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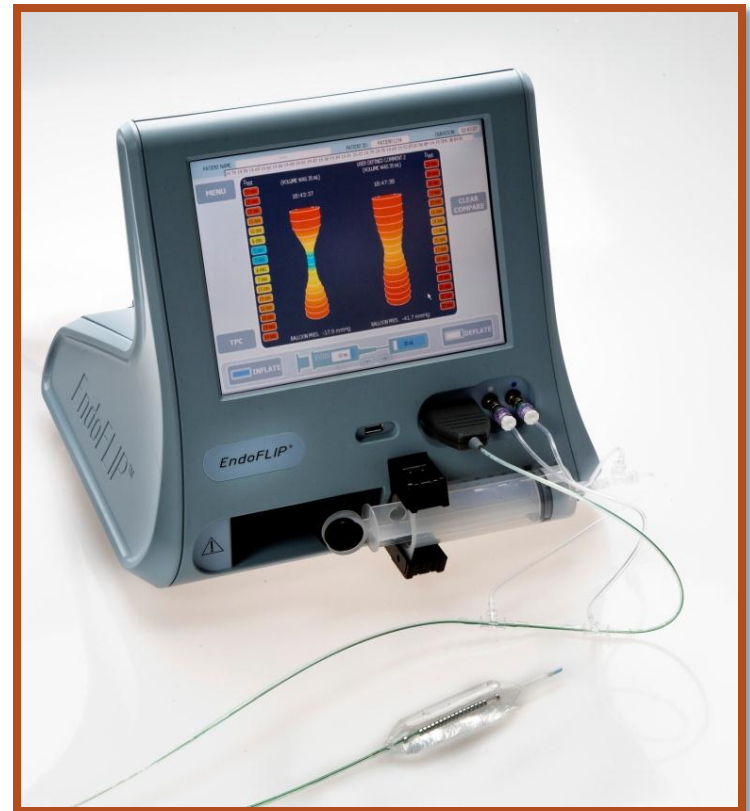
Case Study

Overview

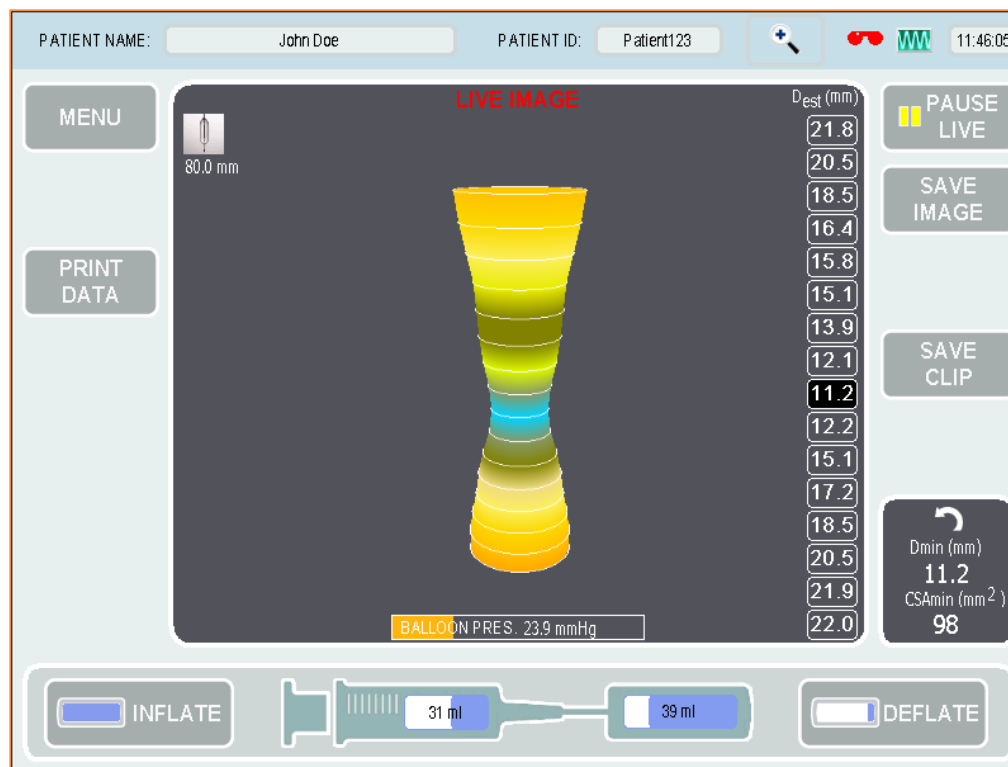
- **What is EndoFLIP**
- **Wellcome Strategic Translation Fund**
- **The Project**
- **The Process**
- **Progress to Date**

What is EndoFLIP ?

- **Measures Cross Sectional Area of Hollow Organs in Gastrointestinal Tract in Real Time**
- **Can Distend Organ to Allow Assessment of “Functional Diameter”**
- **No Direct Competitor in the Market**



EndoFLIP screen



Prior to Wellcome Funding

- **Focus on GERD Diagnostics and Surgery**
- **Similar surgeons perform bariatric surgery**
- **Bariatric Surgery the fastest growing class of general surgery (220k p.a. in US)**
- **Opportunity identified to move EndoFLIP into this market area**

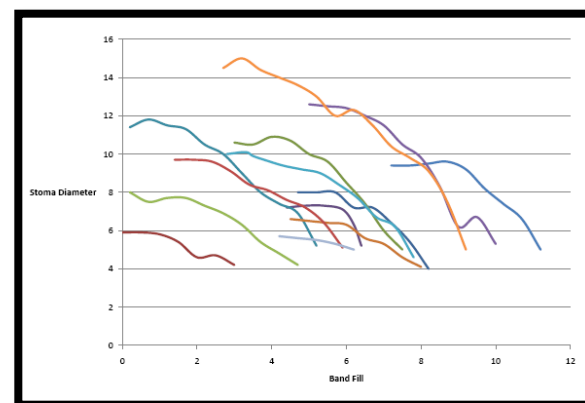
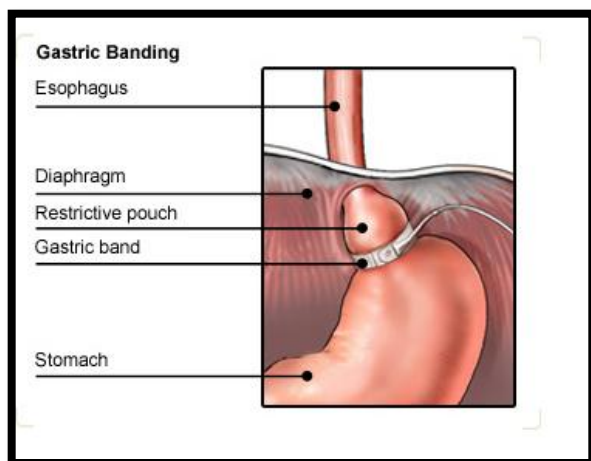
Strategic Translation Fund

- **Must be re-purposing an existing technology to a new clinical area(not basic research)**
- **Structured as a convertible loan (not a grant)**
- **Paid in tranches at commencement of each phase (good for cash flow) – into a reputable bank !**
- **Was formerly UK only, but expanded to include Ireland in recent years**

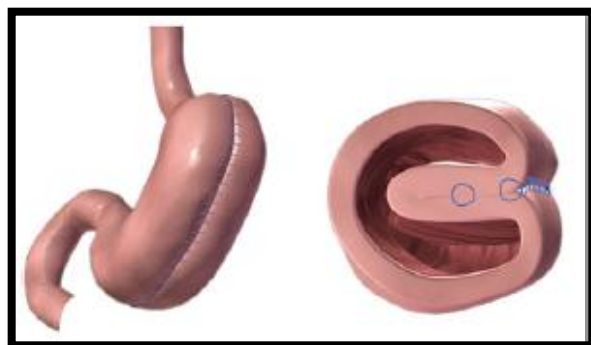
The Project

- **Re-purpose EndoFLIP for the Bariatric Market ("BaroFLIP")**
- **Re-package the EndoFLIP system into a handheld unit for post-operative band adjustments**
- **Nasal version of catheter for gastric bands**
- **Larger version of catheter for gastric sleeves**
- **Clinical Investigations to evaluate**

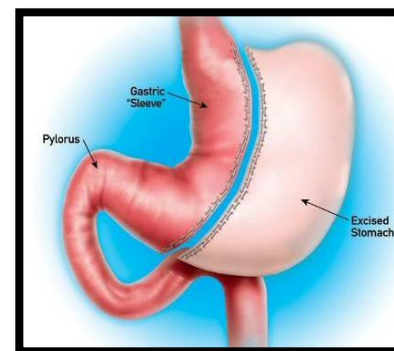
Bariatrics



LapBand calibration



Gastric Imbrication Sleeve Calibration



Sleeve Gastrectomy Calibration

The Process

- **Regular Calls**
- **Competitive**
- **Submit Initial Proposal**
 - **Work with Wellcome contact through the process**
 - **Listen carefully to any critiques**
 - **2-3 month evaluation**

The Application

- **Shareholder structure**
- **Aims of research**
- **Particular focus on path to commercialization**
- **Pre-existing IP**
- **Business Plan**
- **Project Plan**

The Process (cont.)

- **If successful at first phase, invited to submit a more detailed plan**
- **Phase 2 approx. 4 months**
- **Present the project in front of LARGE group e.g. 10-15 reviewers in London**
 - **Presence of a KOL clinician very helpful here**
- **If successful, proceed to negotiating a funding agreement**

The Funding agreement

- **Similar in many respects to an Enterprise Ireland Preference Share agreement**
- **50 page agreement – you need legal advice**
- **Convertible Loan terms very fair to company**
- **Any future shareholder transaction will now require Wellcome approval**
- **Must exploit the IP developed .. If not, the Trust reserves the right to license it out**

The Research Steering Group (RSG)

- **Formation of Research Steering Group which oversees project (4-5 people) is required**
 - **Wellcome Trust can access any KOL – good for a SME to have such KOL's involved**
 - **Meets every 3-6 months**
 - **If research direction changes, this is possible (within reason) with RSG approval**
 - **Company funds it's representatives on RSG**

Progress to Date

- **Development of BaroFLIP Unit**
- **Development and CE/FDA approval of band catheter (BF-325)**
- **Development and CE/FDA approval of sleeve gastrectomy catheter (EF-620)**
- **1 paper published and 3 posters presented**

Products developed



Current Status

- **Trials underway**
- **Some have taken longer to get started than anticipated**
- **New RSG members may not always agree with original research thesis !**
- **Wellcome Team extremely supportive and understand the slings and arrows of research projects**

Conclusion

- **Crospon would not have been able to enter the Bariatric market without this valuable source of funding**
- **Process is**
 - **Competitive**
 - **Straightforward**
 - **Legalistic**
- **Best to view more as a preference share investment than as a grant**
- **A very valuable source of funding that is greatly underutilized in Ireland**

Thank You