

# EKF Diagnostics Holdings plc



FY21 RESULTS PRESENTATION

March 2022



# Leadership

## Mike Salter CEO

- Joined EKF in October 2017. Chief Executive Officer of EKF Diagnostics since 1<sup>st</sup> October 2021
- As EKF US President Mike was responsible for overseeing the growth of EKF's business in the Americas, and introduced the implementation of contract manufacturing COVID-19 testing kits
- Previously worked at GE Healthcare and Amersham for 33 years holding senior roles in Business Development, Sales, Product Management and Operations
- Mike is a Graduate of the Royal Society of Chemistry



## Marc Davies CFO

- Over 20 years' experience in advisory and industry, which include significant healthcare and capital markets experience
- Formerly Group Finance and Operations Director at Flexicare Medical where he led revenue growth from £29m to £85m through organic performance and acquisition
- Substantial advisory experience in M&A, capital markets and corporate restructuring including as Head of Corporate Finance West & Wales at PwC
- Fellow Chartered Accountant (FCA) and an Oxford graduate with first class degrees in Mathematics. CFO (>£25m) of the year 2019 - Finance Awards Wales





# Building a leading global diagnostics business



## POINT OF CARE

### POCT portfolio:

- Hemoglobin and hematocrit
- HbA1c
- Glucose
- Lactate
- Ketones



## CENTRAL LABORATORY

- Clinical chemistry reagents including:
- $\beta$ -Hydroxybutyrate
  - Glycated Albumin
  - HbA1c

Clinical Chemistry analysers



## LIFE SCIENCES

- Enzyme fermentation
- EKF enzymes
  - Third party



## LAB SERVICES (ADL HEALTH)

CLIA certified facility



## CONTRACT MANUFACTURING

- Bulk formulation
- Sample collection kits
- Private labelling
- Molecular and forensic kits

FY21 Revenue



£27.0m



£13.1m



£2.0m



£1.0m



£36.3m



£2.4m of Other revenue relating to shipping and handling recharges, repairs and other sundries



# Investing, innovating and integrating for growth



# FY21 Financial Review

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## FY21 Financial highlights

**Revenue**  
up 25%

£81.8m 2021  
£65.3m 2020

**Gross Profit**  
up 5%

£39.4m 2021  
£37.4m 2020

**Adj-EBITDA**  
up 4%

£26.5m 2021  
£25.5m 2020

**PBT**  
£21.4m

£15.4m 2020

**Basic  
Earnings per  
share**

3.47p 2021  
2.45p 2020

**Net Cash\***  
£19.6m

£21.4m 2020



\*Cash, net of borrowings, at 31 December 2021



## Operational highlights

- ▶ Point of Care, Central Laboratory and Life Sciences revenues increased to £42.1m from £37.1m (↑ 14%):
  - Point of Care revenues up 18%
  - Central Laboratory revenues up 7%
  - Life Science revenues up 3%
- ▶ Contract Manufacturing and Testing revenues (including pandemic related business) increased to £37.3m from £26.3m (↑ 42%)
  - Contract Manufacturing revenues up 38%
  - Acquisition of ADL in September contributed £1.0m testing revenue
- ▶ Cash generated from operations invested into building capacity for Contract Manufacturing and enzyme fermentation (Life Science) operations, and to facilitate new product development
- ▶ Post period end:
  - Investment in 14,500 litre fermenter and 8,000 litre media preparation system announced (8 March 2022)
  - £2.5m further investment into Verici Dx plc (4 March 2022) as part of a wider placing
  - On-market EKF share buyback programme to repurchase up to 9m ordinary shares funded from the existing surplus cash resources



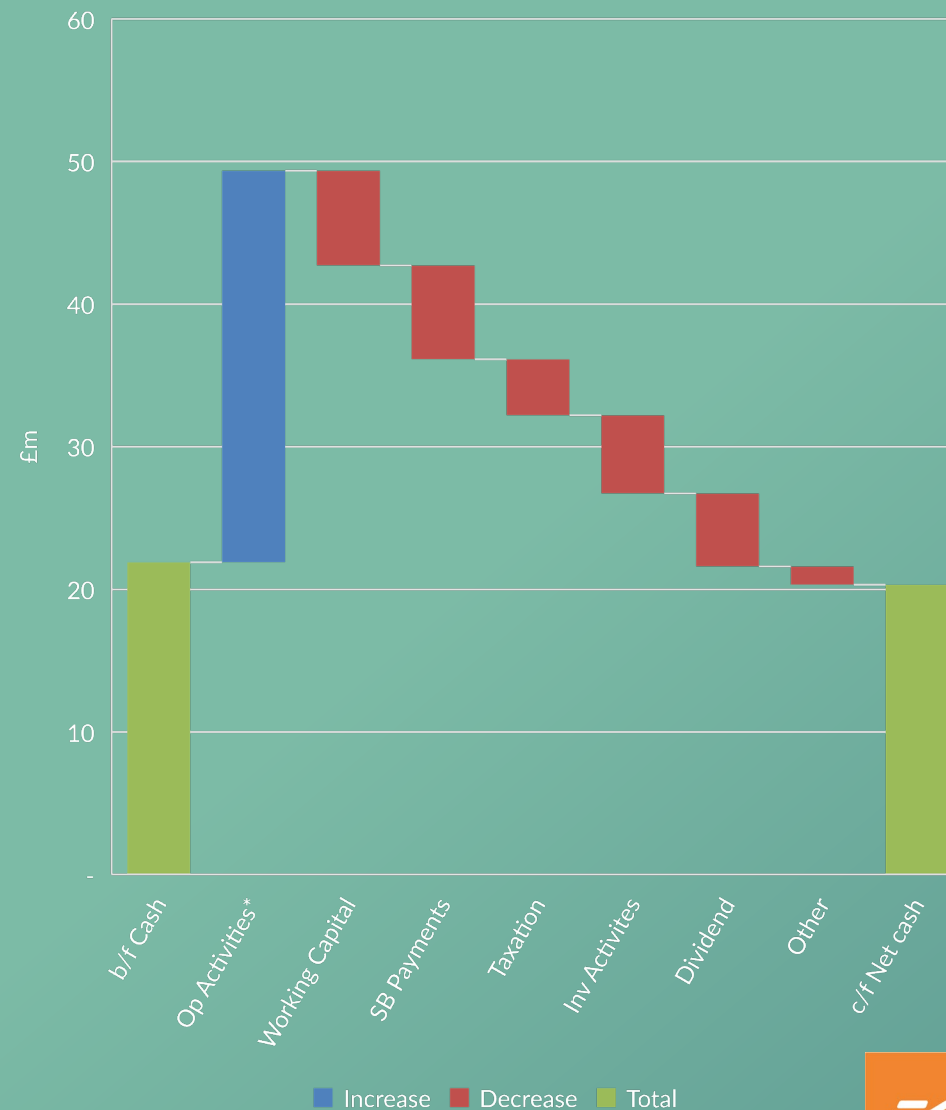
Other revenue inc. shipping & handling recharges, repairs and other sundries



## Strong cash generation

- ▶ **CASH CONVERSION\*\***  
**106%**  
(2020: 86%)  
\*\* excluding share-based payments
- ▶ £20.6m cash generated through operating activities, excluding share-based payments
  - £6.7m working capital increase to support 2021 revenue growth
- ▶ £5.7m capital expenditure to fuel growth
  - £4.3m excluding IFRS 16 leases
  - Significant and ongoing investment to grow fermentation capabilities
- ▶ £5.1m dividend paid at 1.1p per ordinary share (1.0p 2020)
  - 1.2p per ordinary share to be paid in 2022

Cash Movement during 2021





# Business Segments Analysis

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## Global revenue breakdown



## Global distribution network OEM and co-branded partnerships

Revenue	FY 2021 £k	FY 2020 £k	+/- £k
APAC	4,293	3,747	546
EMEA	41,475	24,339	17,136
LATAM	2,971	2,050	921
USCAN	33,097	35,112	(2,015)
	<b>81,836</b>	<b>65,248</b>	<b>16,588</b>

## APAC

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

## EMEA

Continued demand in UK and Ireland for sample collection tubes and kits 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

Increase attributed to the return of anaemia screening programmes in Peru in H2, and built up demand for clinical chemistry and pregnancy testing.

## USCAN

Manufacture of bulk molecular transport media and PBS for public health and private sector customers tailed off during H2. Increased market for HemataStat II devices in USA.

# Point of Care FY 2021

## Diabetes

- ▶ Revenues up £1,190k (↑ 13%) as COVID restrictions were relaxed allowing more testing to be undertaken
- ▶ Biosen up £477k (↑ 10%)
- ▶ Quo-Lab up £384k (↑ 15%)
- ▶ Quo-Test up £329k (↑ 18%)

	2021 £k	2020 £k	+/- £k	+/- %
Diabetes analysers and tests	10,150	8,959	1,190	↑ 13%

### EKF Link

Connectivity software that allows EKF PoC analysers to connect securely and easily to a hospital or laboratory information system.



## Diabetes range

Biosen C-Line

Quo-Lab A1c

Quo-Test A1c



# Point of Care FY 2021

## Hematology

- ▶ Revenues up £2,105k (↑ 19%). Anaemia screening programmes and blood banking initiatives restarted post-pandemic
- ▶ DiaSpect Tm up £959k (↑ 23%)
  - Strong performances from McKesson and Fresenius OEM agreements
- ▶ Hemo Control and HemoPoint H2 up £828k (↑ 17%)
  - Return of anaemia screening programmes in Peru and tenders in several other countries
  - WIC (Women's Health, Infants and Children) accounts did not fully reopen in US, suggesting further opportunity to come in 2022
- ▶ HemataStat II up £451k (↑ 29%)
  - Continued good performance selling into US plasma fractioning industry

	2021 £k	2020 £k	+/- £k	+/- %
Hematology analysers and tests	13,142	11,037	2,105	↑ 19%



## Hematology range

- DiaSpect Tm
- Hemo Control
- HemoPoint H2
- HemataStat II
- UltraCrit



# Point of Care FY 2021

## Inc. Lactate, Pregnancy tests

- ▶ Revenues up £634k (↑ 27%).
- ▶ Lactate Scout up £310k (↑ 27%)
  - Return to competitive sport and Olympic year
- ▶ Pregnancy testing up £298k (↑ 26%)
  - More hospital procedures undertaken
  - Return of export markets in Latin America

	2021 £k	2020 £k	+/- £k	+/- %
Misc. PoC testing	3,018	2,384	634	↑ 27%

## Other PoC devices

Creatatocrit  
Lactate Scout  
Pregnancy  
Uri-Trak



# Central Laboratory FY 2021

## Clinical Chemistry and lab analysers

- ▶ Revenues up £903k (↑ 7%)
- ▶ β-HB up £791k (↑ 8%)
- ▶ Clinical Chemistry sales up despite supply chain challenges with raw materials and consumables
- ▶ Increased demand for Glycated Albumin with further progress expected in 2022

### Central Lab

Clinical chemistry  
Small lab analysers  
Centrifuges

	FY 2021 £k	FY 2020 £k	+/- £k	+/- %
Central Laboratory	13,055	12,152	903	↑ 7%



# Life Sciences FY 2021

## Enzyme fermentation

- ▶ Revenues up £60k (↑ 3%)
- ▶ Investment of \$10m into new facilities in South Bend, Indiana
- ▶ Continued investment into Elkhart facility
- ▶ Strong pipeline of opportunities from new customers to utilise the increased capacity from 2023 onwards

	FY 2021 £k	FY 2020 £k	+/- £k	+/- %
Life Sciences	2,019	1,959	60	↑ 3%



## Life Sciences

Enzyme manufacturing

Bulk fermentation

Custom products



# Contract Manufacturing FY 2021

## Bulk formulation and kitting services

- ▶ Revenues up £9,994k to £36,308k (38%)
- ▶ Driven by demand for molecular transport media tubes and kits from public sector and private sector customers in Europe
- ▶ Demand for PBS increased in USA through 2021
- ▶ Facilities and knowledge to be utilised to provide services to diagnostics developers in the US and UK

### Contract Manufacturing

Bulk molecular transport media  
Kitting services

	FY 2021 £k	FY 2020 £k	+/- £k	+/- %
Contract Manufacturing	36,308	26,314	9,994	38%





# Lab Services FY 2021

## ADL Health

- ▶ Primarily focused on COVID-19 testing services for private business and individuals
- ▶ Continued demand expected in 2022, particularly as a supplier of COVID-19 testing services for large events
- ▶ On-boarding new testing panels in 2022 with view to launch during the year

	FY 2021 £k	FY 2020 £k	+/- £k	Note
Lab Services	1,030	-	1,030	1 <sup>st</sup> year

## Lab Services

COVID PCR test

NIPT test

Calprotectin test



# Growth Strategy

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## Growth plan 2022 – 2024



Continuing innovation in products and services innovation in Point- of- Care, Central Laboratory and Life Sciences leveraging existing routes to market and relationships

Investment in expanded production and kitting capabilities to offer a suite of diagnostic Contract Manufacturing solutions to third party businesses

Expansion of CLIA certified testing laboratory offering building on acquired capabilities in ADL Health

Identify complementary earnings-enhancing acquisitions with key strategic value



## Lab Services - ADL Health: CLIA certified lab

- ▶ Acquired October 2021
- ▶ 29 staff based in San Antonio, Texas
- ▶ COVID testing for travel, sport, entertainment and industry
- ▶ Full traceability and tracking of sample to result
- ▶ Online customer support
- ▶ Introduction of NIPT testing in March 2022 in collaboration with Yourgene plc
- ▶ Launch IBD testing in Q2 2022
  - Developed new blood sample collection and assay workflow
- ▶ Building NGS (Next Generation Sequencing) testing capabilities
- ▶ A2IA ISO15189 accreditation



## Life Sciences

- ▶ Based in Elkhart, Indiana. Development, tech transfer and 1600 litre fermentation capabilities.
- ▶ Certified ISO 13485: 2016 facility. FDA registered
- ▶ Continued investment in site upgrade and new fermenting technology
- ▶ Second plant opened in South Bend, Indiana to provide increased capacity for Enzyme production
- ▶ \$10m investment throughout 2021-22
- ▶ Range of new state of the art fermenters and fermentation suites. Up to 14,500 litre capacity fermenters. Build on plan
- ▶ Building pipeline of new accounts

## Contract Manufacturing

- ▶ Bulk manufacture of enzymes used in clinical reagents
- ▶ OEM, private label



600 LITER EUROTHERM T-800 CONTROL PANEL













# Preferred partnership with Mount Sinai Innovation Partners



Preferred partnership agreement with Mount Sinai Innovation Partners (MSIP), NYC (Sept. 2019)

- Agreement provides EKF with advanced access to innovative commercial opportunities arising from Mount Sinai Health System (MSHS) owned technologies managed by MSIP in the field of digital healthcare
- Significant value generation for EKF shareholders through dividend in-specie distribution
- Commercial opportunities being explored through strong relationships with spinout companies

 <p>Admission to AIM with market capitalisation of £65.1m</p> <p>Nov-2018</p> 	 <p>Admission to AIM with market capitalisation of £28.3m</p> <p>Nov-2020</p> 	 <p>Admission to AIM with market capitalisation of £64.6m</p> <p>May-2021</p> 	 <p>Investment of £2.5m in £10m placing to fund progress and strategy</p> <p>Mar-2022</p> 
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Total value distributed to EKF shareholders from MSIP partnership to date\*

# >£40m

Proposed dividend *in-specie* of 9,278,612 of Verici shares currently held by EKF

\* Valuation at respective AIM IPO of shares distributed to EKF shareholders





## 2022 Outlook

### Revenue

Q1 2022 revenues expected to be in-line with Q1 2021

FY 2022 revenue targets:

- Point of Care, Central Lab and Life Sciences to grow beyond pre-pandemic levels
- Full year contribution from ADL with growth from 2021 run-rate
- Pandemic and Russia related activity expected to decline

### Investment

Installation of fermentation equipment in Elkhart and South Bend to be completed by end of 2022

- Enzymes for use in research, food grade fermentation, molecular enzymes

Investment and marketing of Contract Manufacturing for non-COVID applications

### Innovation

Pipeline of product and services development:

- Launch of EKF Link connectivity software
- Diversification and enhancement of PoC portfolio including entry into adjacent markets
- Products related to molecular testing
- Service enhancements at ADL

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