BIOPHYSICAL RESPIRATORY DRUGS AND DELIVERY DEVICES

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Prof Francis Green, CSO & co-founder
Gareth Lewis, CFO
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Pre-clinical development
Inhaled cyclodextrin aerosol
Solubilizes & removes cholesterol
Repairs natural lung surfactant

Treats Acute Respiratory Distress (ARDS)
SolAeroMed  Sleep Apnea Device

Sleep Apnea Drug/Delivery Device

By-passes CPAP

Inhalation of low level CO$_2$ treats apneas

Pre-clinical development
New class of Asthma Rescue Drug

New class of Delivery Device

Phase II clinical trials
Asthma: A major lung disease

- Global asthma therapeutic market\(^1\)
  - 2013 - $15.9 billion
  - growing at 3.8% per year

- 54 million people asthmatics in our key markets\(^2\)
  - 300 million worldwide\(^1\)

- 4 million severe asthmatics in our key markets
  - Prevalence of 5-10%\(^3,4\)

- 3.7 million asthma hospital ER visits each year in our key markets\(^5,6,7\)
  - ~7% of asthmatics
Albuterol: Current Standard of Care

When existing treatment doesn’t work in our key markets.

- 3.7M Emergency Department visits / year
- Patients are treated with higher doses of same drugs they use at home (e.g. Albuterol)
  - No alternative exists or in development pipeline
- 740,000/year admitted to hospital (10-30%)
  - Average 3.6 days of enhanced hospital care
  - intubation and mechanical ventilation
- $5.3 billion/year Hospital costs
- > 20,000 asthma deaths/year
Treatment Gap: S-1226

- NEW treatment for asthma with a DIFFERENT mechanism of action than Albuterol and similar B-agonists.

- SolAeroMed S-1226

- New mechanism of action

- Fast & Sustained bronchodilation
SolAeroMed Asthma R&D

- 1995 asthma research with Canadian founders
  - Understand cause & prevention of asthma deaths
  - R&D around new biophysical drug technology

Mucous plugs

Drug aerosol can’t get to where it’s needed
S1226: Perflubron & CO₂-enriched air

- Drugs well described & safe – each have regulatory approval
- Off the shelf formulation & delivery device

Unique Biophysical mechanism of action neither adrenergic or cholinergic.

- Dialation via epithelial receptors and vagal C-fibres and sustained by the biophysical action of perflubron and its interaction with natural lung surfactants
- Will work when other drugs do not.

Fast & sustained bronchodilation
S-1226™ – Fast Acting

View at www.SolAeroMed.com/S-1226
Fast & Long Lasting Bronchodilation

<table>
<thead>
<tr>
<th>Time After Treatment Cessation</th>
<th>% Opening of Airways</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediately</td>
<td>30%</td>
</tr>
<tr>
<td>10 minutes</td>
<td>40%</td>
</tr>
<tr>
<td>20 minutes</td>
<td>50%</td>
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</tbody>
</table>

- No treatment
- Albuterol
- S-1226™ (12%)
S-1226™ – Drug Patent

- S-1226 drug patents issued in major markets
  - Australia
  - Canada
  - Europe
  - USA

- Patent claims:
  - Composition of matter and method to treat
  - Both mono and combination therapies

- Drug Patent protection to 2026 (2028 USA)
- IP enhanced with Delivery Device Patent
Early formulation and delivery device

- Circulaire II
- CO$_2$ enriched air
- Perflubron PFB3
- S-1226$^{TM}$
S-1226™ – Portable Delivery Device

- Patent claim drug GAS and drug VAPOUR in a portable delivery device to treat respiratory disease
- Protects S1226 as well as all other gas/vapour respiratory drug devices!
- Patent protection to 2036
S-1226™ – Portable Delivery Device

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S-1226™ – Portable Delivery Device

$1M Device development program
SAIT Engineering oversight
# S-1226 Development

## Nonclinical Research
- Drug Screening ✓
- Compare vs Salbutamol ✓
- Find Optimal Dose ✓

## Manufacturing
- Build Prototype ✓
- Secure Suppliers ✓
- Minimize COGS ✓
- File patents ✓

## Clinical Development
- Phase I ✓
- Phase IIa – Proof of Concept Q3 2015
- Phase IIa – Dose response in late phase (N=36) $1M
- Phase IIb $5.0M
- Phase III $10M

## S-1226 Portable Device Clinical Development
- Device Development and Clinical Trials $20M
Exit Strategy

- License or Acquisition

- At anytime

- Acquisitions in this space
  - Median $300M
  - Range $50-$500M
S-1226™ – Target Markets

- **S-1226 treatment in Emergency Rooms**
  "Preceding albuterol for acute asthma exacerbation"
  - Estimated peak sales of $119M
  - Lifetime sales ~$755M - $2.7B
  - Less than 10% COGS

- **S-1226 portable rescue device**
  - Novel IP on unique drug & drug delivery device
  - Estimated peak sales of $200 million
  - Lifetime sales ~$2B

- **Combination drug therapies**
  - Combine S-1226 to make other inhaled drugs more effective
  - $2B - $4B Sales ¹, ³, ¹⁰, ¹⁶, ²⁹
S-1226 summary

- Novel therapeutic asthma drug
- Minimal safety concerns
- Unique mechanism of action
- Complements existing therapies
- Strong IP on both drug (2026) & device (2036)
- Advanced drug development stage (Phase IIa)
- Defined Drug & Device Development Path
- Compelling Markets
- Exit by Acquisition or License
SolAeroMed Management Team

President and CEO - John Dennis, PhD
A respiratory drug delivery specialist and consultant to big pharma

Chief Scientific Officer & Co-Founder - Francis Green, MD
A respiratory pathologist with expertise in the human and animal models of asthma and inhalation toxicology

Chief Financial Officer - Gareth Lewis, MBT, MBA, CMA
A financial management professional with expertise in strategic planning, financial performance, and risk management.

Clinical Lead: Richard Leigh, MD, PhD
A clinical respiriologist-scientist and the GSK-CIHR Professor of Inflammatory Lung Disease
In addition to John Dennis and Francis Green

Andy Clark, PhD
Formerly Site Head and CTO of Novartis. Previously, at Nektar therapeutics he helped raise more than $500MM and was a key player in the sale of Nektar’s Pulmonary business for $115MM.

Ian McAffer
Co-founder that bought Steripak Ltd., a sterile product contract manufacturer. Five years later, sold to Ivax for GB£ 22 million. In 2000, formed Breath Ltd which was sold as part of Arrow Group in 2009 for US$ 2.05 billion.

Gwyn Humphries, PhD
Co-founder and CEO of a spin-out company from Bradford University (Bradford Particle Design Ltd). The company was acquired by Inhale Therapeutic Systems for $200M.

Michael Flack

Phyllis C. Kane
has a proven track record in policy development, visioning, fundraising, networking and team leadership.
SolAeroMed Financial Overview

- Cash Investment $1.4M ($200k founders)
- Total grant funding $2.5M

- SolAeroMed maintains low burn rate:
  - Management, Board & Consultants work for equity
  - Grant subsidized employees, contractors, offices & labs

- Burn rate will progressively increase

- $10M Current Valuation
- 2 million outstanding shares
References


2. Key markets include: US, Canada, Australia, Austria, Belgium, Denmark, France, Germany, Greece, Italy, Luxembourg, Netherlands, Spain, Sweden, Switzerland, UK.


7. The 6.8% of hospital visits is based on 1.8 million hospital visits in the US as a proportion of the total asthma population in the US.

8. Based on the calculation of 6.8% of asthmatics visiting an ER each year in the US expanded for SolAeroMed’s key markets.

17. SAMi manufacturing cost estimates, supported by verbal quotes from suppliers
References


29. The Pharmaceutical Industry in Figures, Key Data 2013, European Federation of Pharmaceutical Industries and Associations.