



# GENOSIS PLC

**Financial Results – year ended December 2005**



*Innovation in consumer products for reproductive health*

**April 2006**

**[www.genosis.com](http://www.genosis.com)**

**RIC: GNOS.L**

# Overview

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## 2005 - a year in which we achieved many of the long-term goals which Genosis has held since its formation in 1998

- Successful IPO on AIM in December 2005 raised £7M gross
- Move from R&D to commercialisation of developed product **Fertell**, an at-home fertility testing kit for both men and women
- Exclusive retail distribution agreement with The Boots Company plc and first delivery ahead of launch of **Fertell** on the UK high street January 2006
- Expansion of team to cover operations, sales and marketing, quality and finance
- Current trading position:
  - take up in UK slightly slower than expected
  - opportunities to roll out in Europe currently ahead of schedule
  - progress in US in line with plan

## Financial highlights

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	2005	2004
Turnover	£0.22M	-
Gross profit	£0.08M	-
Operating loss	(£2.57M)	(£0.77M)
Retained loss	(£2.79M)	(£1.57M)
LPS	(97.4p)	(79.1p)

## The Fertell kit

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- We believe **Fertell** is still the only at-home fertility testing kit available on the high street for men and women
- 1 in 6 couples in the industrialised world are infertile
  - this equates to approximately 80 million couples
- In the US, >9 million women per year use fertility services resulting in c\$2bn in expenditure
  - **Fertell** is FDA cleared for OTC sales in the US and CE marked in Europe
- **Fertell** has been shown to be >95% accurate when compared with established laboratory tests



## Genosis – 2005 profit and loss account

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	2005	2004
	£'000	£'000
<b>Turnover</b>	<b>219</b>	0
Cost of sales	-135	0
<b>Gross profit</b>	<b>84</b>	0
Sales and marketing	-564	0
Manufacturing	-304	0
Research and development	-579	-383
General & administration	-1,053	-309
Depreciation and amortisation	-149	-75
<b>Operating expenses</b>	<b>-2,649</b>	-767
<b>Operating loss</b>	<b>-2,565</b>	-767
Interest receivable	74	9
Interest payable	-296	-877
<b>Loss on ordinary activities before tax</b>	<b>-2,787</b>	-1,635
<b>Loss per share - basic</b>	<b>97.4p</b>	79.1p
Number of shares	<b>2,862,000</b>	1,983,000

## Genosis – 2005 cash flow

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	2005	2004
	£'000	£'000
<b>Operating loss</b>	<b>-2,565</b>	-767
Add back depreciation and amortisation	149	75
<b>Changes in working capital</b>	<b>-318</b>	58
<b>Net cash outflow from operations</b>	<b>-2,734</b>	-634
Returns on investment	-221	9
Taxation - credit received in period	66	96
Purchase of fixed assets	-159	-13
Purchase of intangibles	-285	0
<b>Net cash outflow</b>	<b>-3,333</b>	-542
Financing - issue of shares	9,735	-
Net issue of debt	1,177	384
<b>Net cash inflow from financing</b>	<b>10,912</b>	384
<b>Increase in cash during year</b>	<b>7,579</b>	-157
<b>Net funds/(debt) at end of year</b>	<b>6,580</b>	1,319

## Genosis – 2005 balance sheet

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	2005
	£'000
Fixed assets	156
Intangible assets	216
	372
Stock and WIP	273
Trade debtors	71
Other debtors	726
Cash	7,757
Current assets	8,827
Venture loan	-1,177
Other creditors	-813
Provisions	-4
<b>Net assets</b>	<b>7,205</b>
<b>Net funds/(debt) at end of year</b>	<b>6,580</b>

## UK



- Stocking order of 6K units during 2005 ahead of the Boots launch
- 2 further deliveries during 2006 Q1 – aggregate 5K units
- Commercial launch January 2006 through Boots on the UK high street
- Widespread media interest – TV, radio, press
- Timescales – slightly slower than anticipated
- Boots - originally launched through 600 stores in the UK
  - since March selling through 1300 stores in the UK
  - early roll out to Ireland
- **Fertell** brand – is helping to drive the fertility category
- [www.fertell.co.uk](http://www.fertell.co.uk) live during March 2006
- Establishment of a market in the UK regarded as key to establishment elsewhere



# Europe

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- Original aim to expand into other territories once key UK and US markets secured
- However over 50 unsolicited approaches from Europe and ROW since Jan 2006 seeking distribution rights to Fertell
- In ongoing discussions regarding pan-European distribution
  - may enable Genosis to accelerate its European rollout



# US

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- Infrastructure taking shape
  - Robert Thompson – appointed as President Genosis, Inc.
  - key sales and marketing individuals hired
- Launch still planned for Autumn 2006
  - initial consumer sales through internet
- Obtain retail distribution through predominant pharmacy chains
  - national chain drugs (CVS, Walgreen, Rite Aid)
  - key regionals (Brooks, Duane Reade, Longs)
- Broker to facilitate access to CVS & Brooks



## Fertell competition

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- The Directors are not aware of any existing OTC product for both male and female fertility testing available on the High Street
- Existing OTC tests - less accurate and difficult to use
- **PlanAhead** – launched Jan 06 in the UK, internet sales for female fertility planning – blood test using remote lab facilities, 3 hormone measurement. Lifestyle Choices, a Biofusion company
- **FertilMarq**® (Embroytech Laboratories) does not measure motile sperm only the number of general cells present in semen (accuracy 78%).
- **FertilityScore**™ (FertiPro N.V.) developed for veterinary use but sold in UK via the internet for human fertility. Not cleared for OTC sales in the US.
- Menopause tests measure FSH but have a cut off at 25 IU/L.

▶ Genosis' IP portfolio provides significant barriers to entry for competitors.

# Manufacturing capability and capacity

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- **Genosis** operates to ISO 9001:2000 and ISO 13485:2003
- Outsourced manufacturing
  - Established, UK based manufacturers
  - Carclo plc, British BioCell plc, Alchemy Ltd, Hansatech Ltd
  - Contracted transfer of electronics to lower priced Far-East facilities
  - Using Mikron to upgrade to semi-automated assembly
  - Planned capex £2M over 18 months (Mikron investment plus multi-cavity tooling)
- Current annual capacity with principal supplier 180k units per year (based on 3 shifts)
- Manufacturing scale up planned with suppliers

## Goals for 2006

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- Build on initial UK sales, including refining the marketing and positioning of **Fertell**
- Establish **Fertell** as trusted and recognised fertility brand
- Secure national pharmacy distribution in US
- Strengthen supply chain – scale-up through increased automation, shift to high-volume supply for some components, introduction multi cavity tooling
- Expand and strengthen the organisation, particularly to support the expansion into the USA
- Identify other potential areas which may be appropriate for long-term expansion





Genosis PLC

April 2006

**Genosis** PLC is registered in England, Company number 5379251  
Registered address Suite 1, 2<sup>nd</sup> Floor, 1 Crown Square, Woking GU21 6HR



## Appendix: Board

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**Paul Bateman BSc**  
CEO

Founded Genosis 1998. Previously director of European sales for Conceptus Inc

**Simon Rattle BSc PhD**  
Technical Director

Previously Operations Director for Anagen (UK) Limited and former founder of Serono Diagnostics Ltd

**Ann Simon PhD**  
CFO

Wide experience of finance in healthcare and technology. Corporate finance Cazenove 1985-98. CFO roles Sphere Medical, Bioglan Pharma, Mirada Solutions, e-San Ltd

**Robert Thompson BS**  
President, Genosis, Inc.

Former Corporate officer and divisional president of Bausch & Lomb Corporation. Partner in Vista Scientific, LLC

**Joe Blaker PhD FRSC**  
Chairman

Former Group Technical Director and Executive Committee member of Glaxo Wellcome plc. Current non exec. of Idea AG (Chairman); Thomas Swan & Co. Ltd and Patheon UK Ltd

**Gordon Forrest BSc PhD**  
NED

Co-founder and head of development of Anagen plc. Non exec Director of Diagnostic Potentials Ltd, represents The Wellcome Trust on the Technology Transfer Challenge Committee