Powering Genomics Research and Personalised Medicine

*From DNA sequence to patient treatment*

proactiveinvestors, March 26th 2015
Disclaimer

THIS PRESENTATION IS CONFIDENTIAL AND IS BEING SUPPLIED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, FURTHER DISTRIBUTED TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. THIS PRESENTATION IS NOT FOR DISTRIBUTION IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN. The distribution of this document in or to persons subject to other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction.

Neither this presentation, nor the information contained in it constitutes or forms part of an admission document or a prospectus and does not form any part of (and should not be construed as constituting or forming any part of) an offer of, or invitation to apply for, shares or other securities (“Securities”) nor shall this document or any part of it, or the fact of its distribution, form the basis of or be relied on in connection with any investment decision, contract or commitment whatsoever. This presentation should not be considered a recommendation by Horizon Discovery Limited (the “Company”, which term shall also be deemed to include any parent undertaking of Horizon Discovery Limited) or any of its respective directors, members, officers, employees, agents or advisers in relation to any purchase of the Company’s Securities, including any purchase of or subscription for any shares (or securities convertible into shares) in the capital of the Company. Accordingly, information and opinions contained in this presentation are being supplied to you solely for your information only. Any decision to subscribe for the Company’s Securities must be made only on the basis of the information contained in the admission document in its final form relating to the Company, which may be different to the information contained in this presentation.

Neither the issue of this presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction and the right is reserved to terminate any discussions or negotiations with any prospective investors. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. In furnishing this presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this presentation or to correct any inaccuracies in, or omissions from, this presentation which may become apparent.

Although reasonable care has been taken to ensure that the facts stated in this presentation are accurate and that the opinions expressed are fair and reasonable, the contents of this presentation have not been verified by the Company or any other person. Accordingly, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this presentation, and no reliance should be placed on such information or opinions. Further, the information in this presentation is not complete and may be changed. Neither the Company nor any of its respective members, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of such information or opinions or otherwise arising in connection with this presentation.

This Presentation has not been approved by an authorised person in accordance with Section 21 of the Financial Services and Markets Act 2000 and is communicated in the United Kingdom only to investment professionals, certified high net worth individuals and high net worth companies, as described in articles 19, 48 and 49(2), respectively, of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 and persons to whom this presentation may otherwise be lawfully made under the exemptions provided in such Order. The distribution of this presentation in other jurisdictions may be restricted by law, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of laws of any such other jurisdiction. By accepting this presentation and not immediately returning it, the recipient represents and warrants that they are a person who falls within the above description of persons entitled to receive the presentation. This presentation is not to be disclosed to any other person or used for any other purpose.

This presentation may contain forward-looking statements that reflect the Company’s current expectations regarding future events, its liquidity and results of operations and its future working capital requirements and capital raising activities. Forward-looking statements involve risks and uncertainties. Actual events could differ materially from those projected herein and depend on a number of factors, including the success of the Company’s development strategies, the ability of the Company to obtain additional financing for its operations and the market conditions affecting the availability and terms of such financing. These forward-looking statements speak only as at the date of this presentation. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in the presentation to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, prospective investors are cautioned not to rely on any forward-looking statement.

Panmure Gordon (UK) Limited (“Panmure”) is acting in the provision of corporate finance business to the Company, within the meaning of the Financial Conduct Authority’s Conduct of Business Sourcebook (“COBS”), and no-one else in connection with the proposals contained in this presentation. Accordingly, recipients should note that Panmure is neither advising nor treating as a client any other person and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Panmure under the COBS nor for providing advice in relation to the proposals contained in this presentation.

By participating in and/or accepting delivery of this presentation you agree to be bound by the foregoing restrictions and the other terms of this disclaimer.
“an international life science company providing products, services and research programs to over 1,000 customers engaged at every stage of the healthcare continuum from sequence to patient treatment”

“tailoring the right drugs...to the right patients...at the right time”
Human healthcare outcomes directly correlate to genetics!

- Your genetic code is **unique** and **defines who you are** and how you **interact** with your **environment**

- Your genetic code can **predispose** you to disease **onset, progression** and even **response** to medicines

The missing link in correlating genetic variation with functional disease outcomes has been the availability of tools that enable us to **edit the code** of human cells with **single base resolution** and **high-precision**

Gene-editing toolbox for “genome surgery”

- Tools to **understand** what variation in your genetic code means
- Tools to **develop drugs that work** for people with a particular genetic code

Personalised medicines
Market pull: **translating genetic information into personalised medicines**

- Genome sequencing costs have reduced from $10 million in 2007 to **< $1,000** now
- Emphasis is shifting to ‘what does it all mean’

**Horizon** are experts in **‘Genome Editing’** and **‘Translational Genomics’**

- The cost for bringing a medicine to market is **$3.5B - $11.5B**
- Most work in only **30-50%** of patients resulting in poor clinical outcome and ROI for developers and reimbursers
- Personalised medicines target the genetic drivers of a patient’s disease

**Horizon** are experts in **‘Oncology’** and **‘Translational Medicine’**
Our products and services: How they fit into adjacent markets

By linking “from sequence to treatment” we build superior value

TOTAL ADDRESSABLE MARKET

<table>
<thead>
<tr>
<th>Product</th>
<th>FY13</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global genomics mkt.</td>
<td>£6.8bn</td>
<td>£12.0bn</td>
</tr>
<tr>
<td>Drug screening</td>
<td>£1.7bn</td>
<td>£2.9bn</td>
</tr>
<tr>
<td>Molecular diagnostics</td>
<td>£12.3bn</td>
<td>£22.4bn</td>
</tr>
<tr>
<td>Contract bio mfg.</td>
<td>£1.8bn</td>
<td>£2.9bn</td>
</tr>
</tbody>
</table>

ESTIMATED MARKET SIZE OF £29bn
Our products and services: drivers of organic and scalable growth

<table>
<thead>
<tr>
<th>PRODUCTS BU</th>
<th>SERVICES BU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dx Products</td>
<td>Rx Products</td>
</tr>
<tr>
<td>Typical RRP</td>
<td>$20 to $1,000</td>
</tr>
<tr>
<td>Sales Channel</td>
<td>Off the shelf, custom service, OEM</td>
</tr>
</tbody>
</table>

- Genomic DNA & RNA
- FFPE Blocks
- FFPE Sections
- FFPE Xenograft Blocks
- Cell Slides FISH/ISH/IHC
- X-MAN® Cell Lines
- X-MAN® Reporter Kits
- GENASSIST™ Gene Editing Kits
- SAGE Models SAGE CRISPR Kits
- Haploid Cell Lines
- Bioproduction Cell Lines
- Custom Gene-Editing
- Cell Based Assays
- Target ID Validation
- HT/Combo Screening
- Patient Profiling

c. 14,000 Products (2,750 in 2014)
Our leveraged R&D: delivers significant upside potential

- Not a traditional “all or nothing” biotech model
- Internal and client-funded R&D programmes have generated up to c £158M in potential future revenue with limited investment plus product royalties on HD-001 program
- Novel target IP, clear validation, early partnering, early milestones, costs mitigated, portfolio approach, drives higher DCF value, adds customer credibility

**Services**
70% gross margin; FTE or FFS
e.g. Combination HTS, $0.84 million

**Leveraged**
50% to 100% discount on margin
>> R&D costs covered plus milestones
e.g. TIDVAL (H3), $2.5 million, $23 million, no royalty

**Investment**
C £0.5 million to £1 million per program
>> target investment returned on partnering
>> larger milestones plus drug royalties
e.g. HD-001 (AZ), $1.6 million, $73 million, 3% to 5%

Up to £158m of milestones
(£120m in 2014)
Our customers: c1,000 unique customers in 50 countries in FY14
Outstanding fundamentals

Revenue £m

7 year CAGR 118%

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>87</td>
<td>c. 200</td>
</tr>
<tr>
<td>Facilities</td>
<td>c. 18,000 sq. ft.</td>
<td>c. 84,000 sq. ft.</td>
</tr>
<tr>
<td>Customers</td>
<td>353</td>
<td>961</td>
</tr>
<tr>
<td>Revenue</td>
<td>£6.6m (+72%)</td>
<td>Consensus £11.8m (+77%)</td>
</tr>
<tr>
<td>Exports</td>
<td>c. 95% (+74%)</td>
<td>c. 92% (+72%)</td>
</tr>
<tr>
<td>Funds Raised</td>
<td>£6m</td>
<td>£69m (£40m new)</td>
</tr>
<tr>
<td>Market cap</td>
<td>£45m</td>
<td>£155m (c. £175m now)</td>
</tr>
</tbody>
</table>
On the Horizon – Continue high growth trajectory to reach market scale

FY14 TRADING UPDATE

- Revenues expected to be ahead of consensus by £11.0m / 7%
- Representing total revenue growth of 77%
- R&D milestones of up to £158m plus royalties
- HZD worked with 30 of the world’s top 50 pharma and biotechs (FY13: 21)
- 961 organisations in total (FY13: 353)
- Significant contributions from MDx reagent products, genome-editing services and combination drug screening
- Successful integration of CRX and SAGE, Haplogen acquired in January 2015

Investment in 2015 and 2016
Plan to transition to sustainable profit 2017
Board and key management

- Dr Darrin M Disley
  - CEO *
- Mr Richard Vellacott
  - CFO*
- Dr David Smoller
  - CBO *
- Dr Ian Gilham
  - Non-Exec Chairman*
  - Ex CEO Axis Shield Plc
- Dr Jonathan Milner
  - Non-Exec Director*
  - ex- CEO Abcam Plc
- Dr Paul R Morrill
  - President Products
- Dr Ed Weinstein
  - President Services
- Mrs Susan Searle
  - Non-Exec Director*
  - Ex CEO Innovations Plc
- Dr Susan Galbraith
  - Non-Exec Director*
  - SVP AstraZeneca Plc
- Dr Vishal Gulati
  - Non-Exec Director*
  - Independent
- Mr Eric Rhodes
  - CTO
- Mr Jeb Ledell
  - COO

Significant experience in
- Building **sustainable international businesses** in the biotechnology and diagnostic sectors
- **Successful M&A** transactions

* Board member
On the Horizon – Our future objectives

Future objectives / value drivers

- Increase market awareness and sales
- Drive e-commerce sales channel
- Increase service sales linking value chain
- Drive growth of product portfolio
- Increase leverage into value chain
- Increase product development
- Increase P&L depth / strengthen BS
- Expand offering across personalised medicine
Our future vision: The future of human healthcare is “adaptive” medicine

The power to help patients NOW!
**Horizon Discovery**

*2014 revenues £118m expected*

The flotation last spring of Horizon Discovery was one of the most successful debuts on the Alternative Investment Market in recent years. Based in Cambridge, the company provides research tools for pharmaceuticals companies engaged in genomics research and developing personalised medicines.

The shares were floated at 180p. They rose up to 235p after a trading update suggested that 2014 revenues would be 7 per cent above consensus expectations and 77 per cent ahead of the previous year.

Such is to be expected from such a high-growth company. Horizon made two significant acquisitions in 2014 and another announced a couple of weeks ago, of a Vienna-based business that adds a range to its genomics research offer. The company had £17 million of cash at the year's end, but £3 million of this will have gone on that post-year-end acquisition. There is £138 million due from future R&D royalties over the next ten years.

Analysts are talking about a break-even position for 2016. There is no reasonable way of valuing the shares — this is a straightforward punt on a highly speculative stock. I would buy, but with money you can afford to lose.

**My advice** Buy long term

**Why** Highly speculative, but an interesting niche player

---

**SHARES**

**HORIZON DISCOVERY (HZD.AIM)**

*235p*

Gain to date: 28.7%

*Previous Share Watch: Buy at 182.5p, 23 Dec 2014*

**GENOMIC RESEARCH SPECIALIST Horizon Discovery (HZD.AIM) is set to report revenue 7% higher than expected in its full year results on 14 April. Sales will now be £111.7 million — 7% higher than the £87.7 million recorded a year earlier. Cash will also beat expectations at £17 million compared to the £15.5 million Panmure Gordon forecast. Rising demand from companies looking to make better drugs has seen its client numbers almost triple to some 1,000 in 12 months. Panmure Gordon maintains its £56.8 million pre-tax loss estimate due to R&D and technology investment, although it lift revenues for 2015 by 0.4% to £209.9 million.*

**SHARES SAY'S A**

Momentum is with Horizon and further upgrades would not surprise. (MD)

---

**London Evening Standard**

**Portfolio**

**BUY**

**HORIZON DISCOVERY GROUP**

SNAP up Horizon, Panmure advises. The broker applauds the agreement. Shares are given the top grade. Share price rising.

---

**Medical firm that will broaden your Horizon**

**AM: PHARMACEUTICALS & BIOTECHNOLOGY**

**HORIZON DISCOVERY (HZD)**

Discover a new Horizon

**Bull points**
- Strong IPO
- Recent acquisition
- Exciting new market
- Cash reserves

It's estimated only 25 per cent of cancer patients receive effective treatment for the long term. Gene-based therapies (ie, drugs developed based on the genetic triggers for certain diseases) could change this. For one, follows on from the £20m purchase of Horizon Combinetics, which was another strategically important deal to broaden the offer. However, the pace of acquisitions does mean there is some integration risk.

---

**All told, Horizon certainly isn't the easiest business to get to grips with but there is no question that it has considerable intellectual firepower and is operating at the leading edge of the process ending with new drug discoveries. The placing shares seem to have found firm hands and the shares have been climbing. Results are due on 14 April. Buy.**
### Your Horizon Contact:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Darrin Disley</td>
<td>CEO</td>
<td><a href="mailto:darrin.disley@horizondiscovery.com">darrin.disley@horizondiscovery.com</a></td>
<td>+44 (0) 1223 655 580 (Front desk)</td>
</tr>
<tr>
<td>Mr. Richard Vellacott</td>
<td>CFO</td>
<td><a href="mailto:r.vellacott@horizondiscovery.com">r.vellacott@horizondiscovery.com</a></td>
<td>+44 (0) 1223 655 580 (Front desk)</td>
</tr>
</tbody>
</table>

Horizon Discovery Group plc, Building 7100, Cambridge Research Park, Waterbeach, Cambridge, CB25 9TL, United Kingdom

Tel: +44 (0) 1223 655 580 (Reception / Front desk)  Fax: +44 (0) 1223 862 240  Email: info@horizondiscovery.com  Web: www.horizondiscovery.com