Linshom
Every Breath Counts™

Investor & Stakeholder Update – Quarter 1, 2020

April, 2020

I hope this note finds everyone healthy and virus free as this company update reaches you. The Linshom team and contractors are unscathed to date. This is a new environment for all and Linshom is pushing the technology and company forward. Anything respiratory in nature has heightened attention today.

Our biggest news for Q1 is gaining **FDA clearance** (K190734) on January 30, 2020. This is a massive milestone for the company for device development and financially. Your investment has facilitated this achievement and moved Linshom closer to commercialization of our Continuous Respiratory Monitoring Device (CRMD). Thank you. Now, all future changes that require FDA clearance will use the Linshom device as the predicate (comparator) and our approval pathway is a straighter and hopefully shorter line. While we could legally sell the device today, it needs some form factor improvements detailed below.

Our next achievement is the award of a Small Business Innovation Research **(SBIR) grant** from the United States Air Force (USAF) for $50K. Successful performance in phase 1 qualifies us for a $750K phase 2 award. This is all non-dilutive funding and a phase 2 award could fund some of the engineering changes planned for the device (see below). Funds received here can reduce the series A raise reducing dilution for all.

On the **engineering front** we have three main projects to get the device to market:

1. Modification of the sensor from a one-piece design to a two-piece design. We will separate the inexpensive component (thermistor) from the more expensive component (thermo-electric cooler) such that they clip/snap together. This enables the razor / razor blade business

model. Ronen has quotes from a few companies with this capability and will be kicking off this project in April.
2. Integration of the device into a dedicated monitor (tablet) that Linshom will provide.
3. Integration of the device into third party monitors such as those from General Electric, Phillips, Massimo and/or Medtronic.

We continue our outreach efforts to strategic partners like Medtronic, Massimo, GE, and Phillips with success in initial conversations, but not ongoing engagement. Persistence here will continue.

On the investment side, the $1.5M **convertible note** is subscribed at $850K or 57% with verbal commitment for $250K (73%) more. Thank you again to our supporters.

In our last update we mentioned the Keiretsu Forum who invited us to present. We declined this offer, as the fee structure was high with little commitment on their end.

We did participate in a screening by the Maryland Momentum Fund (http://momentum.usmd.edu) who does not plan to invest currently but liked the technology, business model and potential for early exit. With some data proving out our value proposition we will be considered again.

Looking forward our current funds are focused on:

- The three engineering tasks described above
- Manufacture of a small lot of devices for a clinical trial and adopt a quality system required by the FDA.
- Begin a small clinical trial to build the evidence needed for clinical adoption

A following $3M series A round will fund:

- Completion of the trial mentioned above
- Gain follow-on FDA clearance if necessary.
- Begin commercialization.

Should you have investor contacts that are looking for an early stage investment opportunity that has been de-risked please have them contact me.

Thank you for your support of Linshom. You can reach me anytime at 443.994.1448 or RHughen@LinshomForLife.com.

Best Regards,
Ric Hughen
CEO