Paris, France and Cambridge, UK – 16th August 2017 – Novacyt (ALTERNEXT: ALNOV), an international specialist in clinical diagnostics, today announces unaudited reviewed financial results for the six months ended 30 June 2017.

Novacyt continues to deliver robust revenue growth and is moving closer to profitability as the investment programme across the business begins to bear fruit. This is demonstrated by a 53% increase in revenue at constant exchange rates (CER) during the first half of the year, compared with the prior period. Over the past three years every €1 invested in commercial infrastructure has delivered approximately €5 of additional sales which supports the ongoing investment programme.

During the period, Novacyt has seen the full benefit of the acquisition of Primerdesign, which is now fully integrated, as well as delivering strong organic sales growth from NOVAprep® and Lab21, leading to the Group delivering significant improvement in EBITDA and reinforcing the Group’s accelerated trajectory towards profitability.

Financial highlights
- Consolidated Group sales, including the effect of the Primerdesign acquisition, increased 42% to €7.0m compared with €5.0m in H1 2016
- At CER, Group sales increased 53% compared with H1 2016
- Gross margin increased from €2.6m to €4.3m and eight percentage points from 53% to 61%, marking the third consecutive half-year of improved gross margin
- EBITDA loss significantly narrowed from €1.6m in 2016 to €0.5m in 2017 as a result of higher sales, improving gross margin and cost control
- In June 2017, the Company raised gross €3.0m, net €2.8m to invest in further growth opportunities and manufacturing infrastructure
- Novacyt had €2.6m in cash and cash equivalents at the end of 30 June, 2017

<table>
<thead>
<tr>
<th>€'000</th>
<th>Consol H1 17</th>
<th>Consol H1 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7,029</td>
<td>4,950</td>
</tr>
<tr>
<td>Gross profit</td>
<td>4,258</td>
<td>2,605</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>61%</td>
<td>53%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(469)</td>
<td>(1,611)</td>
</tr>
<tr>
<td>Operating loss before exceptional items</td>
<td>(999)</td>
<td>(1,815)</td>
</tr>
<tr>
<td>Net result</td>
<td>(1,713)</td>
<td>(3,525)</td>
</tr>
</tbody>
</table>

Earnings per share
-0.09
-0.37
Operational highlights

- As a result of previous commercial infrastructure investments, NOVAprep® sales increased 30% to €1.1m compared with H1 2016 (+48% versus H2 2016)
- Driven by recent investment in commercial structure, Primerdesign’s sales increased 3% (CER) to €2.6m compared with H1 2016, and 13% CER compared with H2 2016
- Lab21 sales increased 16% (CER) to €3.3m versus H1 2016 (+8% CER versus H2 2016), driven by the launch of multiple new products and entry into new territories
- Driven by growth in the installed base of instruments, which should result in increased reagent sales, Asia Pacific represented the Group’s fastest growing region. Sales growth in the region for NOVAprep® increased by 243% to €0.35m compared with H1 2016
- Successful registration of NOVAprep® HQ+ Orange vial as a US Food and Drug Administration (FDA) Class I device for cytology or molecular use in the US market
- Received China Food and Drug Administration (CFDA) approval for the NOVAprep® system for non-gynaecological cancer testing in China, adding to earlier approval for cervical cancer
- The new 15,000 square feet manufacturing site in Camberley is progressing well and on target for completion by the beginning of Q4 2017.

Post period end

- First IVD CE Mark approval received in Zika and assay delivered on time
- Successful registration of NOVAprep® with the Saudi Arabia FDA

Graham Mullis, Group CEO of Novacyt, commented:

"I am pleased to be able to report another strong period of sales growth driven by our strong progress against our three core strategic pillars of organic, acquisition and R&D led growth. I am particularly pleased with the 30% and 16% of organic growth of NOVAprep® Sales and Lab21 Products respectively. Furthermore, the progress made by Primerdesign includes the successful development of our first CE marked molecular diagnostic test for Zika.

The strong sales foundation has resulted in an improved financial performance with a significant increase in the Group gross margin to 61% and a continued reduction in the overall loss made by the Group. While I am pleased with the current profitable organic performance, we also continue to identify additional acquisition opportunities in a growing and fragmented global diagnostic market.

The Board remains of the belief that an additional listing on the UK AIM market of the London Stock Exchange in 2017 will help increase the international profile of the Group and could help accelerate the growth trajectory further. I look forward to updating shareholders with our progress in this regard."

Corporate review

Novacyt remains committed to its growth strategy and continues to make good progress against its three pillars of growth: Organic, R&D Transformation and Acquisition.

As part of the strategic rationale to acquire Primerdesign, Novacyt identified future growth synergies within the business, which have been delivered during the period, in particular within the Asia Pacific region. Utilising Novacyt’s existing sales channels, we have been able to increase the installed base of instruments in Asia Pacific of both NOVAprep® and Primerdesign’s genesig® q16. For example, in H1 2017, Novacyt shipped a record number of its instruments to China in both molecular and cytology products and is encouraged by the pipeline that continues to build.
This investment in Asia Pacific has led to increased NOVAprep® sales by 243% to €0.35m compared with H1 2016, representing the Group’s fastest growing region. The appointment of our sales channel partner MDL Asia last year coupled with our additional investment in China has driven this growth. There is significant opportunity for further growth in the region, with the emergence of many cancer screening markets including China, Indonesia, Vietnam and Thailand, representing a total estimated market of approximately two billion people.

Consequently Asia Pacific now represents a key focus region for our strategy going forward. In particular, further investment in infrastructure in the Chinese market is planned in the near term to ensure high quality technical support for the rapidly growing installed instrument base and to meet anticipated future demand.

The Directors believe that Novacyt is well placed to exploit the large and fragmented diagnostics market and is assessing these opportunities, with a specific focus towards higher growth segments that have the most potential to drive organic growth.

**NOVAprep® platform technology**

NOVAprep® had a strong performance during the period, with sales increasing by 30% to €1.1m compared with H1 2016 and a 48% increase compared with H2 2016, primarily driven by Asia Pacific.

In addition, the Company successfully registered NOVAprep® HQ+ Orange vial as a US FDA Class I device for cytology or molecular use in the US market. The US is the largest market today for cervical cancer screening and Novacyt is focused on finding a partner to enter this market.

Also of note, Novacyt received China Food and Drug Administration (CFDA) approval for NOVAprep® for non-gynaecological cancer testing in China, adding to the earlier approval of the system for cervical cancer. Novacyt has also successfully registered NOVAprep® in Saudi Arabia with the Saudi Food and Drug Authority (SFDA) and expects to launch the system in the second half of the year. Novacyt continues to advance NOVAprep® in South America, with the system registered in 11 of the 19 countries on the continent, with the first vial orders expected in Q3 2017.

**Primerdesign**

Since the acquisition of Primerdesign in May 2016, the business has continued to grow while simultaneously integrating within the broader Group, investing in a new facility and initiating the conversion of research-use-only (RUO) to CE Mark IVD assays and increasing the functionality of genesig® q16. As a result, we are starting to realise sales synergies and identify multiple business to business (B2B) opportunities.

The underlying business is growing well, with 2017 revenues in China and Australia, the two largest Asia Pacific molecular markets, already exceeding full year 2016 revenues. The combined revenue growth for Primerdesign in these two markets is up 142% versus H1 2016. Sales in the US market also continue to be strong and are up 34% compared with last year. Sales of Zika kits were high in 2016 as Primerdesign was one of the first manufacturers to market with its RUO kit. However, since the World Health Organisation down-graded the disease, sales of these kits have reduced significantly in 2017.

In addition, during the period, Primerdesign received its largest single order, worth over £90,000, and in addition its largest single order worth $50,000 from the US, supporting growth in its current core RUO markets.
Primerdesign has developed new multiplex capabilities for the genesig® product range, which means it can offer flexibility in multiplexing of any three DNA tests together, thereby broadening its overall offering to customers. It also recently launched a high risk, HPV 14-way multiplex kit in RUO format on time which has undergone successful clinical validation with a major clinical laboratory.

In addition, Primerdesign received a successful audit from its notified body which included a thorough review of the new CE Mark process and capabilities, from Primerdesign’s first IVD CE Mark approval, in Zika, allowing for the assay to be used in clinical testing. The assay has been delivered on time and is expected to be launched into the clinical market shortly. This approval, which is anticipated to be the first in a succession of new clinical assays, demonstrates the Company’s ability to develop CE-IVD assays. Transitioning a selection of Primedesign’s current RUO assays into the larger clinical market represents a key medium-term focus for the Company. The RUO market is estimated to be worth €1.3bn with the clinical market estimated at over €6.0bn.

The Company continues to build its B2B pipeline, with multiple partners expected to be contracted with during the second half of the year, which is expected to deliver material sales. Additionally, it is investing further in its commercial infrastructure during H2 2017, adding recruitment to drive further growth.

*Lab21 products*

During the period, Lab21 sales increased 16% (CER) to €3.3m versus H1 2016 (+8% CER versus H2 2016), driven by the launch of multiple new products and entry into new territories.

The manufacturing expansion investment at the Camberley, UK site is progressing well and on target for completion by the beginning of Q4 2017. The new manufacturing site is expected to provide capacity that could support a doubling of sales of Lab21 as well as provide expansion space for the manufacture and distribution of NOVAprep®.

Finally, the tender market is continuing to show signs of improvement, positioning the division well for anticipated continued sales growth in the second half of the year.

*Financial review*

*Revenue*

Revenue of €7.0m increased by 42% and 53% at CER (taking into account a 10% fall in the value of the Pound against the Euro) compared with the same period last year. Sales have grown across all parts of the business with NOVAprep® adding €255k (growth of 30%) driven by Asia Pacific and in particular, China. Lab21 sales of €3.3m have shown strong underlying growth of 16% (at CER) due to the launch of new products and entry in to new territories. Primerdesign sales increased by €1.7m to €2.6m on a consolidated basis.

*Gross margin*

Gross margin has shown continued positive momentum, increasing from €2.6m (53%) in the first half of last year to €4.3m (61%). This is largely due to consolidating six months of high-margin Primerdesign results compared with just two months in H1 2016, as well as an improvement in Primerdesign margins from 82% to 85% over the same period. Lower manufacturing costs have also helped to increase gross margins due to economies of scale as sales volumes increase.
**EBITDA**

EBITDA has consistently improved from a consolidated loss of €1.6m in H1 2016 to a €0.5m loss in the same period this year (an improvement of €1.1m or 71%). This has been driven by €1.7m additional gross profit and €0.1m additional other income offset by €0.6m of increased operating expenditure. Primerdesign accounted for €0.9m of additional operating expenditure in H1 2017 — following consolidation for the whole period — while operating costs fell by €0.3m in the rest of the Group following the restructuring of the French commercial operations last year.

Due to management’s commitment to growing revenue and margins while controlling costs but also making targeted investments in key commercial infrastructure, the EBITDA loss was just 7% of revenue in the first half of 2017 compared with 33% a year ago. Both Primerdesign and Lab21 divisions are significantly profitable and it is expected the NOVAprep® division will continue to reduce its losses as sales grow.

**Operating loss before exceptional items**

The Group has achieved a reduction of 45% in Operating Loss Before Exceptional Items. This is lower than the improvement in EBITDA due to amortisation of intangibles, such as customer relationships, created upon acquisition of Primerdesign.

**Net loss**

The Net Loss was reduced by over 50% between H1 2016 and H1 2017 driven by the impact of the profitable Primerdesign combined with €0.7m lower exceptional costs and €0.3m lower net financial expenditure. As a result of these various factors, Earnings per share has improved from (€0.37 to -€0.09) between H1 2016 and H1 2017.

**Balance Sheet**

<table>
<thead>
<tr>
<th></th>
<th>€’000</th>
<th></th>
<th>€’000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jun-17</td>
<td>Dec-16</td>
<td>Jun-17</td>
<td>Dec-16</td>
</tr>
<tr>
<td>Goodwill</td>
<td>16,466</td>
<td>16,466</td>
<td>Share capital and premium</td>
<td>52,057</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>6,397</td>
<td>6,616</td>
<td>Other reserves</td>
<td>(64)</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>22,863</td>
<td>23,082</td>
<td>Retained earnings</td>
<td>(32,174)</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,810</td>
<td>1,614</td>
<td>Total equity</td>
<td>19,819</td>
</tr>
<tr>
<td>Other current assets</td>
<td>4,081</td>
<td>2,880</td>
<td>Borrowings (&gt; 1 yr)</td>
<td>2,324</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,587</td>
<td>2,866</td>
<td>Provisions and long-term</td>
<td>1,102</td>
</tr>
<tr>
<td>Total current assets</td>
<td>8,478</td>
<td>7,360</td>
<td>Total non-current liabilities</td>
<td>3,426</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Borrowings (&lt; 1 yr)</td>
<td>3,062</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Trade and other payables</td>
<td>3,283</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Provisions and short-term</td>
<td>1,751</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total current liabilities</td>
<td>8,096</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>31,341</td>
<td>30,442</td>
<td>TOTAL EQUITY AND LIABILITIES</td>
<td>31,341</td>
</tr>
</tbody>
</table>

The Group held €2.6m of cash on the balance sheet at 30 June 2017 compared to €2.9m at 31 December 2016. The balance at the end of June included €2.8m net proceeds of the capital raised in June less debt repayments, Camberley fit out costs and q16 and NOVAprep® instrument stock costs. Net debt reduced to €2.8m at the end of June 2017 from €3.4m in December 2016 despite the drawdown of a new €1.5m bond facility in March.
Current trading and outlook

With a clear focus on commercial infrastructure expansion, manufacturing efficiency and development pipeline, Novacyt expects a stronger H2 2017 with continued sales growth across all divisions through:

- NOVAprep® – Product registrations throughout the 19 countries in South America is expected to result in new sales and further investment in Asia Pacific
- Primerdesign – Conversion of business-to-business pipeline opportunity
- Lab21 – The launch of new products into multiple territories, including Brazil and America and recovery of key tenders

Management remain confident in Novacyt’s outlook across all areas of the business and plans to continue with its investment programme to increase sales momentum, increase gross margin, control costs and approach sustained profitability. Novacyt is committed to its ambitious growth plans to exploit the value opportunity it believes exist from its technologies which will be helped with an additional listing on the UK AIM market targeted in 2017.

Upcoming Events
Full year 2017 revenue result 25th January 2018

- End -

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 molecular platform, genesig® Novacyt is able to provide an extensive range of oncology and infectious disease diagnostic products across an extensive international distributor network. 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

Contacts

International
Brett Pollard / Victoria Foster Mitchell
FTI Consulting
+44 (0)20 3727 1000
brett.pollard@fticonsulting.com / victoria.fostermitchell@fticonsulting.com

France
Arnaud de Cheффontaines / Astrid Villette
FTI Consulting
+33 (0)147 03 69 47 / +33 (0)147 03 69 51
arnaud.decheffontaines@fticonsulting.com / astrid.villette@fticonsulting.com
NOVACYT
Graham Mullis
Chief Executive Officer
+44 (0)7901 514 121
graham.mullis@novacyt.com

Anthony Dyer
Chief Financial Officer
+44 (0)7940 506 708
anthony.dyer@novacyt.com