



# AxxessPharmaInc. BusinessPlan

**PRIVATE AND CONFIDENTIAL**

AXXESS Pharma Inc.  
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# AXXESS PHARMA INC.

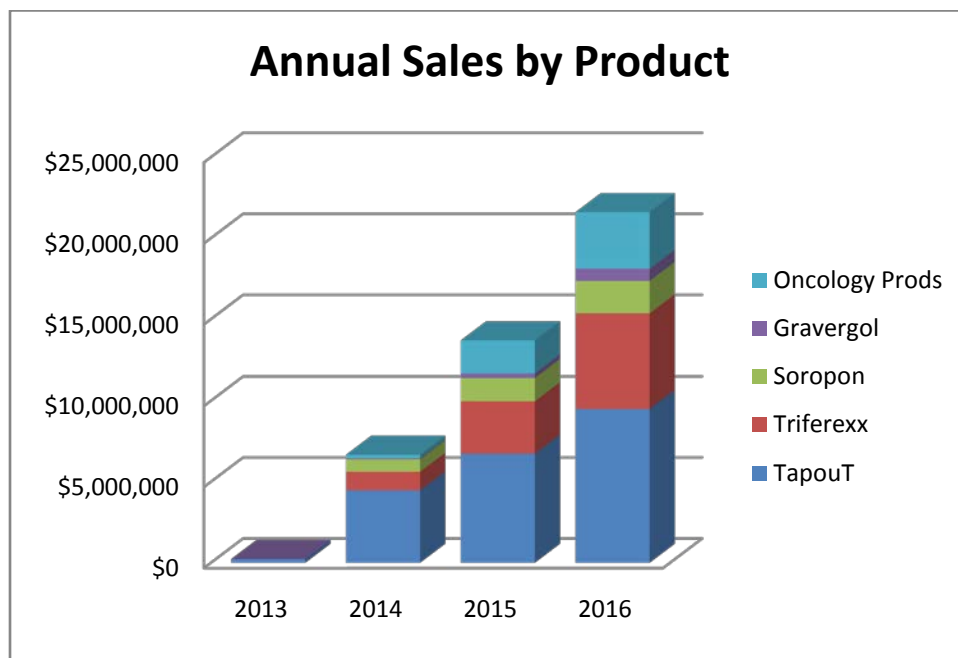
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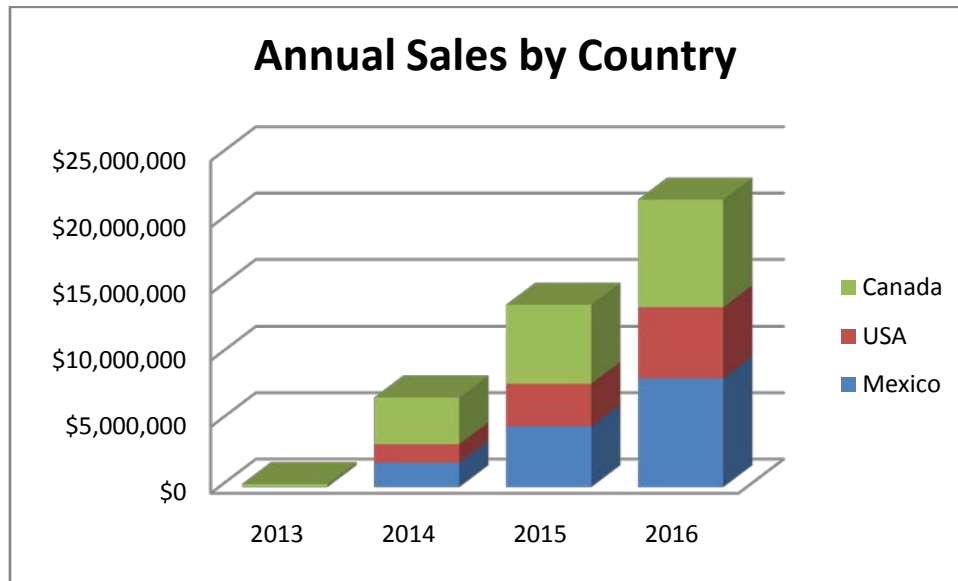
## Executive Summary

Axxess Pharma Inc. is a publicly traded company (AXXE: OTC US Pinks). Axxess Pharma has functioned previously as a privately held company between 2000 and 2009. Due to previous management's missteps and other financial issues, Axxess Pharma was closed down and forced into receivership in 2010. This presented an excellent opportunity for the current ownership and management, who, in 2011, began the process of re-submitting the products for registration to Health Canada and are currently raising capital to invest in growth opportunities. In addition, new investors and senior management are now on board with plans to re-launch existing products such as Triferexx<sup>®</sup>, Gravergol<sup>®</sup> and Soropon<sup>®</sup> and also bring on new product lines such as the TapouT<sup>®</sup> pain relief brand and Tapout vitamins. By the first quarter of 2014, Axxess Pharma Inc. will be poised to have met the registration requirements by Health Canada so that Triferexx<sup>®</sup>, Gravergol<sup>®</sup> and Soropon<sup>®</sup> can be marketed to health care professionals across Canada. In addition, the TapouT<sup>®</sup> pain relief portfolio of products will be marketed in Canada, online as well as in the US and Mexico. This presents numerous sources of immediate revenue potential which investors and senior management are eager to commercialize.

## Projected Revenue by Product (2013 – 2016)



### Projected Revenue by Country (2013 – 2016)



### Strategic Goals

Axxess Pharma has three strategic goals which will be critical to its success:

1. Canadian re-launch of Triferexx<sup>®</sup>, Gravergol<sup>®</sup> and Soropon<sup>®</sup> which had previously attained sales of \$2.8 M in 2009.
2. Launch the TapouT<sup>®</sup> brand to include pain-relief and muscle recovery products as well as a premium line of vitamins. The sales expectations of TapouT<sup>®</sup> are \$9.5 M by year 3 (2016).
3. Launch a line of oncology products in Mexico and across several Latin American countries. These products are currently marketed in Canada and are licensed from the Canadian manufacturer for sale in Latin America. The sales expectations of these products are \$3.5 M by year 3.

## Background/Introduction

Axxess Pharma Inc. is a publicly traded company (AXXE: OTC US Pinks). Axxess Pharma has functioned previously as a privately held company between 2000 and 2009. Due to previous management's missteps and other financial issues, Axxess Pharma was closed down and forced into receivership in 2010. This presented an excellent opportunity for the current ownership and management, who, in 2011, began the process of re-submitting the products for registration to Health Canada and are currently raising capital to invest in growth opportunities. In addition, new investors and senior management are now on board with plans to re-launch existing products such as Triferexx<sup>®</sup>, Gravergol<sup>®</sup> and Soroapon<sup>®</sup> and also bring on new product lines such as the TapouT<sup>®</sup> pain relief brand and Tapout vitamins. By the first quarter of 2014, Axxess Pharma Inc. will be poised to have met the registration requirements by Health Canada so that Triferexx<sup>®</sup>, Gravergol<sup>®</sup> and Soroapon<sup>®</sup> can be marketed to health care professionals across Canada. In addition, the TapouT<sup>®</sup> pain relief portfolio of products will be marketed in Canada, online as well as in the US and Mexico. This presents numerous sources of immediate revenue potential which investors and senior management are eager to commercialize.

It is important to emphasize that Axxess Pharma is in a unique position to gain revenue quickly from its portfolio of products for the following reasons:

1. Upon re-launch of its core group of products (Triferexx<sup>®</sup>, Gravergol<sup>®</sup> and Soroapon<sup>®</sup>), Axxess is poised to attain revenue quickly from its existing customer base from 2010 prior to discontinuation of the products. This is particularly true of Triferexx<sup>®</sup> which was the largest revenue-producing product and for which customers are currently seeking product which is on backorder.
2. TapouT<sup>®</sup> is a well-recognized global lifestyle brand with clothing and other product lines selling approximately \$400MM in 2013. The launch of the TapouT<sup>®</sup> pain-relief, muscle-recovery and vitamin lines is well positioned to capitalize on that awareness, which will be made global through online sales as well as direct sales in Canada, the US and Mexico.

## Strategic Goals

Axxess Pharma has three strategic goals which will be critical to its success:

1. Canadian re-launch of Triferexx<sup>®</sup>, Gravergol<sup>®</sup> and Soropon<sup>®</sup> which had previously attained sales of \$2.8 M in 2009.
2. Launch the Tapout<sup>®</sup> brand to include pain-relief and muscle recovery products as well as a premium line of vitamins. The sales expectations of Tapout<sup>®</sup> are \$9.5 M by year 3 (2016).
3. Launch a line of oncology products in Mexico and across several Latin American countries. These products are currently marketed in Canada and are licensed from the Canadian manufacturer for sale in Latin America. The sales expectations of these products are \$3.5 M by year 3.

## Key Product/Competition Overview:

### Triferexx<sup>®</sup> 150 mg



**NEW**

**Triferexx FORTE**

Each capsule contains:

- Iron (Poly Iron saccharide) 150mg
- Folate (Folic Acid) 1 mg
- Vitamin B-12 (Cyanocobalamin) 25mcg

**IT'S ALL ELEMENTAL!**

**The science of compliance**

When an iron supplement is appropriate, consider the well-tolerated, and conveniently dosed Triferexx 150

- Formulated with well-tolerated polysaccharide-iron complex
- Once a day dosing for improved compliance
- Delivers 150 mg of well tolerated elemental iron in one capsule
- Organic iron compound with absorption comparable to ferrous sulfate<sup>3</sup>

**Triferexx 150**

150mg Elemental Iron

**COMPLIANCE**

- Once a day dosing • Well tolerated

**AXXESS PHARMA INC.**  
22 Waterford Drive, Unit #105, Markham, ON L3R 0G2, Canada  
Website: [www.axxesspharma.com](http://www.axxesspharma.com)

Triferexx® was the flagship product for Axxess Pharma prior to the company entering receivership in 2009. Triferexx® was responsible for +90% of Axxess Pharma's sales and will be re-launched as a natural health product (NHP) once Health Canada re-issues the license in 2014. Triferexx® 150 mg is a high potency (150 mg elemental oral iron) supplement. Triferexx® 150 allows for once-daily dosing while minimizing side effects such as constipation, diarrhea, upset stomach and other GI side effects which other iron supplements such as ferrous salts may cause. Triferexx® 150 avoids or reduces these common side effects.

The types of patients which are candidates for Triferexx® are:

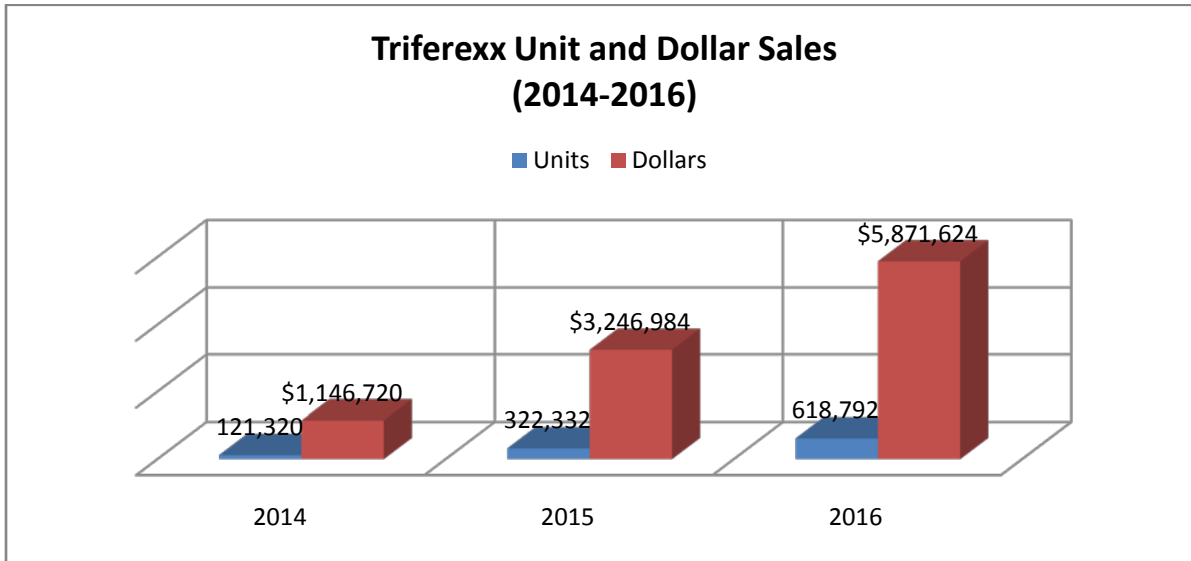
- Patients suffering from blood loss
- Pregnant women
- Women who experience heavy menstrual bleeding
- Renal failure patients, especially those undergoing dialysis
- Patients suffering from low iron as a result of a disease

Product Comparison Chart – Oral Iron Supplements

Product	Strength	Elemental Iron provided	Daily Dosage	Notes	Advantages/ Disadvantages
Triferexx®	150 mgs	150 mgs	1 capsule	May be taken with food	<ul style="list-style-type: none"> <li>• Market originator</li> <li>• Back orders to fill</li> <li>• Loyal following ready for re-launch</li> </ul>
Feramax®	150 mgs	150 mgs	1 capsule	Main Competitor to Triferexx®	<ul style="list-style-type: none"> <li>• Copy of Triferexx®</li> <li>• Building market awareness</li> <li>• 25% market penetration</li> <li>• <u>2012 Sales: \$5M</u></li> </ul>
Slow-Fe®	50mg/Tab	30 mgs	1-2 tabs	Not well absorbed	<ul style="list-style-type: none"> <li>• Many side effects</li> <li>• Low compliance</li> </ul>
Apo Ferrous Gluconate	300 mg	65 mgs	3 tabs	Should be taken on an empty stomach	<ul style="list-style-type: none"> <li>• Many side effects</li> <li>• Low compliance</li> </ul>

Triferexx® will be sold in Canada and Mexico commencing January, 2014. Below lists the unit and dollar sales (CDN) forecast for Triferexx® 150 mg.

Triferexx® sales unit and dollar forecast summary (2014–2016)



**Soropon® OTC Fungal Shampoo**

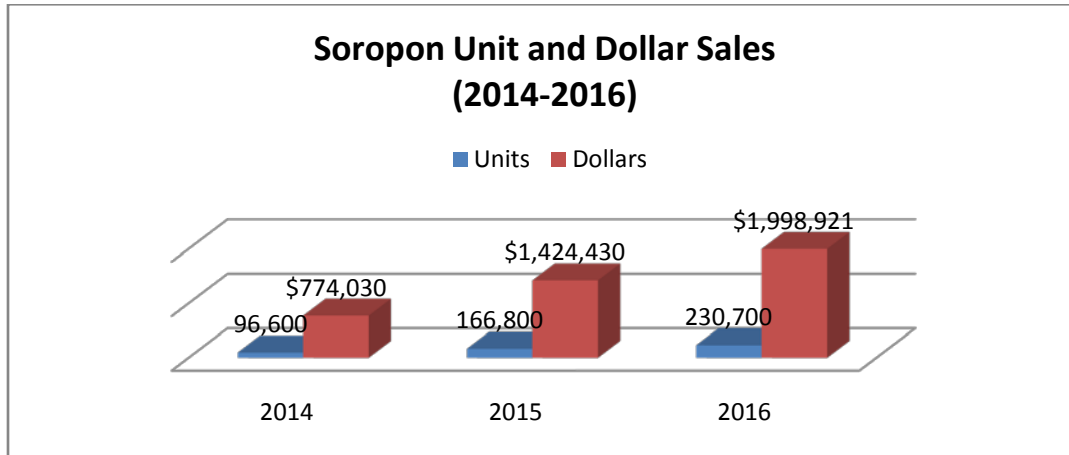
Soropon® is an antifungal Shampoo which was selling approximately \$600k MAT under previous management. Soropon® shampoo is a gentle, effective treatment for fungal infections of the scalp such as seborrheic dermatitis and cradle cap in infants





The main competitors for Soro<sup>®</sup> are Nizoral<sup>®</sup>, Dan-Guard<sup>®</sup>, SebCur<sup>®</sup> and Polytar<sup>®</sup>. The price range for products in this market are \$20.00 - \$24.00. The estimated market size of this category is \$10MM.

The sales forecast of Soro<sup>®</sup> for 2014 – 2016 is as follows:



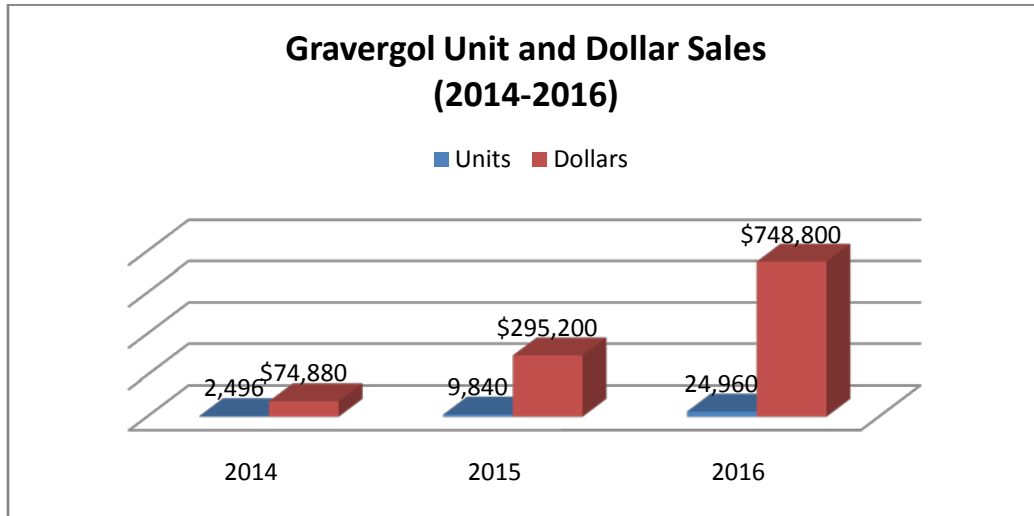
Gravergol<sup>®</sup> Anti-Migraine Therapy.



Gravergol<sup>®</sup> remains the only prescription product in Axxess Pharma's lineup of medicines. Gravergol<sup>®</sup> acts on both the pain as well as the nausea and vomiting of migraine headaches. While Gravergol<sup>®</sup> competes in a large category with well-known brands such as Imitrex<sup>®</sup> and Zomig<sup>®</sup>, Gravergol<sup>®</sup> is available at one tenth of the price of aforementioned products. Over 20 million prescriptions have been written for Gravergol<sup>®</sup>. This is testament to the product's efficacy and safety. Prior to the

discontinuation of Gravergol<sup>®</sup> in 2009, Gravergol<sup>®</sup> was selling approximately \$200k MAT. The market size of the ergot-derivative market is estimated to be approximately \$2MM.

Below is the unit and dollar sales forecast for Gravergol<sup>®</sup> for 2014-2016.



### TapouT<sup>®</sup> Pain Relief and Muscle Recovery Therapy

In 2013 Axxess Pharma acquired the rights to the TapouT<sup>®</sup> line of pain relief and Muscle Recovery products. Axxess has the worldwide rights to the TapouT<sup>®</sup> line of pain relief and muscle recovery products. The promotion of the following products will occur via online sales (globally) along with direct selling strategies throughout Canada, the US and Mexico. There are currently five topical products on the market with two more products planned for launch in 2014.

## Topical pain relief product line

- 1oz spray bottle and 20 pack towelettes
- 100% all natural, patent protected formula
- WINNER: Best New Product of 2012
- USA Patent Protected formula



US PATENT  
#62,444,238B1



## Hot / Cold therapy product line

- Instant cold pack, hot/cold reusable pack
- Top selling items within the category
- Sold in retail and B2B
- High volume items



## Pain Relief Supplements – All Natural

- Morning / Evening Formula
- 100% all natural, proprietary formula
- Sold as combo pack



## Pain Relief Patches ( In development)

- Growing new sub-category in pain relief
- Proprietary cool or warm formula
- Patches stay on the body for 12-24 hours



According to *Business Insights*, “Pain Management Market Outlook To 2014” this category is valued at \$28B.

## TapouT Vitamins

In 2014 TapouT will be launching a line of vitamins which will include the following products:

### 1. Super Anti-Ox

- Provides antioxidants for the maintenance of good health
- Green tea extract
- Alpha lipoic acid
- Pine bark extract
- Billbury extract
- Red wine extract

### 2. High Potency Fish Oil

- 1000 mgs fish oil
- Vitamin E

### 3. Stress and Endurance Formula

- Natural Energy Boost
- Ginseng – Increases efficiency of mental and physical work
- Astragalus – Stimulates the immune system
- Siberian Ginseng – increases alertness, stamina and endurance

### 4. Calcium/Magnesium Plus

- Calcium, Magnesium, Vitamin D3, Silicon, Zinc, Manganese, Copper, Boron, Chromium, Selenium
- Vanadium

### 5. Vitamin B Complex

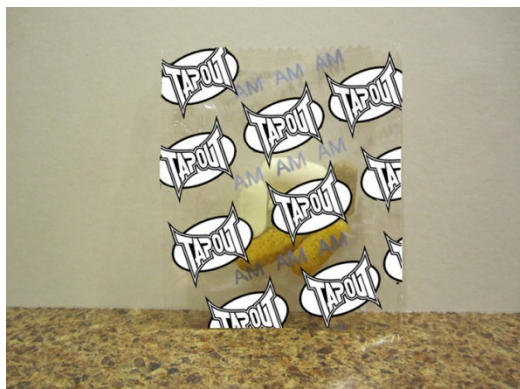
- Timed-release vitamin B Complex
- Vitamins B1, B2, B3, B5, B9, B12, Biotin, Choline, Inositol

The TapouT<sup>®</sup> Vitamins will be represented as follows:



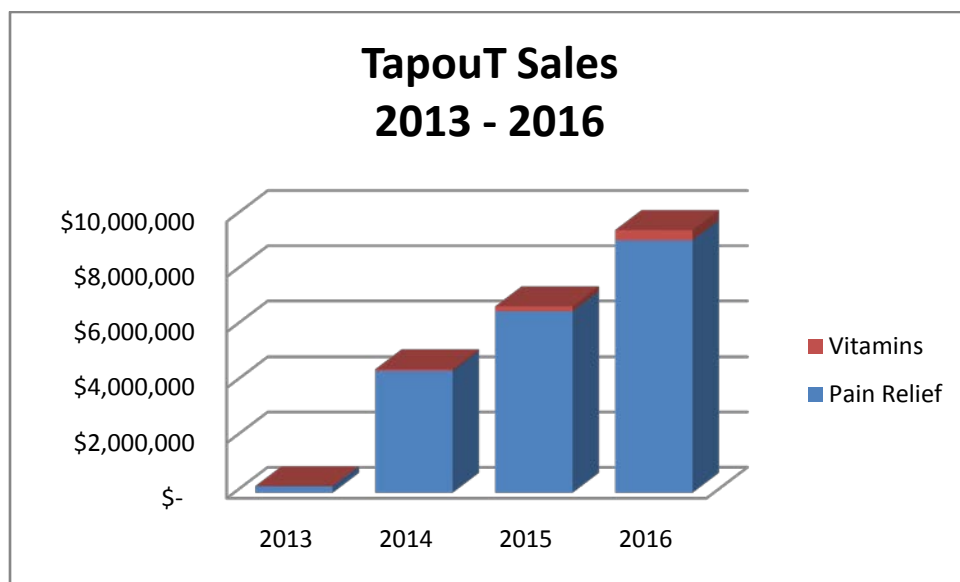
In addition, a single-use multi pack will also be available:

- Multi-vitamins
- Fish oil
- Anti-oxidant
- Minerals



September 2013

Below lists the sales forecast for TapouT® for 2013 to 2016





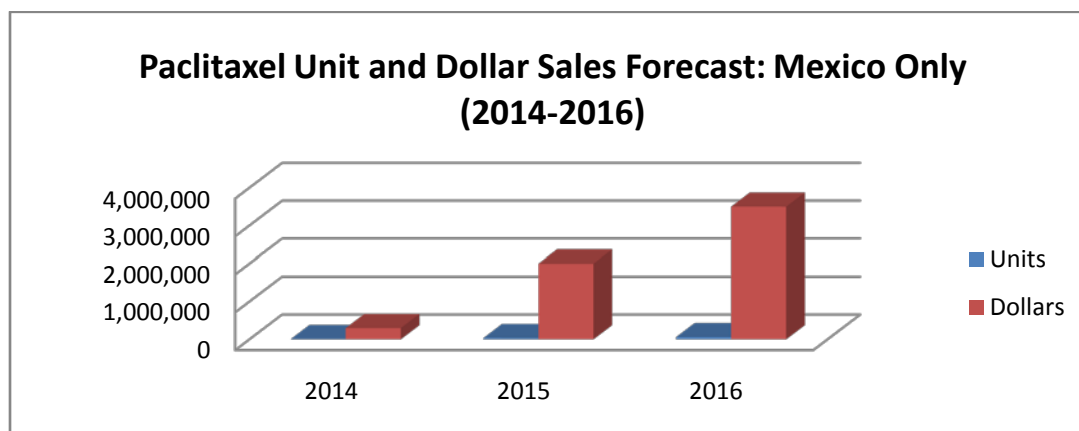
## Cancer Drugs Portfolio

AXXESS has entered into an exclusive distribution agreement with the Canadian manufacturer of a full line of approximately 12 cancer drugs for injection, and a suite of other antibiotic drugs for injection.

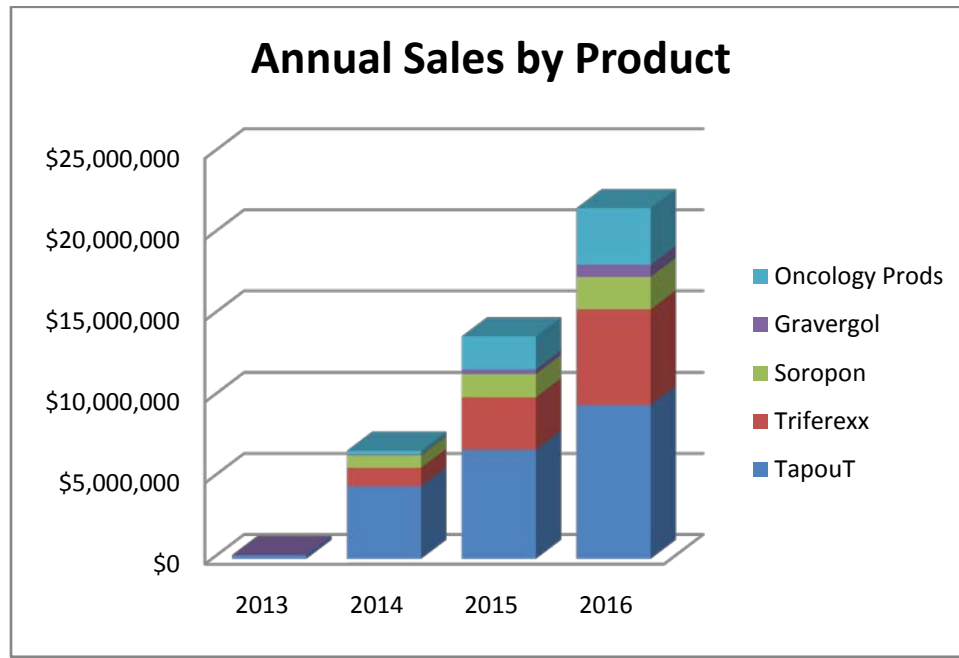
**Paclitaxel:** Biolyse Corporation, the Canadian manufacturer of this common cancer drug used in the treatment of several major cancers including breast, lung, ovarian and several others has granted the rights for Mexico and other Latin American territories to Axxess Pharma.

The key driver to the success of this business for Axxess Pharma is the price point, and Axxess has obtained a favorable price in order to compete in Mexico and other Latin American territories. The sale of cancer drugs in the majority of Latin American markets is primarily through government tenders due to the relatively high prices of most cancer drugs. Axxess has already an agreement in place to work with a company in Mexico with experience in government tender business and has the advantage of offering a high-quality Canadian product at a price competitive with local manufacturers and as part of the North American Free Trade Agreement is legally allowed to enter into the tender business.

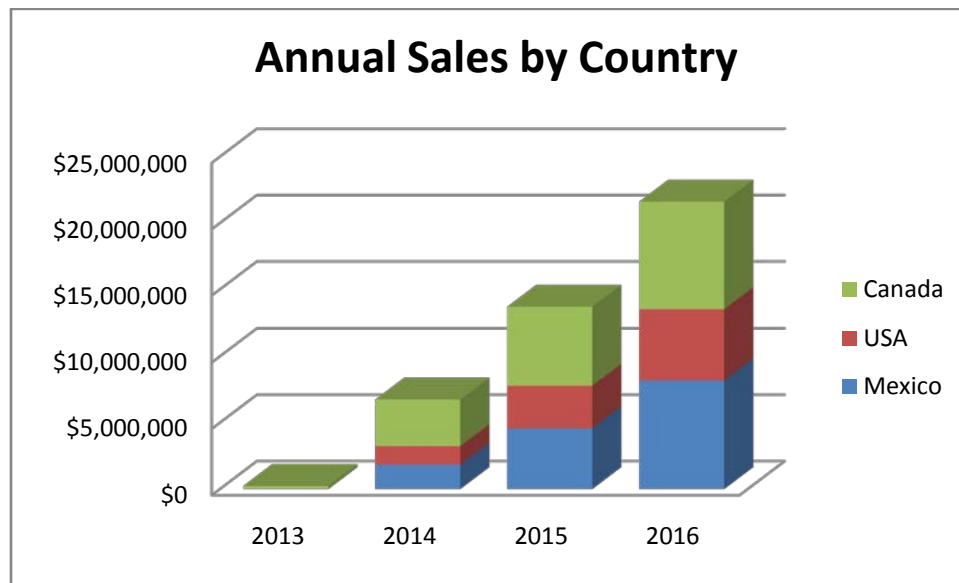
Axxess expects to add up to 11 other cancer drugs to this portfolio as they become available from the Canadian manufacturer, including the expected first generic version of a major cancer drug which currently enjoys sales in Mexico of approximately US \$20 MM.



### Projected Revenue by Product (2013 – 2016)



### Projected Revenue by Country (2013 – 2016)



## Profit and Loss (2013 – 2016)

<b>Axxess Pharma Inc.</b>				
<b>Profit and Loss Statement</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Net Revenue</b>	<b>\$ 212,670</b>	<b>\$ 6,185,779</b>	<b>\$ 12,916,018</b>	<b>\$ 20,474,702</b>
<b>Total Cost of Goods Sold</b>	<b>111,252</b>	<b>3,484,138</b>	<b>7,800,779</b>	<b>12,720,621</b>
% of Total Sales	52.31%	56.32%	60.40%	62.13%
<b>Gross Profit</b>	<b>101,418</b>	<b>2,701,640</b>	<b>5,115,239</b>	<b>7,754,081</b>
% of Total Sales	47.7%	43.7%	39.6%	37.9%
<b>Operating Expenses</b>				
Sales & Marketing	159,120	870,677	1,222,130	1,633,465
General & Admin	177,900	779,800	1,001,300	1,031,600
Warehouse & Distribution	33,576	314,921	662,409	1,030,432
Legal & Regulatory	140,367	8,233	2,400	2,400
Research & Development	-	-	-	-
<b>Total Operating Expenses</b>	<b>510,964</b>	<b>1,973,632</b>	<b>2,888,238</b>	<b>3,697,897</b>
% of Total Sales	240.3%	31.9%	22.4%	18.1%
<b>Income From Operations</b>	<b>(409,546)</b>	<b>728,009</b>	<b>2,227,001</b>	<b>4,056,184</b>
% of Total Sales	-192.6%	11.8%	17.2%	19.8%
Interest Income	-	-	-	-
Interest Expense	-	-	-	-
Depreciation	-	1,750	4,375	5,583
<b>Income before Taxes</b>	<b>(409,546)</b>	<b>726,259</b>	<b>2,222,626</b>	<b>4,050,601</b>
Taxes on Income	-	-	-	-
<b>Net Income After Taxes</b>	<b>\$ (409,546)</b>	<b>\$ 726,259</b>	<b>\$ 2,222,626</b>	<b>\$ 4,050,601</b>
% of Total Sales	-192.6%	11.7%	17.2%	19.8%

## AxxessPharma Year One Use of Proceeds

Axxess Pharma 1 year Use of Proceeds									
Key assumptions:									
1. Timing and commencement of activities occur upon securing \$1m in external funding									
2. Sales of TapOut and Triferexx are listed in 3 year plan									
					1st 6 Mos	Monthly	2nd 6 Mos	Total 1st 12 months	
					<u>Current plan</u>		<u>Proposed</u>	<u>Proposed</u>	
SEC Lawyer					\$25,000		\$10,000	\$35,000	
Legal and regulatory					\$10,000		\$10,000	\$20,000	
Revive Asset Acquisition costs					\$60,000			\$60,000	
Accountant /Auditor					\$20,000		\$10,000	\$30,000	
<b>MANAGEMENT</b>					\$117,000				
Daniel	President, Chief Scientific Officer				\$39,000	\$6,500	\$39,000	\$39,000	
Robert	VP, TapouT and Online Sales				\$24,000	\$4,000	\$24,000	\$24,000	
Neil	VP, OTC and Rx Sales				\$24,000	\$4,000	\$24,000	\$24,000	
Stephen	Investor Relations				\$9,000	\$1,500	\$9,000	\$9,000	
Liam,	Controller, VP Operations				\$12,000	\$2,000	\$12,000	\$12,000	
	Administrative assistant				\$9,000	\$1,500	\$9,000	\$9,000	
<b>TRIFEREXX</b>									
Health Canada Regulatory Fees					\$25,000		\$0	\$25,000	
Lab validation & development for two quarters:					\$40,000		\$40,000	\$80,000	
Accelerated stability test and shelf life:					\$40,000		\$0	\$40,000	
Sales Reps - 3 (month prior to launch)					\$40,000		\$80,000	\$80,000	
Manufacturing of pilot lots:					\$20,000			\$20,000	
Manufacturing of Commercial Product & Inventory					\$50,000		\$200,000	\$250,000	
Sales and Marketing					\$59,000		\$100,000	\$159,000	
Promotional materials					\$25,000		\$50,000	\$75,000	
Online Sales					\$20,000		\$20,000	\$40,000	
<b>TapouT</b>									
TapouT Royalty					\$50,000		\$50,000	\$100,000	
Manufacturing of Commercial Product & Inventory					\$50,000		\$250,000	\$300,000	
Sales and Marketing					\$225,000		\$30,000	\$255,000	
Promotional materials					\$30,000		\$50,000	\$80,000	
Online Sales					\$25,000		\$25,000	\$50,000	
<b>G&amp;A</b>									
Storage fees					\$5,000		\$20,000	\$25,000	
Business Development activities:					\$20,000		\$40,000	\$60,000	
Bank Charges:					\$4,000		\$4,000	\$8,000	
Office & admin:					\$15,000		\$30,000	\$45,000	
Corporate Fees:					\$5,000		\$10,000	\$15,000	
Directors & Officers Insurances:					\$10,000		\$10,000	\$20,000	
Miscellaneous					\$10,000		\$30,000	\$40,000	
<b>TOTAL</b>					<b>\$1,000,000</b>		<b>\$1,186,000</b>	<b>\$2,186,000</b>	

## AxxessPharma Senior Management& Key Consultants

**Daniel Bagi, M.D., President** is a senior executive physician with 20+ year's international experience in the medical device/pharmaceutical industry, with an emphasis on Product Development, Business Development and licensing. Expertise in product development as it pertains to clinical development for commercial use; medical affairs and clinical research, specifically oncology and gynecologic topical women's health products. Good knowledge of international regulatory standards. Secured numerous license deals internationally, between North American pharma companies and local partners. Extensive experience presenting to financial institutions, regulatory agencies, and potential pharmaceutical partners.

**Stephen Taylor, Investor/Business Relations:** CEO/Pres. of Taylor Capitol, Inc., has provided Investor Relation services for years with a prior background in equity research and investment banking in the Wall Street area. Stephen Taylor possesses a deep network of connections in the investment community. This network ranges from retail brokers, fund managers, wealth managers, Wall Street analysts, investment bankers, private equity firms and senior level management consultants.

**Neil Mellor, Senior VP Sales & Operations Canada:** Neil Mellor has over 25 years of pharmaceutical experience both in Canada and in Europe. Neil has worked for large companies such as Merck, GSK and Pfizer and has also worked with medium-sized pharma companies such as Solvay Pharma. Neil has spent the majority of his background in sales, marketing and business development and has been involved with over thirty products in numerous therapeutic areas. Neil brings a great deal of first-hand

experience in commercializing products. In addition, during 2008 Neil was President of the Canadian Healthcare Licensing Association (CHLA) and currently serves as a CHLA Board member. Neil is currently President of Global Health Link Corp. which is a consulting company serving the needs of large and small pharmaceutical companies in Canada and the US.

### **Robert Tallack, VP Sales, Tapout® Brand**

Robert is a veteran to the world of nutrition and fitness. With over 15 years of entrepreneurial experience in health and fitness industry, Robert is extremely well suited to lead the sales and marketing efforts for Tapout®. Robert is a 3 times world champion and a nine times Canadian champion in mixed martial arts. Robert is also an advisory board member to the Canadian Fitness industry Council. Robert holds a Queens University B.A. in Health and Business as well as a College Diploma in Fitness and Nutrition.

### **Dr. Fred Maese: Senior Consultant: Medical Affairs**

Dr Maese is Board Certified Cardiologist and a member of the American College of Cardiology. Dr Maese performed his specialty training in Internal Medicine and Cardiology Fellowship at Baylor College of Medicine in Houston, Texas. Since 1997 he has been practicing adult Cardiology and Internal Medicine in Dallas, Texas. Dr Maese has expertise in general clinical cardiology, echocardiography and nuclear cardiology. DrMaese was instrumental in the clinical acceptance, widespread use and business models pertaining to the Lap Band procedure for bariatric patients with and without cardiovascular disease who had failed conservative medical weight management. Dr Maese also has significant experience in medical education in both radio and television, with his segment "Break through Medicine" receiving an overwhelming acceptance by the public and peers on the popular show Good Morning Texas. In addition, his radio shows on Univision in Texas have also focused on an educational format pertinent to the Latin American population. This year he will launch both English and Spanish weekly radio programming on a variety of medical and political topics.

Dr Maese is also the creator of the MyClinic affordable and convenient primary care model, started in 2011 and now in the expansion phase. This concept of primary care delivery services promotes preventive, acute and chronic care strategies for the whole family in an affordable and convenient fashion. MyClinic is poised to become a leader in the primary and preventive care services for the population over the next three to five years.

## Regulatory Strategy

Axxess Pharma has a specific product strategy depending on the regulatory status of its product. Below is a summary of each product and the regulatory strategy it will employ:

<b>Product</b>	<b>Health Canada Regulatory Status</b>	<b>Selling Strategy</b>	<b>Territory</b>
Triferexx®	Natural Health Product	Sales Rep – MD Detailing	Canada and Mexico
Soropon®	Natural Health Product	Sales Rep – MD Detailing	Canada and Mexico
Gravergol®	Prescription Product	Sales Rep – MD Detailing	Canada only
TapouT®	OTC/Consumer Health Product	Retail Sales and online	Retail Sales: Canada/US/Mexico Online: Global

## Detailing Strategy

For Triferexx®, Gravergol® and Soroapon® Sales Representatives will be utilized to drive product demand. The table below lists the detailing strategy for these products:

<b>Product</b>	<b>Canada</b>	<b>Mexico</b>
Triferexx®	First Position detail	First Position detail
Soroapon®	Second position detail	Second position detail
Target MDs year one	200	1,000
Target MDs year two	400	2,000
Number of Sales Reps Year one	3	5
Number of Sales Reps Year two	5	10