



EKF Diagnostics Holdings plc



INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

14th September 2021

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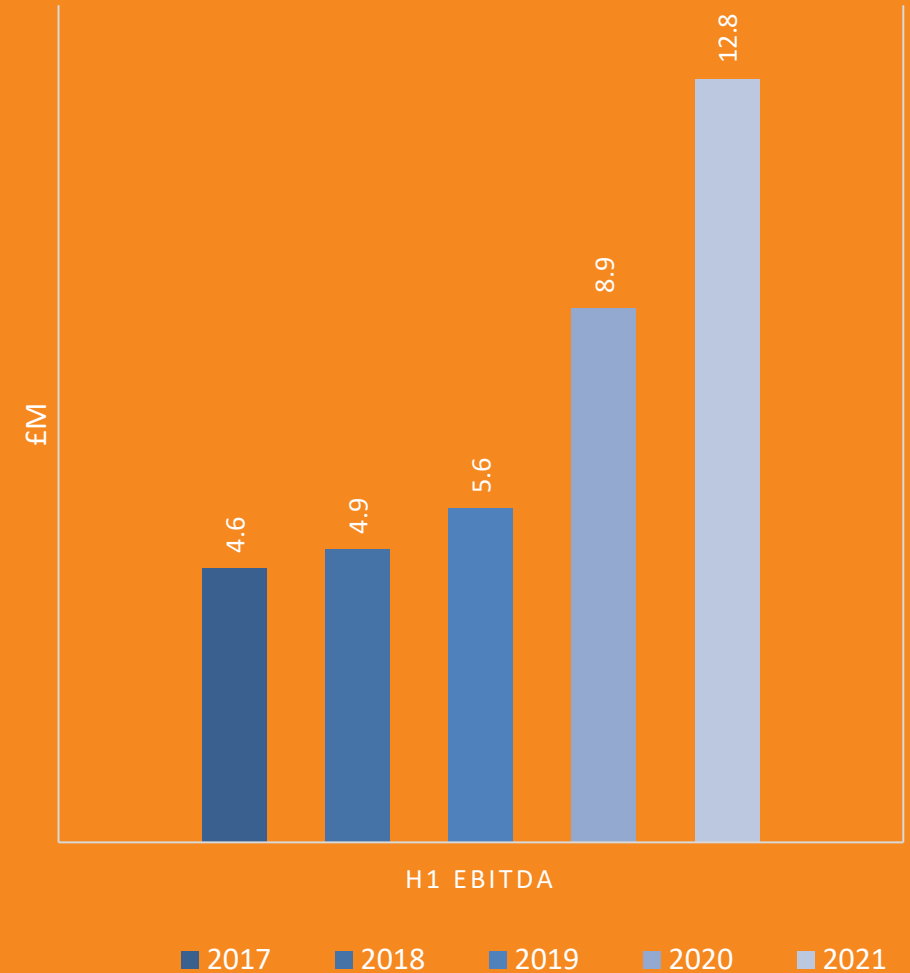
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Financial highlights

- ▶ Revenues up 46.5% to £38.56m (H1 2020: £26.33m)
- ▶ Adjusted EBITDA* up 42.9% to £12.76m (H1 2020: £8.93m)
- ▶ Net profit after tax up 122% to £9.19m (H1 2020: £4.14m)
- ▶ Net cash generated by operating activities £1.13m (H1 2020: £6.94m)
 - ▶ Exit bonus payments
 - ▶ Investment in plant at Elkhart
 - ▶ Increased inventory across sites to secure supply of components and meet demand for COVID-19 product range
 - ▶ Longer payment terms from key accounts
- ▶ Net cash of £20.38m (30 June 2020: £16.28m). (30 December 2020 £21.41m)
- ▶ Dividend of 1.1p per ordinary share to be paid on 1 December 2021 (record date: 5 November 2021)

* Before exceptional items and share based payments



Operational highlights

- ▶ Core business revenues up £1.21m (6%) in first six months of 2021
- ▶ Life Sciences revenues including contract manufacturing for PrimeStore MTM and phosphate-buffered saline (PBS) up 142% to £18.50m
- ▶ Signed multi-million dollar global supply contract for PBS with global private sector partner, whilst also broadening customer base and reducing reliance on this single customer
- ▶ Opened new PrimeStore MTM and PBS manufacturing facilities in Cardiff and Boerne to meet wider customer demand in UK and USA
- ▶ Trellus Health admitted to AIM on 28 May 2021

“The Board is very confident that trading for the year ending 31 December 2021 will be comfortably ahead of already upgraded management expectations.”

**Christopher Mills, Non-Executive Chairman
EKF Diagnostics**

Update to Growth Plan

1. Contract Manufacturing: Life Sciences

- a) Orders placed with significant partners and build of fermenters in progress
- b) Work commenced on new fermentation facility with a total investment of \$9.3m and the aim of delivering \$20m in revenues by 2024

2. Contract Manufacturing: Molecular diagnostics and other applications

- a) Continued expansion of contract manufacturing facilities in UK and USA
- b) Demand for manufacturing services driving new opportunities for non-COVID related products.
- c) Increased production of components and kits to support COVID sample collection to meet demand from new customers

3. Earnings enhancing acquisitions: Discussions ongoing as planned for earning enhancing acquisitions

4. Leveraging distribution channels for organic growth

- a) Delivering growth for core business
- b) Identified additional products to expand core range

5. Value-creating investments: New opportunities with Mount Sinai in the pipeline

6. Continuing with a progressive dividend policy to generate enhanced shareholder returns



Business Unit performance



Diabetes

£10.18m revenues

14% growth of β -HB LiquiColor through direct sales and OEM agreement with leading distributor

Recovery of sales across the majority of the diabetes portfolio



Hematology

£5.86m revenues

12% growth from DiaSpect Tm primarily through McKesson and Fresenius OEM agreements

Global hemoglobin screening programmes postponed by COVID-19 pandemic but showing signs of returning in H2



Life Sciences

£18.50m revenues

Large increase in revenues due to demand for PrimeStore MTM and PBS in USA and Europe

South Bend, Indiana, facility operational as PrimeStore MTM manufacturing location

Life Sciences +142%
Lactate & Women's Health +40%
Diabetes +8%
Hematology 0%
Chemistry -8%

Note: Remainder of revenues from shipping, repairs and product sales that are not allocated to any of the Business Units



Contract Manufacturing strategy

High demand for contract manufacturing across all EKF's manufacturing sites:

- Production of PrimeStore MTM tubes for public health systems customers in the UK and Ireland
- Manufacture and collation of home testing kits that are distributed through the two largest high street pharmacy chains in the UK
- Supply of PrimeStore MTM to testing labs based at major UK airports
- Manufacture of home testing kits including PBS and swab for distribution in US and Europe via industrial partner
- Planned further expansion of manufacturing capacity in Cardiff

Discussions with new partners to supply contract manufacturing services for non-COVID-19 products in UK and USA including molecular test kits

Strong pipeline of opportunities to leverage capacity at Life Sciences sites at Elkhart and South Bend expected to deliver revenues of \$20m p.a. by 2024:

- Enzymes for use in research
- Food grade fermentation digestive protein
- Molecular enzymes



Commercial partnerships

Preferred partnership agreement (PPA) with Mount Sinai Innovation Partners (MSIP), NYC (announced 10 September 2019):

- Agreement provides EKF with advanced access to innovative commercial opportunities arising from Mount Sinai Health System owned technologies managed by MSIP in the field of digital healthcare
- Julian Baines to head EKF's cooperation in role as a non-executive Director

Trellus Health admitted to AIM on 28 May 2021:

- \$5m investment in Trellus Health for c. 31% share of business announced on 20th August 2020

Renalytix joint listing on AIM and NASDAQ:

- Holding of 1,002,981 shares valued at £10.8m (as 30th June 2021)
- Purchase price was £1.21m

Verici Dx spin-out from Renalytix:

- Holding in Verici Dx of 2,677,981 shares valued at £1.8m (as 30th June 2021)
- Verici Dx formerly known as Fractal Dx
- Formed to enable the accelerated development of its portfolio of transplant diagnostic and prognostic products and the achievement of commercial milestones



RENALYTIX



Central Lab & Life Sciences H1 2021

PrimeStore MTM & PBS
Clinical chemistry & analysers
Fermentation
Enzyme manufacturing



- ▶ Revenues up £10.6m (118%) to £19.84m
- ▶ Contract manufacturing (including fermentation) up from £7.64m to £18.50m
 - PrimeStore MTM tube and bulk liquid manufacturing
 - PBS solution introduced into market Q4 2020 as a low cost alternative to MTM
 - Manufacturing operations in five locations: Boerne, South Bend, Barleben, Leipzig and Cardiff
 - Supply contracts with Public Health England, Government of Ireland, universities, plus multiple private labs and blue-chip industrial partners
- ▶ Agreement with two reference labs to add Glycated Albumin to their portfolio

	H1 2021 £k	H1 2020 £k	+/- £k	+/- %
Central Laboratory (inc. chemistry, Altair, GA)	1,337	1,457	(118)	-8%
Contract Manufacturing inc. Fermentation	18,503	7,641	10,741	142%
Total	19,841	9,098	10,743	118%

Diabetes

H1 2021

Biosen C-Line
 Quo-Lab A1c
 Quo-Test A1c
 STAT-Site WB
 STAT-Site β -HB
 β -HB LiquiColor



- ▶ Revenues up 8% to £10.18m
- ▶ Quo-Test up 24% to £1.08m
 - Increased demand from some key markets including Philippines
- ▶ Quo-Lab up 18% to £1.54m
 - Strong performance in Saudi Arabia, India and Tunisia, and Human OEM
- ▶ β -HB LiquiColor reagent up 14% to £4.88m
 - Continued growth in US through key accounts
- ▶ Biosen flat (0.25%) to £2.18m
 - Continued suppressed demand for consumables in China and Russia during lockdowns
- ▶ STAT-Site WB and STAT-Site β -HB down 37% to £505k
 - Phase out of STAT-Site β -HB due to obsolescence
 - Roll-out of STAT-Site WB analyser in US to replace SSM β -HB
 - Registration of STAT-Site WB in overseas markets in progress

	2021 £k	2020 £k	+/- £k	+/- %
Diabetes analysers and tests	10,183	9,419	764	8.11%

Hematology

H1 2021

DiaSpect Tm

HemataStat II

Hemo Control

HemoPoint H2

UltraCrit



- ▶ Revenues flat at £5.86m (0.1%)
- ▶ DiaSpect Tm up 12% to £2.44m
 - Strong performances from McKesson and Fresenius OEM agreements (+£350k)
 - Large tender win in India for public health projects (+£300k)
- ▶ HemataStat II up 29.69% to £997k
 - Strong demand from Plasma Fractioning Industry (93% of sales). Trend expected to continue into 2022
 - Pent-up demand following reduction in manufacturing capacity in 2020 due to COVID-19 restrictions
- ▶ Hemo Control and HemoPoint H2 down 18.64% to £2.13m
 - Sales down £350k to Peru as screening programmes postponed due to COVID-19
 - Completion of tender in Tanzania (-£380k)



	2021 £k	2020 £k	+/- £k	+/- %
Hematology analysers and tests	5,856	5,853	3	0.1%

Global revenue breakdown



Revenue	H1 2021 £k	H1 2020 £k	+/- £k
APAC	2,322	1,832	490
EMEA	19,195	8,404	10,791
LATAM	870	1,236	(366)
USCAN	16,172	14,856	1,316
	38,559	26,328	12,231

APAC

Strong return of HbA1c business in Philippines and significant tender wins in India for DiaSpect Tm analysers and cuvettes.

EMEA

Continued demand in UK and Ireland for PrimeStore MTM from multiple public health and private sector customers. Additional sales to global partner for manufacture of COVID-19 test kits for staff testing and retail use.

LATAM

Core business continued to be impacted due to the postponement of public health screening programmes. Strong signs of recovery now apparent.

USCAN

Manufacture of PrimeStore MTM and PBS for public health and private sector customers driving growth. Increased market for HemataStat II devices in USA.

Current trading and 2022 outlook

- The Board is now very confident that trading for the full year will be **comfortably ahead** of already upgraded management expectations
- Strong trading continued into Q2
- Core product lines expected to maintain **improved performance** although EKF is mindful of the potential impact of COVID-19 surges caused by variants of the virus
- Strong **demand** for contract manufacturing services for COVID-19 sample collection devices and kits
- **Diversification** opportunities for contract manufacturing of non-COVID diagnostic products

- EKF Diagnostics remains confident that its **growth strategy**, as outlined to shareholders at the Annual General Meeting in May, will create a business which, aside from any COVID-19 related revenues, is capable of generating significant **double-digit** growth in adjusted EBITDA over the next three to four years

Appendix

Financial report

Consolidated Income Statement (Extract)

	H1 2021 £k	H1 2020 £k	+/- £k
Revenue	38,559	26,329	12,230
Gross profit	18,540	14,912	3,628
GM %	48%	57%	(9%)
Administrative expenses	(7,017)	(8,252)	1,235
Other income	34	57	(23)
EBITDA	12,761	8,925	3,836
Share based payments	1,392	(300)	1,692
Exceptional items	234	408	(174)
Depreciation / amortisation	(2,830)	(2,316)	(514)
Finance costs / income	(133)	(468)	335
Income tax charge	(2,237)	(2,108)	(129)
Profit for the year	9,187	4,141	5,046

Consolidated Balance Sheet (Extract)

	H1 2021 £k	H1 2020 £k	+/- £k
Property, plant, equipment	12,957	13,331	(374)
Intangible assets	35,134	39,347	(4,213)
Investments	12,818	14,345	(1,527)
Inventories	9,766	8,144	1,622
Trade / other receivables	16,107	10,545	5,562
Cash and cash equivalents	20,784	16,895	3,889
Deferred consideration	3,033	1,840	1,193
Trade / other payables	13,152	14,211	(1,059)
Borrowings	89	188	(99)

Balance Sheet

Assets at 30 June 2021

	Selected items	H1 2021 £k	H1 2020 £k	+/- £k
Non-current assets	Property, plant, equipment	12,957	13,331	(374)
	Right-of-use assets	890	941	(51)
	Intangible assets	35,134	39,347	(4,213)
	Investments	12,818	14,345	(1,527)
	Deferred tax assets	14	21	(7)
	Total non-current assets	61,813	67,985	(6,172)
Current assets	Inventories	9,766	8,144	1,622
	Trade and other receivables	16,107	10,545	5,562
	Cash and cash equivalents	20,784	16,895	3,889
	Total current assets	46,657	35,584	11,073
Assets	Total assets	108,470	103,569	4,901

Balance Sheet

Equity and Liabilities at 30 June 2021

	Selected items	H1 2021 £k	H1 2020 £k	+/- £k
Total equity		84,857	79,053	5,804
Total non-current liabilities		5,371	4,083	1,288
Current liabilities				
	Trade and other payables	13,152	14,211	(1,059)
	Lease liabilities	475	721	(246)
	Deferred consideration	3,033	1,840	1,193
	Current income tax liabilities	1,512	3,946	(2,434)
	Borrowings	89	188	(99)
Total current liabilities		18,242	20,433	(2,191)
Total liabilities		23,613	24,516	(903)
Total equity and liabilities		108,470	103,569	4,901

Cash Flow

	H1 2021 £k	H1 2020 £k	+/- £k
Profit before income tax	11,424	6,249	5,175
Net cash generated by operating activities	1,129	6,059	(4,930)
Net cash used in investing activities	(1,929)	(1,524)	(405)
Net cash used in financing activities	(577)	(402)	(175)
Net increase in cash and cash equivalents	(1,377)	4,133	(5,510)
Exchange gains on cash and cash equivalents	248	688	(440)
Cash and cash equivalents at end of year	20,784	16,895	3,889

THANK YOU
for your attention



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