

Investment Profile

1. Transformational, earnings enhancing acquisitions with strong growth prospects
2. At-pace transition to SaaS model
3. Buoyant market outlook
4. Momentum across all group divisions
5. Solid revenue growth and cash flow

Share Information

Ticker	AIM: INS
Share Price (GB pence)	700
Shares in issue (m)	22.6
Market Cap (£m)	156
12m Hi/Low (GB pence)	905/570

(Source: The London Stock Exchange, May 2022)

12-Month Share Price



(Source: The London Stock Exchange, May 2022)

Major Shareholders (as of May 2022)

Name	%
Liontrust Investment Partners	10.1
Canaccord Genuity	7.5
Gresham House	5.7
Eiffel Investment	5.3
Aberdeen Standard Life Investments	4.9
Wasatch	4.0
Tellworth Investments	3.9
Phil Reason	3.4
David Sherwin	3.3

(Source: [company website](#))

Company Overview

Instem plc (AIM: INS) is a leading provider of compelling IT solutions & services to the life sciences market.

Its solutions are used by over 700 customers worldwide, including all the largest 25 pharmaceutical companies, enabling clients to bring their life enhancing products to market faster. Instem increases client productivity by automating study-related processes while offering the unique ability to generate new knowledge through the extraction and harmonisation of actionable scientific information.

Importantly, its products and services address aspects of the entire drug development value chain, from discovery through to market launch. Management estimates that over 50% of all drugs on the market have been through some part of the Company's portfolio during their development.

Instem has four market facing business units:

Study Management Solutions empower organisations to more efficiently plan and execute studies in laboratories and early phase clinics, covering data collection, review, analysis, reporting and management.

Regulatory Solutions provide software and outsources services for converting, managing, storing, sharing and submitting data / information to world-wide regulatory agencies such as the FDA, EMA and MHRA.

In Silico Solutions (previously "Informatics") enable researchers to generate new scientific insights through the identification, extraction and analysis of actionable information.

Clinical Trial Acceleration Solutions provide technology and consulting services that facilitate data integration, statistics, analytics and insights while fulfilling regulatory submission requirements.

What's New?

Results for the YE 31 December 21 highlighted strong organic growth while recent acquisitions enhanced the scale and reach of the business. Total Group revenues grew 63% to £46.0m (2020: £28.2m). Recurring revenue (support & SaaS) increased 43% to £24.1m (2020: £16.9m) with SaaS revenues increasing 21% to £9.7m (2020: £8m) whilst organic constant currency revenue growth was 12%. Adjusted profit before tax for the period was £5.0m (2020: £4.0m)

The Acquisitions of The Edge, d-wise and PDS highlight Instem's ability to scale and leverage relationships with a view to further enhancing earnings, while providing a foundations for continued growth.

The Company's proven model continues to generate strong cash flows while the combination of increasing demand for regulatory-backed solutions, artificial intelligence, and in silico solutions, in the R&D process underpins confidence in further leveraging software and service portfolios.

The Market Opportunity

The market continues to be favourable for Instem given global population growth and life expectancy, driving demand for innovation in life sciences. Increasing sums of money are being invested into biotech with the pharma sector investing heavily in drug development, underpinning a strong pipeline for Instem. The market dynamics were highlighted further by the ongoing COVID pandemic, which presented new opportunities as R&D increased with the focus on developing vaccines or therapies.

In the pharma industry, which represents the largest proportion of Instem's revenue, we refer again to the Pharma R&D Annual Review, the 2022 version of which was released by Pharma Intelligence in March this year. The report shows that the industry grew strongly in the last 12 months with an 8.2% increase (2020: 4.8%) in the total number of drugs in the regulatory stages of global R&D, continuing a multi-year trend that shows no sign of abating. Most relevant to Instem are the increase in the number of drugs at the preclinical (or non-clinical) phase of development of 11.0% (2020: 6.0%) and clinical phases 1-3 where there was an 8.3% increase (2020: 3.6%), as these areas account for much of the business.

The constant development of the drug discovery pipeline drives demand for Instem's solutions - enabling companies to provide faster and cheaper routes to market. Importantly, the regulatory-backed Standard for the Exchange of Non-clinical Data ("SEND") continues to underpin longer term opportunity and visibility in the non-clinical segment. Similar regulatory standards help with the demand for clinical trial analysis and mandatory provision of de-identified, clinical trial data for European and Canadian regulatory authority approved drugs enhances demand for the clinical trial transparency offerings.

Meet Instem plc

The April 2022 Progressive Equity Research report on Instem is available here: <https://progressive-research.com/wp-content/uploads/data-sync/research/INS%2020220426.pdf>

You can view the latest Company presentation and register to receive future presentations by signing up with **Investor Meet Company** here: <https://www.investormeetcompany.com/instem-plc/register-investor>



Key Newsflow

May: European Medicines Agency Research Grant

Apr: Earn Outs and Deferred Payments

Apr: Final Results

Mar: Grant of PDMR Options

Mar: Exercise of Options, Issue of Equity and TVR

Jan: Trading Update

Jan: Appointment of Joint Broker

Dec: H2 China Market Update

Management Team



Phil Reason, Chief Executive Officer

Phil has been leading Instem as CEO since 1995, growing the business from a single product line with fifteen clients to serving hundreds of customers as the global market leader across a wide area of life sciences R&D. An experienced chief executive who has developed a number of IT businesses in the life sciences and nuclear industries, both organically and through acquisition, Phil has led the strategic acquisition of 10 companies, has opened new offices in the US, UK, China, and India and completed a UK-based IPO in 2010. Phil previously ran Instem's parent Company, Instem Limited's Nuclear and Laboratory Information Management Systems integration businesses.



Nigel Goldsmith, Chief Financial Officer

Nigel, who joined Instem in November 2011, has a wealth of experience in senior financial roles, at both public and private companies within the pharmaceutical industry. After qualifying as a Chartered Accountant, Nigel spent over nine years at KPMG prior to moving into industry. Nigel was Finance Director for three years at AIM listed, pharmaceutical and medical devices company, IS Pharma plc.

Forecasts (Source: Consensus forecasts compiled by Walbrook PR)

	DEC'21 (Actual)	DEC'22 (Est.)	DEC'23 (Est.)	DEC'24 (Est.)
Sales (£m)	46	61.9	68.3	74.7
EBITDA (£m)	8.3	11.1	14.5	16.2
Pretax Income (£m)	5.0	7.8	10.7	12.4
EPS (p)	16.3	25.44	34.15	39.18