

March 2020

Biosortia Pharmaceuticals

4266 Tuller Road
Dublin, Ohio 43017
614-573-1903
<http://www.biosortia.com/>
chummell@biosortia.com

Company Overview: Biosortia discovers new products from drug-like molecules from the 99% of microbes that cannot grow in a lab with unique protected technologies. Delivers unlimited access to the hidden chemistry of microorganisms — impacting future discoveries of multibillion-dollar industries (pharmaceutical, agriculture, consumer/cosmetic and many more).

FINANCIAL PROJECTIONS: (Thousands)

	2020	2021	2022	2023	2024	2025
Revenue	N/A	800	10,500	25,000	50,000	100,000
EBIT	N/A	(340)	1,125	4,075	10,150	22,050

Bank: Huntington National Bank

Auditor: Rea & Associates

Law Firm: BakerHostetler

Current Investors: Ross Youngs, Angels, & Small FO

Noteworthy Overall Facts/Figures:

- **Capital Raised:** \$20 MM raised to date: \$9 MM has come from non-dilutive grants while the other \$11 MM came from angel investors and small family offices in the form of convertible debt.
- **Company Valuation:** Biosortia is presenting a private offering up to \$3.7 MM of convertible debt at \$27 MM cap; providing a 30% discount on the capital note and 54% equity kicker on common stock. The last round of financing was also convertible debt but it did not include the equity kicker.
- **Of Note:** Within the pharmaceutical space there is obviously room for growth as there are over 15,000 diseases without cures. Biosortia's IP can also translate to revenues in other areas such as cosmetics, agriculture, and oil and gas.
- **IP:** Biosortia's IP allows them to harvest and mine microbiomes from natural environments which gives the company a 10,000x–1,000,000x larger capacity than existing organizations.

BUSINESS MODEL

- Replace traditional methodology of accessing small molecules in their habitat. Biosortia will provide clients access to the 99% of molecules that cannot be grown in a lab for 5% the cost of traditional methods.
- The company discovers and optimizes novel molecules for licensing to Big Pharma or prepares them for acquisition.

OBJECTIVES

USE OF FUNDS:

- \$600K fraction library related to preclinical small molecule targeting.
- \$1.4M toward growing the immunomodulating pipeline.
- \$800K toward completing external study on access to hidden chemistry of unculturable microbes and advancement of immunomodulating drug starting points.
- \$150K per quarter toward internal operations.

OPPORTUNITIES

- Biosortia has first movers advantage in harvesting new microbes.
- Biosortia offers a strong advantage over every competitor in the space both in terms of cost savings and product offering.
- Biosortia will be able to be a multi-segment company as it could provide products and services to multiple industries to include biotech, pharma, agro, industrials, cosmetics, food and beverage, and chemicals.
- Starting 2020, a DHS contract may provide recurring revenues. There will be other opportunities across USG (NIH, DoD, etc).
- Licensing the already developed technology should result in high gross margins with a potential for high operating margins.

RISKS

- While Biosortia will have a first movers advantage, it is reasonable that other companies will invest to develop a similar methodology. Depending on the size and scale of the investments, other companies could catch up much quicker than currently anticipated.
- There might be significant reeducation required of the market to inform it of the limitations of genomics compared to microbials and also the possibilities of the previously unused microbials.
- It takes longer than expected to obtain market acceptance.
- The firm needs additional funding and the market might not be fast enough to adopt the new system.
- Some novel molecules might be difficult to manufacture.

MANAGEMENT TEAM

Ross Youngs — CEO. Ross is a proven innovator and inventor with over 30 years experience and more than 75 patents worldwide.

Guy Carter — Chief Scientific Officer. Guy has over 30 years of experience within pharmaceutical R&D focusing on microbial products.

Chad Hummel — Launch and product manager. Chad has been with the company since its inception and has had a career in sales. Prior to Biosortia Chad worked at Univenture where he focused on business development of new products.

MARKET ASSESSMENT

Market Saturation	While the market for cultured microbes is nascent, Biosortia's new library of microbes allows the firm to market-engineer the whole category.
Competitors	Biosortia currently competes with those who can culture the 1% microbes that can grow in a lab. Biosortia has a first mover and cost advantage of directly obtaining microbes and currently holds a competitive advantage.
Market Share Capture	Biosortia has yet to capture any of the market.
Market Penetration	Biosortia has yet to truly enter the market.

This material is provided for general and educational purposes only, and is not intended to provide legal, tax or investment advice, or for use to avoid penalties that may be imposed under U.S. federal tax laws.

*All financial data sourced company self reporting. Financials are **unaudited**