

## Part 1: "Elevator" Introduction

### Brief elevator pitch for your company

Tellspec Ltd. is a company with a mission to help create a *clean food revolution* by providing the most relevant and accurate information about what is in food. We offer an end-to-end solution for food testing, food-safety, food-authenticity and diet tracking. Our current technology includes a three-part system: 1. a hand-held food sensor able to scan food at a molecular level, 2. a patented cloud-based analysis engine, 3. and a mobile app that all work together to scan any food, identify calories, macronutrients and micronutrients, contaminants, possible food fraud, food adulteration and to provide relevant nutritional information with one simple scan of less than 5 seconds. Today our food sensor is based on NIR spectroscopy but we are already working on a future scanner that will integrate other sensors and make the current scanner much more powerful and capable of even more accurate detection for all foods.

Tellspec is a *disruptive technology*, with a potential for high growth and strong economic impact. It will impact several industries, ranging from agriculture, food manufacturing and distribution to food consumption. The major impact of our initiative will be seen when consumers become more selective about what they eat and in turn demand food that is more nutritionally dense and less contaminated. In turn, agro-food chain will change to meet this demand.

## Part 2: Market and Industry Analysis

### How large is your market? What market segments are you going after and why? Is this market growing? How fast?

Global Revenue in 2011 of food & beverage was \$20 Trillion, 30% of the entire world's economy. Tellspec market is *Safe, Healthy and Green*, a congruence of trends that can expand product & market opportunity in the food and beverage segment. Our market is the intersection of the Digital Health market, of \$233B by 2020 with CAGR of 36% and the Food Safety Testing market, which is currently only a B2B market and is estimated at \$16.1B by 2020 with CAGR of 7.4%. Tellspec is creating a new market the Food Safety Testing for consumers, the B2C Food Safety Testing market which is currently nonexistent.

### Who is in the market already? What is the nature of competition – direction, indirect, substitutes?

Tellspec's direct competitor is an Israeli company called Consumer Physics, which offers a scanner called SCiO. Our key differentiators are: 1. *Spectral Range*: SCiO uses the spectral range known as short wavelength near infrared (SW-NIR), while Tellspec also uses the spectral range known as mid wavelength (MW-NIR). The MW-NIR has long been established as a much better choice for analysis of foods. SW-NIR alone gives much less information; 2. *Database of scanned food*: Tellspec currently has close to 4M scans in its database; these scans belong to Tellspec and were created by Tellspec, while SCiO does not have such a database and they rely on scans done by consumers which are less accurate; 3. *Price and Subscription*: SCiO cost \$250 plus the app to detect food costs \$15 per month on a subscription. Tellspec offers both the scanner and app in one package for \$400 with 1 year of free subscription.

## Part 3: Go-to-Market Plan

**Who are (will be) your customers? Describe your engagement / discussions with them to date. Have you validated their needs? Prove they are buying (or will buy) your product from you.** Tellspec customers are all the players from farm to fork on the food chain. Agriculture producer that benefit from optimizing its harvest but using our technology to test for proteins, fats and moisture content; Distributors need to ensure that the raw materials they are buying are pure, not adulterated and are of high quality (food fraud, with substances like melamine, is a serious concern); Supermarkets and food retailers need to regularly test the quality of fresh produce, meat and fish, in order to minimize food spoilage; Restaurants need to ensure that their menu offerings are not contaminated with possible bacteria, like *E. coli*, or with allergens like gluten, that may cause their customers a serious health reaction; and finally the consumer that wants to know what exactly is in their food. We have signed agreements with agriculture growers, distributors, supermarkets, retailers and we have several consumers using our technology; more than 60 earlier adopters are using our technology in different parts of the world.

### Describe how you win customers today. Describe your future customer acquisition strategy.

Our B2B customers range from: Auchan (EU chain of Hypermarkets), Metro Group (EU cash and carry), Meelunie BV (EU distributor); IFAPA (EU largest olive growers); Porto University (and many other universities); DR Belzuzarri Clinic (and other clinics and hospitals) and several consumers. Our strategy is to continue to engage B2B project that can grow our database of scans so we will have a robust data base to then launch the technology in the B2C market.

### How will you displace any incumbents/competitors? How are you better/different than your competitors? What's your channel/partnership strategy, if any?

Tellspec's spectral range is from 900nm to 1700nm; this range has long been established as a much better choice for analysis of foods. Our competitor range is 740nm to 1070nm. The implications of a wider spectral range are many, for instance a detection algorithm for melamine will require the spectral range between 1450-1550nm, because the NIR signatures of melamine originates only from the N-H bond (-NH<sub>2</sub> groups). So our competitors cannot detect many chemicals and their detection is less accurate. We are also in discussions for licensing our technology into kitchen appliances and phones.

#### Part 4: Technical Product Description and Plan

**Briefly describe your product or service.** Real-time, reliable, non-destructive, hand-held food analysis.

**Technology Validation. (What evidence can you present that your product works as advertised? Future validation plans?)**

Tellspec is a winner of the Horizon 2020 Food Scanner Prize competition, 2016. This competition involved scanning 50 different blindfold meals in less than 45 minutes and with accuracy higher than 2% in a jury setting that had 20 independent judges and carried out by the European Commission (this was the best independent validation done of our technology). We are also Winner of Humanitarian Water, Air and Food award (WAFA), Nov. 2016, which carries the United Nations signature. Other awards include Seeds & Chips award for Best Diet Solution, April 2016, Italy, and Innovation Prize, May 2016, Monaco.

**Describe the remaining product development risks and your plans to overcome them.**

We are continually increasing the size of our scan database to improve the accuracy of our scanner's detection. We continue to add new models for food detection and mobile app updates. The delivery of a scanner to the consumer that can detect many food components requires much data and many more models of detection; we have started to work with business to help them address their food detection and safety needs and this way we are building a robust database that can be used at a later stage for the consumer as well.

**Describe your product's advantages (features, for example) for end-users vs. substitute solutions (not just direct competitors).** There is currently no way of testing food in real-time, affordable way.

**Describe your company's current intellectual property status and plans for the future. (Issued patents? Licensing agreements? Pending patent applications? Trade secrets?)** We currently hold U. S. Patent 9,212,996 B2 (Awarded December 15, 2015), TCP applications for EU and Canada and registered trademarks. We own the largest NIR scan database, and proprietary data-pre-treatments and algorithms tuning, and a number of other trade secrets.

**Discussion of any non-IP barriers to entry for your market. Include what you have done to make it difficult for others to challenge you as well as what challenges you may face such as manufacturing arrangements, distribution contracts, partnerships, etc.?** Licensing agreements with large chains of supermarkets and agriculture groups; research work with several universities; published scientific work (8 publications); in the process of negotiation licensing agreements with phone and kitchen appliance manufacturers.

#### Part 5: Risk vs. Talent Narrative

**What risks has your team mitigated so far (business-related and technical as it relates to your business)? What are the next few major risk-reduction milestones?**

Tellspec has not been able to raise large funds for its project so we have not been able to build a Wet lab and kitchen in our space in AZ. To address this we partner with several universities that have access to wet labs and kitchens and we have benefited for the joint collaboration. Our next goal is to finalize series A and have our own lab and kitchen.

**Briefly list and describe your key team members.**

*Isabel Hoffmann, CEO*, experienced executive leadership, founded eight companies in preventive medicine, genetics, software, in North America & Europe. Negotiated large strategic investments & raised equity investment & convertible debenture notes. Strategic negotiator on several business acquisitions, including US\$28M acquisition of Corel Multimedia business division. Many awards including E&Y's Entrepreneur of the Year (Canada) MacLean's Honor Role Canadian Excellence.

*Jason Coulls, CTO*, is a software engineer who has worked in the mobile space since its inception in the late 1990's, having progressed through Palm OS, Blackberry, Windows CE, Windows Mobile, and now iOS. Jason was also CTO at Byte Media Inc.

*Mark Bloore, Head Research & Development*, has over 30 years of experience in software design and development in many areas, from applications to systems to API creation, from microcontrollers to iOS apps. Mark's breadth of knowledge of science and technology lets me contribute to choices on non-software matters, such as hardware design and laboratory procedures.

*Dr. George Bazar*, Head Scientist, main field of research is the application of near infrared (NIR) spectroscopy and additional data evaluation protocols, multivariate chemometric approaches in the agricultural and food sciences. He is member of the public bodies of the Hungarian Academy of Sciences, and member of the International Council of Near Infrared Spectroscopy. He holds a MSc in Agricultural Engineering (2006), PhD in Animal Science (2011).

*Dr Zoltan Kovacs*, VP Data Analytics, has been working with near infrared spectroscopy (NIRS) using the novel aquaphotomics data evaluation approach, and was a post-doctorate research fellow in Kobe University. He is an assistant professor at Szent Istvan University, holds a MSc in Food Engineering (2007) and a PhD in Food Science (2012).

**Briefly describe any holes in your leadership team. What are your plans to address any recruiting needs in the next 18 mos.?**

We currently are missing team leaders for marketing and sales, business development, operations, and more lab assistants. In the next 18 months we plan on hiring team leaders for these areas of the business.

**Briefly list and describe your key advisors, and their contributions to date.**

*Dr. Louis Florence* is a Finance faculty member School of Management University of Toronto, extensive business and finance experience. Past President of a software training company, which he founded in 1984 and sold in 1998. **Larry Wilson**, 32 over years of business experience, former National Board Secretary & President of The American Chamber of Commerce in Canada. Current Trade Commissioner in Canada, for City of Surprise AZ.