Acquisition of IT-IS International Ltd

RNS Number : 1989C
Novacyt S.A.
15 October 2020

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("Novacyt", the "Company" or the "Group")

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Deal in line with strategy, secures key IP for the Company's rapid-PCR instruments, expands its core capabilities and product offering

Paris, France and Camberley, UK - 15 October 2020 - Novacyt (EURONEXT GROWTH: ALNOV; AIM: NCYT), an international specialist in clinical diagnostics, announces the acquisition of the entire share capital of IT-IS International Ltd (IT-IS), a profitable diagnostic instrument development and manufacturing company, for an initial cash consideration of £10.1 million. IT-IS is the exclusive manufacturer of Novacyt's q16 and q32 rapid polymerase chain reaction (PCR) instruments.

Highlights

· Reinforces new strategy, as announced on 17 September 2020:

o Secures key IP for Novacyt's q16 and q32 rapid-PCR instruments crucial for near-patient testing of COVID-19

o Expands Novacyt's core capabilities in instrument manufacturing

o Expands Novacyt's product offering in mobile PCR devices

· Immediately earnings accretive - IT-IS delivered revenues of £3.9 million and a net profit of £0.8 million for FY19, with revenues expected to increase to £5.0 million for FY20

· Strengthens Novacyt's position to support the longer-term growth opportunity for rapid near-patient testing

Graham Mullis, Group CEO of Novacyt, commented:

"We are delighted to announce this strategically important acquisition of IT-IS and we welcome the employees to the Novacyt Group. IT-IS has established a reputation as experts in the development of mobile and rapid PCR instruments. Novacyt has been working with IT-IS for more than five years through the sale of the q16 and q32 instruments. During this time, IT-IS has proven the quality, performance and reliability of its mobile PCR platform.

This acquisition ensures that Novacyt is in a strong position to fulfil the growing market demands for rapid near-patient testing of COVID-19, as well as other infectious diseases."

Roderic Fuerst, Managing Director of IT-IS, added:

"We are delighted to join the rapidly growing Novacyt Group. Working together since 2014, we have developed excellent working relationships with the team at Primerdesign and formed a clear understanding of the complementary nature of our respective businesses. We look forward to applying our expertise in instrumentation as part of the Novacyt Group to create world class integrated diagnostic workflows. In the short-term our clear mission is to support the Novacyt Group in delivering systems in volume to support expanded point of need COVID-19 testing this winter."

IT-IS - a profitable diagnostic instrument development and manufacturing company

IT-IS is a private UK based diagnostic instrument development and manufacturing company specialising in the development of PCR devices for the life sciences and food testing industry. The company, located in Stokesley near Middlesbrough, was founded by Benjamin Webster, Roderic Fuerst and James Howell in 2004. It has established a reputation for high quality and easy to use mobile PCR products, which are sold in more than 50 countries worldwide.

IT-IS delivered revenues of £3.9 million at a gross margin of 55% and a net profit of £0.8 million for the year ended 31 December 2019. In the six months ended 30 June 2020, revenues increased significantly to an annualised £5.0 million with an improved gross margin of 58%, due to higher levels of activity driven by the COVID-19 pandemic. The net assets of IT-IS and the business assets of IT-IS Life Science (Ireland) Limited that are being acquired, was £2.6 million at 30 June 2020.

Acquisition rationale

The acquisition of IT-IS reinforces Novacyt's strategy, as announced on 17 September 2020, by strengthening the Company's IP portfolio to enhance and secure future value, as well as further expanding its core capabilities, whilst maintaining attractive margins. It also means the Company is well placed to expand its near-patient product offering through the existing IT-IS instruments and also through new product developments.

As a result of this acquisition, Novacyt will become a diagnostic platform instrument and reagent manufacturer and will significantly increase the manufacturing capability of IT-IS to manage the expected demand for its q16 and q32 PCR instruments. As a result of higher manufacturing volume, the Company expects to reduce its cost of goods and therefore improve the gross margin of its instrument sales.

The COVID-19 pandemic presents Novacyt with a significant opportunity to place rapid mobile testing instruments where the shortage of testing capacity and limitations of laboratory-based testing is driving healthcare away from large centralised platforms towards decentralised, more flexible platforms. This is demonstrated by the Company's

recently announced second supply contract with the UK Department of Health and Social Care. Beyond COVID-19, the Directors believe there is the potential for a long-term shift in testing policy towards decentralisation. With the acquisition of IT-IS, the Company is well positioned to address this drive towards rapid, decentralised testing and deliver additional growth opportunities.

Terms of the acquisition

Under the terms of the acquisition, £10.1 million in cash will be paid upfront by the Company for the entire issued share capital of IT-IS and for the business assets of IT-IS Life Science (Ireland) Limited. The initial consideration of £10.1 million will be reduced by £3.6 million of cash on the balance sheet of IT-IS at completion resulting in net cash consideration of £6.5 million. In addition, an earn out of up to £1.9 million in cash is payable to the directors of IT-IS over the next two years, subject to certain manufacturing targets being achieved.

The acquisition includes the customers, suppliers, software, patents, trademarks, contracts, stocks, technical files and know-how in order to design, manufacture, distribute and market all of IT-IS's commercial product portfolio. In addition to the q16 and q32 instruments, this include IT-IS's own branded instruments, MyGo Mini and MyGo Pro.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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About Novacyt Group

The Novacyt Group is an international diagnostics business generating an increasing portfolio of in vitro and molecular diagnostic tests. Its core strengths lie in diagnostics product development, commercialisation, contract design and manufacturing. The Company's lead business units comprise of Primerdesign and Lab21 Products, supplying an extensive range of high quality assays and reagents worldwide. The Group directly serves microbiology, haematology and serology markets as do its global partners, which include major corporates.

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

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