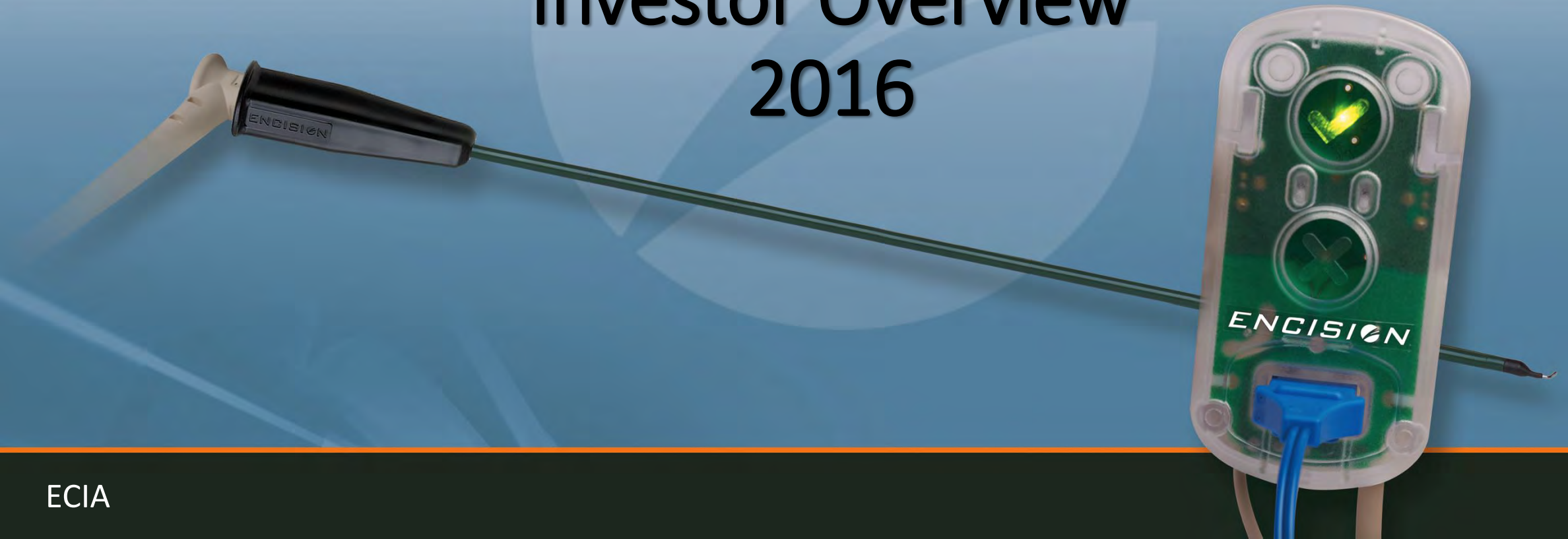
ENCISION®

AEM® SAFETY – PERFORMANCE – VALUE

Investor Overview 2016



ECIA

Encision Inc. Disclaimer Statement

The following information does not purport to be all-inclusive or to contain all the information that you may desire in investigating us. You should conduct and rely on your own evaluation of us, including the merits and risks involved, in making an investment decision with respect to our shares. This document and our periodic reports filed with the SEC contain certain forward-looking statements that involve risks and uncertainties with respect to our business and our industry. Our actual results could differ materially from those included in forward-looking statements. Factors that could contribute to these differences include those matters discussed in the Risk Factors sections of our periodic reports filed with the SEC. We assume no obligation to update such forward-looking statements or to update the reasons that actual results could differ materially from those anticipated in such forward-looking statements.

Company Background

- Founded in February 1991 under the name Electroscope, Inc
- Public Company in 1996
- Name changed to Encision Inc. in August 2000
- 47 Full Time Employees
- 29,000 square foot facility in Boulder, CO

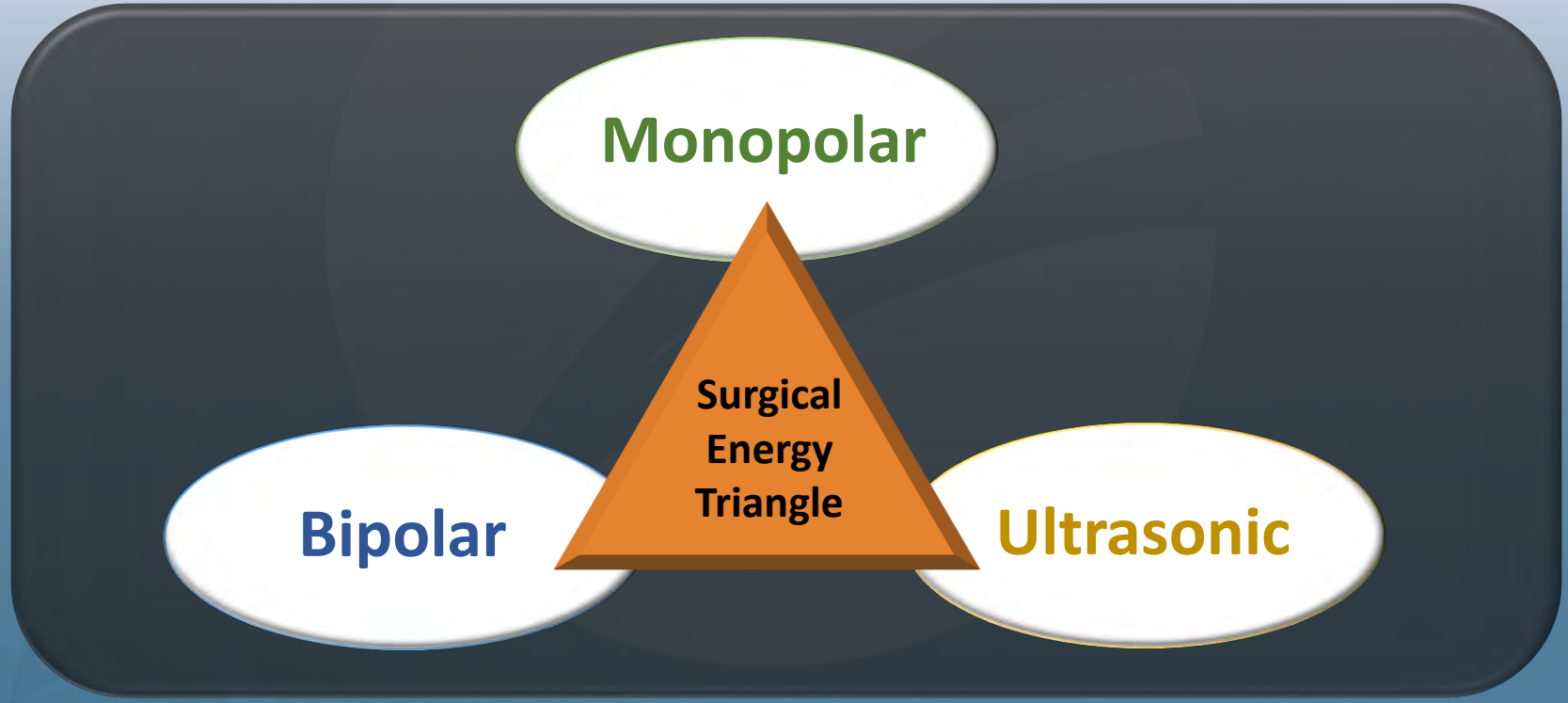
Mission is to save lives with AEM® Technology, to enhance surgical performance and to drive customer value.

Significant & Growing Market

- 750K laparoscopic cholecystectomies performed annually (U.S.)
- Total laparoscopic procedures (US) – approximately 4 million*
- Disposable monopolar laparoscopic instrument potential market (disposables only - $480 million)
- Current estimate – 65% disposable – remainder reusable
- Current Encision market share of disposable monopolar market – 3.0%

*Resources and data on file

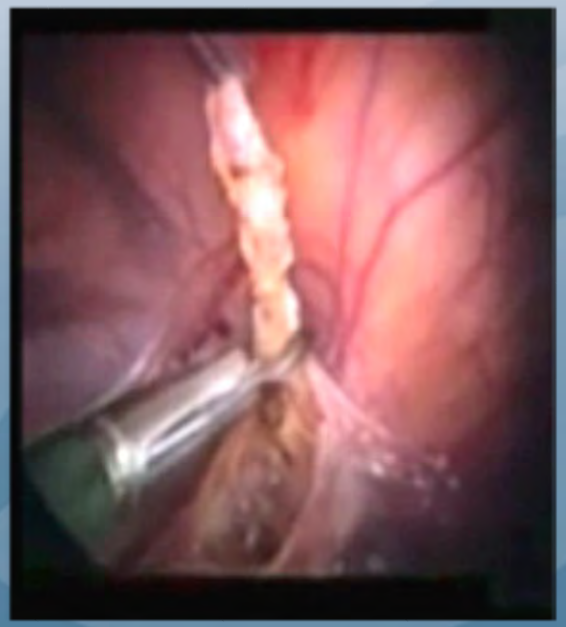
Surgical Energy for Open and Laparoscopic Procedures



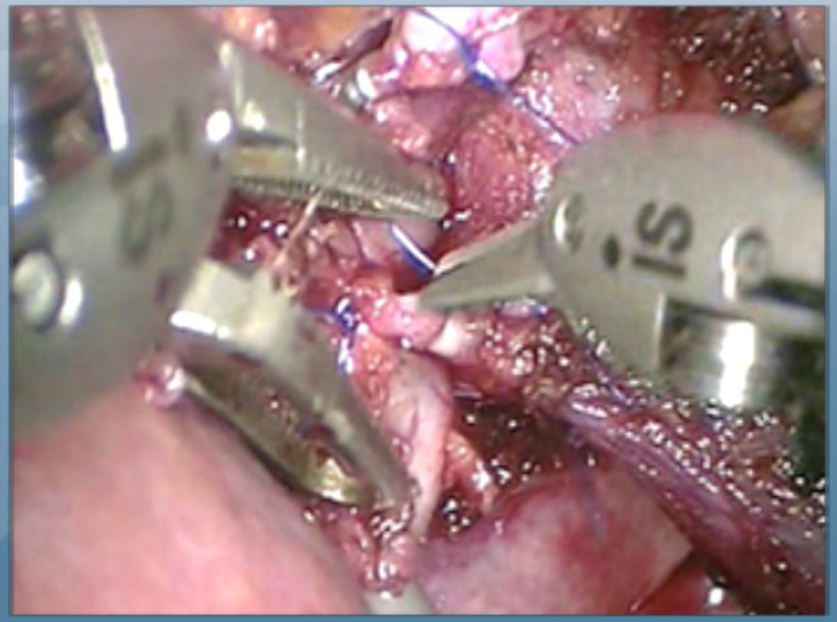
Surgical Energy comes in three primary modalities

Surgical Energy for Open and Laparoscopic Procedures

Open Procedure



Laparoscopic

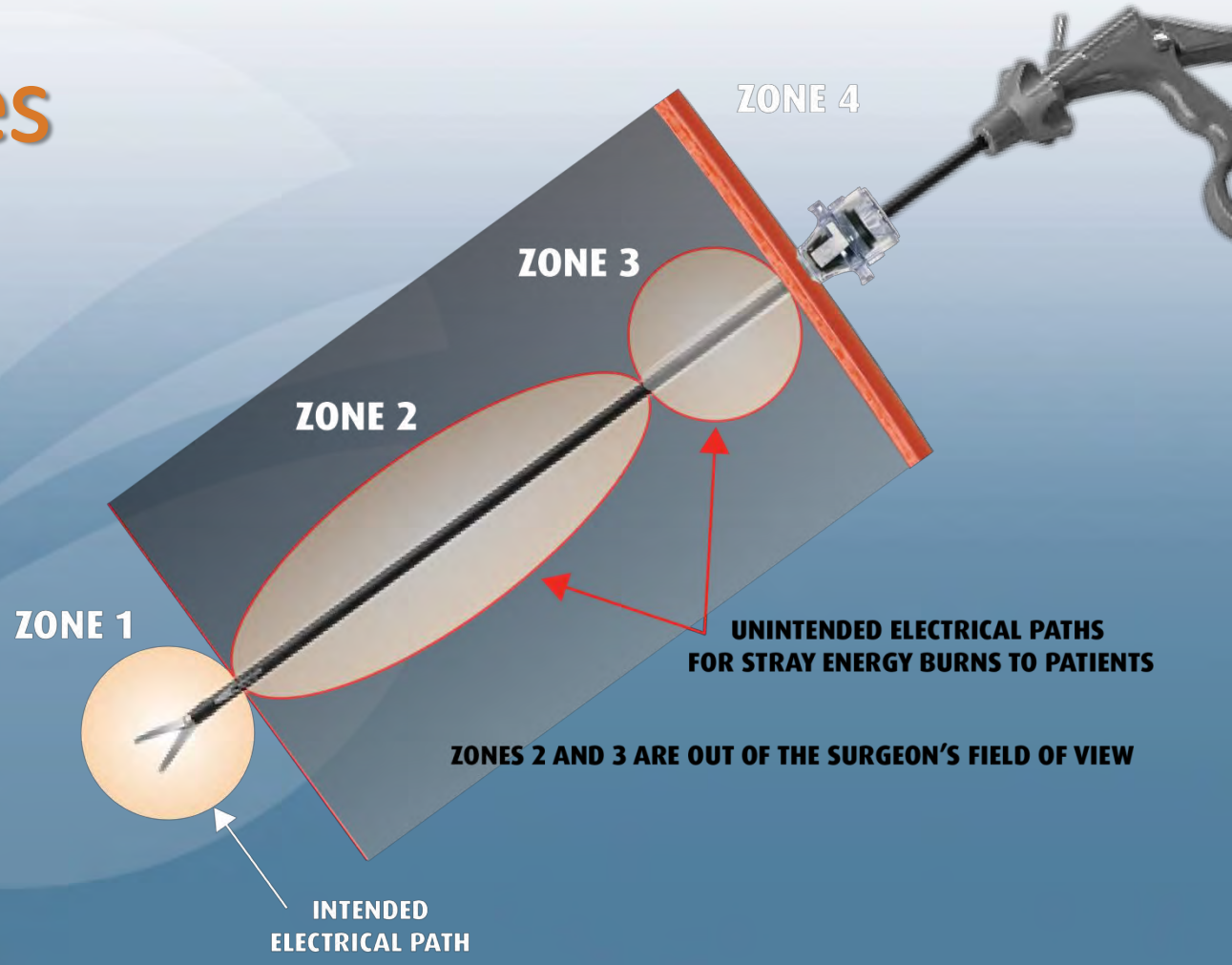


Robotic

Surgical Energy For Laparoscopic Procedures

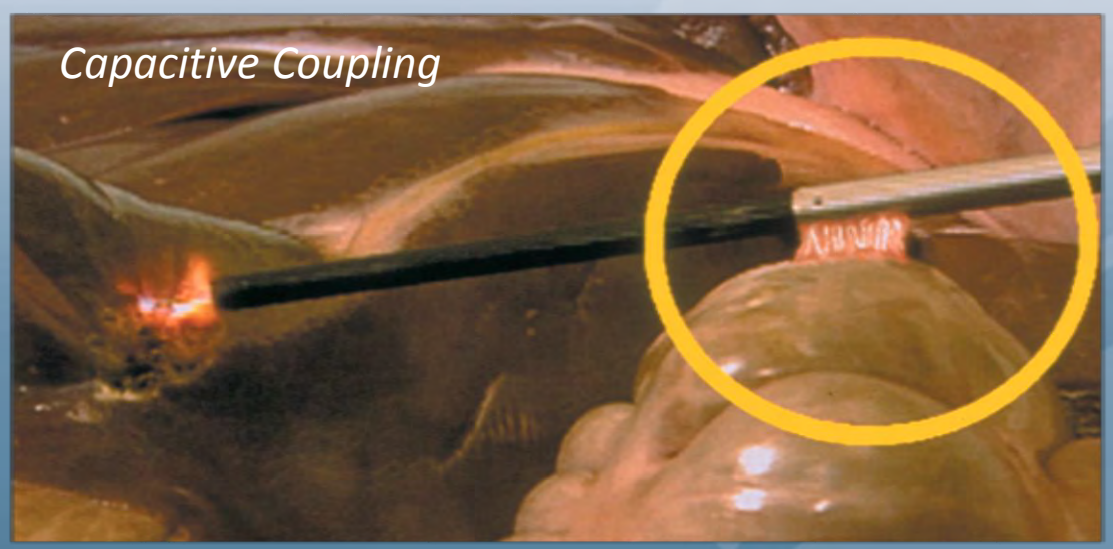
Monopolar Energy is the most common type of surgical energy and is found in almost 100% of Operating Rooms worldwide. Prolific in both Open and Laparoscopic surgical procedures, Monopolar provides the fastest cutting and coagulation performance of all the energy modalities.

But dangers are present with all surgical energy modalities. Along with Monopolar's outstanding performance in Cutting and Coagulation, the flow of high frequency monopolar energy through Laparoscopic Instruments creates potentially deadly patient complications from *Stray Energy*.



Stray Energy = Potential Thermal Injury

Stray Energy comes in two forms:



Energy arcs to unintended organs through intact instrument insulation

Energy arcs to unintended organs through a defect in the instrument's insulation

The most dangerous aspect of these injuries is that they happen outside the field of vision of the surgeon and go unnoticed until the patient arrives back at the emergency room in critical condition.

A laparoscopic stray energy burn occurs every 90 minutes in the USA

Instrumentation Insulation-failure Rates

- 1 in 5 Reusables
- 1 in 33 Disposables

Capacitive Coupling Frequency

Can occur anytime monopolar energy is used

Deadly Stray Energy

Cost of Patient Injuries to Hospitals

$371 million

in CMS Funding in 2015

$30K+

per readmission

$438K

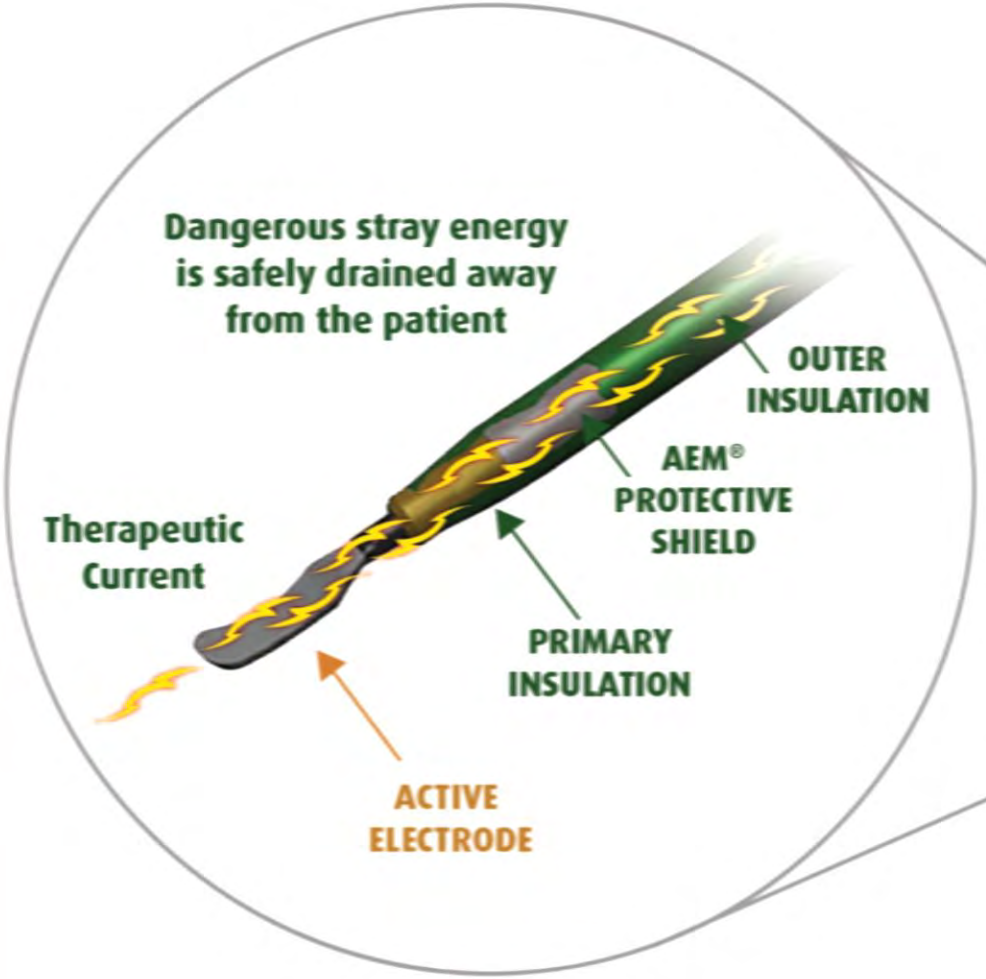
per lawsuit

*Resources and data on file

Stray Energy Burns are not caused by surgical technique – *they are a fundamental flaw in monopolar surgical energy*

Encision is the *only* company to solve this problem through advanced **AEM® Technology!**

How AEM® Works



Encision's patented Active Electrode Monitoring (AEM®) Technology captures Stray Energy with a proprietary sleeve integral to all Encision laparoscopic instruments and conducts it safely away from the patient back to the Electrosurgical Generator via the Encision AEM® Monitor.

AEM® Value Positioning

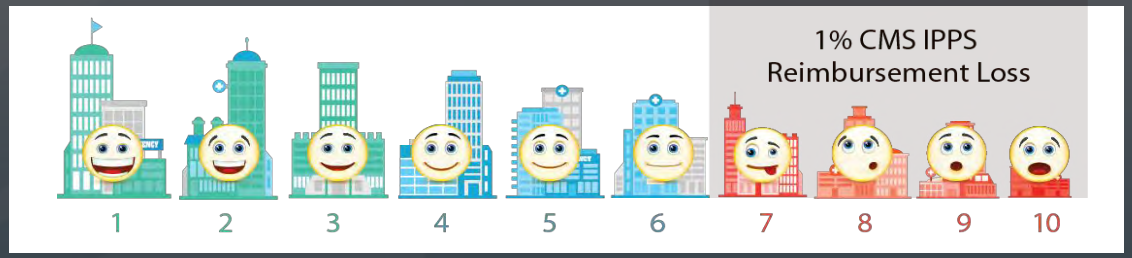
Clinical Value: AEM® Technology alone saves patients' lives by eliminating stray energy burns during laparoscopy.

Economic Value: AEM® Technology alone reduces hospital liability by eliminating a source of surgical malpractice, reduces hospital risk of HAC/APL and subsequent CMS penalties, and reduces costly readmissions and associated unreimbursed expenses.

CMS aims to reduce patient complications with the new HAC Reduction Program

- **The Hospital Acquired Condition (HAC) Reduction Program Penalizes 1% of CMS reimbursements, from the worst performing 25% of hospitals**

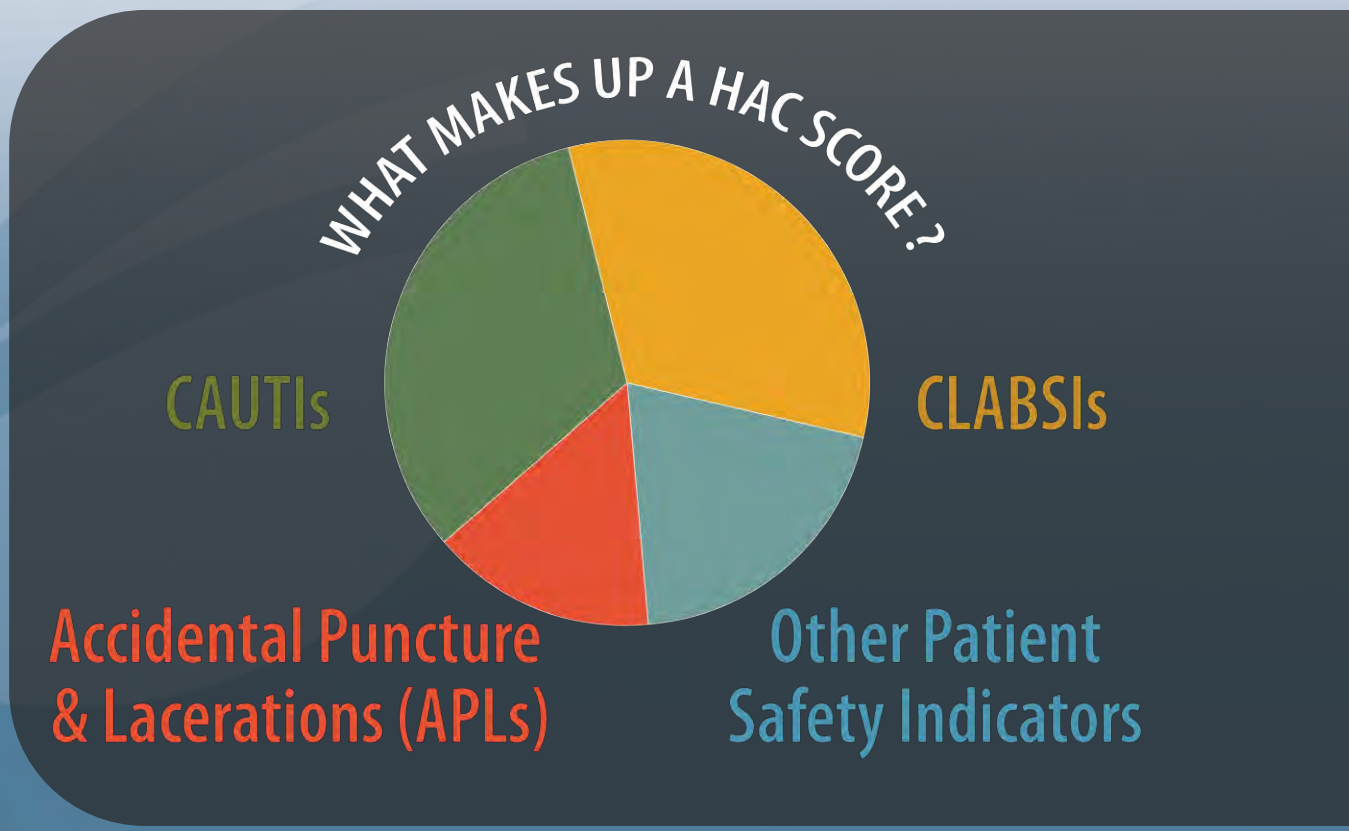
- **2015-2017, hospitals with poor HAC scores will lose a combined $1Billion in reimbursements**



CMS Tailwinds raise awareness of patient risks

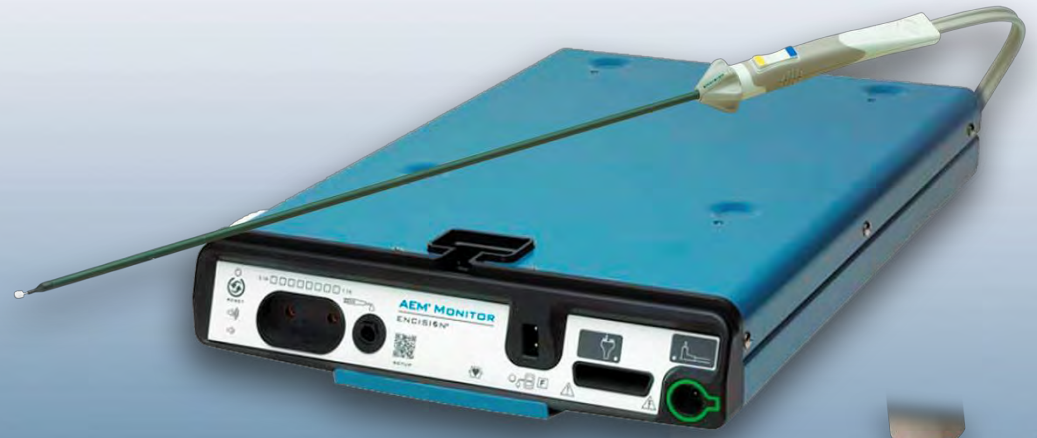
CMS aims to reduce patient complications with the new HAC Reduction Program

- **Accidental Puncture & Lacerations (APLs) are the third largest part of the HAC score**
- **Half of all Laparoscopic APLs are from Stray Energy Burns to patients**

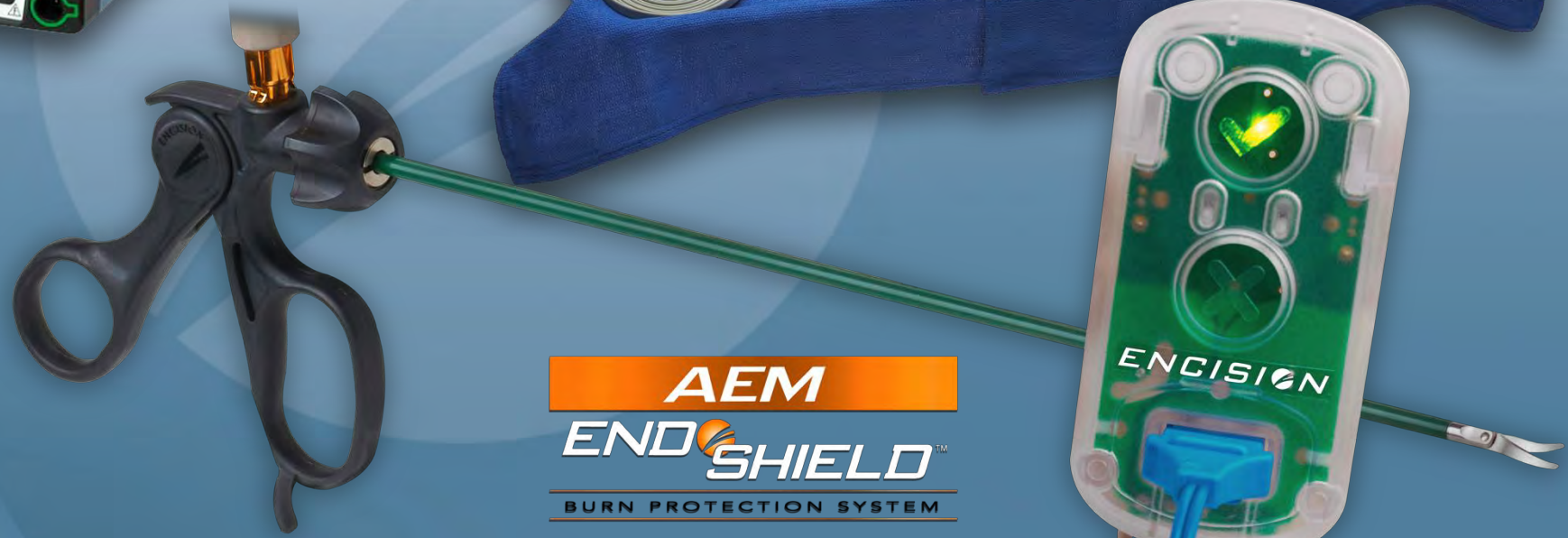


CMS Tailwinds raise awareness of patient risks

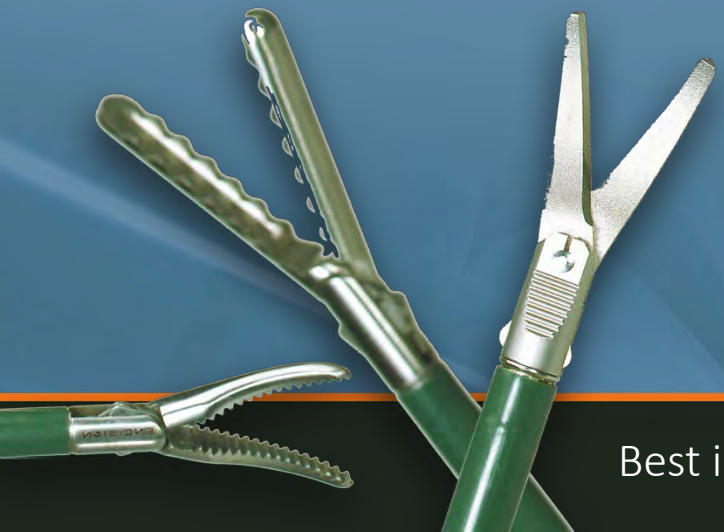
Full Laparoscopic Instrument Portfolio



AEM
en·Touch®
INSTRUMENT PLATFORM



AEM
ENDOSHIELD™
BURN PROTECTION SYSTEM



Best in class laparoscopic scissors, dissectors and graspers with AEM® Technology

Encision 2015 - Rebuilding to Win

2016 Marketing and Sales Strategy

Marketing

- Continue to drive our core mission that Encision saves lives with AEM® Technology while reducing patient complications and readmissions. 2016 focus on General and GYN Specialties.
- Back it up with strong clinical and economic value, compelling content, and new evidence – Leverage the CMS HAC Initiative to drive increasing awareness.
- Grow the demand for AEM® Technology with CE Safety Programs, HAC Reduction Education, and safety/performance enhancing product introductions.

Sales

- Refine and expand our worldwide Sales Channel.
- Support it with training, evidence, and technological expertise.
- Launch AEM® Technology into select OUS Markets.
- Drive new revenues and with cost effective AEM EndoShield® and other new products.
- Capitalize on strategic OEM and Partnership opportunities.

Encision Vision

Return to profitability by early 2016 then drive to 20% annual growth

- New AEM® Product Introductions and Development
- US & OUS Channel Expansion
- Increased Customer Awareness
- New CMS Reimbursement Policies

Summary

- **Encision's patented AEM® is the *only technology* that continuously monitors instruments during laparoscopic surgery to eliminate stray monopolar energy burns**
- **The timing is right for adoption and expansion**
  - New clinical and economic value for Hospitals
  - HAC Reduction Initiative from CMS
  - Increasing awareness of the dangers of *Stray Energy*
  - New demand from hospital systems
  - New clinical evidence to support AEM® Adoption
- **Poised for success in 2016!**

Thank You!