

PRESS RELEASE
8th January 2015

Horizon Discovery Group plc Acquires Haplogen Genomics GmbH

Strategic acquisition of high-throughput functional genomics platform aims to drive product development, revenue growth and enable broader market penetration

Cambridge, UK and Vienna, Austria - 8th January 2015: Horizon Discovery Group plc (LSE: HZD) ("Horizon" or the "Company"), the international life science company supplying research tools and services to organizations engaged in genomics research and the development of personalized medicines, today announced it has agreed to acquire Haplogen Genomics GmbH, a biotechnology company based in Vienna, Austria ("Haplogen Genomics"), for an initial consideration of £6.0m (approximately €7.7m) in cash and the issue of new ordinary shares with further potential earn-out payments based on future performance to be satisfied by the issue of new ordinary shares having an aggregate value of up to approximately £3.9m (€5.0m).

The Haplogen Genomics platform represents a novel way to generate precisely engineered human cell lines efficiently and at a price that places genome editing within the reach of the broader academic research market through the use of haploid cells. Haploid cellular models (cells with only one copy of genes) offer a biologically relevant system for in vitro genetic analyses, but can be much easier to generate than normal cell lines as only one copy of a gene instead of the normal two needs to be targeted to generate a complete knock out.

The acquisition provides Horizon with a proprietary high-throughput cell line generation platform based on human haploid genetics that increases its cell line inventory by over 10-fold and simultaneously enables an on-demand cell line development service to be launched in the first quarter of 2015. Combined, these will significantly strengthen the Company's position in the rapidly growing academic genomics research market.

The platform also underpins a high-throughput functional genomics screening service offering to academic, biotech and pharma customers, complementing Horizon's existing small and large molecule drug screening offerings.

The products and services acquired fit optimally within Horizon's pre-existing business and sales infrastructure, allowing these offers to be commercialized immediately.

This acquisition builds upon those of the CombinatoRx screening business (from Zalicus Inc.) in June 2014 and SAGE® Labs Inc. in September 2014, further enhancing Horizon's capability to provide customers with a fully-integrated product, service and research offering at all stages of the translational genomics and personalized medicine research continuum, from sequence to treatment.

Rationale

- Provides access to a proprietary high-throughput platform for engineering genetically-defined human cell lines at a low cost and with high margins
- Underpins new and scalable product, service and leveraged revenue streams derived from rapidly growing genomics and cell-based assay markets, expected to grow to a combined £12.8 billion by 2016
- Acquisition is strategic and focussed at driving increased product development capacity, revenue, reduced COGS and increased margin across existing and new commercial offerings
- The adoption of haploid cellular models is in its infancy but has the potential to rapidly grow, accelerated by Horizon's commercial reach and market leadership



- The platform has broad application in basic genomics research, drug discovery and development as well as generating genetic sequence, antibody, aptamer and protein validation reagents for research, process optimisation and diagnostic uses
- Platform combines engineered human haploid cell lines with CRISPR-based sgRNA approach
- Further establishes Horizon's footprint in Europe with a 4,300 sq. ft. laboratory and office space in Vienna, Austria

Dr Darrin M Disley, Chief Executive Officer of Horizon Discovery Group plc, commented: *"We have seen increasing interest in Haplogen Genomics' offerings from all customer segments including academic researchers, drug development companies and research tools providers since we started working with them. Given mounting interest from other potential acquirers, we are delighted that Haplogen Genomics recognized Horizon's leadership in translational genomics and have agreed to become part of the Horizon Discovery Group."*

"This acquisition is a continuation of our ambition, stated at the time of our IPO, of expanding our intellectual property portfolio, product development capabilities and commercial offerings to gain broader access to important markets, especially basic academic research. The team in Vienna has proven in a short time that they can be a very effective and competitive force in the field of genome engineering, and we look forward to working with them to revolutionize the genomics field by enabling access to first-in-class products and services that disrupt the status quo."

The Haplogen Genomics Platform

Haplogen Genomics' functional genomics platform enables precisely defined genetic changes to be introduced to proprietary human HAP-1, KBM-7 and eHAP cell lines that have been engineered to exhibit pure haploid genetics. The result is an ability to generate almost any custom engineered cell line at low cost (typically <\$1,000 vs >\$10,000 historically) and in a highly parallel (100s per month vs 100 per year historically) production regimen. The speed and efficiency associated with this new paradigm will enable Horizon to launch an immediate commercial offering that appeals to the broader academic market for which custom engineered human cell lines have previously been largely out of reach. In addition, vendors supplying biological research materials such as antibodies, aptamers and other protein-based probes (and their customers) will now be able to access ready-made materials for the validation of their research tools and the industrial processes in which they are used.

Beyond being deployed as an engine for product development, Haplogen's platform will be combined with Horizon's advanced *in vitro* and *in vivo* gene editing, cell-based assay development, compound screening, drug combination profiling and biomarker discovery platform to offer end-to-end research services for biotechnology and pharmaceutical companies developing innovative medicines targeted at genetically-defined patient populations.

The business will be renamed Horizon Genomics GmbH with immediate effect and will function as a wholly owned subsidiary of Horizon Discovery Group plc, maintaining its 4,300 sq. ft. laboratory and office space in Vienna, Austria, further expanding Horizon's footprint in Europe. The business will benefit from Horizon's business development infrastructure and a rapidly growing base of over 1,000 customers in North America, Europe, Japan and beyond.

Dr Georg Casari, CEO of Haplogen GmbH, commented: *"We are extremely pleased to be able to put our research tools division into an exciting company like Horizon which is firmly establishing itself as the market leader in the fields of genome editing and personalized medicine. Having already established a strong working relationship with Horizon, it was easy to see the benefits of joining forces and we have great confidence in Horizon's ability to develop the haploid platform to its fullest potential."*

Further details of the Acquisition

- Acquisition for gross cash consideration of £3.0 million (approximately €3.8m) and the issue of new ordinary shares having an aggregate value of £3.0 million (approximately €3.8m) based on the trading price at close of business on the 7th of January 2015, with potential earn-out payments based on future performance in 2015 and 2016 to be satisfied by the issue of further new ordinary shares having an aggregate value of up to approximately £3.9m (€5.0m).
- Haplogen Genomics GmbH spun out of Haplogen GmbH on April 30th 2014
- Haplogen Genomics GmbH revenue of approximately €688,000 and loss before interest and taxation of approximately €300,000 for the year ended December 31st 2014 (unaudited)
- Dr. Thomas Moser, Chief Executive Officer of Haplogen Genomics GmbH will become General Manager of the Vienna based group and be responsible for oversight and operations at the Vienna facility
- Application has been made to the London Stock Exchange for 1,452,785 consideration ordinary shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective and that trading in the new Ordinary Shares will commence on 9th of January 2015. The new ordinary shares will rank *pari passu* with the existing shares of the Company.
- Following Admission, the Company's enlarged issued share capital will comprise 79,783,338 ordinary shares with one voting right per share. No shares are held in Treasury. The total number of voting rights in the Company is therefore 79,783,338, and this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

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About Horizon Discovery Group plc www.horizondiscovery.com

Horizon is a revenue-generating life science company supplying research tools to organizations engaged in genomics research and the development of personalized medicines. Horizon has a diverse and international customer base of over 1,000 organizations across nearly 50 countries, including major pharmaceutical, biotechnology and diagnostic companies as well as leading academic research centers. The Company supplies its products and services into multiple markets, estimated to total in excess of £29 billion by 2015.

Horizon's core capabilities are built around its proprietary translational genomics platform, GENESIS™, a high-precision and flexible suite of gene editing tools able to alter almost any endogenous gene



sequence of human or mammalian cell-lines. Horizon offers almost 2,200 products, almost all of which are based on the application of GENESIS™ to generate cell lines that accurately model the disease-causing mutations found in genetically based diseases. These 'patients-in-a-test-tube' are being used by customers to identify the effect of individual or compound genetic mutations on drug activity, patient responsiveness, and resistance, which may lead to the successful prediction of which patient sub-groups will respond to currently available and future drug treatments.

In addition, Horizon provides GENASSIST™ CRISPR and rAAV gene editing tools, custom cell line generation services for research and bioproduction applications, quantitative molecular reference standards, *in vivo* disease models, contract research and custom screening services, custom shRNA development services and off-the-shelf validated shRNA (through Horizon's partner Sirion), and haploid cell lines with almost 12,000 further products for our customers.

Horizon is headquartered in Cambridge, UK, and is listed on the London Stock Exchange's AIM market under the ticker "HZD", for further information please visit: www.horizondiscovery.com.