

Novacyt S.A.
("Novacyt", the "Company" or the "Group")

Trading update and progress against strategy for H1 2022

Paris, France and Camberley, UK – 7 July 2022 – Novacyt (EURONEXT GROWTH: ALNOV; AIM: NCYT), an international specialist in clinical diagnostics, announces a trading update for the half year ended 30 June 2022 and provides an update on delivery against its strategy as announced at the time of the full year 2021 results on 28 April 2022.

H1 2022 trading update

Group revenue in H1 2022 was £16.5m (£13.0m COVID-19 related) compared to £52.2m (£47.6m COVID-19 related) in H1 2021 (excluding Lab21 Healthcare and Microgen Bioproducts sales, collectively known as Lab21 Products). This shows a 73% decline in COVID-19 related revenues for H1 2022 compared to H1 2021, which is faster than previously anticipated by the Board. H1 2022 revenue for the non-COVID-19 portfolio declined year-on-year by £1.1m to £3.5m, predominantly driven by lower instrument sales compared to a strong H1 2021 which benefited from COVID-19 demand.

As announced at the time of the full year 2021 results, following a strategic review, Novacyt is discontinuing its Lab21 Healthcare and Microgen Bioproducts businesses. Following a further review based on the faster than expected decline in COVID-19 revenue, the Company is taking steps to further rationalise its cost base, targeting an additional reduction in operating costs of £2.4m this year and a one-off cash restructuring charge of circa £0.8m. As a result, the business is now expected to end 2022 with a full year operating cost of £20.6m (excluding exceptional items and Lab21 Products) and an ongoing operating cost run rate of circa £17.0m, compared to a full year 2021 operating cost of £25.1m (£28.4m before restating Lab21 products).

The Company's cash position at 30 June 2022 was £99.6m, compared to £101.7m at 31 December 2021.

Strategy update

The Company continues to invest in R&D and Commercial resources, which represents £10.0m of projected opex spend in 2022, to execute on the vision and strategy announced earlier in the year to develop and commercialise its non-COVID-19 portfolio. The Company has made good progress on delivering against its strategy during H1 2022, which is detailed below.

Portfolio development – clinical diagnostics in human health and instrumentation

Novacyt has advanced the product design of two new polymerase chain reaction (PCR) assays for near-patient testing in infectious diseases. These new assays are focused on gastro-intestinal viruses and bacteria and will run on the Company's q32 instruments. In addition, the Company has developed three single analyte transplant viral panels for use on open instrument platforms. Two of the transplant assays are complete and the final CMV assay has been filed for regulatory approval, in line with product development plans as outlined in 2021 full year results.

Novacyt has also strengthened its position as an integrated reagent and instrument solution provider by signing an agreement with a leading global health provider to supply both instruments and reagents, for the detection of infectious diseases including high risk HPV and HIV, over a three year period.

Lastly, the Company has launched a new lateral flow test (LFT) reader for use in conjunction with a number of key assays within Novacyt's Pathflow® product portfolio. The small, lightweight LFT reader instrument is designed to provide digital test results based on optical imaging technology thereby removing the ambiguity of manually interpreting a positive/negative reading. The result is available in a matter of seconds (~10-12 secs) in a digital form that can be exported to other systems.

Global first responder

In line with Novacyt's strategy to maintain its position as a global first responder, the Company launched a research-use-only (RUO) monkeypox PCR assay and is developing an RUO assay for adenovirus F Type 41. In addition, the Company has signed a contract with a leading global non-governmental organisation (NGO) to support the detection of arboviruses, including dengue, Zika and Chikungunya, with the total value of the first order approximately £220,000.

To ensure Novacyt is well positioned for any future COVID-19 outbreaks in both developed and developing markets, the Company is consolidating its portfolio. To this end, Novacyt has recently secured CE mark accreditation for its saliva based PathFlow® COVID-19 Rapid Antigen Self-Test and an ambient version of its PROMate® COVID-19 2G assay designed for international shipping. Both tests complement the Company's established genesig® COVID-19 Real-Time PCR portfolio and PROMate® COVID-19 direct to PCR 1G and 2G assays.

Business development

As detailed in the Company's full year 2021 results, Novacyt is seeking to drive value by deploying its capital to deliver inorganic growth in parallel to its ongoing R&D investments. This has included accelerating the molecular portfolio ahead of organic R&D through a distribution agreement covering eight new PCR assays. The assay range will focus on detecting sexually transmitted infections and will be available for launch in Q4 2022.

In addition to the internal development of the new portfolio, the Company continues to progress the M&A strategy to support the inorganic growth of the business through scale and diversification.

Outlook

The Company's inventory balance at the end of H1 2022 is estimated to be circa £10.5m, of which approximately 80% is associated with COVID-19 products. Based on lower forecast COVID-19 sales, Novacyt plans to increase the stock provision by £6.5m to cover excess, short and out of shelf-life finished goods and raw materials. This will result in a net inventory balance circa £4.0m.

If the rate of COVID-19 sales decline experienced in Q2 2022 continues for the remainder of 2022, the Board expects full year revenues of circa £25.0m (previously expected full year revenues of circa £35.0m to £45.0m) based on the expansion of non-COVID-19 revenue in H2 2022 versus H2 2021 including the relaunch of the Company's RUO life sciences portfolio in H2 2022, as announced in the Company's full year 2021 results. This

would deliver an EBITDA loss for 2022 of circa £11.0m, or £4.5m loss for the underlying business when the impact of the additional £6.5m stock provision is excluded.

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

Contacts

Novacyt SA

David Allmond, Chief Executive Officer
James McCarthy, Chief Financial Officer
+44 (0)1276 600081

SP Angel Corporate Finance LLP (Nominated Adviser and Broker)

Matthew Johnson / Charlie Bouverat (Corporate Finance)
Vadim Alexandre / Rob Rees (Corporate Broking)
+44 (0)20 3470 0470

Numis Securities Limited (Joint Broker)

James Black / Freddie Barnfield / Duncan Monteith
+44 (0)20 7260 1000

Allegra Finance (French Listing Sponsor)

Rémi Durgetto / Yannick Petit
+33 (1) 42 22 10 10
r.durgetto@allegrafinance.com; y.petit@allegrafinance.com

FTI Consulting (International)

Victoria Foster Mitchell / Alex Shaw
+44 (0)20 3727 1000
victoria.fostermitchell@fticonsulting.com / Alex.Shaw@fticonsulting.com

FTI Consulting (France)

Arnaud de Cheffontaines
+33 (0)147 03 69 48
arnaud.decheffontaines@fticonsulting.com

About Novacyt Group

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

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