

The Most Powerful Name in Corporate News**Bioanalytical Tools and Solutions for Companies and Academic Centers
Developing and Manufacturing Protein Therapeutics**

Dan Calvo
CEO & President
Gyros Protein Technologies

CEOCFO: Mr. Calvo, what is the concept at Gyros Protein Technologies today, particularly after the recent merger?

Mr. Calvo: The merger was driven by the desire to build a stronger synthesis and bioanalysis solution set for customers involved in developing and manufacturing protein therapeutics. Our focal point is in helping our customers transform biotherapeutics. We have platforms that serve in both the synthesis of biopeptides, as well as the bioanalytical solutions that are required in the development and manufacturing processes. With the merger we have a stronger go-to-market organization to sell and service our products and support our customers. Internally we have enhanced capabilities in our R&D and manufacturing operations, to continue to develop and build innovative solutions to meet our customers' needs. Finally our two major shareholders are prepared to increase investment in Gyros Protein Technologies to add to our product portfolio via acquisitions and strategic partnerships.

CEOCFO: What is the product range? Who are your customers?

Mr. Calvo: I will start with the second question. Our customer base is primarily the biopharmaceutical industry, both large pharma and biotechs, as well as their service providers, i.e., contract research organizations (CROs) and contract development and manufacturing organizations (CDMOs). We do have placements in the academic world as well, primarily related to peptides synthesis. Protein Technologies Inc. has a portfolio of different instruments and consumables that provide high purity peptide synthesis at different scales for simple to complex syntheses enabling discovery and pre-clinical studies of multifunctional peptides. The Gyros business is centered around bioanalytical applications such as pharmacokinetics/pharmacodynamics, immunogenicity and quantitating bioprocess impurities using a proprietary high performance nano-liter scale immunoassay platform. We have two instrument platforms and a unique consumable, (a CD) and various reagents and kits that are used by the scientists to develop and perform the assays. Both businesses have platform-based products with a consumable and service stream.

CEOCFO: Where does a CD come in?

Mr. Calvo: On the Gyros instrument, our claim to fame is nanoliter scale immunoassays. We are unique from anything else on the market. We enable customers to use ultra small volumes, an order of magnitude smaller than typical assays, contained in a completely automated, walk-away system. Of course, this saves customers time, money and samples that are in short supply. The CD replaces the microplate commonly used in these assays. We develop and make CDs in our Uppsala, Sweden facility. The CD is placed on the instrument, the various samples and reagents that are used in the assay are automatically dispersed into the CD, the reaction takes place on the CD, and the readout occurs automatically. We have a range of software tools for data analysis and reporting. It is primarily the CD that enables very reproducible, precise results, much more precise than typical plate-based formats. You may have seen the ninety-six well plates that most people use for immunoassays. Due to our highly reproducible manufacturing process, the CD produces industry leading precision by eliminating pipetting and dispersion errors common in other platforms.

CEOCFO: Does everyone want the better method? Should they?

Mr. Calvo: In regards to immunoassays we are definitely on the leading edge. Still, the major protocol in use is manual ELISA. In this method a technician manually pipettes various reagents, needed for the assay, into the plate. Depending on the assay you might have multiple manual steps including incubation and shaking for example. It is a very tedious, laborious process. That is still a major method in use. Therefore, moving scientists to automated systems is like anything

else new and innovative. You have to prove the value, in terms of cost, productivity and performance. When you do that the light bulb goes on! Customers adopt it in a certain part of their process and then as they or we develop more applications, they will expand its usage. That is how we have been successful, building a strong referral base and expanding applications. We have had initial placements that, as we say "have babies" in different laboratories within an account or at multiple accounts across the globe of multi-national firms. Regarding peptide synthesis, automated synthesis has been around much longer. I think many scientists are more comfortable with the overall benefits, time and money savings of automating a peptide synthesis verses doing it manually in flasks and test tubes.

CEOCFO: *How are you able to do what others cannot?*

Mr. Calvo: Both companies have IP and trade secrets that relate to either the design of their instruments or, in some cases, the platform manufacturing process, which also is unique in both businesses. We also have decades of subject matter expertise that enables us to help our customers overcome their challenges. We have leveraged that experience to develop robust and reproducible platforms. Over the last year we have launched two new technologies – Gyrolab xPlore™, a single CD, cost effective system for bioanalysis. The newly launched Prelude™ X includes induction heating, an industry first, and provides six simultaneous syntheses that enable production of more pure, longer and more complex peptides to meet the demands of the peptide therapeutics market.

CEOCFO: *Are the companies known in the industry? Does the name count these days?*

Mr. Calvo: **The name definitely counts.** When you have been around this long and with such a loyal and vocal customer base, the value of our brands and our reputation is huge. I have been in the life sciences industry for almost thirty five years and I can say unequivocally that we have raving fans in both businesses. Customers recognize the outstanding service, support and quality that come from that, which is why we did not want to lose that identity with the merger, hence the name Gyros Protein Technologies. We wanted those two names to be front and center. The product branding and what stands behind the products are very important and we will continue to emphasize and promote those attributes.

"Our instrument platforms enable scientists to shorten the development, preclinical, and clinical testing timeframes for peptide- and protein-based therapeutics, reducing costs and decreasing the time-to-market for these lifesaving drugs."- Dan Calvo

CEOCFO: *Do people purchase from you directly?*

Mr. Calvo: Yes. We sell direct in the US and Europe. We work through distributors in Asia and other parts of the world.

CEOCFO: *Where do you see opportunities for growth?*

Mr. Calvo: Asia is a specific region where we will grow. We have added resources there including an experienced vice president of sales based in Hong Kong. He is helping us determine the growth path for Asia. With Protein Technologies being Tucson-based, expanding our European footprint is one of our initiatives where we can leverage the Gyros business, which is based in Sweden. In the area of specific applications and markets, I would point to the bioprocess industry, both in biopharma and their outsourcing partner CDMOs. That business has exploded in the last 12 months. We have some unique advantages, both for peptide manufacturing as well as contaminant monitoring in bioprocess, so both the Protein Technologies and Gyros products are an exceptional fit.

CEOCFO: *Do you find that companies that are first starting to get into the areas you work with are more likely to come to you or is it mostly replacement items or upgrading items?*

Mr. Calvo: That is a great question! Certainly, it costs more to find new customers and to find ways to ensure that they find us. Both product lines have a significant repeat business, again going back to our quality, reputation and the performance. A high percentage of our business is comprised of repeat customers driving multiple placements in some of the bigger companies that we serve. In addition, both companies launched a new instrument in the last year, prior to the merger: the Gyrolab xPlore and the Prelude X. These products are enabling us to enter new markets and accounts in what I would call lower scale applications, compared to the existing product portfolio. That allows us to get into smaller companies and in more laboratories in existing accounts. While that takes more time and marketing effort to generate awareness and the sales process can be longer, because you are new to them, we are already seeing positive response from the marketplace. The expansion into new high growth markets like bioprocess, and in new accounts are definitely growth areas for us.

CEOCFO: *What surprised you about the industry as it has developed over time and as the company has grown?*

Mr. Calvo: I guess one thing that I have seen more frequently in the last ten years is that due to the great swings in the economy, which impacts research budgets, I have seen wider swings in suppliers' revenue. Typically, back in the 1980s

and 1990s life sciences was this ever-increasing marketplace. Budgets increased regularly year over year and our respective business would do the same. Now, there is much more of a whipsaw effect year over year. This also occurs due to the large increase in mergers in biopharma in the same time frame. When companies like Pfizer and others merge with other companies, they often just shut down capital budgets and literally could go a year or two with no purchases in accounts that would previously have made regular purchases. Then regions, like Japan most recently, have had some really tough economic conditions that have impacted sales. I guess that the biggest surprise or change is this roller coaster on funding that can impact your ability to grow more steadily as a supplier.

CEOCFO: *Do you keep a large inventory of both equipment and disposables?*

Mr. Calvo: On the equipment, not so much. We have a very good supply chain both with our suppliers, as well as our internal operations. With regards to proprietary consumables like CDs, we maintain a large safety stock as a requirement for some of our larger accounts. This type of security of supply of certain key consumables is necessary as these products are utilized in critical manufacturing and development practices.

CEOCFO: *What has helped you in technology recently?*

Mr. Calvo: Automation is something that is in fundamental with most tools providers like us. We have made improvements in microfluidics which is a core competency in both businesses. There have been advances in microfluidics both in terms of fluid deliveries and measurement. We have seen improvements in materials, especially on the peptide side that enable us to improve valving and fluid delivery control. Automation and materials are two key areas that have helped.

CEOCFO: *How is business today?*

Mr. Calvo: Good! We came into the merger with greater than twenty percent growth rates and we are maintaining high growth this year.

CEOCFO: *Why choose Gyros Protein Technologies?*

Mr. Calvo: We have a proven track record of developing, manufacturing and supporting instruments that are the core of our customers' development and manufacturing processes. We know how important reliability is to, our customers. Therefore, our products have very high uptimes; some of the best in the industry. We have a strong support network and we develop the applications that scientists need for the success of their businesses while also saving people time and money. We can show that, we can put that in writing and we stand behind those claims. Performance and productivity is what we deliver to customers. We back it up and we make it happen.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

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**For more information visit:
www.gyrosproteintechnologies.com**

**Contact:
Dan Calvo
412-298-1693
dan.calvo@gyros.com**