NOVACYT

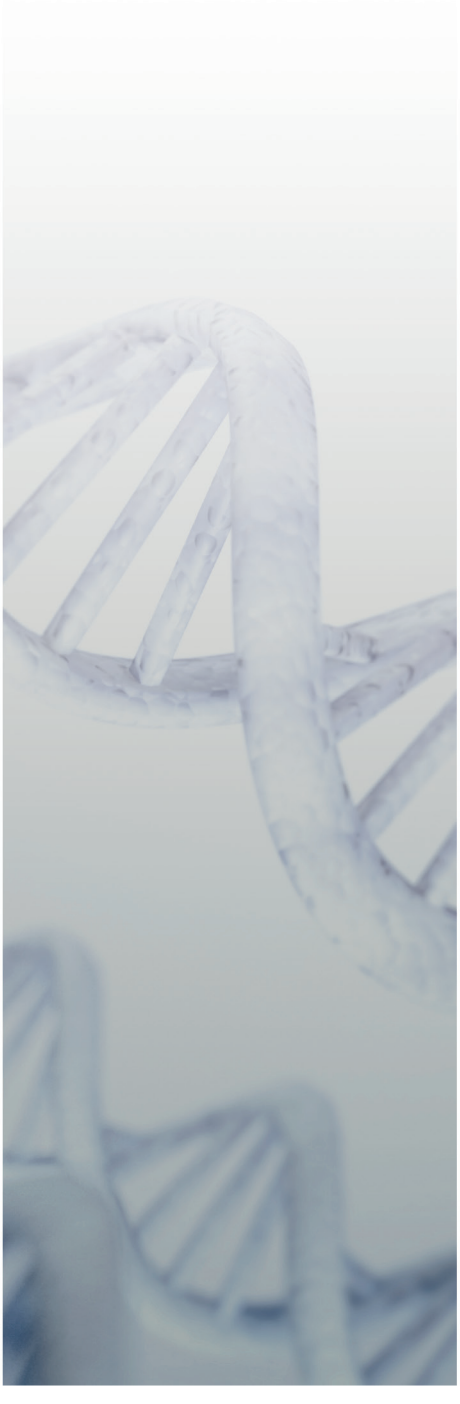
GROUP

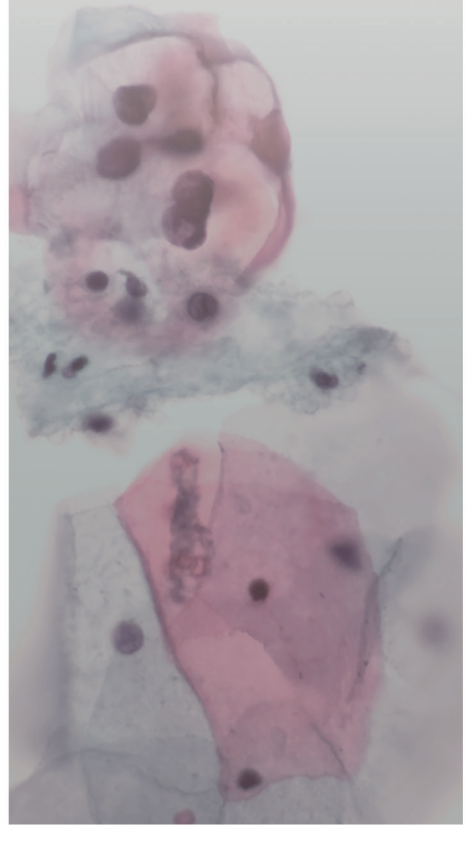
AIM Admission Document

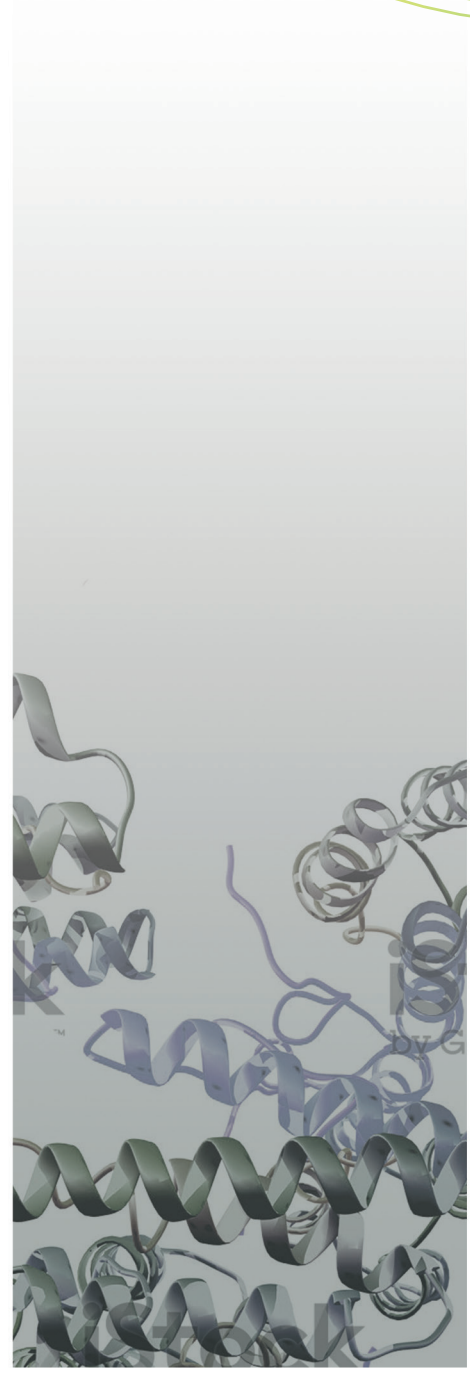
Placing by Stifel and WG Partners

STIFEL

WG partners







THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult an independent professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document is an admission document prepared in accordance with the rules of AIM, a market operated by the London Stock Exchange ("**AIM**") and does not comprise a prospectus for the purposes of the Prospectus Rules and has not been approved by or filed with the Financial Conduct Authority. The Shares are currently, and will continue to be following Admission, listed on Euronext Growth Paris. **Application has been made for the whole of the issued and to be issued Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Shares will commence on AIM on 1 November 2017.**

The Company and the Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts, and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each company admitted to trading on AIM is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

Novacyt S.A.

(incorporated and registered in France with registered no. 491 062 527)

PLACING AND SUBSCRIPTION OF 14,739,579 SHARES AT A PRICE OF 59.38 PENCE PER SHARE

AND

ADMISSION TO TRADING ON AIM

Nominated Adviser and Joint Broker

Stifel Nicolaus Europe Limited

Joint Broker

WG Partners LLP

Expected share capital of the Company immediately following Admission

	Issued and fully paid
Number	Amount
37,664,341 Shares of €1/15th each	€2,510,956.07

Your attention is particularly drawn to the risk factors set out in Part 2 of this document.

The New Shares will, on issue, rank in full for all dividends and other distributions declared, paid or made in respect of the Shares after Admission and will otherwise rank *pari passu* in all respects with the Existing Shares.

The Shares have not been nor will they be, registered under the US Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan, South Africa or the Republic of Ireland. Subject to certain exceptions, the Shares may not be offered or sold in the United States, Australia, Canada, Japan, South Africa or the Republic of Ireland or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan, South Africa or the Republic of Ireland or any person located in the United States. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction and is not for distribution in, or into, the United States, Australia, Canada, Japan, South Africa or the Republic of Ireland. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves of and observe such restrictions.

Stifel Nicolaus Europe Limited ("**Stifel**") is regulated by the Financial Conduct Authority and is acting exclusively for the Company and for no one else in connection with the Fundraising and Admission. Stifel will not be responsible to anyone other than the Company for providing the protections afforded to customers of Stifel or for advising any other person on the contents of this document or the Fundraising and Admission. The responsibility of Stifel as nominated adviser and joint broker to the Company is owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by Stifel as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by Stifel for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

WG Partners LLP ("**WG Partners**") is regulated by the Financial Conduct Authority and is acting exclusively for the Company and for no one else in connection with the Fundraising and Admission. WG Partners will not be responsible to anyone other than the Company for providing the protections afforded to customers of WG Partners or for advising any other person on the contents of this document or the Fundraising and Admission. The responsibility of WG Partners as joint broker to the Company is owed solely to the London Stock Exchange. No representation or warranty, express or implied, is made by WG Partners as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by WG Partners for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

Copies of this document will be available free of charge during normal business hours on any Business Day at the offices of Stifel, 150 Cheapside London, EC2V 6ET, United Kingdom, from the date of Admission until the date that is one month from the date of Admission and at the Company's website (www.novacyt.com).

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, ''forward-looking statements.'' These forward-looking statements can be identified by the use of forward-looking terminology, including the terms ''believes'', ''estimates'', ''forecasts'', ''plans'', ''prepares'', ''anticipates'', ''projects'', ''expects'', ''intends'', ''may'', ''will'', ''seeks'', or ''should'' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Group's and the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Group's prospects, growth and strategy.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Group's results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this document, those results or development may not be indicative of results or developments in subsequent periods.

Any forward-looking statements that the Group makes in this document speak only as of the date of such statement, and none of the Group, the Directors, Stifel or WG Partners undertakes any obligation to update such statements unless required to do so by applicable law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

BASIS ON WHICH INFORMATION IS PRESENTED

Various figures and percentages in tables or elsewhere in this document, including financial information, have been rounded and accordingly may not total exactly. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

REFERENCES TO DEFINED TERMS

Certain terms used in this document are defined and certain technical and other terms used in this document are explained in the sections of this document under the headings ''Definitions'' and ''Glossary and technical terms.''

The date of this document is 18 October 2017.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	18 October 2017
Admission of first tranche of 7,550,757 Subscription Shares becoming effective on Euronext Growth Paris	9.00 a.m. (Paris time) on 19 October 2017
French Shareholders to be credited with the first tranche of 7,550,757 Subscription Shares	19 October 2017
Admission becoming effective and dealings in the Enlarged Share Capital expected to commence on AIM	8.00 a.m. on 1 November 2017
French Shareholders and Subscribers to be credited with the balance of 137,232 Subscription Shares	3 November 2017
CREST accounts expected to be credited with CDIs and settlement of Placing Shares	3 November 2017
Admission of the balance of 137,232 Subscription Shares and the Placing Shares becoming effective on Euronext Growth Paris	9.00 a.m. (Paris time) on 3 November 2017

Notes:

1. *Each of the times and dates in the above timetable is subject to change at the absolute discretion of the Company and Stifel. Any such change will be notified by an announcement on a Regulatory Information Service.*
2. *All references to times and dates in this document are, unless stated otherwise, references to London, United Kingdom, time.*

PLACING STATISTICS

Number of Existing Shares (including the first tranche of 7,550,757 Subscription Shares) in issue immediately prior to Admission	30,475,519[(1)]
Placing Price per New Share (pence)	59.38
Equivalent Euro value to the Placing Price per New Share	€0.66
Number of New Shares	14,739,579
Enlarged Share Capital	37,664,341
New Shares as a percentage of the Enlarged Share Capital	39.1%
Gross proceeds of the Fundraising	£8.8 million €9.7 million
Estimated net proceeds of the Fundraising receivable by the Company	£7.1 million €7.9 million
AIM TIDM for the Shares	NCYT
SEDOL number for the Shares traded on AIM	BF16YK9
Euronext Growth Paris TIDM	ALNOV
SEDOL number for the Shares traded on Euronext Growth Paris	B8QCPL1
ISIN code for the Shares	FR0010397232

Note:

1. *This figure includes 92,203 Shares held as treasury shares as of 13 October 2017, the latest practicable date prior to the date of this document. For further details of Shares held as treasury shares, please see paragraph 2.5 of Part 5 (Additional information) of this document.*

DIRECTORS, SECRETARY AND ADVISERS

Directors	James Christopher Wakefield *(Independent Non-executive Chairman)* (age 50) Graham Mullis *(Chief Executive Officer)* (age 54) Anthony William Dyer *(Chief Financial Officer)* (age 45) Dr Andrew John William Heath *(Independent Senior Non-executive Director)* (age 69) Dr Edwin Snape *(Independent Non-executive Director)* (age 77) Jean-Pierre Jacques Crinelli *(Non-executive Director)* (age 66) Juliet Thompson *(Independent Non-executive Director)* (age 51)
Company Secretary	Anthony Dyer
Registered office	Novacyt S.A. 13 Avenue Morane Saulnier 78140 Vélizy-Villacoublay France
Company website	www.novacyt.com
Nominated Adviser and Joint Broker to the Company	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom
Joint Broker to the Company	WG Partners LLP 85 Gresham Street London EC2V 7NQ United Kingdom
Legal advisers to the Company	*English law* Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom *French law* Gatienne Brault et Associés 37-39 Avenue de Friedland Paris 75008 France
Legal advisers to the Nominated Adviser and Joint Brokers	Simmons & Simmons LLP CityPoint 1 Ropemaker St London EC2Y 9SS United Kingdom
Auditors	Deloitte & Associés 185 Avenue Charles du Gaulle 92524 Neuilly-sur-Seine Cedex France
Reporting accountants for the historical financial information	Deloitte LLP 2 New Street Square London EC4A 3BZ United Kingdom

Reporting accountants	Grant Thornton UK LLP 101 Cambridge Science Park Milton Road Cambridge CB4 0FY United Kingdom
Financial public relations	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD United Kingdom

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

''Admission''	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies
''AIM''	AIM, a market operated by the London Stock Exchange
''AIM Rules for Companies''	the rules (including the guidance notes thereto) for AIM companies published by the London Stock Exchange, as amended from time to time
''AIM Rules for Nominated Advisers''	the rules for nominated advisers to AIM companies published by the London Stock Exchange, as amended from time to time
''Allegra''	Allegra Finance SA, a company registered in France with number 489 130 153
''Allegra Introduction Agreement''	the agreement dated 19 September 2017 between Allegra and the Company relating to the procurement of subscribers for Subscription Shares, summary details of which are set out in paragraph 10 of Part 5 (Additional information) of this document
''AMF''	General Regulation of the Autorité Des Marchés Financiers of France, which comprises the French takeover rules
''Articles''	the articles of association of the Company upon Admission
''Audit Committee''	the audit committee of the Board as constituted from time to time
''Business Day''	a day (other than a Saturday or Sunday) on which banks are open for general business in London, United Kingdom
''Board'' or **''Directors''**	the directors of the Company, whose names are set out on page 5 of this document
''Canada''	Canada, its territories and possessions, any province of Canada and all other areas subject to the jurisdiction of Canada
''CDI''	CREST Depository Interests, which represent an entitlement to Shares held through a nominee service, and Shareholders, when referred to in this document, includes the holders of those CDIs through that nominee service
''CM-CIC''	Groupe CIC, a French financial institution that is part of the Crédit Mutuel group
''Company''	Novacyt S.A.
''CREST''	the relevant system (as defined in the CREST Regulations) operated by Euroclear (as defined in the CREST Regulations)
''CREST Regulations''	the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) and any modification thereof or any regulations in substitution thereof for the time being in force
''Disclosure and Transparency Rules''	the disclosure guidance and transparency rules made by the Financial Conduct Authority under Part VI of FSMA
''EEA''	the European Economic Area
''Enlarged Share Capital''	the issued share capital of the Company upon Admission comprising the Existing Shares and the New Shares
''EU''	the European Union
''Euroclear''	Euroclear UK & Ireland Limited, the operator of CREST
''Euroclear France''	Euroclear France SA, a company registered in France with number 542 058 086
''Euronext Growth Paris''	Euronext Growth in Paris, a market dedicated to small and mid-cap companies operated by Euronext. Formerly known as Alternext Paris

''Executive Directors''	Graham Mullis and Anthony Dyer
''Executive Team''	the Executive Directors and those employees of the Group as set out in paragraph 12 of Part 1 (Information on the Group) of this document
''Existing Shares''	the 22,924,762 Shares in issue as at the date of this document
''Financial Conduct Authority''	the UK Financial Conduct Authority
''FSMA''	the UK Financial Services and Markets Act 2000, as amended from time to time
''Fundraising''	together, the Placing and the Subscription
''Group'' or **''Novacyt''**	the Company, its direct and indirect subsidiaries and a branch
''IFRS''	International Financial Reporting Standards
''Invest Securities''	Invest Securities SA, a company registered in France with number 439 866 112
''Kreos IV''	Kreos Capital IV (UK) Limited
''Kreos V''	Kreos Capital V (UK) Limited
''Joint Brokers''	Stifel and WG Partners
''Lab21''	Lab21 Limited together with its direct and indirect subsidiaries
''London Stock Exchange''	London Stock Exchange plc
''Member States''	the member states of the EEA
''New Shares''	together, the Placing Shares and the Subscription Shares
''Nomination Committee''	the nomination committee of the Board as constituted from time to time
''Non-executive Directors''	James Wakefield, Dr Andrew Heath, Dr Ed Snape, Jean-Pierre Crinelli and Juliet Thompson
''Novacyt LTIP''	the Novacyt S.A. Long Term Incentive Plan
''NOVAprep®''	Novacyt S.A., Novacyt China Limited, Novacyt S.A. UK and Novacyt Asia Limited
''Official List''	the Official List of the UK Listing Authority
''Order''	the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended or replaced)
''QCA''	The Quoted Companies Alliance
''QCA Code''	the QCA Corporate Governance Code for Small and Mid-Sized Quoted Companies, as amended from time to time
''Placing''	the conditional placing of the Placing Shares by the Joint Brokers as agents for the Company on the terms and conditions set out in the Placing Agreement
''Placing Agreement''	the conditional agreement dated 18 October 2017 between the Company, the Directors and the Joint Brokers relating to the Placing, summary details of which are set out in paragraph 10 of Part 5 (Additional information) of this document
''Placing Price''	59.38 pence per New Share
''Placing Shares''	the 7,051,590 new Shares to be issued pursuant to the Placing
''Primerdesign''	Primer Design Limited
''Prospectus Rules''	the prospectus rules of the Financial Conduct Authority made under Part VI of the FSMA
''Regulatory Information Service''	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies

''Remuneration Committee''	the remuneration committee of the Board as constituted from time to time
''Securities Act''	the United States Securities Act of 1993, as amended from time to time
''Shareholder''	a holder of Shares
''Shares''	ordinary shares of 1/15th of one Euro each in the share capital of the Company
''Stifel''	Stifel Nicolaus Europe Limited, a company registered in England and Wales with company number 03719559, which is authorised and regulated by the Financial Conduct Authority
''Subscriber''	those persons subscribing for Subscription Shares pursuant to the Subscription as further described in paragraph 17 of Part 1 (Information about the Group) of this document
''Subscription''	the conditional subscription for the Subscription Shares pursuant to the Subscription Letters
''Subscription Letters''	the letters of subscription entered into between the Company and the Subscribers, summary details of which are set out in paragraph 10 of Part 5 (Additional information) of this document
''Subscription Shares''	the 7,687,989 new Shares to be issued pursuant to the Subscription
''subsidiary''	as defined in section 1159 and Schedule 6 of the UK Companies Act 2006
''UK'' or ''**United Kingdom''**	the United Kingdom of Great Britain and Northern Ireland
''UK Listing Authority''	the UK Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
''UK Placing Shares''	those Placing Shares being subscribed by investors based in the UK and who have elected to receive settlement via CREST
''US'' or ''**United States''**	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to the jurisdiction of the United States of America
''VAT''	value added tax
''Vatel Capital''	FCPI Dividendes Plus n°4 and FCPI Dividendes Plus n°5, two investment funds managed by Vatel Capital SAS
''WG Partners''	WG Partners LLP, a limited liability partnership registered in England and Wales with number OC369354, which is authorised and regulated by the Financial Conduct Authority
''Yorkville''	YA Global Master SPV Ltd
''€'' or ''**Euros**'' or ''**EUR''**	Euro
''£'' or ''**pound sterling''**	British pounds sterling and ''pence'' shall refer to British pence
''US$''	US dollars

Throughout this document, unless otherwise stated, the following exchange rate has been used:

€ to £ of 1.1114

Note:

1. *Unless otherwise stated in this document, all references to statutes or other forms of legislation shall refer to statute or legislation of France. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension of thereof.*

GLOSSARY AND TECHNICAL TERMS

Set out below is a glossary of selected technical and other terms used in this document.

''B2B''	business-to-business
''CAGR''	compound annual growth rate
''CFDA''	the China Drug and Food Administration
''CE''	Conformité Européenne, a European health & safety product label
''CPS''	cytology PAP smear
''cytology''	the branches of biology and medicine concerned with the structure and function of plant and animal cells
''DNA''	deoxyribonucleic acid, a self-replicating material that is present in nearly all living organisms as the main constituent of chromosomes. It is the carrier of genetic information
''EBITDA''	earnings before interest, tax, depreciation and amortisation. In this document, EBITDA is presented before exceptional items
''EMEA''	Europe, the Middle East and Africa
''EN ISO''	European standard, in accordance with the standards set by the International Organisation for Standardisation
''FDA''	the US Food and Drug Administration
''HCV''	the hepatitis C virus, which is a virus that can cause an infectious disease that primarily affects the liver
''HIV''	human immunodeficiency virus
''HPV''	the human papilloma virus, which is the name for a group of viruses that affect human skin and the moist membranes lining the human body
''HR''	human resources
''diagnostics''	the process of detection and identification of a disease
''genesig® q16 instrument'' or **''q16 instrument''**	an instrument sold by the Group designed to undertake DNA testing using the Group's genesig® reagents
''haematology''	the study and treatment of blood and blood-forming organs
''IVD''	in vitro diagnostics, which are medical devices used for testing material external to a living organism
''IT''	information technology
''KPIs''	key performance indicators
''LBC''	liquid based cytology, which is a technique for collecting cytological samples in order to detect different cancers from solid tumour
''microbiology''	the branch of biology that deals with the structure, function, uses, and modes of existence of microscopic organisms
''molecular diagnostics''	applying molecular biology to medical testing by using biological markers based on an individual's genetic code and how their cells express their genes as proteins to determine a test result
''NGOs''	non-governmental organisations
''Notified Body''	an independent body appointed and accredited by an agency within one of the European countries, usually governmental, as being capable of assessing whether a product to be placed on the market meets certain preordained standards
''oncology''	the study and treatment of tumours and cancer

''open platforms''	instruments that have been designed to allow any reagent manufacturer to develop assays and reagents that can operate on the instrument
''PAP smear''	a procedure for testing for cervical cancer in women and involves collecting cells from the cervix
''pathogen''	a bacterium or a virus or other microorganism that can cause a disease
''PCR''	polymerase chain reaction
''QA''	quality assurance
''qPCR''	quantitative real-time polymerase chain reaction
''RA''	regulatory affairs
''RUO''	research use only
''serology testing''	testing to detect the presence of antibodies in the body against a microorganism
''STD''	a sexually transmitted disease
''TDM''	therapeutic drug monitoring
''TGA''	the Australian Therapeutic Goods Administration
''WHO''	the World Health Organisation
''Zika''	a virus that is mainly spread by mosquitoes and which causes mild fever symptoms but can be associated with a higher incidence of microcephaly in babies born to mothers infected during pregnancy

PART 1

INFORMATION ON THE GROUP

1. INTRODUCTION

Novacyt is a rapidly growing, international diagnostics group, generating revenues from the sale of clinical products used in oncology, microbiology, haematology and serology testing. The Group has considerable experience in the development, manufacture and commercialisation of molecular, protein and whole-cell diagnostic products and aims to become a leader in developing new products for the infectious disease and oncology testing markets. The Group has a strong intellectual property portfolio and considerable product and process 'know-how' in the key technologies used across its operating segments.

It is a commercially-led business operating through three divisions that are principally based in the UK, but with additional operations in France, China, Australia and the US:

- **Primerdesign:** a profitable designer, manufacturer and marketer of molecular 'real time' qPCR testing devices and reagents in the areas of infectious diseases and oncology;
- **NOVAprep®:** focused on the commercialisation of a proprietary and innovative cell collection and concentration device that is used in molecular testing and in combination with a next generation liquid based cytology (LBC) platform, a technology that is increasingly replacing existing conventional PAP smear screening used for cervical cancer screening; and
- **Lab21:** a developer, manufacturer and distributor of a large range of protein-based infectious disease IVD products.

The Group has direct distribution capabilities in the UK and an extensive international indirect distributor network, supporting a growing customer base that ranges from small research clinics, to hospitals and suppliers serving large corporates.

Novacyt has a successful track record of undertaking acquisitions, including that of Lab21 (through a reverse merger) in July 2014 and Primerdesign in May 2016.

Through the combination of these acquisitions and organic growth, the Group has experienced strong revenue growth (56 per cent. CAGR from 2014 to 2016) and expanded margins. In 2016, the Group generated revenues of €11.1 million, representing year-on-year growth of 25 per cent. (€12.9 million on a *pro forma* basis, including the full year impact of Primerdesign), with a 55 per cent. gross margin (59 per cent. on a *pro forma* basis). In the six months to 30 June 2017, Novacyt generated €7.0 million of revenues, representing a 42 per cent. increase compared with the equivalent period in 2016 (which included the consolidation of Primerdesign revenues following acquisition) with the gross margin increasing to 61 per cent.

Novacyt is currently listed on Euronext Growth Paris. The Company is seeking a dual-listing through admission to AIM to raise funds to accelerate organic growth across its three core businesses. In order to achieve this objective, the Directors intend to use the proceeds of the Fundraising of approximately £7.1 million (€7.9 million) (net of expenses) to invest in additional manufacturing capacity, expand the Group's commercial infrastructure, invest in R&D to obtain CE-IVD approval to sell Primerdesign's RUO assays in the larger clinical testing market and for general working capital purposes, including ongoing servicing of existing debt. In addition, proceeds of the Fundraising will also be used to satisfy contingent consideration payments in relation to the acquisition of Primerdesign totalling £2.5 million, with the first £1.5 million now being due for payment following the achievement by Primerdesign of specific sales growth targets. The second contingent payment of £1.0 million is expected to be triggered during 2018 based on current sales growth.

Novacyt has a Euronext Growth Paris market capitalisation of €19.0 million (£17.1 million), as at 13 October 2017, being the latest practicable date prior to the date of this document. The Placing Price represents a 20 per cent. discount to the current share price of €0.83 (75 pence), being the closing mid-market share price as at 13 October 2017, being the latest practicable date prior to the date of this document.

2. KEY STRENGTHS

Market leading and proprietary technologies

With a suite of innovative products in molecular, protein and whole cell diagnostics for infectious and oncology disease testing, underpinned by a strong intellectual property portfolio and considerable product and process 'know-how,' the Directors believe that the Group is well placed to increase penetration in its chosen niche areas of the global diagnostics market.

Primerdesign, which is a profitable designer, manufacturer and marketer of molecular 'real time' qPCR testing devices and reagents for infectious diseases and oncology, has the reputation of being able to react rapidly to market opportunities, developing and launching new and unique molecular assays for the RUO markets within four weeks. The Directors believe that with approximately 550 RUO assays already developed and available for use, Primerdesign has one of the most extensive ranges of commercial RUO assays in the world.

NOVAprep® is focused on a next generation LBC technology platform, a technology that is increasingly replacing existing conventional PAP smear screening technologies used in cervical cancer screening. Its unique technology, which includes whole cell collection, cell concentrator and diagnostic systems, is used principally for cervical cancer screening and other solid tumour cancer testing. NOVAprep® is protected with over 103 granted or pending patents and the Directors believe that the technology offers overall cost, efficiency and safety benefits.

Lab21 develops, manufactures and distributes a large range of protein-based infectious disease IVD products that are protected by significant know-how and the strength of specific, registered brands.

Significant market opportunity

The Directors have identified specific growth opportunities in the large, fast growing but fragmented diagnostics market, particularly for the Primerdesign and NOVAprep® businesses, while also seeking to build demand for its Lab21 products.

The Directors estimate that Primerdesign's core target markets of RUO, IVD clinical and food pathogen testing are worth approximately €14.7 billion per annum, with an estimated growth of above 4.3 per cent. per annum.

Similarly, NOVAprep® is focused on the cervical cancer screening market, comprising traditional PAP smear and HPV testing, which is estimated to be worth approximately €2.9 billion[1] and approximately €0.6 billion per annum, respectively.

Finally, Lab21 operates in an estimated €11.7 billion total addressable market.

Revenue generating with robust growth

Novacyt generated €11.1 million of revenues in the year ended 31 December 2016 (*pro forma* €12.9 million, including a full year impact of Primerdesign) and €7.0 million in the six months to 30 June 2017. The Directors believe that the robust growth is due to a combination of the proprietary nature of its technology, the quality and performance of its products and a clear market focus towards niche segments of the market that attract less interest from competitors.

In 2016, the Group delivered consolidated revenue growth of 25 per cent. (38 per cent. at constant exchange rates), and for the six months to 30 June 2017, it was 42 per cent. compared with the equivalent period in 2016 (53 per cent. at constant exchange rates) including the impact of the Primerdesign acquisition. The Group is targeting future organic revenue growth of an average of 25 per cent. per annum over the medium-term, which will drive profitability and free cash flow generation.

Strong, growing gross margins

Largely due to the innovative nature of its products, Novacyt benefits from high gross margins that continue to expand, for example, from 48 per cent. in 2015 to 55 per cent. in 2016 (59 per cent. on a *pro forma* basis) and 61 per cent. for the first six months of 2017. Furthermore, the Directors believe that the possibility exists to improve the margins further through a combination of increasing the proportion of high gross margin products, more efficient manufacturing, launching new, unique products and investment in direct sales channels in certain key markets.

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1 Source: Transparency Market Research Report: 'Cervical Cancer Screening Market, Global Industry Analysis, Size, Share, Growth, Trends and Forecasts 2016 – 2024.'

Demonstrable M&A execution and future M&A opportunities in fragmented markets

The Directors believe that targeted M&A will accelerate the Group's sales and profitability by penetrating certain markets far more successfully than is feasible organically or through indirect distribution channels. The Group has a track record of undertaking transactions that have improved its financial and operating performance, including that of Lab21 in 2014 and, most recently, Primerdesign in 2016. The diagnostic sector is highly fragmented and the Directors believe it provides significant consolidation opportunities for companies with the right infrastructure and proven management teams. The Directors are currently evaluating various acquisition targets in Europe, the US and Asia that would expand the Group's distribution capabilities and product offering.

High barriers to entry

The Group's competitive position is protected across its three divisions:

- **Primerdesign:** its extensive menu of approximately 550 RUO assays, built over its 12 year history, would be difficult to replicate in a short period of time without the Group's in-depth know-how. In addition, further barriers to entry are created through the division's current focus on transferring a select number of assays into the IVD molecular clinical market, which takes on average 12 months to prepare for and obtain CE-Mark approval;
- **NOVAprep®:** its instrument, vial and accompanying software technology are patent protected, with 103 patents granted or pending; and
- **Lab21:** the division has several trademarked products that provide recurring revenues. The product performance, brand awareness and high quality customer service are, in the Directors' opinion, fostering customer loyalty and repeat business. In addition, its established direct and indirect distribution networks are considered by the Directors to be difficult to replicate for new entrants.

Experienced management and Board with proven track record

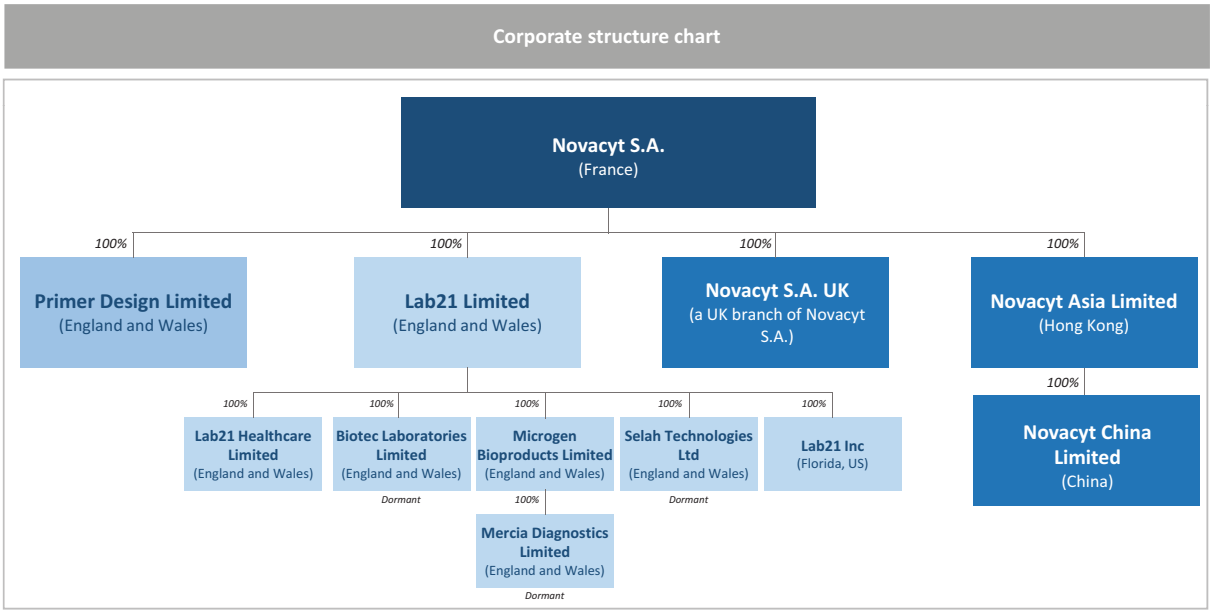
The Group is managed by a highly experienced Executive Team, led by its Chief Executive Officer, Graham Mullis. Over the years, Graham has led the successful exits of a number of medical device companies and has extensive international experience. At Novacyt, he has successfully led the acquisition of complementary companies, creating the current Group. The Executive Team as a whole has deep, relevant sector and market expertise to underpin the Group's growth strategy.

The Executive Team is supported by a Board that has proven industry and growth company expertise.

3. HISTORY AND BACKGROUND

Novacyt has grown both organically and through the acquisition of multiple, smaller businesses to create a high growth, proprietary diagnostics manufacturer in the specific markets of infectious disease and oncology testing. Set out below is an overview of the current corporate structure of the Group.

Figure 1: Corporate structure



***Note**: Full details of the Company, its direct and indirect subsidiaries and branch of the Company are set out in paragraph 1.5 of Part 5 (Additional information) of this document.*

Primerdesign

Primerdesign was founded in 2005 by Dr Rob Powell as a spin-out from Southampton University, to develop and manufacture molecular reagents to run on open molecular testing platforms. The company was funded by a single £30,000 loan from Professor Tom Brown, a renowned 'key opinion leader' in nucleic acid testing. The business became profitable in its first year and has remained so every year of trading thereafter, receiving no further investment funding until its sale to the Group in May 2016.

Novacyt

Novacyt, a French innovative cell-based diagnostics business, was originally founded in 2006 by Dr Eric Peltier, a medical pathologist. He developed a new LBC diagnostics platform called NOVAprep® to compete in the cervical cancer screening and oncology markets. In 2011, the NOVAprep® platform was launched into the domestic French market. The Company subsequently listed on Euronext Growth Paris in October 2012.

In 2014, the Board of Novacyt took the decision to combine the business with another company, Lab21, to provide management and commercial acumen to take the NOVAprep® technology forward. Until that time, Novacyt had been a small business, with all manufacturing outsourced, limited resources and, as a result, limited commercial success.

Lab21

Lab21 was founded in 2005 by the serial biotechnology entrepreneur, Sir Chris Evans, focused on state-of-the-art molecular testing to provide the pharmaceutical industry with specialist clinical trial and molecular analytical services. The company was funded by Merlin Biosciences and initially focused on the UK market. The current Chief Executive Officer of Novacyt, Graham Mullis, was appointed as chief executive officer of Lab21 in 2008.

Subsequently, an aggressive M&A strategy was pursued to transform the laboratory services business into a diagnostics products business. Between 2008 and 2014, Lab21 completed and integrated a total of seven acquisitions: Biotech Laboratories Limited; Delphic Diagnostics Ltd; Microgen Bioproducts Limited; Myconostica Ltd; Newmarket Laboratories Ltd; NP Tech Services Ltd; and, Plasmatec Laboratory Products Limited. This provided the business with an increased

product range, primarily focused on the infectious disease and oncology markets, as well as a growing development and manufacturing capability and strong international distribution channels, particularly in emerging markets.

In July 2014, Lab21 became part of the Group via a reverse merger with Novacyt.

The combination of Novacyt, Lab21 and Primerdesign

During 2014, Lab21 saw the opportunity to merge with a publicly listed, high technology diagnostics business, which also provided it with access to new proprietary products and new sources of capital. Accordingly, Lab21 was acquired by the French listed company, Novacyt, with the combined business being owned 54 per cent. by Novacyt shareholders and 46 per cent. by the Lab21 shareholders after the transaction. The management of Lab21 was appointed to run the combined business and the Board was restructured to reflect a largely UK domiciled business.

Following the successful integration of Lab21 with Novacyt, the Group focused on its next acquisition target in the molecular diagnostics market. In May 2016, Primerdesign, another UK based business was acquired, the key attractions included a strong position as a rapid developer and manufacturer of molecular diagnostics (especially in niche markets) and its strong financial performance. For further information about the acquisition of Primerdesign, please see paragraph 5 of this Part 1 (Information about the Group) of this document.

4. GROUP OVERVIEW AND STRATEGY

Strategic overview

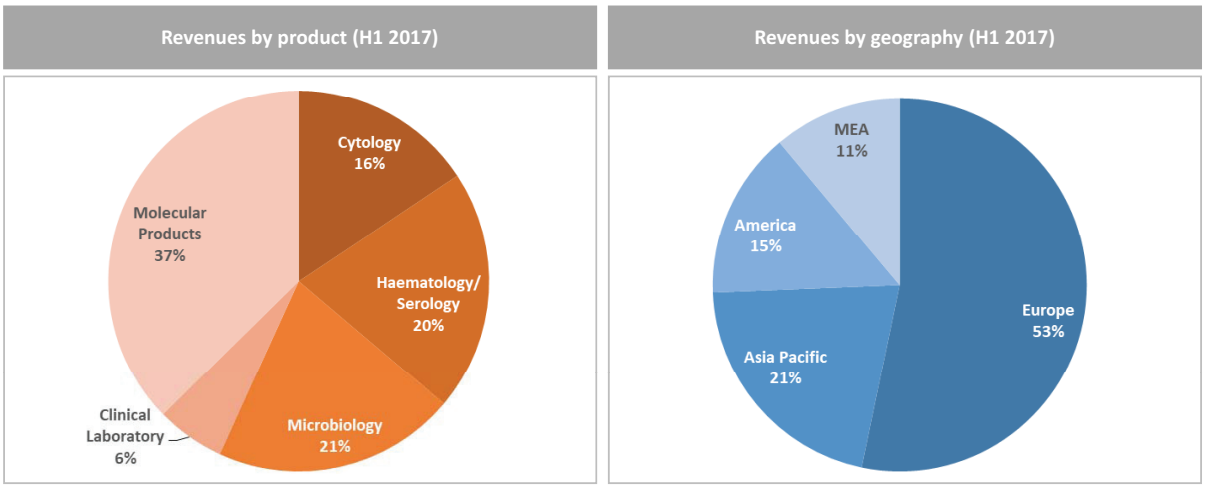
Novacyt's strategy is focused on organic growth of existing products, R&D and acquisitions, with the target of achieving global leadership within certain sectors of the oncology and infectious disease clinical diagnostic markets. The infectious disease diagnostic market is estimated by the Directors to offer the Group the largest opportunities within these markets, while cancer diagnostics offers the fastest growing segment, with the additional opportunity to improve margins through increased sales of premium products.

In addition, the Directors believe that Novacyt's focus on niche product markets, plays to its strengths of speed of development and cost efficiencies, with less direct competition.

Organic growth

Novacyt's target is to deliver an average of 25 per cent. of annual organic revenue growth over the medium-term from its current portfolio of diagnostic products. Set out below is a breakdown of H1 2017 revenues by product and geography.

Figure 2: Breakdown of H1 2017 revenues by product and geography



Source: Company information

Primerdesign's core focus will be to continue to drive strong double-digit annual growth in its core RUO markets, where it has experienced a CAGR of 35 per cent. excluding foreign exchange rate movements over the past three financial periods to December 2016 while driving additional, higher priced, higher margin sales within the larger IVD clinical diagnostic market by obtaining CE-IVD mark approvals targeting up to 40 assays over the next five years.

Within the molecular diagnostics market, the Directors believe that there is also a major opportunity to drive significant sales from B2B relationships by developing reagent sales for other IVD manufacturers and pharmaceutical partners. In addition, Primerdesign aims to develop sales in other market segments where IVD accreditations are not required, such as the industrial markets of food and veterinary testing, both of which are large and growing at over 7 per cent. per annum.

NOVAprep®'s primary focus is on converting territories where cervical cancer screening is still predominantly performed by conventional PAP smears to LBC. For example, the business is currently targeting product registrations throughout South America, as well as undertaking further investment in Asia Pacific, including China. In addition, the NOVAprep® vial will also be commercialised in the testing of other solid tumour cancers, as well as the fast growing molecular testing market.

Lab21's primary growth focus is the launch of complementary products into current markets as well as adding new territories such as Brazil and the US. A significant portion of the Lab21 business has historically been tender driven from NGOs, for developing markets, an area that is currently seeing significant recovery. In addition, Lab21 has a successful history of developing major B2B partnerships with companies such as Becton, Dickinson and Company, Beckman Coulter, The Danaher Corporation, Bio-Rad Laboratories, Inc. and will continue to focus on developing such relationships to the benefit of the Group as a whole.

R&D

Novacyt intends to exploit its core strength of developing and successfully commercialising new products, particularly in the clinical molecular diagnostics market. Specifically, it intends to develop some of Primerdesign's non-clinical molecular diagnostic assays (that is, RUO or non-human use) into clinical products. Towards this end, significant progress has been made towards the launch of the first clinical, CE-IVD approved products during 2017. Ultimately, the Group expects to identify up to 40 products from Primerdesign's current catalogue of approximately 550 non-clinical assays to develop for the clinical market.

The first such CE-IVD accredited assay, for the detection of the Zika disease, was approved in July 2017 and is expected to be launched during the second half of the year. Further market research is being conducted to identify a pipeline of other clinical assays, focused on niche segments where the Group can leverage its expertise without competing with the large and dominant molecular manufacturers.

Novacyt also recognises the importance of obtaining robust patent protection for the use of the products derived across its three technology platforms. Consequently, as it develops its business lines further, generating new intellectual property is considered a key area of focus for the Group.

Acquisitions

Novacyt operates in a large, but fragmented market with a significant number of small businesses successfully operating in their local, niche markets and territories. To accelerate growth and profitability, the Group expects to build on its existing and successful track record of sourcing and undertaking value enhancing acquisitions.

In particular, Novacyt is seeking targets that are revenue generating and profitable and offer geographic expansion of its sales and distribution channels with a focus on infectious disease or oncology diagnostics. The opportunity for the Group to increase its direct sales presence is a priority to protect its premium gross margins and the Directors believe that with an increased direct route to market, Novacyt will be able to penetrate markets faster and more effectively than through organic expansion alone or use of distributors.

A number of acquisition targets are already under early evaluation in Europe, US and Asia. The Directors believe that attractive buying multiples are possible in the current M&A market, which in combination with the Group's demonstrated ability to integrate assets successfully, is expected to be accretive to earnings.

5 GROUP BUSINESS DIVISIONS

Further information of each of the Group's three main divisions: Primerdesign; NOVAprep®; and, Lab21 is set out below.

Primerdesign

Overview

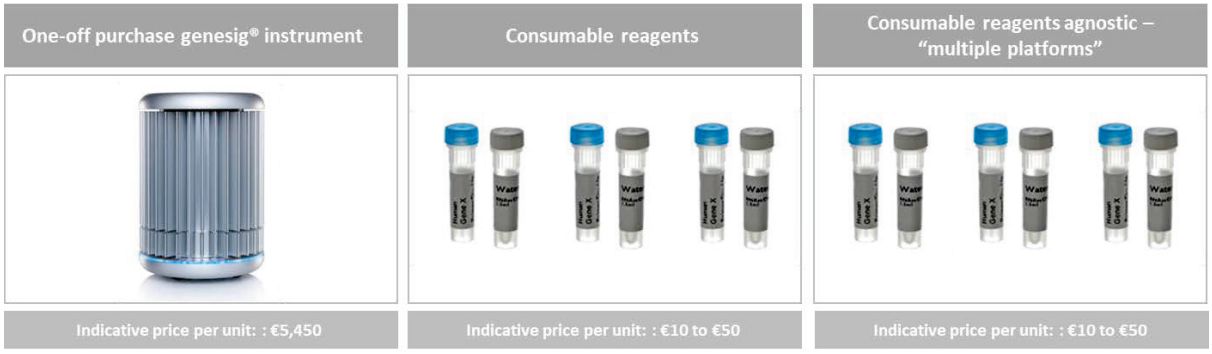
Primerdesign is a profitable designer, manufacturer and marketer of molecular 'real time' PCR kits and reagents for identification of pathogens within the RUO, clinical, food and veterinary testing markets. Its advanced technology provides high levels of test sensitivity and specificity. The Primerdesign products also have the benefit of being simple to use, fast, cost effective and usable across multiple platforms. Its three main product revenue categories are: (i) one-off sales of the genesig® q16 instrument, with an indicative price per unit of €5,450; (ii) specific consumable reagents that are used with the q16 instrument, with an indicative current price per assay of between €10 and €50; and, (iii) consumable reagents that can be used on open molecular platform instruments, with an indicative current price per assay of between €10 and €50. Its assay range of kits are designed to work with any real time PCR machine available on the market, not just the q16 instrument.

Led by Dr Jim Wicks and Dr Rob Powell, the business has established itself as a rapid developer of molecular testing reagents, building an extensive menu of RUO assays focused on the infectious diseases market, numbering approximately 550 molecular tests sold into the academic and industrial markets in over 100 countries. Primerdesign has prided itself on its ability to react quickly and effectively in developing molecular tests for major incidents, such as the outbreaks of Swine Flu in 2009, Ebola in 2014 and Zika in 2016.

Products

Primerdesign's key product categories and indicative pricing are set out below.

Figure 3: Key product categories and indicative pricing for Primerdesign



- **Genesig® q16 instrument:** designed to accompany the Primerdesign assay product range, the q16 instrument is intended to make DNA testing affordable and easy to use for a range of customers. Owing to its portable design, the q16 instrument enables qPCR screening on-site and in 'real time' (in under four hours). While the q16 instrument is not owned by Novacyt, the software that controls the instrument and the genesig® reagents are and have all been designed and optimised to run on the q16 instrument, making the combined platform proprietary to the Group.
- **Consumable reagents – Primerdesign's assay portfolio:** a catalogue of approximately 550 assays to test for infectious diseases that functions with both the q16 instrument and any open, 'real time' PCR machine available on the market. In addition, Primerdesign offers development services to explore developing novel, molecular diagnostic tests and technologies for third parties on a bespoke basis. Following completion of a project, this assay would then be added to the Group's own assay portfolio.

Markets and competition

Primerdesign operates in the fast growing, molecular diagnostics market, with a focus on niche areas that are not dominated by large companies, such as Thermo Fischer Scientific Inc., Roche

Holding AG, and Qiagen NV, which primarily focus on high volume molecular tests such as HIV and HCV.

The core molecular diagnostic markets that Primerdesign is targeting are:

- **RUO:** currently, Primerdesign is principally focused on markets where RUO products are used, which, including niche and high volume tests, are estimated by the Directors to be worth approximately €2.3 billion per annum, and growing at approximately 4.3 per cent. per annum. High growth markets include the US and Europe. The Group principally reaches the RUO market via indirect sales channels except in the UK where the market is serviced by the Group's own direct sales channel, generating approximately 25 per cent. of total Primerdesign revenues in 2016. The Directors believe there is a significant opportunity to exploit its technology platform in other markets and, in particular, anticipate significant growth in the Asia Pacific region, having received new orders for its q16 instrument from China for delivery in Q4 2017.
- **IVD clinical:** the Directors estimate the clinical molecular market is worth approximately €5.7 billion per annum and growing at approximately 12.5 per cent. per annum. The Directors believe that this market represents a significant growth opportunity for Primerdesign's current catalogue of RUO assays. In most parts of the world, RUO assays are not subject to rigorous regulatory controls and accreditations, but generally are sold in lower volumes, as they are not considered commercially accredited products. To be commercially successful in clinical markets, RUO tests need significantly more validation and must be accredited to CE-Mark standards to be sold in many markets like Europe, Asia and South America. Additional registrations are also required for clinical markets in the US, with FDA approval required, and in China, with CFDA approval. Molecular testing in total is currently the fastest growing segment of the IVD market and the qPCR market is estimated by the Directors to be currently worth approximately €2.3 billion per annum and growing at approximately 12.5 per cent. per annum. In addition, the Directors believe that there could be significant distribution synergies for CE-IVD approved assays from Primerdesign through the Group's clinical sales channels established by its NOVAprep® and Lab21 business units. At present, Primerdesign has an extensive product menu for the RUO market comprising approximately 550 products, of which the Group aims to identify up to 40 targets for CE-IVD commercialisation over the next five years.
- **Food pathogen testing:** this sector is subject to less rigorous regulatory standards compared with the clinical market and is also open to Primerdesign's molecular products. The market is worth approximately €6.7 billion per annum and estimated to be growing at around 7.8 per cent. per annum.
- **Veterinary:** despite not being an immediate focus for the Group, the Directors view the veterinary diagnostics market as a potential opportunity for growth in the future. The Directors estimate the market to be worth approximately €4 billion per annum and growing at approximately 8.6 per cent. per annum. The market has rapidly changing needs and benefits from favourable pricing levels. As with the food pathogen testing market, the regulatory standards for the veterinary market are less rigorous. However, to penetrate the market successfully, Primerdesign requires an alternate sales channel to its existing ones. Consequently, as the Group does not have strong distribution capabilities in this market, the Directors believe that there is an opportunity in the future from B2B partnerships.

Acquisition by Novacyt

Primerdesign was acquired by the Group in May 2016 for an initial consideration on completion of €11.0 million, comprising: (i) 2,365,815 new Shares valued at €3.4 million on completion; (ii) cash of €7.1 million; and, (iii) warrants for Shares valued at €0.5 million. Based on this initial consideration and Primerdesign's disclosed revenues and EBITDA for the year ended 30 September 2015 of £3.7 million (€5.0 million) and £1.2 million (€1.6 million), respectively, the revenue multiple was on completion 2.2x, with the EBITDA multiple being 6.7x.[3] In addition, there is an earn-out structure relating to cumulative revenue growth targets, with a maximum contingent consideration of £2.5 million (valued at completion at €2.6 million). By using the maximum possible consideration following this earn-out structure of €13.6 million and the same financial figures, the revenue multiple was on completion 2.7x, with the EBITDA multiple being 8.3x.[3]

3 Calculated by using the average exchange rate for the year ended 30 September 2015: € to £ of 1.3474.

By May 2017, Primerdesign achieved the initial 20 per cent. additional revenue target under the earn-out structure as per the sale and purchase agreement entered into as part of the acquisition by generating £4.4 million of cumulative sales. As a result, the vendors of Primerdesign are now due the first £1.5 million of earn-out payments, for which the Group will be satisfied by using part of the proceeds of the Fundraising. The second contingent payment of £1.0 million will become payable upon further cumulative revenue growth, if such growth is achieved within three years of the anniversary of the date of completion of the acquisition. The second contingent payment will also be paid from the proceeds of the Fundraising. Based on the current performance of the business, the Directors estimate that this payment will be due during 2018.

Further details of the agreements entered into as part of the acquisition of Primerdesign, including the warrant instrument, are disclosed in paragraph 10 of Part 5 (Additional information) of this document. Further details on the accounting treatment of the acquisition are set out in note 37 of Part 3 (Historical financial information) of this document.

Financial overview and outlook

Primerdesign continues to demonstrate the sales growth, distribution synergies and free cash flow generation anticipated at the time of its acquisition. It is now fully integrated within Novacyt, including support from the Group's regulatory and quality functions.

In 2016, on a *pro forma* basis, Primerdesign generated revenues of €5.1 million (£4.2 million), a decrease of 4 per cent. (or an increase of 8 per cent. on the basis of constant exchange rate) compared with 2015 when it generated €5.3 million (£3.9 million). In 2016, strong growth was particularly experienced in South America (an increase of 71 per cent. versus 2015), Asia Pacific (31 per cent.) and North America (28 per cent.). In 2016, the business also received a short-term benefit from the rapid launch of its Zika assay in response to both the spread of and increasing awareness of this virus. It achieved a gross margin of 82 per cent. (2015: 81 per cent.) at a segmental level.

In the six months to 30 June 2017, Primerdesign achieved revenues of €2.6 million (£2.3 million), a decrease of 7 per cent. (increase of 3 per cent. on the basis of constant exchange rate) compared with equivalent period last year. This reduction is considered temporary and was driven by lower sales of the Zika product in 2017 compared with 2016 due to the downgrading of the disease by the WHO. The combination of commercial investment into the division and the implementation of pricing adjustments in H1 2017 are expected to drive higher growth rates going forward. The gross margin in H1 2017 was 85 per cent. (H1 2016: 83 per cent.).

The Directors are targeting continued revenue growth from current RUO products, from which it has delivered a CAGR of 35 per cent. excluding foreign exchange rate movements over the three financial periods to December 2016. Additionally, the B2B pipeline of commercial agreements is expected to add new revenue growth. Moreover, the addition of new clinical products (expected from 2018), together with the recent investment in new commercial infrastructure and personnel with clinical market experience, is expected to support further revenue growth.

By using the Group's existing partnership expertise and experience, additional sales channels are being targeted in H2 2017; for instance an initial strong pipeline of B2B deals has been developed. In the opinion of the Directors, there are considerable growth opportunities in working with other large molecular manufacturers who have publicly stated their intentions to outsource the development and manufacture of molecular assay content to third parties.

As part of the strategic rationale to acquire Primerdesign, Novacyt identified future growth synergies within the business, particularly within the Asia Pacific region. By utilising the Group's existing distribution channels, it has been able to increase the regional installed base of the genesig® q16 instrument. The Group recently received its largest ever single order for the q16 instrument of over 100 instruments, placed by a single customer based in China. Payment is to be provided ahead of delivery.

In addition, the Group plans to increase investment in low-cost ways to increase brand awareness, particularly through digital marketing.

In anticipation of growth in the business, Primerdesign recently moved into new high-quality development and manufacturing facilities in Eastleigh (Hampshire), United Kingdom, that offer capacity to support expected expansion.

NOVAprep®

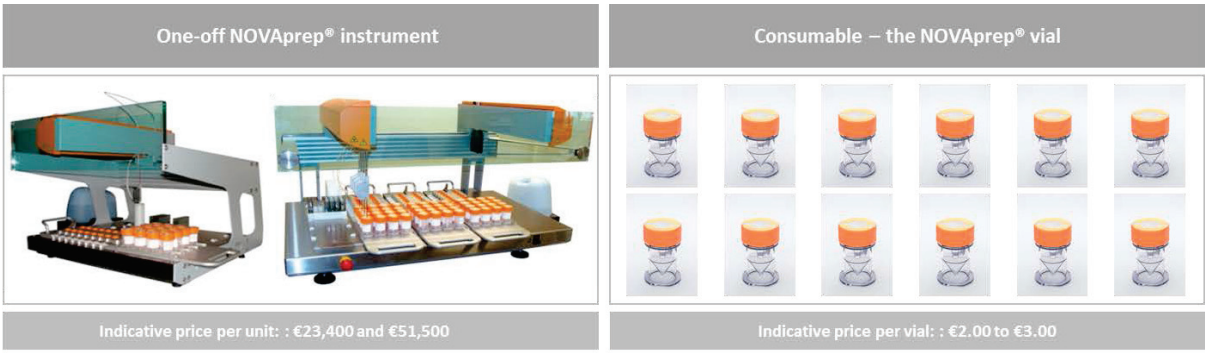
Overview

NOVAprep® is a whole cell collection, cell concentrator and storage device used in the Group's next generation LBC technology platform. The technology is currently used principally for cervical cancer screening and molecular HPV testing, but in the future, it has the potential to expand use in to the diagnosis of non-gynaecological cancers. Focused solely on indirect sales channels, the division's main growth is currently experienced in Asia Pacific, including China, Middle East and Eastern Europe.

Products

NOVAprep®'s two main revenue product categories are: (i) one-off sales of NOVAprep® instruments, with indicative prices per unit of either €23,400 or €51,500 dependent on size; and, (ii) the consumable NOVAprep® vial, with indicative prices per vial of between €2.00 and €3.00. Typically, a customer would be expected to purchase one, or a small number of instruments and then repeat purchase the vials that are used alongside the instruments to test individual patient samples.

Figure 4: Key product categories and indicative pricing for NOVAprep®



The instrument, vial and accompanying software technology are all patent protected, with 103 patents granted or pending. The Directors believe the unique proprietary vial and media design gives NOVAprep® an operational and quality benefit as well as a price advantage compared with other products in the market.

From a technical perspective, the vial is self-sealing and has a conical designed base that helps to select relevant cells for testing by separating cancer cells from mucus and other by-products resulting from the PAP smear sampling procedure.

Market and competition

NOVAprep®'s focus is currently on the cervical cancer screening market (worth approximately €2.9 billion per annum and growing at approximately 6.3 per cent. per annum) and HPV molecular testing (an approximately €0.6 billion per annum of addressable market, growing at approximately 8.3 per cent. per annum).[4] The Directors believe that a future market opportunity in other non-gynaecological cancers could address a market worth an estimated €1.7 billion per annum and currently growing at approximately 6.5 per cent. per annum.

Several cancers such as cervical cancer, anal cancer and oropharyngeal cancer are known to be caused by HPV infections. Today, more than 200 related viruses are known and more than 40 HPV types can be spread through direct sexual contact from skin and mucous membranes of infected individuals to skin and mucous of their partners. Detection methods for abnormal cells in the cervix include conventional PAP smearing and LBC. Major drivers of market growth are an increase in HPV infection rates due to earlier sexual engagement, an increased life expectancy, technology advances and more government screening programmes across the globe.

Cervical cancer screening programmes typically either use conventional cytology PAP smear (CPS) or the newer diagnostic test liquid based cytology (LBC). Moreover, it is acknowledged by the market that LBC samples offer better clarity, uniform spread of smears, less time for screening and

4 Source: Transparency Market Research Report: 'Cervical Cancer Screening Market, Global Industry Analysis, Size, Share, Growth, Trends and Forecasts 2016 – 2024.'

better handling of haemorrhagic and inflammatory samples to improve the overall screening process and outcome for patients. Most governments in the western world have introduced screening programmes for women using either or both technologies. Developing markets such as Brazil, Russia, India and China are also considering introducing screening programmes.

Growth strategy

At present, the Directors believe that conventional PAP smears represent approximately 50 per cent. of the cervical cancer screening market (approximately €2.9 billion per annum, growing at approximately 6.3 per cent. per annum[4]). The remaining estimated 50 per cent. of the market is serviced by LBC products. NOVAprep®'s initial focus will be on developing markets that are still using the PAP screening methodology, with the aim to convert customers to the Group's next generation, LBC technology.

The estimated 50 per cent. of the market that is already using LBC is dominated by companies such as Becton, Dickinson and Company and Hologic, Inc. However, despite the competition, switching an existing LBC user to the next generation NOVAprep® technology remains a commercial focus, as the Directors believe NOVAPrep® offers a number of benefits compared with competing products, including that of increased safety, efficiency and a strong cost-benefit return ratio.

In addition, to exploit the unique vial design and DNA stability offered by the NOVAprep® vial and medium, the Group is seeking commercialisation of its vial with existing HPV platform providers. One such partnership was created with Cepheid Inc. in 2016 covering the South American region.

In the non-gynaecological cancer markets, NOVAprep® will, in the medium-term, seek to identify niche segments, such as anal cancer, of which approximately 90 per cent. of cases are caused by HPV infection. Other opportunities may exist in penile, lung, vulva, thyroid, pancreas and head-and-neck cancer.

The NOVAprep® unit will also seek to identify distribution partners for key developed markets that the Directors believe are underserved, including the US and Japan. In January 2017, the Group successfully achieved initial FDA registration for use of the NOVAprep® vial in the US cervical cancer screening market. In addition, an evaluation of the large Japanese market is underway. Consequently, Novacyt is now actively in the process of identifying distribution partners for both the US and Japan.

To support the expansion into non-gynaecological cancer markets, the business intends to accumulate additional clinical data to demonstrate the superiority of its products over that of competitors with the objective of increasing the support of key opinion leaders. In addition, synergies with other parts of the Group are being sought; in particular, co-marketing with Primerdesign's molecular tests (e.g. HPV and other STDs).

Financial overview and outlook

In 2016, NOVAprep® generated revenues of €1.6 million, an increase of 22 per cent. compared with 2015 (2015: €1.3 million), driven by geographic expansion and further investments in commercial infrastructure. During the year, NOVAprep® was launched in ten new markets, including Turkey, Qatar, Malaysia and Australia. Further investment was also undertaken directly in China and Malaysia and a commissioned agent, well established throughout the territory, called MDL Asia, was appointed, increasing the Group's presence in this strategically important region. Consequently, strong growth was experienced particularly in Asia Pacific (an increase of 117 per cent.) and the Middle East, including Turkey, (65 per cent.). In 2016, the gross margin was 50 per cent. (2015: 49 per cent.).

In the six months to 30 June 2017, NOVAprep® generated revenues of €1.1 million, an increase of 29 per cent. compared with the equivalent period in 2016 with a gross margin of 47 per cent. (H1 2016: 53 per cent.). The drop in gross margin was as a result of the planned reorganisation of the French operations, where direct sales have been replaced by the appointment of a distributor. Operating savings have offset the reduction in gross margin and in the long-term, the Group expects to reduce cost of sales to drive higher gross margins.

The Directors anticipate continued strong growth, driven by penetration of existing markets, entrance into new areas, combined with the development of the vial and medium to enable expansion into other indications. In particular, NOVAprep® continues to experience strong demand in the Asia Pacific region.

Lab21

Overview

Lab21 is a developer, manufacturer and distributor of infectious disease IVD products, which is profitable and cash generative at the operational divisional level. Its main focus is protein-based diagnostic reagents, with an indicative price per assay of between €0.10 and €20.

Products

Set out below are examples of Lab21 diagnostics products and indicative pricing.

Figure 5: Examples of diagnostics products and indicative pricing for Lab21

Lab21 sells diagnostic kits that are largely manual and therefore do not require instrumentation. Consequently, the products are sold into developing markets, or are used in lower volumes for confirmatory purposes, as opposed to high volume screening diagnostics. Its established portfolio of products is distributed under multiple brands, including:

- **Lab21 Healthcare:** provider of high quality clinical diagnostics for serology and haematology markets, sold mainly in developing markets;
- **Microgen Bioproducts:** recognised developer, manufacturer and distributor of high quality microbiology diagnostic products for clinical and food laboratories. Its products are exported to approximately 80 countries worldwide;
- **Biotec:** manufacturer and supplier of diagnostic reagents, test kits and blood grouping reagents to customers in over 80 countries worldwide; and
- **Plasmatec:** manufacturer and marketer of more than 50 CE-marked *in vitro* diagnostic tests to more than 70 countries worldwide, primarily focusing on emerging markets and where the brand is well recognised and trusted. Core products are in the areas of latex microbiology and serology, blood grouping antisera, syphilis serology and pregnancy testing.

Markets and competition

The Group's microbiology, serology and haematology products are well established and are mainly used in screening and confirmatory diagnostics in developing markets. The total addressable market is estimated by the Directors to be approximately €11.7 billion per annum and growing at a rate of approximately 5.4 per cent. per annum. While the technology used in this business is well established, there is considerable product 'know-how' at Lab21 and the Directors consider its market position to be well protected, with high barriers to entry due to regulatory hurdles and the strength of its individual registered brands.

Growth strategy

As Lab21 is a cash generative business at the operational level, the Group intends to limit significant new investment into the division, instead focusing funds to drive growth in Primerdesign and NOVAprep®. However, the Directors believe that there are significant operational synergies to benefit the Group's other business units, such as manufacturing, procurement and distribution synergies, which continue to be explored. The business as a whole has established a global network of more than 300 distributors and each unit's contacts can be used to benefit other parts of the business.

Lab21 has particular traction in developing markets, including South America and the Middle East. The indirect sales channel benefits from customers that are loyal and long-standing and the Directors view this limited customer turnover as a key driver of the stability and profitability within the business unit.

Continued growth for Lab21 will be driven principally by expansion of its portfolio and launching its products across multiple territories, including Brazil and the US. In addition, increasing profitability and free cash flow are targeted by converting more of total product sales into sales from own-manufactured products are key aims of the unit. Currently, more than 25 per cent. of sales are third party products bought-in and a programme to bring as many of these for manufacturing in-house is underway. By increasing in-house production, the Group will have more control over the supply chain and product quality at lower costs and hence better margins.

Financial overview and outlook

In 2016, Lab21 generated revenues of €6.2 million (£5.1 million), a decrease of 18 per cent. (8 per cent. on the basis of constant exchange rate) compared with 2015 (2015: €7.6 million, £5.5 million), with a gross margin of 42 per cent. (2015: 48 per cent.). The reduction in revenues during 2016 was the direct result of delays in tenders being awarded that normally represent a significant proportion of the Lab21 business.

During the year, the business launched products for the first-time into the Brazilian market through a new manufacturing partnership. In addition, it launched ten new CE marked infectious disease products to complement the existing portfolio.

In the six months to 30 June 2017, Lab21 generated revenues of €3.3 million (£2.8 million), an increase of 6 per cent. (17 per cent. on the basis of constant exchange rate) compared with the equivalent period in 2016. In particular, its Microgen business performed strongly over the period and the business as a whole currently has a strong order book.

Moving forward, the Group expects the core sales growth to be sustained. In addition, the level of tender activity is expected by the Directors to resume, particularly from oil-producing nations.

6 INTELLECTUAL PROPERTY

The Group's niche positioning in the global diagnostic testing market is built on its three innovative technology platforms, which are protected by patents and 'know-how' that is captured in processes and manufacturing procedures owned by the Group. The Directors also believe in the value of building brand awareness and trademarks.

Recognising the importance for the ongoing R&D transformation and commercialisation of its technologies, the Group's intellectual property strategy centres on obtaining effective and comprehensive patent or trademark protection for the use of, and the products derived from, its platforms. The key aims, where possible, are to obtain:

- the broadest possible claims for each patent case;
- more than one layer of patent protection; and
- protection, for the use of its trademarks.

Intellectual property is considered a key area of focus for the Group and as such, a commercially prioritised investment. The current granted and pending patents held by the Group are in relation to NOVAprep®. This expanding, global intellectual property base includes 70 granted patents and 33 pending patent applications worldwide. The patent portfolio is extensive and covers the design and functionality of the NOVAprep® vial, the instrumentation, the software, the design of the system and the analysis and interpretation of the resulting diagnostic slides. The Group's strategy is to seek patents in all key geographical territories, such as in Europe, US and Japan and in developing countries such as China, Russia, India, Brazil and other Asia Pacific territories. In addition, the Group has a total of 39 granted trademarks and one pending trademark application across its NOVAprep® and Lab21 divisions.

The Group works extensively with its external patent attorneys in the overall management of its portfolio of intellectual property, including drafting and prosecuting patent applications. The Group actively monitors the competitive landscape with regards to its own R&D development activities and those of other market participants. Where necessary, the Directors will take legal action when they believe the Group's intellectual property may have been challenged or breached and will engage external patent and trademark attorneys based upon the nature and jurisdiction of the alleged

infringement. The Directors are not aware of any infringements of the Group's intellectual property having occurred.

7. QUALITY AND REGULATORY ENVIRONMENT

Novacyt operates across a number of market segments, which have varying degrees of regulatory requirements. Clinical markets have the highest regulatory requirements (where regulatory approvals are required) while the RUO, food and veterinary testing markets usually require less rigorous accreditations.

The Group is committed to quality as a fundamental part of all of its business activities and strives to meet and exceed external and internal customer expectations. Novacyt seeks to continuously drive innovation, improvements and excellence for all of its products and services, while meeting the regulatory requirements for the markets it serves.

Novacyt has implemented a quality control policy with the objective of implementing and maintaining a quality management system that allows the business to comply with the regulatory requirements in the territories in which it operates. Companies that operate in the clinical diagnostic arena are all required to be certified to EN ISO 13485:2012, and comply with the European IVD Directive (98/79/EC). The NOVAprep® technology has additionally sought and achieved Australian, TGA and Chinese CFDA approval and has US FDA class I registration for the HQ+ orange vial. These various accreditations have allowed the Group's businesses to register products in many territories within EMEA, Asia Pacific and South America.

As part of its quality control policy, the Group monitors and measures the performance of both the products it sells and the systems and process that it operates in an endeavour to identify and implement continuous improvement. The importance of quality is communicated to all employees throughout the Group (and any contractors), and training and support is given, as required, to deliver products and services to the exacting, required standards of the Group.

The Group receives regular and routine surveillance audits from various notified regulatory bodies and possesses a strong track record in demonstrating regulatory compliance.

In vitro diagnostic regulation

The entire IVD industry within the EU is currently undergoing a significant regulatory transition from the existing In-vitro Diagnostic Directive (IVDD) (98/79/EC) to a new In-vitro Diagnostic Regulation (IVDR) (2017/746). The new IVDR became law in Q2 2017 and will apply from Q2 2022, as a five year transition period has been agreed. The IVDR completely transforms the way in which IVDs are regulated from a risk perspective. Currently, the vast majority of devices are placed on the market under a process of self-certification, without the need for Notified Body review. Under the IVDR, a new risk-based classification system akin to that used with medical devices, has been introduced and the vast majority of devices will reside within a risk class that does require Notified Body review. This will significantly increase the regulatory requirements needed to CE mark a large number of the existing IVDs on the market, as well as those coming through the development pipeline. Increases in regulatory burden will particularly include the need for greater clinical evidence, periodic safety reporting for higher device classes, expanded technical documentation requirements and the need for more robust post market surveillance processes. There are additional requirements relating to product labelling and the need for unique device identification. The Directors believe the Group is well placed to work with the new IVDR requirements as it already has experience of working within highly regulated markets such as the US and through its B2B strategy of partnering with major manufacturers of the IVD and pharma industries. It remains to be seen what effect the UK's withdrawal from the EU will have on the continuing application of these regulations in the UK.

8. FACILITIES

The Group is based in the UK with additional operations in France and employees based in Australia, China and the US. As Asia Pacific is a key growth market for the Group, Novacyt is also evaluating the establishment of a local presence in another key market within this region.

Set out below is a summary of the Group's main facilities:

- **Primerdesign:** operates out of a newly refurbished, state-of-the-art facility in Eastleigh (Hampshire), United Kingdom. The facility includes laboratories and office space. Approximately 40 people are based at this location;

- **NOVAprep®:** operates out of offices based in Vélizy-Villacoublay, Paris, France, where sales, order management, quality and research and development functions are based. A total of six people are based at this location. Additional sales management operate in the UK and in China; and
- **Lab21:** operates out of facilities located in Milton (near Cambridge), Camberley (Surrey) and Bridport (Dorset), all in the United Kingdom. All facilities combine laboratory with office space. The Camberley facility is currently being fully refitted to become state-of-the-art, with increased manufacturing capacity and capabilities that could, if needed, support the doubling of sales of Lab21, as well as provide expansion space for NOVAprep®. The refitting continues to progress well and is on target for completion by end of 2017. Once complete, Camberley is also expected to have warehouse and cold storage capabilities. Bridport which offers R&D, tech support, production and warehouse & storage, which was partly refurbished in 2016. Some 70 employees work across these facilities.

9. SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The table below sets out a summary of the financial performance of the Group for the three years ending 31 December 2016, together with the results for the six months to 30 June 2017 (and for comparison purposes, the six months to 30 June 2016).

This information has been extracted, without material adjustment, from the historical financial information as set out in Part 3 (Historical financial information) of this document. This summary should be read in conjunction with the full text of this document and investors should not rely solely on this summarised financial information.

Figure 6: Consolidated profit and loss account

	Year ended 31 December			Six-months ended 30 June	
	2014 €'000	**2015 €'000**	**2016 €'000**	**2017 €'000**	**2016 €'000**
Revenues	**4,526**	**8,892**	**11,076**	**7,029**	**4,950**
Gross profit	1,973	4,275	6,080	4,258	2,605
Gross margin	*44%*	*48%*	*55%*	*61%*	*53%*
EBITDA	**(1,611)**	**(2,928)**	**(2,295)**	**(469)**	**(1,611)**
Operating loss before exceptional items	(1,844)	(3,235)	(3,073)	(999)	(1,815)
Operating loss	(3,686)	(13,185)	(4,461)	(1,136)	(2,633)
Net financial expense	(226)	(722)	(1,247)	(577)	(890)
Income tax	—	(1)	(2)	—	(2)
Total net loss	**(3,912)**	**(13,908)**	**(5,710)**	**(1,713)**	**(3,525)**
Loss per Share (€)	(0.88)	(2.05)	(0.47)	(0.09)	(0.33)

Notes:

1. *All figures are reported under IFRS.*
2. *The figures for the years ended 31 December 2014, 2015 and 2016 are audited figures, whilst the figures for the six months to 30 June 2017 (and for comparison purposes, the six months to 30 June 2016) are unaudited but reviewed.*
3. *EBITDA is defined as earnings before interest, tax, depreciation and amortisation. The EBITDA figures as presented are shown before exceptional items.*
4. *The acquisition of Primerdesign was completed in May 2016, and only consolidated from then onwards. On a pro forma basis, assuming a full year impact of Primerdesign, the Group generated revenues of €12.9 million for the year ended 31 December 2016, a gross margin of 59 per cent. and a negative EBITDA of €(1.7) million.*
5. *2016 operating loss is stated after non-recurring charges amounting to €1.4 million. These charges include: €0.5 million of site restructuring and relocation for Novacyt and Primerdesign, €0.5 million of Primerdesign acquisition costs, IPO costs relating to AIM listing project of €0.3 million and first time IRFS conversion costs of €0.1 million.*
6. *2015 operating loss includes a non-cash goodwill impairment charge of €9.8 million relating to the acquisition of Lab21. Impairment of Lab21 goodwill calculated under IFRS based on recoverable amount. Lab21 was acquired with 100 per cent. equity and the fall in share price since June 2014 was a significant indicator of impairment.*

7. *The acquisition of Lab21 was completed in June 2014 and as such, only consolidated from then onwards. On a pro forma basis, assuming a full year impact of Lab21, the Group generated revenues of €7.8 million for the year ended 31 December 2014 and a gross margin of 45 per cent.*

Revenues and gross margin

In the period since 31 December 2014, the Group has experienced strong revenue growth (56 per cent. CAGR from 2014 to 2016) and expanded margins, driven through a combination of organic growth combined with the key acquisitions of Lab21 in 2014 and Primerdesign in 2016.

In 2015, the Group generated revenues of €8.9 million (2014: €4.5 million), representing a year-on-year increase of 96 per cent., demonstrating the impact of the acquisition of Lab21. The gross margin was 48.1 per cent., an improvement of 4.5 per cent. since 2014 (2014: 43.6 per cent.).

In 2016, the Group generated revenues of €11.1 million, representing a year-on-year increase of 25 per cent. driven by NOVAprep® growth and the acquisition of Primerdesign. In 2016, the Group continued to improve its gross margin, to 55 per cent., an improvement of 7 per cent. since 2015. On a *pro forma* basis, including the full year impact of Primerdesign, revenues were €12.9 million in 2016, with a gross margin of 59 per cent.

This level of growth has continued into 2017, with revenues increasing to €7.0 million for the six months to 30 June 2017, an increase of 42 per cent. over the equivalent period in 2016 (or an increase of 53 per cent. on the basis of constant exchange rate). The increased sales momentum reflects revenues from the acquisition of Primerdesign and successful investment in NOVAprep®'s commercial infrastructure. Over the same period, the gross margin has continued to improve and was 61 per cent., an improvement of 8 per cent. compared with equivalent period last year. This increase in gross margin has been achieved despite the Group continuing to use a largely indirect distributor sales channel.

EBITDA

In 2016, the Group generated a loss at the EBITDA level of €(2.3) million (or €(1.7) million on a *pro forma* basis).

In the six months to 30 June 2017, the Group reduced the loss at the EBITDA level to €(0.5) million (compared to €(1.6) million for the same period last year) due to the inclusion of the profitable Primerdesign business for the full period and improved gross profit margins, continuing the Group's trajectory towards near-term profitability.

Cash and debt

As at 30 June 2017, the Group had a cash balance of €2.6 million and total debt of €5.4 million, following a bond issuance of €1.5 million with Vatel Capital in March 2017 and a €3.0 million capital raise in June 2017. In addition, Yorkville corporate bonds of €0.5 million were issued in February 2017. In total, €1.0 million of convertible bonds were converted to equity during H1 2017, leaving the balance of such bonds at nil as of 30 June 2017. In July 2017, Yorkville corporate bonds of €1.0 million were issued, of which €0.6 million have been converted to equity as of 13 October 2017, the latest practicable date prior to the date of this document.

The Group's main financing facilities are those with: (i) Kreos IV and Kreos V; (ii) Vatel Capital; and, (iii) Yorkville. For further information about each of these financing facilities, please see paragraph 9 of Part 5 (Additional information) of this document, and note 26 of the financial statements set out in Part 3 (Historical financial information) of this document.

Performance by division

The figure below sets out a summary of the financial performance of each of the Group's three divisions, focused on revenue, gross profit and gross margin, for the three years ended 31 December 2016, together with the results for the six months to 30 June 2017 (and for comparison purposes, the six months to 30 June 2016).

Figure 7: Revenue, gross profit and gross margin by division

	Year ended 31 December			Six-months ended 30 June	
	2014 €'000	2015 €'000	2016 €'000	2017 €'000	2016 €'000
Primerdesign					
Revenue	2,819[(1)]	4,981[(2)]	5,137	2,628	2,822
Gross profit	2,162[(1)]	3,490[(2)]	4,229	2,238	2,346
Gross margin	*77%[(1)]*	*70%[(2)]*	*82%*	*85%*	*83%*
NOVAprep®					
Revenue	1,006	1,308	1,592	1,101	846
Gross profit	405	637	788	521	449
Gross margin	*40%*	*49%*	*49%*	*47%*	*53%*
Lab21					
Revenue	6,755[(6)]	7,585	6,196	3,301	3,131
Gross profit	3,056[(6)]	3,638	2,610	1,499	1,358
Gross margin	*45%[(6)]*	*48%*	*42%*	*45%*	*43%*

Notes:

1. *In respect of Primerdesign, the financial information for 2014 has been extracted from the unpublished and unaudited financial statements for Primerdesign for the year ended 30 September 2015 and are for the year to 30 September 2014. Abbreviated accounts for the same period has been published. The financial information has been converted into Euro by using the average exchange rate for the year ended 30 September 2014: € to £ of 1.220897.*
2. *In respect of Primerdesign, the financial information for 2015 has been extracted, without material adjustment, from the audited financial statements of Primerdesign for the year ended 31 December 2016, and are for the year to 30 September 2015. The financial information has been calculated by using the average exchange rate for the year ended 30 September 2015: € to £ of 1.3474.*
3. *In respect of Primerdesign, the financial information for 2016 are pro forma and has been calculated by using information extracted, without material adjustment, from notes 6 and 37 of the financial information as set out in Part 3 (Historical financial information) of this document and are as per the figures noted for the 'Molecular products' operating segment of the Group.*
4. *In respect of Primerdesign, the financial information for the six months to 30 June 2017 (and for comparison purposes, the six months to 30 June 2016) has been extracted, without material adjustment, from note 6 of the financial information as set out in Part 3 (Historical financial information) of this document and are as per the figures noted for the 'Molecular products' operating segment of the Group.*
5. *In respect of NOVAprep®, the financial information has been extracted, without material adjustment, from note 6 of the financial information as set out in Part 3 (Historical financial information) of this document, and are as per the figures noted for the 'Cytology' operating segment of the Group.*
6. *In respect of Lab21, the financial information has been extracted, without material adjustment, from notes 6 and 37 of the financial information as set out in Part 3 (Historical financial information) of this document, and are as per the figures note for the 'Diagnostics' operating segment of the Group and the group income statement of the Group as if the acquisition had been completed on 1 January 2014. The acquisition of Lab21 was completed in June 2014, and as such, only consolidated from then onwards. Hence, the figures for 2014 comprise both consolidated and pre-acquisition results. For avoidance of doubt, the figures for 2014 for Lab21 are pro forma figures for the full year.*
7. *All figures are reported under IFRS, with the exception of the financial information for Primerdesign for 2014 and 2015, which are reported under UK Generally Accepted Accounting Practice.*
8. *With exception of the financial information for Primerdesign for 2014, 2015 and 2016, and the results for the six months to 30 June 2017 (and for comparison purposes, the six months to 30 June 2016), the above financial information is audited. The financial information for Primerdesign for 2014 and 2015 is unaudited, whilst the financial information for the six months to 30 June 2017 (and for comparison purposes, the six months to 30 June 2016) is unaudited but has been reviewed and the financial information for 2016 has used audited figures for the purpose of the IFRS conversion that forms the basis of this work.*

The figure below sets out the EBITDA and EBITDA margin of each of the Group's three divisions for the year ended 31 December 2016 and for the six months to 30 June 2017.

Figure 8: EBITDA and EBITDA margin by division

	Year ended 31 December 2016 €m	Six-months ended 30 June 2017 €m
Primerdesign		
EBITDA	1.9[(1)]	1.1
EBITDA margin	*38%*[(1)]	*41%*
NOVAprep®		
EBITDA	(1.1)	(0.6)
EBITDA margin	*(69%)*	*(59%)*
Lab21		
EBITDA	0.7	0.4
EBITDA margin	*11%*	*13%*
Divisional EBITDA	1.5	0.9
Central overheads	(3.3)	(1.3)
Group EBITDA	**(1.7)**[(1)]	**(0.5)**

Source: Company information

Notes:

1. *The figures for Primerdesign for the year ended 31 December 2016 is the pro forma figures assuming a full year impact of Primerdesign. The figure for Group EBITDA incorporates the pro forma information for Primerdesign for the year ended 31 December 2016. By using the unpublished and unaudited financial statements of Primerdesign, the EBITDA for Primerdesign for the years ended 30 September 2015 and 30 September 2014 are £1.2 million and £0.7 million, respectively. The EBITDA margin for the same periods are 34 per cent. and 31 per cent., respectively.*
2. *The EBITDA for Lab21 for the year ended 31 December 2015 was €1.3 million with an EBITDA margin of 17 per cent. EBITDA figures excluding central costs for 2014 for Lab21 are unavailable.*
3. *The EBITDA figure for NOVAprep® excludes costs reported within the NOVAprep® division that are attributable to Group. The costs excluded are based on calculations by management. 2014 and 2015 EBITDA figures excluding central costs for NOVAprep® are unavailable.*
4. *Central overheads represent Group related costs that are reported within the individuals divisions, as well as those incurred the Novacyt S.A. corporate entity.*

The figures in figure 7 and figure 8 above have been included for illustrative purposes only and should be read in conjunction with the full text of this document, including the notes to the tables as set out below. Prospective investors should not rely solely on this summarised and illustrative financial information.

Further details of the Group's historical financial performance are set out in Part 3 (Historical financial information) of this document.

10. CURRENT TRADING AND PROSPECTS

The Group continues to make good progress with its three strategic objectives: organic growth; R&D transformation and acquisitive growth. With low capital intensity, the Group continues to demonstrate strong and sustained sales growth and high margins.

The Group continues to focus on its medium-term target KPIs of:

- organic revenue growth of over 25 per cent. per annum;
- maintenance of a high gross margin, above 60 per cent.; and
- becoming profitable and free cash flow generative.

The Directors confirm that trading since 30 June 2017 shows year-on-year growth to the prior year.

11. THE BOARD

On Admission, the Board will comprise two Executive Directors and five Non-executive Directors.

Brief biographies of the Directors are set out below:

James Wakefield *Independent Non-executive Chairman*

James is an experienced private equity investor, having spent over 30 years in the finance industry. He has been involved with over 30 businesses of varying sizes and stages of development across a wide range of sectors, including board representation as chairman or non-executive director in a number of these. He is also chairman of Promedics Orthopaedics Limited. James is chairman of WestBridge Capital LLP of which he was a founder partner in 2008. He previously spent 18 years at Bridgepoint (previously NatWest Equity Partners) and prior to that, spent four years at NatWest Markets/NatWest Investment Bank. He has been a Non-executive Director and Chairman of the Group since 2014.

James is a graduate of Harvard Business School (AMP).

Graham Mullis *Chief Executive Officer*

Graham was appointed Chief Executive Officer of Novacyt in 2014, having previously been chief executive officer of Lab21 since 2008. He has over 30 years of experience in the healthcare, pharmaceuticals and medical device market. Over the years, he has led multiple successful exits, including that of Biocompatibles Eyecare, ClearLab, VisionTec and Optivue. Previous roles have included acting as a C-level executive with Biocompatibles International plc, a FTSE 250 company, and 1-800 CONTACTS, a NASDAQ-listed company.

He holds degrees in BSc Biochemistry & Physiology from Southampton University, United Kingdom and an MBA Business Administration from Warwick Business School, United Kingdom.

Anthony Dyer *Chief Financial Officer*

Anthony joined the Group in 2010 and has been Chief Financial Officer since January 2017. He has 17 years of experience in healthcare, pharmaceuticals and medical devices, working primarily with growth companies and executing M&A. Transactions executed include RiboTargets' combination with British Biotech, BioFocus' combination with Galapagos and Galapagos' €130 million divestment of its service division to Charles River Laboratories.

He holds a BSc (Hons) degree in Maths and Management Science from University of East Anglia, United Kingdom. He is a Fellow of the Association of Chartered Certified Accountants (FCCA).

Andrew Heath MD, PhD *Independent Senior Non-Executive Director*

Andrew is a healthcare and biopharmaceutical executive with in-depth knowledge of the US and UK capital markets, with international experience in marketing, sales, R&D and business development. In addition to his role as Non-executive Director for Novacyt since 2015, he is currently the chairman of Shield Therapeutics plc, vice chairman and senior independent director of Oxford Biomedica plc and director of IHT LLC. From 1999 to 2008, he was the chief executive officer of Protherics plc, taking the company from 30 to 350 members of staff and managing its eventual acquisition by BTG Plc for £220 million. Prior to this, he served as vice president of marketing and sales for Astra Inc in the US and worked within clinical and academic medicine at Vanderbilt University. He is also a former director of The BioIndustry Association.

He graduated in medicine from University of Gothenburg, Sweden, where he also completed his doctoral thesis in human toxicology. He is a fellow of the American Academy of Clinical Toxicology and a fellow of the UK Institute of Directors (IOD).

Dr Ed Snape *Independent Non-Executive Director*

Ed has over 40 years of experience in founding, investing in and guiding the development of many public and private healthcare and specialty materials companies. He is a co-founder of NMT Capital (a successor of Nexus) and continues to work as one of its senior advisers. He is also a senior adviser to Maruho Co., Ltd, a director of SAI Holding Company and a co-owner of Nexus Medical, LLC, the general partner of Nexus Medical Partners II, L.P. Prior to NMT Capital, Ed was managing general partner of The Vista Group, a leading east coast venture capital firm, chairman

of Orien Ventures, a private equity firm with Pacific Rim affiliations; and, a director of the Cygnus Funds, two UK-based private equity firms specialising in investments throughout Europe. He was also a founder of a fund based in Indonesia. Early in his career, he founded the Liposome Company, which listed and was later sold to Elan Corporation for over US$500 million. Over the years, he has been a recipient of several awards in the material sciences industry, including the AB Campbell Award and the Hunt Silver Medal. He also holds several patents in the advanced materials field where he has pioneered various technological innovations and authored numerous technical papers.

He holds BSc and PhD degrees in metallurgy from Leeds University, United Kingdom.

Jean-Pierre Crinelli *Non-Executive Director*

Jean-Pierre is one of Novacyt's founders when the business was established in July 2006. He has some 30 years of experience in the car and electrical components industry, with various roles in M&A and business restructuring. During this period, he was located for 10 years in Singapore, North America, Belgium and Italy.

He holds a Diplôme from ESC Le Havre (regional business school, France) and DECS (Diplôme d'Etudes Comptable Supérieures, national diploma).

Juliet Thompson *Independent Non-Executive Director*

Juliet has a 20 year track record of advising listed healthcare companies in the UK and in Europe as an investment banker, and was formerly a managing director with Nomura Code. She has extensive experience within equity fund raisings and M&A. In addition to her role as Non-executive Director with the Company since 2017, she is currently non-executive chairman of Premier Vet Group plc, a company listed on the London Stock Exchange, non-executive director of Nexstim Plc, a listed Finnish medical technology company and a non-executive director of GI Dynamics Inc, a US based company.

She holds a BSc degree in Economics from Bristol University, United Kingdom, and is a qualified accountant with the Association of Chartered Accountants (ACA) and a member of the Institute of Chartered Accountants in England and Wales (ICAEW).

12. EXECUTIVE TEAM

In addition to Graham Mullis and Anthony Dyer, the Executive Directors, the Executive Team comprises the following individuals:

Dr Jim Wicks *Managing Director Primer Design Division*

Jim was a co-founder of Primerdesign in October 2005, and developed the profitable molecular business from an initial £30,000 investment.

He holds a PhD in Cell and Molecular Biology from Southampton University, United Kingdom.

Dr Ruth Powell *Managing Director NOVAprep® Division*

Ruth joined the Group in April 2017. She has over 30 years of experience in the IVD sector in blue chip organisations such as Thermo Fisher Scientific Inc., Bayer AG, Siemens AG and Chiron Corporation. She was the chair of British In Vitro Diagnostics Association (BIVDA) from 2014 to 2016 and is a current member of BIVDA's executive board.

Phil Sefton *Managing Director Lab21 Division*

Phil joined Novacyt in April 2017. He has over 30 years of experience in life sciences, molecular diagnostic and classical diagnostic markets, and with a global experience of building successful businesses. Prior to joining the Group, he held commercial leadership posts in QIAGEN N.V., TAP Biosystems Group Ltd, LGC (Holdings) Limited and Boehringer Mannheim GmbH.

Ian Wilde *Group RA & QA Director*

Ian joined Novacyt in 2014. He has over 15 years of experience in medical devices from working with small-to-medium sized enterprises and blue chip organisations (such as Johnson & Johnson Inc). He has extensive operational experience at senior management and board levels, and particularly strong experience in quality system development and regulatory compliance.

13. EMPLOYEES

The Group recognises the importance of retaining experienced professionals across all areas of the business in order to deliver its strategic aims. In recent years, the Group has invested to strengthen its team across all parts of the business, including science and technology, product development, regulatory, business development, intellectual property and finance. In particular, senior personnel have been recruited to lead the continued growth of its three business units.

As at 30 June 2017, the Group had 118 employees, of which 107 were based in the UK, six in France, two in China, one in the US, one in the Netherlands and one in Australia.

14. CORPORATE GOVERNANCE

The Company is incorporated in France and listed on Euronext Growth Paris. In addition, it has direct and indirect subsidiaries and a branch based in the UK, US and in Asia Pacific. The Company is subject to the applicable laws and regulations of France, as well as those of the French stock markets. The Directors recognise the value and importance of high standards of corporate governance and, as a result of the Admission, also intend to comply with the provisions of the QCA Code as far as is practical for a company of the Company's size and nature and stage of its development and in accordance with the regulatory framework that applies to companies admitted to trading on AIM.

Certain features of the Company's corporate governance arrangements are as follows:

- The Board comprises seven members, of which five are Non-executive Directors, being James Wakefield, Dr Andrew Heath, Dr Ed Snape, Jean-Pierre Crinelli and Juliet Thompson. The Non-executive Directors are appointed to act in the best interests of the Company, and when relevant, appropriately record their concerns about the running of the Company. The Board considers that the Non-executive Directors bring a wide experience at a senior level of business operations and strategy and have an expanse of knowledge and expertise gained from other areas of business.
- Jean-Pierre Crinelli was previously an executive director and a substantial shareholder of the Company and is therefore not considered independent. All other Non-executive Directors are considered independent for the purpose of the QCA Code, as none have beneficial or non-beneficial shareholdings in the Company exceeding 3 per cent., nor receive remuneration other than in cash or shares, nor have an existing tenure of more 12 years. Dr Ed Snape is a co-owner of Nexus Medical, LLC, the general partner of Nexus Medical Partners II, L.P., which has a current shareholding in the Company of less than 3 per cent. Accordingly, the Directors consider that Dr Ed Snape satisfies the independence criteria as set out in the QCA Code.
- All members of the Board retire by rotation in accordance with the Articles. At each annual general meeting of the Company, each Director who has served three years retires from office. A Director who retires at an annual general meeting may, if willing to act and upon proposal of the Board, be reappointed by resolution of the Shareholders.
- The Directors understand the importance of complying with the rules and regulations both in the UK and in France relating to dealings by Directors and other applicable employees in Shares. The Directors therefore intend to comply, and procure compliance with, Rule 21 of the AIM Rules for Companies relating to dealings as well as the Market Abuse Regulation (EU No. 596/2014) and the Company has adopted an appropriate share dealing code.
- As an existing listed company on Euronext Growth Paris, the Company already has in place an Audit Committee, a Remuneration Committee and a Nominations Committee. The terms of these committees have been updated to reflect market practice on AIM. These committees of the Board have formally delegated responsibilities. Further details of these are set out below.

Audit Committee

The Audit Committee's primary responsibility is to monitor the quality of internal controls and ensure that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Executive Team and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets as appropriate, but not less than twice a year and it has unrestricted access to the Company's external auditors.

The Audit Committee comprises at least two members, with at least one Non-executive Director considered independent, including the Chair. In addition, the Chief Financial Officer, and other members of the Executive Team as required, may be in attendance. The current members of the Audit Committee are Juliet Thompson (Chair) and Jean-Pierre Crinelli.

Remuneration Committee

The Remuneration Committee determines performance related targets for the members of the Executive Team, reviews their performance and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee meets as appropriate but not less than twice a year.

The Remuneration Committee will also make recommendations to the Board on proposals relating to all long-term incentive scheme structures and any future option schemes and the granting of any share options under such schemes. The remuneration and terms and conditions of appointment of the Non-executive Directors are set by the Board.

The Remuneration Committee comprises at least two members, and all members are Non-executive Directors considered independent. The current members of the Remuneration Committee are Dr Andrew Heath (Chair), Dr Ed Snape and Juliet Thompson.

Nomination Committee

The Nomination Committee will identify and nominate for the approval of the Board candidates to fill Board vacancies as and when they arise. The Nomination Committee meets as appropriate, but not less than twice a year.

The Nomination Committee comprises at least two members, and all members are Non-executive Directors considered independent. The current members of the Nomination Committee are James Wakefield (Chair), Juliet Thompson and Dr Andrew Heath.

Anti-bribery policy

The Group is committed to complying with the UK Bribery Act 2010, both within its UK and overseas business activities. As such, the Group has implemented an anti-bribery policy, which has been adopted by the Board, designed to ensure that the Group operates in an open, transparent and ethical manner. This policy applies to the Board and employees of the Group, and to temporary workers, consultants, contractors and agents acting for, or on behalf, of the Group (both in the UK and overseas). The policy generally sets out their responsibilities in observing and upholding a 'zero tolerance' position on bribery in all jurisdictions in which the Group operates, as well as providing guidance to those working within the Group on how to recognise and deal with bribery issues and the potential consequences. The Group expects all employees and associated persons acting for, or on behalf of, the Group, to conduct their day-to-day business activities in a fair, honest and ethical manner, to be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Group's behalf in compliance with it to maintain the highest standards of business conduct. Management at all levels of the Group is responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy.

15. DIVIDEND POLICY

Since its inception, the Company has not paid any dividends and the Directors do not intend to declare and pay any dividends in the short-to-medium-term. The Company currently intends to retain all of its future earnings to finance the growth and development of the Company.

The Directors will only recommend dividends when appropriate. They may from time to time revise the Company's dividend policy.

16. REASONS FOR ADMISSION AND USE OF PROCEEDS

Novacyt is currently listed on Euronext Growth Paris and has a market capitalisation of €19.0 million (£17.1 million), as at the close of business on the latest practicable date prior to the date of this document. Following the Company's acquisition of Primerdesign in May 2016, the Group has become a more UK-centric company, with clear growth plans and a profile suited to a company admitted to trading on AIM. Therefore, the Directors believe that Admission will be an important step in the Company's development and will provide access to a deeper potential pool of capital and raise its international and capital markets profiles. The Fundraising will also broaden the

Company's existing base of Shareholders providing additional support for the Company's ambitious organic and inorganic growth plans.

As a result of the Fundraising, the Company will receive net proceeds of approximately £7.1 million (€7.9 million) (after deducting broking commissions and other fees and expenses incurred by the Company in connection with the Fundraising of approximately £1.7 million (€1.8 million)).

The Company intends to use the net proceeds from the Fundraising to accelerate the Group's organic growth strategy, including the investment in additional manufacturing capacity, expansion of the Group's commercial infrastructure and investment in R&D to obtain CE-IVD approval to sell Primerdesign's RUO assays in the larger clinical testing market, as well as for general working capital purposes, including the ongoing servicing of existing debt. In addition, the net proceeds will be used to satisfy contingent considerations of £2.5 million in relation to the acquisition of Primerdesign, of which £1.5 million will be settled shortly after the Fundraising, with the remaining £1.0 million expected to be triggered during 2018 based on current sales growth.

The Directors continue to actively explore potential M&A opportunities and will consider sources of funding if a specific opportunity arises. However, the use of proceeds from the Fundraising has not been explicitly allocated by the Company to M&A opportunities.

17. DETAILS OF THE PLACING, THE SUBSCRIPTION AND ADMISSION

The Company, the Directors and the Joint Brokers have entered into a Placing Agreement relating to the Placing pursuant to which, subject to certain conditions, the Joint Brokers have each agreed to use their reasonable endeavours to procure subscribers for an aggregate number of 7,051,590 Placing Shares to be issued by the Company at a Placing Price of 59.38 pence per Placing Share, to raise approximately £4.2 million (before expenses). The Placing has been structured as a private placing and there is no general offer of Placing Shares or the Subscription Shares to Shareholders or any member of the public. The currency of the Fundraising is pound sterling.

The Placing Agreement is conditional, *inter alia*, upon Admission having become effective by not later than 8.00 a.m. on 1 November 2017 or such later time and date, being not later than 8.00 a.m. on 30 November 2017, as the Company and the Joint Brokers may agree.

In addition, the Company and Allegra have entered into the Allegra Introduction Agreement pursuant to which Allegra has agreed to advise the Company in relation to the procurement of subscribers (in France) for 7,475,000 Subscription Shares at the Placing Price to raise approximately €5.0 million (before expenses). Admission of the first tranche of 7,550,757 Subscription Shares, including 75,757 Subscription Shares allocated to S.A.S. CUP92, Financial Holding, a connected party to Jean-Pierre Crinelli, will become effective on the Euronext Growth Paris on 19 October 2017, unconditional on AIM Admission occurring.

In addition, certain Directors and senior managers of the Group, have agreed to subscribe for 120,393 Subscription Shares, pursuant to the Subscription Letters. James Wakefield, the Company's Chairman, has agreed to subscribe for 16,839 Shares through the Placing, rather than the Subscription.

The New Shares will represent approximately 39.1 per cent. of the Enlarged Share Capital. The Placing Price represents a discount of approximately 20 per cent. to the closing mid-market share price of the Existing Shares as listed on Euronext Growth Paris, on 13 October 2017 (being the latest practicable date prior to the date of this document).

The New Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared paid or made by reference to a record date falling after Admission.

Further details of the Placing Agreement, the Allegra Introduction Agreement and the Subscription Letters are set out in paragraph 10 of Part 5 (Additional information) of this document. Details of the existing authorities given by Shareholders are set out in paragraph 2.3 of Part 5 (Additional information) of this document.

18. ADMISSION, DEALINGS, CREST AND CDIs

The Shares are currently listed and trading on Euronext Growth Paris. Application has been made to the London Stock Exchange for all of the Shares, issued and to be issued, to be admitted to trading on AIM. Application has also been made for the New Shares to be admitted to trading on Euronext Growth Paris. It is expected that Admission and admission to Euronext Growth Paris will

become effective and that dealings in the Shares will commence on AIM at 8.00 a.m. on 1 November 2017.

No temporary documents of title will be issued. All documents sent by or to a subscriber, or at his direction, will be sent through the post at the subscriber's risk. Instruments of transfer will be certified against the register of members of the Company.

The Shares are currently accepted for settlement through CM-CIC.

In the UK, CREST is the system operated by Euroclear UK & Ireland for the paperless settlement of trades in securities and the holding of uncertificated securities. It avoids the need for physical share certificates that may delay settlement. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

With limited exceptions, only shares and other securities which are constituted under English law can be settled through the CREST system, regardless of the fact that they may be admitted to trading on AIM. As the Company is incorporated in France, the Shares cannot be held or transferred directly in the CREST system.

However, the Shares are capable of being settled indirectly in CREST via CREST's international settlement services. Shareholders who are CREST members, or who have appointed a CREST member as their nominee, will be able to hold an interest in the Shares via these services through CREST Depository Interests representing the right to the underlying Shares. Under these services, CREST Depository Limited issues dematerialised depository interests representing entitlements to non-UK securities, such as the Shares, known as "**CREST Depository Interests**" or "**CDIs.**" CDIs are constituted under the laws of England and Wales and may be held, transferred and settled within the CREST system using the same functionality and on the same basis as the other securities held in the CREST system.

The underlying Shares represented by the CDIs are held in an account of CREST Depository Limited's nominee, CREST International Nominees Limited, via an account with SIX SIS SA (a central securities depository with whom CREST Depository Limited has an arrangement) in Euroclear France (until such time as a CDI holder seeks to exchange their CDIs back into Shares).

The terms and conditions upon which CDIs are issued and held in CREST are set out in the deed poll (the "**Global Deed Poll**") executed by CREST Depository Limited governing CDIs and other related documents in the CREST International Manual.

A custody fee, as determined by CREST, is charged at use level for the use of CDIs. The rights of holders of CDIs in relation to Euroclear or its subsidiaries in respect of CDIs held through CREST are set out in the Global Deed Poll.

Under French law it is not possible for Admission to take place simultaneously with settlement of subscription monies via CREST (DvP) as it would be were the Company incorporated in England and Wales.

In order to facilitate the French law settlement requirements, whilst admission of the Enlarged Share Capital to trading on AIM is expected to occur on 1 November 2017, settlement through CREST and crediting of CREST accounts is expected two Business Days later on 3 November 2017, at which time the New Shares which are represented by CDIs (as defined and described in detail below) will be admitted to trading on Euronext Growth Paris.

Rights attaching to CDIs

Holders of CDIs will have an entitlement to the Shares but will not be the registered holders thereof. Accordingly, the holders of CDIs will be able to enforce and exercise the rights relating to the Shares only indirectly in accordance with the arrangements described below. Holders of CDIs will not be able directly to enforce or exercise certain rights, including voting and pre-emption rights, but instead will be entitled to enforce them indirectly via CREST Depository Limited.

In particular, CDIs representing Shares do not enable the holders of CDIs to attend and vote at general meetings of the Company as CDI holders, although CDI holders will be able to give directions as to voting at all Shareholders' meetings. If CDI holders wish to exercise voting rights personally as a Shareholder by attending a general Shareholders' meeting, they must first exchange their CDIs for Shares before the record date of the relevant general Shareholders' meeting. On so doing, they will, subject to and in accordance with the Articles and French law, be able to attend and vote in person at the relevant meeting.

Subject to the Articles and certain provisions of French law the chairman of a Shareholders' meeting has discretion to allow holders of CDIs to attend Shareholders' meetings (but not vote at such meetings).

Holders of CDIs will, at their option, be able to effect the exchange of their CDIs in CREST and receive the underlying Shares to which they are entitled into a shareholding account with a depository financial institution which is a participant in Euroclear France. CDI holders who wish to exchange their CDIs may do so by sending an instruction to CREST to that effect and following the rules and practices of CREST.

19. TAKEOVER CODE

The Company is not subject to the UK City Code on Takeovers and Mergers. However, French law contains provisions relating to takeovers of certain companies, including the Company.

The General Regulation of the Autorité Des Marchés Financiers of France (the "**AMF**") applies to the Company, as it is a public limited company whose shares were first admitted to trading on Euronext Growth Paris and with its registered office in France. Under Article 235-2 of the General Regulation of the AMF, relating to mandatory takeover rules for companies listed on Euronext Growth Paris, if an acquisition of shares in such a company were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 50 per cent. or more of the share capital or voting rights in the company, the acquirer and its concert parties would be required (except with the consent of the AMF) to make a cash offer for the outstanding shares at a price not less than the highest price paid for the shares by the acquirer or its concert parties during the previous twelve months.

20. LONG TERM INCENTIVE SCHEME

The Company has adopted the Novacyt LTIP to incentivise and retain key employees. Details of the key terms of this plan are set out in paragraph 5 of Part 5 (Additional information) of this document and details of those awards that have been granted conditional upon Admission are set out in paragraph 6.1 of Part 5 (Additional information) of this document.

21. TAXATION

General information relating to UK and French taxation with regard to the Admission and Placing is summarised in Part 4 (Taxation) of this document.

This document has been prepared on the basis of current legislation, rules and practice and the advisers' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practice may change. Any changes to legislation and in particular any changes to bases of taxation, tax relief and rates of tax may affect the availability of reliefs.

Any Shareholder or prospective investor who is in any doubt as to their personal tax position, or is subject to tax in a jurisdiction other than the UK or France, should consult their own independent professional advisers immediately.

22. FURTHER INFORMATION

This document should be read in its entirety. Your particular attention is drawn to:

- Part 1 of this document, which includes background information on the Group, its business and operations, as well as summary financial information and information about the Admission and Placing;
- Part 2 of this document, which contains risk factors relating to the Group and its business, to the Group's intellectual property, to the Group's finances and to the Placing, the Subscription and the Shares;
- Part 3 of this document, which contains historical financial information of the Group;
- Part 4 of this document, which contains a summary of UK and French taxation; and
- Part 5 of this document, which includes further additional information on the Company.

PART 2

RISK FACTORS

An investment in the Company involves significant risks and is only suitable for prospective investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the entire amount invested) that may result from such an investment. Prospective investors should carefully review and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.

The Group is subject to many of the commercial, legal, employment, operational and reputational risks that also affect companies in other business sectors. The information in this document is based upon current law, practice and other legislation, and any changes in such law, practice or other legislation may affect the Group and the value of the Shares. If any of the following risks actually occur, the Group's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In such circumstances, the price of the Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known to the Board, or which they currently deem immaterial, may also have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

Prospective investors should be aware that the value of the Shares may go down as well as up and that they may not be able to realise their initial investment. The Group's business objectives may not be achieved.

Risks relating the Group and its business

The pace of development in the healthcare industry

The Group operates within the biotechnology sector, a complex area of the healthcare industry. Rapid scientific and technological change within the biotechnology sector could lead to other market participants creating approaches, products and services equivalent or superior to the diagnostic testing products and services offered by the Group, which could adversely affect the Group's performance and success. If the Group is unable to keep pace with these changes in the biotechnology sector and in the wider healthcare industry, the demand for its technological platforms and associated products and services could fall, which may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Competitive pressures

Companies operating within the biotechnology sector are subject to competitive forces that may result in price discounting, and may be thinly capitalised and susceptible to product obsolescence.

Better resourced competitors may be able to devote more time and capital towards the R&D process, which, in turn, could lead to scientific and/or technological breakthroughs that may materially alter the outlook or focus for markets in which the Group operates. In addition, certain of the Group's competitors may have significantly greater financial and human resource capacity and, as such, better manufacturing capability or sales and marketing expertise. In addition, competitors could resort to price discounting or other sales and marketing strategies. Equally, new companies with alternative technologies and products may also emerge. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Geographic markets

The Group is largely based in the UK, with additional operations in France, China, Australia and the US, and its products are distributed to and sold across multiple jurisdictions. In each of these

jurisdictions, there may be a number of associated risks in respect of which the Group will have no, or limited, control. These may include: contract re-negotiation, contract cancellation, economic, social or political instability or change, hyperinflation, currency non-convertibility or instability, and changes of laws affecting foreign ownership, taxation, working conditions, rates of exchange, exchange control and licensing. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Product development

Additional products and services developed through the element of the Group's strategy focused on R&D transformation will be required to drive the Group's growth, such as Primerdesign's focus on transferring assays from RUO to clinical CE-IVD products. The development of such additional diagnostic testing products and services may take longer than expected or not be successful at all, which may adversely impact the Group's ability to generate revenues and achieve sustainable profitability. In addition, the value of additional diagnostics tests and products may not prove as robust as currently envisaged by the Group. Any delays or unbudgeted expenditures incurred by the Group could postpone or halt the commercialisation of a particular diagnostics tests and products. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Product liability claims

The Group faces an inherent risk of product liability and associated adverse publicity as a result of the sales of its products.

Criminal or civil proceedings might be filed against the Group by patients, the regulatory authorities, pharmaceutical companies and any other third party using or marketing its products. Any such product liability claims may include allegations of defects in manufacturing, defects in design, negligence, strict liability, a breach of warranties and a failure to warn of dangers inherent in the product.

If the Group cannot successfully defend itself against product liability claims, it may incur substantial liabilities or be required to limit commercialisation of its products, if approved. Even successful defence could require significant financial and management resources.

Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for its products due to negative public perception;
- injury to its reputation;
- initiation of investigations by regulators;
- costs to defend or settle the related litigation;
- diversion of management's time and its resources;
- substantial monetary awards to patients, study participants or subjects;
- product recalls, withdrawals or labelling, marketing or promotional restrictions;
- loss of revenues from product sales; or
- the inability to commercialise any of its products.

Although the Group maintains a level of insurance that is customary for its industry to cover its current business, any claim that may be brought against the Group could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by its insurance or that is in excess of the limits of its insurance coverage. Its insurance policies also have various exclusions, and the Group may be subject to a product liability claim for which the Group has no coverage. In such cases, the Group would have to pay any amounts awarded by a court or negotiated in a settlement that exceed its coverage limitations or that are not covered by its insurance, and the Group may not have, or be able to obtain, sufficient capital to pay such amounts.

If the Group was unable to obtain and maintain appropriate insurance coverage at an acceptable cost, or to protect itself in any way against actions for damages, this would seriously affect the marketing of the Group's products and, more generally, may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Reliance on sole suppliers

Due to the specific and innovative nature of some of the Group's products, there may only be a single supplier of goods or services to the Group in respect of those products or services, which may or may not be pursuant to the terms of exclusive supplier agreements. The Group's purchases may be delayed if that single supplier, in respect of any one product or service, has its own manufacturing difficulties or is not able to meet the purchase requirements of the Group within a reasonable timeframe. Further, any exclusive supplier arrangements may be terminated by either the supplier or the Company on notice. In the event of serious delays or non-performance by such suppliers, or upon such arrangements being terminated, the Group's own stock levels could diminish or be exhausted. The Group may consider expanding its current supplier base so as to reduce the reliance on certain suppliers. However, there is no guarantee that they will be successful in doing so in a manner that complies with regulatory requirements. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Reliance on third party distributors

The Group uses third party distributors in a number of its business areas. Although, the Group enters into agreements with such distributors, it cannot ultimately control their actions and they may underperform or not act in the best interests of the Group. Furthermore, the distribution agreements may be terminated by the distributors or the Group. If so, and if appropriate from the Goup's strategy at that time, the Group may seek to find a replacement distributor but there can be no guarantee that they will be successful in doing so. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Acquisition strategy

A core part of the Group's strategy is to undertake acquisitions that are strategically complementary to its existing businesses. The success of such a strategy will depend on the Group's ability to identify potential targets, complete the acquisition of such targets on favourable terms, including securing appropriate financing, and to generate value from the acquired targets. This strategy may not be successful under all or any market conditions. The Group may not be able to acquire targets on attractive terms or to generate resulting returns for Shareholders and prospective investors. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Litigation and arbitration

From time to time, the Group may be subject to litigation arising from its operations, distribution and sales. Damages claimed, awarded, settled or paid under any litigation or arbitration may be material or may be indeterminate, and the outcome of such litigation or arbitration may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Whilst the Group will assess the merits of each lawsuit and defend itself accordingly, it may be required to incur significant expenses or devote significant resources to defend itself against such litigation. In addition, any adverse publicity surrounding such claims may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Claimants in any litigation proceedings may be able to devote substantially greater financial resources to any litigation proceedings. The Group may not prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations, and may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Key personnel

The Group depends on the services of its key personnel, which includes a number of individuals some of whom are currently on short notice period of three months or less. The Group's ability to manage its R&D and product development activities, wider operations and financing will depend in large part on the efforts of its key personnel. The loss of services of key personnel, the inability to

attract, retain and integrate suitably qualified personnel or delays in hiring required personnel, could delay the achievement of the Group's objectives and strategy and may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Tenders

A proportion of the Group's revenues stem from tenders awarded to the Group and it is not possible to control and / or predict the outcomes of these tender processes. The success of such tender awards is based upon the ability of the organisation or country to finance tenders and then it is based upon the historical performance, price and quality of the competitors who have been invited to participate in the tender process. The Group may not be successful in future tender processes. The failure to gain new business through the award of tender contracts may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Regulatory environment

The Group's products are subject to various laws, regulations and standards in each of the jurisdictions in which products are manufactured and distributed. These laws, regulations and standards may change and if the Group fails to meet those regulatory or other requirements, it could face delays or prohibitions on the operation of its business.

The Group's ability to conduct business is predicated on being in compliance with all licence requirements as specified by each relevant jurisdiction. The Group may not continue to hold all of the necessary consents, approvals and licences required to conduct its business, and where new permissions are required, these may be delayed or not forthcoming. If any new approvals or licences are required in order for the Group to carry on its business, the Group could face delays or prohibitions on the development, manufacture, sale or distribution of its products, which may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

New IVDR regulations

The entire IVD industry within the EU is currently undergoing a significant regulatory transition from the existing In-vitro Diagnostic Directive (IVDD) (98/79/EC) to a new In-vitro Diagnostic Regulation (IVDR) (2017/746) (further details of which are set out in paragraph 7 of Part 1 (Information on the Group) of this document). The cumulative effect of the introduction of the new regulation will be a significantly increased burden on the resources of IVD manufacturers to maintain regulatory compliance and this could result in older products being deleted due to costs or products being wasted due to new classifications. It is not certain how the IVDR will apply to the UK as it is due to come into effect in 2022, after the UK is due to leave the EU. Any of these matters could have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Employment laws

The Group is also subject to various UK, French and EU regulations governing the Group's relationship with employees, including such matters as the treatment of part-time or agency workers, employers' National Insurance Contributions (or equivalent in France), overtime and other working conditions. A failure to comply with one or more regulations could result in the imposition of sanctions, including the closing of facilities for an indeterminate period of time or third party litigation, any of which could have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Information technology

The Group is heavily reliant upon its information technology systems to enable it to manage a growing business and to service its customers online. Information systems are used across all aspects of the Group's business, including but not limited to: R&D; product development; clinical trials and applications; sales; production; stock control; distribution; and, accounting and finance. The Group's business would be adversely affected by a material or sustained breakdown in its key computer and communication systems. In such circumstances, it may take time to identify an issue or fault with the system, resulting in a delayed resolution and more management time will be

necessarily invested in the matter generally. A sustained breakdown in the Group's key information technology and communication systems would likely have a material adverse impact on the Group's business, financial condition, capital resources, results and/or future operations.

In addition, the Group may face online security breaches, including hacking and vandalism. The Group cannot guarantee absolute protection against unauthorised attempts to access its information technology and communication systems, including malicious third party applications that may interfere with or exploit security flaws in its products and services. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in the Group's computer systems. If any compromise in the Group's security measures were to occur and the Group's efforts to combat this breach are unsuccessful, the Group's reputation may be harmed leading to a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

UK leaving Europe

A referendum was held in the UK on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("**Brexit**"). The extent of the impact of Brexit on the Group will depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws and regulations that are based on EU legislation. In addition, the macroeconomic effect of Brexit on the healthcare industry is unknown. It remains unclear how Brexit will affect the UK's trading relationships, corporate taxation policy, movement of people and other regulatory affairs. As such, it is not possible to state accurately the impact that Brexit will have on the Group and its operations. Brexit could also potentially increase the regulatory compliance and/or tax burden on the Group. Brexit could restrict the Group's future activities and may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Risks relating to the Group's intellectual property, trademarks and know-how

Protection of intellectual property rights

The Group's ability to compete depends in part, upon the successful protection of its intellectual property, in particular its patents, trademarks, know-how and trade secrets. The Group seeks to protect its intellectual property through the filing of worldwide patent and trademark applications, as well as robust confidentiality obligations on its employees (and any contractors).

Despite these precautions that may be taken by the Group to protect its intellectual technology and products, unauthorised third parties may attempt to copy, or obtain and use its technology and products. A third party may infringe upon the Group's intellectual property, release information considered confidential about the Group's intellectual property and/or claim technology that is registered to the Group. In addition, the Group may fail to discover infringement of its intellectual property, and/or any steps taken or that will be taken by it may not be sufficient to protect its intellectual property rights or prevent others from seeking to invalidate its intellectual property or block sales of its products by alleging a breach of their intellectual property. Applications filed by the Group in respect of new patents and trademarks may also not be granted.

The Directors intend to defend the Group's intellectual property vigorously through litigation and other means. In the event that litigation is necessary in the future in order to enforce the Group's intellectual property rights, determine the scope and validity of proprietary rights of other companies, and/or defend claims of infringement or invalidity, it could require the Group to commit significant resource to pursue the protection of its intellectual property and there is no guarantee that the result of such litigation would result in a favourable outcome to the Group. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Infringement of third party patents and other intellectual property rights

The Group's products may infringe or may be alleged to infringe existing patents or patents that may be granted in the future that may result in costly litigation and could result in the Group having to pay substantial damages or limit the Group's ability to commercialise its products.

Because some patent applications in Europe and the US may be maintained in secrecy until the patents are issued, patent applications in Europe, the US and many foreign jurisdictions are typically not published until 18 months after filing, and publications in the scientific literature often

lag behind actual discoveries, others may have filed patents that may cover its technologies, its products or the use of its products. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover the Group's technologies, its products or the use of its products. As a result, the Group may become party to, or threatened with, future adversarial proceedings or litigation regarding patents with respect to its products and technology.

If the Group is sued for patent infringement, the Group would need to demonstrate that its products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and the Group may not be able to do this. If the Group is found to have infringed a third party's patent, the Group could be required to obtain a licence from such third party to continue developing and marketing its products and technology or the Group may elect to enter into such a licence in order to settle litigation or in order to resolve disputes prior to litigation. However, the Group may not be able to obtain any required licence on commercially reasonable terms or at all. Even if the Group is able to obtain a licence, it could be non-exclusive, thereby giving its competitors access to the same technologies licensed to the Group, and could require the Group to make substantial royalty payments. The Group could also be forced, including by court order, to cease commercialising the infringing technology or products. A finding of infringement could prevent the Group from commercialising its products or force the Group to cease some of its business operations, which could materially harm its business. Claims that the Group has misappropriated the confidential information or trade secrets of third parties could have a similarly negative impact on its business.

Any such claims are likely to be expensive to defend, and some of its competitors may be able to sustain the costs of complex patent litigation more effectively than the Group can because they have substantially greater resources. Moreover, even if the Group is successful in defending any infringement proceedings, it may incur substantial costs and divert management's time and attention in doing so, which may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Protection of trademarks

The Group owns certain trademarks that are important to its business and competitive position. Third parties may infringe or misappropriate these rights by, for example, imitating the Group's products, asserting rights in, or ownership of, the Group's trademarks or other intellectual property rights or in trademarks that are similar to trademarks that the Group owns. In addition, the Group may fail to discover infringement of its intellectual property, and/or any steps taken or that will be taken by it may not be sufficient to protect its intellectual property rights or prevent others from seeking to invalidate its trademarks by alleging a breach of their trademarks and intellectual property. Applications filed by the Group in respect of new trademarks may not be granted. In addition, some of the Group's intellectual property may not be capable of being registered as belonging to the Group in all types of trademarks and all classes and the Group may, therefore, have difficulty protecting such intellectual property. Further, the Group may not be able to prevent others from using its brands (or other intellectual property which is not registered as belonging to the Group) at all or in a particular market. Certain countries in which the Group operates may offer less stringent intellectual property protection than is available in Western Europe and the US. If the Group is unable to protect its intellectual property rights against infringement or misappropriation, or if others assert rights in or seek to invalidate its intellectual property rights, this could have material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations. Any such failure to defend the Group's proprietary intellectual property could have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Disclosure of confidential information

The Group relies on trade secret protection to protect its interests in proprietary know-how and in processes for which patents are difficult to obtain or enforce. If the Group is unable to protect its trade secrets adequately the value of its technology and products could be significantly diminished. Furthermore, the Group's employees, consultants, contract personnel or third-party partners, either accidentally or through wilful misconduct, may cause serious damage to its programmes and/or its strategy by disclosing trade secrets, know-how or other proprietary information (the ''Confidential Information'') to third parties. It is also possible that Confidential Information could be obtained by

third parties as a result of breaches of the Group's physical or electronic security systems. Any disclosure of confidential data into the public domain or to third parties could allow the third parties to access Confidential Information and use it in competition with the Group. In addition, other may independently discover the Confidential Information. Any action to enforce the Group's rights against any misappropriation or unauthorised use and/or disclosure of Confidential Information is likely to be time consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Risks relating the Group's finances

Loss making

The Group is loss making and its ability to generate future profits and cash flow will depend *inter alia* upon its ability to increase sales of its products and control its future expenditures (including those on R&D and other investments such as acquisitions). Failure by the Group to become profitable or cash generative would without access to alternative finance source impair its ability to expand its business, maintain its R&D efforts or expand its product offerings. It also puts the Group at risk of bankruptcy and liquidation. Any such event could depress the value of the Shares and may cause total loss of shareholder value.

Additional financing requirements

The Group expects to incur further expenses in connection with its ongoing commercialisation and R&D activities in relation to its products. In addition, the Group has cash commitments through third party debt and a contingent earn-out structure relating to the recent acquisition of Primerdesign. In order to finance fully the Group's business plan as set out in Part 1 (Information on the Group) of this document, the Company may require more capital than is available from its existing cash balances and the net proceeds of the Fundraising.

Access to adequate additional financing, whether through debt financing, an equity capital raise or a suitable out-licensing or partnering transaction may not be available to the Group on acceptable terms, or at all. If the Group is unable to raise capital, the Group could be forced to delay, reduce or eliminate its R&D programmes or commercialisation efforts. Any additional equity fundraising may be dilutive for Shareholders and could depress the value of the Shares and may ultimately lead to total loss of shareholder value.

Any of these events could have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations and may lead the Company to delay, reduce or abandon R&D programmes or commercialisation of some of its products.

Terms of existing indebtedness

The Group's existing debt facilities impose operating and financial restrictions on the Group that could restrict *inter alia* the payment of dividends, incurring of additional indebtedness and the provision of guarantees. The need to meet such thresholds or observe such restrictions could hinder the Group's ability to carry out its business strategy. In addition, a breach of the terms of the Group's indebtedness could cause some or all of its indebtedness to become due and payable. Such action could adversely affect the Company's operating results and financial condition. The Company's and/or its direct and indirect subsidiaries' assets may not be sufficient to generate the funds necessary to repay such indebtedness in the event of its acceleration. Events beyond the Group's control may contribute to the failure of the Group to comply with such covenants.

Pursuant to the terms of the Group's existing debt facilities, the lenders have been provided with security over certain of the current and future assets of the Group. A failure to comply with the obligations set out in those debt facilities could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness and adversely affect the Group's operations and/or financial condition.

Repayment of existing indebtedness

The Company may not be able to refinance the amounts outstanding pursuant to the Group's existing debt facilities in order to repay the amounts outstanding or may not have generated enough cash from operations to meet these obligations. The Group's ability to make payments of principal and interest on, or to refinance, indebtedness related to the Group's existing debt facilities

will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control. Any such failure may impair the Group's ability to expand its business, maintain its R&D efforts or expand its product offerings. It also puts the Group at risk of liquidation. Any such event could depress the value of the Shares and may cause total loss of shareholder value.

Bad debtors

The Group sells to companies of all sizes from small-to-medium sized enterprises to blue-chip institutions and operates in emerging markets, such as the Middle East, Asia Pacific (including China and India), Africa (including Nigeria) and South America (including Venezuela). Whilst the Group has to date successfully managed the risk of being paid for products and services sold into these companies and regions, as the Group grows and its customer base and distribution channels expands, there could be a higher risk that new customers do not pay in a timely manner and that bad debt increases. This may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Foreign exchange rates

The Group operates on a global basis and it has exposure to foreign exchange risk on purchases and sales that are denominated in currencies other than the Euro, the pound sterling and US dollar, which are the currencies of most of its receivables, expenditures, cash reserves and borrowings. The Euro, the pound sterling and US dollar exchange rates have fluctuated significantly in the past and may do so in the future. Consequently, revenue, expenditure, cash and borrowings may be higher or lower than anticipated by the Group.

In addition, the financial statements of the Group are denominated in Euros, which therefore give further exposure to foreign exchange rate fluctuations and may impact the financial results reported to its Shareholders, particularly as profits and losses arising from foreign currency transactions and on settlement of amounts receivable and payable in foreign currency are dealt with through the profit and loss statement.

Furthermore, the Group does not engage in active, speculative hedging to minimise foreign exchange risk.

Any of these foreign exchange rate exposures may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Taxation

The taxation implications of an investment in the Company are dealt with in Part 4 (Taxation) of this document. The tax rules and their interpretation relating to the Group may change over time. The levels of, and relief from, taxation may change. Any tax reliefs referred to in this document are those currently available and their application depends on the individual circumstances of prospective investors. Any change in the Group's tax statues or in taxation legislation or its interpretation could affect the value of the Group or the Group's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders.

Shareholders and prospective investors are strongly recommended to consult an appropriate independent financial adviser and/or tax adviser before taking any action.

Future performance

The Group may not be able to achieve the objectives referred to in this document and no representation or warranty is given by any person that the Company will be able to achieve any returns referred to in this document. The financial operations of the Group may be adversely affected by general economic conditions or by the particular financial condition of other parties doing business with the Group.

Risks relating to the Placing, the Subscription and the Shares

Suitability

An investment in the Shares may not be suitable for all prospective investors. Accordingly, prospective investors should seek their own personal financial advice from their independent professional adviser authorised under FSMA and who specialises in advising on the acquisition of

shares and other securities or other advisers such as legal advisers and accountants before making any investment decisions.

Share price volatility

The Placing Price has been agreed between the Board and the Joint Brokers and may not be indicative of the market price for the Shares following Admission. The subsequent market price of the Shares may be subject to wide fluctuations in response to a number of events and factors that are unrelated to the Group's operating performance, such as variations in operating results, changes in financial estimates, recommendations by securities analysts, the share price performance of other companies that may be deemed comparable to the Group, market perceptions of the Group, new reports relating to trends in the Group's markets, large purchases or sales of Shares, liquidity (or absence of liquidity) in the Shares, foreign exchange fluctuations, legislative or regulatory changes, national and global economic conditions and various other factors and event. These fluctuations may adversely affect the market price of the Shares, regardless of the Group's performance.

The market price at which the Shares will be traded and the market price at which Shareholders may realise these investments will be influenced by a large number of factors, some not specific to the Group and its operations. Furthermore, there is no guarantee that the market price of a Share will accurately reflect its underlying value.

The market price for the Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Group and/or its business. The Directors may be unable to sustain coverage by well-regarded analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Group or if these securities or industry analysts are not widely respected within the general investment community, the market price for the Shares could be negatively impacted. If one or more analysts publish unfavourable research about the Group's business, the market price would be likely to decline. If one or more of these analysts cease coverage of the Group or fail to publish reports regularly, demand for the Shares could decrease, which might cause the market price of the Shares and trading volume to decline.

Liquidity

At present, the Shares are traded on Euronext Growth Paris.

Application has been made for the Shares to be admitted to trading on AIM, a market designated primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger and more established companies. AIM securities are not admitted to the Official List. The AIM Rules for Companies are less onerous than those of the Official List and an investment in shares that are traded on AIM is likely to carry a higher risk than an investment in shares listed on the Official List. Neither the London Stock Exchange nor the UK Listing Authority or any other regulatory authority in France or in any other Member State or EEA treaty adherent state has itself examined or approved the content of this document.

The Company may not retain its quotations on AIM and/or Euronext Growth Paris. If the Company fails to do so, certain Shareholders may decide to sell their Shares, which could have an adverse impact on the market price of the Shares.

Admission to trading on AIM should not be taken as implying that a liquid market for the Shares will either develop or be sustained on AIM following Admission. The Company cannot predict the extent to which interest in the Shares will lead to the development of a trading market. The liquidity of a securities market is often a function of the volume of the underlying Shares that are publicly held by unrelated parties. If a liquid trading market for the Shares on AIM does not develop, the market price of Shares may become more volatile and it may be more difficult to complete a buy or sell order for Shares.

Loss of all or part of investment

The share price of smaller biotechnology companies can be highly volatile, which may prevent Shareholders from being able to sell their Shares at or above the price they paid for them. The Placing Price may not be indicative of prices that will prevail in the trading market and Shareholders may not be able to resell the Shares at or above the price they paid for them. The market price for the Shares could fluctuate significantly for various reasons, many of which are outside the Company's control. These factors could include the performance of the Group, large

purchases or sales of the Shares, legislative changes and general economic, political or regulatory conditions.

It is possible that the Company may decide to offer additional Shares or convertible equity securities in the future to raise financing and for other purposes, including in connection with share incentive and share option plans. Future sales or the availability for sale of substantial amounts of the Shares in the public market could dilute the holdings of Shareholders, adversely affect the prevailing market price of the Shares and impair the Company's ability to raise capital through future issues of Shares.

Arbitrage between Euronext Growth Paris and AIM

Although the ISIN for the Shares is the same on Euronext Growth and AIM and the Shares are fungible between such markets, the Shares may not trade at the same price on both Euronext Growth Paris and AIM due to different investor sentiments, liquidity levels, transaction costs, taxation rates and foreign exchange rates, particularly between France and the UK, the countries which host Euronext Growth Paris and AIM respectively.

Takeover protection

French laws are applicable to the Company and provide for certain protection for Shareholders in the event of a takeover, a summary of which is set out in paragraph 19 of Part 1 (Information on the Group) of this Document. The Company will not be subject to UK takeover regulation (e.g. the provisions of the UK City Code on Takeovers and Mergers).

Dilution

The Company may decide to issue additional Shares in the future in subsequent public offerings or private placements to fund growth, R&D and product development and acquisitions. If Shareholders do not subscribe for additional Shares on a *pro rata* basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company. The issue of additional Shares may also be on more favourable terms than the New Shares. The issue of additional Shares by the Company, or the possibility of such issue, may cause the price of the Shares to decline and may make it more difficult for Shareholders to sell Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new prospective investors will be prepared to subscribe for Shares at a price that is equal to or in excess of the Placing Price.

Furthermore, Shareholders who are resident or domiciled outside the United Kingdom and France may not be able to participate in future equity fundraisings by the Company. Securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of Shareholders who are not resident or domiciled in the United Kingdom or France in future equity offerings. In particular, Shareholders in the US may not be entitled to exercise these rights unless either the rights and Shares are registered under the US Securities Act, or the rights and Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Any Shareholder who is unable to participate in future equity offerings may therefore suffer dilution.

Dividends

As stated in paragraph 15 of Part 1 (Information on the Group) of this document, the Company has never paid dividends and it is not the intention of the Directors to declare and pay any dividends in the short-to-medium-term. The Company currently intends to retain all of its future earnings to finance the growth and development of the Group's business. The declaration and payment of dividends (including special dividends) is restricted under French law and a company can only pay cash dividends if it has sufficient profits in the year of distribution less any losses carried forward. The Company will not pay dividends to the extent it will not be lawful to do so, and the Directors will determine whether any dividends should be declared or paid in the future based on a variety of factors, including the results of operations, financial condition, cash requirements and future prospects of the Group, as well as other factors deemed by Directors to be relevant at the time. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends. There can therefore be no guarantee that the Company will pay dividends in the foreseeable future.

Conditionality of Placing

The Fundraising is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, Admission will not be implemented.

PART 3

HISTORICAL FINANCIAL INFORMATION

This Part 3 of the document contains the historical financial information of the Group for the three years ended 31 December 2016 and for the six months to 30 June 2017 (and for comparison purposes, the six months to 30 June 2016).

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Draft accountant's report

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

The Board of Directors
on behalf of Novacyt S.A.
13 Avenue Morane Saulnier
78140 Vélizy-Villacoublay
France

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

18 October 2017

Dear Sirs

Novacyt S.A.

We report on the financial information for the three years ended 31 December 2016 set out in Part 3 of the AIM admission document dated 18 October 2017 of Novacyt SA (the ''Company'' and, together with its subsidiaries, the ''Group'') (the ''Admission Document''). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in notes 1 to 4 of the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the ''Prospectus Directive Regulation'') as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

This report does not cover, and we express no opinion on, the financial information for the six month periods ended 30 June 2016 and 30 June 2017 set out in the financial information which is marked unaudited.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 December 2014, 2015, and 2016 and of its profits, cash flows and changes in equity for the three years ended 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph a of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte LLP

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Consolidated income statement for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017

Amounts in '000 €	Notes	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Revenue	5	4,526	8,892	11,076	7,029	4,950
Cost of sales	7	-2,553	-4,617	-4,996	-2,771	-2,345
Gross profit		**1,973**	**4,275**	**6,080**	**4,258**	**2,605**
Sales, marketing and distribution expenses	8	-1,183	-2,285	-3,170	-1,615	-1,483
Research and development expenses	9	-467	-588	-794	-397	-429
General & administrative expenses	10	-2,339	-4,785	-5,616	-3,389	-2,596
Governmental subsidies	12	172	148	427	144	88
Operating loss before exceptional items		**-1,844**	**-3,235**	**-3,073**	**-999**	**-1,815**
Costs related to acquisitions	37	-1,227	-70	-508	-	-464
Impairment of goodwill	17	-	-9,786	-	-	-
Other operating income	13	32	130	20	7	22
Other operating expenses	13	-647	-224	-900	-144	-376
Operating loss after exceptional items		**-3,686**	**-13,185**	**-4,461**	**-1,136**	**-2,633**
Financial income	14	27	471	736	301	92
Financial expense	14	-253	-1,193	-1,983	-878	-982
Loss before tax		**-3,912**	**-13,907**	**-5,708**	**-1,713**	**-3,523**
Tax expense	15	-	-1	-2	-	-2
Loss after tax attributable to owners of the company		**-3,912**	**-13,908**	**-5,710**	**-1,713**	**-3,525**
Loss per share (€)	16	-0.88	-2.05	-0.47	-0.09	-0.33
Diluted loss per share (€)	16	-0.88	-2.05	-0.47	-0.09	-0.33

All results derive from continuing operations.

Consolidated statement of comprehensive income for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Consolidated net loss for the period	**- 3,912**	**- 13,908**	**- 5,710**	**- 1,713**	**- 3,525**
Items that will not be reclassified subsequently to profit or loss:					
Actuarial differences IAS19R	- 10	- 3	- 1	-	-
Income tax relating to items that will not be reclassified subsequently to profit and loss	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss:					
Translation reserves	- 21	- 48	204	- 6	202
Income tax relating to items that may be reclassified subsequently to profit and loss	-	-	-	-	-
Total comprehensive income	**- 3,943**	**- 13,959**	**- 5,507**	**- 1,719**	**- 3,323**
Comprehensive income attributable to:					
Owners of the company (*)	- 3,943	- 13,959	- 5,507	- 1,719	- 3,323

(*) There are no non-controlling interests.

Statement of financial position for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017

Amounts in '000 €	Notes	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Goodwill	17	19,042	9,256	16,466	16,466
Other intangible assets	18	1,097	1,297	5,333	5,050
Property, plant and equipment	19	532	683	1,096	1,112
Non-current financial assets	20	42	204	138	235
Deferred tax assets		3	-	-	-
Other long-term assets		35	57	49	-
Non-current assets		**20,751**	**11,497**	**23,082**	**22,863**
Inventories and work in progress	22	1,335	1,488	1,614	1,810
Trade and other receivables	23	1,851	1,878	2,356	2,983
Tax receivables		197	152	211	272
Prepayments	24	176	400	313	827
Short-term financial investments		10	10	10	10
Cash & cash equivalents	25	2,327	1,681	2,856	2,577
Current assets		**5,896**	**5,609**	**7,360**	**8,479**
Total assets		**26,647**	**17,106**	**30,442**	**31,342**
Bank overdrafts and current portion of long-term borrowings	26	433	1,270	3,499	3,062
Contingent consideration (current portion)	27	-	-	1,647	1,664
Short-term provisions	28	96	66	66	66
Trade and other payables	30	4,381	2,968	3,504	3,283
Tax liabilities		-	1	77	-
Other current liabilities	31	321	30	24	20
Total current liabilities		**5,231**	**4,335**	**8,817**	**8,095**
Net current assets/(liabilities)		**665**	**1,274**	**-1,457**	**384**
Borrowings and convertible bond notes	26	588	2,103	2,756	2,324
Contingent consideration (non-current portion)	27	-	-	946	1,000
Retirement benefit obligations	40	31	40	14	16
Long-term provision	28	122	103	89	86
Deferred tax liabilities		-	-	52	-
Other long term liabilities	29	402	-	-	-
Total non-current liabilities		**1,143**	**2,246**	**3,857**	**3,426**
Total liabilities		**6,374**	**6,581**	**12,674**	**11,521**
Net assets		**20,273**	**10,525**	**17,768**	**19,821**

Statement of financial position for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017 (continued)

Amounts in '000 €	Notes	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Share capital	32	418	479	1,161	1,472
Share premium account	33	28,184	32,382	47,120	50,585
Own shares		-86	-98	-165	-180
Other reserves	34	-30	-81	-2,826	-2,832
Equity reserve	36	-	-	345	345
Retained losses	35	-8,213	-22,157	-27,867	-29,569
Equity attributable to owners of the company		**20,273**	**10,525**	**17,768**	**19,821**
Total equity		**20,273**	**10,525**	**17,768**	**19,821**

Statement of changes in equity for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017

						Other group reserves					
Amounts in '000 €	Notes	Share capital	Share premium	Own shares	Equity reserves	Acquisition of the shares of Primer-design	Translat-ion reserve	Other compre-hensive income on retirement benefits	Total	Retained loss	Total equity
Balance at 1 January 2014		**197**	**6,405**	**-50**	**-**	**-**	**-**	**1**	**1**	**-4,303**	**2,250**
Actuarial gains on retirement benefits		-	-	-	-	-	-	-10	-10	-	-10
Translation differences		-	-	-	-	-	-21	-	-21	-	-21
Loss for the period		-	-	-	-	-	-	-	-	-3,912	-3,912
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-21**	**-10**	**-31**	**-3,912**	**-3,943**
Issue of share capital	32, 33	221	21,779	-	-	-	-	-	-	-	22,000
Own shares acquired/sold in the period		-	-	-36	-	-	-	-	-	-	-36
Other changes		-	-	-	-	-	-	-	-	2	2
Balance at 31 December 2014		**418**	**28,184**	**-86**	**-**	**-**	**-21**	**-9**	**-30**	**-8,213**	**20,273**
Actuarial gains on retirement benefits		-	-	-	-	-	-	-3	-3	-	-3
Translation differences		-	-	-	-	-	-48	-	-48	-	-48
Loss for the period		-	-	-	-	-	-	-	-	-13,908	-13,908
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**-**	**-48**	**-3**	**-51**	**-13,908**	**-13,959**
Issue of share capital	32, 33	61	4,198	-	-	-	-	-	-	-	4,259
Own shares acquired/sold in the period		-	-	-12	-	-	-	-	-	-	-12
Other changes		-	-	-	-	-	-	-	-	-36	-36
Balance at 31 December 2015		**479**	**32,382**	**-98**	**-**	**-**	**-69**	**-12**	**-81**	**-22,157**	**10,525**
Actuarial gains on retirement benefits		-	-	-	-	-	-	-1	-1	-	-1
Translation differences		-	-	-	-	-	204	-	204	-	204
Loss for the period		-	-	-	-	-	-	-	-	-5,710	-5,710
Total comprehensive income / loss for the period		**-**	**-**	**-**	**-**	**-**	**204**	**-1**	**203**	**-5,710**	**-5,507**
Issue of share capital	32, 33	439	14,738	-	-	-	-	-	-	-	15,177
Own shares acquired/sold in the period		-	-	-67	-	-	-	-	-	-	-67
Other changes		243	-	-	345	-2,948	-	-	-2,948	-	-2,360
Balance at 31 December 2016		**1,161**	**47,120**	**-165**	**345**	**-2,948**	**135**	**-13**	**-2,826**	**-27,867**	**17,768**
Translation differences		-	-	-	-	-	-6	-	-6	-	-6
Loss for the period		-	-	-	-	-	-	-	-	-1,713	-1,713
Total comprehensive income / loss for the period		**-**	**-**	**-**	**-**	**-**	**-6**	**-**	**-6**	**-1,713**	**-1,719**
Issue of share capital	32, 33	235	3,465	-	-	-	-	-	-	-	3,700
Own shares acquired/sold in the period		-	-	-15	-	-	-	-	-	-	-15
Other changes		76	-	-	-	-	-	-	-	11	87
Balance at 30 June 2017 (unaudited)		**1,472**	**50,585**	**-180**	**345**	**-2,948**	**129**	**-13**	**-2,832**	**-29,569**	**19,821**

Statement of cash flows for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016 and the six months ended 30 June 2017

Amounts in '000 €	Notes	31 December 2014	31 December 2015	31 December 2016	30 June 2017 (unaudited)	30 June 2016 (unaudited)
Net cash from operating activities	38	**- 2,101**	**- 5,346**	**- 2,560**	**- 2,122**	**- 1,475**
Investing activities						
Proceeds on disposal of property, plant and equipment		20	40	-	1	-
Purchases of patents and trademarks		- 138	- 513	- 212	- 60	- 159
Purchases of property, plant and equipment		- 408	- 316	- 336	- 226	- 218
Purchases of trading investments		- 12		- 75	-	-
Sales of trading investments		-	-	-	-	18
Acquisition of subsidiary net of cash acquired (*)		980	- 161	- 6,741	- 68	- 6,044
Other investing activities		150	-	-	- 99	-
Net cash generated from investing activities		**592**	**- 950**	**- 7,364**	**- 452**	**- 6,403**
Financing activities						
Repayments of borrowings		- 159	- 1,165	- 915	- 1,000	- 1,145
Proceeds on issue of borrowings and bond notes		15	3,633	4,887	1,370	3,480
Proceeds on issue of shares		3,116	4,247	7,856	2,822	6,100
Disposal (purchase) of own shares – Net		-	-	-	- 15	-
Paid interest expenses		- 49	- 946	- 633	- 863	- 396
Other financing activities		41	- 163	-	-	- 13
Net cash generated from financing activities		**2,964**	**5,606**	**11,195**	**2,314**	**8,026**
Net increase/(decrease) in cash and cash equivalents		**1,455**	**- 690**	**1,271**	**- 260**	**148**
Cash and cash equivalents at beginning of year / period		**840**	**2,327**	**1,681**	**2,856**	**1,681**
Effect of foreign exchange rate changes		32	44	- 96	- 19	- 73
Cash and cash equivalents at end of year / period		**2,327**	**1,681**	**2,856**	**2,577**	**1,756**
(*) Acquisition of subsidiary net of cash acquired		**980**	**-**	**- 6,741**	**- 68**	**- 6,044**
Cash acquired		981	-	749	-	749
Investment in shares		-1	-	- 7,490	- 68	- 6,793

The acquisition of the Lab21 shares by Novacyt S.A. in June 2014 was effected through an exchange of shares.

The notes on pages 56 to 126 form part of the historical financial information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. APPLICABLE ACCOUNTING STANDARDS

Novacyt S.A is incorporated in France and its principal activities are specialising in cancer and infectious disease diagnostics. Its registered office is located at 13 Avenue Morane Saulnier, 78140 Vélizy Villacoublay. The historical financial information include the accounts of the Company and its subsidiaries (hereinafter referred to collectively as "the Group"). They are prepared and presented in '000s of euros.

The consolidated historical financial information has been prepared in accordance with the requirements of the Prospectus Directive regulation, the UK Listing Rules and in accordance with IFRS as adopted by the European Union.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in this consolidated historical financial information.

2. ADOPTION OF NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

- Standards, interpretations and amendments to standards with mandatory application for periods beginning on or after 1 January 2017
  - Amendments to IAS 7: "disclosures enabling users of financial statements to evaluate changes in liabilities arising from financing activities, whether or not such changes result from cash flows"; and
  - Amendments to IAS 12: "clarify how to account for deferred tax assets related to debt instruments measured at fair value".
- Standards, interpretations and amendments to standards already published by the IASB and endorsed by the European Union but not yet mandatory as of 30 June 2017
  - IFRS 9 "Financial Instruments";
  - IFRS 15 and amendments to IFRS 15 "Revenue from Contracts with Customers"; and
  - IFRS 16 "Leases".

These standards and interpretations have not been early adopted. The Group is currently examining the impact on the historical financial information of applying these.

The texts adopted by the European Union are available on the website of the European Commission at the following address:
http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm

3. SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE GROUP

The preparation of the historical financial information under IFRS requires management to exercise judgement on the application of accounting policies, and to make estimates and assumptions that affect the amounts of assets and liabilities, and income and expenses. The underlying estimates and assumptions, made in accordance with the going concern principle, are based on past experience and other factors deemed reasonable in the circumstances. They serve

as the basis for the exercise of judgement required in determining the carrying amounts of assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from these estimates. The underlying estimates and assumptions are reviewed continuously. The impact of changes in accounting estimates is recognised in the period of the change if it affects only that period, or in the period of the change and subsequent periods if such periods are also affected.

The historical financial information has been prepared on the historical cost basis except in respect of those financial instruments that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the historical financial information is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The areas where assumptions and estimates are material in relation to the historical financial information are the measurement of goodwill resulting from the Company's acquisition of the Lab21 subgroup and Primerdesign (see note 17), the carrying amounts and useful lives of intangible assets (see note 18), deferred taxes (see note 21), trade receivables (see note 23) and provisions for risks and other provisions related to the operating activities (see note 28).

The accounting policies set out below have been applied consistently to all periods presented in the historical financial information.

Basis of consolidation

The historical financial information includes all companies under exclusive control. The Company does not exercise joint control or have significant influence over other companies. Subsidiaries are consolidated from the date on which the Group obtains effective control.

Exclusively controlled companies are consolidated by the full consolidation method with recognition of non-controlling interests. Under IFRS 10, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

• any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. The Company's scope of consolidation included the following companies, all fully consolidated, except for Primerdesign, which was acquired in May 2016, and fully consolidated from 1 May 2016 onwards.

	Closing			Opening	
	Interest	Control	Consolidation	Interest	Control	Consolidation
Companies	percentage	percentage	method	percentage	percentage	method
Biotec laboratories ltd	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Healthcare	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Lab21 ltd	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Microgen Bioproducts ltd	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Myconostica ltd	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Novacyt SA	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Novacyt Asia	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Novacyt China	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Np Tech Services ltd	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Selah technologies llc	100.00 %	100.00 %	FC	100.00 %	100.00 %	FC
Primer Design Limited	100.00 %	100.00 %	FC	-	-	NC

Legend: FC: Full consolidation
NC: Not consolidated

Consolidation methods

The consolidated historical financial information is prepared using uniform accounting policies for transactions and other similar events in similar circumstances.

- **Elimination of intercompany transactions**

The intercompany balances arising from transactions between consolidated companies, as well as the transactions themselves, including income, expenses and dividends, are eliminated.

- **Translation of accounts denominated in foreign currency**

The historical financial information is presented in euros. The financial statements of companies whose functional currency is not the euro are translated into euros as follows:

- balance sheet items are translated at the closing exchange rate, excluding equity items, which are stated at historical rates; and
- transactions in the income statement and statement of cash flows are translated at the average annual exchange rate.

Translation differences on earnings and equity are recognised directly in other comprehensive income under "Translation reserve" for the portion attributable to the Group. On disposal of a foreign company, the translation differences relating thereto and recognised in other comprehensive income are reclassified to profit or loss.

Exchange differences arising from intragroup balances are recognised as exchange losses or gains in the consolidated income statement.

Going concern

The historical financial information has been prepared on a going concern basis and the Directors have reasonable expectation that the Group have adequate resources to continue in existence for the foreseeable future. The going concern model covers the period up to and including December 2019. In making this assessment the Directors have considered the cash flow forecast and financial projections and the proceeds from the Initial Public Offering.

Business combinations and measurement of goodwill

- **Business combinations**

Business combinations are accounted for using the purchase method (see IFRS 3R).

Each time it takes over a company or group of companies constituting a business, the Group identifies and measures the assets acquired and liabilities assumed, most of which are carried at fair value. The difference between the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the net amount recognised in respect of the identifiable assets acquired and liabilities assumed measured at fair value, is recognised as goodwill.

Pursuant to IFRS 3R, the Group applies the following principles:

- transaction costs are recognised immediately as operating expenses when incurred;
- any purchase price adjustment of an asset or a liability assumed is estimated at fair value at the acquisition date, and the initial assessment may only subsequently be adjusted against goodwill in the event of new information related to facts and circumstances existing at the acquisition date if this assessment occurs within the 12-month allocation period after the acquisition date. Any adjustment of the financial liability recognised in respect of an additional price subsequent to the intervening period or not meeting these criteria is recognised in the Group's comprehensive income;
- any negative goodwill arising on acquisition is immediately recognised as income; and
- for step acquisitions, the achievement of control triggers the remeasurement at fair value of the interest previously held by the Group in profit or loss; loss of control results in the remeasurement of the possible residual interest at fair value in the same way.

For companies acquired during the year, only the results for the period following the acquisition date are included in the consolidated income statement.

- **Measurement of goodwill**

Goodwill is broken down by cash-generating unit (CGU) or group of CGUs, depending on the level at which goodwill is monitored for management purposes. In accordance with IAS 36, none of the CGUs or groups of CGUs defined by the Group are greater in size than an operating segment.

- **Impairment testing**

Goodwill is not amortised, but is subject to impairment testing when there is an indication of loss of value, and at least once a year at the reporting date.

Such testing consists of comparing the carrying amount of an asset to its recoverable amount. The recoverable amount of an asset, a CGU or a group of CGUs is the greater of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset, a CGU or a group of CGUs in an arm's length transaction between well-informed, willing parties, less the costs of disposal. Value in use is the present value of future cash flows expected to arise from an asset, a CGU or a group of CGUs.

It is not always necessary to determine both the fair value of an asset less costs to sell and its value in use. If either of these amounts exceeds the carrying amount of the asset, the asset is not impaired and it is not necessary to estimate the other amount.

Intangible fixed assets

- **Patents**

Patents on the balance sheet were acquired or created internally.

These patents have been recognised in accordance with the following rules:

- Research phase: recognition of expenses in operating expenses; and
- Development phase: recognition in assets insofar as the patents are identifiable assets controlled by the Company and from which future economic benefits will arise.

Each patent has been recognised in accordance with its value, corresponding to the costs incurred during the development phase or the acquisition price.

The event generating amortisation is the start of use, i.e. the filing date of the patent. Patents are amortised on a straight-line basis over 20 years.

- **Customer relationships**

In accordance with IFRS 3, the Company's acquisition of Primerdesign resulted in the recognition of the value of the acquired customer base on the balance sheet. The value of this asset was determined by discounting the additional margin generated by customers after remuneration of the contributing assets.

Customer relationships will be amortised on a straight-line basis over nine years.

- **Trademark**

The acquisition price of Primerdesign by the Company was also "allocated" in part to the Primerdesign trademark. The value of this asset was determined by discounting the cash flows

that could be generated by licensing the trademark, estimated as a percentage of revenue derived from information available on comparable assets.

The trademark will also be amortised on a straight-line basis over nine years.

- **Other intangible assets**

Intangible assets include licences recognised at cost and amortised over useful lives of between 7 and 20 years.

Intangible assets under construction

Pursuant to IAS 38, the Group capitalises development costs (external costs and personnel expenses), provided that they meet the following criteria:

- the Group has the intention, as well as the financial and technical capacity, to complete the development project;
- the asset will generate future economic benefits; and
- the cost of the intangible asset can be measured reliably.

Assets under construction are not amortised until the development programme has been completed and the asset brought into use. Other research and development expenses not meeting the criteria set out above are expensed directly.

Property, plant and equipment

Items of property, plant and equipment are recognised at their acquisition cost (purchase price plus incidental expenses and acquisition costs).

Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised on a straight-line basis, with major components identified separately where appropriate, based on the following estimated useful lives:

- Patents: Straight-line basis – 20 years
- Leasehold improvements: Straight-line basis – 2 to 15 years
- Trademark: Straight-line basis – 9 years
- Customers: Straight-line basis – 9 years
- Industrial machinery and equipment: Straight-line basis – 3 to 6 years
- General fittings, improvements: Straight-line basis – 3 to 5 years
- Transport equipment: Straight-line basis – 5 years
- Office equipment: Straight-line basis – 3 years
- Computer equipment: Straight-line basis – 2 to 3 years

The depreciation or amortisation of fixed assets begins when they are ready for use and ceases at their disposal, scrapping or reclassification as assets held for sale in accordance with IFRS 5.

Given the nature of its assets, the Group does not recognise residual value on the items of property, plant and equipment it uses.

Depreciation and amortisation methods and useful lives are reviewed at each reporting date and revised prospectively if necessary.

Asset impairment

Depreciable and non-depreciable assets are subject to impairment testing when indications of loss of value are identified. In assessing whether there is any indication that an asset may be impaired, the Company considers the following external and internal indicators:

External indicators:

- drop in the market value of the asset (to a greater extent than would be expected solely from the passage of time or the normal use of the asset);
- significant changes with an adverse effect on the entity, either having taken place during the period or expected to occur in the near future, in the technical, economic or legal environment in which the Company operates or in which the asset is used; and
- increases in market interest rates or other market rates of return during the year when it is likely that such increases will significantly reduce the market value and/or value in use of the asset.

Internal indicators:

- existence of indication of obsolescence or physical damage of an asset unforeseen in the depreciation or amortisation schedule;
- significant changes in the way the asset is used;
- weaker-than-expected performance by the asset; and
- significant reduction in the level of cash flow generated by the asset.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. The recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of future cash flows expected to flow from an asset over its estimated useful life.

The recoverable amount of assets that do not generate independent cash flows is determined by that of the cash-generating unit (CGU) to which it belongs, a CGU being the smallest homogeneous group of identifiable assets generating cash flows that are largely independent of other assets or groups of assets.

The carrying amount of an asset is its gross value less, for depreciable fixed assets, accumulated depreciation and impairment losses.

In the event of loss of value, an impairment charge is recognised in profit or loss. Impairment is reversed in the event of a change in the estimate of the recoverable value or if indications of loss of value disappear. Impairment is recognised under “Depreciation, amortisation and provisions for impairment of property, plant and equipment and intangible assets” in the income statement.

Intangible assets not subject to amortisation are tested for impairment at least once a year.

Leases

Leases in which the Group is the lessee are analysed on the basis of their substance and financial reality, and are classified either as operating leases or finance leases.

- **Finance leases**

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. It is treated as the acquisition of an asset by the lessee, financed by a loan granted by the lessor.

The Group does not have any finance leases.

- **Operating leases**

An operating lease is a contract that does not transfer substantially all the risks and rewards incidental to ownership to the lessee. Lease payments under an operating lease are expensed on a straight-line basis over the entire lease term, even if payments are not made with the same regularity.

The lease agreement for the Company's offices in Vélizy can be analysed as an operating lease.

A provision for restoration of leased office space to good condition has been set aside to address the contractual obligations arising from lease contracts.

Inventories

Inventories are carried at the lesser of their acquisition cost and their recoverable amount. The acquisition cost of inventories includes materials and supplies, and, where applicable, personnel expenses incurred in transforming inventories into their current state. It is calculated using the weighted average cost method. The recoverable amount represents the estimated selling price less any marketing, sales and distribution expenses.

The gross value of goods and supplies includes the purchase price and incidental expenses.

A provision for impairment, equal to the difference between the gross value determined in accordance with the above terms and the current market price or the realisable value less any proportional selling costs, is recognised when the gross value is greater than the other stated item.

Trade receivables

Trade receivables are recognised upon transfer of ownership, which generally corresponds to delivery for sales of goods and the rendering of the service for services.

Receivables are recorded at their fair value, which corresponds most often to their nominal value. Receivables may be impaired by means of a provision, to take into account any difficulties in recovering the outstanding amounts. Provisions for impairment are determined by comparing the acquisition cost and the likely realisable value, which is defined as the present value of the estimated recoverable amounts.

Trade receivables have not been discounted, because the effect of doing so would be immaterial.

Cash and cash equivalents

Cash equivalents are held in order to meet short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible into a known amount of cash and be subject to an insignificant risk of change in value. Cash and cash equivalents comprise cash funds, current bank accounts and marketable securities (cash Undertakings for Collective Investment in Transferable Securities "UCITS", negotiable debt securities, etc.) that can be liquidated or sold within a very short time (generally less three months at the acquisition date) and which have a negligible risk of change in value. All such items are measured at fair value, with any adjustments are recognised in profit or loss.

Financial liabilities

Borrowings are initially recognised at fair value. They are subsequently accounted for using the amortised cost method, based on the effective interest rate. Under this principle, any arranging costs are carried in the balance sheet item relating to the relevant borrowings and amortised in financial expense over the life of the loan.

- Compound financial instruments

Some financial instruments contain both a liability and an equity component. This is notably the case of the Obligations Convertibles en Actions avec Bons de Souscription d'Actions (convertible bonds with warrants attached), "OCABSAs", which are bonds convertible into shares with warrants. The various components of these instruments are accounted for and presented separately according to their substance, as defined in IAS 32 "Financial Instruments: Disclosure and Presentation". The amortised cost is calculated on the basis of the liability only, once the equity component and, in this case, the embedded derivative have been separated.

- Primerdesign contingent consideration

The Company negotiated contingent consideration for the acquisition of the Primerdesign securities with the Primerdesign's former shareholders, subject to the achievement of a revenue target. Payment will be made in cash in the second half of the year 2017 and the final payment is currently estimated for July 2018.

In accordance with IAS 39, the financial liability has been remeasured at its fair value as of the balance sheet date to take into account changes in the exchange rate of sterling on the one hand and the discounting of the liability on the other hand.

- Trade payables

Trade payables are obligations to provide cash or other financial assets. They are recognised in the balance sheet when the Group becomes a party to a transaction generating liabilities of this nature. Trade and other payables are recognised in the balance sheet at fair value on initial recognition, except if settlement is to occur more than 12 months after recognition. In such cases, they are measured using the amortised cost method. The use of the effective interest rate method will result in the recognition of a financial expense in the income statement. Trade and other

payables are eliminated from the balance sheet when the corresponding obligation is extinguished.

Trade payables have not been discounted, because the effect of doing so would be immaterial.

Provisions

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognised when the Group has a current obligation as of the reporting date in respect of a third party and it is probable or certain that there will be an outflow of resources to this third party, without at least equivalent consideration from the said third party. Provisions for risks and charges cover the amount corresponding to the best estimate of the future outflow of resources required to settle the obligation.

The provisions consist are for the restoration of leased premises and industrial relations litigation.

Employee benefits

Group employees receive short-term benefits (paid leave, sick leave, etc.) and post-employment benefits via defined-contribution or -benefit plans (retirement bonuses, pensions, etc.).

For defined-contribution plans, payments made by the Group are expensed in the period in respect of which they are due.

Post-employment benefits relate mainly to retirement bonuses, and solely cover the Company’s employees. Defined benefits are the subject of a calculation performed by an actuary, based on the following parameters:

- retirement at the age of 64 for managers;
- retirement at the age of 62 for non-managers;
- wage increases at a rate of 3% per annum, i.e. the long-term inflation rate plus 1%;
- discount rate of 1.75% in 2014, 3.2% in 2015 and 1.5% in 2016, in line with the average rate of private sector bonds issued in euros (blue chip) for durations equivalent to the commitments in question;
- staff turnover based on the Group’s actual experience: projection of 0.5 resignations over the next 12 months;
- life expectancy based on the Insee 2012-2014 mortality table; and
- Average rate of social security contributions of 41.2% in 2014, 42.56% in 2015 and 41.10% in 2016.

Rights expressed as months of wages resulting from the application of national agreements and the “Pharmaceuticals, pharmacy, veterinary products: production & trade” collective agreement. Retirement benefits are expensed when due. The provision for this expense is reversed in the same period.

The amount of the provision for employee benefits is considered insignificant in relation to other assets and liabilities. As such, it was not subject to an actuarial calculation for the six-month periods ended 30 June 2016 and 30 June 2017.

Discontinued operations and assets held for sale

Discontinued operations and assets held for sale are restated in accordance with IFRS 5. There were no discontinued operations or assets held for sale during the periods presented.

Consolidated revenue

The applicable standard is IAS 18 "Revenue". Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

- **Novacyt S.A.'s activity**

Revenue from "sales of goods" consists primarily of the sale of machines (automated equipment, accessories and spare parts to distributors and industrial partners or sold directly from laboratories or hospitals). Revenue is recognised upon transfer of the risks and rewards incidental to ownership, which corresponds to the date on which the machines are delivered to the distributor or the end customer in the case of direct sales.

Revenue from "production sold" is the activity involving the distribution of consumables such as bottles and settling systems.

- **The activity of Lab21 and its subsidiaries**

Lab21 provides laboratory-based diagnostic services. Revenue is recognised when the service is rendered (diagnosis made).

Lab21's subsidiaries manufacture and sell reagents and kits for bacterial and blood tests.

Revenue is recognised upon delivery of products sold and, where appropriate, after formal customer acceptance.

- **Primerdesign's activity**

Primerdesign designs, manufactures and distributes test kits for certain diseases in humans, animals and food products. These kits are intended for laboratory use and rely on "polymerase chain reaction" technology. Revenue is recognised when the test kits are sold. The company accounts for the sale of the product upon delivery.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used

in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current and deferred tax

A deferred tax liability is recognised on timing differences related to accelerated depreciation. It only covers Primerdesign.

Government subsidies

Directly taxed industrial and commercial companies that record research expenditure are entitled to a tax credit in France, which is the case of Novacyt S.A.. The tax credit is calculated per calendar year and deducted from the tax payable by the company in respect of the year during which research expenses were incurred. Tax credits that cannot be deducted from tax expense are refunded to the Company. The granting of the tax credit is independent of the Group's tax position. The Group has accordingly elected to treat it as a subsidy. It appears in an item covering subsidies in the income statement.

The Lab21 subgroup companies and Primerdesign also benefit from tax credits for their research activities. Such tax credits are treated as subsidies in the income statement.

In France, the law amending the 2012 budget introduced a new tax credit from 1 January 2013, known as the competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi* – CICE). Its calculation is based on a portion of the salaries paid to employees of French companies. It is paid by the state, regardless of the position of the entity in respect of corporation tax. It has been decided to classify this income as a reduction in personnel expenses.

Loss per share

The Group reports basic and diluted losses per common share. Basic losses per share is calculated by dividing the profit attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted losses per share is determined by adjusting the profit attributable to common shareholders by the weighted average number of common shares outstanding, taking into account the effects of all potential dilutive common shares, including options.

Exceptional items

Exceptional items are those costs or incomes that in the view of the Board of Directors, require separate disclosure by virtue of their size or incidence, and are charged/credited in arriving at operating profit in the historical financial information.

The exceptional items in the historical financial information relate to the costs in relation to the acquisitions of Lab21 and Primerdesign, the impairment of goodwill in relation to Lab21 and other one-off income and expenses as detailed in note 13.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATE UNCERTAINTY

The preparation of the historical financial information in accordance with IFRS requires management to exercise judgement on the application of accounting policies, and to make estimates and assumptions that affect the amounts of assets and liabilities, and income and expenses. The underlying estimates and assumptions, made in accordance with the going concern principle, are based on past experience and other factors deemed reasonable in the circumstances. They serve as the basis for the exercise of judgement required in determining the carrying amounts of assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from these estimates. The underlying estimates and assumptions are

reviewed continuously. The impact of changes in accounting estimates is recognised in the period of the change if it affects only that period, or in the period of the change and subsequent periods if such periods are also affected.

Critical accounting judgements in applying the Group's accounting policies

The following is a critical judgement, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the historical financial information.

- **Discount rate used to determine the carrying amount of the Group's defined benefit obligation**

The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

The areas where assumptions and estimates are material in relation to the historical financial information are the measurement of goodwill resulting from the Company's acquisition of the Lab21 subgroup and Primerdesign (see note 17), the carrying amounts and useful lives of intangible assets (see note 18), deferred taxes (see note 21), trade receivables (see note 23) and provisions for risks and other provisions related to the operating activities (see note 28).

Key sources of estimation uncertainty

The Group has a number of key sources of estimation uncertainty as listed below. Of these items only the measurement of goodwill, the measurement useful lives of intangible assets, measurement of fair value of assets and liabilities in business combinations, recognition of deferred taxes and the value trade and other receivables are considered likely to give material adjustment. Others are areas of estimates not material.

- **Measurement of goodwill**

Goodwill is tested for impairment on an annual basis. The recoverable amount of goodwill is determined mainly on the basis of forecasts of future cash flows.
The total amount of anticipated cash flows reflects management's best estimate of the future benefits and liabilities expected for the relevant cash-generating unit (CGU).
The assumptions used and the resulting estimates sometimes cover very long periods, taking into account the technological, commercial and contractual constraints associated with each CGU.
These estimates are mainly subject to assumptions in terms of volumes, selling prices and related production costs, and the exchange rates of the currencies in which sales and purchases are denominated. They are also subject to the discount rate used for each CGU. The value of the goodwill is tested whenever there are indications of impairment and reviewed at each annual closing date or more frequently should this be justified by internal or external events.

The carrying amount of goodwill at the balance sheet and related impairment loss over the periods are shown below:

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Goodwill Lab21	19,042	19,042	19,042	19,042
Impairment of goodwill		-9,786	-9,786	-9,786
Net value	19,042	9,256	9,256	9,256
Goodwill Primerdesign	-	-	7,210	7,210
Impairment of goodwill	-	-	-	-
Net value	-	-	7,210	7,210
Total Goodwill	**19,042**	**9,256**	**16,466**	**16,466**

- **Measurement and useful lives of intangible assets**

Other intangible assets (except for goodwill) are considered to have a finite economic useful life. They are amortised over their estimated useful lives that are reviewed at each reporting date. In the event of impairment, an estimate of the asset's recoverable amount is made.

The main intangible assets requiring estimates and assumptions are the Primerdesign trademark and the customer relationships attached to Primerdesign.

The value of the intangible assets is tested whenever there are indications of impairment and reviewed at each annual closing date or more frequently should this be justified by internal or external events.

- **Trademark**

The value of this asset was determined by discounting the cash flows that could be generated by licensing the trademark, estimated as a percentage of revenue derived from information available on comparable assets.
This asset is amortised on a straight-line basis over a period of nine years, estimated as its useful life. It is also is tested for impairment. Its recoverable amount is determined on the basis of forecasts of future cash flows. The total amount of anticipated cash flows reflects management's best estimate of the future benefits and liabilities expected from the operation of the trademark. The assumptions used and the resulting estimates are subject to discount rate, percentage of revenue and useful life assumptions.
The carrying amount of the Primerdesign trademark at 30 June 2017 is €576 ('000s) after an amortisation of € 83 ('000s) recognised in 2016 and 2017.

- **Customer relationships**

The value of this asset was determined by discounting the additional margin generated by customers after remuneration of the contributing assets.
Customer relationships are amortised on a straight-line basis over a period of nine years, estimated as its useful life. It is also is tested for impairment. Its recoverable amount is determined on the basis of forecasts of future cash flows over an estimated period of time. The total amount of anticipated cash flows reflects management's best estimate of the future benefits and liabilities expected from customer relationships.

The assumptions used and the resulting estimates are subject to assumptions in respect of the discount rate, additional margin generated by customers after remuneration of contributing assets and useful lives.
The carrying amount of the Primerdesign customer relationship at 30 June 2017 is € 3,217 ('000s) after amortisation of € 459 ('000s) recognised in 2016 and 2017.

- **Business combinations**

As part of the acquisitions of Lab21 and Primerdesign, the identifiable assets and liabilities acquired, including intangible assets, were recognised at their fair value in accordance with IFRS 3 'Business combinations'. The determination of the fair values on acquired assets and liabilities is based to a considerable extent, on management's judgement.

- **Deferred taxes**

Deferred tax assets are only recognised only insofar as it is probable that the Group will have future taxable profits against which the corresponding temporary difference can be offset. Deferred tax assets are reviewed at each balance sheet date and impaired in the event of a risk of non-recovery.
For deferred tax assets on tax loss carry forwards, the Group uses a multi-criteria approach that takes into account the recovery timeframe based on the strategic plan, but which also factors in the strategy for the long-term recovery of tax losses in each country.
On the basis of the analysis performed, considering that the deferred tax losses could not be used within a reasonable period of time, the Group has decided not to recognise any deferred tax asset.

- **Trade and other receivables**

An estimate of the risks of non-receipt based on commercial information, current economic trends and the solvency of individual customers is made in order to determine the need for impairment on a customer-by-customer basis.

- **Provisions**

The carrying amount of the provisions on the period 2014-2017 is as per the table below:

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Retirement benefit obligations	31	40	14	16
Provisions for restoration of premises	122	103	89	86
Provisions for litigation	96	66	66	66
	249	**209**	**169**	**168**

- **Pensions and other post-employment benefits**

The Group's assessment of the assets and liabilities relating to pension liabilities and other post-employment commitments requires the use of statistical data and other parameters designed to anticipate future developments. These parameters include actuarial assumptions such as the discount rate, the rate of wage increases, the retirement date, and the turnover and mortality rates. Actuarial calculations are performed by actuaries independently of the Group. At the date of preparation of the historical financial information, the Group considers that the assumptions used to evaluate these commitments are appropriate and justified.

- **Provisions for restoration of premises**

The amount of provisions is determined by management on the basis of available information, experience and, in some cases, expert estimates.
When these obligations are settled, the amount of the costs or penalties that are ultimately incurred or paid may differ significantly from the amounts initially provisioned and regularly reviewed, and may therefore have a significant effect on the Group's future results.
To the Group's knowledge, there is no indication to date that the parameters adopted as a whole are not appropriate, and there are no known developments that could significantly affect the amounts of provisions.

- **Litigations**

Certain of the Group's subsidiaries may be party to regulatory, judicial or arbitration proceedings that, in view of the relating uncertainties, may have a material impact on the Group's financial position.
The Group's management lists current proceedings, regularly reviews their progress and assesses the need to establish appropriate provisions or to change their amount if the occurrence of events during the course of the proceedings necessitates a reassessment of the risk. Internal or external advisors are involved in determining the costs that may be incurred.
The decision to set aside provisions to cover a risk and the amount of such provisions are based on the risk assessment on a case-by-case basis, management's assessment of the unfavourable nature of the outcome of the proceeding in question (probability) and the ability to reliably estimate the associated amount.

5. REVENUE

The table below shows revenue from ordinary operations:

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Manufactured goods	2,401	7,383	9,453	5,862	4,161
Services	460	939	870	502	454
Traded goods	1,524	271	417	510	169
Other	166	299	336	155	166
Rebates	-25	-	-	-	-
	4,526	**8,892**	**11,076**	**7,029**	**4,950**

A portion of the Group's revenue is generated in foreign currencies (particularly in sterling). The group has not hedged against the associated currency risk.

The breakdown of revenue by operating segment and geographic area is presented in note 6.

6. OPERATING SEGMENTS

Segment reporting

Pursuant to IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the Group's chief executive and the managers of the various entities to make decisions regarding the allocation of resources to the segment and to assess its performance;
- for which discrete financial information is available.

The Group has identified three operating segments, whose performances and resources are monitored separately:

- **Cytology**

This segment corresponds to the sale of machines (automated equipment, accessories and spare parts to distributors and partners, or directly to laboratories or hospitals) and consumables (mainly bottles and storage systems) in the field of cytology. This is the Group's core business.

- **Diagnostics**

This segment corresponds to diagnostic activities in laboratories, and the manufacturing and distribution of reagents and kits for bacterial and blood tests. This is the activity conducted by Lab21 and its subsidiaries.

- **Molecular testing**

This segment represents the activities of recently acquired Primerdesign, which designs, manufactures and distributes test kits for certain diseases in humans, animals and food products. These kits are intended for laboratory use and rely on "polymerase chain reaction" technology.

The Chief Operating Decision Maker is the Chief Executive Officer.

Reliance on major customers

The Group is not dependent on a particular customer, there are no customers generating sales accounting for over 10% of revenue.

Breakdown of revenue by operating segment and geographic area

- At 30 June 2017 (unaudited)

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Geographical area				
Africa	-	138	172	310
Europe	711	1,688	1,345	3,744
Asia-Pacific	346	754	383	1,483
America	-	364	657	1,021
Middle East	44	357	70	471
Revenue	**1,101**	**3,301**	**2,627**	**7,029**

- At 31 December 2016

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Geographical area				
Africa	-	376	249	625
Europe	1,095	3,217	1,620	5,932
Asia-Pacific	326	1,555	511	2,392
America	-	542	690	1,232
Middle East	171	506	218	895
Revenue	**1,592**	**6,196**	**3,288**	**11,076**

- At 30 June 2016 (unaudited)

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Geographical area				
Africa	-	209	78	287
Europe	647	1,624	508	2,779
Asia-Pacific	101	778	132	1,011
America	-	233	204	437
Middle East	98	288	50	436
Revenue	**846**	**3,132**	**972**	**4,950**

- At 31 December 2015

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Geographical area				
Africa	-	349	-	349
Europe	1,056	3,861	-	4,917
Asia-Pacific	148	1,827	-	1,975
America	-	667	-	667
Middle East	103	881	-	984
Revenue	**1,307**	**7,585**	**-**	**8,892**

- At 31 December 2014

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Geographical area				
Africa	55	621	-	676
Europe	876	1,648	-	2,524
Asia-Pacific	75	660	-	735
America	-	591	-	591
Middle East	-	-	-	-
Revenue	**1,006**	**3,520**	**-**	**4,526**

Breakdown of result by operating segment

- Six months ended 30 June 2017 (unaudited)

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Revenue	1,101	3,301	2,627	7,029
Cost of sales	-580	-1,802	-389	-2,771
Sales, marketing and distribution expenses	-658	-502	-455	-1,615
Research and development	-97	-64	-236	-397
General & administrative expenses	-1,059	-1,453	-877	-3,389
Governmental subsidies	50	30	64	144
Operating (loss) / profit before exceptional items	**-1,243**	**-490**	**734**	**-999**
Other operating income	3	4	-	7
Other operating expenses	-53	-64	-27	-144
Operating (loss) / profit after exceptional items	**-1,293**	**-550**	**707**	**-1,136**
Financial income	291	9	1	301
Financial expense	-701	-158	-19	-878
(Loss) / profit before tax	**-1,703**	**-699**	**689**	**-1,713**
Tax expense	-	-	-	-
(Loss) / profit after tax	**-1,703**	**-699**	**689**	**-1,713**
Attributable to owners of the company	**-1,703**	**-699**	**689**	**-1,713**

- Six months ended 30 June 2016 (unaudited)

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Revenue	846	3,131	973	4,950
Cost of sales	-397	-1,773	-175	-2,345
Sales, marketing and distribution expenses	-634	-724	-125	-1,483
Research and development expenses	-293	-92	-44	-429
General & administrative expenses	-1,330	-1,059	-207	-2,596
Governmental subsidies	88	-	-	88
Operating (loss) / profit before exceptional items	**-1,720**	**-517**	**422**	**-1,815**
Costs related to acquisitions	-464	-	-	-464
Other operating income	-	22	-	22
Other operating expenses	-348	-	-28	-376
Operating (loss) / profit after exceptional items	**-2,532**	**-495**	**394**	**-2,633**
Financial income	20	41	31	92
Financial expense	-511	-471	-	-982
(Loss) / profit before tax	**-3,023**	**-925**	**425**	**-3,523**
Tax expense	-2	-	-	-2
(Loss) / profit after tax	**-3,025**	**-925**	**425**	**-3,525**
Attributable to owners of the company	**-3,025**	**-925**	**425**	**-3,525**

- Year ended 31 December 2016

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Revenue	1,592	6,196	3,288	11,076
Cost of sales	-804	-3,585	-607	-4,996
Sales, marketing and distribution expenses	-1,295	-1,360	-515	-3,170
Research and development expenses	-388	-131	-275	-794
General & administrative expenses	-1,823	-2,814	-979	-5,616
Governmental subsidies	210	162	55	427
Operating (loss) / profit before exceptional items	**-2,508**	**-1,532**	**967**	**-3,073**
Costs related to acquisitions	-508	-	-	-508
Other operating income	1	19	-	20
Other operating expenses	-864	-	-36	-900
Operating (loss) / profit after exceptional items	**-3,879**	**-1,513**	**931**	**-4,461**
Financial income	546	149	41	736
Financial expense	-1,307	-676	-	-1,983
(Loss) / profit before tax	**-4,640**	**-2,040**	**972**	**-5,708**
Tax expense	-2	-	-	-2
Loss) / profit after tax	**-4,642**	**-2,040**	**972**	**-5,710**
Attributable to owners of the company	**-4,642**	**-2,040**	**972**	**-5,710**

- Year ended 31 December 2015

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Revenue	1,308	7,584	-	8,892
Cost of sales	-671	-3,946	-	-4,617
Sales, marketing and distribution expenses	-727	-1,558	-	-2,285
Research and development expenses	-450	-138	-	-588
General & administrative expenses	-1,616	-3,169	-	-4,785
Governmental subsidies	148	-	-	148
Operating loss before exceptional items	**-2,008**	**-1,227**	**-**	**-3,235**
Impairment of goodwill	-9,786	-	-	-9,786
Costs related to acquisitions	-70	-	-	-70
Other operating income	-	130	-	130
Other operating expenses	-136	-88	-	-224
Operating loss after exceptional items	**-12,000**	**-1,185**	**-**	**-13,185**
Financial income	10	461	-	471
Financial expense	-262	-931	-	-1,193
Loss before tax	**-12,252**	**-1,655**	**-**	**-13,907**
Tax expense	-1	-	-	-1
Loss after tax	**-12,253**	**-1,655**	**-**	**-13,908**
Attributable to owners of the company	**-12,253**	**-1,655**	**-**	**-13,908**

- Year ended 31 December 2014

Amounts in '000 €	Cytology	Diagnostics	Molecular products	Total
Revenue	1,006	3,520	-	4,526
Cost of sales	-601	-1,952	-	-2,553
Sales, marketing and distribution expenses	-493	-690	-	-1,183
Research and development expenses	-448	-19	-	-467
General & administrative expenses	-1,012	-1,327	-	-2,339
Governmental subsidies	172	-	-	172
Operating loss before exceptional items	**-1,376**	**-468**	**-**	**-1,844**
Costs related to acquisitions	-1,227	-	-	-1,227
Other operating income	32	-	-	32
Other operating expenses	-100	-547	-	-647
Operating (loss) / profit after exceptional items	**-2,671**	**-1,015**	**-**	**-3,686**
Financial income	5	22	-	27
Financial expense	-115	-138	-	-253
(Loss) / profit before tax	**-2,781**	**-1,131**	**-**	**-3,912**
Tax expense	-	-	-	-
(Loss) / profit after tax	**-2,781**	**-1,131**	**-**	**-3,912**
Attributable to owners of the company	**-2,781**	**-1,131**	**-**	**-3,912**

Segment assets and liabilities are not reported to the Chief Operating Decision Maker on a segmental basis and are therefore not disclosed.

7. COST OF SALES

Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Purchases and movement in inventories of raw materials and other supplies	1,964	3,300	3,074	1,706	1,519
Purchases and movement in inventories of traded goods	149	182	291	248	103
Movement in finished goods and work in progress	-192	-117	98	55	31
Change in stock provision	-25	-18	15	-20	-
Purchases of consumable items	32	39	140	40	46
Freight costs	137	115	143	76	61
Direct labour	447	1,095	1,168	642	573
Other	41	21	67	24	12
	2,553	**4,617**	**4,996**	**2,771**	**2,345**

8. SALES, MARKETING AND DISTRIBUTION EXPENSES

Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Remuneration of intermediaries and fees	323	230	430	178	168
Advertising expenses	131	161	251	130	86
Distribution expenses	129	249	278	135	136
Employee compensation and social security contributions	549	1,372	1,642	797	841
Travel and entertainment expenses	30	136	210	109	115
Other sales and marketing expenses	21	137	359	266	137
	1,183	**2,285**	**3,170**	**1,615**	**1,483**

9. RESEARCH AND DEVELOPMENT EXPENSES

Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Employee compensation and social security contributions	467	536	693	342	374
Other expenses	-	52	101	55	55
	467	**588**	**794**	**397**	**429**

10. GENERAL AND ADMINISTRATIVE EXPENSES

Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Utility, stationery and IT expenses	63	122	166	91	80
Subcontracting	-	-	137	113	112
Lease and similar payments	203	381	427	228	192
Maintenance and repairs	79	156	170	68	98
Insurance premiums	55	115	133	76	67
Legal and professional fees	433	912	1,098	613	556
Travel and entertainment expenses	221	439	327	179	155
Banking services	53	90	71	36	28
Employee compensation and social security contributions	813	1,991	1,913	1,130	932
Allowances to and reversals of depreciation, amortisation and provisions	188	308	840	529	204
Other general and administrative expenses	231	271	334	326	172
	2,339	**4,785**	**5,616**	**3,389**	**2,596**

11. STAFF COSTS

The breakdown of employees (including executive directors) between the three segments as of the reporting date is as follows:

	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Cytology	9	10	8	13	11
Diagnostics	52	57	61	62	60
Molecular products			28	38	30
	61	**67**	**97**	**113**	**101**

12. GOVERNMENTAL SUBSIDIES

Directly taxed industrial and commercial companies that record research expenditure are entitled to a tax credit in France, which is the case of Novacyt S.A. Other companies within the Group, located chiefly in the United Kingdom, benefit from a similar scheme. The tax credit is calculated per calendar year and deducted from the tax payable by the company in respect of the year during which research expenses were incurred. Tax credits that cannot be deducted from tax expense are refunded to the company. The granting of the tax credit is independent of the Group's tax position.

This tax credit is treated as an operating subsidy or, more exactly, as a governmental subsidy.

Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Government subsidies	172	148	427	144	88
	172	**148**	**427**	**144**	**88**

13. OTHER OPERATING INCOME AND EXPENSES

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Other operating income	32	130	20	7	22
Other operating income	**32**	**130**	**20**	**7**	**22**
Exceptional bonus to some employees	-545	-	-	-	-
Provision for litigation with employees	-66	-	-	-	-
Restructuring expenses	-	-	-348	-	-
Set-up China structure	-	-21	-107	-	-
IFRS transition expenses	-	-40	-95	-	-95
IPO preparation	-	-144	-288	-65	-214
Relocation expenses	-	-	-57	-	-57
Other expenses	-36	-19	-5	-79	-10
Other operating expenses	**-647**	**-224**	**-900**	**-144**	**-376**

The exceptional bonus to employees of €545 ('000s) in the year ended 31 December 2014 relates to a one-off bonus that was paid to certain employees in relation to the Lab 21 acquisition that took place during this period.

The restructuring expenses of €348 ('000s) in the year ended 31 December 2016 relate to indemnities to employees in relation to restructuring taken place during this period.

The IPO preparation expenses of €144 ('000s) in the year ended 31 December 2015, €288 ('000s) in the year ended 31 December 2016 and €65 ('000s) in the period ended 30 June 2017 (€214 ('000s) in the period ended 30 June 2016) relate to the fees incurred in preparation for the planned AIM listing in 2017.

14. FINANCIAL INCOME AND EXPENSE

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Exchange gains	14	25	416	109	62
Change in fair value of options	11	439	178	182	-
Reversals of financial provisions	-	1	110	-	-
Other financial income	2	6	32	10	30
Financial income	**27**	**471**	**736**	**301**	**92**
Interest on loans	-49	-947	-1,047	-534	-396
Exchange losses	-43	-194	-565	-157	-585
Contingent consideration	-	-	-235	-140	-
Other financial expense	-161	-52	-136	-47	-1
Financial expense	**-253**	**-1,193**	**-1,983**	**-878**	**-982**

Financial Income:

Exchange gains

Exchange gains in the year ended 31 December 2016 resulted from recurring operations and, in the amount of €252 ('000s), from variations in sterling on the contingent consideration liability between the Primerdesign acquisition date and the reporting date.

Change in fair value of options

The €439 ('000s) balance as at 31 December 2015 relates to the repayment option embedded in the Lab21 loan with the bank Clydesdale. This was fully paid off in July 2015.

Primerdesign warrants first accounted for in June 2016 and therefore posted at the original EUR 445k valuation – thus no changes in fair value options.

The December 2016 balance relates to the revaluation of Primerdesign warrants from €445 ('000s) to €267 ('000s).

The June 2017 balance relates to the revaluation of Primerdesign warrants from €266 ('000s) to €84 ('000s).

Financial Expense:

Exchange Losses

Exchange losses in 2016 were mainly those recorded by the British company Lab21 Ltd on its operations.

Contingent consideration:
('000s)
The contingent consideration in 2016 and 2017 relate to the discounting of the contingent consideration liability in favour of Primerdesign shareholders.

15. INCOME TAX EXPENSE

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Corporation tax:	-	-	-	-	-
Current year	-	-1	-2	-	-2
Adjustments in respect of prior years	-	-	-	-	-
Deferred tax	-	-	-	-	-
Total tax expense for the year / period	**-**	**-1**	**-2**	**-**	**-2**

The charge for the year / period can be reconciled to the profit in the income statement as follows:

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Loss before taxation	-3,912	-13,907	-5,708	-1,713	-3,523
Tax at the French corporation tax rate (2016: 33.33%, 2015: 33.33%, 2014: 33.33%)	-1,304	-4,635	-1,902	-571	-1,174
Impact of the accelerated tax depreciation	8	19	9	-19	5
Effect of non-deductible expenses	19	3,150	67	-7	6
Other timing differences	242	-178	-145	-162	-28
Tax losses utilised	102	-	-	-	-
Research tax credits	-66	-7	-123	-87	-26
Losses not recognised for deferred tax	888	1,508	1,978	927	1,119
Effect of different tax rate of subsidiaries operator of other jurisdictions	111	142	114	-81	96
Total tax expense for the year / period	**-**	**-1**	**-2**	**-**	**-2**

As at 30 June 2017 the Group has unused tax losses of €51,398 (‘000s) (2016: €49,585 (‘000s) 2015: €48,430 (‘000s), 2014: €41,528 (‘000s)) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses since visibility as to when taxable profits are available is insufficient.

The main consolidated companies do not pay income taxes, but receive tax credits for their research and development expenditures. These tax credits are recorded as “governmental subsidies” in the consolidated income statement.

16. LOSS PER SHARE

Loss per share is calculated based on the weighted average number of shares outstanding during the period. Diluted loss per share is calculated based on the weighted average number of shares outstanding and the number of shares issuable as a result of the conversion of dilutive financial instruments.

Amounts in 000' €	**Year-ended 31 December 2014**	**Year-ended 31 December 2015**	**Year-ended 31 December 2016**	**Six months ended 30 June 2017 (unaudited)**	**Six months ended 30 June 2016 (unaudited)**
Net loss attributable to owners of the company	-3,912	-13,908	-5,710	-1,713	-3,525
Impact of dilutive instruments	-	-	-	-	-
Net loss attributable to owners of the company	-3,912	-13,908	-5,710	-1,713	-3,525
Weighted average number of shares	4,438,033	6,787,588	12,086,037	18,249,175	10,648,252
Impact of dilutive instruments	-	-	-	-	-
Weighted average number of diluted shares	4,438,033	6,787,588	12,086,037	18,249,175	10,648,252
Loss per share (in euros)	**-0.88**	**-2.05**	**-0.47**	**-0.09**	-0.33
Diluted loss per share (in euros)	**-0.88**	**-2.05**	**-0.47**	**-0.09**	-0.33

Pursuant to IAS 33, options whose exercise price is higher than the value of the Company's security were not taken into account in determining the effect of dilutive instruments.

17. GOODWILL

Goodwill is the difference recognised, upon consolidation of a company, between the fair value of the purchase price of its shares and the net assets acquired and liabilities assumed, measured in accordance with IFRS 3.

	Amounts in 000' €
Cost	
At 1 January 2014	-
Recognised on acquisition of a subsidiary	19,042
At 31 December 2014	19,042
Recognised on acquisition of a subsidiary	-
At 31 December 2015	19,042
Recognised on acquisition of a subsidiary	7,210
At 31 December 2016	26,252
Recognised on acquisition of a subsidiary	-
At 30 June 2017	26,252
Accumulated impairment losses	
At 1 January 2014	-
Exchange differences	-
Impairment losses for the year	-
Eliminated on disposal of a subsidiary	-
At 31 December 2014	**-**
At 1 January 2015	-
Exchange differences	-
Impairment losses for the year	9,786
Eliminated on disposal of a subsidiary	-
At 31 December 2015	9,786
At 1 January 2016	9,786
Exchange differences	-
Impairment losses for the year	-
Eliminated on disposal of a subsidiary	-
At 31 December 2016	9,786
At 1 January 2017	9,786
Exchange differences	-
Impairment losses for the period	-
Eliminated on disposal of a subsidiary	-
At 30 June 2017	9,786
Carrying value at 31 December 2014	**19,042**
Carrying value at 31 December 2015	**9,256**
Carrying value at 31 December 2016	**16,466**
Carrying value at 30 June 2017	**16,466**

- **Primerdesign**

Primerdesign entered the scope of consolidation on 12 May 2016. Goodwill totalling €7,210 ('000s) has been identified:

Components of the purchase price of securities:	
Value of Novacyt S.A. securities tendered	€3,430k
Option to purchase Novacyt S.A. securities	€445k
Cash paid	€7,081k
Contingent consideration forecast to be payable in 2017 and 2018	€2,610k
Total purchase price	€13,566k
Value at the date of acquisition of assets and liabilities on the Primerdesign balance sheet:	€2,021k
Value of the Primerdesign customer base:	€3,676k
Value of the Primerdesign trademark:	€660k
Goodwill	**€7,210k**

The contingent consideration of €2,610 ('000s) is due in the event of the achievement of revenue targets; payment is scheduled in the second half of 2017 and the final payment is currently estimated to be paid in July 2018. The value of this liability was determined based on the best estimates of management at the date of the acquisition.

In accordance with IFRS 3, the Company's acquisition of Primerdesign resulted in the recognition of assets consisting of "customer relationships" and the trademark separately from goodwill. These assets fit the definition posed by the IASB's conceptual framework, which cites resources controlled by the company as the result of past transactions and from which the company expects to obtain future economic benefits.

The value of "customer relationships" was determined by discounting the additional margin generated by customers after remuneration of the contributing assets.

The value of the trademark was determined by discounting the cash flows that could be generated by licensing the Primerdesign trademark, estimated as a percentage of revenue derived from information available on comparable assets.

IFRS 3 provides for a period of 12 months from the takeover to complete the identification and measurement of the fair value of assets acquired and liabilities assumed. The gross amount of goodwill is therefore no longer subject to adjustment.

- **Lab21**

The Lab21 Ltd subgroup was acquired on 30 June 2014. Goodwill totalling €19,042 ('000s) has been identified:

- Purchase price of securities: €18,847k
- Share of Lab21's adjusted equity as of 30 June 2014: - €1,952k
- Goodwill transferred from Lab21: €2,147k
- Goodwill: €19,042k

The deadline for the identification and measurement of assets and liabilities has expired. The gross amount of goodwill can therefore no longer be changed.

Goodwill is subject to impairment testing annually, and whenever there is an indication of loss of value. To perform this testing, goodwill is deemed to have been assigned to the subgroup of the British companies comprising Lab21 and its subsidiaries, housed in the "Diagnostics" operating segment.

The goodwill impairment testing performed on 31 December 2015 resulted in a goodwill impairment in the amount of €9,786 ('000s), bringing goodwill to a recoverable amount of €9,256 ('000s).

The impairment testing of the CGU as of 31 December 2016 was conducted by the DCF (discounted cash flow) method, with the key assumptions as follows:

- Five-year business plan
- Extrapolation of cash flows beyond five years based on a growth rate of 1.5%.
- Discount rate corresponding to the expected rate of return on the market for a similar investment, regardless of funding sources, equal to 15%.

The implementation of this approach demonstrated that the value of goodwill amounted to €9,558 ('000s), greater than the carrying amount of this asset. As such, no impairment was recognised in the year ended 31 December 2016.

Sensitivity of the value derived from the Discounted Cash Flow model to change in the assumptions used for Lab21 acquisition

		Terminal growth rates						
	9 558	0,0%	0,5%	1,0%	1,5%	2,0%	2,5%	3,0%
WACC rates	13,0%	10 685	10 896	11 119	11 355	11 607	11 877	12 165
	13,5%	10 243	10 436	10 638	10 852	11 079	11 322	11 580
	14,0%	9 832	10 008	10 193	10 387	10 594	10 812	11 044
	14,5%	9 449	9 611	9 779	9 957	10 145	10 343	10 553
	15,0%	9 091	9 240	9 395	9 558	9 729	9 910	10 100
	15,5%	8 756	8 894	9 036	9 186	9 343	9 508	9 681
	16,0%	8 442	8 569	8 701	8 839	8 983	9 134	9 293
	16,5%	8 147	8 265	8 387	8 514	8 647	8 786	8 931
	17,0%	7 869	7 979	8 092	8 210	8 333	8 461	8 594

This sensitivity table shows the difference in the recoverable amounts of goodwill depending on change in the discount rate (WACC) and the perpetual growth rate. Our sensitivity analysis shows that an increase of 1 point in the WACC would result in the need to impair the Lab21 goodwill.

The Group did not identify any indications of loss of value requiring the implementation of further impairment tests in the six months to 30 June 2017.

18. OTHER INTANGIBLE ASSETS

Amounts in '000 €	At 1 January 2017	Additions	Acquisition of a subsidiary	Disposals	Charge for period	Effect of foreign exchange rate changes	At 30 June 2017
Cost							
Development costs	207	-	-	- 5	-	-	202
Concessions, patents and similar rights	1,700	33	-	- 1	-	-	1,732
Software	141	3	-	- 4	-	-	140
Trademark	659	-	-	-	-	-	659
Customer base	3,676	-	-	-	-	-	3,676
Other intangible assets	43	25	-	- 1	-	-	67
	6,426	**61**	**-**	**- 11**	**-**	**-**	**6,476**
Amortisation							
Development costs	- 20	-	-	1	- 21	-	- 40
Concessions, patents and similar rights	- 603	-	-	1	- 72	-	- 674
Software	- 126	-	-	3	- 5	-	- 128
Trademarks	- 46	-	-	-	- 37	-	- 83
Customer base	- 255	-	-	-	- 204	-	- 459
Other intangible assets	- 43	-	-	1		-	- 42
	- 1,093	**-**	**-**	**6**	**-339**	**-**	**- 1,426**
Carrying amount	**5,333**	**61**	**-**	**-5**	**-339**	**-**	**5,050**

Amounts in '000 €	At 1 January 2016	Additions	Acquisition of a subsidiary	Disposals	Charge for the period	Effect of foreign exchange rate changes	At 31 December 2016
Cost							
Development costs	186	49	-	-	-	- 28	207
Concessions, patents and similar rights	1,551	163	-	- 8	-	- 6	1,700
Software	147	-	16	-	-	- 22	141
Trademark	-	-	659	-	-	-	659
Customer base	-	-	3,676	-	-	-	3,676
Other intangible assets	3	-	43	-	-	- 3	43
	1,887	**212**	**4,394**	**- 8**	**-**	**- 59**	**6,426**
Amortisation							
Development costs	-	-	-	-	- 21	1	- 20
Concessions, patents and similar rights	- 470	-	-	1	- 139	5	- 603
Software	- 117	-	- 16	-	- 11	18	- 126
Trademarks	-	-	-	-	- 46	-	- 46
Customer base	-	-	-	-	- 255	-	- 255
Other intangible assets	- 3	-	- 43	-	-	3	- 43
	- 590	**-**	**- 59**	**1**	**- 472**	**27**	**- 1,093**
Carrying amount	**1,297**	**212**	**4,335**	**- 7**	**- 472**	**- 32**	**5,333**

Amounts in '000 €	At 1 January 2015	Additions	Acquisition of a subsidiary	Disposals	Charge for the period	Effect of foreign exchange rate changes	At 31 December 2015
Cost							
Development costs	-	189	-	-	-	-3	186
Concessions, patents and similar rights	1,451	98	-	-	-	2	1,551
Software	108	37	-	-4	-	6	147
Other intangible assets	3	-	-	-	-	-	3
	1,562	**324**	**-**	**-4**	**-**	**5**	**1,887**
Amortisation							
Concessions, patents and similar rights	-355	-	-	-	-114	-1	-470
Software	-108	-	-	4	-7	-6	-117
Other intangible assets	-3	-	-	-	-	-	-3
	-466	**-**	**-**	**4**	**-121**	**-7**	**-590**
Carrying amount	**1,096**	**324**	**-**	**-**	**-121**	**-2**	**1,297**

Amounts in '000 €	At 1 January 2014	Additions	Acquisition of a subsidiary	Disposals	Charge for the period	Effect of foreign exchange rate changes	At 31 December 2014
Cost							
Concessions, patents and similar rights	1,279	142	30	- 1	-	1	1,451
Software	-	-	105	-	-	3	108
Other intangible assets	3	-	-	-	-	-	3
	1,282	**142**	**135**	**- 1**	**-**	**4**	**1,562**
Amortisation							
Concessions, patents and similar rights	- 228	-	- 2	-	- 124	-	- 354
Software	-	-	- 105	-	-	- 3	- 108
Other intangible assets	- 3	-		-	-	-	- 3
	- 231	-	- 107	-	- 124	- 3	- 465
Carrying amount	**1,051**	**142**	**28**	**- 1**	**- 124**	**1**	**1,097**

19. PROPERTY, PLANT AND EQUIPMENT

Amounts in 000' €	At 1 January 2017	Additions	Acquisition of a subsidiary	Disposals	Charge for the period	Effect of foreign exchange rate changes	Reclass. & transfers	At 30 June 2017 (unaudited)
Cost								
Technical facilities, equipment and tools	2,304	76	-	-3	-	-29	-	2,348
Office equipment	45	6	-	-	-	-1	-	50
Transport equipment	47	-	-	-12	-	-	-	35
Computer equipment	271	21	-	-	-	-7	-	285
Leasehold improvements	513	122	-	-	-	-16	-	619
Property, plant and equipment under construction	348	-	-	-	-	-	-	348
	3,528	**225**	**-**	**-15**	**-**	**-53**	**-**	**3,685**
Accumulated depreciation								
Technical facilities, equipment and tools	-1,216	-	-	2	-138	21	-	-1,331
Office equipment	-40	-	-	-	-2	1	-	-41
Transport equipment	-13			12	-3	-	-	-4
Computer equipment	-582	-	-	-	-15	6	-	-591
Leasehold improvements	-233	-	-	-	-32	7	-	-258
Tangible assets under construction	-348	-	-	-	-	-	-	-348
	-2,432	**-**	**-**	**14**	**-190**	**35**	**-**	**-2,573**
Carrying amount	**1,096**	**225**	**-**	**-1**	**-190**	**-18**	**-**	**1,112**

Amounts in 000' €	At 1 January 2016	Additions	Acquisition of a subsidiary	Disposals	Charge for the period	Effect of foreign exchange rate changes	Reclass. & transfers	At 31 December 2016
Cost								
Technical facilities, equipment and tools	1,756	274	429	-29	-	-127	1	2,304
Office equipment	51	2	-	-	-	-7	-1	45
Transport equipment	73	-	1	-27	-	-	-	47
Computer equipment	284	17	44	-36	-	-38	-	271
Leasehold improvements	255	43	270	-1	-	-54	-	513
Property, plant and equipment under construction	348	-	-	-	-	-	-	348
	2,767	**336**	**744**	**-93**	**-**	**-226**	**-**	**3,528**
Accumulated depreciation								
Technical facilities, equipment and tools	-1,219	-	-	-	-3	6	-	-1,216
Office equipment	-41	-	-	11	-10	-	-	-40
Transport equipment	-31		-28	36	-23	33	-	-13
Computer equipment	-249	-	-232	29	-224	94	-	-582
Leasehold improvements	-196	-	-20	1	-47	29	-	-233
Tangible assets under construction	-348	-	-	-	-	-	-	-348
	-2,084	**-**	**-280**	**77**	**-307**	**162**	**-**	**-2,432**
Carrying amount	**683**	**336**	**464**	**-16**	**-307**	**-64**	**-**	**1,096**

Amounts in 000' €	At 1 January 2015	Additions	Acquisition of a subsidiary		Charge for the period	Effect of foreign exchange rate changes	Reclass. & transfers	At 31 December 2015
Cost								
Technical facilities, equipment and tools	1,382	150	-	-6	-	30	200	1,756
Office equipment	41	8	-	-	-	2	-	51
Transport equipment	105	18		-50	-	-	-	73
Computer equipment	366	34	-	-137	-	21	-	284
Leasehold improvements	223	21	-	-	-	11	-	255
Property, plant and equipment under construction	427	85	-	-	-	-	-164	348
	2,544	**316**	**-**	**-193**	**-**	**64**	**36**	**2,767**
Accumulated depreciation								
Technical facilities, equipment and tools	-1,074	-	-	2	-122	-25	-	-1,219
Office equipment	-38	-	-	-	-1	-2	-	-41
Transport equipment	-46	-		32	-17		-	-31
Computer equipment	-333	-	-	136	-33	-19	-	-249
Leasehold improvements	-173	-	-	-	-13	-10	-	-196
Tangible assets under construction	-348	-	-	-	-	-	-	-348
	-2,012	**-**	**-**	**170**	**-186**	**-56**	**-**	**-2,084**
Carrying amount	**532**	**316**	**-**	**-23**	**-186**	**8**	**36**	**683**

Amounts in 000' €	At 1 January 2014	Additions	Acquisition of a subsidiary	Disposals	Charge for the period	Effect of foreign exchange rate changes	Reclass. & transfers	At 31 December 2014
Cost								
Technical facilities, equipment and tools	631	288	453	-4	-	14	-	1,382
Office equipment	2	1	37	-	-	1	-	41
Transport equipment	104	26	-	-25	-	-	-	105
Computer equipment	27	-	333	-4	-	10	-	366
Leasehold improvements	32	4	182	-	-	5	-	223
Property, plant and equipment under construction	-	90	-	-	-	-	337	427
Advances and deposits on property, plant and equipment	337	-	-	-	-	-	-337	-
	1,133	**409**	**1,005**	**-33**	**-**	**30**	**-**	**2,544**
Accumulated depreciation and impairment								
Technical facilities, equipment and tools	-590	-	-423	-	-48	-13	-	-1,074
Office equipment	-1	-	-36	-	-	-1	-	-38
Transport equipment	-31		-	6	-21	-	-	-46
Computer equipment	-15	-	-291	3	-21	-9	-	-333
Leasehold improvements	-4	-	-158	-	-8	-3	-	-173
Tangible assets under construction	-	-	-	-	-11	-	-337	-348
Impairment of advances and deposits on property, plant and equipment	-337	-	-	-	-	-	337	-
	-978	**-**	**-908**	**9**	**-109**	**-26**	**-**	**-2,012**
Carrying amount	**155**	**409**	**97**	**-24**	**-109**	**4**	**-**	**532**

20. NON-CURRENT FINANCIAL ASSETS

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Rental deposits	25	26	24	132
Liquidity contract	17	39	20	5
Deposit - negotiation Primerdesign	-	139	-	-
Guarantee deposit - Distributor in China	-	-	94	94
Other	-	-	-	4
	42	**204**	**138**	**235**

21. DEFERRED TAX ASSETS

Each of Group's major companies had tax loss carry forwards. Their period of use is unlimited. No deferred tax assets have been recognised in the accounts since visibility as to when it will be possible to utilise the carry forwards against taxable profits is insufficient.

The following table shows the deferred tax assets not presented in the balance sheet.

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Novacyt	2,840	4,075	5,899	6,883
Lab21	4,461	4,939	4,346	4,239
Healthcare	1,150	1,215	1,041	986
Microgen	1	1	33	2
	8,452	**10,230**	**11,319**	**12,110**

22. INVENTORIES AND WORK IN PROGRESS

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Raw materials	600	463	820	1,030
Work in progress	200	312	173	159
Finished goods	325	358	489	432
Traded goods	233	361	152	189
Stock Write Offs	-23	-6	-20	-
	1,335	**1,488**	**1,614**	**1,810**

The cost of inventories recognised as an expense includes €1 ('000s) (Dec. 2016: €20 ('000s), Dec. 2015: €6 ('000s), Dec. 2014: €23 ('000s)) in respect of write-downs of inventory to net realisable value. The write-downs were reversed in the following period to that they were made.

23. TRADE AND OTHER RECEIVABLES

- Trade and other receivables

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Trade and other receivables	1,412	1,651	2,072	2,419
Allowance for doubtful debts	-149	-174	-140	-136
Accrued income	-	20	89	113
Tax receivables (excluding income tax)	580	286	284	410
Other receivables	124	217	51	177
Impairment of other receivables	-116	-122	-	-
Total Trade and other receivables	**1,851**	**1,878**	**2,356**	**2,983**

Amount receivable from the sale of goods can be analysed as followsAmounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Amount receivable not past due	636	790	1,121	1,438
Amount receivable past due but not impaired	627	687	811	845
Amount receivable impaired (gross)	149	174	140	136
Less impairment	-149	-174	-140	-136
Total	**1,263**	**1,477**	**1,932**	**2,283**

- Ageing of past due but not impaired receivables

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Not more than 3 months	484	579	579	514
More than 3 months but not more than 6 months	40	27	97	138
More than 6 months but not more than 1 year	83	75	80	93
More than 1 year	20	6	55	100
	627	**687**	**811**	**845**

- Ageing of past due and impaired receivables

Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Balance at the beginning of the period	376	149	174	140
Impairment losses recognised	27	23	3	-
Amounts written off during the year as uncollectible	-236	-	-	-
Amounts recovered during the year	-	-	-	-
Impairment losses reversed	-18	-7	-15	-
Foreign exchange translation gains and losses	-	9	-22	-4
Balance at the end of the period	**149**	**174**	**140**	**136**

24. PREPAYMENTS

Amounts in 000' €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Issuance costs - current	-	50	53	76
Prepaid expenses	176	350	260	751
	176	**400**	**313**	**827**

25. CASH AND CASH EQUIVALENTS

The net cash available to the Group includes the following items:

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Money market deposits	-	1,150	13	13
Short term Deposits	-	4	-	-
Available cash	2,327	527	2,843	2,564
Total cash and cash equivalents	**2,327**	**1,681**	**2,856**	**2,577**

26. BORROWINGS

The following tables show borrowings and financial liabilities carried at amortised cost.

- Maturities as of 30 June 2017

Amounts in '000 €	Amount due for settlement within 12 months	Amount due for settlement after 12months	Total
Bond notes	2,919	2,204	5,123
Bank borrowings	66	120	186
Accrued interest on borrowings	77	-	77
Total financial liabilities	**3,062**	**2,324**	**5,386**

- Maturities as of 31 December 2016

Amounts in '000 €	Amount due for settlement within 12 months	Amount due for settlement after 12 months	Total
Bond notes	3,017	2,603	5,620
Bank borrowings	67	153	220
Accrued interest on borrowings	415	-	415
Total financial liabilities	**3,499**	**2,756**	**6,255**

- Maturities as of 31 December 2015

Amounts in '000 €	Amount due for settlement within 12 months	Amount due for settlement after 12 months	Total
Bond notes	1,183	2,103	3,286
Bank borrowings	30	-	30
Financing of trade bills	-	-	-
Accrued interest on borrowings	57	-	57
Total financial liabilities	**1,270**	**2,103**	**3,373**

- Maturities as of 31 December 2014

Amounts in '000 €	Amount due for settlement within 12 months	Amount due for settlement after 12 months	Total
Bank borrowings	282	588	870
Financing of trade bills	151	-	151
Total financial liabilities	**433**	**588**	**1,021**

The balances in 2014 for Bank borrowings & the Financing of the trade bills relates to banking facilities with Clydesdale. These balances were repaid in 2015 as a result of taking at the Kreos IV in July 2015.

- Change in borrowings and financial liabilities in 2017

Amounts in '000 €	At 31 December 2016	Increase	Repayment / conversion	Fair value adjust.	At 30 June 2017
Bond notes	5,620	1,843	-2,340		5,123
Bank borrowings	220	-	-34		186
Accrued interest on borrowings	414	76	-414		76
Total financial liabilities	**6,254**	**1,919**	**-2,788**		**5,385**

- Change in borrowings and financial liabilities in 2016

Amounts in 000' €	At 31 December 2015	Increase	Repayment / conversion	At 31 December 2016
Bond notes	3,284	4,221	-1,885	5,620
Bank borrowings	32	250	-62	220
Accrued interest on borrowings	57	429	-72	414
Total financial liabilities	**3,373**	**4,900**	**-2,019**	**6,254**

- Change in borrowings and financial liabilities in 2015

Amounts in 000' €	At 31 December 2014	Increase	Repayment / conversion	At 31 December 2015
Bond notes	-	3,472	-188	3,284
Bank borrowings	870	17	-855	32
Financing of trade bills	151	-	-151	-
Accrued interest on borrowings	-	57		57
Total financial liabilities	**1,021**	**3,546**	**-1,194**	**3,373**

- Change in borrowings and financial liabilities in 2014

Amounts in 000' €	At 31 December 2013	Acquisition of Subsidiary	Increase	Repayment / conversion	At 31 December 2014
Bank borrowings	213	747	73	-163	870
Financing of trade bills	-	109	42	-	151
Total financial liabilities	**213**	**856**	**115**	**-163**	**1,021**

As of 31 December 2014, the group funding is mainly provided by Lab21 through a bank loan with Clydesdale Bank. The long-term portion of the derivative embedded in this bank loan is recorded among the "Other long-term liabilities" of the statement of financial position. The short term portion of the derivative is included in the line "Trade and other payables".

As of 31 December 2015, the Group's financing primarily comprised the bond notes issued by Kreos Capital IV Ltd for €3.5 million with an interest rate of 12.5%. This bond was issued on 15 July 2015 for a term of three years, with the first repayment due on 1 February 2016.

As of 31 December 2016, the Group's financing primarily comprised:

- The bond subscribed by Kreos Capital IV Ltd in the amount of €3.5 million;
- A second bond subscribed by Kreos Capital V Ltd in the amount of €3.0 million issued on 12 May 2016, with an interest rate of 12.5% for a term of three years, with the first repayment due on 1 November 2016.

As of 30 June 2017, the Group's financing primarily comprised:

- A bond subscribed by Kreos Capital IV Ltd in the amount of €3.5 million on 15 July 2015;
- A bond subscribed by Kreos Capital V Ltd in the amount of €3 million issued on 12 May 2016;
- A convertible bond subscribed by Vatel in the amount of €1.5 million issued on 31 March 2017, with an interest rate of 7.9 % for a term of 3 years.

In addition to the loans above, the Group financed its short-term working capital needs through convertible notes issued with warrants. The paragraphs below describe the related movements.

On 31 July 2015, the Board of Directors, making use of the delegation of powers and authorisations granted at the Annual General Meeting of 29 June 2015, approved the principle of the issue of 20 OCABSA warrants (the "Warrants") exercisable at the discretion of the Company over the subsequent 36 months, in several successive tranches representing bond debt in a maximum amount of €5 million, as part of a private placement subscribed by the YA Global Master SPV Ltd private equity fund.

The Company immediately exercised (1) Warrant, resulting in the subscription of 25 OCABSAs, i.e. bond debt of €250,000. The 475 remaining convertible bonds may be issued during the subsequent 36 months through the exercise of the 19 remaining Warrants, it being stipulated that the Company is under no obligation to exercise these Warrants.
The convertible bonds (Obligations Convertibles en Actions –"OCA") issued on 31 July 2015, and which will subsequently be issued upon exercise of the Warrants, have the same characteristics.

OCAs are issued at par, i.e. €10,000 each, with an interest rate of 2% per annum, and have a maturity of nine months from issue. The Company must redeem unconverted OCAs upon maturity.

The bond debt represented by the OCAs (par value of an OCA taking into account, if applicable, the corresponding interest) can be converted into shares at the request of the holder, on the basis of the following conversion rate: 95% of the lowest of the five (5) average daily prices of the the Company's share weighted by volume (as reported by Bloomberg) immediately preceding the request for the conversion of the relevant OCA, without its being possible for this amount to be lower than the par value of the the Company's share, i.e. 1/15th of a euro. The OCAs are transferable subject to the Company prior written consent.

The number of equity warrants to be issued upon each issuance of OCABSAs is that which will be multiplied by the exercise price of the equity warrants (determined under the terms set out below). The amount received will be equal to half of the par value of the 25 OCAs issued, i.e. €125,000.

The equity warrants will be immediately detached from the OCAs and will be transferable from issue. They may be exercised from issue until the 36th month inclusive following their issue date (the "Exercise Period"). Each equity warrant will entitle the holder thereof, during the Exercise Period, to subscribe for one (1) new Novacyt S.A. share.

The exercise price of the equity warrants will be equal to 110% of the closing price of the Novacyt share on the day immediately preceding the Warrant exercise request date giving rise to the issuance of the OCAs from which the equity warrants will be detached (or the issue date of the OCAs for the first tranche of OCAs, i.e. 31 July 2015).

The OCAs and the warrants will not be the subject of a request for admission to trading on Alternext Paris, and as such will not be listed.

In accordance with IAS 32, the first tranche of the bond issued on 31 July in the amount of €250,000 (tranche 1) breaks down as follows:

- the conversion option, treated in this case as an embedded derivative under IAS 32, worth €13,158, was recorded at "fair value through profit or loss" in current borrowings,

- the equity warrants, valued at €9,831 overall, were treated as equity instruments and accounted for net of tax, i.e. €6,554,

- lastly, the residual amount, €227,011, was recognised at amortised cost under current financial liabilities.

As of 31 December 2015, all OCAs had been converted, 5 OCAs on 31 July 2015, 15 OCAs on 9 October 2015 and the remaining 5 OCAs on 3 December 2015.

Between 1 January 2016 and 31 December 2016, the Company exercised 8 Warrants (OCABSA warrants), each resulting in the issuance of 25 OCABSAs in a total amount of €250,000. In accordance with IAS 32, each tranche of bonds issued during the year has been broken down in the same way as the first instalment and in identical amounts. Issuance is as follows:

- Issuance of the second tranche on 1 March 2016 (tranche 2): all OCABSAs were converted during the year;

- Concurrent issuance of the third and fourth tranches on 18 April 2016 (tranches 3 and 4): all OCABSAs were converted during the year;

- Concurrent issuance of the fifth and sixth tranches on 2 August 2016 (tranches 5 and 6): all OCABSAs were converted during the year;

- Concurrent issuance of the seventh, eighth and ninth tranches on 26 September 2016 (tranches 7, 8 and 9): only the tranche 7 OCABSAs were converted during the year. (It should nevertheless be noted that 20 tranche 8 OCABSAs were converted on 4 January 2017.)

Between 1 January 2017 and 30 June 2017, the Company has converted all OCABSA bonds issued in the eighth and ninth tranches: 20 OCABSAs on 4 January 2017 and 5 OCABSAs on 23 February 2017 for tranche 8, and 10 OCABSAs on 23 February 2017 and 15 OCABSAs on 13 April 2017 for tranche 9.

The Company also exercised 2 OCABSA warrants on 17 February 2017, each giving rise to the issuance of a tranche of 25 OCABSAs totalling €250,000 (tranches 10 and 11), all 50 OCABSAs having been converted on 15 May 2017.

Since 1 July 2017, the Company exercised the tranches 12, 13, 14, and 15 of the contract, representing 4 Warrants (OCABSA warrants) each resulting in the issuance of 25 OCABSAs in a total amount of €1,000,000. All OCABSAs were converted.

27. CONTINGENT CONSIDERATION

The contingent consideration related to the acquisition of the Primerdesign shares.

Amounts in 000' €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Contingent consideration (current portion)	-	-	1,647	1,664
Contingent consideration (non-current portion)	-	-	946	1,000
	-	**-**	**2,593**	**2,664**

The movement in the liability between the 31 December 2016 and 30 June 2017 is due to the variance of the foreign exchange rate (contingent liability is denominated in Pounds Sterling), offset by the discounting of the liability.

28. PROVISIONS

- Nature of and change in provisions for risks and charges for the period from 1 January 2014 to 30 June 2017

Amounts in 000' €	At 1 January 2017	Increase	Reduction	Change in exchange rates	Acquisition of subsidiary	At 30 June 2017 (unaudited)
Provisions for restoration of premises	89	-	-	-3	-	86
Long-term provision	**89**	**-**	**-**	**-3**	**-**	**86**
Provisions for litigation	66	-	-	-	-	66
Short-term provision	**66**	**-**	**-**	**-**	**-**	**66**

Amounts in 000' €	At 1 January 2016	Increase	Reduction	Change in exchange rates	Acquisition of subsidiary	At 31 December 2016
Provisions for restoration of premises	103	-	-	-14	-	89
Long-term provision	**103**	**-**	**-**	**-14**	**-**	**89**
Provisions for litigation	66	-	-	-	-	66
Short-term provision	**66**	**-**	**-**	**-**	**-**	**66**

Amounts in 000' €	At 1 January 2015	Increase	Reduction	Change in exchange rates	Acquisition of subsidiary	At 31 December 2015
Provisions for restoration of premises	122	22	-48	7	-	103
Long-term provision	**122**	**22**	**-48**	**7**	**-**	**103**
Provisions for litigation	96	-	-30	-	-	66
Short-term provision	**96**	**-**	**-30**	**-**	**-**	**66**

Amounts in 000' €	At 1 January 2014	Increase	Reduction	Change in exchange rates	Acquisition of subsidiary	At 31 December 2014
Provisions for restoration of premises	-	-	-	3	119	122
Long-term provision	**-**	**-**	**-**	**3**	**119**	**122**
Provisions for litigation	30	66				96
Short-term provision	**30**	**66**	**-**	**-**	**-**	**96**

Provisions chiefly cover:

- a provision for litigation with personnel;
- and provisions for the restoration of the premises as per the lease agreements.

The provisions for the restoration of the premises should generate a cash payment at the end of the rental periods, thus at the following dates:

- Lab21 Ltd: March – April 2019,
- Lab21 Healthcare Ltd: September 2018,
- Microgen Ltd: September 2017.

The provision for litigation may generate a cash payment in December 2017.

29. OTHER LONG-TERM LIABILITIES

As of 31 December 2014, the group funding is mainly provided by Lab21 through a bank loan with Clydesdale Bank. The long-term portion of the derivative embedded in this bank loan is recorded among the “Other long-term liabilities” of €402 (‘000s) in the statement of financial position. The short term portion of the derivative is included in the line “Trade and other payables”.

This loan was entirely repaid in 2015. The decrease of the fair value of this derivative was recognised in the income statement among the financial revenues of 2015.

30. TRADE AND OTHER PAYABLES

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Trade payables	2,133	1,816	2,087	1,922
Accrued invoices	1,601	638	694	793
Social security liabilities	306	384	348	336
Tax liabilities	148	82	53	143
Other liabilities	119	48	29	5
Debts with shareholders	68	-	-	-
Options classified as liabilities	6	-	293	84
	4,381	**2,968**	**3,504**	**3,283**

Options treated as liabilities relate to:

- The Company's equity warrants granted to former Primerdesign shareholders in the amount of €266 ('000s) as of end-December 2016 and €84 ('000s) as of end June 2017. This is a component of the purchase price of Primerdesign;
- the conversion option attached to tranches 8 and 9 of the OCABSAs unconverted as of 31 December 2016, in the amount of €27 ('000s).

31. OTHER CURRENT LIABILITIES

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Customers – advances and down payments received	120	-	-	3
Payables on the acquisition of tangible and intangible assets	189	-	-	-
Deferred income	12	30	24	17
	321	**30**	**24**	**20**

32. SHARE CAPITAL

As of 1 January 2014, the Company's share capital of €197,457 was divided into 2,961,851 shares with a par value of 1/15th of a euro each.

The transactions on share capital from this date are summarised below:

- The General Meeting of 13 June 2014 approved the contribution to the Company of 100% of the shares of British company Lab21 Ltd, paid for exclusively by Novacyt S.A. securities. The Lab21 Ltd shares were contributed at a value of €18,846,745.90. The contribution resulted in a capital increase of €168,203.93 to €365,660.65 and a contribution premium of €18,678,550.97.
- The General Meeting of 13 June 2014 approved the terms of the Company's capital increase from €365,660.65 to €368,447.85 through the issue of 41,808 shares at a price of €7.4 per share, or a share premium of €306,592.
- On 4 December 2014, the Company completed a capital increase from €368,447.85 to €409,464.80 through the issue of 615,254 shares at a price of €4.179 per share, or a share premium of €2,530,358.07.
- On 5 December 2014, the Company completed a capital increase from €409,464.80 to €418,048.20 through the issue of 128,751 shares at a price of €4 per share, or a share premium of €506,420.60.
- On 10 April 2015, the Company completed a capital increase from €418,040 to €445,381.53 through the issue of 410,000 shares at a price of €5 per share, or a share premium of €2,022,666.67.
- On 13 April 2015, the Company completed a capital increase from €445,381.53 to €447,514.86 through the issue of 32,000 shares at a price of €5 per share, or a share premium of €157,866.67.
- On 20 July 2015, the Company completed a capital increase from €447,514.86 to €474,148.20 through the issue of 399,500 shares at a price of €5 per share, or a share premium of €1,970,866.67.
- On 26 August 2015, the Company completed a capital increase from €474,148.20 to €474,983.33 through the issue of 12,527 shares at a price of €4 per share, or a share premium of €49,272.45.
- On 6 October 2015, the Company completed a capital increase from €474,983.33 to €478,128 through the issue of 47,170 shares at a price of €3.19 per share, or a share premium of €147,453.42.
- On 1 December 2015, the Company completed a capital increase from €478,128 to €479,280.87 through the issue of 17,293 shares at a price of €2.91 per share, or a share premium of €49,188.80.
- On 22 February 2016, the Company decided to increase its capital through the issue of 2,365,815 shares subject to one or more capital increases in a total amount of at least 7,000,000 euros or the receipt of an equivalent amount. This transaction subject to a condition precedent is consideration for the contribution of 59,893 shares of Primer Design Limited by its shareholders.

- On 29 March 2016, the Company completed a capital increase from €479,280.87 to €569,423.20 through the issue of 1,352,135 shares at a price of €1.40 per share, with a share premium of €1,802,846.67.
- On 29 March 2016, the Company completed a capital increase from €569,423.20 to €574,089.87 through the issue of 70,000 shares at a price of €1.40 per share, with a share premium of €93,333.33.
- On 21 April 2016, the Company completed a capital increase from €574,089.87 to €669,328 through the issue of 1,428,572 shares at a price of €1.40 per share, with a share premium of €1,904,762.67.
- On 26 April 2016, the Company completed a capital increase from €669,328 to €674,101.27 through the issue of 71,599 shares at a price of €1.401 per share, with a share premium of €95,537.84.
- On 3 May 2016, the Company completed a capital increase from €674,101.27 to €678,963.40 through the issue of 72,932 shares at a price of €1.376 per share, with a share premium of €95,493.43.
- On 11 May 2016, the Company noted that the condition precedent on the capital increase through a contribution in kind approved on 22 February 2016 had been lifted. Share capital was consequently increased from €678,963.40 to €836,684.40 through the issue of 2,365,815 shares at a price of €2.696 per share, or a share premium of €6,220,514.
- On 19 May 2016, the Company completed a capital increase from €836,684.40 to €842,372.20 through the issue of 85,317 shares at a price of €1.176 per share, with a share premium of €94,645.53.
- On 23 May 2016, the Company completed a capital increase from €842,372.20 to €867,933.40 through the issue of 383,418 shares at a price of €1.176 per share, with a share premium of €425,338.80.
- On 1 June 2016, the Company completed a capital increase from €867,933.40 to €935,650.53 through the issue of 1,015,757 shares at a price of €1.40 per share, with a share premium of €1,354,342.67.
- On 25 August 2016, the Company completed a capital increase from €935,650.53 to €943,967.66 through the issue of 124,757 shares at a price of €1.20 per share, with a share premium of €141,766.20.
- On 7 September 2016, the Company completed a capital increase from €943,967.66 to €949,438.26 through the issue of 82,059 shares at a price of €1.22 per share, with a share premium of €94,723 84.
- On 21 September 2016, the Company completed a capital increase from €949,438.26 to €957,421.66 through the issue of 119,751 shares at a price of €1.26 per share, with a share premium of €142,424.93.
- On 5 October 2016, the Company completed a capital increase from €957,421.66 to €962,942.86 through the issue of 82,818 shares at a price of €1.21 per share, with a share premium of €94,937.14.
- On 1 December 2016, the Company completed a capital increase from €962,942.86 to €969,517.06 through the issue of 98,613 shares at a price of €1.02 per share, with a share premium of €91,814.69.

- On 15 December 2016, the Company completed a capital increase from €969,517.06 to €1,151,183.73 through the issue of 2,725,000 shares at a price of €1.00 per share, with a share premium of €2,543,333.33.
- On 21 December 2016, the Company completed a capital increase from €1,151,183.73 to €1,161,134.20 through the issue of 149,257 shares at a price of €1.01 per share, with a share premium of €140,799.53.
- On 4 January 2017, the Company completed a capital increase from €1,161,134.20 to €1,173,905.27 through the issue of 191,566 shares at a price of €1.05 per share, with a share premium of €188,373.37.
- On 23 February 2017, the Company completed a capital increase from €1,173,905.27 to €1,184,487 through the issue of 158,726 shares at a price of €0.953 per share, with a share premium of €140,684.94.
- On 13 April 2017, the Company completed a capital increase from €1,184,487 to €1,196,713.87 through the issue of 183,403 shares at a price of €0.827 per share, with a share premium of €139,448.13.
- On 15 May 2017, the Company completed a capital increase from €1,196,713.87 to €1,237,170.53 through the issue of 606,850 shares at a price of €0.828 per share, with a share premium of €462,015.56.
- On 12 June 2017, the Company completed a capital increase from €1,237,170.53 to €1,384,874.73 through the issue of 2,215,563 shares at a price of €0.85 per share, with a share premium of €1,735,524.35.
- On 19 June 2017, the Company completed a capital increase from €1,384,874.73 to €1,472,482.46 through the issue of 1,314,116 shares at a price of €0.85 per share, with a share premium of €1,029,390.87.

Amounts in '000 €	**Amount of share capital**	**Unit value per share**	**Number of shares issued**
At 1 January 2014	197	0.07	2,961,851
Contribution of Lab21 securities	169	0.07	2,523,059
Capital increases	52	0.07	785,813
At 31 December 2014	**418**	**0.07**	**6,270,723**
Capital increases	56	0.07	841,500
Capital increase by conversion of OCABSA	5	0.07	76,991
At 31 December 2015	**479**	**0.07**	**7,189,214**
Capital increases	439	0.07	6,591,464
Contribution of Primerdesign securities	158	0.07	2,365,815
Capital increase by conversion of OCABSA	85	0.07	1,270,521
At 31 December 2016	**1,161**	**0.07**	**17,417,014**
Capital increases	235	0.07	3,529,679
Capital increase by conversion of OCABSA	76	0.07	1,140,545
At 30 June 2017 (unaudited)	**1,472**	**0.07**	**22,087,238**

As of 30 June 2017, the Company's share capital of €1,472,482.46 was divided into 22,087,237 shares with a par value of 1/15th of a euro each.

Capital increases over the period can be classified in two categories:

The Company's share capital consists of one class of share.

All outstanding shares have been subscribed, called and paid.

33. SHARE PREMIUM

Amounts in '000 €	
Balance at 1 January 2014	**6,405**
Premium arising on issue of equity shares	22,022
Expenses of issue of equity shares	- 243
Balance at 31 December 2014	**28,184**
Premium arising on issue of equity shares	4,395
Expenses of issue of equity shares	- 197
Balance at 31 December 2015	**32,382**
Premium arising on issue of equity shares	15,338
Expenses of issue of equity shares	- 600
Balance at 31 December 2016	**47,120**
Premium arising on issue of equity shares	3,696
Expenses of issue of equity shares	- 231
Balance at 30 June 2017 (unaudited)	**50,585**

34. OTHER RESERVES

Balance at 1 January 2014	**1**
Translation differences	- 21
Other comprehensive income on retirement benefits	-10
Balance at 31 December 2014	**- 30**
Translation differences	- 48
Other comprehensive income on retirement benefits	- 3
Balance at 31 December 2015	**- 81**
Translation differences	204
Other comprehensive income on retirement benefits	-1
Acquisition on Primerdesign shares	-2,948
Balance at 31 December 2016	**- 2,826**
Translation differences	- 6
Balance at 30 June 2017 (unaudited)	**- 2,832**

The €2,948 thousand change in share consideration in relation to the acquisition of Primerdesign in 2016 reflects the difference between the share premium amounts arising from the capital increase on 22 February 2016, compared to the fair value of the same shares at the time of completion of the acquisition on 12 May 2016.

35. RETAINED LOSSES

Amounts in '000 €

Balance at 1 January 2014	**- 4,303**
Net loss for the year	- 3,912
Other variations	2
Balance at 31 December 2014	**- 8,213**
Net loss for the year	- 13,908
Other variations	- 36
Balance at 31 December 2015	**- 22,157**
Net loss for the period	- 5,710
Balance at 31 December 2016	**- 27,867**
Net loss for the period	- 1,713
Other variations	11
Balance at 30 June 2017 (unaudited)	**- 29,569**

36. EQUITY RESERVE

Amounts in '000 €

Balance at 1 January 2014	**-**
Balance at 31 December 2014	**-**
Balance at 31 December 2015	**-**
Grant to Kreos Capital of Novacyt S.A. warrants	283
Conversion of the OCABSA Yorkville	62
Balance at 31 December 2016	**345**
Balance at 30 June 2017 (unaudited)	**345**

This reserve represents the equity component of warrants and loans.

37. ACQUISITION OF SUBSIDIARIES

Acquisition of Primerdesign

On 12 May 2016, the Group took control of British company Primerdesign, through the acquisition of 100% of its shares by Novacyt S.A. For the purpose of simplification and as a result of this having no material impact, the initial consolidation is deemed to have taken place on 1 May 2016. Primerdesign specialises in the design, manufacture and sale of molecular diagnostic kits. It also markets a molecular biology technology platform.

This acquisition offers the Group scope to extract synergies derived from the commercialisation of the Primerdesign offering via the Novacyt network and from the complementary technological nature of the cytology and molecular biology sectors.

The purchase price was €13,566 ('000s), breaking down as follows:

Value of Novacyt securities tendered	€3,430k
Option to purchase Novacyt securities	€445k
Cash disbursed	€7,081k
Contingent consideration payable in 2017 and 2018	€2,610k
Total purchase price	**€13,566k**
The assets acquired and the liabilities assumed are as follows:	
Net property, plant and equipment and intangible assets	€473k
Customer relationships	€3,676k
Trademark	€660k
Inventories	€462k
Trade receivables	€531k
Other receivables	€487k
Net cash and cash equivalents	€764k
Trade payables	€-281k
Other liabilities	€-415k
Fair value of assets acquired and liabilities assumed	**€6,357k**
Goodwill	**€7,209k**

The net cash impact of the acquisition of Primerdesign is as follows:	
Cash paid	€-9,691k
Cash acquired	€749k
Net cash impact	**€-8,942k**

The fair value of assets includes unimpaired trade receivables with a net value of €531 ('000s).

Goodwill is a residual component calculated as the difference between the purchase price for the acquisition of control and the fair value of the assets acquired and liabilities assumed. It includes unrecognised assets such as the value of the personnel and know-how of the acquiree.

The fair value of the Novacyt S.A. securities tendered as consideration for the acquisition of the Primerdesign securities was determined on the basis of the market price on the date of the transaction.

The contingent consideration was estimated at the sum of €2,665 ('000s) payable in the event of achievement of sales targets in the three years following the acquisition. The contingent consideration was estimated on the basis of estimated revenue and has been discounted.

The acquisition costs amounted to €508 ('000s). They are included on the statement of comprehensive income in the year ended 31 December 2016 as "Costs related to acquisitions". €464 ('000s) of acquisitions costs were incurred in the six months ending 30 June 2016.
Primerdesign contributed €3,288 ('000s) to consolidated revenue in the year ended 31 December 2016 and €972 ('000s) to net profit or loss attributable to owners of the company between its consolidation on 1 May 2016 and 31 December 2016.

If the acquisition of Primerdesign were deemed to have been completed on 1 January 2016, the opening date of the Group's 2016 financial year, consolidated revenue would have amounted to €12,925 ('000s) and net profit or loss attributable to owners of the company to a loss of €5,424 ('000s).

The table below presents the group income statement for the 12 months period ended on 31 December 2016 as if the acquisition of Primerdesign had been completed on 1st January 2016.

Amounts in 000' €	31 December 2016 Pro forma
Revenue	12,925
Cost of sales	-5,297
Gross profit	**7,628**
Sales and marketing costs	-3,451
Research and development	-895
General & administrative costs	-6,410
Governmental subsidies	372
Recurring operating loss	**-2,756**
Costs related to acquisitions	-508
Other operating income	20
Other operating expenses	-935
Operating loss	**-4,179**
Financial income	781
Financial expenses	-1,983
Loss before tax	**-5,381**
Tax expense	-44
Loss after tax	**-5,425**
Total net loss	**-5,425**
Attributable to owners of the company	**-5,425**
Attributable to non-controlling interests	-

The table below presents the group income statement for the 6 months period ended on 30 June 2016 as if the acquisition of Primerdesign had been completed on 1 January 2016.

Amounts in 000' €	30 June 2016 Pro forma
Revenue	6,795
Cost of sales	- 2,642
Gross profit	**4,153**
Sales and marketing costs	- 1,762
Research and development	- 527
General & administrative costs	- 3,449
Governmental subsidies	88
Recurring operating loss	**- 1,497**
Other operating income	22
Other operating expenses	- 876
Operating loss	**- 2,351**
Cost of net financial debt	138
Other financial income and expenses	- 982
Loss before tax	**- 3,195**
Tax expense	- 105
Loss after tax	**- 3,300**
Total net loss	**- 3,300**

Acquisition of Lab21

On 13 June 2014, the Group took control of Lab21 through the acquisition by Novacyt S.A. of 100% of Lab21, which wholly owns Lab21 Healthcare, Biotec Laboratories, Microgen Bioproducts and Selah Technologies. For the purpose of simplification, the subgroup is deemed to have entered the scope of consolidation on 30 June 2014.

Lab21 and its subsidiaries have the following activities:

- the provision of specialised and routine clinical laboratory testing services to clinicians, healthcare providers and patients; and

- the manufacture and distribution of high-quality diagnostic products for clinical and food laboratories (through Microgen Bioproducts).

This acquisition places the Group at the forefront of the diagnostics sector, with a diversified portfolio of cancer and infectious disease tests. The Group now intends to develop synergies resulting from Novacyt S.A.'s research and development capabilities, and Lab21's commercial infrastructure, production units and network of partnerships and cooperation agreements.

The purchase price was €18,847 ('000s), breaking down as follows:

Value of Novacyt securities tendered	€18,847k
Total purchase price	**€18,847k**

The assets acquired and the liabilities assumed are as follows:

Net property, plant and equipment and intangible assets	€123k
Inventories	€917k
Trade receivables	€1,031k
Other receivables	€243k
Net cash and cash equivalents	€979k
Trade payables	€-1,537k
Other liabilities	€-1,951k
Fair value of assets acquired and liabilities assumed	**€-195k**
Goodwill	**€19,042k**

The net cash impact of the acquisition of Lab21 and its subsidiaries is as follows:

Cash paid	€0k
Cash acquired	€873k
Net cash impact	**€873k**

The fair value of assets includes trade receivables with a net value of €1,031 ('000s), after impairment of €342 ('000s).

Goodwill is a residual component calculated as the difference between the purchase price for the acquisition of control and the fair value of the assets acquired and liabilities assumed. It includes unrecognised assets such as the value of the personnel and know-how of the acquiree.

The fair value of the Novacyt S.A. securities tendered as consideration for the acquisition of the Lab21 securities was determined on the basis of the market price on the date of the transaction.

The acquisition costs amounted to €1,297 ('000s). They are included on the statement of comprehensive income in the year ended 31 December 2014 as "Costs related to acquisitions". Further €70 ('000s) of acquisitions costs were incurred in the year ended 31 December 2015.

Lab21 contributed €3,520 ('000s) to consolidated revenue in the year ended 31 December 2014 and € 1,131 ('000s) to net loss attributable to owners of the company between its consolidation on 1 July 2014 and 31 December 2014.

If the acquisition of the Lab21 subgroup were deemed to have been completed on 1 January 2014, the opening date of the Group's 2014 financial year, consolidated revenue would have amounted to €7,761 ('000s) and net profit or loss attributable to owners of the company to a loss of €4,406 ('000s).

The table below presents the group income statement for the 12 months period ended on 31 December 2014 as if the acquisition of the Lab21 group of companies had been completed on 1st January 2014.

Amounts in '000 €	**Year ended 31 December 2014**	**Consolidated IFRS Lab21 group June 2014**	**Year ended 31 December 2014**
	000 €	**000 €**	**000 €**
Revenue	4,526	3,235	7,761
Cost of sales	-2,553	-1,747	-4,300
Gross profit	**1,973**	**1,488**	**3,461**
Operating loss	**-3,686**	**109**	**-3,577**
Loss before tax	**-3,912**	**-494**	**-4,406**
Tax expense	-	-	-
Loss after tax	**-3,912**	**-494**	**-4,406**

38. NOTES TO THE CASH FLOW STATEMENT

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Loss for the year / period	-3,912	-13,908	-5,710	-1,713	-3,525
Adjustments for:					
Depreciation, amortisation and impairment loss	296	10,067	826	561	205
Change in contingent consideration	-	-	86	140	-
(Increase) / decrease of fair value	-11	-439	293	-182	-
Gains / (losses) on disposal of fixed assets	18	-17	23	-	17
Operating cash flows before movements of working capital	**-3,609**	**-4,297**	**-4,482**	**-1,194**	**-3,303**
(Increase) / decrease in inventories	-142	-128	141	-236	1
Decrease / (increase) in receivables	45	-89	338	-1,174	232
Decrease / (increase) in payables	1,518	-1,667	766	127	1,282
Cash used in operations	**-2,188**	**-6,181**	**-3,237**	**-2,477**	**-1,788**
Changes in debt issues expenses	-	-160	-71	-14	-12
Income taxes paid	38	49	-299	-191	-71
Finance costs	49	946	1,047	560	396
Net cash used in operating activities	**-2,101**	**-5,346**	**-2,560**	**-2,122**	**-1,475**

39. OPERATING LEASE

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Lease payments under operating leases recognised as an expense in the year the year	203	381	427	228	192

The Group has a number of operating leases, primarily for the rental of offices or premises intended for production.

Operating leases rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Novacyt S.A.

In France, Novacyt S.A. has taken out a nine-year lease for its offices ending on 14 February 2022. The lease contract contains clauses relating to membership of the onsite communal restaurant,

the payment of insurance premiums and other rental charges. The rent is revised on each anniversary because it is indexed to the national cost of construction index.

Primer Design Limited

An operating lease currently exists for the York House site which is currently a mixed use for office, storage, and laboratory purposes. The lease originally commenced in November 2015 for a five-year period to November 2020. This was originally for the majority of the ground floor of the building. This area incurred an annual charge £84,600 per annum (including service charges). A variation to the lease was signed in March 2017 to enable increased capacity at the site and the use of all of the upstairs of the York House site. This was led to an additional annual charge of £27,072 (including service charges). The annual charge for the site (with service charges) is now £111,672 per annum.

Microgen Ltd

An operating lease currently exists for the Admiralty Way site which is currently a mixed use for office, storage, and laboratory purposes. The lease originally commenced in October 2015 for a two-year period to September 2017. The annual charge is £93,539. The existing site is to be vacated due to redevelopment. As a consequence, a new lease has been signed for the Watchmoor Park site which will again be mixed use. This commenced in May 2017, and will run until May 2032. There are rent review clauses in May 2022 and 2027. The annual charge for the site is £158,613 per annum.

Healthcare ltd

An operating lease currently exists for the Bridport site which is currently used for manufacturing, storage, and laboratory purposes. The lease originally commenced in October 2013 for a five-year period to September 2018. There is an option to extend. The annual charge for the site is £38,903 per annum.

Lab 21 Limited

An operating lease currently exists for the Park House site which is currently a mixed use for office, storage, and laboratory purposes. The lease originally commenced in April 2014 for a five-year period to April 2019. The annual charge for the site including service charges is £63,700 per annum (which includes a £4,550 rent free period).

The transactions performed on assets received under operating leases are subject to contracts providing the following minimum future payments:

Amounts in 000' €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Future minimum payments in respect of non-cancellable contracts				
Payments due in less than 1 year	263	340	334	481
Payment due in more than 1 year and less than 5 years	417	425	288	1,377
Total	**680**	**765**	**622**	**1,858**

40. RETIREMENT BENEFIT OBLIGATIONS

The cost of defined-benefit plans is determined at the end of each year in accordance with the projected unit credit method. The calculation is based on an actuarial method using assumptions with regard to future salary and retirement age.

The Group's defined benefit plan relates to bonuses payable under collective agreements in a lump sum on retirement. Pursuant to the law and collective agreements, the Group gives a bonus to each employee upon retirement, expressed in number of months' salary (calculated on the basis of the wages paid during the 12 months preceding retirement) and seniority within the Group.

- Net expense for the year / period

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Service cost	3.2	5.6	3.7	2.0	-
Financial cost	0.5	0.5	0.2	-	-
Other items	-	-	-31.1	-	-
Expense (income)	**3.7**	**6.1**	**-27.2**	**2.0**	**-**

- Change in the actuarial liability

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Obligation – beginning of year	**17.1**	**31.0**	**40.0**	**14.0**	**40.0**
Service cost	3.2	5.7	3.7	2.0	-
Decreases/payments	-	-	-31.1	-	-
Financial cost	0.5	0.5	0.2	-	-
Actuarial gains and losses	10.2	2.8	1.2	-	-
Obligation – end of year	**31.0**	**40.0**	**14.0**	**16.0**	**40.0**

- Breakdown of actuarial gains and losses

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
- Effect of experience	3.0	4.0	0.5	-	-
- Change in demographic assumptions	-	0.1	-	-	-
- Change in financial assumptions	7.1	-1.3	0.6	-	-
Actuarial gains and losses	**10.1**	**2.8**	**1.1**	**-**	**-**

- Actuarial assumptions

The assumptions used for measuring change in obligations in respect of retirement benefits are presented in the table below:

Amounts in '000 €	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Retirement age – managers	64	64	64	64	64
Retirement age – non-managers	62	62	62	62	62
Wage increases	3.00%	3.00%	3.00%	3.00%	3.00%
Rate of social security contributions	41.20%	42.56%	41.10%	41.10%	42.56%
Discount rate	1.75%	3.20%	1.50%	2.00%	2.00%

41. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy is to ensure there is sufficient working capital to optimize the performance of the business.

The capital structure of the Group consists of net debt (borrowings disclosed in note 26 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained losses in notes 32 to 36).

The Group is not subject to any externally imposed capital requirements.

The Group's focus is on cash management and this is reviewed on a regular basis by the Group Financial Controller and the Chief Financial Officer. The funding mix of the business is reviewed and managed regularly by the CFO and the CEO.

Gearing ratio

The gearing ratio at the year-end is as follows:

Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Debt	-1,021	-3,373	-6,255	-5,386
Cash and cash equivalents	2,327	1,681	2,856	2,577
Net debt	-1,306	1,692	3,399	2,809
Equity	20,273	10,525	17,768	19,821
Net Debt to Equity ratio	-6%	16%	19%	14%

Debt is defined as long-term and short-term borrowings (excluding derivatives and financial guarantee contracts) as detailed in note 26.

Equity includes all capital, premiums and reserves of the Group that are managed as capital.

Significant accounting policy

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
Financial assets				
Cash & cash equivalents	2,327	1,681	2,856	2,577
Loans and receivables	1,324	1,806	2,220	2,818
Short-term financial investments	10	10	10	10
Non-current financial assets	42	204	138	235
Trade and other receivables	1,271	1,592	2,072	2,573
Financial liabilities				
Fair value through profit and loss	408	-	293	84
Amortised cost	5,251	5,876	11,657	10,773

Financial risk management objectives

The Group's Finance Function is responsible for managing the financial risks relating to the running of the business. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

If there are any material risks then the Group would look to mitigate that risk through the appropriate measure such as hedging against currency fluctuations.

The Group does not use derivative financial instruments to hedge these risk exposures.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are not managed utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities				Assets			
Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017
GBP	-868	-800	-3,858	-3,443	886	996	1,288	1,187
USD	-99	-114	-137	-126	265	263	476	532
CNY	-35	-9	-	-	-	-	3	3
CHF	-44	-172	-	-	-	-	54	47

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of the UK entities that are included in the operating segments "Diagnostics" and "Molecular Testing".

The following table details the Group's sensitivity to a 5% increase and decrease in euros against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity.

	Net exposure			
Amounts in '000 €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)
GBP	18	196	-2,570	-2,257
Conversion rate	0.7778900	0.737132	0.856640	0.879820
Impact EUR strengthening: FX +5%	-1	-9	122	107
Impact EUR weakening: FX -5%	1	10	-135	-119
USD	166	148	339	406
Conversion rate	1.214100	1.088700	1.054100	1.141200
Impact EUR strengthening: FX +5%	-8	-7	-16	-19
Impact EUR weakening: FX -5%	9	8	18	21

Interest rate risk management

Since 2015, the Group borrows funds at fixed interest rate and therefore it is not exposed to significant interest rate risk.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers risk levels. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.
The Group uses debt collection agencies and government backed schemes to collect difficult aged debts as a last resort.
Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of the financial assets recorded in the historical financial information, which is net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date when the Group may be required to pay.

	Effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	000 €	000 €	000 €	000 €	000 €
30 June 2017						
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments	19.3%	304	608	2,735	2,605	6,252
31 December 2016						
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments	21.7%	263	526	2,312	3,158	6,259
31 December 2015						
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments	19.9%	38	272	1,225	2,765	4,300
31 December 2014						
Variable interest rate instruments	13.28%	-	17	365	665	1,047
Fixed interest rate instruments	14.46%	2	12	37	15	66

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Total
	%	'000 €	'000 €	'000 €	'000 €	'000 €
30 June 2017						
Non-interest bearing	-	3,939	1,035	190	230	5,394
31 December 2016						
Non-interest bearing	-	4,035	784	139	118	5,076
31 December 2015						
Non-interest bearing	-	2,602	606	254	26	3,488
31 December 2014						
Non-interest bearing	-	3,125	492	8	25	3,650

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at				Fair value hierarchy	Valuation technique (s) and key input (s)	Significant unobservable input (s)	Relationship of unobservable inputs to fair value
	31/12/14	31/12/15	31/12/16	30/06/17				
1) Contingent consideration (current and non-current portion).	-	-	2,592	2,664	3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration.	Discount rate of 15% used for June 2017, and 16% for December 2016.	If the discount rate was 1 point higher or lower while other variables were held constant, the carrying amount would respectively decrease by 10K€ and increase by 11K€ as at June 2017, and decrease by 17K€ and increase by 18K€ at December 2016.
2) Other long-term liabilities: derivative embedded in the bank debt of lab21.	408	-	-	-	3	Discounted cash flow method was used to capture the present value of the difference in the value of having to repay the whole loan including an exit fee, at an earlier date due to an exit event, rather than on its final maturity date.	Credit spread of 8.48% used for December 2014.	If the credit spread was 1 point higher or lower while other variables were held constant, the carrying amount would respectively decrease by 7K€ and increase by 7K€ as at December 2014.
3) Trade and other payables: Options classified as liabilities - Warrant Primer Design.	-	-	267	84	2	Monte Carlo simulation model.	Expected volatility of 46.32 used for June 2017.	If the expected volatility was 5% higher or lower while other variables were held constant, the carrying amount would respectively increase by 19K€ and decrease by 19K€ as at June 2017.
4) Trade and other payables: Options classified as liabilities - Warrant Yorkville.	-	-	26	-	1	Quoted bid prices in an active market.	N/A	N/A

Fair value measurements recognised in the statement of financial position

Amounts in '000 €	Six months ended 30 June 2017 (unaudited) Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives financial liabilities	-	84	2,664	2,748
Total	**-**	**84**	**2,664**	**2,748**

Amounts in '000 €	Six months ended 31 December 2016 (unaudited) Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives financial liabilities	26	267	2,592	2,885
Total	**26**	**267**	**2,592**	**2,885**

Amounts in '000 €	Six months ended 31 December 2015 (unaudited) Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives financial liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**

Amounts in '000 €	Six months ended 31 December 2014 (unaudited) Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives financial liabilities	-	-	408	408
Total	**-**	**-**	**408**	**408**

There were no transfers between Levels during the current or prior year.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Amounts in '000 €	Carrying amount				
	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Financial liabilities					
Bonds	-	3,340	5,422	3,830	5,495
Convertible loan notes	-	-	448	1,322	-
Bank loans at fixed interest rate	216	33	384	186	259

Amounts in '000 €	Fair value				
	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Financial liabilities					
Bonds	-	3,654	5,888	4,012	5,938
Convertible loan notes	-	-	433	1,327	-
Bank loans at fixed interest rate	216	33	384	186	259

Fair value hierarchy of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Amounts in '000 €	Fair value hierarchy
Bonds	3
Convertible loan notes	3
Bank loans at fixed interest rate	3
Accrued interest	3

There were no transfers between Levels during the current or prior years.

42. COMMITMENTS GIVEN AND RECEIVED

The guarantees given by the Group are as follows:

Under the terms of the bond contracts subscribed by Kreos Capital IV Ltd and Kreos Capital V Ltd, and as a guarantee of perfect repayment of this loan and interest, fees, commissions or other amounts due, the Group has agreed to the following guarantees in favour of the two structures:

- Pledge of the business;
- Senior pledge on receivables;
- Non-possessory pledge of inventories; and
- Senior and non-recourse pledge of bank accounts.

The amount of guaranteed loans is presented in note 26 “Borrowings”.

The Company has also granted Primerdesign shareholders a variable contingent consideration, settlement of which is scheduled for the second half of 2017 and 2018. As security for the payment of such sums, third-line pledge on business assets and collateral subject to English law (mortgage debentures) have been implemented.

43. RELATED PARTIES

Parties related to Novacyt S.A. are:

- the managers, whose compensation is disclosed below,
- the directors of Novacyt S.A. and Lab21.

Remuneration of key management personnel

Amounts in 000' €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Fixed compensation and company cars	555	1,122	979	555	480
Variable compensation	105	317	216	130	72
Social security contributions	168	291	196	130	70
Post-employment benefits	17	-	-	-	-
Contributions to supplementary pension plans	11	32	44	21	23
Total	**856**	**1,762**	**1,435**	**836**	**645**
Number of directors	6	6	7	7	6

Aggregate directors' remuneration

Amounts in 000' €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
Fixed compensation and company cars	506	727	489	323	168
Variable compensation	97	276	140	83	29
Social security contributions	160	236	123	94	25
Post-employment benefits	17	-	253	-	-
Contributions to supplementary pension plans	9	13	12	6	6
Fees	-	-	108	34	43
Total	789	1,252	1,125	540	271

Loans to related parties

Amounts in 000' €	Year-ended 31 December 2014	Year-ended 31 December 2015	Year-ended 31 December 2016	Six months ended 30 June 2017 (unaudited)	Six months ended 30 June 2016 (unaudited)
CUP92 (director company, J.P. Crinelli)	-	-	41	-	138
J.P. Crinelli	-	-	-	-8	-
E. Peltier	189	-	-	-	-
A. Howard, Director	-	-	35	16	-
A. Snape, Director	63	-	17	17	-
Total	**252**	**-**	**93**	**25**	138

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

44. IMPACT OF BREXIT ON THE GROUP'S ACTIVITY

Companies in operating in the "Diagnostics" and "Molecular testing" sectors are established in the United Kingdom. It is difficult to anticipate the impact of Brexit on trade relations and regulatory constraints. The tax consequences depend on the outcome of negotiations between Europe and the United Kingdom, and to date are undetermined. Management is seeking to identify market, operational and legal risks and to take the appropriate adaptation measures as required.

45. SUBSEQUENT EVENTS

The following significant events have taken place since 1 July 2017, the opening date of the H2 reporting period:

Following the end of the period, the Group has raised an additional €1.0m by the drawing of the twelfth, thirteenth, fourteenth and fifteenth tranches of OCABSA. The framework of the contract was put in place on July 30, 2015 with YA Global Master SPV Ltd. The draw down relates to the issue of 100 bonds convertible into shares ("OCA") with a nominal value of €10,000 each representing a €1,000,000 bond issue.

No other significant events have taken place since the reporting date.

PART 4

TAXATION

The following information is given in summary form only and is based on tax legislation and practices as exist in the UK and in France at the present time. If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the UK and France, you should consult an appropriate independent financial adviser and/or tax adviser before taking any action.

Section A: UK Taxation

General overview

The statements set out below are general in nature and are intended only as a general guide to certain aspects of current UK law and HM Revenue & Customs practice as at the date of this document and apply only to certain categories of people. The statements set out below summarise the UK tax position of Shareholders who are resident in the UK. The summary does not purport to be a complete analysis of all the potential tax consequences of acquiring, holding or disposing of Shares and only relates to the position of Shareholders who are the beneficial owners of their Shares and who hold their Shares as investments, otherwise than under an 'individual savings account.' In particular, it does not address the position of certain classes of shareholders, such as dealers in securities.

The position of Shareholders who are officers or employees of the Company is not considered in this section. Such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. In addition, the position of UK resident but non-domiciled individuals is not considered either in this section. Shareholders who are resident but not domiciled in the UK are recommended to consult their own professional adviser in respect of the UK taxation of any dividends that may be received from the Company.

Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the UK should consult his or her own independent financial and/or tax adviser.

Taxation of chargeable gains

For the purposes of UK tax on chargeable gains, the purchase of New Shares will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires allotted New Shares, the New Shares so acquired will be treated, for the purpose of tax on chargeable gains, as acquired on the date of the purchase becoming unconditional. The amount paid for the New Shares will constitute the base costs of a Shareholder's holding.

If a Shareholder, who is an individual (or a non-UK resident individual who carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment with which the investment in the Company is connected), disposes of all or some of Existing Shares and / or New Shares, a liability to tax on chargeable gains may arise, depending on the Shareholder's personal circumstances and available exemptions and reliefs. In the absence of any exemptions and reliefs, the current rate of tax on gains made by a Shareholder who is a UK resident is 10 per cent., where the individual is a basic rate taxpayer, or 20 per cent., where they are liable at the higher or additional rate.

The UK operates a substantial shareholding exemption regime that may apply to the disposal of Shares by Shareholders who are corporates, subject to certain conditions being met. In other cases, and in general, gains of companies, as reduced by indexation relief (which increases the cost of the asset by reference to the movement in the retail price index over the period of ownership), are subject to corporation tax at the company's relevant rate, currently 19 per cent.

For trustees and personal representatives, the rate of capital gains tax that could apply to a disposal of the Shares is 20 per cent.

Stamp duty and stamp duty reserve tax

No stamp duty or 'stamp duty reserve tax' ("**SDRT**") will generally be payable on the issue of the New Shares. Other than for a sale of shares where the consideration does not exceed £1,000 and

are evidenced by a certified instrument (which are exempt to the charge to stamp duty), any subsequent transfer of shares will generally be subject to UK stamp duty on the instrument of transfer, normally at the rate of 0.5 per cent., of the amount or value of the consideration given (rounded up to the next multiple of £5). The stamp duty is payable by the acquirer. Where an unconditional agreement to transfer shares is not completed by a duly stamped instrument or transfer (i.e. a paperless transaction), a charge to SDRT (generally at the same rate) will normally arise.

Transfers on sale and agreements to transfer shares to registered charities will not give rise to stamp duty or SDRT.

Stamp duty and SDRT is in most cases only charged on transactions in shares in UK resident companies or shares in a foreign company with a share register in the UK or paired with shares issued by a company incorporated in the UK. However, there is an exemption from stamp duty and SDRT for shares admitted to trading on a recognised growth market. AIM has been granted the status of a ''recognised growth market'' by HM Revenue & Customs, therefore transactions in eligible securities trading on AIM will be exempt from stamp duty or SDRT.

CDIs are also within the ambit of SDRT but are subject to the same exemptions as noted above in respect of the Shares, where they are traded on a ''recognised growth market.''

Taxation of dividends

Dividends paid by a company resident for tax purposes in France will constitute 'equivalent foreign income' for UK income tax purposes when received by individuals or trustees of a discretionary trust who are tax resident in the UK.

UK resident trustees of discretionary trusts are liable to income tax on corporate dividends at 38.1 per cent. of the gross dividend. Any withholding tax deducted will be credited against this liability resulting in a net UK income tax liability. UK resident trustees of other types of trust may be liable to income tax at lower rates which could result in the availability of obtaining a credit for withholding tax suffered being restricted.

Shareholders who are individuals and who are resident in the UK for tax purposes will be taxed on the aggregate of the net dividend received together with any withholding tax deducted in France. This dividend income will be treated as the top slice of an individual's income although the first £5,000 may be covered by a 0 per cent. dividend allowance. Any remaining balance of dividend income will be subject to tax at a rate of 7.5 per cent. where the individual is liable at the basic rate, 32.5 per cent. where liable at the higher rate, and 38.1 per cent. where liable at the additional rate. Any withholding tax deducted on payment of the dividend will be credited against the resulting UK income tax liability. The maximum amount of French withholding tax that will be given as a credit is the UK income tax liability on the amount of the gross dividend, which given the £5,000 zero rate dividend allowance, could lead to an actual cost, being the French withholding tax suffered. Dividends received by a UK tax resident corporate Shareholder will form part of that company's profits chargeable to corporation tax unless the dividend is exempt.

Dividends received from a French resident company by a small UK corporate Shareholder (as that term is defined in section 931S of the Corporation Tax Act 2009) will be exempt provided the dividends are not interest which has been re-categorised as a distribution and they are not received as part of a tax advantage scheme (being any scheme one of the main purposes of which is to obtain a tax advantage).

A UK corporate is ''small'' if it has fewer than 50 employees and its turnover and/or balance sheet total is no more than €10 million (although insurance companies, authorised unit trusts, open-ended investment companies (''**OEICs**'') and friendly societies can never be ''small'' companies for this purpose). Linked enterprises, as defined, must be taken into account for these size criteria.

Dividends received by UK corporates that are medium or large (i.e. any corporate that is not ''small'') will ordinarily be exempt if they fall in to one of five classes:

- where the recipient controls the payer (subject to detailed rules);
- dividends in respect of non-redeemable Shares;
- dividends received by portfolio holders (broadly where the recipient controls (as set out in Section 931 of the Corporation Tax Act 2009) less than 10 per cent. of the payer);
- dividends from transactions not designed to reduce tax; and

- dividends from shares accounted for as liabilities.

The exemptions will therefore normally be available to most corporate investors. However, there are a number of anti-avoidance provisions surrounding the dividend exemptions, and the detailed rules would need to be reviewed in each case.

Where a dividend is not exempt (or an election is made to dis-apply the exemption), and is therefore chargeable to UK corporation tax, UK corporate shareholders should seek specific advice to confirm their tax position.

Transactions in securities

The attention of Shareholders (whether individuals or corporates) is drawn to the anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 that could apply if Shareholders are seeking to obtain a tax advantage in prescribed conditions.

Inheritance tax

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to 'inheritance tax' ("**IHT**") on the value of any Shares held by them.

Under current law, the chief occasions on which IHT is charged are on the death of a Shareholder, on any grants made during the seven years prior to the death of the Shareholder and on certain lifetimes transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances. However, a relief from IHT known as 'business property relief' ("**BPR**") may apply to Shares in trading companies once these have been held for two years. This relief applies notwithstanding that a company's shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of qualifying shares by up to 100 per cent. for IHT.

Section B: French Taxation

General overview

The following provides a summary of the tax consequences for Shareholders that are: (i) individuals resident in France; (ii) resident outside France; or, (iii) French legal entities that are subject to corporation income tax. Shareholders that are subject to a tax regime other than the ones summarised below, in particular taxpayers whose securities trading goes beyond mere portfolio management or that have recognised their assets on their commercial balance sheet, must investigate what tax regime applies to their particular. People who are not tax resident in France must comply with the tax legislation in force in their country of residence, subject to the application of any tax treaty signed by France and that country.

The commentary is based on current French laws and regulations and is thus likely to be affected by any change to these provisions and to their interpretation by the French legislature or regulators. Prospective investors should be aware that this information merely serves as a summary of the current tax regime, which is subject to change, and that their particular circumstances should be discussed with his or her own independent financial and/or tax adviser.

French tax treatment of Shares for individuals

1. Tax residents in France

The below summary is for individuals who hold securities in their personal portfolio and who do not trade in the manner typical of a person who conducts such transactions on a professional basis.

1.1 Dividends

Pursuant to the provisions of Article 158 of the French Tax Code, dividends are taxed on the basis of their gross amount. However, a 40 per cent. rebate is automatically applied by the French tax authorities to determine the final income tax liability (but not social contributions). Dividends paid to French tax residents suffer a 21 per cent. withholding tax. This withholding tax is mandatory and not final. The withholding tax paid at source is an advance payment of the French income tax paid at progressive income tax rates after the filing of the annual

personal income tax return. If the withholding tax paid exceeds the final income tax due, it will be paid back to the taxpayer. For individual Shareholders located in France, it is liable for the payment before the 15th of the month following the payment of dividends.

Taxpayers can ask for a waiver of this withholding tax on dividends provided that their net income of the previous annual tax income (''revenu fiscal de référence'') was lower than €50,000 for single taxpayers or €75,000 for couples. To do this, the taxpayer must submit a request no later than November 30th of the year preceding the year in which dividend payments were made.

The amount of dividends actually received is also subject to social contributions at a 15.5 per cent. rate of which 5.1 per cent. is deductible from taxable income during the year of payment.

1.2 Capital gains and losses

Pursuant to Article 150-0 A of the French Tax Code, capital gains realised by individuals are subject to progressive income tax rates during the year following receipt of income.

Rebates for length of ownership may apply as follows: 0 per cent. if the shares are held for less than two years; 50 per cent. if the shares are held between two years and eight years; or, 65 per cent. if the shares are held for more than eight years. The tax basis of the capital gains is represented by the difference between the sale price, reduced by the expenses paid by the seller, and the acquisition cost, increased by purchase costs.

Capital losses can be carried forward for 10 years and offset against capital gains having the same nature and provided that the loss relates to a taxable operation. Realised capital gains are also subject to social contributions at a 15.5 per cent. of which 5.1 per cent. is deductible against income tax during the year of payment.

*1.3 Special regime for French share savings plans (''**PEA**'')*

The Shares may be subscribed or acquired in connection with a PEA. The maximum PEA investment is €150,000 for individuals and €300,000 for couples.

Under certain conditions, the PEA grants entitlement: (i) during the term of the PEA, to relief from income tax and social insurance on net income and net capital gains generated by the investments made under the PEA, provided specifically that this income and these capital gains are retained by the PEA; and, (ii) upon winding up of the PEA (assuming this occurs more than five years from the launch date of the PEA) or a partial withdrawal (assuming this occurs more than eight years from the launch date of the PEA), to relief from income tax on the realised net profit at that time. This profit nevertheless remains subject to social contributions (the form and rate of which vary depending on the period in which the profit vested).

Capital losses incurred by a PEA can in principle only be set against its capital gains. However, in the event of: (i) the early winding up of the PEA before the end of the fifth year; or, (ii) under certain conditions, the winding up of a PEA after five years where the scheme's net asset value on the date of winding up is less than the amount of payments made into the scheme since launch, any capital losses incurred may be set against similar capital gains made in the same year or in the subsequent ten years (Article 150-O D § 11 of the French Tax Code).

French taxpayers can also have a PEA-PME. The upper limit for investment in these plans is €75,000 for individuals and €150,000 for couples. The PEA-PME attracts the same tax benefits as the 'classic' PEA and operates in exactly the same way. The types of share eligible for inclusion in this type of PEA are shares and other securities issued by European ETIs (i.e. intermediary sized companies) and shares or units in 'undertakings for collective investment in transferable securities' (''**UCITS**''). Taxpayers may hold both a 'classic' PEA and a 'PEA-PME'.

1.4 French wealth tax

In principle, shares held by individuals as part of their private assets will be included in their total taxable assets and, where applicable, in their wealth tax base (Impôt de Solidarité sur la Fortune (''**ISF**'')). In this context, taxpayers may declare their shareholdings either at their closing stock market valuation on 31st December or at the average stock market value for the last 30 trading days of the calendar year. French tax residents are liable to pay French

wealth tax if they own at least €1.3 million in net taxable assets taking into account all their assets located worldwide on 1st January of each tax year. The wealth tax liability is calculated using a progressive tax scale varying from 0.5 per cent. to 1.5 per cent. The wealth tax applies to the total net wealth value after the deduction of debts above €800,000.

However, pursuant to Article 885-0 V bis of the French Tax Code, individuals who subscribe to Shares, as part of its listing on Euronext Growth Paris and on AIM, could be, subject to conditions, entitled to a 50 per cent. reduction of their investment. Please note that the tax reduction cannot exceed €45,000 each year and this tax advantage is subject to a maximum subscription of €15,000,000 during the Company's lifetime, the Company having already raised funds over the past year, resulting in ISF reductions.

Besides, subject to conditions, pursuant to Article 885 I Ter of the French Tax Code, shares of small- to medium-sized enterprises having their effective head office in the EEA can benefit from a wealth tax exemption. The conditions to benefit from these tax advantages should be checked by each taxpayer for each investment with their regular tax adviser.

1.5 Inheritance and gift tax

Company shares acquired by individuals through inheritance or gifting are subject to inheritance or gift tax in France. France has signed treaties with a certain number of countries that include provisions preventing the double taxation of inheritance and/or gifts. Prospective investors are advised to contact their regular adviser regarding their liability for inheritance and gift tax.

2. Shareholders resident outside France

2.1 Dividends

Under French law, dividends paid out by the Company to Shareholders who are individuals tax resident or companies with their registered office outside France are in principle subject to a 30 per cent. withholding tax on the gross amount paid out by the Company or 21 per cent. for individual taxpayers who are resident in a country of the EEA. Subject to double tax treaties, the withholding rate may usually be reduced to 15 per cent. for dividends received by Shareholders who are tax resident in a country that has signed a tax treaty with France (rate provided for in the OECD model convention). Lastly, the domestic withholding tax rate is increased to 75 per cent. for income paid outside France to a non-cooperating state or territory (Etat ou Territoire Non Coopératif or ETNC) (Article 187-2 of the French Tax Code). The amount withheld is based on the gross amount paid out by the Company, without this basis of calculation qualifying for allowances enjoyable by taxpayers residing in France (no 40 per cent. relief). Affected Shareholders are advised to contact their regular tax adviser to determine whether such provisions apply to their particular circumstances.

2.2 Capital gains

Capital gains realised on the disposal of securities or ownership interests for valuable consideration by people who are not tax residents of France within the meaning of Article 4 B of the French Tax Code or where the registered office is outside France are exempt from tax in France.

By way of exception and provided there is nothing to the contrary in any international tax treaty, capital gains on the disposal of ownership interests are taxable in France if they are linked to a permanent establishment or fixed base that is subject to taxation in France or if the interests directly or indirectly owned by the seller, his/her spouse, their parents and grandparents and their descendants in the earnings of the Company whose shares are sold was over 25 per cent. at any point in time over the five years preceding the sale.

The capital gains realised upon disposal of an interest exceeding or that exceeded the 25 per cent. threshold during the aforementioned period is taxable in France at a rate of 45 per cent. except where the provisions of an international tax treaty give the right of taxation to the country of residence. The withholding tax is final. However, the taxpayer can ask for a reimbursement of the tax exceeding the amount of income tax applicable at progressive income tax rates.

If the taxpayer is tax resident in a non-cooperating State or Territory (Etat ou Territoire Non Coopératif or ETNC), the withholding tax applies whatever the percentage of ownership at a 75 per cent. flat rate.

Capital gains taxable in France realised by non-residents do not incur social insurance contributions. Finally, as regards the ''exit tax'' applicable upon transferring residence outside of France in the manner provided for in Article 167 bis of the French Tax Code, affected Company shareholders are advised to contact their regular tax adviser to determine whether such provisions apply to their particular circumstances.

2.3 French wealth tax

Subject to the provisions of international tax treaties, individuals residing outside France for tax purposes, as per Article 4 B of the French Tax Code, are not liable for the French wealth tax with respect to their investment in the Company provided: (i) they directly or indirectly own less than 10 per cent. of the Company's share capital; and, (ii) as long as this investment does not allow them to exercise influence over the Company.

2.4 Inheritance and gift tax

France levies inheritance and gift tax on non-residents who acquire securities in French companies by means of inheritance or gifting. France has signed treaties with a certain number of countries that include provisions preventing the double taxation of inheritance and/or gifts, pursuant to which the residents of countries having entered into such treaties may be exempt from inheritance and gift tax in France or get a tax credit in their country of residence.

Potential investors are advised to consult their regular tax adviser regarding their liability for inheritance or gift tax on Company shares they may hold as well as how they may get an exemption from these taxes or a tax credit under any of the tax treaties signed with France.

French legal entities subject to corporation income tax

3. Dividends

3.1 Legal entities not classified as a parent company in France

French legal entities holding less than 5 per cent. of the Company's share capital are not classified as a parent company pursuant to the parent subsidiary regime provided for in Articles 145 and 216 of the French Tax Code. Dividends received by these companies are included in their taxable income subject to corporate income tax at standard rate of 33.1/3 per cent. increased, for companies whose turnover exceeds €7,630,000, by a social surcharge of 3.3 per cent. computed on the corporate income tax liability at standard rate which exceeds €763,000 per 12 month period.

However, for legal entities qualifying as small-to-medium sized under the French tax rules (i.e with a turnover excluding tax realised during the fiscal year or the tax period reduced, where relevant, to twelve months, of less than €7,630,000 and with their fully paid-up share capital held continuously for 75 per cent. at least by individuals or by companies that in turn satisfy all these conditions), the corporate income tax rate is set at 15 per cent. up to a maximum taxable profit of €38,120 per 12 month period (the standard rate is applicable on any excess). Furthermore, these companies are exempt from the aforementioned social surcharge of 3.3 per cent. (Articles 219-I a and 219-I b of the French Tax Code). From 1st January 2017 until 1st January 2020, the rate of the French corporate income tax will be decreased in annual increments until the rate is reduced to 28 per cent. applicable to all corporate entities. It should be noted that the 3.3 per cent. of social surcharge will remain in effect.

3.2 Legal entities qualifying as parent company under the parent-subsidiary regime

Pursuant to the provisions of Articles 146 and 216 of the French Tax Code, legal entities holding at least 5 per cent. of the Company's share capital of the company may, under certain conditions and should they elect, benefit from the parent-subsidiary regime under which dividends received are exempt from corporate income tax, aside for a service charge equal to 5 per cent. of the gross dividend.

4. Capital gains and losses

4.1 Standard regime

Capital gains or losses on the disposal of Company's shares are subject to the standard corporate income tax rate of 33.1 / 3 per cent. (or, where applicable, 15 per cent. on taxable income up to €38,120 per 12 month period for small-to-medium sized companies, see above) increased, for companies whose turnover exceeds €7,630,000, by a social surcharge of 3.3 per cent. levied on the part of the corporate income tax which exceeds €763,000 per 12 month period.

4.2 Specific regime of long-term regime on capital gains or losses

Pursuant to the provisions of Article 219 of the French Tax Code, long-term capital gains incurred upon disposal of equity securities held for at least two years are exempt of corporate income tax provided a service charge equal to 12 per cent. of the capital gains is added back to the taxable profit subject to corporate income tax standard rate.

Pursuant to Article 219, equity securities encompass: (i) shares classified as such for accounting purpose; (ii) shares acquired in the course of a public tender offer or a public exchange offer by the company initiating it; and, (ii) shares eligible to parent-subsidiary regime (Articles 145 and 216 aforementioned) to the extended the parent company holds at least 5 per cent. of the voting rights, except for securities of real estate companies.

Capital losses incurred upon disposal of shares comprising equity securities within the meaning of Article 219-I a of the French Tax Code held for more than two years can neither be offset against taxable profit nor carried forward to future financial years.

PART 5

ADDITIONAL INFORMATION

1 THE COMPANY, ITS DIRECT AND INDIRECT SUBSIDIARIES AND BRANCH

1.1 The Company was incorporated and registered in France on 11 July 2006 with registered number 491 062 527 as a simplified joint-stock company (société par actions simplifiée) under the French corporate law (governed by articles L. 227-1 to L. 227-20 and L. 244-1 to L. 244-4 of the French Commercial Code). On 29 May 2012, the Company was converted into a limited company (société anonyme) under the French corporate law (governed by articles L. 225-1 to L. 225-257 and L. 242-1 to L. 242-30 of the French Commercial Code).

1.2 The registered office of the Company is at 13 Avenue Morane Saulnier, 78140 Vélizy-Villacoublay, France (telephone number +33 (0) 1 39 46 51 04).

1.3 The principal place of business of the Group is The Park House, Winship Road, Milton, Cambridge, Cambridgeshire CB24 6BQ, United Kingdom (telephone number +44 (0) 1223 395 450).

1.4 The principal legislation under which the Company operates and under which the Shares were created is the French corporate law (governed by articles L. 225-1 to L. 225-257 and L. 242-1 to L. 242-30 of the French Commercial Code).

1.5 The Company has the following direct and indirect subsidiaries:

Name	Country of incorporation	Shares directly held by	Percentage of shares held by direct holding company	Trading status
Lab21 Limited	England and Wales	The Company	100	Active
Primer Design Limited	England and Wales	The Company	100	Active
Novacyt Asia Limited	Hong Kong	The Company	100	Active
Novacyt China Limited	China	Novacyt Asia Limited	100	Active
Lab21 Healthcare Limited	England and Wales	Lab21 Limited	100	Active
Biotec Laboratories Limited	England and Wales	Lab21 Limited	100	Dormant
Microgen Bioproducts Limited	England and Wales	Lab21 Limited	100	Active
Lab21, Inc.	Florida, US	Lab21 Limited	100	Active
Selah Technologies Ltd	England and Wales	Lab21 Limited	100	Dormant
Mercia Diagnostics Limited	England and Wales	Microgen Bioproducts Limited	100	Dormant

In addition, the Company has the following branch:

Name	Branch of	Trading status
Novacyt S.A. UK	Novacyt S.A.	Active

1.6 The ISIN for the Shares is FR0010397232.

1.7 The Company's website address, at which the information required by Rule 26 of the AIM Rules for Companies can be found, is www.novacyt.com.

2 SHARE CAPITAL

2.1 The Company was incorporated with a share capital of €105,000, represented by 105,000 Shares of €1 each. On 28 June 2012, the nominal value of the Shares was divided by 15 to become €1/15th each and consequently the number of Shares in issue at that time was multiplied by 15.

2.2 On 8 October 2012, the date of the admission to trading of the Company's share capital on Euronext Growth Paris, the share capital of the Company was equal to €159,289.00. The following alterations in the issued share capital of the Company have taken place since 8 October 2012:

2.2.1 on 8 October 2012, the Company increased its share capital by €21,208.46, resulting in a total share capital of €180,497.46;

2.2.2 on 10 May 2013, the Company increased its share capital by €5,240.26, resulting in a total share capital of €185,737.73;

2.2.3 on 14 June 2013, the Company increased its share capital by €5,444.87, resulting in a total share capital of €191,182.60;

2.2.4 on 31 December 2013, the Company increased its share capital by €6,274.13, resulting in a total share capital of €197,456.73;

2.2.5 on 13 June 2014, the Company increased its share capital by €168,203.93, resulting in a total share capital of €365,660.66;

2.2.6 on 17 June 2014, the Company increased its share capital by €2,787.20, resulting in a total share capital of €368,447.86;

2.2.7 on 4 December 2014, the Company increased its share capital by €41,016.93, resulting in a total share capital of €409,464.80;

2.2.8 on 5 December 2014, the Company increased its share capital by €8,583.40, resulting in a total share capital of €418,048.20;

2.2.9 on 10 April 2015, the Company increased its share capital by €27,333.33, resulting in a total share capital of €445,381.53;

2.2.10 on 13 April 2015, the Company increased its share capital by €2,133.33, resulting in a total share capital of €447,514.86;

2.2.11 on 20 July 2015, the Company increased its share capital by €26,633.34, resulting in a total share capital of €474,148.20;

2.2.12 on 26 August 2015, the Company increased its share capital by €853.13, resulting in a total share capital of €474,983.33;

2.2.13 on 6 October 2015, the Company increased its share capital by €3,144.67, resulting in a total share capital of €478,128;

2.2.14 on 1 December 2015, the Company increased its share capital by €1,152.87, resulting in a total share capital of €479,280.87;

2.2.15 on 29 March 2016, the Company increased its share capital by €94,809, resulting in a total share capital of €574,089.87;

2.2.16 on 21 April 2016, the Company increased its share capital by €95,238.13, resulting in a total share capital of €669,328;

2.2.17 on 26 April 2016, the Company increased its share capital by €4,773.27, resulting in a total share capital of €674,101.27;

2.2.18 on 3 May 2016, the Company increased its share capital by €4,862.13, resulting in a total share capital of €678,963.40;

2.2.19 on 11 May 2016, the Company increased its share capital by €157,721, resulting in a total share capital of €836,684.40;

2.2.20 on 19 May 2016, the Company increased its share capital by €5,687.80, resulting in a total share capital of €842,372.20;

2.2.21 on 23 May 2016, the Company increased its share capital by €25,561.20, resulting in a total share capital of €867,933.40;

2.2.22 on 1 June 2016, the Company increased its share capital by €67,717.13, resulting in a total share capital of €935,650.53;

2.2.23 on 25 August 2016, the Company increased its share capital by €8,317.13, resulting in a total share capital of €943,967.66;

2.2.24 on 7 September 2016, the Company increased its share capital by €5,470.60, resulting in a total share capital of €949,438.26;

2.2.25 on 21 September 2016, the Company increased its share capital by €7,983.40, resulting in a total share capital of €957,421.66;

2.2.26 on 5 October 2016, the Company increased its share capital by €5,521.20, resulting in a total share capital of €962,942.86;

2.2.27 on 1 December 2016, the Company increased its share capital by €6,574.20, resulting in a total share capital of €969,517.06;

2.2.28 on 15 December 2016, the Company increased its share capital by €181,666.67, resulting in a total share capital of €1,151,183.73;

2.2.29 on 21 December 2016, the Company increased its share capital by €9,950.47, resulting in a total share capital of €1,161,134.20;

2.2.30 on 4 January 2017, the Company increased its share capital by €12,771.07, resulting in a total share capital of €1,173,905.27;

2.2.31 on 23 February 2017, the Company increased its share capital by €10,581.73, resulting in a total share capital of €1,184,487;

2.2.32 on 13 April 2017, the Company increased its share capital by €12,226.87, resulting in a total share capital of €1,196,713.87;

2.2.33 on 15 May 2017, the Company increased its share capital by €40,456.66, resulting in a total share capital of €1,237,170.53;

2.2.34 on 12 June 2017, the Company increased its share capital by €147,704.20, resulting in a total share capital of €1,384,874.73;

2.2.35 on 19 June 2017, the Company increased its share capital by €87,607.73, resulting in a total share capital of €1,472,482.46;

2.2.36 on 14 August 2017, the Company increased its share capital by €10,009.40, resulting in a total share capital of €1,482,491.86;

2.2.37 on 22 August 2017, the Company increased its share capital by €19,818.60, resulting in a total share capital of €1,502,310.46;

2.2.38 on 4 September 2017, the Company increased its share capital by €17,361.20, resulting in a total share capital of €1,519,671.66; and

2.2.39 On 25 September 2017, the Company increased its share capital by €8,645.80, resulting in a total share capital of €1,528,317.46.

2.3 On 5 December 2016, an extraordinary general meeting of the Shareholders granted the Board authority to proceed with one or several capital increases, with a limit of €1,700,000 of nominal value of new Shares, subject to certain conditions. As of the date of this document, the Directors are authorised to issue new Shares of up to €1,025,023 of nominal value (being 15,375,345 new Shares), subject to certain conditions. 14,739,579 New Shares are to be issued pursuant to the Fundraising.

2.4 The issued share capital of the Company: (i) as at the date of this document; and, (ii) upon Admission is set out below:

(i) As at the date of this document			**(ii) Upon Admission**		
Class of Shares	**Number of Shares**	**Nominal amount**	**Class of Shares**	**Number of Shares**	**Nominal amount**
Ordinary Shares	22,924,762	€1,528,317.47	Ordinary Shares	37,664,341	2,510,956.07

2.5 As of 13 October 2017, the latest practicable date prior to the date of this document, the Company held 92,203 treasury shares under a liquidity contract with Invest Securities. For further details of the agreement with Investec Securities, please see paragraph 10.1.8 of Part 5 (Additional information) of this document.

2.6 Save as disclosed in paragraph 2.7 below, no capital of the Company is proposed to be issued or is under option or is agreed to be put under option.

2.7 Details of the total share capital of the Company proposed to be issued or under option or agreed to be under option are as follows:

Option, warrant or convertible holder	Number of Shares under option	Exercise price per Share (€)	Exercise period expiration date
YA Global Master SPV, Ltd / warrants	22,681	5.511	31 July 2018
YA Global Master SPV, Ltd / warrants	54,632	2.288	26 February 2019
YA Global Master SPV, Ltd / warrants	142,045	1.760	13 April 2019
YA II PN, Ltd / warrants	181,818	1.375	29 September 2019
YA II CD, Ltd / warrants	247,035	1.518	21 September 2019
YA II CD, Ltd /warrants	324,675	1.155	13 February 2020
YA II CD, Ltd / warrants	528,541	0.946	18 July 2020
YA II CD, Ltd / convertible bonds	Calculated as outstanding principal plus interest, divided by 95 per cent. of the lowest volume weighted average price of Shares over five trading days prior to conversion (as described in paragraph 9.1 of this Part 5 (Additional information) of this document)[(1)]	N/A	20 April 2018
Primerdesign Sellers / warrants	Calculated according to formula in the Primer Design Limited share purchase agreement (summarised in paragraph 10.1.1 of this Part 5 (Additional information) of this document	1.16	12 May 2021
Kreos Capital V (Expert Fund) L.P. / warrants	353,536	1.45	Earlier of: – 10 May 2026 – transfer of 100 per cent. of the ownership of the Company – five years from Admission

Option, warrant or convertible holder	Number of Shares under option	Exercise price per Share (€)	Exercise period expiration date
Vatel Funds[(2)]	1,592,028	N/A	31 March 2020

Note:

1. *As at 13 October 2017, the latest practicable date prior to publication of this document, €400,000 of convertible bonds were outstanding with YA II CD, Ltd, together with interest of €1,911. By way of example, if the relevant average share price was the Placing Price of 59.38 pence (€0.66), 608,956 New Shares would be issued to YA II CD, Ltd upon conversion of such bonds.*
2. *Please see paragraph 9.3 of this Part 5 (Additional information) of this document for further details of the Vatel Capital facility agreement. The bonds issued by the Company under such agreement are only convertible if there is an event of default under the agreement.*

In addition, Lelis Inc. has the right to subscribe for 16,000 A ordinary shares in Lab21 Limited in certain circumstances pursuant to a warrant instrument issued by Lab21 Limited dated 22 March 2013. If Lelis Inc. were to exercise these warrants, it would acquire approximately 0.5 per cent. of the share capital of Lab21 Limited.

3 ARTICLES OF ASSOCIATION

A summary of the main provisions of the Articles is set out below.

3.1 Objects

The corporate purposes of the Company include:

3.1.1 the design, development and marketing of scientific instruments and reagents, and particularly diagnostic instruments in all fields;

3.1.2 all research activities with a view to developing, registering or exploiting any patents, processes or industrial / intellectual property rights, together with all operations and activities related to such rights;

3.1.3 the participation by the Company (by all means) in all operations which may be related to the corporate purposes; and

3.1.4 all industrial, commercial, financial or civil operations related to the corporate purposes.

3.2 Share types

The fully paid up Shares are either registered shares or ''bearer'' shares, at the choice of each Shareholder in his own case. Shares that are not fully paid-up must be registered shares. ''Bearer'' shares is a description for a means of holding shares in French companies where the underlying shareholder holds the shares through an intermediary rather than being directly registered on the company's share register.

3.3 Share transfers and the rights and obligations pertaining to Shares

3.3.1 The Shares that are registered in the accounts may be transferred freely.

3.3.2 Any natural or legal person, acting alone or collectively, who directly or indirectly comes into possession of a number of Shares equal to 3 per cent. of the entire issued share capital of the Company and subsequently every 1 per cent. increase or decrease, must supply the Company with the information mentioned in article L.233-7 I of the French Commercial Code (including number of Shares and voting rights held by the relevant Shareholder) by means of a registered letter with acknowledgment of receipt, within a period of four stock market trading days as from the date on which the above-mentioned threshold was exceeded. Should any of the Shareholders fail to comply with these obligations, the Company shall be entitled (having received a request from any Shareholder holding an amount equal to or greater than 5 per cent. of the entire issued share capital of the Company) to remove all voting rights attaching to the Shares of the defaulting Shareholder for which any such disclosure was required but not provided, for a period of two years commencing from the date the requisite disclosure should have been provided.

3.3.3 The share rights follow the Shares from owner to owner and any transfers of the Shares include all dividends due and unpaid and those coming due and, where applicable, the share of the reserves (following payment of any outstanding liabilities) of the Company.

3.3.4 Except as otherwise provided by law, every Shareholder has one vote for every fully paid up Share of which he is the holder. Each Share creates a share in the Company's assets, profits and in any liquidation surplus. Following liquidation of the Company, any outstanding cash shall be distributed to each Shareholder in proportion to their holdings in the Company.

3.3.5 The Chief Executive Officer (Directeur Général) shall (subject to applicable laws and regulations and the provisions of the Articles), have authority to implement and/or approve any arrangements he may, in his absolute discretion, think fit in relation to the evidencing of ownership of any rights attached to the Shares and any transfer of such rights to the Shares in any form.

3.4 **The Board, Board meetings and the Board's powers**

3.4.1 The number of members of the Board is set by decision of an ordinary general meeting. Board members are appointed for a term of three years, ending at the annual general meeting held in the year in which their term of office expires. The members of the Board are always eligible for re-appointment (such appointment being revocable by a decision of a general shareholders' meeting). In the event that one or more seats of the Board is vacated, the Board may make provisional appointments (such appointments to be submitted to the following general shareholders' meeting for ratification). Failure to ratify such appointment or appointments will not invalidate any decisions taken by the Board after having made them. Where the number of Board members falls below the legal minimum, the remaining Board members must immediately call an ordinary general meeting in order to make the required additional appointments. While employees may be appointed to the Board, the number of Board members employed by the Company may not exceed one-third of the total number of Board members. The Board will elect a Chairman from among its members, who shall be a natural person, whose length of office shall not exceed the permitted term for Board members generally, and whose appointment as Chairman may be revoked at any time by the Board. The Chairman's term of office shall continue until the next Board meeting, during which his successor shall be appointed. Subject to this provision, the Chairman is always eligible for re-appointment.

3.4.2 Meetings of the Board may be called by the Chairman (either in his own capacity, or at the request of the Chief Executive Officer (Directeur Général)) or by at least one-third of the Board members. For Board decisions to be valid, at least half of the Board members must be present. Board decisions are made by simple majority of the Board members. In the event of an equal number of votes for and against, the chairman shall have a casting vote. Board members participating in the meeting by video conferencing or other telecommunication methods are considered present. Any Board member may grant an authorisation to another Board member to represent him at a meeting but each Board member may only possess a single proxy vote at each meeting.

3.4.3 The Board determines the guidelines for the Company's activities and ensures that these are implemented. Subject to the powers expressly attributed to the meetings of the Shareholders and within the limits of its corporate purpose, the Board shall handle any issues concerning the operation of the Company and will settle all matters concerning it.

3.5 **General management**

The general management of the Company is assumed either by the Chairman or another person appointed by the Board bearing the title of Chief Executive Officer (Directeur Général). The Chief Executive Officer (Directeur Général) represents the Company in its dealings with third parties, and the Company will be bound by the acts of the Chief Executive Officer (Directeur Général) (even when these do not fall within the corporate purpose, save where it is proven that the relevant third party was aware that such act exceeded the corporate purpose and the relevant third party could not fail to be aware of it

in view of the circumstances). When the Chief Executive Officer (Directeur Général) has the status of Board member, his term of office may not exceed that of a Board member. The Chief Executive Officer (Directeur Général) may have his position revoked at any time (such revocation to result in payment of damages where it is not based on justifiable grounds, and the Chief Executive Officer (Directeur Général) is not assuming the role of chairman of the Board). The Board may appoint a Deputy Chief Executive Officer (Directeur Général Délégué) with the same powers as the Chief Executive Officer (Directeur Général) in respect of third parties. The number of Deputy Chief Executive Officers (Directeurs Généraux Délégués) may not exceed five. A Deputy Chief Executive Officer (Directeur Général Délégué) may have his position revoked at any time (such revocation to result in payment of damages where it is not based on justifiable grounds).

3.6 **Agreements subject to authorisation and prohibited agreements**

Any agreement entered into (either directly or by means of an intermediary) between the Company and its Chief Executive Officer (Directeur Général), one of its Deputy Chief Executive Officers (Directeurs Généraux Délégués), a member of the Board or any Shareholder with a holding in the Company greater than or equal to 10 per cent. of the entire issued share capital, is subject to prior authorisation by the Board. No Board members other than corporate bodies are permitted to enter into loans of any form with the Company, or a current account overdraft, or any pledges or sureties for the purpose of covering any commitments owed to third parties. The same prohibition applies to the Chief Executive Officer (Directeur Général), Deputy Chief Executive Officers (Directeurs Généraux Délégués) and any permanent representatives of any legal persons appointed to the Board.

3.7 **General meetings**

Where the Company wishes to use electronic communications instead of postal means when providing Shareholders with notice of a general meeting, consent of the relevant Shareholders must first be obtained. A Shareholder's rights to participate in a general meeting are subject to its Shares being registered on the third working day preceding the applicable general meeting, at 00:00 Paris time. If a Shareholder does not wish or is unable to attend a general meeting personally, the Shareholder may either appoint a proxy, vote by post or send a procuration to the Company (in accordance with the conditions stipulated by law and by the applicable regulations). General meetings are chaired by the Chairman, or in his absence, the Chief Executive Officer (Directeur Général) or one of the Deputy Chief Executive Officers (Directeurs Généraux Délégués) (provided he is a Board member). Failing all of these, the general meeting may elect its own chairman. An ordinary general meeting of the Shareholders may only validly take decisions where the Shareholders present hold at least one-fifth of the voting rights in the Company. An ordinary general meeting convened following a second notice of meeting may validly take decisions regardless of the number of Shareholders present. An ordinary general meeting takes its decisions based on a simple majority of votes of the Shareholders present. A special general meeting of the Shareholders may only validly take decisions where the Shareholders present hold at least one-quarter of the voting rights in the Company. A special general meeting convened following a second notice of meeting may validly take decisions where the Shareholders present hold at least one-fifth of the voting rights in the Company. A special general meeting takes its decisions based on a two-thirds majority of votes of the Shareholders present.

3.8 **Loss of half of the share capital**

If, following losses duly recorded in the accounts of the Company, the total equity attributable to the owners of the Company falls below half of the par value of the share capital in the Company, the Board must call a special general meeting within four months following approval of the accounts recording the loss, in order to determine whether there are sufficient grounds for early dissolution of the Company. If dissolution is not announced, then by no later than the second financial year following the financial year for which the accounts recording the loss were prepared, the capital must be reduced to a level of at least equal to that of the losses it has not been possible to deduct from the Company's reserves, provided that (during the applicable period) the Shareholders' equity has not been restored to an amount at least equal to half of the share capital. If no special general meeting is held, any interested party may demand the dissolution of the Company before the courts.

4 OTHER RELEVANT LAWS AND REGULATIONS

4.1 Disclosure of interests in shares

Shareholders are required pursuant to Article L. 223-7 of the French Commercial Code to notify the Company of the percentage of their voting rights if the percentage of voting rights that they hold as a Shareholder, or through their direct or indirect holding of financial instruments, reaches, exceeds or falls below certain thresholds. The thresholds are 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 33.33 per cent., 50 per cent., 66.66 per cent., 90 per cent. and 95 per cent. of the issued share capital of the Company. The Articles also contain shareholder notification obligations at 3 per cent. of the issued shares of the Company and any 1 per cent. increase or decrease thereafter (see paragraph 3.3.2 of this Part 5 (Additional information) of this document).

Under article L.228-2 of the French Commercial Code and article 8 of the Articles (see paragraph 3.3.2 of this Part 5 (Additional information) of this document), the Company is empowered to require from the central securities depositary from time to time details of the bearer Shareholders.

Although, these French law and Articles provisions are broadly equivalent to the disclosure regime in the UK, it cannot be guaranteed that the operation of such provisions will be equivalent in practice or that the Company will be able to fully comply with the requirements relating to the disclosure of significant shareholders under Rule 17 of the AIM Rules for Companies.

4.2 Takeovers

Pursuant to article L. 433-4 of the French Monetary and Financial Code and articles 237-1 and seq. of the AMF General Regulation, where a takeover offer has been made for the Company and the offeror has acquired or unconditionally contracted to acquire not less than 95 per cent. of the share capital and voting rights carried by those Shares, the offeror may give notice to the holder of any Shares to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire that he wishes to acquire and is entitled to so acquire, those shares on the same terms as the general offer.

4.3 Share pre-emption rights

Pursuant to Article L. 225-132 of the French Code of Commerce, upon the issue of additional Shares, the Shareholders enjoy statutory pre-emption rights to subscribe for such additional Shares, which are similar to statutory pre-emption rights for shareholders of a UK company. Unless such rights are disapplied by a decision of a special general meeting (i.e. by a two-thirds majority) of the Shareholders, any Shares which the Board is authorised to allot must be offered to the Shareholders *pro rata* to their existing holding in the share capital of the Company.

5 NOVACYT LTIP

5.1 Introduction

Due to complications of being a French incorporated company with a UK-based management, it has proved difficult to establish a standard equity based long-term incentive plan. Accordingly, the Board has pursued the Novacyt LTIP as an alternative to such more standard long-term incentive plans, which tend to deliver shares in a company. The Novacyt LTIP was adopted by the Board on 17 October 2017, and its principal provisions are summarised below.

The Novacyt LTIP is intended to give participants a right to receive a cash amount that is calculated based on the growth in value of a specified number of the Shares over a specified period of time. The Novacyt LTIP therefore allows the Company to grant to qualifying employees a phantom award over notional Shares (a "**Phantom Award**"). The Company has granted certain Phantom Awards under the Novacyt LTIP conditional upon Admission, further details of which are found in paragraph 6.1 of this Part 5 (Additional information) of the document.

For the purpose of the summary, references to the Board shall mean the board of directors for the time being of the Company or a duly authorised committee of it which may include the remuneration committee.

5.2 **Eligibility**

Executive Directors and employees of the Group are eligible to participate in the Novacyt LTIP. Non-executive Directors are not eligible to participate.

5.3 **Grant of Phantom Awards**

Phantom Awards may be granted by resolution of the Board at any time during: (i) the period of 42 days after the date of adoption of the Novacyt LTIP by the Board; or, (ii) the period of 42 days immediately following the announcement of the Company's final year-end or preliminary results, provided that, in the case of preliminary results, such announcement ends a closed period under Market Abuse Regulation (EU) 596/2014. Phantom Awards may also be granted at any other time as the Board may determine. However, no Phantom Awards may be granted when the grant would be prohibited by, or would be a breach of, any law or regulation with the force of law or any of the AIM Rules or any other rule, code or set of guidelines (such as a personal dealing code adopted by the Company) which applies at the relevant time.

It is the current intention of the Board that Phantom Awards will be granted no more frequently than every three years.

5.4 **Novacyt LTIP limits**

No Phantom Award shall be granted on any date if, as a result, the number of notional Shares subject to Phantom Awards subsisting under the Novacyt LTIP, when added to the number of notional Shares the subject of Phantom Awards previously granted under the Novacyt LTIP would exceed 10 per cent. of the ordinary share capital of the Company (assuming that notional Shares were treated as real Shares to be issued). Phantom Awards that have lapsed or been surrendered will not count towards the limit.

5.5 **Vesting and performance conditions**

Phantom Awards may be subject to performance or other conditions so that the Phantom Awards may not vest unless any such condition(s) have been satisfied or waived. Any performance conditions must be objective and will be determined by the Board before Phantom Awards are granted.

The Board may waive or vary a performance condition or other condition if events happen which cause the Board to consider that it has ceased to be an appropriate or fair measure of performance. A varied performance condition must, in the opinion of the Board, be materially no more difficult to satisfy.

Those Phantom Awards granted conditional upon Admission will vest if the closing price of a Share averaged over 30 consecutive dealing days prior to the vesting date, exceeds the Placing Price.

5.6 **Vesting of Phantom Awards**

Phantom Awards will vest on the third anniversary of the date of grant ("**Vesting Date**") provided to the extent any performance condition(s) applying to the Phantom Award have been met or waived. On the Vesting Date, participants will be entitled to be paid an amount equal to the difference between the closing price of a Share on the Vesting Date and the closing price of a Share on the date of grant, multiplied by the number of notional Shares over which the Phantom Award has vested.

5.7 **Satisfying Phantom Awards**

Phantom Awards will be satisfied in cash.

However, the Board may, in its discretion, satisfy Phantom Awards (or any part of them) by the allotment and issue of Shares or the transfer of Shares subject to obtaining any necessary approvals and/or consents.

On the Vesting Date, the amount of the award will be calculated. Payment of the calculated amount will be made in three equal tranches on the third, fourth and fifth anniversary of the date of grant (each, a "**Payment Date**").

Payment of any tranche of the award will, in each case, be subject to the Company's ability to make the payment and the employee's continued employment on the relevant Payment Date.

5.8 **Leaving employment**

Where a participant dies prior to the Vesting Date, Phantom Awards shall vest on a *pro rata* basis, to take into account the period of time that has elapsed between the date of grant of the Phantom Award and the date of death but only to the extent any performance conditions have been met as at the date of death.

Where a participant dies after the Vesting Date, the Payment Dates are accelerated and the personal representatives will receive the full payment due.

Where a participant ceases to be employed within the Group before the Vesting Date by reason of: (i) injury, ill health or disability proved to the satisfaction of the Board; (ii) redundancy within the meaning of the UK Employment Rights Act 1996; (iii) retirement with the agreement of the participant's employer; (iv) the participant's employing company ceasing to be part of the Group; or, (v) the participant's employment being transferred, as part of a business transfer, to a person who is not part of the Group or under the control of a member of the Group, Phantom Awards shall vest on a pro-rated basis, to take into account the period of time that has elapsed between the date of grant of the Phantom Award and the date of cessation of employment but only where any performance conditions have been met as at the date of such cessation. The Board may determine that if a participant ceases employment for any other reason, his Phantom Award may still vest on the same basis as that set out above. The Board shall have the discretion to disapply time pro-rating.

Payment to any such participant will be made at the same time as other participants unless the Board determines that payment should be made earlier, within 30 days of the cessation of employment. The amount payable to any such participant shall be calculated based on the closing price of a Share on the date of cessation of employment.

Where a participant ceases to be employed within the Group before the Vesting Date for any reason other than those listed above, Phantom Awards lapse.

Where a participant ceases to be employed within the Group after the Vesting Date but before the last Payment Date, any tranches of payment which have not been paid at the date of cessation will be forfeited unless the participant ceases employment for one of the reasons listed above.

In each case, payment will be subject to the Company's ability to make the payment.

5.9 **Corporate events**

In the event of a takeover or scheme of arrangement or winding up before the Vesting Date, all Phantom Awards shall vest on a pro-rated basis, to take into account the period of time that has elapsed between the date of grant of the Phantom Award and the date of the event, but only to the extent any performance target has been met as at the date of the event.

The Board shall have the discretion to disapply time pro-rating.

In the event of a takeover or scheme of arrangement or winding up after the Vesting Date all Payment Dates shall be accelerated and payment in respect of vested Phantom Awards will be made in full as a result of the event.

5.10 **Malus and clawback**

The Board may apply malus and clawback where at any time before or within a year of a Payment Date it determines that there has been a material misstatement of the Company's financial results or that any participant has committed gross misconduct.

5.11 **Variation of capital**

In the event of any variation in the Company's ordinary share capital (including a capitalisation or rights issue, sub-division, consolidation or reduction of capital or otherwise), Phantom Awards may be adjusted as the Board considers appropriate.

5.12 **Amendments**

The Board may make such amendments to the Novacyt LTIP as it sees fit provided that where material changes are proposed to be made to the advantage of participants to any key provisions of the Novacyt LTIP including eligibility, the Novacyt LTIP limits and leaver provisions, the Board may decide whether or not to obtain prior shareholder approval for such changes.

5.13 **Non-transferability**

Phantom Awards are personal to each qualifying employee to whom they are granted. They may not, nor may any rights in respect of them, be transferred, assigned, charged or otherwise disposed of to any person other than, on the death of a participant, when they may be transmitted to his personal representatives.

5.14 **Termination**

The Novacyt LTIP shall terminate on the tenth anniversary of the date of its adoption by the Board or at any earlier time by the passing of a resolution by the Board.

6 DIRECTORS' AND OTHER INTERESTS

6.1 The interests of the Directors in the issued share capital of the Company, as at the date of publication of this document and as they are expected to be upon Admission are as follows:

	As at the date of this document		Upon Admission	
Name	**Shares**	**Per cent.**	**Shares**	**Per cent.**
James Wakefield	0	0	16,839	0.04
Graham Mullis and Family	1,620	0.01	52,138	0.14
Anthony Dyer	0	0	16,839	0.04
Dr Andrew Heath and Family	0	0	16,839	0.04
Dr Ed Snape	0	0	16,839	0.04
Jean-Pierre Crinelli[(1)]	182	0.00	91,090	0.24

Note:

1. And connected party S.A.S. CUP92, Financial Holding. S.A.S. CUP92, Financial Holding will subscribe through the first tranche of Subscription Shares for 75,757 Subscribtion Shares. Jean-Pierre Crinelli will subscribe personally for 15,151 Subscription Shares at the time of Admission.

Under the terms of the Novacyt LTIP, the Company has granted, conditional upon Admission, Phantom Awards over 1,506,574 notional shares to the following persons:

Name	**Number of notional shares under Phantom Awards**
Graham Mullis	1,129,930[(1)]
Anthony Dyer	376,643[(2)]

Notes:

1. Represents 3 per cent. of the Enlarged Share Capital.

2. Represents 1 per cent. of the Enlarged Share Capital.

6.2 The Company has not made any loans to the Directors or any member of the Executive Team which are outstanding, nor has it ever provided any guarantees for the benefit of any Director (or the Directors collectively), or member of the Executive Team.

6.3 In addition to their directorships in any member of the Group, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

(i) James Wakefield

Current directorships / partnerships	**Past directorships / partnerships**
DB Systems Holdings Limited	Belmont Investments Limited
Enterprise Fund (General Partner Wales) Limited	Elland 01 (2015) Limited
Promedics Orthopaedics Limited	Energist Limited
Sparsholt Services Limited	Energist (Holdings) Limited
The Keyholding Company Limited	Venture Fund (General Partner Wales) Limited
Vista Technology Support Group Limited	
WestBridge Capital LLP	
WestBridge Fund Managers Limited	
WestBridge GP1 Limited	

WestBridge GP2 Limited
WestBridge SME Fund FPLP GP Limited
WestBridge SME Fund GP Limited
Yorkmarsh Limited

(ii) Graham Mullis

Current directorships / partnerships	Past directorships / partnerships
Chimera Homes Ltd	Clearlab Europe Limited
MC8 Consultants Ltd	Clearlab UK Limited
Optivue LLP	Ophthalmos Limited
	Optivue Ltd
	Shayna Limited
	VisionTec Ltd

(iii) Anthony Dyer

Current directorships / partnerships	Past directorships / partnerships
None	None

(iv) Andrew Heath MD, PhD

Current directorships / partnerships	Past directorships / partnerships
Carlyle Mansions Limited	Adjuvantix PLC
Carlyle Mansions (Tenants) Ltd	Anew Optics Inc.
Integrated Healing Technologies LLC	Morvus Technology PLC
Oxford Biomedica PLC	The BioIndustry Association
Shield Therapeutics PLC	
XL TechGroup LLC	

(v) Dr Ed Snape

Current directorships / partnerships	Past directorships / partnerships
SAI Holding Company, LLC	Deltex Medical Group plc Praine Management S.A.
	Myoscience Inc.
	Selah Genomics Inc. Sultan Scientific Limited
	Innoveas International Limited
	Nuvolase Inc.

(vi) Jean-Pierre Crinelli

Current directorships / partnerships	Past directorships / partnerships
S.A.S. CUP92, Financial Holding	

(vii) Juliet Thompson

Current directorships / partnerships	Past directorships / partnerships
Premier Veterinary Group PLC	Oxford Biodynamics PLC
Nexstim PLC	Big Rib Charters LLP
GI Dynamics Inc	Nomura Code Securities Limited

6.4 No Director:

6.4.1 has any unspent convictions in relation to indictable offences; or

6.4.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such director; or

6.4.3 has been a director of any company which, while he or she was a director or within 12 months after he or she ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or

6.4.4 has been a partner of any partnership which, while he or she was a partner or within 12 months after he or she ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

6.4.5 has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

6.4.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6.5 The Directors are aware, based on the register of the registered shareholders and notifications made to the Company pursuant to French securities laws (L.233-1 and L.233-12 of the French Commercial Code) and in accordance with the Articles, of the following persons who, directly or indirectly had an interest in 3 per cent. or more of the voting rights of the Company as at 13 October 2017, being the latest practicable date prior to the date of this document, and immediately following Admission:

	As at 13 October 2017		Following the Fundraising and Admission	
Name	**Shares**	**Per cent.**	**Shares**	**Per cent.**
Vatel Capital	1,754,080	7.65	4,784,384	12.70
Robert Powell	1,228,710	5.36	1,228,710	3.26
Alto Invest	1,103,869	4.82	1,861,447	4.94
Aurinvest Capital	711,814	3.11	893,632	2.37
Legal and General Group	—	—	2,525,909	6.71
Nyenburgh Investment Partners	—	—	1,515,151	4.02

6.6 All Shareholders have the same voting rights in respect of the share capital of the Company.

6.7 None of the Directors nor any members of a Director's family is dealing in any related financial product (as defined in the AIM Rules for Companies) whose value in whole or in part is determined directly or indirectly by reference to the price of the Shares, including a contract for differences or a fixed odds bet.

6.8 As at 13 October 2017 (the latest practicable date prior to the date of this document), the Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. As at 13 October 2017 (the latest practicable date prior to the date of this document), the Company was not aware of any person who following Admission could directly, indirectly, jointly or severally exercise control over the Company.

6.9 There are no potential conflicts of interest between any duties to the Company of the Directors and their private interests and other duties.

7 DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Executive Directors

7.1 Graham Mullis was appointed as Chief Executive Officer (Directeur Général) of the Company and as a Director by a general meeting held on 13 June 2014 and re-appointed as Chief Executive Officer (Directeur Général) by the Board on 9 May 2017, and as Director by a general meeting held on 27 June 2017. On 9 August 2017, Lab21 Limited entered into a service agreement with Mr Mullis, pursuant to which Mr Mullis is employed as Chief Executive Officer of Lab21 Limited. The agreement is terminable by either party upon 12 months' written notice. Mr Mullis is entitled to an annual base salary of £200,102 (to be increased to £225,000 upon Admission) (plus a discretionary bonus up to 50 per cent. of his basic annual salary and the potential to receive Phantom Awards under the Novacyt LTIP (see paragraph 6.1 of this Part 5 of this document)). In addition to the normal bank and other public holidays, Mr Mullis is entitled to 26 working days' holiday each calendar year, together with other benefits commensurate with his position including pension, company car allowance and private medical and death in service insurance.

7.2 Anthony Dyer was appointed as a Director by a general meeting held on 27 June 2017. On 11 August 2017, Lab21 Limited entered into a service agreement with Mr Dyer, pursuant to which Mr Dyer is employed as Chief Financial Officer of Lab21 Limited. The agreement is terminable by either party upon six months' written notice. Mr Dyer is entitled to an annual base salary of £135,000 (to be increased to £150,000 upon Admission) (plus a discretionary bonus up to 30 per cent of his basic annual salary and the potential to receive Phantom Awards under the Novacyt LTIP (see paragraph 6.1 of this Part 5 of this document)). In addition to the normal bank and other public holidays, Mr Dyer is entitled to 26 working days' holiday each calendar year, together with other benefits commensurate with his position, including pension, company car allowance and private medical and death in service insurance.

7.3 Mr Mullis and Mr Dyer are subject to confidentiality restrictions without limitation in time, and restrictive covenants (including non-competition, non-solicitation, and non-poaching restrictions) for a period of 12 months after termination of employment.

7.4 Lab21 Limited may terminate the employment of either Mr Mullis or Mr Dyer without notice or pay in lieu of notice for the customary summary dismissal reasons.

Non-executive Directors

7.5 The following agreements have been entered into between the Non-executive Directors and the Company:

7.5.1 a letter of appointment dated 15 August 2017 between James Wakefield and the Company. Mr Wakefield was appointed as the Chairman and a Director by a general meeting held on 13 June 2014 and re-appointed by a general meeting held on 27 June 2017. Mr Wakefield is paid an attendance fee (jeton de présence) of £45,000 per annum;

7.5.2 a letter of appointment dated 11 August 2017 between Andrew Heath, MD, PhD and the Company. Dr Heath was appointed as a Director by a general meeting held on 29 June 2015. Dr Heath is paid an attendance fee (jeton de présence) of £24,000 per annum;

7.5.3 a letter of appointment dated 11 August 2017 between Dr Edwin Snape and the Company. Dr Snape was appointed as a Director by a general meeting held on 27 October 2014 and re-appointed by a general meeting held on 27 June 2017. Dr Snape is paid an attendance fee (jeton de présence) of €30,000 per annum;

7.5.4 a letter of appointment dated 15 August 2017 between Jean-Pierre Crinelli and the Company. Jean-Pierre Crinelli was appointed as a Director by a general meeting held on 29 May 2012 and renewed by a general meeting held on 29 June 2015. Following his resignation as an executive Director effective from 29 February 2016, he moved to become a Non-executive Director. Jean-Pierre Crinelli is paid an attendance fee (jeton de présence) of €30,000 per annum; and

7.5.5 a letter of appointment dated 11 August 2017 between Juliet Thompson and the Company. Ms Thompson was appointed as a Director by a general meeting held on 27 June 2017. Ms Thompson is paid an attendance fee (jeton de présence) of £24,000 per annum.

7.6 Each of the above letters of appointment may be terminated at any time with immediate effect by the Shareholders at a Shareholders' meeting (without notice or any payment in lieu of fees), or by the relevant Director on not less than three months' notice in writing to the Company.

8 RELATED PARTY TRANSACTIONS

8.1 No member of the Group is, nor has been, a party to any transactions with related parties which were material to the Group, except as described in Part 3 (Historical financial information) of this document.

9 FINANCING CONTRACTS

The Company is party to the following material financing arrangements:

9.1 **Yorkville**

On 31 July 2015, the Company and Yorkville entered into a facility agreement (the "**Yorkville Facility**") whereby the Company may, at its discretion and subject to certain conditions, call for the subscription by Yorkville for convertible notes of up to a total aggregate amount of €5,000,000. Drawdowns under the Yorkville Facility are structured as 20 separate equal tranches, each of which are exercisable at the option of the Company and oblige Yorkville to subscribe for 25 convertible notes in the Company each with a value per tranche of €10,000 (with a total aggregate value of €250,000). There is a 6 per cent. commitment fee payable on the drawdown of each tranche. Each tranche of convertible notes is redeemable by the Company upon expiry of a nine month period from the date of issue (or earlier in certain customary default event scenario), and is convertible into Shares at any time (at the discretion of Yorkville) during the nine month maturity period (or until the notes are redeemed by the Company, if later). The number of Shares to be issued upon conversion of the applicable notes is equal to the outstanding amount (principal plus interest owed, which is calculated at 2 per cent. per annum and accrues daily up to the date of conversion) divided by 95 per cent. of the lowest volume weighted average price of the Shares over the five trading days prior to the conversion date. In addition, upon issue of each tranche of €250,000 convertible notes, the Yorkville Facility provides that the Company shall grant Yorkville an amount of warrants equal to 50 per cent. of the total value of each tranche (i.e. €125,000) divided by 110 per cent. of the closing price of the Shares immediately prior to the request for the subscription by Yorkville of the applicable tranche (rounded down to the nearest Share) (such warrants being exercisable at any time within three years from the date of issue of the applicable tranche).

Using a worked example for the warrants, where a request for subscription by Yorkville for a single tranche was made on 31 July 2015 and the closing price for the Shares on 30 July 2015 was €5.01, the Company would be required to grant 22,681 warrants to Yorkville at a subscription price per Share of €5.511. Having regard to the number of Shares to be issued pursuant to the Fundraising, the Directors believe that the remaining authorised but unissued share capital of the Company will be sufficient to meet the Company's obligations under the Yorkville Facility should the convertible notes be exercised.

The Yorkville Facility contains customary events of default. Any drawdowns under the Yorkville Facility must be made before 31 July 2018.

9.2 **Kreos IV and Kreos V**

9.2.1 On 15 July 2015, the Company (as issuer), Kreos IV (as subscriber), Lab21 Limited, Lab21 Healthcare Limited, Microgen Bioproducts Limited and Selah Technologies Ltd (each a "**Guarantor**", and together with the Company, each an "**Obligor**") entered into a venture loan agreement (the "**2015 Venture Loan Agreement**"), whereby the Company agreed to issue to Kreos IV bonds for a total nominal amount of €3,500,000 with a par value of €1.00 per bond (the "**2015 Bonds**"), in a single issue, to be subscribed for by Kreos IV at the signing date of the 2015 Bonds Issue Agreement (defined and summarised below). The issue of the 2015 Bonds, together with their ranking, applicable interests and repayment schedules are governed by the terms of the 2015 Bonds Issue Agreement.

9.2.2 The 2015 Venture Loan Agreement contains certain customary commitments by each of the Obligors to Kreos IV and the granting of a negative pledge over security interests in certain properties of the Company. It also contains a continuing guarantee and indemnity (granted by each Guarantor jointly and severally) of the obligations under the agreement (and related documents) of each other Obligor and customary warranties provided by each Obligor (jointly and severally).

9.2.3 On 15 July 2015, together with the 2015 Venture Loan Agreement (summarised above), the Company and Kreos IV entered into a bonds issue agreement (the "**2015 Bonds Issue Agreement**"), whereby the Company issued and Kreos IV subscribed for the 2015 Bonds. Each of the 2015 Bonds ranks *pari passu*. Interest shall accrue on the principal monies outstanding on the 2015 Bonds at a fixed interest rate of 12.5 per cent. per annum, payable in cash and in 36 instalments. The agreement allows the Company to prepay or purchase the 2015 Bonds whole (such prepayment price being equal to the undiscounted principal amount outstanding amount under the

issued 2015 Bonds plus future interest repayments discounted by 4 per cent. per annum). The Bonds are not convertible into shares in the Company and the agreement contains customary events of default.

9.2.4 The financing set out in the 2015 Venture Loan Agreement and 2015 Bonds Issue Agreement is secured by a customary first ranking security package including pledges over the business, receivables and bank accounts (together with a non-possessory security right on inventory) of the Company, and charges over the shares and fixed and floating charges (in the form of a debenture) over the business and assets of the English member of the Group (including intellectual property).

9.2.5 On 10 May 2016, the Company (as issuer), Kreos V (as subscriber), Lab21, Lab21 Healthcare Limited, Microgen Bioproducts Limited and Selah Technologies Ltd (each a "**Guarantor**", and together with the Company, each an Obliger)) entered into a venture loan agreement (the "**2016 Venture Loan Agreement**"), whereby the Company agreed to issue to Kreos V bonds for a total nominal amount of €3,000,000 with a par value of €1.00 per bond (the "**2016 Bonds**"), in a single issue, to be subscribed for by Kreos V at the signing date of the 2016 Bonds Issue Agreement (defined and summarised below). The issue of the 2016 Bonds, together with their ranking, applicable interests and repayment schedules are governed by the terms of the 2016 Bonds Issue Agreement.

9.2.6 On 10 May 2016, the Company and Kreos entered into a bonds issue agreement ("**2016 Bonds Issue Agreement**"), whereby the Company issued and Kreos V subscribed for the 2016 Bonds.

9.2.7 Save for the terms set out at paragraphs 9.2.5 and 9.2.6 above, the terms and conditions of the 2016 Venture Loan Agreement, 2016 Bonds Issue Agreement and all related security package are comparable to the terms and conditions of the 2015 Venture Loan Agreement, 2015 Bonds Issue Agreement and related security package.

9.2.8 On 10 May 2016, the Company and Kreos V (Expert Fund) L.P. (a Kreos V affiliated entity) entered into a warrants issue agreement by which the Company issued and Kreos V (Expert Fund) L.P. subscribed for 353,536 warrants. Each warrant gives the right to subscribe for one Share at a subscription price of €1.45 per Share. The warrants will expire at the earlier of: (i) 10 May 2026, (ii) the transfer of the entire issued share capital of the Company; or (iii) five years from a new initial public offering (including Admission).

9.3 **Vatel Capital**

On 31 March 2017, the Company and each of: (i) FCPI Dividendes Plus n°4 and (ii) FCPI Dividendes Plus n°5 (two investment funds managed by Vatel Capital) (the "**Vatel Funds**") entered into a convertible bonds loan agreement, whereby the Company issued bonds to the Vatel Funds for a total amount of €1,500,000 with a par value of €1.00 per bond (the "**Vatel Bonds**"). The Vatel Bonds were issued in a single tranche repayable in 36 monthly instalments with an interest rate of 7.9 per cent. per annum. The Vatel Bonds are convertible into Shares only where the Company fails to comply with its payment obligations under the agreement within 15 days of receipt of a notice of an event of default by the Company. Such events of default include: (i) a declaration of insolvency of the Company; (ii) commencement of any winding up or insolvency proceedings of the Company; (iii) voluntary winding up or other cessation of business activity; (iv) disposal of material assets outside the ordinary course of business of the Company; (v) material breach of any provision of the agreement; (vi) any non-payment which remains unresolved 60 days following service of a formal demand letter on the Company by the Vatel Funds; or, (vii) provision of misleading or inaccurate statements by the Company in the terms of the agreement. This is an unsecured loan agreement. Any Shares to be issued following an event of default under the agreement shall be issued at a ratio of 1.25 Shares for every 1 Vatel Bond.

10 MATERIAL CONTRACTS

10.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its direct or indirect subsidiaries during the two years preceding the date of this document and are or may be material:

10.1.1 **Primer Design Limited**

(a) **Share purchase agreement**

On 14 January 2016, the Company entered into a share purchase agreement with the shareholders of Primerdesign (the "**PD Sellers**") for the purchase of the entire issued share capital of Primerdesign. The purchase price for the shares included: (i) an initial consideration of £9,850,000 to be paid on completion of which £4,850,000 could be satisfied by way of the issue to the PD Sellers of 2,365,634 new Shares and £5,000,000 was to be paid in cash; and, (ii) an amount of up to £2,500,000 in cash contingent on Primerdesign's financial performance in the three years following the date of the agreement. In addition, a net asset price adjustment following completion to be paid in cash was agreed. This contingent consideration is secured by way of a debenture granted by the Company in favour of Robert Powell (as security trustee for the PD Sellers) dated 13 May 2016, in the same form as the debenture described in paragraph 9.2.4 of this Part 5 (Additional information) of this document. Under the terms of the share purchase agreement, the Warrantors (as defined in the agreement) shall not be liable for a claim in respect of the warranties unless notice in writing summarising the nature of the claim and, as far as reasonably practicable the amount claimed has been served by the Company: (i) in the case of a claim made under the tax warranties, on or before the seventh anniversary of completion; and, (ii) in any other case, prior to the expiry of two years commencing on the completion date. On 13 May 2016, Kreos IV, Kreos V, the Company, Robert Powell (as security trustee) and the PD Sellers entered into a subordination agreement which ranks all amounts owed by the Company to Kreos IV and Kreos V in priority to the amounts owed by the Company to Robert Powell (as security trustee) and the PD Sellers.

Between the dates of signing this sale and purchase agreement and its completion, a fall in the price of the Shares, and therefore the value of the equity component of the consideration, led the Company and the PD Sellers to agree a mechanism for additional consideration to be paid to the PD Sellers as described in the below paragraph 10.1.1(b) of this Part 5 (Additional information) of this document. This change in the value of the equity component along with exchange rate movements led to the total consideration paid for Primer Design Limited being different in the audited financial statements of the Company as described in Part 3 (Historical financial information) of this document than in the sale and purchase agreement. Please see the below paragraph 10.1.1(c) of this Part 5 (Additional information) of this document for further information.

(b) **Warrant instrument**

Therefore, on 29 April 2016, the Company agreed to issue 1,000,000 warrants (the "**PD Warrants**"), each PD Warrant giving the PD Sellers the right to subscribe for a number of Shares in the Company at €1.16 per PD Warrant according to an agreed formula (such formula being that if the 30 trading day average closing price of a Share immediately prior to the exercise date is: (i) less than or equal to €3.72, each PD Warrant gives a right to subscribe for one Share; or, (ii) more than €3.72, each PD Warrant gives a right to subscribe for such number of Shares equalling (2,560,000/(x-1.16))/1,000,000, where "x" corresponds to the 30 trading day average closing price of a Share prior to the exercise date),), i.e. such that the number of PD Warrants is reduced if the Share price exceeds a certain level and ensures that the consideration under the PD Warrants cannot be more than €2,560,000. The PD Warrants have not been exercised and they expire on 12 May 2021.

(c) **Final consideration**

As set out in Part 3 (Historical financial information) of this document, Primerdesign was consolidated with the Company on 12 May 2016 for accounting purposes. Based on the prevailing exchange rate and the price of the Shares at the time of completion and the net asset adjustment, the total purchase consideration was on completion €13.6 million, comprising: (i)

2,365,815 new Shares issued at completion and valued at €3.4 million; (ii) cash of €7.1 million; (iii) a contingent earn-out structure forecast to be payable in 2017 and 2018 of €2.6 million; and, (iv) warrants valued at €0.5 million.

10.1.2 The agreements between the Company and Kreos IV and Kreos V described at paragraph 9.2 above.

10.1.3 The facility agreement between the Company and Vatel Capital described at paragraph 9.3 above.

10.1.4 **Placing Agreement**

On 18 October 2017, the Company, the Directors and the Joint Brokers entered into the Placing Agreement, pursuant to which each of the Joint Brokers agreed, subject to certain conditions, to act as agents for the Company and to use their reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price and to otherwise give such assistance to the Company as it may reasonably require in connection with the Placing and Admission.

In consideration for these services and subject to Admission the Company shall pay, a corporate finance fee of £265,000 to Stifel and a commission of £351,000 to be allocated between the Joint Brokers.

The Company has also agreed to pay the costs, charges, fees and expenses properly incurred by the Joint Brokers in connection with the Placing and Admission.

The Placing Agreement is subject to certain conditions as are customary in an agreement of this nature including, *inter alia*, Admission occurring on or before 8.00 a.m. on 1 November 2017 (or such later date as the Company and the Joint Brokers may agree).

The Placing Agreement contains customary representations, warranties and undertakings from the Company and the Directors in favour of the Joint Brokers in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has given an indemnity to the Joint Brokers on customary terms.

The Placing Agreement may be terminated by either of the Joint Brokers in certain customary circumstances prior to Admission. The Placing Agreement is governed by the laws of England and Wales.

10.1.5 **Nominated Adviser agreement**

On 18 October 2017, the Company and Stifel entered into a nominated adviser agreement pursuant to which Stifel agreed to provide the services of nominated adviser to the Company. The agreement is for an initial term of 12 months subject to certain customary termination provisions. The Company agreed to pay Stifel a retainer of £50,000 per annum for its services under the agreement, payable in two equal tranches six monthly in advance.

10.1.6 **Engagement letter with Stifel**

The Company and Stifel entered into an agreement dated 5 January 2016 (which was subsequently amended by a letter of amendment, dated 9 May 2017) pursuant to which the Company appointed Stifel as its nominated adviser and joint broker in connection with Admission.

10.1.7 **Engagement letter with WG Partners**

The Company and WG Partners entered into an agreement dated 4 May 2017 pursuant to which the Company appointed WG Partners as its financial adviser and joint broker in connection with the Placing. Under the terms of the WG Partners engagement letter, a retainer fee of £6,000 per month was payable.

10.1.8 **Invest Securities liquidity agreement**

On 12 September 2016, the Company and Invest Securities entered into a liquidity agreement pursuant to which Invest Securities provides liquidity services in relation to the Shares to the Company. Invest Securities may purchase Shares on behalf of the

Company under the agreement, subject to approval from Shareholders as to price at which Shares can be brought back and the aggregate amount that the Company may provide to Invest Securities to purchase such Shares.

Shareholder approval was granted at the Shareholders' meeting held on 27 June 2017 for the purchase of Shares by Invest Securities under the agreement at a maximum purchase price per Share of €8.10 for an aggregate maximum purchase price of €100,000 and for 18 months from the date of the approval. Under the agreement, Invest Securities must act completely independently of the Company and the Company must not communicate with the employees of Invest Securities who are responsible for performing the agreement. Invest Securities is paid €10,000 per annum for its services under the liquidity agreement. The agreement has an initial term of two years, with a rolling extension of one year thereafter. The agreement can be terminated by either party at the end of each such period subject to two months' prior notice. The liquidity agreement is governed by French law. Shares purchased by Invest Securities are either cancelled or held as treasury shares (which are non-voting and do not rank for dividends).

Over the seven month period to 31 July 2017, Invest Securities purchased 51,455 Shares at a maximum price of €1.15 and a minimum price of €0.75 and sold 33,386 Shares at a maximum price of €1.70 and a minimum price of €0.87 under the liquidity agreement.

10.1.9 **Allegra Introduction Agreement**

On 19 September 2017, the Company and Allegra entered into an introduction and listing sponsor agreement. Pursuant to such agreement, Allegra agreed to advise the Company in relation to the introduction of subscribers for Subscription Shares in France and in relation to the admission of the New Shares to trading on Euronext Growth Paris. In consideration for these services, the Company shall pay Allegra a commission of £157,000. The Company has also agreed to pay the costs, charges, fees and expenses incurred by Allegra in relation to such agreement. The Company provided an indemnity to Allegra on customary terms. The agreement has an initial term of six months, with a rolling extension of two months thereafter subject to termination by either party on notice not less than two weeks prior to the end of such periods. The agreement is subject to French law.

10.1.10 **Subscription Letters**

On 17 October 2017, the Company entered into the Subscription Letters with the Subscribers. Details of the Subscription and the Subscribers are set out below:

Name of Subscriber	Number of Subscription Shares	Aggregate subscription price (£)	Percentage of Enlarged Share Capital at Admission
James Wakefield[(1)]	16,839	9,999	0.04
Graham Mullis	50,518	30,000	0.13
Dr Andrew Heath	16,839	9,999	0.04
Dr Ed Snape	16,839	9,999	0.04
Jean-Pierre Crinelli[(2)]	90,908	53,981	0.24
Anthony Dyer	16,839	9,999	0.04
Ian Wilde	5,051	2,999	0.01
Ruth Powell	3,367	1,999	0.01
Phil Sefton	4,209	2,499	0.01
Steve Gibson	8,419	4,999	0.02
Allegra subscribers	7,475,000	4,438,650	19.85

Note:

1. *James Wakefield has agreed to subscribe for 16,839 Shares through the Placing rather than the Subscription.*
2. *Including a connected party holding through S.A.S. CUP92, Financial Holding. S.A.S. CUP92, Financial Holding will subscribe through the first tranche of Subscription Shares for 75,757 Subscribtion Shares. Jean-Pierre Crinelli will subscribe personally for 15,151 Subscription Shares at the time of Admission.*

Pursuant to the Subscription Letters, the Subscribers have agreed to subscribe for the relevant number of new Shares set out in the table above at the Placing Price. The Subscription is irrevocable and each Subscriber has given customary warranties to the Company.

11 Premises

The Group's principal establishments are as follows:

Name and location	Type of facility	Tenure
13 Avenue Morane Saulnier, 78140 Vélizy Villacoublay, France	Offices	Leasehold
Park House, Winship Road, Milton, Cambridge CB24 6PP, United Kingdom	Offices / laboratory	Leasehold
Unit 3b, 3c and 29 Dreadnought Trading Estate, Bridport, Dorset DT6 5BU, United Kingdom	Light industrial	Leasehold
Unit 1, Southern Trade Centre, Admiralty Way, Camberley, Surrey GU15 3DT, United Kingdom	Light industrial	Leasehold
Unit 1, Watchmoor Point, Watchmoor Road, Camberley, Surrey GU15 3AD, United Kingdom	Offices / light industrial	Leasehold

12 WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry and taking into account the net proceeds of the Fundraising, the working capital available to the Company and the Group will be sufficient for its present requirements that is for at least twelve months from the date of Admission.

13 LITIGATION

There are no, and during the 12 month period prior to the date of this document, there have not been any, governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) that may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

14 SIGNIFICANT INVESTMENTS

Save as disclosed in this document, the Group has made no significant investments in the two years prior to the date of this document and there are no significant investments in progress.

15 EXPENSES

15.1 The total costs, charges and expenses payable by the Company in connection with Admission and the Fundraising are estimated to be £1.7 million (exclusive of VAT).

15.2 The following persons (excluding professional advisers and trade suppliers) received fees totalling or with value of more than £10,000 in the past 12 months in respect of financial advisory, capital markets engagement and project management services, respectively, in the amounts shown below:

Name	Fees received in last 12 months
CreditSquare Limited	€12,000
Edison Investment Research Limited	€22,000
Way Management Limited	£27,083

15.3 Save as disclosed above or elsewhere in this Document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding Admission, or entered into contractual arrangements to receive on or after Admission, directly or indirectly, from the Company any of the following:

15.3.1 fees totalling £10,000 or more;

15.3.2 securities in the Company with a value of £10,000 or more, calculated by reference to the issue price of the Shares; or

15.3.3 any other benefit with a value of £10,000 or more.

16 GENERAL

16.1 Except as disclosed in Part 1 (Information on the Group) of this document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.

16.2 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 June 2017, being the end of the last financial period included in the Group's historical financial information set out in Part 3 (Historical financial information) of this document.

16.3 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16.4 Deloitte has given and has not withdrawn its written consent to the inclusion in this document of its Accountant's Report set out in Part 3 (Historical financial information) of this document in the form and context in which they appear and has authorised its Accountant's Report for the purposes of the AIM Rules for Companies. Except for this information in the document, no other information has been audited or reviewed by statutory auditors. Deloitte is registered with the Institute of Chartered Accountants in England and Wales to carry out audit work.

16.5 Stifel has given and not withdrawn its written consent to the issue of this document and the references to it in the form and context in which such references are included.

16.6 WG Partners has given and not withdrawn its written consent to the issue of this document and the references to it in the form and context in which such references are included.

17 Availability of document

Copies of this document will be available free of charge during normal business hours on any Business Day at the offices of Stifel, 150 Cheapside, London, EC2V 6ET, United Kingdom, from the date of Admission until the date falling one month after the date of Admission and at the Company's website (www.novacyt.com).

Dated 18 October 2017.

NOVACYT

GROUP

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