

NOVACYT FULL YEAR 2014 RESULTS

A transformational year with strong sales growth

Paris, France and Cambridge, UK – 29th April, 2015 – Novacyt (ALTERNEXT: ALNOV), an international specialist in cancer and infectious disease diagnostics, today announces its audited financial statement for the year ending 31st December, 2014, approved by the Board of Directors on the 28th April 2015.

2014 was an outstanding year for Novacyt, with the acquisition of diagnostics specialist Lab21 in June 2014, significant sales growth across the combined Group and a successful capital raise of €3.1m completed in December 2014. The Company's commercial transformation is continuing with strong sales growth reported for the first quarter of 2015.

The key financial highlights for the *pro forma* Group and consolidated Group in 2014 compared with Novacyt as a stand-alone business in 2013 are summarized below:

€'000	Pro forma 2014	Consol* 2014	Novacyt 2013
Revenue	7,786	4,530	1,154
Gross profit	3,580	2,086	592
Gross margin %	46%	46%	51%
EBITDA (pre-excep) **	(1,290)	(1,735)	(1,212)
Operating result	(2,325)	(1,896)	(1,283)
Net result	(4,870)	(3,702)	(993)

*The acquisition of Lab21 was completed June 13, 2014 and the total Group consolidated includes Lab21 for the second half of 2014.

**EBITDA (Earnings before interest, tax, depreciation and amortisation) is presented before exceptional charges and income which include various non-recurring costs related to the acquisition of Lab21. In line with the presentation of *pro forma* EBITDA in the June 2014 interim results, the gain of €836k from the deferred consideration related to the disposal of certain US assets to Selah Genomics Inc. is included in EBITDA.

Financial Highlights

- Consolidated Group sales for 2014 were €4.5m vs €1.2m in 2013 with consolidated Group income of €4.9m
- *Pro forma* product sales of the Group for 2014 were €7.8m vs €6.8m in 2013, representing 15% growth. In addition, the Group recorded *pro forma* sales growth of 20% in H2 2014 compared with H2 2013

- Lab21 full year product sales were €6.8m (+19% over 2013) with H2 2014 revenues €3.5m (+27% compared to H2 2013)
- NOVAprep® full year sales of €1.0m were 7% below 2013 due to the introduction of reagent rental placements, resulting in lower short term revenues but an increase in installations, which will generate greater future revenues through increased sales of NOVAprep® consumables
- *Pro forma* gross profit for the full year was €3.6m (gross margin 46%) compared with €0.6m (gross margin 51%) for Novacyt in 2013. The reduction in gross margin reflects the product mix impact of lower gross margin Lab21 products
- *Pro forma* EBITDA loss was €1.3m in 2014 compared with an EBITDA loss of €1.2m for Novacyt in 2013
 - Lab21 recorded a positive EBITDA of €0.2m in 2014 including deferred income of €0.8m from the sale of certain US assets to Selah Genomics Inc.
 - Novacyt recorded an EBITDA loss of €1.4m (excluding Lab21) in 2014 compared with a loss of €1.2m in 2013 due to investment in commercial infrastructure
- *Pro forma* net loss of €4.9m in 2014 compared to €1.0m in 2013 due to a €1.0m higher investment in infrastructure, goodwill amortisation of €2.0m and additional finance costs of €0.6m, mainly consisting of non-recurring pre-acquisition charges in Lab21
- Consolidated net loss of €3.7m in 2014 compared with a net loss of €1.0m in 2013, driven by €0.6m higher investment in infrastructure, €1.0m of goodwill amortisation, €0.2m of finance charges and €0.7m of additional non-recurring costs mostly associated with the acquisition of Lab21 by Novacyt
- Cash increased from €1.0m to €2.2m during the year as follows:

€'000	Consol 2014	Novacyt 2013
Net operating cash outflow	(0.9)	(1.1)
Net cash outflow from investments	(1.0)	(0.4)
Net cash inflow from financing	3.0	0.8
Net cash inflow/(outflow)	1.2	(0.7)
Opening cash	1.0	1.7
Closing cash	2.2	1.0

Operational Highlights

- The integration of Lab21 and Novacyt has helped transform Novacyt from being a research and development focused company to a commercial, product sales and revenue generating business. Synergies and integration of management progressed to plan and has delivered a number of immediate and significant operational, regulatory and sales benefits to the NOVAprep® platform
- The Company successfully raised €3.1m from a private placement in December 2014 and has improved the profile, liquidity and awareness of the stock on the Alternext stock exchange. This included a change to continuous trading, significant Company newsflow and the market initiation by Stifel which commenced in early January 2015
- Commercially, significant progress has been made with NOVAprep® and a distribution partnership for the Greater China region was signed in February 2015 with Leica Biosystems,



a leading and global histology supplier to the pathology market. This followed the successful approval of the NOVAprep® instrumentation and consumable recently received from the CFDA for the Chinese market

- New NOVAprep® installations continued apace, with five new territory launches and seven new NOVAprep® site installations being made in France in 2014. In addition, total NOVAprep® consumables revenues increasing 23% compared with 2013
- Lab21 launched two new molecular diagnostic products for the diagnosis of Pneumocystis and Aspergillus infections to complement its infectious disease product portfolio. Both fungal diseases are considered life threatening and presents a significant market opportunity due to limited competitor products
- Lab21 secured significant new business in South America underpinning strong sales growth during the second half of 2014 which is expected to continue in 2015
- Two senior executives have joined the management team; Dr Manuela Gazzard as Group Commercial Director and Ian Wilde as Head of RA/QA. In addition the Company is investing in 14 new hires during 2015 to strengthen the commercial and operational teams to commercialise the NOVAprep® platform

Graham Mullis, Group CEO of Novacyt, commented on the first 9 months since the transaction:

"The business has delivered strong sales growth in 2014 and the Lab21 products in particular delivered second half growth of 27% compared with the previous year. The commercial potential of the NOVAprep® platform is significant and this was validated by the recent announcement of the Leica Biosystems distribution partnership which is a significant endorsement to the NOVAprep® technology. It also provides Novacyt with a significant new distribution and marketing partner for the world's fastest growing healthcare market.

Earlier this month the Company announced the successful private equity financing of €2.2m which will be used to support the accelerated launch plans in China which have been brought forward to Q2 2015. This, and the financing of €3.1m in December 2014 demonstrates strong shareholder support. I am particularly pleased that two new significant shareholders, Alto Invest and Nyenburgh are also now supporting the growth of the Company.

With a new management team, a strong commercial pipeline and a solid first quarter, 2015 is going to be a busy and exciting year for the Company and its shareholders. I look forward to updating our shareholders and the market of our future progress."

Novacyt Strategy

The focus of management in 2015 is to develop the infrastructure required to accelerate the commercialisation of the NOVAprep® platform initially for cervical cancer screening. The target markets will include Asia Pacific and those developed markets which have yet to convert to liquid based cytology which represents over 50% of the cervical cancer screening market. The current global cervical cancer Pap smear screening market (according to *Transparency Market Research*) is estimated at \$3.0bn in 2014 and growing at 6.3% per annum. In Asia and other developing markets *Transparency Market Research* estimates the Pap screening market is growing by over 8.1% per annum. The Company therefore believes the cervical cancer screening market represents a significant opportunity for the NOVAprep® platform.

Some countries are evaluating the use of human papillomavirus (HPV) testing as the primary cervical cancer screen and in 2014 *Transparency Market Research* estimated the HPV testing market



to be worth \$624.5mn and growing at 8.3% per annum. While some parties believe HPV testing is a threat to cytology testing for cervical cancer screening, Novacyt believes the market opportunity for NOVAprep® remains strong and is growing.

This view has been reinforced by new evidence recently published in *Cancer Cytopathology* (a peer reviewed journal of the American Cancer Society) by Quest Diagnostics, one of the world's largest clinical laboratories and the University of Pittsburgh. Their study (published on April 14 2015) concluded HPV-only screening is less likely to accurately detect cervical pre-cancer and cancer than testing that includes a Pap test in women 30-65 years of age. As many as 19% of women received false negatives for cervical cancer when HPV-only tested. The study, which the Company believes is one of the largest of its kind, recommends women in this age group be screened with both Pap and HPV tests to screen for cancer accurately.

Novacyt strongly believes developing partnerships with HPV manufacturers and thereby combining the clinical and operational benefits of using the NOVAprep® system with HPV testing. The Company believes the combination of its market leading NOVAprep® sample preparation and storage consumable will work effectively with a range of competitive HPV tests and provide clinicians with a strong cervical cancer screening solution that combines Pap and HPV testing.

Additionally, the Company will be developing its commercial strategy for the NOVAprep® platform in non-gynaecological cancer areas where it believes the market opportunity is also significant.

In the meantime, the Novacyt will continue to focus further resource in developing its current sole direct sales channel for NOVAprep® in France as well as continuing to develop distributor partnerships for other countries, including the world's largest Pap screening market, the US. The launches in new international territories and the distribution partnership recently announced with Leica Biosystems for Greater China are examples of this commercial focus and the Company expects to announce more progress through the year.

Lab21 product sales continue to be strong in emerging and developing markets and this distribution channel will continue to offer further synergies in the commercialisation of NOVAprep®. Additional synergies between Lab21 and Novacyt are planned to be announced during the rest of 2015.

Current trading and outlook

Initial first quarter sales in 2015 have exceeded management expectations and are significantly ahead of previous year and this progress should continue during the year. The sales growth rate will depend upon the success of the NOVAprep® launch into China, the success of other partnership discussions and certain tender success for Lab21 products.

Key dates for the Company's results disclosure include:

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| • AGM for 2014 Results | 29th June 2015 |
| • Preliminary half-year revenues 2015 | 22nd July 2015 |
| • Preliminary half-year statement 2015 | 28th October 2015 |

- Ends -



About Novacyt Group

The Novacyt Group is a leader in the field of cellular diagnostics with a growing portfolio of cancer and infectious disease products and services. Through its proprietary technology platform NOVAprep® and a strong international network Novacyt is able to provide an extensive range of oncology and infectious disease diagnostic products. The Group has diversified sales from diagnostic reagents used in oncology, microbiology, haematology and serology markets, and its global customers and partners include major corporates.

For more information please refer to the website: www.novacyt.com

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