

## With a Mix of Pharmaceutical and Supplement Products Targeting Large Markets of Men's and Women's Health and Respiratory Diseases, Innovus Pharmaceuticals is positioned for Growth in 2017



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**CEOCFO: Dr. Damaj, would you give us a short introduction to Innovus Pharmaceuticals and the reason for your focus on men's and women's health, vitality and respiratory diseases?**

**Dr. Damaj:** - Headquartered in San Diego, Innovus Pharma is an emerging leader in OTC and consumer products for men's and women's health and respiratory diseases due to the large size of those markets. The Company uses its proprietary Direct to Consumer Beyond Human® Sales and Marketing platform to generate revenues from its lead products (a) BTH® Testosterone Booster, (b) BTH® Human Growth Agent, (c) Zestra® for female arousal and (d) EjectDelay® for premature ejaculation and has an additional five marketed products in this space, including (e) Sensum+® for the indication of reduced penile sensitivity, (f) Zestra Glide®, (g) Vesele® for promoting sexual and cognitive health, (h) Androferti® (in the US and Canada) to support overall male reproductive health and sperm quality, (i) BTH® Vision Formula, (j) BTH® Blood Sugar, (k) UriVarx™ for bladder health, among others and eventually FlutiCare™ OTC for Allergic Rhinitis, if its ANDA is approved by the U.S. FDA.

**"The clear majority of micro-cap pharmaceutical companies are years away from meaningful revenue, but Innovus Pharmaceuticals is a notable exception to the rule with rapidly growing revenue and a robust pipeline. The Company has tremendous growth potential and multiple upcoming milestones backed by a very experienced and proven management team." - Dr. Bassam Damaj**

**CEOCFO: You have several revenue generating products? Are they all pharmaceutical grade with clinical trials to support them or do you have some in the nutraceutical arena? Are they over-the-counter products or prescription?**

**Dr. Damaj:** - Innovus has a mix of pharmaceutical products and supplements. Our pharmaceuticals products fall under the OTC classification of the FDA and they include, EjectDelay® for premature ejaculation, Xyralid® for hemorrhoids and FlutiCare™ where the ANDA through our partner is under review by the FDA. The rest of the products are supplements. A differentiating factor for Innovus' products are the strong clinical trials behind the products and the relatively strong patent positions.

**CEOCFO: Would you tell us about your Beyond Human® Sales and Marketing Platform and what makes it so powerful and unique?**

**Dr. Damaj:** - Our Beyond Human Sales and Marketing Platform is a giant print media network reaching between 20-30 million people on a monthly basis in the U.S. In addition, we have a very large number of online email subscribers, pushing the total number of current subscribers to about 1.8 million people.

Our marketing team develops editorial content that is pushed through the platform's distribution channels to drive inbound sales calls. An outsourced 75-person call center takes care of inbound sales and upsells customers on additional products. For example, a person that calls to purchase the Beyond Human® Testosterone Booster might also order Vesele®, since it's a complementary product for that particular demographic. This platform has been proven to be very powerful in pushing several of our products to be big sells in a short period of time.

**CEOCFO: Would you tell us about your Zestra® for female arousal product, which is in a market that is now just being explored?**

**Dr. Damaj:** - Female Sexual Interest Arousal Dysfunction – or FSI/AD – represents a sizable market that is potentially larger than the multi-billion-dollar erectile dysfunction – or ED – marketplace. Studies have shown that FSI/AD may affect between 25% and 63% of women with an average prevalence of 43% compared to just 31% for ED's prevalence in men. The *Expert Review of Obstetrics & Gynecology* published an extensive review of these statistics in a [2009 report](#).

Common FSI/AD symptoms reported include:

Unable to Achieve Orgasm – 22-28%

Pain During Sex – 8-21%

Sex Not Pleasurable – 17-27%

Zestra® caters to a large and unmet medical market as a leading over-the-counter brand franchise for improving female arousal desire and sexual satisfaction. In two placebo-controlled, double-blinded U.S. clinical trials in 276 women, Zestra® was found to be effective in meeting both safety and efficacy end points that included FSFI and FSEP scores, as well as treatment satisfaction questionnaires and other surveys.

These studies showed a statistically significant increase in desire and arousal in women using Zestra® compared to placebo, as measured by FSFI and FSEP scores. Secondary endpoints also confirmed increases in treatment satisfaction, sex life satisfaction, and other scores of satisfactions. In fact, in the studies, Zestra® users were on average six times more satisfied with their treatment compared to placebo and more than twice as sexually satisfied compared to the placebo.

**CEOCFO: Would you explain your Vesele® product and why does it help with brain as well as sexual health and the potential market?**

**Dr. Damaj:** - The global erectile dysfunction drug market is expected to reach \$3.2 billion by 2022, according to Grand View Research Inc., with drugs like Viagra® and Cialis® leading the way. Through the use of nitric oxide conversion, these phosphodiesterase type 5 inhibitors (PDE5) based drugs increase blood flow to the penis and enable a natural erection to take place. The problem is that these drugs tend to lose efficacy over time with 40% of men stopping use of the drug.

Vesele® is an over-the-counter, patented dietary supplement designed to maximize the benefits of nitric oxide through the use of the amino acids L-Citrulline and L-Arginine, as well as a patented perine extract called BioPerine® to increase absorption of the two amino acids. These ingredients combine to increase nitric oxide production and enable healthy blood flow throughout the body, which in turn may increase the efficacy of drugs like Viagra® or Cialis®.

Nitric oxide ("NO") is one of the most powerful endogenous vasodilators, which has made it a popular target in the erectile dysfunction space. In fact, the 1998 Nobel Prize in Physiology and Medicine was awarded to three Americans for their discovery of the nitric oxide molecule, in the cardiovascular system. While the amino acids help with NO production, BioPerine® inhibits CYP3A4 and P-glycoprotein enzymes to slow metabolism and increase bioavailability.

In a 72-patient U.S. clinical use study over 16 weeks, Vesele® users reported a 49.5% increase in erection hardness, a 44.5% increase in erection maintenance, a 34.6% increase in desire for sexual activity, a 34.1% increase in the ability to satisfy a partner, and a 44% increase in overall satisfaction.

Vesele® is a great example of how successful our Beyond Human® Sales & Marketing Platform is. We acquired the product in 2015 and it was selling 200 units a year and within one month of launching it under our platform, we were selling hundreds of units a day and now it is our best-selling product.

**CEOCFO: *Innovus Pharmaceuticals recently reported record quarterly revenues for the third quarter of 2016. Is there a particular product that is driving those revenue increases?***

**Dr. Damaj:** - We are laser focused on generating sustainable revenues and achieving profitability. During the third quarter, we reported a 947% year-over-year increase in revenue to a record \$1.9 million, as we continue try to create significant shareholder value.

The Beyond Human® Sales and Marketing Platform has become the cornerstone of our revenue growth. Since acquiring Beyond Human® in March 2016, Innovus Pharma has experienced 42% monthly growth and gross margins that exceed 80%. The platform reaches between 20 and 30 million potential customers monthly with Beyond Human® Testosterone Booster®, Vesele®, Sensum+®, Zestra®, and RecalMax® products.

The Beyond Human® platform enables us to reach millions of potential customers each month and create subscriptions for our products. By doing so, we can generate a steady flow of recurring revenue rather than one-time sales revenues. The platform also enables us to cross-sell other products to the same market and reach an immediate customer base with any future product launches.

If we continue a 42% compounded revenue growth, we might well exceed anticipated \$5M in revenue for 2016 and \$15M in revenue for 2017 as we continue to launch new products.

**CEOCFO: *In closing, please address our reader in the investment, business and healthcare communities. What is it about the Innovus Pharmaceutical team and what you know about developing and bringing products to market in such important arenas that will give us confidence in your future?***

**Dr. Damaj:** - The clear majority of micro-cap pharmaceutical companies are years away from meaningful revenue, but Innovus Pharmaceuticals is a notable exception to the rule with rapidly growing revenue and a robust pipeline. We have tremendous growth potential and multiple upcoming milestones including:

- Commercial-stage revenue generating company
  - \$1.9 million in revenues in the third quarter of 2016 and \$3.1 million in revenues year to date
  - 16 commercial products in multiple high value markets
  - High value product pipeline targeting over \$1 billion US market including FlutiCare™ and Xyralid®
- High growth and revenues
  - \$5 million in projected revenues for 2016 and \$15 million for 2017 (excluding any revenue from FlutiCare™)
- Multiple near-term milestones
  - New product launch in late 2016/early 2017 (Xyralid®) and one in 2017 (FlutiCare™)
  - Expecting profitability in 2017
- Unique business strategy and niche market
  - Robust Beyond Human direct-to-consumer sales and marketing platform (reaching 20 to 30 million consumers/month)
  - Clinically proven products with established sales channels
  - Leader in direct-to-consumer sales and marketing
- Experienced and proven management team

