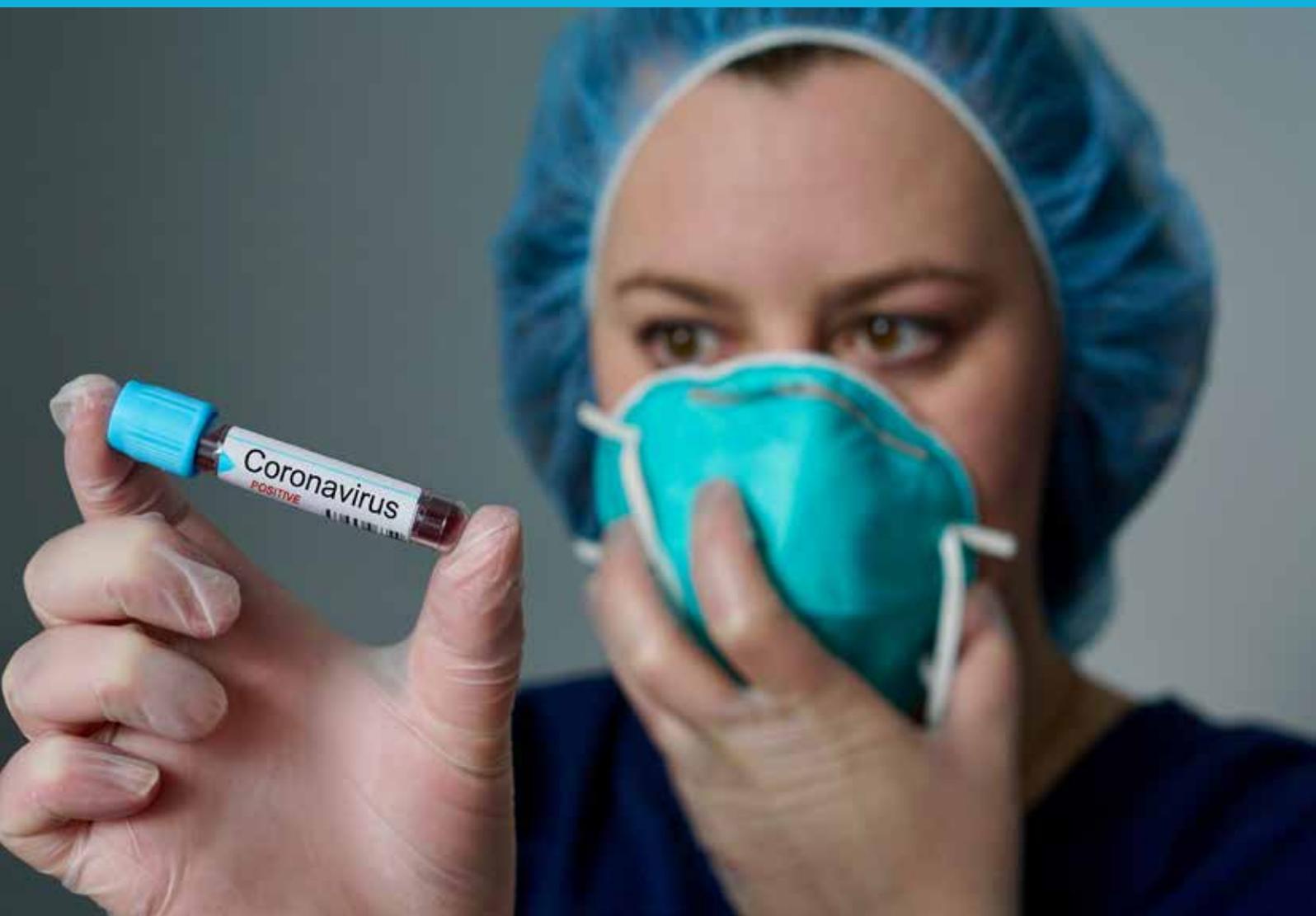




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Novacyt Group

Novacyt Group is an Anglo-French biotech focused on clinical diagnostics. The Business has its main offices in Camberley in the UK and Vélizy-Villacoublay in France. They produce in vitro and molecular diagnostic tests, supplying an extensive range of assays and reagents worldwide. They have become an international specialist in cancer and infectious diseases and has gone on to diversify sales from diagnostic products used in LBC, oncology, microbiology, haematology and serology testing.

They support a large and growing global customer base which spreads across the board from hospitals to large corporates, with their proprietary technology platform NOVAPREP®, which is a unique next generation liquid based cytology solution focused on cancer management.

The business has three main sections, Microgen Bioproducts, Lab21 Healthcare and Primerdesign .

Microgen

Microgen Bioproducts are used in the microbiology sector and the firm help develop, manufacture and distribute diagnostic products for clinical and food laboratories. Microgen have over 20 years of experience in the development, manufacture and distribution of high-quality diagnostic products for clinical and food laboratories. The clinical product range supports healthcare providers in improving patient health, while the comprehensive food diagnostic range helps manufacturers ensure consumer safety. Microgen exports to more than 80 countries through a network of over 100 dedicated distributors giving a true global reach.

lab21h

lab21h Focus on Haematology & Serology Products and manufacture and supply an extensive range of reagents and tests for IVD application and blood grouping. They manufacturer and supply the Plasmatec and Biotec branded products. Based in Bridport, Dorset, the company is recognised by its customers as having a long history of providing quality and affordable solutions to more than 80 countries worldwide. They also specialise in the production and distribution of reagents and test kits for both IVD and blood grouping application. The products cover a wide range of treatments including infectious disease, Thyroid functions, fertility and cancer markers.

Lab21 Healthcare is an ISO 13485 and ISO 9001 certified company.



Primerdesign

Primerdesign is focused on the design, manufacture, validation and supply of real-time PCR kits and reagents. The company was founded in 2005 within Southampton University's School of Medicine.

In May 2016 Primerdesign became part of the Novacyt Group. This joining of forces enabled Primerdesign to accelerate their growth plans and kick-started an exciting new chapter for the company, leading to even better products. Their customer base is into the thousands in over 100 countries around the World and have built a fantastic reputation in the field. Primerdesign now consists of a substantial team of friendly experts, all dedicated to giving customers a fantastic experience and all thriving in a highly professional environment.

Products

Custom Gene of Interest
Master Mix
Reverse Transcription/cDNA Synth
geNorm Kits - Reference Gene Selection
Reference Gene Assays
DNase - gDNA Removal
Laboratory Supplies
gDNA & Y-Chrom Detection
Internal & Endogenous Controls
Biobank Control DNA
qbasePLUS - qPCR Software

And of course their detection kit for Novel Coronavirus Strain 2019-nCoV which is putting the firm in the spotlight at the moment.

- Rapid detection of 2019-nCoV
- Positive copy number standard curve for quantification
- Highly specific detection profile
- High priming efficiency
- Broad dynamic detection range (>6 logs)
- Sensitive to < 100 copies of target
- Accurate controls to confirm findings



Novel Coronavirus Strain 2019-nCoV

Novacyt claim their coronavirus test is faster than rival methods by focusing on a narrow sequence of DNA coding. To assess whether a patient is infected, laboratories screen DNA under a method known as generation sequencing. The samples are large and require lengthy review.

The test kit is to be sold for up to £5 per unit and would be produced in Britain. Currently to assess whether a patient is infected, testing takes between six hours to one day. The second methodology, which is what Novacyt is using, is where they look at a much narrower set of sequence associated with the specific strain of coronavirus. Novacyt says its test is quicker but also more cost effective because it can be used on various testing platforms. The test has not received regulatory approval but Novacyt hopes to receive a green light

from the European Union next week and has applied to the United States' Food and Drug administration for emergency use.

Recently the CEO Graham Mullis has Said:

"We design our reagents to run on as many of the open instrument platforms that there are in the market. Some larger manufacturers have their own platform and they will be looking to sell reagents working on them,"

Competition

However, Novacyt do not have a monopoly in this area there are several other companies in the ring as well, including GenScript Biotech, Thermo Fisher Scientific, and Co-Diagnostics. All have developed tests and are in the process of taking steps to get them approved. Roche is also distributing coronavirus tests developed by Germany's Tib Molbiol for research use, while developing a test of its own. Abbott Laboratories is also working on a test.

Novacyt says it has received orders for 33,000 tests and requests for quotations for another 32,000 from more than 30 countries.

To date, China has reported 42,708 confirmed cases, including 1,017 deaths. More than 300 cases are also reported in at least 24 other countries.

Summary

The share price has already started to move on expectations and so the next leg higher could really come into play if they receive the approval they are looking for. This area is not without competition and let's be clear the competition is fierce in the sector. The race to get approved is strong and AIM's stocks can be fickle. That all being said Novacyt is not a one trick pony and have plenty of other assets in the market. As with any AIM stock caution needs to be exercised and whilst Novacyt are winning the race at the moment this could easily change. This, as with all AIM stocks is a high-risk proposition and should certainly not be the main stay of your overall portfolio.

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