



Novacyt Announces Proposed Acquisition of Primer Design Ltd

Reinforces the Group's strategy by adding a profitable molecular diagnostic platform

Highlights

- Combination will reinforce the Group strategy, significantly increase sales, be accretive in the first full calendar year of ownership and transform the profitability of the Group in 2016 and beyond
- Primer Design delivered unaudited sales of £3.9m (approximately €5.3m) and an EBITDA profit of £1.3m (approximately €1.8m) in 2015; *pro forma* Group sales for 2015 would have been €14.2m
- Primer Design has developed hundreds of molecular diagnostics assays in infectious disease and oncology which will be complementary to Novacyt's portfolio and be sold through Novacyt's existing sales channels
- The acquisition provides Novacyt with a second platform technology, genesig®, which is expected to bring significant future synergies with NOVAprep®
- This transaction marks another transformational step forward in Novacyt's ambitious acquisition and organic led growth strategy

Paris, France and Cambridge, UK – 18 January, 2016 – Novacyt (ALTERNEXT: ALNOV), an international specialist in cancer and infectious disease diagnostics, today announces that it has entered into a definitive agreement to acquire the entire share capital of Primer Design Ltd, a profitable and rapidly growing UK molecular diagnostics company.

Under the terms of the agreement, Novacyt will acquire Primer Design for £9.85m (approximately €13.0m) plus an additional performance consideration of £2.5m (approximately €3.3m) payable on the achievement of certain sales targets over three years. Payment will be made up of £4.85m (approximately €6.4m) of Novacyt shares to be issued to Primer Design's shareholders and the remainder in cash. The agreement is subject to customary conditions, including the approval by Novacyt's shareholders of the issuance of new shares to Primer Design's shareholders during an extraordinary general meeting scheduled for 22nd February, 2016 and the securing of finance for the cash portion of the purchase price. For this purpose, it will be proposed at the extraordinary general meeting, to grant the Board of directors additional authorities to issue new shares. The acquisition is expected to close by early March 2016.

Graham Mullis, Group CEO of Novacyt, commented:

"I am delighted to agree terms to acquire Primer Design which will enhance and expand our diagnostic capabilities in the rapidly growing molecular diagnostic market. Primer Design brings a proven platform of innovative molecular diagnostics reagents with a rapid real-time PCR platform, genesig®, that has the potential to make a significant impact to the diagnostic market. Upon completion, Primer Design's extensive research-only product portfolio will be developed into high value, clinically approved diagnostics to be sold through the Novacyt sales channel.

As already being seen in the cervical cancer screening market, there is a growing need to have molecular testing and cytology working closer together for effective screening and diagnosis and we believe the combination of NOVAprep® and Primer Design's genesig® molecular platform will fit



that need. Primer Design will also accelerate Novacyt's own financial performance and add significant future synergies in new product sales which, with Novacyt's own recently reported sales growth, should considerably enhance the prospects and value of the Group.

I am delighted to say that a number of significant current Novacyt shareholders have committed to support the Primer Design acquisition and I look forward to being able to successfully complete this transaction and welcome our new colleagues and shareholders from Primer Design to the Group."

Jim Wicks, Managing Director Primer design Ltd, added:

"Primer Design has been evaluating suitable partners for some time to help expand our molecular platform into clinical markets and we are delighted to have found Novacyt, which has a strong strategic and operational fit to our business. Together, Novacyt and Primer Design create a value enhancing innovative diagnostic platform with long-term sustainable growth. We are delighted to be part of the Novacyt Group as both employees and shareholders."

Primer Design, a profitable and fast-growing UK molecular diagnostics company

Primer Design, a private UK based molecular diagnostics company, specialises in the design, manufacture and marketing of real-time PCR kits, reagents and instrumentation, including the proprietary innovative diagnostic platform, genesig®. Primer Design is accredited to ISO 13485 standards and has state-of-art development and molecular manufacturing facilities. It was founded by Rob Powell, Tom Brown and Jim Wicks in 2005 within Southampton University's School of Medicine. The company has established a reputation for high quality diagnostic products, with a rich portfolio of over 450 hundred molecular assays which have been sold into non-clinical sectors, such as academia and industrial markets in over 100 countries around the world.

The business has grown sales by 32% (three year compound annual growth) in which time revenues have increased to €5.3m and EBITDA to €1.8m in the calendar year 2015. With the recent launch of its new molecular platform, the genesig® instrument, Primer Design is well placed to deliver further growth opportunities.

Acquisition rationale

Acquiring Primer Design gives Novacyt a second technology platform, transforms the Group's profitability and enables Novacyt to provide a wide range of highly competitive, advanced molecular diagnostics.

The overall IVD market is expected to be worth \$75.6bn by 2020 (*Source: Allied Market Research June 2014*) and new technologies such as molecular diagnostics remains the fastest growing sub-sector, with projected growth of 6.6% per annum and is set to reach \$7.8bn by 2020 (*Source: Allied Market Research June 2014 and Reuters Research and Markets October 2015*).

Primer Design has previously focused selling its molecular products into non-clinical sectors and has a strong network of academic partnerships with universities and other academic institutions all over the world. To expand the business and increase its future value, Primer Design has recognised the need to develop a clinical-based diagnostics business, with the required investment in regulatory infrastructure to comply with IVD requirements, as well as develop a clinical sales channel. Novacyt immediately provides both regulatory and sales infrastructure to accelerate the development and delivery of approved diagnostic products and so build sales faster.



Novacyt's IVD business, through its Lab21 brands, will benefit from Primer Design's pipeline of molecular products. Novacyt will identify specific Primer Design assays to sell through its sales channel, including industrial as well as clinical markets. New product opportunities will also be identified, which will provide the Group with an increasingly competitive and unique product portfolio.

In addition to the commercial and operational synergies, the combination of Primer Design and Novacyt will accelerate the Group's profitability and the Board believes the acquisition of Primer Design will result in Novacyt being profitable in 2016.

Novacyt growth strategy

Novacyt reported strong sales growth in 2015 with 30% year-on-year growth in the sales of NOVAprep® products, demonstrating a return on its earlier investments in commercial infrastructure. In addition to expanding the sales opportunity for the NOVAprep® technology in cervical cancer screening markets, the company is also exploring the opportunities for the same technology in other market segments, for example, the recently announced collaboration with Abbott with its molecular HPV assay.

The strong momentum in NOVAprep® sales in the second-half of 2015 should be maintained in 2016, driven by further expansion into new international markets and a continued focus in China by our new distribution partner, Leica Biosystems. Lab21 product sales are also expected to grow in 2016, with a continued focus on emerging markets and the benefit of recent tenders which will be incremental to the core business.

The acquisition of Primer Design further enhances this current growth and profitability trajectory and provides Novacyt with a second diagnostic platform technology, genesig® in the molecular sector of the market.

This transaction marks another transformational step forward in Novacyt's ambitious acquisition and organic led growth strategy.

Terms of the agreement

Under the terms of the agreement, Novacyt will acquire 100% of the share capital in Primer Design Limited via a cash payment of £5m (approximately €6.6m) and through the issuance of £4.85 (approximately €6.4m) worth of new Novacyt shares at completion.

Novacyt will issue new shares, in exchange for 49.238% of the shares of Primer Design, subject to the approval of Novacyt's shareholders.

The new Novacyt's shares received by Primer Design's shareholders will not be transferable nor assignable during the first 12 months following the closing of the transaction.

Financing

Novacyt will finance this transaction by raising at least €7m in cash via new capital increases and/or other financing arrangements.

Shareholder resolutions

An extraordinary general meeting will be held on 22 February, 2016 in order to:



- Approve a capital increase by contribution in kind and the issuance of new Novacyt shares to the benefit of Primer Design's shareholders. The final completion of this capital increase will be subject to Novacyt obtaining minimum financing of €7m either by capital increases or by any other financing. A delegation of powers will be granted to the Board of Directors in order to record the satisfaction of the condition precedent and consequently to record the completion of this capital increase in kind;
- Grant all powers to the Board of directors to proceed with capital increases in cash:
 - reserved to a category of persons with a maximum par value of €290,000,
 - by private placement with a maximum par value of €52,000,
 - reserved to TEPA investors with a maximum par value of €70,000,
 - with preferential subscription rights with a maximum par value of €11,600.

Please note that (i) the aggregate par value of the capital increases in cash shall not exceed €348,000 and (ii) the subscription price of the capital increases in cash will be determined by the Board of Directors and has to be at least equal to the daily volume weighted average price of the Novacyt shares on Alternext for a period of at least 5 trading days during the last 30 trading days preceding the determination of the subscription price.

For further details, please refer to the notice of meeting published today in the BALO.

Indicative timetable of the transaction

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| Notice of Extraordinary General Meeting | 18 January 2016 |
| Convening of the Extraordinary General Meeting | 5 February 2016 |
| Extraordinary General Meeting | 22 February 2016 |
| Closing of the transaction | End of February / Beginning of March 2016 |

This timetable is indicative, in particular the closing date of the transaction will depend on approval of the issuance of new shares by Novacyt shareholders and the date on which the cash financing will be available.

- Ends -

About Novacyt Group

The Novacyt Group is a leader in the field of cellular diagnostics with a growing portfolio of cancer and infectious disease products and services. Through its proprietary technology platform NOVAprep® and a strong international network Novacyt is able to provide an extensive range of oncology and infectious disease diagnostic products. The Group has diversified sales from diagnostic reagents used in oncology, microbiology, haematology and serology markets, and its global customers and partners include major corporates.

For more information please refer to the website: www.novacyt.com

About Primer Design Ltd

Primerdesign is the UK's leading specialist real-time PCR company. The company has a substantial UK customer base and also exports to over 100 countries globally. The product range contains over 450 qPCR applied testing kits for the detection of pathogens as well as other real-time PCR reagents. It has recently developed and launched a novel real-time PCR instrument platform called genesig®.



Disclaimer

This press release does not constitute or should not be considered as a public offering, an offer to subscribe to the company's securities or a public solicitation in preparation of a public offering of Novacyt's securities. No public offering of Novacyt's securities will be made, inside or outside of France, pursuant to Article L. 411-2 of the French Monetary and Financial Code. Consequently, no Prospectus will be published nor approved by the AMF.

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