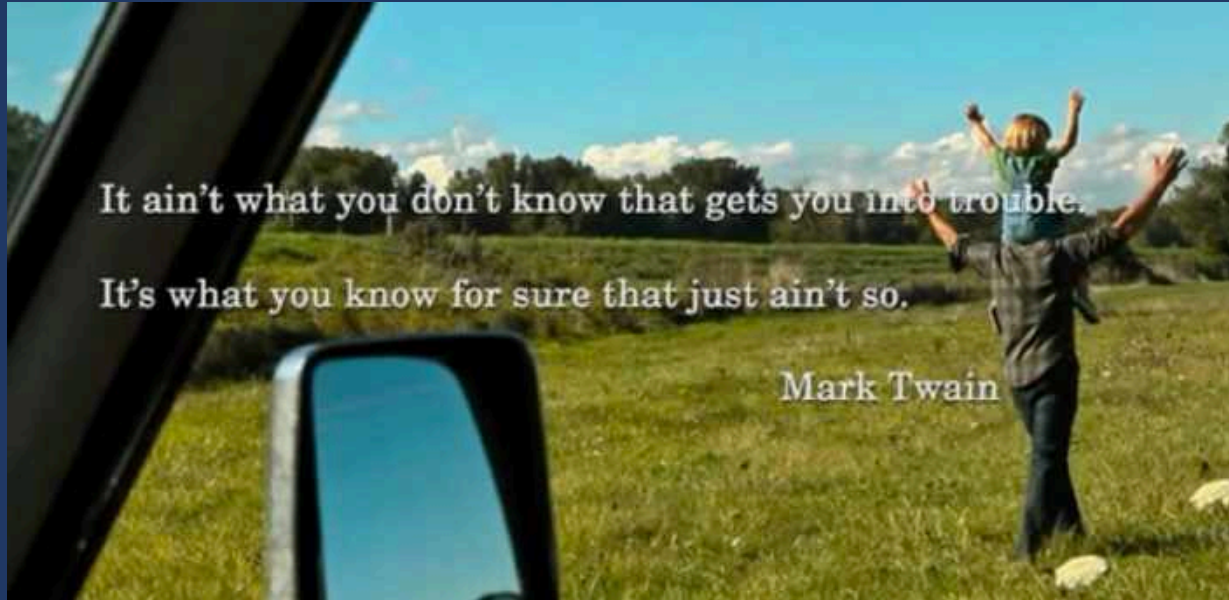


Microbiome Commercialization Trends & Disruptive Forces

March 24, 2021



It ain't what you don't know that gets you into trouble.
It's what you know for sure that just ain't so.

Mark Twain

Top 5 Microbiome Commercialization Trends & Disruptive Forces



Biotech & Supplement/CPG Sectors Converging to Develop Products



Rising Table Stakes Driven by Data + Algorithm Superiority + Other PN Inputs



Significant Funding + Low Barriers to Entry + Microbiome's Value



Niche to Mainstream Adoption & Multi-Category Disrupters Taking Market Share



Microbiome Inputs Alone Cannot Power Personalization

01 *Blending of Biotech + Supplements/CPG*

02 *Trends in Microbiome-Based Personalization*

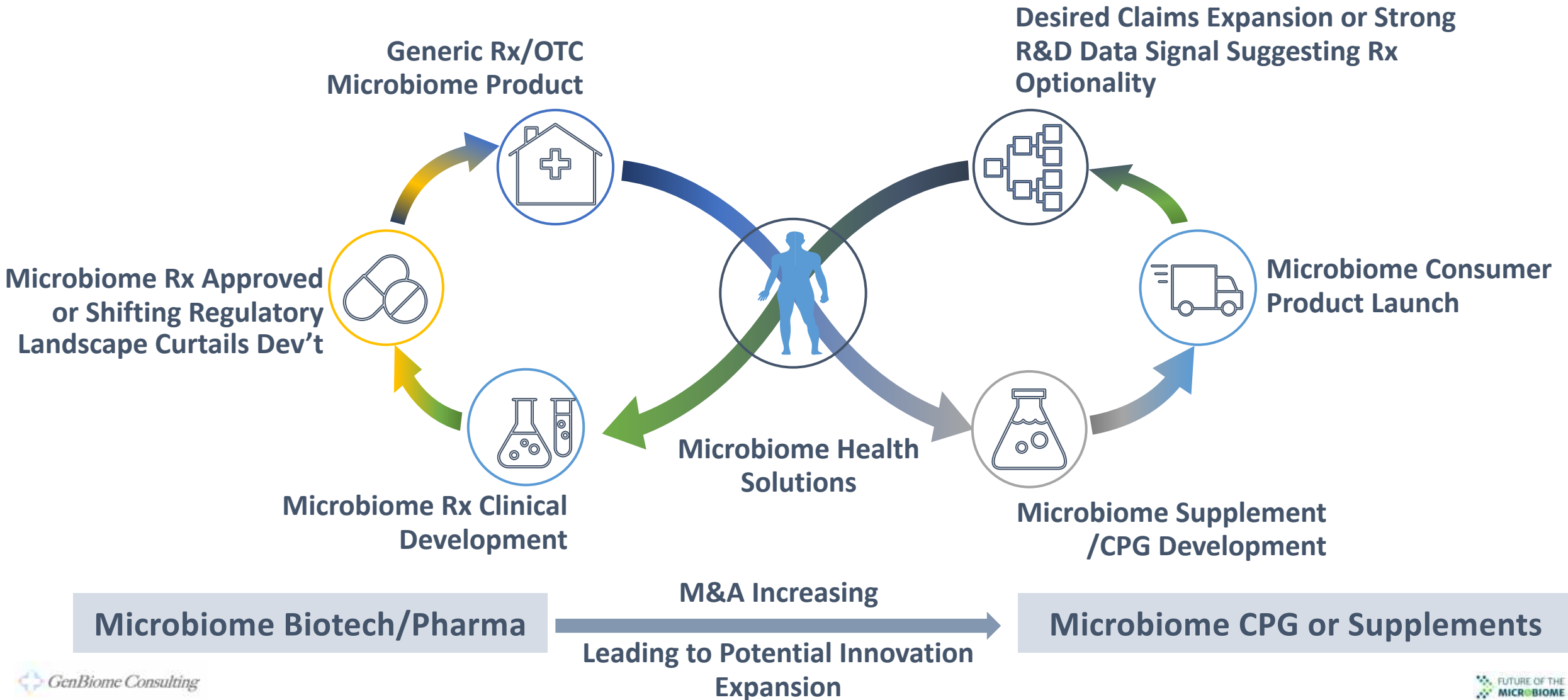
03 *Digital Health – Competitive or Complementary*

04 *Evolving Food & Beverage Innovation Reshapes Microbiome & Adjacent Categories*

05 *Featurization of the Microbiome*

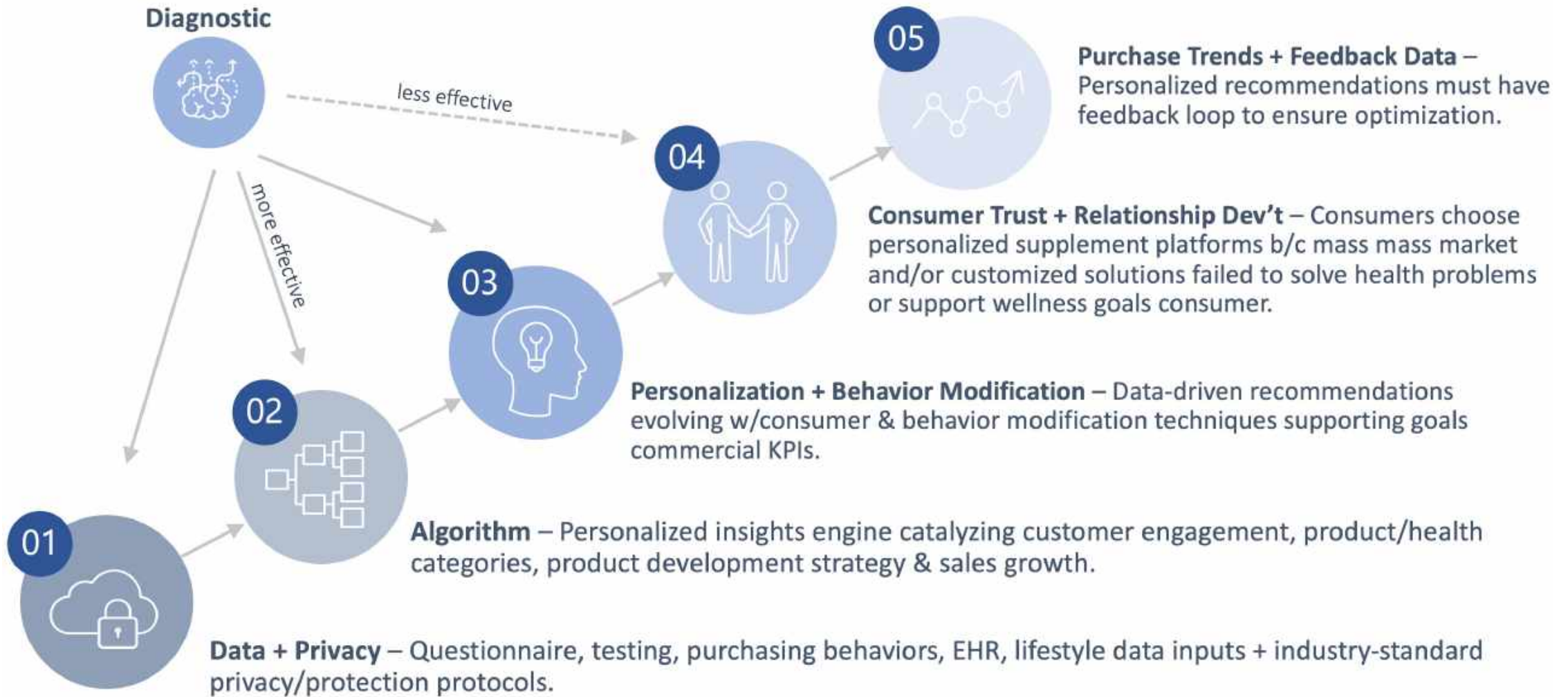
#1 - Blending of Biotech & Supplements/CPG

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#2 - Trends in Microbiome-Based Personalization

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#2 – Trends in Microbiome-Based Personalization

Only 2 Personalization Companies Founded on Validated Algorithm w/Large (>1,000 participants) Human Clinical Data Published in Top Journals



Pathogen Detection/Pathogen Detection +



Microbiome Health/Personalized Nutrition



Microbiome Personalized Supplements



White Label Tests

#2 – Trends in Microbiome-Based Personalization



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LetsGetChecked raises \$71 million as COVID-19 epidemic makes home testing increasingly vital

Jonathan Shieber @jshieber / 11:14 PM PDT • May 5, 2020

Comment



Image Credits: LetsGetChecked



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Everlywell raises \$175 million to expand virtual care options and scale its at-home health testing

Darrell Etherington @etherington / 5:00 AM PST • December 3, 2020

Comment



Image Credits: Everlywell

#2 – Trends in Microbiome-Based Personalization

GenBiome Consulting FY2019 Analysis

Economic Analysis Discussion Scenario For 23andMe

Estimated Total Testing Costs* – Breaking Even or Losing Money?



Key Takeaways

- Increased Competitiveness in Personalization Could Increase Customer Acquisition Cost (CAC)
- If CAC is High (Despite High Volumes Enabling Unit Cost Efficiencies), Company Will Lose Money if Price is in Consumer-Friendly Range
- 23andMe's Data Deals Might be Only Way To Breakeven or Reduce Total Financial Losses



*Best guess estimates for illustrative purposes

Assumes average kit sale price is \$100 USD

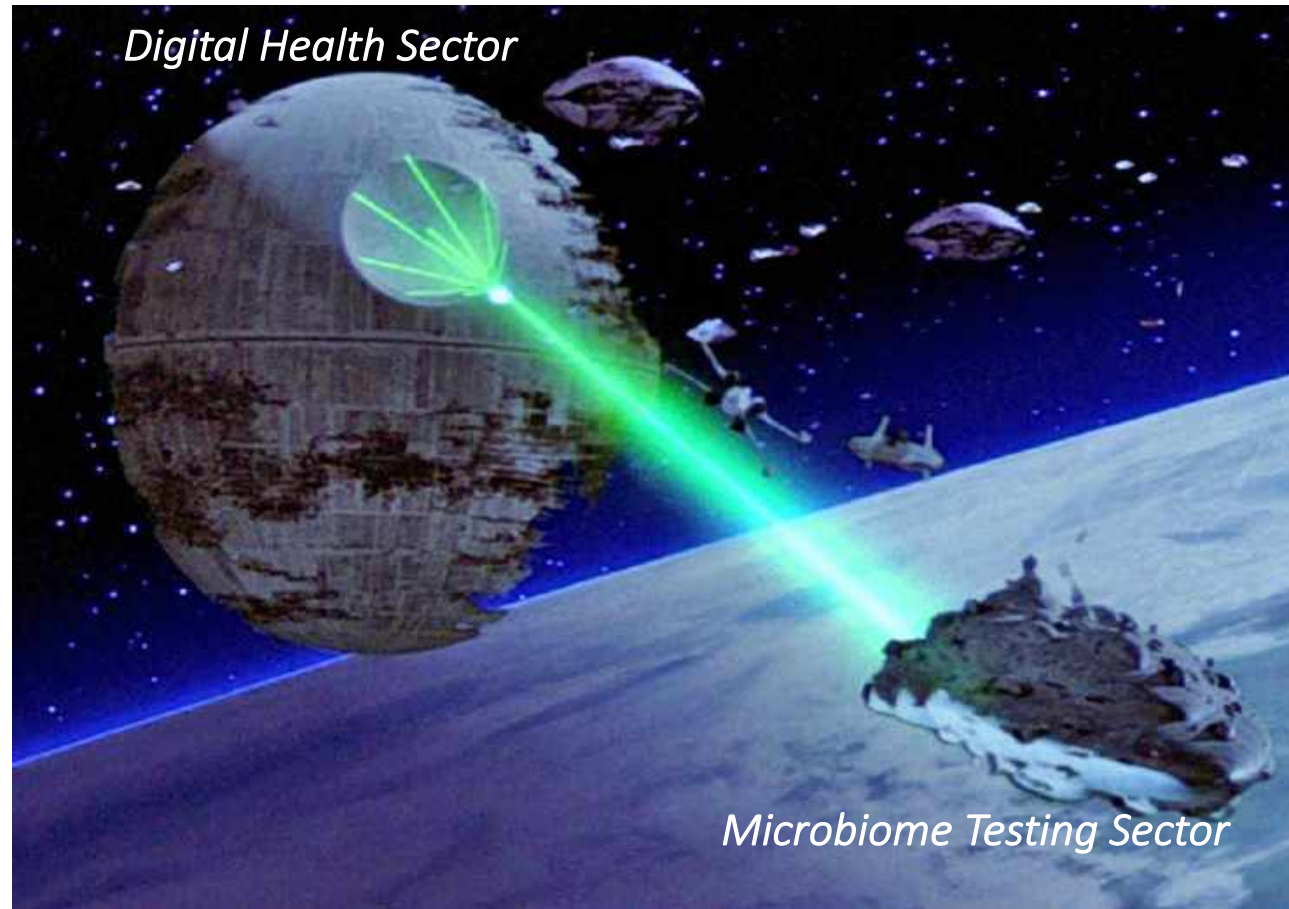
Financial Summary

	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
in M						
Cumulative Genotyped Customers	7.8	9.6	11.2	12.6	14.3	16.4
Cumulative Subscribers	-	-	0.1	0.7	1.6	2.9
\$ in M						
Revenue	\$441	\$305	\$218	\$256	\$317	\$400
Gross Margin %	44%	45%	45%	51%	55%	58%
Consumer & Research Services Adjusted EBITDA	(\$86)	(\$66)	(\$59)	(\$100)	\$26	\$71
Adjusted EBITDA	(\$141)	(\$147)	(\$106)	(\$134)	(\$109)	(\$78)

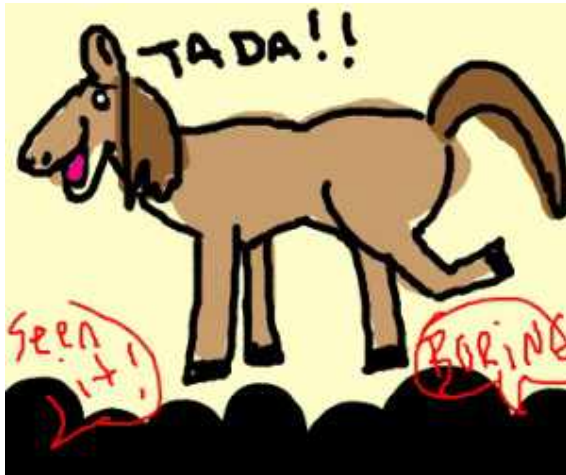
Source: 23andMe S-1 Filing

#3 - Digital Health – Competitive or Complementary

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#3 – Digital Health – Competitive or Complementary



*Microbiome Testing Sector –
Lack of Platform Approach
Increases One Trick Pony
Risk Profile*

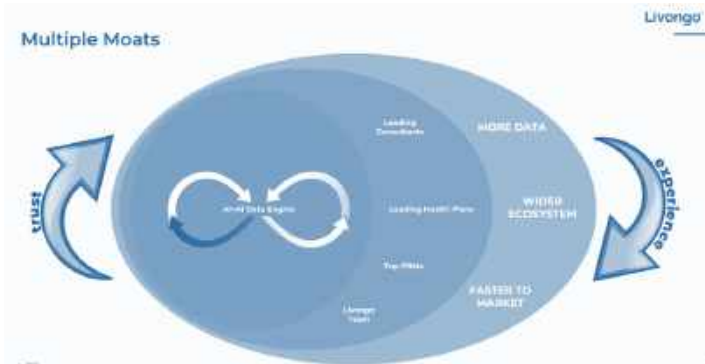
FUNDING, DEALS, AND DEAL SIZE
2013-2020



*Platform-Based & Funding 2x-10x of
Microbiome Testing-Only Companies*

#3 – Digital Health – Competitive or Complementary

Business Model Mastery



Data-Driven Validated Personalization Platform



Ecosystem Execution Expertise



Produces Growing Business



World-Class Mgmt Team



Drive Positive Results for All Stakeholders



#3 – Digital Health – Competitive or Complementary



The telehealth brand's annual revenue increased 80% YoY to \$148.8 million in 2020



High revenue growth

128% revenue CAGR from 2018-2020E—extremely attractive relative to publicly traded peers



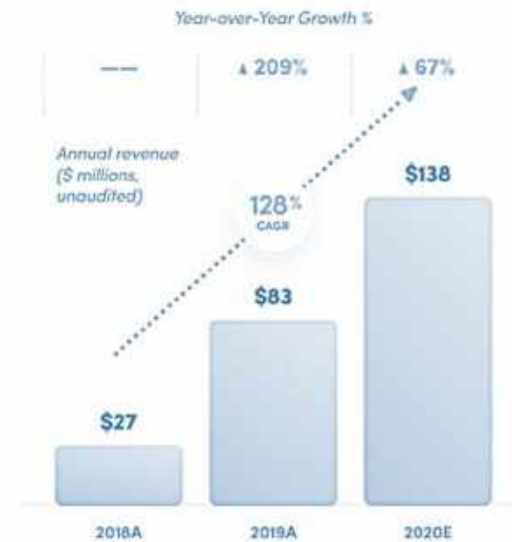
Best-in-class gross margin profile

Attractive and expanding gross margins of 71% as of Q2 2020 (+2.4x since 2018)



Strong subscriber unit economics

~3x 3-year LTV-to-CAC return ratio^{1,2}



Source: Company internal data
Note: All numbers as of June 2020
1. LTV defined as mean subscriber without actual revenue for historical months and projected revenue for 36-month period, minus projected cost of services, customer service, fulfillment, sales fee, and payment processing expenses
2. CAC defined as acquisition marketing expense (defined as marketing expense excluding lead source expense, stock-based compensation, agency, contractor and other overhead expense) divided by number of total new unique subscribers

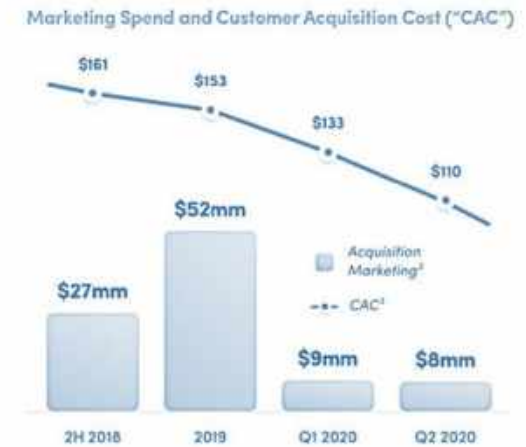
Note: Company recognizes revenue under ASC 606 and a gross basis. Projections are before contribution of recently launched and/or soon-to-be-launched business lines
Source: Company internal data

hims & hers

#3 – Digital Health – Competitive or Complementary



revenue per subscription continues to increase with each new cohort, resulting in Q2 2020 cohort LTV* of \$205 on a 1-year basis and \$325 on a 3-year basis, a 2x and 3x return on CAC, respectively



cost of new subscriber acquisition has continued to decline

Source: Company internal data
 * LTV based on visible month-end revenue before accounting for revenue recognition adjustments

Source: Company internal data
 1. Number as of 6/30/2020. Excludes online revenue before refunds, chargebacks and accounting accruals for non-adjustments. 2. Defined as marketing expense excluding lead generation, start-based commission, agency contracts and other overhead expenses. 3. Defined as acquisition marketing expense divided by number of total new unique subscribers. 4. Defined as new subscriber cohort revenue for historical months reported revenue for future periods. Online projected based on financial customer service, fulfillment, sales tax, and payment processing expenses.



#3 – Digital Health – Competitive or Complementary



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Parallel™

A New Way To Address IBS

Parallel is a 3-month FDA-authorized, prescription-only digital program that reduces the severity of symptoms for Irritable Bowel Syndrome. It is intended to be used together with other IBS treatments.

Why We Need a New Approach

Irritable Bowel Syndrome (IBS) is a chronic GI condition that can cause abdominal pain with altered bowel habits (diarrhea and/or constipation). IBS can be accompanied by stress or feelings of social isolation. Unfortunately many IBS patients continue to suffer from daily symptoms.



Patients are frustrated

71% of U.S. IBS patients have said they are dissatisfied with their care.¹



There aren't many options

There are few effective IBS treatments and very limited options for patients suffering from IBS that alternates between diarrhea and constipation (IBS-M).



Symptoms aren't under control

79% of U.S. IBS patients feel they have either no control or inadequate control of their symptoms.²



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Comprehensive Digital Platform

GiThrive is our all-in-one technology platform. By using a holistic approach, we provide more actionable insights than ever to help your members manage their digestive conditions.



Expert Insights & Guidance

Members get 24/7 support from nurses, a registered dietitian, and a Health Coach, who are in turn supported by a multidisciplinary team of pharmacists, research psychologists, microbiome scientists, and gastroenterology professionals.



GutCheck Microbiome Analysis

When GiThrive members send in their GutCheck, it starts a conversation. The Care Team gets a clear view of a member's individual gut chemistry to help guide personalized care plans.



Monitoring & Analysis

Our all-in-one solution combines nutrition education, one-on-one coaching, symptom monitoring, and individualized analysis to reduce dependence on specialty medications, increase quality of life, and prevent costly flare-ups.

SCHEDULE A CALL TO LEARN MORE

#3 – Digital Health – Competitive or Complementary



Anything you can do I can do better.avi - YouTube

[https://www.youtube.com › watch](https://www.youtube.com/watch)



Cheap Trick - I want you to want me 1979 - YouTube

[https://www.youtube.com › watch](https://www.youtube.com/watch)

#4 - Evolving Food & Beverage Innovation Reshapes Microbiome & Adjacent Categories

#4 – Evolving Food & Beverage Innovation Reshapes Microbiome & Adjacent Categories

OLIPOP IS THE FASTEST GROWING REFRIGERATED FUNCTIONAL BEVERAGE BRAND

Fastest Growing Refrigerated Functional Beverage Brands
Dollar % Chg vs Year Ago (L12 Weeks)



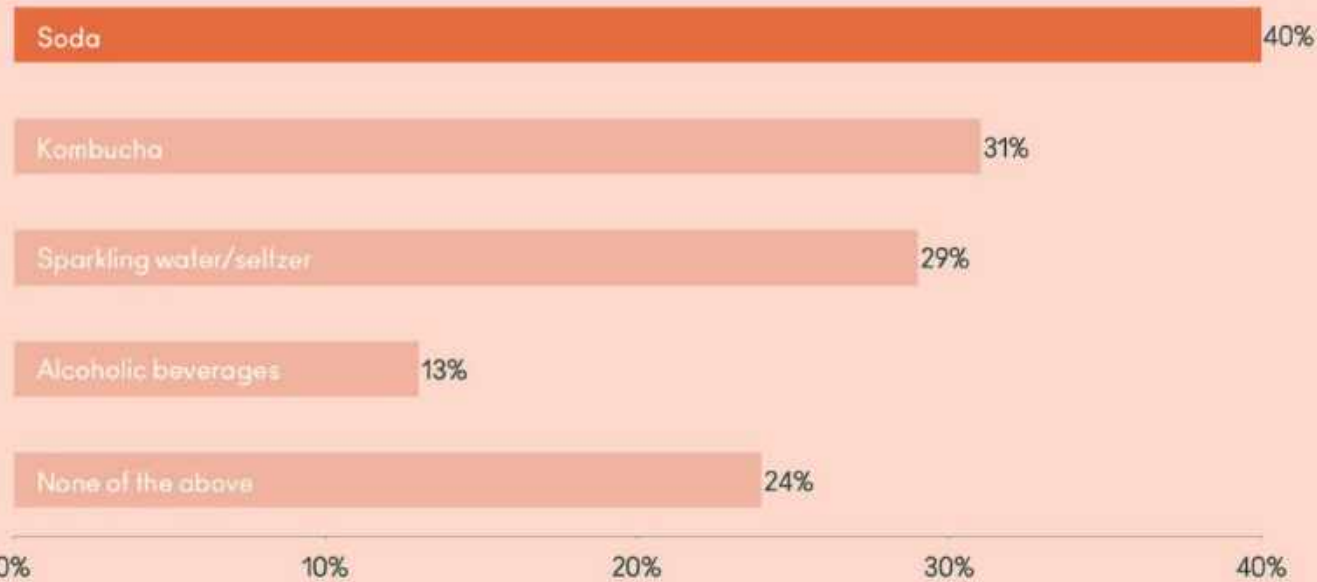
Source: OLIPOP analysis of SPINS latest 12 week data for period ending 02/21/2021; Sales represent combination of Total US – MULO + Total US – Natural Enhanced channels

* Brands with less than \$500k in sales were not included

#4 – Evolving Food & Beverage Innovation Reshapes Microbiome & Adjacent Categories

-20% Reduction in Weekly Soda Consumption

Thinking back to before you began drinking OLIPOP, which of these do you drink less frequently now that you drink OLIPOP?



Weekly decrease in consumption

-20%

-8%

-3%

-3%

Olipop Customer Survey 2020. Q20: Thinking back to before you began drinking OLIPOP, which of these do you drink less frequently now that you drink OLIPOP? Check all. Q8: Before you discovered OLIPOP, approximately how many times per week would you drink the following types of beverages? Q19: Approximately how many times a week do you drink the following types of beverages? (n=1,522)



#5 - Featurization of the Microbiome

#5 – Featurization of the Microbiome



-Traditional healthcare’s significant revenue advantage & shifting reimbursement environment create compelling incentives to implement holistic personalization programs. Their ability to internally innovate should be of tremendous concern to Personalized Nutrition & Wellness start-ups given they control many of the distribution access points to scale.

-Retail Healthcare’s personalization sector dominance is more challenging to determine due to regulatory, factors for current implementation & internal leadership consciousness to overcome barriers in building new business model traditional healthcare has perfected

-Consumer Health & CPG + Personalized Nutrition & Wellness category is most vulnerable and limited in their ability to consolidate personalization power.

Questions?



GenBiome Consulting

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