



The Future of Personal Health Care

- ❖ Agile and responsive leadership has delivered a competitive array of MyHealthChecked branded COVID-19 testing products in a very short period of time
- ❖ Over the past 12 months the company has been transformed from loss making and cash consumptive, to a high-growth, cash generative business
- ❖ On the basis of reported H1 revenues and Q3 guidance we expect the company to achieve full year 2021 revenues of £15 million and EBITDA of £1.9 million
- ❖ Seizing the opportunities of the pandemic has laid the foundations for MHC to follow its strategy of becoming a leader in the at-home health and wellness testing market
- ❖ It has built strong relationships at the product development and distribution level and the success of the COVID-19 testing kits has enhanced its brand image
- ❖ COVID-19 has changed the way many consumers think about, and interact with their healthcare providers and accelerated the adoption of at-home alternatives
- ❖ MHC is now ideally placed to roll out its range of testing kits focused on weight management, vitamin deficiency, food intolerance, heart health and blood glucose
- ❖ The market for at-home diagnostics is very large and growing. With only a small market penetration, the revenue potential for MHC is substantial
- ❖ The acquisitions of The Genome Store and Nell Health have brought product know-how, technology and additional management strength to MHC
- ❖ MHC's strategy is simple and achievable. They have the expertise, the ambition, and the financial strength to become a leading company in the sector

Key information

Market Capitalisation	£14.1m	Sector	Health Care
Enterprise value	£11.9m	Head Office (country)	UK
Free float	75%	Primary listing	AIM
12m price range	0.71 to 7.45	Date first listed	26/7/2016

Key financials

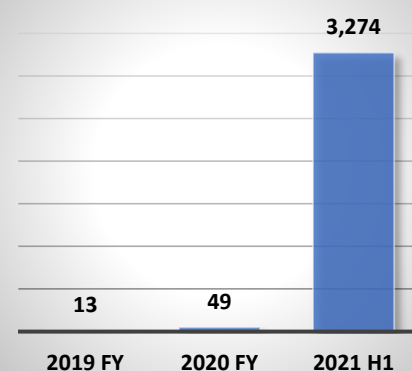
Dec y/e	2019 FY	2020 FY	2021 H1	2021FY*
£'000	Actual	Actual	Actual	Estimate
Revenue	32.0	49.5	3,274.1	15,000
EBITDA	(2,131)	(2,696)	(199.7)	1,900
Cash (debt)	616	466	2,215	4,400

*SEAL Estimates – mid point of range

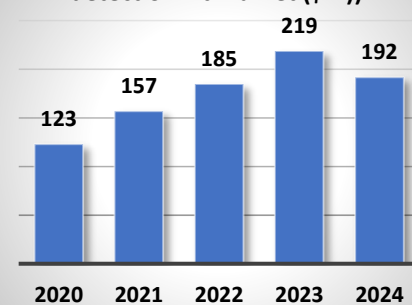
The Elevator Pitch



MHC reported revenues (£'000)

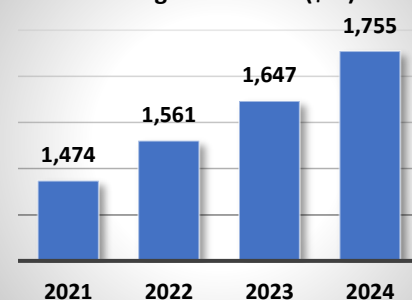


Est. Size of the UK COVID-19 detection kit market (\$m)



Source: Grandview Research (2021)

Est. size of European at-home testing kits market (\$m)



Source: Data Bridge Market Resource (2021)

About MyHealthChecked

MyHealthChecked PLC (MHC) is an AIM-listed UK consumer healthcare company focused on producing a range of at-home healthcare and wellness tests. Listed in July 2016 following an RTO by Frontier Resources and subsequent name change to Concepta, the business initially focused on the women's fertility testing market. With the appointment of Penny McCormick in 2019 the company has been refocused to exploit the opportunities within the wider, at-home genomic (DNA and RNA) testing kit sector.

Concurrent with the strategic transition away from a sole focus on women's fertility testing, the company responded to the challenges of the COVID-19 pandemic and launched its own branded PCR based tests in December 2020. It was able to do this in a short period of time given its laboratory facilities already in place and the strong contacts the management had previously built within the UK government and accreditation authorities. It was also able to utilise its relationships with diagnostics suppliers such as Yourgene Health, Abingdon Health and EKF Diagnostics, and key distributors such as Boots, and Lloyds Pharmacy.

With the acquisitions of The Genome Store and Nell Health, and building on their success in the COVID-19 testing market, MyHealthChecked is well on its way to transitioning the business to become a leading business-to-consumer testing company.

Price performance

% change (Capital gain)	Absolute	Relative to:	
		Numis AIM	Numis Small Cap
3 month	-50.6%	-50.5%	-47.6%
12 month	143.8%	108.1%	121.4%
Year-to-date	-2.5%	19.9%	-7.9%

SWOT Analysis

STRENGTHS

- Operating in an attractive global secular growth market
- Ambitious, nimble and highly credible new leadership team
- Proven ability to strike partnerships with blue-chip clients
- Pronounced commercialisation skillset

WEAKNESSES

- Currently focused on a single product leading to revenue concentration risk
- Reliant on low visibility regulatory environment in next 12 months
- Limited track record of delivering revenue at scale
- Pipeline of non-Covid-19 opportunities still at early stages

OPPORTUNITIES

- The pandemic has accelerated a number of non-Covid opportunities in the at-home healthcare/wellness testing market
- Continued testing for Covid-19 to continue beyond 2022
- Platform evolution into an integrated service offering

THREATS

- Uncertain duration of Covid-19 testing
- Rapid antigen testing takes share from PCR
- Pipeline of non-Covid-19 products may not convert
- Diagnostic testing market is very competitive

SWOT

Key Events

Date	Event
Jul-2016	IPO on AIM following reverse takeover by Frontier Resources. Change of name to Concepta
Mar-2019	Agreement to supply myLotus fertility testing to Boots, UK
Nov-2019	Penny McCormick Appointed CEO
Nov-2020	Acquisition of The Genome Store for initial consideration of £0.28m in shares
Dec-2020	Change of name to MyHealthChecked. Launch of COVID-19 lab-based PCR test
Dec-2020	New strategy to focus on a wider array of simple and reliable home-test products
Apr-2021	Agreement with Boots to launch MHC COVID-19 Fit to Fly/General PCR test for at-home use
May-2021	Second contract signed with Boots UK to launch COVID-19 Day 2 and 8 PCR tests for at-home use
Jun-2021	Gareth Davies appointed as CFO and COO
Jun-2021	Acquisition of Nell Health for initial consideration of £1.2m
Aug-2021	Agreement with Lloyds Pharmacy for supply of PCR test kits and lab services
Sep-2021	Awarded ISO 15189:2012 accreditation across the Company's COVID-19 testing service

❖ **Corporate Strategy Explained**

MyHealthChecked is a consumer focused home-testing healthcare company and aims to capitalise on the secular growth of the at-home testing kits market.

➤ **Near-term**

As the COVID-19 pandemic was closing the global economy and swamping the health system’s resources, MHC promptly refocused its team away from its hitherto core but de minimis revenue-generating women’s fertility monitoring product to develop an at-home COVID-19 test kit.

MHC harnessed the scientific and operational expertise of the recently acquired The Genome Store onto its adaptive and flexible system, and partnered with two high calibre diagnostic suppliers (Yourgene Health for its Clarigene® SARS-CoV-2 test and EKF Diagnostic Holdings for its PrimeStore® MTM sample collection devices), thereby launching the test kit within a month in early December 2020.

Having created and launched the MyHealthChecked brand into the UK market, MHC entered into an agreement with Boots, the UK’s leading health and beauty retailer to launch a branded COVID-19 at-home nasal swab kit and PCR laboratory testing service. The product was distributed via www.boots.com and across 507 Boots stores in the UK. Since launch, MHC has obtained further agreements with a number of pharmacy retailers (including Lloyds and independents) and non-retail customers, as well as launching a direct-to-consumer offering.

Change of strategic direction to focus on the broader at-home testing market

Successful roll-out of COVID-19 testing product

Strategy simplified



The key driver of recent success has clearly been the COVID-19 testing requirement imposed on UK consumers to facilitate leisure travel. Consumers have released two summers of pent up demand for holidays as lockdown restrictions have lifted. At the same time, the continuing prevalence of COVID-19 variants in the UK and abroad has also required policy to mandate testing regimes involving PCR tests (even for vaccinated travellers) before travel each way and on return to the UK (Fit to Fly, Day 2, Day 8 etc). This has provided a significant and continuing sweet spot for a trusted supplier such as MHC .

MHC rapidly became a trusted supplier of COVID-19 test

➤ **Longer-term**

While the COVID-19 Test Kit is their first, and currently only, commercially available diagnostic at-home test, MHC developed the vision in 2020 to build a broad platform that would reinvent how consumers interact with their health by addressing a number of diagnostic tests routinely conducted in clinical laboratories. MHC is currently developing solutions to be launched in 2022 to broaden the testing and guidance for its platform. MHC’s additional planned product offerings include DNA tests in the categories of nutritional intolerance, genetic indispositions, and female and male wellness. MHC estimates that its immediate serviceable addressable market in the UK to be £1.1bn and over £4bn as it looks to enter international markets with the European market the most likely entry point.

Aiming to reinvent how consumers interact with their health

MyHealthChecked: History and the Future

❖ Historical Perspective – a difficult start

Following a reverse takeover, Concepta (MHC's previous name) listed on AIM in July 2016, raising £3.4m. At the time of listing its flagship proprietary product was the myLotus-branded fertility monitor, which was set to enter the Chinese market in 2017, having already secured the necessary regulatory approvals for launch in the territory.

The commercial rollout of myLotus turned out significantly more difficult than initially anticipated with supply chain issues and limited managerial expertise and knowledge of the complex distribution networks required to cover such a vast and unfamiliar territory, thereby substantially holding back progress in China.

Following his appointment in July 2018, a new Executive Chairman (Matthew Walls) set about redefining Concepta's strategic priorities with a focus principally on a roll out of myLotus in the UK and the wider European market. Under the tenure of the new Executive Chairman, Concepta completed its clinical validation studies and obtained CE-Mark certification for myLotus, and announced an agreement to supply the product to Boots UK.

However, by October 2019 Matthew Walls had departed the company by mutual agreement which added to the already existing concerns over the rationale and commercial viability of the fertility testing product .

❖ New Management and New Direction

In November 2019 Penny McCormick was appointed as CEO. Under Penny's leadership the business strategy has been moved away from a sole focus on women's fertility testing to the development and launch of an array of at-home health and wellness testing products. It was also her decision to develop the MyHealthChecked COVID-19 PCR testing kit which in a short space of time has transformed the status and financial health of the company.

Following the acquisitions of The Genome Store and Nell Health there now exists a deep domain knowledge of the health diagnostic products market within MHC. The expertise of the technical team collectively amounting to 75 years' experience, brings strong industry relationships and embedded knowhow. In addition, the team has considerable development, operations and regulatory expertise in the DNA arena. This combined with the new CFO (Gareth Davies) and the Board of Directors' strong commercialisation track record in consumer healthcare, sets up MHC well for operational and strategic execution and delivery where the company has historically underperformed.

The COVID-19 pandemic presented many companies with challenges and opportunities. For MHC, it has provided a great opportunity which under new leadership has resulted in the company coming of age. It has also demonstrated how a company - which on the face of it was struggling for direction and unable to commercialise its products - has: laudable technical capabilities; the ability to respond very quickly to change; the ability to work with multiple high calibre partners; and the ability to deliver meaningful contracts with key distribution partners including Boots and Lloyds Pharmacy.

In short, MyHealthChecked has turned an important corner; the scientific, operational, commercial and personnel foundations are now in place to generate material shareholder value.

RTO in 2016 and focus on branded fertility monitor

Commercial roll-out was fraught with difficulties and false-starts

Lack of stability among senior management in early days of Concepta

New management repositioned the business

Rose to the challenge of the pandemic

❖ **Strategic Transition**

Having raised £3.1 million in February 2021 to fund the start of the strategic transition MHC took in tandem the initial critical steps for it to win in the medium term by:-

- (1) creating a vision to become a trusted brand in the at-home consumer healthcare testing space; and
- (2) deploying a new business model to execute against that vision with everything now structured around solving one very clear customer purpose – to help consumers to take better control of their own healthcare.

MHC’s strategic transition will enable the company to address and capitalise on opportunities in the structurally attractive and fast-growing at-home consumer healthcare testing space.

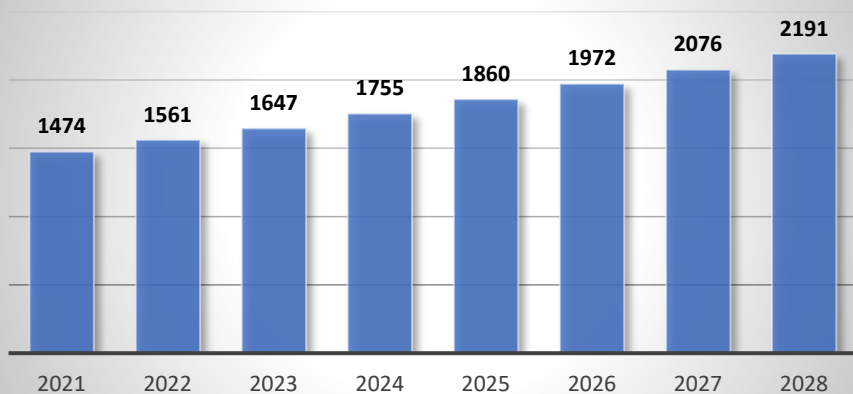
More specifically, the initial aim of MHC is to launch a branded product range of at-home wellness tests focussed in the areas of:

- **Weight management**
- **Vitamin deficiency**
- **Food intolerances**
- **Heart health**
- **Blood glucose**

Crucial steps towards developing a new strategy

Plans to launch branded product range for at-home health and wellness testing

European At-Home testing kits market – forecasts (\$m)



The European at-home testing market is very large

Source: Data Bridge Market Resource

The largest market for home testing kits is North America (the vast majority being the US). Apart from size of the economy and level of spending on health care in the region, the home-testing market expanded greatly after Warner-Lambert introduced pregnancy testing kits in 1977. The incidence of diabetes and HIV have also been contributing factors and has led to significant market for test kits for both diseases, with blood glucose tests being by far the largest category.

After North America the second largest at-home testing market is Europe. As the chart above shows the total European market for testing kits is estimated to be worth around \$1.5 billion in 2021 and expected to grow to \$2.2 billion by 2028.. Over the same period the global at-home testing market is expected to grow to over \$8 billion.

Within Europe the largest markets are Germany, France and the UK and the largest segments within these markets are glucose (blood sugar) tests, pregnancy tests, ovulation

Useful info:

Number of people with type 2 diabetes by country

Country	No. of people (m)
China	116.4
India	77
US	31
Pakistan	19
Brazil	17

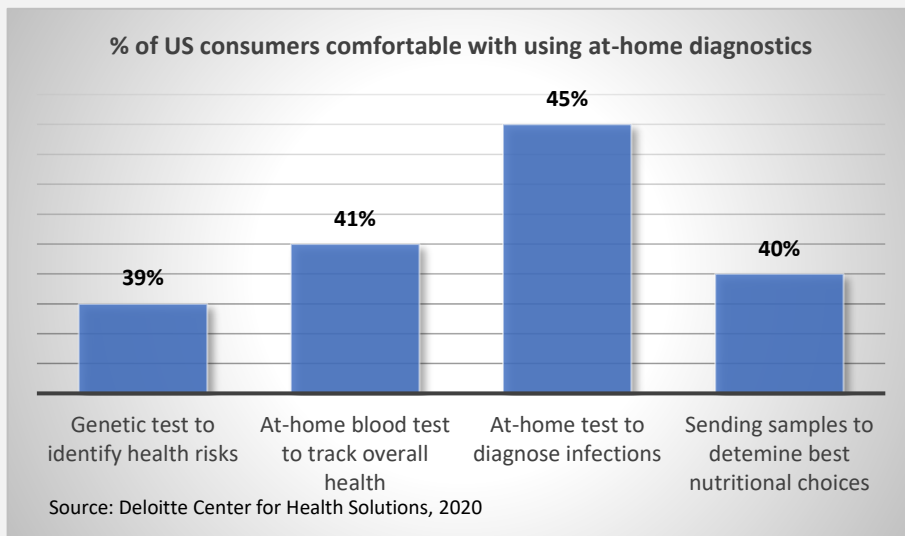
prediction test, HIV tests, infectious disease and drug abuse tests.

Within these segments the market is highly fragmented, with no discernible leading player nor operator having any meaningful share, reflecting the sheer range of test types. The category is broadly made up of diagnostic specialists, diagnostic testing divisions of larger biotech operators and small independents.

The structure of the market offers solid share gain opportunities for structurally well positioned operators (both from a channel and consumer trends perspective) and lends itself for significant future industry consolidation as the industry develops and matures.

❖ **Main drivers to the at-home testing market**

The growth in the at-home testing market has undeniably been aided by the global pandemic and the worldwide introduction of COVID-19 testing kits. It also part of a general trend of health awareness and the increased willingness to use “Dr Google” to first diagnose health issues followed by at-home testing. This is illustrated by evidence from a study in the US carried out by Deloitte in 2020 which showed that in most areas surveyed over 40% of all individuals were comfortable to adopt at-home diagnostics. The survey covered various areas of testing including blood tests, tests for overall health and at-home infectious disease detection.



While there are some differences in the dynamics of the US health care sector compared to the UK (notably the lack of a national health service), there is no reason to believe the view on the use of at-home diagnostics is markedly different within the UK.

Going forward we see three principle reasons why the shift to at-home testing is likely to be a structural (i.e. permanent) and not just a short lived COVID-19 related outcome.

1. Personalisation of products

The wave of biological innovation in recent years has meant that opportunities are opening up to use increasing volumes of biological data to offer consumers personalised products and services based on their biological makeup. Applications in this field include direct-to-consumer (DTC)/at-home genetic testing where MHC is focused.

2. Structural deficiencies of health care systems

The pandemic has highlighted the shortcomings of the world’s healthcare system and of diagnostics, especially a legacy centralised and rigid laboratory testing infrastructure

Useful info:
Top 5 Testing kits by European Market segment

Rank	Segment
1	Glucose/Diabetes
2	Infectious Disease
3	Drug-abuse
4	Pregnancy
5	HIV

COVID and general trends to health awareness driving the market

Consumers increasingly willing to take control of their own health

Structural reasons why at-home testing is a secular growth sector

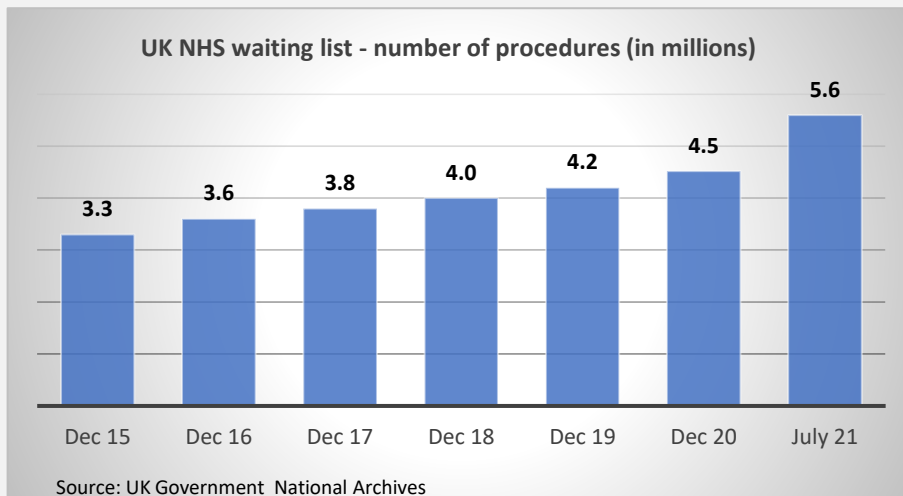
model. Also the reliance on inconvenient and time-consuming face-to-face testing appointments, and the lack of timely information are just a few examples of how current diagnostic solutions are not built for modern day healthcare delivery. The COVID-19 pandemic has significantly catalysed the adoption of diagnostic testing conducted remotely and/or in individuals' homes.

3. NHS waiting lists & interaction with Doctors

Following the first COVID-19 lockdown, the NHS cancelled all routine screening and diagnostic procedures, with only urgent cases prioritised for diagnostic intervention. Within the NHS, this led to a significant backlog of patients requiring routine screening and disease diagnosis. As at end of July 2021 there was a backlog of 5.6 million of NHS procedures. While there is not a direct link between NHS waiting lists and use of at-home testing kits, the on-going "crisis" in the NHS demonstrates why and how consumers are reconsidering how they plan to address health challenges as well how they think about getting healthcare and how they will manage their care needs. The length of time it takes to get a hospital appointment will inevitably lead to individuals finding their own solutions to their healthcare issues, home testing being one such solution.

COVID-19 has significantly catalysed the adoption of diagnostic testing

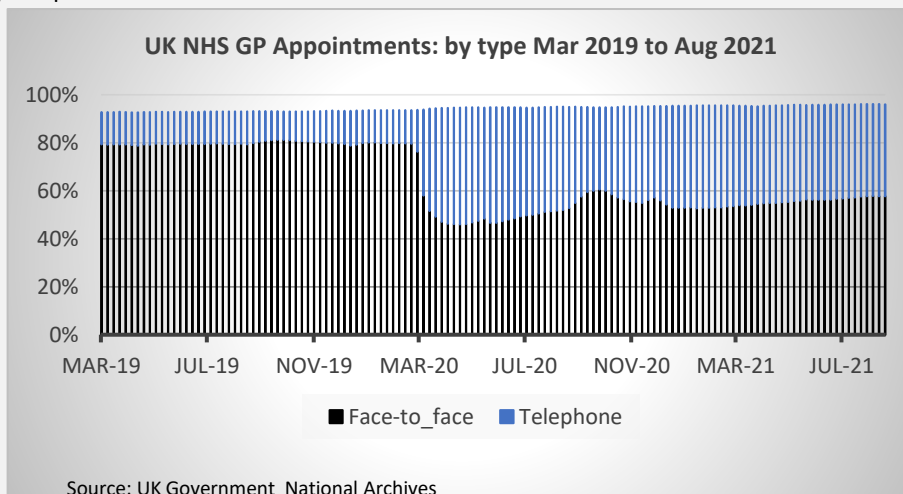
There is currently a backlog of 5.6 million procedures within the NHS



Waiting lists at all time high is leading to people finding their own solutions to healthcare issues

Interaction with GPs has also substantially changed during the pandemic. While visits are now back up to pre-COVID levels, individuals are increasingly seeking convenience and accessibility in their healthcare services as captured by the significant shift in how individuals now conduct their GP appointments with some c40% consistently taking place by telephone rather than face-to-face.

Individuals increasingly willing to conduct GP appointments by telephone



❖ **Assessing how well MyHealthCheck is positioned**

MHC plans to launch their DNA-based products at some point in 2022. While we are able to measure the success of MHC's COVID-19 product, currently there is no hard evidence to measure success to-date and/or likely future success of the move into the broader area of at-home health and wellness tests.

Rather than attempt to quantify potential revenue for their products at this pre-launch stage we have chosen to look at more qualitative issues and assess the potential for success through the lens of a McKinsey framework developed for the launch of new biology-based product/services. This framework focuses on the **four factors** that play a critical role for the commercialisation and diffusion of a new product launch.

McKinsey Four Factors and route to commercialisation

- **Factor 1: compete with existing products and services not only on cost but also by offering higher quality or new properties or, indeed, by meeting a need not fulfilled by existing offerings**

MHC is intending to be part of the revolution of the way individuals access diagnostic testing. MHC's platforms are designed to deliver a superior user experience at home, one that is fully-guided, fast, accurate, affordable, and easy to use and that puts the consumer in control of their health data. MHC's relative value for money credentials are already evident, as illustrated in the product competition matrix provided by MHC.

Comparing the MHC offering							
	MHC	vitl	thriva	23andMe	DNAfit	dnanudge	EasyDNA
Price	£	£££	££	££££	££££	££££	££££
Non-invasive	✓	✓	✗	✓	✓	✓	✓
DNA based test	✓	✓	✗	✓	✓	✓	✓
Tested in-house	✓	n/a	n/a	n/a	n/a	✓	n/a
Available on High St	✓	✓	✓	✓	✓	✓	✗
App Access to Data	✓	✓	✓	✓	✓	✓	✗
Concise Reporting	✓	✓	✓	✗	✓	✓	✗
UK product	✓	✓	✓	✗	✗	✓	✓

Source: MyHealthChecked

Additionally, we consider MHC's consumer-centric approach to differentiate them from other digital health companies given their high rating from review sites such as Trustpilot where at time of writing MHC was ranked as "Excellent" by over 60% of reviewers.

Success in MHC's COVID-19 product does not guarantee success in the broader at-home testing kit market

Difficult at this stage to assess the potential financial outcome of the new strategy

We adopt a McKinsey framework to assess potential success

MHC offer value for money and quality

MHC has a trusted-brand status in COVID-19 kits

Obtaining consistently strong positive customer feedback is an essential element in MHC's future success of the planned non-COVID testing products.

On factor 1, we conclude that the early signs are encouraging.

➤ **Factor 2: whether business models are suitable for what may be a fast-changing landscape**

In answer to this we highlight the following strong elements of MHC's business model that give us comfort around its ability to survive, thrive and prosper.

Agility – MHC has already proven its ability to be agile by how promptly it seized on the COVID-19 opportunity and repositioned itself as a testing operator. Furthermore, under new leadership, MHC has adopted elements of an agile operating model to accomplish streams of work, such that the it is performed more effectively in teams built around customers rather than silos. We think this agility places MHC well for the immediate opportunity in front of it and gives it the ability to react to changes in the rapidly evolving industry.

Trusted brand - MHC has concluded that a key battleground in the consumer healthcare industry is around trust and this is a key arena where substantial value can be created. The company is therefore taking considered, thoughtful measures to be distinctive with its brand and positioning and evolve it over time into a broader consumer healthcare and wellness brand.

Flexibility – MHC has set up a laboratory in Manchester to meet its current and future needs, allowing it to define and control the products that are brought to market and placing the quality of the company's service offering squarely in centralised control. To give it flexibility, to prepare for growth at scale, and also to service the Boots contract for the MyHealthChecked™ COVID-19 at-home nasal swab kit and PCR laboratory testing service, MHC entered into an agreement with Yourgene plc to act as the Company's exclusive external provider of testing services.

➤ **Factor 3: a new biology-based product and service needs to hit the right potential customers with go-to-market elements including pricing, sales, and marketing.**

The cornerstone of MHC's go-to-market strategy for its COVID-19 test kit has been attractive pricing to appeal to end users, given that the diagnostic testing market and COVID-19 in particular is extremely competitive and rapidly evolving.

MHC's go-to-market strategy is driven by a small commercial team with the crucial hands-on support of the CEO and CFO focused on the initial target customer segments of pharmacy/beauty retailers and individual consumers. As MHC gains traction with its DNA testing kits, we would envisage further customer segments to include healthcare providers, corporate customers, dieticians, and nutritionists.

MHC's marketing strategy is focused on building strong brand awareness for the MyHealthChecked platform as a molecular at-home diagnostic solution. We can envisage that MHC's marketing will swiftly evolve from initial investment in brand awareness across regional radio and direct mail/leaflets to driving across its owned media channels (website and social networks e.g. Twitter), press releases, scientific publications, and targeted marketing through digital and non-digital channels. MHC is already working with digital media agencies for its COVID-19 product amidst a highly competitive digital market backdrop, and has taken valuable lessons from that ahead of its launch into DNA testing.

MHC has proven its ability to be agile and quick to react

MHC has developed a flexible business model

Commercialisation is a key focus for MHC

Developing a marketing strategy ready for launch

➤ **Factor 4: the ability to scale up operations**

H1 FY2021 results and the accompanying Q3 trading update demonstrated that with very strong volumes of COVID-19 testing kits sold, the business has been scaled to be on track to deliver MHC’s first ever positive EBITDA contribution. Given that the DNA testing kits will likely generate gross margins of 50%+ (versus <30% for the COVID-19 testing kits), this gives an even better gross profit structure against which MHC can leverage its operating costs, most notably Sales and Marketing costs as much of the co-marketing is undertaken or funded by its retailer clients.

As shown earlier, the estimated size of the European at-home testing market is expected to be around \$1.6 billion in 2022 growing to over \$2.2 billion 2028. Over the same period the global market is forecast to grow to \$8.2 billion. If some reports are to be believed this could well be a significant underestimation and the market could be worth a multiple of the current estimates.

To put this in perspective, the company has estimated the addressable market for tests focused on lactose, gluten, caffeine, alcohol, osteoarthritis and pre-pregnancy. They believe that the current addressable market is £1.1 billion. Just taking 1% market share would result in annual revenue of £11 million with a 50% gross margin. A 5% share would result in annual revenues of c.£56 million.

Test	Addressable Market £m	MyHealthChecked potential share	
		1%	5%
Lactose	£297m	£2m	£15m
Gluten	£258m	£2.6m	£13m
Caffeine	£198m	£2m	£10m
Alcohol	£138m	£1.4m	£7m
Osteoarthritis	£198m	£2m	£10m
Pre-pregnancy	£23m	£0.23m	£1m
	£1.1bn	£11.2m	£56m

Source: MyHealthChecked

So in answer to the question of ability to scale up operations , the answer is two fold. Firstly, yes as shown by the company’s ability to scale up its COVID-19 test from zero in a short space of time. Secondly, yes given the potential size of the addressable market.

❖ **Does MyHealthChecked have the know-how?**

In addition to the four factors discussed above, a final and obvious question to ask is, does MHC have the know-how to launch its planned range of diagnostics testing kits? The short answer is yes and comes via the recent acquisitions of The Genome Store and Nell Healthcare.

➤ **The Genome Store**

The acquisition of The Genome Store (TGS) was a transformative deal for MHC as it gave the previously struggling Concepta business an entry into genomic (DNA) testing. The acquisition was central to meeting the needs of the strategy to diversify and develop

Scaling up production is an essential element of success

Useful info:
Size of global At-home diagnostics market

Year	Estimate
2021	\$5.7bn
2028	\$8.2bn

Source: Data Bridge Market Research

A relatively small penetration of the addressable market will have a significant impact on revenues

Having the product know-how is crucial

the range and provide a wider offering of personal home-testing products. TGS had designed a range of tests targeting wellness, nutritional and lifestyle factors based on home testing using swabs. The most successful of these has clearly been the COVID-19 test. Initial Consideration was £0.28m mainly paid for by new shares. Further shares will be issued to meet deferred consideration of up to £0.24m as performance milestones are met. One hurdle (sales above £2 million) will certainly be achieved this year, with other criteria including new product development and commercialisation also plausible.

A key aspect of the acquisition was the advent of significant compliant laboratory capacity which allows for rapid scaling of throughput as sales of kits while maintain control over quality of service.

A further benefit was the integration of TGS personnel with Jane Kelly becoming head of Operations at MHC.

➤ **Nell Healthcare**

The second significant acquisition was Nell Healthcare. This was announced in June of this year and was acquired for an initial consideration of £1.2 million (mostly in shares). Nell is a genetic testing and personalised nutrition company and brings full ownership of a further range of tests, and a technology platform for delivery of services and advice (ie “actionable outcomes”) based on these tests direct to consumers via an app and other digital channels.

An example is diet and exercise insights provided by a panel of experts based on MHC tests which provide DNA information on food intolerance, vitamin deficiencies, and exercise types which suit the individual’s body. Nell Health's platform draws from multiple databases to create dynamic information that is updatable. The innovative way that the platform has been built means that as the platform and the portfolio develop, the technology adapts to further optimise the customer experience, and deliver an holistic approach for the end-user.

As with TGS, Nell brought additional management resources, with CEO Laura Moore becoming a non-executive director of MHC, Samuel Colvin joining as Chief Technology Officer, Isabela Ramos joining the executive team as Technical Product Manager, and Medical Doctor Gavin Ralston, and Nutritional Geneticist Yiannis Mavrommatis joining MHC's Medical Advisory board (with previous alumni of TGS Bhavika Patel, Dr Greg Fitzgibbon, and Dr Paul Docherty).

The Genome Store acquisition was a transformative transaction

The acquisition of Nell Healthcare brings a lot to MHC

Nell Healthcare brings both product and management talent

Main details of recent acquisitions by MHC

	The Genome Store	Nell Health
Acquisition date	23 rd November 2020	28 th June 2021
Initial consideration	£0.28 million	£1.202 million
No. of employees	n/a	3
Revenue (last period)	£2,954	£6,913
Established	November 2019	June 2017

❖ **Is it all over for the COVID-19 testing business?**

There is a very wide range in estimates of the size of global COVID-19 detection kits market, ranging from annual revenues of \$3.28 billion to over \$20 billion, with the average around \$5 billion (2020). Whatever the actual size, it is clear the decision to launch MyHealthChecked branded COVID-19 testing kits transformed MHC and had a significant impact on company finances. However, as travel restrictions have been relaxed and the need for PCR tests has been reduced, investors have questioned whether the COVID-19 related business will come to an end. In turns this has had a significant impact on the share price of MHC.

At the time of writing the World Health Organisation website stated that globally over 236 million of COVID-19 confirmed cases had been recorded since January 2020, of which almost 5 million had resulted in death. After peaking at 5.7 million daily confirmed cases in April 2021, the latest figures showed that confirmed cases had fallen to just over 2 million and daily COVID-19 related deaths had fallen to 54,000 (from a peak of 101,000 in January 2021). As at the 6th October 2021 6.3 billion vaccine doses had been administered worldwide. As infection and death rates continue to fall, it would appear that the pandemic is moving closer to its final stages.

However, most academic studies remain cautious on predicting when the end, will if ever occur. In an article in Nature, published on nature.com in August 2021 they address the issue of "How the pandemic might play out in 2021 and beyond". Their conclusions are, like most other studies – it really depends on many variables. They highlight that the pandemic has, and continues to play out differently in different regions. They also make the observation that the outlook depends on the rate of vaccination (globally) and how long immunity lasts. More importantly they highlight that for the virus to be eliminated around 55% to 80% of the world's population must be immune.

On this issue they have a sober response and state "Unfortunately, early surveys suggest there is a long way to go. Estimates from antibody testingindicate that only a small proportion of people have been infected, and disease modelling backs this up". They conclude by saying "There is so much we still don't know about this virus...[u]ntil we have better data, we're just going to have a lot of uncertainty".

In a study by Grand View Research they estimate that the size of the UK COVID-19 test kit market was around \$122 million in 2020 and will be worth a total of \$157 million in 2021. Despite the slowdown in infection rates, their analysis estimates that the market

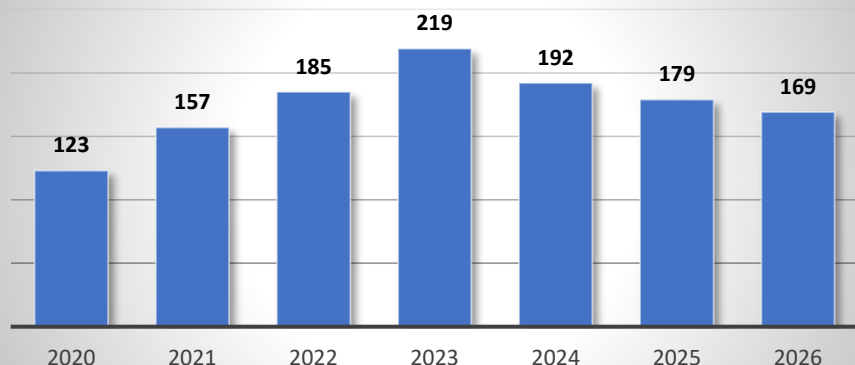
The size of the global COVID-19 testing market is substantial

Useful info: Estimated size of the global COVID-19 Test Kit Market	
2020	2027
\$3.28 bn	\$8bn
Grand View Research	Global Market Insights

Indications are that the pandemic is move closer to its final stages.....

.....but a great deal of uncertainty remains around when or if it will ever end

Size of the UK COVID-19 detection kit Market (\$m)



Source: Grand View Research, SEAL Advisors

for COVID-19 detection kits will continue to grow until 2023. This reflects the end of the immediate crisis in managing the pandemic but the increasingly likely persistence of COVID-19 in the future and the consequent ongoing importance of testing.

As we see it, there are a number of factors that will continue to drive the need for testing for at least for the next 12 to 24 months. These include:

- **Widespread vaccination is likely to still take many months**, not least because of still sizeable scepticism that many feel toward the efficacy and safety of vaccines.
- **Several new COVID-19 variants are already circulating in the UK** and globally and additional new variants are expected to occur over time.
- **There is already evidence that none of the approved vaccines will be 100% effective** against COVID-19. Even after full vaccination, research shows that there is still risk of contracting and spreading COVID-19. Furthermore, scientists believe that immunity weakens over time and that the current vaccines do not provide permanent protection from the disease.
- **It is also unclear if current vaccines will provide the same level of immunity for everybody**, or if some demographics, such as the elderly, will require additional protections.
- Achieving **herd immunity is looking increasingly unlikely**.
- **Viral infections are often seasonal** and new research suggests that seasonality could be a factor in the spread of COVID-19.
- **Employers cannot enforce vaccines** (in the UK) so not all returning employees will be vaccinated

While we do not want to be the preachers of doom, scientific evidence suggests the need for COVID-19 testing is far from over.

❖ Financial Performance and Outlook

Forecasting potential revenues for MHC at this stage is fraught with difficulties. Near-term financials are very much dependent on the continuing demand for the COVID-19 testing product. Looking forward to 2022 and beyond, there is a potentially wide range of possible outcomes. Given the difficulties in forecasting medium term revenues we only look at the potential outcome for revenue, EBITDA and cash for the full year 2021. At the half year stage (announced 29 September 2021) the company reported revenues of £3.2 million and an EBITDA loss of £199,000. The period end-cash was £2.2 million. They also gave guidance that in Q3 they generated an additional revenue of £8.5 million and EBITDA of no less than £1.4 million. Cash at the end of Q3 is expected to be £3.4 million reflecting the move to being cash generative. Taking this guidance into account the table below summarises a range of low, mid and high possible outcomes for the full year.

Potential outcomes for the full year 2021 for MHC					
	2020 FY	2021 H1	2021 FY (SEAL estimates)		
£'000	Actual	Actual	Low est.	Mid est.	High est.
Revenue	49.5	3,274.1	12,800	15,000	16,000
EBITDA	(2,696)	(199.7)	1,382	1,900	2,100
Cash	466	2,215	3,900	4,400	4,600

A number of factors exist that will continue for the need for COVID-19 testing

The testing market is far from over and is predicted to continue growing

Forecasting revenues past this year is fraught with difficulties

For 2021 we expect revenues to be in the range of c£13m to £16m

To conclude

The last twelve months have been a period of transition for MyHealthChecked. The business has been transformed both structurally and financially. Previously a loss making business in continual need of cash has become a high growth and cash generative company. It has grown revenues from a total of £49,500 in 2020 to what we expect to be in the range of £13 to £14 million in 2021. It grasped the opportunity presented by the pandemic and turned it into a great success.

As the COVID-19 related growth begins to plateau, MHC will now focus on its strategy of becoming a leader in the at-home healthcare and wellness testing sector. To help achieve this aim it now has a credible and clearly very able management team. They have the in-house know-how and skill set as a result of strategic acquisitions. They have a large addressable market to service and they are addressing the sweet-spot of predicted sector growth. They have the relationships, both with the partners for product roll-out and for distribution. They have developed a brand profile and they are well financed following the success of their COVID-19 testing product.

A comment from a recent report on the future of public health published by Deloitte sums up the opportunity for MHC:

We are living in a culture of health and wellbeing, in which a well-informed, more health literate person is the ultimate decision-maker, and is at the centre of their own health.

(Deloitte Insights, The future of public health: Personalized, participatory, predictive, precise, Spring 2021)

In summary, we believe the outlook for MyHealthChecked is looking very positive.

MHC has been through a period of significant change

They have the right platform in place to be successful

Strategy to become a leading at-home health care and wellness company



Financial Summary (HISTORIC)

Summary Income statement

End Dec (£)	FY 2019	FY 2020	H1 2021
Revenue	31,970	49,480	3,274,145
Gross profit/(loss)	(460,136)	(640,302)	1,099,874
EBITDA	(2,131,278)	(2,696,218)	(199,670)
EBIT	(2,468,582)	(3,758,069)	(266,940)
PTP	(2,494,929)	(3,762,627)	(268,722)

Significant increase in revenues

Large fall in losses compared to earlier periods

Summary Balance sheet

End Month (£'000)	FY 2019	FY 2020	H1 2021
Non-current assets	1,494,592	672,077	655,163
Current assets	1,297,536	663,376	6,110,850
Cash	616,263	465,671	2,214,496
Total Assets	2,792,128	1,335,453	6,766,013
Current liabilities	372,559	701,710	3,220,253
Long-term liabilities	185,747	104,367	0
Interest bearing debt	0	104,367	0
Total Liabilities	558,306	806,077	3,220,253
Net Assets	2,233,822	529,376	3,545,760

Period end cash balances significantly up

No debt on the balance sheet

Summary Cashflow statement

End Month (£'000)	FY 2019	FY 2020	H1 2021
Op. cashflow pre-working capital	(2,131,278)	(2,696,218)	(199,670)
Changes in working capital	(72,987)	(364,098)	1,092,727
Tax	218,850	178,303	0
Interest	(26,347)	(1,193)	(1,782)
Net cash change from op. activities	(1,865,788)	(2,155,010)	(1,294,179)
Cash flow from investing activities	(374,350)	247,890	(131,142)
Cash from financing activities	2,116,174	1,756,528	3,174,146
Net change in cash & equivalents	(123,964)	(150,592)	1,748,825
Net cash at beginning of period	740,227	616,263	465,671
Net cash at end of period	616,263	465,671	2,214,496

Significant improvement in cashflow generation

Period-end financial position much improved on previous periods

Source: Company accounts

ESG credentials

Overview

MHC is a young company and has a light environmental footprint. It has grown through acquisition and has performed a major pivot with considerable management change in the last 18 months. There are no current concerns about ESG issues though a more extensive future track record of delivery by the current team would be welcome.

Environmental

MHC manufactures COVID-19 testing kits in the UK so has some control over production and component selection. Given the nature of the product and the high degree of regulatory specification of materials however, there is limited recyclability of used kits, though there is high traceability of sourced components. All lab waste (eg used swabs) is disposed of securely. Management aspires to greater recyclability of testing materials (including packaging) in future products.

Social

MHC operates in a highly regulated and compliance driven industry and has, to date had no infractions of relevant regulations on production and testing (having achieved ISO 15189:2012 accreditation recently) or misuse of testing kits. Pricing is dictated by a competitive market with increasing Government interest in consumer protection. MHC aims to price in the mid-range versus competitors but to compete aggressively with high levels of service, facilitated by the use of its owned lab for processing tests. The nature of the business in medical testing meets the definition of a social purpose.

Data about individual test results are highly confidential and while MHC uses secure outsourced IT contractors, the appointment of a new CTO following the Nell acquisition has upgraded MHC's capability and initiated a much tighter management control process. Unlike most of its 800 Covid competitors MHC has its own lab which processes only MHC tests, with one other lab used for overflow capacity.

Staff numbers (16) are too low to draw firm conclusions about employment practices but the (female) CEO is committed to equality of opportunity, training and skills development and a robust HR function is in place. The new NED (from October 2021) is female.

Governance

Given its short and volatile corporate history, governance is evolving but with the Nell acquisition furnishing another NED (Laura Moore) the building blocks and necessary structures for compliance with best practice are almost in place. Larger investors are represented, but prior to the new NED appointment only one NED of three was regarded as independent.

The CEO is the longest serving full-time Director (2019) and the new CFO has been in place for only a few months.

Current executive remuneration arrangements were most recently reviewed in May 2021. At the 2020 Year End, options in place at various strike prices if fully exercised would increase ordinary shares in issue by approximately 5%. Since then the Nell acquisition was largely consummated through equity issuance with share based deferred performance consideration.

ESG Key Performance Indicators

Measure	Value
Total no. of employees	16
% of women in workforce	44%
Number of prosecutions	0
Number of significant workplace incidents	0
Value of community spending	£0
Size of Board	6
No. of independent Directors	1
Board duration:	
CEO (Penny McCormick)	<2 years
CFO & COO (Gareth Davies)	< 1 year
Chairman – Non Executive (Adam Reynolds)	>5 years
NED (Neil Mesher)	>4 years
NED (Lyn Rees)	<2 years
NED (Laura Moore)	<1 year
Corporate Governance Code	QCA
Political Donations	£0

MyHealthChecked plc Board

Penny McCormick Chief Executive Officer

Penny joined MyHealthChecked in November 2019. Previously she had spent over 15 years in medical device businesses with her previous role as MD of BBI Healthcare, a consumer healthcare business which distributed through high street retailers. She was also prominent as head of marketing including integrating acquisitions.

Gareth Davies Chief Financial Office

Gareth joined in 2021 from Welcony, a neurotechnology business where he had been CFO since 2017. At Welcony, Gareth was part of a leadership team that led the business through a period of significant revenue and profitability growth. Prior to Welcony Inc, Gareth was Finance Director & General Manager at Flexicare (Group)

Adam Reynolds Non-Executive Chairman

Adam has been Chairman since IPO. In addition to his roll at MHC he is currently a director several companies and is non-executive Chairman of Yourgene Health Plc. He was also the founder of Hansard Group Plc.

Laura Moore Non-Executive Director

Laura was appointed as a NED in October 2021 following the acquisition of Nell Health. Laura brings a great deal consumer brand and strategy experience having worked at the likes of Unilever, L'Oréal and Newell Rubbermaid

Neil Mesher Non-Executive Director

Neil has more than 25 years of experience within the healthcare and consumer electronics industries. He is currently CEO of Philips for the UK and Ireland and is on the Board of the Association of British Healthcare Industries (ABHI)

Lyn Rees Non-Executive Director

Lyn is a seasoned executive in global healthcare and IVD markets. At Yourgene Health plc he has been instrumental in the transformation of the business. He led the group through four acquisitions including Elucigene Diagnostics and Coastal Genomics

Peer Group Summary

Company	Ticker	Market Cap*	Description
23andMe	ME	\$3bn	A US listed provider of direct-to-consumer genetic testing services
Abingdon Health	ABDX	£50m	An AIM listed business, specialising in the contract manufacture of diagnostic tests
Avacta	AVCT	£291m	UK-based diagnostic and nascent clinical stage drug and point-of-care COVID-19 LFT
EKF Diagnostics	EKF	£357m	A manufacturer and distributor of point-of-care analysers
Novacyt	ALNOV	€220m	French-based diagnostics company focused on infectious diseases
Yourgene Health	YGEN	£103m	A UK molecular diagnostics group which develops and commercialises genetic products and services

Forthcoming IPOs: Prenetics (Hong Kong based looking to list in the US), London Medical Laboratory (UK based clinical testing)

*Prices as at 8/10/2021

Main Shareholders and Shareholder Composition

Holder	%
Mercia Asset Managers	27%
M.D. Barnard & Co	5.7%
Adam Reynolds	1.3%
Lyn Rees	0.28%
Penny McCormick	0.23%
Maddy Kennedy	0.23%

Contacts

Investor Relations

Walbrook PR LTD
+44 (0) 207 933 8780

Corporate Broker

Oberon Capital
Mike Seabrook
+44 (0) 203 179 5344

NOMAD

SPARK Advisory Partners
+44 (0) 203 368 3550

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