



Orbera™  
managed weight loss system



Orbera365™  
managed weight loss system



lap·band®  
S Y S T E M

OverStitch™  
endoscopic suturing system



OverStitch Sx™  
Endoscopic Suturing System



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## Strong Market Dynamics

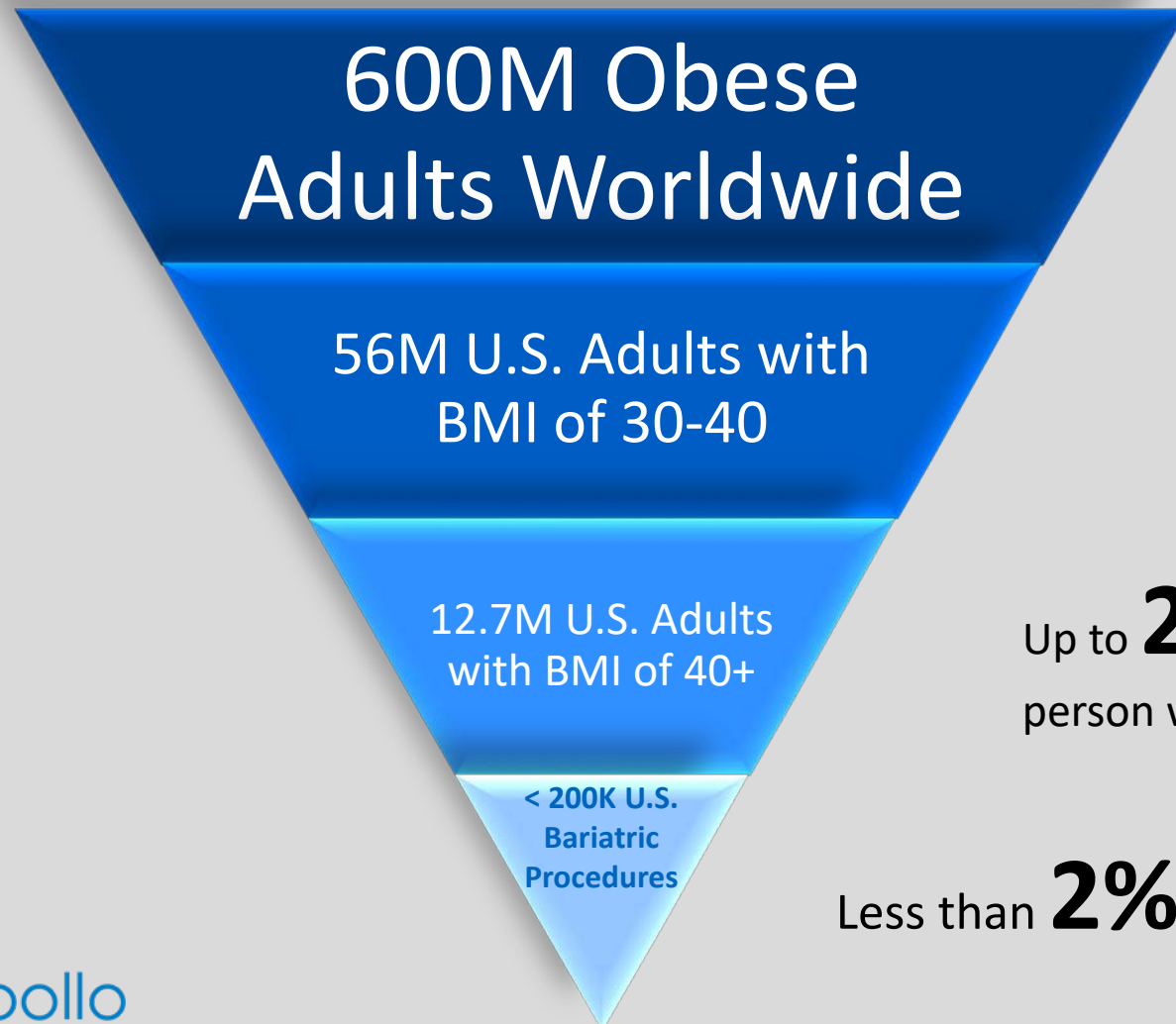
- Market share leader in less invasive devices that treat obesity
- Large target market of more than 600 million obese people worldwide, ~70 million in the U.S.

## Robust Commercial Opportunity

- Scaled commercial infrastructure supporting approximately \$65 million in LTM<sup>(1)</sup> revenue
- Significant growth opportunity in Endo-bariatrics
- Next-generation products aim to expand addressable markets



***Enormous obesity market with significant unmet need – no appealing solution to the problem***



## **20+** Obesity Comorbidities

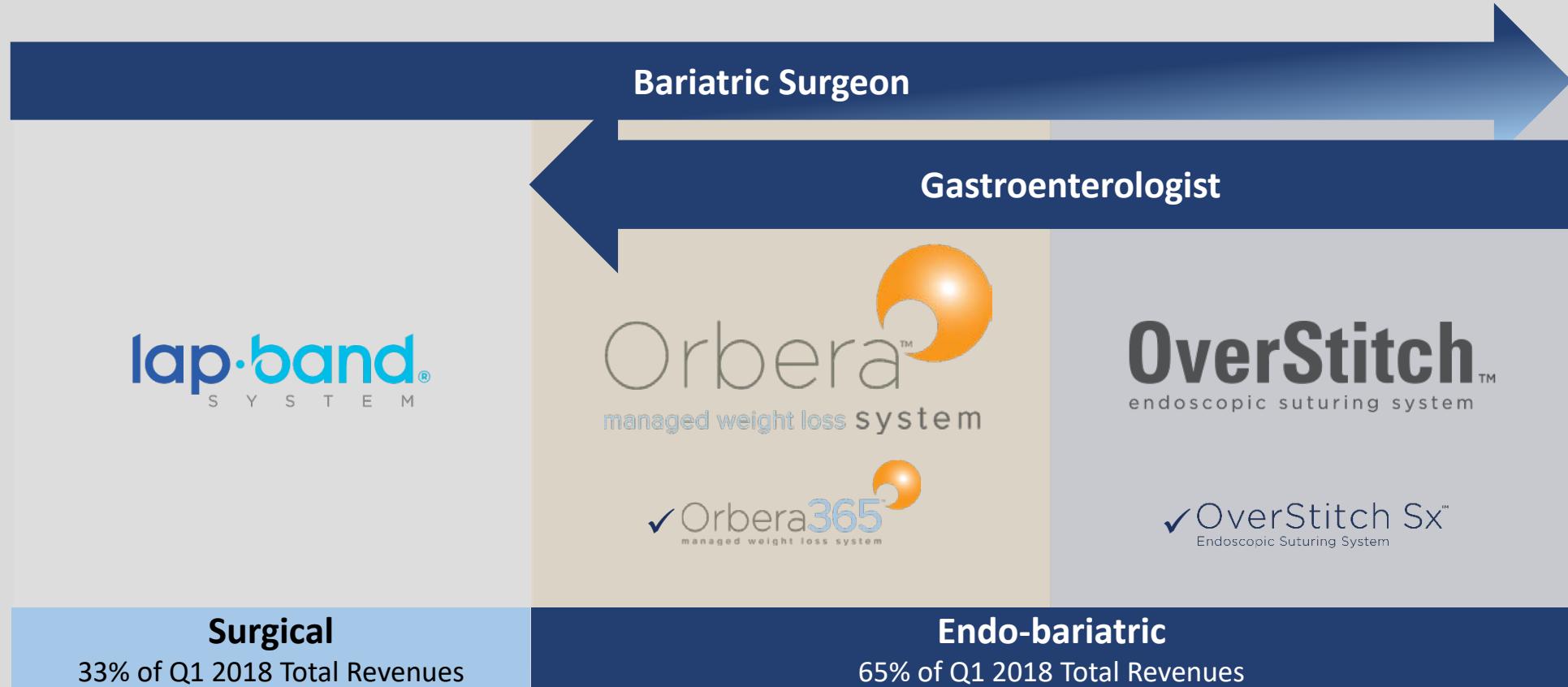
- Heart Disease
- Type 2 Diabetes
- Hypertension
- Obstructive Sleep Apnea
- High Blood Pressure
- Liver Disease
- Infertility
- Cancer

Up to **2x** the cost of providing equivalent healthcare to a person with BMI of 40 vs. person with BMI < 30

Less than **2% U.S.** Market Penetration



# Apollo's Minimally Invasive Obesity Solutions



**Surgical**  
33% of Q1 2018 Total Revenues

- 15+ years history with 400+ peer-reviewed publications
- High margin contribution

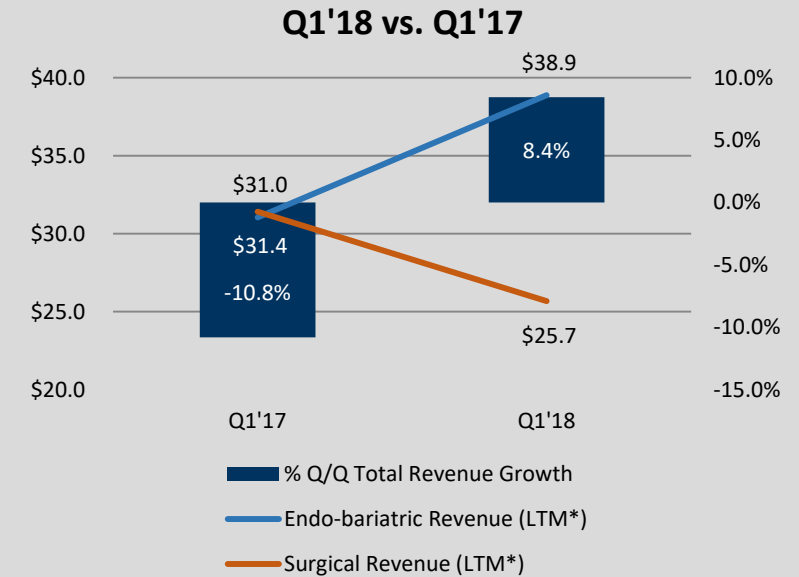
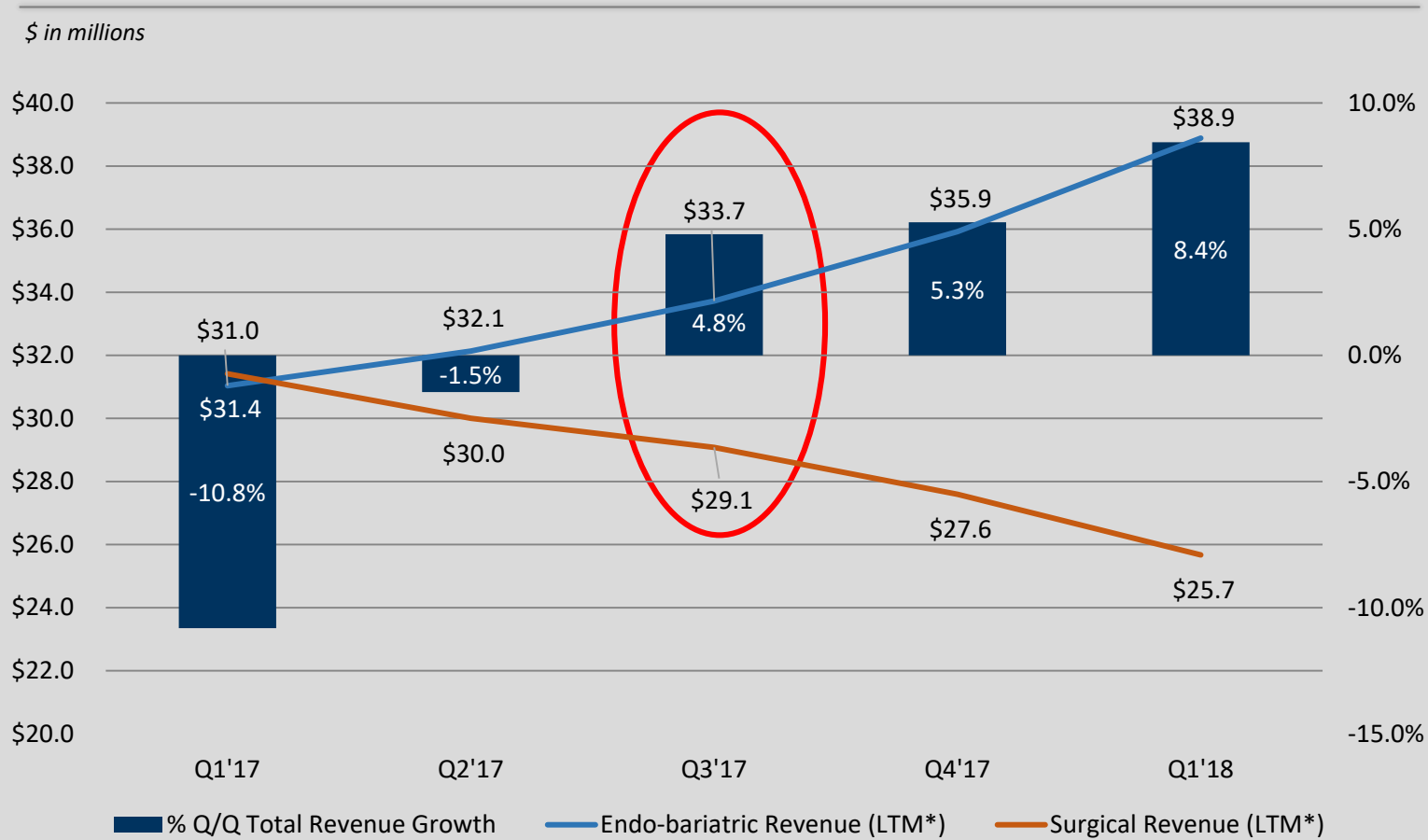
**Endo-bariatric**  
65% of Q1 2018 Total Revenues

- Addresses patient demand for minimally invasive solutions
  - Orbera® global market leading intra-gastric balloon
  - OverStitch™ innovative flexible endoscopic suturing technology



# Apollo Endosurgery Revenue Development

## Revenue Inflection Point

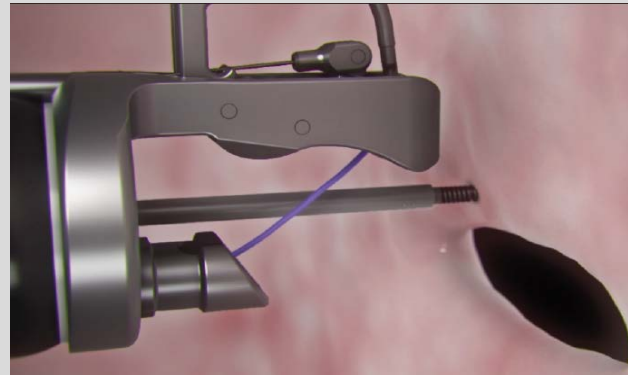




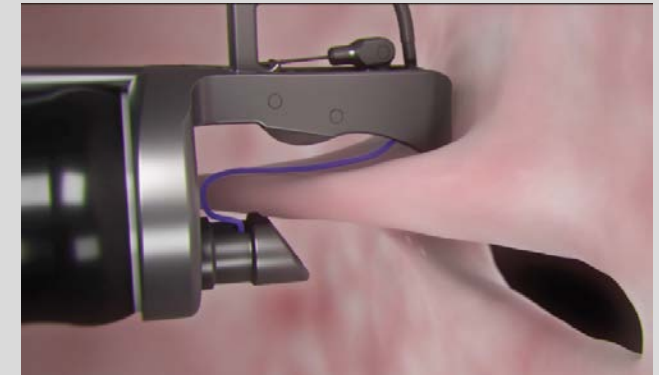
***World's first and only suturing device that enables full-thickness suturing with a flexible endoscope***



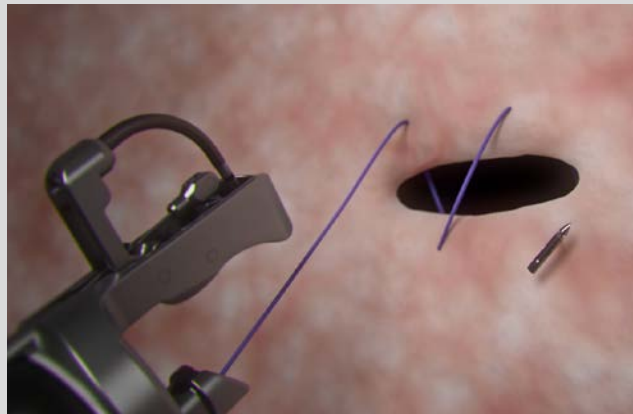
1) Load needle with suture



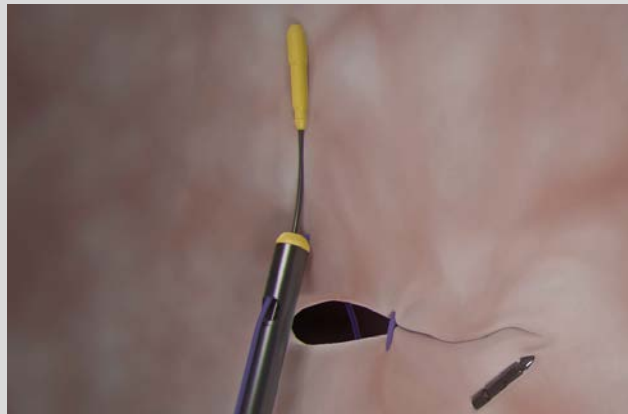
2) Grab tissue with helix



3) Pull tissue into device - pass needle and suture through tissue



4) Repeat as needed. Drop needle



5) Pull suture to approximate tissue

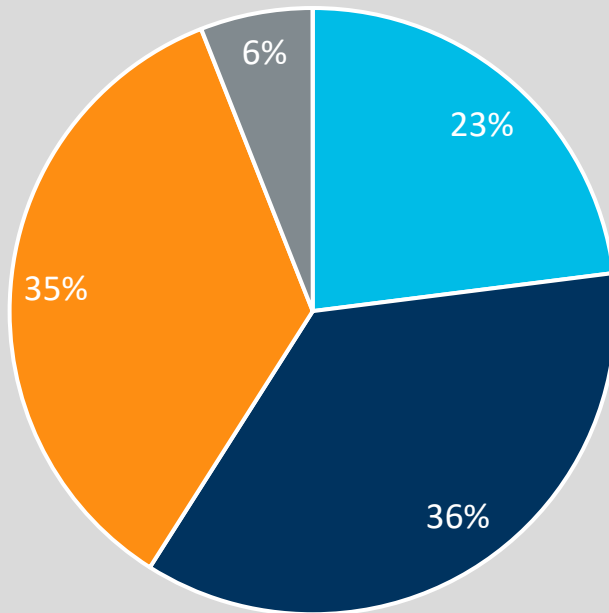


6) Deploy cinch to complete suturing

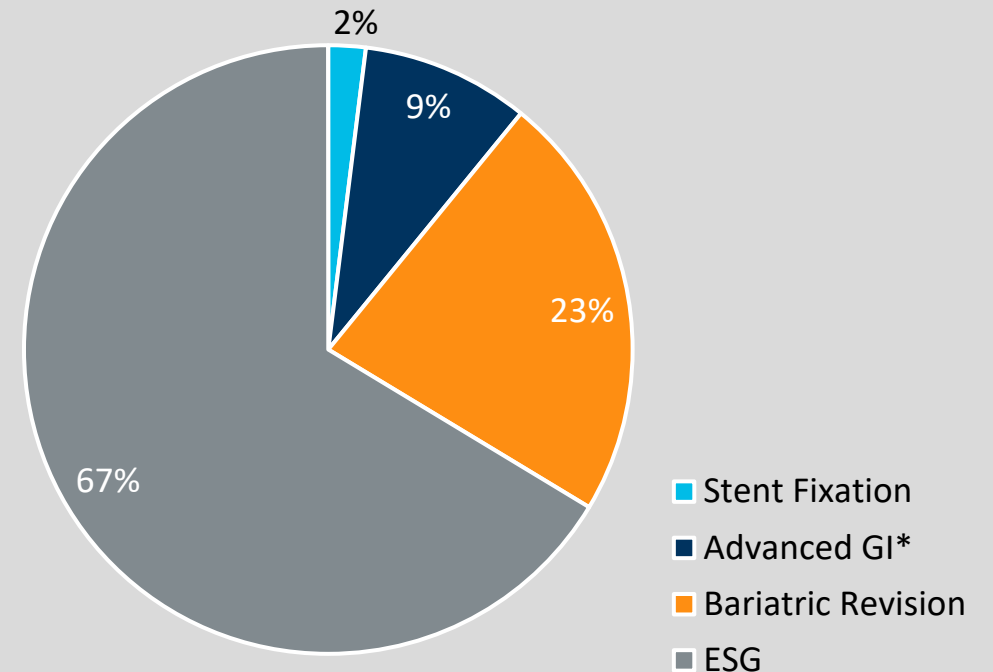


- Enables physicians to perform endolumenal procedures that could not previously be done without surgery
- OverStitch has broad current and future applications – upper and lower GI tract
- >850 U.S. physicians trained on OverStitch; >600 OUS physicians trained

2017 U.S. Procedure Mix



2017 OUS Procedure Mix

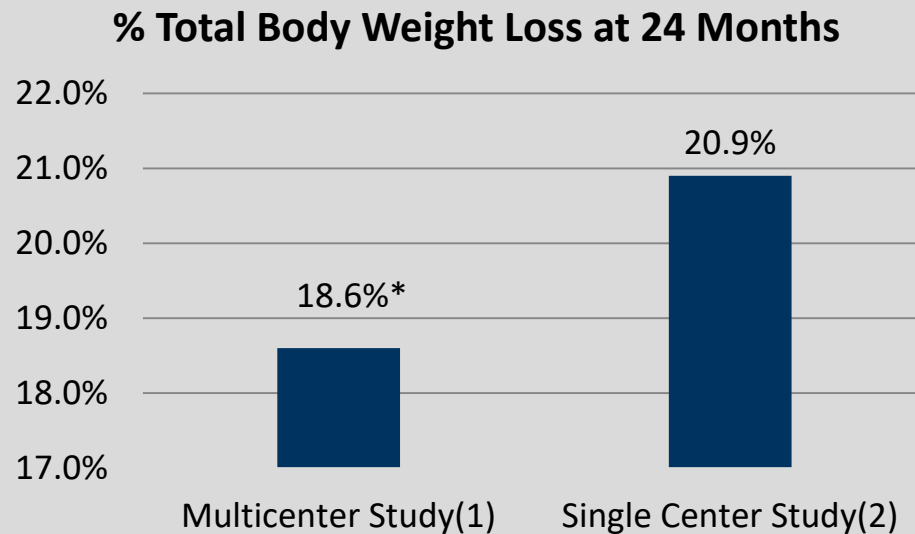




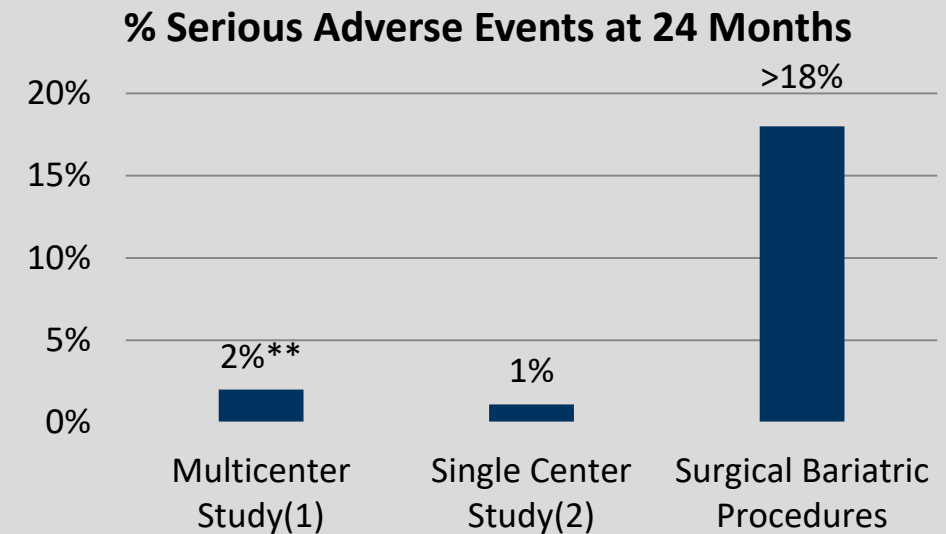


# ESG for Primary Obesity, Tremendous Potential

- Endoscopic sleeve gastroplasty (ESG) uses suturing to reduce the volume of the stomach, similar to surgical sleeve gastrectomy, but without invasiveness of surgery and removal of the gastric remnant
- Demonstrates significant weight loss, with low adverse events, and repeatable across various centers



\* % TBWL was statistically consistent between the three centers (using three different techniques and patient population)



\*\* most associated with reducing the fundus, which is no longer part of the standard technique

- (1) Gontrand Lopez-Nava, Reem Z. Sharaiha, Eric J. Vargas, Fateh Bazerbach, Galvao Neto Manoel & Inmaculada Bautista-Castaño, Andres Acosta, Mark D. Topazian, Manpreet S. Mundi, Nikhil Kumta, Michel Kahaleh, Andrea Marie Herr, Alpana Shukla, Louis Aronne, Christopher J. Gostout, Barham K. Abu Dayyeh; OBES SURG DOI 10.1007/s11695-017-2693-7, Volume 27, Number 5
- (2) Reem Z. Sharaiha, Nikhil A. Kumta, Monica Saumoy, Amit P. Desai, Alex M. Sarkisian, Andrea Benevenuto, Amy Tyberg, Rekha Kumar, Leon Igel, Elizabeth C. Verna, Robert Schwartz, Christina Frissora, Alpana Shukla, Louis J. Aronne, and Micheal Kahaleh, Clinical Gastroenterology and Hepatology 2017



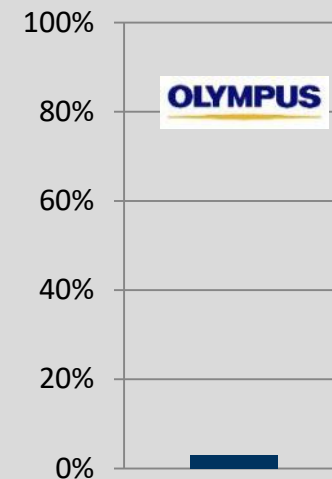
## OverStitch Sx™ – 510(k) cleared November 2017

- OverStitch Sx is a single-channel endoscope compatible version of OverStitch
  - Removes requirement for endoscopic capital equipment purchase
  - Enhanced visualization
  - Greater maneuverability
- Commercial availability beginning Q3 2018

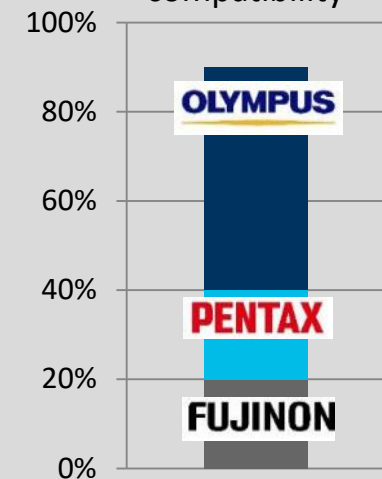
## OverStitch Sx™ Endoscopic Suturing System

### Global Scope Market Share

Current compatibility



Apollo's estimate of Sx compatibility



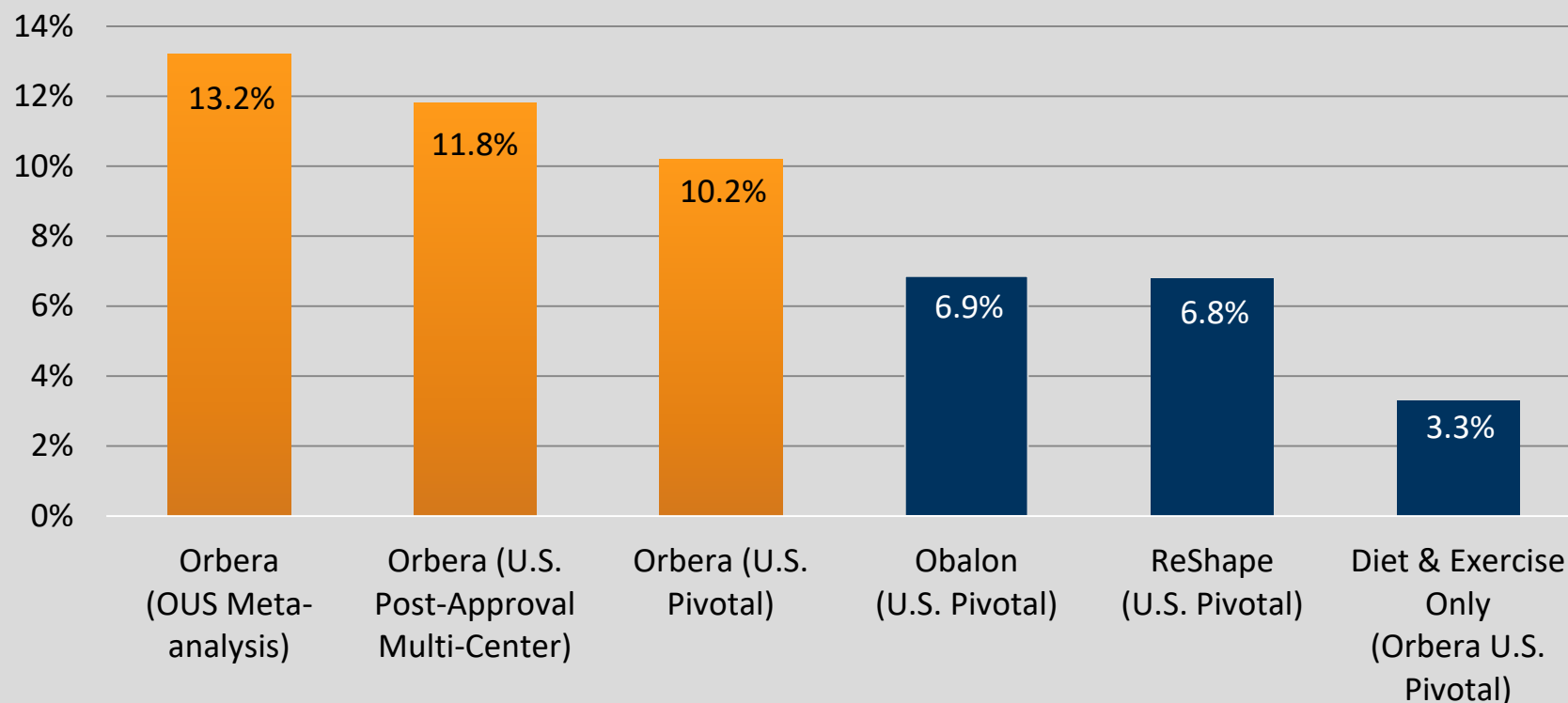


# Orbera – Worldwide Market Share Leader

## Key Milestones

- CE marked in 1997, FDA cleared in August 2015
- Only balloon currently meeting ASGE's PIVI<sup>(1)</sup> threshold standards for safety and efficacy
- >915 U.S. physicians trained for use of Orbera
- ~60% U.S. market share in Q1 2018<sup>(2)</sup>

## % Total Body Weight Loss at 6 Months<sup>(3)</sup>



(1) ASGE Bariatric Endoscopy Task Force and ASGE Technology Committee. Journal of Gastrointestinal Endoscopy. 2015 Sep; Epub 2015 Jul 29.

(2) Company's internal estimates.

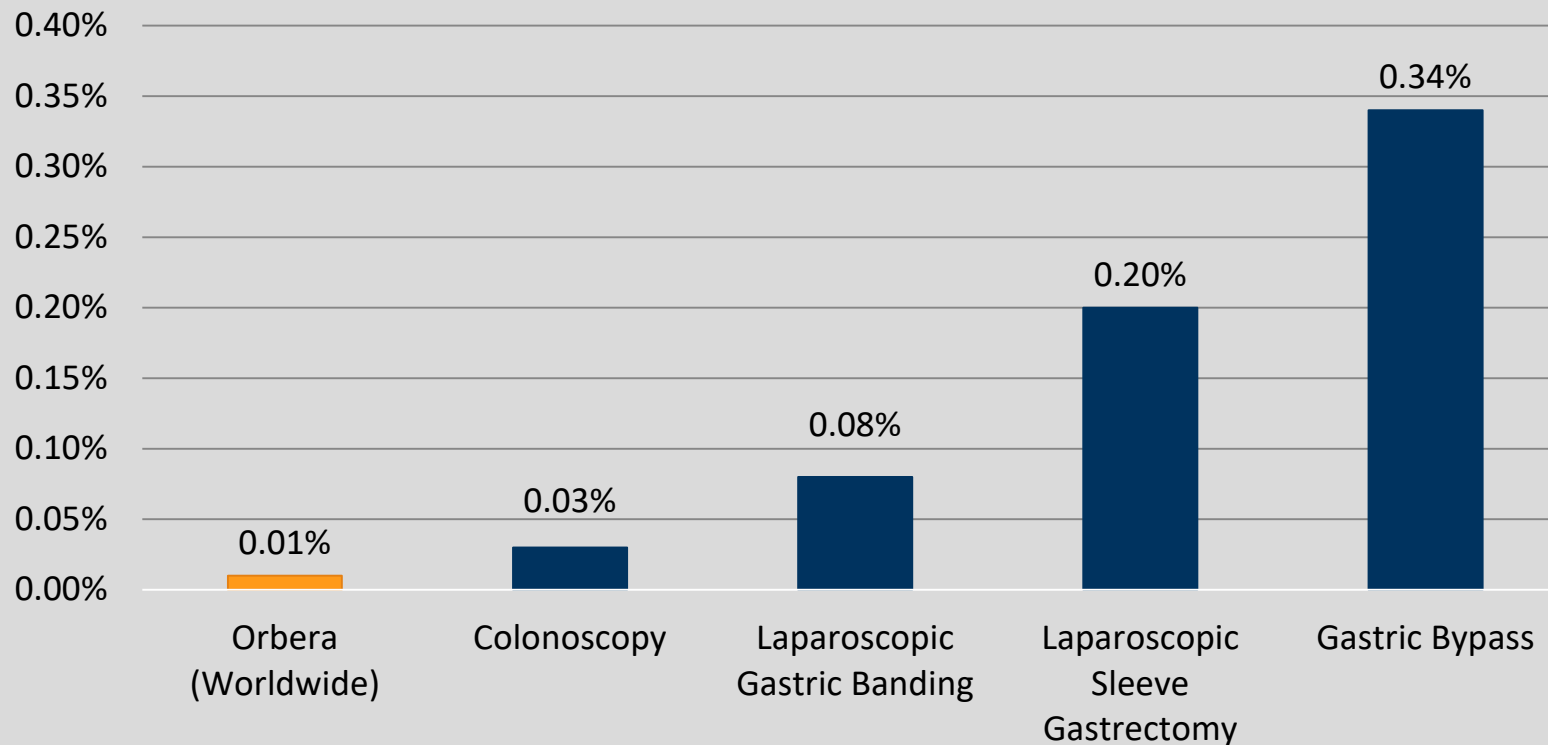
(3) Sources: FDA.gov for Orbera U.S. Pivotal Study; ASGE Bariatric Endoscopy Task Force systematic review and meta-analysis assessing the ASGE PIVI thresholds for adopting endoscopic bariatric therapies. Gastrointest Endosc. 2015 Sep;82(3):425-38.e5. for OUS Meta-analysis Note: The data shown is based upon the respective pivotal study data results and not a head to head comparison. Source: FDA.gov for respective U.S. Pivotal studies of Orbera, Obalon and ReShape balloon products. Single Fluid-Filled Intra-gastric Balloon Safe and Effective for Inducing Weight Loss in a Real-World Population. February 6, 2018.



# Orbera – Long Established Record of Safety and Efficacy

***Mortality rate is in line with that of colonoscopies but significantly lower than any form of bariatric surgery***

**Incident Rate of Reported Mortality<sup>(1)</sup>**



**>277,000**  
Balloons  
Distributed  
Worldwide<sup>(2)</sup>

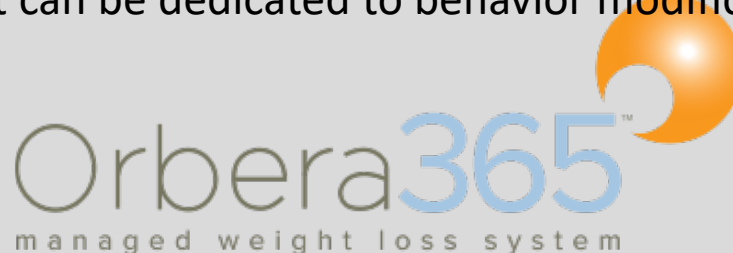
**>230** Peer  
Reviewed  
Publications

(1) Sources: Orbera Intra-gastric Balloon System (Orbera) Directions for Use (DFU); Complications of colonoscopy, Fisher, Deborah A. et al., Gastrointestinal Endoscopy, Volume 74, Issue 4: 2011, 745 – 752; Hutter MM, Schirmer BD, Jones DB, et al., Baseline data from American Society for Metabolic Surgery designated Bariatric Surgery Centers of Excellence using the Bariatric Outcomes Longitudinal Database, Surg Obes Relat Dis 2010; 6(4): 347-55.

(2) <http://apolloendo.com/wp-content/uploads/2017/06/GRF-00346-00R02.pdf> - table 12



- **CE marked in Q3 2017**
  - European market introduction in Q4 2017
    - ~30% of Orbera European customers purchased Orbera365 in Q4 2017
  - Other direct market regulatory clearance efforts underway
- **Orbera365: Expands clinical benefit of industry-leading intragastric balloon**
  - Increases Orbera's patient indwell time from 6 months to 12 months
  - Doubles amount of time that can be dedicated to behavior modification and implant assisted weight management





# Lap-Band<sup>®</sup> – an Enduring Value Proposition

## HIGH-MARGIN PRODUCT

The Lap-Band is a solid, high-margin product that helps sustain and fund the endo-bariatric product distribution network

## PROVEN LONG-TERM WEIGHT LOSS

20-year outcomes data: 8,263 patients treated with 48% excess weight loss

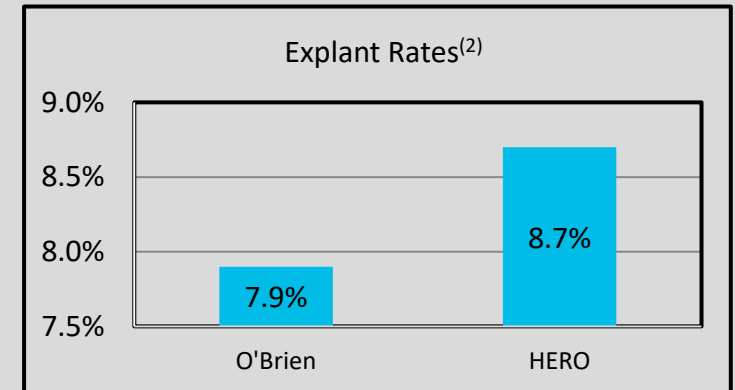
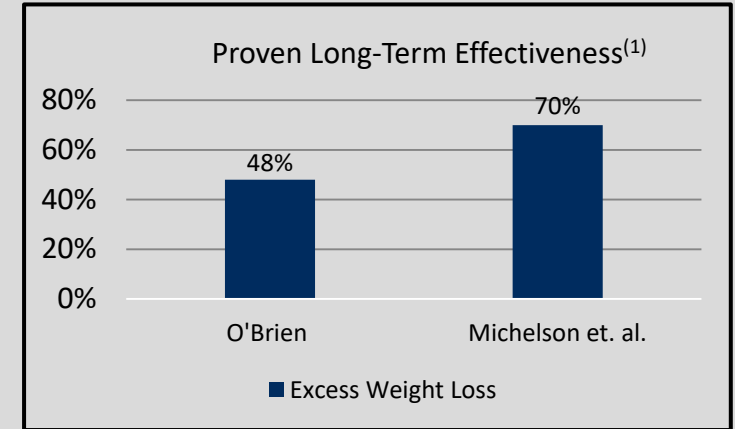
## CLINICALLY SIGNIFICANT IMPACT

Resolution or improvement in comorbid conditions can have a significant impact on quality of life

## SAFE

Over 860,000 implanted worldwide with lower complication rates and severity compared to alternative surgical procedures<sup>(4)</sup>

- (1) O'Brien P. Bariatric Surgery Long-term Outcomes. Presentation at IFSO 22<sup>nd</sup> World Congress. London, August 2017. Michaelson R, et al. LAP-BAND for Lower BMI: 2-Year Results from the Multicenter Pivotal Study. Obesity (2013) 21:1148-1158.
- (2) O'Brien P. Bariatric Surgery Long-term Outcomes. Presentation at IFSO 22<sup>nd</sup> World Congress. London, August 2017. Dixon, JB, et al. Health Outcomes from the HERO Study (Poster): A Prospective, Multi-Center, Non-Randomized Study of Health Outcomes and the Rates of Explants after 5 Years of Treatment with Laparoscopic Adjustable Gastric Banding. Obesity Week, New Orleans, 2016.
- (3) DeMaria Eric, Pate Virginia, Warthen Michael, Winegar Deborah. Baseline data from American Society for Metabolic and Bariatric Surgery-designated Bariatric Surgery Centers of Excellence using the Bariatric Outcomes Longitudinal Database. Surgery for Obesity and Related Diseases 6. 2010. Hutter Matthew, et al. First Report from the American College of Surgeons Bariatric Surgery Center Network: Laparoscopic Sleeve Gastrectomy has Morbidity and Effectiveness Positioned Between the Band and the Bypass. September 2011. Sudan, et al. Comparative Effectiveness of Primary Bariatric Operations in the United States. SOARD (2017) 13:826-834.
- (4) Data as of Q4 2017

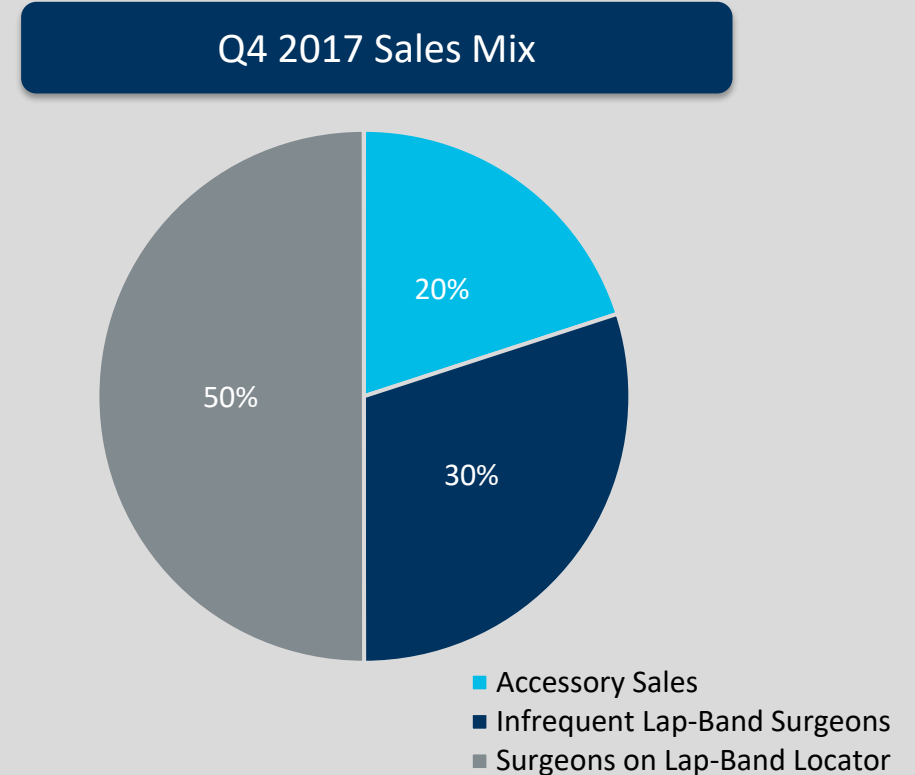
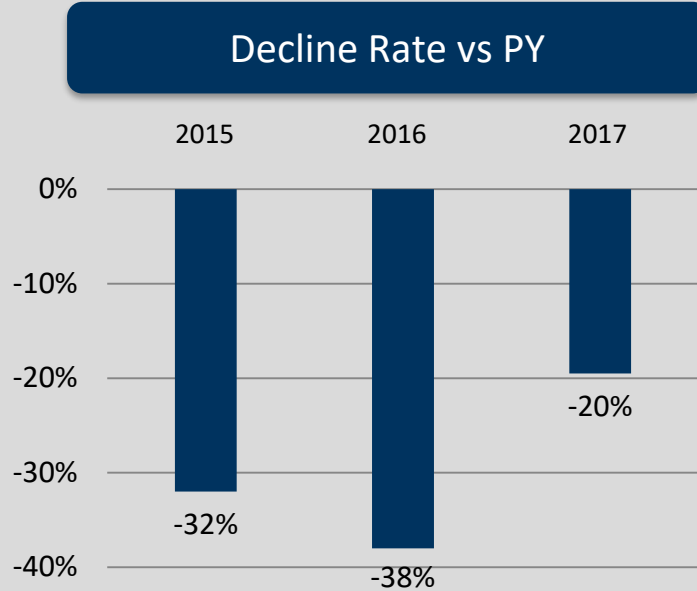


	LAGB	RYGB	Sleeve
Total Complications	6%	18%	24%
Serious Adverse Events	0.3%	0.93%	1.35%
Reoperation Rate	1%	3%	5%
30-Day Morbidity	1%	6%	6%



# Lap-Band U.S. Stabilization Progress

- Revenue mix is moving to more stable segments of dedicated centers and accessory sales
- Apollo's Lap-Band remains a core product for approximately 80 U.S. bariatric surgeons





**OverStitch™**  
endoscopic suturing system

**Orbera™**  
managed weight loss system

**lap·band®**  
S Y S T E M

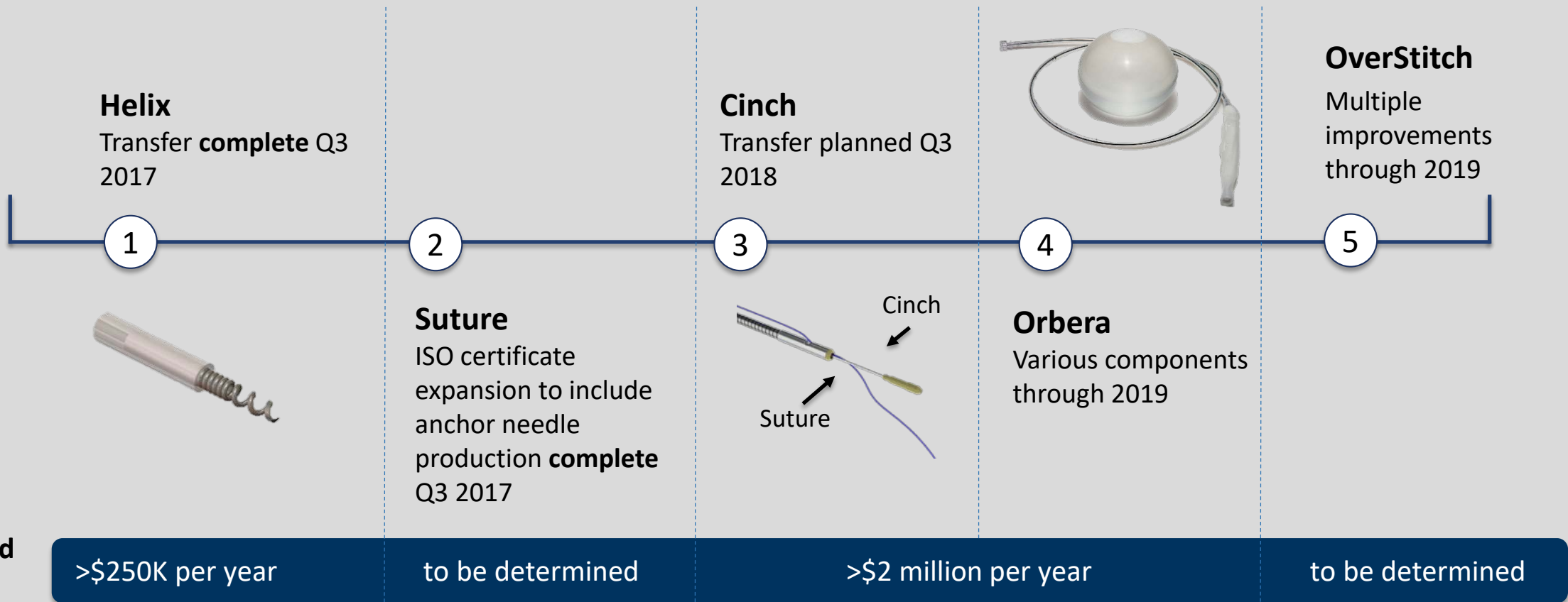
- **MERIT Trial for ESG**
- **AGA Endoscopic Suturing Registry**
- **European Bariatric Registry**
  
- **FDA Post Approval Study**
- **Various Investigator Initiated Studies**
  
- **No Obligations**





# Gross Margin Improvement Program

**Total program cost estimated at \$4 million to \$5 million (including capital expenditures) over next six to eight quarters**



Anticipated Savings





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