Profound Medical

Customizable Incision-Free Therapies
Men's and Women's Health | Oncology

PROFOUND MEDICAL

CORPORATE PRESENTATION | April 2019

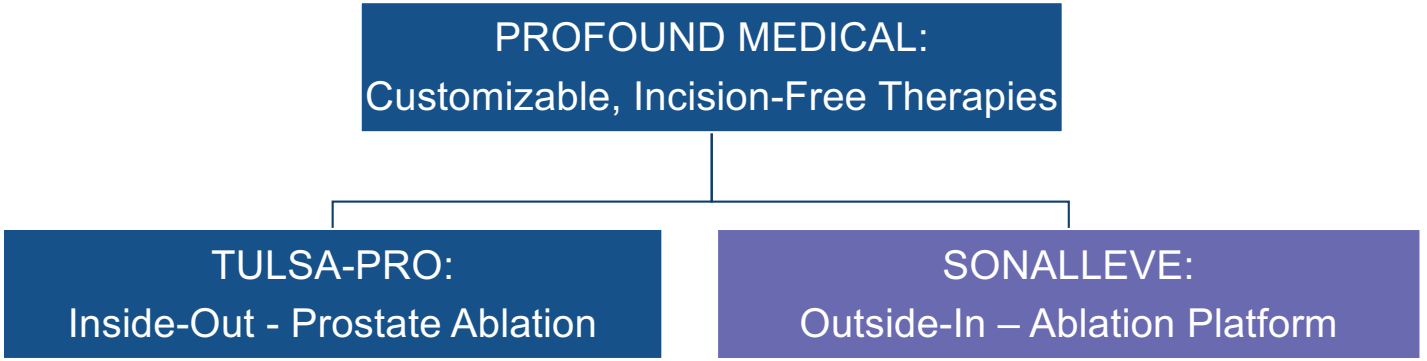
 TSX: PRN | OTCQX: PRFMF

Creating Customizable Incision-Free Therapies By Combining **Three Powerful Modalities**

Real-time MRI imaging

Thermal ultrasound

Closed-loop temperature feedback control

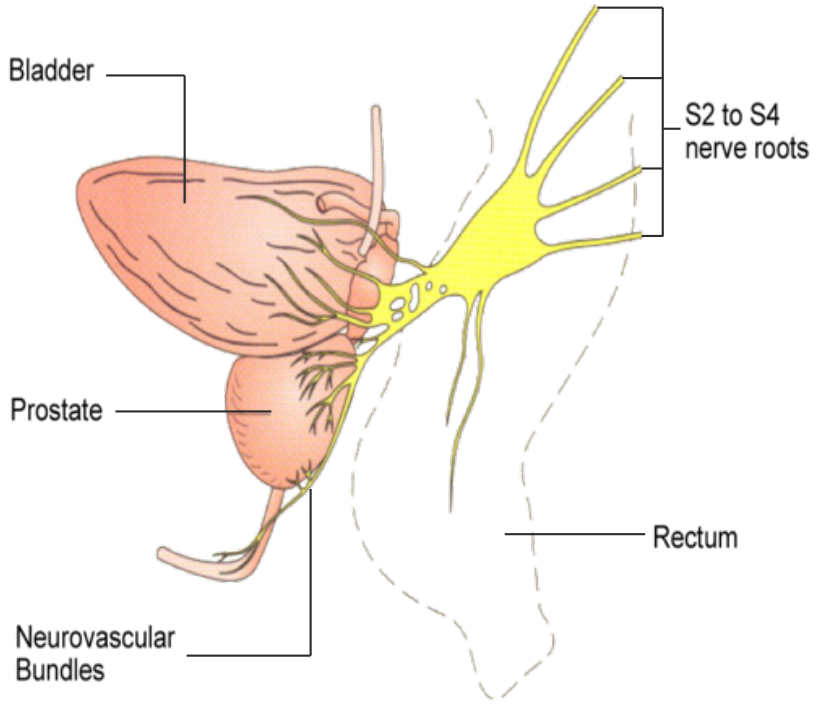

PROFOUND MEDICAL:
Customizable, Incision-Free Therapies
TULSA-PRO:
Inside-Out - Prostate Ablation
SONALLEVE:
Outside-In – Ablation Platform

TULSA-PRO®

- CE Marked
- FDA Registration Study Recruitment Completed – May 2019, AUA Publication Of One Year Result

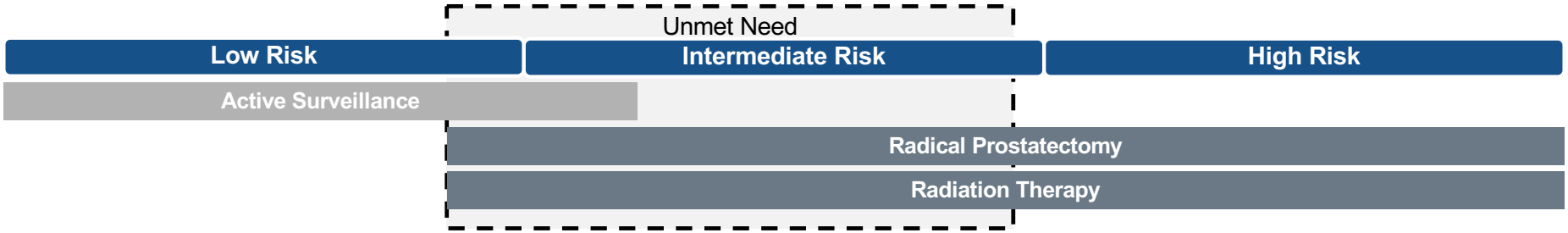
PROFOUND MEDICAL

Prostate Disease and Management



Kirby (1997) An Atlas of Prostatic Diseases, The Encyclopedia of Visual Medicine Series.

Localized Prostate Cancer – **Unmet Need in Standard of Care**



ACTIVE SURVEILLANCE	RADICAL PROSTATECTOMY	RADIATION THERAPY
Selected Delayed Treatment	Invasive Surgery	Ionizing Radiation (multiple fractions, 8 weeks)
• Serial monitoring: Biopsy, PSA, DRE, MRI • Psychological distress • Biopsies painful with 3% risk of sepsis	• Urinary incontinence (severe): 16% (4-31%)[5] • Urinary stricture (req. Tx): 9% (3-26%) • Erectile dysfunction: 79% (25-100%)	• Bowel dysfunction: 25% (0-40%) • Urinary incontinence (severe): 4% (2-15%) • Erectile dysfunction: 63% (7-85%)
• >50% patients undergo prostatectomy or radiation within 5 years[3]	• Success depends on surgeon skill • Inpatient & Weeks recovery time	• Risk of secondary cancers • Delayed response and assessment of treatment success (2 years) • 30% patients fail treatment[1]
10 yr. cost: $29,000[2]	Surgery cost: $15,692[4]	Treatment cost: $27,564[4]

Opportunity for patients with organ confined disease for less invasive, function preserving targeted therapies that do not preclude additional intervention if needed in the future

PROFOUND MEDICAL

MR-Guided TULSA – Closed Loop Temperature Control

1. Transurethral directional ultrasound ablation

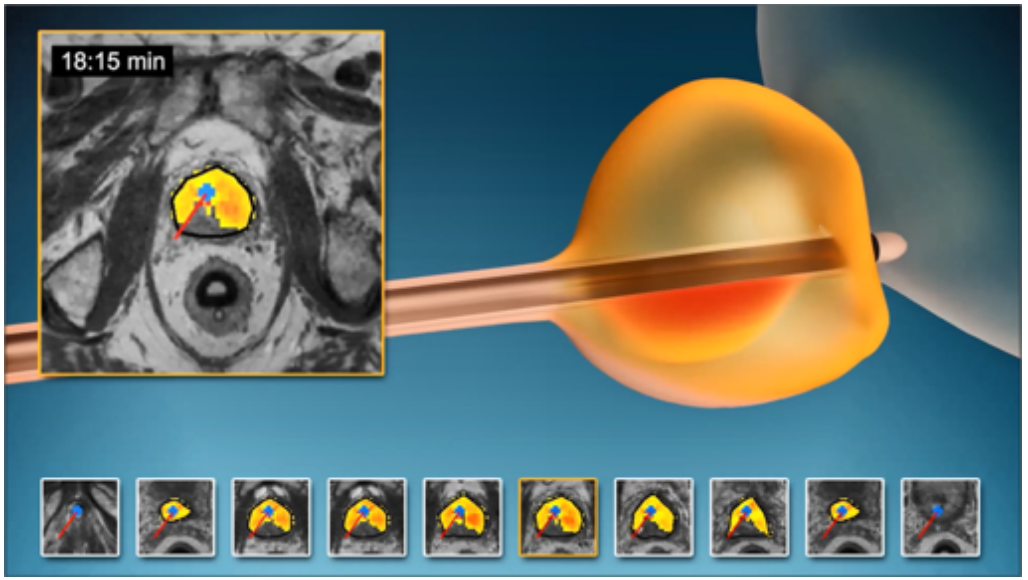
- Sweeping ultrasound, continuous rotation (no risk of cold spots between discrete sonications)
- Capable of treating large and small prostate volumes

2. Real-time MRI & Closed-loop thermal ablation

- Real-time temperature feedback provides millimeter accuracy

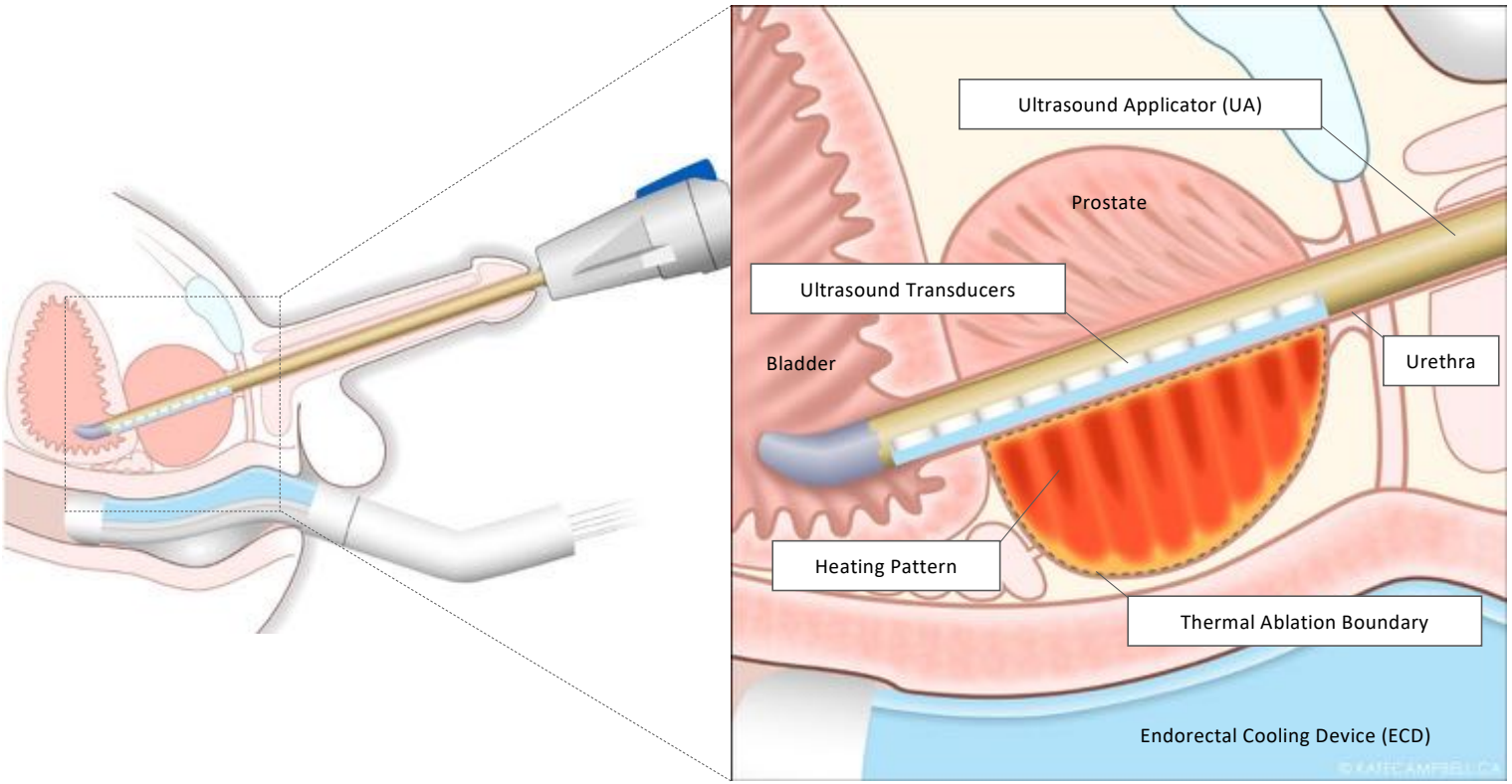
3. Urethra and rectum cooled

- Thermal protection of important anatomy



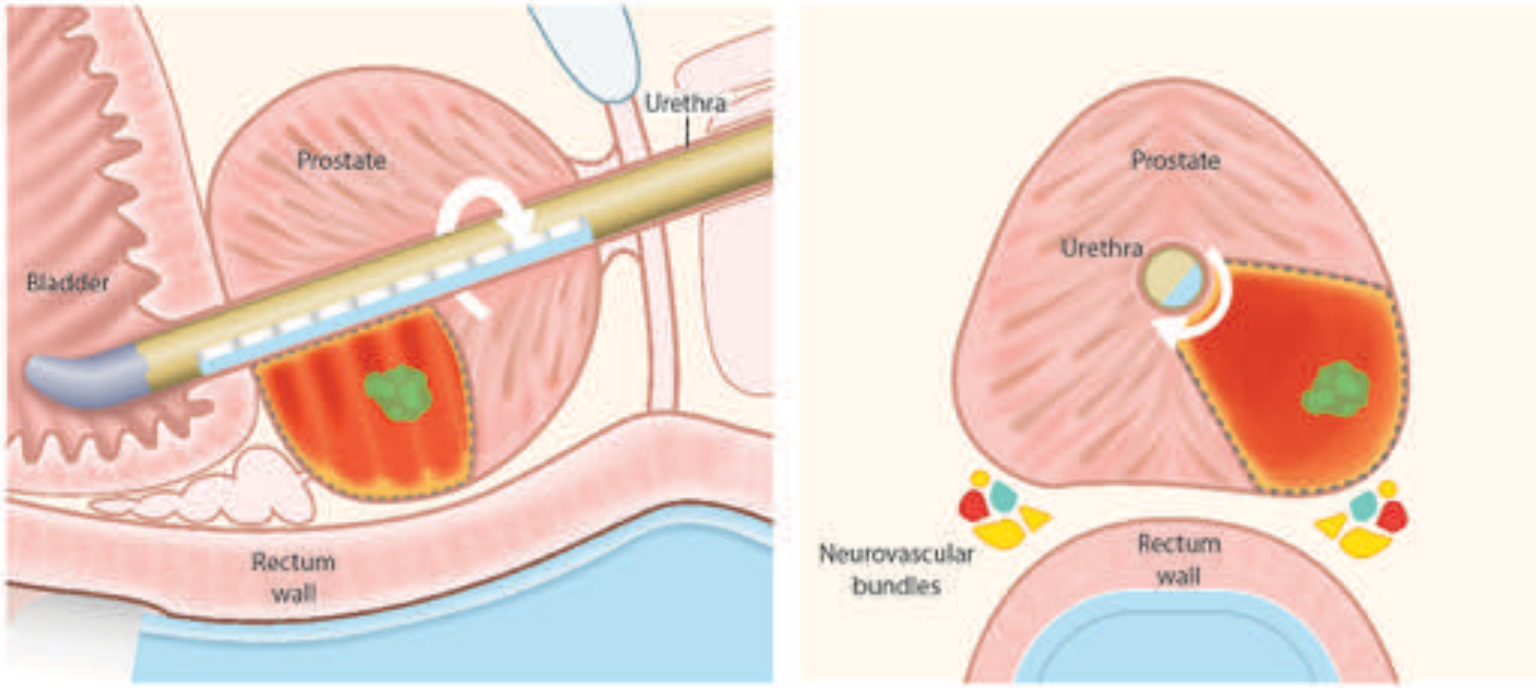
TULSA-PRO – Prostate Ablation From The Inside Out

Whole Gland Ablation



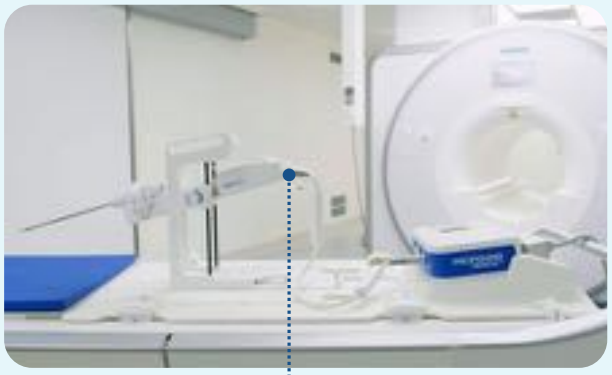
TULSA-PRO – Targeted Ablation

Partial Gland Ablation



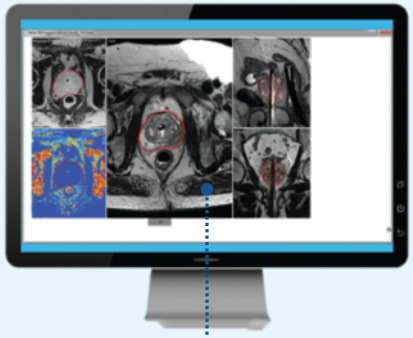
TULSA-PRO
Equipment

Compatible with MR from leading companies – Philips and Siemens

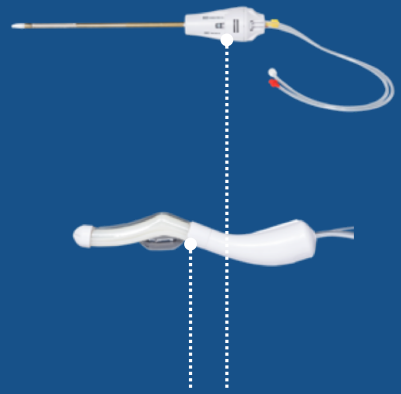


Robotic Arm,
Computer Hardware

Energy
System



Surgeon Console
Control Room



Disposable
Applicators

TULSA-PRO

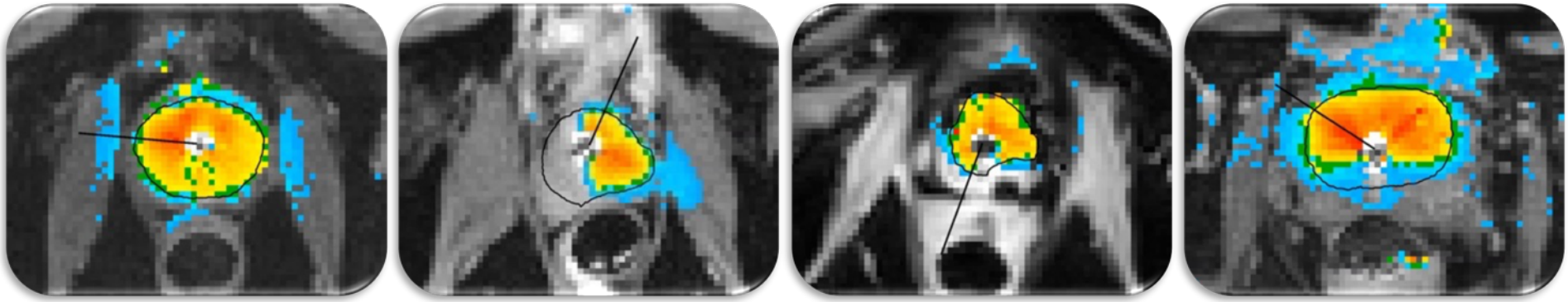
Customizable, Predictable, Incision-Free

Whole Gland Ablation

Targeted Ablation

Salvage Therapy Post Radiation Therapy Failure

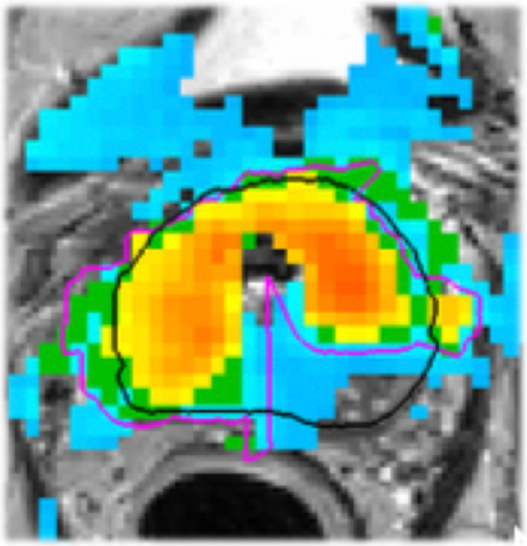
Benign Prostate Hyperplasia (BPH)



Example Prostate Tissue Ablation of Transition Zone & Suspicious Lesion

20% of men over 50, 60% of men over 60 have BPH

Profound technology specially suitable for large prostates >80 CC



Patient with BPH and early stage lesion

TACT – TULSA-PRO Ablation Clinical Trial for FDA 510(k)

Pivotal study of whole-gland ablation in a clinically-significant patient population

Study Population

- n = 115, 13 clinical sites, 5 countries
- 45 – 80 years old
- Low (33%) & intermediate risk (67%) prostate cancer

Ablation Treatment Plan

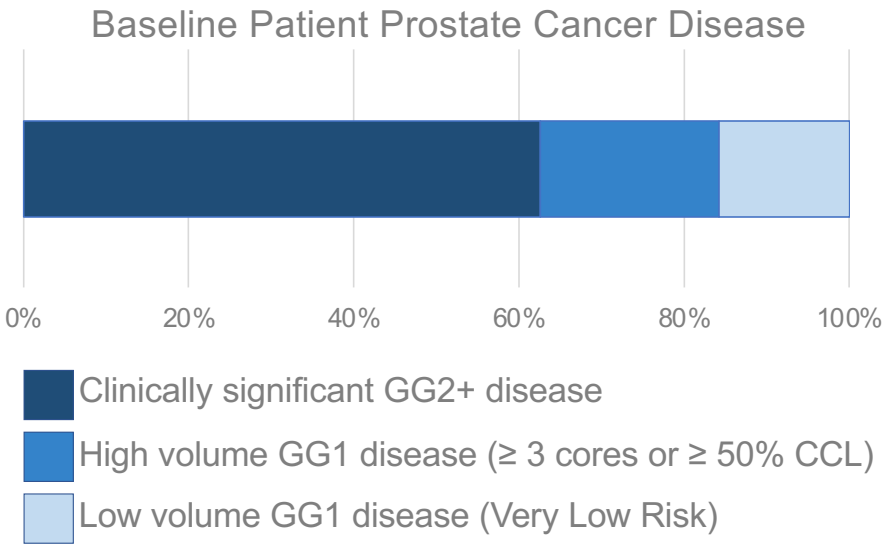
- Treatment intent was whole-gland ablation with sparing of the urethra and urinary sphincter
- Recommended by FDA to determine substantial equivalence with predicate devices and comparison with standard of care

Primary Endpoints (12 months)

- Safety: Frequency and severity of adverse events
- Efficacy: PSA reduction ≥ 75% (in > 50% of patients)

Secondary Endpoints (to 5 years)

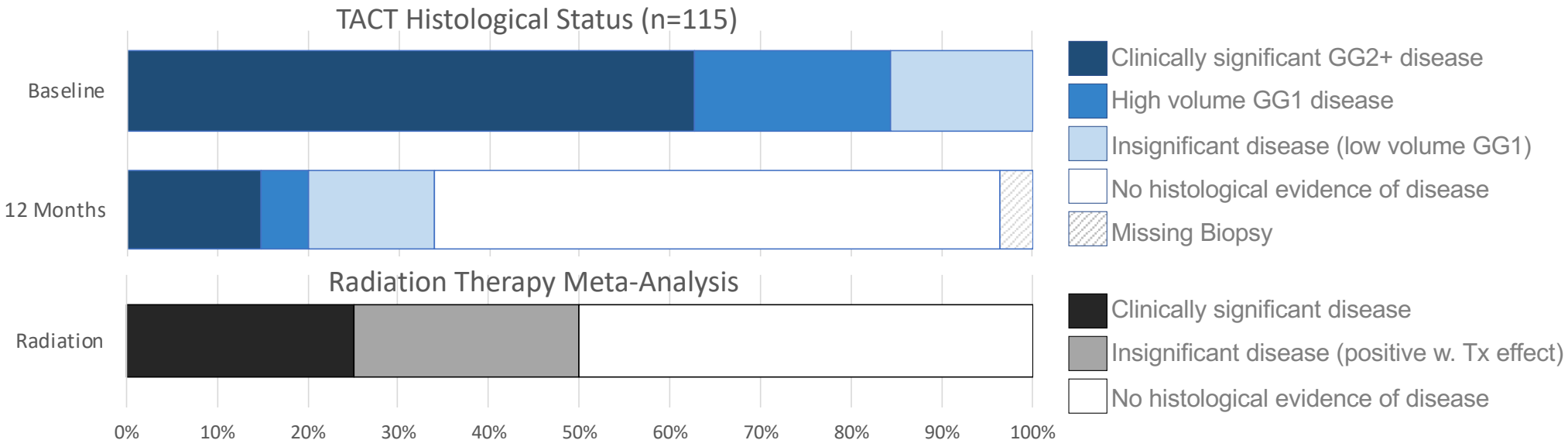
- Prostate volume reduction at 1 year
- Prostate biopsy at 1 year in all patients
- Multi-parametric MRI at 1 year (Central Radiology Lab, Cleveland Clinic)
- Functional Disability: EPIC, IIEF, IPSS



Prostate **Ablation Efficacy** – Histological Response

TACT Biopsy Outcomes (1-year, 10-core TRUS, High Sampling Density 0.4 cc / core)

- Only 4 of 115 follow-up biopsies are missing, all due to patient refusal
- Among men with pre-treatment intermediate-risk GG2 prostate cancer, 54 of 68 (79%) were free of GG2 disease
- Of men with one-year biopsy data, 72 of 111 (65%) had complete histological response and were free of any disease
- 41% (16 of 39) of positive biopsies were clinically insignificant (Very Low Risk)
- Multivariate Analysis: Among men w. pre-Tx GG2 disease and w/o calcifications at screening, **51 of 60 (85%)** were free of GG2 disease



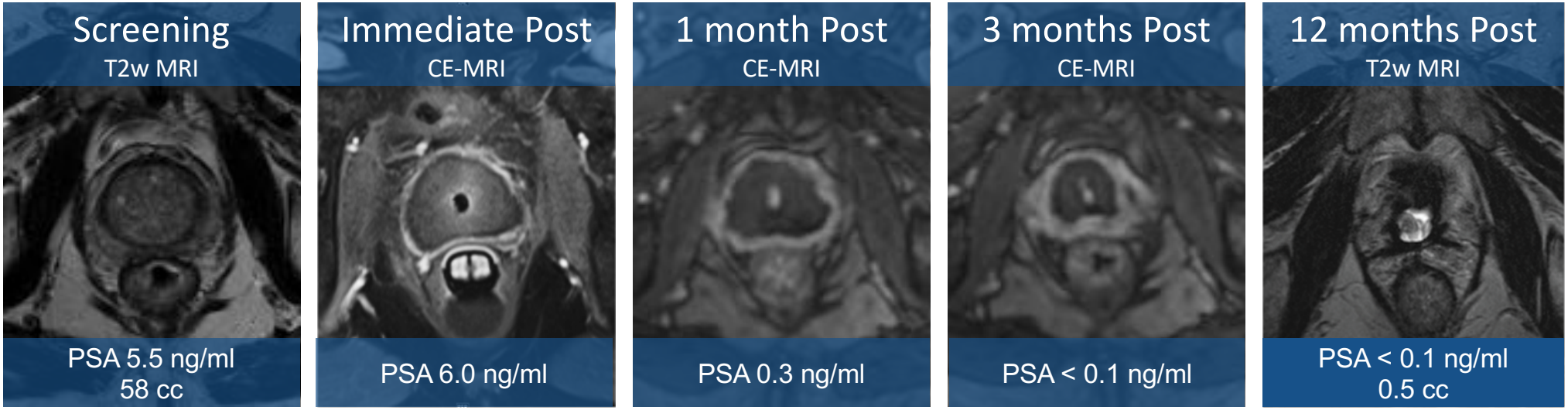
Prostate **Ablation Efficacy** – Volume Reduction on MRI

Prostate Volume significantly reduced demonstrating effective prostate ablation

- Median perfused prostate volume decreased from 41 cc to 4 cc, on MRI at 1 year (interim analysis by local radiologists)
- Prostate volume reduction to be re-assessed by Central Radiology Core Lab, as per TACT protocol
- Prostate ablation confirmed on Contrast Enhanced MRI immediately after TULSA and during follow-up

Follow-up Prostate MRI predicts clinically significant disease on biopsy

- Multivariate Analysis: Absence of PIRADS ≥ 3 lesion at 1-year multi-parametric MRI has **92% Negative Predictive Value** for absence of GG2 disease on 1-year biopsy (interim analysis by local radiologists, to be re-assessed by Central Radiology Core Lab)



Prostate **Ablation Efficacy** – PSA

PSA Primary efficacy endpoint resolutely met

- Primary endpoint of PSA reduction ≥75% was achieved in 110 of 115 (96%)
- Median (IQR) PSA reduction was 95% (91-98%)
- Median PSA nadir was 0.34 (0.12-0.56) ng/ml

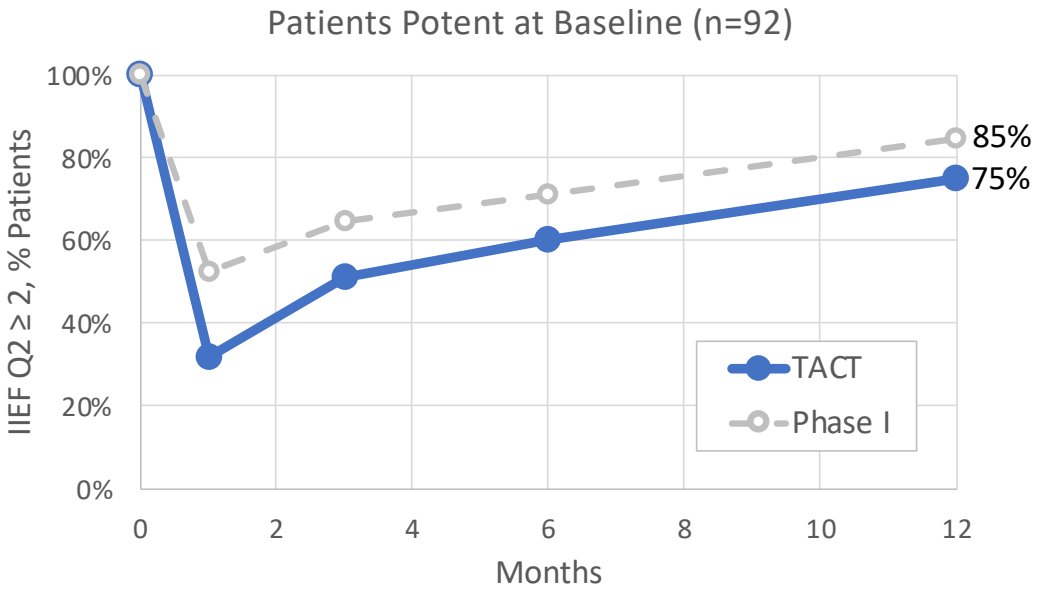
	Pre-Treatment	1 Month	3 Month	6 Month	12 Month	PSA NADIR
N	115	113	115	115	115	115
Median	**6.26**	**0.53**	**0.46**	**0.53**	**0.53**	**0.34**
IQR	4.65 – 7.95	0.30 – 1.19	0.17 – 0.95	0.20 – 1.00	0.28 – 1.25	0.12 – 0.56
Average	**6.72**	**0.90**	**0.77**	**0.77**	**0.93**	**0.51**
T-Test against baseline		<0.001	<0.001	<0.001	<0.001	<0.001

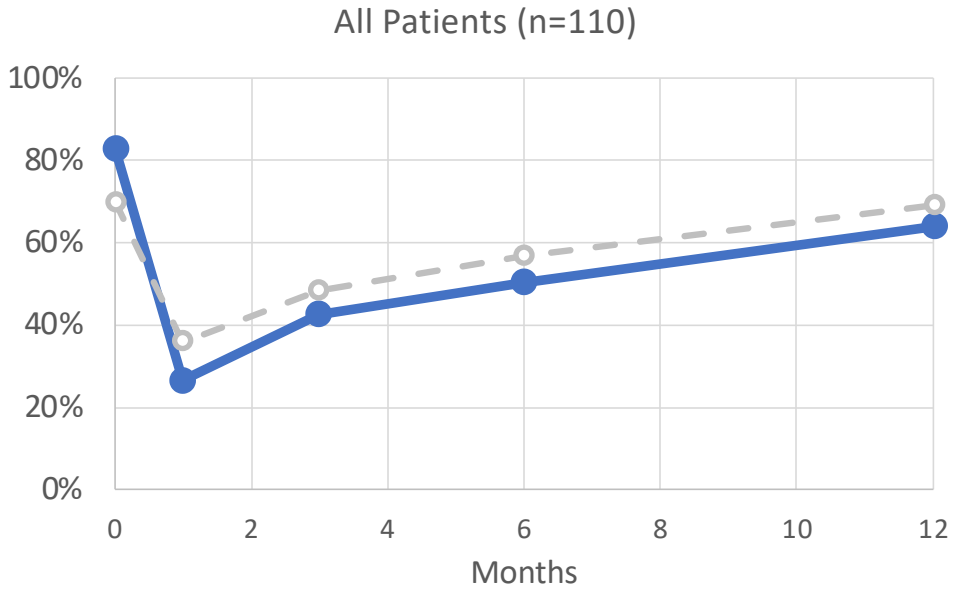
Missing values are interpolated using the LVCF method for the first timepoint after treatment.

TACT **Erectile Function** – Surgeon & Patient Reported

Erectile Function, at one year:

- 23% surgeon-assessed moderate erectile dysfunction (CTCAE Grade 2, intervention such as medication indicated)
- 0% any occurrence of severe erectile dysfunction (CTCAE Grade 3, intervention such as medication not helpful)
- 75% (69/92) of previously potent patients maintained erections sufficient for penetration (Patient reported, IIEF Q2 ≥ 2)
- Trend and recovery similar to Phase I

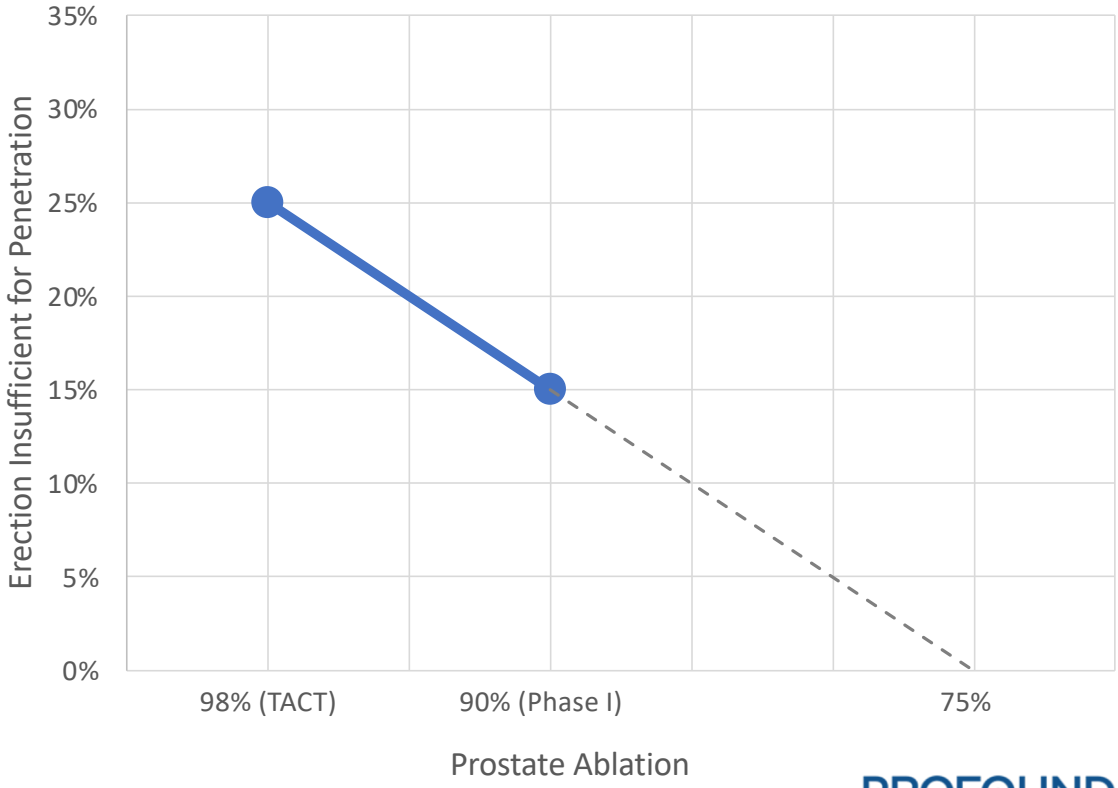




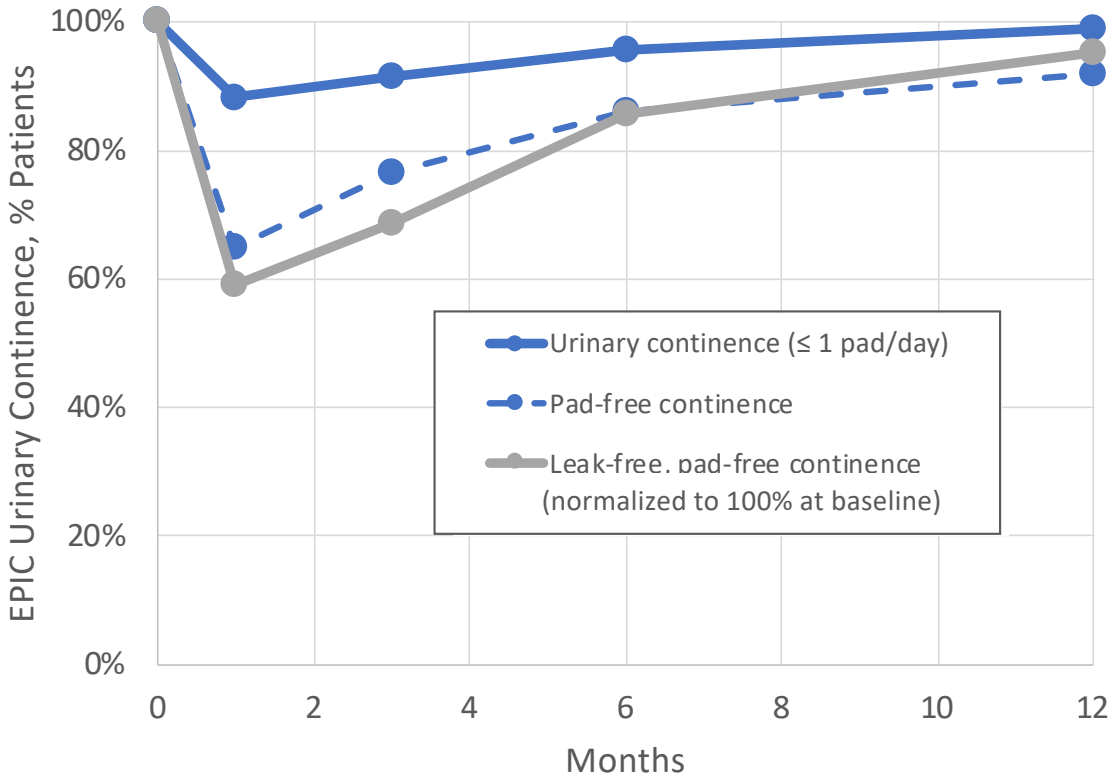
Erectile Function – Control of Treatment Margin

Effect of treatment margin on erectile function

- MRI guided treatment planning and closed-loop temperature control provide customizable prostate ablation
- Phase I and TACT studies show effect of treatment margin on erectile function
- Additional investigation may provide quantitative guidance for control of treatment margin



TACT **Urinary Incontinence** – Surgeon & Patient Reported



Urinary Incontinence, at 1 year (n=112):

- 2.6% surgeon-assessed moderate urinary incontinence (CTCAE Grade 2, pads indicated)

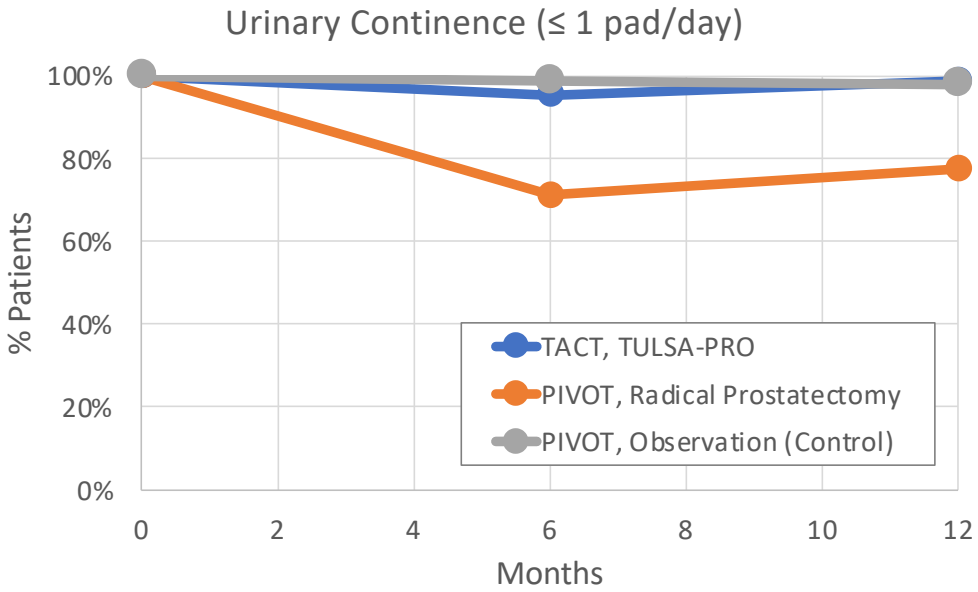
EPIC Patient Reported:

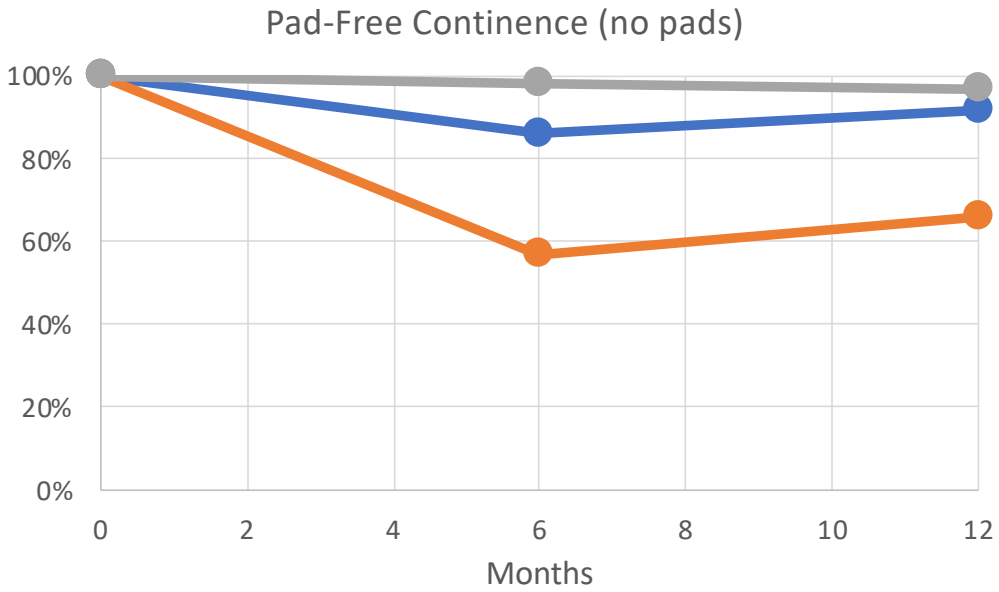
- <1% (1/112) are incontinent (EPIC, > 1 pad / day)
- 3.8% increase in patients with daily leakage (EPIC, leak ≥ 1 time / day)
- 7% (8/112) wear 1 pad / day (preventative)

Urinary Incontinence – Context to PIVOT

Urinary Incontinence (Pad use), at one year:

- TULSA Urinary Continence (≤ 1 pad/day) similar to Observation (control) arm of PIVOT study
- TULSA Pad-Free Continence (no pads) only 5%-points lower than Observation (control) arm of PIVOT study
- TULSA continence outcomes markedly superior to Radical Prostatectomy arm of PIVOT study
- PIVOT: Wilt *et al*, The New England Journal of Medicine, 2017





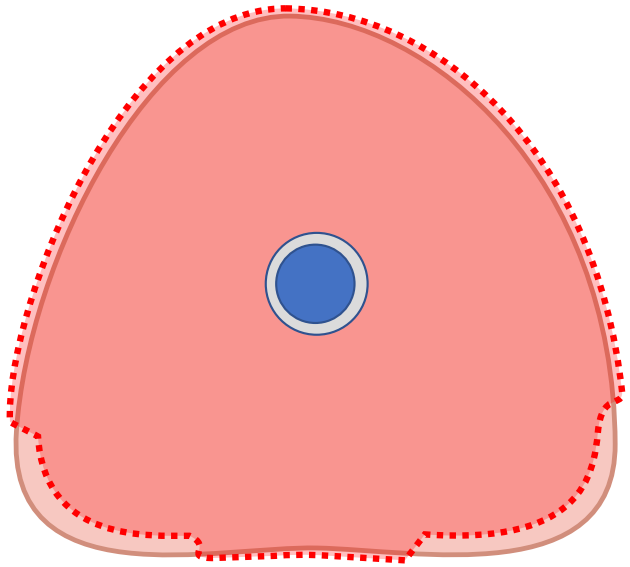
Real World Context and Outcomes

	Prostatectomy [1-4]	Radiation [1-5]	HIFU [6-8]	TULSA (TACT)
Biopsy / Histology	16 – 24% Pos. Surg. Margin (Meta-Analysis, Tewari *et al* 2012) 10 – 15% Pos. Surg. Margin (RCT, Yaxley *et al* 2016) 24% Pos. Surg. Margin (ProtecT, Hamdy *et al* 2016)	50% Negative (Complete response) 25% Insignificant disease (Positive w. treatment effect) 25% Positive clinically significant Pca (Meta-Analysis Page 5, Approx. No.)	59 – 61% Negative (Complete response, FDA IDE Studies DEN150011 & K153023, Intent to treat analysis) 63% Negative, after 40% having repeat HIFU and 39% ADT (n=774, Crouzet *et al* 2013)	65% Negative (Complete response) 14% Insignificant disease (GG1, ≤2 cores, < 50% CCL) 21% Positive clinically significant Pca
Erectile Dysfunction erections insufficient for penetration	79% *(Range: 25 – 100%)*	63% *(Range: 7 – 85%)*	58% *(Range: 38 – 67%)*	20% – 25% - Grade 2 medication indicated. No Grade 3 ED
Urinary Incontinence moderate to severe	15% *(Range: 0 – 50%)*	4% *(Range: 2 – 15%)*	3% *(Range: 3 – 22%)*	2.6% - Grade 2 pads indicated. No Grade 3 Incontinence
Urethral Stricture moderate to severe	9% *(Range: 3 – 26%)*	2% *(Range: 1 – 9%)*	35% *(Range: 9 – 35%)*	2.6%
GI Toxicity, moderate to severe diarrhea, urgency, incontinence, fistula	15% *(Range: 0 – 24%)*	25% *(Range: 0 – 40%)*	7% *(Range: 1 – 21%)*	No GI Toxicity

References

1. Thompson (Chair) *et al,* AUA prostate cancer clinical guideline update panel, J Urol 2007
2. Resnick et al, Prostate Cancer Outcomes Study (PCOS), NEJM 2013
3. Potosky *et al*, Prostate Cancer Outcomes Study (PCOS), J NCI 2004
4. Elliott *et al*, CaPSURE database, J Urol 2007
5. Budaus *et al*, Review, Eur Urol 20012
6. FDA IDE Study K153023
7. FDA IDE Study DEN150011
8. Crouzet *et al*, Whole-gland HIFU, Eur Urol 2014

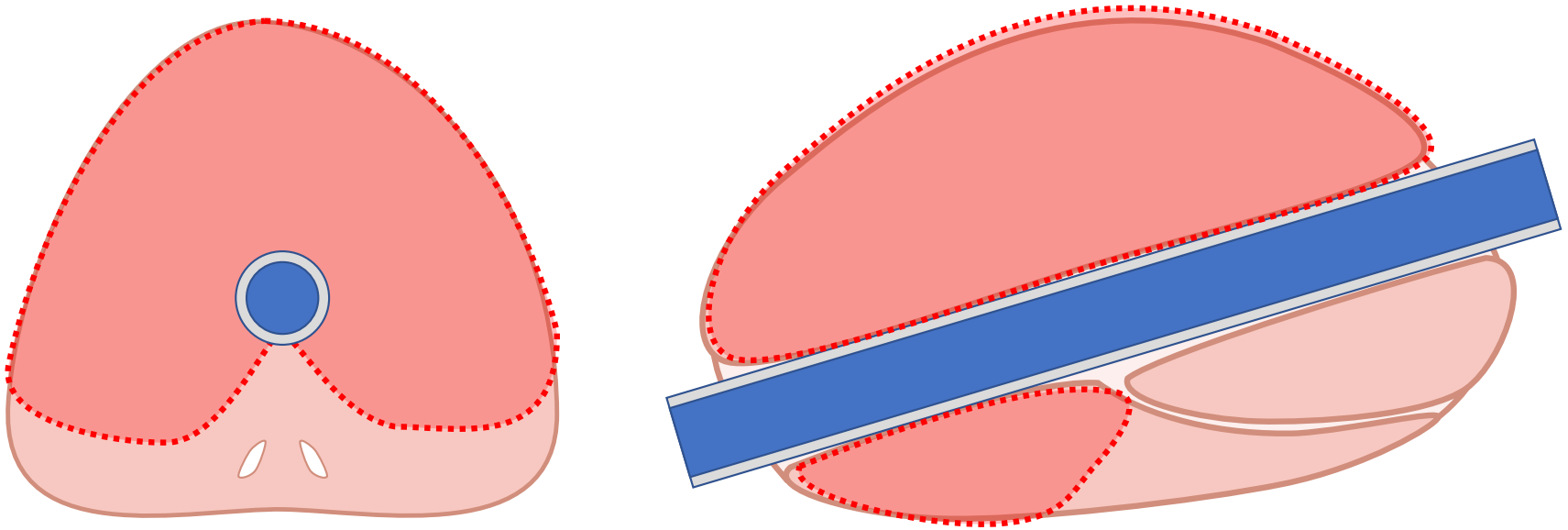
TULSA-PRO – Real World Clinical Approach



Bilateral Sparing

1. Safety profile superior to surgery, radiation or other ablative technologies
2. Enables Physician to optimize treatment design to maximize efficacy and minimize side effects

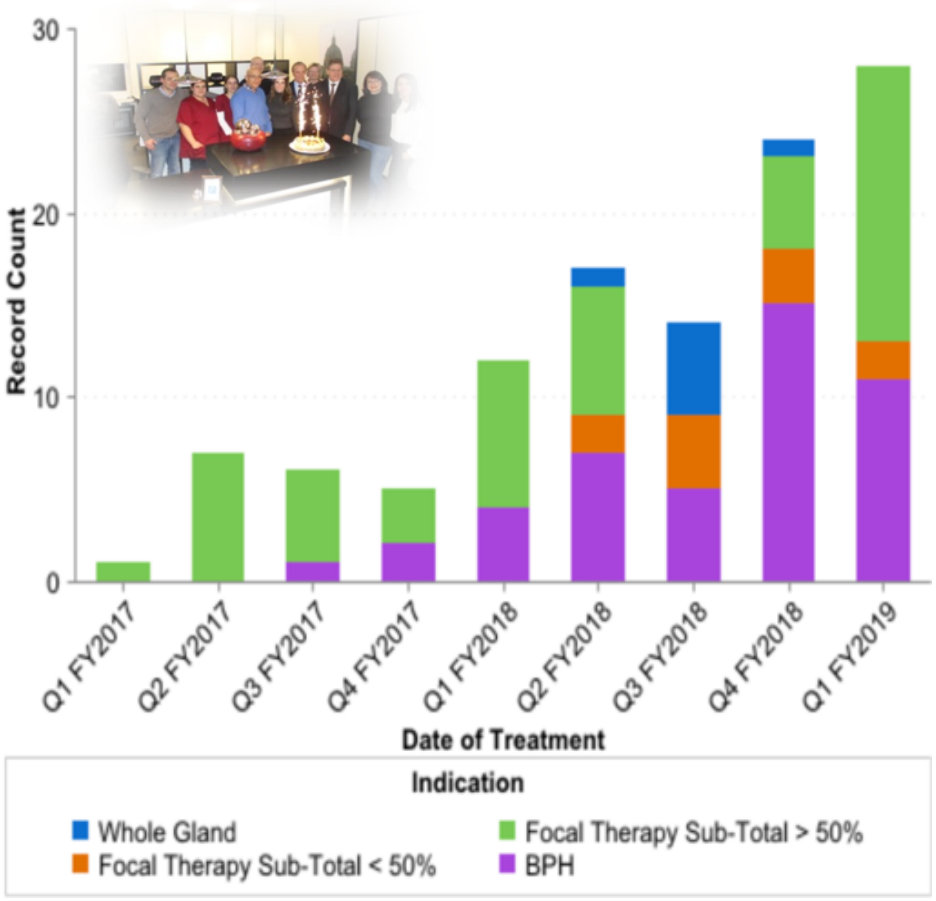
TULSA-PRO – Real World Clinical Approach



BPH

1. Safety profile superior to surgery, radiation or other ablative technologies
2. Enables Physician to optimize treatment design to maximize efficacy and minimize side effects

TULSA-PRO In Commercial Use – Example From Europe



- Initiated Q1-2017
- Methodically increased usage
- Discovered potential to treat BPH patients – Q3-2017
- Streamlined procedure – routinely 4 patients per day
- Increased utilization rate in 2019

TULSA-PRO Inside-Out Prostate Ablation

Customizable
- Flexibility to treat various prostate conditions
- Meet each patient's exact need

Predictable
- Confidence
- High throughput, higher revenue, lower cost

Incision-free
- Fast patient recovery
- Repeatable if necessary

	Prostatectomy	Radiation	TULSA
Treatment type	Whole gland	Whole gland, Limited customization possible	Customized
Outcome	Predictable	Not known for up to 2 years	Immediately confirmable and predictable even for partial gland
Thru-put, Procedures /day	2 typically, 3 if longer day	Multiple sessions - 5 to 40 over 4 - 8 weeks	Consistently 4 in a routine day. Higher possible
Patient recovery	Weeks	Deterioration over time	2 days

TULSA-PRO Total Addressable Market: Pre-reimbursement

New Prostate Cancer Diagnosis (US + Canada)	180,000[1]
BPH, Prostates, surgical candidates, Unusual shapes (US + Canada)	400,000[2]
Total Opportunity, # of patients	580,000
Total Addressable Market, patient paid is 5 -10% of total opportunity	29,000 - 58,000
Add selected International markets (UK, Germany, Japan)	14,500 - 29,000
Total patient pay addressable market # of patients	43,500 - 87,000
Addressable market, $4,000 per patient (includes: disposable + amortized capital + service)	$174 – 348 M
Achievable share in X years, 25% (<11,000 patients per year) TULSA Installed base = 110 at treatment rate 100 patients/year	$43.5 – 87 M

References:

1. Prostate cancer: 175,000 new prostate cancer diagnosed each year in US according to American Cancer Society
2. BPH: 300,000 surgeries based upon CMS data, + 1% of 10 Million BHP patients in United Stated + Canada

Prevalence Market Opportunity – Prostate Cancer

Estimated Active Surveillance (AS) Population			5.5 million	
Addressable AS Market – Patient Pay (5%)			~ 275,000	
Penetration of AS Patient Pay Population	5%	10%	20%	30%
Patient Pay AS Market	**$55 M**	**$110 M**	**$220 M**	**$330 M**

TULSA-PRO Total Addressable Market – Additional Clinical Studies

Title	Purpose	N	Status/Comments
Radio-Recurrent Cancer/Palliative Care	Inclusion in NCCN guidelines	75-100	• EU validation trial in progress • US study in H1-2020
Prostate Cancer: Focal/Disease Targeted Therapy. MR visible tumors	Adoption, Reimbursement	200+	• Registry – EU H2-2019 • Active discussions in with Advisory Board in US
Prostate Cancer	Reimbursement	Level 1 trial N = 250 – 300	• Active discussions with Advisory Board in US now that TACT is complete
BPH, focus on surgical candidates	Adoption, Reimbursement	Level 1 trial N = 200-250, six month outcomes	• Validation studies – TURKU, ALTA. • Initiate US study in H1-2020

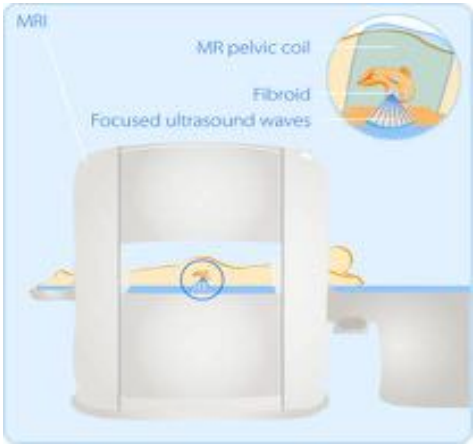
SONALLEVE

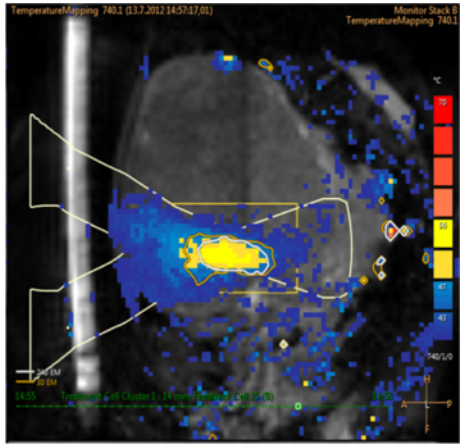
Technology platform for:

- Uterine Fibroid Treatment
- Bone Metastasis Pain
- Pediatric bone
- Hyperthermia

Over 200 publications from leading US and European clinicians and hospitals

CE Marked
CFDA Approved





TSX: PRN | **OTCQX:** PRFMF

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Uterine Fibroid

Symptom Relief & Durability

In normal commercial use, over 85% of patients experienced sustained symptom improvement

Months post-procedure	Patients available for follow-up	Symptom improvement		
		Improved	No relief	Worse
3 months	105	90 (85.7%)	14 (13.3%)	1 (1%)
6 months	99	92 (92.9%)	7 (7.1%)	0
12 months	89	78 (87.6%)	11 (12.4%)	0

Durability of the therapeutic effect compared to other uterine preserving treatments

Need for alternative treatment	@ 12 month	@ 24 month	References
Myomectomy	10.6 %	13-16.5 %	1,2,3,4
UAE (Uterine Artery Embolization)	7-10 %	12.7-23.7 %	5,6,7
MR-HIFU/MRgFUSNPV >60%	6 %	13 %	8

"Volumetric MR-guided high-intensity focused ultrasound ablation of uterine fibroids: treatment speed and factors influencing speed," M. J. Park, Y. S. Kim, B. Keserci, H. Rhim, and H. K. Lim, Eur Radiol, vol. 23, no. 4, pp. 943–950, Apr. 2013. 1. Gorny KR, Woodrum DA et al. Magnetic resonance–guided focused ultrasound of uterine leiomyomas: review of a 12-month outcome of 130 clinical patients. J Vasc Interv Radiol 2011 2. Subramanian S, Clark MA, Isaacson K. Outcome and resource use associated with myomectomy. Obs & Gyn.2001; 98: 583-587 3. Nezhat FR, Roemisch M, et al. Recurrence rate after laparoscopic myomectomy. Am Assoc Gynecol Laparosc. 1998;5: 237-240 4. Rossseti et al. Long term results of laparoscopic myomectomy: recurrence rate in comparison with abdominal myomectomy. Hum Reprod. 2001;16:770-774 5. Doridot et al. Recurrence of leiomyomata after laparoscopic myomectomy. J Am Assoc Gynecol Laparosc. 2001;8: 495-500 6. Spies JB, Bruno J, et al. Long-term outcome of uterine artery embolization of leiomyomata. Obstet Gynecol. 2005; 106: 933-939 7. Goodwin SC, Spies JB, et al. Uterine artery embolization for treatment of leiomyomata: long-term outcomes from FIBROID registry. Obstet & Gynecol. 2008; 111: 22-32 8. Sharp HT. Assessment of new technology in the treatment of idiopathic menorrhagia and uterine leiomyomata. Obstet Gynecol. 2006;108: 990–1003

Sonalleve – Uterine Fibroid

Data compelling as presented

Focus on Asia

1. Reference site in S. Korea, treating 200 patients per year
2. Top tier hospitals in China
   First site led by the President of Radiological Society of China

Sonalleve – Platform

Additional applications

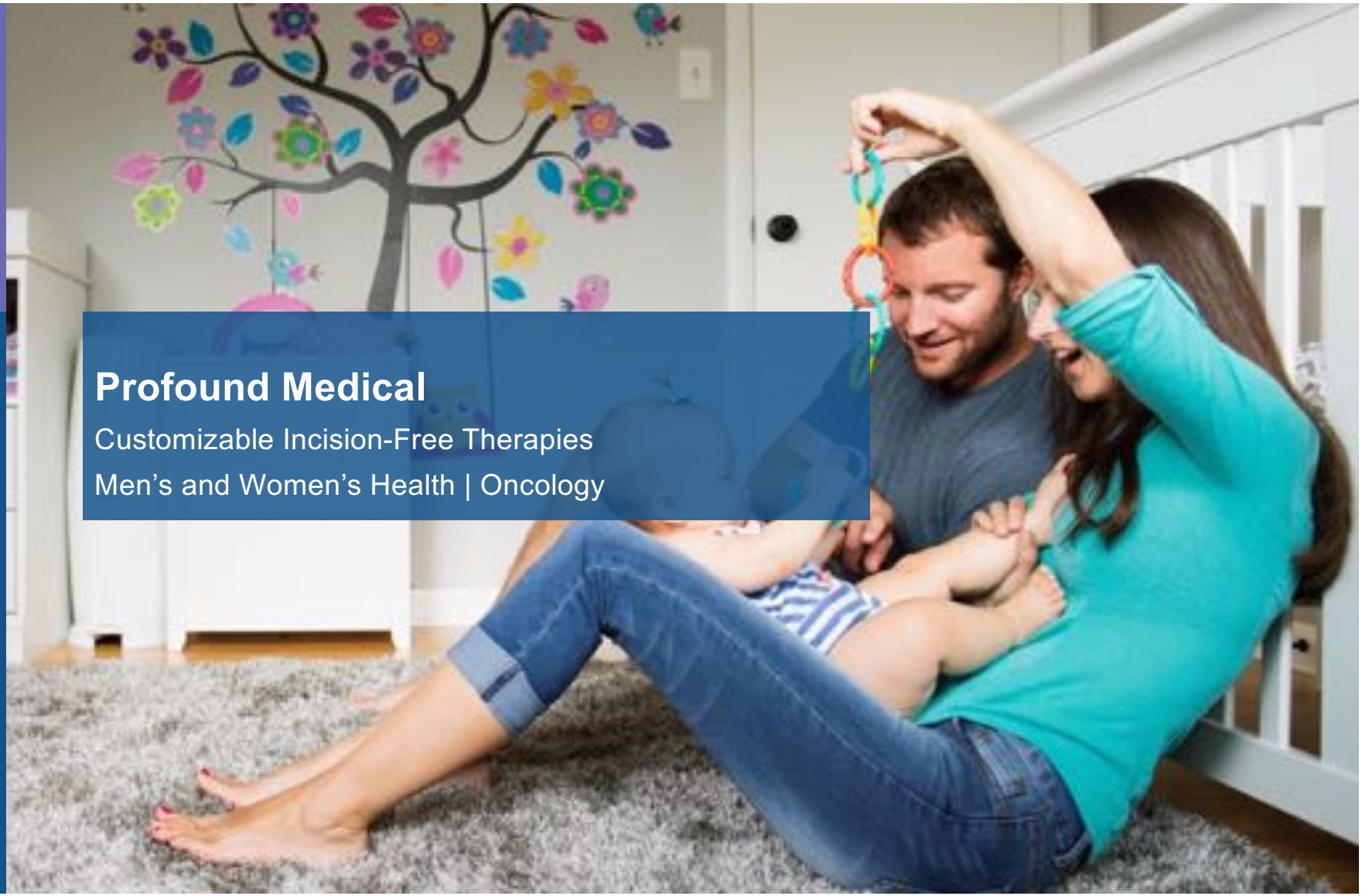
1. Pain management
2. Osteoid Osteoma
3. Pediatrics
4. Pancreatic cancer
5. Hyperthermia
6. Neuro-modulation

Strategy:

Partner with Cologne and the FUS Foundation to continue to develop clinical data.
Deploy recurring revenue business model for all new clinical applications

Summary

- TULSA - looking forward to 510(k) clearance
- Business model is capital efficient
  - Tulsa focus on US at key teaching hospitals and private clinics
  - Sonalleve focus on Asia
- Patient-pay TAM $50 - 100 Million per year
- Potential to expand TAM by 10X following reimbursement
- Future investments
  - Efficient sales team
  - Market expanding clinical trials
  - Continued product evolution



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