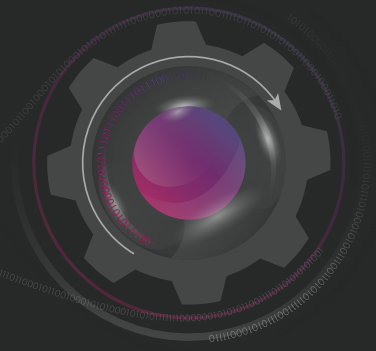


SIGHT Medical

Executive Summary



INTRODUCTION

Formed in 2014, SIGHT Medical, LLC has developed a surgical automation solution optimizing operating room efficiency to facilitate hospital autonomy and management of devices and implants. This disruptive solution, known as SIGHT™ (“Surgical Intelligence Guiding Hospital Team”) is designed for hospitals and ambulatory surgery centers (ASCs) to address the growing demand for alternative payment models such as CMS’ comprehensive care for joint replacement. SIGHT™ offers significant optimization by dramatically reducing costs, improving quality, and empowering all stakeholders.

With the addition of the SIGHT™ Configurator and Vendor Portal to the previously developed XCHANGE, Nav-Sx, SDOC, the SIGHT™ System is now made up of five modules. The SIGHT™ System is the only automated, end-to-end solution that leverages manufacturer-direct surgical implants, streamlines surgical technique using automated in-procedure workflows, captures the utilization of surgical instrumentation, and empowers OR staff. The SIGHT platform creates a scalable and sustainable collaboration platform that realigns the vendor, health system and physician relationships, creating tangible and quantifiable cost savings compared to current approaches.

Using SIGHT™, surgeons, facilities, vendors, and payors can create innovative care delivery models to adapt to shifting incentives, resulting in better cost transparency and utilization across the continuum of care.

COMPANY HIGHLIGHTS

Built by Healthcare for Healthcare: SIGHT Medical collaborated with Ochsner Clinic Foundation (“Ochsner”) to develop a suite of resources allowing automation of surgical workflows focused on the utilization of high value implants and devices. The initiative focused on reducing cost while improving quality and outcomes. The technology has been installed and working in three Ochsner facilities for approximately 1½ years, is currently utilized by four surgeons, and has been used in over 200 primary total knee replacement surgeries. Among other benefits, these automated procedures reduced required instrument trays per surgery from 7 to 2, reduced the average surgery time for the total knee replacements over traditional manual cases, captured the surgeon’s implant utilization for accuracy in clinical documentation, and showed a trend to reduced length of stay. Moreover, Ochsner surgeons have expanded the universe of indicated cases. Having started out only in patients over 70 years of age, the system is now being used in patients as young as 60. Patients over 60 cover approximately 80 percent of the primary total knee population.

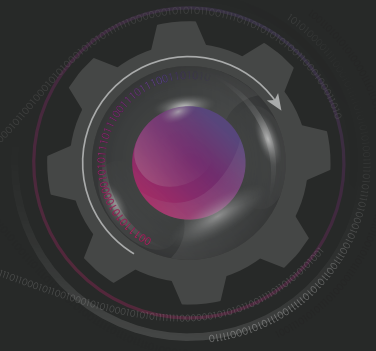
COMPELLING VALUE PROPOSITION

SIGHT Medical has laid a foundation for success in the hospital and ASC operating rooms that includes all stakeholders: the surgeon, the vendor, and the OR staff. SIGHT™ enhances collaboration by realigning the vendor, health system, and physician relationships through:

- Customizable workflow guides, technique measurement, and actionable data providing real-time support for all stakeholders in the operating room.
- End-to-end automated inventory management and delivery of implants within the perioperative environment.
- Automated resource configuration and validation specifically customized to surgeon and patient requirements.
- Vendor-specific visibility for remote, intraoperative management into the surgeon and operating room cases performed, facilitating cost reductions for implant vendors, and allowing lower implant costs while maintaining or even increasing margins.

These innovations can be implemented with minimal service disruption. Staff can be proficient and confident in as few as ten cases, allowing for a smooth transition to surgical autonomy. Customized surgical technique guides simplify the process, allowing OR staff to manage a broad variety of surgeons, implants, and instruments at a level never seen before.

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COMPANY HIGHLIGHTS (CONTINUED)

SIGHT and Ochsner have identified \$3,000 to \$4,100 in actual cost savings on each total knee replacement surgery that SIGHT allowed Ochsner hospitals to capture. These savings support SIGHT's beta test experience and will be formally documented in a soon-to-be-published Ochsner White Paper.

Additionally, the SIGHT™ technology architecture allows rapid addition of new vendors and new surgical service lines. Primary total hip replacement has been onboarded, ortho trauma is in process, and cervical and lumbar spine surgery, and cardiac implant surgeries are expected by 2019.

PATENT PENDING

In December 2015, SIGHT Medical filed a final US patent application for the SIGHT™ software, following up on its December 2014 provisional filing. The application has over 200 patent claims, mainly covering predictive demand-matching of implant inventory against scheduled surgeries, as well as capturing and displaying techniques and instrumentation for individual surgeons. The patent application is under review by the USPTO and, based on advice of counsel, SIGHT Medical is confident that one or more patents will be issued, possibly as early as 2018, and will offer significant protection of its proprietary technology.

THE SIGHT ECOSYSTEM

The components of the SIGHT™ System consist of:

XCHANGE™ – SIGHT Medical's secure, cloud-based inventory management solution and communications platform.

SDOC™ – SIGHT Medical's configurable system of fulfillment cabinets and carts that provide secure management of surgical device inventory, minimizing safety stock requirements and creating an efficient, predictive system of device replenishment.

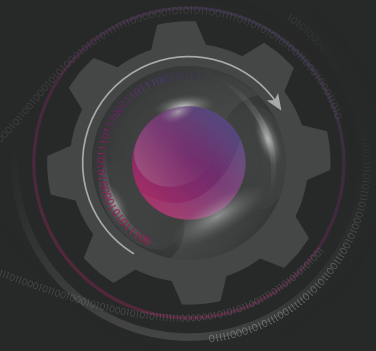
Nav-Sx™ - SIGHT Medical's next generation intraoperative support solution, consisting of customizable electronic guides for assisting physicians and OR personnel to stage and carry out surgical procedures, delivered through the NavSx Intraoperative Mobile Workstation.

Vendor Portal – SIGHT Medical's value proposition tailored to the vendor, which includes, real-time Inventory visibility and management, Automated Case Scheduling & Notification, Demand Planning, Point of Use Capture, and Purchase Order Submission.

Configurator – SIGHT Medical's Vendor integration and onboarding module to automate the present manual vendor and service line onboarding process. SIGHT now has the ability to rapidly digitize implant and instrumentation images and capture corresponding technique information from any vendor, to generate a voice-activated intraoperative technique guide that is customized to each individual surgeon's technique. This module enables collaboration between implant vendors and SIGHT, thereby facilitating a seamless, rapid, and low-risk scalability within any US health system and with any surgeon or service line.

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MARKET FORCES

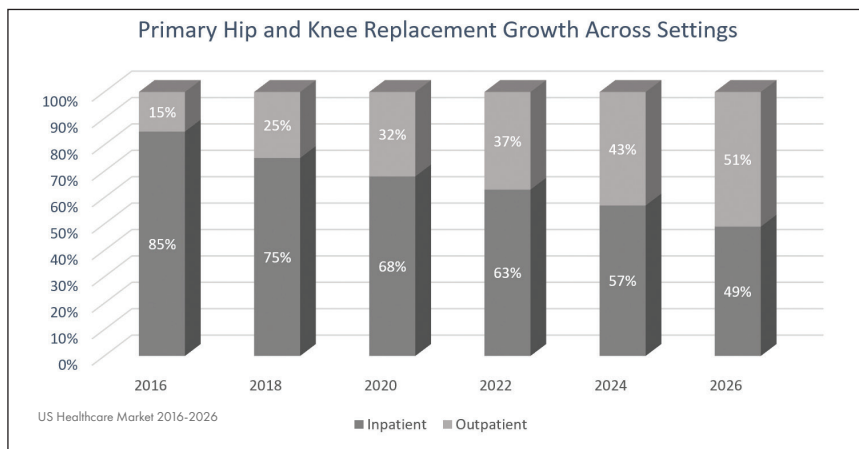
The US healthcare landscape has shifted dramatically over the past five years, starting with the Affordable Care Act (ACA) in 2009. The transition from volume-to-value based reimbursement methodologies has left providers with few options for revenue expansion, requiring them to focus on cost containment strategies. Providers and surgeons are focused on elevating the performance of current service lines to maintain or maximize revenue potential. Market factors driving change include:

- Aging US population
- Value-based reimbursement
- Increase in surgical procedures due to ACA insurance coverage expansion
- Alternative payment models shifting risk and reducing reimbursements
- Hospital focus on cost containment strategies
- Consolidation of manufacturers creating less dependence upon surgical reps for market share
- Procurement-direct models with hospital ownership of supplies and instrumentation
- Health system consolidation requiring scalable technologies

SG2 MARKET RESEARCH

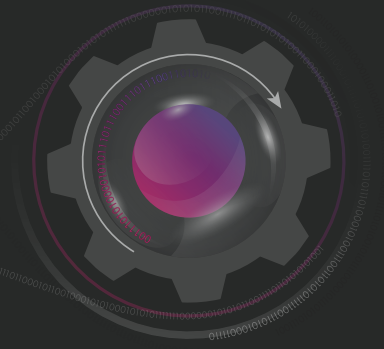
Total Joint Replacement procedures are shifting out of hospital ORs to outpatient Ambulatory Surgery Centers (ASCs). This is because Medicare recently removed total knee procedures from the “inpatient only” list, which is likely to result in a significant portion of Medicare cases migrating to ASCs. The resulting negative effect on hospital payer mix will drive additional urgency around the need for SIGHTTM.

Total Joint Replacement Procedure Reallocation



SIGHT Medical

Executive Summary



STRONG, ACTIVE SALES PIPELINE

SIGHT is currently working an active pipeline of over 20 prospective IDNs ranging from national and regional reach. Additionally, onboarding of a major vendor's implant will immediately put all users of that implant in SIGHT's pipeline.

FUTURE STATE PENETRATION

- Total Hip & Total Knee service lines completed (1st Hip Case April 23, 2018)
- Vendor Portal completed
- Configurator completed and fully integrated
- Trauma service line in development
- Execute trial agreements with early adopter IDNs
- Working pipeline - 15 IDNs

CONCLUSION

The future of the healthcare supply chain envisions autonomy for the provider facility, with intricate data to support complex business decisions. While many would consider this a necessity in today's healthcare environment, the ability to obtain point-of-care data transactions with workflow understanding is virtually non-existent. SIGHT™ takes the OR from an antiquated, insular "black box" environment to a team-based operation where communication and efficiency are standard in every case. SIGHT™ is transforming healthcare delivery, starting with the surgeon and the operating room, making SIGHT Medical a powerful disruptor in the healthcare space with incredible potential for growth.