

BioSculpture Technology, Inc.

1701 South Flagler Drive, Suite 607
West Palm Beach, Florida 33401
U.S.A.

www.biosculpturetechnology.com
www.evl.technology

Robert L. Cucin MD JD MBA, CEO
Tel: (212) 977-5400 [NY]
(561) 651-7816 [FL]
Fax: (561) 651-7808
ceo@biosculpturetechnology.com

MANAGEMENT TEAM

Robert L. Cucin MD JD MBA - CEO & Chairman

Deborah Salerno - CFO & Director
Tim Adler - W. Coast Sales Mngr.
Jonas Gayer – Treasurer & Director
Julia Cucin – Secretary & Director
Jack Meskunus MBA - Advisor
Peter Ciriscioli PhD - Advisor
Richard B Yules MD – Advisor

INDUSTRY

Category: Life Sciences
Sub-category: Medical Device

CURRENT INVESTORS

shareholder	shares	investment	percent
R Cucin	5,476,170	\$1,958,051	87.17%
J Wohlstetter	151,361	\$354,117	2.41%
J Meskunus	125,000	\$1,250	1.99%
S Taylor	125,000	\$1,250	1.99%
H Korthoff	100,617	\$172,785	1.60%
R Wohlstetter	83,870	\$190,380	1.34%
N Verheen	79,366	\$250,000	1.26%
T Perkowski	50,872	\$110,901	0.81%
J Runsdorf	27,505	\$62,159	0.44%
S Livingston	22,936	\$50,000	0.37%
H Mahler	11,856	\$25,845	0.19%
R Yules	10,017	\$21,836	0.16%
M Hatch	5,340	\$15,000	0.09%
W Bologna	5,281	\$11,513	0.08%
D Salerno	2,294	\$5,000	0.04%
S Zalzal	1,667	\$5,250	0.03%
R Strother	1,587	\$3,459	0.03%
J Craig	834	\$2,625	0.01%
D Hamner	523	\$1,139	0.01%
	6,282,096	\$3,242,558	100.0%

FUNDING TO DATE

Common stock. \$3,242,558
Note* R. Cucin \$325,829
\$3,568,387

* The bulk of this Note represents Cucin's Personal Guarantee on the three bank revolving credit lines.

BANK CREDIT LINES

Chase Manhattan (\$200,000)
Citibank (\$100,000)
Bank of America (\$58,800)

FINANCING SOUGHT

\$7,000,000 (Common Shares)

USE OF PROCEEDS

Offering Commissions & Expenses 12% (maximum)
Marketing 35%
Production & CE 33%
Corp Expenses 16%
Debt Reduction 5%
Legal & Accounting 3%

LAW FIRM

Simon Taylor, Esq - Corp. Counsel
Thomas J. Perkowski, Esq. - Patent Prosecution

ACCOUNTING FIRM

Gayer & Associates

COMPANY DESCRIPTION

BioSculpture Technology, Inc. ("BST") is a commercial stage medical device company steeped in the science of adipose tissue and based on its Founder's early recognition that while some fat can be just unsightly, other fat can either kill you or save your life. It was founded and is headed by the plastic surgeon who created the \$500M/year power-assisted liposuction market with an early patent license eventually owned by Ethicon.

BST's mission is to develop and manufacture medical devices and procedures for optimizing fat distribution and metabolism and for tissue aspiration and processing based on medical discoveries and state of the art advances, encompassing:

- the liposuction and body sculpting market;
- the bariatric market; and
- fat and adipocyte-derived stem cell processing and reinjection markets.

BST's tissue removal platform offers advantages for routine small and medium volume liposuction but it excels in large volume liposuction able to safely remove amounts sufficient to improve the metabolic profile of the patient. BST's innovative aspiration and collection technology employs reciprocating twin cannulas under Intellimotion® control which supports integrated RF-electrocautery and irrigation options, and patent pending in-line fat collection, processing and autograft technology.

BST's aspiration technology offers a new and disruptive treatment of obesity, metabolic syndrome, and type 2 Diabetes mellitus as it enables the minimally invasive, endoscopic identification and removal of the much more noxious visceral or "belly" fat which is responsible for the morbidity and adverse consequences of obesity. **As Endoscopic Visceral Lipectomy does not require cutting into the bowel or leaving behind a foreign body, we believe it has potential of doing for Obesity Control what LASEK did for vision correction.**

Our gentler-by-design, tube-within-a-tube aspiration system and in-line fat collection, processing and autograft technology confers numerous advantages to surgeons in fat harvesting, autografting, and the processing of viable adipocyte derived stem cells.

TARGET MARKETS

BST's proprietary and patented tissue removal and processing platform includes currently FDA cleared and pipeline products targeting:

- the liposuction and body sculpting market (\$850M/yr. US);
- the bariatric market (\$2.1B/yr. US); and
- fat and adipocyte-derived stem cell processing and reinjection markets. (\$872M/yr. EU)

Airbrush® Liposculptor II and the new electrical version, *Airbrush® Liposculptor III* are both long stroke (2") tube-within-a-tube Twin Cannula Assisted Liposuction devices they target the medium and large volume liposuction market. Because of their ability to safely remove large volumes of fat in a controlled fashion and improve a patient's metabolic profile, they make liposuction *an operation of pounds as well as inches*. Overweight and frankly obese patients now become suitable surgical candidates.

Airbrush® Liposculptor III is a single cannula, short stroke (3/8") electromechanical device that specifically challenges the MicroAire's PAL® device present in approximately 2/3 of liposuction doctors' offices and generating an estimated \$150M/yr.

U.S. Bariatric surgery expenditures for 208,000 restrictive or bypass procedures exceeded \$2.1B in 2016; A LapBand® kit for each gastric band procedure costs \$2,500. We believe we can capture and expand this market with a safer and less costly endoscopic procedure and consumable. **\$2T was spent on Obesity related diseases expenditures in 2017 and McKinsey projects it will increase to \$17T by 2030. If EVL® can successfully mitigate these catastrophic costs, EVL® can vastly expand the current market and become best practice.**

Integrated with our gentler-by-design devices, our fat collection consumables may attain better fat viability. Compatible with other liposuction devices to harvest, concentrate, and transfer fat autografts without decanting, transfer, centrifuging, collagenase, or ultrasound, they target the \$2B/yr. filler market. Fat autografting is the patient's own tissue and can offer more permanent results with no possibility of allergy or rejection.

Our technology also offers licensing opportunities to other surgical specialties such as gynecology.

COMPETITION

In contrast to every other device on the market, **Airbrush® Liposculptor II** and its electrical embodiment **Airbrush® Liposculptor IIE** are 2nd and 3rd generation twin cannula long stroke devices which *unleash the artist in the surgeon®* because they remove the drudgery of liposuction from the procedure. The *surgeon is not required to manually stroke the device*, merely position this Twin Cannula Assisted Liposuction (TCAL) device properly. 14 Allowed patents protecting Airbrush II have expired but we have proprietary designs and numerous pending utility patent applications directed at subsequent improvements.

Other power assisted liposuction devices such as Ultrasound (UAL), LASER (LAL) or microwave devices get hot, are expensive, and require more operative time. They are mainly small volume devices exposing the patient to seromas and burns. **Airbrush® Liposculptor II, IIE and III** cannulas stay cool; our devices are cheaper and faster.

MicroAire sells a \$14,000 short stroke, single cannula, small and medium volume device, which garners an estimated \$150M/yr. share of the Power Assisted Liposuction (PAL) Market. It requires proprietary tapered tubing, suffers from significant vibration, and a short life span. The device tends to break down after two years of autoclaving and surgeons complain about getting carpal tunnel syndrome or tennis elbow from its vibrations. In addition, the surgeon still has to stroke the cannula manually, up to 10,000 times an hour exposing both the surgeon and the patient to the trauma of the battering ram effect of that cannula.

Airbrush® Liposculptor III has stationary tubing on the rear. It exposes the doctor to less vibration and does not require proprietary tubing. It can be marketed more cheaply with a large profit margin as its cost of goods is low because of its elegant electromechanical simplicity. We have pending utility patent applications with claims directed at its durable design.

Both Airbrush® Liposculptor III and Airbrush® Liposculptor IIE were successfully market tested in earlier pneumatic versions.

We have already 8 allowed patents and others pending protecting its adaptation for and usage as the **EVL®** in treating metabolic syndrome and obesity. Alternative therapies are older methods involving restrictive or bypass surgery - Lap-Band®, gastric sleeve or intestinal bypass. As these have significant morbidities and complication rates because they involve cutting into the bowel, leaving behind a foreign body, or altering intestinal plumbing. We should be less invasive, safer and accordingly capture a significant market share. Lap-Band® (acquired by Apollo Endosurgery) is likely to be our principal competing medical device.

MILESTONES

Airbrush® Liposculptor I received its premarket clearance in **510(k) 031881** in July 28, 2003 as a 4" stroke device. We commenced production of a 52% smaller device **Airbrush® Liposculptor II** with a shorter 2" stroke. U.S. sales commenced in April of 2008. In May of 2008, Dr. Cucin was invited by Jack Fisher, President of the **American Society of Plastic Surgeons** to in service plastic surgeons at Vanderbilt Hospital with the **Airbrush® Liposculptor**. Dr. Cucin introduced TCAL to the S. Korean market in June of 2008 and we obtained a \$1.64M Purchase Order from one of the largest Asian distributors, UMECO.

On August 26, 2013, BST executed an agreement with the 852/72Media Funding Group, A NWBB Inc. division, headquartered in Washougal WA to supply BioSculpture Technology, Inc. with \$2 million in advertising campaign funding on favorable terms. \$449,320 of bondholder principal and accrued interest were converted into common shares.

BST obtained 14 U.S. and EPO patent allowances protecting aspects of the design of **Airbrush® Liposculptor II**, integrated bipolar cautery, and our twin cannula tissue removal platform. As these had or were expiring, between 2008 and the present, over 1,500 pages of US, EPO and PCT patent applications have been filed. This resulted in 23 new patent applications encompassing a broad portfolio with claims directed at protecting methods and devices of our current and pipeline products. **BST now has 8 new U.S. patent allowances in effect protecting both the method and device of our endoscopic visceral lipectomy procedure and our fat autograft devices.**

On June 30, 2016, BST filed its **Form 1-A** with the S.E.C. for a **tier 2 Regulation A Offering** to commercialize its patented minimally invasive treatment of obesity, metabolic syndrome and type 2 Diabetes mellitus. Upon SEC qualification of our Offering on September 1, 2016, \$336,993 of bondholder principal and accrued interest was converted into common shares. The Reg. A Offering terminated on August 31, 2017 and on April 4, 2017, a **Form 1-Z** was filed obviating reporting requirements.

In 2018 BST created working beta prototypes of our **Endoscopic Visceral Lipectomy (EVL®)** device, **Airbrush® Liposculptor IIE and Airbrush® Liposculptor III**. Beta Prototypes of our syringe and 6-pack **Airbrush® Tissue Collectors** were also rapid prototyped, lab tested, and readied for production. **Our Intellimotion® controller has been converted for electromagnetic actuation of all 3 of our new devices, dispensing with the need for pneumatic components and compressed gas. enlarging the potential market and even lowering our COGS.**

Five-Year Financial Projection of Medical Device Sales

	2019*	2020	2021	2022	2023
Revenue	\$2,667,350	\$21,853,480	\$33,381,600	\$47,901,400	\$64,878,200
EBITDA	(\$4,625,592)	\$2,243,571	\$4,082,016	\$6,450,838	\$9,240,498
EBIT	(\$4,447,071)	\$2,422,092	\$4,260,538	\$6,629,359	\$9,419,020
Net Income	(\$4,449,071)	\$2,420,092	\$4,258,538	\$5,479,422	\$7,441,025

*As new product sales do not begin in until November 2019 and are contingent upon net financing of at least \$6,160,000 by 6/30/19, first year revenue is disproportionately sensitive to delays in funding. All security sales are presumed subject to a 10% commission and 2% expense charge. Income reflects only medical device sales, corporate tax rate reduction to 21% and the reinstatement of the 2.3% medical device tax.