

- Tobin Smith:* Hey, this is Toby Smith, the Next Big Thing. I'm here with Neil Belenkie from Sirona. It's actually Biochem, not "My Sharona." There are so many interesting, novel biotech companies out there these days, and certainly it's the best performing asset across all asset classes, so we like to talk with new stuff, and your company, Neil, is intriguing to me. It's a platform, and you'll tell us what platform means, but it's a platform where you're going after carbohydrates. Why carbohydrates? I happen to love carbohydrates.
- Neil Belenkie:* Carbohydrates, and not being a chemist –
- Tobin Smith:* You can talk to him.
- Neil Belenkie:* – not being a chemist, carbohydrates are probably the best way to explain as a very unstable compound, and so when we apply a stabilizing technology, meaning we change the way the compound is metabolized or broken down by the body, from before to the end, a carbohydrate gives us the biggest delta from pre-stable to stabilize, and that delta, we have more –
- Tobin Smith:* The change, the **rate of** the amount of change.
- Neil Belenkie:* – the amount of change is greater by having **effected** a compound which has a greater ability to effect the change.
- Tobin Smith:* Let me feed that back to you. So, if you have a carbohydrate that would be really great if it had a long-lasting **dispersion** –
- Neil Belenkie:* Yeah.
- Tobin Smith:* – that would be awesome, and so that's what you guys do.
- Neil Belenkie:* Absolutely, so we try and improve that efficacy based on that long-lasting, and we're trying to improve the safety, as well, by eliminating some of the toxic residues of a broken down compound, carbohydrate.
- Tobin Smith:* Okay, the number one product of interest to me, certainly, is your application into glucose and application into diabetes.
- Neil Belenkie:* Yeah, the SGLT2 inhibitor class is just launching in the world. Johnson and Johnson's canaglifozin is the first to get FDA approval in January of this year.
- Tobin Smith:* Yeah, say that one slower again.

Neil Belenkie: Canaglifozin, from –

Tobin Smith: Yes, okay.

Neil Belenkie: – Johnson and Johnson. Yeah, it took me about six years to figure that one out. I was part of the marketing development team.

Tobin Smith: Oh, okay.

Neil Belenkie: It's a brilliant new technology, where instead of having to worry about moderating the production of insulin, we are in fact able to bypass and just pee out the blood sugar, and so not only are we able to remove the –

Tobin Smith: Is that a technical term?

Neil Belenkie: – pee out the blood sugar?

Tobin Smith: Okay.

Neil Belenkie: Yeah, the layman's terms, typically we look at it as finishing the lease on the blood sugar –

Tobin Smith: All right, good.

Neil Belenkie: – so when you pee it out, it works as an anti-obesity treatment, as well. Now, it's an exciting new class which literally is just being launched, but we're quite excited to see what this can create. Our technology has been tested directly against Johnson and Johnson's product, but only in animals.

Tobin Smith: Those are those special diabetic rats that –

Neil Belenkie: Zucker diabetic rats –

Tobin Smith: – yeah, yeah.

Neil Belenkie: – exactly, yeah.

Tobin Smith: I love those things.

Neil Belenkie: Yeah. You've got a couple?

Tobin Smith: I actually have a few as pets, and they're friendly. They're very friendly.

Neil Belenkie: Yeah, your cat door is not big enough, though. They're diabetic.

Tobin Smith: Exactly. So, the idea is that – they spent \$1 billion developing that drug, by the way, you know that?

Neil Belenkie: Yeah.

Tobin Smith: So, you're not gonna spend \$1 billion to –

Neil Belenkie: No.

Tobin Smith: – develop it, so your model is different.

Neil Belenkie: In our case, it's always the same. We do our science, we patent it, and we partner. We don't have the expertise nor the resources to take one of these products all the way to market. However, we do have the science that shows in early Zucker diabetic rat testing that we are faster-acting and longer-acting than Johnson and Johnson's product.

Tobin Smith: Their product started the same way, in other words they started with the rats –

Neil Belenkie: Every product –

Tobin Smith: – _____.

Neil Belenkie: – starts the same way, absolutely.

Tobin Smith: All right, we're gonna come back and we're gonna talk a little bit more about other applications, but the idea here, again, this is taking a technology that allows a good product to become a great product, and you have a model that doesn't require billions of dollars from you to get it to market, so we're all about that. The next big thing in controlling glucose could be right here.

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Tobin Smith: Hey, this is Toby Smith back with the Next Big Thing. We're with Neil Belenkie of Sirona Biochem. You have an interesting product that you're working on of skin lightening. Now, you'll have to tell me the story because, in America, we like to look tan, it looks like that's the look. But, in the Asian culture, they want to look white so it looks like they're working, right?

Neil Belenkie: I know. I didn't understand this, either. It's the world of cosmetics.

Tobin Smith: Well, then, you could be Asian because you're –

Neil Belenkie: Right, yeah, and 100 years old, like I said before –

Tobin Smith: Exactly.

Neil Belenkie: – with self-preservation. So, the issue is, like we like to look tan so we look healthier being out of the office. In Asia, they like to look pale so it looks like they're more affluent work, they don't work outside under the sun, they work in the office and they have a higher-paying job. So, it's a socioeconomic driver, and it's an \$11 billion marketplace just between India, China, and Japan, and Japan –

Tobin Smith: It's \$11 billion.

Neil Belenkie: – \$5.5 billion a year just in Japan to make their skin look lighter. Now, in North America, we call it skin brightening, and in Europe we call it skin brightening, and there is a medical side to it where we deal with age spots and sometimes some scars and healing, so there certainly are applications beyond cosmetic into pharmaceutical, but it's a –

Tobin Smith: But the big baby is –

Neil Belenkie: – oh, the big baby is –

Tobin Smith: – all right.

Neil Belenkie: – cosmetics, absolutely.

Tobin Smith: So, in your model, you take an existing carbohydrate and make it better, and in skin lightening, there's actually some carcinogenic issues for the existing _____.

Neil Belenkie: It's a huge issue. Well, there's two kinds of products. There's a product that is safe and doesn't work, or there's the unsafe and works like a dream. So, we took what is, if you look on eBay, to

be one of the most popular compounds in the entire world is called Arbutin. It's a naturally occurring compound. The problem is it's an unstable carbohydrate, and it breaks down into something called hydroquinone, which is a known carcinogen, and it's banned outright in Europe.

Tobin Smith: But of course it's not banned in the United States or China.

Neil Belenkie: No, it's just controlled here.

Tobin Smith: Oh, I see.

Neil Belenkie: It's just controlled here.

Tobin Smith: All right, great.

Neil Belenkie: Yeah, so what we did is we applied our technology, we stabilized it, and we patented it, and our new compounds that are patented are up to 14 times more effective at skin lightening than the naturally occurring compounds, and, more importantly, they're 100 percent safe, they do not release any hydroquinone, so we think of that as that's the goal.

Tobin Smith: That's the goal. So, you would go to a Japanese cosmetic company, a Chinese cosmetic company and partner with them, give them the secret sauce, get a licensing fee –

Neil Belenkie: Right, we do –

Tobin Smith: – get a milestone, get a royalty.

Neil Belenkie: – the science, we patent, we partner, so we'll take a look at either even a country-by-country, or we're also in talks with the world's largest companies for global exclusivity, and they can take the product using their expertise and resources to all the different markets in the world.

Tobin Smith: Wow. All right, so the business model here is license, patent, all your products now are patented.

Neil Belenkie: Well, we're constantly developing, so we have a pipeline of products which will be developed as we go. Our assets are our patents. We have to patent well, because that's what someone has to count on when they license it from us. They'll have their own unique distinctive _____ that no one else can compete with.

Tobin Smith: Do you create a brand name for –

Neil Belenkie: No.

Tobin Smith: – your process? So, it goes into the –

Neil Belenkie: We could name our process. I –

Tobin Smith: Like Teflon or something?

Neil Belenkie: – yeah, well, I told our company we should call it the Belenkie Technique.

Tobin Smith: How did that go?

Neil Belenkie: It didn't go so hot, funny enough. I can't even get _____ with my family, so I wasn't surprised when the company didn't agree.

Tobin Smith: He's from Vancouver. He may be the only Canadian with a sense of humor, by the way, so I'm very impressed by that. All right, so the big idea here is that – when does the revenue start? You've been pre-revenue, but it looks like you're gonna hit the inflection point.

Neil Belenkie: Yeah, we're right at that inflection point right now. We've signed our first major letter of intent for a big joint venture opportunity, we'll call it a collaborative project at this point, with the Cincinnati Children's Hospital Medical Center. We're ecstatic to be working with them and their team in development. We are literally showing all the results of our additional projects, the credibility that goes with those, and now we're creating new **opportunities** coming out of them, so we are literally at that tipping point as we speak.

Tobin Smith: That would be once a product is developed, then you would go into the licensing and go –

Neil Belenkie: Absolutely –

Tobin Smith: – _____.

Neil Belenkie: – working with the world's largest consumer packaged goods companies to take those to market, as well.

Tobin Smith: All right, so, again, here's another concept in biotechnology, where you were able to take and improve an existing product, be able to improve it in some cases so much that you take a carcinogenic and make it safe, and then have an ongoing royalty stream. What's the market cap of the company now?

Neil Belenkie: Right now, we're about \$12 million.

Tobin Smith: Okay, so in theory, and that's always **the big**, if you come out with this next big thing for skin lightening, you're talking about many, many, many times that value in revenue, right?

Neil Belenkie: We're looking at acquiring Apple.

Tobin Smith: I love that. All right, look, the next big thing in skin lightening – look, it's already working right here – is Sirona Biochem.

Neil Belenkie: Thanks very much.

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