

26 January 2023

Diaceutics PLC
("Diaceutics" or "the Company" or "the Group")

Trading Statement and Strategy Update

Strong trading performance in 2022, with revenue materially ahead of market expectations

Accelerating strategy with enhanced investment in data and subscription offerings to capitalise on growing customer demand

Diaceutics PLC (AIM: DXRX), a leading technology and solutions provider to the pharmaceutical industry, provides the following unaudited trading statement for the year ended 31 December 2022 and a strategic update.

Trading Statement ¹

- Revenues increased 44% to approximately £20.0 million (2021: £13.9 million), 29% at constant currency, materially ahead of market expectations²
- Significant shift to platform-based subscription contracts in year with approximately 36% of revenue now subscription based (2021: 3%)
- Improved visibility of future revenue with growth in order book value at 31 December 2022 to approximately £15.6 million (31 December 2021: £1.75 million), with approximately £9.9 million of the order book expected to be realised in 2023
- EBITDA³ is expected to be in line with market expectations² with EBITDA margin similar to 2021 (2021: 17%)
- Closing cash balance of £19.8 million as at 31 December 2022 (2021: £19.7 million) with no debt

Diaceutics has delivered strong trading for the year, with revenues materially ahead of market expectations, driven by growing demand from the Company's pharmaceutical and life science customers for its recently launched platform driven Insight and Engagement subscription solutions. The forward visibility of revenues has significantly improved, with the acceleration of platform-based subscription contracts versus prior year and 9x growth in the Company's total order book, of which over 60% is expected to be recognised in 2023. This growth has been driven through a considered campaign to secure multi-year subscription contracts with key customers, increasingly at an enterprise level. The success of this operational change is evidenced through today's separate announcement regarding two enterprise level engagements, with top 10 global pharma companies, representing a combined value of US\$ 7 million to be realised over two years.

2022 EBITDA³ is anticipated to be in line with expectations and at a consistent margin to the prior year. The EBITDA margin has been maintained whilst transitioning a significant proportion of customers to multi-year subscription contracts, in spite of macro-economic inflationary cost pressures, and whilst maintaining the additional investment in the cost base of the business to service the subscription model and future growth.

In addition to the above, and in recognition of the important role our people have played in the Group's success and the unprecedented increase in living costs, all employees were provided a one-off £1,000 cost of living payment in December 2022.

As at 31 December 2022, the Company remains debt free and had strong cash reserves of £19.8 million, representing an increase of £0.1 million versus the end of the prior year (2021: £19.7 million).

Strategy Update

Through its expanded suite of platform solutions and enhanced data insights, Diaceutics has established a competitive advantage within the sector and consolidated its reputation as a trusted partner to pharma in the field of precision medicine commercialisation. This places the Company in a position to achieve a greater market share as the pharmaceutical industry continues its post-COVID shift to digital enablement. The Company continues to estimate that, on average, pharma allocates a commercialisation budget of US\$ 10-15 million per brand, and recognises a sizable opportunity to secure an ever-increasing share of these budgets.

In order to fully capitalise on this opportunity, bring additional data offerings to market more quickly, and maintain its first-mover advantage, the Board has decided to accelerate and enhance the Company's investment in its data and products, platform capability and operating model over a two year period. The investments will enable Diaceutics to increase the mid-term rate of revenue growth, accelerate the continued shift towards subscription based revenues and to improve the future scalability of the Group.

The acceleration of the Company's strategy has been validated through its positive trading performance in FY22 and increase in its pipeline, most notably around customer engagement for multi-year enterprise level contracts via the DXRX platform. This progression has been evidenced through today's separate announcement regarding two enterprise level engagements representing a combined value of US\$ 7 million to be realised over two years.

Having achieved cash flow breakeven in 2022 and accompanied by a strong balance sheet with £19.8 million of cash and no debt, the Company has decided to accelerate investment from its own resources and without the requirement for outside funding. Total net cash investment is expected to be approximately £7.0 million over a two year period, preserving a robust minimum cash balance of approximately £12.0 million throughout.

The investment will be made primarily into data acquisition, greater platform functionality and AI capabilities, our innovation, laboratory network and sales and marketing teams. This will enable the strategy acceleration in the following ways:

- **Enrich data and platform products** - through investments in key geographical data sources and enhanced patient healthcare journey data, secure and elevate market leadership position of our platform enabled insight and engagement solutions, further embedding our offering in customers' commercialisation activities and boost Diaceutics' share of customer budgets;
- **Accelerate growth and engagement of the laboratory network and platform-based community** - through investments in our laboratory network team and community content engagement, drive laboratory network growth and augment our platform-based engagement solution and data insight offerings to pharma;
- **Invest in platform scale and capability** - through investments in the innovation team, accelerate development of the platform capability and functionality at scale (automation and AI), facilitating better customer functionality and service, and growing levels of revenue visibility and best in class profitability;
- **Transform our customer experience and service** - through investments in Diaceutics' customer success programme, aimed at accelerating our Precision Medicine market leadership in target geographies, support transformation of sales and marketing and customer service and support teams across all customer accounts, enriching the customer experience and driving sustainable growth.

The Company expects to remain EBITDA profitable for each financial year and over the period of investment. The anticipated accelerated investment will result in reduced EBITDA margins over this two year investment period, with the Board anticipating margin expansion, revenue growth acceleration and a substantial increase to scalability thereafter, driving increased long-term shareholder value.

Peter Keeling, Diaceutics' Chief Executive, commented:

"We are delighted to report a strong year for Diaceutics, both financially and strategically, with revenues increasing materially ahead of expectations. Our investments in the business during the past year have facilitated significant top line growth, highlighting the extent of the opportunity available to us.

The growing demand from our pharmaceutical and life science customers for our full suite of commercialisation solutions and advisory services, along with a building order book and strong cash position, provide us with the confidence to accelerate our investment to fully capitalise on this momentum, supporting our ambition to become the primary partner for pharma or biotech's launching a precision medicine."

¹ All numbers stated are subject to audit

² The Company believes that current market expectations for the year ending 31 December 2022 are revenues of between £16.3 and 16.8 million and EBITDA of between £3.4 and 3.6 million.

³ EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items, but after share-based payment costs.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. The person responsible for making this announcement on behalf of the Company is Nick Roberts, Chief Financial Officer.

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About Diaceutics

At Diaceutics we believe that every patient should get the opportunity to receive the right test and the right therapy to positively impact their disease outcome. We provide the world's leading pharmaceutical and life science companies with

solutions and technology for the commercialisation of their precision medicines, enabled by the proprietary DXRX platform.

DXRX is the world's first diagnostic commercialisation platform for precision medicine, utilising a global network of affiliate laboratories to deliver multiple pipelines of real-world healthcare data insights, advisory services and innovative platform enabled solutions.

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