

EKF Diagnostics Holdings plc

Interim Results Presentation
September 2024



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Overview

Financial Highlights

- **Revenues** of **£25.2m** (H1 2023: £26.9m) reflects wind down of non-core product lines and services
- **Gross profit** of **£12.1m** (H1 2023: £11.8m)
- **Gross margin** improved to 48% (H1 2023: 44%)
- Adjusted **EBITDA** of **£5.4m** (H1 2023: £4.4m) – up 22.7%
- Profit before tax of **£3.1m** (H1 2023 loss before tax of £0.03m)
- **Cash** generated from operations of **£7.9m** (H1 2023: £2.5m)
- **Group cash**, net of borrowings (excluding IFRS 16 liabilities), of **£9.8m** (30 June 2023: £9.1m)

Operational Highlights

- **Simplified business and stabilised cost base yielding results**
- Company **successfully focussed on its higher margin product ranges and core operations**
- **Business division revenues broadly flat to slightly up** reflecting change of product mix
- **Fermentation** grew by **41%** as Life Sciences scales-up capacity bringing all fermenters online
- Continued **focus on operational efficiencies**, and **review of product mix to maximise margin improvement** and **deliver sustainable growth** from core business lines only



Operational Focus

Increased margin and EBITDA due to:

- Improvements in DiaSpect and Lactate Scout margin
- Operational efficiencies implemented across the business
- Discontinued low margin / low performing products; STAT-Site M BHB, Clinical Chemistry, Creatatocrit, Micro-12, Glycated Albumin

Operational headwinds:

- Quo-Lab currently under review due to low margin for potential phase-out and replacement with Quo-Test for HbA1c testing
- Working in Russia is becoming increasingly difficult with sanctions being added regularly

Operational Efficiencies Delivered

Optimising Efficiencies - Operations H1 2023

- 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



Outcome - Operations H1 2024

- Reduced the cost base by £1.9m (annually)
- Cancelled low margin contracts, reviewed suppliers, identified outsourcing opportunities and reduced headcount
- Consolidated external production into core production facilities in Magdeburg and Texas, reducing costs and bringing raw material costs under our control
- Implemented a new eQMS across the business and upgraded IT infrastructure

Portfolio Efficiencies Delivered

Optimising Efficiencies - Portfolio H1 2023

- 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



Outcome - Portfolio H1 2024

- Discontinued several low margin product lines including the entire Clinical Chemistry range excluding BHB
- Launched an updated Biosen with enhanced connectivity and user interface
- Significantly increased β -HB Fermentation yield and switched out liquid reagent manufacturing to Texas reducing costs
- Cancelled or renegotiated all non-preferential partner agreements

Strategy for Growth

Continue operational review

- Identify low / negative margin products for margin improvement / discontinuation
- Establish best opportunities for further operational cost savings / efficiencies

Continue investment

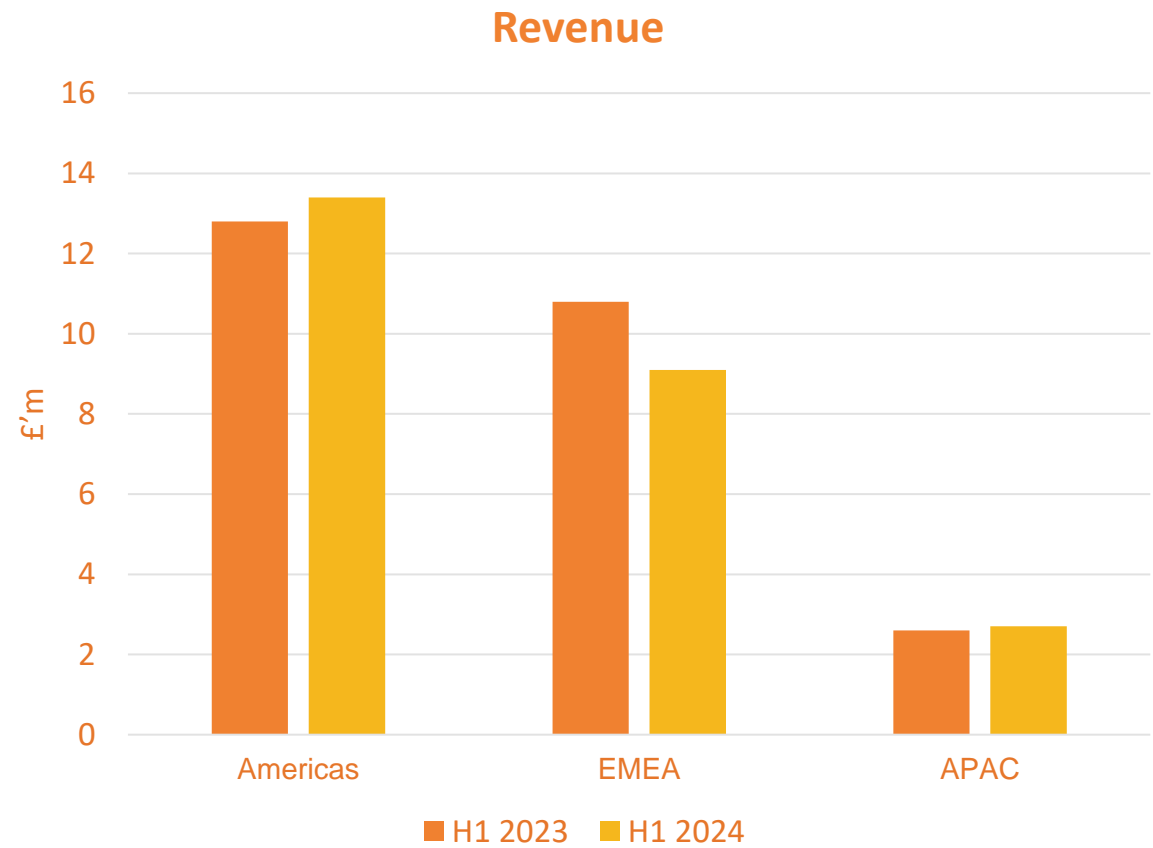
- Align CapEx required to deliver additional capacity with longer term sales expectations
- **R&D roadmap** in place to deliver product improvements and cost reductions, as well as new product introductions

CapEx

- Review existing injection moulding tool requirements to upgrade / outsource as appropriate
- Upgrade existing production lines to cope with additional capacity and improve efficiency
- Additional automation in production and packing

Performance

Geographic Highlights



*Excluding Contract Manufacturing and COVID-related

4%

Americas

The growth H1 2024 vs H1 2023 was 4%*, strongly driven by an increase in β -HB sales and Fermentation

(16%)

EMEA

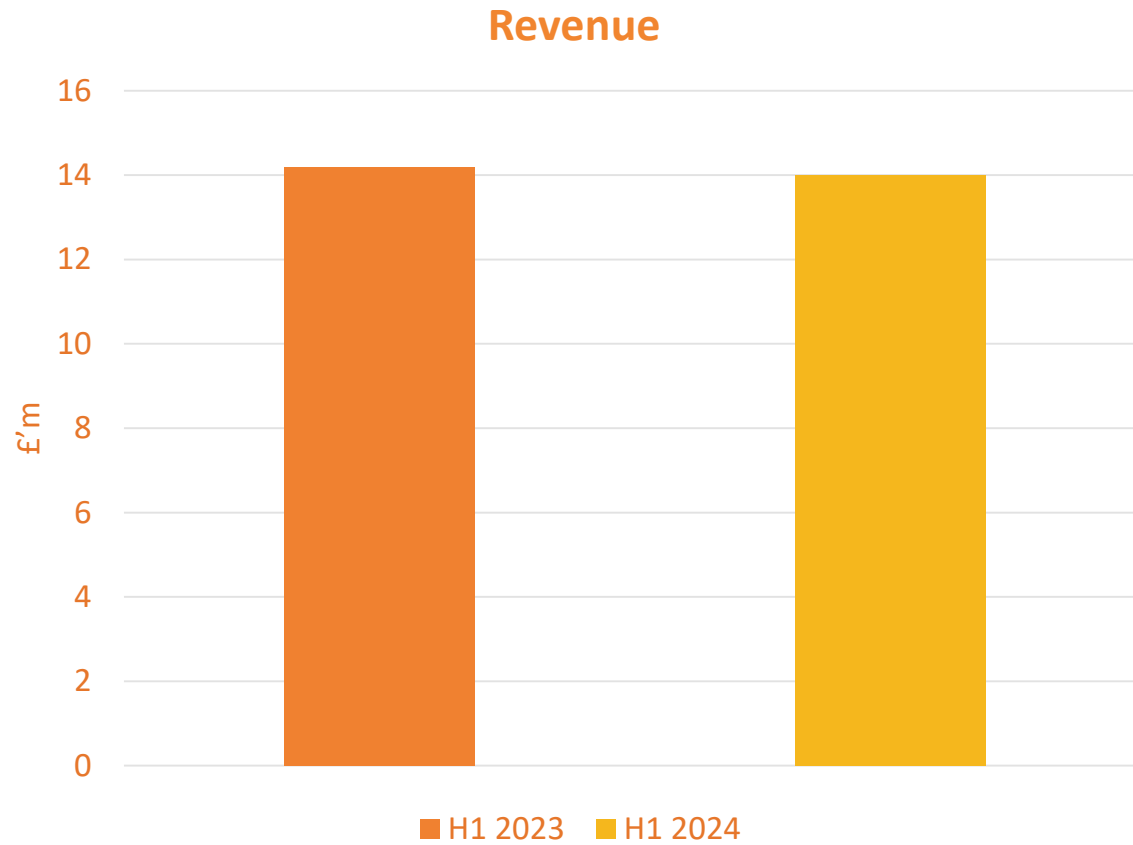
The reduction H1 2024 vs H1 2023 was (16%)*, due to timing of tender deliveries, Russia and realignment of product portfolio, on-track to improve significantly in H2

4%

APAC

The growth H1 2024 vs H1 2023 was 4%*, driven by connectivity focused blood bank tender wins which will continue to grow YoY

Point-of-Care



10%

Focused Growth

High growth for Hemo Control H1 2024 vs H1 2023 due to new tender access driven by connectivity requirements

10%

Product Growth

New pricing and product configurations has delivered 10% growth in Lactate Scout revenue with an improved margin H1 2024 vs H1 2023

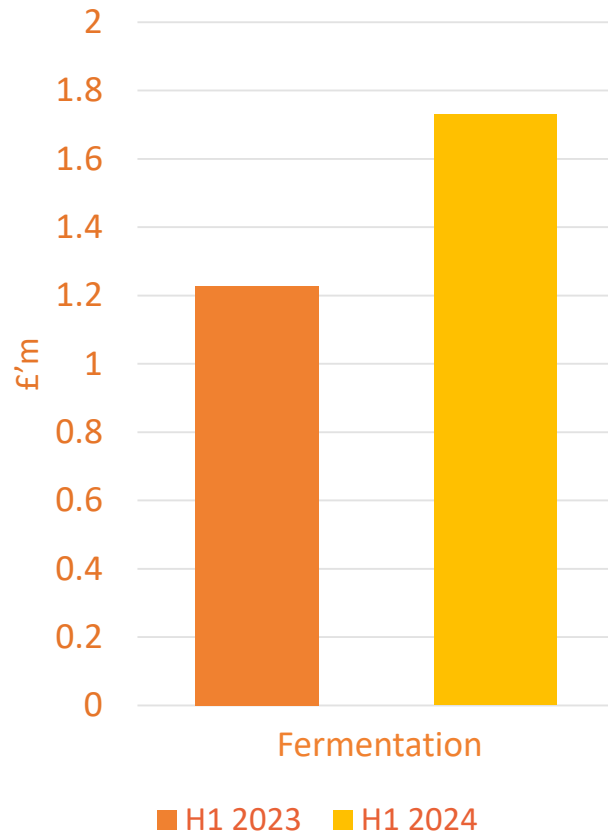
51%

Analyzer Growth

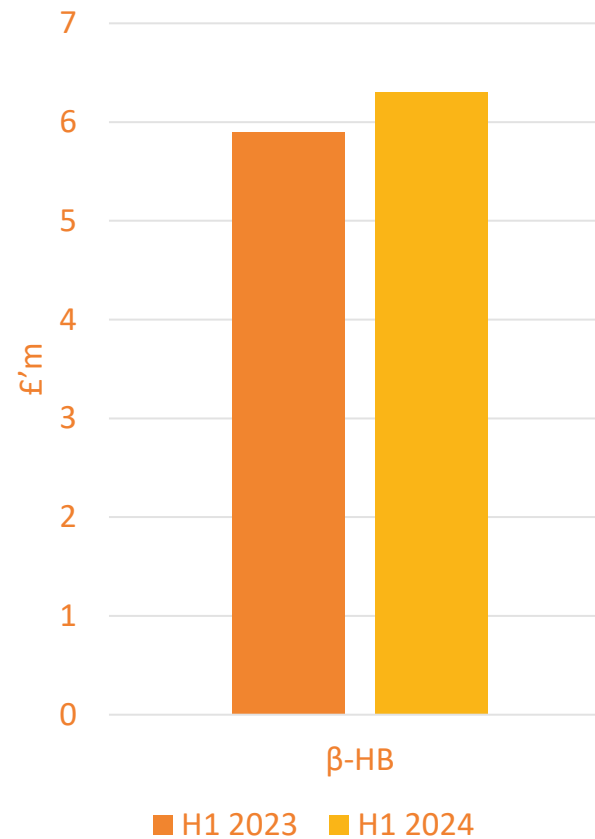
High sales to S.Africa of the Quo-Test analyzer early in H1 2024 has driven a 51% increase in installations vs H1 2023 leading to higher consumable sales in H2

Life Sciences

Revenue



Revenue



6%

Focused Growth

Continued trend in growing the β -HB enzyme business

12%

Core Product Growth

H1 2024 saw an overall increase in the Life Sciences core products business by 12% vs H1 2023*

41%

Fermentation Growth

A focus on fermentation has led to a 41% growth vs H1 2023 driven by contract fermentation partners brought in from H2 2023 and developed in H1 2024

*excludes contract manufacturing

Outlook

Outlook

- Continued CapEx investment in our focused core products will continue to drive sustainable growth
- High levels of growth expected in the Hematology Point-of-Care business as we become more focused on new blood bank and tender opportunities
- The product portfolio rationalisation process should continue into FY 2024 and beyond
- Confident that the Point of Care performance in Europe, Middle East and Africa will improve
- Development of additional enzymes at Life Sciences to replicate success in contract fermentation for high value diagnostics

Financial Review

Financial Highlights

- Revenues of £25.2m in line with market expectations (H1 2023: £26.9m)
- Gross profit of £12.1m (H1 2023: £12.0m)
- Adjusted EBITDA of £5.4m (H1 2023: £4.4m)
- A return to profit before tax of £3.1m (H1 2023 Loss: £0.03m)
- Cash generated from operations of £7.9m (H1 2023: £2.5m)

Revenue by Business Unit

£ millions	2024 (interims)	2023 (Interims)	+/- £k
Point-of-Care	15,191	15,641	(712)
Life Sciences	8,599	8,083	516
Other*	667	642	25
Revenue from core operations	24,457	24,366	91
Testing and UK Manufacture	-	1,155	(1,155)
Clinical Chemistry	755	1,018	(263)
STAT-Site M β-HB	-	333	(333)
Total Group Revenues	25,212	26,873	(1,661)

* Other revenue relating to shipping and handling recharges, repairs and other sundries

Income Statement

£ '000	2024 (interims)	2023 (interim)	+/- £k
Revenue	25,212	26,872	(1,660)
Gross Profit	12,120	11,821	299
Gross Margin %	48%	44%	
Overheads (Excl Exceptionals)	(9,160)	(10,939)	1,779
Operating Profit/(Loss)	3,070	(67)	3,137
EBITDA	5,423	4,416	1,007

Thank You

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Appendices

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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. In addition to EKF he is currently a Non-executive Director of Kent Pharma. Chris previously held the positions of Chief Executive Officer of the holding company of Mandata Holdings Limited, 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, leading to its acquisition by Clinigen Group plc for an enterprise value of £160 million.



Jennifer Winter - 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.

ESG



Environmental



Social



Governance

ESG Committee established, value statement published online, EKF is committed to:

Environmental:

- Reducing our scope 1 and 2 absolute emissions year on year
- Assessing potential opportunities for transition to utilizing renewable electricity where possible
- EKF is working towards decarbonization of our operations and supply chain

Social:

- Support the broader communities in which we operate through various Corporate Social Responsibility (CSR) efforts including employee volunteering, charitable donations and improving our communities through responsible and meaningful actions that align with our core values and corporate strategy

Governance:

- Updated business continuity plans across all our sites
- Working towards implementation ISO 45001 for Employee Health and Safety
- Ensured secure storage, transmission and hosting of sensitive information to maintain data privacy

Balance Sheet – Assets

£ '000	2024 (Interim)	2023 (FY)	+/- £k
Fixed assets	24,908	24,775	133
Intangible assets	29,466	30,224	(758)
Investments	226	276	(50)
Deferred tax	17	18	(1)
Inventories	8,157	8,766	(609)
Receivables	6,600	6,787	(187)
Corporation tax	133	2,277	(2,144)
Cash	9,820	7,726	2,094
Total assets	79,327	80,849	(1,522)

Balance Sheet – Liabilities

£ '000	2024 (Interims)	2023 (FY)	+/- £k
Payables	6,090	6,625	(535)
Deferred tax liabilities	3,006	2,517	489
Corporation tax	296	504	(208)
Borrowings	-	2,986	(2,986)
Total creditors	9,392	12,632	(3,240)
Capital and reserves	68,801	67,117	1,684
Minority interest	1,134	1,100	34
Total equity	69,935	68,217	1,718

Cash Flow

£ '000	2024 (Interims)	2023 (Interims)	+/- £k
Net cash generated from operating activities	7,865	2,506	5,331
Net cash (used in)/generated by investing activities	(1,758)	(3,424)	1,666
Net cash used in financing activities	(4,070)	(600)	(3,470)
Net (decrease)/increase in cash and cash equivalents	2,037	(1,518)	3,555
Cash and cash equivalents at beginning of year	7,726	11,578	3,852
Exchange gains/(losses) on cash and cash equivalents	57	(895)	952
Cash and cash equivalents at end of year	9,820	9,165	655

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EKF Diagnostics Holding plc

Avon House, 19 Stanwell Road, Penarth, Cardiff, CF64 2EZ

info@ekfdiagnostics.com

ekfdiagnostics.com