



TYRATECH, INC.
("TyraTech" or the "Company")

**PROPOSED SALE OF VAMOUSSE® FOR INITIAL CONSIDERATION OF \$13 MILLION IN CASH
NEW STRATEGIC FOCUS ON ANIMAL HEALTH
Tender Offer to Shareholders and Notice of Special Meeting of Shareholders**

TyraTech Inc. (AIM: TYR, and TYRU), the life sciences company focused on nature-derived insect and parasite control products, today announces that it has agreed the sale of its human lice products brand Vamousse® to Alliance Pharma PLC (AIM: APH) ("Alliance") for an initial cash consideration of \$13 million ("the Disposal"). The Company may also be entitled to further payments of up to \$4.5 million based on the achievement of agreed sales performance targets for Vamousse® in 2019 and 2020.

The Disposal is subject to the approval of TyraTech Shareholders. The Company will today be sending a circular to all Shareholders ("Circular") which sets out details of the terms of the Disposal and contains a notice of the Special Meeting to be convened to approve the Disposal. A copy of the Circular will be available on the Company's website, www.tyratech.com, later today.

The Board has decided that the Company will apply up to \$8.5 million of the proceeds from the Disposal towards an invitation to qualifying Shareholders to tender their Shares in the Company for sale to the Company at a tender price of 3 pence per Share ("Tender Offer"). This represents a 118 per cent. premium to the closing mid-market price for the Company's restricted Shares and a 85 per cent. premium for the Company's unrestricted Shares as at Friday 1 December, 2017. Shareholders are not obliged to tender any of their Shares if they do not wish to do so. Shareholders who choose to participate in the Tender Offer will be guaranteed to have accepted in the Tender Offer valid tenders to the Company in respect of 57% of their Shares (rounded down to the nearest whole number of Shares). Shareholders may tender up to 100% of their Shares, although the final number of Shares which will be purchased by the Company will depend upon the number of Shareholders who elect to remain invested in the Company. The details and mechanism of the Tender Offer will be set out in the Circular.

The remaining proceeds from the Disposal, after the costs and expenses of the Disposal and the Tender Offer, together with any element of the \$8.5 million not used in the Tender Offer, will be used to ensure continuity of the Company's operations, pursue the full US Environmental Protection Agency ("EPA") registration of Guardian® and, most importantly, begin the implementation of its animal health strategy, further details of which are set out below and in the Circular.

Following the Disposal and Tender Offer, TyraTech intends to focus on the opportunities within the estimated \$6 billion addressable animal health market for control of insects and parasites, a sector in which it already has considerable management experience and new products in commercial stages.

If the Disposal does not proceed, the Board has determined that the Company lacks the necessary resources from operating cash flow alone to fully develop the commercial potential of Vamousse® as well as unlock the larger growth opportunities of the animal health business. Consequently, the Company would need to raise funds, but that might be more dilutive in those circumstances and

there is no guarantee that the Company would be able to do so in any case. The Company also may not have sufficient working capital to fund its present business. Therefore, if the Disposal does not proceed, the Company may enter liquidation which the Board believes would produce a less advantageous result for Shareholders as a whole.

Background to the Disposal

In February 2017, the Board implemented a strategic review to determine the most effective way to unlock the future growth potential of the Company's assets and maximise Shareholder value. The Board determined that the Company lacked the necessary resources from operating cash flow alone to fully extract value from both its human and animal health businesses. The Board considers that in the medium term, more value could be realised by focusing on the larger animal health segment with its unmet needs, and because Vamousse® is an established brand, its divestment could release value for Shareholders and realign the Shareholder base towards investors more interested in the agriculture and animal health markets. By 2016, Vamousse® provided a positive direct contribution margin of US\$2.2 million from net sales of US\$6.6 million. Direct contribution constitutes Vamousse® net sales less associated cost of sales and sales and marketing expenses for the brand. To help achieve these strategic objectives, the Board has agreed the sale of Vamousse® to Alliance followed by the Tender Offer, which will be contingent upon completion of the Disposal.

The initial consideration for Vamousse® is a cash payment of \$13 million. The Board believes that this provides clear validation of the value and efficacy of the Company's technology. This was also underscored in July 2017 when a major global consumer products company chose TyraTech's nature-derived technologies to develop and commercialize a range of pest control household products.

The Company has a number of additional products that have demonstrated early commercial success under the Guardian®, PureScience and OutSmart brands, together with a pipeline of new products that it hopes to be able to successfully commercialize. The Board believes that there is strong customer demand for products to control insects and parasites that are safe and effective.

The sale of Vamousse® and implementation of the Tender Offer will return value to Shareholders who wish to participate in the Tender Offer. The Directors believe that the re-alignment of the Shareholder base and reduction in the number of outstanding Shares will put the Company in a better position to raise capital to implement its animal health strategy described below.

Use of proceeds

Following an analysis of the Company's financial position and contractual obligations, and being mindful of the opportunities for the Company in the animal health sector, the Board has decided to apply up to a maximum of \$8.5 million of the Vamousse® initial sale proceeds towards a Tender Offer to Shareholders. The Board believes that given its legal and other obligations this represents the maximum amount that could be applied towards the Tender Offer at this time.

The remaining \$4.5 million will be utilised as follows:

- to finance the costs and fees payable in respect of the Disposal and the Tender Offer (including legal fees, taxes, and broker's fees) as to approximately \$1.9 million;
- the balance will be applied to working capital to meet the Company's ongoing obligations following the Tender Offer, including, inter alia:
 - compliance with Delaware General Corporate Law, which places obligations on the Company to hold sufficient cash and appropriate reserves following the Tender Offer;
 - existing obligations to:
 - Alliance under the Asset Purchase Agreement (as to be summarized in the Circular); and

- Envance Technologies LLC ("Envance") in respect of the Joint Development and License Agreement between Envance and a major global consumer products company as announced in July 2017.

In addition to fulfilling the Company's obligations described above the Board intends to restructure the Company to focus on the animal health sector. It anticipates that during the next twelve months it will utilize remaining staff and assets to:

- expand geographically and increase the market penetration of the PureScience Poultry Mite Dust and the PureScience Fly Control products for swine;
- complete field studies to demonstrate the efficacy of these products in the European environment, in particular for the control of poultry red mites;
- complete pilot studies for main products controlling internal parasites in production animals; and
- follow the EPA registration process for Guardian®.

The Company has other assets and potential income streams which could contribute to funding the development plan which are described in the Circular.

However, it is difficult to quantify the possible contribution from these other income streams at present and therefore that the Company's ability to follow its strategy in animal health and to take advantage of this material market opportunity will require additional funding. The Company is in early stage discussions with a number of parties in this regard. The Directors intend that future investment will be staged over time to coincide with specific development progress.

Future strategy

The global population is on track to swell from the present 7 billion to over 9 billion people in the next 30 years.

One of the main challenges of sustaining this growth will be to improve the efficiency of agricultural production—specifically, the production of animal proteins. At the same time, customers are asking for better quality food, without added chemicals, hormones, antibiotics or pesticides, which are increasingly ineffective as resistance develops. Regulatory authorities are also reducing the permitted quantities and types of synthetic pesticides.

TyraTech aims to tackle some of these major issues by developing nature-derived technology that allows an effective control of insects and parasites, even those that are resistant to traditional chemical pesticides, with formulations that are safe for the animal, the environment and the food chain

The strategic focus of the Company on the animal health business is determined by the following fundamental reasons:

- animal health parasite control represents an addressable market estimated at more than \$6 billion, whereas, human health insect and parasite control is limited mainly to two categories (head lice and insect repellent) representing less than \$800 million combined;
- the animal health market presents large unmet needs to feed a growing population and a strong consumer demand for food, uncontaminated by pesticides;
- the Company has a strong portfolio of patents (36 granted, 32 pending) with most applications in animal health;
- the Company has a diversified pipeline of more than 15 new products at various stages of development targeting the animal health market;
- the Company has good evidence from previous trials already undertaken with Mondelez Global LLC (previously Kraft Foods Inc.) that its technology is effective against intestinal parasites in swine;

- the Company has already tested the technology by the launch of PureScience and Outsmart products in respectively the poultry and equine markets.

Focus on implementing the animal health strategy

TyraTech has already made significant progress in commercialising its technology to benefit animal health with two brands: PureScience and OutSmart.

In 2015, TyraTech entered the animal health market with the launch of its PureScience brand products to answer livestock producers' need for effective, safe and more practical solutions to insect and parasite control in US poultry production. The PureScience brand is distributed by MWI Animal Health, a subsidiary of AmerisourceBergen, (NASDAQ:ABC), a leading US animal health distribution company, and is building a strong customer base, including the biggest producers of eggs and poultry in the US (CalMaine Foods; Perdue; Tyson).

The line is expected to expand to swine and bovine operations. In 2017, the Company and its partner, SmartPak, a leading distributor of equine products in the US, launched a fly repellent for horses under the SmartPak brand name OutSmart.

Customers in the food production industry are cautious and typically try new products at a small number of facilities until they gain confidence. Nevertheless, the PureScience and OutSmart products already launched are expected to produce gross revenues in the region of \$0.8 million in 2017 and there are good signs of growing market acceptance. However, these existing products address smaller markets and the Directors believe that much larger opportunities in the animal health market can be addressed. These early commercial successes in smaller markets give confidence that the Company can tackle the biggest problems facing farmers all around the world in controlling insects and parasites.

TyraTech's development plan

Based on these early commercial successes, TyraTech has built an ambitious development program for products targeting the \$6 billion p.a. animal health insect and parasite control addressable market.

The first objective is to accelerate the development and commercialization of products that are currently in the late stage of final testing by the Company. The commercialization of existing products will also be expanded. These products are destined mostly for the control of insects in the production animal housing as well as some external parasites and represent an estimated global market segment of \$500 million.

Because of the safety profile of the formulations, most should benefit from an abbreviated registration process as they are classified as low toxicity biocides (EPA; EMEA). This would reduce the cost of development and the time to market.

The second and most important objective is to accelerate the development of products targeting the bigger market segment of controlling internal parasites of production animals, estimated at \$3 billion p.a. These internal parasites cause the most damage to animals by reducing feed efficiency, causing lesions in the digestive tract and, overall, reducing animal productivity and disease resistance.

Over the next three years, TyraTech's development plan will be to expand the commercialization of existing products and those currently in late stage development and move its products targeting internal parasites in production animals from optimizing the formulations to pivotal studies and field testing. Subsequent years will be focused on obtaining full registration as feed additives or drugs and commercialization (or license) of these products.

Taxation

The attention of the Shareholders is drawn to Part IV of the Circular, which provides summaries of certain UK and US taxation consequences for Shareholders of accepting the Tender Offer. In particular, Shareholders who have acquired their Shares through the Enterprise Investment Scheme in the last three years may lose their entitlements to tax reliefs as a result of the Tender Offer, whether or not they decide to participate in it. Such Shareholders should review Part IV of the Circular and consult their appropriately qualified independent financial adviser immediately if they are in any doubt as to the action they should take.

Circular and Notice of Special Meeting

The Disposal is conditional upon approval by a simple majority of the Common Shares issued and outstanding and entitled to vote at a Special Meeting of TyraTech Shareholders ("Special Meeting"). The Company will today be sending a circular to all Shareholders which sets out in detail the terms of the Disposal and contains a notice of the Special Meeting which will be held at 3.00 p.m. (EST) on 27 December 2017 at the Company's principal offices, 5151 McCrimmon Parkway, Suite 275, Morrisville NC 27560 USA.

AIM Rules

Following the Disposal, as the Company's other business streams will continue to operate, the Company will not, following the Disposal, be deemed to become a cash shell under AIM Rule 15.

Board Recommendation

The Board believes that the Disposal and the passing of the Resolution is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board will unanimously recommend that Shareholders vote in favour of the Resolution to sell Vamousse® as they intend to do in respect of their own beneficial interests in Common Shares, amounting to 9,191,527 Common Shares in aggregate, representing 2.50% of the issued Common Shares in the Company.

The Directors will make no recommendation to Shareholders in relation to whether or not tendering for sale any of their Shares pursuant to the Tender Offer is in their best interests. The Directors have authorised the Tender Offer as a means to offer partial liquidity to qualifying Shareholders, but are not in a position to recommend that Shareholders accept or reject the Tender Offer, as the Company itself is making the Tender Offer to its Shareholders. Whether or not qualifying Shareholders decide to tender any of their Shares will depend, among other things, on that Shareholder's circumstances, including their desire for liquidity and their tax position, and on their view of the Company's prospects and future funding requirements, and the management's experience and ability to develop the animal health division of the Company. The Directors are not able to conduct individual assessments of these factors for each Shareholder and, therefore, make no recommendation to Shareholders as to whether to participate in the Tender Offer. Shareholders in any doubt as to the action they should take should consult an appropriately qualified independent financial advisor, including those authorised under the FSMA.

Bruno Jactel, Chief Executive of TyraTech commented:

"The sale of Vamousse demonstrates the strength of our technology. The Tender Offer provides Shareholders with the opportunity to realise value should they so wish. Our focus now is on building the future of TyraTech in the animal health segment. I strongly believe that TyraTech's technology can help solve some of the big issues in the production of animal proteins by reducing the usage of pesticides and allowing the customers to enjoy clean and safe food. The focus on animal health will also allow us to capture opportunities in a much bigger market than the human health market for control of insects and parasites. To succeed in this estimated \$6 billion addressable market for animal health, we will be focusing upon the expansion of existing products already launched in the US (PureScience and Outsmart), and leveraging a strong pipeline of products and an experienced management team. The opportunity requires new investment funding and shareholders who share our vision to exploit the investment proposition".



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The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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