



Collagen Solutions Plc
Company Presentation
December 2014

History of Collagen Solutions

- Devro Medical Ltd formed 2008, to supply high value biomedical collagen supply (20 years), within Devro plc.
- Angel Biotechnology Holdings Plc acquires Devro Medical assets, establishing Angel Biomedical Limited, May 2012.
- Angel Biomedical Limited assets acquired by Collbio Ltd, Feb 2013.
- Collbio acquires Collagen Solutions LLC via RTO into AIM-listed Healthcare Investment Opportunities becoming **Collagen Solutions PLC**, Jan 2014.

Strategic Objectives

- To become a global player in the supply of Collagen products and other Biomaterials.
- Monetise embedded value within the current business.
- Secure the added value of Collagen supply from negligible risk countries.
- Create significant shareholder value by attaining a valuation of £100m by 2020 through successful execution of our plan.

Markets

Global Medical Device Market US\$15 Billion

Regenerative medicine scaffolds US\$1.2 Billion

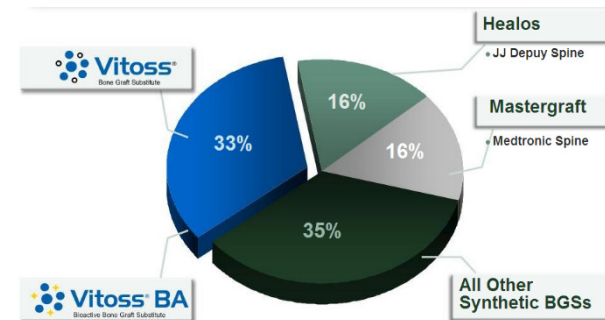
Reagent US\$200 Million

Sector 1. Injectable Haemostats: CAGR 7%
Market Value : \$460 Million (2008)



- Price per Floseal unit ~US\$ 200

Sector 2. Synthetic Bone grafts: CAGR 10%
Market Value : \$150 Million (2008)



Source: Hardman & Co, COS Research Note, October 2014

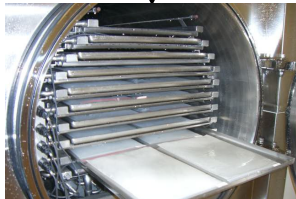
Our Facilities have Global Reach



New Zealand



Primary Processing



Sourcing and clean room Manufacturing



USA



Research and Development



Formulation and Device Development



UK



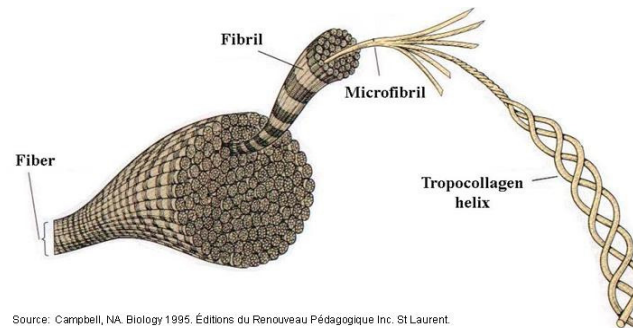
Clean room Manufacturing



Sterile supply and Device Manufacturing

What is Collagen?

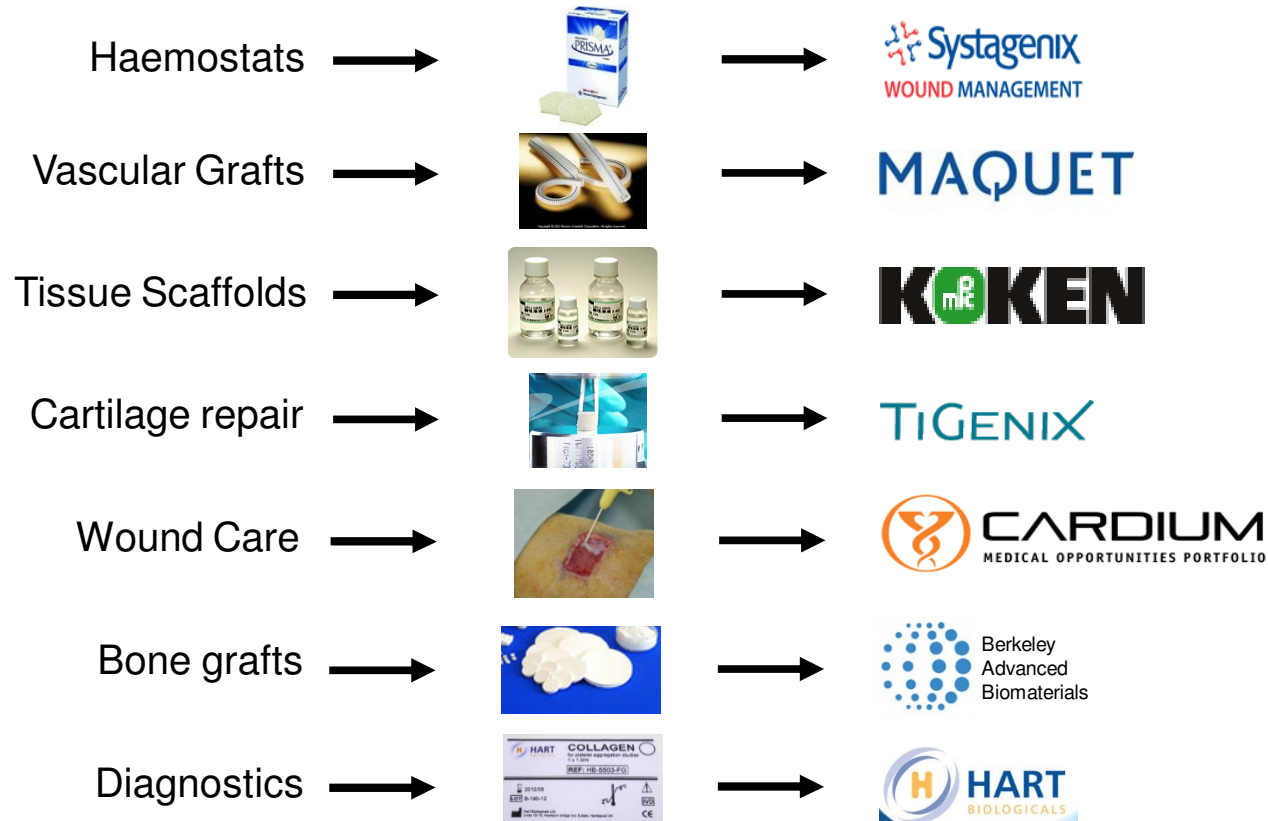
- A ubiquitous biomaterial found in all mammalian skin, tendon etc.



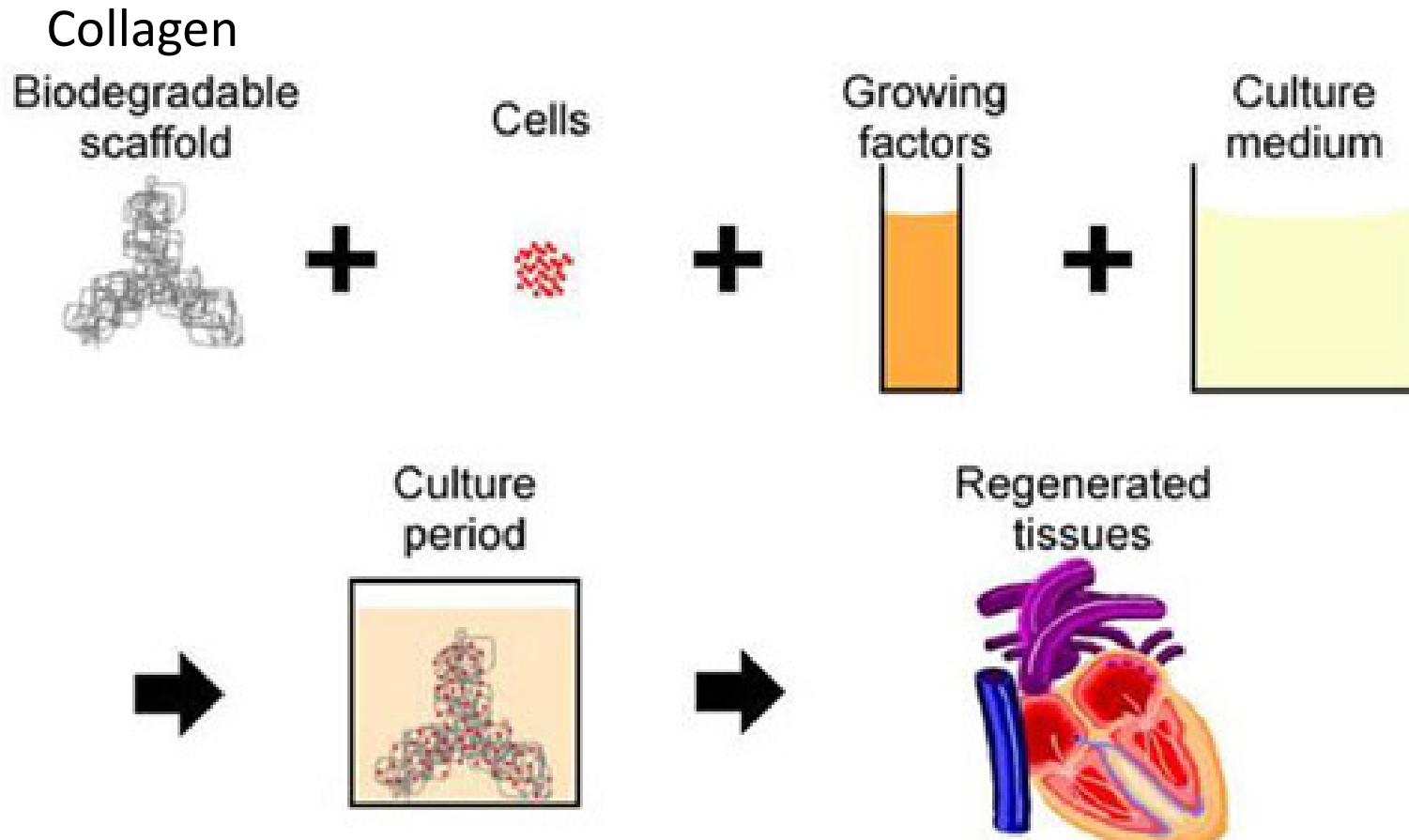
- Collagen structure is generally conserved across the species.
- Collagen has a safety profile of having been used in medical applications for more than 30 years.
- Major sources are bovine and porcine – others equine, avine, jellyfish.
- The use of animal source materials in medicine is well understood and highly regulated.

Collagen Users and Applications

Collagen has been used for decades by companies such as Smith and Nephew, Baxter, Johnson and Johnson and Medtronic. A range of applications and users are shown below:-



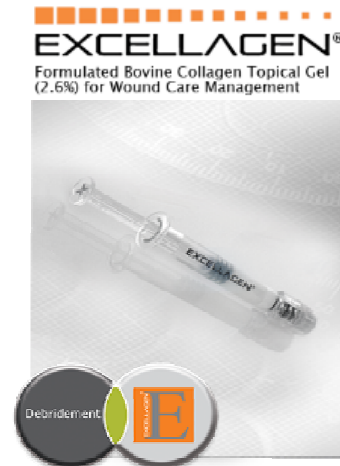
How Collagen is used



Customer Case Studies

1. Contract Manufacturing: FDA Approved Diabetic Ulcer Treatment

- Developed formulation and manufacturing process for FDA-approved 510K Medical Device for Taxus Cardium Pharmaceuticals.



2. Development and Manufacture: Cell Therapy Scaffold

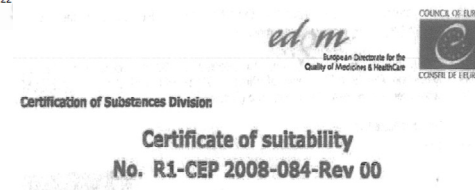
- Utilised customer IP and COS know-how to optimise collagen based scaffold product - FDA IND approved – COS listed as manufacturer.



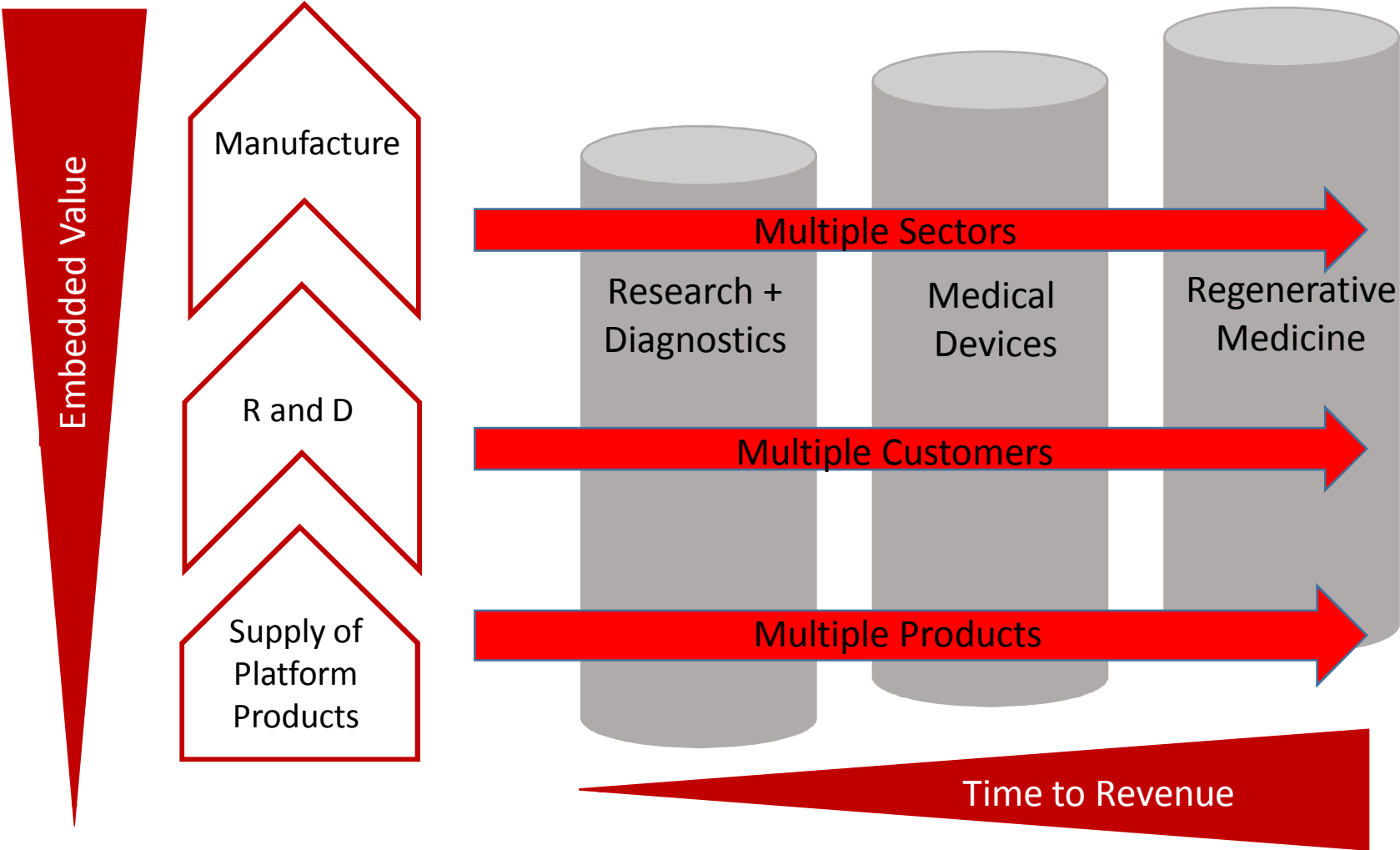
Collagen Solutions products are embedded within customers devices by virtue of their functionality and the regulatory approval process – this means we have “sticky” revenues.

The Quality of Collagen Solutions

- ISO 13485 (CFR 21 P820).
- ISO 22442 (PI, II, III).
- EDQM Certificates.
 - Australia
 - New Zealand
- cGMP B and C Clean rooms
- Viral inactivation validation.
- Produced FDA approved device.



Business Model is De-risked



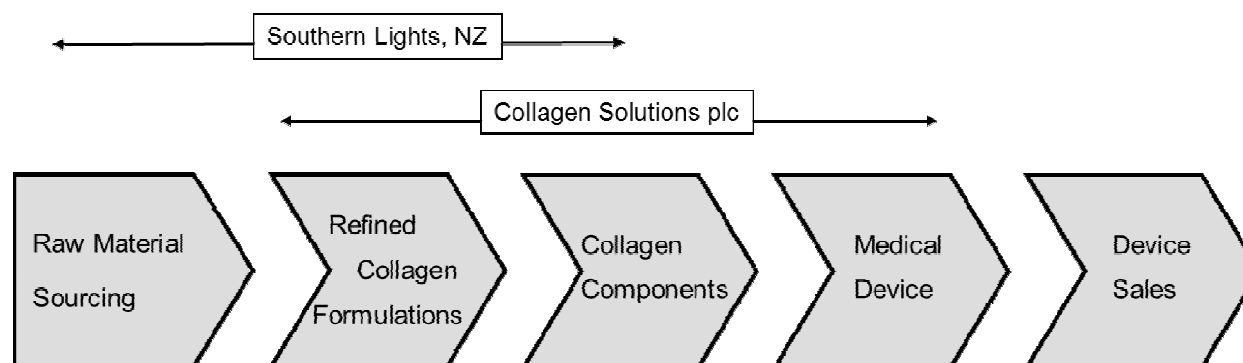
Acquisition of Southern Lights Biomaterials

- Established 2003 (New Zealand) : 9 FTE.
- International customer base - N. America, EU, Asia.
- Blue chip medical device companies : **approved products on market.**
- FY 2014;
 - Sales £1.26m and EBITDA £0.27m.
 - Largest customer accounted for 63% revenue.
- High margin bespoke products with added value in-house development.
- Focus on converting sourced collagen into higher value formulations and the supply of other processed raw materials (pericardium).
- **Consideration Payable***
 - £4m initial consideration – £2.5m cash; £1.5m shares.
 - £2m maximum deferred cash – self-funding earn-out targets.



Benefits of the Transaction

- Surety of supply of high grade Collagen from negligible BSE risk source.
- Expansion of customer base to cover Asia, Europe & The Americas.
- Increase IP and know-how.
- Strengthen Management through appointment of Geoff Bennett (CBO).
- A turn-key value offering – from raw materials to finished device.
- Further expand and de-risk the COS model – additive and complementary.
- Barriers to Entry: cost to establish similar business estimated at £20 Million.



Why invest in Collagen Solutions?

- Strong management team with >50 years combined experience in Collagen Production, Development and Exploitation.
- International Reach with relationships with key global players.
- Opportunities to leverage IP value internally and externally.
- Capabilities in place to exploit the opportunities in Regenerative Medicine.
- De-risked, diversified and evolving business model.

Appendix I:

The Board: Executives



David Evans, Chairman

David has a proven track record in acquiring, integrating and growing businesses in the diagnostic area and has extensive plc and private company board experience. Former Chairman of BBI Holdings Plc, Horizon Discovery Ltd, Immunodiagnostics Systems Holdings Plc, DxS Limited and Sirigen Group Ltd, David is currently Chairman of EKF Diagnostics Holdings Plc, Epistem Holdings Plc, Scancell Holdings Plc, Omega Diagnostics Group Plc, Venn Life Sciences Holdings Plc, OptiBiotix Health Plc and Premaitha Health Plc.



Stewart White, CEO

Stewart has international experience in operations, business and product development, and 'Good Manufacturing Practices' (GMP) compliant manufacturing of collagen medical devices, advanced biologics and Active Pharmaceutical Ingredients in both Small to Medium Enterprises as well as global pharmaceutical companies. Stewart holds a First Class degree in Applied Microbiology, a Ph.D. in Fermentation Technology & Bioprocessing and an MBA.



Gill Black, CFO

Gill brings extensive financial Board-level experience to the Group, having been Financial Director and Company Secretary of A&E Russell Ltd, guiding the company through the acquisition by Bunzl plc in 2008. She was Head of Finance at AKP Scotland Ltd and GVA James Barr Ltd, where she was also Company Secretary, until it was acquired by GVA Grimley, now part of Bilfinger Real Estate. Previously, Gill who is a Chartered Accountant, was Senior Manager at KPMG where she led a team advising many high growth businesses.



Geoff Bennett, CBO

Geoff co-founded Southern Lights Biomaterials in 2003. He has financial and operational experience including previously holding the chief financial role at three publicly traded Canadian companies (Pelorus Navigation Systems Inc., Circle Energy Inc. and Solid State Geophysical Inc.) as well as experience of early stage enterprises specialising in technology commercialisation.

Appendix II:

The Board: Non-Executives



Kevin Wilson, Non-Executive Director

Kevin has spent over 25 years as a securities analyst and corporate finance adviser in both stockbroking and investment banking, providing advice to a wide range of smaller public and private companies. He is a director of AIM listed EKF Diagnostics Holdings Plc and a former director of BBI Holdings Plc.



Malcolm Gillies, Non-Executive Director

Malcolm is a director in several private companies mostly involved in the healthcare area. He has previously held positions as a NED in public companies and was company secretary at Axis-Shield Plc. He has a background as a corporate finance lawyer, having been a senior partner with Shepherd and Wedderburn.