



Horizon Discovery Group plc

Trading Update

- **Half year revenue of circa £8.6 million**
- **Strong growth in product and service business revenues**
- **Increased investment in leveraged services and R&D**
- **Launch of new genetic screening and immuno-oncology offering**
- **Acquisition and integration of Haplogen Genomics GmbH**
- **Cash of £33.0 million following £25.0 million share placing (gross of fees)**

Cambridge, UK – July 20 2015: Horizon Discovery Group plc (LSE: HZD) (“Horizon” or “the Group”), the international life science group supplying research tools and services that power genomics research and the development of personalised medicines, today announces a trading update for the six months ended 30 June 2015, ahead of its interim results on 22 September 2015.

The Group reports a successful half year in which revenues were circa £8.6 million, 112% ahead of the equivalent period in the prior year (six months to 30 June 2014: £4.1 million). In addition the Group is eligible to receive potential future R&D milestones of up to £158 million plus future product royalties (six months to 30 June 2014: £120 million).

The primary drivers of growth were increased organic revenues in the product business following investment in product development, sales, marketing and distribution and increased organic and inorganic revenues in the service business following integration of the advanced *in vivo* disease model and drug combination screening service businesses acquired in 2014.

Based on Horizon’s typical weighting of revenues towards the second half of the year, and the strength of the forward pipeline, full year revenue is expected to be in line with current consensus market expectations.

Dr. Darrin M. Disley, Chief Executive Officer of Horizon Discovery Group, commented: “Horizon continues to deliver on its business plan and its broader goal of becoming the leading provider of tools and services to customers working at all stages of the genomics research and personalised medicine continuum, from DNA sequence to patient treatment.

“We remain focused on making strategic investments, in particular to scale our products business, run our service business for positive contribution, and deliver longer term value via investment in our leveraged services and R&D portfolio. Our delivery is in line with our stated growth strategy to: deliver sustainable core revenue growth, increase the value of our existing activities, maintain scientific leadership through commercially-focused innovation, and accelerate growth through M&A that provides critical operational mass, new revenue opportunities and opportunities to open new geographic markets.

“We are pleased with our continued progress as we invest in scaling up the business and are confident in delivering continued strong growth in the second half of the year.”



Highlights

Products

- Horizon's products business recorded revenue of approximately £3.0 million during the period, representing strong period on period growth and continues to represent an increasing proportion of total group revenues.
- Significant expansion in the cell line and diagnostic reagent product inventory to around 16,500 products (six months to 30 June 2014: around 2,750) driven by internal product development and the integration of the cell line inventory acquired through the acquisition of Haplogen Genomics GmbH in the period.
- Expansion of the sales channel for cell line products in the rapidly growing genomics research market via an agreement signed with Thermo Fisher Scientific that provides global reach and supply into academic laboratories.
- Expansion of sales channel for diagnostic reagent products through Original Equipment Manufacturing (OEM) partnerships with ArcherDX, CareDx and Transgenomic.
- Significant increase in sales volumes of genomic reference standards, underscoring the value of these products to the development, validation and control of molecular diagnostic tests, an area that is becoming increasingly central to the implementation of personalised medicine.
- Launch of our first commercially available engineered mammalian cell line for use in manufacturing of therapeutic antibodies. The product has generated significant early revenues and is anticipated to be a further driver of growth going forward.
- Investment in scale of the products business in line with stated strategy, including new product development and e-commerce platform to be launched in the second half of the year.

Services

- Services business performance in line with expectations, delivering revenue of approximately £5.4 million, representing significant growth on the previous year, based in part on the successful integration of acquisitions within our core business. The Group is encouraged by the continued development of the full year Services pipeline.
- Increasing contract wins in our custom *in vivo* model generation service and combination drug screening services to pharmaceutical, biotech and academic customers.
- Launch of new genetic screening services, including on Horizon's CRISPR-Cas9 sgRNA technology platform, has generated several contracts and is expected to be a significant driver of future growth.



Leveraged R&D

- Continued development of the pipeline of leveraged service opportunities that, should they complete as expected, will add significantly to the current £158 million milestone upside (plus product royalties).
- In line with the stated strategy, Horizon continues to invest in its internal R&D activities with the aim of increasing the breadth and depth of the milestone and royalty bearing portfolio.
- Two main areas of focus are the identification of novel cancer targets that exploit vulnerabilities arising from rewiring of cell signaling pathways by cancer-driving mutations and the identification of new immuno-oncology targets and bio therapeutics that enable the immune system to be harnessed to destroy malignant cells in many of the cancer types that have not yet proved treatable. These approaches bring the prospect of novel personalised medicines that could deliver long lasting remissions or even cures to millions of cancer patients.

Corporate update

- £25 million (gross of expenses) raised through a share placing which has provided capability to increase the scale and leverage of our products and services, enhance our global distribution channels and maintain our scientific leadership.
- Key investments to link our commercial and operational infrastructure to support future growth, including a new Enterprise Resource Planning (ERP) system, e-commerce platform and website, are on schedule.
- Board strengthened through the appointment of Grahame Cook as a Non-Executive Director and Chairman of the Audit Committee.

Outlook

- Horizon has delivered a robust start to the financial year, with strong demand for products and services growing across the business. Based on current trends and the expected second half weighting of revenues, the Group expects continued strong revenue growth and is confident of achieving market consensus expectations for the full year.

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Notes for Editors

About Horizon Discovery Group plc www.horizondiscovery.com/

Horizon is a revenue-generating life science group supplying research tools to organisations engaged in genomics research and the development of personalised medicines. Horizon has a diverse and international customer base of over 1,000 organisations across nearly 50 countries, including major pharmaceutical, biotechnology and diagnostic companies as well as leading academic research centers. The Group 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, 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 circa 16,500 products, almost all of which are based on the application of gene editing 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 custom cell line and *in vivo* model generation services for research and bioproduction applications, quantitative molecular reference standards, *in vivo* disease models, and contract research and custom screening services.

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.