



KryoTrans International Ltd

Temperature-controlled transport containers

Sector

Temperature controlled-transport

Location

Theale, Berkshire

Established

2005

Raising

£1.5m

EIS Approved?

Yes

Equity Offered

31.91%

Minimum Investment

£25,000

Pre-Money Valuation

£3,200,000

Target IPO

2010/11

Website

www.kryotrans.com

Pre-X Contact

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Why we chose KryoTrans:

USP	*****	Patented, unique, protectable, large market
Management	*****	Very strong, committed, good track record
Exit	****	IPO or trade sale in 2010
Scalability	*****	Excellent, vast opportunity for profitable growth
Valuation	****	A realistic valuation
Revenue	****	Proven revenues with new flexible pricing model

Introduction

KryoTrans make reusable temperature controlled boxes that are used to transport temperature-sensitive bio-scientific materials such as vaccines, bloods, plasma and enzymes (often related to medical trials). The boxes are equipped with a data logger that records internal and external temperatures in transit, when and for how long at a time the box was opened during the journey and data that is downloadable to extend the audit trail from the pharmaceutical factory door to the point of delivery.

A range of three boxes has been developed in response to a tightening regulatory climate in which the FDA and its European and International counterparts have introduced stringent new requirements in respect of drug audit trails which current solutions (using cardboard and polystyrene disposable packaging with disposable loggers) struggle to provide. In addition, new environmental standards such as ISO14001 are now creating tax penalties for companies that continue to use disposable packaging, whilst pharmaceutical companies are moving swiftly to ensure that they are compliant with this and other CSR issues.

The patented KryoTrans solution provides a validated and secure answer to these challenges.

The Market

The world vaccine market alone was worth \$20.5bn in 2003, rising to \$31.5bn in 2008 and predicted to rise to \$76.5bn by 2013 (source Freedonia). Published industry figures suggest that over 7% of such materials currently break temperature parameters in transit, though unofficial estimates place the figure closer to 25%. Taking a conservative view at 15% that reveals a KryoTrans-

addressable market in 2008 of nearly \$5bn.

Vaccine market growth is driven by

- Introduction of new vaccines for certain cancers, AIDS, White Nile virus and the likely development of vaccines to counteract H51N 'bird flu'
- Paediatric vaccine markets opening up in China

KryoTrans has previously obtained product validations from the UK MOD as well as USAMMA (United States Army Medical Materiel Agency) at Fort Detrick and with the need to support military activity in some of the world's most extreme climates the opportunity in respect of market growth is significant. In October 2008 KryoTrans passed a very onerous GSK audit that opens the way to becoming a supplier to one of the biggest pharmaceutical companies in the world. It is also seen as a massive vote of confidence in the quality of the KryoTrans product and one that would assist the negotiation of future distribution and sales agreements with other companies.

Other potential growth areas for KryoTrans include Health Authorities, veterinary science, organ transportation, distribution and safe delivery of bloods and plasma, as well as specialist applications within high-value shipments of luxury foods and cosmetics. Further market opportunities exist in Industrial enzymes.

Products

KryoTrans manufactures reusable refrigerated containers for the transportation of temperature-sensitive products such as vaccines, enzymes and bloods and feature market-leading thermal insulation properties controlled by Phase-Change materials



encapsulated within eutectic plates.

The product combination of the container and logger is patented in both the UK and US and the trademark is registered.

The boxes feature a self-powered data logger (battery life routinely extends to six years plus) which tracks both the internal and external temperature to provide an audit trail for the transportation of regulated products. In addition, the data logger records all openings and closings of the boxes. The external display of the logger shows the maximum and minimum temperatures reached in the load compartment during the trip, and shows the current temperature.

These attributes cannot be replicated by the loggers used within disposable packaging and allow unprecedented control over the journey. The KryoTrans range features three different sizes of container (KT26, KT70, KT400 - the numbers corresponding to the internal capacity) with proven temperature control in excess of 120 hours. The products are cost effective with a clear, measurable ROI.

The containers consist of an inner and outer skin of polyethylene, filled with polyurethane foam. They are manufactured in the UK by the rotomoulding process, which produces an extremely durable container with excellent insulation properties. The containers are reusable and the loggers are calibrated for 70 trips. They can be re-calibrated after this time. The packaging is hygienic, secure and robust.

Sales

Kryotrans has three sources of revenues:

Closed-loop road distribution

This involves selling units to companies that utilise the KryoTrans boxes for transport of temperature sensitive goods as part of their own distribution networks.

High-value clinical trials

This service is provided via worldwide distributors and units are provided on a rental basis. The demand for this service has grown to the extent that KryoTrans will be introducing 'The One-Way Easy Rental' (TOWER) system in the new year allowing customers to collect and drop off containers at hubs in UK (Heathrow), Western Europe (Frankfurt & Basel) and the US (San Francisco, L.A. and N.Y.) This is expected to represent the major part of KryoTrans's revenue stream going forward. It is noticeable that the cost of a container to KryoTrans is fully recovered with only 4 weeks of rental un-

der this model.

Bulk Shipment of Vaccines

These refer to bulk sales (thousands of containers) to major pharmaceutical companies and government agencies that are large enough to have their own distribution networks. KryoTrans are in advanced talks with three major companies in these fields at the moment, but due to the unpredictable timing of these sales no allowance has been made in the financial forecasts.

Key Management

Chris Pollard – CEO – developed Gramophone Publications for sale to Haymarket in 1999 (£10m), original investor in KryoTrans and serial first-stage investor. Sits on advisory board of Themis, developer of software analysis tools for the pharmaceutical industry

Dr John Pring – Technology - developed original KryoTrans concept as a personal patent. Background in the quality systems of medicines control relating to UKAS and BSI. Previously laboratory manager researching biochemistry of clot splitting. Member of National Biological Standards Board from 1980 to 1998

Chris Krzak – Engineering & Production - founder of KS Group, a multi-branch engineering distribution group, supplier to BA, Heinz, Esso, Pfizer and Fisons. Has also developed a partnership and SPVs specialising in property site marriage and assembly

Investment Opportunity

KryoTrans seeks £1,500,000 in return for 31.91% equity to accelerate growth and facilitate inventory build required for the new TOWER scheme. The business model is based on utilising major distribution companies around the world resulting in a lean and agile company structure with lower overheads and significant upside to the bottom line for proportionate increase in revenues. The investment is EIS & VCT compliant.

Summary Financials

To request a copy of the full business plan please contact John Blowers on 020 7382 4562 or email johnb@pre-x.com.

£'000s	2008/9	2009/10	2010/11
Turnover	1,268	4,131	9,333
EBITDA	(237)	331	2,067
EBITDA %	N/A	8.01	22.15

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