NOVACYT GROUP

INTERIM ACCOUNTS 2019

NOVACYT GROUP

Consolidated income statement as at 30 June 2019

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2019	(Unaudited) Six month ended 30 June 2018
Revenue	4,5	7 223	6 427
Cost of sales		-2 643	-2 236
Gross profit		**4 580**	**4 191**
Sales, marketing and distribution expenses		-1 317	-1 217
Research and development expenses		-229	-189
General and administrative expenses		-3 639	-3 387
Governmental subsidies		7	35
Operating loss before exceptional items		**-598**	**-569**
Other operating income	6	57	177
Other operating expenses	6	-123	-444
Operating loss after exceptional items		**-664**	**-836**
Financial income	7	36	32
Financial expense	7	-579	-368
Loss before tax		**-1 208**	**-1 172**
Tax (expense) / income		0	0
Loss after tax		**-1 208**	**-1 172**
Loss from discontinued operations		-786	-673
Loss after tax attributable to owners of the company		**-1 994**	**-1 844**
Loss per share (€)	8	-0,05	-0,08
Diluted loss per share (€)	8	-0,05	-0,08
Loss per share from the continuing operations (€)		-0,03	-0,05
Diluted loss per share from the continuing operations (€)		-0,03	-0,05
Loss per share from the discontinued operations (€)		-0,02	-0,03
Diluted loss per share from the discontinued operations (€)		-0,02	-0,03

The consolidated income statement is presented to reflect the impacts of the application of IFRS 5 relative to discontinued operations, by restating the NOVAprep® activity on a single line “Loss from discontinued operations”.

NOVACYT GROUP

Consolidated statement of comprehensive income as at 30 June 2019

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2019	(Unaudited) Six month ended 30 June 2018
Loss after tax		**-1 994**	**-1 844**
Items that will not be reclassified subsequently to profit or loss:			
Actuarial differences IAS19R		-	-
Items that may be reclassified subsequently to profit or loss:			
Translation reserves		- 2	-3
Total comprehensive loss		**-1 996**	**-1 847**
Comprehensive loss attributable to:			
Owners of the company (*)		**-1 996**	**-1 847**

(*) There are no non-controlling interests.

Statement of financial position as at 30 June 2019

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2019	(Audited) Year ended 31 December 2018
Goodwill	9	15 913	16 134
Other intangible assets		4 664	4 944
Property, plant and equipment		3 752	1 191
Non-current financial assets		228	234
Non-current assets		**24 558**	**22 503**
Inventories and work in progress	10	2 356	2 347
Trade and other receivables		3 573	3 900
Tax receivables		135	94
Prepayments		632	233
Short-term investments		10	10
Cash & cash equivalents	13	598	1 132
Current assets		**7 305**	**7 716**
Assets of discontinued operations		**2 260**	**2 294**
Total assets		**34 122**	**32 513**
Bank overdrafts and current portion of long-term borrowings	11	4 862	3 115
Contingent consideration (current portion)	12	1 138	1 569
Short-term provisions		73	100
Trade and other liabilities		4 972	4 647
Other current liabilities		209	379
Total current liabilities		**11 255**	**9 809**
Liabilities of discontinued operations		**322**	**85**
Net current (liabilities) / assets		**-3 628**	**-2 008**
Borrowings and convertible bond notes	11	3 830	2 259
Long-term provisions		176	168
Deferred tax liabilities		55	54
Total non-current liabilities		**4 061**	**2 481**
Total liabilities		**15 638**	**12 375**
Net assets		**18 485**	**20 138**

Statement of financial position as at 30 June 2019

Amounts in '000 €	Notes	(Unaudited) Six month ended 30 June 2019	(Audited) Year ended 31 December 2018
Share capital		2 710	2 511
Share premium account		58 050	58 249
Own shares		-180	-178
Other reserves		-2 821	-2 819
Equity reserve		650	422
Retained losses		-39 924	-38 047
Total equity - owners of the company		**18 485**	**20 138**
Total equity		**18 485**	**20 138**

NOVACYT GROUP

Statement of changes in equity as at 30 June 2019

Amounts in '000 €					Other group reserves					
	Share capital	Share premium	Own shares	Equity reserves	Acquis. of the shares of Primerdesign	Translation reserve	OCI on retirement benefits	Total	Retained loss	Total equity
Balance at 1 January 2018	**2 511**	**58 281**	**- 176**	**422**	**- 2 948**	**143**	**- 11**	**- 2 816**	**- 33 310**	**24 914**
Actuarial gains on retirement benefits	-	-	-	-	-	-	-	-	-	-
Translation differences	-	-	-	-	-	- 4	-	- 4	-	- 4
Loss for the period	-	-	-	-	-	-	-	-	- 4 738	- 4 738
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**- 4**	**-**	**- 4**	**- 4 738**	**- 4 742**
Own shares acquired /sold in the period	-	-	- 2	-	-	-	-	-	-	- 2
Other changes	-	- 32	-	-	-	-	-	-	-	- 32
Balance at 31 December 2018	**2 511**	**58 249**	**- 178**	**422**	**- 2 948**	**139**	**- 11**	**- 2 820**	**- 38 047**	**20 138**
Application of IFRS 16	-	-	-	-	-	-	-	-	117	117
Balance adjusted at 31 December 2018	**2 511**	**58 249**	**- 178**	**422**	**- 2 948**	**139**	**- 11**	**- 2 820**	**- 37 930**	**20 255**
Actuarial gains on retirement benefits	-	-	-	-	-	-	-	-	-	-
Translation differences	-	-	-	-	-	- 2	-	- 2	-	- 2
Loss for the period	-	-	-	-	-	-	-	-	- 1 994	- 1 994
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**- 2**	**-**	**- 2**	**- 1 994**	**- 1 996**
Issue of share capital	-	- 137	-	-	-	-	-	-	-	- 137
Own shares acquired /sold in the period	-	-	- 2	-	-	-	-	-	-	- 2
Other changes	199	- 62	-	228	-	-	-	-	-	365
Balance at 30 June 2019	**2 710**	**58 050**	**- 180**	**650**	**- 2 948**	**137**	**- 11**	**- 2 822**	**- 39 924**	**18 485**

NOVACYT GROUP

Statement of cash flows as at 30 June 2019

Amounts in '000 €	(Unaudited) Six month ended 30 June 2019	(Unaudited) Six month ended 30 June 2018
Net cash used in operating activities	**-577**	**-1 882**
Investing activities		
Acquisition of subsidiary net of cash acquired	-278	-2 032
Purchases of patents and trademarks	-158	-201
Purchases of property, plant and equipment	-200	-171
Other investment activities	6	-22
Net cash generated from investing activities	-630	-2 426
Investing cash flows from discontinued activities	*-25*	*-77*
Investing cash flows from continuing operations	*-606*	*-2 349*
Repayments of borrowings	-993	-1 540
Proceeds on issue of borrowings and bond notes	2 036	3 958
Proceeds on issue of shares	-69	-53
Disposal (purchase) of own shares – Net	-2	5
Paid interest expenses	-290	-281
Net cash generated from financing activities	682	2 089
Financing cash flows from discontinued activities	-	-
Financing cash flows from continuing operations	*682*	*2 089*
Net increase/(decrease) in cash and cash equivalents	-525	-2 219
Cash and cash equivalents at beginning of year / period	1 132	4 345
Effect of foreign exchange rate changes	-9	8
Cash and cash equivalents at end of year / period	**598**	**2 134**

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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's lead business units comprise Primerdesign and Lab21 Products, supplying an extensive range of high quality assays and reagents worldwide. The Group directly serves oncology, microbiology, haematology and serology markets as do its global partners, which include blue chip companies. Its registered office is located at 13 Avenue Morane Saulnier, 78140 Vélizy Villacoublay.

The financial information contained in this report comprises the consolidated financial statements of the Company and its subsidiaries (hereinafter referred to collectively as “the Group”). They are prepared and presented in ‘000s of euros.

The financial information includes all companies under exclusive control. The Company does not exercise joint control or have significant influence over other companies. Subsidiaries are consolidated from the date on which the Group obtains effective control. It has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted for use in the EU (IFRSs). The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31st December 2018 and which form the basis of the 2019 financial statements except for a number of new and amended standards which have become effective since the beginning this financial year, the key one being IFRS 16. These new and amended standards are not expected to materially affect the Group.

This condensed consolidated interim financial information does not constitute full statutory accounts. Statutory accounts for the year ended 31st December 2018 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The auditor’s report on those accounts was unqualified. The financial information for the half years 30 June 2019 and 30 June 2018 is unaudited and the twelve months to 31 December 2018 is audited.

2. SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE GROUP

The financial information has been prepared on the historical cost basis except in respect of those financial instruments that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The areas where assumptions and estimates are material in relation to the financial information are the measurement of goodwill resulting from the Company's acquisition of the Infectious Diseases business from Omega Diagnostics Ltd on 28 June 2018 (see note 37 of the 2018 Statutory Accounts for further details), the carrying amounts and useful lives of intangible assets (see note 19 of the 2018 Statutory Accounts for further details), deferred taxes (see note 22 of the 2018 Statutory Accounts for further details), trade receivables (see note 24 of the 2018 Statutory Accounts for further details) and provisions for risks and other provisions related to the operating activities (see note 29 of the 2018 Statutory Accounts for further details).

The accounting policies set out below have been applied consistently to all periods presented in the financial information, except for the adoption of IFRS 16 which is only applied from 2019 onwards.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the financial statements.

In making this assessment the Directors have considered the following elements:

- a positive cash balance at 30 June 2019 of €598,000;
- the working capital requirements of the business
- the repayment of the current bond borrowings according to the agreed repayment schedules
- earn out payments in respect of previous acquisitions
- current status of negotiations for further financing
    - Further bond issuances beyond the initial €2,000,000 drawn down upon signing of the Negma facility are dependent on shareholder approval to issue new equity. The Company cannot guarantee that shareholders will approve the issue of new equity and so it cannot rely upon the remaining €3,000,000 which is available from the convertible bond facility. Therefore, the Group is considering additional financing options to support its working capital requirements.

- The Company is evaluating options for new debt financing facilities that may provide sufficient working capital for the foreseeable future along with the opportunity to restructure its balance sheet.

- Additional capital receipts from the disposal of the NOVAprep business or through the liquidation of assets have not been factored into the Group's cash flow forecast. Any such funds received would help reduce the need and mitigate the risk of further bond issuances or the non-closure of the new bond facilities.

Failure to achieve shareholder approval to issue new equity in order to meet the conditions within the convertible bond facility or failure to agree any alternative debt facilities could place a material uncertainty on the Company's ability to trade as a going concern.

Business combinations and measurement of goodwill

- **Business combinations**

Business combinations are accounted for using the purchase method (see IFRS 3R).

Each time it takes over a company or group of companies constituting a business, the Group identifies and measures the assets acquired and liabilities assumed, most of which are carried at fair value. The difference between the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the net amount recognised in respect of the identifiable assets acquired and liabilities assumed measured at fair value, is recognised as goodwill.

Pursuant to IFRS 3R, the Group applies the following principles:

- transaction costs are recognised immediately as operating expenses when incurred;
- any purchase price adjustment of an asset or a liability assumed is estimated at fair value at the acquisition date, and the initial assessment may only subsequently be adjusted against goodwill in the event of new information related to facts and circumstances existing at the acquisition date if this assessment occurs within the twelve month allocation period after the acquisition date. Any adjustment of the financial liability recognised in respect of an additional price subsequent to the intervening period or not meeting these criteria is recognised in the Group's comprehensive income;
- any negative goodwill arising on acquisition is immediately recognised as income; and
- for step acquisitions, the achievement of control triggers the re-measurement at fair value of the interest previously held by the Group in profit or loss; loss of control results in the re-measurement of the possible residual interest at fair value in the same way.

For companies acquired during the year, only the results for the period following the acquisition date are included in the consolidated income statement.

- **Measurement of goodwill**

Goodwill is broken down by cash-generating unit (CGU) or group of CGUs, depending on the level at which goodwill is monitored for management purposes. In accordance with IAS 36, none of the CGUs or groups of CGUs defined by the Group are greater in size than an operating segment.

- **Impairment testing**

Goodwill is not amortised, but is subject to impairment testing when there is an indication of loss of value, and at least once a year at the reporting date.

Such testing consists of comparing the carrying amount of an asset to its recoverable amount. The recoverable amount of an asset, a CGU or a group of CGUs is the greater of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset, a CGU or a group of CGUs in an arm's length transaction between well-informed, willing parties, less the costs of disposal. Value in use is the present value of future cash flows expected to arise from an asset, a CGU or a group of CGUs.

It is not always necessary to determine both the fair value of an asset less costs to sell and its value in use. If either of these amounts exceeds the carrying amount of the asset, the asset is not impaired and it is not necessary to estimate the other amount.

Intangible fixed assets

- **Customer relationships**

In accordance with IFRS 3, the Company's acquisition of Primerdesign and the Asset Purchase of the Omega ID business resulted in the recognition of the value of the acquired customer base on the balance sheet. The value of this asset was determined by discounting the additional margin generated by customers after remuneration of the contributing assets.

Customer relationships will be amortised on a straight-line basis over nine years.

- **Trademark**

The acquisition price of Primerdesign and Omega ID by the Company was also "allocated" in part to the Primerdesign trademark and Omega trademarks. The value of this asset was determined by discounting the cash flows that could be generated by licensing the trademark, estimated as a percentage of revenue derived from information available on comparable assets.

The trademark will also be amortised on a straight-line basis over nine years.

- **Other intangible assets**

Intangible assets include licences recognised at cost and amortised over useful lives of between 7 and 20 years.

Intangible assets under construction

Pursuant to IAS 38, the Group capitalises development costs (external costs and personnel expenses), provided that they meet the following criteria:

- the Group has the intention, as well as the financial and technical capacity, to complete the development project;
- the asset will generate future economic benefits; and

- the cost of the intangible asset can be measured reliably.

Assets under construction are not amortised until the development programme has been completed and the asset brought into use. Other research and development expenses not meeting the criteria set out above are expensed directly.

Property, plant and equipment

Items of property, plant and equipment are recognised at their acquisition cost (purchase price plus incidental expenses and acquisition costs).

Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised on a straight-line basis, with major components identified separately where appropriate, based on the following estimated useful lives:

- Leasehold improvements:	Straight-line basis – 2 to 15 years
- Trademark:	Straight-line basis – 9 years
- Customers:	Straight-line basis – 9 years
- Industrial machinery and equipment:	Straight-line basis – 3 to 6 years
- General fittings, improvements:	Straight-line basis – 3 to 5 years
- Transport equipment:	Straight-line basis – 5 years
- Office equipment:	Straight-line basis – 3 years
- Computer equipment:	Straight-line basis – 2 to 3 years

Any leased buildings, equipment or other leases that fall under the scope of IFRS 16 as at the effective date of 1 January 2019 and have been capitalised as a right of use asset will be depreciated on a straight-line basis over the term of the lease as required under IFRS 16.

The depreciation or amortisation of fixed assets begins when they are ready for use and ceases at their disposal, scrapping or reclassification as assets held for sale in accordance with IFRS 5.

Given the nature of its assets, the Group does not recognise residual value on the items of property, plant and equipment it uses.

Depreciation and amortisation methods and useful lives are reviewed at each reporting date and revised prospectively if necessary.

Asset impairment

Depreciable and non-depreciable assets are subject to impairment testing when indications of loss of value are identified. In assessing whether there is any indication that an asset may be impaired, the Company considers the following external and internal indicators:

<u>External indicators</u>:

- drop in the market value of the asset (to a greater extent than would be expected solely from the passage of time or the normal use of the asset);

- significant changes with an adverse effect on the entity, either having taken place during the period or expected to occur in the near future, in the technical, economic or legal environment in which the Company operates or in which the asset is used; and
- increases in market interest rates or other market rates of return during the year when it is likely that such increases will significantly reduce the market value and/or value in use of the asset.

Internal indicators:

- existence of indication of obsolescence or physical damage of an asset unforeseen in the depreciation or amortisation schedule;
- significant changes in the way the asset is used;
- weaker-than-expected performance by the asset; and
- significant reduction in the level of cash flow generated by the asset.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. The recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of future cash flows expected to flow from an asset over its estimated useful life.

The recoverable amount of assets that do not generate independent cash flows is determined by that of the cash-generating unit (CGU) to which it belongs, a CGU being the smallest homogeneous group of identifiable assets generating cash flows that are largely independent of other assets or groups of assets.

The carrying amount of an asset is its gross value less, for depreciable fixed assets, accumulated depreciation and impairment losses.

In the event of loss of value, an impairment charge is recognised in profit or loss. Impairment is reversed in the event of a change in the estimate of the recoverable value or if indications of loss of value disappear. Impairment is recognised under “Depreciation, amortisation and provisions for impairment of property, plant and equipment and intangible assets” in the income statement.

Intangible assets not subject to amortisation are tested for impairment at least once a year.

Inventories

Inventories are carried at the lesser of their acquisition cost and their recoverable amount. The acquisition cost of inventories includes materials and supplies, and, where applicable, personnel expenses incurred in transforming inventories into their current state. It is calculated using the weighted average cost method. The recoverable amount represents the estimated selling price less any marketing, sales and distribution expenses.

The gross value of goods and supplies includes the purchase price and incidental expenses.

A provision for impairment, equal to the difference between the gross value determined in accordance with the above terms and the current market price or the realisable value less any proportional selling costs, is recognised when the gross value is greater than the other stated item.

Trade receivables

Trade receivables are recognised upon transfer of ownership, which generally corresponds to delivery for sales of goods and the rendering of the service for services.

Receivables are recorded at their fair value, which corresponds most often to their nominal value. Receivables may be impaired by means of a provision, to take into account any difficulties in recovering the outstanding amounts. Provisions for impairment are determined by comparing the acquisition cost and the likely realisable value, which is defined as the present value of the estimated recoverable amounts.

Trade receivables have not been discounted, because the effect of doing so would be immaterial.

Cash and cash equivalents

Cash equivalents are held in order to meet short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible into a known amount of cash and be subject to an insignificant risk of change in value. Cash and cash equivalents comprise cash funds, current bank accounts and marketable securities (cash Undertakings for Collective Investment in Transferable Securities "UCITS", negotiable debt securities, etc.) that can be liquidated or sold within a very short time (generally less three months at the acquisition date) and which have a negligible risk of change in value. All such items are measured at fair value, with any adjustments recognised in profit or loss.

Long Term Incentive Plan

Novacyt granted certain employees 'phantom' shares under a long term management incentive plan adopted on 1 November 2017. The exercise price is set at the share price on the grant date and the options will be settled in cash. The options will fully vest on the third anniversary of the grant date. The payment expenses are calculated under IFRS 2 "Share-based payments". The accounting charge is spread across the vesting period to reflect the services received and a liability recognized on the balance sheet.

Loss per share

The Group reports basic and diluted losses per common share. Basic losses per share is calculated by dividing the profit attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted losses per share is determined by adjusting the profit attributable to common shareholders by the weighted average number of common shares outstanding, taking into account the effects of all potential dilutive common shares, including options. These options are taken into account for the calculation of the loss per share only if their exercise price is higher than the market price

Exceptional items

Exceptional items are those costs or incomes that in the view of the Board of Directors, require separate disclosure by virtue of their size or incidence, and are charged/credited in arriving at operating profit/loss.

Discontinued operations and assets held for sale

Discontinued operations and assets held for sale are restated in accordance with IFRS 5.

On the 11th December 2018, Novacyt announced its intention to sell the NOVAprep business and thus is presenting its financial results in accordance with the IFRS 5 accounting rule on discontinued operations. As a result, all revenues and charges generated by this activity are presented on a single line, below the net result.

As per IFRS 5 we have presented discontinued operations as follows:

In the statement of profit and loss and other comprehensive income: a single amount comprising the total of:

- The post-tax profit or loss of the discontinued operation,
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, and
- The post-tax gain or loss recognised on the disposal of assets or the disposal group making up the discontinued operation.

In the statement of cash flows: the net cash flow attributable to the operating, investing and financing activities of discontinued operations have been disclosed separately.

In the statement of financial position: the assets and liabilities of a disposal group have been presented separately from other assets. The same applies for liabilities of a disposal group classified as held for sale. This restatement was made in the 2018 accounts and continues to be for H1 2019 to reflect the intention to dispose of the NOVAprep activity (held by Novacyt S.A.) and of the Clinical Lab business (held by Lab21 Ltd.). On 18 of July 2019 the Clinical Lab business was sold.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATE UNCERTAINTY

The preparation of the financial information in accordance with IFRS requires management to exercise judgement on the application of accounting policies, and to make estimates and assumptions that affect the amounts of assets and liabilities, and income and expenses. The underlying estimates and assumptions, made in accordance with the going concern principle, are based on past experience and other factors deemed reasonable in the circumstances. They serve as the basis for the exercise of judgement required in determining the carrying amounts of assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from these estimates. The underlying estimates and assumptions are reviewed continuously. The impact of changes in accounting estimates is recognised in the period of the change if it affects only that period, or in the period of the change and subsequent periods if such periods are also affected.

Key sources of estimation uncertainty

The Group has a number of key sources of estimation uncertainty as listed below. Of these items only the measurement of goodwill, the measurement of useful lives of intangible assets, measurement of fair value of assets and liabilities in business combinations, recognition of deferred taxes and the value trade and other receivables are considered likely to give material adjustment. Others are areas of estimates deemed not material.

- **Measurement of goodwill**

Goodwill is tested for impairment on an annual basis. The recoverable amount of goodwill is determined mainly on the basis of forecasts of future cash flows.
The total amount of anticipated cash flows reflects management’s best estimate of the future benefits and liabilities expected for the relevant cash-generating unit (CGU).
The assumptions used and the resulting estimates sometimes cover very long periods, taking into account the technological, commercial and contractual constraints associated with each CGU.
These estimates are mainly subject to assumptions in terms of volumes, selling prices and related production costs, and the exchange rates of the currencies in which sales and purchases are denominated. They are also subject to the discount rate used for each CGU.

The value of the goodwill is tested whenever there are indications of impairment and reviewed at each annual closing date or more frequently should this be justified by internal or external events.

The carrying amount of goodwill at the balance sheet and related impairment loss over the periods are shown below:

Amounts in '000 €	(Unaudited) Six month ended 30 June 2019	(Audited) Year ended 31 December 2018
Goodwill Lab21	17 709	17 709
Impairment of goodwill	- 9 101	- 9 101
Net value	8 608	8 608
Goodwill Primerdesign	7 210	7 210
Impairment of goodwill	-	-
Net value	7 210	7 210
Goodwill Omega	95	316
Impairment of goodwill	-	-
Net value	95	316
Total Goodwill	**15 913**	**16 134**

The goodwill associated with the Omega Acquisition has reduced by €221,000 as a result of the cancellation of an earn-out milestone, resulting in a reduction to the purchase price and an adjustment being made to goodwill as the event has occurred within the twelve month allowable period.

4. REVENUE

The table below shows revenue from ordinary operations:

Amounts in '000 €	(Unaudited) Six month ended 30 June 2019	(Unaudited) Six month ended 30 June 2018
Manufactured goods	6 676	5 598
Services	306	549
Traded goods	58	85
Other	183	195
Total Revenue	**7 223**	**6 427**

A portion of the Group's revenue is generated in foreign currencies (particularly in sterling). The group has not hedged against the associated currency risk.

The breakdown of revenue by operating segment and geographic area is presented in note 5.

5. OPERATING SEGMENTS

Segment reporting

Pursuant to IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the Group's chief executive and the managers of the various entities to make decisions regarding the allocation of resources to the segment and to assess its performance;
- for which discrete financial information is available.

The Group has identified three operating segments, whose performances and resources are monitored separately:

- **Corporate and Cytology**

Following the announcement of the sale proceedings for NOVAprep, this segment now shows the French Group central costs and the results of NOVAprep are shown in a single line – Discontinued Operations.

- **Corporate and Diagnostics**

This segment carries on diagnostic activities in laboratories, and the manufacture and distribution of reagents and kits for bacterial and blood tests. This is the activity conducted by Lab21 and its subsidiaries. This segment also includes UK Group central costs.

- **Molecular testing**

This segment represents the activities of recently acquired Primerdesign, which designs, manufactures and distributes test kits for certain diseases in humans, animals and food products. These kits are primarily intended for laboratory use and rely on "polymerase chain reaction" technology.

The Chief Operating Decision Maker is the Chief Executive Officer.

NOVACYT GROUP

Breakdown of revenue by operating segment and geographic area

- At 30 June 2019

Amounts in '000 €	Corporate & Diagnostics	Molecular products	Total
Geographical area			
Africa	358	161	518
Europe	1 555	1 352	2 906
Asia-Pacific	1 097	496	1 594
America	409	980	1 390
Middle East	551	264	815
Revenue	**3 970**	**3 253**	**7 223**

- At 30 June 2018

Amounts in '000 €	Corporate & Diagnostics	Molecular products	Total
Geographical area			
Africa	198	121	319
Europe	1,568	1,536	3,104
Asia-Pacific	706	444	1,150
America	529	825	1,354
Middle East	402	98	500
Revenue	**3,403**	**3,024**	**6,427**

6. OTHER OPERATING INCOME AND EXPENSES

Amounts in '000 €	(Unaudited) Six months ended 30 June 2019	(Unaudited) Six months ended 30 June 2018
Reversal of accrual for litigation with employees	57	177
Other operating income	-	-
Other operating income	**57**	**177**
Provision for litigation with employees	- 3	- 211
Restructuring expenses	- 31	- 123
Business sale expenses	- 21	-
Acquisition related expenses	-	- 68
IPO preparation	-	- 22
Other expenses	- 68	- 20
Other operating expenses	**- 123**	**- 444**

Exceptional charges have come down over the periods in question, with there being no material items to mention as at June 2019. Prior period costs were driven predominantly by one-time events such as acquisition costs or business sale costs.

7. FINANCIAL INCOME AND EXPENSE

Amounts in '000 €	(Unaudited) Six month ended 30 June 2019	(Unaudited) Six month ended 30 June 2018
Exchange gains	36	-
Change in fair value of options	-	-
Other financial income	-	32
Financial income	**36**	**32**
Interest on loans	- 430	- 294
Exchange losses	- 53	- 40
Other financial expense	- 96	- 34
Financial expense	**- 579**	**- 368**

Financial Expense:

Interest on Loans:

This primarily relates to the outstanding Kreos and Vatel bonds, but includes an additional interest stream in relation to the Negma convertible bond taken out in April 2019, which generated an interest charge of €83,000 during the period to June 2019.

8. LOSS PER SHARE

Loss per share is calculated based on the weighted average number of shares outstanding during the period. Diluted loss per share is calculated based on the weighted average number of shares outstanding and the number of shares issuable as a result of the conversion of dilutive financial instruments.

Amounts in 000' €	(Unaudited) Six month ended 30 June 2019	(Unaudited) Six month ended 30 June 2018
Net loss attributable to owners of the company	- 1 994	- 1 844
Impact of dilutive instruments	-	-
Net loss attributable to owners of the company	- 1 994	- 1 844
Weighted average number of shares	37 664 418	23 075 634
Impact of dilutive instruments	-	-
Weighted average number of diluted shares	37 664 418	23 075 634
Earnings per share (in euros)	**- 0.05**	**- 0.08**
Diluted earnings per share (in euros)	**- 0.05**	**- 0.08**

Pursuant to IAS 33, options whose exercise price is higher than the value of the Company’s security were not taken into account in determining the effect of dilutive instruments.

9. GOODWILL

Goodwill is the difference recognised, upon consolidation of a company, between the fair value of the purchase price of its shares and the net assets acquired and liabilities assumed, measured in accordance with IFRS 3.

	€
Cost	
At 1 January 2018	26,252
Recognised on acquisition of the Omega Infectious Diseases business	316
Transferred to assets of discontinued operations	- 1,333
At 31 December 2018	25,235
Adjustment to the goodwill of the Omega Infectious Diseases business	-221
At 30 June 2019	25,014
Accumulated impairment losses	
At 1 January 2018	9,786
Exchange differences	-
Impairment losses for the period	-
Eliminated on disposal of a subsidiary	-
Transferred to assets of discontinued operations	-685
At 31 December 2018	9,101
Exchange differences	-
Impairment losses for the period	-
Eliminated on disposal of a subsidiary	-
At 30 June 2019	9,101
Carrying value at 31 December 2018	**16,134**
Carrying value at 30 June 2019	**15,913**

Further details can be found in the 2018 Statutory Accounts in note 18.

The goodwill associated with the Omega Acquisition has reduced by €221,000 as a result of the cancellation of an earn-out milestone, resulting in a reduction to the purchase price and an adjustment being made to Goodwill as the event has occurred within the twelve month allowable period.

10.INVENTORIES AND WORK IN PROGRESS

Amounts in '000 €	(Unaudited) Six month ended 30 June 2019	(Audited) Year ended 31 December 2018
Raw materials	1 093	1 168
Work in progress	704	593
Finished goods	707	763
Stock provisions	- 148	- 177
Total	**2 356**	**2 347**

The underlying inventory value has not materially changed since December 2018.

11.BORROWINGS

The following tables show borrowings and financial liabilities carried at amortised cost.

- Maturities as of 30 June 2019

Amounts in '000 €	Amount due for settlement within 12 months	Amount due for settlement after 12 months	Total
Bond notes	4 331	1 429	5 760
Bank borrowings	120	1	121
IFRS16 Liabilities	206	2 401	2 607
Accrued interest on borrowings	205	-	205
Total financial liabilities	**4 862**	**3 831**	**8 693**

- Maturities as of 31 December 2018

Amounts in '000 €	Amount due for settlement within 12 months	Amount due for settlement after 12 months	Total
Bond notes	2 976	2 239	5 216
Bank borrowings	67	20	87
Accrued interest on borrowings	72	-	72
Total financial liabilities	**3 116**	**2 259**	**5 375**

As of 30 June 2019, the Group's financing primarily comprised:

- A bond subscribed by Kreos Capital IV Ltd in the amount of €3,500,000 on 15 July 2015, with an interest rate of 12.5 % for a term of 3 years;
- A bond subscribed by Kreos Capital V Ltd in the amount of €3,000,000 issued on 12 May 2016, with a nominal interest rate of 12.5 % for a term of 3 years;
- A convertible bond subscribed by Vatel in the amount of €1,500,000 issued on 31 March 2017, with an effective interest rate of 12.7% for a term of 3 years.
- A convertible bond subscribed by Vatel in the amount of €4,000,000 on 29 May 2018, with an effective interest rate of 8.5% for a term of 3 years.
- In April 2019, the Group secured a new flexible bond financing arrangement with a maximum drawdown of €5,000,000 through a private placement subscribed by the Negma / Park Partner private equity fund. The funds are released in tranches of €500,000, corresponding to one issuance right giving rise to the subscription of bonds convertible into shares with warrants (OCABSA). By exception, the first tranche amounted to €2,000,000 and the group exercised this first issuance right as of 18 April 2019. As of 30 June 2019, 170 resulting OCABSA were converted into shares.

As a result of adopting IFRS 16 from the 1st January 2019, there is a €2,607,000 liability created (and a similar value fixed asset) primarily relating to building leases.

12.CONTINGENT CONSIDERATION

The contingent consideration relates to the acquisition of the Primerdesign shares in May 2016 and the acquisition of the Infectious Diseases business from Omega Diagnostics Ltd Company in June 2018.

Amounts in 000' €	**(Unaudited) Six months ended 30 June 2019**	**(Audited) Year ended 31 December 2018**
Contingent consideration (current portion)	1,138	1,569
Total	**1,138**	**1,569**

The movement in the liability between the 31 December 2018 and 30 June 2019 is due to repayments of the earn outs and the removal of one earn-out milestone that will no longer be achieved. The payment of the remaining contingent liability is expected to occur within twelve months.

13.NOTES TO THE CASH FLOW STATEMENT

Amounts in '000 €	**(Unaudited) Six month ended 30 June 2019**	**(Unaudited) Six month ended 30 June 2018**
Loss for the year / period	**-1 994**	**-1 844**
Loss from the discontinued activities	*-786*	*-673*
Loss the from the continuing operations	*-1 208*	*-1 171*
Adjustments for:		
Depreciation, amortisation and impairment loss	863	625
Unwinding of discount on contingent consideration	-	-
(Increase) / decrease of fair value	-	-
Gains / (losses) on disposal of fixed assets	6	-
Operating cash flows before movements of working capital	**-1 125**	**-1 219**
(Increase) / decrease in inventories	105	-513
(Increase) / decrease in receivables	-224	-121
Increase / (decrease) in payables	281	-259
Cash used in operations	**-964**	**-2 112**
Changes in debt issues expenses	-	-
Income taxes paid	-41	-65
Finance costs	428	295
Net cash used in operating activities	**-577**	**-1 882**
Operating cash flows from the discontinued activities	*-633*	*-881*
Operating cash flows from the continuing operations	*56*	*-1 001*

14.IMPACT OF THE UK'S DEPARTURE FROM THE EUROPEAN UNION ON GROUP ACTIVITY

Companies operating in the “Diagnostics” and “Molecular testing” sectors are established in the United Kingdom. It is difficult to anticipate the impact of the UK's departure from the European Union on trade relations and regulatory constraints. The tax consequences depend on the outcome of negotiations between Europe and the United Kingdom, and to date are undetermined.

Management continues to identify market, operational and legal risks and to take the appropriate mitigation measures as required.

15.SUBSEQUENT EVENTS

On 18 July 2019, Novacyt completed the sale of its non-core Cambridge clinical laboratory businesses to Cambridge Pathology BV for a total consideration of £400,000