



2023 Annual Results

Adicon Holdings Limited

28 March 2024

Disclaimer

By attending the meeting where this presentation is made, or by reading the presentation materials, you agree to be bound by the following limitations:

These materials have been prepared by ADICON Holdings Limited (the "Company", and together with its subsidiaries, the "Group") solely for use at this presentation to investors for information purposes only, and have not been independently verified. No representations or warranties, express or implied, are made as to, and no reliance should be placed on, the accuracy, fairness completeness or correctness of the information or opinions presented or contained in these materials. Neither the Company, any member of the Group nor the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries, the Underwriters nor any of their respective affiliates, controlling persons, directors, officers, employees, advisers or representatives shall have any liability whatsoever, as a result of negligence or otherwise, for any loss howsoever arising from any information or opinions presented or contained in these materials. The information or opinions presented or contained in these materials are subject to change without notice, and shall only be considered current as of the date hereof.

These materials contain statements that reflect the Company's beliefs or expectations about the future or future events as of the respective dates indicated therein ("forward-looking statements"). These forward-looking statements are based on a number of assumptions about the Group and other matters, such as the Group's operations, its future development plans, market (financial and otherwise) conditions, growth prospects, and are subject to known and unknown risks, uncertainties and other factors beyond the Group's control, and accordingly, actual results may differ materially from the results expressed or implied by these forward-looking statements. Each of the Company, members of the Group, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries and the Underwriters undertakes no obligation to update these forward-looking statements for events/or circumstances that occur subsequent to such dates.

These materials do not constitute or form part of and should not be construed as, a prospectus or other offering document or an offer or invitation to acquire, purchase or subscribe for any securities nor are they calculated to invite any such offer or invitation. In particular, these materials do not constitute and are not an offer to sell or a solicitation of any offer to buy securities in Hong Kong, the United States or anywhere else. No part of these materials shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The securities referred to herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or securities laws of any state in the United States and may not be offered or sold in the United States without registration under the Securities Act, or except pursuant to an applicable exemption from, or in a transaction not subject to the registration requirements of the Securities Act and securities laws of any state in the United States. In Hong Kong, no securities of the Company may be offered to the public unless a prospectus in connection with the offering for sale or subscription of such securities has been authorized by The Stock Exchange of Hong Kong Limited for registration by the Registrar of Companies of Hong Kong, and has been so duly registered. Otherwise, without due registration, a prospectus must not be distributed, issued or circulated in Hong Kong. The offering circular of the Company in connection with the offering in the United States, Hong Kong or elsewhere will contain detailed information about the Group and its management as well as the financial statements of the Group. Nothing in these materials constitutes or forms any part of an offer of securities for sale in the United States, Hong Kong or any other jurisdiction, nor does it constitute or form any part of an invitation by or on behalf of the Company, any member of the Group or their respective affiliates or the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries or the Underwriters or any of their respective affiliates, advisers or representatives to subscribe for or purchase any securities. Any decision to purchase securities in the offering should be made solely on the basis of the information contained in the offering circular in relation to the offering.

These materials are highly confidential, are being given solely for your information. The information or opinions contained herein and information presented orally or otherwise may not be copied, reproduced, redistributed, or otherwise disclosed, in whole or in part to any other person (whether within or outside your organization/firm) in any manner without the prior written consents of the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Capital Market Intermediaries and the Underwriters. By attending this presentation, you are agreeing to maintain absolute confidentiality regarding this presentation and the information disclosed in these materials or presented orally or otherwise.

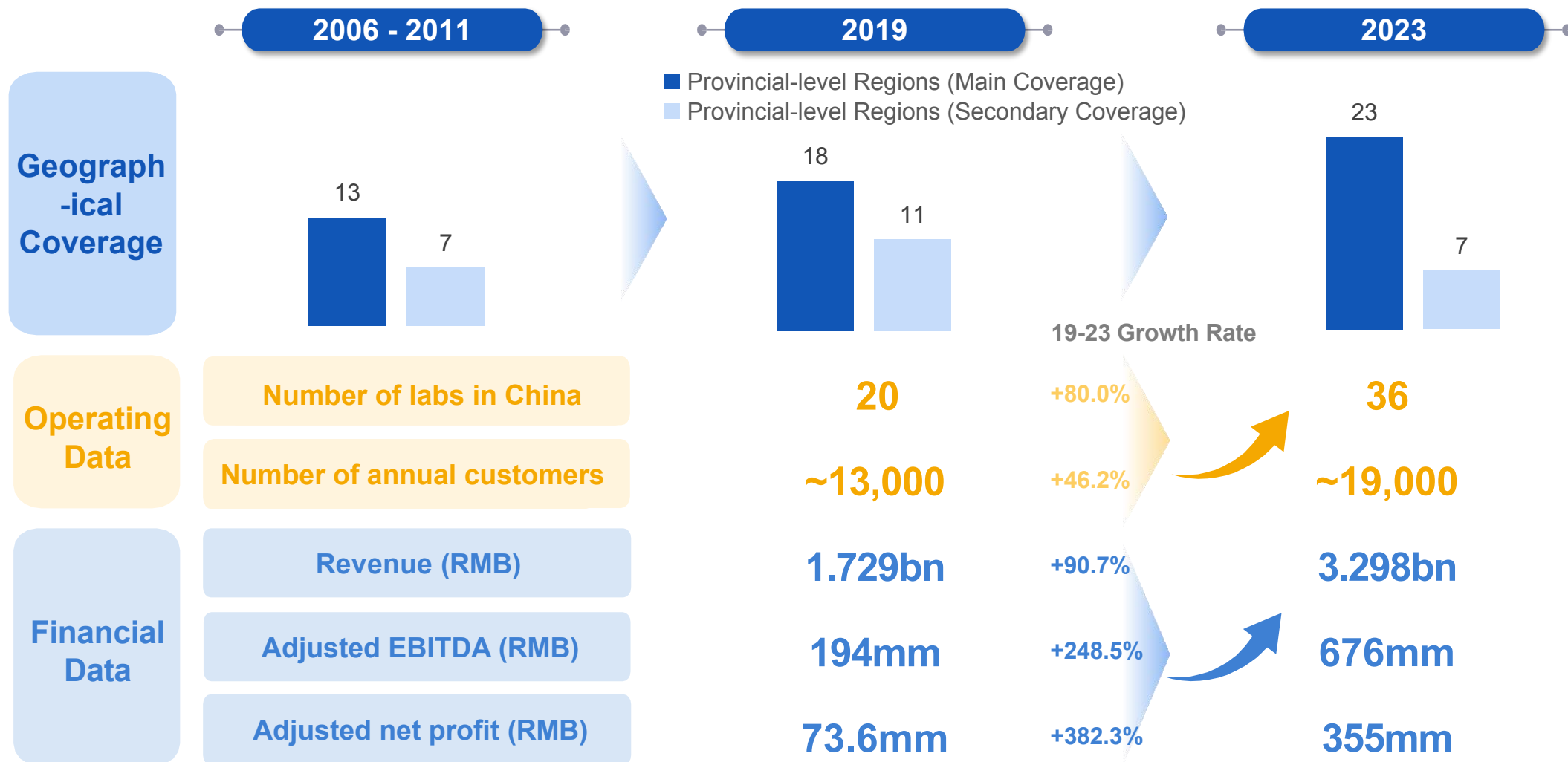
Neither these materials nor any part or copy of them may be taken or transmitted into or distributed in or into (by mail, facsimile, electronic or computer transmission or by any other means whatsoever), directly or indirectly, the United States (including its territories and possessions, any State of the United States and the District of Columbia). Any failure to comply with these restrictions may constitute a violation of United States securities laws. The distribution of these materials in other jurisdictions may be restricted by law, and persons into whose possession these materials come should inform themselves about, and observe, any such restrictions. The materials are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident in any jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

By accepting this document, you are agreeing: (i) that you have read and agree to comply with the contents of this notice; (ii) to maintain absolute confidentiality regarding this presentation and the information disclosed in these materials or presented orally or otherwise; and (iii) you and any persons you represent are either (x) a "qualified institutional buyer" (within the meaning of Rule 144A under the Securities Act) or (y) outside the United States. This document is not intended for distribution to persons who are not professional investors (as defined in Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)). Any failure to comply with these restrictions may constitute a violation of applicable securities laws.



Company Overview

Strong Financial Performance since 2019



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

28%

Revenue in 2023 compared to non-covid revenue in 2022



16%

Non-covid revenue in 2023 compared to non-covid revenue in 2022



43%

Growth rate of Esoteric testing in 2023



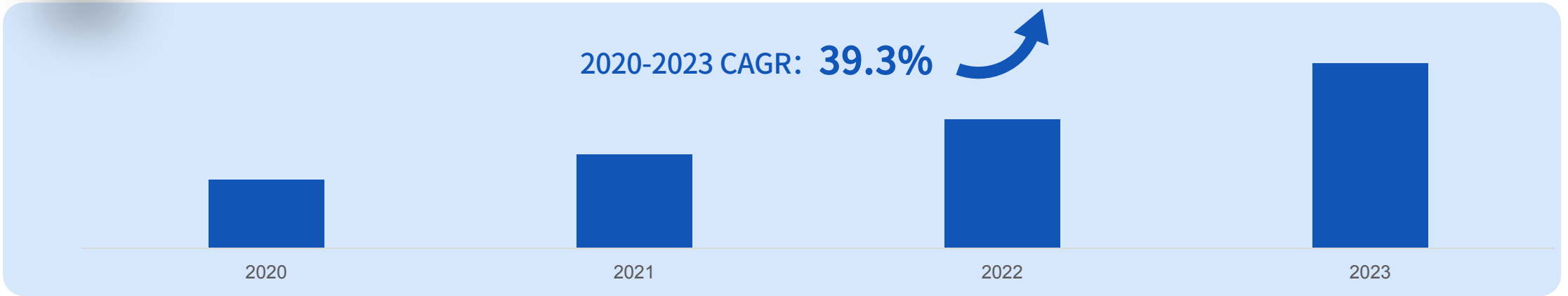
15%

y-o-y Growth rate of numbers of Secondary and Tertiary institutions customers in 2023

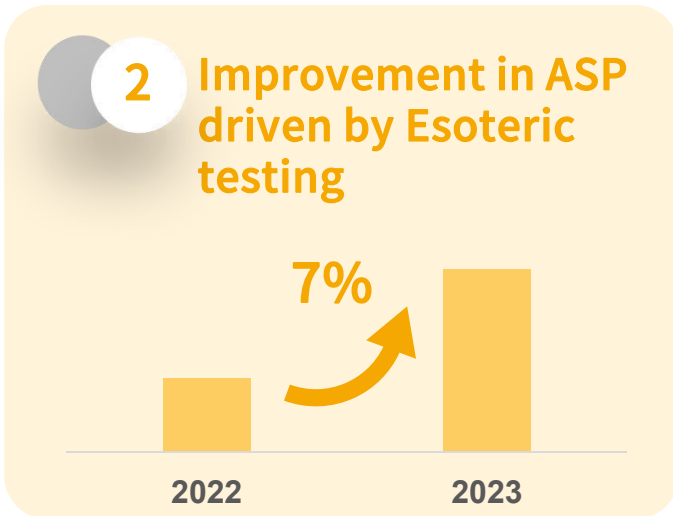


Continuous Breakthroughs in Esoteric Testing

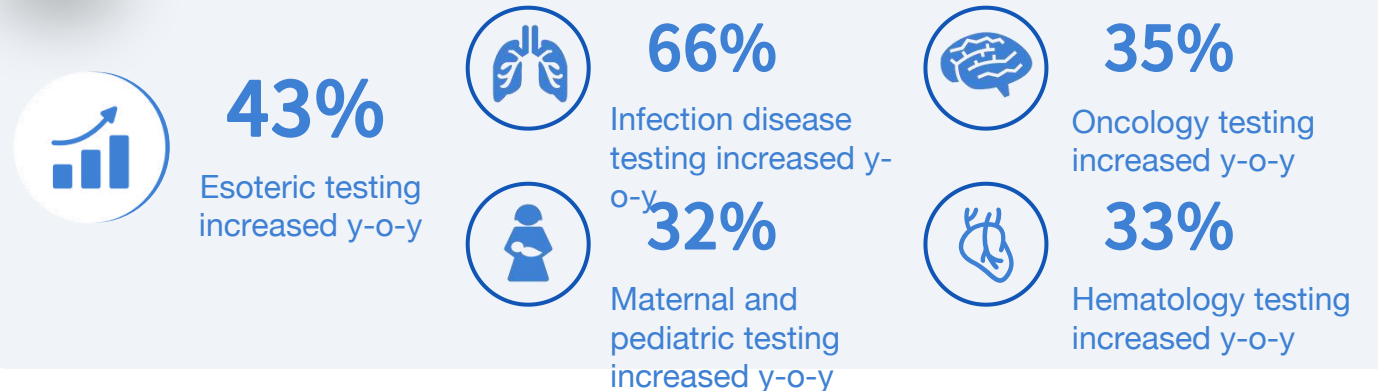
1 Continuous revenue growth in Esoteric testing in recent years



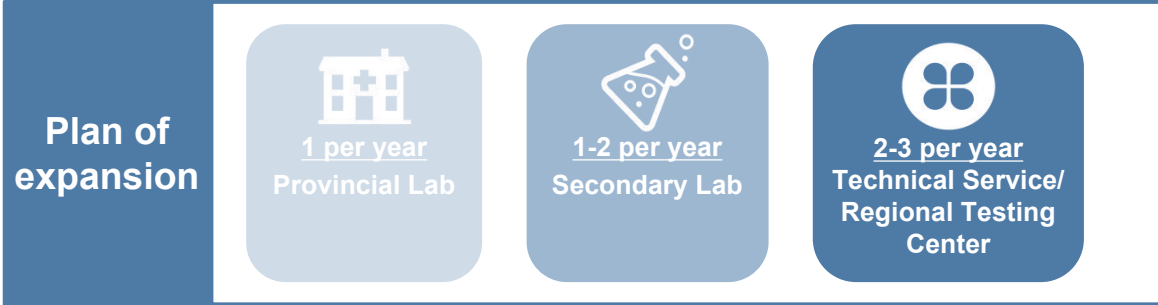
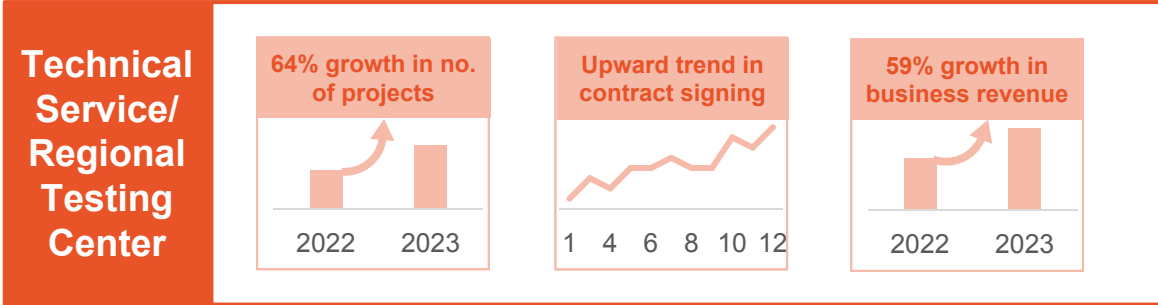
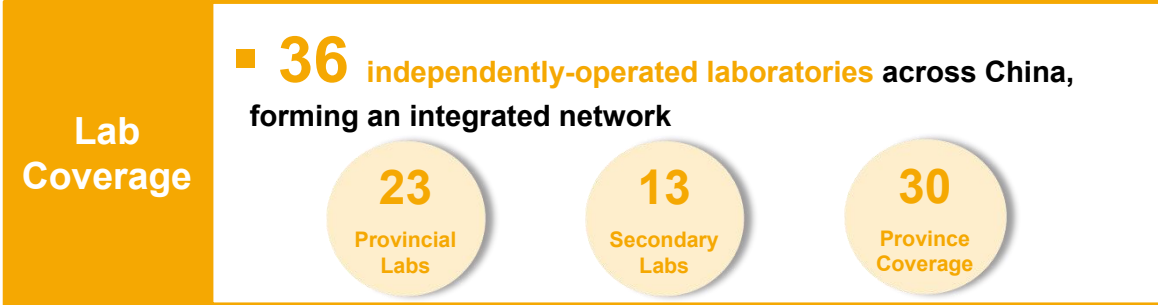
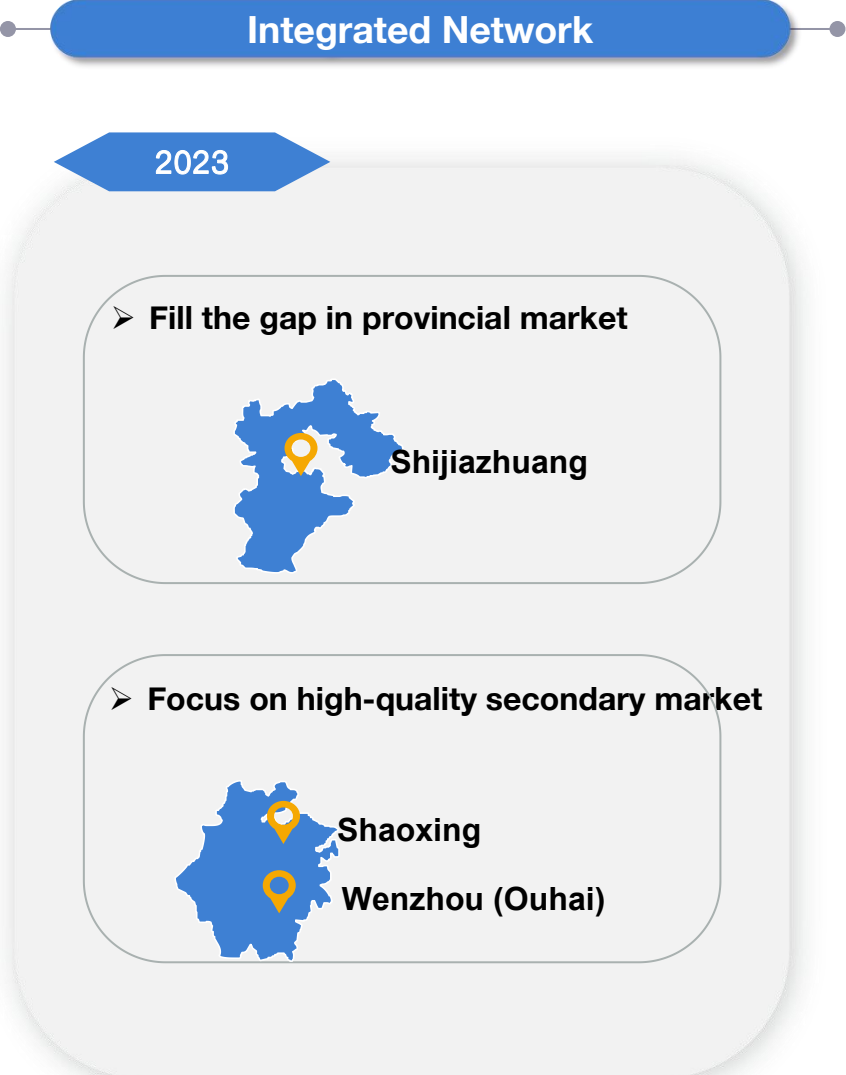
2 Improvement in ASP driven by Esoteric testing



3 Rapid revenue growth across all Esoteric testing categories



Lab Expansion and Technical Service Bring Vitality into the Business



Notes:
 1. The main coverage area refers to the area where the laboratory is built. Secondary coverage refers to areas where laboratories have not been established but testing services can be provided through the logistics network.

Intelligent Management and Application of Innovative Technology



Strategic
collaboration



In September 2023, Guardant's product was officially launched in China, and sample testing had begun in December 2023.

Six Technology Centers

- Clinical Testing Center
- Hematology Diagnostic Center
- Genetic/Chromosome Testing Center
- Pathological Diagnosis Center
- Mass Spectrometry Technology Center
- Gene Technology Center



Technology
Center



Artificial
Intelligence

AI-reviewed images in
2023

3 million

- AI enhances diagnostic efficiency
- Increase investment in automation, robotics, and interconnected devices.

Digital Upgrade in 2023

Telepathology
DTMS
New LIS system
improving efficiency
by 10+ times
New Settlement
System
Project Assistant App ...
Master data platform



DIGITAL
Digitalization

Industry-leading Operational Capabilities

01 Lean Production Management System

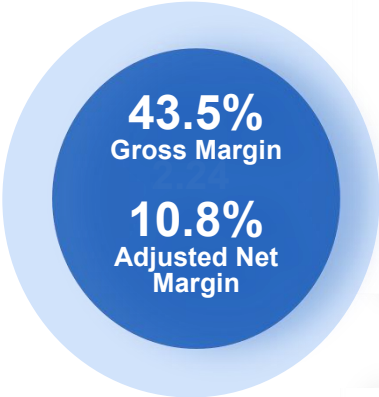
Quality Management

- 2 new labs have obtained the ISO15189 certificate, bringing the total number of accredited labs to 20, accreditation rate of provincial labs reached 78%
- Average number of passing projects reached 94 (as of 2024.01)

Reagent consumption Rate	↓ 10%	Manpower Efficiency	↑ 15%
---------------------------------	-------	----------------------------	-------

ESG

- Proper disposal of waste with strict monitoring
- Reduce emissions by 1% to 3% annually
- Collaborate with the Zhejiang Women and Children's Foundation to launch the "Small Steps, Great Love" charity event, donating 2 million in HPV testing services.



Strong and Flexible Supply Chain 02

Purchasing

The cost advantage of centralized procurement: more than 90% of the group's materials are purchased in a unified manner; on-site procurement is flexible: combined with centralized procurement, it improves **timeliness**

Logistics

All self-operated logistics networks cover more than 90% of districts and counties across the country, and the self-developed **Ai Logistics Information System**

Warehousing

Complete intelligent warehouse management: **real-time/traceable/paperless/intelligent**; forming **strategic cooperation** with domestic leading IVD company (Jiuzhoutong)

Leading R&D Capabilities 03

<p>Subsidiaries with High-tech Recognition</p> <p>2022 2023</p>	<p>R&D Intensity</p> <p>2022 2023</p>	<p>Number of Patents</p> <p>2022 2023</p>
---	---	---

Recognition from Capital Market

Pre-IPO Investors



Cornerstone Investors

1 mindray 迈瑞



2

3 FOSUNPHARMA 复星医药



4

Market Recognition

2023.09.04



2023.09.04



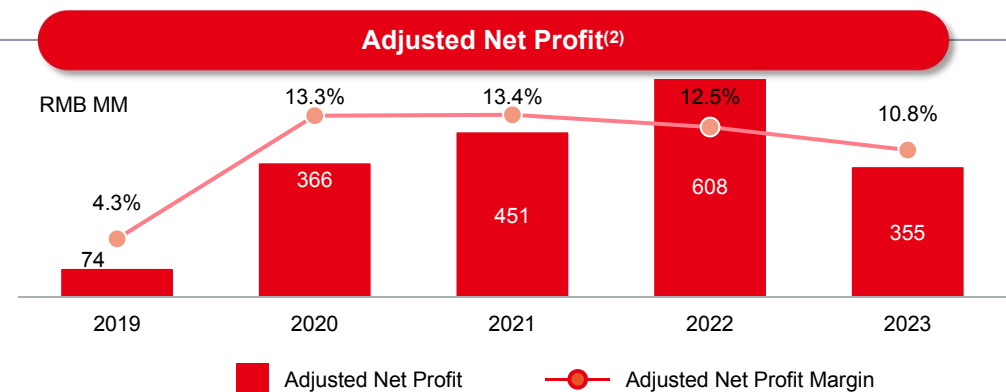
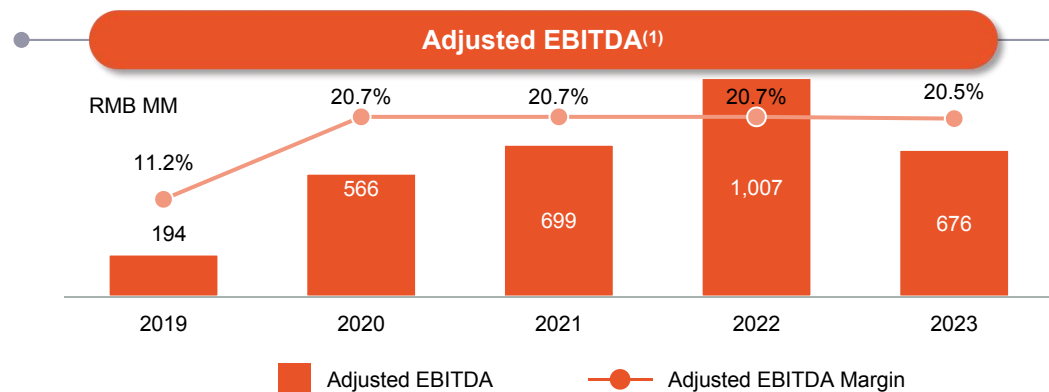
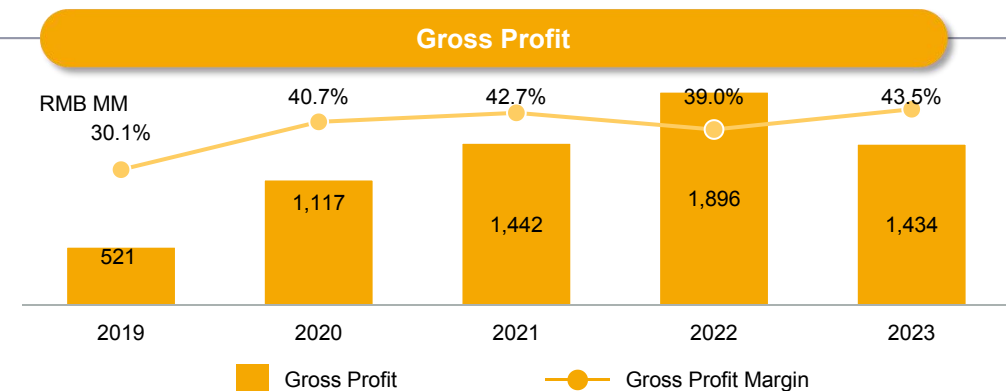
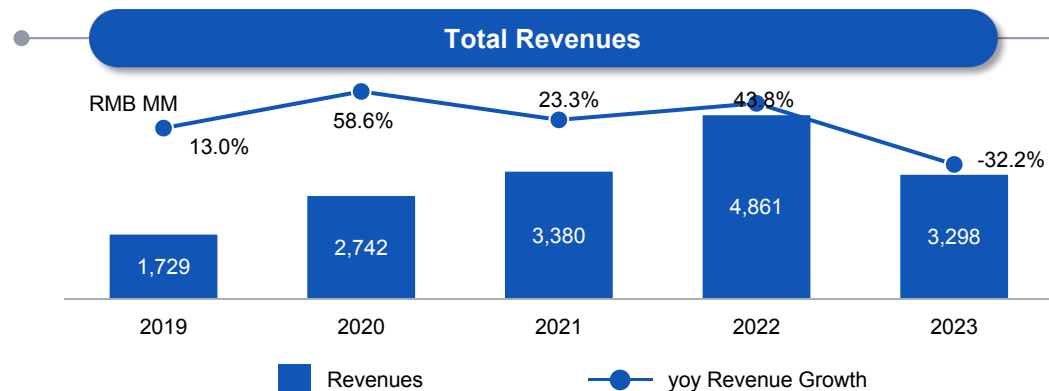
2024.02.29





Financial Highlights

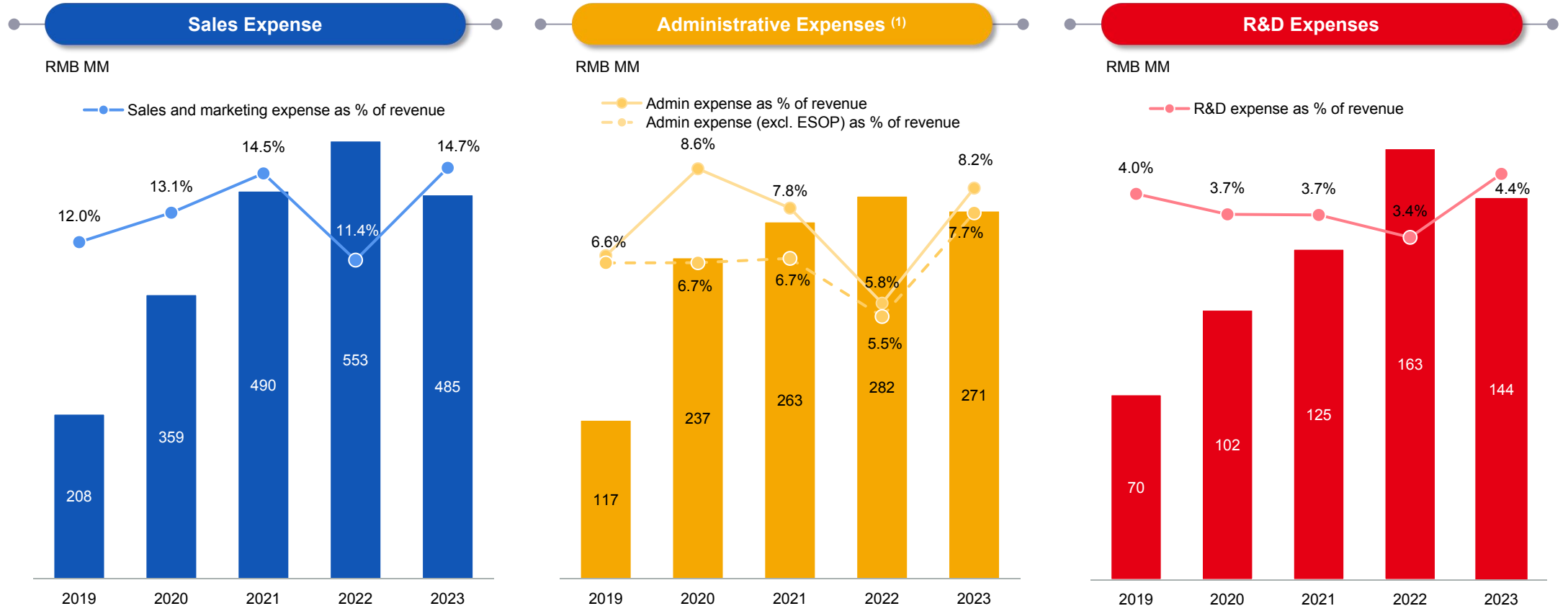
Covid Taper Resulting in y-o-y Declines Offset by Strong Base Business Growth



Notes:

- 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.
- 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.

Operational efficiency has improved significantly in recent years

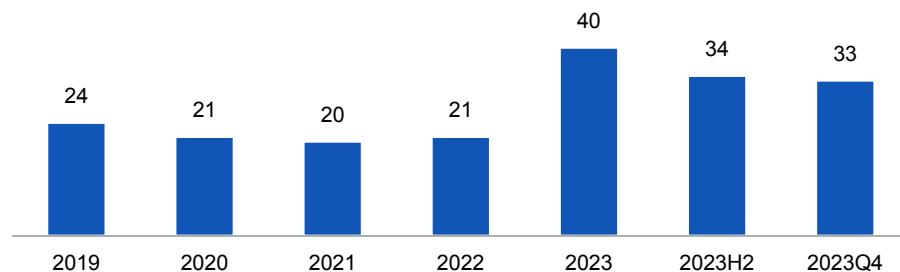


Note :

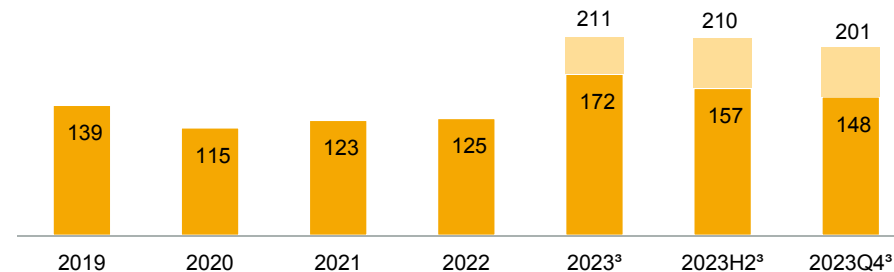
1. Administrative expenses include non-cash ESOP expenses.

Historical Improvements in Working Capital Days and Cash Flow Conversion Expected to Normalize after this Transition Year

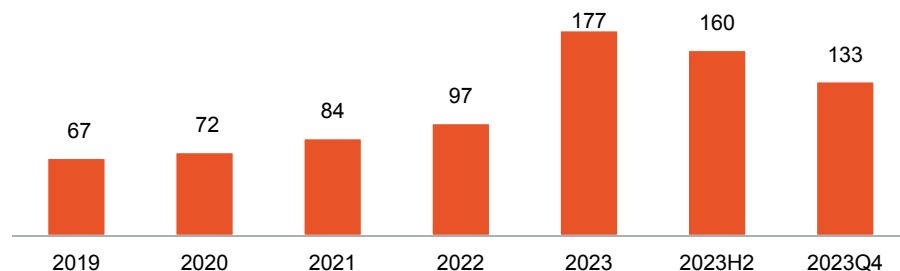
Inventory Turnover Days⁽¹⁾



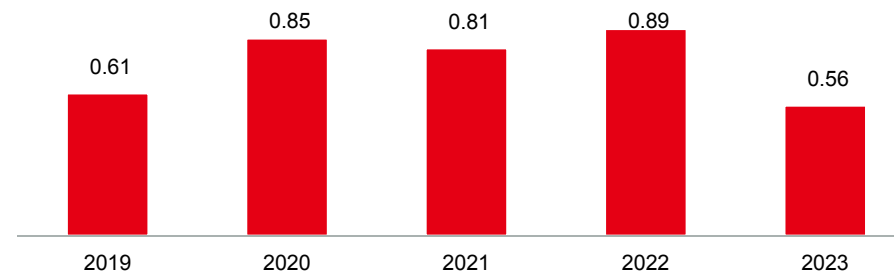
Trade Receivables Turnover Days⁽²⁾



Trade Payables Turnover Days⁽⁴⁾



Cash Conversion Ratio⁽⁵⁾



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.
3. 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.
4. Average balance of trade payables for the year, divided by costs of sales for the relevant year, multiplied by 365 days.
5. Net cash generated from operating activities divided by adjusted EBITDA, which 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.

Income Statement

Year ended 31 December

	2018	2019	2020	2021	2022	2023
REVENUE	1,530,246	1,729,261	2,741,731	3,379,515	4,860,613	3,297,828
Cost of sales	(1,064,308)	(1,208,328)	(1,625,071)	(1,937,126)	(2,964,448)	(1,863,721)
Gross profit	465,938	520,933	1,116,660	1,442,389	1,896,165	1,434,107
Other income and gains	4,570	3,421	12,686	14,763	50,811	61,609
Selling and marketing expenses	(220,720)	(208,216)	(359,051)	(489,783)	(553,272)	(485,155)
Administrative expenses	(123,980)	(116,966)	(236,566)	(263,003)	(282,262)	(271,015)
Research and development costs	(72,959)	(69,932)	(102,009)	(125,446)	(162,746)	(143,522)
Other expenses	(23,485)	(24,260)	(37,712)	(48,530)	(128,440)	(99,622)
Listing expense	-	-	(16,179)	(35,290)	(9,664)	(72,189)
Finance costs	(13,083)	(17,382)	(19,644)	(16,326)	(76,824)	(86,316)
Fair value loss on financial liabilities at FVTPL	-	-	-	(61,531)	87,044	11,475
PROFIT BEFORE TAX	16,281	87,598	358,185	417,243	820,812	349,372
Income tax expense	(14,007)	(17,155)	(68,732)	(94,948)	(135,928)	(87,050)
PROFIT FOR THE YEAR	2,274	70,443	289,453	322,295	684,884	262,322
Attributable to:						
Owners of the parent	863	67,906	284,121	315,540	680,793	234,885
Non-controlling interests	1,411	2,537	5,332	6,755	4,091	27,437

Adjusted EBITDA – non-IFRS reconciliation

Year ended 31 December

	2018	2019	2020	2021	2022	2023
PROFIT BEFORE TAX	16,281	87,598	358,185	417,243	820,812	349,372
(+) Depreciation	76,598	85,736	113,118	136,235	188,565	158,949
(+) Amortization	580	610	662	1,617	4,853	8,490
(+) Finance costs	13,083	17,382	19,644	16,326	76,824	86,316
(-) Bank interest income	767	889	3,765	6,289	8,874	20,160
EBITDA	105,775	190,437	487,844	565,132	1,082,180	582,967
(+) Share based compensation expenses	-	2,735	63,598	37,325	15,049	17,054
(+) Listing expenses	-	-	16,179	35,290	9,664	72,189
(+) FV loss/(gain) on financial instruments at FVTPL	-	-	-	61,531	(87,044)	(11,475)
(+) FV gains on contingent consideration	-	-	-	-	(13,337)	-
(+) FV gains on put option over non-controlling interests	-	-	-	-	-	(15,305)
(+) FV losses/(gains) on derivative financial instruments	-	-	-	-	(7,826)	6,165
(+) Foreign exchange (gains)/losses, net	925	434	(1,427)	50	6,743	8,198
(+) Covid-19 related inventory impairment	-	-	-	-	1,421	15,976
ADJUSTED EBITDA	106,700	193,606	566,194	699,328	1,006,850	675,769
		<i>yoy growth</i>				
		81.4%	192.4%	23.5%	44.0%	(32.9%)
	<i>Adjusted EBITDA margin</i>	7.0%	11.2%	20.7%	20.7%	20.5%

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.

Adjusted Net Income – non-IFRS reconciliation

Year ended 31 December

	2018	2019	2020	2021	2022	2023
PROFIT FOR THE YEAR	2,274	70,443	289,453	322,295	684,884	262,322
(+) Share based compensation expenses	-	2,735	63,598	37,325	15,049	17,054
(+) Listing expenses	-	-	13,984	30,087	8,204	72,099
(+) FV loss/(gain) on financial instruments at FVTPL	-	-	-	61,531	(87,044)	(11,475)
(+) FV gains on contingent consideration	-	-	-	-	(13,337)	-
(+) FV gains on put option over non-controlling interests	-	-	-	-	-	(15,305)
(+) FV losses/(gains) on derivative financial instruments	-	-	-	-	(7,826)	6,165
(+) Foreign exchange (gains)/losses, net	925	434	(1,427)	50	6,743	8,198
(+) Covid-19 related Inventory Impairment	-	-	-	-	1,421	15,976
ADJUSTED NET INCOME	3,199	73,612	365,608	451,288	608,094	355,034
		<i>yoy growth</i>				
		2201.1%	396.7%	23.4%	34.7%	(41.6%)
<i>Adjusted Net Income margin</i>	0.2%	4.3%	13.3%	13.4%	12.5%	10.8%

Notes:

1. 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.

Balance Sheet

RMB '000	As of 31 December				
	2019	2020	2021	2022	2023
NON-CURRENT ASSETS					
Property and equipment	130,154	168,579	266,137	375,428	410,987
Right-of-use assets	194,412	155,458	173,381	218,853	187,390
Deferred tax assets	38,167	51,982	74,560	118,403	103,971
Other intangible assets	3,083	3,011	20,504	143,709	151,416
Prepayments, deposits and other receivables	5,700	7,747	9,645	12,839	12,575
Amounts due from related parties	1,745	1,852	1,816	2,123	2,474
Goodwill	-	-	25,691	79,802	79,802
Financial assets at fair value through profit or loss	-	-	-	8,104	1,535
Pledged deposits	-	-	-	-	300,000
Total non-current assets	373,261	388,629	571,734	959,261	1,250,150
CURRENT ASSETS					
Inventories	80,664	102,932	109,395	229,413	176,593
Trade and bills receivables	686,688	942,041	1,213,512	1,856,847	1,515,434
Financial assets at fair value	-	-	-	-	50,837
Prepayments, deposits and other receivables	34,024	61,120	105,716	127,860	188,474
Amounts due from related parties	4,575	199	270	227	25
Cash and bank balances	304,523	1,228,620	1,109,211	1,680,625	959,423
Pledged deposits	-	-	-	-	412,602
Total current assets	1,110,474	2,334,912	2,538,104	3,894,972	3,303,388
CURRENT LIABILITIES					
Trade payables	261,281	383,034	510,691	1,062,452	742,108
Other payables and accruals	185,657	365,428	689,136	985,104	755,527
Contract liabilities	3,951	11,665	20,683	21,060	34,664

RMB '000	As of 31 December				
	2019	2020	2021	2022	2023
Interest-bearing bank borrowings	80,000	120,178	49,141	112,792	95,870
Profit tax payable	8,435	44,078	50,303	124,553	77,790
Amounts due to related parties	147,827	55,171	36,167	61,071	1,858
Lease liabilities	35,403	28,416	31,653	51,400	49,201
Total current liabilities	722,554	1,008,970	1,387,774	2,418,432	1,757,018
NET CURRENT ASSETS	387,920	1,325,942	1,150,330	1,476,540	1,546,370
TOTAL ASSETS LESS CURRENT LIABILITIES	761,181	1,714,571	1,722,064	2,435,801	2,796,520
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	-	100,276	90,790	1,023,329	791,647
Lease liabilities	162,957	129,710	146,297	182,455	153,117
Deferred tax liabilities	1,602	1,536	10,260	28,502	23,166
Convertible preferred shares	-	443,931	621,870	589,179	-
Total non-current liabilities	164,559	675,453	869,217	1,823,465	967,930
NET ASSETS	596,622	1,039,118	852,847	612,336	1,828,590
EQUITY					
Equity attributable to owners of the parent					
Share capital	76	77	86	86	97
Reserves	575,578	1,024,262	804,155	510,738	1,707,974
Non-controlling interests	20,968	14,779	48,606	101,512	120,519
Total equity	596,622	1,039,118	852,847	612,336	1,828,590
Total Cash (incl pledged deposits)	304,523	1,228,620	1,109,211	1,680,625	1,672,025
Net Cash (incl pledged deposits)	224,523	1,008,166	969,280	544,504	784,508



ADICON
艾迪康

THANK YOU