



## **Investor Presentation**

September 2015    Nasdaq: ALQA

# Forward-Looking Statement Disclaimer

This presentation contains forward-looking statements. Forward-looking statements are generally identifiable by the use of words like "may," "will," "should," "could," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. Such statements are based on management's good faith expectations and are subject to numerous factors, risks and uncertainties that may cause actual results, the outcome of events, timing and performance to differ materially from those expressed or implied by such statements. These factors, risks and uncertainties include, but are not limited to, the adequacy of the Company's liquidity to pursue its complete business objectives; inadequate capital; the Company's ability to obtain reimbursement from third party payers for its products; loss or retirement of key executives; adverse economic conditions or intense competition; loss of a key customer or supplier; entry of new competitors and products; adverse federal, state and local government regulation; technological obsolescence of the Company's products; technical problems with the Company's research and products; the Company's ability to expand its business through strategic acquisitions; the Company's ability to integrate acquisitions and related businesses; price increases for supplies and components; and the inability to carry out research, development and commercialization plans. In addition, other factors that could cause actual results to differ materially are discussed in our filings with the SEC, including our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. Investors and security holders are urged to read these documents free of charge on the SEC's web site at [www.sec.gov](http://www.sec.gov). We undertake no obligation to publicly update or revise our forward-looking statements as a result of new information, future events or otherwise.












# Corporate Vision

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To build a suite of advanced wound care solutions that will enable surgeons, clinicians & wound care practitioners to address the entire spectrum of challenges presented by chronic and acute wounds

# Experienced Management and Board

## Management

Name	Title	Previous Employers
David Johnson	Chief Executive Officer, Director	 Chief Executive Officer  Division President
Brian Posner	Chief Financial Officer	 Chief Financial Officer
Brad Barton	Chief Operating Officer	 President of ConvaTec Americas
Nino Pionati	Chief Strategy and Marketing Officer	 VP of Marketing  President of Global Marketing & B.D.  VP of Marketing
Janice Smiell, M.D.	Chief Medical Officer	 VP of Medical Affairs  Exec. Director of Global Clinical R&D  Senior Director of Global Clinical R&D
Gregory Robb	VP of Operations	 VP of Operations

## Board of Directors

Name	Experience	Name	Experience
Dr. Jerome Zeldis (Chairman)	 Chief Medical Officer	Joseph Leone	 Chief Financial Officer
Perry Karsen	 CEO, Celgene Cellular Therapeutics Vice President and COO	Gary Restani	 President & CEO  President  Division President
Andrew Africk	 Senior Partner		 Division President
Jeffrey Sklar	 Managing Partner	Mark Wagner	 President & CEO  President & CEO  Product Manager

# Why Advanced Wound Care?

*Large & Growing Global Market*

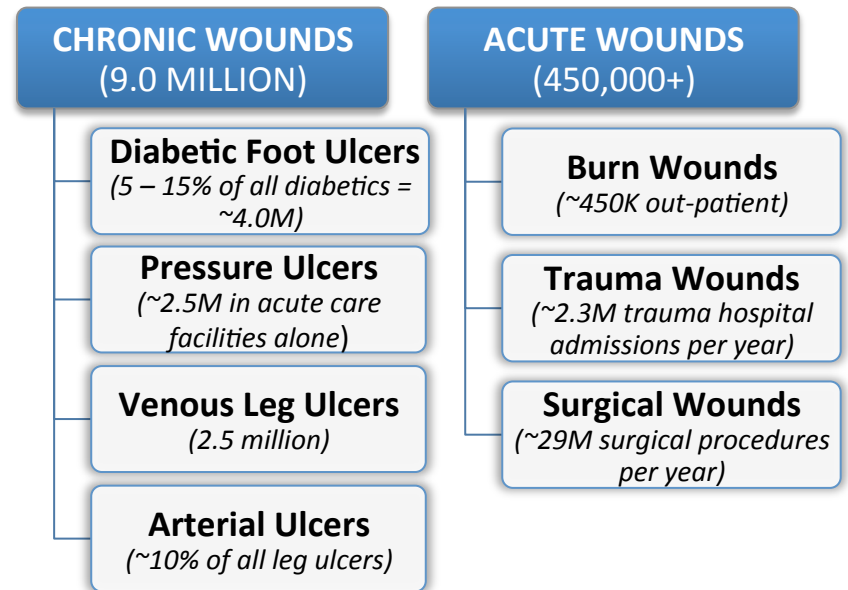
## Global Advanced Wound Care Market Estimated at \$8+ Billion\*

- U.S. represents more than one-third of the global market
- U.S. market highly fragmented among private and micro-cap companies as well as large diversified companies

## Large and growing patient population

- Growth in wound incidence expected due to demographic trends in diabetes and obesity

### U.S. Annual Wound Incidence

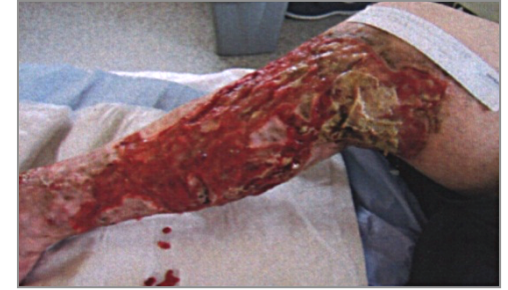


\*Source: 2012 Kalorama Information Wound Care Markets 2012 and Alliqua BioMedical management estimates

# Why Advanced Wound Care?

## *Clinical Need & Compelling Market Dynamics*

- **Clear clinical need for advanced wound care therapies**
- **Shift from conventional to sophisticated wound care products**
  - “Skin & skin substitutes” sub-segment underpenetrated
- **Better/faster wound healing = Lower overall treatment costs**
  - Reduced hospitalization times, incidence of HAIs, retreatment rates and risk of amputation
- **Multi-clinician user base**
  - Surgeons, nurses and wound care specialists
- **Multi-channel customer base**
  - Hospitals, ASCs, burn centers, wound care centers and trauma centers



*Venous leg ulcer*



*Diabetic foot ulcer*



*Pressure ulcers*

# Building the Portfolio

*Create an Integrated Portfolio of Wound Care Technologies*

## The Criteria

- Unique – differentiated
- Risk Adjusted – regulatory & reimbursement
- Clinically efficacious
- Economic value proposition
- Strong margin profile

## Targeting

- Wound bed preparation
- Exudate management
- Anti-microbial technologies
- Regenerative medicine

# Building the Portfolio (Cont.)

*Create an Integrated Portfolio of Wound Care Technologies*

## DISTRIBUTION PARTNERSHIPS



**September, 2013**

Long-term, exclusive agreement to distribute sorbion®-branded products in the Americas



sorbion Sachet® S



sorbion® Sana

## LICENSING AGREEMENTS



**November, 2013**

Licensing, marketing, development and supply agreement with "CCT," the placental tissue & stem cell R&D division of Celgene



BIOVANCE®



Connective  
Tissue Matrix

## TARGETED ACQUISITIONS



**May, 2014**

Acquired wound care portfolio, technology platform, and sales and marketing team



TheraBond® 3D



**May, 2015**

Acquired new reimbursed technology platform, and sales and reimbursement resources



MIST Therapy®



UltraMIST®



# A Strong, Comprehensive and Unique Portfolio

## WOUND BED PREPARATION & STIMULATION



## ANTIMICROBIAL PROTECTION



Moderate to High Exudate\*



Dry to Low Exudate

## EXUDATE MANAGEMENT



Moderate to High Exudate



Dry to Low  
Exudate

## HUMAN BIOLOGIC



Challenging,  
Hard-to-Heal Wounds

# Entering the Biologics Space

*Focused on the Rapidly Expanding Market for Skin Substitutes*

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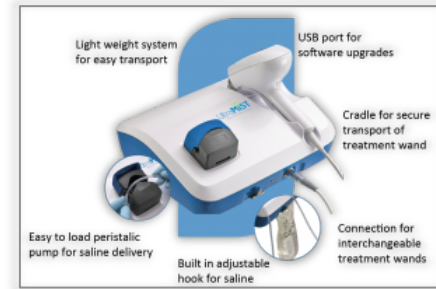
- **November 2013, entered into license, marketing and development agreement with Celgene Cellular Therapeutics (“CCT”), an affiliate of Celgene Corporation**
  - ALQA has the exclusive U.S. distribution rights for certain placental based products developed by CCT
- **Biovance was the first commercialized product; future product pipeline includes:**
  - Connective Tissue Matrix Product (CTM)
    - Targeting commercialization in mid-2016
- **Celgene is the largest shareholder of ALQA as of 6/30/15 filings**
  - Participated in each of ALQA’s last three financing rounds (~\$14m invested)
- **Skin substitutes represent a ~\$600M opportunity**
  - Growing at +20% per year
  - Will be a >\$1B market in 2018

# Celleration Acquisition: MIST Therapy® and UltraMIST®

- **Use low frequency ultrasound waves to stimulate the cells below the wound bed surface, a region that was previously inaccessible to wound care practitioners**
  - Accelerates healing and wound closure
  - Reduces wound inflammation and bacteria/bioburden
  - Increases blood flow to the afflicted area
- **FDA 510(k) cleared; CE Mark**
  - The only known noncontact, low-frequency, ultrasound devices cleared by the FDA with an indication “to promote wound healing”
- **Reimbursed by CMS**
  - Covered in 6 of 8 Medicare administrative contractors representing 46 states
  - Hospital (APC) payment rate increasing from \$83.73 to \$146.08 in 2015
    - Reimbursed on physician schedule at a rate of \$123.16 beginning in 2015
- **Strong clinical support**
  - 8 randomized controlled trials, 10 other prospective, retrospective or observational studies, 25 case series and 1 meta-analysis with nearly 450 subjects
- **Commercial traction**
  - \$8.7 million of sales in fiscal year 2014
  - FY’15 guidance: \$5.3 million to \$5.8 million (7-months post-close of acquisition)
- **Opportunity**
  - Changing the standard protocol of care...
  - Market size: >\$1B



MIST Therapy® System

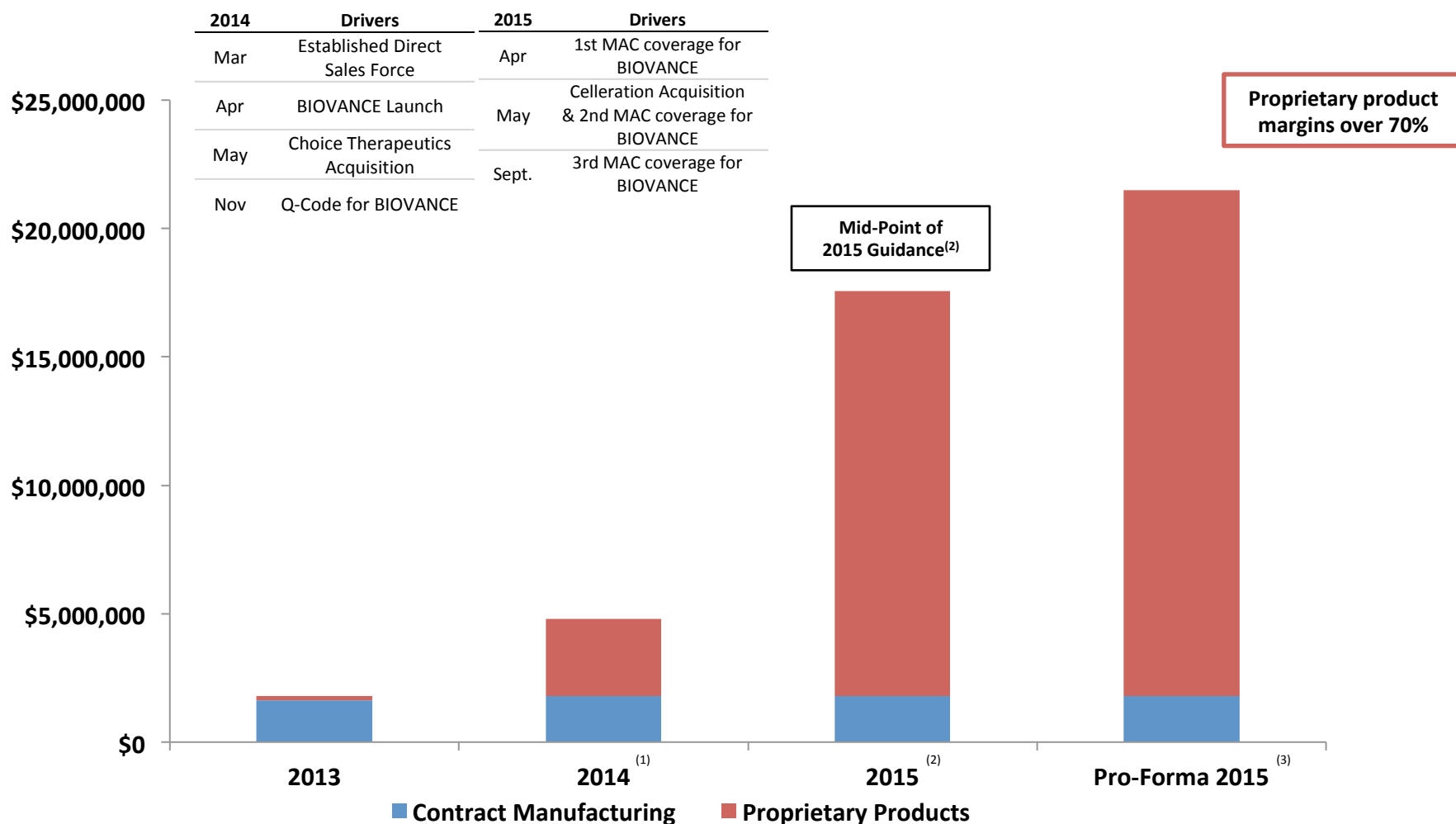


UltraMIST® System



UltraMIST® Applicator

# Revenue Growth Trends Improving



(1) FY'14 proprietary products revenue includes contributions from the Choice Therapeutics acquisition of approximately \$1.59 million

(2) FY'15 mid-point of total revenue guidance (\$17.6 million) includes approx. \$10.2 million of proprietary products revenue, \$1.8 million of contract manufacturing revenue and \$5.6 million from the Celleration acquisition, (assumes 7-mo. contribution post May 29 close)

(3) FY'15 revenue on a pro-forma basis, assumes 12 months of Celleration, or \$9.5 million in revenue

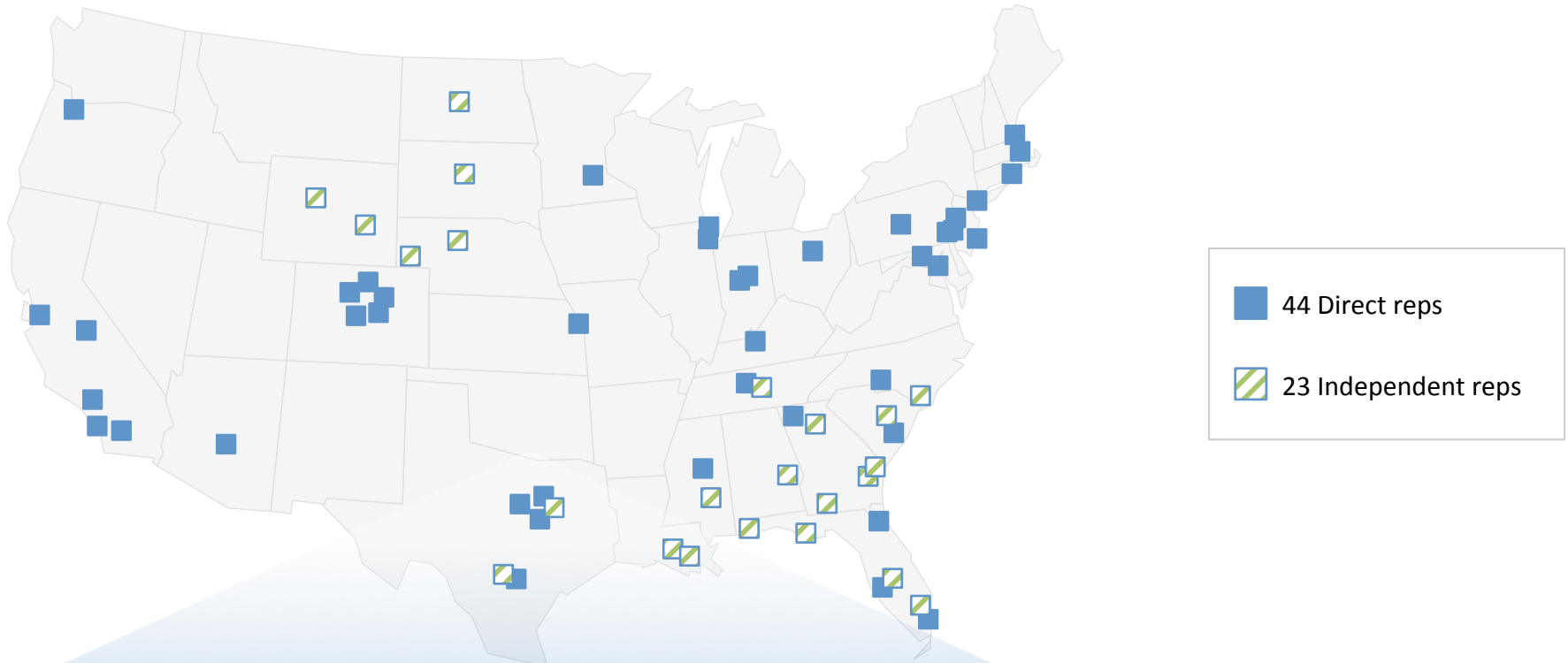
# Regulatory & Reimbursement

## *De-Risking the Business Model*

Product	FDA Clearance	Medicare Reimbursement
Hydress®	n/a	HCPCS A Code 'Hydrogel Dressing'
SilverSeal®	510(k)	HCPCS A Code 'Hydrogel Dressing'
sorbion® Products	n/a	HCPCS A Code 'Alginate Dressing'
TheraBond® 3D	510(k)	HCPCS A Code 'Contact Layer'
BIOVANCE®	PHS 361 product*	<ul style="list-style-type: none"> <li>Received HCPCS Q Code (Q4154) in November, 2014</li> <li>HCPCS Q Code went into effect on Jan. 1, 2015</li> <li>Obtained coverage in 3 MACs in 2015</li> </ul>
MIST Therapy® System	510(k)	<ul style="list-style-type: none"> <li>AMA approved a CPT I code, 97610, effective Jan'14</li> <li><i>Low-frequency, noncontact, nonthermal ultrasound, including topical application(s)</i></li> <li>Coverage by 6/8 MACs (46 states)</li> </ul>

\*Commercially available under Section 361 of the Public Health Service Act, which allows "minimally manipulated" human cells, tissues, and cellular and tissue-based products (HCT/Ps) to be marketed in the United States (U.S.) without pre-market FDA approval (also called a '361 product')

# Commercial Infrastructure



■ 44 Direct reps

▤ 23 Independent reps

## 29 DISTRIBUTION PARTNERS

**MCKESSON**  
Empowering Healthcare

  
**CardinalHealth**

  
**MEDLINE**

  
**Owens & Minor**

 **Byram Healthcare**  
a Mediq Direct company

  
**edgepark**  
Medical Supplies

## Product Supply Group Purchasing Agreements (GPO Contracts)

  
**MedAssets**

Awarded  
August 2014

 **PREMIER**

Awarded  
December 2014

# Financial Summary

	Q2'15 (6/30/15)	1H'15 (6/30/15)
<b>Products Revenue:</b>	\$2,653,700 (+383% y/y <sup>(1)</sup> )	\$4,131,100 (+525% y/y <sup>(1)</sup> )
<b>Contract Manufacturing Revenue:</b>	\$482,700 (-1% y/y)	\$1,118,900 (+16% y/y)
<b>Total Revenue:</b>	\$3,136,400 (+202% y/y <sup>(1)</sup> )	\$5,250,000 (+222% y/y <sup>(1)</sup> )
<b>Gross Margin:</b>	56% (19% Q2'14)	51% (10% 1H'14)
<b>Cash:</b>	\$35,759,632	
<b>Gross Debt:</b>	\$15,500,000	
<b>Basic Shares O/S:</b>	27,668,915	
<b>Fully Diluted Shares O/S:</b>	37,115,205	
<b>Mkt Cap – (Basic shares):</b>	~145 Million <sup>(2)</sup>	
<b>Avg. Daily Volume – LTM (Shares):</b>	66,000	
<b>Revenue Guidance</b>	\$16.3M-\$18.8M <sup>(3)</sup>	

(1) Q2'15 organic product revenue was +188% y/y; organic total revenue growth was +99%. 1H'15 organic product revenue was +274% y/y; organic total revenue growth was +124%.

(2) Market Capitalization based on closing price on June 30, 2015

(3) FY'15 revenue on a pro-forma basis, which assumes 12 months of Celleration or \$9.5 million in revenue, is \$20.5M-\$22.5M

# Growth Strategy

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## **Salesforce expansion & productivity**

- Celleration integration – 19 new selling resources
- Sales / Rep increase – 2016
- Expand Salesforce – 2016
- Expand partnerships in non-core areas – 2015 / 2016

## **Expand and leverage reimbursement coverage**

- BIOVANCE® and MIST Therapy® ultrasound products

## **Expand product portfolio – 2 new products in 2016**

- New product development
- Opportunistically utilize business development





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