
- Less controllable shape

### Surgeons

- Multiple visits by patients
- Most personally administer saline injections
- Office visits not reimbursed
- Increased time and patient anxiety; decreased returns

### Hospitals

- No innovation
- Increased infection risks

## AeroForm Testimonials

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***“Having AeroForm® did help me feel like I had control over the expansion process...”***

Cindy, AeroForm patient



***“This is a revolutionary new technology that replaces saline [expansion]...”***

Mr Damien Grinsell, MB, Bs FRACS



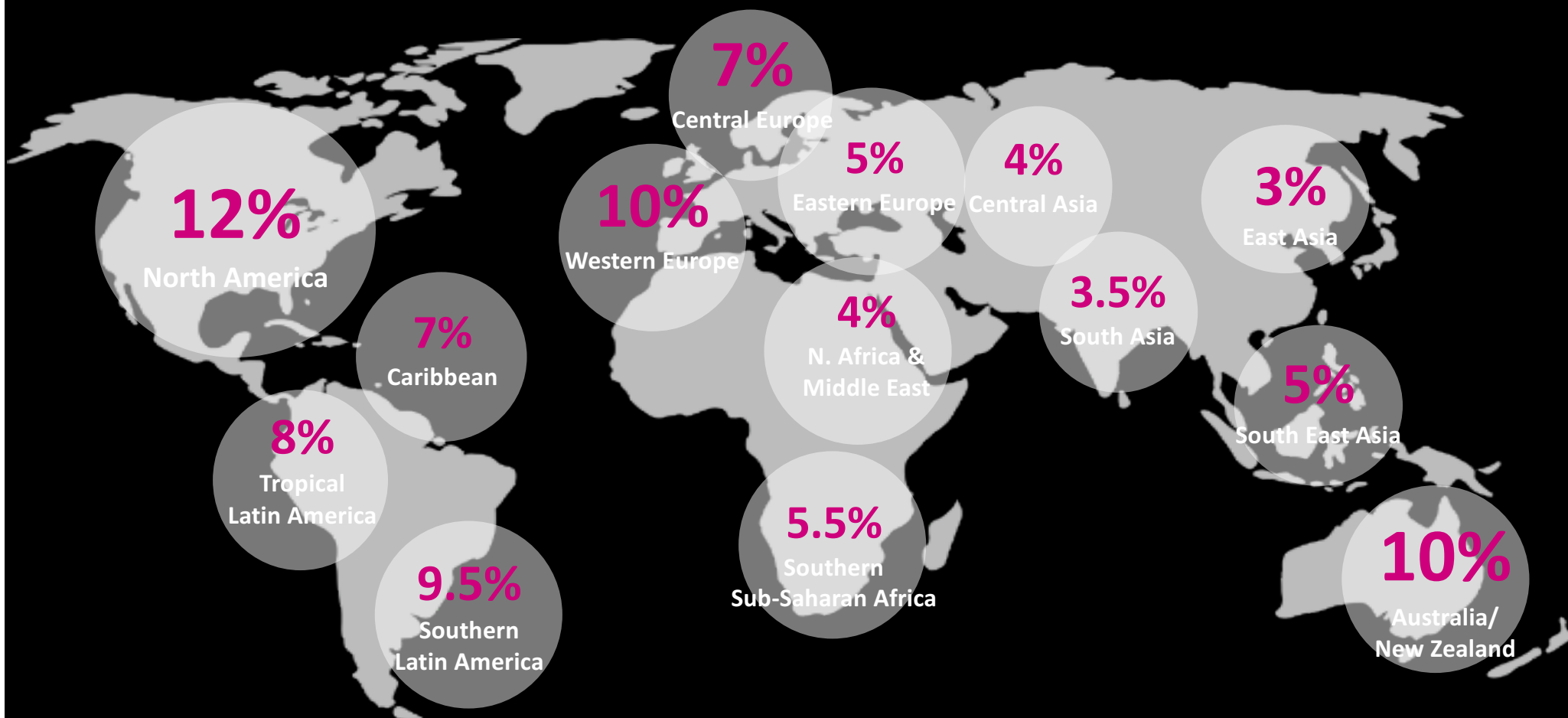
## MARKET SIZE

**“We have observed steady annual growth in breast reconstruction over the years with 39% increase in procedural volume since 2000...”**

Daniel Liu, MD  
American Society of Plastic Surgeons



## Lifetime risk of **breast cancer** - the **most common cancer** in women worldwide



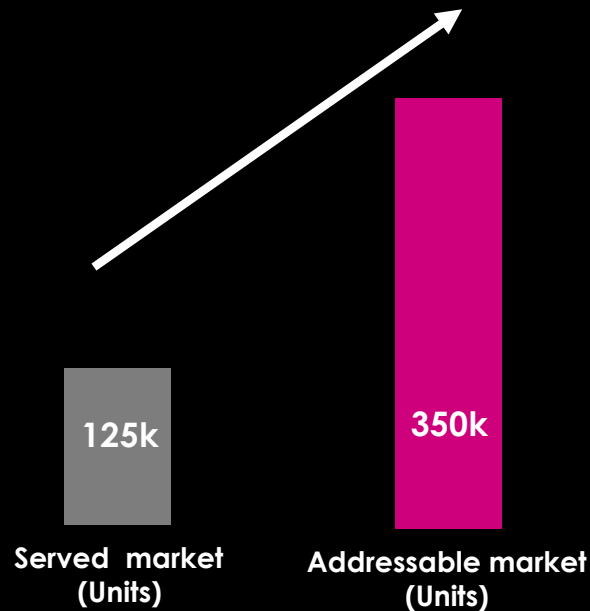
Source: WCRFI & Komen  
Image represents lifetime risk of breast cancer

**1.7 million** breast cancer diagnoses annually



U.S. Addressable Market\* =

**US\$800M+**



## U.S. Market Opportunity

### Addressable U.S. Breast Reconstruction Market

- 300,000 breast cancer diagnoses
- ~72% use tissue expanders
- 60% bilateral operations
- 350,000 potential units p.a.
- ~125,000 served market units p.a.

### Growth drivers

- Only 1/3 women are aware of their options today
- U.S. Breast Cancer Patient Education Act
- Most women choose reconstruction if offered
- A large latent pool of women haven't undertaken reconstruction means even greater upside

\* AirXpanders' estimate, assuming AirXpanders ASP and factors listed above





# U.S. COMMERCIALISATION

**“AeroForm® represents the first major change in breast tissue expansion in 40 years. It’s a real game-changer. It’s super-easy to use. You just press a button and that’s it.”**

Jeffrey Ascherman, M.D.  
Site Chief, Division of Plastic Surgery  
Professor of Surgery  
Columbia University Medical Center





**THE Doctors**



**FOX NEWS**

New Tool in Breast Reconstruction Puts Control in Patients' Hands

By Erin Blakes  
Monday, August 29, 2016 at 09:02 AM EDT



## U.S. Success to Date

Since US launch in April 2017:

- **Surgeons Training**
  - 160+ surgeons approved for use
  - 80+ have commenced ordering
- **AeroForm® available in 120+ medical institutions**
- **Realizing strong average selling price of US\$2,700+**
- **Reorder rate**
  - In Q3 2017 ~80% of surgeons reordered
- **Unit sales of 359 in Q3 2017 vs. 176 in Q2 2017, an increase of 104%**
- **Sufficient capacity to supply anticipated demand from surgeons**
- **Significant news coverage: over 1 billion impressions for media stories**



# Learnings from U.S. Launch

- **Ahead of expectations for:**
  - Value Analysis Committee (VAC) Approvals
  - Surgeon on-boarding
- **Post-VAC approval to first case longer than planned**
- **Need for better education about suitability of AeroForm in conjunction with radiotherapy**
- **Surgeon case volume more spread out than originally anticipated**
  - Accelerating the targeting of more surgeons across the U.S.
- **Able to secure solid average selling price (ASP)**
- **Limited competitive response**





## Moving into Full Commercial Launch

- Costa Rica **manufacturing transfer completed**
  - Available capacity increased by up to 20,000 units/ year
  - Supports **full commercial release**
- Target **new hospitals and surgeons**
- **Expand around established commercial sites** to create competitive hospital bidding
- **Continued surgeon engagement** at key conferences

## U.S. Sales Coverage and Profile

- Hybrid sales team – direct and commission-only sales reps
- Hiring and growth of sales team in line with demand
- Sales representatives in major areas of concentration
- Sales representative profile:
  - Operating room sales success
  - Plastic or breast surgery experience
  - Value Analysis Committee (VAC) competency
  - Demonstrated success in leading conversions

**15 years**

Average years of medical device sales experience

**100%**

Of reps have plastic/ breast surgery experience

**100%**

Operating room sales experience



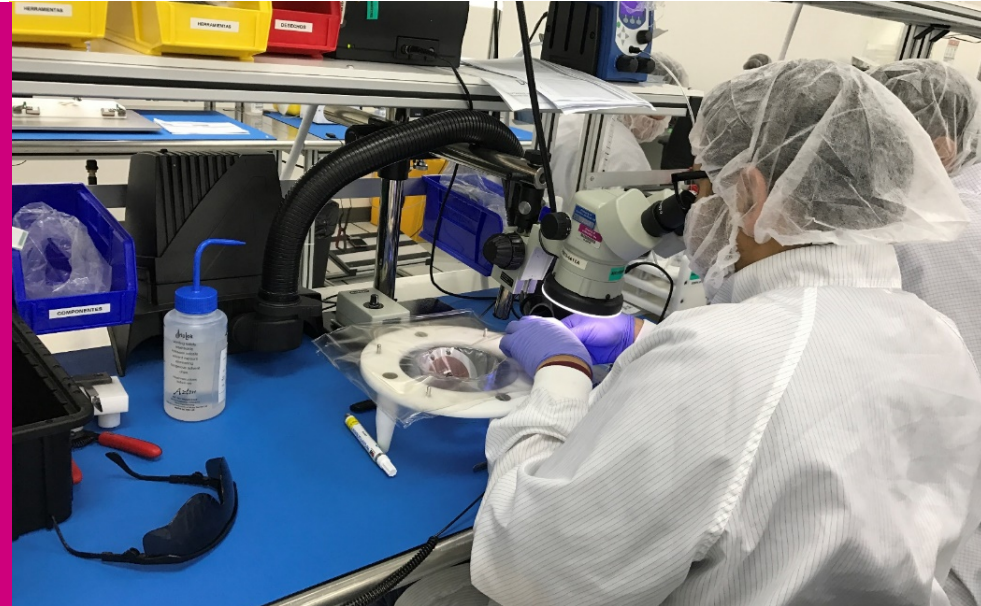
# Manufacturing Scale Up

## Current capacity

- **Q3 – Expand manufacturing capacity via Costa Rica facility**
  - Capacity of up to 15,000 - 20,000 units per year
- **Maintain manufacturing capacity in California**
  - 3,000 - 4,000 expander units per year
- **Consolidate production of 'the driver' in San Jose**

## Future capacity

- **Space and equipment available for future lines in Costa Rica**
  - Additional 15,000 - 20,000 units per year per line, as required to support demand
- **Scale up manufacturing of 'the driver' in larger, cost effective facility in San Jose**



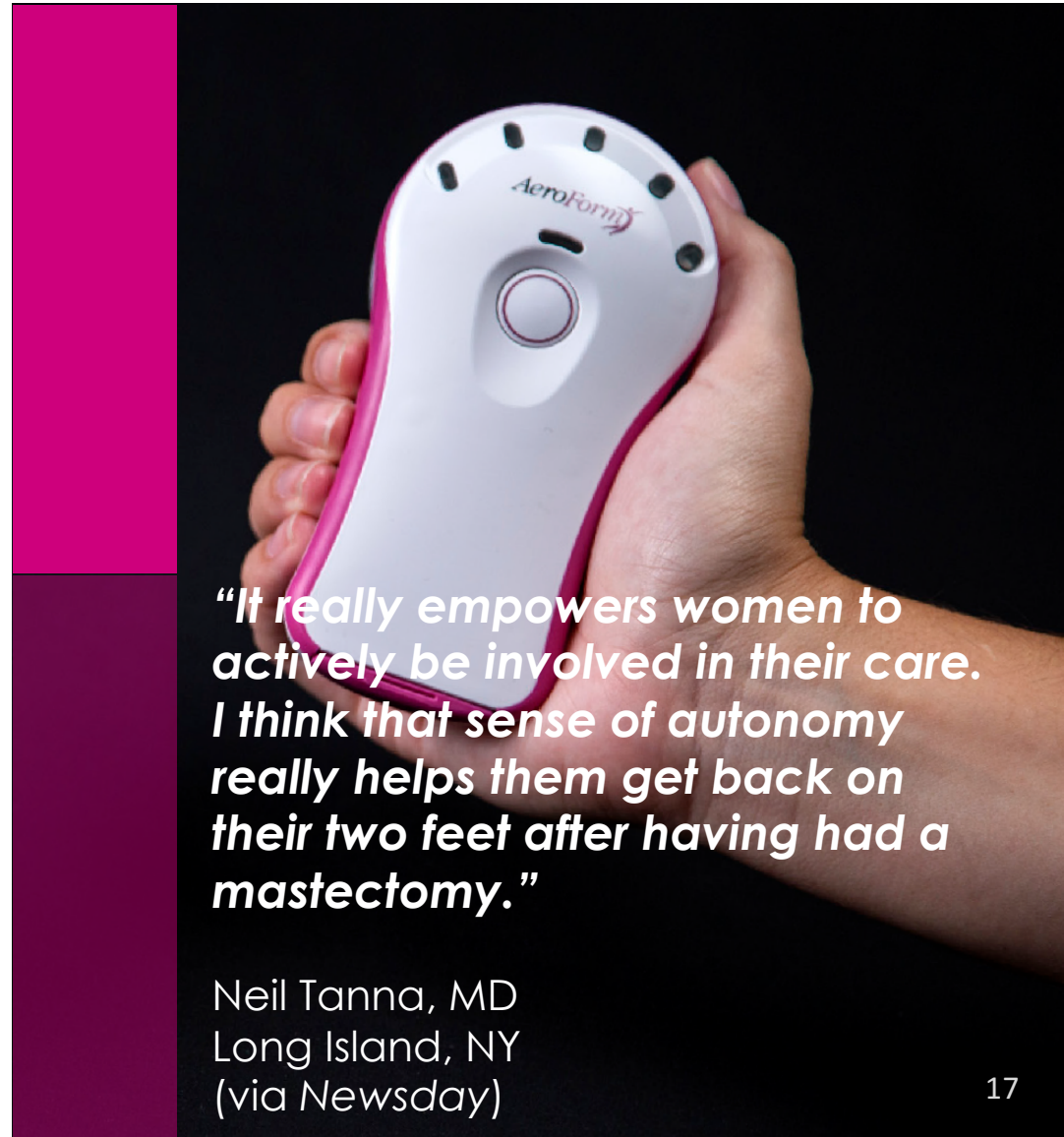
# Corporate Profile

Corporate Snapshot (as of Q3 2017)		Market Cap	A\$222.8M (as of 30 Sep2017)
<div>80+</div> <div>Ordering Physicians</div>	<div>+55%</div> <div>Q3 unit growth (QoQ)</div>	Share price	A\$0.77 (as of 30 Sep 2017)
		Shares Issued	95.9M
<div>80%</div> <div>Reorder rates (Q3)</div>	<div>+68%</div> <div>Q3 revenue growth (QoQ)</div>	CDIs issued	287.7M (Assuming all shares are held as CDIs)
		Cash position	US\$30.8M (as of 30 Sept 2017) Closed US\$15M debt arrangement in Aug 2017
		Significant shareholders	<ul style="list-style-type: none"><li>• GBS Ventures</li><li>• Greencape</li><li>• Vivo</li><li>• Consonance Capital</li><li>• Renaissance Asset Management</li><li>• Regal Funds Management</li></ul>

## Investment Summary

- AeroForm® is the first real innovation in breast reconstruction in decades
- US\$800M+ addressable market in U.S.\*
- Strong initial momentum in U.S.
- Full commercial launch in U.S. in late 2017
- Strong Balance Sheet – US\$30.8M as of 30 Sep 2017
- U.S. / AU reimbursement in place
- Experienced management team

\* AirXpanders' estimate, assuming AirXpanders' ASP and other factors



***“It really empowers women to actively be involved in their care. I think that sense of autonomy really helps them get back on their two feet after having had a mastectomy.”***

Neil Tanna, MD  
Long Island, NY  
(via Newsday)





**Thank you**

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