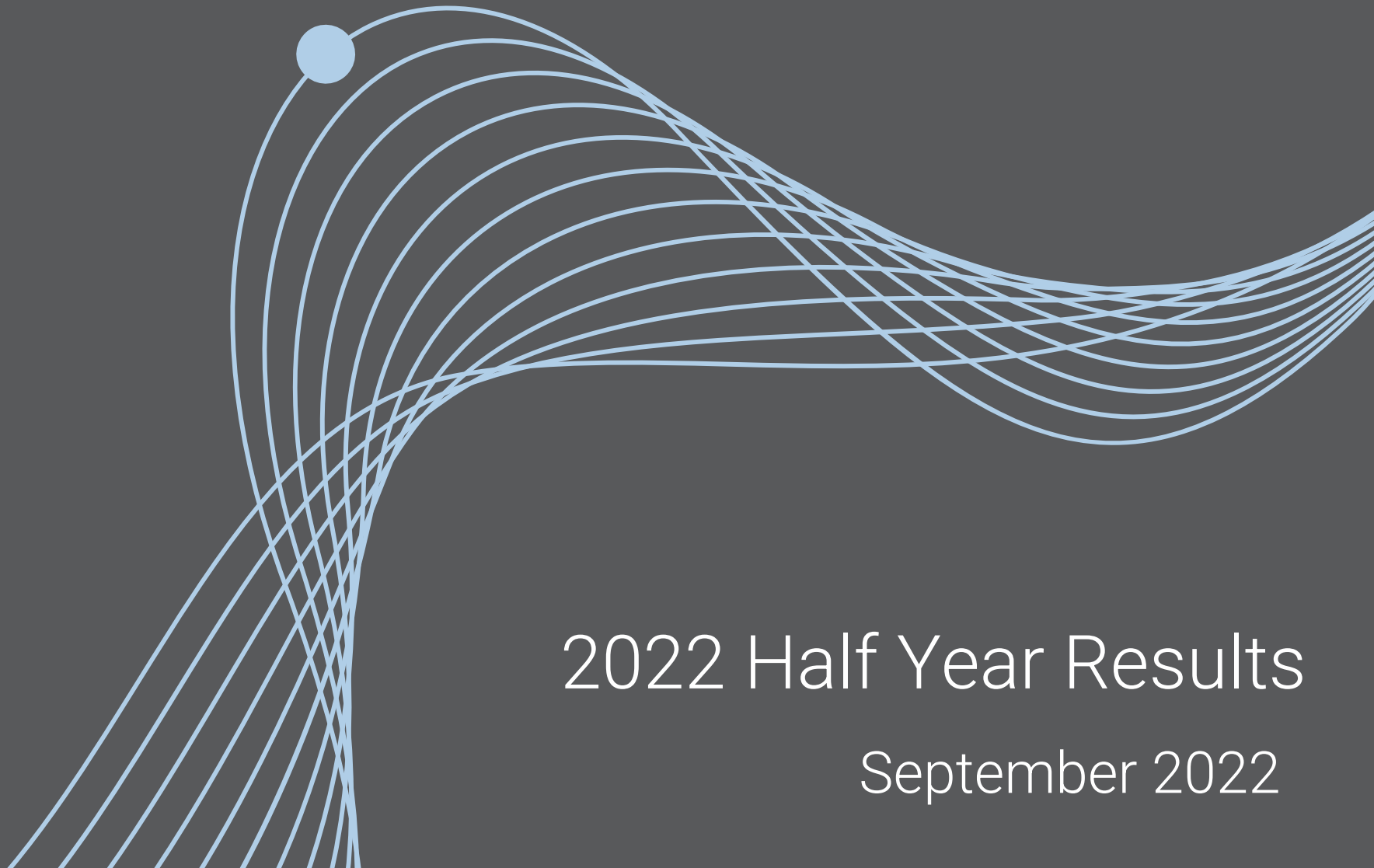


NOVACYT



2022 Half Year Results

September 2022

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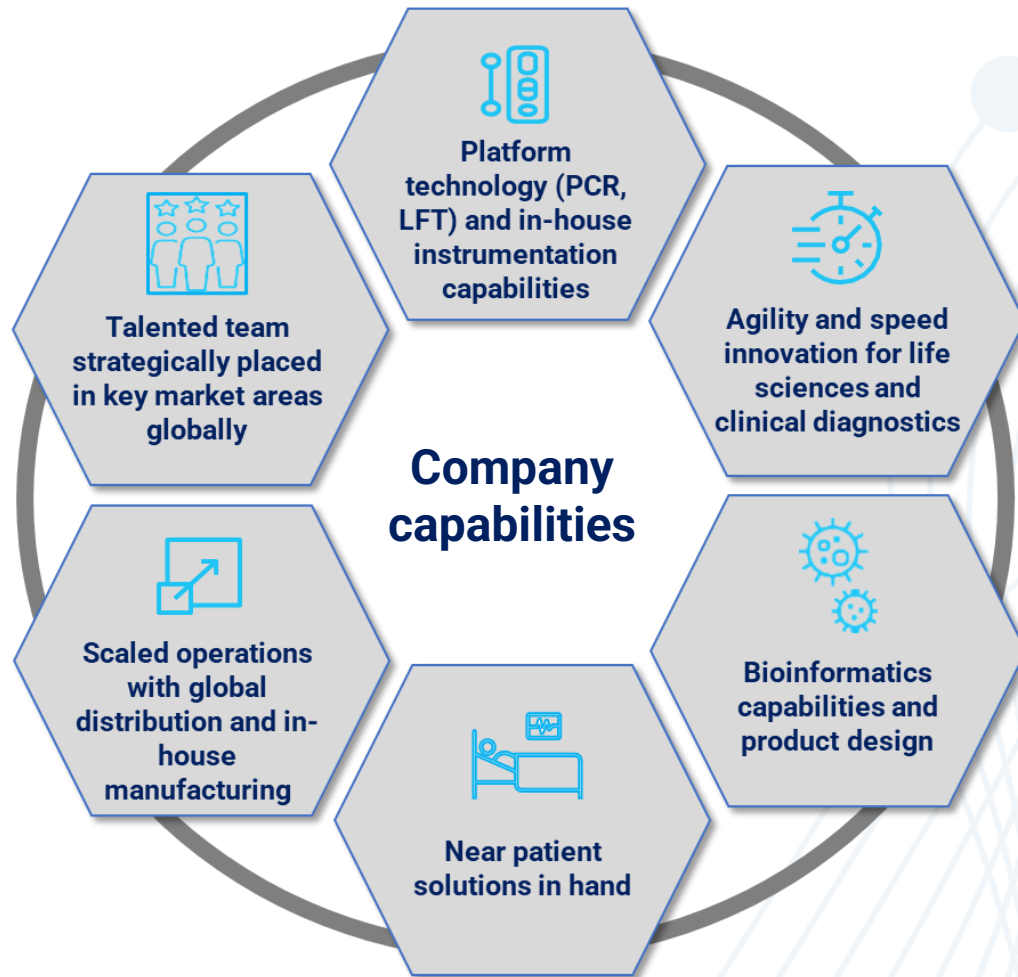
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# Company capabilities, vision and purpose



## Our vision

**Committed** to becoming a leading, **global clinical diagnostics** company in infectious diseases

## Our purpose

We **protect lives** from invisible threats by enabling informed clinical decision-making through quality diagnostics in **the right place, at the right time**

# Presenters



**Dave Allmond**  
Chief Executive Officer

- Appointed CEO of Novacyt in 2021
- Over 25 years of global experience in pharmaceuticals & biopharmaceutical companies
- Internationally experienced, strategic business leader with strong track record in global commercialisation
- Built & led multiple diverse, successful teams in dynamic growth companies including Amgen, Celgene & Amryt Pharma
- C-level executive with AIM and NASDAQ listed companies



**James McCarthy**  
Chief Financial Officer

- Appointed CFO of Novacyt in 2021
- Over 30 years in international manufacturing and industrial businesses in both consumer and B2B
- CFO in both Private Equity and public businesses.
- FCCA qualified over 30 years with broad commercial, supply chain and M&A experience

# 2022 Unaudited Half Year Results



# H1 2022 and post-period operational highlights



- Developed semi-automated, scalable workflow solution.



- Accelerated menu availability with access to >40 clinical ID assays.



- Launched an LFT digital reader for use in conjunction with 18 non COVID-19 assays



- Launched an RUO monkeypox PCR assay and an RUO assay for adenovirus F41



- Launch of defence and counterclaim against DHSC

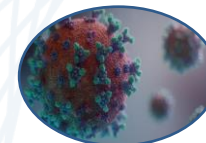
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- Completed closure of Microgen Bioproducts and Lab21 and fully delivered restructuring programme announced in July.



- Relunched RUO portfolio in July with encouraging early contract wins.



- PROmate® COVID-19 1G, 2G and exsig™ COVID-19 Direct Real-Time PCR tests received CTDA approval



- Granted a key patent for ORF1a/b, which will lead to a corporation tax credit against future profits on related assays



# H1 2022 unaudited – Profit & Loss

£'000	H1 2022	H1 2021
Continuing Operations*	Consol	Consol
<b>Revenue</b>	<b>16,508</b>	52,201
Gross profit **	<b>4,010</b>	1,177
Gross profit %	<b>24%</b>	2%
<b>OPEX</b>	<b>(11,148)</b>	(13,301)
<b>EBITDA</b>	<b>(7,138)</b>	(12,124)
EBITDA %	<b>-43%</b>	-23%
<b>Adjusted EBITDA **</b>	<b>(7,138)</b>	23,646
Recurring operating loss ***	<b>(8,179)</b>	(12,958)
Operating loss	<b>(8,712)</b>	(12,958)
Other financial income and expenses	<b>1,628</b>	(1,421)
Income tax credit	<b>2,041</b>	2,295
Loss after tax from continuing operations	<b>(5,043)</b>	(12,084)
Loss from discontinued operations	<b>(3,656)</b>	(591)
<b>Loss after tax attributable to the owners</b>	<b>(8,699)</b>	(12,675)

\* Following the 28 April 2022 announcement where Novacyt announced its intention to close Microgen Bioproducts and Lab21 Healthcare the net results of the Lab21 Products segment for 2021 and 2022 has been reported on a separate line 'Loss from discontinued operations' in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations".

\*\* Due to the ongoing commercial dispute with the DHSC, £35.8m exceptional cost of sales were incurred in H1 2021 (H1 2022: £nil) that were one-off in nature. The two largest items were a £26.1m stock provision, as a result of the Group buying stock to fulfil expected future DHSC orders that did not materialise; and the expensing of £6.9m of stock delivered to the DHSC which has not been paid for as it is now part of the ongoing contract dispute.

\*\*\* H1 2022 recurring operating loss is stated before £0.5m of non-recurring charges in relation to the ongoing DHSC contract dispute.  
September 27, 2022 at 12:43 PM

- Group revenue of £16.5m in H1 2022 compared with £52.2m in H1 2021 predominantly driven by the expected decline in COVID-19 related sales.
- Group gross profit improved to £4.0m (24%) in H1 2022 (H1 2021: £1.2m (2%)). The latter was impacted by the one-off exceptional costs relating to the DHSC dispute.
- The H1 2022 gross profit was reduced as a result of stock provisions and write-offs relating to lower forecast COVID-19 sales. Excluding the impact of these items the Gross Margin would have been in excess of 60%.
- Group adjusted EBITDA loss of £7.1m in H1 2022 before exceptionals (H1 2021: £23.6m profit).
- The discontinued operations losses widen to £3.7m in H1 2022 from £0.6m in H1 2021.
- Loss after tax has decreased to £8.7m in H1 2022 from £12.7m in H1 2021.

# H1 2022 unaudited balance sheet and cash

	Jun-22	Dec-21		Jun-22	Dec-21
	£'000	£'000		£'000	£'000
Goodwill	11,638	11,471	Share capital and premium	54,632	54,646
Right-of-use assets	552	1,788	Retained earnings and reserves	78,035	87,169
Property, plant and equipment	3,439	4,594	<b>Total equity</b>	<b>132,667</b>	<b>141,815</b>
Deferred tax assets	4,796	3,143			
Other non-current assets	3,625	3,918	Deferred tax liabilities	1,245	1,224
<b>Total non-current assets</b>	<b>24,050</b>	<b>24,914</b>	Lease liabilities long-term	1,324	1,446
			Other provisions and long-term liabilities	425	308
Inventories	4,255	11,461	<b>Total non-current liabilities</b>	<b>2,994</b>	<b>2,978</b>
Trade and other receivables	35,293	38,499			
Tax receivables	1,000	5,034	Lease liabilities short-term	347	424
Other current assets	1,889	2,043	Trade and other liabilities	8,128	17,190
Cash and cash equivalents	99,641	101,746	Other provisions and short-term liabilities	21,992	21,290
<b>Total current assets</b>	<b>142,078</b>	<b>158,783</b>	<b>Total current liabilities</b>	<b>30,467</b>	<b>38,904</b>
<b>TOTAL ASSETS</b>	<b>166,128</b>	<b>183,697</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>166,128</b>	<b>183,697</b>

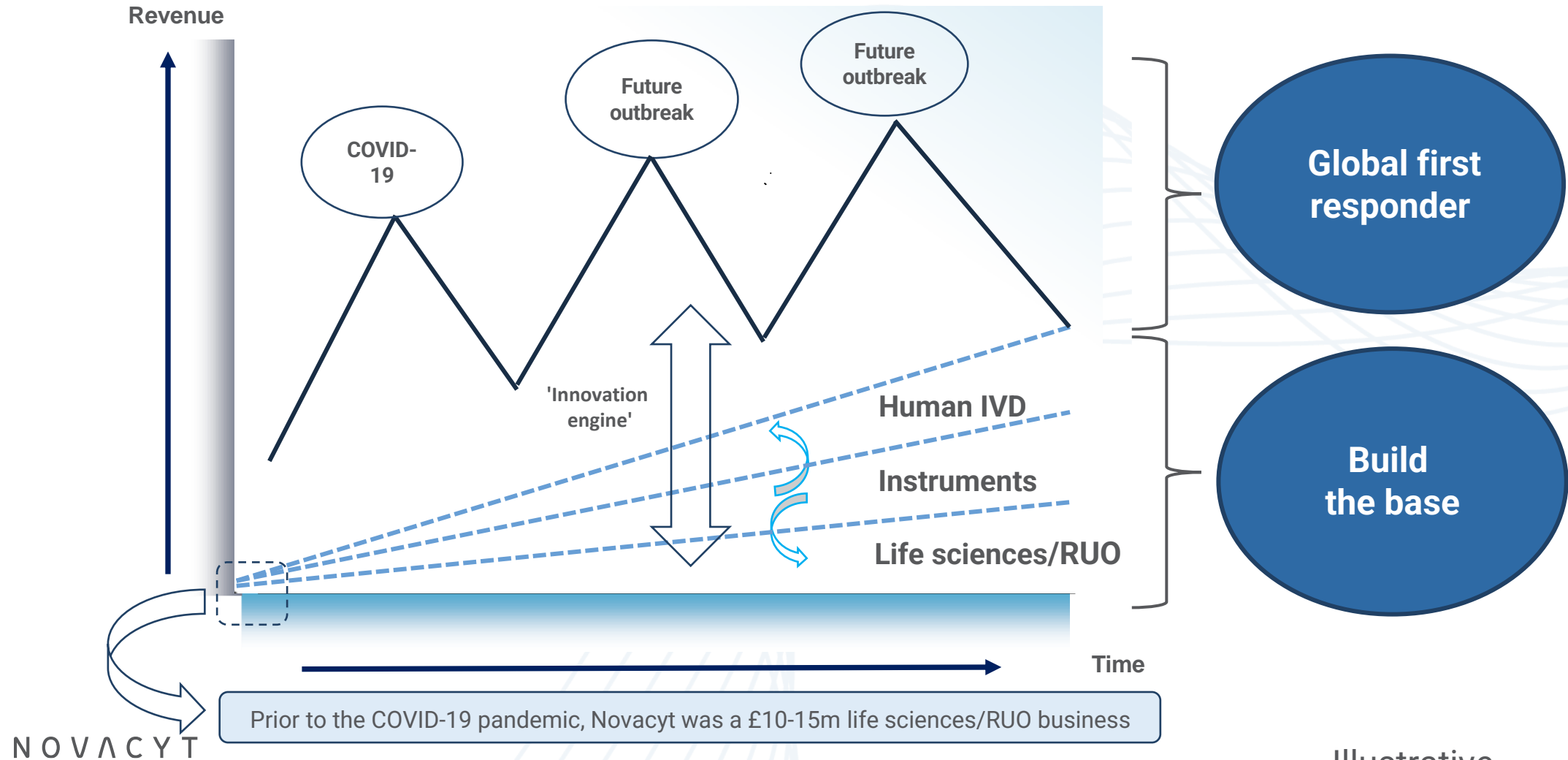
- Cash position at 30 June 2022 was £99.6m, compared with £101.7m at 31 December 2021, and the Company remains debt free.
- WCAP (excluding cash) has fallen by one third from £18.2 at year end to £11.9m at the end of June based on the falling revenues and actions taken in relation to COVID-19 stock.
- Capital expenditure in H1 2022 fell to £0.3m compared to £2.0m in H1 2021, after the Company heavily invested in insourcing manufacturing during 2021.
- Granted the key patent (ORF1a/b), with patent number GB2593010. This means that the effective rate of tax on profits (adjusted for certain rules) derived from the sale of products incorporating this patent is close to 10% rather than the current UK corporation tax rate of 19%.



# Delivery against strategy



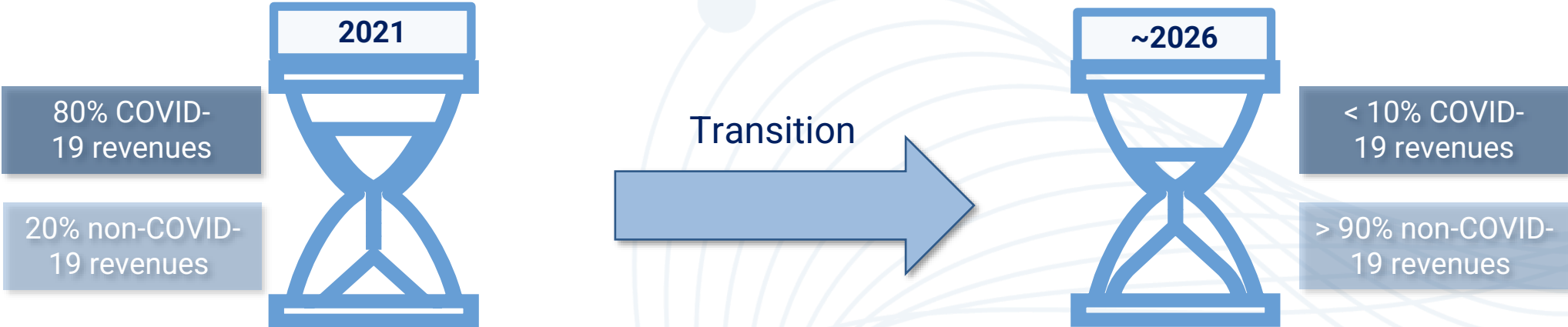
# Corporate strategy – two key imperatives



Illustrative


# Evolving Novacyt beyond the pandemic – building the base

Evolving beyond the pandemic to a sustainable growth business, serving high unmet needs in infectious diseases



## Drivers of transition

  
**Portfolio development**  
Relaunch RUO portfolio in Q2 2022, launch e-commerce platform, deliver clinical IVD portfolio

  
**Instrumentation**  
Integrated with life sciences/RUO and IVD portfolios

  
**Geographic expansion**  
Increasing presence, leveraging adjacent markets and building distributor network

  
**Business development**  
Innovation for disruptive technologies  
Accelerating molecular portfolio  
Strategic transactions

# Significant progress in building the base business (1)

## Strategy



### Portfolio development

Relaunch RUO portfolio in Q2 2022, launch e-commerce platform, deliver clinical IVD portfolio



### Instrumentation

Integrated with life sciences/RUO and clinical (IVD) portfolios

## Actions

- Signed a global distribution agreement with Clonit srl with access to over 40 CE marked clinical assays
- Launched E-commerce platform in Q2 2022
- Relunched RUO portfolio in July 2022
- Progressing organic R&D for mid-term menu expansion.
- Sourced extraction system to integrate with clinical workflow
- Enhancing Co-prep automation with flexibility for PROMate®, genesig® and dry assays
- Launched a new lateral flow test (LFT) reader for use in conjunction with 18 non COVID-19 Pathflow® assays for patient screening in STI, GI, respiratory and insect-borne infections

## Outcomes

- Broad, approved, clinical menu and enhanced workflow available now in STI and in Q1 2023 in respiratory and GI
- Launch in Europe, our initial target geography, (CE marked) where we estimate a market size of circa £470m growing at 10% pa
- Early RUO wins in Q3 with Salmon testing in Canada and Salmonella testing in Poland
- Advanced design of 2 PCR panels for near-patient testing in gastro-intestinal viruses and bacteria infections
- Launching decentralised workflow for use in spoke laboratories to enable deployment of expanded clinical (IVD) menu
- Now participating in significant lateral flow tenders across EU

# Significant progress in building the base business (2)

## Strategy



### Geographic expansion

Increasing presence, leveraging adjacent markets and building distributor network



### Business development

Innovation for disruptive technologies  
Accelerating molecular portfolio  
Strategic transactions

## Actions

- Deployed talent in key geographies
- Optimising global distributor network to build coverage in new markets, ensure optimal RUO and clinical portfolio coverage across priority markets
- Agreements for extraction, sample handling digital reader and broad clinical assay menu already completed
- Further work on portfolio development in progress across target disease areas to accelerate approved menu to commercialise
- Significantly enhanced BD funnel and deal flow for M&A

## Outcomes

- Reduced active distributor network by over 75% to focus on key partners
- Added coverage in 18 new countries across EMEA. Optimising distributor network in US, APAC and LATAM
- Commenced distributor training on full portfolio including expanded clinical portfolio and workflow
- Accelerated launch of clinical ID menu by ~2 years and developing integrated workflow to be completed by Q2 2023
- Identified potential mini-GI panels approved under IVDD for validation and potential distribution
- Strategically aligned/executable opportunities coming through the funnel

# Promoting comprehensive product portfolio to drive near term growth

## PROmate®

Simple, convenient direct to PCR for near patient workflow. Investing in R&D on this platform.



## PathFlow®

Extensive lateral flow portfolio and digital reader for clinical diagnostics/screening



## MyGo, Q Series CO-prep™ & VersaLab™

qPCR instruments, liquid handling, extraction and mobile laboratory taking testing to the front line



## genesig®

Broad clinical & research use PCR portfolio for pathogen detection in veterinary, human, food, and environment settings



## SNPsig®

For the rapid detection, identification and monitoring of SARS-CoV-2 variants of concern





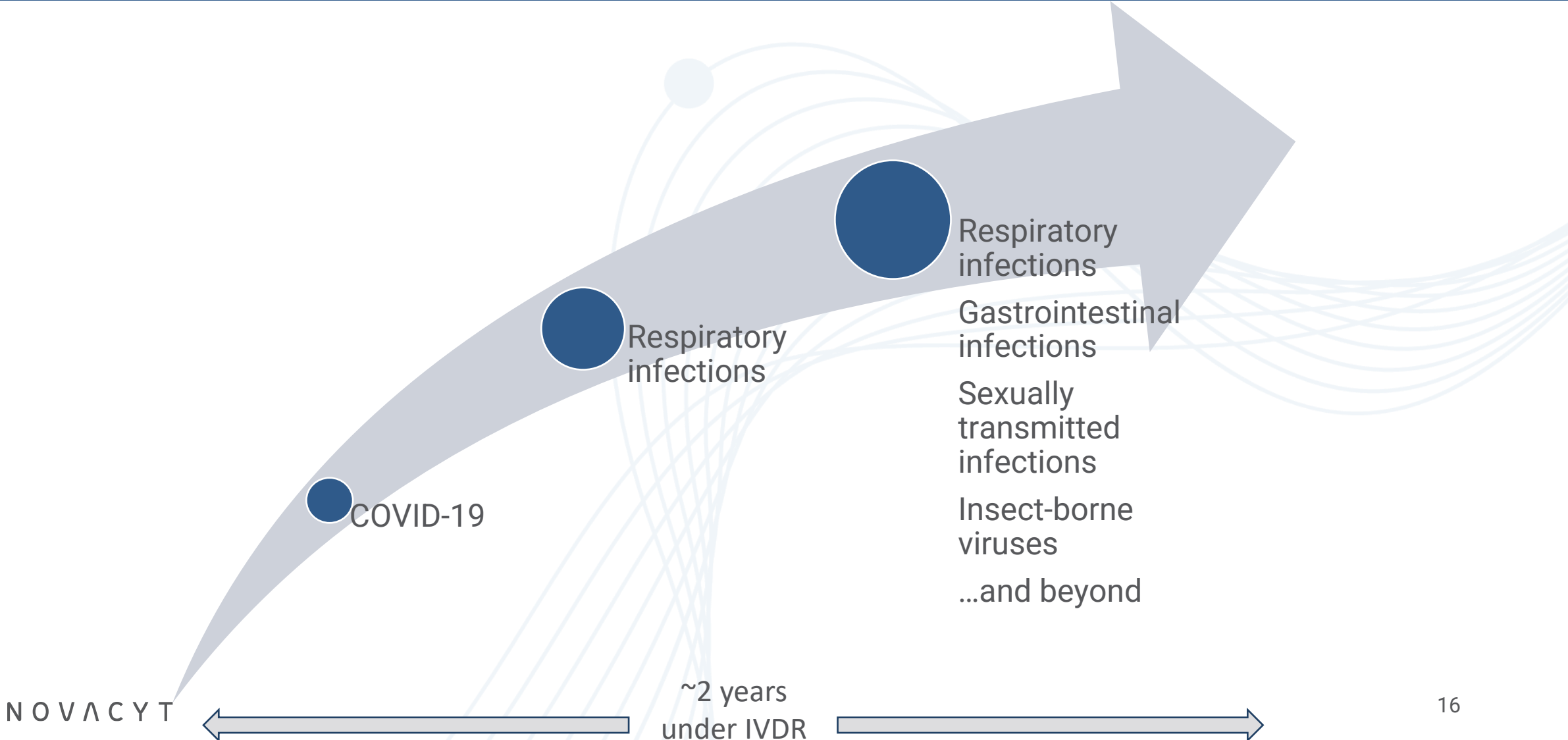
# Relaunching world class, broad range of research use only/life sciences assays and instrumentation

- Veterinary
- Food
- Environment
- Human



MyGo range of 16 and 32 well, open platform qPCR instruments offer an ideal solution for research customers

# Investing in organic R&D and business development to expand our clinical portfolio in 4 key therapeutic areas



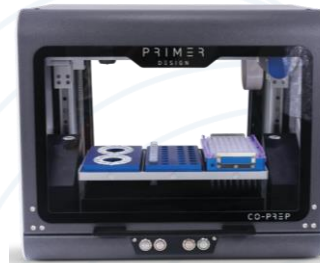
# Enhancing scalable, semi-automated workflow taking clinical testing to the front line



Sample collection



Co-Prep™ extraction and automated liquid handling assay set-up



Convenience with walkaway time

Reduced contamination & human error risk



"Q Series" PCR, 16 & 32 well Instruments

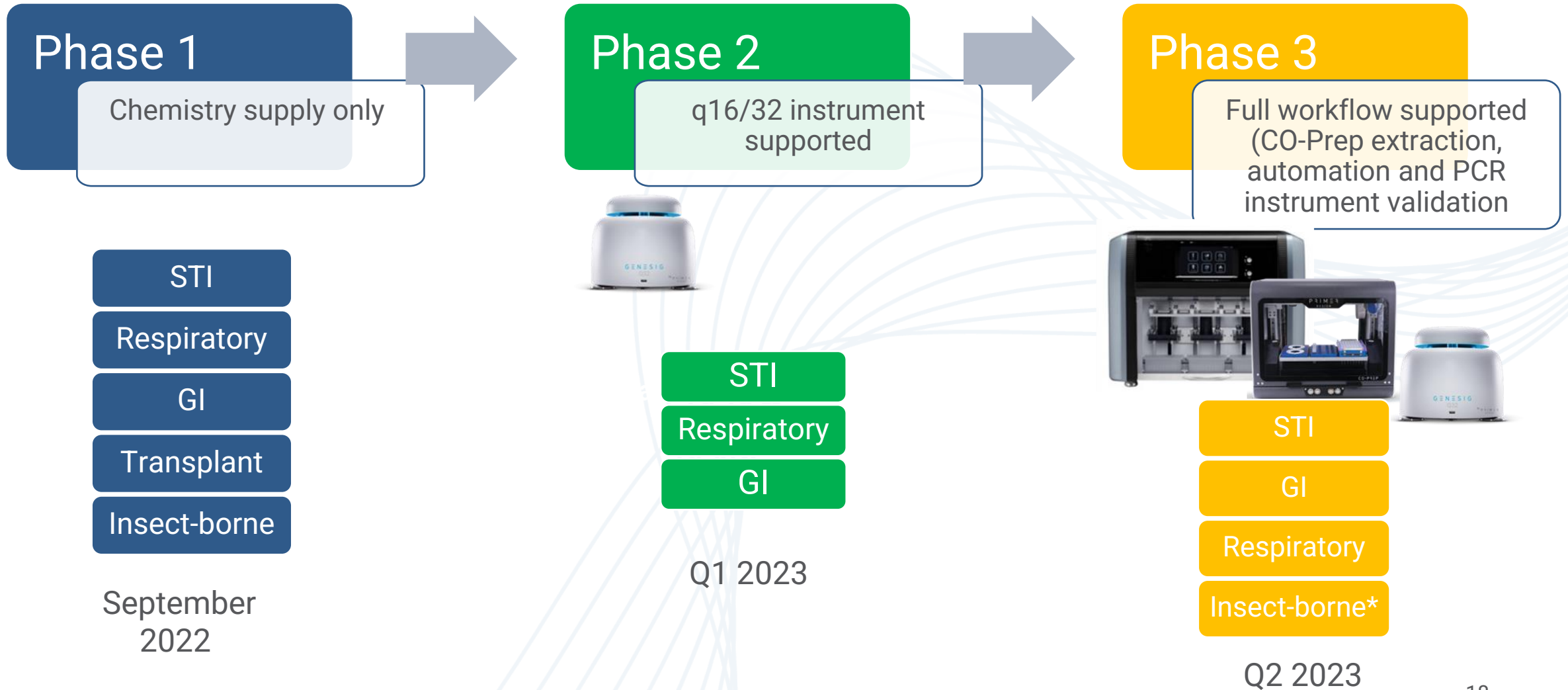
Rapid results  
High sensitivity  
& specificity. Up to  
1000 tests per day

Combined with a VersaLab to provide ultimate flexibility

NOVACYT

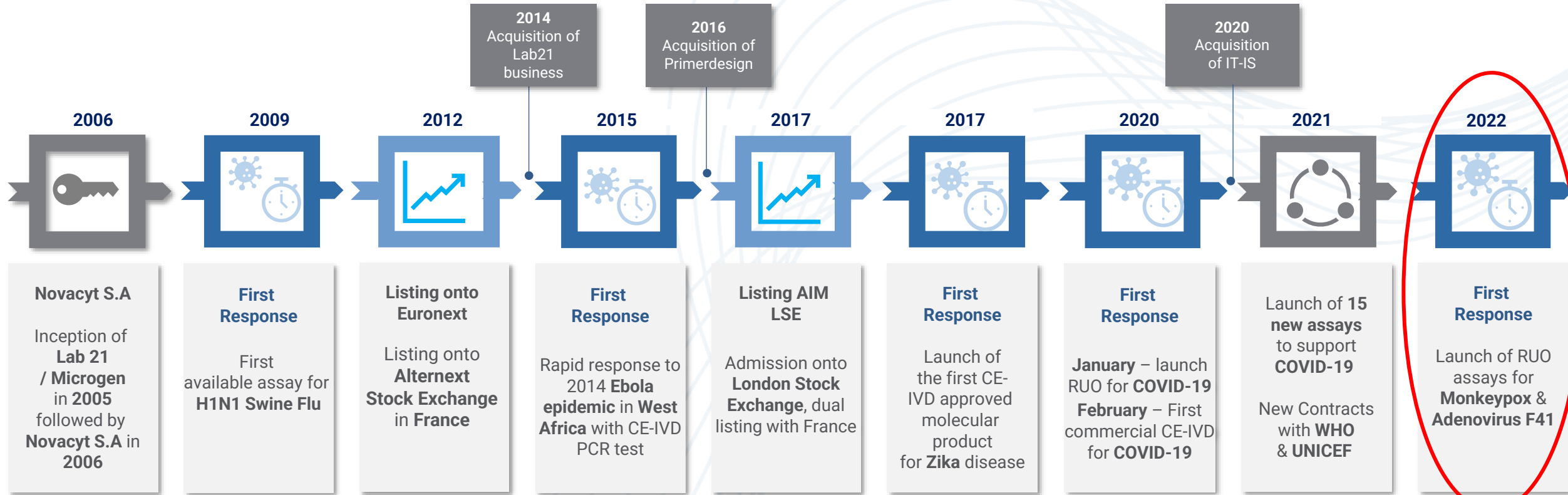


# Launching a broad menu of approved assays across respiratory, STI, GI and insect borne infections



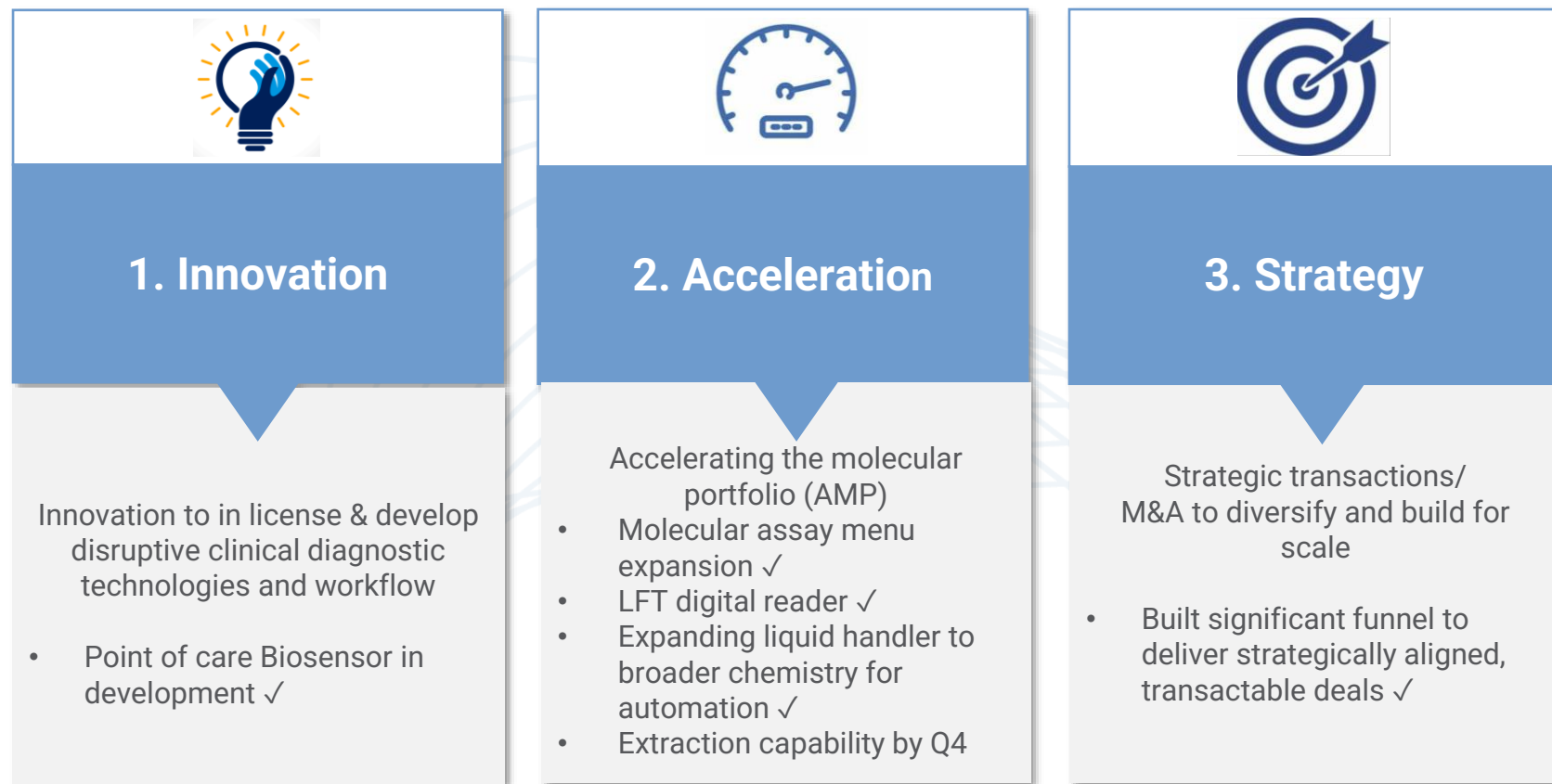
# Continuing to be a global first responder in infectious diseases

Strong track record of being a "first responder" to disease outbreaks.  
Rapid response to Monkeypox and Adenovirus F41 in 2022



# Delivering on inorganic growth Objectives through business development

## Three key areas of focus



We plan to deploy capital in strategic transactions to  
accelerate growth



# Summary and outlook

- Launch of new clinical IVD workflow, in partnership with Clonit, with access to a broad menu
- Launched LFT digital reader for use in conjunction with extensive LFT menu
- Re-launch of RUO portfolio and refreshing route to market with more focussed and streamlined distributors and pilot launch of e-commerce
- Right-sizing cost base in line with falling COVID-19 sales, fully delivered on announced restructuring
- Redoubling business development activities to find the right investment options for cash resources
- M&A funnel delivering opportunities for strategic transactions
- Predicted Q3 2022 revenue of circa £2.0m, with similar levels expected in Q4 2022, resulting in an anticipated EBITDA loss for the full year of circa £13.5m
- The Board believes that Novacyt remains well positioned to leverage its core capabilities to become a leading, global clinical diagnostics company

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