

A photograph of a surgeon in a blue operating room, wearing a white surgical mask and glasses, looking down. The background is a blurred blue surgical drape.

# Reshaping Treatment Paradigms

[www.lcmd.com](http://www.lcmd.com)

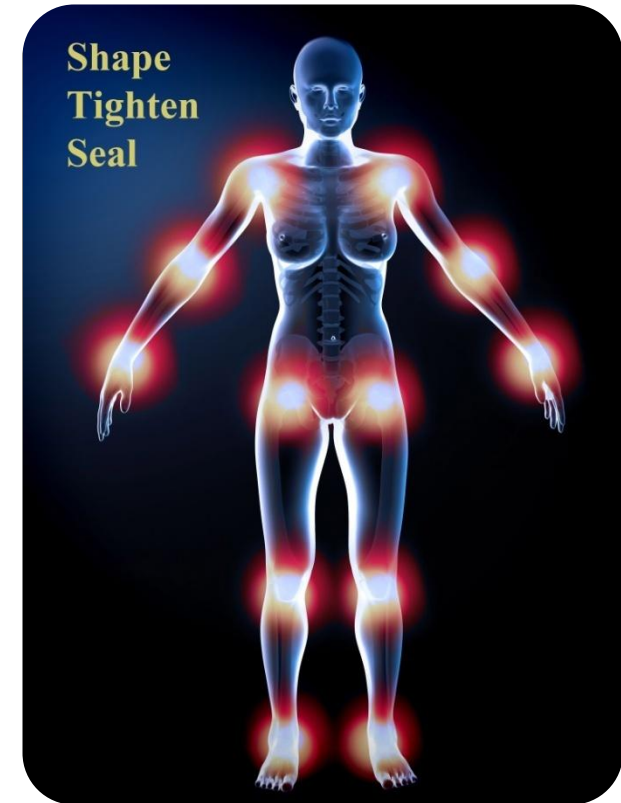
## Corporate Presentation

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# Changing Medicine with Advanced Magnetics and Materials

## What are Life Care Medical Devices?

- A solution for a ten billion dollar market problem of surgical wound closure *on the horizon*
- A minimally-invasive cure for fifty million incontinent individuals in the US alone, *tomorrow*
- A device that will simplify surgical access in tens of millions of laparoscopic surgeries, *today*
- A new category of aesthetic device that will disrupt a billion dollar industry, *now and into the future*



# Forward Looking Statements

*This presentation contains forward-looking statements regarding our prospective performance. Forward-looking statements are based on assumptions and describe future plans, strategies, and expectations of our company. Accordingly, actual results may differ materially from anticipated results. Some of the factors that could cause our actual results to differ from our expectations include, without limitation: our ability to receive FDA and foreign regulatory approvals for our product candidates, including the LapCap2<sup>®</sup> Laparoscopic Access Device & Life Care LCMI; risks associated with scientific research, including conducting clinical and product-related trials; the unpredictability of the size of the markets for, and market acceptance of, any of our products, including the LapCap2<sup>®</sup> Laparoscopic Access Device & Life Care LCMI; our ability to produce and sell any approved products and the price we are able realize for those products; our ability to enter into and maintain collaborations with, and our dependence on, third parties for the development and commercialization of our products, including the LapCap2<sup>®</sup> Laparoscopic Access Device & Life Care LCMI; our ability to complete future proposed acquisitions and integrate acquired products into our operations; our ability to manage our limited cash resources; our need to obtain additional funding and our ability to obtain future funding on acceptable terms; our ability to retain and hire necessary employees and to staff our operations appropriately; our ability to protect the intellectual property we have developed or in-licensed; and our dependence on the success of the LapCap2<sup>®</sup> Laparoscopic Access Device & Life Care LCMI. Data presented herein may be the result of clinical studies that have yet to be reviewed by the FDA or other international government authority.*

## Richard Prati, CEO

More than 20 years on Wall Street, as a CEO, an investment banker, institutional equity salesman, manager, analyst, investor, turnaround specialist and Entrepreneur

- *Introducing exciting **new technology that will revolutionize** therapy for some of the toughest, high value problems in medicine*
- ***A great team of individuals** we organized to manage the process*
- ***And a financial strategy** that is focused on a very **high ROI** for investors*

# Corporate Overview

- **Disruptive technology across multiple markets**
- **Proprietary product pipeline**
- **FDA cleared indications**
- **Initial sales and clinical reports indicate rapid ramp**
- **Multi-billion dollar markets**
- **Rapid liquidity in public markets**
- **Experienced management team**
- **Leadership focused on ROI**

# The Products

## *Life Care Magnetics* **LCM-1**



- Physiologic indications
- New category for aesthetics

***510k clearance: “to generate deep heat within body tissues for the treatment of medical conditions...”***



Reshaping laparoscopic access  
**lapcap<sub>2</sub>**

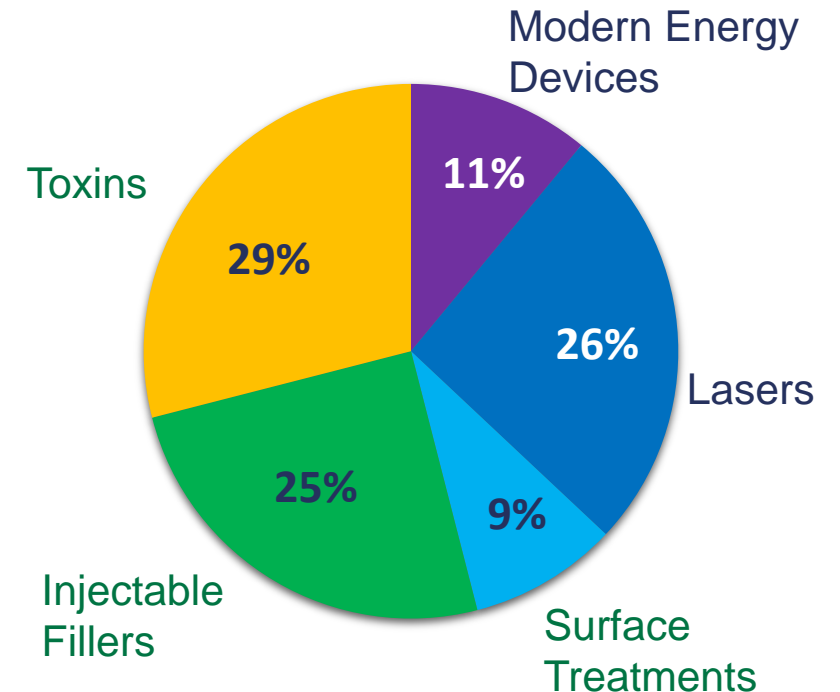
- Facilitates laparoscopic access
- Can be utilized in virtually every laparoscopic procedure
- Opens the door for entry into surgical markets

# The Markets

# Well Established and Growing Markets

- United States skin rejuvenation market: >\$3.7 billion
- >12% annual growth in minimally invasive aesthetic procedures
- Projected to >350,000 practitioners as new entrants seek cash pay procedures

## Skin Rejuvenation Treatment Options



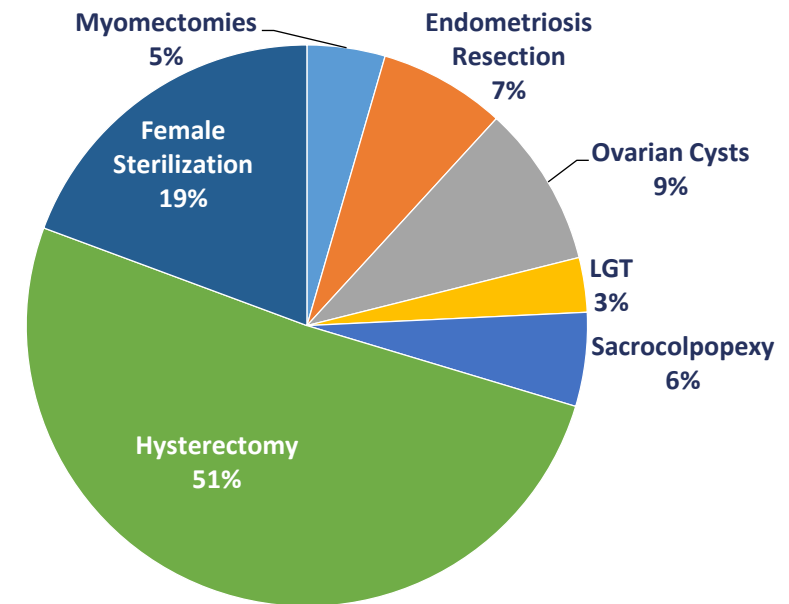


# Well Established and Growing Markets

LapCap2 will initially be targeted for gynecological laparoscopic procedures

- 1 million+ gynecological laparoscopic procedures annually in the US
- Can be used for both robotic and non-robotic procedures
- ~5 million gynecological lap procedures globally
- Global laparoscopic surgeries utilizing Veress is ~12.5 million equating to a \$500+ million market opportunity

~1M US Laparoscopic Gynecological Surgeries

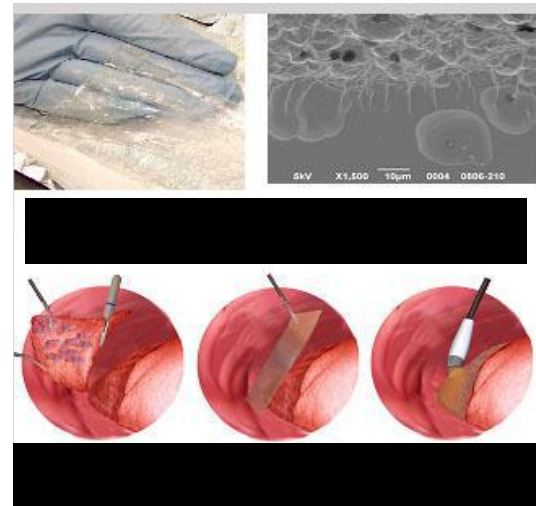


# Fueling Entry into Advanced Surgical Markets

## Follow-on products: Solutions to Gynecologic and Laparoscopic Problems

- Minimally invasive restoration of continence
- \$3 Billion Surgical Incontinence Market
- Urinary incontinence affects 44% of people in >65yrs
- Bowel incontinence affects 6% of adult population, up to 50% of patients in nursing facilities

- \$5 Billion Market for tissue sealants
- Futuristic elastic polymer adhesives
- Wound closure under pressure while blood flows



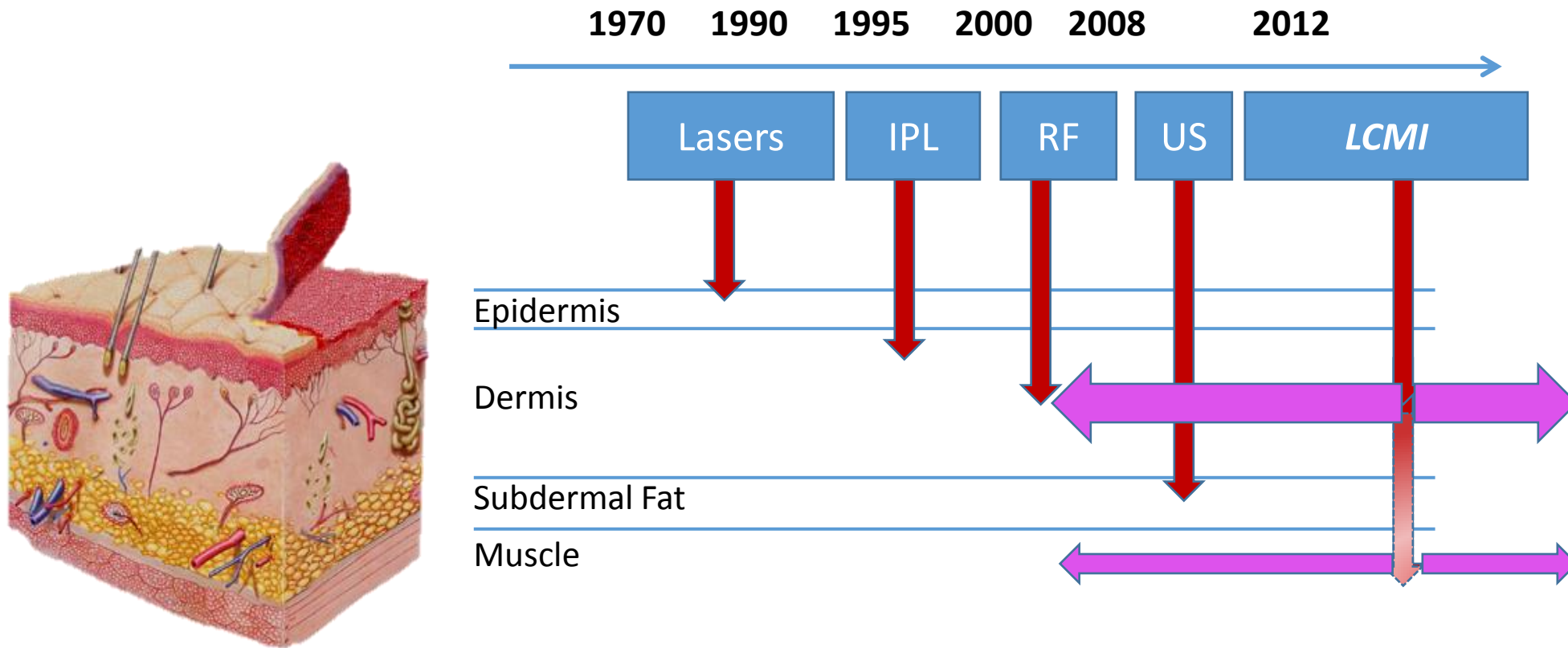
LCMI adhesive is a futuristic polymer (left) that latches tightly onto tissues with its anchoring tendrils (right, magnified 1500x by scanning electron microscopy).

BioFusionary tissue adhesive and sealant is applied to the bare lung tissue (center) following excision (left), forming a leak proof, elastic seal (right).

# Modern Magnetics and Medicine

# Modern Magnetics and Medicine

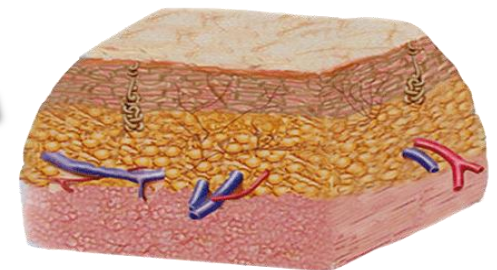
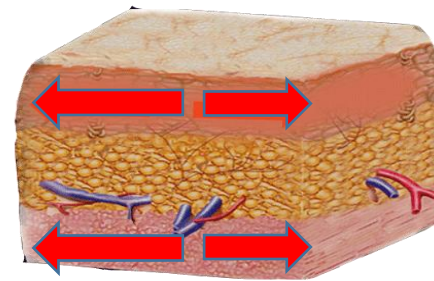
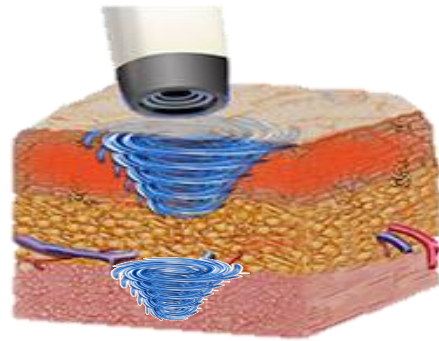
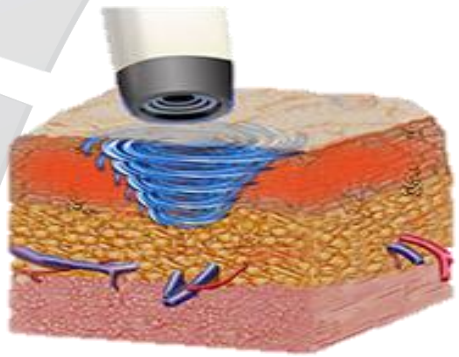
A novel approach: energy *induced* in discreet planes beneath the tissue surface\*



\*All other platforms drive energy directly into tissues – perpendicular to the surface

# Life Care Magnetics Innovation

Magnetics induces currents *in moist, conductive tissues*; an *Electron Vortex* forms in the dermal and muscle layers

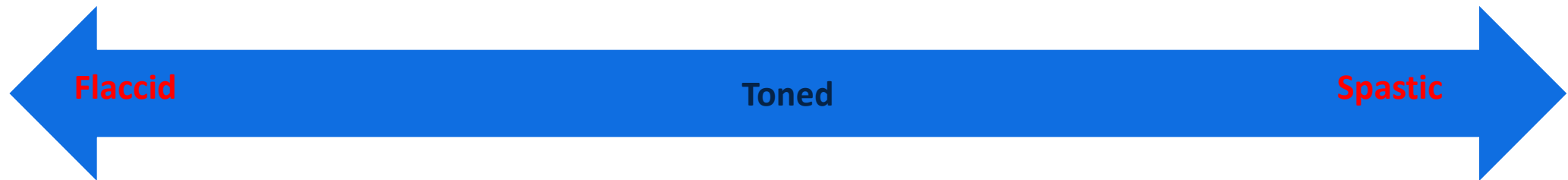
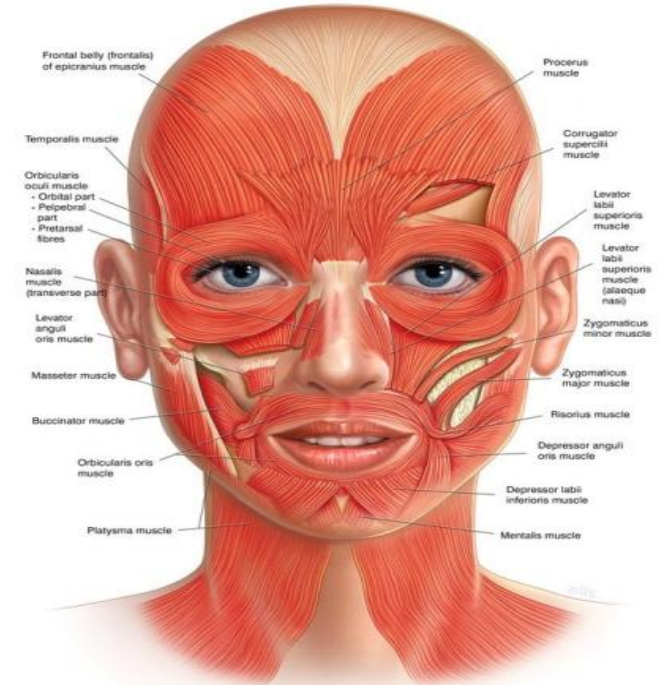


Energy is transduced parallel to the surface

Uniform, planar heat is generated

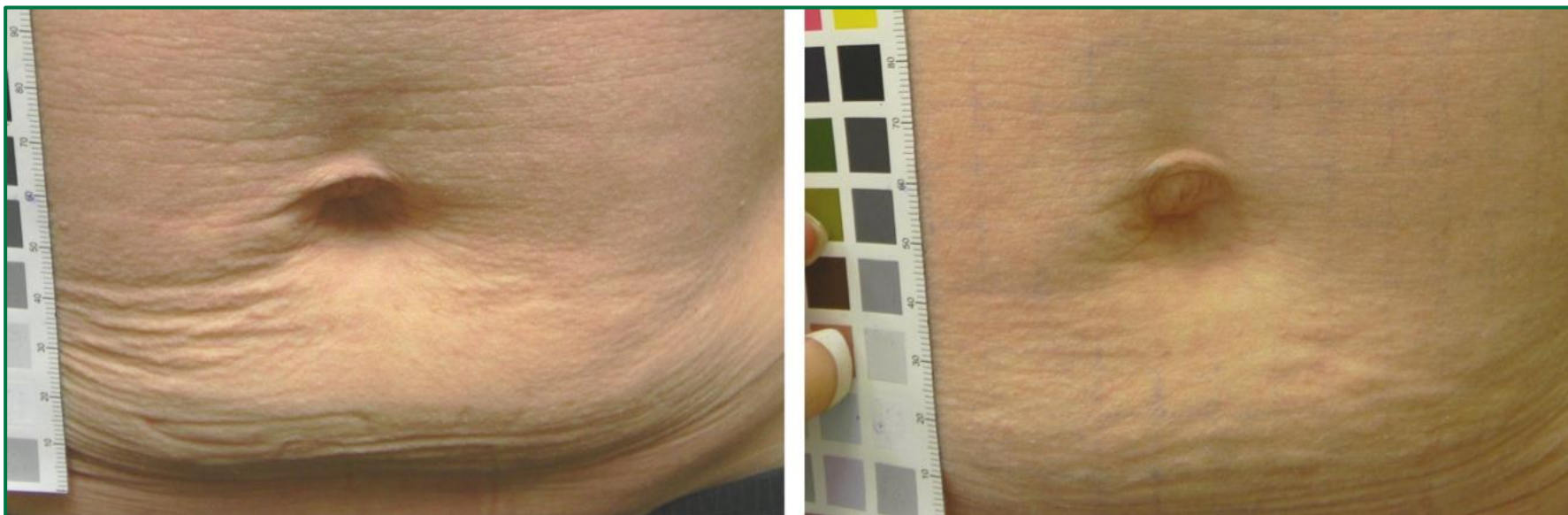
# The Continuum of Muscle Action

Clinical results suggest LCMI relaxes spastic muscle, and appears to tighten flaccid muscle suggesting a improved muscle tone as reflected by aesthetic appearance



# Clinical Results

1 week after 1<sup>st</sup> treatment  
2 passes



# Clinical Results



Baseline



1 week after 2<sup>nd</sup> tx

Three passes each tx



1 week after 3<sup>rd</sup> tx



# Clinical Results



30 days after 1st tx  
2 passes

# LCMI Solves Age-old Problems in Aesthetics

	Laser	IPL	Radiofrequency	Ultrasound	LCMI
Skin tightening	○	○	○	●	●
Muscle toning				●	●
No pain/pain reduction					●
No downtime					●
No bruising					●
No tissue damage		○			●

○ Moderate effect

● Significant effect

# Life Care Magnetics

## Medical Effects

### Aesthetic\*

- Reduction of skin folds
- Improved tone and texture
- Reduction of skin laxity
- Improved muscle tone

### Physiologic

- Pain reduction
- Restoration of mobility
- Correction of contracture
- Reduce muscle spasm



\*As shown in clinical studies. Device is FDA cleared for delivery of therapeutic heat to tissues.

# Business Model – Economically Compelling

- **Equipment sale or lease (\$119K Sales Price or \$15k lease + pay as you go)**
- **Recurring revenue:**
  - **Hand piece replacements ~\$1,800**
  - **Disposable accessories**
    - **E.g. hygienic tips, real time heat sensing, etc.**
- **Maintenance / Service Agreements**

# Physician Economics

- ◎ ~10,000 dermatologists, plastic surgeons; treat average of 200 patients/mo<sup>1</sup>
- ◎ At 3 patients per day (15 per week) = 60 per month x \$500 = \$30,000

Cost per treatment	Conservative Projected Revenue per month
\$500-\$1,000	\$25,000 - \$50,000

- ◎ Monthly lease options: \$15k up front:
  - Revenue Share (e.g. \$100 per session to LCMD, ~\$400 to Physician)
  - Only Paying if using – so assured positive free cash flow, and incentive to utilize

<sup>1</sup> Kythera

# Aesthetic Practice: Patients and Physicians

## For Patients

- Improved skin tone and texture
- Immediate and long term results
- No pain – pain reduction
- No downtime
- No bruising, no tissue damage
- Slight erythema resolves < 1hr
- New Device Modality with vastly superior cost/efficacy



## For Physicians / Medical Spas

- Substantial incremental cashflow
- No limitations - skin type or pigmentation
- Short procedure options
- Multiple anatomical locations possible
- Simple operation, minimal training necessary
- Outstanding safety profile

# Medical Device Value Indicators – Recent Exits

Year	Company	Acquirer	Amount
2014			\$250 M
2014			\$600 M
2013			\$294 M
2013			\$240 M
2012			\$91 M

# Minimally Invasive Surgery



# LapCap2<sup>®</sup> - *Reshaping Laparoscopic Access*

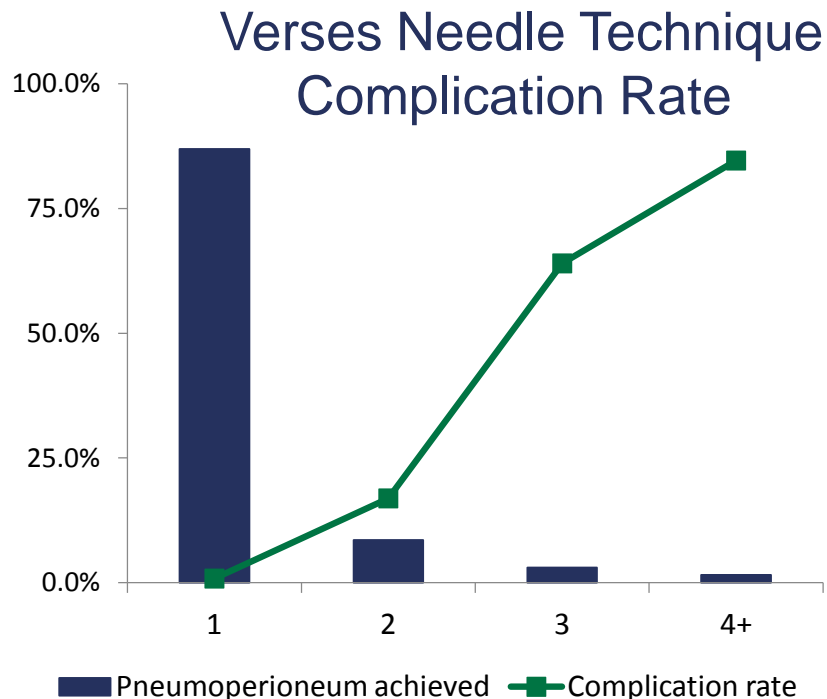
- Utilizes a negative pressure to raise the abdominal wall
- Can be utilized in virtually every laparoscopic procedure
- Multiple advantages over traditional closed entry techniques

Reshaping laparoscopic access  
**lapcap<sup>®</sup><sub>2</sub>**



# Laparoscopic Entry Associated Complications

- Most common reason for procedural failure?
  - Adequate pneumoperitoneum → longer OR time → increased complications
- 5-10% of cases → failed entry attempts → increase procedure time = greater risks



## Complication Rate and Costs

~3,150 annual complications in the us

~\$40 Million in ICU related injuries

1. Assumes ~1M gynecologic laparoscopic surgeries per year US. (S2N Estimates)  
2) Assumes additional mean LOS 3.5 days at \$3500k/day ICU cost per day  
[http://laparoscopy.blogs.com/prevention\\_management\\_3//2011/04/laparoscopic-access.html](http://laparoscopy.blogs.com/prevention_management_3//2011/04/laparoscopic-access.html)  
<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3304260/>

A photograph of a surgeon in a blue operating room. The surgeon is wearing a white surgical mask and clear safety glasses. The background is a blurred blue, suggesting a sterile surgical environment. The text "Reshaping Treatment Paradigms" is overlaid in white on the lower right portion of the image.

## Reshaping Treatment Paradigms

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# LapCap2 Sales and Marketing Strategy





- USA pre-launch at AAGL, Las Vegas: mid-Nov 2015
- Broad US distribution plan targeted for an early spring launch.
- Planned roll-out to KOLs
- European launch at ESGE, Budapest: late 2015
- European distributors in Denmark, Finland, Netherlands & United Kingdom
- Asia-Pacific market targeted for late-2016 launch

# LapCap2 Clinical Development Plan to Support Commercialization

- White Papers documenting initial clinical usage & current literature
- Post-marketing Follow-up Registry
- Comparative Study

# Product Pipeline

# Product Roadmap

	Tissue	Application	Status
	Skin	Aesthetics	Initial Sales
	Muscle, Ligaments	Incontinence	Pre-clinical
	Soft Tissue: Lung, Liver, Kidney	Sealing post-surgery	Pre-clinical
	Cartilage	Joint & airway reconstruction, cosmetic surgery	Lab

# Incontinence

## Potential for minimally invasive restoration of continence

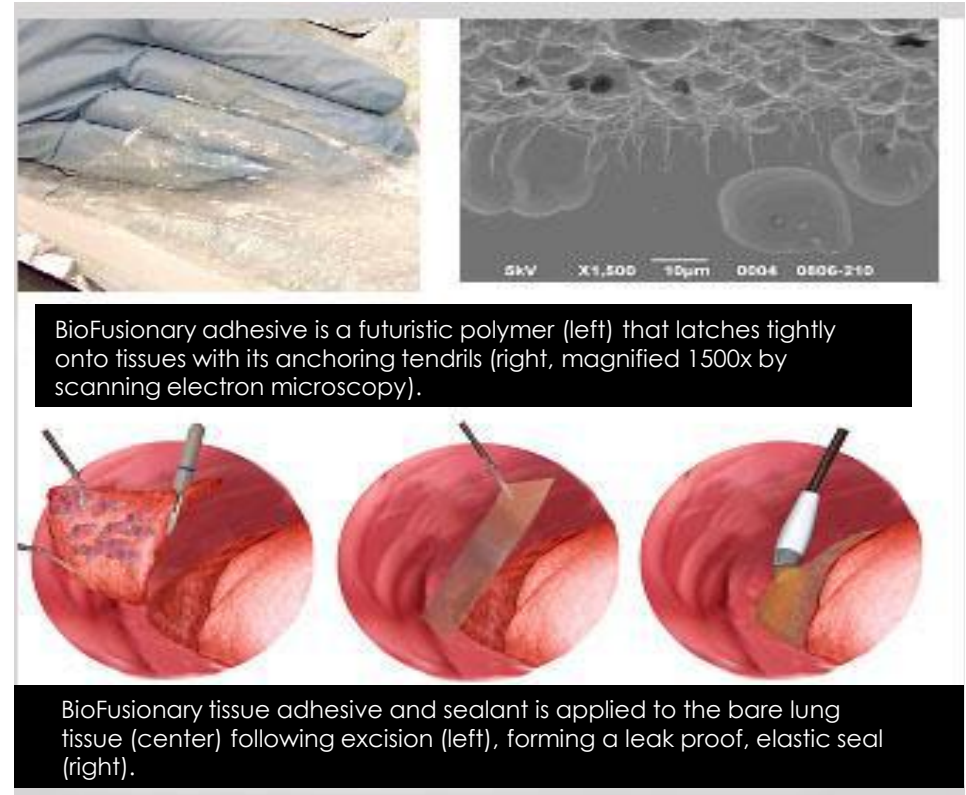
- **\$3 Billion Market**
- **Urinary - 44% of people in >65yrs**
- **Bowel - high unmet need**
  - **6% of adult population, up to 50% of patients in nursing facilities**
  - **Straightforward development, relatively short time to market**



# Surgical Sealants & Adhesives

## \$5 Billion Market

- First medical adhesive based on elastic polymers sealed with magnetic induction
- Closes surgical incisions under pressure or while blood is flowing

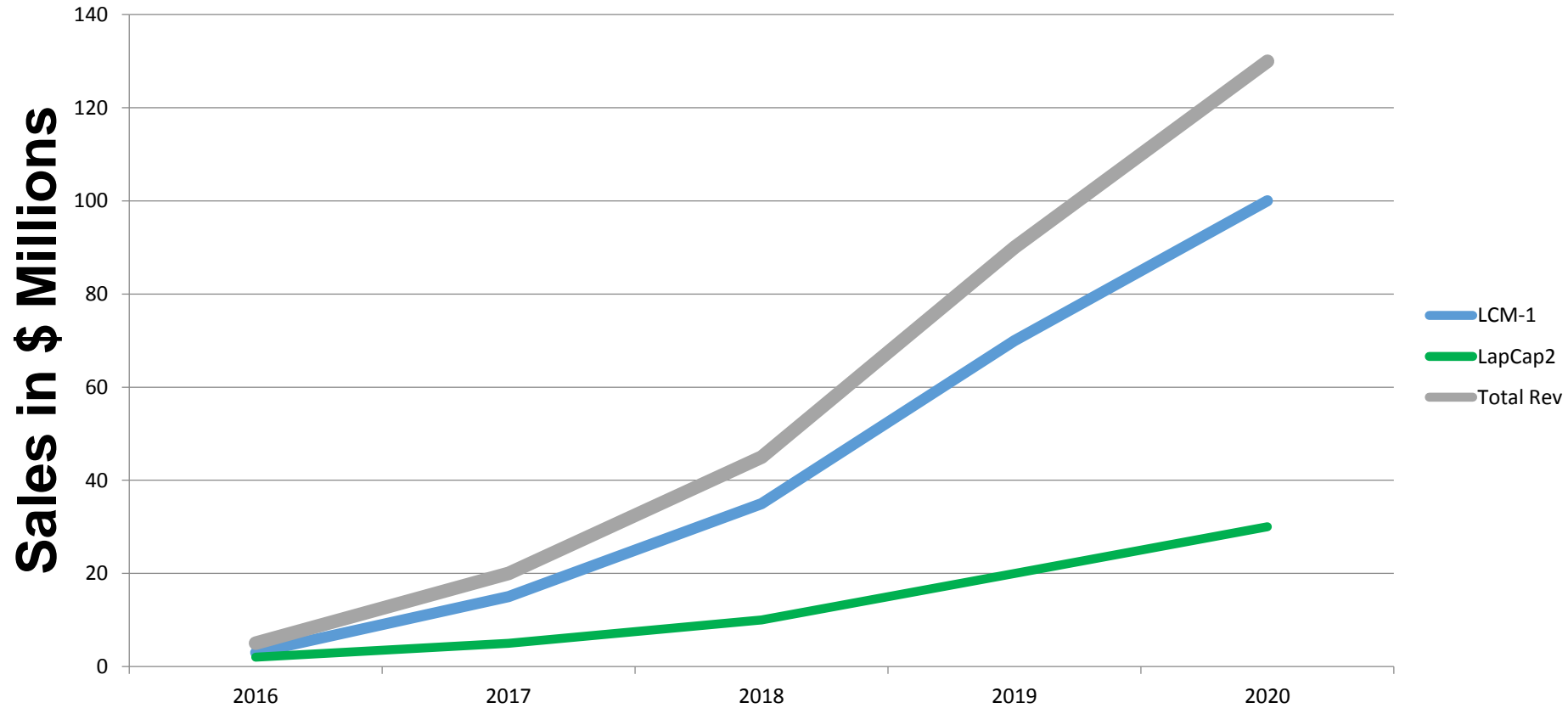


# Robust IP Portfolio & Regulatory Approvals

- Life Care LCMI
  - Issued and pending patents covering methods, devices and compositions
  - FDA 510(k) – K121123, therapeutic application of heat to tissues
  - IP portfolio favors future product development
- LapCap2
  - Access to three granted US patents to distribute LapCap2 globally
  - Filed design and innovation patents related to LapCap2
  - FDA 510(k) – K060751 for standard size access device
  - CE Marking – for all sizes
  - ISO 13485 – certified by BSi

# Potential for Meaningful Revenue Generation

## Potential Sales



# Near-term Milestones

	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16
LapCap2 - Validation Studies Complete	✓					
LapCap2 - EU product launch		✓				
LapCap2 - Targeted US product launch (standard size)			★			
LapCap2 - Targeted US product launch (Small & Large sizes)				★		
Life Care LCMI - Ramp current generation sales - Develop key opinion leader placements				▶		
Life Care LCMI – Development of second generation device				▶		
Life Care LCMI - Global launch with commercial (second generation) device					★	
Life Care LCMI - Complete clinical studies to support expanded, aesthetic FDA indications			▶			
Expansion of Scientific Advisory Board	▶					
Actively seeking synergistic products & technologies	▶					
Seeking up-list to a national stock exchange	▶					

# Fueling Robust Product Pipeline

Product	Application	Discovery	Pre-Clinical	Clinical	Market
Life Care LCMInduction	Aesthetic / Physiologic	Reinvigorating the facial rejuvenation market			
<small>Reshaping laparoscopic access</small> lapcap <sub>2</sub>	Laparoscopic access	Product launch in Qtr 2 2016			
LCMD-003	Bowel Incontinence & Vaginal Tightening	18 – 24 Months: Commercialization			
LCMD-004	Surgical Sealant and Adhesives	Multi-Year Development			
LCMD-005	Joint & airway reconstruction	Multi-Year			

# Management Team and Board of Directors



## **Richard J. Prati - President and Chief Executive Officer**

- Over 20 years of proven financial leadership and operational execution on Wall Street in numerous industries with turnaround expertise



## **Kevin Marchitto – CSO, President of Magnetics Division**

- Entrepreneur and inventor, Experience leading biomedical companies from start-up through IPO stage



## **David Patterson – EVP of Sales & Business Development**

- Over 30 years experience in successful executive positions and payer-provider relationships, supported numerous start ups



## **Jerry DeCiccio – Outsourced CFO**

- Over 25 years as finance officer at public companies, as well as Big 4 CPA, start-up, small and large-cap accounting & operating experience



## **Dr. Camran Nezhat - Chief Medical Officer**

- Internationally renowned laparoscopic surgeon, scientist, philanthropist and innovator



## **W. David Mannheim - General Counsel**

- Senior Partner at Wyrick Robbins with extensive corporate experience ranging from start-up to large cap companies with health care emphasis



## **Robin Stephens – Managing Director – MIS**

- Nearly 30 years of medical device experience with leadership from development through manufacturing and commercialization

## **Board of Directors**

### **Patrick Adams - Chairman**

- CEO of PVG Asset Management and the Managing Member of Choice Investment Management

### **Richard J. Prati - President and Chief Executive Officer**

### **Dr. Camran Nezhat - Chief Medical Officer**

### **Trevor Moss**

- Seasoned senior executive and company director with extensive international experience

### **Dr. Farr Nezhat**

- World-renowned authority in advanced laparoscopic and robotic surgery

### **Hartman King**

- Angel investor and an associate at Camp One Ventures

### **Dr. Nickolay Kukekov**

- Co-founder and a principle at Highline Research Advisors, which is an affiliate of Merriman Capital Inc.



# Corporate Overview

- Innovative company focused on R&D, production and distribution of non-invasive and minimally-invasive technologies
- Life Care Magnetic Induction Technologies:
  - Issued and pending patents
  - Multiple uses and applications
  - 510(k) FDA clearance for treatment of numerous tissue conditions
- LapCap2<sup>®</sup>: Poised to become standard of care for laparoscopic access world-wide
- Near-term revenue, futuristic product pipeline
- Highly-experienced Management Team and Board of Directors

*For more information please contact: [rprati@lcmd.com](mailto:rprati@lcmd.com) or [kmarchitto@lcmd.com](mailto:kmarchitto@lcmd.com)*



A background image of a surgeon in a blue operating room, wearing a white surgical mask and glasses, looking down. The image is overlaid with a blue gradient and geometric shapes.

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