



## 2024 H1 Results

Adicon Holdings Limited

August 2024

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## Company Overview

# Navigating Headwinds in Base Business with Steady Growth

**>10%**

Base revenue in 2024 H1 compared to non-covid revenue in 2023 H1



**>30%**

Growth rate of Esoteric testing in 2024 H1



**>38%**

Gross margin in 2024 H1



**108MM**

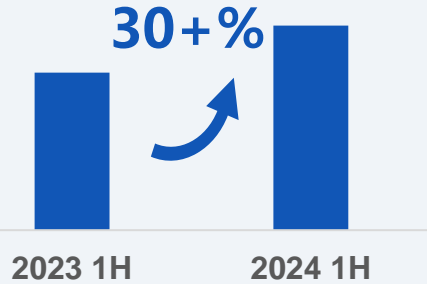
Adjusted net profit in 2024 H1



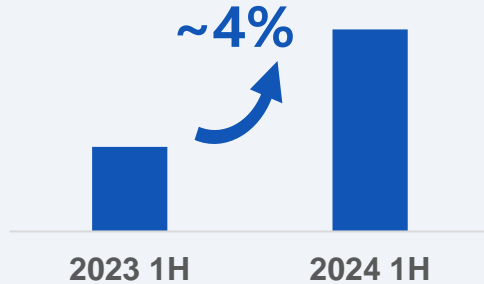
# Esoteric Testing and Technical Service: Key Growth Drivers

## Esoteric revenue and ASP are steadily improving

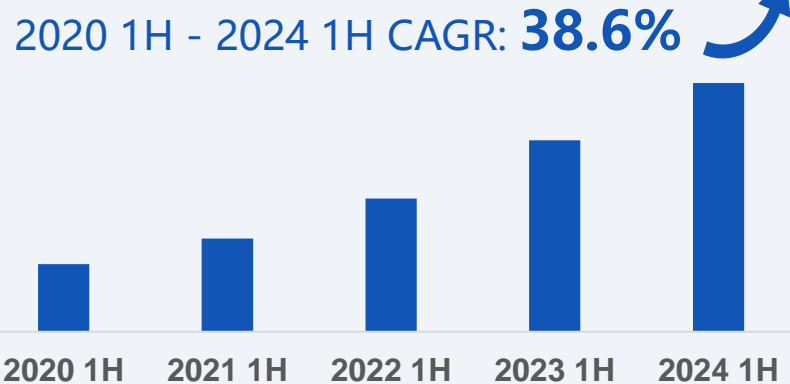
Esoteric testing revenue growth



Improvement in ASP



Esoteric testing revenue growth in recent years



## Growth of key Esoteric testing categories



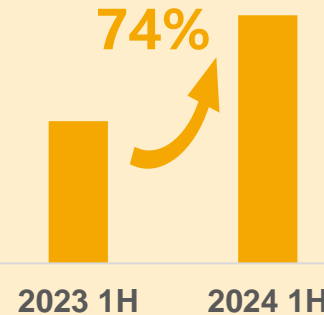
**38%**  
Infection disease testing increased y-o-y



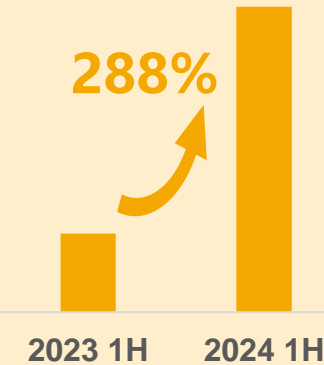
**57%**  
Oncology testing increased y-o-y

## Rapid growth in technical service business

Technical service revenue growth



Number of signed projects almost quadrupled

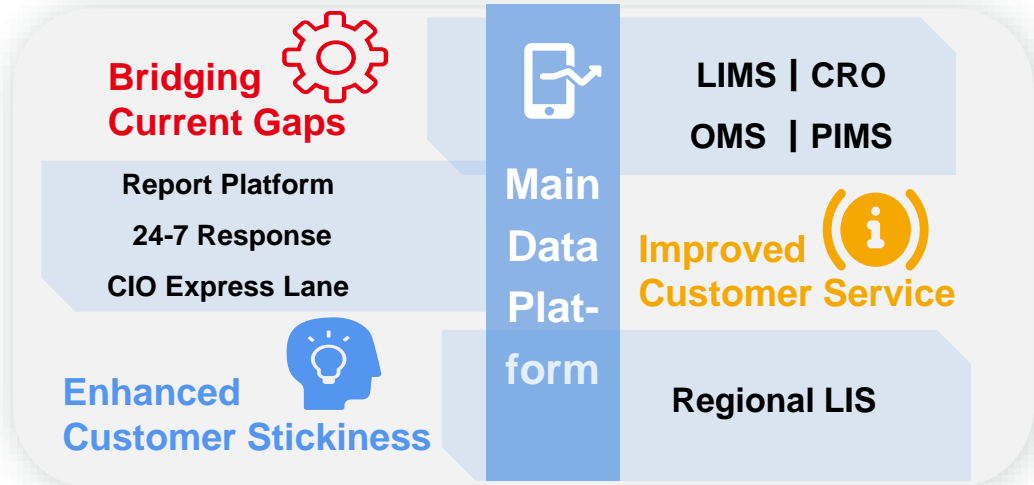


Upward trend in contract signing



# Intelligent Management and Application of Innovative Technology

## Digitalization 2.0



**Advanced info security**

- 1) Master data management platform
- 2) Core business system upgrade
- 3) Comprehensive digitalization of business
- 4) Private cloud construction and information security improvement
- 5) AI in-depth application
- 6) Intelligent management and decision-making

**Optimize and improve laboratory automation levels**

- Increase investment in **automation, robotics** and **connected equipment**

**Expand and upgrade dedicated logistics network**

- Establish a **transportation management system** to **monitor logistics activities in real time**

## Innovative Technology



**R&D**

- ✓ Expand R&D investment and introduce new technologies

**Integration**

- ✓ Expand upstream diagnostic capabilities
- ✓ Acquisition of overseas labs

**Informatization**

- ✓ Invest in proprietary AI technology
- ✓ Drive ecological data & insights

# Industry-leading Operational Capabilities

## Cost Control

<b>↓ 12%</b> Reagent consumption rate	<b>↓ 8%+</b> Reagent procurement price	<b>↓ 9%</b> Logistics cost
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## Improved Efficiency

**↑ 11%**  
Manpower efficiency

## Quality Management

<b>2 to 4</b> Expected ISO15189 certificate	<b>320</b> Highest no. of passing projects
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## ESG

<b>1% ~ 3%</b> Reduced emissions	<b>200万+</b> HPV service donation
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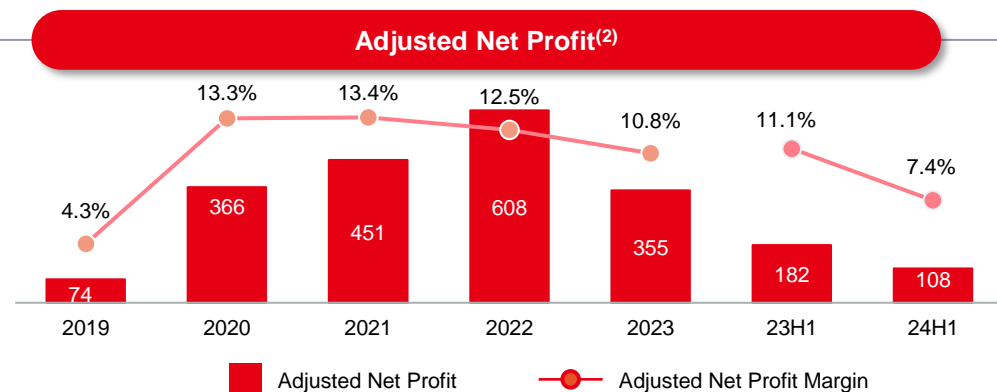
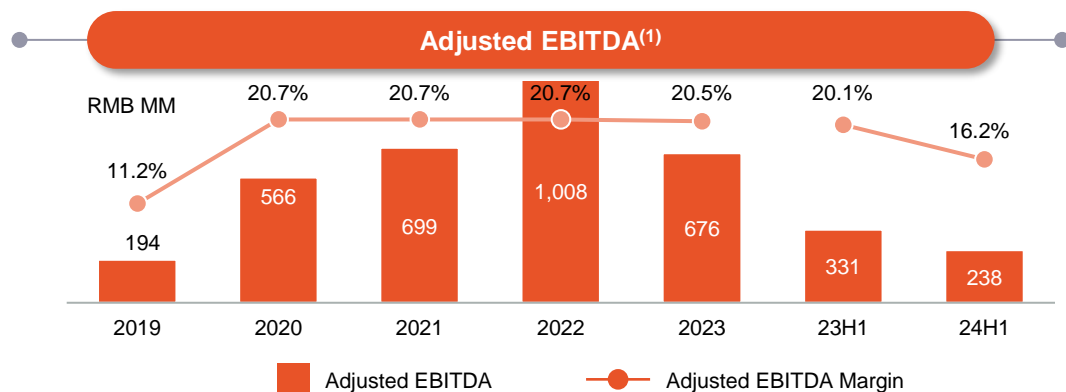
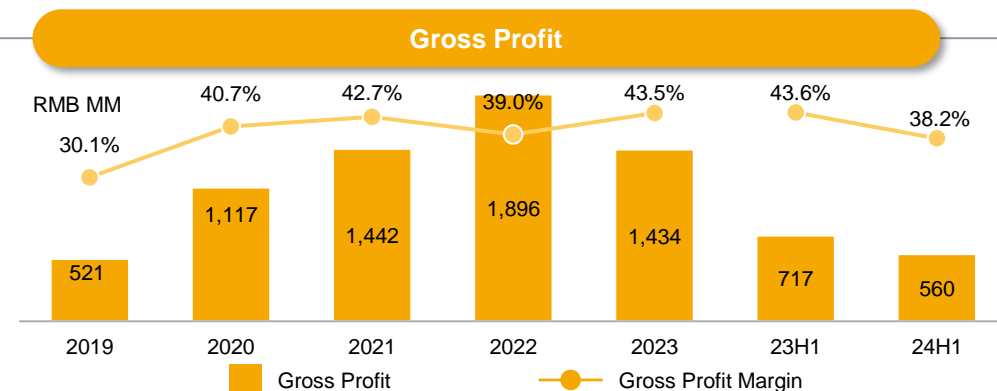
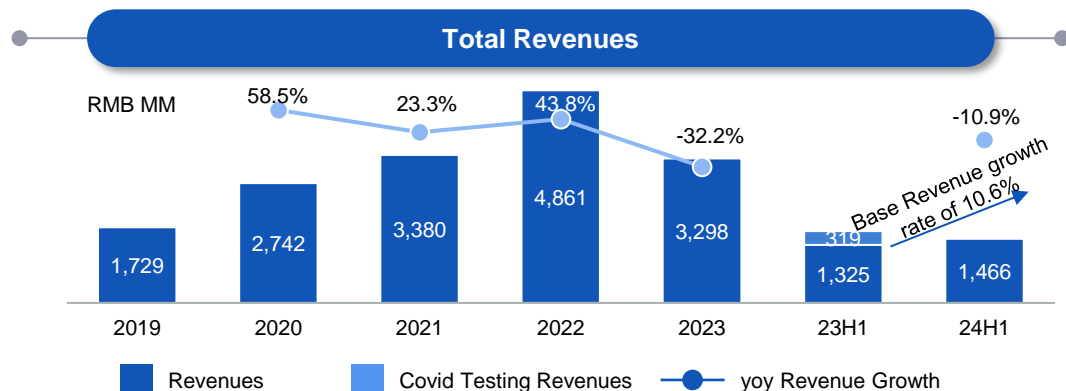
SECTION 2

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# Financial Highlights



# Covid Taper Resulting in y-o-y Declines Offset by Strong Base Business Growth

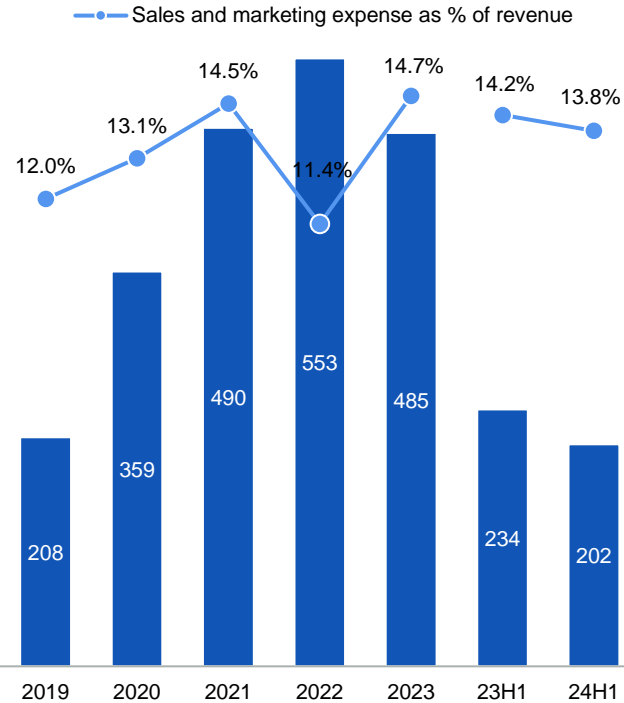


**Notes:**  
 1. Adjusted EBITDA is defined as EBITDA (profit before tax plus depreciation and amortization expenses and finance costs, minus bank interest income) plus share-based compensation expenses, listing expenses, non-recurring fair value loss on financial instruments, foreign exchange losses/(gains), and Covid related inventory impairments.  
 2. Adjusted net profit is defined as profit for the year adjusted for, net of tax, share-based compensation expenses, listing expenses, non-recurring fair value loss on financial instruments, foreign exchange losses/(gains), and Covid related inventory impairments.

# Enhanced Operating Efficiency

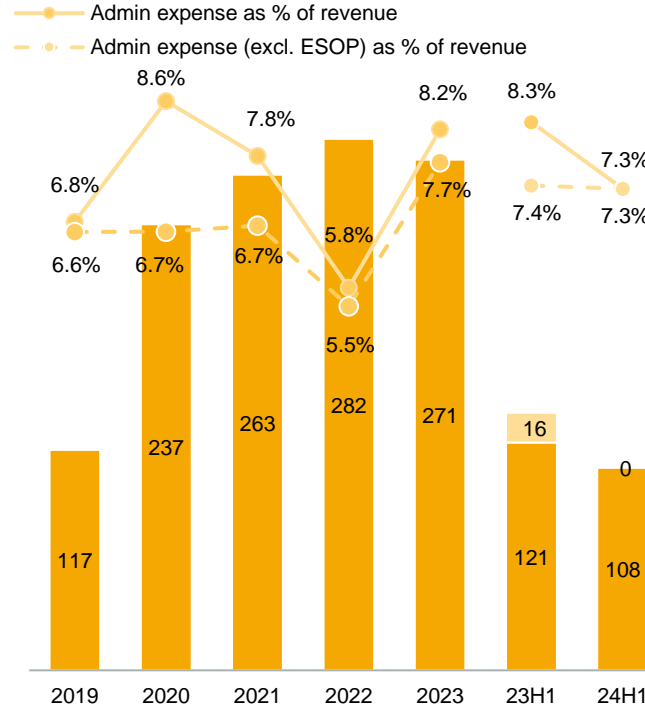
## Selling and Marketing Expenses

RMB MM



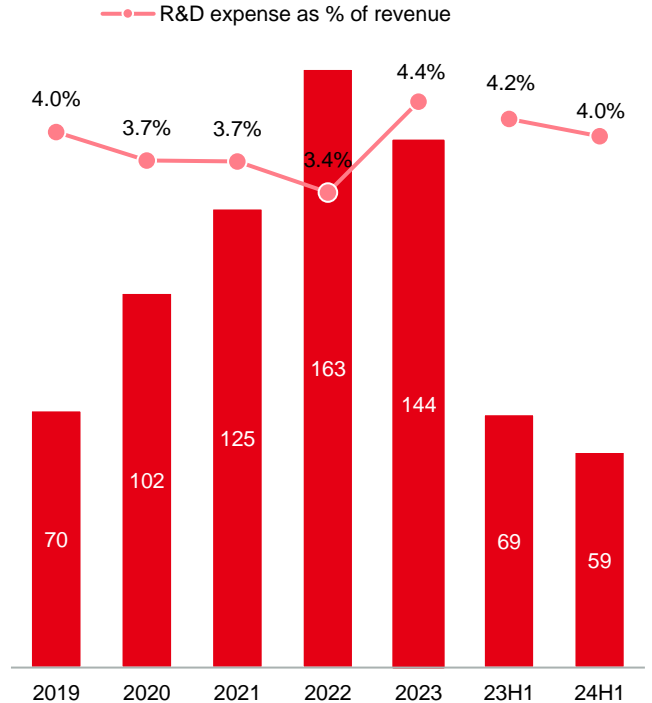
## Administrative Expenses<sup>(1)</sup>

RMB MM



## Research and Development Expenses

RMB MM

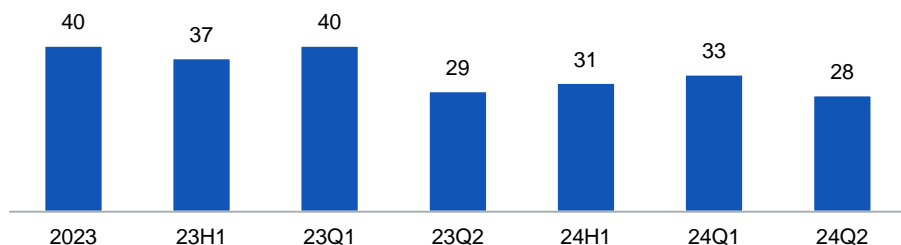


**Notes:**

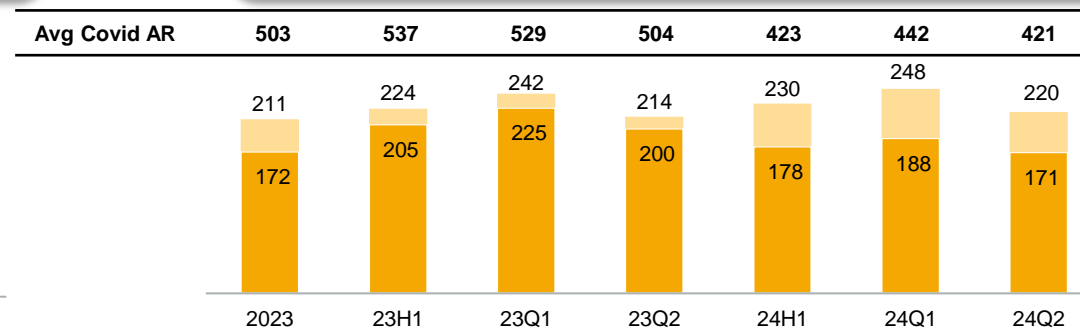
1. Administrative expenses, dotted yellow line excluding non-cash ESOP expenses.

# Improving Working Capital Turnover Days with Conservative ECL Provisions

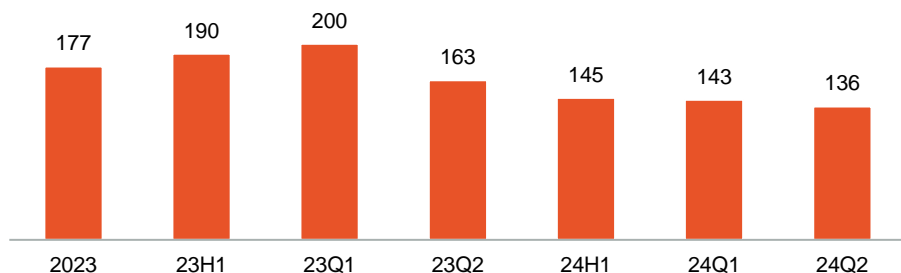
### Inventory Turnover Days<sup>(1)</sup>



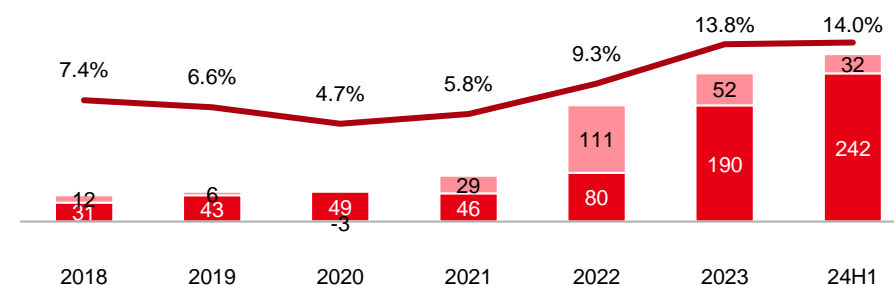
### Trade Receivables Turnover Days<sup>(2)</sup>



### Trade Payables Turnover Days<sup>(3)</sup>



### Trade Receivable Expected Credit Losses (ECL)<sup>(4)</sup>



**Notes:**

1. Average balance of inventory for the year, divided by costs of sales for the same year and multiplied by 365 days.
2. Average trade receivables turnover days using the average balance of trade receivables for the year, divided by revenue for the relevant year, multiplied by 365 days. Pro forma figures breaking our receivables balance from large screenings Covid in light yellow and pro forma receivables days calculated not including large screening Covid receivables.
3. Average balance of trade payables for the year, divided by costs of sales for the relevant year, multiplied by 365 days.
4. The stacked red bar represents the Expected Credit Losses (ECL) beginning balance and pink stacked bar represents the ECL reserves net of write-downs for each year. Note a negative pink stacked bar means we took more write-downs than reserves in that year. The maroon line represents the % of ECL balance as a percentage of gross trade receivables at the end of each period.

# Income Statement

	Year ended 31 December					For the 6 months ended June 30	
	2019	2020	2021	2022	2023	2023	2024
<b>REVENUE</b>	<b>1,729,261</b>	<b>2,741,731</b>	<b>3,379,515</b>	<b>4,860,613</b>	<b>3,297,828</b>	<b>1,644,113</b>	<b>1,465,701</b>
Cost of sales	(1,208,328)	(1,625,071)	(1,937,126)	(2,964,448)	(1,863,721)	(927,105)	(905,968)
<b>Gross profit</b>	<b>520,933</b>	<b>1,116,660</b>	<b>1,442,389</b>	<b>1,896,165</b>	<b>1,434,107</b>	<b>717,008</b>	<b>559,733</b>
Other income and gains	3,421	12,686	14,763	50,811	61,609	34,007	19,672
Selling and marketing expenses	(208,216)	(359,051)	(489,783)	(553,272)	(485,155)	(233,654)	(201,975)
Administrative expenses	(116,966)	(236,566)	(263,003)	(282,262)	(271,015)	(136,648)	(107,531)
Research and development costs	(69,932)	(102,009)	(125,446)	(162,746)	(143,522)	(69,051)	(58,707)
Other expenses	(24,260)	(37,712)	(48,530)	(128,440)	(99,622)	(66,588)	(50,024)
Listing expense	-	(16,179)	(35,290)	(9,664)	(72,189)	(58,965)	-
Finance costs	(17,382)	(19,644)	(16,326)	(76,824)	(86,316)	(45,853)	(27,404)
Fair value loss on financial liabilities at FVTPL	-	-	(61,531)	87,044	11,475	11,475	-
<b>PROFIT BEFORE TAX</b>	<b>87,598</b>	<b>358,185</b>	<b>417,243</b>	<b>820,812</b>	<b>349,372</b>	<b>151,731</b>	<b>133,764</b>
Income tax expense	(17,155)	(68,732)	(94,948)	(135,928)	(87,050)	(31,473)	(30,286)
<b>PROFIT FOR THE YEAR</b>	<b>70,443</b>	<b>289,453</b>	<b>322,295</b>	<b>684,884</b>	<b>262,322</b>	<b>120,258</b>	<b>103,478</b>
Attributable to:							
Owners of the parent	67,906	284,121	315,540	680,793	234,885	111,807	101,582
Non-controlling interests	2,537	5,332	6,755	4,091	27,437	8,451	1,896

# Adjusted EBITDA – non-IFRS reconciliation

	Year ended 31 December					For the 6 mos ended June 30	
	2019	2020	2021	2022	2023	2023	2024
<b>PROFIT BEFORE TAX</b>	<b>87,598</b>	<b>358,185</b>	<b>417,243</b>	<b>820,812</b>	<b>349,372</b>	<b>151,731</b>	<b>133,764</b>
(+) Depreciation	85,736	113,118	136,235	188,565	158,949	75,515	79,817
(+) Amortization	610	662	1,617	4,853	8,490	3,119	4,902
(+) Finance costs	17,382	19,644	16,326	76,824	86,316	45,853	27,404
(-) Bank interest income	889	3,765	6,289	8,874	20,160	7,981	12,576
<b>EBITDA</b>	<b>190,437</b>	<b>487,844</b>	<b>565,132</b>	<b>1,082,180</b>	<b>582,967</b>	<b>268,237</b>	<b>233,311</b>
(+) Share based compensation expenses	2,735	63,598	37,325	15,049	17,054	15,776	205
(+) Listing expenses	-	16,179	35,290	9,664	72,189	58,965	-
(+) FV loss/(gain) on financial instruments at FVTPL	-	-	61,531	(87,044)	(11,475)	(11,475)	-
(+) FV gains on contingent consideration	-	-	-	(13,337)	-	-	-
(+) FV gains on put option over non-controlling interests	-	-	-	-	(15,305)	(15,305)	-
(+) FV losses/(gains) on derivative financial instruments	-	-	-	(7,826)	6,165	(29)	4,478
(+) FV losses/(gains) on segregated portfolio	-	-	-	-	-	-	(2,244)
(+) Foreign exchange (gains)/losses, net	434	(1,427)	50	6,743	8,198	993	93
(+) Covid-19 related inventory impairment	-	-	-	1,421	15,976	13,388	2,063
<b>ADJUSTED EBITDA</b>	<b>193,606</b>	<b>566,194</b>	<b>699,328</b>	<b>1,006,850</b>	<b>675,769</b>	<b>330,550</b>	<b>237,906</b>
<i>yoy growth</i>	<i>81.4%</i>	<i>192.4%</i>	<i>23.5%</i>	<i>44.0%</i>	<i>(32.9%)</i>	<i>(31.7%)</i>	<i>(28.0%)</i>
<i>Adjusted EBITDA margin</i>	<i>11.2%</i>	<i>20.7%</i>	<i>20.7%</i>	<i>20.7%</i>	<i>20.5%</i>	<i>20.1%</i>	<i>16.2%</i>

# Adjusted Net Income – non-IFRS reconciliation

	Year ended 31 December				For the 6 mos ended June 30		
	2019	2020	2021	2022	2023	2023	2024
<b>PROFIT FOR THE YEAR</b>	<b>70,443</b>	<b>289,453</b>	<b>322,295</b>	<b>684,884</b>	<b>262,322</b>	<b>120,258</b>	<b>103,478</b>
(+) Share based compensation expenses	2,735	63,598	37,325	15,049	17,054	15,776	205
(+) Listing expenses	-	13,984	30,087	8,204	72,099	58,590	-
(+) FV loss/(gain) on financial instruments at FVTPL	-	-	61,531	(87,044)	(11,475)	(11,475)	-
(+) FV gains on contingent consideration	-	-	-	(13,337)	-	-	-
(+) FV gains on put option over non-controlling interests	-	-	-	-	(15,305)	(15,305)	-
(+) FV losses/(gains) on derivative financial instruments	-	-	-	(7,826)	6,165	(29)	4,478
(+) FV losses/(gains) on segregated portfolio	-	-	-	-	-	-	(2,244)
(+) Foreign exchange (gains)/losses, net	434	(1,427)	50	6,743	8,198	993	93
(+) Covid-19 related Inventory Impairment	-	-	-	1,421	15,976	13,388	2,063
<b>ADJUSTED NET INCOME</b>	<b>73,612</b>	<b>365,608</b>	<b>451,288</b>	<b>608,094</b>	<b>355,034</b>	<b>182,196</b>	<b>108,073</b>
<i>yoy growth</i>	2201.1%	396.7%	23.4%	34.7%	(41.6%)	(41.8%)	(40.7%)
<i>Adjusted Net Income margin</i>	4.3%	13.3%	13.4%	12.5%	10.8%	11.1%	7.4%

# Balance Sheet

RMB '000	As of 31 December				
	2020	2021	2022	2023	6/30/2024
<b>NON-CURRENT ASSETS</b>					
Property and equipment	168,579	266,137	375,428	410,987	402,806
Right-of-use assets	155,458	173,381	218,853	187,390	178,910
Deferred tax assets	51,982	74,560	118,403	103,971	106,974
Other intangible assets	3,011	20,504	143,709	151,416	146,726
Prepayments, deposits and other receivables	7,747	9,645	12,839	12,575	41,094
Amounts due from related parties	1,852	1,816	2,123	2,474	1,807
Goodwill	-	25,691	79,802	79,802	79,802
Financial assets at fair value through profit or loss	-	-	8,104	1,535	-
Pledged deposits	-	-	-	300,000	555,019
<b>Total non-current assets</b>	<b>388,629</b>	<b>571,734</b>	<b>959,261</b>	<b>1,250,150</b>	<b>1,513,138</b>
<b>CURRENT ASSETS</b>					
Inventories	102,932	109,395	229,413	176,593	130,867
Trade and bills receivables	942,041	1,213,512	1,856,847	1,515,434	1,676,813
Financial assets at fair value	-	-	-	50,837	-
Prepayments, deposits and other receivables	61,120	105,716	127,860	188,474	198,251
Amounts due from related parties	199	270	227	25	25
Cash and bank balances	1,228,620	1,109,211	1,680,625	959,423	767,961
Pledged deposits	-	-	-	412,602	372,609
<b>Total current assets</b>	<b>2,334,912</b>	<b>2,538,104</b>	<b>3,894,972</b>	<b>3,303,388</b>	<b>3,146,526</b>
<b>CURRENT LIABILITIES</b>					
Trade payables	383,034	510,691	1,062,452	742,108	704,785
Other payables and accruals	365,428	689,136	985,104	755,527	599,019
Contract liabilities	11,665	20,683	21,060	34,664	20,980

RMB '000	As of 31 December				
	2020	2021	2022	2023	6/30/2024
Interest-bearing bank borrowings	120,178	49,141	112,792	95,870	178,468
Profit tax payable	44,078	50,303	124,553	77,790	17,318
Amounts due to related parties	55,171	36,167	61,071	1,858	1,242
Lease liabilities	28,416	31,653	51,400	49,201	55,643
<b>Total current liabilities</b>	<b>1,008,970</b>	<b>1,387,774</b>	<b>2,418,432</b>	<b>1,757,018</b>	<b>1,577,455</b>
<b>NET CURRENT ASSETS</b>	<b>1,325,942</b>	<b>1,150,330</b>	<b>1,476,540</b>	<b>1,546,370</b>	<b>1,569,071</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,714,571</b>	<b>1,722,064</b>	<b>2,435,801</b>	<b>2,796,520</b>	<b>3,082,209</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest-bearing bank borrowings	100,276	90,790	1,023,329	791,647	1,014,502
Lease liabilities	129,710	146,297	182,455	153,117	138,252
Deferred tax liabilities	1,536	10,260	28,502	23,166	24,731
Convertible preferred shares	443,931	621,870	589,179	-	-
<b>Total non-current liabilities</b>	<b>675,453</b>	<b>869,217</b>	<b>1,823,465</b>	<b>967,930</b>	<b>1,177,485</b>
<b>NET ASSETS</b>	<b>1,039,118</b>	<b>852,847</b>	<b>612,336</b>	<b>1,828,590</b>	<b>1,904,724</b>
<b>EQUITY</b>					
Share capital	77	86	86	97	97
Treasury Shares	-	-	-	-	(14,033)
Reserves	1,024,262	804,155	510,738	1,707,974	1,802,702
Non-controlling interests	14,779	48,606	101,512	120,519	115,958
<b>Total equity</b>	<b>1,039,118</b>	<b>852,847</b>	<b>612,336</b>	<b>1,828,590</b>	<b>1,904,724</b>
<b>Total Cash (incl pledged deposits)</b>	<b>1,228,620</b>	<b>1,109,211</b>	<b>1,680,625</b>	<b>1,672,025</b>	<b>1,695,589</b>
<b>Net Cash (incl pledged deposits)</b>	<b>1,008,166</b>	<b>969,280</b>	<b>544,504</b>	<b>784,508</b>	<b>502,619</b>



ADICON  
艾迪康

**THANK YOU**