



genedrive

Molecular Diagnostics at the Point of Need

Interim Results (to Dec-17)

20 March 2018

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OVERVIEW GENEDRIVE PLC (LSE : GDR)

Rapidly developing, commercial-stage molecular diagnostics business



Our focus is on Global Health Opportunities

Current commercial execution on HCV. R&D investment on TB and HCV, while planning for additional menu expansion opportunities.

Genedrive® HCV ID Kit first on market

First company to introduce decentralised molecular HCV test to support the roll out of direct acting antivirals

Genedrive®: our Point-of-Need, molecular diagnostic system

Portable, robust system designed for challenging settings of low and middle income countries

Re-introduction of mTB planned

Re-entry for TB supported by conditional £1.1M Innovate UK grant for sample preparation improvements

Significant new commercial footprint

Access to key markets in partnership with Sysmex in EMEA and Asia Pacific (“APAC”)



HIGHLIGHTS HY17/18 (INCLUDING POST-PERIOD END)



- Diagnostic related income up 8.3% to £1.3M (2016: £1.2M) while overall turnover of £2.6M slightly down on 2016 £2.9M
- Genedrive HCV ID kit CE marked and commercial roll-out began, with first commercial sales and shipped to EMEA and APAC
- Important distribution agreements with Sysmex EMEA and APAC signed
- Successful external validation of Genedrive® HCV ID kit. 100% sensitivity and specificity in independent evaluation in African population
- £1.1M conditional offer from Innovate UK to part fund Genedrive mTB sample preparation process
- Services broadly cash contributive with minimal management distraction
- Cash at 31 Dec £4.6M (2016: £5.1M) post £1.2M R&D tax credit

COMPANY OVERVIEW GENEDRIVE® TECHNOLOGY

Technology platform brings the power of molecular diagnostics outside of the hospital



- **Rapid results in small hospitals and clinics**
 - Prompt clinical decisions are possible - sample to result in as little as 50 minutes vs days from a service laboratory
- **Easy of Use**
 - Single use disposable reagent cartridge (razor/ razor blade model)
 - Limited training required for operation
- **Real World Robustness and Reliability**
 - Battery pack permits use in poor infrastructure settings
 - Operates in hot and humid conditions present outside laboratories
- **Versatile**
 - Core technology across a range of applications, including human health, animal health, and environmental testing
- **Affordable**
 - System and test price point accessible in world-wide markets

COMMERCIAL OPPORTUNITIES AND STRATEGY

Genedrive® is an effective, low cost, molecular solution across a broad range of applications

Internally Develop and Drive Assay Menu

- HCV - new and growing markets with Genedrive® first to market
- mTB/RIF – Large well defined market and commensurate commercial reach via Sysmex
- Execute on Distribution Agreements, and sign additional partners for geographical coverage

Externally Develop Menu Additions and Improvements

- “Open Innovation” approach combines the best of both parties to most effectively and efficiently bring new products to market
- Focus on funding and partnering opportunities to develop further assays (eg human genotyping) to bring innovative application to the Genedrive® platform

GENEDRIVE® OPPORTUNITY IN HCV DIAGNOSTICS

- HCV is a blood-borne virus which primarily affects the liver
- no vaccine
- NEW Direct Acting Antiviral Therapy (DAAs) make HCV a curable disease; investment is now flowing for diagnostics and treatment
- Only 20% of people infected with HCV are diagnosed, and only 7.4% of those are treated
- Approx. 11 million hospital tests performed globally, however supported screening programmes could increase this x10
- There is a strong need for affordable and accurate decentralised molecular tests to ensure treatments can reach patients



ROUTE TO MARKET SECURED

- Sysmex Europe contracted for EMEA, initially focused on Africa
- Sysmex in Africa consists of 29 distributors covering 46 Sub-Saharan African countries
- Sysmex Asia contracted for APAC region and includes key targets in Bangladesh, Pakistan and Malaysia

About Sysmex

- World leader in the development, manufacture, sales and export/import of diagnostic instruments, reagents and related software
- Listed on Tokyo exchange, market cap \$13Bn
- \$2.2Bn annual turnover, 8,000 employees in 190 countries



GENEDRIVE® COMERCIALISING HCV DIAGNOSTICS



GENEDRIVE® OPPORTUNITY IN MTB DIAGNOSTICS

- Diagnosis of mTB is a large and well defined market opportunity for Genedrive®
- 77m sputum smear microscopy tests performed annual in 22 high burden countries – at least 42,000 dedicated microscopy centres
- Molecular testing is the fastest growing TB diagnostic test segment and is eroding market share in smear microscopy
- GeneXpert® is the market leader for large hospitals and microscopy centres, solutions for smaller labs not widely available
- Genedrive® instrument is low cost and at the right price point for markets



GENEDRIVE® OPPORTUNITY TO RE-LAUNCH MTB



- Lessons learnt from India launch
- Investment focused on sample preparation, global market and cost reduction (affordability)
- £1.1M conditional funding secured to improve sample prep with a new “module” solution
- Assay will be reformulated to meet cost reduction targets
- Commercial partners to distribute globally
- We will update on the target launch of version 2 assay during our next financial year

GENEDRIVE® OPPORTUNITY IN RAPID TESTING SOLUTIONS

- Rapid diagnosis of drug response (pharmacogenomics) has global applicability in many healthcare settings
- We have identified a number of areas where Genedrive application could inform the delivery of drug treatment
- Exploiting such Single Nucleotide Polymorphism (SNPs) targets in rapid diagnosis settings could bring Genedrive to Western markets
- We have set the target of identifying one definitive areas of focus by the end of our current financial year



OTHER SAMPLE GENEDRIVE® APPLICATIONS

- Genedrive® developed as a hand held bio-warfare testing system funded by US DoD
- Final project deliverable in Q3, no further development revenue is forecast. End user does not provide demand planning visibility. Only Monitoring fees are included in financials
- Cyclical orders received, but no magnitude or frequency indicated
- Point of need aquaculture test developed in collaboration with Cefas
- Genedrive® developed as a cost effective disease detection solution to the approx. £1Bn pa product losses
- Successful field trials concluded and project now complete



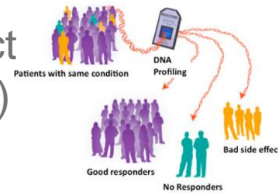
LOOKING TO IDENTIFY OTHER OPPORTUNITIES WHERE THE RAPID RESULTS MADE POSSIBLE BY THE GENEDRIVE® PLATFORM ADDRESS UNMET CLINICAL NEED

SERVICES OPERATIONS

- Strategic objective to dispose of Services division
- Engaged advisor to run a controlled and public process
- Process has taken longer than expected
- Despite the issues, we are in a period of exclusivity with a potential buyer and expect to update the market on the outcome before the end of our financial year

Pharmacogenomics

- Genomic markers of drug and disease effect
- 2017 Interim revenues £0.3m (2015: £0.7m)
- EBITDA loss (£41k) (2016: £65k)
- GSK preferred supplier



Pre-clinical (CRO) Research

- Experts in epithelial stem cells and specialists in pre-clinical efficacy testing
- 2017 Interim revenues £1.0m (2016: £0.9m)
- EBITDA £131k (2016: £53k)

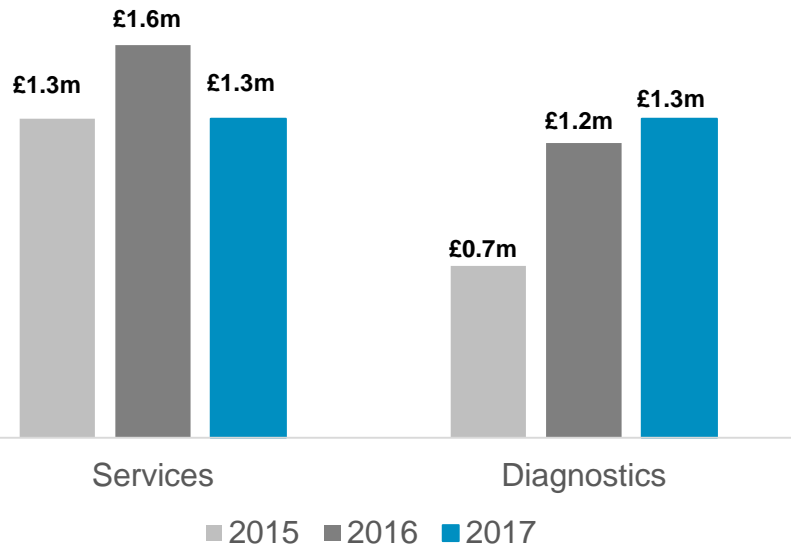


FINANCIAL HIGHLIGHTS



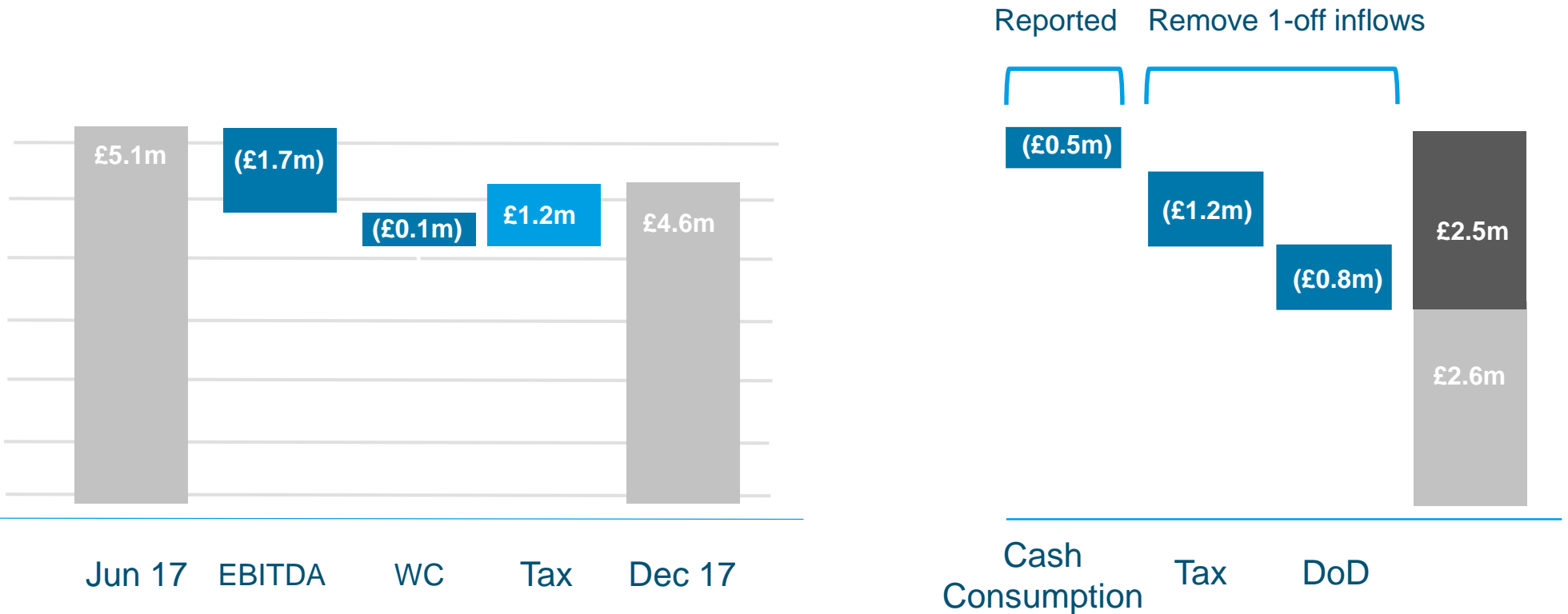
- Turnover £2.6M slightly down on 2016 £2.9M
- Genedrive related income up 8.3% to £1.3M (2016: £1.2M)
- Genedrive income includes final elements of DoD projects
- Conditional £1.1M offer from Innovate UK to part fund mTB sample preparation process
- Grant funding towards HCV and mTB now £1.6M
- Cash at 31 Dec £4.6M (2016: £5.1M) post £1.2M R&D tax credit

FINANCIAL OVERVIEW REVENUE



- Turnover £2.6M versus 2016 £2.9M, with the reduction in the Services business
- Genedrive related income up 8.3% to £1.3M (2016: £1.2M)
- Genedrive related income entirely DoD
- Final DoD shipment made and no material income forecast for H2, but some cyclical re-ordering will occur
- Services down on prior year owing to single customer one-off order in 2016
- Services revenue on H2 2016/17 run rate
- Services progresses steadily with minimal investment and limited management distraction

CASHFLOW OVERVIEW



Underlying cash consumption for six months £2.5m

CASHFLOW DETAILS

	2016	2017
	£'000	£'000
EBITDA	(1,897)	(1,664)
Working capital	450	(141)
Interest expense	9	6
Capex	(33)	(12)
Tax	-	1,220
fx	<u>(2)</u>	<u>(7)</u>
Cashflow before financing	(1,473)	(578)
Share issue	6,023	-
Net cash flow	<u>4,550</u>	<u>(578)</u>
B/f	1,114	5,129
Cash at Bank	5,664	4,551

- EBITDA improvements from mix of profitable DoD revenue in top line
- Working capital outflows related to reduction in payables and no large debtor benefits as enjoyed in prior periods
- R&D tax credit £0.5M higher than prior year and paid 4 months earlier
- Cash at 31 Dec £4.6M (2016: £5.1m) post £1.2M R&D tax credit
- Unaudited cash at 28th February £3.9M, representing £0.4M pcm consumption, in-line with “underlying” consumption from H1

RAPIDLY DEVELOPING COMMERCIAL-STAGE MOLECULAR DIAGNOSTICS BUSINESS

- 1 Innovative, cost effective technology with unique USPs
- 2 HCV ID kit on market and distributed via Sysmex in EMEA and APAC
- 3 Grant funding secured to enhance and refinance HCV (£0.5M) and mTB (£1.1M)
- 4 Targeting human genotyping targets in rapid diagnosis settings
- 5 Resources focused on delivering HCV growth and bringing mTB back to market



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Thank you

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