

NOVACYT



2022 Full Year results

27 April 2023

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Presenters



James McCarthy
Acting Chief Executive Officer

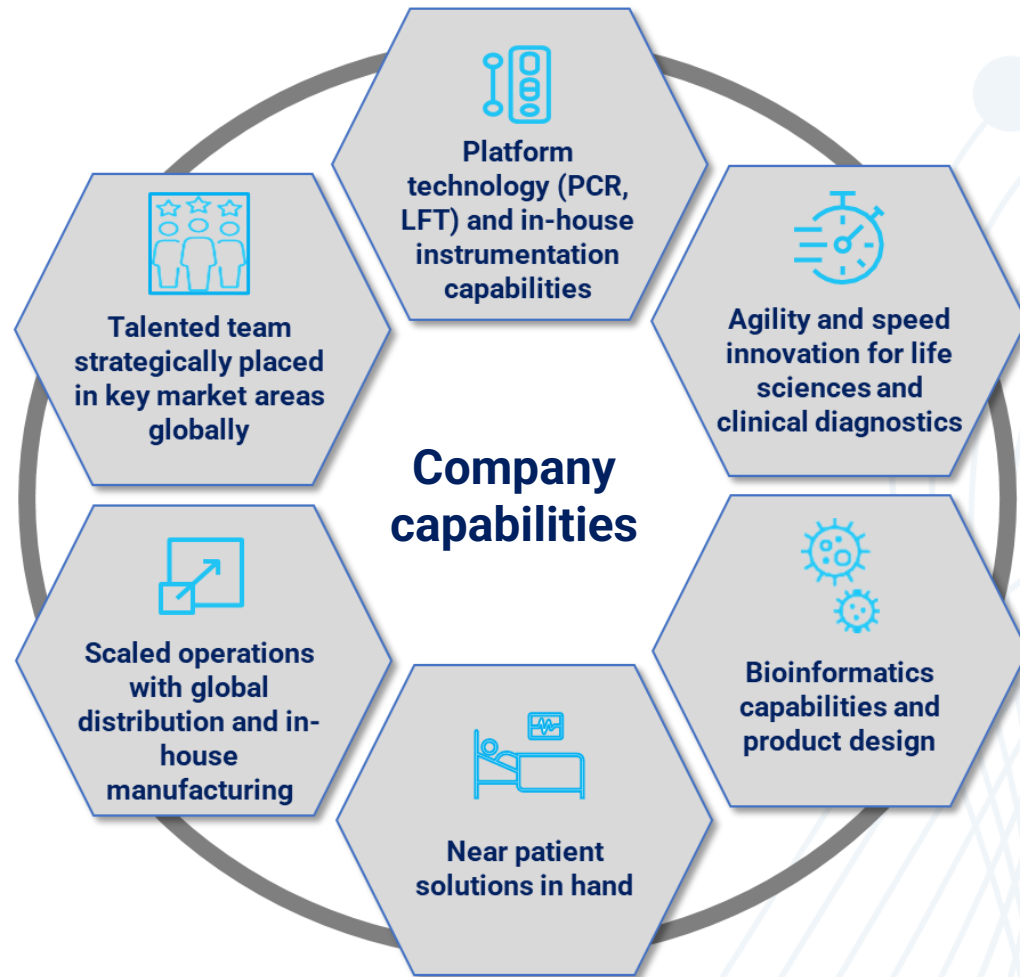
- Acting CEO since November 2022
- Appointed CFO of Novacyt in 2021
- Over 30 years in international manufacturing and industrial businesses in both consumer and B2B
- CFO in both Private Equity and public businesses
- FCCA qualified over 30 years with broad commercial, supply chain and M&A experience



Steve Gibson
Group Finance Director

- Joined Novacyt in 2017
- Group Finance Director since February 2020
- Over 12 years in financial management at a globally recognised blue-chip, technology company
- Broad commercial and international experience, including IPO
- CIMA qualified over 15 years

Building a leading global clinical diagnostics company



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**

2022 a year of transition



- Internal development of Gi bacterial, Gi Viral and Winterplex plus external access to >40 clinical ID assays



- Successful expansion of RUO infectious disease product portfolio beyond COVID-19



- 6 UK CTDA approvals including genesig™ Winterplex which brings total approved portfolio to 7



- Strengthened instrumentation business enabling seamless sample-to-results workflow



- Solid commercial progress with international launch of Winterplex and new development contracts



- Business Development continues to deliver key partnerships including biosensor project with Eluceda



- Launch of defence and counterclaim against DHSC



- Rightsized cost base including closure of Microgen Bioproducts and Lab21

2022 Audited – Income statement

Continuing operations *	2022 £'000	2021 £'000
Revenue	21,040	92,603
Gross profit **	5,746	28,226
Gross profit %	27%	30%
OPEX	(19,286)	(25,131)
EBITDA	(13,540)	3,095
EBITDA %	-64%	3%
Adjusted EBITDA **	(13,540)	38,865
Recurring operating (loss) / profit ***	(15,655)	1,305
Operating loss	(23,393)	(3,916)
Other financial income and expenses	3,340	(1,744)
Income tax	(2,148)	(349)
Loss after tax from continuing operations	(22,201)	(6,009)
Loss from discontinued operations	(3,529)	(3,719)
Loss after tax attributable to the owners	(25,730)	(9,728)

* Following the 28 April 2022 announcement where Novacyt notified its intention to close Microgen Bioproducts and Lab21 Healthcare, the net results of the Lab21 Products segment for FY2021 and FY2022 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 FY2021 (FY2022: £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

*** FY2022 recurring operating loss is stated before £7.7m of non-recurring charges as follows:

1. £5.2m impairment charge in relation to the goodwill and intangible assets associated with the IT-IS International acquisition
2. £1.3m restructuring expenses
3. £0.9m costs in relation to the ongoing DHSC contract dispute
4. £0.3m of other expenses

- Group revenue totalled £21.0m, in line with guidance, (2021: £92.6m), due to the expected decline in COVID-19 related sales
- Group gross profit totalled £5.7m (27%) (2021: £28.2m (30%)). The 2022 gross profit was reduced as a result of significant stock provisions and stock write offs. Excluding these the margin would be in excess of 60%
- Group EBITDA loss totalled £13.5m before exceptional items (2021: £3.1m profit)
- £7.7m of exceptional costs includes a £5.2m goodwill impairment
- Loss from discontinued operations totalled £3.5m (2021: £3.7m loss)
- Loss after tax increased to £25.7m (2021: £9.7m loss)

2022 Audited – Statement of financial position

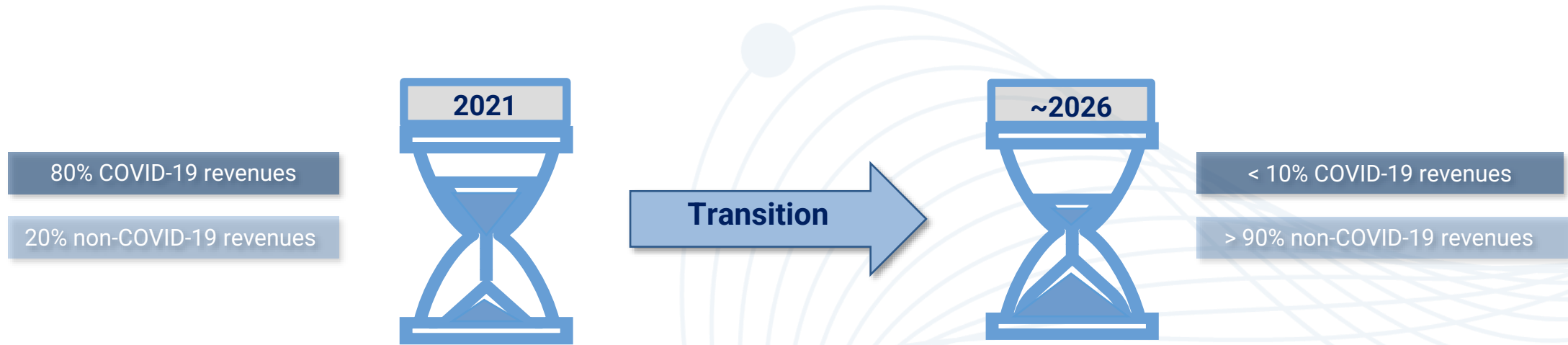
	Dec-22 £'000	Dec-21 £'000		Dec-22 £'000	Dec-21 £'000
Goodwill	6,646	11,471	Share capital and premium	54,633	54,646
Right-of-use assets	521	1,788	Retained earnings and reserves	60,583	87,169
Property, plant and equipment	2,751	4,594	Total equity	115,216	141,815
Deferred tax assets	624	3,143			
Other non-current assets	3,121	3,918	Deferred tax liabilities	1,041	1,224
Total non-current assets	13,663	24,914	Lease liabilities long-term	263	1,446
			Other provisions and long-term liabilities	145	308
Inventories	3,027	11,461	Total non-current liabilities	1,449	2,978
Trade and other receivables	33,662	38,499			
Tax receivables	1,149	5,034	Lease liabilities short-term	609	424
Other current assets	2,427	2,043	Trade and other liabilities	2,787	17,190
Cash and cash equivalents	86,973	101,746	Other provisions and short-term liabilities	20,840	21,290
Total current assets	127,238	158,783	Total current liabilities	24,236	38,904
TOTAL ASSETS	140,901	183,697	TOTAL EQUITY AND LIABILITIES	140,901	183,697

- Cash position was £87.0m (2021: £101.7m). The Company remains debt free
- IT-IS International goodwill impaired by £5.2m as a result of reduced future expected cashflows
- WCAP (excluding cash) fell by £2.1m to £16.0m (2021: £18.1m) based on lower revenues, actions taken in relation to COVID-19 stock and payment of the remaining 2017-2020 LTIP liability
- Capital expenditure fell to £0.4m (2021: £4.1m), after the Company heavily invested in insourcing manufacturing during 2021

Delivery against strategy



Building a sustainable growth business, serving high unmet needs in infectious diseases



Developing new products and workflow solutions



Portfolio development

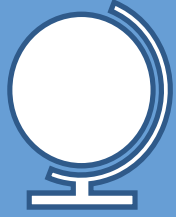
- Building in-house IVDR pipeline, initially with launch of genesig™ Winterplex and plans for up to 10 more assays in 2023, initially as RUO multiplex products
- Launched a portfolio of CE marked clinical assays in STI, GI and respiratory including over 40 tests from Clonit srl
- Relaunched RUO portfolio in July 2022 with some early commercial success in North America and with leading NGO



Instrumentation

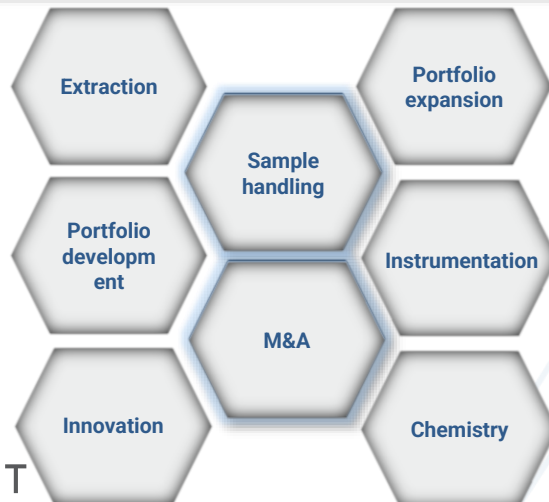
- Established CE marking for both Liquid handling and Q series instruments and validated extraction system with CE marking to be completed shortly
- Developing next generation of q32 instrument to support multiplexing in line with the development of multiples RUO assays
- Launched two new lateral flow test (LFT) readers for use in conjunction with 18 non COVID-19 Pathflow™ assays for patient screening in STI, GI, respiratory and insect-borne infections

Commercialising and accelerating the strategy



Geographic Expansion

- Commercialised Winterplex panel with sales to hospitals in both the UK and Europe
- Gaining traction in RUO with salmon farming in North America and partnering leading global non-governmental organisation (NGO) to support the detection of several pathogens
- Re-engaging with new and existing distributors across APAC with RUO reagent and instrument products
- Developing a pipeline for sales of clinical products post COVID-19



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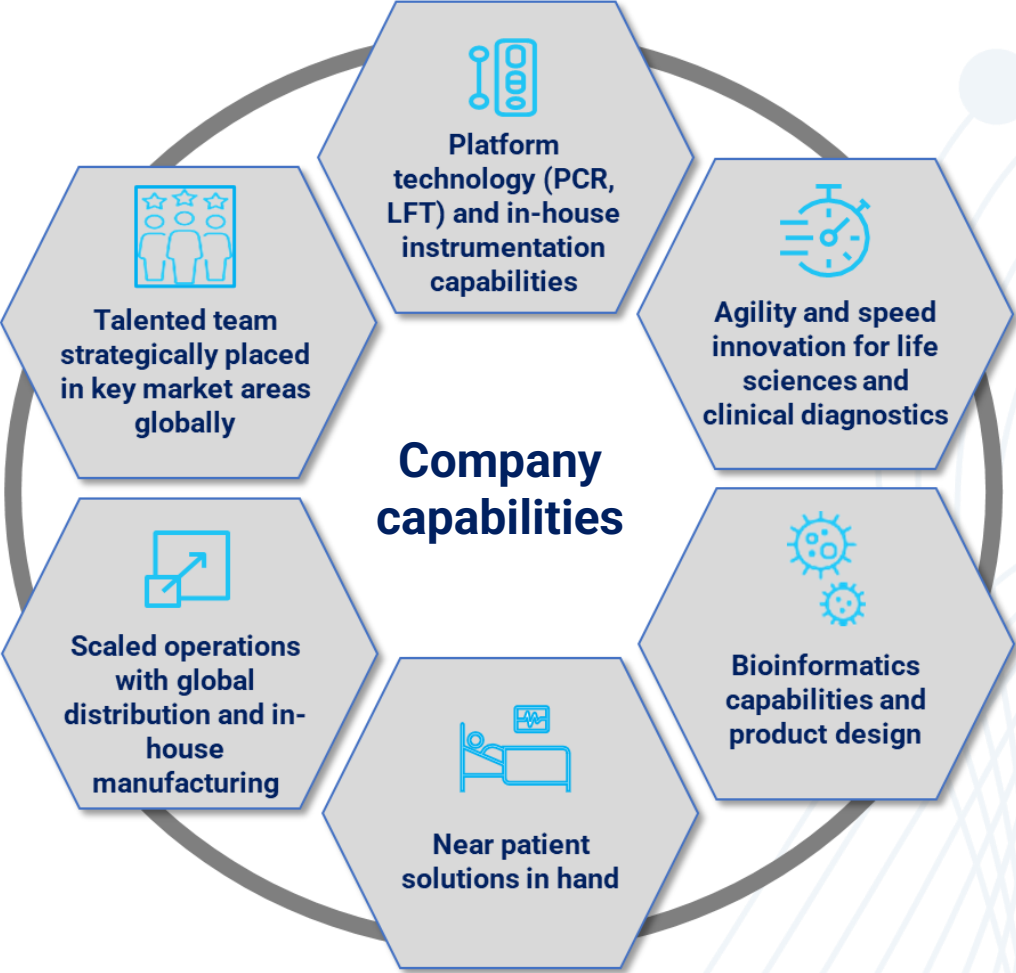
Business Development

- Accelerate development of workflow and assays using 3rd party partnerships as we have seen with the development of Extraction, Liquid handling and the access to Clonit products
- Partnered with Elucedata to develop biosensor technology
- Continue to assess strategic M&A partnership and licencing opportunities

Positioning the business for long-term sustainable growth

- **Over the last year we implemented a number of strategic changes to build on the strength of the core business and transition beyond COVID-19:**
 - **Accelerating the development of a relevant post-COVID portfolio both internally and with external partners**
 - **Expanding commercial capability and geographic reach**
 - **Rightsized cost base**
 - **Evaluating a number of strategic M&A opportunities to accelerate growth**
- **Q1 2023 revenues expected to be circa £1.7m of which £0.3m relates to COVID-19 sales**
- **Q1 2023 revenues slower than expected particularly in instrumentation where we are seeing an over-hang of inventories that customers built up during the pandemic**
- **For the balance of 2023 we expect the run-rate for both RUO and instrument sales to increase and we should also see sales from our clinical portfolio coming through towards the latter part of the year**

Building a leading global clinical diagnostics company



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**

NOVACYT



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