

*This announcement contains inside information  
for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR).*

**EKF Diagnostics Holdings plc**  
("EKF" or the "Company")

**Trading update and performance bonuses**

EKF Diagnostics Holdings plc (AIM: EKF), the AIM listed point-of-care business, provides shareholders with the following update on current trading and performance bonuses.

The Company is pleased to announce that on current trading, revenues and adjusted EBITDA for the year ended 31 December 2019 are performing in line with current market expectations, which have already been upgraded following previous trading updates.

As previously stated, the Board remains confident that EKF will achieve further progress over the balance of the year. Following a period of investment in facilities and other initiatives, cash generation in the business has continued to be very strong with further upside available from the OEM contract with McKesson-Surgical Inc. for the distribution of Diaspect Tm in the US and the enzyme manufacturing business with Oragenics, Inc.

The Company operates a cash-settled, share based incentive (the "Incentive") for the Company's CEO and Finance Director (the "Executive Directors"), which is designed to pay-out in the event that the Company is acquired by a third party (an "Exit"). Since the date of implementation of the Incentive in June 2016, the EKF share price has nearly trebled and the Company has moved from being loss making into EBITDA profitability and from being cash consumptive to becoming strongly cash generative. In addition, EKF shareholders have benefitted from the creation of additional material value deriving from the establishment and spin out of Renalytix AI plc ("RENX"), the dividend in specie of RENX shares held by EKF prior to the IPO and the upside in market valuation since the RENX flotation in November 2018. As measured with reference to the closing mid-market price of EKF and Renalytix AI plc shares on 31 October 2019, the total value creation for EKF shareholders since the implementation of the Incentive is approximately £149 million. This figure excludes the anticipated maiden dividend referred to below.

Reflecting this delivery of value to shareholders by the Executive Directors, EKF's Remuneration Committee ("RemCo") has determined that it is now appropriate to distribute, as performance-related pay, a portion of amount that would otherwise be payable under the Incentive on an Exit. This determination recognises the delivery by Executive Management in the absence of any other performance-related pay mechanism and substitutes value creation to date for an Exit as the relevant trigger

for payment on this portion of the Incentive. The determination by RemCo follows consultation with holders representing over 60% of the total voting rights in the Company, who were in support of RemCo's proposed action.

The RemCo determination means that the Executive Directors will each receive an equal payment of approximately £1.345 million, comprising a baseline payment for value creation up to a 20 pence share price, plus a variable amount calculated as to 5% of the excess value over 20 pence per share. Although the Company's share price has consistently exceeded 28 pence throughout 2019 to date, and has traded in a range between 32 and 34.25 pence since the release of interim results on 10 September 2019, the bonus calculation is being made using a reference share price of 27 pence.

Following the above payments, RemCo considers that the remaining unpaid amounts under the Incentive continue to provide strong motivation to the Executive Directors, who will receive a further potential variable reward in the event of an Exit, equal to 5% of the excess value obtained over 27 pence per share.

For the avoidance of doubt, any future amounts payable to the Executive Directors under the Incentive in the event of an Exit shall be reduced by all previously paid amounts, including the payment of £200,000 to each of the Exec Directors in 2017. Accordingly, the aggregate amount payable to them under the Incentive is unchanged by the payments described above and the total value available to Shareholders on an Exit will be unaffected by the prior, partial utilisation of the Incentive to provide performance-related pay.

Further disclosure will be made in the Company's next Annual Report as to the independent assessment of the carrying value of the Incentive arrangement following the above payment.

As at 30 June 2019 EKF had net cash of approximately £11.8 million and held marketable securities (2,677,981 RENX shares) at approximately £4.6 million at fair value.

As at 31 October 2019 and as adjusted for the payments under the Incentive as though they had been made at month end, the Company had net cash of approximately £10.8 million and held the same marketable securities at approximately £3.9 million at fair value. The market value of the RENX securities as at 31 October 2019 was approximately £6.8 million. The Company therefore remains very well capitalised to execute its plans and continues to generate strong operating and net cashflows.

The performance-related payment is expected to be made to the Executive Directors in November. The EKF Board's previously stated intention to recommend a dividend of 1p per share in respect of the financial year ended 2019, subject to shareholder approval at Annual General Meeting ("AGM") to be held in H1 2020, remains unaltered.

The payments to the Executive Directors are considered to represent a related party transaction under the AIM Rules for Companies. The Non-executive Directors, having consulted with N+1 Singer as the Company's nominated adviser, consider the terms

of these payments to be fair and reasonable in so far as shareholders are concerned.

*The person responsible for making this announcement on behalf of the Company is Christopher Mills.*

**Enquiries:**

**EKF Diagnostics Holdings plc**

Christopher Mills, Non-Executive Chairman  
Julian Baines, CEO  
Richard Evans, FD & COO

[www.ekfdiagnostics.com](http://www.ekfdiagnostics.com)

**Tel: 029 2071 0570**

**N+1 Singer (Nomad & Broker)**

Aubrey Powell / Lauren Kettle / George Tzimas (Corporate Finance)  
Tom Salvesen (Corporate Broking)

**Tel: 020 7496 3000**

**Walbrook  
PR Limited**

Paul McManus/ Lianne Cawthorne

**Tel: 020 7933 8780 or [ekf@walbrookpr.com](mailto:ekf@walbrookpr.com)**

Mob: 07980 541 893 / 07584 391 303

**About EKF Diagnostics Holdings plc ([www.ekfdiagnostics.com](http://www.ekfdiagnostics.com))**

EKF is a leading point-of-care diagnostics and central laboratory assay manufacturer with an estimated 80,000 hemoglobin, hematocrit, HbA1c, glucose and lactate analyzers in regular use across more than 100 countries. EKF specializes in developing tests for use in anemia and diabetes diagnosis and management, as well as providing a portfolio of reagents for use in clinical chemistry analyzers.

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