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EKF Diagnostics Holdings PLC
30 March 2021

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("MAR")

EKF Diagnostics Holdings plc
("EKF", the "Company" or the "Group")

Final results

EKF Diagnostics Holdings plc (AIM: EKF), the AIM quoted point-of-care business, announces its final results for the year ended 31 December 2020.

Financial Highlights

- Revenue up 45% to £65.3m (2019: £44.9m)
- Gross profit up 58% to £37.4m (2019: £23.7m)
- Adjusted EBITDA[1] up 113% to £25.5m (2019: £12.0m)
- Profit before tax £15.4m (2019: £5.5m)
- Basic Earnings per share of 2.45p (2019: 0.81p)
- Cash generated from operations of £13.8m (2019: £5.1m)
- Cash at 31 December 2020 of £21.9m (2019: £12.1m), net cash after borrowings of £21.4m (2019: £11.4m)
- Value of investments in marketable securities at year end of £6.5m, after sale of Renalytix shares raised £7.7m (2019: £9.7m)
- Maiden cash dividend of £4.5m paid to shareholders, equivalent to 1p per ordinary share

Operational Highlights

- Significant improvements in revenue and profits, resulting from successful COVID-19 related contract manufacturing business
- Core business held up well in light of the global pandemic: revenues were down £6.5m YoY (-14%), however there were strong performances and signs of a steady recovery are apparent:
  - *DiaSpect Tm up £548k (+15%), due to strong performance from OEM partners McKesson and Fresenius Kabi*
  - *Quo-Lab up £210k (+9%) due to improved sales in EMEA and improved shelf-life of reagent cartridges*
  - *HemoControl and HemoPointH2 sales down £2.6m (-36%) as anaemia screening programmes were paused or cancelled, particularly Peru (-£1.1m), and reduced demand from Women & Infants Clinics in US*
  - *b-HB down £847k (-9%) due in part to the fulfilment of large orders from Cardinal in Q4 2019*
  - *Reduced demand for diabetes testing, especially in China and Southeast Asia*

- *COVID-19 restrictions in laboratories, universities and organized sport impacted research use market for lactate and clinical chemistry product*
- Post period end, recovery of core business underway in Q1 2021:
  - *Fresenius Kabi up +20% YoY following tender wins in Asia and the Middle East*
  - *Tender win in Rwanda c. 200k tests; screening programmes in Uganda, Ghana, Kenya and Egypt*
  - *First shipment of 1,000 DiaSpect Tm analysers to South Africa following tender win*
  - *CBER[2] approval of DiaSpect Tm allows EKF to start selling into US blood banks from March 2021*
  - *Won South Carolina WIC tender, displacing HemoCue; other WIC tender opportunities expected*
  - *New pregnancy testing accounts won following exit of major competitor from the US market*
  - *Won Jharkhand (India) tender (3 million DiaSpect Tm cuvettes); additional tenders in the pipeline*

[1] *Earnings before interest, tax, depreciation and amortisation, share-based payments and exceptional items, as laid out in the income statement*

[2] *Centre for Biologics Evaluation and Research, part of the US FDA, which (amongst other things) regulates medical devices involved in the testing of licensed blood, blood components and cellular products*

[3] *Women, Infants and Children*

Trading update & Significant expansion of COVID-19 sample collection kit supply agreement

This morning EKF also announced the signing of a new multi-million dollar global supply contract with its partner from the private sector. The new multiyear global supply contract will support its partner's world-wide staff testing initiative, with orders to be fulfilled from EKF's production sites in the UK, Germany and the United States.

This expanded global contract is expected to make a considerable contribution throughout the current financial year. The Board is confident that trading for the year ending 31 December 2021 will be significantly ahead of already upgraded management expectations.

Christopher Mills, Non-Executive Chairman of EKF, commented:

"*EKF has come through 2020 in an extremely strong position. The Group has been able to make a real contribution to the fight against the COVID-19 pandemic, which sadly has been very costly for many in lives and income. In doing so, EKF has delivered on every level and our core business has held up well.*

"*The improvement in trading in our core business and the strong demand for COVID-19 sample collection devices has continued into the new financial year. Whilst necessarily maintaining a conservative approach to forecasting for our core business, we have already announced that our performance for the first quarter of 2021 will be materially ahead of expectations and the same quarter last year. This* *morning's news that we have expanded a key supply agreement to become a multi-million dollar global supply contract, means that we are confident that trading for the year ending 31 December 2021 will be significantly ahead of already upgraded expectations.*"

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About EKF Diagnostics Holdings plc (www.ekfdiagnostics.com)

EKF specialises in the development, production and worldwide distribution of point-of-care analyzers and clinical chemistry reagents for use across more than 100 countries in hospital and research laboratories, doctor's offices, blood banks and for in-field anaemia screening programmes. EKF is also a bulk manufacturer of enzymes and has custom manufacturing facilities in the USA for a variety of life science products.

In 2020, EKF developed a range of COVID-19 testing products including PrimeStore MTM, an FDA-approved and CE marked sample containment device that allows the safe handling, transportation and analysis of test swabs and samples, which it manufactures under licence, and COVID-SeroKlir, a leading ELISA-based antibody test from Kantaro Biosciences that provides a precise measurement of COVID-19 IgG antibodies.

A presentation for investors is available to view here: https://www.ekfdiagnostics.com/documents-reports.html. A further announcement will be made when the annual report and accounts for the year ended 31 December 2020 (incorporating the notice of Annual General Meeting) has been made available online at the same web address; hard copies will be sent to shareholders who have opted to receive materials in this format at the same time.

Chairman's Statement

2020 has been an unusual but highly successful year for EKF and I must first extend my thanks to the Executive team for their achievements over the last year, which by any standards have been outstanding and have contributed to a significant increase in shareholder value.

I am delighted that across our business, our teams responded very quickly to the challenges that faced our core business due to the impact of the global COVID pandemic. To their credit, we have simultaneously and rapidly adjusted the business to assist our partners in the USA and Europe in their COVID response.

Consequently, we have had by far our most successful year to date, with record turnover and profits. Revenues across the Group are up 45% to over £65m (2019: £44.9m) and adjusted EBITDA increased by 113% to £25.5m (2019: £12.0m). This strong performance has continued into the first quarter of 2021 and in January we announced that Q1 2021 performance would be materially ahead of current management expectations and that of the first quarter of 2020.

Strategy

It is important to note that we continue to focus heavily on our core business, which we define as all operations outside our COVID-19 related product range. Our major strategy aims are:

1. to continue to build our installed base of point-of-care analysers which generate an ongoing stream of revenue through the sale of proprietary consumables;
2. to supply a range of clinical chemistry reagents for use on our own and third party analysers;
3. to grow our contract and partnership enzyme manufacturing business; and
4. to continue to exploit our Preferred Partnership Agreement ("PPA") with Mount Sinai Innovation Partners ("MSIP"), which allows us advanced access to innovative commercial opportunities arising from certain technologies managed by MSIP.

Impact of COVID-19

As a global supplier of diagnostic and clinical chemistry products, we have experienced disruption in nearly every market we serve, and despite this we have still delivered what we consider to be a robust performance in our core business. The core business delivered revenues of over £38m, and whilst this is a reduction of 14% versus previous year revenues, this was a better performance than our own expectations. The second half showed signs of improved performance in both Diabetes and Hematology, and this recovery has continued into the new financial year.

Our sales and operations teams have worked extremely hard in often trying circumstances - in many cases working from home and being unable to travel - to limit the effect on our business, and I believe they have been very successful. Equally, we have showed the best strengths of our business in the way that we have reacted to the opportunity which arose for viral transport medium related products.

Having done some preparatory work in 2019, long before the world had heard of COVID, in March 2020 we signed a contract manufacturing agreement with Longhorn Vaccines and Diagnostics LLC in the US for their FDA-approved PrimeStore MTM sample collection device. It is designed to de-activate pathogens rapidly and stabilise test samples for up to four weeks with no requirement for cold storage. This approach also allows samples to be tested by a greater number of laboratories, as the handling risks for the deactivated virus are reduced.

The sudden demand for this product meant that from a standing start at our facility in Boerne, Texas, we had to create a supply chain, a reagent production line and a tube filling line for a regulated product, along with all of the associated peripheral activities. We quickly realised that there would also be a demand for this product in Europe. In the UK, a project team was formed which created a fully manned and trained production facility from scratch using space that had been set aside for development activities, and was up and running in less than 8 weeks. In Germany, a further production line was also started.

It has taken enormous flexibility, dedication, skill, and teamwork, especially from the project teams set up to create and run these facilities, but also from everyone else in the organisation and on behalf of the Board I would like to extend my thanks to all of them. Their work is not over; as the pandemic evolves, so do the needs of our customers, whose programmes are continuing into 2021.

MSIP Preferred Partnership Agreement

MSIP is responsible for driving the real-world application and commercialisation of discoveries and inventions made within the Mount Sinai Health System ("MSHS"), New York's largest integrated healthcare delivery system. EKF has established a longstanding and close working relationship with MSIP, and in 2019 signed a non-exclusive partnership agreement. The agreement provided EKF and MSIP with a framework to explore commercial opportunities together and to select and support pioneering medical approaches that could make improvements to people's lives and to healthcare economics. EKF has access to opportunities which benefit from a clinician and demand focused approach to developing commercially relevant healthcare products and services. This partnership has now led to the development of three new businesses which between them are worth over $1bn: Renalytix AI plc, the developer of artificial intelligence-enabled diagnostics for kidney disease; Verici Dx plc, a developer of advanced clinical diagnostics for organ transplant; and Trellus Health Limited, a company working to transform the way chronic conditions are treated, with an initial focus on Inflammatory Bowel Disease (IBD), including Crohn's disease and ulcerative colitis.

During 2020, EKF sold just under 63% of its holding in Renalytix, raising £7.7m. The remaining holding was worth £4.9m at year end. Just prior to this sale, the Group benefited from the receipt of shares in Verici when it was spun out of Renalytix by way of a dividend in specie. At 31 December this holding was worth £1.6m.

In August, EKF invested $5.0m in Trellus in return for a 31.1% holding, alongside Mount Sinai and others. In December, the Company transferred this shareholding to its then shareholders by way of a dividend in specie. It is expected that Trellus will complete an IPO in 2021.

The Group continues to work with MSIP to develop further opportunities.

Share capital

During the year to 31 December 2020 we have again not utilised the permission we hold from shareholders to acquire shares for cancellation. It remains our intention to do so when appropriate.

The process of simplifying our share capital has continued through the exercise of 900,000 options for a total value of £209,000 and the cancellation of 25,000 share options at the election of the holder, in return for a small payment.

Dividend

In December 2020, the Company paid its inaugural cash dividend of 1p per share as a final dividend for 2019, a total of £4.6m. We are pleased to confirm that, given the progress in EKF's business and its strong cash generation, it is our intention to make a further dividend payment to shareholders of 1.1p per ordinary share, as previously indicated. If approved by shareholders at the Company's next Annual General Meeting, payment will be on 1 December 2021 to shareholders on the register on 4 November 2021.

Cash-settled share-based incentive

The Company operates a cash-settled, share based incentive for the Executive Directors, which is designed to pay out in the event that the Company is acquired by a third party (an "Exit"). During the present year EKF shareholders have benefited from very strong increases in value through the improved performance of the Group and the investment opportunities that we have followed. Reflecting this delivery of value to shareholders by the Executive Directors, EKF's Remuneration Committee determined that, in the absence of any other performance related pay mechanism, it was appropriate to distribute, as performance-related pay, a portion of the amount that would otherwise be payable under the Incentive on an Exit. The Executive Directors each received an equal payment of approximately £0.23 million in July 2020, comprising a variable amount calculated as to 5% of the excess value over 27 pence per share, calculated using a reference share price of 29 pence. 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. 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. The Remuneration Committee 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 29 pence per share. In January 2021, the Executive Directors received a further payment under the scheme of £0.5m each, in recognition of the further significant value creation for shareholders. As a result, the new base line will be 33.4p.

Results overview

The Chief Executive's and Finance Director's statements contain a review of the year and an overview of the financial performance of the Group.

COVID-19

The recent COVID-19 pandemic has created uncertainty in the market in the short term. Many countries remain closed, and government action continues to have a significant effect on economies across the world. The eventual severity and length of the economic disruption is impossible to forecast. We believe we have a robust plan in place to mitigate the effect of the disruption on the business including taking the following actions (amongst others):

- Ensuring the safety of our employees by organising for as many staff as possible to work from home and making appropriate adjustments in the workplace
- Improving our computer networking to facilitate remote working
- Gaining designation as a company essential to basic medical care which allows our premises to remain open even in a lockdown
- Improved social distancing by limiting physical meetings, expanding flexible working, and altering production practices
- Banning international travel and limiting domestic travel
- Increasing supplier and customer contact so as to be able to anticipate issues and react quickly
- Increasing raw material stock holding
- Increasing cleaning and disinfection cycles

We have insurance cover in place in case there is a loss of business, although it cannot be guaranteed that cover will be sufficient to protect against all eventualities.

While we have seen some disruption to our core business as a result of the COVID-19 pandemic, current trading suggests that our base case forecasts are still applicable. In addition, our range of COVID related products has been highly successful, bringing significant benefits to the Group, including higher revenue, profits, and cash balances. We believe the Group is in a strong position, however, it is difficult to assess reliably whether there will be any material disruption in the future, and for how long our COVID range will remain relevant. We have modelled a number of scenarios covering reductions in revenue of 10% and 50%, without taking into account the potential benefits of any mitigation strategies such as potential cost savings or insurance claims. While the eventual severity and length of the economic disruption stemming from the pandemic is impossible to forecast these models give the Directors reasonable confidence that the business can survive our worst-case scenarios for reductions in revenue for at least the next 12 months.

Board and Corporate Governance

All Board members have served throughout the year. The Board continues to believe that the current make-up of the Board is appropriate. We have adopted the corporate governance code issued by the Quoted Company Alliance. Further details of compliance are found in the Corporate Governance Statement and on the Company's website.

Outlook

EKF has come through 2020 in an extremely strong position. The Group has been able to make a real contribution to the fight against the COVID-19 pandemic, which sadly has been very costly for many in lives and income. In doing so, EKF has delivered on every level and our core business has held up well.

The improvement in trading in our core business and the strong demand for COVID-19 sample collection devices has continued into the new financial year. Whilst necessarily maintaining a conservative approach to forecasting for our core business, we have already announced that our performance for the first quarter of 2021 will be materially ahead of expectations and the same quarter last year. This morning's news that we have expanded a key supply agreement to become a multi-million dollar global supply contract, means that we are confident that trading for the year ending 31 December 2021 will be significantly ahead of already upgraded expectations.

Christopher Mills
Non-executive Chairman
30 March 2021

Chief Executive's Review

In what has been a year like no other I have been astounded at how my colleagues at EKF have been able to adapt to the pandemic, support a solid core business performance and introduce a new manufacturing capability from zero to a business that is now manufacturing hundreds of thousands of COVID-19 sample collection kits per annum. All the credit for this past 12 months has to go to the incredible employees at EKF in Wales, Germany and the US.

It has been a turbulent year as the timing of lockdowns globally have differed across the globe, but it has been an incredible effort from the team to maintain our core business globally.

As a result, we have come through 2020 with our core customer base intact and have developed new relationships, both directly and indirectly, with healthcare systems and a major corporate partner, and we're now seeing signs of recovery that bodes well for the future performance of our core business. We also expect to benefit further from those programmes suspended during 2020 coming back on-line this year.

Operations

The principal activity of the Group is the design, development, manufacture and sale of diagnostic instruments, reagents and certain ancillary products, as well as central laboratory reagents, which the Board considers to be a single segment. The Board considers the business primarily from a geographic perspective, but for interest describes below the performance of each major product group.

Point-of-Care

Hematology
Hematology delivered a respectable £11.0m in revenues, albeit a 20% reduction on the previous year (2019: £13.8m). DiaSpect Tm sales bucked the trend and were up by 15% as the OEM versions we produce, including those for McKesson and Fresenius, gained some traction, with Fresenius winning new business in Asia and the Middle East.

Sales of our Hemo Control product line were down by 36% as anemia screening programmes were either cancelled or postponed. We saw this particularly in Peru, which has been very badly affected by the pandemic and is a major user of our hemoglobin analyzer. Blood banks and WIC (Women, Infants, Children) centres in the US have seen closures and reduced volumes of patients since COVID struck.

It is incredibly encouraging to see sales in Peru and US-based WIC sales recovering in Q1 2021 and this recovery was supported by the recent WIC tender win in South Carolina. In addition, this WIC tender win was the first to include our newly launched EKF Link connectivity platform. EKF Link will enable us to enter all tenders moving forward that require connectivity which is a significant boost for the Company's commercial appeal.

For 2021 we are looking forward to anemia programmes returning to normal, to McKesson's Consult OEM version of DiaSpect Tm making continued progress, and the opportunity to start selling DiaSpect Tm into blood banks in the US.

Diabetes
Our Diabetes product sales held up very well against strong headwinds delivering over £19m of revenues compared to £20.6m of sales in 2019. The main product that demonstrated growth during the year was our HbA1c point-of-care analyzer, Quo-Lab, which increased by 9%, driven by increased reagent sales in EMEA; and Stat-Site, which measures β-HB and glucose in whole blood, following the launch of the Stat-Site WB meter which provides results in less than 10 seconds. Other product groups were affected by COVID-related decreases in testing volumes as diabetic clinics globally were closed or had limited opening hours. The reduction in β-HB Liquicolor reagent sales of 9% was more due to Cardinal placing a large initial order for their OEM branded product in Q4 2019 than a genuine reduction in demand. Overall, taking this into account our sales have been in line with expectations despite the pandemic.

Central Laboratory

Clinical chemistry and Life sciences
There has been a reduced demand in 2020 for chemistries, including enzymes, analysers and rapid tests, and many of the development projects we have been working on, including that with Oragenics, have been paused as a result of COVID-19. As a result, sales are down by 21%. We expect those projects to come back on stream in 2021, albeit a year behind our original expectations, with work on Oragenics and Ixcela due to recommence in Q3 2021. As a result of the delays, we

have slowed the capital programme at our South Bend site, and repurposed It to work on our own COVID products.

Contract manufacturing

While we have always had an interest in contract manufacturing, this area has seen a huge increase in revenue in 2020, rising from £0.18m to £26.3m with this continuing, so far, into 2021. Starting from the manufacture of the Primestore MTM reagent and filling tubes for Longhorn in the US, activities have expanded to encompass manufacturing in two sites in the US, two in the UK, and one in Germany. This includes a product portfolio of additional reagents, filled tubes in multiple sizes, testing kits, and now full retail packs with boxed contents including our testing kits and other materials. Our customer base has expanded beyond Longhorn to include Public Health England, clinics, universities, testing companies, and a large industrial partner (which we are unable to name for confidentiality reasons), with sales made to 13 countries in the Americas, Europe and Africa.

These activities are all associated with viral testing, and while much of the activity is driven by COVID, we believe that there will be an ongoing need for testing for this and other coronaviruses for the foreseeable future. However, in light of the uncertainty about how long this will stay at current levels, we have mitigated our forward risk by taking premises on short term leases with appropriate break clauses and using temporary labour where possible.

In addition to our COVID related contract manufacturing success, we have secured rights to Kantaro's COVID antibody ELISA test, SeroKlir, which was developed at Mount Sinai. We believe there are exciting opportunities for this test.

Other

This category includes sales of a number of products including our Lactate Scout sports medicine product and other diagnostic tests, the most important of which is for pregnancy. Professional sports medicine has been badly affected by the various lockdowns throughout our most important markets.

Regulatory update

Our most important new approvals came in the USA, where the DiaSpect Tm gained clearance from CBER for use in blood banks, and Hemo Control gained FDA clearance for additional data management functionality. We continue to work hard to succeed.

We are continuing to work towards the new requirements of the In Vitro Diagnostic Regulation (IVDR) in Europe which must be in place by May 2022.

Summary

It has been a difficult year for many people across the world, and I am proud that against this background EKF has not only survived but flourished. Our partners have grown to be dependent on the flexibility and high levels of customer service they are experiencing from EKF, and our shareholders are benefiting through income and capital accretion. We have protected our core business through one of the most difficult periods for business in recent history, and created millions of pounds of revenue and profits from new business. Whether this new source of income

continues at the same level or not, I am confident that the skills we have learnt and the relationships we
have developed will be of benefit to the business for years to come.

Julian Baines
Chief Executive Officer
30 March 2021

Finance Director's Review

Revenue

Revenue for 2020 was £65.3m (2019: £44.9m), which is an increase of 45%. At constant exchange rates, revenue for the year would have been 1% higher, so organic growth is 46%.

Revenue by disease state, which is presented for illustrative purposes only, is as follows:

	FY 2020 £'000	FY 2019 £'000	+/- %
Hematology	11,037	13,808	(20%)
Diabetes Care	19,056	20,607	(8%)
Central Laboratory	30,995	6,135	+405%
Other	4,172	4,367	(4%)
Total	65,260	44,917	+45%

Central Laboratory sales in 2020 include sales of contract manufacturing services relating to PrimeStore and other viral transport medium products of £26,799,000 (2019: £44,000).

Revenue by geographical segment based on the locations from which sales are made, is as follows:

	FY 2020 £'000	FY 2019 £'000	+/- %
Germany	20,286	16,418	+24%
USA	37,692	25,434	+48%
Russia	2,904	3,065	(5%)
Other	4,378	-	-
Total	65,260	44,917	+45%

Gross profit

Gross profit is £37.4m (2019: £23.7m), which represents a gross margin percentage of 57.5% (2019: 52.8%). The increased gross margin was largely due to the higher volumes.

Administration costs and research and development

Administration costs have increased to £20.7m (2019: £18.3m).

To aid understanding, administrative expenses in each period are made up as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
Non-exceptional administration expenditure before R & D capitalisation	17,234	17,027
Effect of share-based payments	5,292	2,118
Less capitalised R & D	(586)	(527)
Effect of exceptional items	(1,282)	(338)
Total administrative expenses	20,658	18,280

The largest effect has been the increased share-based payment charge, with the increase mainly being a result of the Company's increased share price and a related increase in volatility.

Research and development costs included in administration expenses were £1.4m (2019: £2.3m). A further £0.6m was capitalised as an intangible asset, resulting from our development work to broaden and improve our product portfolio, bringing gross R&D expenditure for the year to £2.0m (2019: £2.8m). The reduction was largely a result of the emphasis required during the year on our COVID related products. The charge for depreciation of fixed assets and amortisation of intangible assets increased to £4.6m (2019: £4.4m).

Operating profit and adjusted earnings before interest, tax, depreciation and amortization

The Group generated an operating profit of £16.9m (2019: £5.8m). This was largely a result of the higher activity levels seen during the year. We continue to consider that adjusted earnings before interest, tax, depreciation and amortisation, share-based payments and exceptional items (adjusted EBITDA) is a better measure of the Group's progress as the Board believes it gives a clearer comparison of the operating performance between periods. In 2020 we achieved adjusted EBITDA of £25.5m (2019: £12.0m), an increase of 113%. The calculation of this non-GAAP measure is shown on the face of the income statement. It excludes the effect of non-cash share-based payment charges of £5.3m (2019: £2.1m), and exceptional profits of £1.3m (2019: £0.3m), the main element of which is the increase in fair value of the warranty claim provision which offsets the deferred consideration liability, both of which relate to an outstanding issue with the previous owner of EKF-Diagnostic.

Finance costs

Net finance costs have increased to £1.5m (2019: £0.3m). The main charge, and the increase, results from an increase in the fair value of deferred consideration which is valued using the Company's share price. Although the Group holds net cash, achievable returns on this are very low because of low interest rates around the world.

Tax

There is an income tax charge of £4.0m, an increase from the prior year charge (2019: £1.6m). The charge is higher than would have been expected largely because of the effect of losses in the UK entities for which a deferred tax asset has not been recognised as the likely timing of recovery is considered too remote, as well as the higher tax rates that apply in Germany and the USA. Tax of £1.1m has been charged direct to Other Comprehensive Income.

Dividend

A cash dividend of 1p per ordinary share was paid in December, in respect of the final dividend for 2019. In addition, a dividend in specie was completed which transferred the Group's holding in Trellus Health Limited to EKF shareholder at that time. Dividends are shown in the Statement of Changes in Equity, and not in the Income Statement.

Balance sheet

Property plant and equipment and right-of-use assets

Additions to fixed assets were £2.1m (2019: £1.4m). Major programmes include the continuing work on the upgrading and refurbishment of the Group's central laboratory product manufacturing facility in Elkhart, USA, the capitalization of new and replacement leases under IFRS 16 including the new production facility in the UK, and the building works associated with its set up.

Intangible assets

The carrying value of intangible assets has continued to fall, from £37.8m in 2019 to £37.1m as at 31 December 2020. This is largely the result of the annual amortisation charge.

Investments

During the year the Company sold around 63% of the shares it previously held in Renalytix AI plc ("Renalytix"). These shares were acquired at an average cost of £1.211 per share and were sold for £4.579 per share. The profit of £5.64m (less tax) is shown in Other Comprehensive Income. The Company continues to hold 1.39% of Renalytix, which itself completed a dividend in specie of its shareholding in Verici Dx plc ("Verici"), a developer of advanced clinical diagnostics for organ transplant. Like Renalytix, Verici has been brought to the public capital market by virtue of EKF's relationship with the Mount Sinai Hospital System. As a result of the distribution of Verici shares by Renalytix and following the successful IPO fundraising for Verici in November 2020, EKF now owns 1.89% of Verici.

Also during the year and again as a result of EKF's relationship with Mount Sinai, the Company invested $5.0m in August for 31.1% of Trellus Health Limited, a provider of connected digital health solutions for chronic conditions. The shareholding rights, except for voting rights, were transferred to EKF's shareholders via a dividend in specie in December.

Deferred consideration

The remaining deferred consideration of £2.9m (2019: £1.4m) relates to a share-based payment to the former owner of EKF-Diagnostic GmbH, payment of which is subject to an equal and offsetting warranty related claim, the value of which is held in receivables. Conclusion of the position has taken longer than anticipated but is expected during 2021.

Cash and working capital

Net cash which excludes marketable securities has increased to £21.4m from £11.4m. Gross cash has risen to £21.9m (2019: £12.1m) and Borrowings reduced in line with repayments to £0.5m (2019: £0.7m). Cash flow was boosted by the proceeds of the sale of Renalytix shares (£7.7m), while investments were made in Trellus and fixed and intangible assets - mainly R & D and an updated accounting system - totalling £7.0m, and £4.6m was paid out in cash dividends. Working capital needs increased by £4.2m, driven by the increases in volume and by action taken, to ensure supply lines during the COVID-19 pandemic.

Richard Evans
Finance Director and Chief Operating Officer
30 March 2021

Consolidated Income Statement

for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Revenue	**65,260**	44,917
Cost of sales	**(27,840)**	(21,190)
Gross profit	**37,420**	23,727
Administrative expenses	**(20,658)**	(18,280)
Other income	**133**	337
Operating profit	**16,895**	5,784
Depreciation and amortisation	**(4,611)**	(4,441)
Share-based payments	**(5,292)**	(2,118)
Exceptional items	**1,282**	338
EBITDA before exceptional items and share-based payments	**25,516**	12,005
Finance income	**53**	73
Finance costs	**(1,592)**	(339)
Profit before income tax	**15,356**	5,518
Income tax charge	**(3,971)**	(1,586)
Profit for the year	**11,385**	3,932
Profit attributable to:		
Owners of the parent	**11,114**	3,678
Non-controlling interest	**271**	254
	11,385	3,932
	Pence	Pence
Earnings per Ordinary Share attributable to the owners of the parent during the year		
From continuing operations		
Basic	**2.45**	0.81
Diluted	**2.42**	0.80

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Profit for the year	**11,385**	3,932
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Changes in fair value of equity instruments at fair value through other comprehensive income (net of tax)	**3,276**	6,505
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	**734**	(3,096)
Other comprehensive income (net of tax)	**4,010**	3,409
Total comprehensive income for the year	**15,395**	7,341
Attributable to:		
Owners of the parent	**15,235**	7,057
Non-controlling interests	**160**	284
Total comprehensive income for the year	**15,395**	7,341

Consolidated Statement of Financial Position
as at 31 December 2020

	Group	Group
	2020	2019
	£'000	£'000
Assets		
Non-current assets		
Property, plant and equipment	**12,620**	12,179
Right-of-use asset	**1,019**	1,002
Intangible assets	**37,051**	37,767
Investments	**6,608**	9,900
Deferred tax assets	**14**	34
Total non-current assets	**57,312**	60,882
Current assets		
Inventories	**8,487**	6,073
Trade and other receivables	**13,182**	8,097
Current income tax receivable	**371**	-
Cash and cash equivalents	**21,913**	12,074
Total current assets	**43,953**	26,244
Total assets	**101,265**	87,126
Equity attributable to owners of the parent		
Share capital	**4,550**	4,541
Share Premium	**200**	-
Other reserves	**5,354**	6,648
Foreign currency reserves	**4,028**	3,183
Retained earnings	**63,516**	56,199
	77,648	70,571
Non-controlling interest	**552**	601
Total equity	**78,200**	71,172

Liabilities		
Non-current liabilities		
Lease liabilities	**690**	716
Borrowings	**323**	480
Deferred tax liabilities	**2,636**	2,619
Total non-current liabilities	**3,649**	3,815
Current liabilities		
Trade and other payables	**14,435**	7,470
Lease liabilities	**380**	286
Deferred consideration	**2,901**	1,385
Current income tax liabilities	**1,515**	2,823
Borrowings	**185**	175
Total current liabilities	**19,416**	12,139
Total liabilities	**23,065**	15,954
Total equity and liabilities	**101,265**	87,126

Consolidated Statement of Cash Flows
for the year ended 31 December 2020

	Group 2020 £'000	Group 2019 £'000
Cash flow from operating activities		
Cash generated by operations	**20,798**	6,519
Interest paid	**(47)**	(21)
Income tax paid	**(6,942)**	(1,398)
Net cash generated by operating activities	**13,809**	5,100
Cash flow from investing activities		
Purchase of investments	**(3,810)**	(124)
Purchase of property, plant and equipment (PPE)	**(1,631)**	(1,418)
Purchase of intangibles	**(1,014)**	(957)
Proceeds from sale of PPE	**68**	30
Proceeds from sale of investments	**7,670**	-
Interest received	**53**	73
Net cash generated by/(used in) investing activities	**1,336**	(2,396)
Cash flow from financing activities		
Share option buy back	**(7)**	(15)
Proceeds from issuance of Ordinary shares	**209**	-
Dividend	**(4,550)**	-
Repayments on borrowings	**(183)**	(180)
Principal lease payments	**(469)**	(381)
Dividend payment to non-controlling interest	**(209)**	(58)
Net cash used in financing activities	**(5,209)**	(634)
Net increase in cash and cash equivalents	**9,936**	2,070
Cash and cash equivalents at beginning of year	**12,074**	10,282

Exchange losses on cash and cash equivalents	**(97)**	(278)
Cash and cash equivalents at end of year	**21,913**	12,074

Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Other reserves	Foreign currency reserve	Retained earnings	Total	Non-controlling interest	**Total equity**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	**4,541**	**-**	**143**	**6,309**	**52,536**	**63,529**	**375**	**63,904**
Comprehensive income								
Profit for the year	**-**	**-**	**-**	**-**	**3,678**	**3,678**	**254**	**3,932**
Other comprehensive income/(expense)								
Changes in fair value of equity instruments at fair value through other comprehensive income	**-**	**-**	**6,505**	**-**	**-**	**6,505**	**-**	**6,505**
Currency translation differences	**-**	**-**	**-**	**(3,126)**	**-**	**(3,126)**	**30**	**(3,096)**
Total comprehensive income/(expense)	**-**	**-**	**6,505**	**(3,126)**	**3,678**	**7,057**	**284**	**7,341**
Transactions with owners								
Share option cancellation	**-**	**-**	**-**	**-**	**(15)**	**(15)**	**-**	**(15)**
Dividends to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(58)**	**(58)**
Total distributions to owners	**-**	**-**	**-**	**-**	**(15)**	**(15)**	**(58)**	**(73)**
At 31 December 2019 and 1 January 2020	**4,541**	**-**	**6,648**	**3,183**	**56,199**	**70,571**	**601**	**71,172**
Comprehensive income								
Profit for the year	**-**	**-**	**-**	**-**	**11,114**	**11,114**	**271**	**11,385**
Other comprehensive income								
Changes in fair value of equity instruments at fair value through other comprehensive income	**-**	**-**	**4,348**	**-**	**-**	**4,348**	**-**	**4,348**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	**-**	**-**	**(5,642)**	**-**	**5,642**	**-**	**-**	**-**
Taxation on profit on disposal of equity instruments at fair value	**-**	**-**	**-**	**-**	**(1,072)**	**(1,072)**	**-**	**(1,072)**
Currency translation differences	**-**	**-**	**-**	**845**	**-**	**845**	**(111)**	**734**
Total comprehensive income	**-**	**-**	**(1,294)**	**845**	**15,684**	**15,235**	**160**	**15,395**
Transactions with owners								
Proceeds from share issue	**9**	**200**	**-**	**-**	**-**	**209**	**-**	**209**
Share option cancellation	**-**	**-**	**-**	**-**	**(7)**	**(7)**	**-**	**(7)**
Dividends to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(209)**	**(209)**
Dividends to owners					**(8,360)**	**(8,360)**	**-**	**(8,360)**
Total distributions to owners	**9**	**200**	**-**	**-**	**(8,367)**	**(8,158)**	**(209)**	**(8,367)**
At 31 December 2020	**4,550**	**200**	**5,354**	**4,028**	**63,516**	**77,648**	**552**	**78,200**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020

1. General information and basis of presentation

EKF Diagnostics Holdings plc is a public limited company incorporated in the United Kingdom (Registration Number 04347937), which is listed on the AIM market of the London Stock Exchange. The address of the registered office is Avon House, 19 Stanwell Road, Penarth, CF64 2EZ.

The Group's principal activity continues to be that of a business focused within the In-Vitro Diagnostics devices ("IVD") market place.

The audited preliminary announcement has been prepared in accordance with the Group's accounting policies as disclosed in the financial statements for the year ended 31 December 2020 and international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS'), and the applicable legal requirements of the Companies Act 2006. This preliminary announcement was approved by the Board of Directors on 30 March 2021. The preliminary announcement does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year to 31 December 2019 have been delivered to the Registrar of Companies. The audit report for those accounts was unqualified and did not contain statements under 498 (2) or (3) of the Companies Act 2006 and did not contain any emphasis of matter.

Certain statements in this announcement constitute forward-looking statements. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, amongst other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward-looking statements contained herein. Nothing in this announcement should be construed as a profit forecast.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRSs. The Company will publish its full financial statements for the year ended 31 December 2020 by 30 April 2021, which will be available on the Company's website at www.ekfdiagnostics.com and at the Company's registered office at Avon House, 19 Stanwell Road Penarth CF64 2EZ. The Annual General Meeting will be held on Wednesday 19 May 2021.

2. Significant accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of this financial information has been applied consistently throughout the year and will be set out in the notes to the group's 2020 Annual Report.

The consolidated financial statements of EKF Diagnostics Holdings have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS'), and the applicable legal requirements of the Companies Act 2006.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial liabilities at fair value through profit and loss and certain financial assets measured at fair value through other comprehensive income.

(a) New standards, amendments and interpretations adopted by the Group.

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material - Amendments to IAS 1 and IAS 8;
- Definition of a Business - Amendments to IFRS 3;
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2020 and not early adopted.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021, and have not been applied in preparing these financial statements. The Group does not anticipate a material impact within its financial statements as a result of the applicable standards and interpretations.

Going concern

The Directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results which show, taking into account reasonably probable changes in financial performance, that the Group should be able to operate within the level of its current funding arrangements. While we have seen some disruption to our core business as a result of the COVID-19 pandemic, current trading suggests that our base case forecasts are still applicable. In addition, our range of COVID related products has been highly successful, bringing significant benefits to the Group, including higher revenue, profits, and cash balances. We believe the Group is in a strong position, however, it is difficult to assess reliably whether there will be any material disruption in the future, and for how long our COVID range will remain relevant. We have modelled a number of scenarios covering reductions in revenue of 10% and 50%, without taking into account the potential benefits of any mitigation strategies such as potential cost savings or insurance claims. While the eventual severity and length of the economic disruption stemming from the pandemic is impossible to forecast these models give the Directors reasonable confidence that the business can survive our worst-case scenarios for reductions in revenue for at least the next 12 months.

The Company has net current liabilities, largely as a result of non-cash Items. The Group is profitable and cash generative and is able to provide funding for the Company if required, through loans or dividends.

After making enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. The Company and Group therefore continues to adopt the going concern basis of preparation for its consolidated financial statements.

3. Segmental reporting

Management has determined the Group's operating segments based on the monthly management reports presented to the Chief Operating Decision Maker ('CODM'). The CODM is the Executive Directors and the monthly management reports are used by the Group to make strategic decisions and allocate resources.

The principal activity of the Group is the design, development, manufacture and sale of diagnostic instruments, reagents and certain ancillary products, as well as central laboratory reagents. This activity takes place across various countries, such as the USA, Germany, Russia, and the United Kingdom, and as such the Board considers the business primarily from a geographic perspective. Although not all the segments meet the quantitative thresholds required by IFRS 8, management has concluded that all segments should be maintained and reported.

The reportable segments derive their revenue primarily from the manufacture and sale of medical diagnostic equipment and reagents. Other services include the servicing and distribution of third-party company products under separate distribution agreements. Transactions between segments consist of the sale of products for resale. The basis of accounting for these transactions is the same as for external revenue.

Currently the key operating performance measures used by the CODM are Revenue and adjusted EBITDA.

The segment information provided to the Board for the reportable segments for the year ended 31 December 2020 is as follows:

2020	Germany £'000	USA £'000	Russia £'000	Other £'000	**Total £'000**
Income statement					
Revenue	25,637	39,459	2,904	4,432	72,432
Inter-segment	(5,351)	(1,767)	-	(54)	(7,172)
External revenue	20,286	37,692	2,904	4,378	65,260
Adjusted EBITDA*	**7,343**	**20,094**	**833**	**(2,754)**	**25,516**
Exceptional items	877	-	-	405	1,282
Share-based payments	-	-	-	(5,292)	(5,292)

EBITDA	**8,220**	**20,094**	**833**	**(7,641)**	**21,506**
Depreciation	(787)	(511)	(24)	(522)	(1,844)
Amortisation	(1,646)	(1,120)	(1)	-	(2,767)
Operating profit/(loss)	**5,787**	**18,463**	**808**	**(8,163)**	**16,895**
Finance income	2	13	39	(1)	53
Finance cost	(26)	-	-	(1,566)	(1,592)
Income tax	(820)	(3,497)	(171)	517	(3,971)
Retained profit/(loss)	**4,943**	**14,979**	**676**	**(9,213)**	**11,385**
Segment assets					
Operating assets	39,961	36,899	355	30,529	107,744
Inter-segment assets	(112)	(11,427)	-	(16,853)	(28,392)
External operating assets	39,849	25,472	355	13,676	79,352
Cash	3,130	7,459	1,257	10,067	21,913
Total assets	**42,979**	**32,931**	**1,612**	**23,743**	**101,265**
Segment liabilities					
Operating liabilities	7,135	17,836	158	25,820	50,949
Inter-segment liabilities	(1,332)	(14,915)	-	(12,145)	(28,392)
External operating liabilities	5,803	2,921	158	13,675	22,5578
Borrowings	508	-	-	-	508
Total liabilities	**6,311**	**2,921**	**158**	**13,675**	**23,065**
Other segmental information					
Non-current assets - PPE	5,912	4,632	93	3,002	13,639
Non-current assets - Intangibles	24,039	10,979	77	1,956	37,051
PPE - additions	779	575	54	741	2,149
Intangible assets - additions	679	335	-	-	1,014

** Adjusted EBITDA excludes exceptional items and share-based payments.*

2019	Germany £'000	USA £'000	Russia £'000	Other £'000	**Total £'000**
Income statement					
Revenue	23,087	25,434	3,065	-	51,586
Inter-segment	(6,669)	-	-	-	(6,669)
External revenue	**16,418**	**25,434**	**3,065**	**-**	**44,917**
Adjusted EBITDA*	**7,435**	**8,016**	**782**	**(4,228)**	**12,005**
Exceptional items	356	-	-	(18)	338
Share-based payments	-	-	-	(2,118)	(2,118)
EBITDA	**7,791**	**8,016**	**782**	**(6,364)**	**10,225**
Depreciation	(739)	(387)	(19)	(367)	(1,512)
Amortisation	(2,077)	(1,161)	(2)	311	(2,929)
Operating profit	**4,975**	**6,468**	**761**	**(6,420)**	**5,784**
Finance income	10	7	37	19	73
Finance cost	(21)	-	-	(318)	(339)
Income tax	(677)	(449)	(164)	(296)	(1,586)
Retained profit	**4,287**	**6,026**	**634**	**(7,015)**	**3,932**
Segment assets					
Operating assets	36,327	24,630	589	39,709	101,255
Inter-segment assets	(400)	-	-	(25,803)	(26,203)
External operating assets	35,927	24,630	589	13,906	75,052

Cash	3,298	5,480	1,159	2,137	12,074
Total assets	**39,225**	**30,110**	**1,748**	**16,043**	**87,126**
Segment liabilities					
Operating liabilities	7,926	15,162	151	18,263	41,502
Inter-segment liabilities	(2,938)	(11,777)	-	(11,488)	(26,203)
External operating liabilities	4,988	3,385	151	6,775	15,299
Borrowings	655	-	-	-	655
Total liabilities	**5,643**	**3,385**	**151**	**6,775**	**15,954**
Other segmental information					
Non-current assets - PPE	6,006	4,679	75	2,421	13,181
Non-current assets - Intangibles	24,172	12,115	95	1,385	37,767
PPE - additions	872	455	17	721	2,065
Intangible assets - additions	739	162	-	56	957

** Adjusted EBITDA excludes exceptional items and share-based payments. 'Other' primarily relates to the holding company and head office costs.*

Disclosure of Group revenues by geographic location of customer is as follows:

	2020 **£'000**	2019 £'000
Americas		
United States of America	**33,474**	19,955
Rest of Americas	**2,391**	3,947
Europe, Middle East and Africa (EMEA)		
Germany	**5,873**	6,268
United Kingdom	**4,522**	435
Rest of Europe	**8,535**	3,484
Russia	**2,904**	3,066
Middle East	**1,261**	1,771
Africa	**2,553**	1,482
Asia and Rest of World		
China	**767**	822
Rest of Asia	**2,883**	3,578
New Zealand/Australia	**97**	109
Total revenue	**65,260**	44,917

Revenues of £16,960,000 (26.0%) were derived from one external customer. Sales to this customer all relate to the USA. In 2019 revenues of £5,122,000 (11.4%) were derived from a different customer, all of whose revenues relate to the USA.

Revenue by disease state, which is presented for illustrative purposes only, is as follows:

	FY 2020 £'000	FY 2019 £'000	+/- %
Hematology	11,037	13,808	(20%)
Diabetes Care	19,056	20,607	(8%)
Central Laboratory	30,995	6,135	+405%
Other	4,172	4,367	(4%)
Total	65,260	44,917	+45%

Central Laboratory sales in 2020 include sales of contract manufacturing services relating to PrimeStore and other viral transport medium products of £26,799,000 (2019: £44,000).

4. Exceptional Items

Included within administrative expenses are exceptional items as shown below:

	Note	**2020** **£'000**	2019 £'000
- Warranty claim	a	**1,414**	367
- Business reorganisation costs	b	**(58)**	(29)
- Cost of Trellus set-up	c	**(74)**	-
Exceptional items		**1,282**	338

a. Increase in the value of an estimated warranty claim which offsets the remaining deferred consideration of £2.9m (2019: £1.4m) relating to a share-based payment to the former owner of EKF-Diagnostic GmbH. The increase is a result of the higher share price.

b. Restructuring costs, mainly closure costs, associated in 2020 and 2019 with the closure of EKF's Polish facility and other restructuring activities.

c. Start-up costs associated with the set-up of Trellus Health Limited.

5. Income tax charge

Group	**2020** **£'000**	2019 £'000
Current tax:		
Current tax on profit for the year	**3,913**	2,096
Adjustments for prior periods	**(89)**	(94)
Total current tax	**4,002**	2,002
Deferred tax:		
Origination and reversal of temporary differences	**(31)**	(416)
Total deferred tax	**(31)**	(416)
Income tax charge	**3,971**	1,586

6. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of Ordinary Shares in issue during the year.

	2020 **£'000**	2019 £'000
Profit attributable to owners of the parent	**11,114**	3,678
Weighted average number of Ordinary Shares in issue	**454,524,101**	454,093,227
Basic profit per share	**2.45 pence**	0.81 pence

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding assuming conversion of all dilutive potential Ordinary Shares. The Company has one category of dilutive potential ordinary shares being share options.

	2020	2019
	£'000	£'000
Profit attributable to owners of the parent	**11,114**	3,678
Weighted average number of Ordinary Shares in issue	**458,803,076**	458,414,273
Diluted profit per share	**2.42 pence**	0.80 pence

	2020	2019
Weighted average number of Ordinary Shares in issue	**454,524,101**	454,093,227
Adjustment for:		
- Assumed conversion of share awards	**235,035**	277,106
- Assumed payment of equity deferred consideration	**4,043,940**	4,043,940
Weighted average number of Ordinary Shares including potentially dilutive shares	**458,803,076**	458,414,273

7. Property, Plant and equipment

Group	Land and buildings £'000	Fixtures & fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Assets under Construction (restated) £'000	Right-of-use asset £'000	**Total £'000**
Cost							
At 1 January 2019	9,990	1,373	10,551	170	228	743	23,055
Additions	88	236	252	17	825	647	2,065
Exchange differences	(392)	(60)	(566)	11	(13)	(16)	(1,036)
Transfers	74	21	321	-	(416)	-	-
Disposals	-	(18)	(283)	(20)	(10)	(33)	(364)
At 31 December 2019	**9,760**	**1,552**	**10,275**	**178**	**614**	**1,341**	**23,720**
Accumulated depreciation							
At 1 January 2019	1,596	1,103	7,044	100	-	-	9,843
Charge for the year	286	133	737	19	-	337	1,512
Exchange differences	(68)	(52)	(415)	4	-	2	(529)
Disposals	-	(18)	(249)	(20)	-	-	(287)
At 31 December 2019	**1,814**	**1,166**	**7,117**	**103**	**-**	**339**	**10,539**
Net book value at 31 December 2019	**7,946**	**386**	**3,158**	**75**	**614**	**1,002**	**13,181**
Cost							
At 1 January 2020	9,760	1,552	10,275	178	614	1,341	23,720
Additions	63	122	340	54	1,052	518	2,149
Exchange differences	85	26	412	(30)	18	(14)	497
Transfers	302	(285)	928	-	(945)	-	-
Disposals	-	(26)	(146)	(1)	(4)	(245)	(422)
At 31 December 2020	**10,210**	**1,389**	**11,809**	**201**	**735**	**1,600**	**25,944**
Accumulated depreciation							
At 1 January 2020	1,814	1,166	7,117	103	-	339	10,539
Charge for the year	302	128	902	23	-	489	1,844
Exchange differences	(4)	22	300	(18)	-	(2)	298
Transfers	188	(188)	-	-	-	-	-
Disposals	-	(26)	(105)	-	-	(245)	(376)
At 31 December 2020	**2,300**	**1,102**	**8,214**	**108**	**-**	**581**	**12,305**
Net book value at 31 December 2020	**7,910**	**287**	**3,595**	**93**	**735**	**1,019**	**13,639**

8. Intangible assets

Group	Goodwill £'000	Trademarks, trade name and licences £'000	Customer relationships £'000	Trade secrets £'000	Development costs £'000	Software £'000	Total £'000
Cost							
At 1 January 2019	27,543	3,257	16,294	19,159	9,362	-	75,615
Additions	-	171	-	-	527	259	957
Transfer	-	(42)	-	-	-	42	-
Disposals	-	-	-	-	(462)	-	(462)
Exchange differences	(1,172)	(587)	(714)	(723)	(367)	(2)	(3,565)
At 31 December 2019	26,371	2,799	15,580	18,436	9,060	299	72,545
Accumulated amortisation							
At 1 January 2019	2,631	2,496	9,489	12,691	6,535	-	33,842
Disposals	-	-	-	-	(462)	-	(462)
Exchange differences	(81)	(374)	(405)	(426)	(245)	-	(1,531)
Charge for the year	-	267	1,274	876	512	-	2,929
At 31 December 2019	2,550	2,389	10,358	13,141	6,340	-	34,778
Net book value at 31 December 2019	23,821	410	5,222	5,295	2,720	299	37,767
Cost							
At 1 January 2020	26,371	2,799	15,580	18,436	9,060	299	72,545
Additions	-	146	-	-	586	282	1,014
Disposals	-	-	-	-	(5,482)	-	(5,482)
Exchange differences	632	372	(39)	620	289	12	1,886
At 31 December 2020	27,003	3,317	15,541	19,056	4,453	593	69,963
Accumulated amortisation							
At 1 January 2020	2,550	2,389	10,358	13,141	6,340	-	34,778
Disposals	-	-	-	-	(5,474)	-	(5,474)
Exchange differences	55	201	(47)	401	231	-	841
Charge for the year	-	357	1,245	919	246	-	2,767
At 31 December 2020	2,605	2,947	11,556	14,461	1,343	-	32,912
Net book value at 31 December 2020	24,398	370	3,985	4,595	3,110	593	37,051

9. Dividends

In December 2020, the Company paid a final dividend for 2019 of 1p per ordinary share, at a total value of £4,550,000. Subject to continuing strong performance and the needs of the business, the Board intends to follow a progressive dividend policy. The Directors propose, subject to approval at the Company's next Annual General Meeting, the payment of a final dividend for 2020 of 1.1p per EKF Ordinary share held on 4 November 2021. Payment will be made on 1 December 2021. The expected total value is £5,005,000.

In addition to the cash dividend described above, in December 2020 the Company made a distribution in specie whereby, with the exception of a single "golden" share, the Company's shareholding in Trellus Health Limited was distributed to ordinary shareholders of the Company at a total value of £3,810,000. The fair value per EKF share was 0.8374p. Because the investment in Trellus was made on an arm's length basis within 6 months of the dividend, the Board judged the fair value of the dividend payment to be identical to the value of the investment.

10. Cash generated by operations

	Group **2020** **£'000**	Group 2019 £'000
Profit before tax	15,356	5,518
Adjustments for:		
- Depreciation	1,844	1,512
- Amortisation	2,767	2,929
- Warranty claim	(1,414)	(367)
- (Profit)/loss on disposal of fixed assets	(22)	14
- Loss on disposal of intangible assets	8	-
- Share-based payments	4,775	2,118
- Dividend received	(31)	-
- Fair value adjustment	1,516	281
- Foreign exchange	26	86
- Bad debt written down	45	212
- Net finance (income)/cost	23	(15)
Changes in working capital		
- Inventories	(2,557)	37
- Trade and other receivables	(3,426)	(327)
- Trade and other payables	1,888	(5,479)
Net cash generated by operations	**20,798**	**6,519**

END

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