



# Itamar Medical

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Investor Presentation  
August 2019



| Health Being Made Simple

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## World Leader in Sleep Apnea Management Solutions for the Cardiology Market



[www.itamar-medical.com](http://www.itamar-medical.com)  
[www.cardiosleepsolutions.com](http://www.cardiosleepsolutions.com)

# Leader in Diagnostics of Sleep Apnea to the Cardio Space

- ✚ Flagship product: WatchPAT® is a fast growing home sleep apnea test (“HSAT”)
- ✚ Sleep Apnea market growing at record rates propelled by cardiology, obesity and stress
- ✚ Increasing traction among cardiologists supported by new guidelines and direct US sales force
- ✚ Quarter-over-quarter revenue growth
- ✚ Multiple regulatory approvals (FDA, CE, MHLW), broad insurance coverage
- ✚ Experienced management team and board members with proven success

# The Market

## The Sleep Market

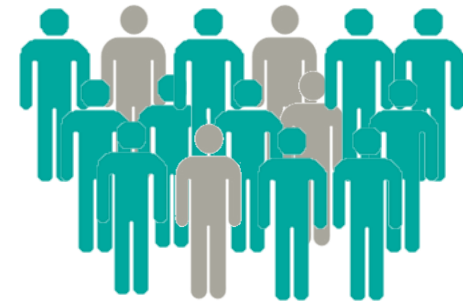


- ✓ 25% of adults worldwide suffer from sleep apnea<sup>1</sup>
- ✓ 170 million people in North and South America suffer from sleep apnea<sup>2</sup>
- ✓ About 80% in the US alone are undiagnosed<sup>3</sup>
- ✓ The diagnostic and treatment market is valued at \$3.5 billion<sup>4</sup>

Sources:

- 1) American Academy of Sleep Medicine, Peppard, et al., American Journal of Epidemiology (2013)
- 2) "ResMed: New Analysis Shows Sleep Apnea More Common in Americas than Previously Thought." Contify Life Science News 10 June 2019.
- 3) Obstructive Sleep Apnea: Preoperative Assessment, Seet & Chung, Anesthesiology Clin 28 (2010) 199–215
- 4) Fisher & Paykel, FY2016 Half Year results Presentation (Dx & Tx)
- 5) Heart Disease and Stroke Statistics 2017 At-a-Glance
- 6) Sleep Apnea and Cardiovascular Disease, JACC Vol. 52, No. 8, 2008, August 19, 2008:686–717

## The Cardiology Market



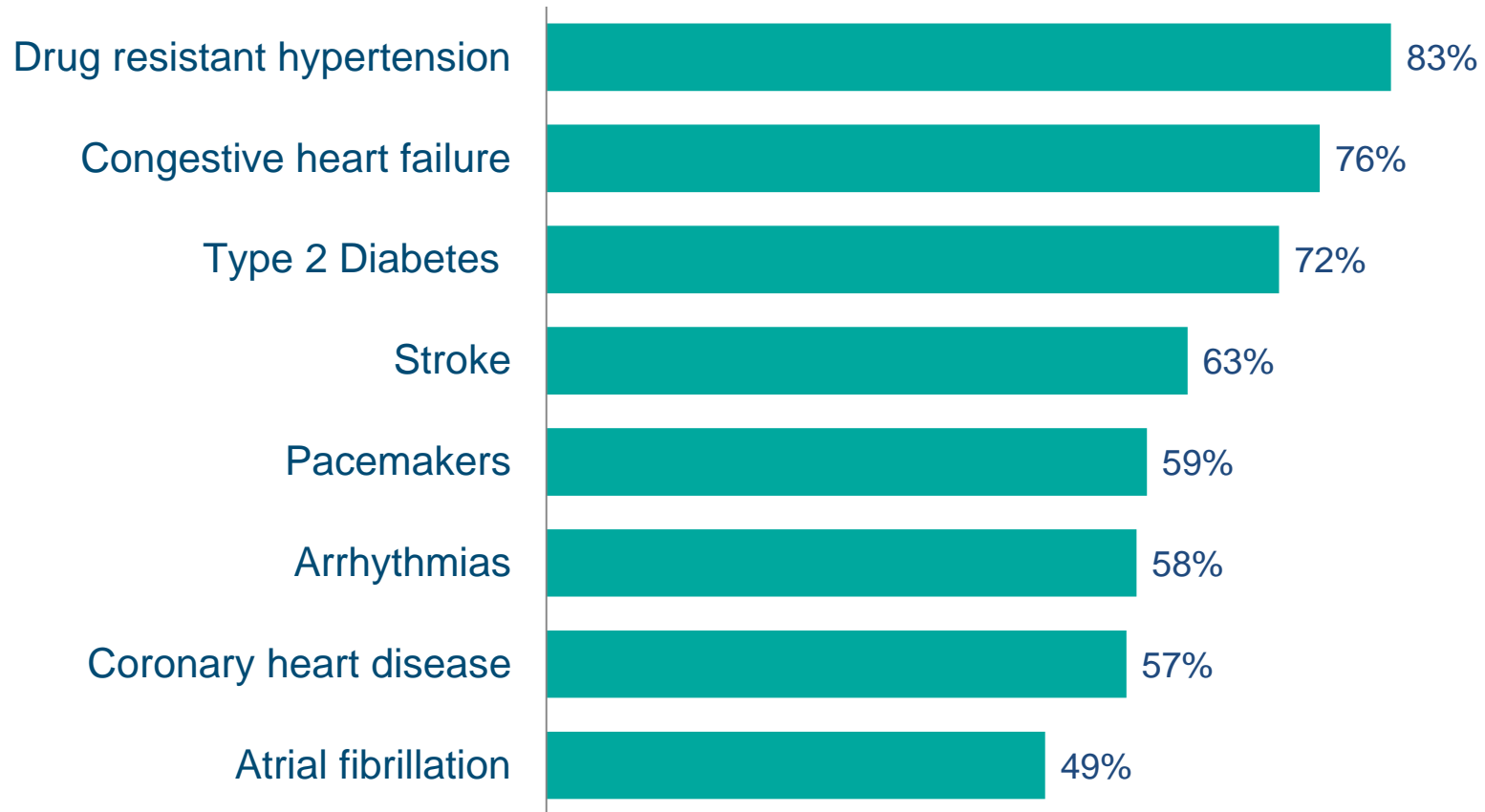
92 million cardiovascular patients in the United States<sup>5</sup>



- ✓ ~50% of patients suffer from sleep apnea
- ✓ ~80% or more remain undiagnosed<sup>6</sup>

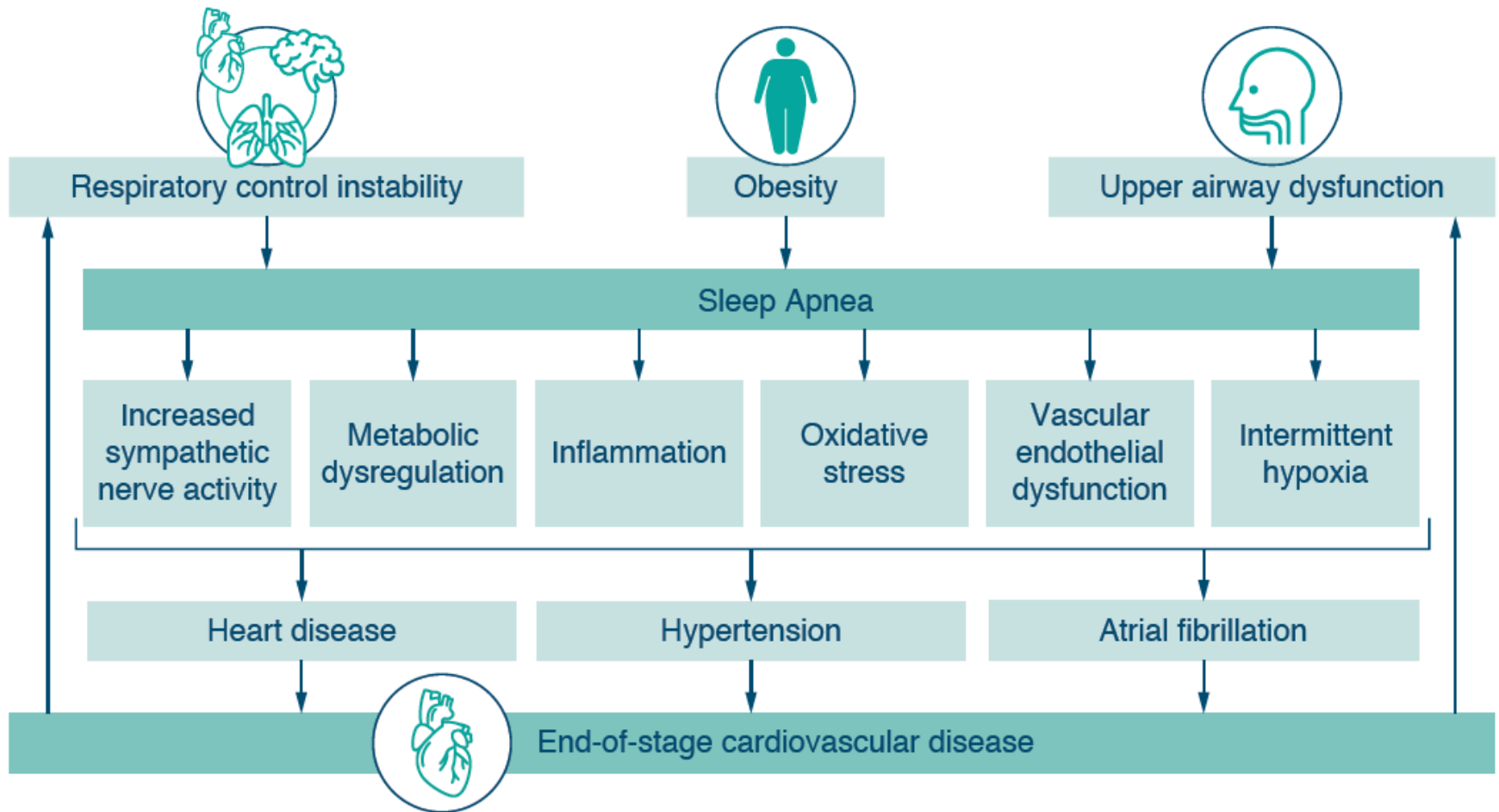
# Sleep Apnea - A Significant Comorbidity to Most Cardiac Disease

## OSA Comorbidity



Source: Obstructive Sleep Apnea: Preoperative Assessment, Seet & Chung, Anesthesiology Clin 28 (2010) 199-215

# Trends Propelling the Market



# Increased Risks of Leaving Sleep Apnea Untreated



**2x**

Increased risk of stroke<sup>1</sup>

**2x**

Risk of death from sudden cardiac arrest<sup>2</sup>

**5x**

Risk of death from cardiovascular disease<sup>3</sup>

**42%**

Increased risk of recurrence of atrial fibrillation following ablation<sup>4</sup>

Sources:

- 1) Sleep Apnea and Incident Stroke, Redline et al, The Sleep Heart Health Study. American Journal of Respiratory and Critical Care Medicine Vol 182 2010;
- 2) Obstructive Sleep Apnea and the Risk of Sudden Cardiac Death Gami et al, J Am Coll Cardiol 2013;
- 3) Young et al, J Sleep 2008;
- 4) Effect of Obstructive Sleep Apnea Treatment on Atrial Fibrillation Recurrence Shukla, Chinitz JACC Clinical Electrophysiology Vol 1 ,No 1-2 , 2015



# The American Academy of Sleep Medicine Officially Adopts Itamar Medical's Technology for the Diagnosis of Sleep Apnea

**The leading U.S. medical organization for the treatment of sleep disorders began officially recognizing the PAT technology in its guidelines for clinical practice in 2017**

## Clinical Practice Guideline for Diagnostic Testing for Adult Obstructive Sleep Apnea: An Update for 2017

An American Academy of Sleep Medicine Clinical Practice Guideline

Vishesh K. Kapur, MD, MPH<sup>1</sup>; Dennis H. Auckley, MD<sup>2</sup>; Susmita Chowdhuri, MD<sup>3</sup>; David C. Kuhlmann, MD<sup>4</sup>; Reena Mehra, MD, MS<sup>5</sup>; Kannan Ramar, MBBS, MD<sup>6</sup>; Christopher G. Harrod, MS<sup>7</sup>

<sup>1</sup>University of Washington, Seattle, WA; <sup>2</sup>MetroHealth Medical Center and Case Western Reserve University, Cleveland, OH; <sup>3</sup>John D. Dingell VA Medical Center and Wayne State University, Detroit, MI; <sup>4</sup>Bothwell Regional Health Center, Sedalia, MO; <sup>5</sup>Cleveland Clinic, Cleveland, OH; <sup>6</sup>Mayo Clinic, Rochester, MN; <sup>7</sup>American Academy of Sleep Medicine, Darien, IL

**A technically adequate HSAT device incorporates a minimum of the following sensors:** nasal pressure, chest and abdominal respiratory inductance plethysmography (RIP) and oximetry; **or peripheral arterial tonometry (PAT) with oximetry and actigraphy.** For additional information regarding HSAT sensor requirements, refer to the AASM Manual for the Scoring of Sleep and Associated Events.<sup>21</sup>



# WatchPAT - Simple, Accurate, Reliable

*A comprehensive HSAT utilizing proprietary PAT and other signals to calculate True Sleep Time and Complete Sleep Architecture to accurately and reliably diagnose both obstructive and central sleep apnea*

**The traditional way:  
Cumbersome sleep labs**



## WatchPAT™



# WatchPAT 300 - The Next Generation WatchPAT



## A New Design

- 25% reduced weight for patient comfort
- More comfortable wrist strap
- Detachable design for easier cleaning

## One Stop Preparation

- 92% faster download time (3 min to 15 sec)
- Improved workflow with new disposable battery
- Compatible with both disposable and rechargeable standard AAA batteries

Strategy Implementation - A Unique Comprehensive Solution that Enables Diagnosis and Treatment

# Total Sleep Solution™



Screening



Diagnosing



Treatment



Reporting

**Itamar provides cardiologists with a comprehensive sleep solution, combining diagnostics and therapy**

# WatchPAT: Integrated Platform To Diagnose and Treat Sleep Apnea

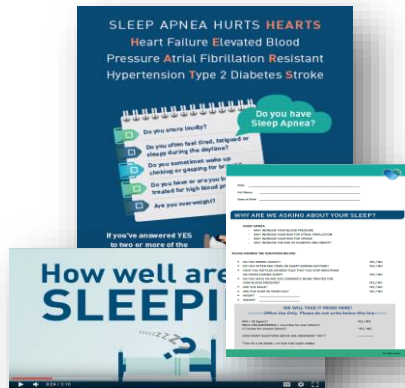
## A One-Stop Sleep Apnea Solution for Cardiologists



### Screening

#### Systematic Screening with Questionnaire

- Patient awareness kits
  - Waiting room video
  - Waiting room posters
  - Informative brochure



### Diagnosing

#### Diagnosis with WatchPAT

- IDTF
- WatchPAT Direct
- Interpretation through CloudPAT collaboration with Sleep Physician



### Treatment

#### Treatment

- Access to DMEs Networks for CPAP
- Compliance Programs
- PAMs Distribution



### Reporting

#### Patient Compliance Reporting

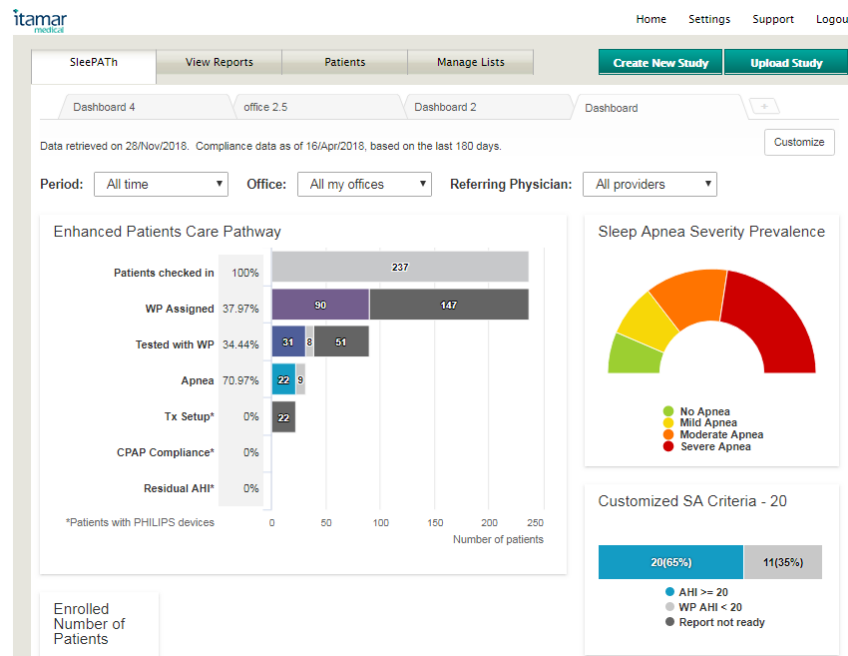
- Waiting list
  - WatchPAT
  - Test result
  - CPAP
- Patient CPAP compliance rate
- Sleep Apnea prevalence rate

**SleePATH™**  
Integrated Sleep Apnea Patient Care Pathway

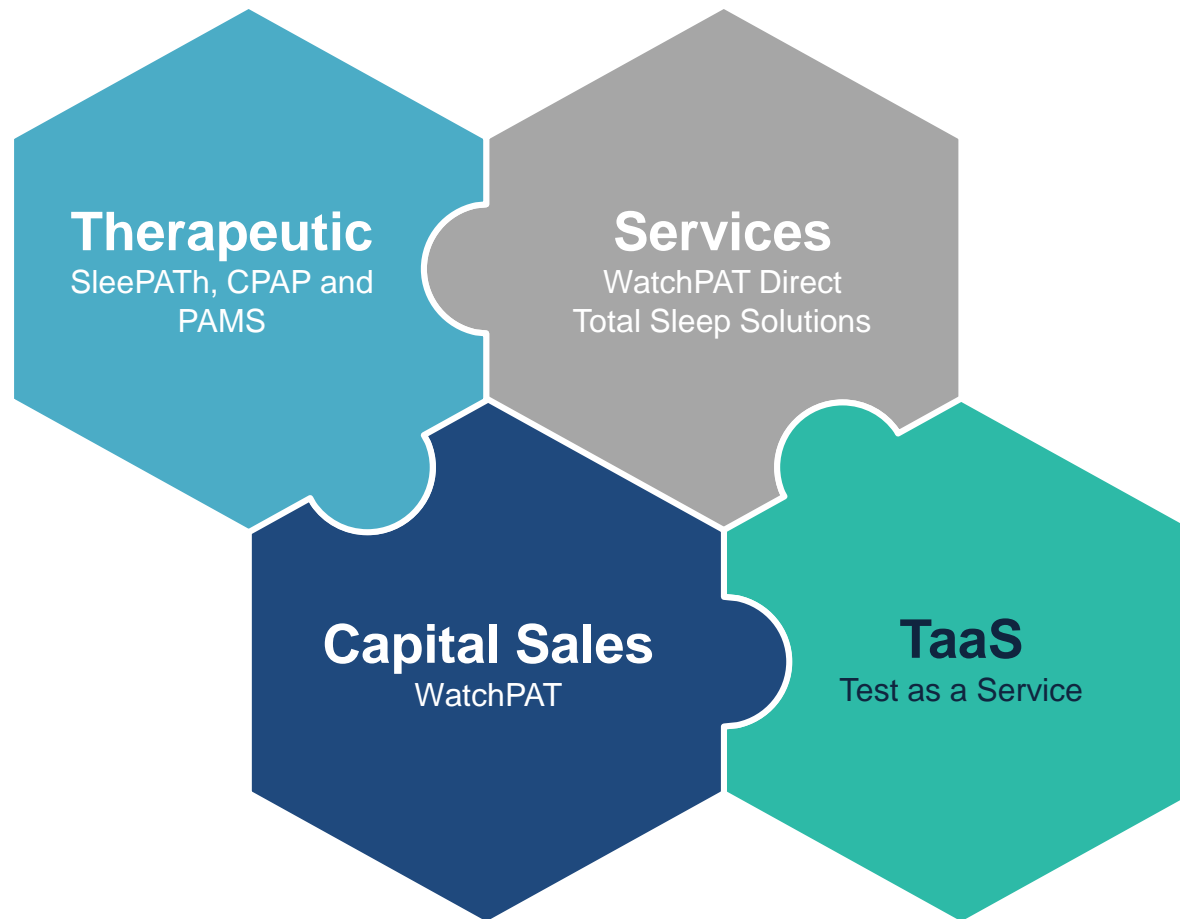
# Sleep Monitoring Platform - SleePATh

Integrated Sleep Apnea Patient Care Pathway for Cardiac Patients

- **CloudPAT** is a HIPPA-compliant cloud-based IT solution for convenient sleep diagnosis and secure patient data transfers that streamlines user workflow through online access for sleep report interpretation
- **SleePATh** is a dashboard that enables the physician to track their patient's sleep apnea management pathway



# Multiple Business Models for Different Needs



# WatchPAT Direct Program – Streamlining the HSAT

## A Customizable Workflow to Enlarge the HSAT Coverage





# Maximizing Value at a Fast Growing Market



Making “Total Sleep Solution” available to cardiologists



Adding additional business model of Test as a Service (“TaaS”)



Cardiology centered marketing and sales



Adoption of PAT based technology by the Organization of Sleep Specialists

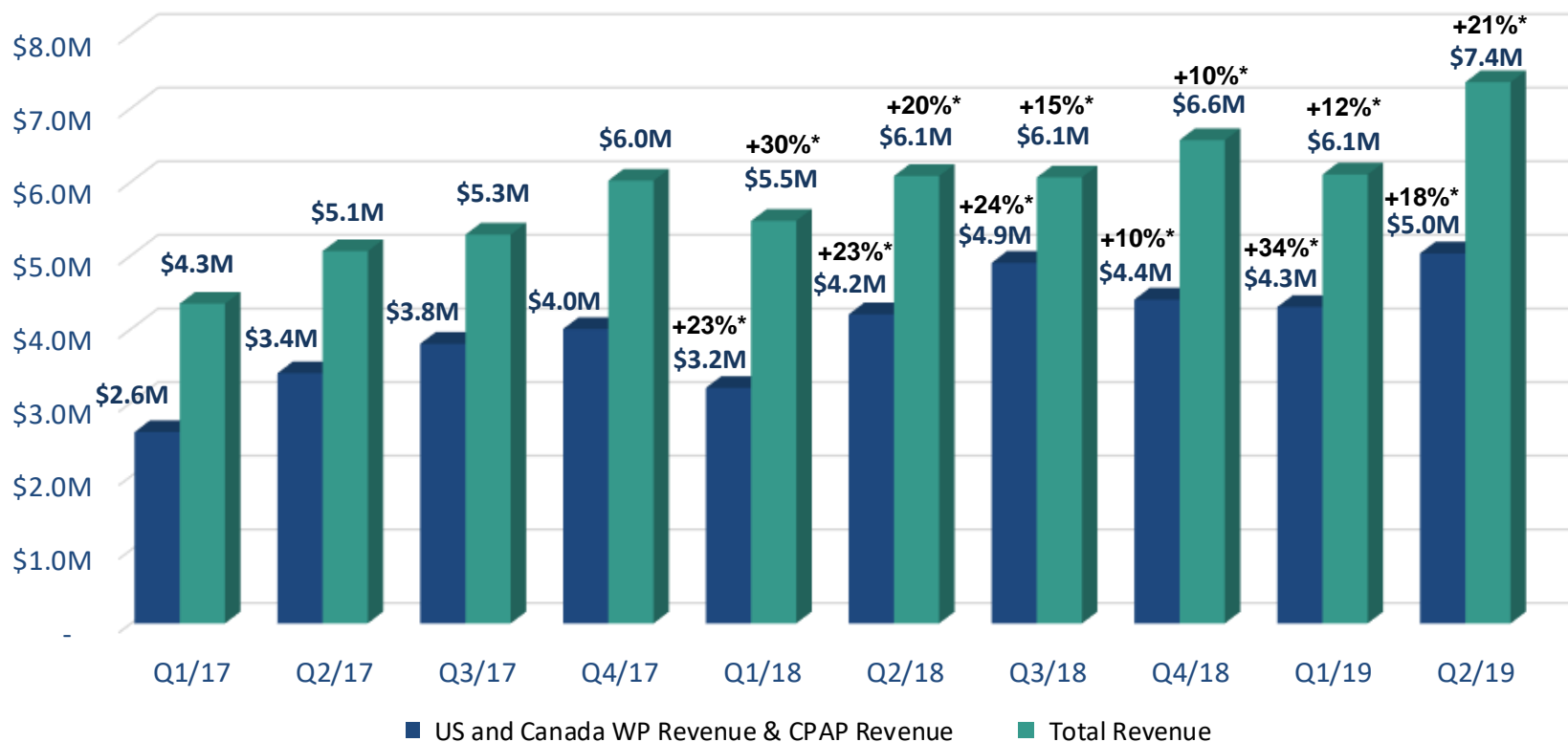


# Revenue Growth Non IFRS Operating Loss



# Total and US Revenue

Quarterly Revenue (\$MM)



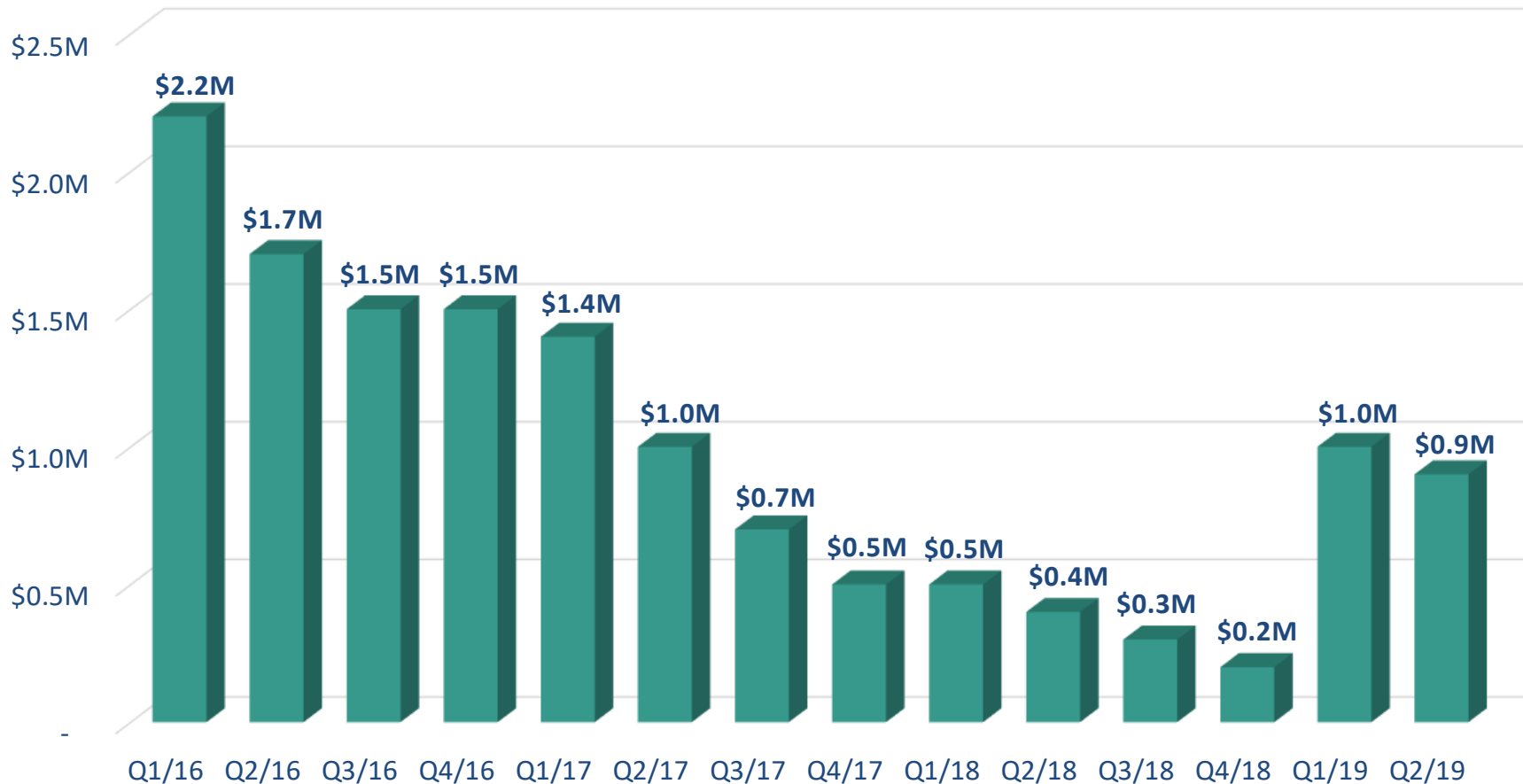
	December 31 <sup>st</sup> , 2017A	December 31 <sup>st</sup> , 2018A	December 31 <sup>st</sup> , 2019E***
# of US Territories	16**	19**	27***

\* Q over PY Q

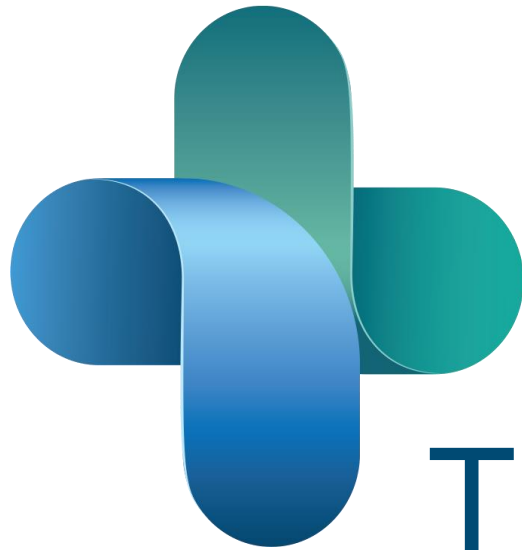
\*\* Including three verticals – Kaiser, VA and Dental

\*\*\* This represents forward looking statements as set forth in Slide 2 above

# Operating Loss – Non IFRS\*



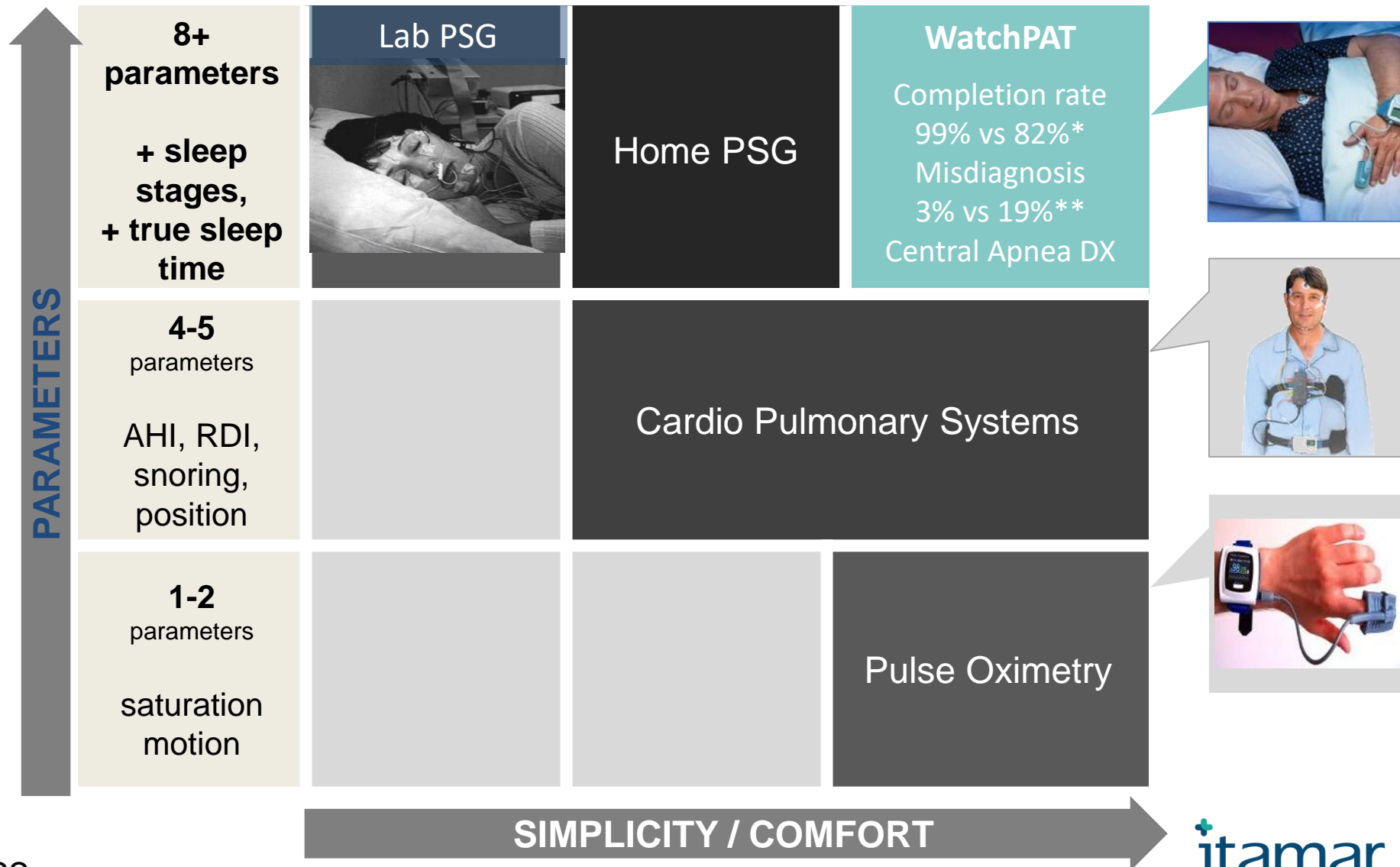
\* For IFRS operating loss and reconciliation between IFRS and Non-IFRS operating loss, see Slides 24 & 25, respectively



Thank You!

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# Simplicity of Pulse Oximetry the Accuracy of PSG

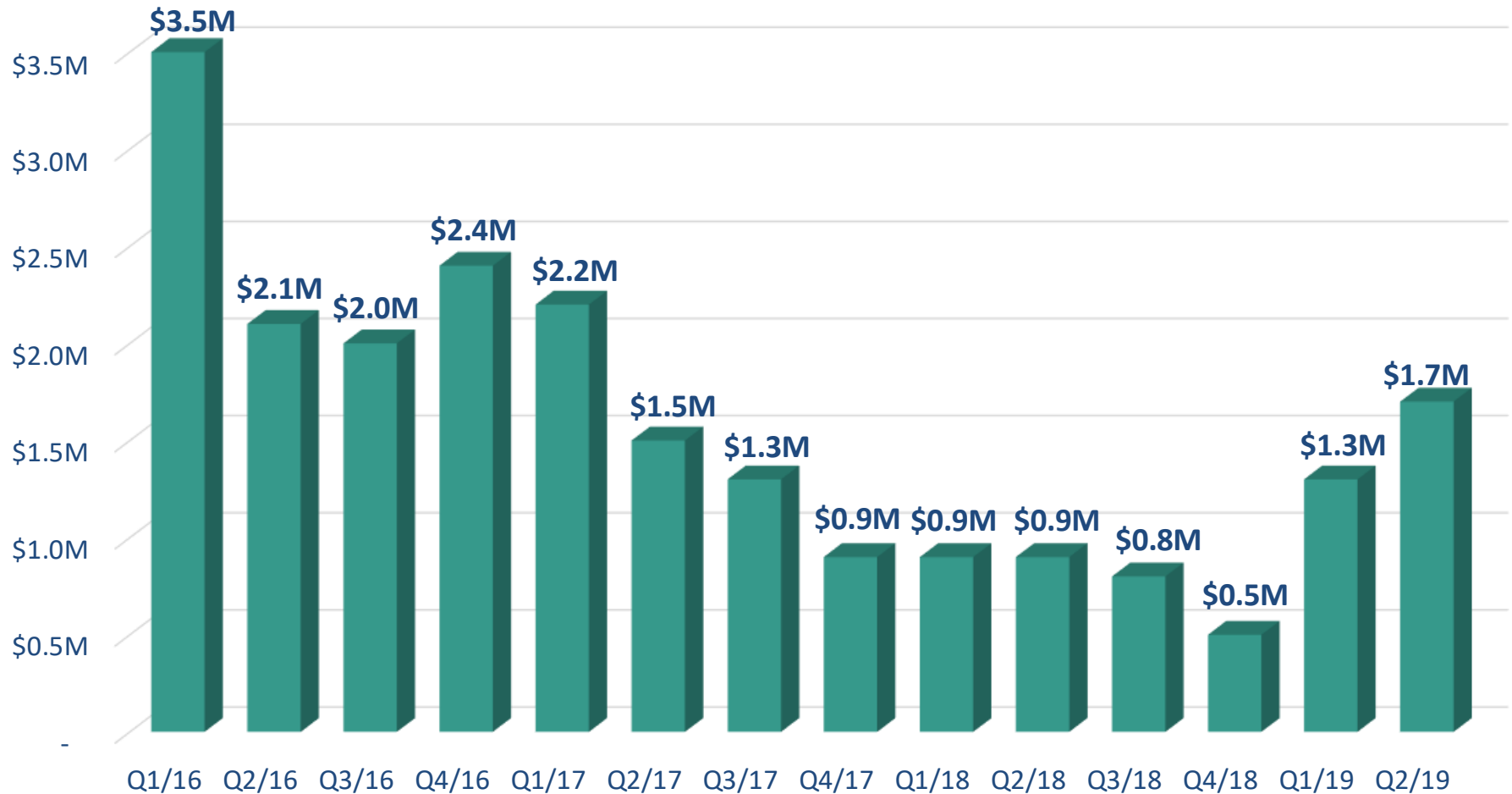


# CMS 2019 Fee Schedule - Fact Sheet

- On Nov 1<sup>st</sup> 2018, CMS (Centers for Medicare & Medicaid Services) announced “2019 Fee Schedule for Home Sleep Apnea Testing Devices”
- PAT-based** HSAT devices with sleep time (WatchPAT is the only HSAT using PAT technology and true sleep time) has Global reimbursement rate **23% higher** than devices with no sleep time

CPT® / HCPCS CODE <sup>1</sup>	MODIFIER	DESCRIPTION	2019 RVUs	2019 NATIONAL AVERAGE PAYMENT <sup>2</sup>
95800	Global	Sleep study, unattended, simultaneous recording; heart rate, oxygen saturation, respiratory analysis (e.g., by airflow or peripheral arterial tone), and sleep time	4.79	\$173
95800	TC	Sleep study, unattended, simultaneous recording; heart rate, oxygen saturation, respiratory analysis (e.g., by airflow or peripheral arterial tone), and sleep time	3.59	\$129
95800	26	Sleep study, unattended, simultaneous recording; heart rate, oxygen saturation, respiratory analysis (e.g., by airflow or peripheral arterial tone), and sleep time	1.20	\$43
G0400		Home sleep test (HST) with type iv portable monitor, unattended; minimum of 3 channels	N/A	Carrier Determined

# Quarterly Operating Loss - IFRS





# Use of Non-IFRS Measures & Reconciliation of IFRS to Non-IFRS Operating Loss

In addition to disclosing financial results prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), this presentation contains Non-IFRS financial measures for operating loss, which are adjusted from results based on IFRS to exclude: (i) share-based payments; (ii) depreciation and amortization; (iii) change in provision for doubtful and bad debt; (iv) expenses relating to reduction in manpower.

Management believes that the Non-IFRS financial measures provided in this presentation are useful to investors' understanding and assessment of the Company's performance. Management uses both IFRS and Non-IFRS measures when operating and evaluating the Company's business internally and therefore decided to make these Non-IFRS adjustments available to investors. The presentation of this Non-IFRS financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. For further details, see a reconciliation of operating loss and net loss on an IFRS basis to a Non-IFRS basis that is provided in the table below:

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
IFRS operating loss	\$3.5M	\$2.1M	\$2.0M	\$2.4M	\$2.2M	\$1.5M	\$1.3M	\$0.9M	\$0.9M	\$0.9M	\$0.8M	\$0.5M	\$1.3M	\$1.7M
Share-based payment	\$0.8M	\$0.3M	\$0.4M	\$0.3M	\$0.5M	\$0.3M	\$0.4M	\$0.2M	\$0.3M	\$0.3M	\$0.3M	\$0.2M	\$0.2M	\$0.3M
Depreciation and amortization	\$0.1M	\$0.1M	\$0.1M	\$0.2M	\$0.1M	\$0.1M	\$0.1M	\$0.2M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.2M
Change in provision for doubtful and bad debt	\$0.4M	-	-	\$0.4M	-	-	\$0.1M	-	-	\$0.1M	\$0.1M	-	-	\$0.2M
Expenses relating to change in manpower	-	-	-	-	\$0.2M	\$0.1M	-	-	-	-	-	-	-	\$0.1M
Non - IFRS operating loss	\$2.2M	\$1.7M	\$1.5M	\$1.5M	\$1.4M	\$1.0M	\$0.7M	\$0.5M	\$0.5M	\$0.4M	\$0.3M	\$0.2M	\$1.0M	\$0.9M