Full Year 2020 Trading Update

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("Novacyt", the "Company" or the "Group")

Full Year 2020 Trading Update

Paris, France and Camberley, UK - 29 January 2021 - Novacyt (EURONEXT GROWTH: ALNOV; AIM: NCYT), an international specialist in clinical diagnostics, announces an unaudited trading update for the year ended 31 December 2020.

Highlights

· Revenue for the full year of 2020 increased by over 20x to €311.6 million (£277.0 million) compared to €13.1 million (£11.5 million) for the full year of 2019

· Revenue of €239.2 million (£213.7 million) delivered in H2 2020 compared to €72.4 million (£63.3 million) in H1 2020

· Gross margin for the full year above 80%

· EBITDA profitability for the full year above €210 million (£187 million), with H2 2020 EBITDA above €161 million (£143 million) compared to €49.4 million (£43 million) in H1 2020

· The Company's cash position at 31 December 2020 was €101 million (£91.8 million), compared to €1.8 million (£1.6 million) at 31 December 2019 and €19.7 million (£18.0 million) at 30 June 2020

· Investment in pipeline of next generation COVID-19 tests to address evolving clinical needs

· Acquisition of IT-IS International, a profitable diagnostic instrument development and manufacturing company, in line with strategy

Overview

As a result of significant work, focus and innovation, the scale and financial performance of the business continued to accelerate during the second half of the year. This was driven by the continued successful global commercialisation of the Company's COVID-19 product portfolio, underpinned by one of the world's first approved polymerase chain reaction (PCR) tests for the virus, and has resulted in the rapid transformation of Novacyt into a leading European integrated molecular diagnostic player.

The strong cash position at the year-end followed significant investment in the Group's working capital, including inventory to meet product demand and ensure uninterrupted supply to customers, and the Group paying down all outstanding debt during the year, making the Company debt free for the first time in its history. On an ongoing basis, we expect conversion of EBITDA to free cash flow before acquisitions to be close to 80%.

Novacyt has successfully integrated the acquisition of IT-IS International Ltd (IT-IS), a profitable diagnostic instrument development and manufacturing company, which was acquired in line with the Company's stated growth strategy. The acquisition allowed Novacyt to become a fully integrated instrument and consumables player, with the ability to expand its product offering into broader COVID-19 opportunities and beyond. As detailed at the time of the acquisition, the Company is focused on delivering higher manufacturing volumes at IT-IS to reduce its cost of goods and therefore improve the gross margin of its instrument sales.

The Group has expanded its global presence, with the UK, Middle East, Germany and US being its four largest revenue generating markets. It has secured significant contracts with national governments, including two with the Department for Health and Social Care in the UK (DHSC), as well as with other national non-government organisations, for the supply of its COVID-19 products.

Novacyt continues to leverage its proven capabilities in PCR test R&D to expand the range of high quality and differentiated products it offers to its customers. This has resulted in ten further product launches during the year to address new needs in the market, which has driven diversification of the Company's revenue base. This includes a test panel to differentiate COVID-19 from common winter diseases and new reagents to aid PCR testing workflow for users.

Novacyt also remains committed to its surveillance programme of analysing the Company's selected gene targets for COVID-19 against new mutations of the virus to demonstrate ongoing accuracy and performance of its tests. To date, the Company's PCR product portfolio, based around a single and a two gene target for COVID-19, remains able to detect all published strains of SARS-CoV-2 with the same high level of accuracy.

To support growth, the Company continues to scale the business internally. During 2020, Novacyt hired 124 people, with significant increases across manufacturing, sales and R&D operations. Post period end, Novacyt also expanded its executive team. James McCarthy was appointed as Chief Financial Officer to support the Company as it enters its next stage of growth. Anthony Dyer has taken on a new role as Chief Corporate Development Officer to focus on executing against the Company's ambitious organic growth and innovation strategy, as well as its M&A strategy to supplement growth initiatives. Novacyt has also appointed Guillermo Raimondo to the newly formed, non-Board role of Chief Commercial Officer to lead the Company's global commercial operations. Previously, Guillermo had a successful career at Siemens Healthineers where his last two roles were as Regional President and more recently Executive Vice President Global Marketing & Sales, responsible for $4 billion of global revenues.

Outlook

Novacyt has had a strong start to 2021 across the business, with demand for the COVID-19 product portfolio remaining strong. At this early stage in the year, it is difficult to provide a clear forecast on the financial performance for full year 2021. However, the Directors believe demand for the Company's COVID-19 product portfolio will remain strong throughout most of 2021, with continued conversion of new opportunities, including a number of planned product launches, and the expansion of the Company's VersaLab™ service to support private sector testing of infectious diseases, initially focused on COVID-19.

In addition, the Company continues to support the DHSC and the NHS following the deployment of its rapid PCR testing system, for the contract with the DHSC, announced on 29 September 2020, and the Company is in active discussions with the DHSC to extend this phase of the contract. Novacyt's PROmate™, a new product to improve the workflow efficiency when used with the Company's q16/q32 instruments successfully completed an in-service validation conducted by Test and Trace's Technology Validation Group (TVG), with the TVG concluding the performance of the PROmate™ aligns with the acceptable standard for point-of-care (rapid testing).

With the strengthened cash position of the Company, the business is able to continue to invest in innovation, organic expansion and external business development, in line with its growth strategy, to leverage its strong momentum as a leading European molecular diagnostic player in infectious diseases. Organically, Novacyt will continue to invest in its commercial infrastructure to deliver new products, as the Company continues to redefine its R&D pipeline and establish a direct sales force in key markets in the US and across Europe. The Company also continues to evaluate M&A opportunities and will consider additional bolt-on acquisitions to add strategic assets and functionality to the expanding Group.

The Company expects to announce its full year results in April 2021.

Graham Mullis, Group CEO of Novacyt, commented:

"2020 has been transformational for Novacyt. We have cemented our early mover advantage of developing one of the first tests for COVID-19 into an established position within COVID-19 testing and the broader diagnostics market. We have signed significant contracts with national governments, supplied our products to over 130 countries globally and continued to develop innovative testing capabilities to support laboratories and clinicians during these challenging times.

"I would like to thank all employees who have helped Novacyt to achieve an outstanding year of growth and prepare the Company for an exciting future. Our strong financial position has enabled us to settle all outstanding debt, make a strategically important acquisition and conclude the year with significant levels of cash to reinvest in the business. These foundations ensure we are well positioned to continue to grow the business in line with our strategy of delivering long-term value to our shareholders."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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About Novacyt Group

The Novacyt Group is an international diagnostics business generating an increasing portfolio of in vitro and molecular diagnostic tests. Its core strengths lie in diagnostics product development, commercialisation, contract design and manufacturing. The Company's lead business units comprise of Primerdesign and Lab21 Products, supplying an extensive range of high-quality assays and reagents worldwide. The Group directly serves microbiology, haematology and serology markets as do its global partners, which include major corporates.

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

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