



EKF Diagnostics Holdings plc

Interim Results for six months ended 30 June 2020

14 September 2020

ekfdiagnostics.com

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Agenda

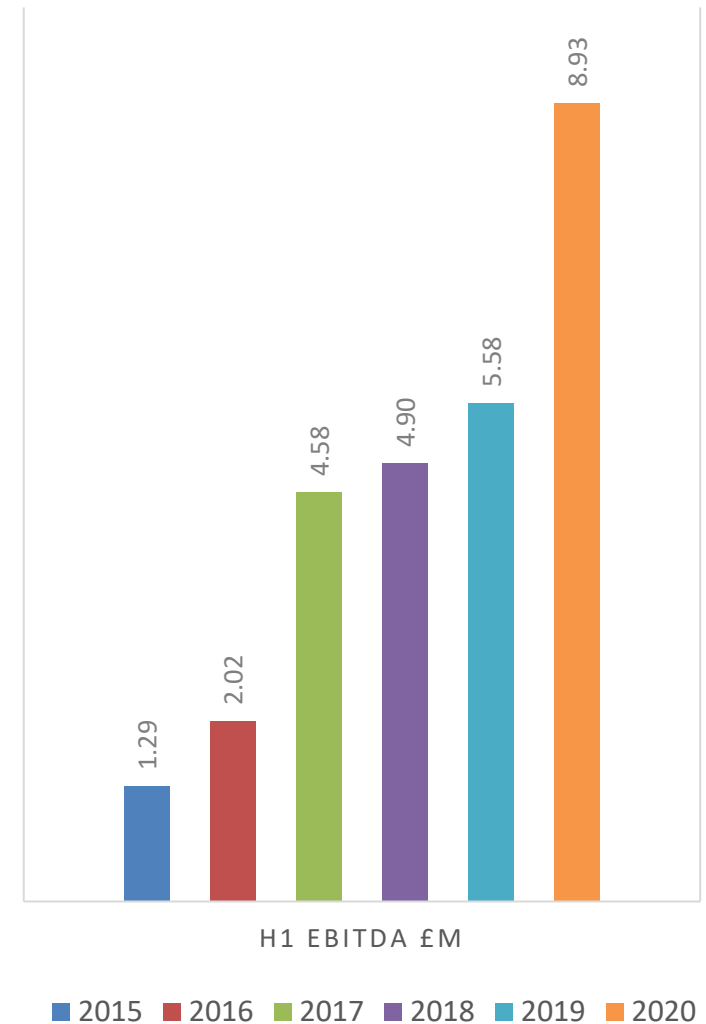
Slide no.

4. Financial highlights
5. Operational highlights
6. Business Unit overview
7. Contract Manufacturing and Life Sciences
8. Commercial partnerships
9. Performance by Business Unit in detail
12. Impact of COVID-19
13. H2 2020 Outlook
14. Financial report

Financial highlights

- ▶ Revenues up 23% to £26.33m (H1 2019: £21.44m)
- ▶ Adjusted EBITDA* up 60% to £8.93m (H1 2019: £5.58m)
- ▶ Net profit up 189% to £4.14m (H1 2019: £1.43m)
- ▶ Net cash generated by operating activities £6.94m (H1 2019: £4.34m)
- ▶ Net cash of £16.28m (30 June 2019: £11.78m)
(31 December 2019: £11.42m)
- ▶ Maiden dividend of 1p per ordinary share to be paid on 1 December 2020 (record date: 5 November 2020)

* Before exceptional items and share based payments



Operational highlights

- ▶ Core business revenues delivered a more robust performance in the face of COVID-19 headwinds than management expected, with 8% year-on-year decrease in core business sales (i.e. excluding PrimeStore MTM sales), with signs that H2 recovery is underway
- ▶ Diabetes sales down 2% to £9.42m (H1 2019: £9.61m) – with β -HB sales up 5.7% to £5.07m, and Quo-Test sales down £0.42m due to reduced demand in the Philippines following substantial orders fulfilled last year
- ▶ Hematology sales down 12% to £5.86m (H1 2019: £6.66m) – Hemo Control / HemoPoint H2 sales were impacted by COVID-19 particularly in Peru, but strong DiaSpect Tm sales (+8%) following strong contributions from McKesson and Fresenius OEM agreements
- ▶ Central Lab & Life Sciences sales (excluding contract manufacturing for PrimeStore MTM) were down 5.5% to £2.64m, despite growth in Clinical Chemistry revenues.
 - Including PrimeStore MTM sales, Central Laboratory & Life Sciences sales totalled £9.10m (up from £2.96m in H1 2019)
- ▶ Main growth driver derived from £6.46m of PrimeStore MTM contract manufacturing revenues (up from £164k in H1 2019)
 - Contract manufacturing agreement with Longhorn Vaccines and Diagnostics, signed in March 2020
 - EKF appointed as distributor for non-US territories with UK contracts secured
 - Rapid increase in production capacity across US sites (Texas, and now Indiana), establishment of manufacturing lines in the UK (Cardiff) and Europe (Barleben and Leipzig)



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Business Unit performance



£9.4m revenues

Continued growth in USA of β -HB LiquiColor following OEM agreement with leading distributor

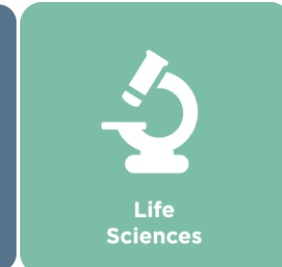
Global diabetes testing market impacted by COVID-19



£5.9m revenues

Growth from DiaSpect Tm primarily through McKesson and Fresenius OEM agreements

Global hemoglobin screening programmes negatively impacted by COVID-19 pandemic



£9.1m revenues

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

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

208% growth in Central Laboratory and Life Sciences offsetting 8% decrease in YoY revenue from Hematology and Diabetes Business Units

Note: Remainder of revenues from shipping, repairs and product sales that do not belong to any of the above Business Units

Contract Manufacturing & Life Sciences: Post period update

▶ New contract manufacturing opportunities at Boerne, Texas site for delivery in 2021 for five new customers:

- Customer 1: RNA detection kits
- Customer 2: CRISPR Human RNA depletion kit
- Customer 3: Forensic kits
- Customer 4: Next generation sequencing pathogen detection kits
- Customer 5: Genome assembly and genetic variant detection kits

▶ Incremental revenue of approximately \$600k

▶ Strong pipeline of opportunities to leverage capacity at Elkhart and South Bend, Indiana, facilities:

- Oragenics: Enzymes for use in research
- Ixcela: Food grade fermentation digestive protein
- iGenomX: Molecular KOD enzyme (used in PCR)

▶ Incremental revenues for Life Sciences of \$2-3m

▶ Longhorn: Continued demand for PrimeStore MTM tubes and bulk product



Commercial partnerships

- ▶ Preferred partnership agreement (PPA) with Mount Sinai Innovation Partners (MSIP), NYC (announced 10th 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
- ▶ \$5m investment in Trellus Health for c. 31% share of business announced on 20 August 2020. Trellus to develop a resilience-driven digital health solution for complex chronic conditions
 - Agreed a multi-year licence with Mount Sinai Health System to commercialise Trellus' GRITT-IBD resilience assessment and personalised treatment methodology
 - Focused on the treatment of chronic conditions, starting with Inflammatory Bowel Disease (IBD), including Crohn's disease and ulcerative colitis
 - 90% of the US \$3.3 trillion annual health care expenditure is for chronic diseases with patients suffering from both chronic medical and mental health conditions costing twice as much according to the Centers for Disease Control & Prevention (CDC)
 - Intention to IPO on AIM in 2021 with holding distributed in specie to EKF shareholders as soon as it is practicable before IPO
- ▶ Holding in Renalytix AI valued at £14.2m (as at 30 June). Purchase price was £3.2m
- ▶ Verici Dx PLC spin-out from Renalytix AI. Verici Dx was 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
 - EKF (and all other Renalytix AI holders as at 9 July 2020) received one Verici A share in specie for every one ordinary share held in Renalytix AI. EKF beneficial holding is 2,677,981 A shares in Verici as beneficial holders. Lock-up period of 365 days following admission to trading on AIM or another recognised stock exchange or by 9 July 2022



Central Laboratory & Life Sciences H1 2020

Clinical chemistry, lab analysers, contract fermentation and enzymes



- Revenues up £6,142k (208%) to £9,098k
- Contract manufacturing up from £164k to £6.5m
 - PrimeStore MTM tube and bulk liquid manufacturing
 - Manufacturing operations in five locations: Boerne, South Bend, Barleben, Leipzig and Cardiff
- Chemistry up £45k (6%)
 - Altair clinical chemistry analyser and Altair chemistry reagents up 36%
 - Demo kits of Glycated Albumin trialled at national and regional US lab chains

Central Lab & Life Sciences

PrimeStore MTM
 Clinical chemistry
 Small lab analysers
 Contract fermentation
 Enzyme manufacturing



	H1 2020 £k	H1 2019 £k	+/- £k	+/- %
Central Laboratory (inc. chemistry, Altair, GA)	1,457	1,383	74	5%
Contract Manufacturing	6,459	164	6,295	3,938%
Life Sciences	1,182	1,409	(227)	(16%)
Total	9,098	2,956	6,142	208%



Diabetes H1 2020



- Revenues down £196k (-2%)
- β -HB LiquiColor reagent up £139k (3%)
- STAT-Site β -HB up £132k (20%)
- Quo-Lab up £11k (1%)
- Quo-Test down £424k (-33%)
 - Drop primarily associated with reduced demand in the Philippines during national lockdown
- Biosen down £53k (-2%)
 - Lower demand for consumables in China during national lockdown

Diabetes range

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



	2020 £k	2019 £k	+/- £k	+/- %
Diabetes analysers and tests	9,418	9,614	(196)	(2%)



Hematology H1 2020

- Revenues down £810k (-12%)
- DiaSpect Tm up £165k (8%)
 - Strong performances from McKesson and Fresenius OEM agreements
- Hemo Control and HemoPoint H2 down £625k (-19%)
 - Peruvian hemoglobin screening business impacted by COVID-19
 - Closure of US WIC centres during pandemic to reduce transmission of disease to vulnerable people and health workers

	2020 £k	2019 £k	+/- £k	+/- %
Hematology analysers and tests	5,855	6,664	(810)	(12%)

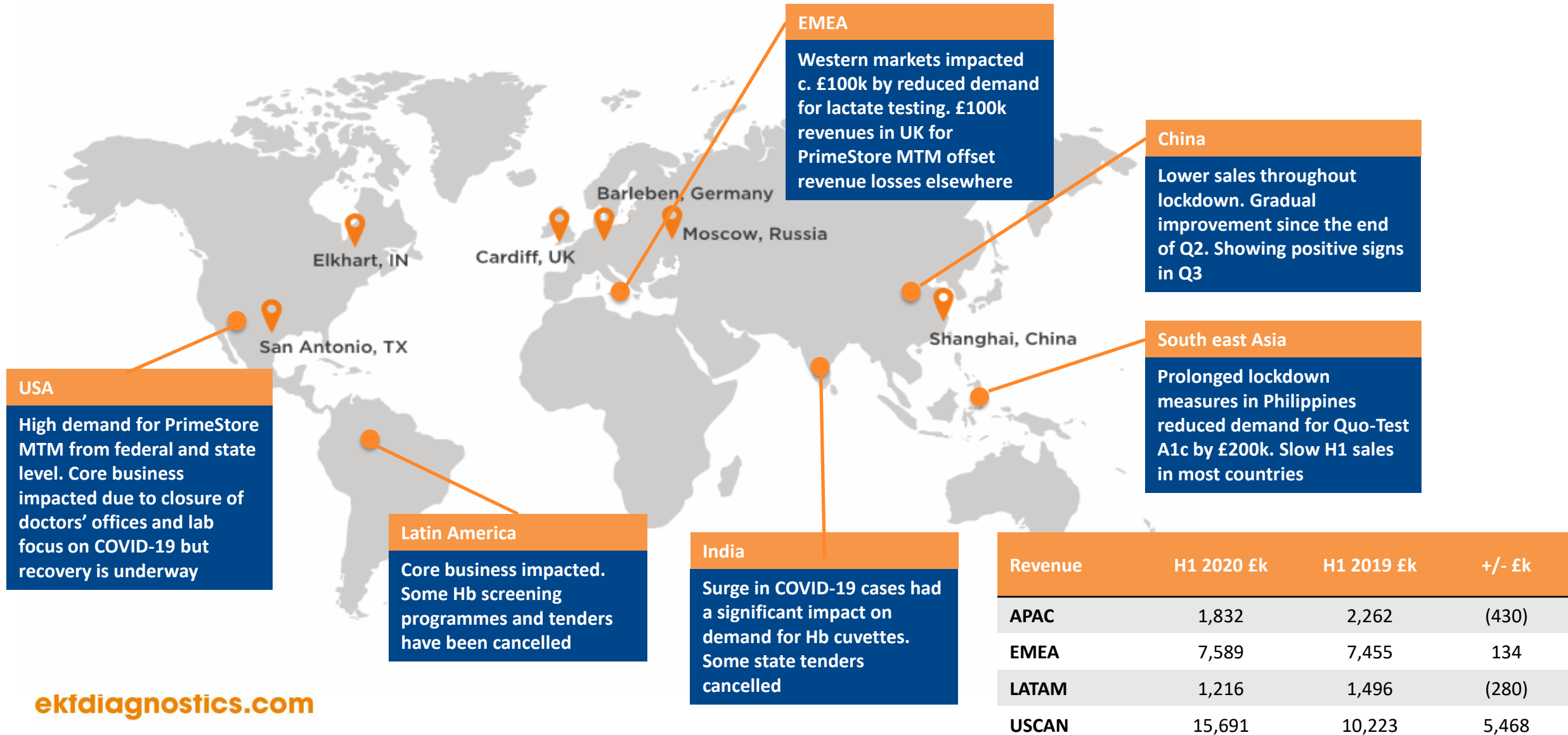


Hematology range

DiaSpect Tm
 HemataStat II
 Hemo Control
 HemoPoint H2
 UltraCrit



Impact of COVID-19 on H1 2020 revenue



Revenue	H1 2020 £k	H1 2019 £k	+/- £k
APAC	1,832	2,262	(430)
EMEA	7,589	7,455	134
LATAM	1,216	1,496	(280)
USCAN	15,691	10,223	5,468

Current trading H2 2020 outlook

- ▶ Board expects continued strong growth from the business throughout 2020, particularly in the US
 - Q3 2020 trading performance in line with management expectations to date, and significantly above budget
- ▶ Continued benefit due to the demand for PrimeStore MTM tubes and bulk liquid
 - Contract announced with a large UK customer in August worth £3m
 - Testing kit launched in UK in September 2020. ATM product aimed at low cost markets expected Q4
- ▶ McKesson OEM of DiaSpect Tm expected to return to pre-pandemic sales expectations
 - Positive H1 2020 despite closure of doctors' offices during lockdown
 - Business expected to improve in second half of 2020. Record sales of tests achieved in August following account wins from rival brands
- ▶ Completion of Quo-Test cartridge registration in China expected by December 2020 or early 2021
 - Negotiations underway with potential distributors to sell analysers and tests in 2021
- ▶ \$5m investment in Trellus Health announced August 2020. AIM flotation expected in 2021
- ▶ Renalytix AI spin-out and flotation on AIM of Verici Dx PLC to provide additional value to shareholders who retained their Renalytix AI shares
- ▶ Improved performance in both our Diabetes Care and Hematology Business Units, plus continued demand for PrimeStore MTM, maintain our confidence that full year outcomes will exceed previously revised management expectations

Appendix
Financial report

Consolidated Income Statement (Extract)

	H1 2020 £k	H1 2019 £k	+/- £k
Revenue	26,329	21,436	4,893
Gross profit	14,912	11,532	3,380
GM %	57%	54%	3%
Administrative expenses	(8,252)	(9,117)	865
Other income	57	24	33
EBITDA	8,925	5,584	3,341
Share based payments	(300)	(1,135)	835
Exceptional items	408	229	179
Depreciation / amortisation	(2,316)	(2,239)	(77)
Finance costs / income	(468)	(213)	(255)
Income tax charge	(2,108)	(792)	(1,316)
Profit for the period	4,141	1,434	2,707

Consolidated Balance Sheet (Extract)

	H1 2020 £k	H1 2019 £k	+/- £k
Property, plant, equipment	13,331	12,376	955
Intangible assets	39,347	40,759	(1,412)
Inventories	8,144	7,220	924
Trade / other receivables	10,545	7,775	2,770
Cash and cash equivalents	16,895	12,749	4,146
Deferred consideration	1,840	1,341	499
Trade / other payables	11,052	11,056	(4)
Borrowings	610	971	(361)

Balance Sheet: Assets at 30 June 2020

	Selected items	H1 2020 £k	H1 2019 £k	+/- £k
Non-current assets	Property, plant, equipment	13,331	12,376	955
	Right-of-use assets	941	817	124
	Intangible assets	39,347	40,759	(1,412)
	Investments	14,345	4,764	9,581
	Deferred tax assets	7	33	(26)
	Total non-current assets		67,971	58,749
Current assets	Inventories	8,144	7,220	924
	Trade and other receivables	10,545	7,775	2,770
	Deferred tax assets	14	-	14
	Cash and cash equivalents	16,895	12,749	4,146
	Total current assets		35,598	27,744
Assets	Total assets	103,569	86,493	17,076

Balance Sheet: Equity and Liabilities at 30 June 2020

Selected items		H1 2020 £k	H1 2019 £k	+/- £k
Total equity		79,053	66,882	12,171
Total non-current liabilities		3,159	4,285	(1,126)
Current liabilities	Trade and other payables	11,052	11,056	(4)
	Lease liabilities	969	277	692
	Deferred consideration	1,840	1,341	499
	Current income tax liabilities	3,946	2,513	1,433
	Deferred tax liabilities	203	-	203
	Borrowings	188	139	49
Total current liabilities		21,357	15,326	6,031
Total liabilities		24,516	19,611	4,905
Total equity and liabilities		103,569	86,493	17,076

Cash Flow

	H1 2020 £k	H1 2019 £k	+/- £k
Profit before income tax	6,249	2,788	3,461
Net cash from operating activities	6,011	3,574	2,437
Net cash used in investing activities	(1,524)	(1,203)	(321)
Net cash (used)/generated by financing activities	(354)	18	(372)
Net increase in cash and cash equivalents	4,133	2,389	1,744
Exchange gains on cash and cash equivalents	688	78	610
Cash and cash equivalents at end of period	16,895	12,749	4,146

**Thanks
for your attention**