

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain

genedrive plc ("genedrive" or the "Company")

Proposed disposal of the Company's contract research and pharmacogenomics divisions
for up to £1.9 million in cash

Notice of General Meeting

genedrive plc (AIM: GDR), the near patient molecular diagnostics company, is pleased to announce that it has entered into a conditional agreement to sell the Group's contract research and pharmacogenomics divisions for an aggregate cash consideration of up to £1,900,000 (the "**Disposal**").

David Budd, CEO of genedrive plc, commented: "The disposal of the service business is in line with our stated strategy to focus fully on the near patient molecular diagnostic market and will provide additional cash to continue to drive the Genedrive® platform forward.

"Our diagnostics operations are well positioned having established distribution agreements for our HCV ID kit in a number of major markets, and we have commenced commercial sales to our Distributors. We believe Genedrive® can play an important role in the diagnosis and management of HCV in territories where access to centralised laboratories is limited. We also plan to re-enter the large mTB market and expect to capitalise on other opportunities in markets where Genedrive's speed, cost and accessibility provide tangible benefits to end users."

The Disposal is to Epistem 2 Limited (the "**Buyer**"), a company in which Dr Catherine Booth, a Director of the Company, is also a director and material shareholder. Accordingly, the Disposal needs to be approved by shareholders under section 190 of the Companies Act 2006 (the "**Act**"). The Disposal is also a related party transaction under AIM Rule 13 and further details relating to this are set out in the paragraph headed "Related Party Transaction and Recommendation" below.

The Company is convening a General Meeting (the "**General Meeting**") to be held at The Innovation Centre, 48 Grafton Street, Manchester, M13 9XX on Monday 4 June 2018 at 12.30 pm to consider, and if thought fit, approve a resolution authorising the Disposal for the purposes of section 190 of the Act (the "**Resolution**").

The board of directors of genedrive (the "**Board**") believes the Disposal is in the best interests of the Company and shareholders as a whole. The Board is recommending that the Company's shareholders vote in favour of the resolution to be proposed at the General Meeting as further set out in the paragraph headed "Related Party Transaction and Recommendation" below. Having declared her interest in this matter, Dr Booth has not taken part in the Board's consideration of the Disposal or in the recommendation to vote in favour of the resolution to be proposed at the General Meeting.

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About genedrive plc

genedrive plc is a molecular diagnostics company developing and commercialising a low cost, rapid, versatile, simple to use and robust point of need molecular diagnostics platform for the diagnosis of infectious diseases and for use in patient stratification (genotyping), pathogen detection and other indications. The Genedrive® platform and MTB/RIF assay has been launched in India and a Genedrive® HCV test has received CE-IVD Certification and has been launched in Africa. genedrive has distribution agreements with subsidiaries of Sysmex Corporation for the distribution of the Genedrive® platform in the EMEA and Asia Pacific regions.

Further details can be found at: www.genedriveplc.com and www.genedrive.com

Background to the Proposed Disposal

In March 2016, as part of the interim results announcement for the six months ended 31 December 2015, the Company notified shareholders of its intention to undertake a review of the strategic options for its operations in pharmacogenomics, contract research services and novel therapies in order to focus the Company's increased resources on Genedrive® which the Board believes is best placed to deliver superior returns for shareholders. In June 2016 it was announced that advisers had been appointed to complete a strategic review for the purposes of evaluating the potential options for these businesses, together comprising the services business of the Group. In 2017, the Board determined that best value for the Group would be to divest the contract research and pharmacogenomics businesses (the "**Services Business**") and that it was working to secure a disposal on attractive terms. In the 2017 Annual Report and Accounts, the Directors reaffirmed their belief that divestment of the Services Business continued to be its strategic aim and that discussions were ongoing with a view to achieving this and thereby securing additional capital investment for Genedrive. In the interim report to 31 December 2017, the Company confirmed that it was in a period of exclusivity with a prospective buyer with an expectation to update the market on the outcome before the end of the current financial year.

The Services Business generated revenue of £3,166,000 in the 12 months to 30 June 2017 and delivered an EBITDA, including R&D tax credits of £260,000. The gross assets attributable to the Services Business at 30 June 2017 was £1,597,000 and the gross liabilities were £831,000. In the six months to 31 December 2017, revenues of the Services Business declined 23.5% to £1,346,000 and it made a modest contribution to the Group. At 31 December 2017, the gross assets of the Services Business declined to £1,054,000 with the decline being mostly within the trade debtor balances and gross liabilities of £401,000.

Since the announcement in March 2016, the Company has continued to invest in the development of the core diagnostics business and Genedrive® has made significant progress towards commercialisation of its diagnostics offering. The Genedrive® HCV ID Kit received CE marking in September 2017. The Company announced distribution agreements with Sysmex Europe GmbH and Sysmex Asia Pacific Pte Ltd in October 2017 and November 2017. In November 2017 and January 2018 the Company secured grant funding across two awards of approximately £1,600,000 to further support development of both HCV test and the mTB test. A distribution partner for India, Arkray Inc, was announced in March 2018, the same month as the first commercial revenues of the Genedrive® HCV ID Kit to the Sysmex distributors was recognised.

Key Terms of the Disposal

The sale is to Epistem 2 Limited (the "**Buyer**"), a company in which Dr Booth is a director and a shareholder. Dr

Booth is a director and co-founder of the Company (and Epistem Limited) and has a holding of 5.2% of the ordinary share capital in the Company and has managed the Group's contract research services division since 2007. The Buyer is being funded by investment provided by the Foresight Group, one of the largest venture capital trust managers in the UK.

As a result of its size, the sale constitutes a substantial property transaction involving a director of the Company under section 190 of the Act and therefore requires approval by a resolution of members of the Company. Completion of the Disposal is therefore conditional on obtaining this approval. The Resolution which seeks this approval is set out in the Notice of General Meeting. Completion of the Disposal is also conditional on the Buyer entering into new leases of the areas of operation of the Services Business in place of Epistem Limited.

The sale is for an aggregate cash consideration of up to £1,900,000. Of this, £1,150,000 will be paid in cash on completion of the sale and the balance of up to £750,000 of deferred consideration is payable subject to the Buyer making successful claims for R&D Tax Credits up to this amount, in the 36 months following completion. The sale will include the transfer of the Epistem name and the Company will arrange for the name of Epistem Limited to be changed at completion.

The Group has granted various undertakings to the Buyer in relation to the conduct of the business in the period between signing the Agreement and completion. The Buyer and the Seller each have certain rights to terminate the Agreement, including if the conditions are not satisfied by the longstop date of 14 June 2018, there is a material adverse change in the Services Business or in the event of a material breach of the warranties or undertakings given by the Seller under the Agreement.

Dr Booth will resign as a director of the Company and Epistem Limited at completion of the Disposal and will enter into a lock-in agreement in relation to her holding of 980,000 ordinary shares in the Company, representing 5.2% of the Company's issued share capital and in respect of the 30,029 ordinary shares to be released to her from the Group's Share Incentive Plan. The lock-in requires that for the first six months following completion, Dr Booth will not sell any ordinary shares in the Company (subject to standard exceptions). For a further period of six months Dr Booth has agreed not to sell more than £200,000 worth of ordinary shares in the Company by way of an orderly marketing arrangement.

The Disposal fulfils the Directors' stated strategic aim of divesting divisions which are non-core to the primary diagnostics activities of the Company. The initial proceeds of £1,150,000 of the Disposal, net of advisors costs of approximately £150,000, will provide additional cash resources for the Company which will be used for the purposes of further advancing the molecular diagnostics business, with further payments as outlined above to be received over the next three years, subject to successful R&D Tax Credit claims by the Buyer. As at 30 April 2018, the Company had unaudited cash balances of some £3,449,000.

Risks Relating to the Disposal

If the Resolution is not approved by genedrive shareholders and the Disposal does not proceed, there is a risk that the Company may not find an alternative buyer for the Services Business and the Board would need to consider alternative options for the business which may include an alternative transaction potentially on worse terms or the closure of the Services Business in order that the Group's resources can be exclusively focused on its diagnostics operations.

General Meeting

As explained above, the Disposal constitutes a transaction by the Company's subsidiary with a director of the Company which requires to be approved by Shareholders in accordance with section 190 the Act, and is therefore subject to such approval.

A General Meeting of the Company is being convened to be held on Monday 4 June at 12.30 pm (UK time) at The Innovation Centre, 48 Grafton Street, Manchester M13 9XX. This General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolution to approve the Disposal. The Resolution is proposed as an ordinary resolution which, in order to be passed, must be approved by Shareholders representing

a simple majority of the total voting rights attaching to the Company's ordinary shares who, being entitled to vote, do so in person or by proxy at the General Meeting.

Related Party Transaction and Recommendation

The Disposal constitutes a transaction with a related party under Rule 13 of the AIM Rules for Companies. The Directors of the Company (with the exception of Catherine Booth who has abstained from the relevant discussions as she is a related party) consider, having consulted with Peel Hunt LLP (the Company's Nominated Adviser), that the terms of the Disposal are fair and reasonable in so far as the shareholders of the Company are concerned.

The Directors (other than Dr Booth, who has not taken part in the Board's consideration of the Disposal) unanimously recommend that you vote in favour of the Resolution as they intend to do in respect of their own beneficial holdings amounting, in aggregate to 183,814 ordinary shares representing approximately 1% of the issued ordinary share capital of the Company.