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Advancing molecular diagnostics to the point of care

Interim Results (to Dec-18)

28 March 2019

OVERVIEW GENEDRIVE PLC (LSE : GDR)

Rapidly developing, commercial-stage molecular diagnostics business

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

- Designed for challenging settings where speed and access are critical

Our focus is on Global Heath

- Hepatitis C – on market
- Tuberculosis – in development

with attractive opportunities in

- Bio-threats (US DoD)- on market
- Antibiotic Induced Hearing Loss – in development

Significant new commercial footprint

- Access to global markets through Sysmex and Arkray distribution channels

ON MARKET

Genedrive® HCV is the first approved decentralised qualitative molecular test

- > 50m people globally undiagnosed
- Up to 30 product territory registrations targeted by 30 Jun-19 to support revenue ramp and WHOPQ (in progress)

Bio-threats (US DoD)

- Now in commercial phase
- 2 end-users within DoD, $1.4m recent orders and expectation of more

DEVELOPMENT

Antibiotic-Induced Hearing Loss Assay

- Global TAM >~£35m, UK TAM c. £3.5m
- Funded product development in process, anticipated launch ~Sept-20

mTB Detection & Drug Resistance

- Large and well funded markets
- £1.1m Innovate UK grant part-funding

HIGHLIGHTS FOR PERIOD ENDED 31 DEC 2018

- £1.5m Revenue
- $0.9m DoD Order
- £5.8m Cash Dec-18
- £6.0m Fundraise
- Amended GHIF and Visible Genomics Earn-out

- Revenue and other income increased 15% to £1.5m (2017: £1.3m)
- First Commercial DoD order shipped $0.9m
- £6.0m fund raise from combination of £2.5m debt and £3.5m equity
- Genedrive® HCV-ID Kit submitted to World Health Organisation for Pre-Qualified status
- HCV registrations progressing, but commercialisation behind plan as most territories requiring in country studies: do not expect any significant private laboratory sales until Summer 2019
- GHIF and Visible Genomics agreements amended resulting in accounting gains of £1.0m (non-cash)

Post Period Trading Update

- Second DoD order $0.5m to be shipped in the next couple of months
- WHO site audit completed Jan-19
- Further 7 country registrations, 11 now in total and 4 classed as ‘priority’
- Cash at March 27th £4.7m (unaudited) with R&D (£1.0m) and payment of DoD first commercial order ($0.9m) due in the coming weeks

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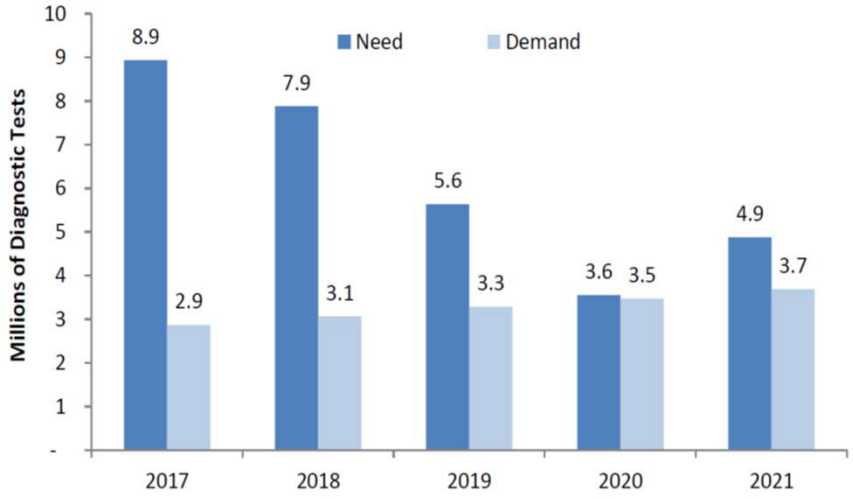
ON-MARKET

ON MARKET - HCV

- Only 20% of the 70m HCV-infected persons (14m) have been diagnosed
- In 2015, 7.4% of those diagnosed with HCV infection (1.1m persons) had started treatment
- Low- and middle-income countries account for the largest proportion of persons living with HCV (72%)

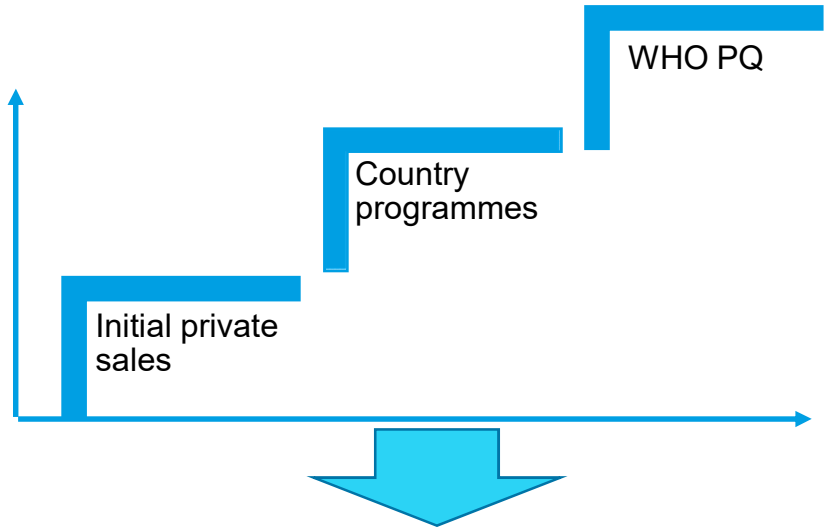


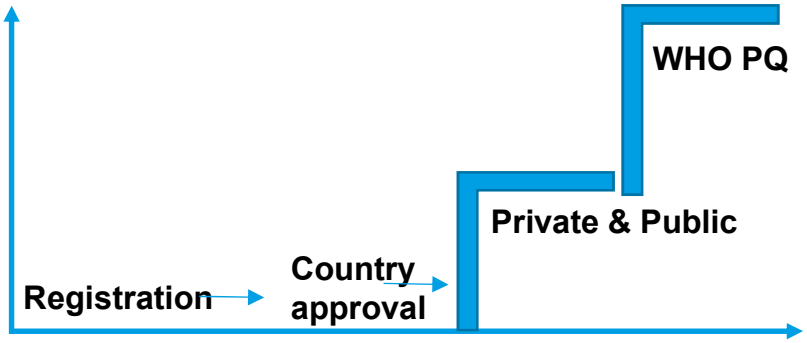
ANNUAL NEED FOR WHO'S 2030 ELIMINATION TARGETS VS ANNUAL DEMAND FOR CONFIRMATION AND MONITORING TESTS 2017- - 2021

Genedrive® Well Positioned

- Genedrive is the first to market point-of-need qualitative molecular test available
- Independent field testing - sensitivity and specificity of 100% vs laboratory standard
- WHO Pre-Qualification application is in process to support in country funding availability; update by end of calendar year
- Only point of need molecular HCV product in WHO PQ process, and granted accelerated review
- FY2019 target of ~ 30 country registrations to drive future revenues
- Global distributors secured via Sysmex Europe, Sysmex Asia and Arkray in India while also working to secure additional countries & partners, e.g. South America

ON MARKET - HCV





Sales Process Expectation

- Market entry plan assumed gradual private lab sales initially, followed by country programmes and WHO PQ

Updated Expectation

- In-country performance studies are required before public *and* private sales
- Larger public bodies can procure outside of national guidelines and currently several tenders for country wide programmes
- Sales growth to be positively impacted by WHO PQ
- Behind our initial expectation on the timing of revenue

ON MARKET – DOD BIO-THREAT APPLICATIONS

Development Programme Completed in May 2018

- Genedrive® was contracted by the United States Department of Defense (DoD) to develop Genedrive as as a handheld bio-warfare testing system.
- Development contract worth $6.7m since 2014

Commercial Orders

- $0.9m invoiced in Dec-18, instruments and assays
- Further order $0.5m received after shipping above order and expected to ship in the next couple of months
- End-user does not provide demand planning visibility but feedback has been very positive.
- Two customers within the DoD expected to order in the medium term. Expectation of cyclical re-ordering of assays with shelf life restrictions

Next

- Customer discussions to plan next phase
- Medium term orders now anticipated

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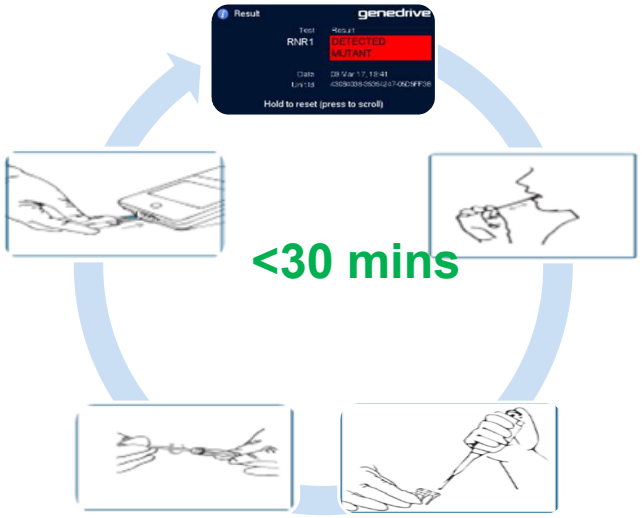
IN DEVELOPMENT

AIHL – IN DEVELOPMENT



Attractive market in high income countries

- UK potential of 90k tests per year, modelled £35 per test
- European and North America market each multiple times the size of UK market potential

Compelling clinical case to test for known issues

- Inexpensive test to administer
- Expensive alternative costs (cochlear implants ~£50k)

Genedrive has specific advantages

- Clinical validation difficult- facilitated through grant award
- Only a near patient test can meet turnaround times needed

Genedrive® Well Positioned

- Rapid results <30 minutes
- First to market opportunity
- Intuitive, Portable, Relatively inexpensive
- Non-Invasive cheek swab
- 1:500 – saves potentially 200 hearing impaired babies per annum

AIHL – IN DEVELOPMENT

Progress

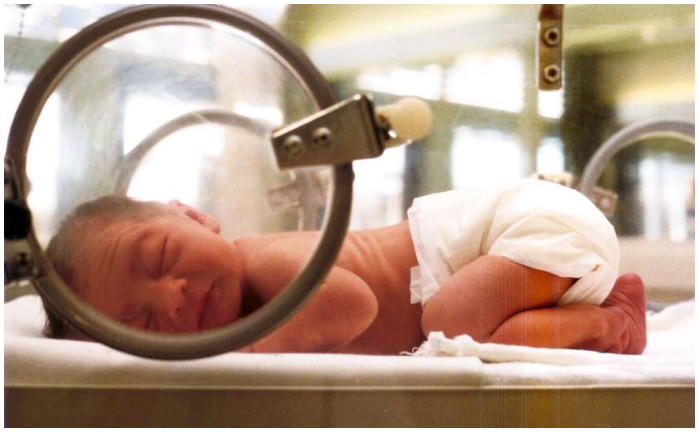
- £0.5m grant funding secured
- Access to samples via clinical trials
- Proof of principle test at <30 mins

Next steps

- Finalising assay design and costs-
- Commence clinical trials –Autumn 2019
- Potential commercial partner assessment –Jan 2020

Timing

- CE certification now required
- Targeting commercial revenues in the year ending June 2021

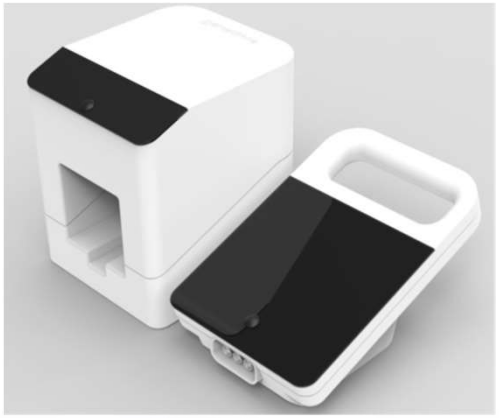


"…We hope that the hearing of thousands of children will be saved by quickly identifying those who are particularly sensitive to antibiotics…"

Dr. Ralph Holme, Executive Director of Research at Action on Hearing Loss

MTB – IN DEVELOPMENT

- Innovate UK grant £1.1M
- Target sensitivity higher than smear microscopy, using bacterial enrichment technology
- Working to improved biosafety in sample handling vs smear microscopy
- Companion “durable” for Genedrive to reduce user interaction
- Keeping our core ethos of low manufacturing costs, low/no maintenance



- Assay redesigned to a single tube
- Goal of reducing manufacturing costs of assay cartridge

MTB – IN DEVELOPMENT

Progress

- £1.1m grant funding secured
- Engaged Sagentia in Cambridge to drive durable and consumable development
- Secured distributors for target regions, separated India out
- Selected design

Next steps

- Selecting final design for durable
- Confirming the mTB concentration methodology
- Finalising assay design and costs
- Moving to prototype build
- Verification, Validation, clinical trials

Timing

- CE certification
- Country specific registrations via Sysmex and Arkray
- Product launch in year ending June-2021

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FINANCIAL SUMMARY

FINANCIAL HIGHLIGHTS FOR PERIOD ENDED 31 DEC 2018

- £1.5m Revenue
- £5.4m Cash
- £3.0m Op Cashflow
- £8.4m debt
- £1.0m accounting gains

- Diagnostic income £1.5m (2017: £1.3m)
- DoD revenue on shipment of 54+20 units and assays, $0.9m
- Grant funded expenditure related £0.7m
- Dec-19 Fund raise of £6.0m, (net £5.4m after expenses and earn-out)
- Accounting gains of £1.0m on amendments associated with fund raise
- Unaudited cash £4.7m 27th March 2019
  - R&D tax credit of £980k due shortly
  - DoD December invoice, $0.9m payment still outstanding

DEBT SUMMARY POST FUND RAISING

Cash flows:	Capital	Deferral	Interest
Jun-19	-	-	-
Dec-19	-	-	-
Jun-20	-	-	-
Dec-20	-	-	-
Jun-21	-	-	-
Dec-21	-	(£0.6m)	
Jun-22	-	(£1.2m)	(£0.26m)
Dec-22	-	-	(£0.26m)
Jun-23	-	-	(£0.26m)
Dec-23	($9.0m)	-	(£0.26m)
Jun-24	-	-	(£0.26m)
Dec-24	-	-	(£0.26m)
Jun-25	(£2.5m)	-	(£0.26m)

Debt

- Fair value of book debt is £8.4m (10% discount rate)
- Book debt is $9.0m and £2.5m
- Nearly 3yrs to first cash interest payments

Equity

Visible Genomics amendment to earn-out,

- £0.6m non-cash accounting gain
- 869,565 shares to be issued Dec 2019 (~3%)
- 500,000 shares to be issued Dec 2021 (~1%)

CASHFLOW FOR PERIOD ENDED 31 DEC 2018

	Dec-18	Dec-17
	£'000	£'000
EBITDA	(1,978)	(1,665)
Working capital	(1,021)	(376)
Capex	(70)	(12)
Tax	0	1,220
Interest	5	6
FX	(9)	(7)
	(3,073)	(834)
Fund raise	5,684	-
Earn-out (Visible Genomics)	(300)	-
Discontinued operations	-	256
Net cash flow	2,311	(578)
B/F	3,529	5,129
Cash at bank	**5,840**	**4,551**

- £5.8m of cash with R&D tax credit (£1.0m) and DoD order (£0.6m) still to come
- EBITDA down on mix of business, current year includes grant claims that are funded expenditure
- Large working capital consumption owing to timing on debtors: DoD shipped end of Dec ($0.9m) and grant cycle end of Nov
- R&D tax claim submitted after the December fund raise – meaning payment delayed versus PY, due shortly
- £3.1m consumption from operating activities (2017: £0.8m)
- Net fund raise of £5.4m after payment to settle Visible Genomics earn-out
- Cash at 27th March £4.7m (unaudited)

NEWS FLOW

0-6 Months

- Ship $0.5m DoD order
- WHO PQ performance studies completed
- Commercial traction and sales of HCV
- Registrations achieved and progress towards 30 country goal
- Further agreements to expand distributor footprint

6-12 Months

- WHO pre-qualification completed
- Commencement of AIHL in hospital validations and distribution partner discussions
- Expect clarity on DoD on-going order rate
- HCV Registration phase I nearing completion and working on targets for phase II countries

3 Year objective

- 3 Assays on market with material revenue and significant market potential
- Fully established commercial footprint for all 3 assays

RAPIDLY DEVELOPING COMMERCIAL-STAGE MOLECULAR DIAGNOSTICS BUSINESS

1. £1.5m Revenue and £5.8m cash, expected year end revenue growth of around 25%
2. HCV kits expected to contribute to sales in year end 30 June 2020
3. HCV kit progress through WHO pre-qualified status
4. Two significant orders from US DoD, customer indications for medium term orders
5. Continued progress on AIHL and mTB development products
6. Cash position allows AIHL and TB to be commercially launched, and supports commercialisation of HCV
7. Further clarity on DoD orders expected later in the year

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APPENDIX

GENEDRIVE® TECHNOLOGY

The power of molecular diagnostics outside of the hospital

Rapid results in small hospitals, clinics and in the field
- Prompt clinical decisions are possible
- Sample to result in as little as 50 minutes vs days from a service laboratory

Ease of Use
- Single use, disposable reagent cartridge revenue model
- Limited training required for operation

Real-World robustness
- Operates in hot and humid conditions present outside laboratories
- Can be configured with UPS to withstand fluctuating power availability

Versatile
- Same instrument platform is used across a range of applications

Affordable
- System and test price point targeted to be accessible in world-wide markets

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THANK YOU