NOVACYT ANNOUNCES 2015 HALF YEAR RESULTS

Strong increase in revenue and margins
Financing of €8.0m in the period
First NOVAprep® orders from China

Paris, France and Cambridge, UK – 28 October 2015 – Novacyt (ALTERNEXT: ALNOV), an international specialist in cancer and infectious disease diagnostics, today announces its half year results for 2015 approved by the Board of Directors. Novacyt also provides an update of various NOVAprep® business development activities.

2015 has seen Novacyt expand its international presence with a focus on China through a partnership with Leica Biosystems and Europe through the appointment of new distributors. This expansion follows successful financing in the year with total new funds of €8.0m. The financing will support investment in commercial infrastructure to drive NOVAprep® international expansion and general working capital for the growth in Lab21 product sales.

The key highlights for the first half of 2015 are summarised below.

First half highlights

- Pro forma revenue has increased to €4.74m, a 26% increase from 2014 which was €3.76m
- Gross margins improved from 46% to 50% compared to last year
- Pro forma EBITDA loss of €1.34m compared to €0.94m for 2014*
- Funds of €8.0m raised up to the end of July including €2.2m of equity in April, €2.0m of further equity raised in July, €3.5m of bond financing with Kreos Capital and the first €0.25m tranche drawn down against a €5.0m convertible bond facility with YA Global Master SPV Ltd
- Strengthening of the board with two new independent non-executive directors experienced in capital markets in healthcare: Dr Andrew Heath and Mr Alan Howard
First half results (unaudited)

<table>
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<th>€’000</th>
<th>Consol H1 15</th>
<th>Pro forma H1 14</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>4,741</td>
<td>3,760</td>
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<tr>
<td>Gross Profit</td>
<td>2,354</td>
<td>1,731</td>
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<tr>
<td>Gross Margin %</td>
<td>50%</td>
<td>46%</td>
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<tr>
<td>EBITDA *</td>
<td>(1,335)</td>
<td>(937)</td>
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<tr>
<td>Operating result**</td>
<td>(1,480)</td>
<td>(1,011)</td>
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<tr>
<td>Net result</td>
<td>(2,698)</td>
<td>(1,724)</td>
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* H1 14 pro forma EBITDA (-€937k) was previously presented including the €836k exceptional gain from Selah deferred consideration. Including this gain, the EBITDA was reported as -€101k.

** Foreign exchange movement in the period has increased reported revenues by €446k, or 12% of the growth, and the total operating cost base has been inflated by €464k compared to last year due to exchange rate movement. The combined net impact of exchange rate differences on the reported operating result of the business is negligible.

The increase in revenues across the Group along with the change in product mix with increased NOVAprep® sales helped to make a significant improvement in gross margin from 46% to 50%.

Significant non-recurring costs of strengthening the Group commercial infrastructure and setting up the supply chain infrastructure in China have added €0.3m to operating costs in the first half of the year. The weakening Euro brought about a further €0.7m of adverse currency conversion and translation costs to the UK P&L. These costs - which are not expected to be repeated in the second half of the year - combined with ongoing investment in commercial infrastructure resulted in €1.5m higher total operating costs compared to the first half of 2014, which increased the operating loss (notwithstanding the higher sales and gross margin improvements).

A total of 12 new hires were made in the first half of 2015 including direct sales, sales support, marketing and operational functions. This investment is expected to drive increased sales growth particularly in NOVAprep® products.

The Novacyt Group cash position following the combined €8.0m of funds raised will provide sufficient financial resources to fund the commercial growth plans of the Company well into 2016.

Strong business development progress

Novacyt is pleased to announce that it has made strong progress supporting Leica Biosystems with its initial launch of NOVAprep® in China. During the past few months, there have been a total of 11 separate regional meetings and presentations made to over 1,000 Chinese pathologists and clinicians and the results are customer demos being organised for the NOVAprep® technology.

The first purchase orders for instruments and consumables from Leica Biosystems have recently been received and are expected to be shipped and installed before the end of the year.

The investment in commercial infrastructure during the first half of the year appears to be yielding early benefits, with strong progress in securing new NOVAprep® customers in other key European markets including the appointment of new distributors in Spain, Portugal and Sweden.
In addition, Novacyt has just secured its largest new European NOVAprep® contract with Dr Soleiman of Tirol, Austria who has been evaluating liquid based cytology systems for some time. His laboratory currently employs conventional PAP smears for cervical cancer screening, but he has agreed to a seven year contract with Novacyt to convert his conventional screening laboratory to the NOVAprep® technology. It is estimated that Dr Soleiman will produce one of the largest volumes of liquid based PAP smears in the Austrian and German cervical cancer screening market and will become an important reference lab for Novacyt in the region.

Graham Mullis, Group CEO of Novacyt, commented: "2015 has seen strong growth for the business whilst we have invested heavily in further commercial infrastructure for future growth. We have also increased gross margins through a combination of improved product mix and manufacturing improvements. Having secured regulatory approval for the NOVAprep® platform in China and executed a five year distribution agreement with Leica Biosystems to distribute our products, I am also delighted to see the first purchases from Leica Biosystems. I expect Novacyt to be well placed during the second half of 2015 to build on the momentum of the first-half and I expect to report on more progress with our commercial expansion of the NOVAprep® product in the significant growing sector of cancer diagnostics."

**Current trading and outlook**

Novacyt sales and gross margin are in line with market expectations, while costs are higher due partly to increased investment in supporting NOVAprep® expansion in both new and existing market segments and some one-time costs incurred during the first half of the year.

The results of significant new tender awards for Lab21 products are expected to be received by the end of the year and through a continued focus on emerging markets we expect growth to continue into 2016. NOVAprep® sales growth will benefit from expansion into new markets using existing and new distributor channels, new partnerships, and the Company is evaluating the clinical advantages of using the NOVAprep® technology in other new cancer market segments. A strengthened management infrastructure coupled with competitive product positioning should continue to deliver strong sustainable growth into 2016.

**Key dates for the Company’s results disclosure include:**

- Full year 2015 revenues 29th January 2016
- Full year audited results 28th April 2016

*– 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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