

EKF Diagnostics Holdings plc

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Interim Results Presentation

September 2023



Agenda

- Strategy
- Operational Highlights
- South Bend Update
- Point-of-Care Performance
- Life Sciences Performance
- Financial Highlights
- Financial Report
- Outlook
- Appendices

Strategy

Realigned the business in 2023, addressing operational costs, and enabling growth in key focus areas for 2024:

Life Sciences – Enzyme Fermentation & BHB

- Contribution to H1 2023 revenues was £7.5m (27.9% - excluding all COVID-related revenues)
- South Bend will deliver in 2024, primarily targeting customers in diagnostic, biologic, and pharma markets
- Grow and develop existing market share in BHB

Point-of-Care – Hematology & Diabetes

- Contribution to H1 2023 revenues was £16.6m (61.7%)
- Aim to become #1 in the global hemoglobin market and drive growth opportunities
- Build upon HbA1c market growth success



Investing in growth: profitable, cash-generative, global business



POINT-OF-CARE

Portfolio of diagnostic analysers and consumables in the key focus areas of **Hematology** and **Diabetes**.

Growth drivers:

- Aging population
- Growing incidence of chronic disease
- Tech adoption
- Geographical expansion
- Increased frequency of testing

Operational Alignment:

- All Central Lab products now included within PoC
- Simplified approach to management and reporting

Contribution to H1 2023 revenues

£16.6m (61.7%)



LIFE SCIENCES

Specialist manufacture of **Enzymes** and custom products for use in **BHB**, Salicylate, Acetaminophen, and other diagnostic, and industrial applications.

Growth drivers:

- Advances in new technologies
- Increasing demand for enzymes for diagnostic products
- Lack of capacity in USA for fermentation (>3,000L)
- Investment in capacity and capabilities

Operational Alignment:

- All BHB revenue now reported here to better align with manufacture of product
- Simplified approach to management and reporting

Contribution to H1 2023 revenues

£7.5m (27.9%)*

*excluding all COVID-related revenues



Operational Highlights H1 2023

- Revenue from continuing operations of £26.9m
- Adjusted EBITDA of £4.4m
- Point-of-Care showing 9.9% growth versus H1 2022
- Life Sciences showing 13.6% growth versus H1 2022 (excluding COVID revenues)
- South Bend ISO 9001:2015 and ISO 13485:2016 Quality Management Audits completed
- Board changes: Julian Baines, Executive Chair on a longer-term basis and Steve Young appointed as CFO
- Disposal and closure of non-profitable business units
- Further cost reduction and operational efficiency measures to further benefit FY 2024 performance



Investing in growth: profitable, cash-generative, global business

Optimising Efficiencies - Operations

- Review and reduce the cost base of the entire business, focusing on internal and external expenditure
- Review of resources and related costs (e.g. wage inflation, contracts, suppliers)
- Focus on improving raw material purchasing costs along with production efficiencies
- Determining fit-for-purpose systems and processes to support business growth

Optimising Efficiencies - Portfolio

- Removal of low-margin products to help drive focus on high-margin and high-performing
- Update to features, form and functionality across all Point-of-Care platforms to deliver better value
- Review of Life Sciences processes and run cycles to deliver better value
- Review all current partnership agreements to better align the business with the current operational and financial landscape

South Bend Update

- Facility validation and verification in progress:
 - Performance Qualification of all fermenter volumes (65L, 300L, 1,500L, 3,000L, 14,500L)
 - Cleaning-In-Place System Qualification for all fermenters
 - Validation of Sanitization Protocols for suites and equipment
- Can deliver circa 75 to 80 fermentation runs per annum
- Greater customer needs for downstream processing have become apparent
- First customer order for South Bend secured



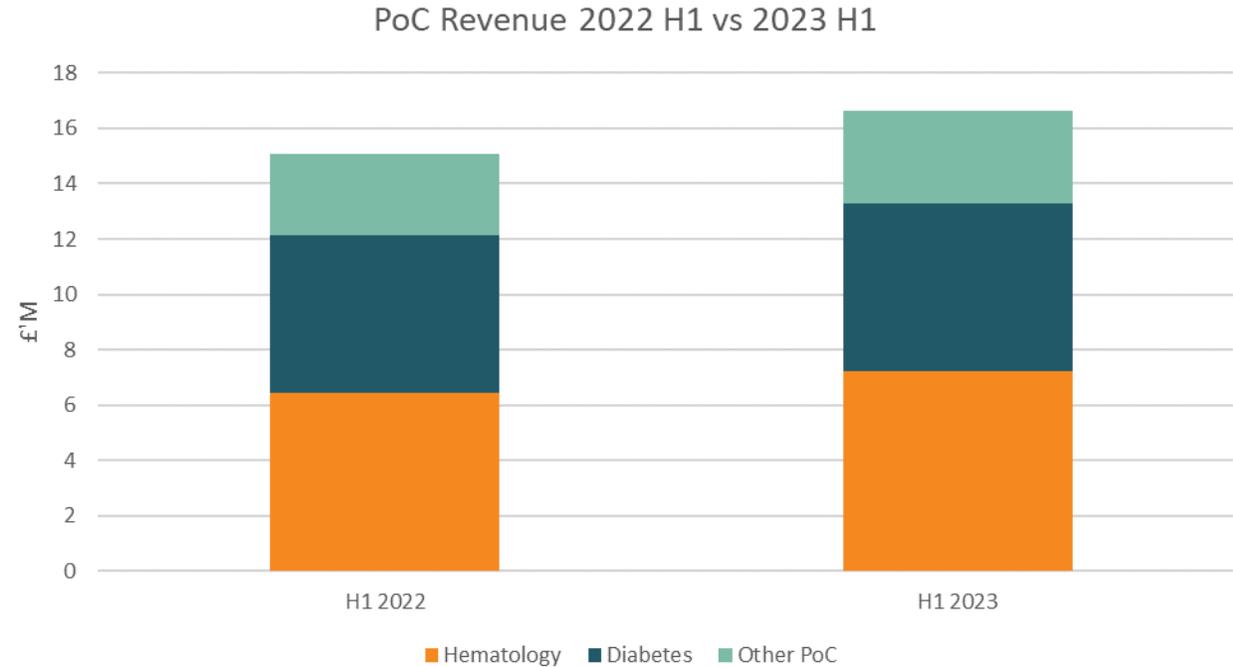
Point-of-Care Performance

- 9.9% growth versus H1 2022*
- Strongest growth shown in strategic focus areas:

Hematology:		Diabetes:	
DiaSpect	45%	Quo-Lab	18%
Hemo Control	(6%)	Quo-Test	24%

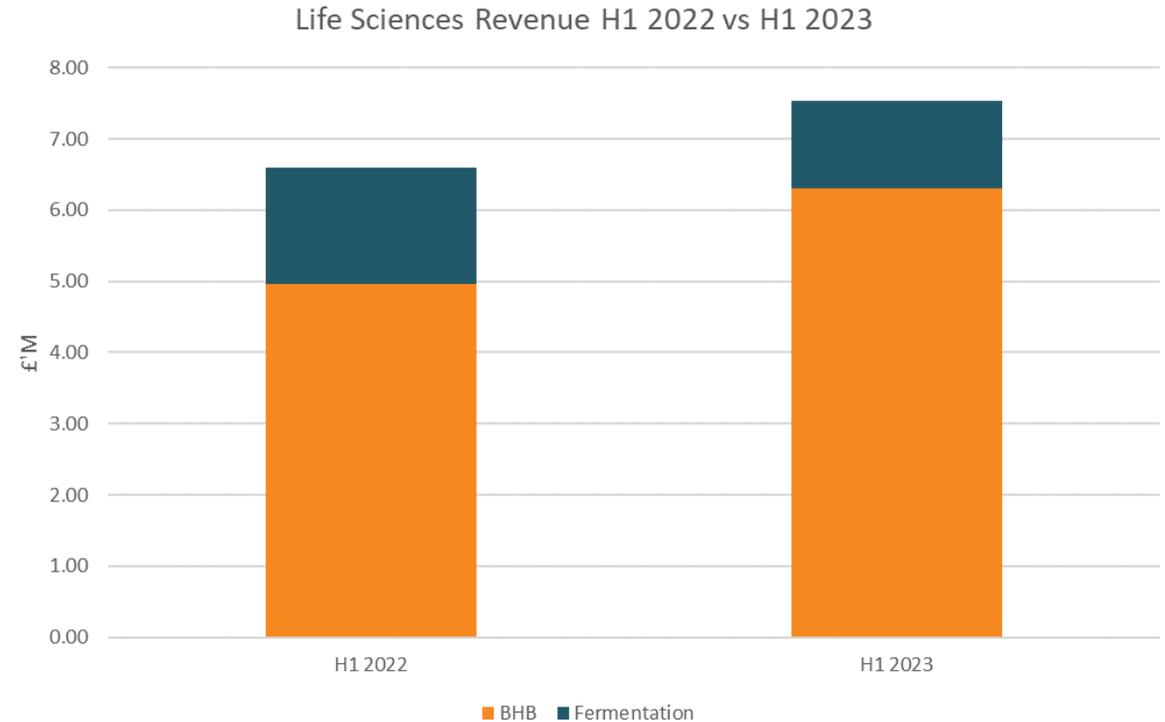
- High level of ongoing demand for DiaSpect reagent-free Hemoglobin and HbA1c products

*includes Central Laboratory but not BHB



Life Sciences Performance

- H1 2023 shows 13.6%* growth versus the same period in 2022
- Growth has been mostly driven by sales of:
 - Beta-Hydroxybutyrate (BHB) 27%
- Development of South Bend will lead to a greater reduction in fermentation costs moving forward
- New growth incoming in 2024 as new customers come online for enzyme fermentation and related services



*excludes Contract Manufacturing H1 2022 as this was predominantly COVID related

Financial Highlights

- Revenue from continuing operations of £26.9m (H1 2022: £37.5m)
- Revenue growth in continuing operations, excluding largely COVID-related activities in Contract Manufacturing and Laboratory Testing of 6.8%
- Adjusted EBITDA of £4.4m (H1 2022: £9.7m)
- Gross profit of £11.8m (H1 2022: £17.7m) with GM% marginally improved at 44.0% (H1 2022: 43.3%)
- Loss before tax of £0.03m (H1 2022: profit of £4.1m)
- Net cash generated from operations of £2.5m (H1 2022: £8.4m)
- Cash and cash equivalents of £9.2m (30 June 2022: £19.1m) (31 December 2022: £11.6m)



Financial Report - Business Units

£ millions	H1 2023	H1 2022	+/- % Yr-onYr
Continuing operations			
Point-of-Care	16.6	15.1	+9.9%
Life Sciences	8.5	15.3	-44.4%
LS-BHB & Fermentation	7.5	6.6	+13.6%
LS-other Covid-related	1.0	8.7	-88.5%
Other	1.8	7.1*	-74.6%
Total Group Revenues	26.9	37.5	-28.3%
Total Group Revenues (excluding all COVID-related revenues)	24.9	23.3	+6.8%

* Other in H1 2022 includes shipping and one-off US Inventory Receipt

Financial Report - Income Statement (Extract from P&L)

£ '000	H1 2023	H1 2022	+/-£k	2019 (for illustration)
Revenue	26,872	37,471	(10,599)	21,436
Gross Profit	11,821	16,245	(4,424)	11,532
Gross margin %	44.0%	43.3%		53.8%
Overheads	(11,888)	(12,094)	206	(9,093)
Operating profit	(67)	4,151	(4,218)	2,439
AEBITDA*	4,416	9,711	(5,295)	5,584

Note: Revenue excluding ADL and UK Manufacturing is £26.3m (2022:£34.4m) and AEBITDA is £4.7m (2022: £9.4m).

* Earnings before interest, tax, depreciation and amortisation adjusted for exceptional items and share-based payments

Summary

- A realigned business
- Reviewing operational costs and processes
- Focus on high-margin product and services portfolio:
 - **Life Sciences:**
 - Enzyme Fermentation
 - Beta-Hydroxybutyrate (BHB)
 - **Point-of-Care:**
 - Hematology
 - Diabetes



Thank You



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Appendices

- Non-executive Directors
- Financial Report - Balance Sheet Assets
- Financial Report - Balance Sheet Liabilities
- Financial Report - Cash Flow
- Disclaimer

Non-executive Directors



Christian Rigg

Senior Independent Non-executive Director

Chris Rigg is a chartered accountant who has significant executive experience at both public and private companies. He is currently the Chief Executive Officer of the holding company of Mandata Holdings Limited and a Non-executive Director of the main market listed Sportech plc. Chris previously held the positions of Chief Financial Officer and latterly Chief Executive Officer at Quantum Pharma plc, which, under his stewardship, was refinanced and implemented a new strategy facilitating growth and leading to its acquisition by Clinigen Group plc for an enterprise value of £160 million.



Jennifer Winter

Independent Non-executive Director

Jenny has over 20 years' experience across a broad variety of healthcare organisations ranging from small not-for-profit companies to large corporates. Jenny is currently Chief Executive Officer of AIM listed Animalcare Group plc (AIM: ANCR) where she is successfully executing on the business's long-term growth strategy, as reflected in the recently announced strong full year trading performance against a backdrop of very challenging market conditions. Before joining Animalcare Group plc in October 2018, Jenny was Vice President of Respiratory products - Global Supply Chain and Strategy at AstraZeneca, a position she held from 2015.



Christopher Mills

Non-executive Director

Christopher founded Harwood Capital Management in 2011, a successor to its former parent company J.O. Hambro Capital Management, which he co-founded in 1993. He is Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust plc and Chief Investment Officer of Harwood Capital LLP. He is a Non-executive Director of a number of companies including Renalytix plc. Christopher was a Director of Invesco MIM, where he was Head of North American Investments and Venture Capital, and of Samuel Montagu International. Christopher stood down from the audit committee in March 2022.

Financial Report - Balance Sheet Assets

	H1 2023	H1 2022	+/-£k
Fixed assets	22,083	19,665	2,418
Intangible assets	31,163	43,387	(12,224)
Investments	1,556	1,566	(10)
Deferred tax	878	23	855
Inventories	9,414	12,969	(3,555)
Receivables	7,979	12,236	(4,257)
Corporation tax	13	408	(395)
Cash	9,165	19,138	(9,973)
Total assets	82,251	100,392	(27,141)

Financial Report - Balance Sheet Liabilities

	H1 2023	H1 2022	+/-£k
Payables	12,325	15,843	(3,518)
Deferred consideration	-	245	(245)
Deferred tax	2,140	3,795	(1,655)
Corporation tax	2,476	2,611	(135)
Borrowings	44	222	(178)
Total creditors	16,985	22,716	(5,731)
Capital and reserves	64,185	85,446	(21,261)
Minority interest	1,081	1,230	(149)
Total equity	65,266	86,676	(21,410)

Financial Report - Cash Flow

	H1 2023	H1 2022	+/-£k
Cash generated from operating activities	2,506	8,428	(5,922)
Net cash used in investing activities	(3,424)	(6,256)	2,832
Net cash used in financing activities	(600)	(4,972)	4,372
Net decrease in cash and cash equivalents	(1,518)	(2,800)	1,282
Cash and cash equivalents at beginning of period	11,578	20,341	(8,763)
Exchange (losses)/gains on cash & cash equivalents	(895)	1,597	(2,492)
Cash and cash equivalents at end of period	9,165	19,138	(9,973)
NB: Purchase of PPE	(3,345)	(2,167)	(1,178)

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