



EKF Diagnostics Holdings plc

Interim results for the six months ending 30 June 2019

September 2019

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Agenda

Slide no.

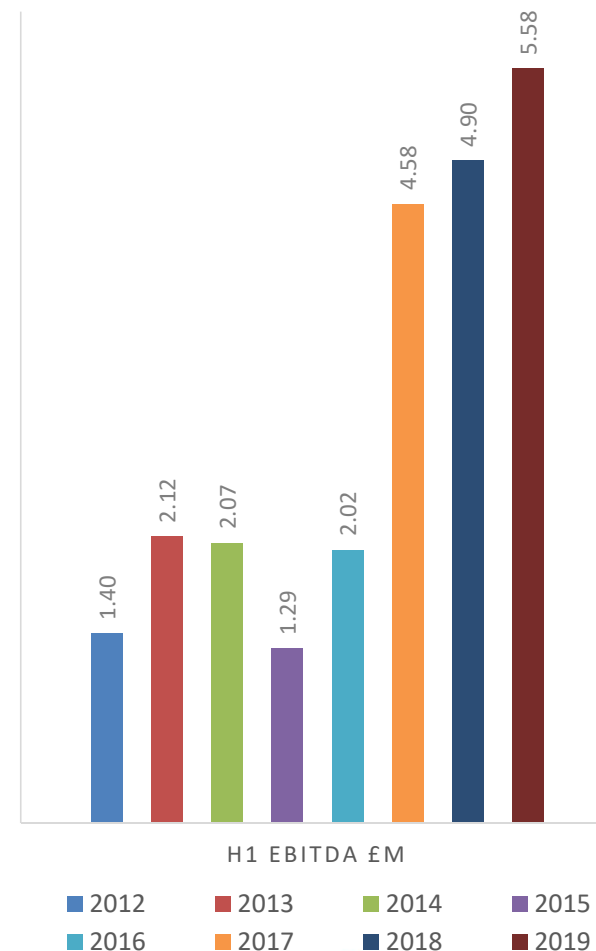
- 4. Financial highlights
- 5. Strategic outlook
- 9. Income statement: Extract
- 10. Business Unit performance
- 15. Outlook
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Financial Highlights

- ▶ Revenues up 5.3% to £21.44m (H1 2018: £20.36m)
- ▶ Adjusted EBITDA* up 13.9% to £5.58m (H1 2018: £4.90m)
- ▶ Net profit of £1.43m (H1 2018: £0.75m)
- ▶ Strong cash generation from operations of £4.34m (H1 2018: £4.35m)
- ▶ Net cash £11.78m (30 June 2018: £8.82m) (31 December 2018: Net cash of £9.40m)
- ▶ Continued capital investment in Germany and USA of £0.71m
- ▶ Investment in inventory protects delivery of major projects in H2 2019
- ▶ Further investment in RenalytixAI of £0.12m (on market-purchase)
- ▶ First dividend to be paid following AGM H1 2020 subject to shareholder approval

* Before exceptional items and share based payments

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Strategic Outlook 1: Point-of-care

- ▶ Successful full launch of Consult Hb analyser with McKesson-Surgical Inc. and first revenue contribution from 1 April 2019 (Diaspect Tm sold under McKesson's own branded line)
 - \$280k sales in first 90 days, beating management expectations
 - Sales strategies in place to switch out product against competitor brands and drive McKesson sales teams
- ▶ Launch of STAT-Site Whole Blood to replace STAT-Site M β -HB
 - Whole blood sample testing
 - Glucose and ketone testing on one analyser
 - For use in hospital Emergency Rooms and wards
 - Awaiting FDA clearance, Launch planned for Q1 2020
- ▶ Development of new Biosen R-Line range
 - Research Use Only product
 - Allows access to the US research market for non-medical applications
 - Launch Q4 2019



Strategic Outlook 2: Central Laboratory

- ▶ Pre-launch activities for Glycated Albumin (GA) in USA
 - GA is a known marker of glycemic control to monitor patients with diabetes
 - Exclusive distribution agreement with Asahi Kasei Pharma Corporation, Japan
 - 25+ published studies available
 - Ongoing recruitment of KoLs and education of large Reference Laboratories
 - Awareness campaign in print and online
- ▶ Roll-out of B-HB on Ortho Clinical Diagnostics' platforms
 - Build on agreement in place in USA
 - Markets in Latin America identified and agreed
 - In discussion to use in China
- ▶ New R&D laboratory at Cardiff headquarters
 - Undertake application development to generate new market opportunities e.g. veterinary applications for lactate testing
 - Generation of data used for product evaluations, and improve turnaround times for documents associated with product registrations



Strategic Outlook 3: Life Sciences

- ▶ EKF Life Sciences Elkhart site at full capacity. Second manufacturing site required for fermentation and purification of enzymes
- ▶ 25,000 sq. ft facility in South Bend, Indiana leased. First revenues expected in Q4 2019
- ▶ New facility to manufacture for existing and new customers including iGenomics, Vitacyte, Orogenics and Ixcela
- ▶ \$2m-3m revenue contribution expected from 2020 onwards



Strategic Outlook 4: Commercial partnerships

- ▶ Signed preferred partnership agreement (PPA) with Mount Sinai Innovation Partners (MSIP), NYC
- ▶ 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 diagnostics
- ▶ Increased shareholding in RenalytixAI. Holding worth £8.5m at 30 June 2019 (Purchase price of £3.2m)
- ▶ Key terms of second partnership agreed in principal with Mount Sinai for technology-enabled Inflammatory Bowel Disease patient pathway management solution



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Income Statement: Extract

	H1 2019 £k	H1 2018 £k	+/- £k
Revenue	21,436	20,357	1,079
Gross profit	11,532	10,991	541
GM %	54%	54%	-
Admin. expenses	(9,117)	(9,099)	(18)
Other income	24	21	3
Operating profit	2,439	1,913	526
AEBITDA*	5,584	4,897	687

* Adjusted EBITDA excludes exceptional items and share-based payments.

Business Unit performance

	H1 2019 £k	H1 2018 £k	+/- %
Hematology	6,664	6,518	2.2%
Diabetes	4,815	4,431	8.7%
Central Laboratory	7,394	6,557	12.8%
Other	2,563	2,851	(10.1%)
Total	21,436	20,357	5.3%

Hematology H1 2019

- Revenues up £146k
- DiaSpect Tm/CompoLab up £596k (42.1%)
- Hemo Control/H2 down £526k (-14.0%)
 - Delivery of Pakistani and Malaysian government tenders in H1 2018 accounts for £424k of the difference
 - Start of McKesson's transition from HemoPoint H2 to DiaSpect Tm (branded as McKesson Consult Hb 2 analyser)

	2019 £k	2018 £k	+/- £k	+/- %
Hematology analysers and tests	£6,664	£6,518	£146	2.2%



Hematology range

DiaSpect Tm
 HemataStat II
 Hemo Control
 HemoPoint H2
 UltraCrit



Diabetes H1 2019

- Revenues up £384k (8.7%)
- Quo-Test up £380k (41.7%)
 - Significant increase in business in Asia
- Quo-Lab up £63k (5.1%)
- Biosen down £35k (-1.6%)

	2019 £k	2018 £k	+/- £k	+/- %
Diabetes analysers and tests	£4,815	£4,431	£384	8.7%



Diabetes range

- Biosen
- Quo-Lab A1c
- Quo-Test A1c
- STAT-Site M β-HB

Central Laboratory H1 2019

Clinical chemistry, benchtop lab analysers and enzymes



- Revenues up £837k (12.8%)
- β -HB Liquicolor reagent up £437k (11.8%)
- Clinical chemistry up £94k (8.6%)
 - OEM revenues up due to growth in contract manufacturing customer base
- Life Sciences revenues up 23.8% through manufacturing of the Orogenics' Lantibiotic product

Central Lab range
 Clinical chemistry
 Beta-Hydroxybutyrate
 Small lab analysers
 Fermentation and enzymes



	H1 2019 £k	H1 2018 £k	+/- £k	+/- %
Central Laboratory	£7,394	£6,557	£837	12.8%

Geographical performance



H2 2019 Outlook

- McKesson OEM of DiaSpect Tm to continue to build momentum in US
- Delivery of large tender for Altair auto-analysers and reagents in Jordan
- Launch of Biosen R-Line into US research market
- Pilot fermentation project for enzyme used on food grade health product
- Potential for further business with a second US company to manufacture molecular enzyme
- Q3 2019 trading performance in line with management expectations
- Agreement with Mount Sinai 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 diagnostics

Appendix
Financial report

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Consolidated Income Statement

	H1 2019 £k	H1 2018 £k	+/- £k
Revenue	21,436	20,357	1,079
Gross profit	11,532	10,991	541
GM %	54%	54%	-
Administrative expenses	(9,117)	(9,099)	(18)
Other income	24	21	3
AEBITDA	5,584	4,897	687
Share based payments	(1,135)	(1,291)	156
Exceptional items	229	293	(64)
Depreciation / amortisation	(2,239)	(1,986)	(253)
Finance costs / income	(213)	(199)	(14)
Income tax charge	(792)	(679)	(113)
Profit for the period	1,434	1,035	399

Balance Sheet

	H1 2019 £k	H1 2018 £k	+/- £k
Property, plant, equipment	12,376	12,329	47
Intangible assets	40,759	42,624	(1,865)
Inventories	7,220	5,563	1,657
Trade / other receivables	7,775	7,896	(121)
Cash and cash equivalents	12,749	9,925	2,824
Deferred considerations	1,341	1,264	77
Trade / other payables	11,056	10,198	858
Borrowings	971	1,103	(132)

Balance Sheet: Assets at 30 June 2019

	Selected items	H1 2019 £k	H1 2018 £k	+/- £k
Non-current assets	Property, plant, equipment	12,376	12,329	47
	Right-of-use assets	817	-	817
	Intangible assets	40,759	42,624	(1,865)
	Investments	4,764	152	4,612
	Deferred tax assets	33	24	9
	Available-for-sale financial assets	-	41	(41)
	Total non-current assets	58,749	55,170	3,579
Current assets	Inventories	7,220	5,563	1,657
	Trade and other receivables	7,775	7,896	(121)
	Deferred tax assets	-	12	(12)
	Cash and cash equivalents	12,749	9,925	2,824
	Total current assets	27,744	23,396	4,348
Assets	Total assets	86,493	78,566	7,927

Balance Sheet: Equity and Liabilities at 30 June 2019

Selected items		H1 2019 £k	H1 2018 £k	+/- £k
Total equity		66,882	61,078	5,804
Total non-current liabilities		4,285	4,289	(4)
Current liabilities	Trade and other payables	11,056	10,198	858
	Lease liabilities	277	-	277
	Deferred consideration	1,341	1,264	77
	Current income tax liabilities	2,513	1,500	1,013
	Deferred tax liabilities	-	36	(36)
	Borrowings	139	201	(62)
Total current liabilities		15,326	13,199	2,127
Total liabilities		19,611	17,488	2,123
Equity and liabilities		86,493	78,566	7,927

Cash Flow

	H1 2019 £k	H1 2018 £k	+/- £k
Profit before income tax	2,788	1,714	1,074
Net cash from operating activities	3,574	3,268	306
Cash used in investing activities	(1,203)	(1,269)	66
Cash used in financing activities	18	(297)	315
Net increase in cash and cash equivalents	2,389	1,702	687
Exchange gains on cash and cash equivalents	78	20	58
Cash and cash equivalents at end of period	12,749	9,925	2,824

**Thanks
for your attention**

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