

## Investor Presentation.

NASDAQ:MODD

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# Corporate Overview.

Modular Medical is a development stage medical device company seeking to produce a next generation insulin pump to expand access to a higher standard of glycemic management for people with diabetes.

Founded by Paul DiPerna, **founder of Tandem Diabetes (TNDM)** and original designer of its popular t:slim pump. 30-year veteran of the medical device industry.

Large portfolio of patented technology makes insulin pumps easy to learn, use, and afford.

**Addressable Market:** \$3 Billion  
unmet market need

**MODD1:** FDA submission  
occurred January 19, 2024

**Headquarters:** San Diego, CA

**NASDAQ:** MODD





## Insulin Pumps

Represent the gold standard in glycemic control. Better outcomes, better patient health, lower A1C. (Market share leaders: Medtronic, Tandem, Insulet)



## Outcomes

Better outcomes lead to systemic savings: fewer trips to ER, reduced comorbidities. Saves \$10k/patient year (40%) even after cost of pump.



## Limitations

Feature-heavy and complex systems have hampered adoption. These products are for “superusers.” Prohibitive for many to learn and manage.

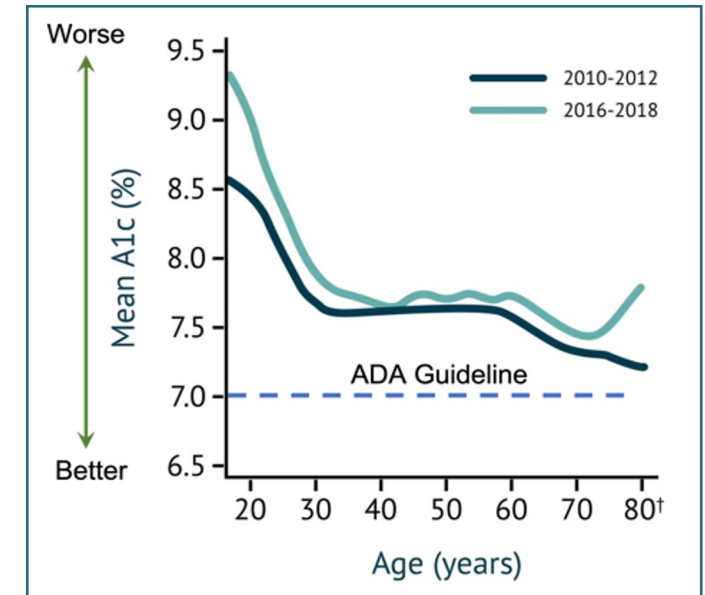


## Cost Constraint

Expense of current offerings has placed them out of reach of many patients and insurance plans. Difficult reimbursement, large out of pocket expense.

# Current Market.

- **1 in 4** Healthcare dollars in the US are spent on diabetes and diabetes related complications.
- Only **1 in 3** Americans with type 1 diabetes use a pump. This number has been materially unchanged for 15 years.
- Only **8%** of insulin dependent Americans with type 2 diabetes use a pump. This number is just starting to rise.
- Only **21%** of T1D's reach ADA guidelines for glycemic control. Overall outcomes have not been getting better.<sup>1</sup>

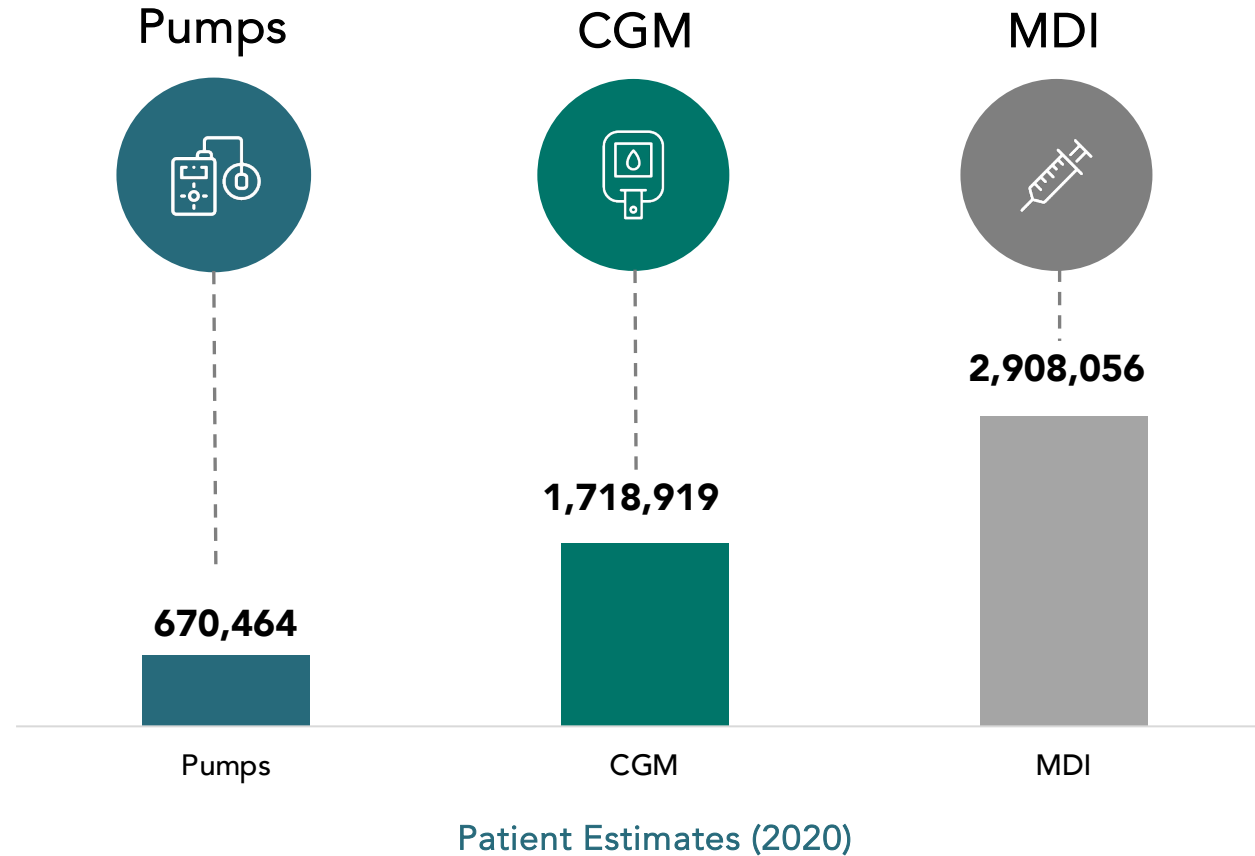


1. Meaghan St. Charles et al. Value Health. Jul-Aug 2009

2. State of Type 1 Diabetes Management and Outcomes from the T1D Exchange 2016-2018

# US Market Size.

27 million people with diabetes. 3.6 million require daily insulin (1.6M Type 1, 2.0M Type 2).



Only **20%** of insulin dependent people with diabetes use a pump for insulin delivery.

**80%** rely on multiple daily injections (MDI).

Continuous glucose monitors (CGM) have nearly **3X** the user base of pumps.

# Encouraging Adoption.

Abbott Freestyle Libre made continuous glucose monitoring easier and more affordable. This expanded the product category and doubled its size.

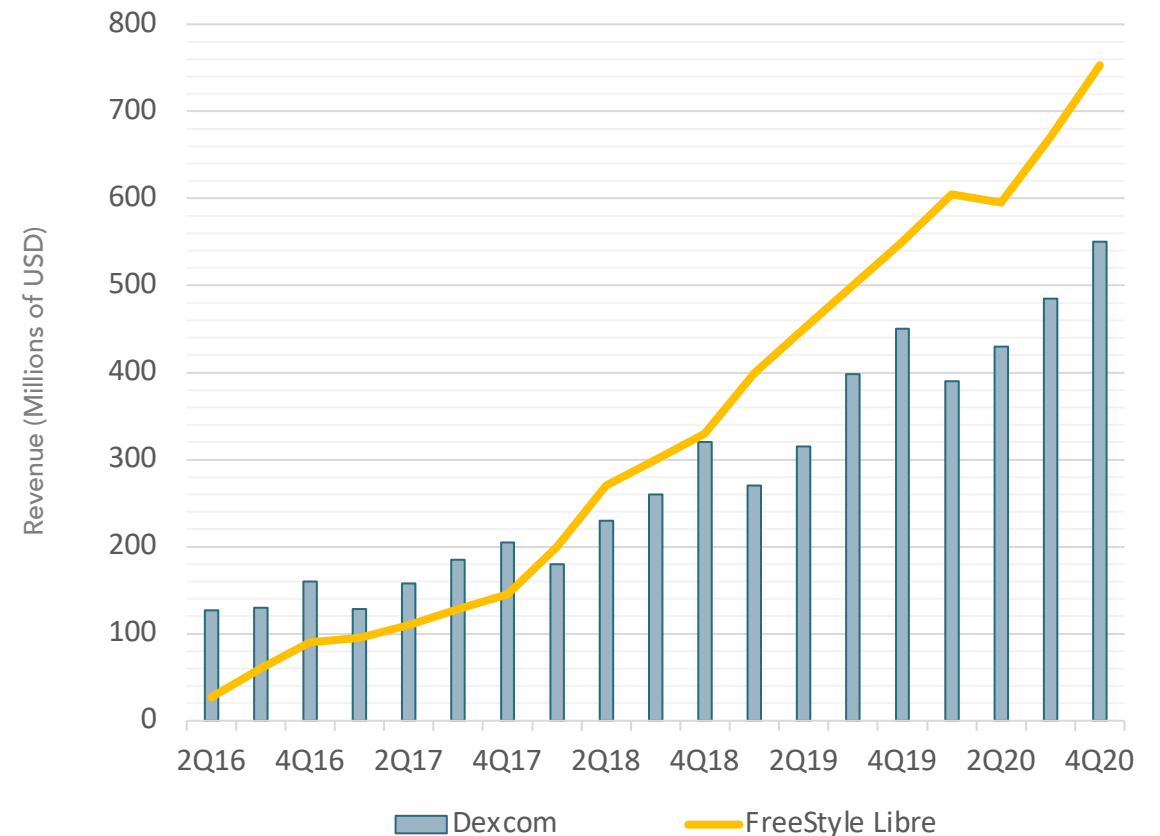
We believe the insulin pump market is ready for a similar transition.

*"In short, Flash Glucose Monitoring is fundamentally trying to take something that is more "professional" (i.e., traditional CGM) and make it more accessible to the masses. In consumer-packaged goods, examples of this strategy include home espresso makers (Keurig), cleaning products (e.g., dilatable floor cleaners, spray cleaners, wipes, toilet wands), and teeth whitening (e.g., whitening strips).*

*In these cases, the new innovation completely changed the entire category; we look forward to seeing if Flash Glucose Monitoring does something similar in diabetes."*

**Kelly Close, 2014**

## FreeStyle Libre vs. Dexcom Revenue



# \$3B US market of almost pumpers.

HCPs fairly consistently indicated that about 25% of their MDI population are “almost pumpers”, meaning that they have considered going on a pump, understand pump therapy benefits, but want something simpler that doesn’t have all the “bells and whistles”...\*

**1.2M**  
T1D MDI



**28%** of T1D MDI  
**(\$1.37B)**

**1.6M**  
T2D MDI



**25%** of T2D MDI  
**(\$1.63B)**

# What are almost pumpers asking for?

45% expressed a desire to go on pump

- Make it easy **for me**
- Make it easy for **my doctor**
- Make it easy to get **coverage**
- Make it easy to **share my data with my care team**

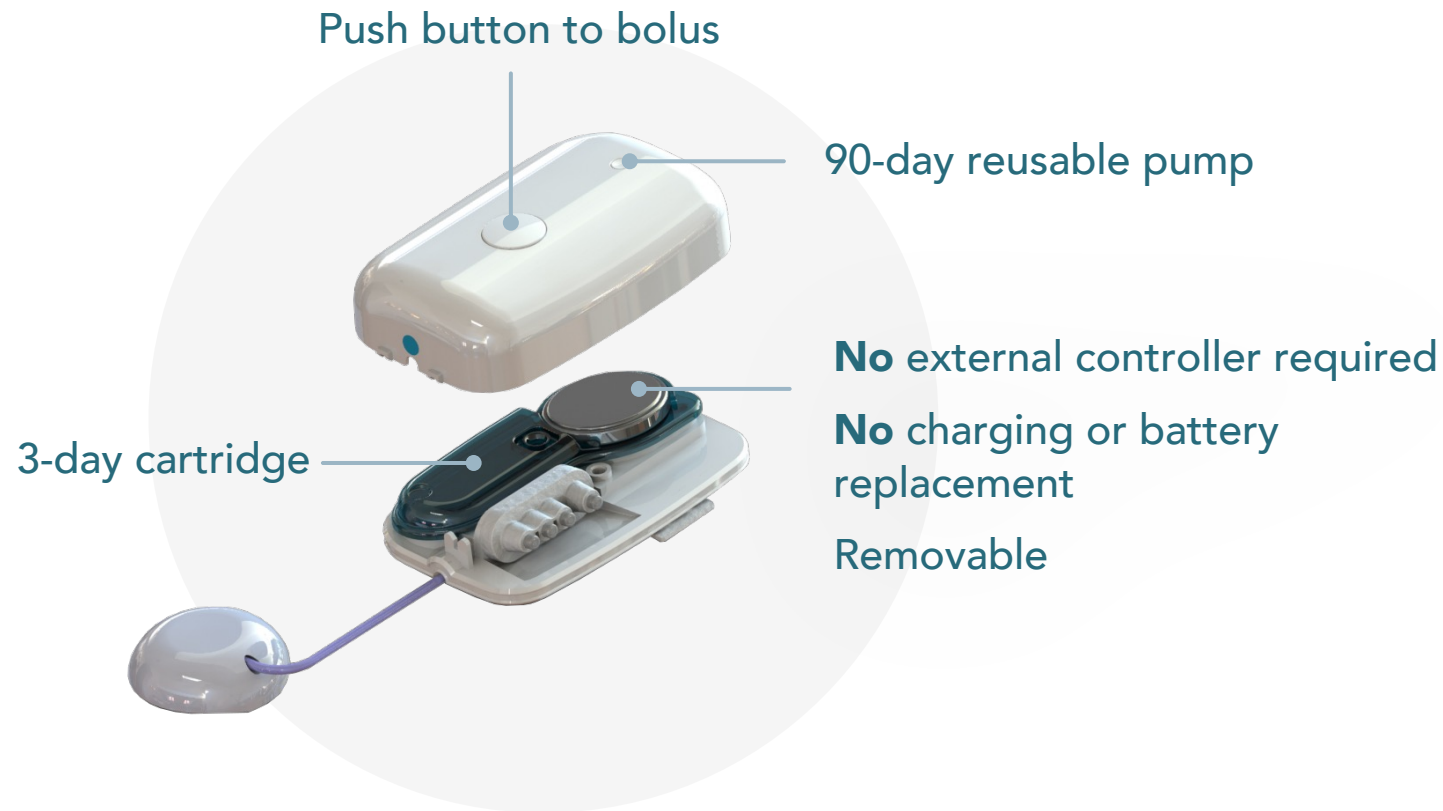
## Bottom line:

*"I cannot spend more time managing my diabetes."*



# MODD1

## Insulin Delivery for Almost Pumpers.



**Eliminate trade offs to expand the market.**

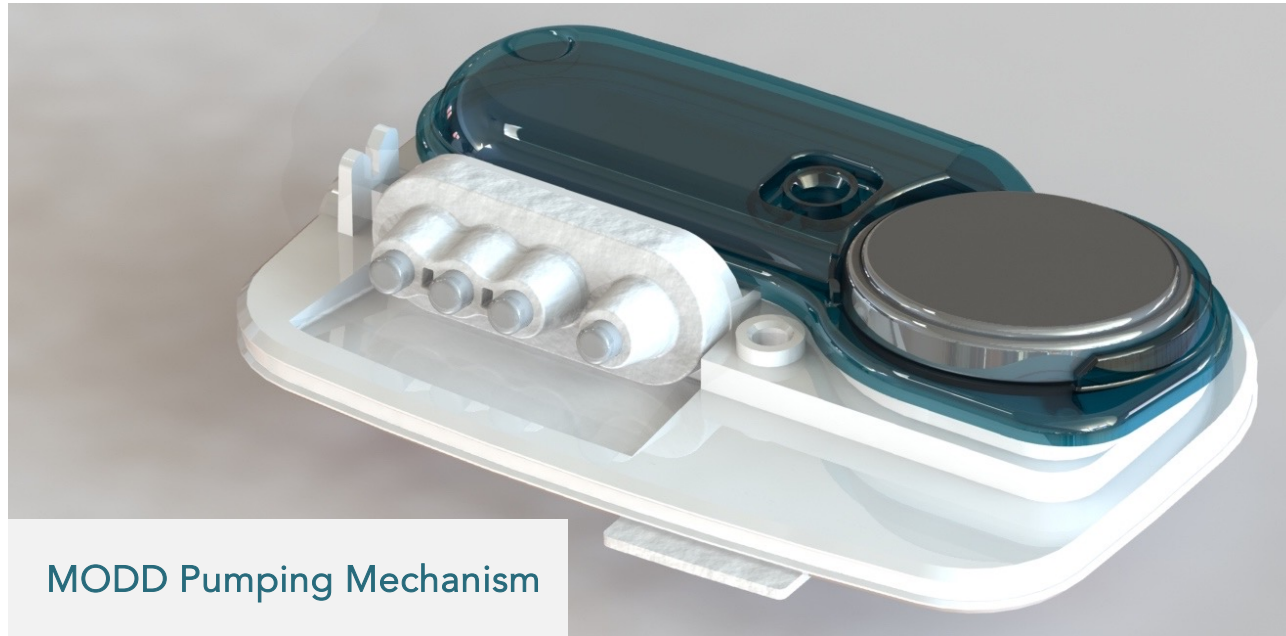
**Same accuracy** as leading pumps\*. Smoothest, most continuous basal administration in the industry\*.

Only patch pump with full sized **3ml reservoir.**

Latest low power Bluetooth, Near Field Communications (NFC) and mobile app for **ease of pairing and data-connectivity.**

# MODD Technology

## Designed to Provide Precision and Safety.



MODD Pumping Mechanism



Disposable Cartridge



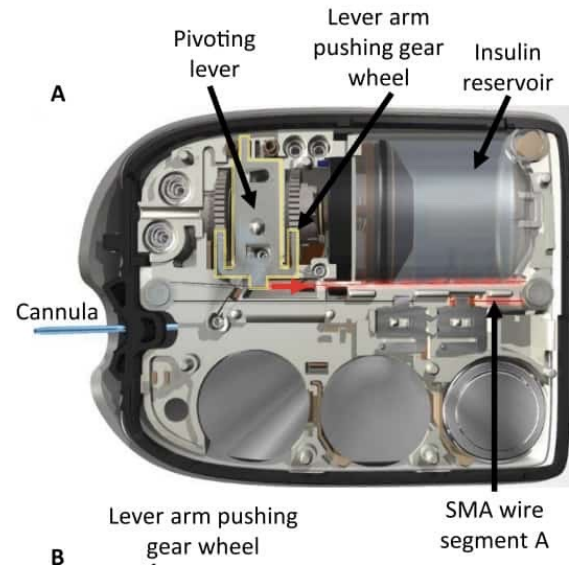
Rotating Cam

- **Precision micro-dosing** limits excessive insulin exposure and preserves insulin molecule integrity\*
  - Can be used with the **latest ultra rapid insulins\***
  - **More continuous insulin delivery** with small increments as needed, not locked into five-minute intervals like other pumps
- **8 family patents underway** to provide a sustainable competitive advantage
- **Ultra high-volume major components** make low cost manufacturing a reality for the first time in the industry
- **50% lower cost of goods** than leading patch pump

Currently under research and development, not available for investigational use or sale

\*Testing is currently in progress

# Simple Design Enables Automated, High-Volume Manufacturing.



**Insulet  
Omnipod**



# Designed with the Patient & Provider in Mind.

## Provider

- Direct sales Force Focused on Providers
- Free Samples to Encourage Trial
- Point of Prescription Couponing
- Simple to Teach and Support Patients

## Patient

- Only product that you can take home today from doctor's office
- App to Learn Product
- Free 30-Day Trial Coupons
- Co-Pay buydowns
- Reduced outlay of time and money

## Telehealth Optimized

Endocrinologists are perfect candidates for telehealth. They are overworked, underpaid, and need to drive more volume through their practices. Most of what they do can be done online (tests, guidance). There are only 4,000 patient facing endos in the US.

*"Remote Patient Monitoring is still a relatively new concept for most respondents, and few knew about the five codes established by CMS. However, upon education about the requirement and reimbursement amounts behind these codes, HCPs indicated an overwhelming amount of interest in this mode of patient management, with 85% saying that it was worth their time and effort."*

Recently established remote monitoring codes offer \$200-250 reimbursement rate per patient month.

-Seagrove Partners Aug 2021 HCP Perspectives

# Payor Preferred.

Our products are designed to attain preferential reimbursement and avoid the coverage pitfalls many other pumps have experienced.

## Payor Benefits:

- **20% Discount vs Insulet (PODD) Provides Preferred Status**
- Designed to use PBM codes as a disposable
- No New Code: Reimbursed at Launch
- Saves Provider \$1,032/Patient/Year vs Omnipod

## National Payor Survey

Retained ISA to perform National Payors Survey on 1/3 of all commercial lives in US (50 million lives)

Survey data<sup>1</sup> shows that a product with Gen-1 features set at 10-20% discount to Omnipod will gain equivalent or preferential reimbursement at launch.

*"I would say that if they could come in with an average monthly cost of, say, 20% less than Omnipod...we would make this our preferred."*

**- IDN**

Data shows that discounting and rebates have been uncommon and small in insulin pumps. 5% is currently the largest in the space.

*"We expect that the manufacturer will come to the table, probably with an access rebate [of approx. 5%]. This is based on the fact that Medtronic has already come to us with this kind of rebate."*

**- National Health Plan**

Payors showed an interest in a simple product that was less expensive.

*"I like the simplicity and so as a consequence, it's attractive to me mostly because I'm very price sensitive. I don't think there's any meaningful evidence basis for all those fancy and high-tech products."*

**- Regional Health Plan**

1. Primary research, Precision Xtract, Modular Medical Insulin Pump Rapid-Pulse Payer Assessment, June 2019.

# Unit Economics.

Profitable From the First Sale



90 Day Re-Usable

Price: FREE

Cost: \$34



3 Day Disposable

Price: \$34.4\*

Cost: \$7.68

\*Omnipod CPT code with 20% discount

Costs based on internal estimates

First month: 1 Re-Usable + 10 Disposables

Price: \$344

Cost: \$34 + \$76.80 = \$110.80

Gross Profit: \$233.20

**68%**

Profit Margin

Subsequent 2 Months: 10 Disposables

Price: \$344

Cost: \$76.80 = \$76.80

Gross Profit: \$267.20

**78%**

Profit Margin

# Business Model.

**New microfluidics technology** allows for low-cost pumping of insulin.

**New design philosophy** makes product simple enough for provider driven sales.

Enables a classic pharma style business model

And a more rapid path to profitability.

**\$4,128**

Revenue Per  
Patient/Year<sup>1</sup>

**36,000**

Users = 1% of US  
insulin Dependent  
Market

**\$148M**

Recurring Revenue  
from 1% share

**75%**

Gross Margins

**20%**

Operating Margin  
at ~2% Market  
Share

**\$3.0B**

Expansion of Market

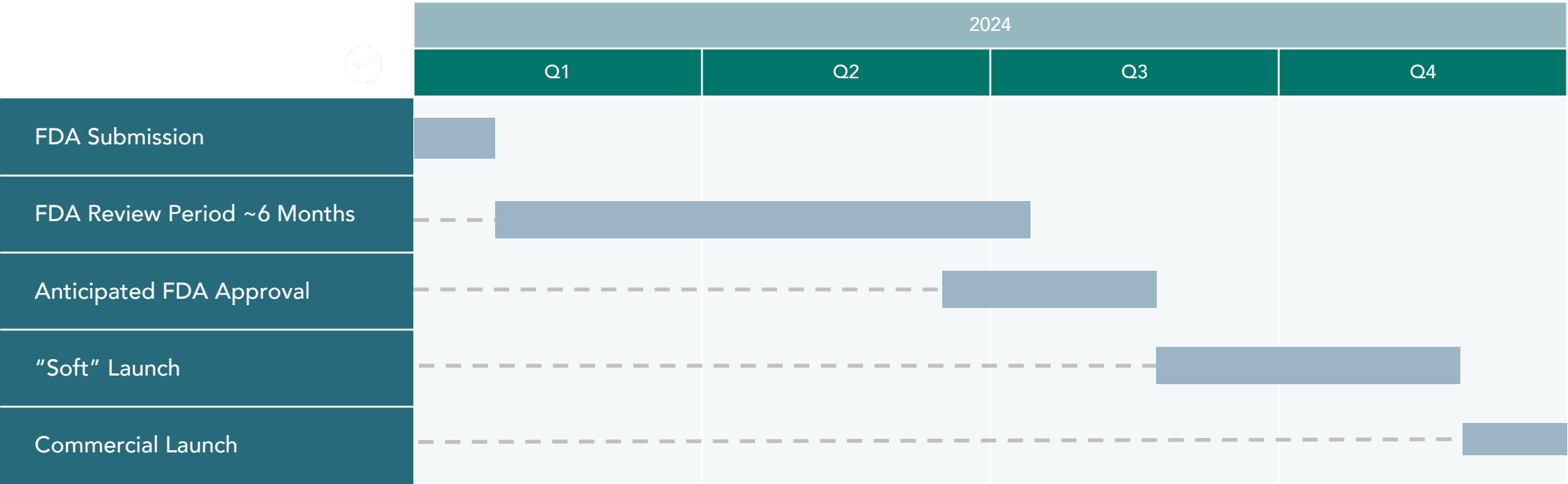
1. Based on 20% discount to published CPT codes for Omnipod.

2. Calculation based on Omnipod US data from SGP 2019 diabetes bluebook and internal cost estimates.

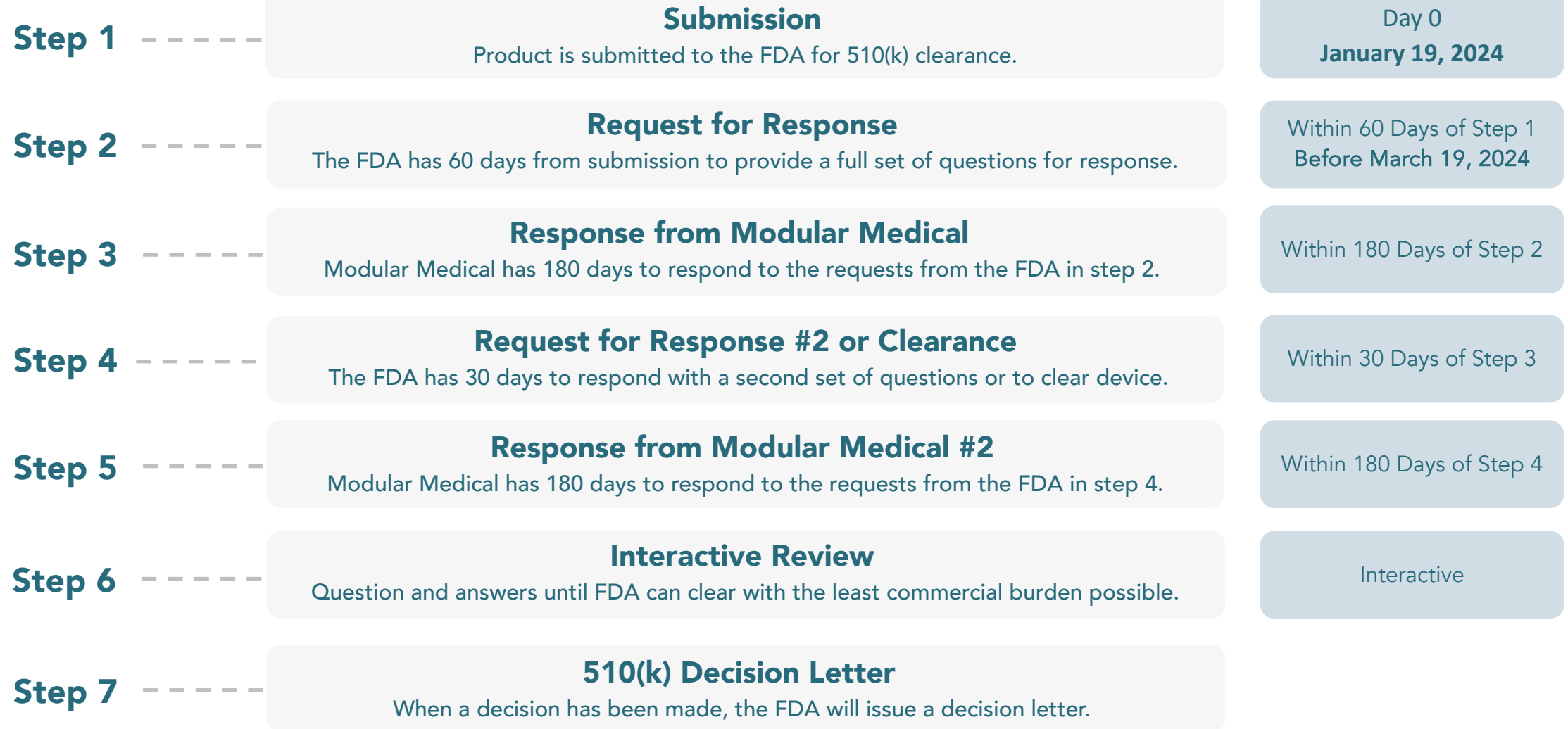
# Timeline.

**Approval:** 510(k) Predicate device approval pathway for FDA label. Same label as Omnipod.  
Testing is based on benchtop tests, **no human trials required** (no insulin pump has done pre-approval human trials)

**Submission:** FDA submission occurred **January 19, 2024**. Anticipated 6-month review period.



# FDA 510(k) Process



In the last two years the average time to 510(k) clearance for an insulin carrying device, excluding COVID and Special 510(k), has been 159 days.

# Product Roadmap.

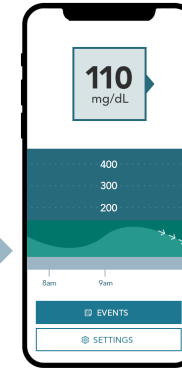
The Path to the Artificial Pancreas

1



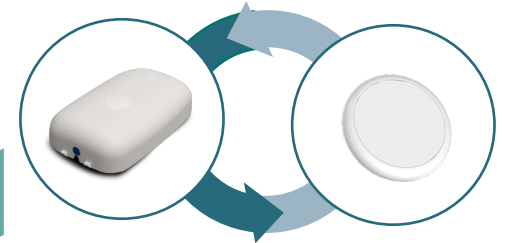
**MODD1**  
(Basal with user Bolus)

2



**MODD1+**  
(Cell phone controlled  
adjusted by algorithm)

3



**MODD2**  
(Autonomous, multiple  
chamber, drug revenue)

# In Development MODD1+.

Enhanced Modular Patch Pump: Cell Phone Controlled



## 2-Factor Authentication

Allows use of user's own cell phone as controller. No dedicated controller required.



## CGM Integration

Allows algorithms to adjust basal rate for meals and exercise.



## Ease of Use

Same modular design and ease of use as MODD1, with enhanced control functionality.

## Cell Phone Controlled



## In Development

50% complete

# The Future of Care MODD2.

MODD2 is a native multi-chamber pump developed with enhanced ease of use in mind. Designed to be prefilled, the MODD2 will enable Modular Medical to **capture drug revenue**.

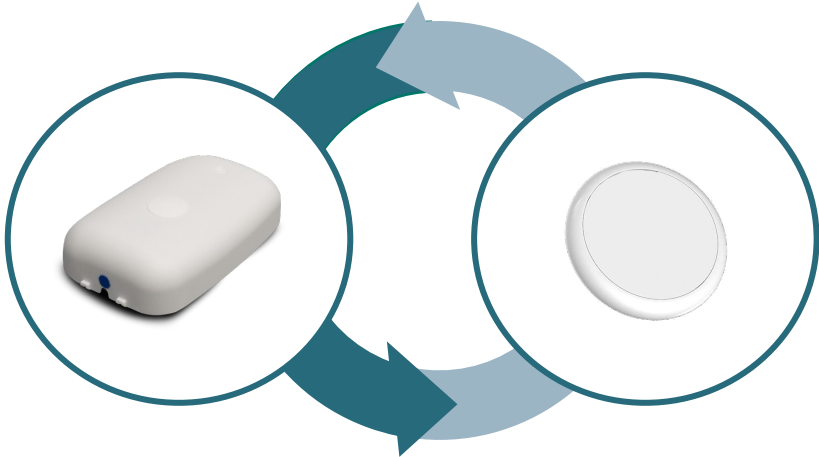
Modular Medical will become the one-stop shop for all of a user's diabetes needs.

## MODD2 Features

- Closed Loop System
- Continuous Glucose Monitor Measures Blood Sugar, Feeds Data to Pump
- Algorithms Inform Pump Activity
- No Human Intervention Required
- Working prototype currently complete

1. Reuters "US insulin costs" 2012-16, Good RX.  
 2. \$1,088 Avg price for monthly supply from Good RX. Assume ~50% price drop for generic.  
 3. (\$4,800 + \$6,000 + \$4,300) X 1.5 million T1 Diabetics = \$22.65bn

## Artificial Pancreas



**\$4,800**

Insulin Spend  
Patient / Year<sup>1</sup>

**\$4,128**

Pump System  
Patient / Year

**\$6,000**

Symlin Spend  
Patient / Year<sup>2</sup>

**\$22.6 B**

US Addressable  
Market<sup>3</sup>

# EU: Single-Payers Want Lower Overall Costs.

Hesitant to Pay Upfront for Durables

**60**  
MILLION

people have  
diabetes in  
Europe<sup>1</sup>



**\$1 in \$4**

global diabetes spending occurs in this region<sup>2</sup>

**\$156B**

spent annually in diabetes healthcare costs<sup>3</sup>

3 European countries in Top 10 countries for highest number of children and adolescents with T1D <sup>2</sup>

- European **single payor** systems avoid upfront costs, instead preferring low initial cost and a strong relationship between cost and health outcomes
- Pumps have had limited success in UK and Germany
  - UK guidelines mandate pump usage for all pediatric T1D patients, yet only 1/3 use pumps due to scarce NHS funding. Current funding would buy MODD pumps for all UK pediatric diabetics. \$25-30 million annual opportunity with no direct sales force needed.
  - Low pump penetration outside of Germany and UK. Green-field opportunity

<sup>1</sup>WHO – Europe Regional Office website; <sup>2</sup> International Diabetes Federation Atlas, 2017; <sup>3</sup> IDF, 2015

# Industry Validation

- ▶ Manufacturing and design collaboration with Phillips-Medisize, a \$4 billion annual revenue corporation.
- ▶ Former CEO of Insulet, Duane DeSisto, joined Board of Directors.
- ▶ Collaboration with Glooko for patient data upload-download. Glooko's platform has been deployed in 8,000 clinical locations in 30 countries.

# Recent Developments in the Insulin Pump Market.

**Tandem Diabetes purchased AMF's Sigi Patch Pump in December 2022 for 62M CHF (approx. \$69M USD) and 129.6M CHF (approx. 143M USD) in milestones and earnouts**

- First pre-clearance purchase of an insulin pump company since 2010 (Roche purchased SNAP!) for \$170M
- Tandem guided on the call to a late 2026 or early 2027 submission

**On May 19<sup>th</sup>, 2023 FDA cleared the Beta-Bionics Pump and I-Let algorithm for management of diabetes**

- First new platform pump clearance for full featured electronic pump since the Tandem T-slim
- indicates regulatory emphasis on ease of use

**Medtronic announced the acquisition of EOFlow on May 25<sup>th</sup>, 2023 for \$738M USD**

- EOFlow is very similar to a first generation Omnipod that is not approved in the US

# The Team.



## Paul DiPerna

Chairman & CTO

*30 years of experience in medical device industry*

- Led over 10 projects to FDA approval
- Founder Tandem Diabetes (TNDM:NAS)
- Designer and lead developer of t:slim pump, a leading insulin pump in type 1 diabetes
- Founder and CEO, Modular Medical: an innovative next generation insulin pump

### Proven ability to develop products and win FDA approval

**Tandem Diabetes Care** – 510k approval on their T-Slim –2012

**National Cardiac** – 510k approval on a disposable EKG sensor -2018

**Ivera Medical** – 510k approval on a Luercap for infection control –2015

**Baxter Healthcare** - FDA approvals (1988-2003) on product in the fields of: Blood Canisters, Suction Yankhauers, Wound Drains, High Speed Centrifuges for separating blood, Povidone Iodine anti microbials and a variety of blood collection devices.



## James (Jeb) Besser

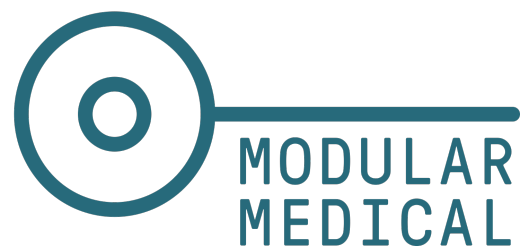
CEO

- 23 year Managing Member, Manchester Management LLC, largest shareholder of Modular Medical, Inc.
- 25+ years of U.S. public equity and capital markets experience, with a focus in life science and technology
- Provided long term strategic planning and due diligence, business development, and investor relations guidance to over 100 public companies
- Active involvement in developing Modular Medical's commercial go to market strategy since 2017

# Capital Structure.

Stock Information	
Listing	NASDAQ
Symbol	MODD
Price Per Share - December 19, 2023	\$1.67
Market Cap - December 19, 2023	\$35.2 M

Share Structure (at September 30, 2023)	
Shares Outstanding	21.1 M
Executive & Insider Ownership	26%
Warrants at \$0.01 Strike Price	1.3 M
Warrants at \$1.22 - \$1.32 Strike Price	5.1 M
Warrants at \$6.00 - \$6.60 Strike Price	6.2 M
Options at \$4.54 WAEP	2.9 M
RSUs	0.2 M



## **Investor Relations**

[ir@modular-medical.com](mailto:ir@modular-medical.com)

NASDAQ:MODD



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# Appendix.

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# T1D Insulin Pump Comparisons (US Market).

## Modular Medical



## Tandem Diabetes Care



## Medtronic (MiniMed)



## Insulet



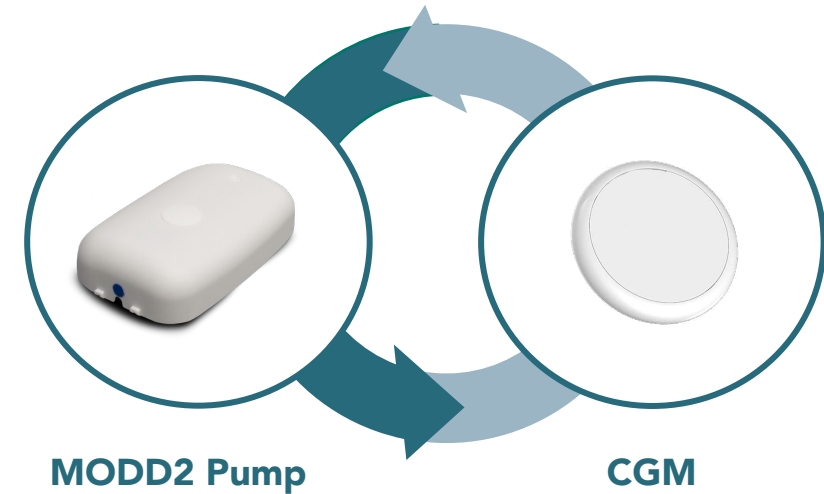
	Modular Medical	Tandem Diabetes Care	Medtronic (MiniMed)	Insulet
<b>Reservoir Size</b>	300 units/3mL	300 units/3mL	300 units/3mL	200 units/2mL
<b>Pump Cost</b>	Pump: \$0 3-Day Disposables: \$349/month (PBM Pricing)	Pump: \$4,200 Disposables: \$134/month	Pump: \$4,600 Disposables: \$148/month	Pump: \$0 Disposables: \$437/month (PBM Pricing)
<b>Monitored Via Cell Phone</b>	Yes	No	Yes	No
<b>External Controller Required</b>	No	No	No	Yes
<b>Charger/Battery</b>	No Charger/Single-use disposable battery provided	Charger Required	Battery Required	Handset Charging Required
<b>Easy to Learn</b>	Yes	No	No	No
<b>Remove &amp; Reattach</b>	Yes	Yes	Yes	No

# Artificial Pancreas Will Be Multi-Chamber.

- FDA has established 70% Time In Range “no human intervention” standard for AP.
- “Control IQ” study published in NE Journal of medicine barely reached 70% despite announcing meals, sleep, and exercise.
- Prominent KOL’s and Algo designers feel 70% TIR without intervention is out of reach with insulin alone: the Artificial Pancreas will have to be multiple liquid.
- Multiple liquid will require small, simple, affordable pumps. Complexity and cost are multiplied. Legacy technology is not well suited.
- MODD well positioned to be first to market with viable multi-chamber product.

Currently under research and development, not available for investigational use or sale

## Artificial Pancreas



## MODD2 Features

- Closed Loop System
- Continuous Glucose Monitor Measures Blood Sugar, Feeds Data to Pump
- Algorithms Inform Pump Activity
- No Human Intervention Required

# MODD Clinical Advisors.

## ENDOCRINOLOGY

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### **Bruce Bode, MD:**

Among the top tier of insulin and insulin pump kols in the world (atlanta, practicing)

### **Orville Kolterman, MD:**

Led the development of symlin (pramlintide) and byetta / bydureon (exenatide) at amylin pharmaceuticals (san diego, practicing)

### **Poul Strange, MD:**

Led and participated in the development of several insulin products and insulin delivery devices (new jersey, not practicing)

## CDCES, NP, PA

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### **Virginia Valentine CDCES:**

Recent winner of the outstanding educator of the year from the ADA, author and editor. Board chairperson (new mexico, practicing)

### **Davida Kruger NP:**

Former chair at the ADA research foundation, multiple award winner, former editor at numerous publications (detroit, practicing)

### **Gary Scheiner CDCES:**

Award winning author of 6 books on diabetes. Founder of integrated diabetes (philadelphia, practicing)

### **Neesha Ramchandani NP:**

Focused on technology use, particularly in urban pediatrics (bronx, practicing)

### **Diane Herbert CDCES:**

Former VP clinical services at livongo. Published author and frequent speaker (philadelphia, practicing)

### **Chris Sadler PA:**

Award-winning previous president of the american society of endocrine pas (san diego, not practicing)

## PHD

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### **Lutz Heinemann:**

Founder of the profile institute for metabolic research, author of hundreds of publications on diabetes technology, and managing editor of the journal of diabetes science and technology