



Downward adjustment of the sales and profitability targets for 2026

Croissy-Beaubourg (France), October 27, 2022, 6.00 pm CEST – THERADIAG (ISIN: FR0004197747, Ticker: ALTER), a company specializing in *in vitro* diagnostics and Theranostics, is adjusting its 2026 sales and profitability targets.

During the capital increase carried out on 26 November 2021, Theradiag had stated its ambition to reach a revenue of more than €40 million in 5 years while maintaining strict control of its costs. It was expected that the United States would account for approximately half of the sales target, notably through direct patient billing. This ambition was also confirmed at the Company's Annual General Meeting on 5 May 2022.

From July 2022 onwards, initiated by Theradiag's partner in the US, discussions regarding the hosting of its business in the United States combined with the anticipated failure to reach breakeven in this country by 2022 led Theradiag to a reflection stage on the implementation of a new commercial strategy for the North American market with the aim of limiting and making profitable the investments made in the United States so far. The initiation of this thinking was alluded into the press release published on the announcement of its half-yearly sales for 2022 on 18 July. In addition, at the time of the publication of the 2022 half-year results on 19 September, the Company confirmed that it was pursuing the optimisation of its commercial organisation in strategic countries. This is in line with the outlook for lower but profitable sales in the United States and the achievement of profitability for Theradiag.

As a result of this review stage and the forthcoming end of the existing contractual relationship, Theradiag has had to adjust its sales model to favour the marketing of its tests through a distributor (and no longer invoicing patients directly), thus limiting its sales in order to improve profitability in the United States, which is less risky because free of fixed costs. Moreover, the targets announced at the time of the capital increase had been assessed without the impact of the Covid waves being able to be perfectly anticipated; yet Covid has slowed down its promotion and test registration plans.

The mechanical reduction in revenue as well as the Covid impact on the business, particularly in the United States, have led to adjust the sales target to €17.2 million in 2026. Moreover, the new organisational model in the United States, which is less risky and less costly in the short term, will have a downward impact on the operating margin in the medium term in absolute value. Indeed, the new business plan to 2026 foresees a stable gross margin after variable production costs over the duration of the plan. The gross margin after fixed production costs improves over the same period due to a better integration of these fixed costs. At the same time, Theradiag plans to strengthen its innovation and R&D investments as well as its promotion and marketing efforts between now and 2026. As a result, although these operating expenses will represent a decreasing proportion of sales as the plan progresses, the operating margin will not be between 20 and 30% by 2026 (target set at the time of the capital increase in November 2021).

Theradiag reminds that a proposed takeover bid (the "Offer") has been filed with the French financial markets regulator (Autorité des marchés financiers, AMF) by Biosynex for the shares of Theradiag that it does not hold at a price of 2.30 euros per share. Theradiag will file its draft reply note with the AMF in the coming days. The downward adjustment of the 2026 revenue target has been taken into account in the valuation work of the presenting institution and by the independent expert appointed in the framework of the Offer. Their respective work is therefore partly based on this business plan. In his report, which will be reproduced in the draft reply note, the independent expert will state that, in his opinion, the gap between this business plan and the announcements made to the market can be explained by the change in sales strategy in the United States reflected in the business plan.

About Theradiag

Capitalizing on its expertise in the diagnostics market, the Company has been developing, manufacturing and marketing innovative *in vitro* diagnostic (IVD) tests for over 30 years.

Theradiag is an established company in the autoimmune disease testing market and pioneered "theranostics" testing (combining therapy with diagnosis), which measures the efficacy of biotherapy in the treatment of chronic inflammatory diseases. Going beyond mere diagnosis, Theranostics aims to help clinicians set up "customized treatment" for each patient. This method favors the individualization of treatment, evaluation of its efficacy and the prevention of drug resistance. In response to this challenge, Theradiag develops and markets the CE-marked TRACKER® range, a comprehensive solution of inestimable medical value.

The Company is based in Marne-la-Vallée, near Paris, has operations in over 70 countries and employs over 60 people. In 2021, the Company posted sales of €11.1 million. The Theradiag share is listed on Euronext Growth Paris (ISIN: FR0004197747) and is eligible for the French PEA-PME personal equity plan. For more information about Theradiag, please visit our website: <https://www.theradiag.com/>



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