Yourgene Health plc (AIM: YGEN)

Company Summary

Investment Profile

- Global business in billion dollar molecular testing market
- Proprietary DNA analysis technology
- Strong revenue growth
- Blue-chip industry partners
- Strong track record of successful M&A
- Well positioned to benefit from near-term COVID opportunities

Share Information

Ticker: YGEN
Share Price: 14.75p
Shares in issue: 724m
Market Cap: £107m
12m Hi/Low: 22.19/11.50p

(Source: The London Stock Exchange, September 2021)

12-Month Share Price

(Source: The London Stock Exchange, September 2021)

Major Shareholders (as of September 2021)

Name                                          %
Changsform Innovations Pte. Ltd                11.1
BGF                                            9.1
Mr Steven Myers                                7.6
Life Technologies Ltd                          5.7
TB Amati Investment Funds Ltd                  5.2

Key Newsflow

Mar: First US Supply Agreement
Apr: COVID19 Testing service agreement with MyHealthChecked plc
May: Launch of IONA Care NIPT service offering
Jun: Multi-year licence and supply agreement / Contract Award: DPYD testing kits for NHS Wales
Jul: Second Strategic Partner for Coastal Genomics
Aug: Final results & Q1 business update / Earn-out Milestone, Issue of Equity & TVR
Sept: AGM

Future Events
Oct: Trading update
Dec: Final results

Company Overview

Yourgene Health plc (AIM: YGEN) is an international molecular diagnostics group which develops and commercialises genetic products and services in over 60 territories. Yourgene primarily develops, manufactures, and commercialises simple and accurate molecular diagnostic solutions, for reproductive health, precision medicine and infectious diseases.

The Group’s flagship in vitro diagnostic products include non-invasive prenatal tests (NIPT) for Down’s Syndrome and other genetic disorders, Cystic Fibrosis screening tests, invasive rapid aneuploidy tests and DPYD genotyping. Yourgene has a range of innovative DNA sample preparation platforms, and launched Yourgene Genomic Services in 2020, which among other things offers an NIPT, high throughput COVID testing service, and high quality genetic testing and bioinformatics solutions (Research Services).

Adaptable revenue mix

SARS-CoV-2 – supporting the pandemic recovery

CE-Marked, Clarigene™ SARS-CoV-2 test, launched in June 2020 and the Company focused its usage in its service laboratory, with a select but growing network of partners. The assay has performed well and has proved reliable at detecting the additional variants that have emerged since launch.

Genomic Services operates an ISO15189-accredited COVID-19 testing service for private testing partners which is now being deployed to support the DHSC’s domestic testing programme. The test has been approved by various UK government accreditations and has secured Yourgene a place in the UK’s National Microbiology Framework for the next 2 years - one of only three UK companies that were successful at winning all four Lots. Strong commercial partners secured so far:

1. DHSC - contract awarded for the provision of laboratory capacity to the NHS Test and Trace Programme for COVID-19 testing, using Yourgene’s high throughput automated testing laboratory in Citylabs 1.0, Manchester
2. Boots UK limited – partnered with MyHealthChecked, with a proportion of the MyHealthChecked™ COVID-19 tests processed by Yourgene Genomic Services and samples processed at MHC’s own laboratories use Yourgene’s Clarigene SARS-CoV-2 PCR CE-IVD test kit

The Group has invested in automation, staff and re-fitted laboratories to maximise sample throughput. Sample volumes have increased rapidly since May ’21 as travel industry starts to open up.
Ranger® Technology driving US expansion

In August 2020 YGEN acquired Coastal Genomics Inc based in Vancouver, Canada. Coastal has developed the strongly differentiated Ranger® sample preparation technology which enables the targeted size selection of DNA fragments in NIPT, oncology, infectious disease and other clinical applications.

Prior to the acquisition, the Ranger® Technology had already been utilised as a key element in the Company’s IONA® NX NIPT workflow. Both agreements, detailed below, illustrate confidence in the technology and Yourgene.

<table>
<thead>
<tr>
<th>March 2021</th>
<th>June 2021</th>
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<tbody>
<tr>
<td>Supply agreement with large US clinical lab group</td>
<td>Master supply agreement with leading US lab services provider</td>
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<tr>
<td>Worth est. $1.5m</td>
<td>Worth est. $1m</td>
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<tr>
<td>Non-exclusive access to the Company’s Ranger® Technology &amp; use of the tech for the field of reproductive health, potential to expand into other applications such as oncology</td>
<td>Initial focus is primarily on non-COVID infectious disease testing</td>
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Relationships with sector leaders

Yourgene’s products on Illumina’s platforms, significantly expanding the global accessible market by providing strategic access.

Financial and commercial relationship with Life Technologies (subsidiary of Thermo Fisher) which now owns c. 6% of Yourgene with YGEN products sold on Thermo Fisher platforms in South-East Asia and other geographies.

Illumina and Thermo partnerships provide coverage of over 90% of global NGS platforms, and a significant presence in the PCR sector.

Outlook – Capitalising on investment

• FY21 was a year of investment and adaptation
• Current and future years are focused on realising the benefits of this investment
• Core business is expected to remain resilient with a strong outlook
• Strong commercial teams in the US to drive exciting growth opportunities
• COVID-19 testing - Already starting to generate returns, with significant volume ramp up and rebalanced between domestic and travel
• Established platform from which to capitalise on opportunity, with momentum established early in FY22

Management Team

The experienced management team led by CEO, Lyn Rees (above) have a combined shareholding of c.15% and a track record of executing a commercialisation strategy. Lyn’s expertise in executing organic and acquisitive growth initiatives (7 during his tenure at BBI group) has resulted in a smooth and successful integration of Elucigene Diagnostics.

Barry Hextall, Chief Financial Officer, has over 20 years’ experience in senior financial roles and extensive experience with international AIM-listed organisations in the sector.

The Group has continued to invest in the future growth of the business surrounding people. Key hires include a further senior US commercial recruit, with considerable experience to lead the Company’s penetration of that strategically critical market.

MEET YOURGENE HEALTH

Lyn Rees, CEO, will present to investors soon. Please contact Walbrook to register your interest.

In the meantime, you can view the latest Company Corporate video here and a short presentation following the latest AGM here.

IN THE MEDIA


Forecasts (Source: Consensus forecasts compiled from Factset)

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<tr>
<th></th>
<th>FY’21 (Actual)</th>
<th>FY’22 (Est.)</th>
<th>FY’23 (Est.)</th>
<th>FY’24 (Est.)</th>
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<tbody>
<tr>
<td>Sales (£m)</td>
<td>18.3</td>
<td>25.1</td>
<td>28.1</td>
<td>32.5</td>
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<tr>
<td>EBITDA (£m)</td>
<td>(2.0)</td>
<td>3.2</td>
<td>4.8</td>
<td>6.9</td>
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<tr>
<td>PBT (£m)</td>
<td>(5.3)</td>
<td>(0.1)</td>
<td>1.2</td>
<td>4.9</td>
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