

SYNEKTIK GROUP

Integrator of innovative solutions for medicine



September 2020

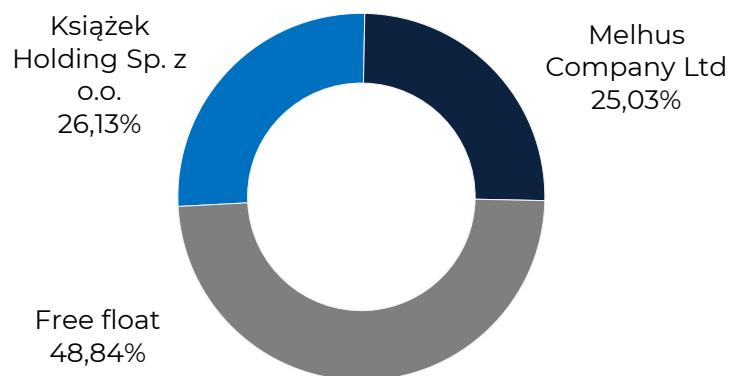


ABOUT SYNEKTIK

COMPANY PROFILE

- › **Integrator of innovative solutions for medicine**
- › Largest manufacturer of **radiopharmaceuticals** in Poland, the only producer of high-margin special radiotracers on the Polish market
- › Invests in innovative medical product **R&D**, including a cardiotracer for myocardial perfusion imaging diagnosis
- › Leading **IT software** manufacturer for radiology
- › Major provider of **medical equipment**, IT solutions, maintenance and measurement services

Shareholders



- 1) Capitalisation and market indicators calculated at the share price as of 14 September 2020
- 2) Enterprise value = market capitalisation as of 14 September 2020 + net debt as of 30 June 2020
- 3) Net profit adjusted for research and development costs
- 4) EBITDA from recurring operations, adjusted for one-off items
- 5) 1.04.2020-30.06.2020
- 6) 1.10.2018-30.09.2019

SELECTED MARKET INFORMATION

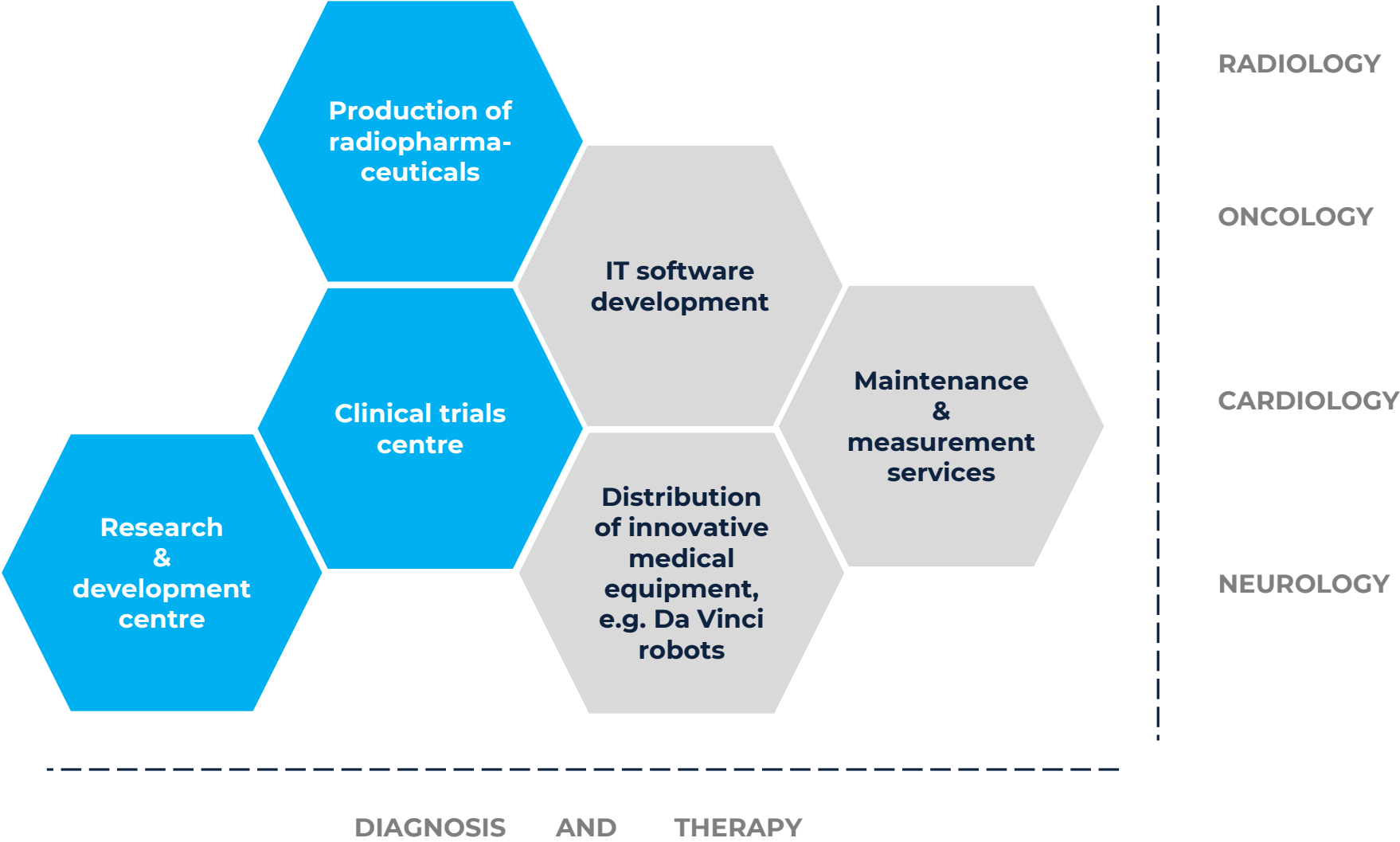
Indexes	WIG, sWIG80, WIG-Poland
ISIN	PLSNKTK0001
Number of shares	8 529 129
Capitalisation ⁽¹⁾	PLN 202 m
Enterprise value ⁽²⁾	PLN 210 m
P/E ⁽³⁾	20.6
EV/EBITDA ⁽⁴⁾	11.6

SELECTED FINANCIAL DATA

Consolidated data in PLN m	Q1-Q3 2019/2020 ⁽⁵⁾	FY 2018/2019 ⁽⁶⁾
Revenue from sales	96.9	134.8
Recurring EBITDA ⁽⁴⁾	15.5	20.2
Net profit	6.0	9.1
Recurring net profit ⁽³⁾	8.8	11.9
Equity	73.1	70.3
Net debt	8.3	3.7

ABOUT SYNEKTIK

BUSINESS ACTIVITY



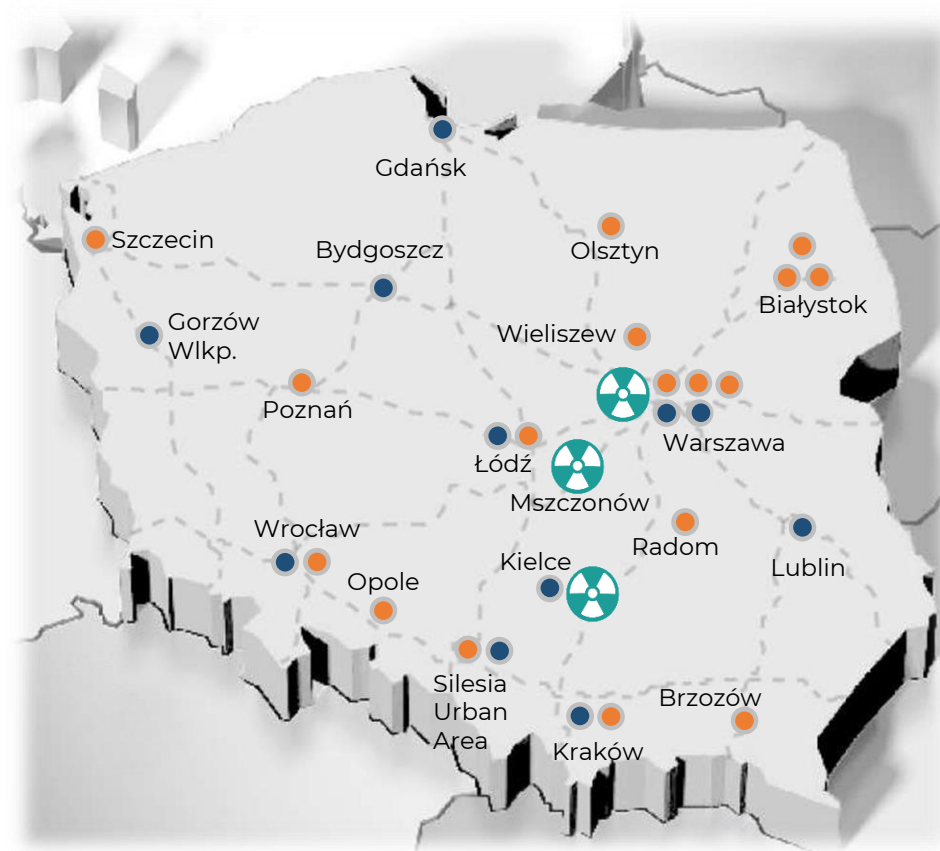
RADIOPHARMACEUTICALS






RADIOPHARMACEUTICALS

KEY INFORMATION

- › **Synektik is a leader in the production of PET/CT radiopharmaceuticals in Poland**
- › PET/CT centres supplied by Synektik:
 - › Basic radiopharmaceuticals: 13 (Poland)
 - › Special radiotracers: 16 in Poland and abroad
- › Synektik's **3 manufacture sites**:
 - › Kielce (from 2010)
 - › Warsaw (from 2014)
 - › Mszczonów (from 2018)
- › **Owner (MAH) of 7 radiopharmaceuticals**: Glunektik (FDG), Fludeoxyglucose, Fluorocholine, MonFCH, Metaflu, DOPA, FET
- › Well-equipped **R&D Centre** with highly experienced personnel and production potential, working on new radiopharmaceuticals
- › **Clinical Trials Centre**, which offers its services to third parties

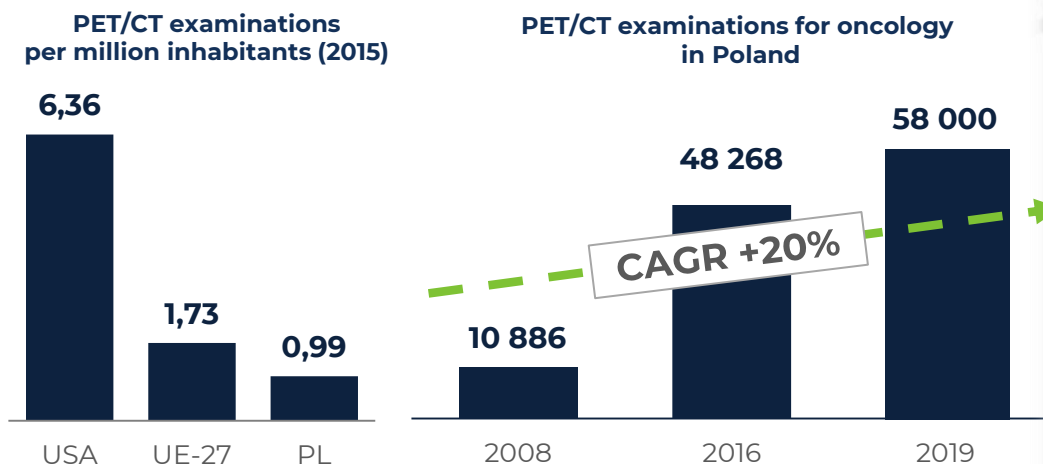


-  Synektik's manufacture sites (with cyclotrons)
-  Locations of public PET/CT centres in Poland
-  Locations of private PET/CT centres in Poland

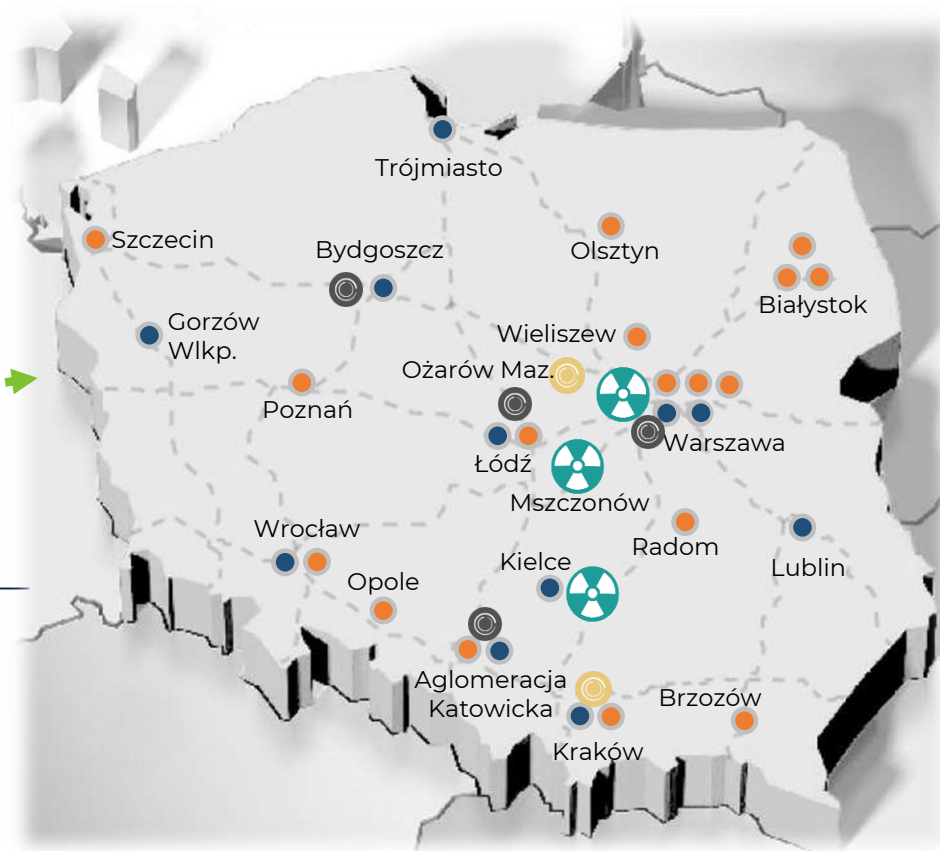
RADIOPHARMACEUTICALS POLISH MARKET

70-100k
per year

Expected number of PET/CT
examinations in Poland



- Despite very high growth in number of PET/CT examinations, demand for them is twice the number of tests currently conducted

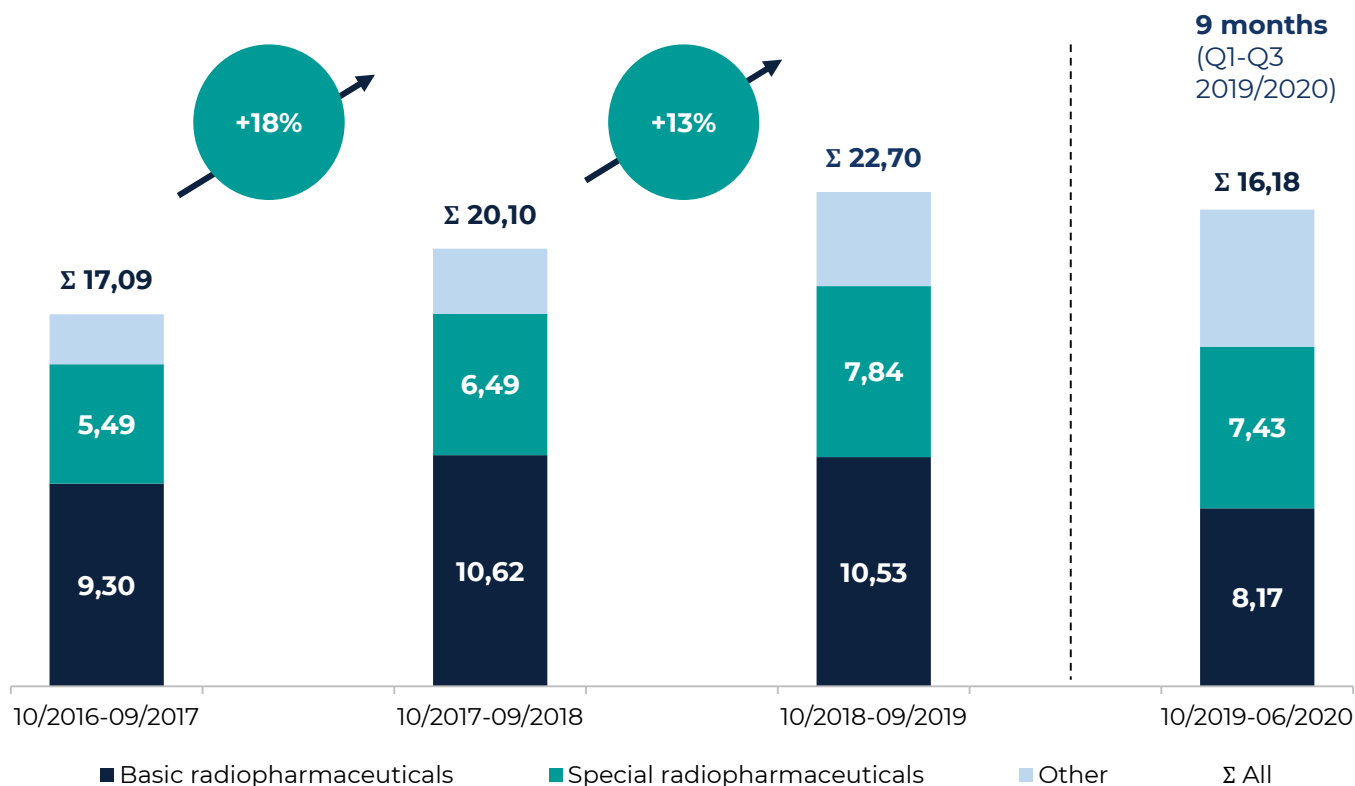


- Synektik's manufacture sites (with cyclotrons)
- Locations of public PET/CT centres in Poland
- Locations of private PET/CT centres in Poland
- Other public cyclotrons
- Other private cyclotrons

RADIOPHARMACEUTICALS

DOUBLE-DIGIT SALES GROWTH

Revenue from sale of radiopharmaceuticals (12 months, PLNm)



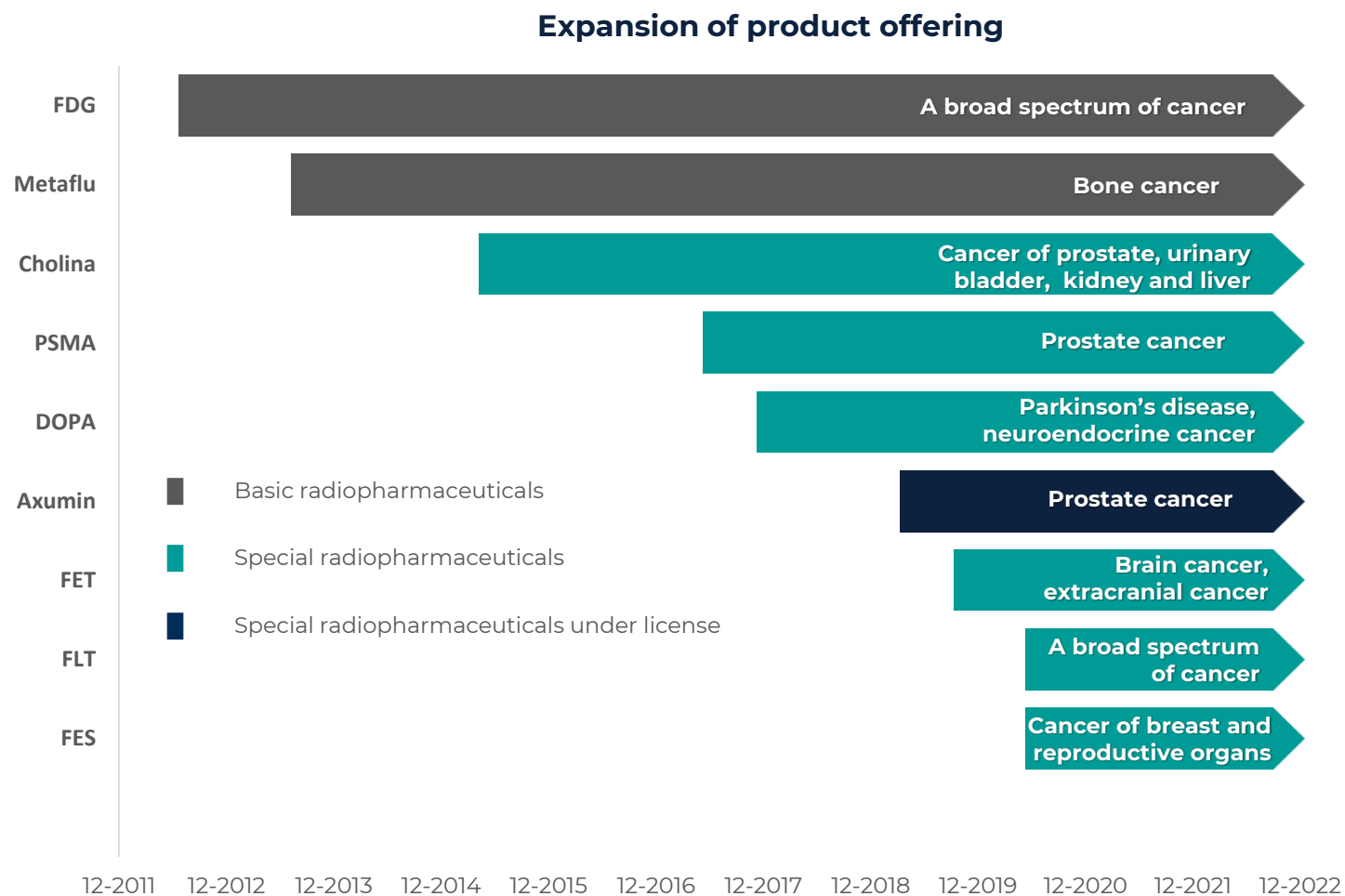
The above figures do not include internal sales

SALES RESULTS

- **PLN 22.7 m in revenue in 12-month period of FY 2018/2019, 13% y/y increase**
- Record-high PLN 7.84 m sales of special radiotracers in 12-month period of FY 2018/2019, 21% y/y increase
- **Record revenue of PLN 21.9m in Q1-Q3 2019, 34% growth y/y**

RADIOPHARMACEUTICALS OFFERING EXPANSION, R&D

- › Synektik remains the only producer of special radiopharmaceuticals on the Polish market
- › Synektik systematically increases its competitive advantage by expanding its offering to include new radiopharmaceuticals
- › R&D investments and implementation of production of new radiopharmaceuticals are financed by UE grants:
 - › Q4 2018 – PLN 1.5m for R&D investments
 - › Q1 2019 – PLN 0.9m for launch of new product (FLT)



ACQUISITION OF MONROL – CASE STUDY

SUMMARY

TRANSACTION RATIONALE

- › An important step in market consolidation EN
- › Strengthening Synektik's market position
- › Attractive production plant (location, equipment, production capacity)
- › Acquisition of commercial contracts
- › Improvement of the market environment (aggressive pricing of competitors)

REORGANISATION WITHIN SYNEKTIK

- › Optimisation of production capacity at Synektik's plants
- › Formation of a clinical research centre in Warsaw

100%

of shares in Monrol Poland Ltd Sp. z o.o. (Turkish subsidiary Eczacıbaşı Monrol)

> PLN 28.5m

initial value of the acquired fixed assets

< PLN 15m

purchase price paid by Synektik

Debt financing

(no issue)

ACQUISITION OF MONROL – CASE STUDY

REORGANISATION OF PRODUCTION PROCESSES AND COST SYNERGIES

- › Production of highly specialised radiotracers in Warsaw
→ **25% share in sales structure**

- › Launch of clinical research centre in Warsaw
→ **revenue for the last 12 months: PLN 3.8m**

- › Transfer of commercial markers production to Synektik's manufacture site in Mszczonów

- › Release of production capacity for the Research and Development Centre in Warsaw

- › Lower costs of direct material consumption

- › Lower transport costs

- › Lower costs of intermediate materials consumption

- › In-house laboratory services

→ **19% lower average production cost** per 1 dose at the Mszczonów manufacture site

→ **3.5% increase in profitability for the segment** at direct and indirect costs

Stronger market position and higher profitability in this segment

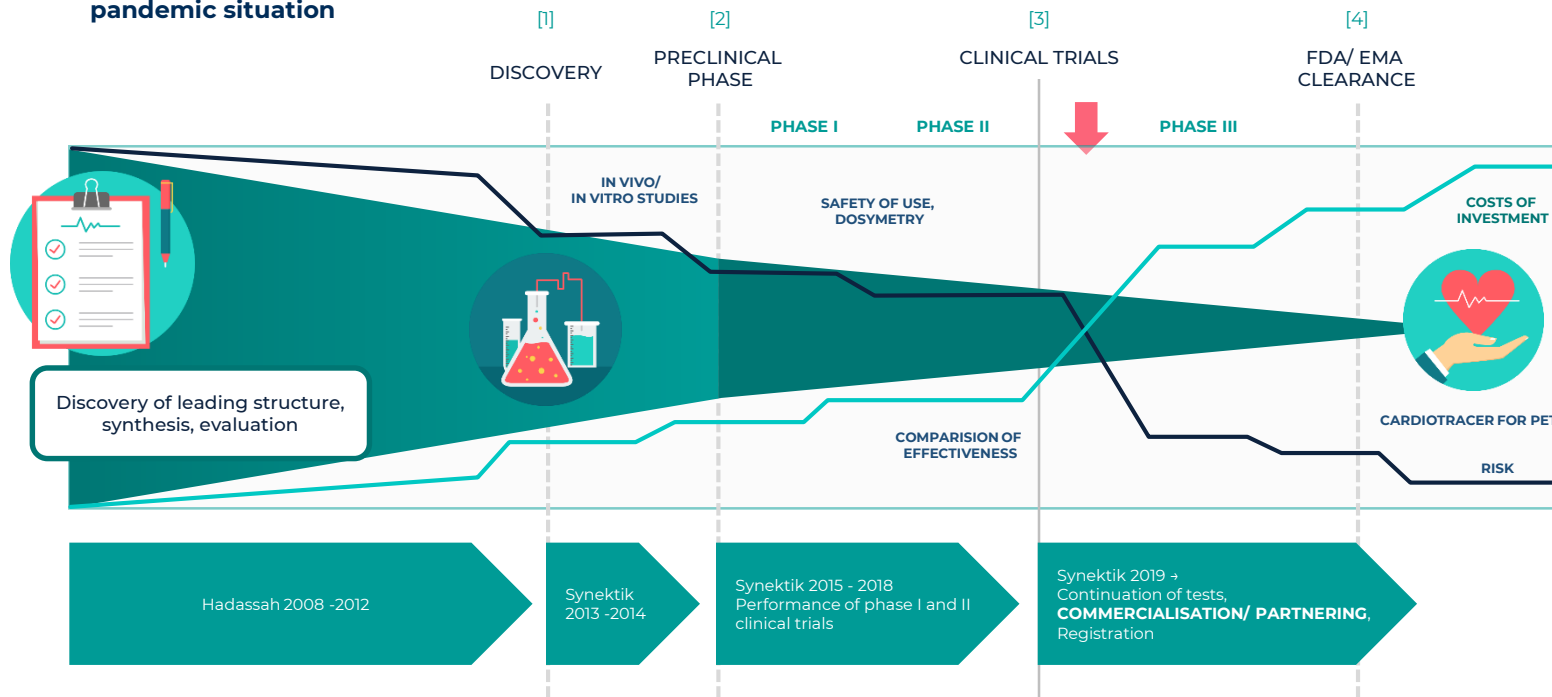
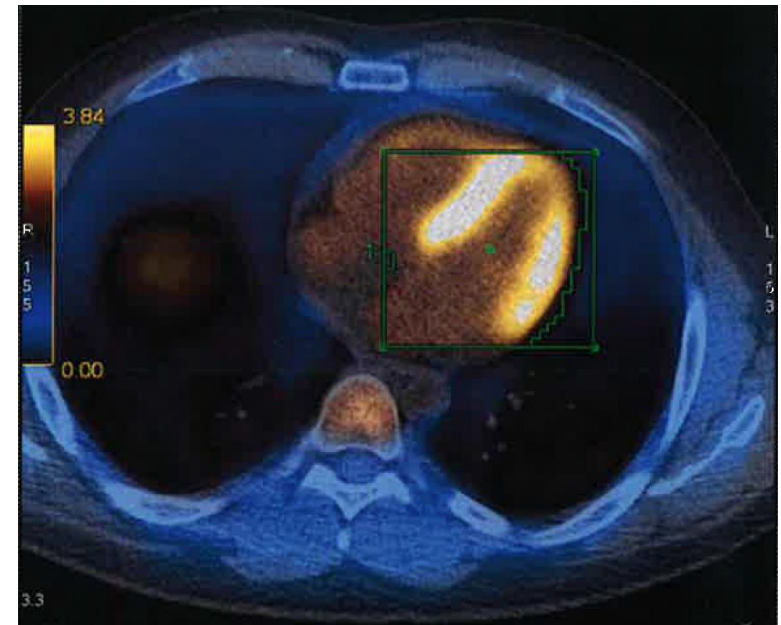
CARDIOTRACER



INNOVATIVE PRODUCT: CARDIOTRACER

PROJECT STATUS

- › The cardiac marker is an innovative radiopharmaceutical for evaluating myocardial perfusion in positron-emission tomography (PET) diagnostics
- › The project has been in development by Synektik since 2013
- › The second phase of clinical trials has been completed, its results have been summarised in a research report, and funding for the project from Horizon 2020 has been settled
- › Work is underway to prepare for the next phase of clinical trials and to update the assumptions and concepts together with a corresponding schedule for further product development
- › **The next phase of clinical trials for the cardiotracer will start in 2020, despite the pandemic situation**



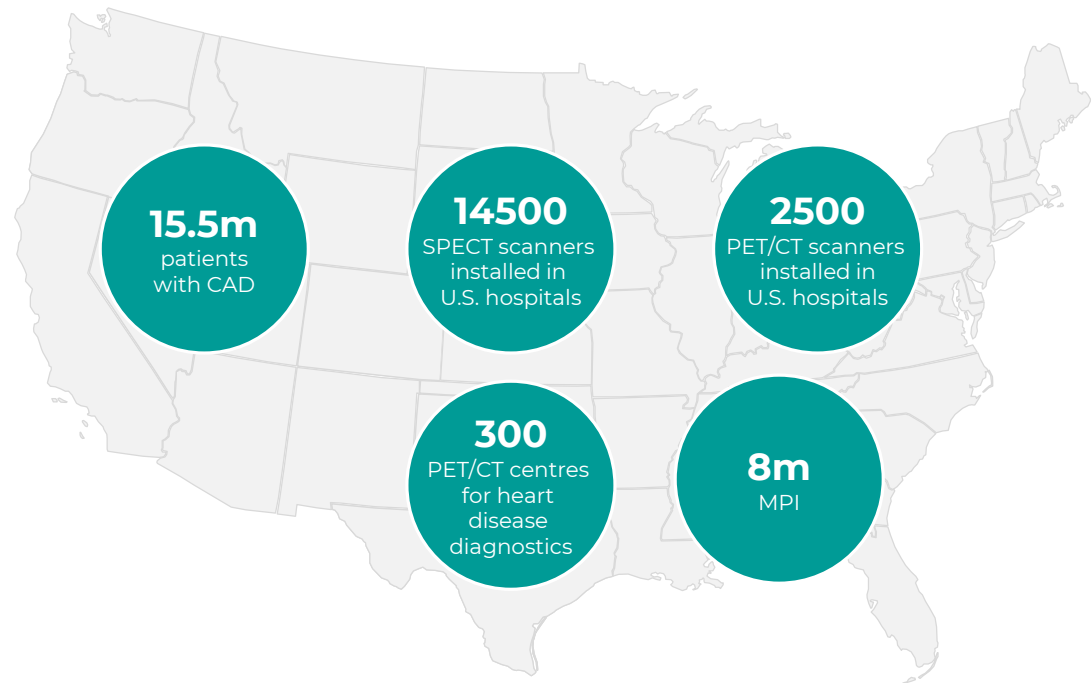
COMPETITIVE ADVANTAGES:

- › Improved image resolution and contrast
- › Reduction of radiation dose
- › Quantitative analysis of myocardial blood supply in absolute terms
- › Possibility of imaging so-called difficult patients
- › Shorter radiation retention time

INNOVATIVE PRODUCT: CARDIOTRACER

MARKET PERSPECTIVES

- › Cardiovascular diseases remain the leading cause of death worldwide:
 - › Globally around **30%** of deaths are caused by cardiovascular diseases
 - › In the U.S., one in three people die of cardiovascular disease
- › Coronary artery disease (CAD, ischemic heart disease) is responsible for about **45%** of deaths caused by cardiovascular diseases
- › Cardiac perfusion testing with PET/CT is considered to be the most effective non-invasive method for diagnosing coronary artery disease
- › In developed countries, the number of PET/CT scanners is growing faster than SPECT
- › One of the barriers to the popularisation of PET/CT tests in diagnosis of heart diseases is the lack of available radiopharmaceuticals with a sufficiently long half-life to allow for conducting tests further away from the production sites of radiopharmaceuticals
- › In the USA, the value of the radiopharmaceuticals market for MPI is estimated to be at least **USD 850 m**



Source: *Journal of Nuclear Cardiology*, 2016; *Annals of Nuclear Cardiology* Vol. 3, 2017; *Burden of Cardiovascular Disease in California*, 2016; *Heart Disease and Stroke Statistics 2017 At-a-Glance*, 2017, American Heart Association

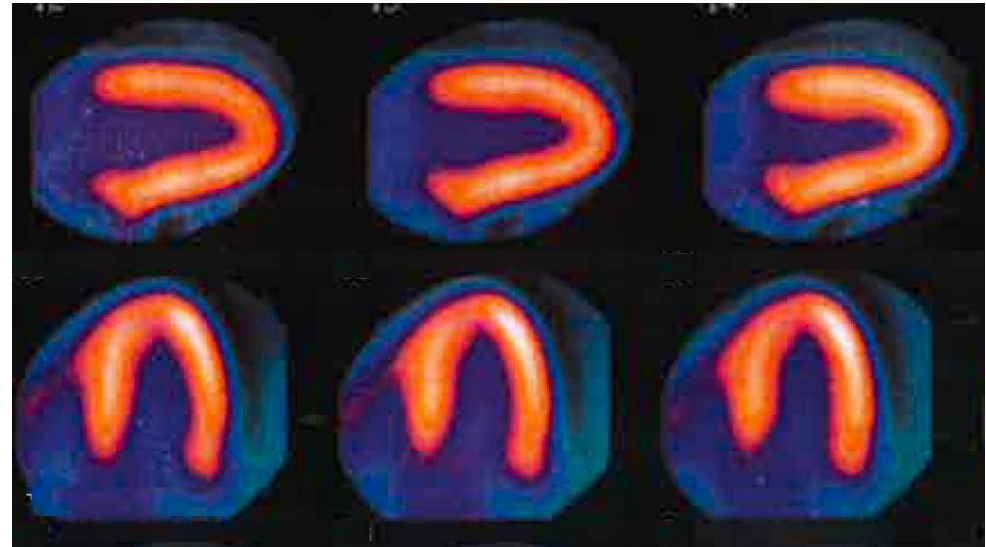
INNOVATIVE PRODUCT: CARDIOTRACER

PERSPECTIVES

POSITIVE OPINIONS ON PET-CT/MPI* METHOD FROM AMERICAN MEDICAL EXPERTS

- › Although SPECT is currently the dominant method for myocardial perfusion imaging (MPI) in the United States, significant growth in PET-CT was recorded in 2017
- › The American Society of Nuclear Cardiology and the Society of Nuclear Medicine and Molecular Imaging jointly chose the PET scan as the preferred method in the case of patients requiring pharmacological stress
- › The more complicated the case, the more likely a PET scan is to be used

** Source: Annals of Nuclear Cardiology Vol. 3 No. 1 157-162*



NEXT STAGE OF RESEARCH ON CARDIAC MARKER

- › Intended to prove the following advantages of PET over SPECT:
 - › high quality of image, strong sensitivity and adaptivity of the scan
 - › the same image quality for small and large patients, people with breast implants and those unable to lift up their hands
 - › four times less radiation (of significance to children and people with chronic coronary heart disease)
 - › faster imaging protocols, leading to shorter test times

MEDICAL EQUIPMENT AND IT



MEDICAL EQUIPMENT AND IT SOLUTIONS

KEY INFORMATION

- › **Synektik is a leading provider of medical equipment and IT solutions used in radiology, oncology, cardiology and neurology**
- › Core areas:
 - › Sale of medical equipment from several leading manufacturers, used in radiology, therapy and nuclear medicine
 - › Preparation and equipment for operating rooms (OR) and diagnostic or radiology centres
 - › Development of medical software and sale of licenses in the field of archiving and distribution of radiological images, teleradiology and administrative data
 - › Supply of specialist diagnostic and maintenance stations
 - › Maintenance and measurement services for medical equipment
- › Innovative project: platform [Zbadani.pl](https://zbadani.pl)

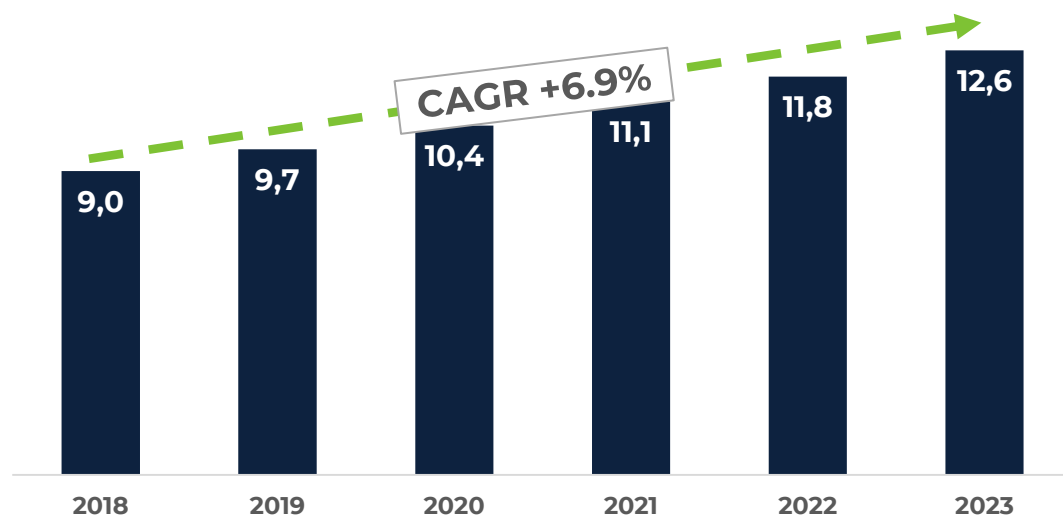


MEDICAL EQUIPMENT AND IT SOLUTIONS

MARKET DEVELOPMENT PERSPECTIVES

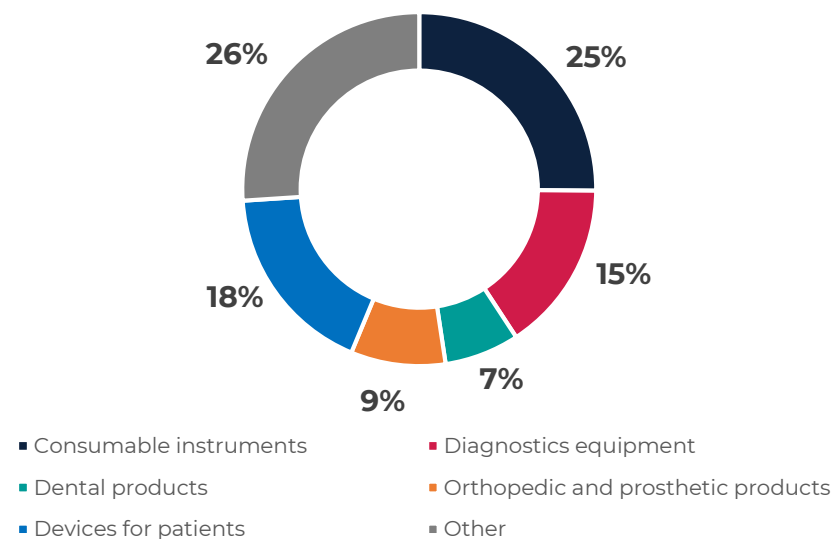
- The Polish medical device market has been growing at over 5% since 2017 (data from the Polmed Chamber of Commerce of Medical Devices), and its value reached PLN 9 billion in 2018
- According to Polmed experts, the market value will grow to PLN 12.6 billion by 2023. This market growth can be driven by an expected increase in public spending on medical care and the use of available EU funding for medical purchases

Growth forecast for Poland's medical device market (PLN bn)



Data: Polmed

Polish medical device market by segment (%)



MEDICAL EQUIPMENT AND IT SOLUTIONS PARTNERS

Surgery

INTUITIVE

Radiotherapy



Oncology

CAPNOMED

LOCCIONI



Nuclear Medicine



Radiology



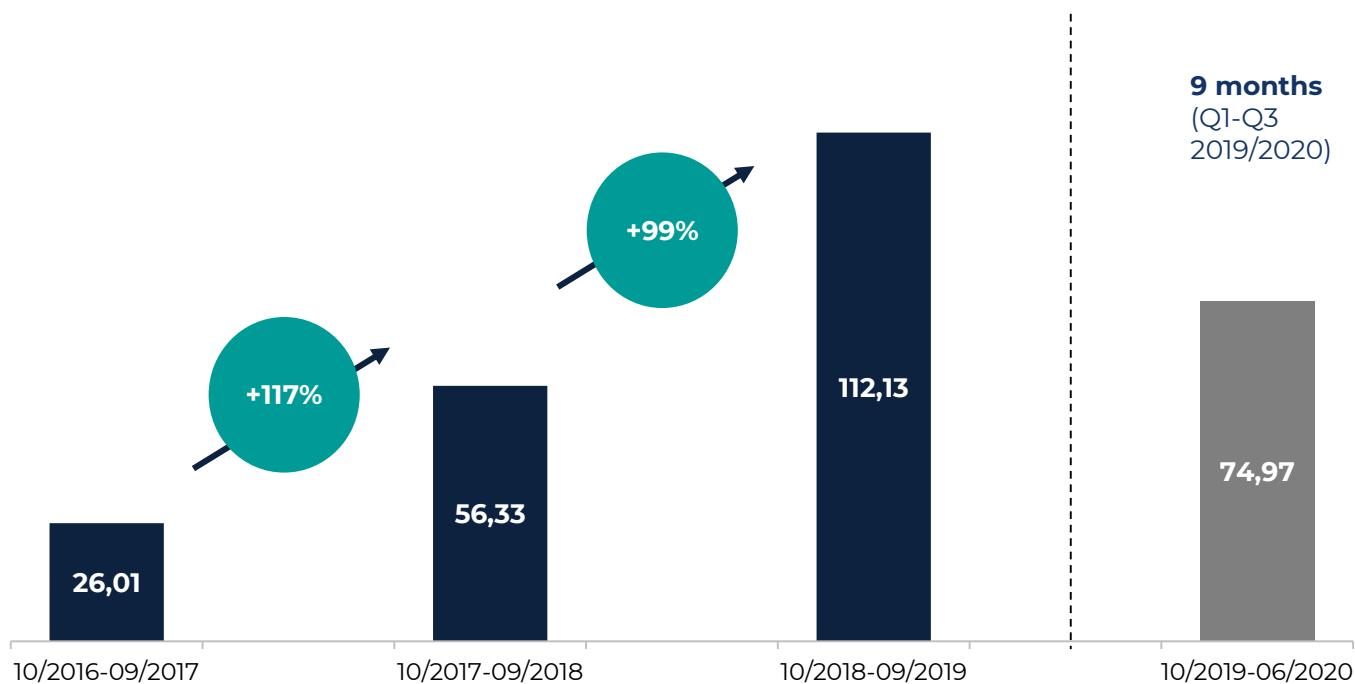
intrasense®



PHILIPS

MEDICAL EQUIPMENT AND IT SOLUTIONS REVENUE HAS DOUBLED IN LAST 3Y

Revenue from sale of medical equipment and IT solutions
(12 months, PLNm)



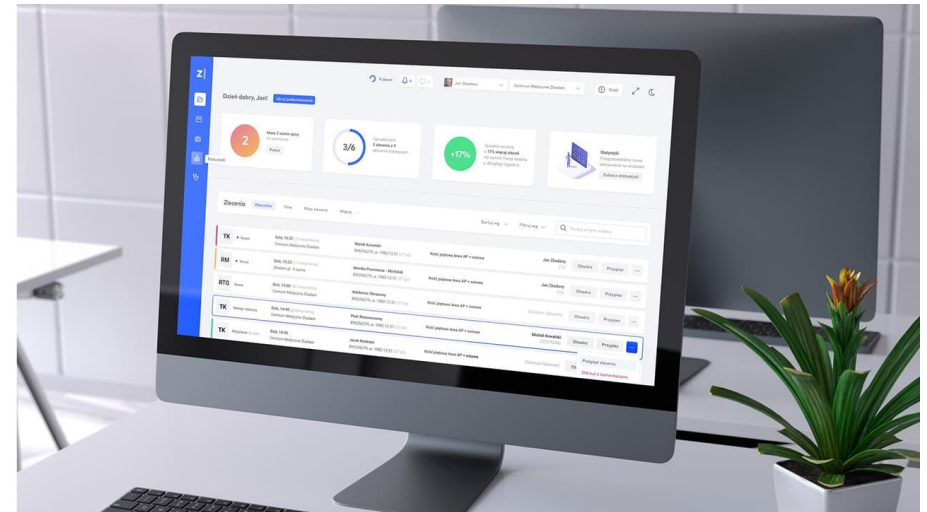
SALES RESULTS

- > Record-high PLN 112.1m in revenue from sale of medical equipment and IT solutions in 12-month period of FY 2018/2019, 99% y/y growth

MEDICAL EQUIPMENT AND IT SOLUTIONS

PROJECT BY SYNEKTIK: PLATFORM ZBADANI.PL

- › In Q3, we continued with pilot installations of our teleradiological platform ([Zbadani.pl](https://zbadani.pl)), which has been designed for:
 - › connecting patients, medical facilities, doctors and teleradiology interpretation centres
 - › providing a web-based tool that enables remote work of radiologists to describe DICOM images studies, granting on-line access to archival patients studies, managing orders and billings.
- › The software has been implemented in several descriptive centres and medical facilities
- › Platform development plans for H2 2019/2020:
 - › Grow the platform's reach by including new medical facilities, radiologists and teleradiology centres
 - › Optimisation (UX, speed and stability of solutions)
 - › Launch of patient-dedicated modules (Q4 2020)
 - › Development of a central dose register module
- › In the third quarter, the Group launched the InferRead CT Lung COVID-19 application (developed by InferVision), available to hospitals, for quick detection of COVID-19 during CT lung examination:
 - › Application based on artificial intelligence
 - › Access to AI results and reports for COVID-19 CT lung scan is provided via Zbadani.pl

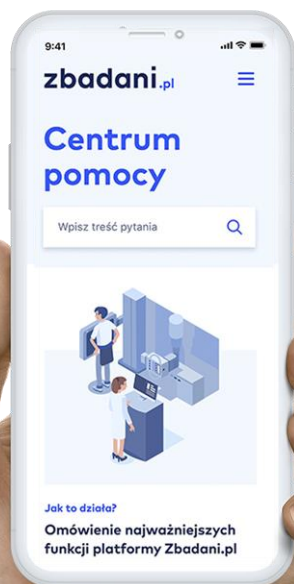


Zbadani.pl platform, view of module for medical facilities

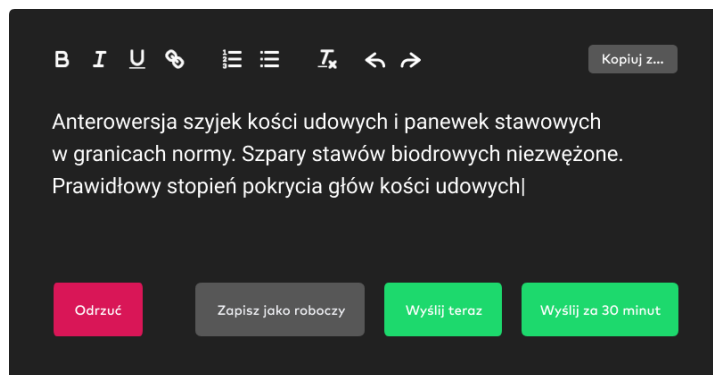
MEDICAL EQUIPMENT AND IT SOLUTIONS

PROJECT BY SYNEKTIK: PLATFORM ZBADANI.PL

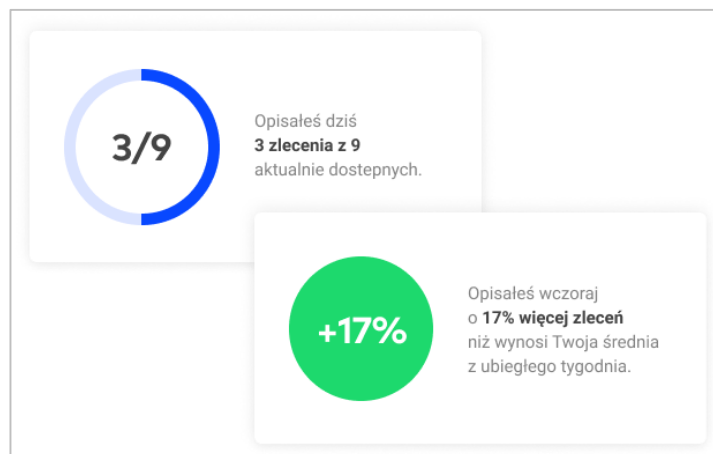
Ongoing support



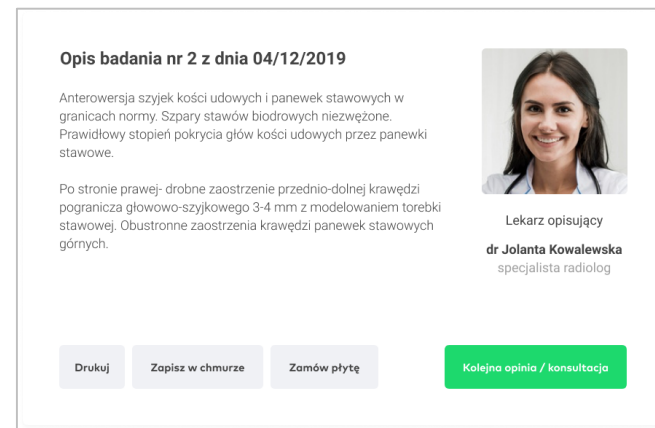
Dark mode to ease strain on diagnosticians' eyes



Statistics to facilitate work



Benefits for patients



MEDICAL EQUIPMENT AND IT SOLUTIONS

PROJECT BY SYNEKTIK: PLATFORM ZBADANI.PL

Test description or consultation window

B I U Szablony

Anterwersja szyjek kości udowych i panewek stawowych w granicach normy. Szpary stawów biodroł

☒ Wymagające uwagi

Odrzuć Zapisz jako roboczy Wyślij teraz Wyślij za 10 minut

Załączniki

skan_lepsza_jakość.pdf

załącznik_2019_12_01_pacjent4714198.pdf

Podgląd skierowania Powiększ

placówka jednostki kierującej mięscowość data

List of studies and orders

MR	Nowe EMERGENCY	Dziś, 09:13 (15 minut temu) Centrum Zdrowia Zbadani
CT	Wersja robocza CITO	Dziś, 09:10 (18 minut temu) Centrum Zdrowia Zbadani
RTG	Wysyłanie (za 6 min)	Dziś, 07:13 (ponad godzinę temu) Centrum Zdrowia Zbadani
TK	Wersja robocza	Wczoraj, 21:34 II opinia dla Pacjenta

Requesting descriptions by the medical facility

Twoja Placówka Medyczna Podgląd Edycja ...

Twoja Placówka Medyczna

Twoja Placówka Medyczna

Twoja Placówka Medyczna

Zwrot / Uwagi

Wyślij ponownie

Drukuj wynik

Usuń

Anuluj

Research downloading

Powiadomienia

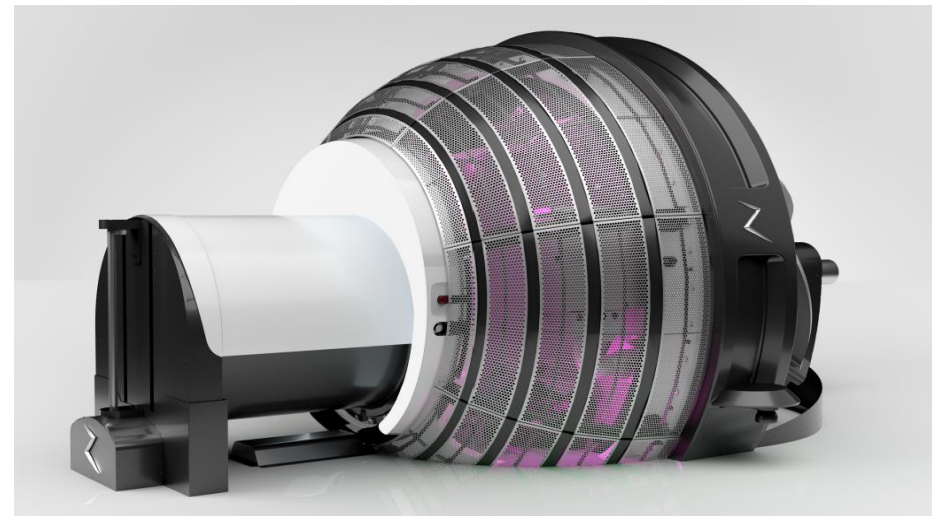
Pobieranie badań (1 z 4) ...

- **Wymagane działanie:** Badanie 417897234 (KOWALSKI JAN) gotowe do pobrania jako .zip ...
- **Pobieranie pliku .zip:** Badanie 417897233 (KOWALSKI JAN) jest pobierane z PACS...
- **Pobieranie pliku .zip:** Badanie 417897232 (KOWALSKI JAN) jest w kolejce do pobrania
- **Plik .zip gotowy**
Sprawdź status pobierania badania
KOWALSKI JAN w przeglądarce www

MEDICAL EQUIPMENT AND IT SOLUTIONS

ZAP-X: NEW PRODUCT FOR RADIOSURGERY OF BRAIN, HEAD AND NECK

- › In the first half of FY 2019/2020, Synektik launched ZAP-X - an innovative system for stereotactic radiosurgery (SRS)
- › The system is used for radio-surgical procedures performed on the brain, head and neck
 - › The system has its own innovative radiological curtain (no need to install additional covers, faster installation, mobility)
 - › With its unique technologies, ZAP-X is faster, safer, more precise and more economical to use than other commercially available SRS equipment
- › Synektik is the sole distributor of ZAP-X on the Polish market (producer: [Zap Surgical Systems](#))
- › Synektik is working on sales that, if successful, will affect FY 2020/2021 results:
 - › University of Warmia and Mazury has received additional funding of **PLN 18m** from the Ministry of Science - this is a step towards establishing a centre for head and neck radiosurgery at the University Clinical Hospital in Olsztyn



MEDICAL EQUIPMENT AND IT SOLUTIONS

STRATEGIC COOPERATION WITH INTUITIVE SURGICAL

4
↓

DA VINCI SYSTEMS
SOLD IN FY 2019/2020

11
↓

POLISH MEDICAL CENTRES
WITH AUTHORISED DA VINCI
SYSTEMS

1500
↓

DA VINCI SURGERIES IN
POLAND SINCE OCTOBER
2018

AGREEMENT ON DISTRIBUTION OF DA VINCI SYSTEMS

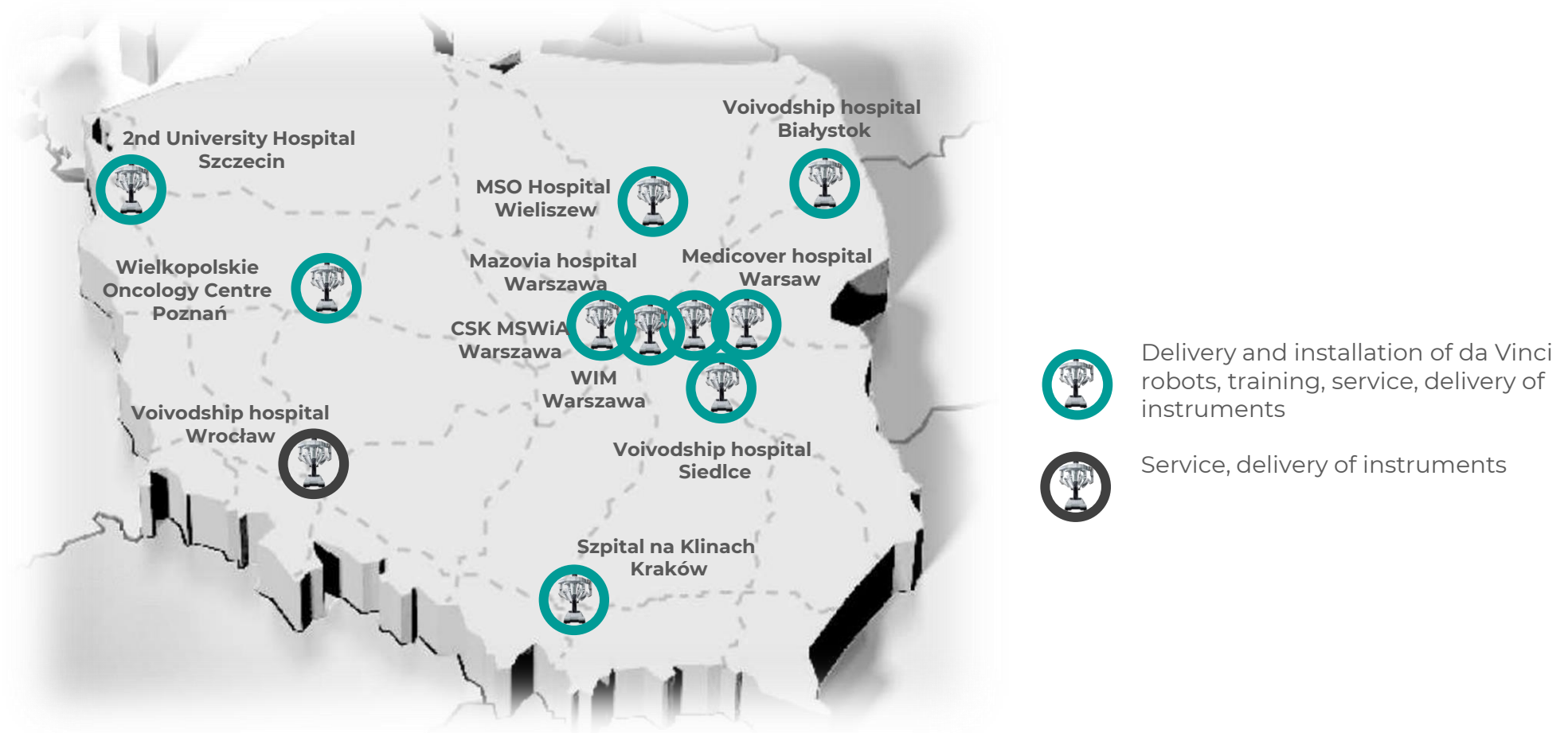
- › In July 2018, the Synektik concluded a cooperation agreement with Intuitive Surgical
- › Synektik has become the sole distributor of da Vinci® systems in Poland, being responsible for the sale and maintenance of surgical robots, instruments and accessories, training of system operators, regulatory and marketing issues

COMMERCIALISATION OF DA VINCI SYSTEMS

- › The Group has sold **4** Da Vinci systems in the current financial year. The total value of these contracts is **PLN 51.6 m**
- › The company is engaged in tender processes (e.g. hospitals in Międzylesie and Gorzów Wielkopolski), additionally the company will introduce Da Vinci leasing contracts to the market
- › According to a special report on the Polish robotic surgery market published by PMR and Upper Finance:
 - › approx. **40** surgical robots are expected to be deployed in Polish hospitals by the end of 2025
 - › The market will grow between 2020-2025 from PLN 166m to almost **PLN 570m**, representing an average annual increase in value (CAGR) of up to **28%**.
- › The number of surgeries performed using da Vinci systems is systematically growing every quarter. Since the beginning of this financial year **800** procedures were performed, compared to about **700** in 2018. Over the next two years, the number of surgeries will grow at over **100% CAGR**
- › In the next 3-4 years the Group's revenue from delivery of instruments and service will constitute over of the Group's total revenue from da Vinci system sales

MEDICAL EQUIPMENT AND IT SOLUTIONS

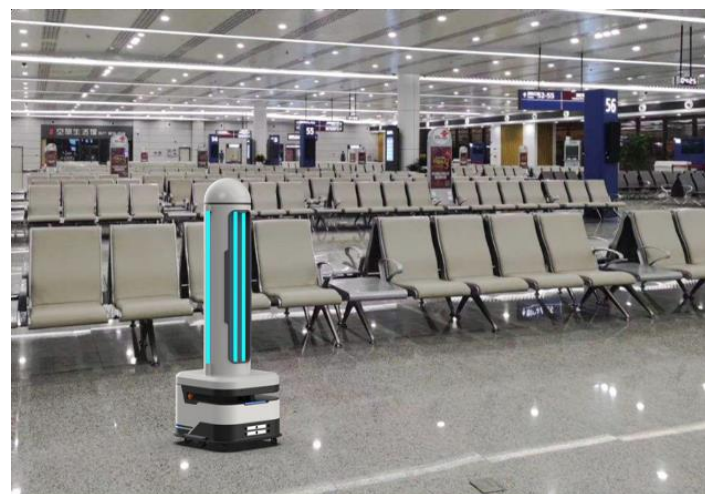
DA VINCI IN POLAND: SUCCESS AFTER TWO YEARS ON THE MARKET



MEDICAL EQUIPMENT AND IT SOLUTIONS

ACTION AGAINST COVID-19

- › In July Synektik concluded a cooperation agreement with Polish company Genomtec on the distribution of Genomtec's products, including fast laboratory tests for SARS-CoV-2:
 - › Genomtec has the Genomtec® SARS-CoV-2 RT-LAMP / N CE-IVD test approved for sale in Poland and EU
 - › The tests use RT-LAMP technology, which makes Genomtec tests faster than RT-PCR tests (20-30 min. vs. minimum 70 min. for RT-PCR)
 - › Genomtec is working to introduce more genetic tests
 - › The agreement allows Synektik to obtain exclusivity in Poland for distribution of Genomtec products for laboratory clinical diagnostics as a result of further negotiations, which are to be completed by 30 November 2020
- › The Group has become a distributor of Youibot's ARIS-K2 robot, dedicated to healthcare facilities, office buildings and shopping malls. Its main functions are:
 - › UV radiation disinfection of rooms
 - › Temperature monitoring of people with the use of a thermal imaging camera



FINANCIAL RESULTS

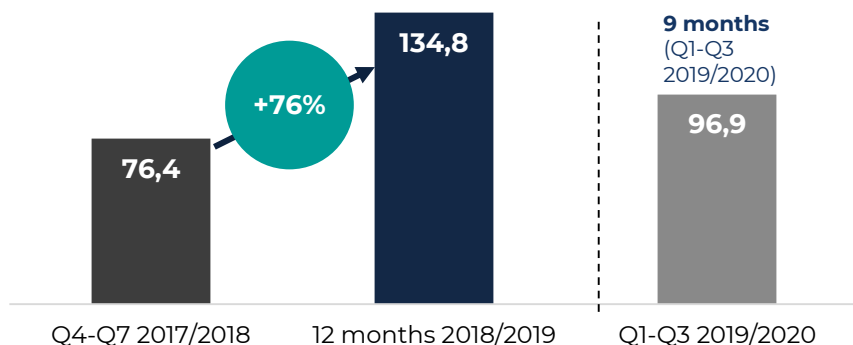


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2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

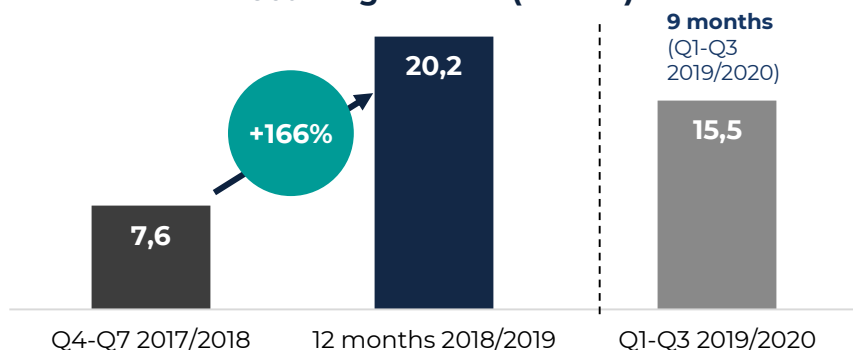
FINANCIAL RESULTS: FY 2018/2019 AND Q1-Q3 2019/2020

Consolidated revenue (PLN m)



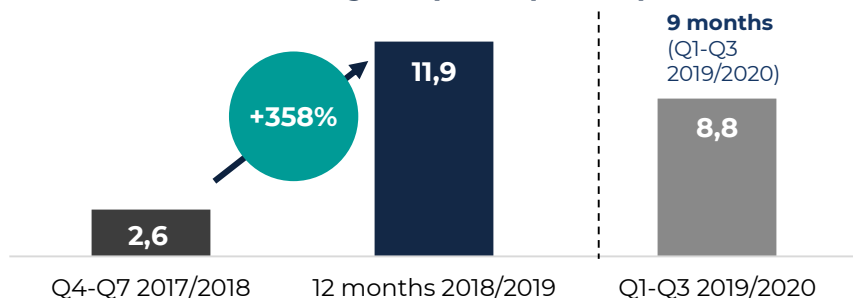
- > 76% growth in Group sales, due to 99% growth in revenue from sale of medical equipment
- > 13% growth in radiopharmaceuticals sales

Recurring EBITDA (PLN m)



- > 166% growth in recurring EBITDA (adjusted for one-off items and development costs recognised in period results)
- > EBITDA margin growth from 10% to 15% thanks to entry into therapeutic equipment segment and operating leverage effect

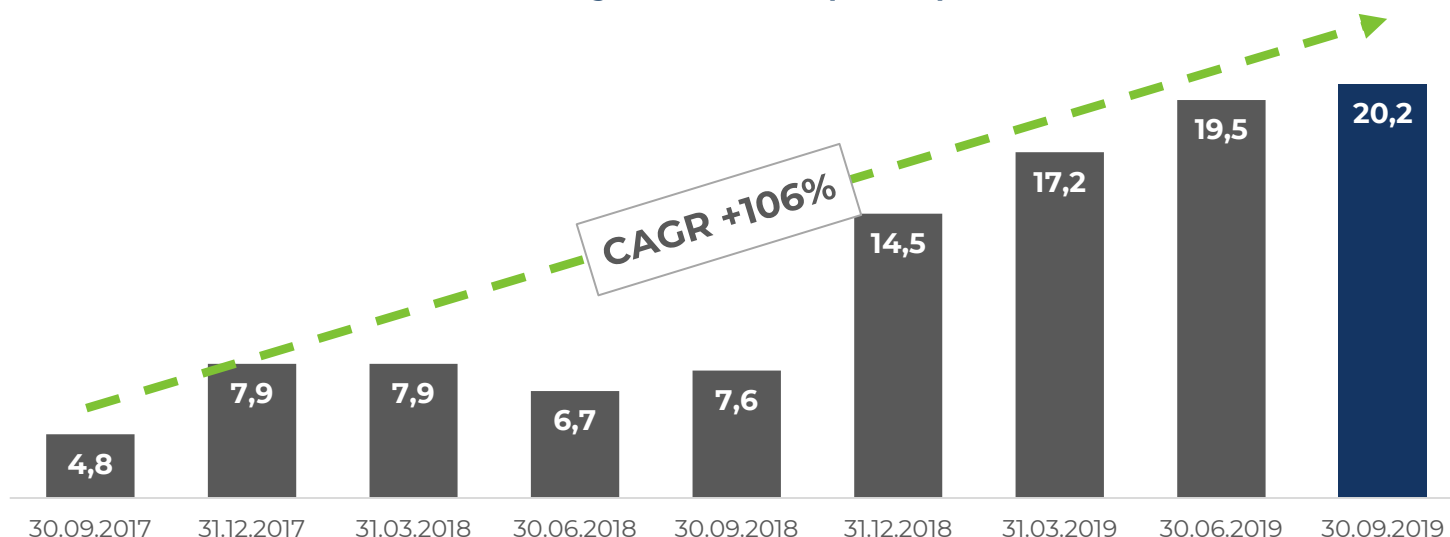
Recurring net profit (PLN m)



- > 358% growth in recurring net profit, driven by gains across all operating segments and cost discipline

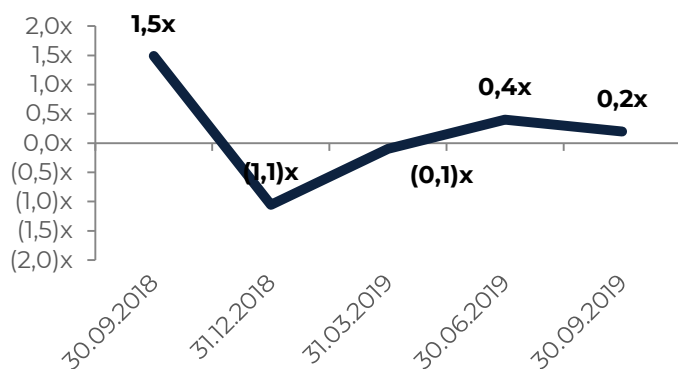
FINANCIAL RESULTS 2017-2019

Recurring EBITDA L12M (PLN m)

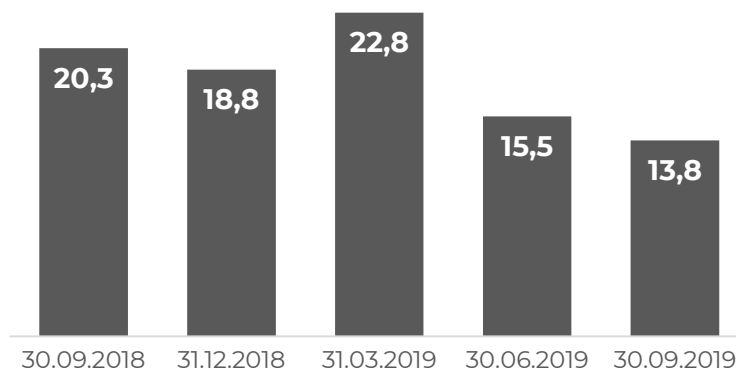


- Over the last two years, the recurring EBITDA L12M grew at an average annual rate of 106%
- Growing EBITDA and its strong conversion to cash translate into stable positive cash flows from operating activities
- Net debt to EBITDA remains at a safe level

Net debt to recurring EBITDA L12M



Operating cash flow L12M (PLN m)





Synektik

CONTACT DETAILS

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