

## **Summary Business Plan**

Verdacura Company Limited is established to produce high-quality, affordable medicines developed from natural ingredients, for better health and well-being of people around the world. Our first product, PerioVerda, offers two important benefits to sufferers of periodontal disease not found in a current treatment: 1) it inhibits bacteria growth in damaged areas, and 2) it promotes re-growth of gum tissue in the same time.

Patients with periodontal disease, or gum disease, suffer from the pain of gum bleeding, gum recession and tooth-bone deterioration. Toxins generated by bacteria cause gums to separate from teeth, forming a space or “pocket”. This pocket deepens as the periodontal condition becomes more severe. Healthy people have a gum pocket depth of 2 mm or less, while those with periodontal disease have pocket depths of 3-4 mm or more. If left untreated, teeth become loose and have to be removed, or fall out on their own.

Periodontal disease may be caused by poor oral hygiene. However, people over the age of 35 are particularly susceptible, and smoking, stress, pregnancy and diabetes can also contribute to the disease.

The major treatment of periodontal disease is called Scaling and Root Planning (SRP), a procedure performed by a qualified dentist, which includes deep cleaning of inflamed gum pockets to remove bacteria. After each SRP, antibiotics, such as tetracycline, are administered in the form of gel, chip or frost directly into gum pocket to inhibit bacteria growth, as the pocket re-grows at its natural rate.

However, this treatment regime has several disadvantages:

- A single SRP treatment is time-consuming, and several treatments are necessary over a period of up to 14 months to allow pocket depth to recover to normal. This requires more time from dentists, and leads to higher cost and inconvenience for patients.
- Antibiotics administered in gel or in solution have only a temporary benefit, before bacteria return. All kinds are imported, and too expensive for widespread market acceptance in Thailand.
- The extended use of chemical antibiotics leads to bacteria developing resistance.
- Neither SRP, nor antibiotics, promote re-growth of tissue; patients must wait as gums grow back at their natural rate.

For severe periodontal disease, gum surgery to remove gum pocket is an option.

However, surgery also has several disadvantages:

- Surgery is expensive and carries high risks.
- Patients with health problems, such as diabetes, blood disease, pregnancy, and cardiovascular or renal, are not able to receive surgery.
- Surgery leaves unpleasant gum appearance and may require further cosmetic surgery to restore appearance.

Verdacura's first product, PerioVerda, is a **patented** small chip containing extracts from two Thai herbs, Centella Asiatica (ใบบัวบก) and Punica Granatum (ทับทิม). Its active ingredients both inhibit bacteria growth and promote the re-growth of damaged tissue.

No other periodontal solution offers both benefits. Clinical trials in Thailand and Germany, show that PerioVerda helps heal gum tissue within three months, a growth rate 2.4 times faster than using SRP alone. **This results in fewer dental visits, giving patients a 35% cost saving and 70% treatment time reduction.** It also saves time for dentists, allowing them to treat more patients. PerioVerda's natural-ingredient remedy does not cause bacteria resistance, and it is a viable option for patients who do not want risky surgery.

Verdacura sees immediate market opportunity to treat over 10 million Thais who suffer from periodontal disease. Demographic trends suggest this number will grow more than 18% within 5 years, as the Thai population ages, and social risk factors increase, including smoking, and stress. In addition, the huge markets of India and China each have an estimated 300 million sufferers of periodontal disease, and lie within easy geographical reach of Verdacura's base in Thailand. People in these countries have a strong willingness to use natural extracts for health care. Verdacura will enter these growth markets within three years.

Verdacura will focus primarily on private clinics and hospitals through an established distributor of dental products in each of the markets of Thailand, China, and India, to reach affluent and health-conscious sufferers. Verdacura's pricing strategy allows both the distributor and the healthcare provider to receive a reasonable profit margin while delivering *a more effective, and less expensive* treatment, providing a WIN-WIN-WIN opportunity to all three major decision makers: the distributor, the dentist, and the patient.

Verdacura's marketing plan includes activities to educate and support dentists, such as conducting dentistry seminars, and offering free product samples, and communication to patients through mass-media and direct marketing.

The management team consists of four graduate students from Thammasat University's Master in Marketing Program.

- **Pattraporn Yamla-or, Managing Director**, BA of Communication Arts, Chulalongkorn University, seven years experience in online marketing with multinational companies.
- **Ajjaree Limpamont, Director of Finance**, BA of Accounting, Thammasat University, five years audit and finance experience with multinational companies.
- **Soraya Yangthaworntrakul, Director of Marketing**, BA of Accounting, Chulalongkorn University, five years experience in sales and marketing with a multinational medical-consumer products company.
- **Auttapol Akaraputhiporn, Director of Operations**, BBA, Mahidol University International College, 4 years experience in his own distribution company.

The technical team includes the three inventors of PerioVerda from Faculty of Dentistry, Mahidol University; they are members of the Verdacura advisor board and shareholders. Particularly, one of them, Associate Professor Pusadee Yotnuengnit, is recognized as one of Thailand's top periodontists, and is President of The Periodontology Society of Thailand.

Verdacura has currently raised US\$200,000 to run the multi-center clinical trials necessary to complete the Thai FDA application. The company is seeking an additional US\$ 1.2 million from outside investors to finance operations, execute the marketing strategy, expand to international markets, and perform R&D for next-generation products.

Verdacura expects to solve an important health-care problem while delivering outstanding financial returns. Investors who join the company in this opportunity will receive:

- 40% Equity with common stock
- Two seats on the Board of Director,
- A dedicated management team motivated to reach performance incentives specified in a management contract,
- NPV of \$7.6 million (50% discount rate) and an IRR of 73%

### Summary of Financial Results

<b>Profitability Analysis</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Volume ('000 units)</b>	<b>1,292</b>	<b>6,537</b>	<b>12,487</b>	<b>18,731</b>	<b>28,096</b>
Projected Revenue	1,551	7,844	14,985	22,477	33,715
Projected Income	(490)	3,202	6,272	8,411	22,719
Accumulated Retained Earning	(490)	2,712	8,984	17,395	40,114
<b>NPV</b>	<b>7,608,000</b>		<b>USD</b>		
<b>Discount Rate</b>	<b>50%</b>				
<b>Investor IRR</b>	<b>73%</b>				

<b>Investor Money</b>	<b>1,200,000</b>	<b>USD</b>
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Remark: The table is an additional data apart from 1,000 words