

DISRUPTIVE TECHNOLOGIES' CMT

# THE NEXT GENERATION IN FOOD PRODUCTION

EXECUTIVE SUMMARY

## OUR MISSION

**Our mission is to change how the world is fed.**  
Our next generation food processing technologies  
massively **lower the costs of nutritious, high  
quality food for those who need it most:** the  
developing world, the military and everyday people.

A MULTI-BILLION DOLLAR OPPORTUNITY

With an ultra-small footprint, **no waste and 100% uptime**, CMT produces high volume, in a fraction of the time – **with up to 40% higher margins.**

# Executive Summary

## THE CHALLENGE

## THE SOLUTION

## THE OPPORTUNITY

**Stagnated margins, low efficiency indexes**, scalable capacity saturation, innovation inflexibility and escalating pressure from consumers for clean substrate and manufacturing processes are but a few of the **progressive issues that are increasingly problematic for food manufacturers.**

1. Current manufacturing processes require a specific matrix of ingredients, limiting selection to a number of **undesirable substrates that are problematic** from both a pathophysiological and nutritional perspective.
2. **Current industry manufacturing equipment is expensive and requires sizable investments** in real estate, power, ancillary resources and staff. Facilities are typically 100K sf in size, can take up to 18 months to build and incur manufacturing losses up to 30%.
3. Current manufacturing is operationally inefficient. Cleaning and retrofitting a production line can take up to 8 hours. **Implementation costs are very high, and the ROI is dependent on operation scale** which is dependent on many uncontrollable factors. The cycle from concept to production can take months, making pivots extremely difficult.
4. Industry standard margins for high speed manufacturing are typically 3-7%. With the current “race to the bottom” modeling, and progress to overseas manufacturing, traditional **manufacturers are seeing lower profits.**

# Executive Summary

## THE CHALLENGE

## THE SOLUTION

## THE OPPORTUNITY

Disruptive Technologies' framework combines an extremely efficient, low cost manufacturing platform, rapid prototyping, global aggregated ingredient pricing, in-house mechanical design and machine manufacturing and in-house formulation and compliance. This aggregate architecture gives Disruptive Technologies an unrivaled business model in efficiency profitability.

1. The global processed food industry will be worth \$3 trillion in 2020. **Capturing just 0.5% makes DT a \$15b revenue company - a \$120b valuation, with a conservative 8x multiple.**
2. CMT works with all major food verticals, including Manufacturers, Wholesalers, Retailers, Pet Food, Medical Foods, DoD.
3. Our strategic partnerships include Glanbia, Archer Daniels Midland, Mastutani Chemical Industry Co, and others.
4. Our brand pipeline includes Kellogg's, General Mills, Post, Calbee, Amway, Kirkland and numerous major brands.



The background features a top-down view of coffee beans scattered on a light-colored wooden surface. The entire image is overlaid with a semi-transparent green filter. The text is centered in the middle of the frame.

# REVENUE SUMMMARY


# By the Numbers: Keto Squares

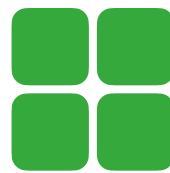
2,400 pieces produced per minute, for 1 SKU


## BAR COSTS

 \$0.20  
retailer cost  
per square

 \$0.80  
retailer cost  
per 4-pack

 \$0.07  
DT cost  
per square

 \$0.50  
DT profit  
per 4-pack

 \$0.13  
DT profit  
per square

 65%  
margin

## GROSS VS. NET REVENUE


### PER MIN

 \$480 gross  
\$312 net

### PER WEEK

 \$750k gross  
\$487k net

### PER HOUR

 \$28.8k gross  
\$18.7k net

### PER MONTH

 \$3.0m gross  
\$1.95m net

### PER DAY (8-HRS)

 \$230k gross  
\$150k net

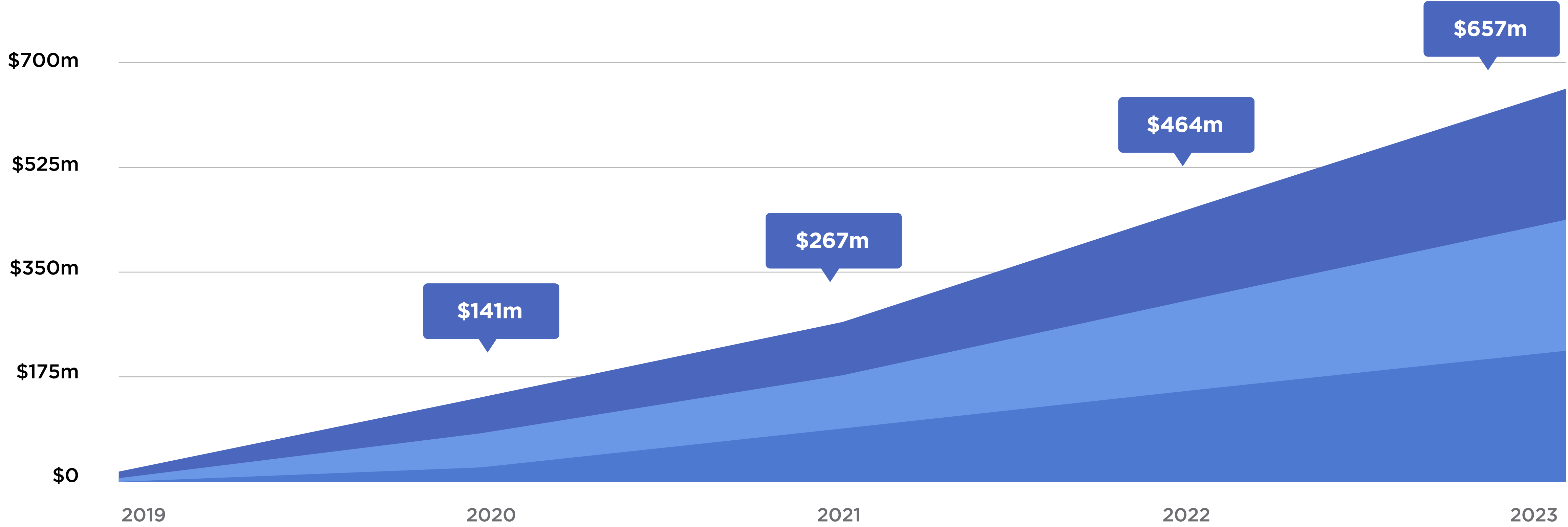
### PER YEAR

 \$38.9m gross  
\$25.3m net

# Commercial Forecast: \$0.50/unit \* Operating Income

\* \$0.50/Unit is the industry standard cost, well above DT's baseline costs. Even with such legacy costs, we still achieve significant margin expansion via our lower ingredient costs and far greater time efficiency.

■ 1 Shift    ■ 2 Shifts    ■ 3 Shifts

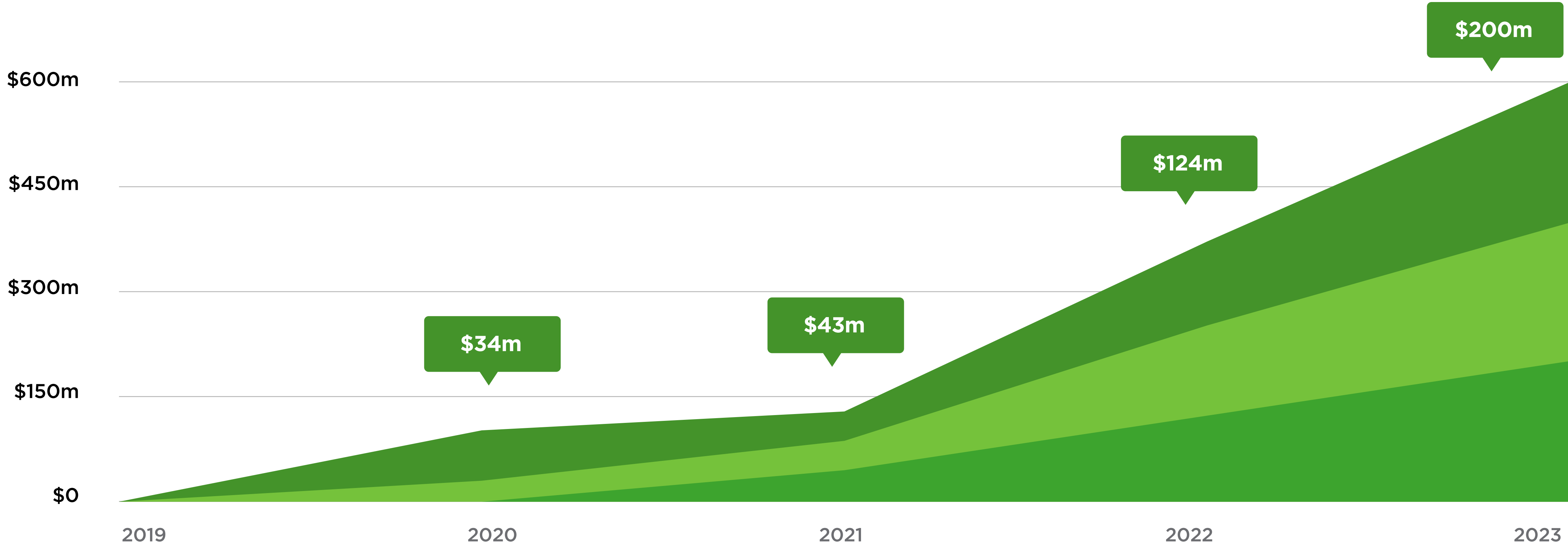




# Commercial Forecast: \$0.20/unit \* Operating Income

\* \$0.20/Unit is DT's baseline cost. Undercutting the entire industry, we still achieve significant margin expansion via lower ingredient costs and far greater time efficiency.

■ 1 Shift    ■ 2 Shifts    ■ 3 Shifts



# Commercial Forecast: \$0.20/unit \*

## Operating Income

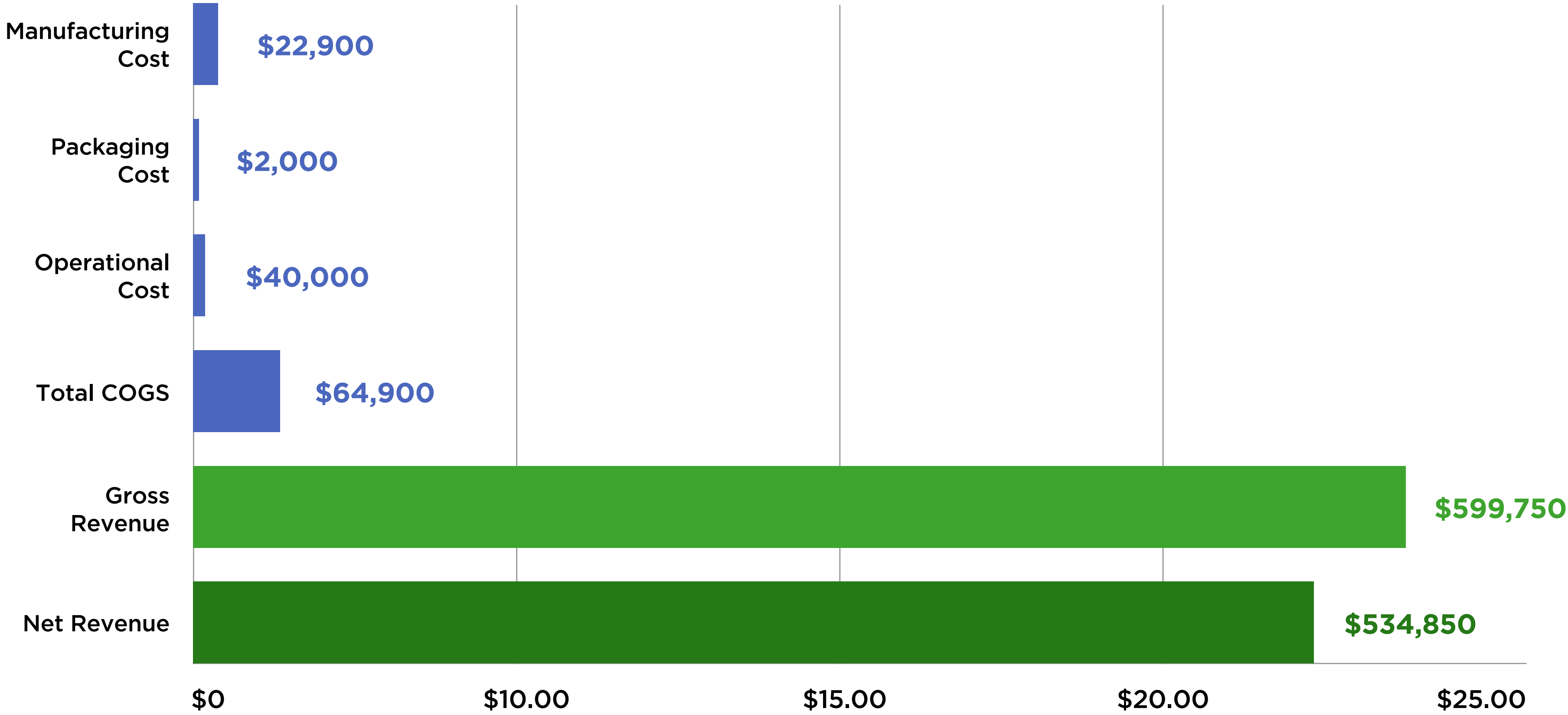
\* \$0.20/Unit is DT's baseline cost. Undercutting the entire industry, we still achieve significant margin expansion via lower ingredient costs and far greater time efficiency.



# Commercial Forecast: \$0.20/unit \*

## Operating Income

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# CANNABIS MARKET OPPORTUNITY

# Cannabis Market Opportunity

## KEY TAKEAWAYS

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1. Edibles were named a **2018 Food Trend of the Year** by the Specialty Food Association.
2. Because infused candy and baked goods are so popular with consumers, edibles can generate **40-60% of a dispensary's profits.**
3. **Vaping is on the way out**, paving the way for edibles.
  - a. The CDC is investigating 450+ vaping-related deaths.
  - b. California has launched a \$20m campaign to warn consumers of the dangers of vaping.
  - c. The White House is working to ban flavor e-cigarettes.

## PROFIT MARGINS

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76%

**DRIED MARIJUANA PLANTS (FOR SMOKING)**

\$7.50 revenue vs. \$1.79/g production cost



85%

**CANNABIS EXTRACTED OILS**

\$12.00 revenue vs. \$1.85/g production cost



92%

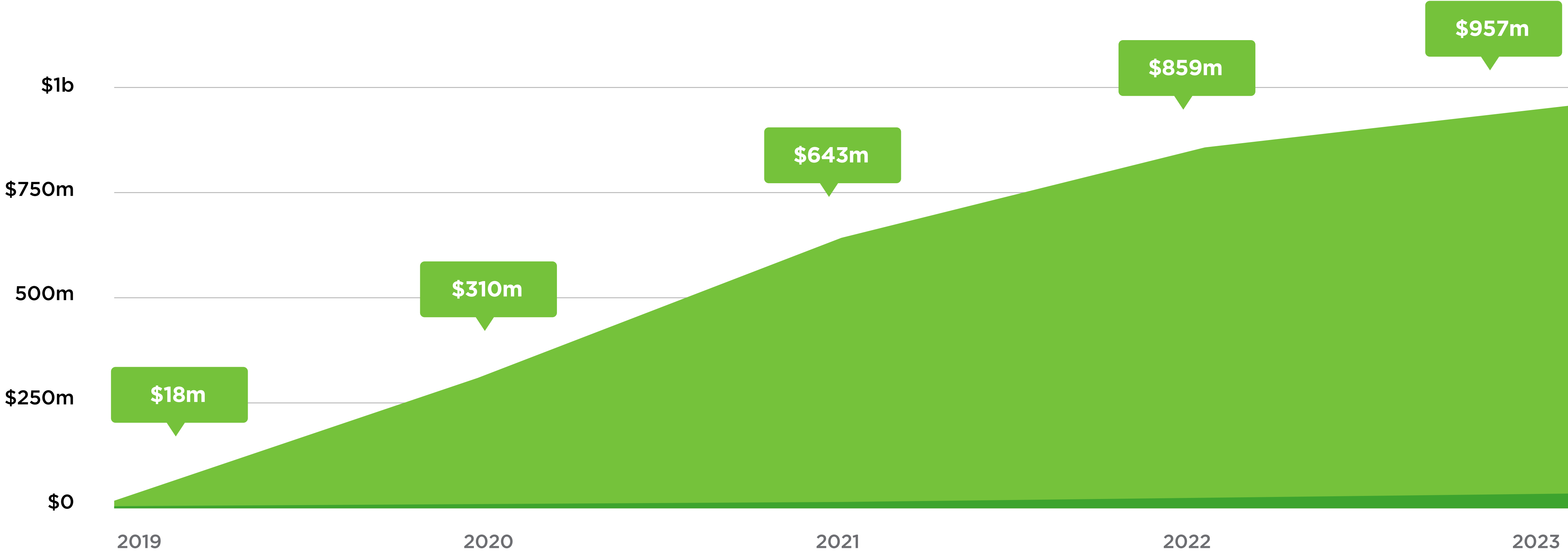
**CANNABIS INFUSED PRODUCTS**

\$36.00 revenue vs. \$2.85/g production cost

# CBD Forecast Operating Income

- Assumes 20 production hours per month, per facility
- 1 facility in operation in each of 25 states. Due to federal regulations, CBD facilities must operate in the state in which the end product is sold.

■ Operating Expenses    ■ Operating Income



**FOR MORE INFORMATION CONTACT:**

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