

NOVACYT

Public limited company under French law
13 avenue Morane Saulnier
78140 Vélizy-Villacoublay

'Rapport de Gestion'
Management report on the financial statements
for the year ended 31 December 2017

NOVACYT

Public limited company under French law (*société anonyme*) with capital of 2,510,956.06 euros
 Registered office: 13 avenue Morane Saulnier – 78140 Velizy-Villacoublay
 Versailles Trade and Companies Register 491,062,527

(hereinafter “the Company” or “Novacyt”)

MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

To the shareholders,

We hereby present to you the management report on the activities of Novacyt (hereinafter referred to as “**the Company**”) and its subsidiaries during the financial year beginning on 1 January 2017 and ending on 31 December 2017 in accordance with the provisions of the French Commercial Code.

1. ACTIVITY OF THE COMPANY AND ITS SUBSIDIARIES AND BUSINESS TRENDS DURING THE YEAR ENDED 31 DECEMBER 2017

1.1 Overview of Novacyt’s activity

The Novacyt Group is a leader in the field of medical diagnostics and has a growing portfolio of products and services for cancer and infectious diseases. Thanks to its proprietary NOVAPrep® technology platform and an extensive international network, Novacyt is able to provide a very broad and highly innovative product offering in the fields of oncology and infectious diseases. The Group is active in the sale of reagents used in oncology, microbiology, haematology and serology. Its customers and partners are among the largest companies in the sector.

1.2 Situation and activity / Analysis of business trends

- Growth of 35% in consolidated revenue (43% at constant exchange rates) to €15.0 million (£13.1 million), compared with €11.1 million (€9.1 million) in 2016.
 - Sales momentum continued in the second half of 2017, with revenue up 29% year on year (34% at constant exchange rates) at €7.9 million.
- The gross margin increased to 60% in 2017 from 55% in 2016, driven by the product mix and sales volumes.
- The EBITDA loss reduced to €0.8 million (£0.7 million), compared with €2.3 million (£1.9 million) in 2016.
 - The second half EBITDA loss of €0.3 million (£0.3 million) reflects an improvement compared with the €0.5 million loss in the first half, confirming that the Group remains on the path to profitability.
- Successful completion of a dual listing on the London Stock Exchange’s Alternative Investment Market (AIM) in November 2017, raising €9.7 million (£8.8 million) before expenses of €1.8 million (£1.7 million).
- Novacyt ended the year with €4.3 million (£3.8 million) in cash following the payment of a deferred Primerdesign milestone, the removal of the convertible debt facility with Yorkville and further deleveraging of the balance sheet following the AIM listing.
- In 2017, Novacyt SA posted revenue up 29% at €1.9 million (£1.7 million).

1.3 Results, progress achieved and difficulties encountered

In 2017, Novacyt continued to build on its three strategic pillars, namely organic growth, acquisitions and R&D. During the year, the Company focused primarily on organic growth following the acquisition of Primerdesign in May 2016 and its subsequent integration. The Group accordingly posted record top-line growth across all of its businesses in 2017. Novacyt expects to continue to grow significantly in 2018 to become a cost-effective and cash-generating global clinical diagnostics company.

Highlights

- In November 2017, Novacyt successfully completed a pioneering dual listing on AIM, adding to the Company's existing Euronext Growth Paris listing.
- The Company's B2B operations posted significant growth, with significant contract wins in China for NOVAprep and Primerdesign.
- Post-period, in March 2018, Primerdesign entered into a clinical assay development contract with GenePOC Inc., a company specialising in the development and manufacture of molecular diagnostic devices for the detection of infectious diseases as close to the patient as possible, extending its B2B business into Canada.
- Novacyt continued to invest in senior commercial hires, with the appointments of Phil Sefton, Ruth Powell and Paul Eros as Managing Directors of the Group's three business divisions.
- The Company recruited an additional 35 employees during the year across all of its entities, in particular adding commercial and manufacturing capacity to accelerate its revenue growth.
- The Company completed the build and relocation to a new 1,400 square metre production facility in Camberley (UK) on target in September 2017 to support the Group's future growth.

Vatel financing (March 2017)

On 30 March 2017, the Company's Board of Directors decided to issue a convertible bond in the amount of €1,500,000 by issuing 1,500,000 bonds convertible into shares with a par value of 1 each euro ("OC17VATEL") for the FCPI Dividendes Plus 4 and FCPI Dividendes Plus 5 funds. On 31 March 2017, the Company recorded the subscription of the 1,500,000 OC17VATEL bonds.

The OC17VATEL bonds were issued in a single tranche maturing in three years (repayable in 36 monthly instalments), with an annual coupon of 7.9% and a non-conversion premium of 0.1% paid in arrears. This sum gave the Company working capital matching the needs of its business. The OC17VATEL bonds can only be converted in the event of non-compliance by the Company with its repayment obligations. The conversion ratio is 1.25 new shares of the Company for 1 OC17VATEL bond.

Capital increases of June 2017

On 2 June 2017, the Chief Executive Officer, making use of the powers granted to him by the Board of Directors at its meeting of 22 May 2017, decided to perform (i) a capital increase of €883,229.05 (share premium included) by the issue, without preferential subscription rights, of 1,039,093 ordinary shares reserved for industrial or commercial companies operating in the health/pharmaceutical/biotechnology sector or mutual funds managed under French or foreign law investing in the health/pharmaceutical/biotech sector or individuals with significant assets (at least €500,000) investing directly or indirectly, through any legal entity, and with experience in the health/pharmaceutical/biotechnology sector, and (ii) a capital increase of €999,999.50 (share premium included) by the issue without preferential rights of 1,176,470 ordinary shares under the so-called TEPA French fiscal package.

On 12 June 2017, the Chief Executive Officer noted the completion of this capital increase, i.e. the issue of 2,215,563 new shares at a subscription price of 0.85 euros each (par value of 1/15th of a euro) and an overall amount of €1,883,228.55 (of which €147,704.20 in par value).

On 12 June 2017, the Chief Executive Officer, making use of the powers granted to him by the Board of Directors at its meeting of 22 May 2017, decided to perform (i) a capital increase of €366,999.40 (share premium included) by the issue, without preferential subscription rights, of 431,764 ordinary shares reserved for industrial or commercial companies operating in the health/pharmaceutical/biotechnology sector or mutual funds managed under French or foreign law investing in the health/pharmaceutical/biotech sector or individuals with significant assets (at least €500,000) investing directly or indirectly, through any legal entity, and with experience in the health/pharmaceutical/biotechnology sector, and (ii) a capital increase of €749,999.20 (share premium included) by the issue without preferential rights of 882,352 ordinary shares under the TEPA fiscal package.

On 19 June 2017, the Chief Executive Officer noted the completion of this capital increase, i.e. the issue of 1,314,116 new shares at a subscription price of 0.85 euros each (par value of 1/15th of a euro) and an overall amount of €1,116,998.60 (of which €87,607.73 in par value).

Capital increases and listing on AIM, a London Stock Exchange market (October/November 2017)

As part of the AIM transaction, the Board of Directors, at its meeting of 16 October 2017, decided to perform (i) a capital increase of €2,883,497.76 (share premium included) by the issue, without preferential subscription rights, of 4,368,936 ordinary shares reserved for industrial or commercial companies operating in the health/pharmaceutical/biotechnology sector or mutual funds managed under French or foreign law investing in the health/pharmaceutical/biotech sector or individuals with significant assets (at least €500,000) investing directly or indirectly, through any legal entity, and with experience in the health/pharmaceutical/biotechnology sector, and (ii) a capital increase of €2,100,001.86 (share premium included) by the issue without preferential rights of 3,181,821 ordinary shares under the TEPA fiscal package.

On 18 October 2017, the Chief Executive Officer noted the completion of this capital increase, i.e. the issue of 7,550,757 new shares at a subscription price of 0.66 euros each (par value of 1/15th of a euro) and an overall amount of €4,983,499.62 (of which €503,383.80 in par value). These 7,550,757 new shares are listed on Euronext Growth.

At the same time, on 17 October 2017, the Board of Directors also decided to perform another capital increase of €4,744,622.52 (share premium included) by the issue, without preferential subscription rights, of 7,188,822 ordinary shares reserved for industrial or commercial companies operating in the health/pharmaceutical/biotechnology sector or mutual funds managed under French or foreign law investing in the health/pharmaceutical/biotech sector or individuals with significant assets (at least €500,000) investing directly or indirectly, through any legal entity, and with experience in the health/pharmaceutical/biotechnology sector.

Subsequently, on 19 October 2017, the Company announced the publication of its AIM Admission Document and its intention to obtain a dual listing by soliciting the admission of existing and new shares of the Company to trading on AIM.

On 1 November 2017, the Chief Executive Officer noted the completion of the capital increase initiated on 17 October 2017, i.e. the issue of 7,188,822 new shares at a subscription price of 0.66 euros (59.38 pence) each (par value of 1/15th of a euro) and an overall amount of €4,744,622.52 (of which €479,254.80 in par value).

On 1 November, the Company was definitively admitted to AIM, and on 3 November, 7,051,590 of the 7,188,822 newly issued shares were admitted to trading, indirectly via the issue and listing of Crest Depositary Interests¹ on AIM.

Transactions related to the Yorkville flexible bond issue in a maximum amount of €5 million (2017)

For more details on the mechanisms of this funding, please refer to the 2015 management report.

For the record, as of 1 January 2017, Yorkville held:

¹ A foreign company cannot directly list its shares through the CREST system (operated and managed by Euronext UK) on AIM. It therefore has to issue CREST Depositary Interests ("CDI"), which are certificates representing Novacyt shares.

- 22,681 warrants of tranche 1, 54,632 warrants of tranche 2, 142,045 warrants of tranches 3 and 4, 181,818 warrants of tranches 5 and 6 and 247,035 warrants of tranches 7, 8 and 9; and
 - 50 convertible bonds of tranches 7, 8 and 9.
- Tranches 7, 8 and 9:

On 4 January 2017, Yorkville converted 20 convertible bonds of tranches 7, 8 and 9, thereby subscribing to 191,566 new shares of the Company issued at a price of 1.050 euros each (a capital increase of €12,771.07).

On 23 February 2017, Yorkville converted 15 convertible bonds of tranches 7, 8 and 9, thereby subscribing to 158,726 new shares of the Company issued at a price of 0.953 euros each (a capital increase of €10,581.73).

On 13 April 2017, Yorkville converted 15 convertible bonds of tranches 7, 8 and 9, thereby subscribing to 183,403 new shares of the Company issued at a price of 0.827 euros each (a capital increase of €12,226.87).

- Tranches 10 and 11:

On 13 February 2017, Novacyt applied for the drawdown of tranches 10 and 11 (€500,000), and on 17 February 2017, 50 convertible bonds and 324,675 warrants (exercisable at an exercise price of 1.155 euros per share) of tranches 10 and 11 were issued. To date, none of the warrants of tranches 10 and 11 has been exercised.

On 15 May 2017, Yorkville converted 50 convertible bonds of tranches 10 and 11, thereby subscribing to 606,850 new shares of the Company issued at a price of 0.761 euros each (a capital increase of €40,456.66).

- Tranches 12, 13, 14 and 15:

On 18 July 2017, Novacyt applied for the drawdown of tranches 12, 13, 14 and 15 (€1,000,000), and on 20 July 2017, 100 convertible bonds and 528,541 warrants (exercisable at an exercise price of 0.946 euros per share) of tranches 12, 13, 14 and 15 were issued. To date, none of the warrants of tranches 12, 13, 14 and 15 has been exercised.

On 14 August 2017, Yorkville converted 10 convertible bonds of tranches 12, 13, 14 and 15, thereby subscribing to 150,141 new shares of the Company issued at a price of 0.667 euros each (a capital increase of €10,009.40).

On 22 August 2017, Yorkville converted 20 convertible bonds of tranches 12, 13, 14 and 15, thereby subscribing to 297,279 new shares of the Company issued at a price of 0.674 euros each (a capital increase of €19,818.60).

On 4 September 2017, Yorkville converted 20 convertible bonds of tranches 12, 13, 14 and 15, thereby subscribing to 260,418 new shares of the Company issued at a price of 0.77 euros each (a capital increase of €17,361.20).

On 25 September 2017, Yorkville converted 10 convertible bonds of tranches 12, 13, 14 and 15, thereby subscribing to 129,687 new shares of the Company issued at a price of 0.774 euros each (a capital increase of €8,645.80).

On 2 November 2017, Novacyt repaid the balance of the debt (nominal amount of €400,000) of tranches 12, 13, 14 and 15, and the 40 convertible bonds were consequently cancelled.

As of 31 December 2017, Yorkville held 22,681 warrants of tranche 1, 54,632 warrants of tranche 2, 142,045 warrants of tranches 3 and 4, 181,818 warrants of tranches 5 and 6, 247,035 warrants of tranches 7, 8 and 9, 324,675 warrants of tranches 10 and 11, and 528,541 warrants of tranches 12, 13, 14 and 15.

The Yorkville funding tracking chart is available on the Novacyt website at: <http://novacyt.com/fr/autres-informations-reglementees/>

1.4 Foreseeable change in the Company's position and future prospects

In 2018, the Group will continue the efforts made in 2017 to bolster organic revenue growth and assess the growing potential for additional acquisitions. The Group also hopes to report further progress in the development of its product portfolio for Primerdesign. Management accordingly remains confident in Novacyt's ability to continue growing on its three strategic pillars.

1.5 Business activity in the year ended 31 December 2017

Amounts in €k	Cytology	Diagnostics	Molecular testing	Total
Geographical area				
Africa	-	299	363	662
Europe	1,205	3,347	2,531	7,083
Asia-Pacific	761	1,608	1,656	4,025
America	-	661	1,192	1,854
Middle East	239	739	352	1,330
Revenue	2,204	6,655	6,095	14,954

1.6 Research and development activity

Developments in the field of molecular tests:

Primerdesign has developed new multiplex features for the Genesig® product line. This allows it to offer flexibility in the multiplexing of three DNA tests, thereby broadening the product offering. It also recently launched a high-risk multiple-risk HPV kit in RUO format in a timely manner, receiving clinical validation from a major clinical laboratory.

Primerdesign was also successfully audited following the inspection by its certifying body, which focused on the review of the new process and the CE marking features, following the first approval of Primerdesign's CE mark for the Zika virus, allowing the use of the test for clinical assays. This approval, which we expect to be the first in a series of new clinical assays, demonstrates the Company's ability to develop in vitro CE marking tests.

1.7 Polluting or dangerous activities

[None]

1.8 Main risks and uncertainties facing the Company and management of financial risks

At the time of the approval of the annual financial statements, the directors had a reasonable expectation that the Company has sufficient resources to continue operating in the foreseeable future. They therefore used the going concern principle in preparing the annual financial statements.

Business continuity covers the period until April 2019 inclusive. In making this assessment, the directors took the following aspects into account:

- the Company's working capital requirements;
- the positive cash balance of €4,345,000 as of 31 December 2017;
- the redemption of bonds in accordance with the agreed redemption schedules.

The forecasts established by the Company show that it is in a position to cover its cash requirements during the 2018 financial year and until April 2019 without needing to raise any further funding, bank or otherwise.

The Group's main financial liabilities are loans, as well as trade and other payables. Their main purpose is to finance operating activities.

Loans, trade and other receivables, and cash and cash equivalents held by the Group are generated by operating activities.

- Currency risk

The Group has significant operations in the United Kingdom, where its main subsidiaries are located. Nevertheless, its funding is denominated primarily in euros.

- Credit risk

Credit risk is the risk of financial loss, following the failure by a third party to honour its commitment to repay a debt. The Group is exposed to credit risk due to its operating activities (mainly through trade receivables) and through deposits with banks.

The Group's exposure to credit risk is represented by the risk of counterparty default: maximum exposure is equal to the carrying amount of these instruments.

At this stage, it is not yet clear how Brexit will affect trading, corporate taxation, free movement of persons and regulatory aspects in the United Kingdom. The tax implications, depending on the outcome of ongoing negotiations between the European Union and the United Kingdom, are unknown at this stage. At the time of writing, Novacyt does not foresee any significant impact on the business. The Board of Directors continues to monitor developments in terms of impacts on market, operational, legal and financial risks, and will implement any corrective actions that may be necessary.

- Liquidity risk

Since its creation, the Group has financed its growth by successive capital increases, loans, grants and public aid for innovation, and the reimbursement of research tax credit receivables.

To overcome limits in its capacity to self-finance its growth, the Group is required to seek other sources of funding, notably through capital increases.

The Group may fail to obtain additional capital when it needs it, or such capital may not be available on acceptable financial terms for the Group.

The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, earnings, growth and prospects.

1.9 Significant events occurring between the reporting date and the date of this report

The Company did not record any significant events between the reporting date and the date of this report.

2. REPORT ON CORPORATE GOVERNANCE

2.1 List of offices

Pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code, we list below all the offices and functions exercised in any company by each of the Company's corporate officers during the financial year.

NAME	POSITION	STARTING DATE OF TERM	EXPIRY DATE OF TERM
SENIOR MANAGEMENT			
Graham MULLIS	Chief Executive Officer	13 June 2014	2020 General Meeting
BOARD OF DIRECTORS			
James WAKEFIELD	Chairman and member of the Board of Directors	13 June 2014	2020 General Meeting
Graham MULLIS	Member of the Board of Directors	13 June 2014	2020 General Meeting
Jean-Pierre CRINELLI	Member of the Board of Directors	29 May 2012	2018 General Meeting

Andrew HEATH	Member of the Board of Directors	29 June 2015	2018 General Meeting
Anthony DYER	Member of the Board of Directors	27 June 2017	2020 General Meeting
Juliet THOMPSON	Member of the Board of Directors	27 June 2017	2020 General Meeting
Ed SNAPE	Member of the Board of Directors	27 October 2014	2020 General Meeting

The offices and duties held and performed by corporate officers in other companies during the 2017 financial year were as follows:

- James Wakefield is also:
 - o Director of The Keyholding Company Limited;
 - o Director of Sparsholt Services Ltd;
 - o Director of Westbridge Fund Managers Limited;
 - o Director of Promedics Orthopaedics Limited;
 - o Director of Yorkmarsh Ltd;
 - o Director of Westbridge SME Fund GP Limited;
 - o Director of Westbridge SME Fund FPLP GP Limited;
 - o Director of Westbridge GP1 Limited;
 - o Director of Westbridge GP2 Limited;
 - o Director of Enterprise Fund (General Partner Wales) Ltd;
 - o Director of Lab21 Ltd;
 - o Director of DB Systems Holdings Ltd;
- Graham Mullis is also:
 - o LLP designated member of Optivue LLP;
 - o Director of Chimera Homes Ltd;
 - o Director of MC8 Consultants Ltd;
 - o Director of Lab 21 Limited;
 - o Director of Lab 21 Healthcare;
 - o Director of Microgen Bioproducts;
 - o Director of Biotec Laboratories;
 - o Director of Primer Design Ltd;
 - o Director of Novacyt Asia Ltd;
 - o Director of Novacyt China Ltd;
- Jean-Pierre Crinelli is also:
 - o Chairman of CUP 92;
- Andrew Heath is also:
 - o Deputy Chairman of Oxford Biomedica Plc;
 - o Chairman of Shield Therapeutics Plc;
 - o Non-executive Director of Integrated Healing Technologies;
- Ed Snape is also:
 - o Holder of an office at SAI Holdings Inc.
- Juliet Thompson is also:
 - o Director of Vectura Group Plc;
 - o Director of Nexstim Plc;
 - o Director of GI Dynamics Inc.
- Anthony Dyer is also:
 - o Director of Primerdesign Ltd;

- Director of Biotec Laboratories Ltd;
- Director of Lab21 Healthcare Ltd;
- Director of Lab21 Ltd;
- Director of Microgen Bioproducts Ltd;
- Director of Novacyt Asia Ltd.

As the terms of office of Jean-Pierre Crinelli and Andrew Heath expire in conjunction with this General Meeting, you are asked to renew their term of office as member of the Board of Directors for a period of three years ending at the Ordinary General Meeting to be held in 2021 to approve the financial statements for the previous financial year.

2.2 Agreements concluded between a significant officer or shareholder and a subsidiary

Pursuant to the provisions of paragraph 2 of Article L. 225-37-4, of the French Commercial Code, we list below the agreements entered into, directly or by an intermediary, between the Chief Executive Officer, one of the executive directors, one of the directors or one of the shareholders owning a fraction of the voting rights greater than 10% and a subsidiary of which the Company holds, directly or indirectly, more than half of the capital:

Vatel is the only shareholder holding more than 10% of the capital. Please see notes 1.2 and 12 for more details on the loan agreement.

2.3 Report on delegations of authority concerning capital increases and changes in share capital during the year ended 31 December 2017

2.3.1 Report on delegations of authority concerning capital increases

In accordance with the provisions of Article L. 225-100 of the French Commercial Code, we list below the current delegations of authority or powers granted by the General Meeting to the Board of Directors pursuant to the provisions of Articles L. 225-129-1 and L. 225-129-2 of the said Code:

DATE OF GENERAL MEETING	NATURE OF DELEGATION	DURATION OF DELEGATION	DATE AND TERMS OF USE BY THE BOARD OF DIRECTORS
Extraordinary General Meeting of 22 February 2016 (4th resolution)	Delegation of authority granted to the Board of Directors to issue ordinary shares of the Company and/or securities giving access to the Company's capital, with cancellation of shareholders' preferential subscription rights in favour of a category of person	18 months; terminated with the approval of the 1st resolution of the Extraordinary General Meeting of 5 December 2016	For the record: used by the Board of Directors on 21 September 2016 as part of the Yorkville funding giving rise to the drawdowns of tranches 7, 8 and 9 and conversions of convertible bonds related to the exception of €1,906.34 of the conversion of 13 April 2017 charged against the amount set in the 1st resolution of the EGM of 5 December 2016 (for more details, see section 1.3)
Extraordinary General Meeting of 5 December 2016 (1st resolution)	Delegation of authority granted to the Board of Directors to issue	18 months; terminated the delegation granted under the 4th resolution of	Used by the Board of Directors on 13 February 2017 as part of the

DATE OF GENERAL MEETING	NATURE OF DELEGATION	DURATION OF DELEGATION	DATE AND TERMS OF USE BY THE BOARD OF DIRECTORS
	ordinary shares of the Company and/or securities giving access to the Company's capital, with cancellation of shareholders' preferential subscription rights in favour of a category of person	the Combined General Meeting of 22 February 2016	<p>Yorkville funding giving rise to the drawdowns of tranches 10, 11, 12, 13, 14 and 15 and the related conversions of convertible bonds (for more details, see section 1.3)</p> <p>Capital increase performed by the Chief Executive Officer (subdelegation) on 12 June 2017 (for more details, see section 1.3); of the €147,704.20 capital increase, the sum of €69,272.87 was deducted in respect of the 1st resolution</p> <p>Capital increase performed by the Chief Executive Officer (subdelegation) on 19 June 2017 (for more details, see section 1.3) of the €87,607.730 capital increase, the sum of €28,784.27 was deducted in respect of the 1st resolution</p> <p>Capital increase performed by the Chief Executive Officer (subdelegation) on 18 October 2017 (for more details, see section 1.3) of the €503,383.80 capital increase, the sum of €291,262.40 was deducted in respect of the 1st resolution</p> <p>Capital increase performed by the Chief Executive Officer (subdelegation) on 1 November 2017 (for more details of €479,254.80</p>

DATE OF GENERAL MEETING	NATURE OF DELEGATION	DURATION OF DELEGATION	DATE AND TERMS OF USE BY THE BOARD OF DIRECTORS
Extraordinary General Meeting of 5 December 2016 (2nd resolution)	Delegation of authority granted to the Board of Directors to issue ordinary shares of the Company and/or securities giving access to the Company's capital, with cancellation of shareholders' preferential subscription rights in favour of a category of person, as part of the TEPA package and in accordance with the provisions of Article L. 225-138 of the French Commercial Code	18 months; terminated the delegation of authority granted under the 6th resolution of the Extraordinary General Meeting of 22 February 2016	<p>Capital increase performed by the Chief Executive Officer (subdelegation) on 12 June 2017 (for more details, see section 1.3) of the €147,704.20 capital increase, the sum of €78,431.33 was deducted in respect of the 1st resolution</p> <p>Capital increase performed by the Chief Executive Officer (subdelegation) on 19 June 2017 (for more details, see section 1.3) of the €87,607,730 capital increase, the sum of €58,823.46 was deducted from the 1st resolution</p> <p>Capital increase performed by the Chief Executive Officer (subdelegation) on 18 October 2017 (for more details, see section 1.3) of the €503,383.80 capital increase, the sum of €212,121.40 was deducted in respect of the 1st resolution</p>
Extraordinary General Meeting of 5 December 2016 (3rd resolution)	Delegation of authority to the Board of Directors to issue ordinary shares of the Company and/or securities giving access to the capital of the Company, with preferential subscription rights	26 months; terminated the delegation of authority granted under the 7th resolution of the Extraordinary General Meeting of 22 February 2016	None

2.3.2 Change in capital during the year ended 31 December 2017

As of 1 January 2017, the share capital of the Company amounted to €1,161,134.20 and consisted of 17,417,013 shares with a par value of 1/15th of a euro, all of the same class.

In 2017, 20,247,328 new shares were issued, breaking down as:

- 191,566 shares resulting from the capital increase (€12,771.07 in par value) following the conversion of 20 convertible bonds of tranches 7, 8 and 9 of the Yorkville funding on 4 January 2017;
- 158,726 shares resulting from the capital increase (€10,581.73 in par value) following the conversion of 15 convertible bonds of tranches 7, 8 and 9 of the Yorkville funding on 23 February 2017;
- 183,403 shares resulting from the capital increase (€12,226.87 in par value) following the conversion of 15 convertible bonds of tranches 7, 8 and 9 of the Yorkville funding on 13 April 2017;
- 606,850 shares resulting from the capital increase (€40,456.66 in par value) following the conversion of 50 convertible bonds of tranches 10 and 11 of the Yorkville funding on 15 May 2017;
- 2,215,563 shares resulting from the capital increase (€147,704.20 in par value) on 12 June 2017;
- 1,314,166 shares resulting from the capital increase (€87,607.73 in par value) on 19 June 2017;
- 150,141 shares resulting from the capital increase (€10,009.40 in par value) following the conversion of 10 convertible bonds of tranches 12, 13, 14 and 15 of the Yorkville funding on 14 August 2017;
- 297,279 shares resulting from the capital increase (€19,818.60 in par value) following the conversion of 20 convertible bonds of tranches 12, 13, 14 and 15 of the Yorkville funding on 22 August 2017;
- 260,418 shares resulting from the capital increase (€17,361.20 in par value) following the conversion of 20 convertible bonds of tranches 12, 13, 14 and 15 of the Yorkville funding on 4 September 2017;
- 129,687 shares resulting from the capital increase (€8,645.80 in par value) following the conversion of 10 convertible bonds of tranches 12, 13, 14 and 15 of the Yorkville funding on 25 September 2017;
- 7,550,757 shares resulting from the capital increase (€503,383.80 in par value) on 18 October 2017; and
- 7,188,822 shares resulting from the capital increase (€479,254.80 in par value) on 1 November 2017.

As of 31 December 2017, the share capital amounted to €2,510,956.06 and consisted of 37,664,341 shares with a par value of 1/15th of a euro each.

3. EMPLOYEE SHAREHOLDINGS

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, we inform you that no savings plan has been established for the Company's employees.

As of 31 December 2017, employees held 0% of the Company's capital.

4. SUBSIDIARIES AND INVESTMENTS

4.1 Acquisition of significant holdings in companies having their head office in France or takeovers of such companies

In accordance with Article L. 233-6 of the French Commercial Code, we inform you that the Company did not acquire any new shareholdings in a company whose registered office is in the French Republic during the 2017 financial year.

4.2 Alienation of shares taken to regularise cross shareholdings

None

4.3 Breakdown of share capital and treasury shares

Breakdown of share capital

In accordance with the provisions of Article L. 233-13 of the French Commercial Code and taking into account the information received in application of Articles L. 233-7 and L. 233-12 of the said Code, we hereby disclose the identity of shareholders holding, directly or indirectly, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of voting rights at the General Meetings of the Company as of 31 December 2017:

NAME	NUMBER OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS
VATEL CAPITAL	4,433,532	11.8	11.8
Legal & General	2,525,909	6.7	6.7

Information on treasury shares:

In accordance with the provisions of paragraph 2 of Article L. 225-211 of the French Commercial Code, we hereby disclose share purchases:

- Intended to be attributed to employees as part of employee incentive plans: none;
- A liquidity agreement has been concluded with Invest Securities to facilitate the trading of our securities on Euronext Growth and to promote the liquidity of the Company's securities.

In 2017, the Company carried out the following transactions on its own shares:

- Number of shares held on 1 January 2017: 76,943;
- Purchases made during the financial year under the liquidity contract: 92,665;
- Average price of purchases: 0.8213 euros;
- Sales made during the financial year under the liquidity contract: 78,900;
- Average price of sales: 0.8213 euros
- Number of shares held as of 31 December 2017: 90,708.

5. Information about payment terms of suppliers and customers

In application of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we hereby provide you with the mandatory information on the payment terms of our suppliers (in thousands of euros):

The figures below include VAT.

Information on payment terms	Not due	X < 30 days	X < 60 days	X > 60 days	Total
Trade payables as of 31 December 2016	252	421	152	274	1,099
Trade payables as of 31 December 2017	194	305	170	31	699

In application of Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, we hereby provide you with the mandatory information on the payment terms of our customers (in thousands of euros):

The figures below include VAT.

Information on payment terms	Not due	X < 30 days	X < 60 days	X > 60 days	Total
Trade receivable as of 31 December 2016	0	68	115	272	455
Trade receivable as of 31 December 2017	36	41	215	307	600

6. Amount of dividends paid during the last three years

The Company has not paid any dividends in the last three years.

7. Transactions by senior managers on their shares

Pursuant to the provisions of Articles 223-22 A and 223-26 of the AMF General Regulation, we hereby disclose transactions carried out by senior managers and their relatives on the Company's shares during the financial year:

CUP 92 sold all of the shares of the Company it held in 2017.

The members of the Board of Directors made the following share purchases at the time of the dual listing of the Company on AIM, a market operated by the London Stock Exchange:

- Graham Mullis and his family: 52,138 shares;
- Anthony Dyer: 16,839 shares;
- Edwin Snape: 16,839 shares;
- Andrew Heath and his family: 16,839 shares;
- James Wakefield: 16,839 shares;
- Jean-Pierre Crinelli: 15,151 shares.

8. Table of results over the past five years

The table below sets out the results of the last five financial years required pursuant to paragraph 2 of Article R. 225-102 of the French Commercial Code.

COMPANY: NOVACYT SA		YEAR ENDED:	31 December 2017		
RESULTS (AND OTHER CHARACTERISTIC ITEMS) OF THE COMPANY DURING THE LAST FIVE YEARS					
NATURE OF INDICATIONS	2013	2014	2015	2016	2017
<i>End-of-year capital</i>					
. Share capital.....	197,457	418,048	479,281	1,161,134	2,510,956
. Number of ordinary shares in circulation.....	2,961,851	6,270,723	7,189,213	17,417,013	37,664,341
. Number of (non-voting) preference shares in circulation.....					
. Maximum number of future shares to be created.....					
. by conversion of bonds.....					
. by exercise of warrants.....					
<i>Operations and results of the year</i>					
. Revenue excluding VAT.....	1,153,981	1,006,345	1,238,952	1,466,480	1,896,430
. Income before tax, employee profit sharing and depreciation, amortisation and provisions.....	<786,591>	<1,715,630>	<2,933,361>	<4,541,034>	<4,528,852>
. Income tax.....	<231,867>	<170,203>	<148,268>	<208,365>	<123,486>
. Employee profit-sharing due for the year.....					
. Income after tax, employee profit sharing and					

depreciation, amortisation and provisions.....	<993,322>	<1,765,205>	<12,755,279>	<9,772,595>	<6,166,131>
. Result distributed for the year.....					
<i>Earnings per share</i>					
. Income after tax and employee profit sharing, but before depreciation, amortisation and provisions.....	<0.19>	<0.25>	<0.39>	<0.25>	<0.12>
. Income after tax, employee profit sharing and depreciation, amortisation and provisions.....	<0.34>	<0.28>	<1,77>	<0.56>	<0.16>
. Dividend paid on each share.....					
<i>Employees</i>					
. Average number of employees during the year.....	9	9	9	9	6
. Amount of payroll for the year.....	635,569	640,879	810,121	654,166	490,159
. Amount of employee benefits paid in the year (social security, social services).....	232,118	270,423	335,553	276,130	185,546

8.1 Consolidated results

TABLE OF CONSOLIDATED RESULTS FOR THE LAST 2 YEARS		
Amounts in € thousand	Year ended 31 December 2017	Year ended 31 December 2016
Revenue	14,954	11,076
Recurring operating profit/(loss)	-1,890	-3,074
Total net profit/(loss)	-5,444	-5,709
Net profit/(loss) attributable to shareholders of the parent company	-5,442	-5,709
Share capital	2,511	1,161
Equity attributable to owners of the company	24,914	17,768
Borrowings	-3,893	-6,255
Net fixed assets	6,413	6,429
Total assets	34,024	30,442
Dividends	0	0
Earnings per share (in units)	-0.24	-0.47

9. Loans due in less than 2 years granted by the Company to micro, small or mid-sized enterprises with which it has economic links justifying it

In accordance with paragraph 3b, line 2 of Article L. 511-3 of the French Commercial Code, we list below the loans made by the Company and due in less than 2 years to micro, small or mid-sized enterprises with which it has economic links justifying it:

None.

10. Special report on stock options and free shares

To the shareholders,

This report is presented to you:

- Pursuant to the provisions of Article L. 225-184 of the French Commercial Code concerning transactions relating to stock options, and
- Pursuant to the provisions of Article L. 225-197-4 of the French Commercial Code concerning transactions relating to the granting of free shares.

The Board of Directors did not implement any stock option plans and did not grant any free shares during the year ended 31 December 2017.

11. Office of the auditors

Statutory auditors:

DELOITTE & ASSOCIÉS
 Represented by Benjamin Haziza
 185 C Avenue Charles de Gaulle – 92200 Neuilly-sur-Seine

Appointed at the Extraordinary General Meeting of 23 April 2012 for a period of six financial years, i.e. until the Extraordinary General Meeting called in 2018 to approve the financial statements for the year ended closed on 31 December 2017.

Alternate auditors:

BEAS
 195 Avenue Charles de Gaulle – 92200 Neuilly-sur-Seine

Appointed at the Extraordinary General Meeting of 23 April 2012 for a period of six financial years, i.e. until the Extraordinary General Meeting called in 2018 to approve the financial statements for the year ended closed on 31 December 2017.

It is proposed that you renew the term of office of the statutory and alternate auditors.

12. Agreements concluded between a senior officer or a significant shareholder and the Company or one of its subsidiaries

In accordance with Article L. 225-38 of the French Commercial Code, we list below the regulated agreements entered into by the Company during the year ended 31 December 2017:

- Convertible bond in the amount of 1,500,000 euros for the benefit of funds managed by Vatel Capital SAS

On 31 March 2017, the Company issued a convertible bond in the amount of €1,500,000 by issuing 1,500,000 convertible bonds (the “OC17VATEL”) fully subscribed by FCPI Dividends Plus 4 and FCPI Dividends Plus 5 (two funds managed by Vatel Capital). The OC17VATEL bonds were issued in a single tranche maturing in three years (repayable in 36 monthly instalments), with an annual coupon of 7.9% and a non-conversion premium of 0.1%. The OC17VATEL bonds can only be converted into new Novacyt shares in the event of default and by applying the following conversion ratio: 1 OC17VATEL for 1.25 new shares of the Company. As of January 31, 2018, 1,117,744 of the OC17VATEL bonds were still to be redeemed.

13. Miscellaneous information

In accordance with the provisions of Articles 39-4 and 223 *quater* of the French General Tax Code, we inform you that the accounts of the Company for the past financial year do not contain expenses that are not deductible from the taxable result.

Pursuant to the provisions of Article L. 232-6 of the French Commercial Code, we inform you that no changes have been made to the presentation of the annual financial statements or the valuation methods used in relation to the previous year.

The Board of Directors