

Introduction to SourceBio

January 2021

SHARES



SourceBio
International plc

The information contained in these slides and the accompanying oral presentation (together, the “Presentation”) has been prepared by SourceBio International plc (the “Company”). The Presentation is subject to updating, completion, revision and amendment without notice and as such it may change materially.

Neither the Company nor any of its respective directors, officers, partners, employees, agents, advisers or representatives shall have any obligation to update, complete, revise, verify or amend the Presentation. The Presentation is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published in whole or in part for any purpose. By accepting receipt of the Presentation, you agree to be bound by the limitations and restrictions set out in this disclaimer.

No undertaking, representation, warranty or other assurance, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in the Presentation. Neither the Company, nor any of its respective directors, officers, partners, employees, agents, advisers or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) arising from any use of the Presentation or otherwise arising in connection with the Presentation.

Nothing in the Presentation constitutes investment advice or any recommendation regarding the securities of the Company. The Presentation does not constitute in any jurisdiction an invitation or inducement to engage in investment activities or an offer by the Company or any of its officers, employees, advisers or agents for the sale or purchase of securities or of any of the assets, business or undertaking of the Company. If you require any investment advice, please speak with a professional financial adviser. The Company accepts no duty of care whatsoever to the reader of the Presentation in respect of its contents and the Company is not acting in any fiduciary capacity.

The Presentation contains certain statements that are or may be deemed to be “forward-looking statements”, which are based on current expectations and projections about current events. These statements typically contain words such as “targets”, “believes”, “intends”, “may”, “will”, “should”, “expects” and “anticipates” and words of similar import. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Past performance is not a guide to future performance.



Jay LeCoque
Executive Chairman

- Experienced CEO in the Life Sciences sector for over 20 years with significant focus on UK listed companies
- Joined SourceBio in 2016 as Non-Exec Chair, becoming Executive Chair and CEO in 2017
- Executive Director, Bioquell plc from 2016 at 146p per share¹, until acquisition by ECOLAB in 2019 at 590p per share²: £139m at a 4.8x revenue multiple 1. FactSet 2: <https://bit.ly/3sDTqBI>
- CEO of Celsis International plc from 2000 and part of the take private team in 2009. Led to exit in 2015 at aggregate \$278m with an IRR of 48% and a 7.6x cash return to shareholders



Tony Ratcliffe
Chief Financial Officer

- Over 20 years technology experience including healthcare and biotechnology at Celsis International plc, Gemini Genomics plc and as founding CFO of Lab 21
- Strong strategic, operational and transaction experience in both private and public markets (AIM and Nasdaq)
- Change management and successful international buy-and-build execution on AIM at Brady plc
- Chartered Accountant trained with KPMG plus MBA



Russell Wheatcroft
Chief Operating Officer

- Over 20 years senior experience in Life Sciences
- Joined Source in 2014 as Marketing Director, subsequently promoted to Commercial Director and further promotion to COO in March 2020
- Strong sales and marketing experience gained in a number of global sales and marketing roles in the Life Sciences and Biotech sectors, including KBiosystems and TTP Labtech (now SPT Labtech)

³ MBA, Kellogg School of Management

Executive summary

- **Leading provider of laboratory services** to Blue Chip Pharma, NHS & Private hospitals, with four main areas of focus:
 - Pathology testing services & companion diagnostics
 - DNA sequencing
 - Environment controlled stability storage
 - COVID-19 Antigen RT-PCR testing
- **Formerly Main Market listed**, taken private in 2016
- As of 31.12.19: Core business revenues of **£19.8m** and **EBITDA of £2.8m**, with **2-year EBITDA CAGR of 47%**
- Centrally placed to capture **COVID-19 testing opportunity**; already contributing significant revenue and cash flow
- **AIM IPO** in October 2020 to:
 - quickly **scale up COVID-19 testing** services
 - **simplify capital structure** and eliminate debt position
 - **accelerate organic EBITDA growth**
 - **execute on strategic development** opportunities



Progress made since IPO

October 2020

- AIM Admission
- IPO to increase COVID-19 testing capacity
- Admission Price: 162p
- Raised gross proceeds of £35.0 million (before expenses)
- Paid down outstanding shareholder and bank loans
- Scale-up the COVID-19 testing business

December 2020

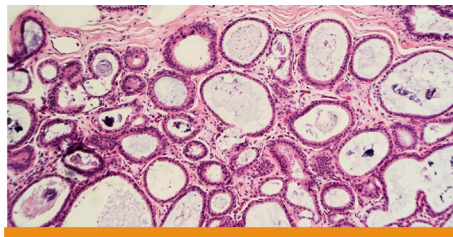
- Entered into a strategic commercial partnership with Oxford Nanopore Technologies Limited
- Offering a commercially available COVID-19 testing solution to corporate customers at scale
- The test also offered to consumers

November 2020

- Renewal of testing services contract with Spire Healthcare Limited
- > 330,000 COVID-19 tests provided under existing DHSC contract
- Public Health England National Microbiology Framework expected to be awarded to successful applicants from February '21

January 2021

- COVID-19 testing agreement with UK high street retail and pharmacy group
- Current share price at 18 January: 220.40p



Four Business Divisions



Healthcare Diagnostics

Complete service for Cellular Pathology and Personalised Medicine for NHS and private healthcare providers



Genomics

State-of-the-art DNA sequencing and bio pharma services for big pharma, biotech and academic communities



Stability Storage

Controlled temperature and humidity storage for shelf life / stability testing for big pharma, medical device and healthcare companies



Infectious Disease Testing

COVID-19 Antigen RT-PCR testing facility passing all NHS and Department of Health & Social Care strict audit requirements

Revenue 2019
£19.8m

£7.3m

£4.5m

£8.0m

New from
May 2020,
fast scale-
up

Blue Chip Client Base



Significant investment already made to facilitate growth

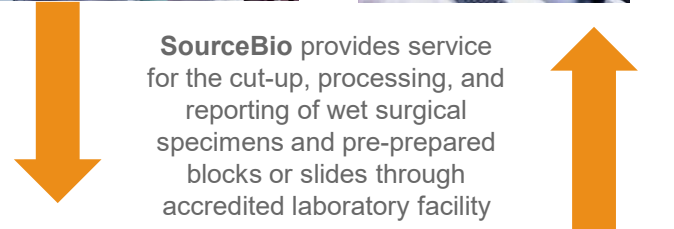
- Investment in Digital Pathology and state-of-the-art Genomics platform
- Investment in new Stability Storage site in San Diego
- Expansion of Tramore (Ireland) site
- Investment in new COVID testing laboratory and subsequent expansion
- **Company is well positioned for growth**



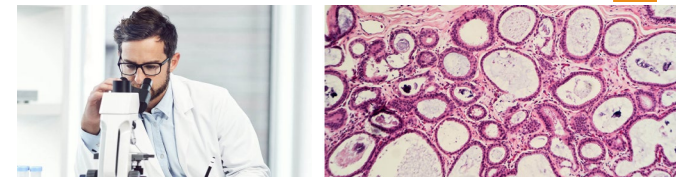
Healthcare Diagnostics

- One of the **UK's leading outsource partners for Cellular Pathology** – providing services to over 130 NHS departments and Private Healthcare providers
- Access to **largest Consultant Pathologist network** in the UK
- **3yr CAGR in Cellular Pathology Revenues of 34%** - growth driven by shortage of UK pathologists and continuing trend to outsource pathology
- Long-term SLAs underpinned by **long term market drivers**
- **Future growth expected to accelerate** by return of elective surgery and mounting pressure to clear COVID-19 back-logs
- Additional services for **specialist diagnostic testing** and **personalised medicine** development
- **Philips Digital Pathology** system being validated
- **ISO:15189 accredited services** delivered from state-of-the-art facilities in Nottingham

TISSUE SPECIMEN TAKEN FROM PATIENTS



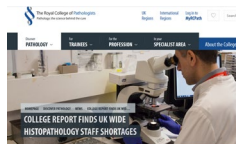
SourceBio provides service for the cut-up, processing, and reporting of wet surgical specimens and pre-prepared blocks or slides through accredited laboratory facility



Reports returned within 5-7 working days
INDUSTRY LEADING TURN-AROUND TIMES

The Guardian

NHS hospital waiting lists could hit 10 million in England this year



BBC NEWS

Pathologists shortage 'delaying cancer diagnosis'



DNA Sequencing Types

- **Genomics** is the study of genes to help **progress clinical research and drug discovery** for the Pharmaceutical and Healthcare industries
- High level scientific capabilities with **Centre of Excellence in Cambridge** ideally located for the “The Golden Triangle”
- **Investment** in NovaSeq NGS system from Illumina is expected to drive **larger and repeat projects**
- The **demand for personalised medicine is expected to accelerate** with continuing advancements in sequencing technology
- **Upgraded commercial sales team** led by experienced individual with significant industry knowledge
- **Refocused priority** to address larger project types, allowing higher repeat revenue with margin improvements

Sanger Sequencing

- High margin, repeat revenues
- New labs in Tramore & San Diego located within genomic research hubs
- Cambridge Centre of Excellence

Benefits

- ✓ Fast turnaround time
- ✓ Global labs for global customers
- ✓ Direct contact with the Laboratory
- ✓ High quality, competitive price

NGS

- Investment in Illumina NovaSeq expected to open up new opportunities and higher margins
- Increased focus on biotech has increased opportunities and project value
- COVID related work is to an accelerated timetable

Benefits

- ✓ Fast turnaround time
- ✓ High data quality
- ✓ Global provider from ISO-accredited labs



Stability Storage



SourceBio-manufactured walk-in room



Controlled environmental storage tanks



SourceBio Stability Storage service facility

- Environmentally controlled **Stability Storage** is the **gateway for drugs to be released to the market**
- **High margin recurring revenue business**
- Storage customers provide **long-term commitments**, with typical trial study periods of c.3 years
- **Three main revenue streams** servicing **Pharmaceutical and Consumer Health** client base
 1. **Stability Storage services**
 2. **Manufacture and sale** of storage equipment (cabinets, reach-in rooms and walk-in rooms)
 3. **Service and validation** of equipment sold to customers
 4. **Analytical Testing services** for stability stored product
- Need for **Stability Storage and Analytical Testing** services is **increasing due to regulatory requirements**
- **Well established** having been providing Stability Storage solutions and equipment for over 30 years
- **cGMP/HPRA/FDA accredited facilities** in Rochdale, Tramore and San Diego with recent expansions in capacity



Infectious Disease Testing

Source BioScience can now provide **COVID-19 testing services** enabling you to get your staff back to work

Click the link to find out how

- **COVID-19 Antigen RT-PCR testing capability established in May 2020**, already generating material incremental revenue, earnings and cash generation
- Additional Government funding in place until **March 2022** to support testing
- **Established strong supply chain** for reagents and sampling kit requirements, PPE and laboratory consumables **outside of the NHS supply**
- **Some of the largest Private Healthcare providers have signed up on SLAs** for delivery of staff and patient testing
- **Leveraging strong Healthcare clients** for building and harvesting a **robust commercial pipeline**

COVID-19 Test types

| Test Type | Available / in use | Current Status | Action from positive result |
|----------------------------------|---|---|--|
| Antigen PCR | Yes – Used by all Lighthouse, NHS & Commercial labs | The only reliable diagnostics tests for global testing program | Follow HM Government advice or need for treatment for all asymptomatic and symptomatic screening |
| Rapid Point of Care tests | Yes – in some hospitals | <u>**“The current view by PHE is that the use of products that give a very rapid result is not advised”</u> | Antigen test from test centre, NHS site or private provider for true diagnostics test |
| Antibody tests | Yes – upon advice from a GP or NHS doctor | <u>**“it does not mean you cannot spread the virus”</u> | Antigen test required to determine current infectious state. |
| Moonshot | No | No technology or test in the market, no validation, no equipment | Not available – Antigen test required |

*<https://www.gov.uk/government/publications/coronavirus-covid-19-antibody-tests/coronavirus-covid-19-antibody-tests>

**<https://www.gov.uk/government/publications/covid-19-rapid-tests-for-use-in-community-pharmacies-or-at-home/covid-19-rapid-tests-for-use-in-community-pharmacies-or-at-home>

Revenue & EBITDA - Core operations

Normalised Revenue of Core Operations, IFRS

| In £'000 | Year to 31 Dec 2017 | Year to 31 Dec 2018 | Year to 31 Dec 2019 | Six months 30 Jun 2020 |
|--|---------------------------|---------------------------|---------------------------|------------------------------|
| Healthcare Diagnostics <i>Annual or year-on-year growth</i> | 4,399 | 5,600 27% | 7,293 30% | 2,729 -10% |
| Genomics <i>Annual or year-on-year growth</i> | 4,118 | 4,850 18% | 4,523 -7% | 1,805 -21% |
| Stability Storage <i>Annual or year-on-year growth</i> | 8,123 | 7,874 -3% | 7,934 1% | 3,463 -17% |
| Infectious Disease Testing (New in 2020) | | | | 2,189 |
| Normalised Revenue of core operations <i>Annual or year-on-year growth</i> | 16,639 | 18,324 10% | 19,750 8% | 10,186 7% |

Normalised EBITDA of Core Operations, IFRS

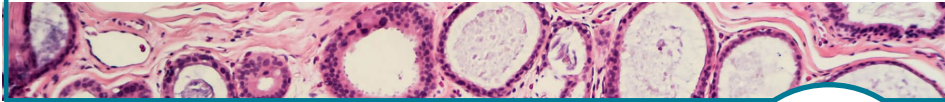
| | | | | |
|---|--------------|---------------------|---------------------|---------------------|
| Normalised EBITDA of core operations <i>Annual or year-on-year growth</i> | 1,315 | 2,104 60% | 2,830 34% | 1,467 80% |
| <i>% of Revenue</i> | 8% | 11% | 14% | 14% |

Unaudited extracts from audited and unaudited Historic Financial Statements in UK GAAP, translated into IFRS

Healthcare Diagnostics



- Drive Digital Pathology
- Target private healthcare providers
- Expand oncology specialties



Genomics



- Personalised Medicine bridge to Pathology
- Expand presence in Ireland and US
- Niche high value projects



Stability Storage



- Ireland and US expansions
- Increase service capability in US
- Continue kit refresh with upgraded technology



Infectious Disease Testing



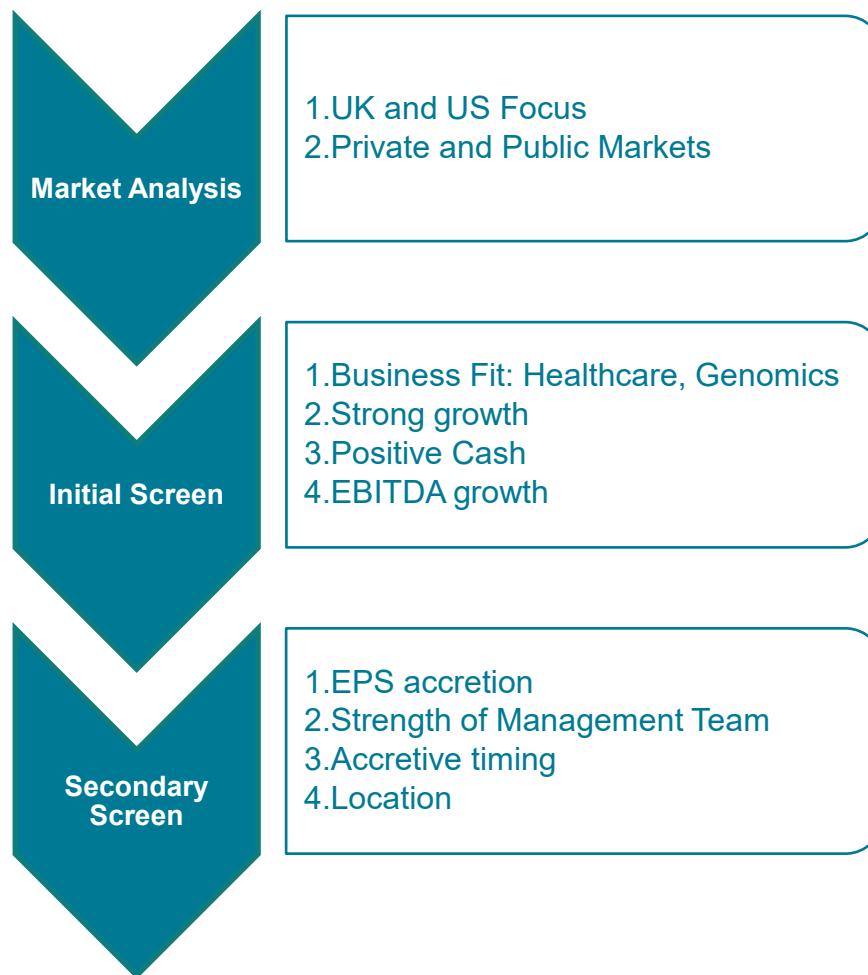
- Leverage lab expansions
- Increase focus on private market
- Expand services offering



Employ capital discipline from AIM listing and strong cash generation from COVID testing to accelerate our strategic development plans

Initial universe of potential targets already identified:

- Cellular pathology laboratories to better access private healthcare in London
- Further US expansion into cellular pathology and healthcare diagnostics
- Other oncology specialties
- Infectious disease rapid micro and sequencing services



SourceBio investment case

- **Established, leading provider of laboratory services** to Blue Chip Pharma, NHS & Private hospitals
- **Rapidly growing market opportunities in base business** for outsourced Cellular Pathology / Healthcare Diagnostics, Genomics and Stability Storage
- **International reach**, with revenues generated from UK, Ireland and US
- **Robust EBITDA margins** driven by barriers to entry
- **Unprecedented short and longer term business opportunity** to build up and beyond COVID-19, driven by high demand and limited quality supply
- **IPO funds** and COVID-19 testing cash generation to allow **faster ramp-up of COVID-19 testing, capital restructure and fund future strategic development** opportunities to enhance shareholder value





To be kept up to date with SourceBio International plc news and to receive relevant investor communications on the Company going forward, please email Walbrook PR at sourcebio@walbrookpr.com