apollo endosurgery

OverStitch™

Endoscopic Suturing System

Orbera™

managed weight loss system

August 2019

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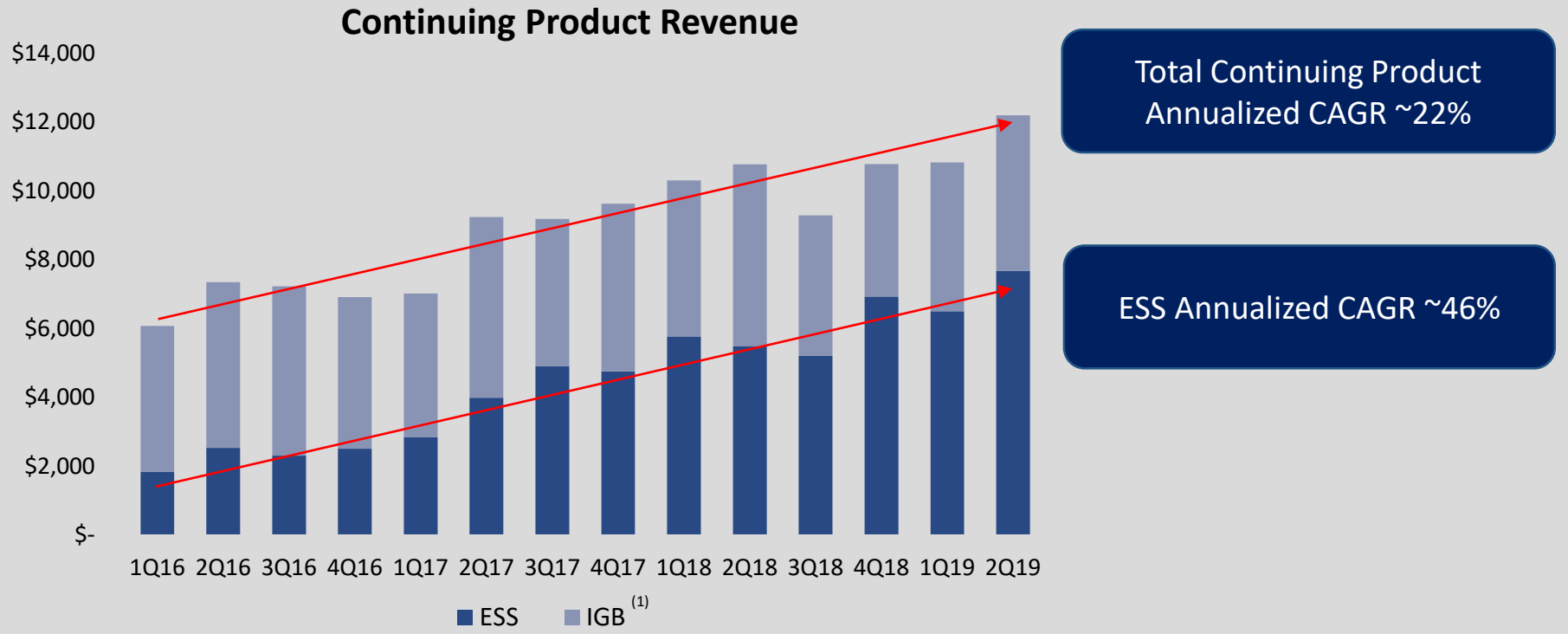
Forward Looking Statements and Regulatory Advisory

Forward Looking Statements: This presentation contains forward-looking statements, including, but not limited to, statements related to Apollo Endosurgery's strategy, plans, objectives, expectations (financial or otherwise) and intentions, future financial results and growth potential, expected impact, timing and potential benefits from recent and future transactions, expectations regarding development programs and timing of regulatory and commercial events and other statements that are not historical facts. These forward-looking statements are based on Apollo Endosurgery's current expectations and inherently involve significant risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of risks and uncertainties, which include, without limitation, whether Apollo Endosurgery is able to successfully execute its commercial and product development strategies and other long-term financial metrics; the ability to grow sales and revenues from existing product offerings; the fact that past financial or operating results are not a guarantee of future results; competition; regulatory obligations and oversight, including potential changes in healthcare laws and regulations and other factors detailed from time to time in the reports Apollo files with the Securities and Exchange Commission, or SEC, including its Form 10-Q for the quarter ended June 30, 2019. Copies of reports filed with the SEC are posted on Apollo's website and are available from Apollo without charge. These forward-looking statements are not guarantees of future performance and speak only as of the date hereof, and, except as required by law, Apollo disclaims any obligation to update these forward-looking statements to reflect future events or circumstance.

Product Regulatory Advisory: This presentation is intended for the investment and financial community and not for the promotion of Apollo products or related procedures. The Apollo Intragastric Balloon products are approved in the US as a weight loss aid for adults suffering from obesity, with a body mass index (BMI) ≥30 and ≤40 kg/m^2, who have tried other weight loss programs, such as following supervised diet, exercise, and behavior modification programs, but who were unable to lose weight and keep it off. The Overstitch is cleared for the endoscopic placement of sutures and the approximation of soft tissue in the GI tract The Overstitch clearance does not include procedure-specific indications for use. Although Apollo has and continues to obtain clinical data on additional uses for its products, the safety and effectiveness of these uses has not been cleared or approved for commercial purposes by the U.S. Food and Drug Administration.

Apollo Endosurgery Overview

Strategic Focus	•	Therapeutic Endoscopy
Products	•	Endoscopic Suturing Systems (ESS): OverStitch & OverStitch Sx
	•	Intragastric Balloon Systems (IGB): Orbera, BIB, and Orbera365
User	•	Gastroenterologist
	•	Bariatric surgeons
Procedures	•	OverStitch (ESS): endolumenal surgeries for GI tract, primary and revisional bariatric therapies
	•	Orbera (IGB): interventional weight loss

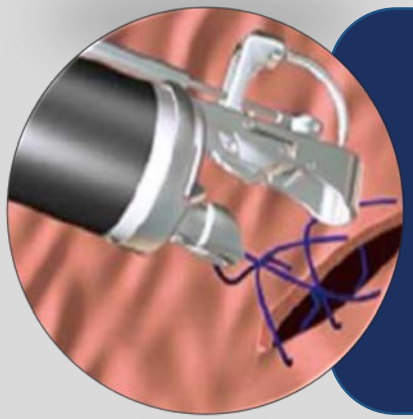


(1) Excludes US ORBERA starter kit sales of ~$2.1 million, ~$1.1 million, ~$0.5 million and ~$0.7 million of quarterly revenue in 2016 and ~$0.3 million, ~$0.3 million, ~$0.1 million, and ~$0.1 million of quarterly revenue in 2017

OverStitch: Large Addressable Markets for Endolumenal Surgery

In Market*

Bariatrics - $4.9B Global Potential
- Primary (ESG)
- Revisions



Upper GI - $150M but Expanding Global Potential
- Stent Fixation
- Advanced GI

In Development

Reflux
- Primary
- Altered Anatomies

Lower GI
- Colorectal

* See Product Regulatory Advisory, slide 2

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Orbera: Large Addressable Market Opportunities for IGB Therapy

Aesthetic market

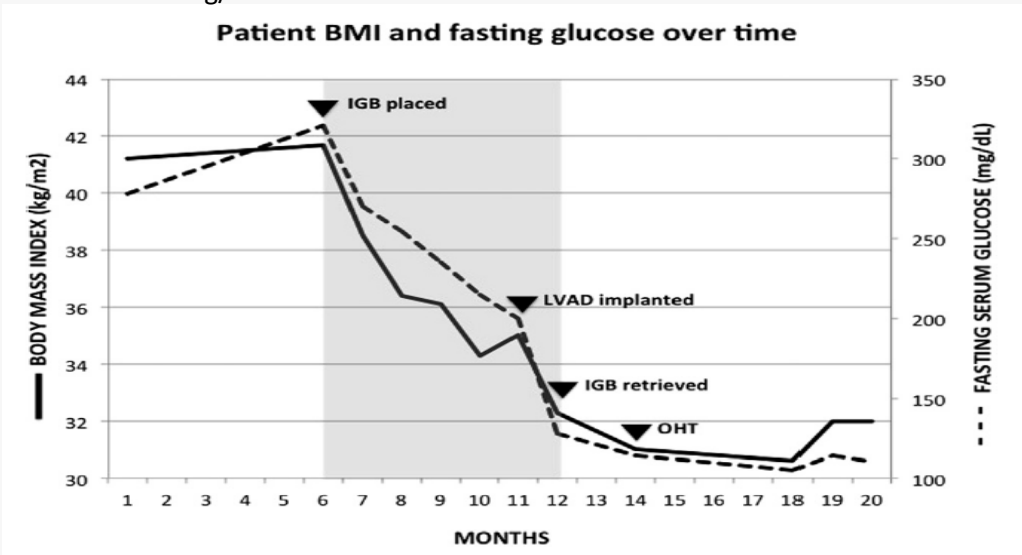
- 228,000 U.S. bariatric procedures annually (1)
- 1.8 million U.S. cosmetic surgical procedures annually (2)
- Plastic surgery centers becoming an increasingly important site of service

(1) ASMBS bariatric procedure data published June 2018
(2) American Society of Plastics Surgeons: 2018 National Plastic Surgery Statistics
* See Product Regulatory Advisory, Slide 2

Medical uses*

- Non-cirrhotic NASH with fibrosis
- Bridge to Orthopedics or General Surgery
- Solid Organ Transplantation

Initial BMI = 41.7 kg/m^2



Body mass index (BMI) (solid line) and fasting serum glucose (dashed line) over 18 months including 6 months before intragastric balloon (IGB) implantation, 6 months of therapy (gray area), and 6 months after balloon retrieval. LVAD, left ventricular assist device; OHT, orthotopic heart transplantation.

Andrew C. Storm, MD, Neal K. Lakdawala, MD,MSc, and Christopher C. Thompson,MD, MHES; The Journal of Heart and Lung Transplantation, Vol 36, No 7, July 2017

Developing the Market for Therapeutic Endoscopy

- **Revitalize the IGB Category**
  - Address FDA communications
  - Stabilize US aesthetic market
  - Build the Medical Value proposition
  - Establish Market Access

- **Position Suturing as the Entry to Endolumenal Surgery for the Advanced Endoscopist**
  - MERIT, AGA Registry in the US.
  - Bariatric and Core GI registries in Europe.
  - Medical Education drive
  - Remove adoption barriers
  - Widen Bariatric Market Access

Status

- ✓ New labeling approved
- ✓ Growth expected in second half of 2019
- ✓ Educational grant studies underway at key institutions
- ✓ CPT-code application filed by co-sponsoring societies

- ✓ MERIT enrollment complete (IDE pending); AGA Reg. 77 cases / 9 sites
- ✓ Bariatric >240 cases / 5 sites. Core GI >110 cases / 10 sites
- ✓ Trained >1,650 physicians since 2016
- ✓ Sx launched in Q1. Colonoscope R&D project underway.
- ✓ 2019 for ESG Market Access pursuits:
  - CMS New Tech APC;
  - Australia MSAC;
  - Germany OPS funding;
  - Belgium Bariatric Surgeon initiative.

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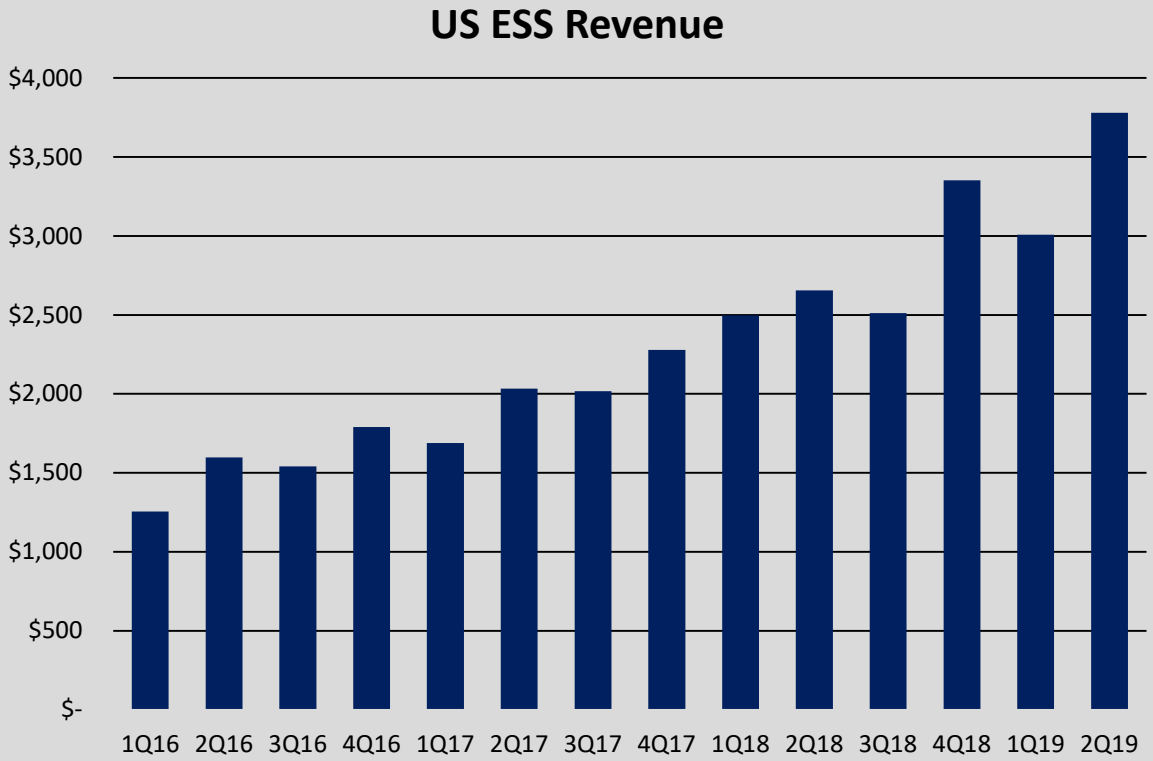
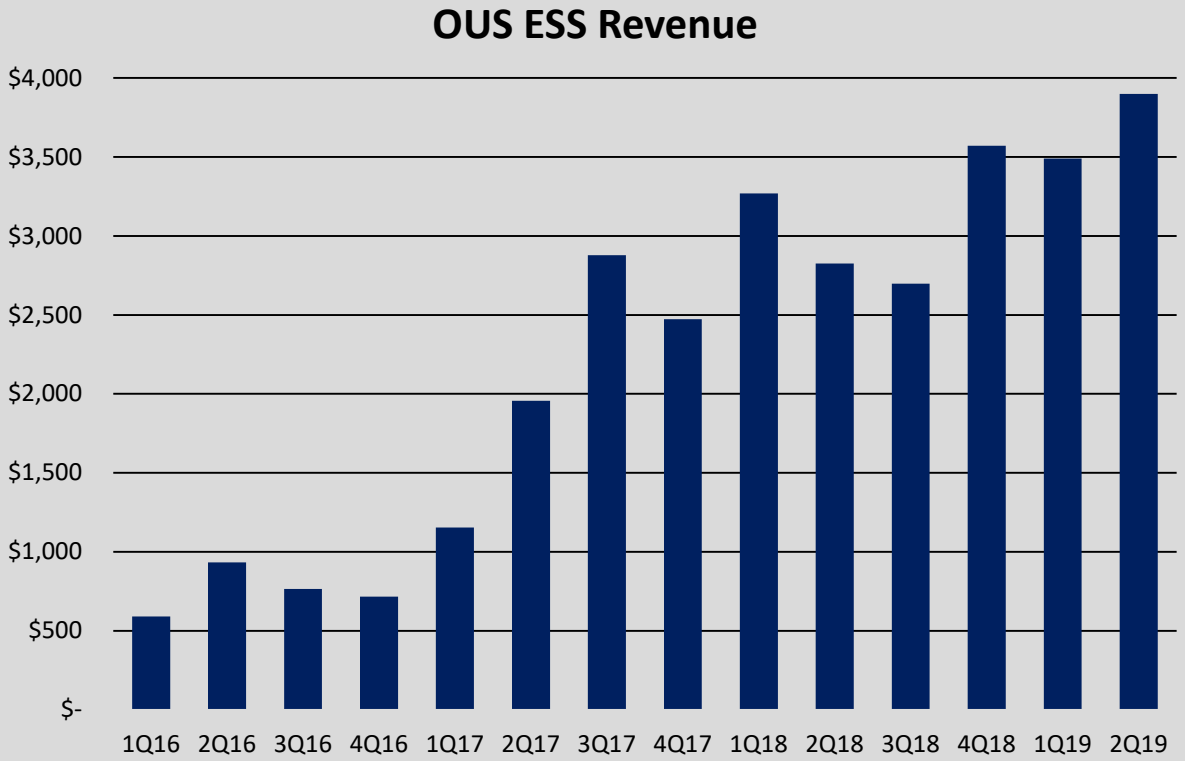
OverStitch (ESS)

- **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**





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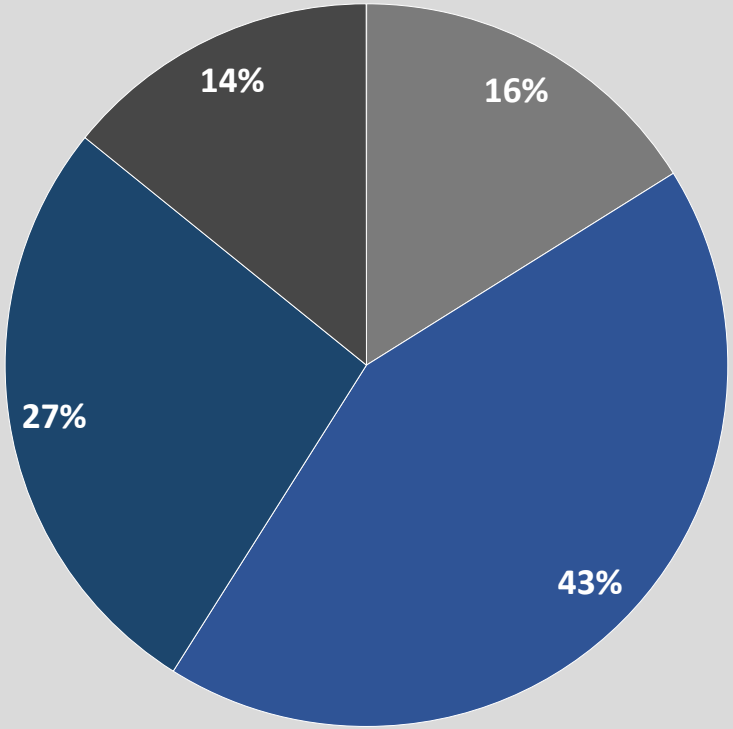
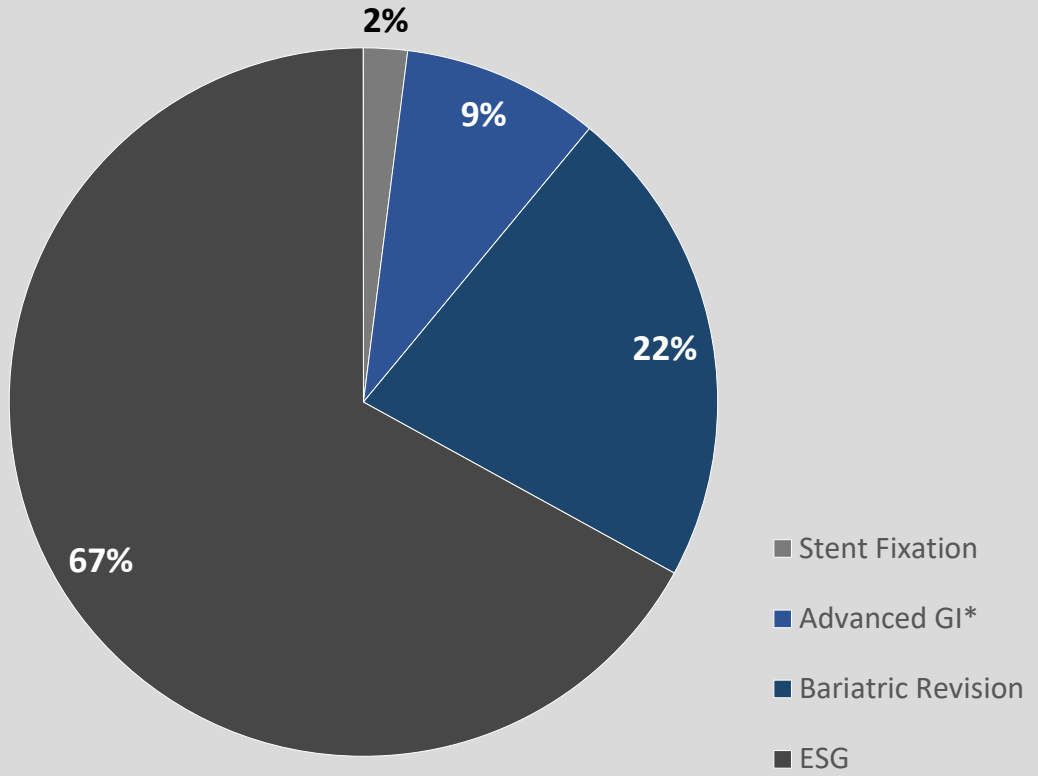
OverStitch (ESS) Procedure Mix – Highly Diverse Use

2018 U.S. Procedure Mix**



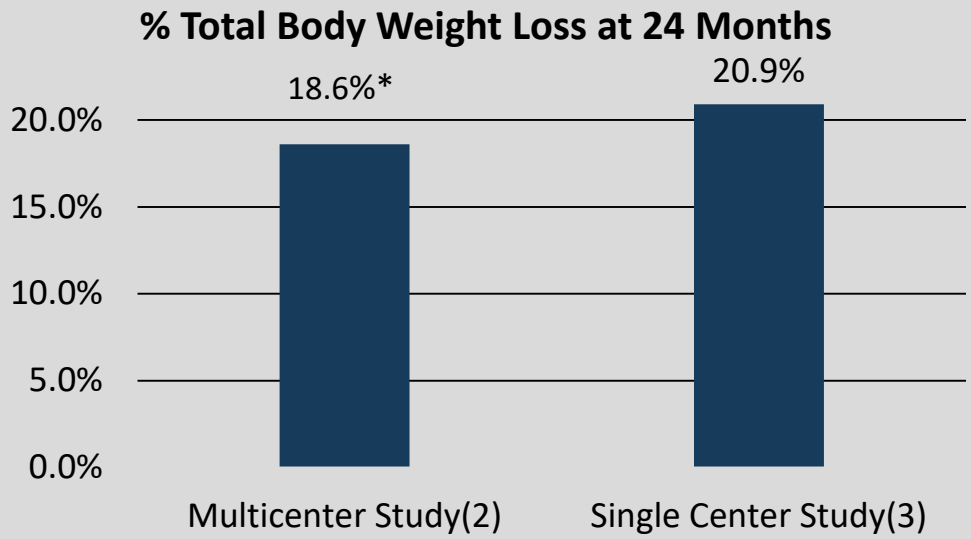
2018 OUS Procedure Mix

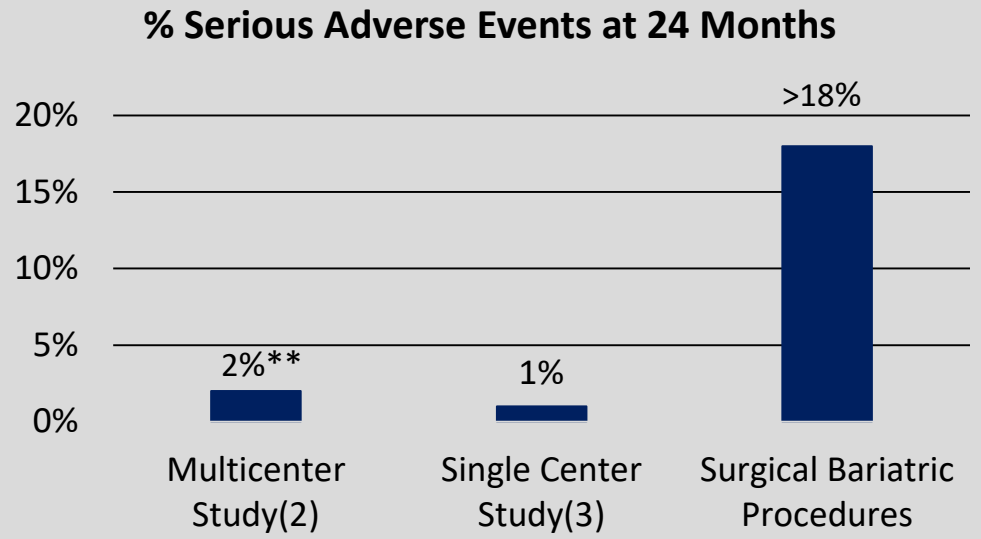


*Advanced GI includes: ESD, EMR, POEMS, Defect Closure
**See Product Regulatory Advisory , Slide 2

ESG for Primary Obesity[1], Encouraging Results to Date

- **ESG uses suturing to reduce the volume of the stomach, but without the 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) See Product Regulatory Advisory, Slide 2

(2) 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

(3) 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

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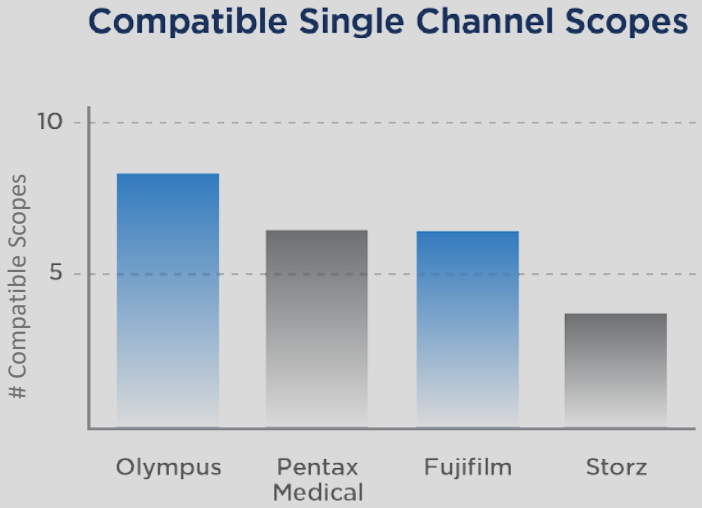
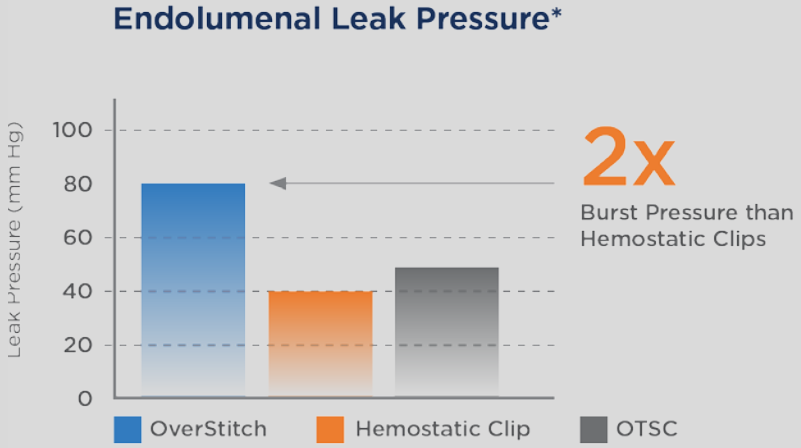
OverStitch Sx

- **Commercial launch in February 2019**
- **Removes requirement for account to purchase specific endoscopic capital equipment**
- **Provides an additional working channel for better suction, insufflation, or additional instrumentation**
- **Improves maneuverability and visualization**

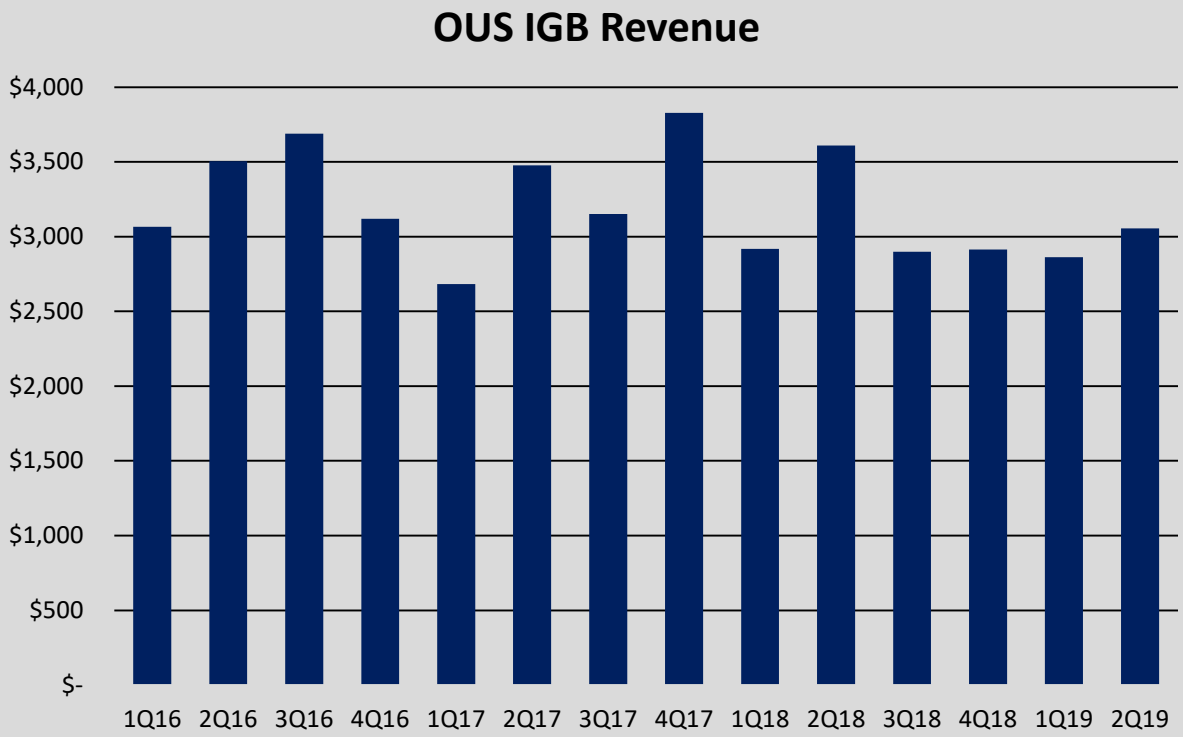


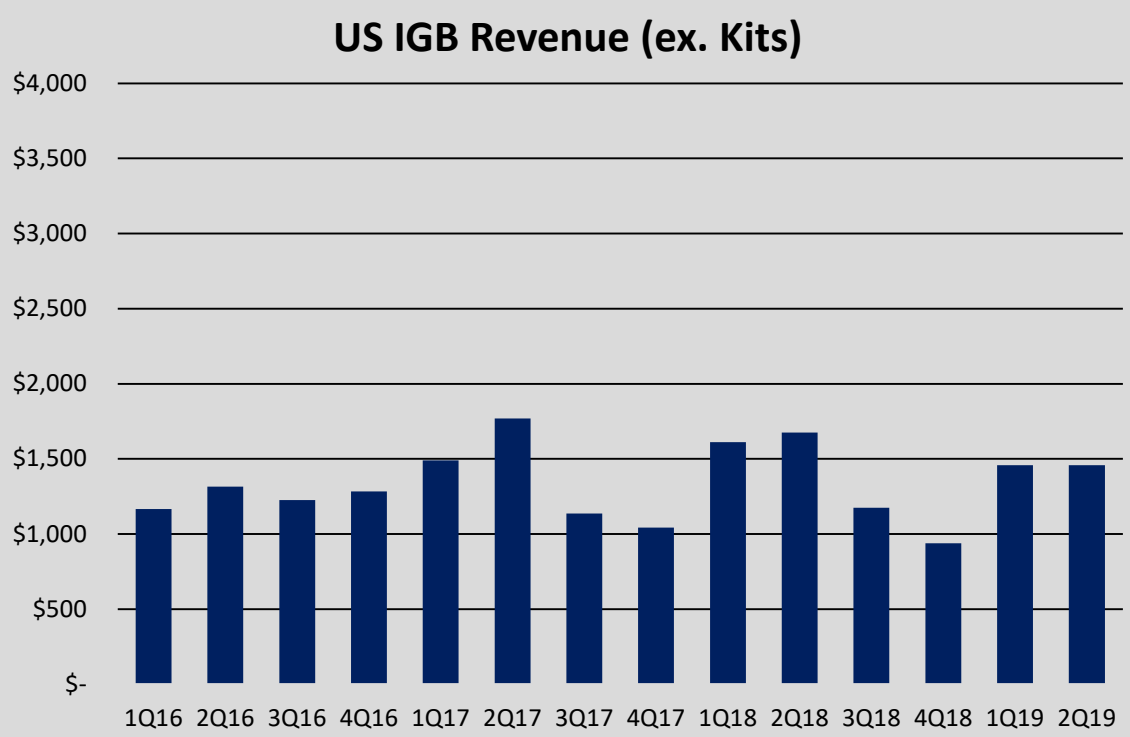


* Kohei Takizawa, MD, Mary A. Knipschield, Elizabeth Rajan MD; Closure of full thickness defects by endoluminal suturing: leak pressure study in an ex vivo porcine model

Intragastric Balloon (IGB)

- **CE marked in 1997, FDA approved in August 2015**
- **Only balloon currently meeting ASGE's PIVI[(1)] threshold standards for safety and efficacy**
- **More than 230 peer reviewed publications reporting weight loss results consistently >10% TBW**

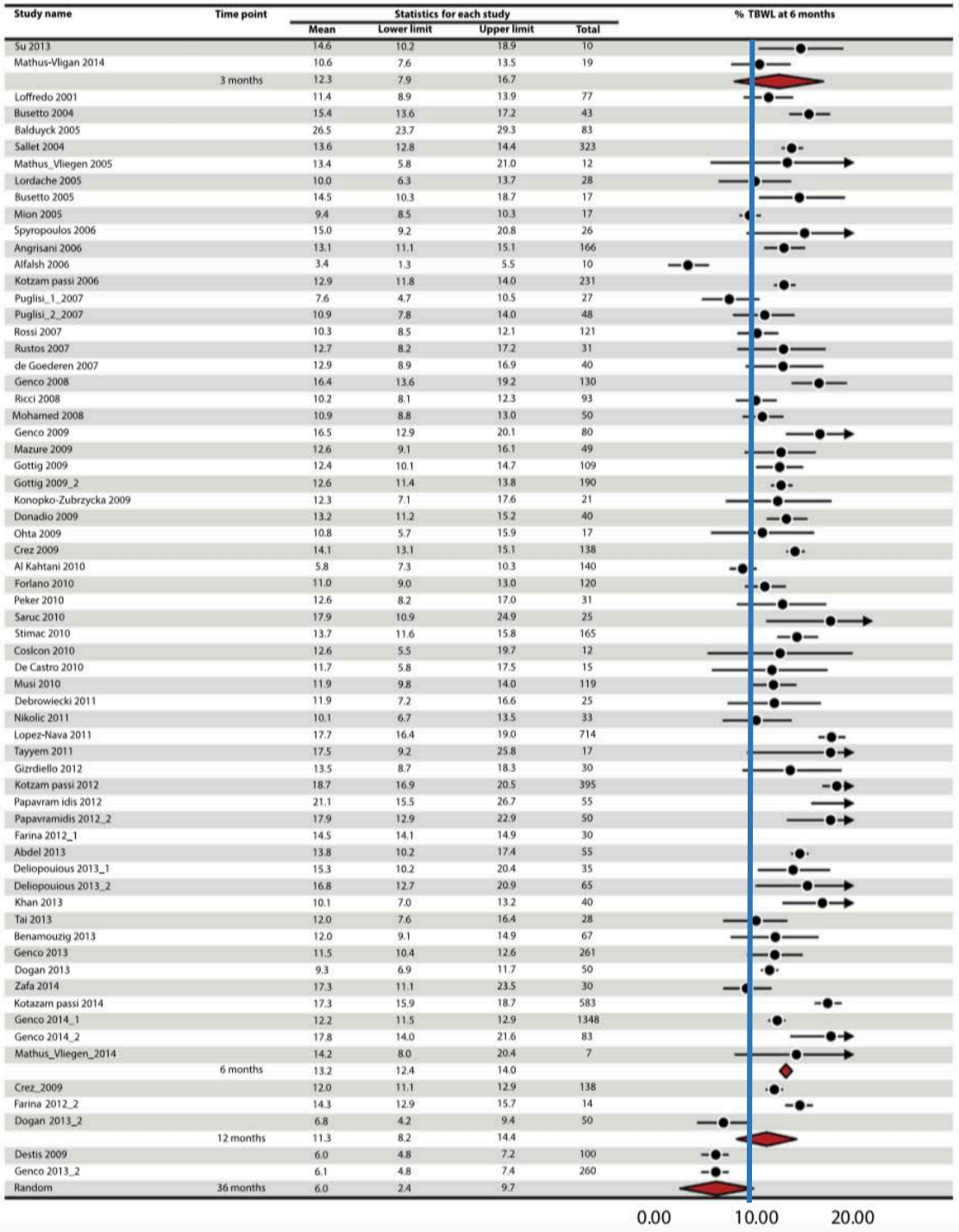




(1) ASGE Bariatric Endoscopy Task Force and ASGE Technology Committee. Journal of Gastrointestinal Endoscopy. 2015 Sep; Epub 2015 Jul 29.

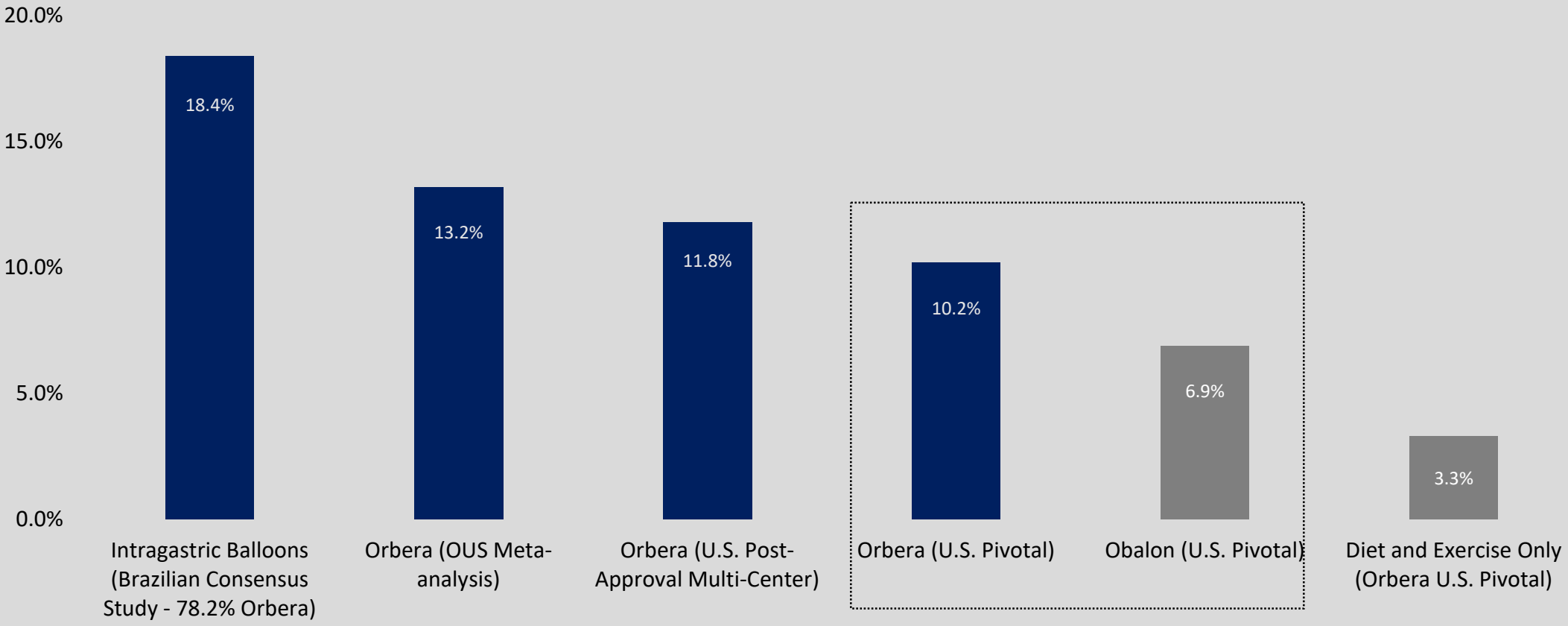
Substantial literature supports clinical benefit of Orbera

- Source:
  - ASGE Bariatric Endoscopy Task Force systematic review and meta-analysis assessing the ASGE PIVI thresholds for adopting endoscopic bariatric therapies, GIE July 2015.
    - 82 OUS Publications reviewed based on following criteria:
      - Peer-reviewed journal
      - English
      - Human trial
      - Inclusion of %EWL, %TBWL, AE's
  - Figure 9 – forest plot of studies reporting the percentage of total body weight loss (TBWL) after Orbera™ Intragastric balloon implantation.
  - Large volume of evidence with ≥ 10% TBWL at end of indwell period (6 months in this review).



Orbera IGB Clinical Data

% Total Body Weight Loss at 6 Months (1)

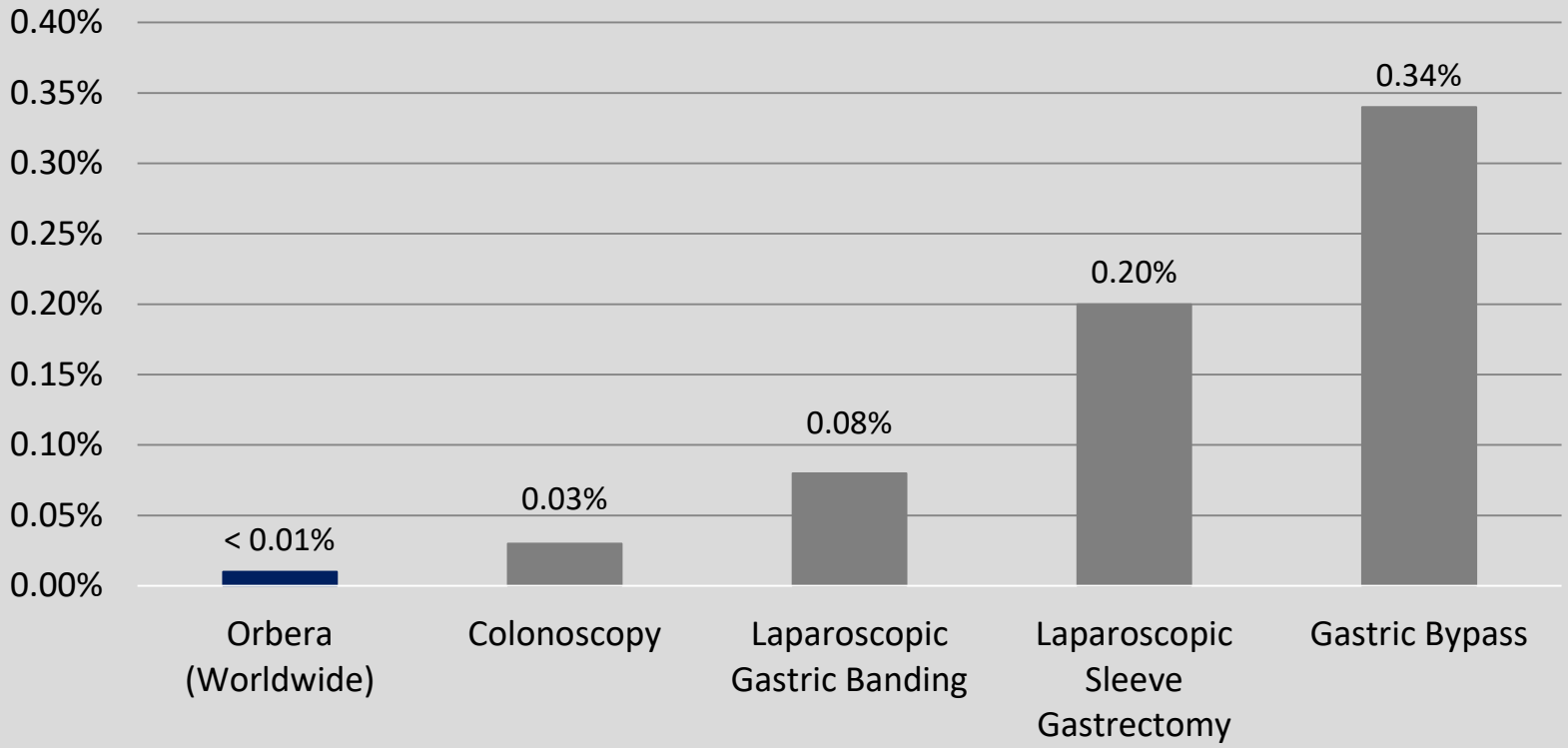


(1)Sources: Neto MG et al "Brazilian Intragastric Balloon Consensus (BIBC): practical guidelines based on experience of over 40,000 cases". September 2018. For OUS Meta-analysis , ASGE Bariatric Endoscopy Task Force systematic review and meta-analysis assessing the ASGE PIVI thresholds for adopting endoscopic bariatric therapies. Gastrointest Endosc. 2015 Sep;82(3):425-38.e5. For US Post-Approval Multi-Center, Single Fluid Filled Intragastric Balloon Safe and Effective for Inducing Weight Loss in a Real-World Population. February 6, 2018. For pivotal studies; the data shown is based upon the respective pivotal study data results and not a head to head comparison. See FDA.gov for respective U.S. Pivotal studies of Orbera and Obalon balloon products.

Orbera – Long Established Record of Safety and Efficacy

Based on 295,000 Orbera distributed worldwide

Incident Rate of Reported Mortality in Peer Reviewed Journals(1)



Adverse event rates comparison

	Global Rate (as of March 31, 2017)	Global Rate (as of March 31, 2018)
Mortality Rate	0.01%	<0.01%
Gastric Perforation	0.01%	0.01%
Esophageal Perforation	< 0.01%	< 0.01%
Pancreatitis	< 0.01%	< 0.01%
Spontaneous Hyperinflation	0.04%	0.07%

(1) Sources: Orbera Intragastric 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.

Weight Loss Known to Improve Liver Disease

Results over a 52-Week Period of Lifestyle Intervention [1]

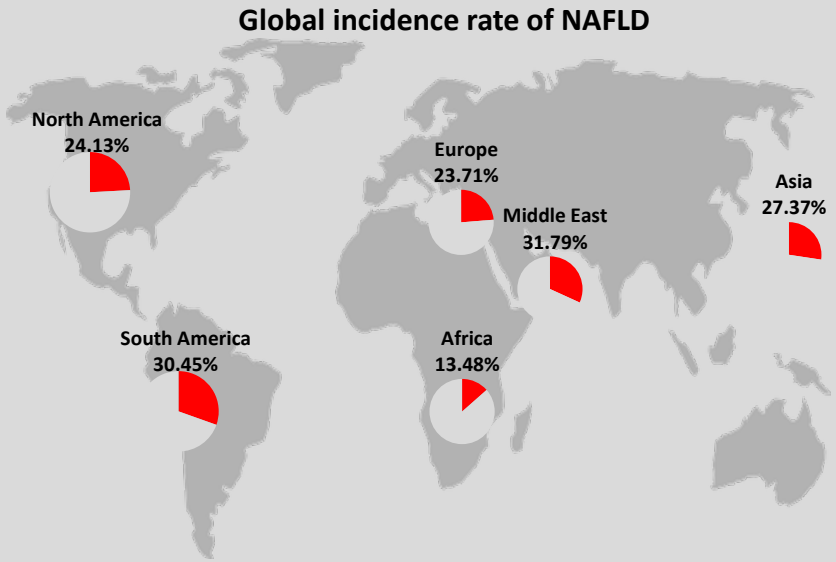
% Weight Loss (WL)	< 5% >	< 7% >	< 10% >	
NASH – Resolution	10%	26%	64%	90%
Fibrosis Regression	45%	38%	50%	81%
Steatosis Improvement	35%	65%	76%	100%
% of Patients Achieving WL	70%	12%	9%	10%

Highest rates of NASH resolution, Fibrosis regression, and reduction in liver fat occur with >10% TBWL

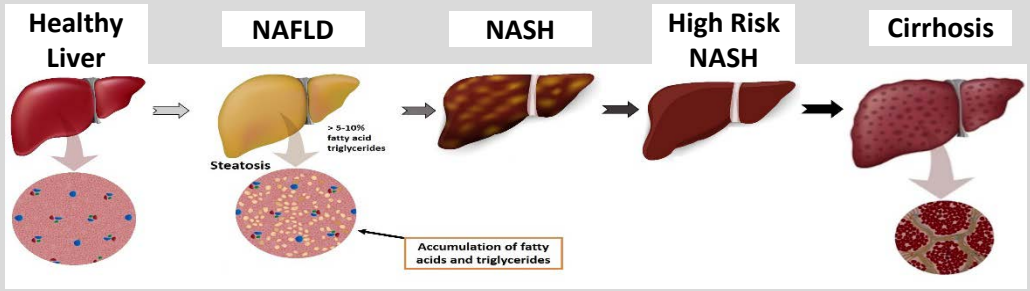
But patients experience a low success rate in meeting the meaningful weight loss thresholds

1. Manuel Romero-Gomez, Shira Zelber-Sagi, Michael Trenell - Treatment of NAFLD with diet, physical activity and exercise; graphic included as modified from Vilar-Gomez E, Martinez-Perez Y, Calzadilla-Bertot L, Torres-Gonzalez A, GraOramas B, Gonzalez-Fabian L, et al. Weight loss through lifestyle modification significantly reduces features of nonalcoholic steatohepatitis. Gastroenterology 2015;149:367–378, [Quiz e314–e365].

NASH Opportunity* for Orbera



Contribution of Alcoholic and Nonalcoholic Fatty Liver Disease to the Burden of Liver-Related Morbidity and Mortality. Gastroenterology. 2016 Jun;150(8):1778-85.



Mayo Clinic evaluation of ORBERA for NASH (DDW 2018)

- 6 month study (n=21)
- 80% of patients achieving ≥ 7% TBWL, the minimum recommended weight loss target for NASH
- Mean weight loss: 12.8% TBWL
- Results:
  - **65% of patients achieved resolution of NASH**
  - **15% had tissue evidence indicating regression of fibrosis (scarring)**

*See Product Regulatory Advisory, slide 2

Clinical Data Program for 2019

OverStitch™
Endoscopic Suturing System

- **MERIT Trial for ESG**
- **AGA Endoscopic Suturing Registry**
- **European Bariatric Registry**
- **European GI Registry**
- **Various Investigator Initiated Studies**

Orbera™
managed weight loss system

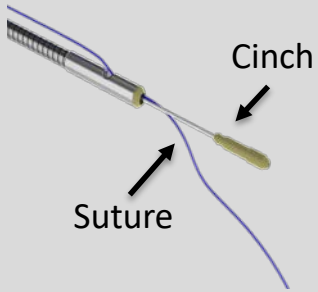
- **FDA Post Approval Study**
  - **All balloons explanted and patients in post-implant follow-up period**
- **European Post Market Study for Orbera365**
- **Various Investigator Initiated Studies**

Ongoing Gross Margin Improvement

Completed to date

Helix ✓
Transfer **complete** Q3 2017

Suture ✓
Anchor needle production **complete** Q3 2017



Cinch ✓
Transfer **complete** Q3 2018

Orbera ✓
Delivery system **complete** Q3 2018

Expected impact:

- $2.25 million per year* reduction in material and purchased goods cost
- 5% improvement in Gross Margin on Endo-bariatric products*

2019 & 2020 Projects

- $3.5 million* of additional costs savings
- Projects are directed to reduce ESS product costs and increase manufacturing overhead efficiency

* Estimate based on 2018 production volumes; effects will phase in over time following project completion

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