



LEI: 213800FLQUB9J289RU66

28 January 2019

**BATM Advanced Communications Limited**  
**(“BATM” or the “Group”)**

**Investment Agreement for \$30m to Advance Molecular Diagnostics Solutions**  
***BATM molecular biology joint venture to receive investment towards the commercialisation of***  
***NATlab***

BATM Advanced Communications Limited (LSE: BVC), a leading provider of real-time technologies for networking solutions and medical laboratory systems, is pleased to announce that it has signed a conditional subscription and shareholders’ agreement for an investment of up to \$30m to provide additional funds for the commercialisation of the molecular biology-based solutions being developed by Ador Diagnostics S.r.l (“Ador”), the Group’s joint venture with Gamida for Life B.V. (“Gamida”).

***Summary of transaction***

- Total conditional investment of up to \$30m:
  - An initial \$14.5m (on a pre-investment enterprise valuation of \$30m) to be funded by the end of March 2019 (the “Initial Investment”).
  - A further \$15.5m (at a valuation that will be a 33.3% premium to the post-Initial Investment enterprise valuation), to be funded by the end of 2020, subject to certain milestones being achieved (the “Further Investment”).
- Up to \$25m of this conditional investment is to be invested by leading medical industry investors from the US, together with Puma Brandenburg Investments Ltd, an investment company majority-owned by Howard Shore (together, the “Investors”). BATM and Gamida shall provide \$4m of the outstanding amount equally.

***Background and rationale to the investment***

Ador is focused on the development and marketing of unique *in-vitro* diagnostic solutions, combining molecular diagnostics and rapid tests within the same compact, mobile and easy-to-use machine. The first product developed by Ador is the NATlab reader, which is a rapid-results molecular biology diagnostics system that is designed to be used at point-of-care. The system uses microarray cartridges to enable the rapid sample-to-answer identification of a specific disease or infection. The Group believes this will allow medical practitioners to provide far quicker and more efficient treatment.

The NATlab is currently undergoing final engineering ahead of in-hospital testing in the US and Europe in 2019, with the intention of receiving regulatory approval to enable commercialisation in 2020. The Initial Investment will primarily be used to build several systems to be installed with customers for testing; developing and certifying several cartridges catering to different areas of infectious disease; and for sales & marketing efforts.

***Terms of the Agreement***

Prior to the investment, a new company (“NewCo”) will be established, initially owned 50:50 by BATM and Gamida, which will own 100% of Ador. The investment will be structured through this NewCo.

***Initial Investment***

Immediately prior to the Initial Investment, NewCo’s business will have an enterprise value of \$30m. BATM and Gamida will each invest \$2.0m in NewCo, immediately following which the Investors shall fund \$10.0m.

Upon completion of the Initial Investment, BATM will have an ownership interest in NewCo of 38.2%.

It is expected that the Initial Investment will complete in Q1 2019 (following satisfaction of typical condition precedents). Following the Initial Investment, NewCo will have an enterprise value of \$44.5m.

#### *Further Investment*

Immediately prior to the Further Investment, NewCo's business will be valued at a 33.3% premium to the post-Initial Investment value. The Investors have agreed to fund (collectively) a further \$15.0m, subject to NewCo achieving certain milestones by 31 December 2020. These milestones relate (primarily) to valid diagnostic results being received for at least 100 patient samples; CE certification; satisfaction of operational and performance requirements; and installation in at least five major healthcare facilities, including at least one major hospital in the US.

Upon completion of the Further Investment, BATM will have an ownership interest in NewCo of 30.2%.

Both the Initial Investment and the Further Investment are expected to be funded through a combination of debt as well as equity, with the debt element expected to be approximately 20% of the overall investment.

#### *Shore Capital investment*

A wholly-owned subsidiary of Shore Capital Group Limited (the parent company of Shore Capital Stockbrokers Limited) will receive \$1m commission on completion of the Initial Investment (\$0.5m of which will be deferred pending completion of the Further Investment), all of which will be invested in NewCo alongside the \$29m described above.

#### **Dr Zvi Marom, Chief Executive Officer of BATM, said:**

“This investment reflects the tremendous potential of our molecular biology-based solution for the diagnostics market, which has already demonstrated its viability with real-life testing. It is also a great endorsement of our approach of incubating innovative technology companies and then capitalising on their IP. With this funding, once completed, we will be able to accelerate and drive forward the commercialisation of our breakthrough NATlab system, which we believe will revolutionise the point-of-care medical diagnostics industry.”

A further announcement will be made to the market in due course upon the completion of the Initial Investment.

SPARK Advisory Partners Limited is acting as financial adviser on the transaction.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014

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## **Further information**

### ***Further background and rationale to the investment***

The NATlab reader (instrument) is a rapid-results multiplexed molecular biology diagnostics system based on carbon microarray. It uses cartridges consisting of pathogenic nucleic acids (DNA) and controls to enable the rapid, qualitative detection of bacterial, viral and/or fungal targets for a specific disease or infection. The Group believes this will allow medical practitioners to provide far quicker and more efficient treatment. The reader is sufficiently compact to be used at point-of-care, but can be aggregated to serve larger laboratories.

The NATlab, which has already been granted several patents in the US, is currently undergoing final engineering ahead of in-hospital testing in the US and Europe in 2019, with the intention of receiving regulatory approval to enable commercialisation in 2020. The Initial Investment will be used to build several systems to be installed with customers for testing, including giving particular focus to explore the future applicability of the system for performing liquid biopsy for oncologic purposes.

The funding will also contribute to the preparation and gaining certification of several cartridges catering to different areas of infectious disease; establishing a presence in key markets through sales & marketing efforts; and to expand Ador's patent portfolio, primarily in the US.

The Group also expects Ador to benefit from collaboration with its new partners due to their significant expertise, network and reputation within the medical community worldwide and especially in Ador's key target market of the US.