Academic to Industrial Success: Single Cell Diagnostic Systems

23rd March 2016
WHAT DO INVESTORS LOOK FOR: TYPICAL METRICS.

Management Team:
- track record of wealth creation, commitment.

Innovation:
- proof-of-concept for product/service, intellectual property.

Investment profile:
- time to exit, commercial and financial returns.

Market:
- evidence of customer traction, market size and growth.
Dr Andrew Mackintosh (Chairman). Previously: Chief Executive of The Royal Society Enterprise Fund and Oxford Instruments PLC.

Dr Frank F. Craig MBA (CEO). Previously: CEO of Smart Holograms. Has co-founded a start-up with a market cap. of £1.8 billion. Ex VP of R&D at Amersham Biosciences.

Professor Wilhelm T. S. Huck (University of Radboud, Nijmegen). A world expert in microfluidics.

Mr Ian Gray (24Haymarket). Previously: MD of Candover. Early investor in Inveresk Research (sold for £600 MM).

Dr Amanda Wooding (Cambridge Enterprise Ltd). Deputy Head of Life Sciences at Cambridge Enterprise and an expert in spin-out creation.
INNOVATION: PRODUCTS AND IP

SF has an alpha/prototype system and recently raised £5 MM in investment to complete launch of:

Cyto-Mine® - The Single Cell Analysis System:

- Single cell analysis, cloning and isolation techniques are critical for biopharmaceutical discovery and development and diagnostic tests.

- Conventional techniques offer partial solutions performing some of the following: high-throughput screening, secretion assays, rapid cell sorting, single cell dispensing to microplates and monoclonality assurance.

- Cyto-Mine® will be the world’s first integrated device specifically designed to automatically perform all of these functions in a single system.

- Protected by 54 patents (25 granted) and 2 Trademarks.
i) Exit by Trade Sale for £100 MM - £200 MM in 3-4 years.
ii) This trajectory gives around 10-fold returns on investment.
iii) Profitable in 2017, so no real need for further investment after this round?
iv) The above models biopharma sales only, so overall sales should be bigger.
MARKETS (ADDRESSABLE) - £21 BILLION

1) Biopharmaceutical Discovery & Development
   (£214 MM growing at 10% p.a.).

2) Synthetic Biology - Bioprocessing
   (£135 MM growing at 42% p.a.).

3) Stem Cell Engineering, Isolation and Analysis
   (£580 MM growing at 14% p.a.).

4) Single Cell Disease Research
   (Infectious Diseases: £60 MM growing at 6% p.a.).

5) Single Cell Diagnostics and Prognostics
   - Cancer Market (Total): £20 billion growing at 15% p.a.
<table>
<thead>
<tr>
<th>SF Priority</th>
<th>Market</th>
<th>Addressable User Base</th>
<th>Number of Instruments Sold</th>
<th>Instrument Price (£k)</th>
<th>Instrument Revenue (£MM)</th>
<th>Consumables Revenue (£MM)</th>
<th>Service Revenue (£MM)</th>
<th>Cumulative Revenue (£MM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Biopharmaceutical Discovery and Development</td>
<td>480</td>
<td>134</td>
<td>275</td>
<td>34.5</td>
<td>4.5</td>
<td>3.1</td>
<td>42.1</td>
</tr>
<tr>
<td>2</td>
<td>Synthetic Biology (Bioprocessing)</td>
<td>492</td>
<td>273</td>
<td>135</td>
<td>36.9</td>
<td>4.8</td>
<td>3.3</td>
<td>45.0</td>
</tr>
<tr>
<td>3</td>
<td>Microbial Antibiotic-Resistance Profiling</td>
<td>150</td>
<td>45</td>
<td>150</td>
<td>6.8</td>
<td>0.9</td>
<td>0.6</td>
<td>8.2</td>
</tr>
<tr>
<td>4</td>
<td>Stem Cell Engineering, Analysis and Isolation</td>
<td>389</td>
<td>117</td>
<td>275</td>
<td>32.2</td>
<td>4.2</td>
<td>2.9</td>
<td>39.3</td>
</tr>
<tr>
<td>5</td>
<td>Single Cancer Cell Diagnostics &amp; Prognostics</td>
<td>500</td>
<td>100</td>
<td>300</td>
<td>30.0</td>
<td>3.9</td>
<td>2.7</td>
<td>36.6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>2011</strong></td>
<td><strong>669</strong></td>
<td><strong>NA</strong></td>
<td><strong>140.3</strong></td>
<td><strong>18.3</strong></td>
<td><strong>12.6</strong></td>
<td><strong>171.2</strong></td>
</tr>
</tbody>
</table>

These are for 5 years of sales only.
The product lifetime should be 7-10 years,
So overall sales should be significantly higher, *e.g.* double.
Sphere Fluidics is an established Life Sciences Tools spin-out with an experienced Board and committed management.

Developing proprietary systems that enable rapid, ultra-high-throughput discovery of therapeutics and diagnostics from single cells (e.g. Cyto-Mine®).

Targeting Addressable markets worth over £21 billion per annum. Biopharmaceutical discovery and devt is our top priority market.

IP Protection: 54 patents and 2 Trademarks created with over £12 MM of grants and funding.

Raised c. £9 MM in funding to date, income-generating and may raise more cash.

INVESTOR CONCLUSION: INTERESTING, TICKS A LOT OF OUR BOXES!
INCOME AND INVESTMENT GROWTH HISTORY

Growth. Strategy change from Services to Products

Company Formation
Incubation at Univ. Camb.
Spin-Out (own Facility)

Income
Investment

TOTAL INCOME: £4.6 MM
TOTAL INVESTMENT: £8.8 MM

Recession: Keep it Lean!
Little or no investment available.

Lost income due to lab move.
WHAT ELSE DO INVESTORS LOOK FOR?

- Other signs of growing success and recognition.
- Prizes and Awards: indicates company success in their fields and adds to that organisation’s prestige.

50 of the most disruptive British businesses in 2015