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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-listed global diagnostics business, announces its final results for the year ended 31 December 2021. Comparative data is provided for the year ended 31 December 2020, unless otherwise indicated.

Financial Highlights

- Revenue up 25% to £81.8m (2020: £65.3m)
 - *Core¹ business revenues up 14% to £42.1m (2020: £37.1m)*
- Gross profit up 5% to £39.4m (2020: £37.4m)
- Adjusted EBITDA² up 4% to £26.5m (2020: £25.5m), *reflecting the changes in the mix of Contract Manufacturing related products as well as increased costs in the supply chain.*
- Profit before tax of £21.4m (2020: £15.4m), including effect of share-based payments
- Basic earnings per share of 3.47p (2020: 2.45p)
- Cash generated by operating activities of £10.2m (2020: £13.8m)
- Cash at 31 December 2021 of £20.3m (2020: £21.9m), net cash after borrowings of £19.6m (2020: £21.4m)
- Value of investments in marketable securities at year end of £7.6m (2020: £6.5m)
- Cash dividend of £5.1m paid to shareholders, equivalent to 1.1p per ordinary share (2020: 1.0p per share)

Operational Highlights

- Focus on returning core business to pre-pandemic 2019 levels and positioned for future sustainable growth outside of short-term contract manufacturing
- New reporting of business division revenues:
 - **Point-of-Care** - up 18% to £27.0m
 - **Central Laboratory** - up 7% to £13.1m
 - **Life Sciences** - up 3% to £2.0m
 - **Contract Manufacturing** - up 38% to £36.3m, driven by COVID sample collection kits manufacture
 - **Laboratory Testing Services** - ADL Health contributed £1.0m

following acquisition in September 2021

- Significant investment in South Bend, Indiana, facility to expand EKF Life Sciences' fermentation capabilities
- \$10m acquisition of ADL Health, an earnings enhancing and cash generative CLIA certified testing laboratory

¹ Core business includes Point of Care, Central Laboratory and Life Sciences

² Earnings before interest, tax, depreciation and amortisation, share-based payments and exceptional items, as laid out in the income statement

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

"2021 was a year that delivered record revenue and adjusted EBITDA performance. Our key focus remains on implementing our strategy to position our core business for sustainable future growth, utilising cash generated from short-term contract manufacturing activities. At the end of 2019, and pre-pandemic, we had a core business that generated revenues of £43.3m and an adjusted EBITDA of £12m. These results show that in 2021 our core business revenues were broadly in-line with these levels and we have already implemented our investment plans to support growth in our core business in 2022.

"Current trading is strong and we expect to deliver a solid first quarter performance in line with that of 2021. However, we are adopting a pragmatic view that we expect there will be a significant reduction in pandemic-related contract manufacturing activity for the remainder of the year and guiding analysts accordingly. The new management team is keenly focused on delivering the growth plan through to 2024 which assumes no benefit from further COVID-related manufacturing, but instead is targeting sustainable revenue growth in our expanded core operations."

EKF Diagnostics Holdings plc

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Mike Salter, CEO
Marc Davies, CFO

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

EKF is a leading global diagnostics business with custom manufacturing facilities across sites in the US, UK and Europe for a variety of life science products. EKF is focussed on the following areas:

Point-of-Care

Providing a portfolio of Point-of-Care analysers and consumables, particularly for use in the area of Hematology and Diabetes, for use in hospital and research laboratories, doctor's offices, blood banks and for in-field anaemia screening programmes. EKF has an estimated 80,000 hemoglobin, hematocrit, HbA1c, glucose and lactate analysers in regular use across more than 100 countries.

Central Laboratory	Clinical chemistry, Small lab analysers, Centrifuges <i>Beta-Hydroxybutyrate (β-HB) LiquiColor, Glycates Albumin, Glycated Serum Protein, Nitro-tab, Procalcitonin</i>
Life Sciences	Enzyme fermentation, Custom products and Bulk fermentation
Contract Manufacturing	Bulk formulation, Sample collection kits, Private labelling, Molecular and forensic kits
Laboratory Services	In September 2021, EKF completed the acquisition of Advanced Diagnostic Laboratory LLC ("ADL Health"), a Texas based testing laboratory certified under the Clinical Laboratory Improvement Amendments ("CLIA") for high complexity testing. The laboratory provides testing for a variety of clinical, forensic and microbiological sample types using a range of analytical techniques. This acquisition positions EKF as a leading 'one stop' provider of diagnostic products and services from sample collection to results.

In May 2021, EKF announced its strategy for delivering growth to 2024 and beyond, and continuing to deliver shareholder value. The strategy for growth can be summarised as:

- continuing innovation in products and services in Point-of-Care, Central Laboratory and Life Sciences leveraging new and existing routes to market and relationships;
- investment in expanded production and kitting capabilities to offer a suite of diagnostic Contract Manufacturing solutions to third party businesses;
- expansion of CLIA Laboratories Testing offering, building on the acquired capabilities in ADL Health; and
- identify complementary earnings-enhancing acquisitions with key strategic value.

EKF will also continue to generate enhanced shareholder value through:

- a progressive dividend policy; and
- its agreement with Mount Sinai Innovation Partners ("MSIP"), which allows us advanced access to innovative commercial opportunities and where we can build on the ongoing successes of Renalytix plc, Verici Dx plc and Trellus Health plc.

Chairman's Statement

2021 has been another record-breaking year for EKF, with revenue increasing by 25% to £81.8m (2020: £65.3m), and core business revenues returning to pre-pandemic levels. We have delivered another strong earnings performance with £26.5m of adjusted EBITDA generated in the year (2020: £25.5m) and basic earnings per share having improved materially at 3.47p per share (2020: 2.45p). Cash levels remain strong with net cash after borrowings of £19.6m (2020: £21.4m), despite considerable investment (£5.6m compared with 2020: £2.1m) to drive the future growth of the business and shareholder value generation outside of COVID-related contract manufacturing revenues.

The story of 2021 has been one of expansion, including laying the foundations for further growth: building on our successes in 2020; building on the capabilities that we developed in response to COVID and readying them to be applied to new areas; building new facilities and structures to support a return to growth across our core business; and building a new leadership team to drive the business forward.

It is our current view that COVID-related revenues from contract manufacturing will materially reduce in 2022, given the rapid step-back in testing requirements across global markets. COVID-related revenues were always going to be of indeterminate duration and quantity, so our focus and strategy have already turned to positioning the business to deliver growth across all core business areas, whilst redirecting the capabilities developed for COVID into other activities. We are delighted to report that in 2021 every single product group delivered year-on-year growth and the expansion of contract development and manufacture of diagnostic test kits, along with the laboratory acquisition in the United States, positions us well for capturing further work in other healthcare applications.

The short-term benefits derived from our COVID-related contract manufacturing success has allowed the Group to fuel growth by investing in facilities and equipment for the future, as well as the acquisition of a new business in an area which not only widens our offering but also brings synergy potential by adding to the relationships and abilities we have gained over the last two years. We remain confident in our strategy for growth to 2024 and we believe that the core business alone has the potential to deliver significant revenue growth without reliance on COVID in that timescale and we are focussed on developing a sustainable business that can deliver EBITDA growth over the next three years.

Growth strategy

In May last year, we announced our strategy for delivering growth to 2024 and beyond, and continuing to deliver shareholder value. The strategy for growth has been updated and can be summarised as:

- continuing innovation in products and services in Point-of-Care, Central Laboratory and Life Sciences leveraging new and existing routes to market and relationships;
- investment in expanded production and kitting capabilities to offer a suite of diagnostic Contract Manufacturing solutions to third party businesses;
- expansion of CLIA Laboratories Testing offering building on the acquired capabilities in ADL Health; and
- identify complementary earnings-enhancing acquisitions with key strategic value.

We also believe we can continue to generate enhanced shareholder value through:

- a progressive dividend policy; and
- our agreement with Mount Sinai Innovation Partners ("MSIP"), which allows us advanced access to innovative commercial opportunities and where we can build on the ongoing successes of Renalytix plc, Verici Dx plc and Trelus Health.

The operational performance of our business, and the COVID-related contract

manufacturing business, are outlined in the Chief Executive's Statement. This also focusses on the progress we have made in positioning the business for growth and the execution of that strategy, including our recent acquisition in the laboratory testing space.

MSIP Preferred Partnership Agreement and related activities

Our Preferred Partnership Agreement, signed with MSIP in 2019, provides us with advanced access to innovative commercial opportunities arising from Mount Sinai Health System owned technologies in the field of healthcare technologies. This partnership has already led to the development of three new businesses, all of which are listed on AIM, with Renalytix plc shares also trading on Nasdaq as RNLX:

- **Renalytix plc (AIM: RENX)**, the developer of artificial intelligence-enabled diagnostics for kidney disease;
- **Verici Dx plc (AIM: VRCI)**, a developer of advanced clinical diagnostics for organ transplant; and
- **Trellus Health plc (AIM: TRLS)**, a resilience-drive healthcare company working to transform the way complex chronic conditions are treated through whole-patient care, with an initial focus on Inflammatory Bowel Disease (IBD).

Trellus Health plc's IPO was completed in May 2021, with EKF's retained voting rights being transferred to shareholders. Based on the IPO issue price of 40p this transfer represented a distribution of £11.2m to EKF shareholders. The value of our remaining holding in Renalytix plc (1.39%) was worth £6.2m at 31 December 2021 (2020: £4.9m).

Our initial holding in Verici Dx plc ("Verici"), which we received by way of a dividend from Renalytix plc during 2020, was worth £1.4m (2020: £1.5m) at year end. On 7 March 2022, we announced that we had agreed to invest a further £2.5m by participating in Verici's secondary fundraising. This additional funding round will accelerate the progress Verici has already made to date towards commercial launch of its two lead products, as well as the development of its third product and expansion of other capabilities. Following this funding exercise we currently own 5.77% of Verici's enlarged share capital. It remains our stated intention to distribute this enlarged holding to underlying shareholders as soon as reasonably practicable and subject to appropriate arrangements to maintain an orderly market in Verici's shares following such distribution.

We will continue to consider additional investment in the existing stable of spin-outs and to explore other opportunities with MSIP and will update shareholders should any of these prospects become candidates with the potential to deliver further value to our investors.

Dividend

In December 2021, the Company paid a cash dividend of 1.1p (2020: 1.0p) per share as a final dividend for 2020, a total pay-out of £5.1m (2020: £4.6m). We are pleased to confirm that, given the progress in EKF's business and its strong cash generation, we intend to make a further dividend payment to shareholders of 1.2p per ordinary share in respect of the performance of the business in 2021. If approved by shareholders at the Company's next Annual General Meeting, payment will be on 1

December 2022.

Share capital

During the year to 31 December 2021, we did not utilise the permission we obtained from shareholders to make on-market purchases of shares for cancellation or otherwise. The Board will subsequently today announce plans to undertake a targeted exercise to buy back up to a maximum of 9,000,000 shares (subject to a maximum spend of approximately £4.0 million) and we believe this is an appropriate use of our cash reserves and an effective means of further improving shareholder value (the "Buyback").

The purpose of the Buyback is to return cash to shareholders and to reduce the share capital of the Company. The Buyback will be funded from the Company's existing surplus cash resources and all ordinary shares of 1p each in the capital of the Company (the "Ordinary Shares"), purchased will be held in treasury. Any repurchases made following the Company's next AGM being held on 18 May 2022 will be conditional upon a further shareholder approval of the Company's general buyback authority being obtained at that meeting and subject to the limit of 69,589,585 Ordinary Shares, or such other number as would represent approximately 15 per cent of the Company's issued share capital at the time of issue of notice of the 2022 AGM. The Company currently intends to operate the Buyback from the date of this announcement until the earlier of:- the date on which purchase of 9,000,000 Ordinary Shares has been completed; the date of the 2022 Annual General Meeting in the event further shareholder approval is not obtained; or 31 December 2022.

Board changes

It has been a year of significant change at Board level in EKF, we believe we have a newly focussed Executive team with an excellent track record for delivering and managing substantial growth in the Lifesciences and Healthcare sector, as well an experienced and complementary non-executive team to provide appropriate challenge and support to them as they execute our growth strategy into 2024.

Mike Salter, Chief Executive Officer

Mike Salter, who led our US operations since joining EKF in October 2017 and has been instrumental in delivering much of the growth we have seen in this region, became Chief Executive Officer on 1 October 2021. Mike is an organic Chemist by training, and based in San Antonio, Texas and previously headed up our Americas business. Mike was responsible for overseeing the growth of our Diabetes and Haematology business in the US and, by leveraging his business network, he secured licensing agreements, built production capacity and signed orders for our COVID-19 sample collection kit business. Mike has been a passionate leader of our US team and has been instrumental in securing many of our largest US contracts and growth opportunities and was selected as the ideal candidate to deliver our strategy of accelerated organic growth.

Mike has over 35 years of experience in the Life Science and Diagnostics Industry. He joined Amersham plc, the UK's largest Life Science company, in 1984 and spent 20 years in various Operational, Product Management and Business Development roles. When Amersham was acquired by GE in 2004 to become GE Healthcare, Mike moved into senior commercial and business development roles leading new strategic Diagnostic initiatives. In 2016, Mike became General Manager of the Global Custom

Genomics Business. Throughout his time at GE Healthcare, Mike managed a successful multi-million dollar business providing Biotech and Lifesciences companies with products and services to support the development and launch of their new products. At EKF in his role as President, Americas, Mike was responsible for delivering over \$20m of new contract manufacturing revenues from the US operations.

Marc Davies, Chief Financial Officer

Marc Davies, joined as Chief Financial Officer on 1 January 2022, having moved on from his role as Group Finance and Operations Director at Flexicare Medical ("Flexicare"), a medical device designer, manufacturer and supplier. At Flexicare Marc was responsible for overseeing a period of substantial revenue growth, driven by both organic performance and acquisition. During his five years at Flexicare, Marc led several corporate finance transactions including post-transaction integration.

Previously, Marc was a Corporate Finance Director at PwC, providing mid-market private business and private equity focused corporate finance advice as Head of the PwC West and Wales Corporate Finance Team. Before joining PwC in February 2013, Marc was an AIM focussed Corporate Finance Adviser for over five years, during which he spent four years at WH Ireland, including work within its Nominated Adviser function. Marc began his career in finance as part of the PwC Corporate Recovery team. Marc is a Fellow Chartered Accountant (FCA) and an Oxford graduate with an MSc in Mathematical Modelling and Scientific Computation and an MA in Mathematical Science.

Mike and Marc replaced Julian Baines, MBE, co-founder of EKF in its present form, and Richard Evans respectively. We cannot thank Julian enough for his leadership and hard work on behalf of EKF's shareholders over the previous 12 years. He remains on the Board as Non-Executive Deputy Chair. Our thanks also go to Richard for the guidance he has given the Board and the Group over the significant time he has spent with us.

We also welcomed two new Non-executive Directors: Christian (Chris) Rigg, a chartered accountant with experience in listed businesses at Chief Executive Officer, Chief Financial Officer and Non-executive Director level, and Jenny Winter, currently Chief Executive of Animalcare Group plc, an AIM listed animal healthcare group.

Our thanks also go to the Non-executive Directors who have retired through the year. Adam Reynolds was a Director of the business in its previous guise as a sports products company, and has provided sage advice over the long term since the EKF business reversed into International Brands plc as it was then known. Carl Contadini has served on the Board since 2016 and offered invaluable input to the operations of the business throughout that time. We thank them both for their valued contributions.

The Board now comprises six members - two Executive Directors and four Non-executive Directors:

- Mike Salter, Chief Executive Officer
- Marc Davies, Chief Financial Officer
- Christopher Mills, Non-executive Chairman
- Julian Baines, Deputy Non-executive Deputy Chairman

- Christian Rigg, Senior Independent Non-executive Director
- Jenny Winter, Independent Non-executive Director

We believe that Executive and Non-executive Directors have the right mix of skills and expertise to lead our excellent team around the World to attain our objectives for continuing success.

The Board believes that the revised 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.

Cash-settled share-based incentive

The Company has for some years operated a cash-settled, share price based incentive for its executive directors (the "Incentive"), designed to pay out in the event that the Company was 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 continued 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 £0.5m million in January 2021, followed by a final equal payment of £2.0m each in July 2021. After these payments, the original scheme was terminated, as was the similar scheme for Mr Salter, from which no payments were made. As a result of the terminations, the fair value amount accrued but unpaid relating to the schemes totalling £1.9m was written back through the income statement.

In September 2021 Mr Salter was granted a replacement cash settled share-based incentive award. The new award vests if a controlling interest in the Company is acquired by a third party at any time. In these circumstances an award is payable to Mr Salter, which increases by reference to the sale price achieved. It is anticipated that this scheme will be extended to include Mr Davies in due course.

Outlook

2021 was a year that delivered record revenue and adjusted EBITDA performance. Our key focus remains on implementing our strategy to position our core business for sustainable future growth, utilising cash generated from short-term contract manufacturing activities. At the end of 2019 and pre-pandemic we had a core business that generated revenues of £43.3m and an adjusted EBITDA of £12.0m. The results for 2021 show that our core business revenues were broadly in-line with these levels and we have already implemented our investment plans to support growth in our core business in 2022.

We are particularly excited about the prospect of our recent acquisition in the laboratory testing space. Not only is this earning enhancing and cash generative, but also an excellent strategic fit within our existing diagnostics offering that will strengthen our offering to our customer base. The investment in additional

fermentation will also drive organic growth as our larger volume enzyme production capacity comes on-line this year.

Current trading is strong and we expect to deliver a solid first quarter performance in line with that of 2021. However, we are adopting a pragmatic view that there will be a significant reduction in pandemic-related contract manufacturing activity for the remainder of the year. The new management team is keenly focused on delivering the growth plan through to 2024 which assumes no benefit from further COVID-related manufacturing, but instead is targeting sustainable revenue growth in our expanded core operations.

Christopher Mills
Non-Executive Chairman
29 March 2022

Chief Executive Officer Review

I am delighted that we have delivered record results for 2021, with significant year-on-year revenue growth (up 25% from £65.3m in 2020 to £81.8m).

I am also proud that the team was again able to rapidly react and support the growing need for sample collection devices, kits and sample media to support the testing needs triggered by the global pandemic.

A significant proportion of EKF's top line growth in 2021 has come from COVID-related contract manufacturing, which is an area of the business that we anticipate will reduce in prominence as the world begins to 'live with COVID' and governments significantly reduce their ongoing testing requirements. However, we have now positioned ourselves as a leading provider of products and services to support any future testing demand whether COVID related or other public health requirement.

More significant for the outlook for the business is the fact that, during 2021, revenues from our core business increased 14% to £42.1m (2020: £37.1m) with growth across all key product verticals. These business revenue levels also see us broadly in-line with pre-pandemic revenue levels as seen in 2019 and the core business represents a compelling platform in its own right. Having focussed on recovering the existing core business to previous levels, we believe this progress, coupled with investments already made, and additional future investments, will fuel sustainable growth across our business.

Operational overview

As a new management team, we have taken the opportunity to recalibrate how we report revenues going forward to more closely align with our product groups and the way in which business divisions report into senior management.

These are shown below:

Key products/services

Point-of-Care

Providing a portfolio of analyser and consumables, particularly for use in Hematology and Diabetes

Hematology:

Hemo Control, DiaSpect Tm, HemataStat II, Ultracrit

Diabetes:

Biosen C-Line, Quo-Lab A1c, Quo-Test A1c, STAT-Site WB)

Other:

Creatatocrit Plus, Pregnancy Tests, Lactate Scout, Uri-Trak

Clinical chemistry

Clinical chemistry, Small lab analysers, Centrifuges

Beta-Hydroxybutyrate (β -HB) LiquiColor, Glycates Albumin, Glycated Serum Protein, Nitro-tab, Procalcitonin

Life Sciences

Enzyme fermentation, Custom products and Bulk fermentation

Contract Manufacturing

Bulk formulation, Sample collection kits, Private labelling, Molecular and forensic kits

Laboratory Services

Following the acquisition of Advanced Diagnostic Laboratory LLC ("ADL Health") CLIA certified facility

Division	2021	2020
<i>£ millions</i>	Revenue	Revenue
Point-of-Care	27.0	22.9
Central Laboratory	13.1	12.2
Life Sciences	2.0	2.0
Contract Manufacturing	36.3	26.3
Laboratory Services*	1.0	-

*contribution from 27 September 2021

Point-of-Care

Sales of our hemoglobin analyzers Hemo Control and DiaSpect Tm showed strong growth as blood banks and anaemia programmes came back online. Our HemataStat product, meanwhile, showed significant growth of 29% as we see a return to normality. We have also seen growth across all our diabetes instrument ranges, with revenues overall increasing by 13%, driven by high growth from our Quo-Test product line.

Professional sports medicine has been returning to normal as shown by a 27% increase in Lactate Scout revenues. We have continued development work for our clinically focussed Response product.

For 2022, we are looking forward to healthcare and customer development programmes returning to normal.

Central Laboratory

β -HB LiquiColor sales remain strong and increased by 8% contributing the majority of growth in this area, with sales of other chemistry products broadly flat, due to customers concentrating on COVID-related business revenues. We now expect these to come back on stream during the course of 2022.

Life Sciences

Across contract fermentation and other non-COVID related contract manufacturing,

sales remained flat at £2.0m. We continue to see a strong pipeline of opportunities to supply contract manufacturing services from our Elkhart and South Bend sites, in Indiana, and have committed resources to add capacity.

To take advantage of a demand-driven opportunity in the research and molecular enzyme areas, as well as food grade fermentation digestive proteins area, we are investing around \$10m in the construction and installation of new 1,500L, 3,000L and 14,000L fermenters by third party, specialist turn-key contractors. We expect this to support significant revenues growth in this area by 2024.

Contract Manufacturing

Once again, the majority of our contract manufacturing revenues related to supporting testing requirements in relation to the Global Pandemic. The market dynamics for COVID test collection kits changed during 2021 and to meet demand our focus switched from sales of reagents for molecular transport media, which had characterised our activities in 2020, to the manufacture of filled tubes and sample collection kits. While the revenues from these product lines increased significantly, the nature of these products meant that the gross margin percentages were lower. As governments across the world changed their responses to COVID, often at very short notice, we and our customers were required to be extremely flexible to vary activity levels in response to demand which often changed overnight.

Our sample collection related revenues at the beginning of the current year have held up well, however we expect to see this specific revenue line significantly decrease over the year as the demand for testing drops. We have continued to use temporary workers and to add facilities on short term bases where possible to limit our risk. We have developed excellent transferable and scalable skills as a result of our pandemic response, and we are looking forward to applying these skills to new areas. We have identified a number of potential opportunities through partners which we believe have great potential going forward and are working hard to bring these to fruition.

Upon review of COVID related stock at year end we have increased our overall inventory provision by a further £384k. We believe this is prudent given the anticipated decrease in COVID related activities.

Laboratory Services

On 27 September 2021, we acquired ADL Health, a San Antonio based CLIA certified testing laboratory focussed on high complexity testing and covering the fields of clinical, forensic and microbiological tests. Using its expertise in Polymerase Chain Reaction (PCR) testing, ADL Health also provides COVID testing needs for dozens of Fortune 500 companies and government agencies. ADL Health is expanding its range of testing capabilities across a broader suite of healthcare applications.

The cost of acquisition of ADL was an initial \$10m largely funded through the issue of ordinary EKF shares after a working capital true-up payable in cash, with the consideration shares subject to a phased lock-in and orderly market agreement, plus contingent consideration based on the achievement of certain earnings targets over the following three years. The ADL Health business is cash generative and is expected to have a strong first quarter significantly exceeding revenues recorded in the final quarter of 2021.

The EKF Board believes that ADL Health's wider testing offer, including current and planned capabilities, provides an attractive platform to both complement and broaden the Group's existing diagnostics offering. Having CLIA lab capacity in-house also provides us with a means to strengthen our customer relationships by providing wider testing services, and allows us to build synergistically on the relationships with industry leaders that we have developed over the last two years.

Since the acquisition, we have already secured a strategic partnership with our existing customer, Yourgene Health plc, whereby ADL Health will offer a non-invasive pre-natal testing (NIPT) service to the US market, utilising Yourgene's proprietary technology and ADL Health's accredited US laboratory to process returned samples.

ADL Health contributed £1.0m to 2021 revenues, following its acquisition on 27 September 2021.

In addition to the above business divisions there was a further £2.4m revenues related to shipping and handling recharges, repairs and other sundries (2020: £1.9m).

Regulatory update

Our regulatory team is fully committed to meet the new requirements of the In Vitro Diagnostic Regulation (IVDR) which affects all our products in the EU. We have adapted to the significant changes the IVDR bring such that we are ready to meet the immediate requirements in May 2022, and have a defined plan for the amended transitional provisions as published in January. For the UK, to meet the requirements of the MHRA we have established the UK Responsible Person for our non-UK operating entities, and are set to meet UKCA marking requirements.

Russia and Ukraine

EKF owns 60% of O.O.O. EKF Diagnostika, a distribution subsidiary located in Moscow which sells EKF Point-of-Care products and other third-party products into Russia and neighbouring states. As a supplier of medical products with no dual use it would not be appropriate to end supplies to the region, but we are seeing some disruption caused by the Western sanctions relating to foreign exchange controls. We are working with the staff and management of this business to keep it as stable as possible, but we have already discounted sales from this region from our growth forecasts as a precaution. Financial details of our business in Russia, which represents less than 5% of Group revenue and Adjusted EBITDA at the consolidated level, are shown in the segmental analysis in Note 3.

We also have a distributor in Ukraine with whom we have worked for some years, we wish that all our friends in Ukraine stay safe and well.

Summary

We are absolutely delighted with the performance of our core business over the last twelve months and the cash generated from contract manufacturing has allowed us to invest in future growth opportunities - both organically, particularly in the area of enzyme production, but also through acquisition with the addition of ADL to the Group and the exciting prospects that adding a laboratory testing capacity to our overall offering opens up for us.

When I became CEO in October 2021, we had set out ambitious growth plans for EKF

that would see the core business positioned to deliver substantial growth in both revenues and adjusted EBITDA. We can already see the signs of this strategy coming to fruition and I am confident that the investment put in place will see further progress in 2022 and beyond.

As a Board we remain confident in delivering on our strategy for growth into 2024 and I welcome the support from my colleagues and investors alike, as we continue to focus on execution of our plans to generate value for shareholders.

Mike Salter
Chief Executive Officer

29 March 2022

Chief Financial Officer's Review

Revenue

Revenue for 2021 was £81.8m (2020: £65.3m), an increase of 25% on the prior year. At constant 2020 exchange rates, revenue for the year excluding ADL would have been £85.5m, an organic growth rate of 29%.

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

	2021 £'000	2020 £'000	+/- %
Germany	34,171	20,286	+68%
USA	36,056	37,692	(4%)
UK	8,323	4,378	+90%
Russia	3,286	2,904	+13%
Total	81,836	65,260	+25%

	Revenue £'000	EBITDA* £'000
Germany	34,171	11,480
USA	36,056	12,735
UK	8,323	1,293
Russia	3,286	981
Total	81,836	26,489

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

Germany - Significant revenue increase primarily due to sample collection tubes and kits contract manufacturing activity

USA - Contract manufacture of bulk molecular transport media and PBS for public health and private sector customers tailed off during H2

UK - Increased demand and full year effect of sample collection tubes and kits contract manufacturing activity

Russia - Increased demand in Point-of-Care portfolio. EKF's Russian entity is 60% owned by the Group but 100% of its results are consolidated, with the non-controlling interest shown separately in the income statement and statement of financial position.

As referred to in the Chief Executive Officer Review, we have taken the opportunity to recalibrate how we report revenues going forward to more closely align with our product groups and the way in which business divisions report into senior management.

Gross profit

Gross profit is £39.4m (2020: £37.4m), which represents a gross margin percentage of 48% (2020: 58%). The increased gross profit was largely due to the higher volumes. The reduction in gross margin percentage was primarily caused by changes in the mix of Contract Manufacturing related products as well as increased costs in the supply chain.

Administration costs and research and development

Administration costs have decreased to £17.7m (2020: £20.7m).

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Non-exceptional administration expenditure before R&D capitalisation	19,511	17,234
Effect of share-based payments	(1,238)	5,292
Less capitalised R&D	(659)	(586)
Effect of exceptional items	95	(1,282)
Total administrative expenses	17,709	20,658

The reduction is largely caused by the effect of the closure of the cash settled share-based payment schemes, which, after payments made out during the year, allowed a write-back of the remaining accrued balance of £1.9m.

Research and development costs included in administration expenses were £1.4m (2020: £1.4m). A further £0.7m (2020: £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 £2.1m (2020: £2.0m). The charge for depreciation of fixed assets and amortisation of intangible assets increased to £5.9m (2020: £4.6m). The increase was mainly associated with higher amortisation of development projects, and increased depreciation on right of use assets capitalised

in accordance with IFRS 16.

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

The Group generated an operating profit of £21.7m (2020: £16.9m). This was a result of the higher revenue levels seen during the year and the lower administration costs. 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 underlying operating performance between periods. In 2021 we achieved adjusted EBITDA of £26.5m (2020: £25.5m), an increase of 4%. The calculation of this non-GAAP measure is shown on the face of the income statement. It excludes the effect of a non-cash share-based payment credit of £1.2m (2020: charge of £5.3m), and exceptional losses of £0.1m (2020: profit of £1.3m), the main elements of which are costs relating to the acquisition of ADL.

Finance costs

Net finance costs are £0.3m (2020: £1.5m). The main cost results from a decrease in the fair value of deferred consideration which is valued using the Company's share price. Although the Group holds net cash, achievable financial returns on this are very low because of low interest rates around the world.

Tax

There is an income tax charge of £5.3m, an increase from the prior year charge (2020: £4.0m), but a decrease in the tax rate to 25% from 26%. Deferred tax of £1.5m, calculated on the increase in the market value of listed investments over cost, has been charged direct to Other Comprehensive Income.

Dividend

A cash dividend of 1.1p per ordinary share was paid in December 2021, in respect of the final dividend for 2020. 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 £5.7m (2020: £2.1m), and fixed assets rose by a further £0.9m recognised on the acquisition of ADL. Major programmes include the continuing work on the fit out of the new factory building in nearby South Bend and upgrading and refurbishment of the Group's manufacturing facility in Elkhart, USA and the; and the capitalisation of new and replacement leases under IFRS 16 including new properties in the UK and USA. These leases are either for three years or less, or have break clauses that limit our commitment to a maximum of three years.

Intangible assets

The carrying value of intangible assets has increased, from £37.1m at the end of 2020 to £41.9m as at 31 December 2021. This is due to the intangible assets of £8.0m recognised on the acquisition of ADL.

Investments

At year-end, the Company continues to hold 1.39% of the issued share capital of Renalytix plc, a developer of artificial intelligence enabled acute kidney injury products, and 1.89% of Verici Dx plc, a developer of advanced clinical diagnostics for organ transplant. The market value of these investments increased by £1.1m during the year. Post year end the Company invested a further £2.5m in Verici alongside other existing and new investors participating in a placing of new ordinary shares. Further to the investment, the Company holds 5.8% of Verici DX plc. EKF intends that its holding in Verici will be distributed to its own underlying shareholders as soon as reasonably practicable and subject to appropriate arrangements to maintain an orderly market in Verici's shares following such distribution.

Deferred consideration

The deferred consideration of £2.9m at the start of last year has been written back, along with its associated warranty claim debtor, following settlement of the dispute. A small payment has been made to the former owner of EKF's German operations. The new balance of £0.6m (2020: £2.9m) is for deferred and contingent consideration relating to ADL, which has been estimated at its fair value.

Cash and working capital

Net cash (which excludes marketable securities and lease creditors assessed in relation to IFRS 16 assets) has decreased to £19.6m from £21.4m. Gross cash has fallen to £20.3m (2020: £21.9m). Existing Borrowings reduced in line with repayments to £0.3m (2020: £0.5m), while borrowings overall rose as a result of borrowings held by ADL on acquisition of £0.4m, which have been settled post year end. Cash generated by operations is £14.2m (2020: £20.8m) mainly influenced by the effect of share-based payments.

Investment has been made in the acquisition of fixed assets (£4.3m excluding IFRS 16 leases). Working capital grew by £6.7m during the period, particularly as a result of additional inventory carried in the USA. Payments during the year under the now closed previous exit bonus scheme totalled £5.3m. The dividend paid in December 2021 totalled £5.1m.

Marc Davies
Chief Financial Officer

29 March 2022

for the year ended 31 December 2021

	2021	2020
	£'000	£'000
Revenue	81,836	65,260
Cost of sales	(42,470)	(27,840)
Gross profit	39,366	37,420
Administrative expenses	(17,709)	(20,658)
Other income	90	133
Operating profit	21,747	16,895
Depreciation and amortisation	(5,885)	(4,611)
Share-based payments	1,238	(5,292)
Exceptional items	(95)	1,282
EBITDA before exceptional items and share-based payments	26,489	25,516
Finance income	45	53
Finance costs	(357)	(1,592)
Profit before income tax	21,435	15,356
Income tax charge	(5,277)	(3,971)
Profit for the year	16,158	11,385
Profit attributable to:		
Owners of the parent	15,851	11,114
Non-controlling interest	307	271
	16,158	11,385
	Pence	Pence
Earnings per Ordinary Share attributable to the owners of the parent during the year		
From continuing operations		
Basic	3.47	2.45
Diluted	3.44	2.42

**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2021**

	2021	2020
	£'000	£'000
Profit for the year	16,158	11,385
Other comprehensive (loss)/income:		
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value of equity instruments at fair value through other comprehensive (loss)/income (net of tax)	(321)	3,276
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(1,226)	734
Other comprehensive (loss)/income (net of tax)	(1,547)	4,010
Total comprehensive income for the year	14,611	15,395
Attributable to:		
Owners of the parent	14,315	15,235
Non-controlling interests	296	160
Total comprehensive income for the year	14,611	15,395

**Consolidated Statement of Financial Position
as at 31 December 2021**

	Group 2021 £'000	Group 2020 £'000
Assets		
Non-current assets		
Property, plant and equipment	15,991	12,620
Right-of-use asset	1,875	1,019
Intangible assets	41,894	37,051
Investments	7,789	6,608
Deferred tax assets	15	14
Total non-current assets	67,564	57,312
Current assets		
Inventories	13,238	8,487
Trade and other receivables	13,428	13,182
Current income tax receivable	548	371
Cash and cash equivalents	20,341	21,913
Total current assets	47,555	43,953
Total assets	115,119	101,265
Equity attributable to owners of the parent		
Share capital	4,639	4,550
Share Premium	7,375	200
Other reserves	5,033	5,354
Foreign currency reserves	2,813	4,028
Retained earnings	74,264	63,516
	94,124	77,648
Non-controlling interest	618	552
Total equity	94,742	78,200
Liabilities		
Non-current liabilities		
Lease liabilities	1,095	690
Borrowings	431	323
Deferred consideration	170	-
Deferred tax liabilities	5,031	2,636
Total non-current liabilities	6,727	3,649
Current liabilities		
Trade and other payables	9,078	14,435
Lease liabilities	838	380
Deferred consideration	465	2,901
Current income tax liabilities	3,004	1,515
Borrowings	265	185
Total current liabilities	13,650	19,416
Total liabilities	20,377	23,065
Total equity and liabilities	115,119	101,265

Consolidated Statement of Cash Flows

Changes in fair value of equity instruments at fair value through other comprehensive income/(expense)	-	-	4,348	-	-	4,348	-	4,348
Transfer of gain on disposal of equity investments at fair value through other comprehensive income/(expense) 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/(expense)	-	-	(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 and 1 January 2021	4,550	200	5,354	4,028	63,516	77,648	552	78,200
Comprehensive income/(expense)								
Profit for the year	-	-	-	-	15,851	15,851	307	16,158
Other comprehensive expense								
Changes in fair value of equity instruments at fair value through other comprehensive expense	-	-	(321)	-	-	(321)	-	(321)
Currency translation differences	-	-	-	(1,215)	-	(1,215)	(11)	(1,226)
Total comprehensive income	-	-	(321)	(1,215)	15,851	14,315	296	14,611
Transactions with owners								
Issue of ordinary shares as consideration for a business combination, net of transaction costs	89	7,175	-	-	-	7,264	-	7,264
Dividends to non-controlling interest	-	-	-	-	-	-	(230)	(230)
Dividends to owners	-	-	-	-	(5,103)	(5,103)	-	(5,103)
Total distributions to owners	89	7,175	-	-	(5,103)	2,161	(230)	1,931
At 31 December 2021	4,639	7,375	5,033	2,813	74,264	94,124	618	94,742

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2021

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") marketplace.

The financial information within this preliminary announcement is extracted from the Group's consolidated financial statements for the year ended 31 December 2021,

which were approved by the Board of Directors on 29 March 2022. This financial information does not constitute statutory accounts within the meaning of sections 434(3) and 435(3) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of UK adopted International Accounting Standards (IFRS).

The Group's consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with UK adopted International Accounting Standards (IFRS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Company's auditor, PricewaterhouseCoopers LLP, has given an unqualified report on the consolidated financial statements for the year ended 31 December 2021. The auditor's report did not include reference to any matters to which the auditor drew attention without qualifying its report and did not contain any statement under section 498 of the Companies Act 2006. The consolidated financial statements will be filed with the Registrar of Companies, subject to their approval by the Company's shareholders on 18 May 2022 at the Company's Annual General Meeting.

Statutory accounts for the year to 31 December 2020 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.

2. Significant accounting policies - 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 plausible changes in financial performance, that the Group will be able to operate within the level of its current funding arrangements.

While we have continued to see some disruption to our core business as a result of the COVID-19 pandemic, we have protected our core business as far as possible and core revenue has grown by 14% this year. It is clear that healthcare activities are returning to normal and that our base case forecasts for our core business are still applicable. While the pandemic has sadly been very costly for many in lives and income, EKF has been able to learn new skills and develop a business model which offers great possibilities in the post-pandemic world. However, we are adopting a

pragmatic view that there will be a significant reduction in pandemic-related contract manufacturing activity for the remainder of the year.

The Group has revenues from customers in Russia and an entity based there. As a result of the sanctions recently imposed on Russia by the EU, the USA and other countries, there are enhanced risks in respect of our Russian entity, including credit risk to cash balances, its ability to collect debtors, and our ability to import products into Russia. In preparing a downside going concern forecast we have discounted sales from this region.

While any further economic disruption stemming from the pandemic is impossible to forecast, the strength of the Group's balance sheet aligned to the continuing performance of the business gives the Directors confidence that the business can continue to meet its obligations as they fall due, even under our worst case scenarios, for at least the next 12 months. Accordingly, the directors are satisfied they can prepare the accounts on a going concern basis.

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 2021 by 22 April 2022, 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 18 May 2022.

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 2021 is as follows:

2021	Germany £'000	USA £'000	Russia £'000	UK £'000	Total £'000
Income statement					
Revenue	39,665	38,974	3,286	8,514	90,439
Inter-segment	(5,494)	(2,918)	-	(191)	(8,603)
External revenue	34,171	36,056	3,286	8,323	81,836
Adjusted EBITDA*	11,480	12,735	981	1,293	26,489
Exceptional items (Note 4)	(452)	-	-	357	(95)
Share-based payments	-	-	-	1,238	1,238
EBITDA	11,028	12,735	981	2,888	27,632
Depreciation	(752)	(938)	(57)	(294)	(2,041)
Amortisation	(1,525)	(1,383)	-	(936)	(3,844)
Operating profit/(loss)	8,751	10,414	924	1,658	21,747
Finance income	-	7	38	-	45
Finance cost	(31)	(37)	-	(289)	(357)
Income tax	(2,806)	(2,402)	(193)	124	(5,277)
Profit for the year	5,914	7,982	769	1,493	16,158
Segment assets					
Operating assets	29,672	59,803	431	29,860	119,766
Inter-segment assets	(1,441)	(16,712)	-	(6,835)	(24,988)
External operating assets	28,231	43,091	431	23,025	94,778
Cash	8,384	5,734	1,344	4,879	20,341
Total assets	36,615	48,825	1,775	27,904	115,119
Segment liabilities					
Operating liabilities	6,387	24,796	167	13,319	44,669
Inter-segment liabilities	(608)	(17,703)	-	(6,677)	(24,988)
External operating liabilities	5,779	7,093	167	6,642	19,681
Borrowings	303	393	-	-	696
Total liabilities	6,082	7,486	167	6,642	20,377
Other segmental information					
Non-current assets - PPE	5,628	8,291	80	1,992	15,991
Non-current assets - Intangibles	15,429	16,911	76	9,478	41,894
PPE - additions	693	3,366	17	1,610	5,686
Intangible assets - additions	694	8,171	-	521	9,386

* Adjusted EBITDA excludes exceptional items and share-based payments.
The UK includes head office costs

2020	Germany £'000	USA £'000	Russia £'000	UK ^ £'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 (Note 4)	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)
Profit for the year	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	22,557
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.

^ The UK segment was presented as "Other" in the 2020 financial information. There have been no changes to the numbers presented.

The UK includes head office costs

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

	2021	2020
	£'000	£'000
Americas		
United States of America	31,522	33,474
Rest of Americas	3,248	2,391
Europe, Middle East and Africa (EMEA)		
Germany	7,942	5,873
United Kingdom	8,848	4,522
Ireland	14,292	5,408
Rest of Europe	4,616	3,127
Russia	3,286	2,904
Middle East	1,464	1,261
Africa	2,323	2,553
Asia and Rest of World		
China	985	767
Rest of Asia and Oceania	3,310	2,980
Total revenue	81,836	65,260

Revenues of £14,225,000 (17%) were derived from one external customer. Sales to this customer all relate to Europe. In 2020 revenues of £16,960,000 (26%) were derived from a different customer, all of whose revenues relate to the USA.

4. Exceptional items

		2021	2020
	Note	£'000	£'000
- Warranty claim	a	285	1,414
- Settlement of warranty claim and deferred consideration	a	(179)	-
- Business reorganisation costs	b	(37)	(58)
- Acquisition costs	c	(164)	-
- Cost of Trellus set-up	d	-	(74)
Exceptional items		(95)	1,282

- a. *Change in the value of an estimated warranty claim which offsets the deferred consideration of £3.2m (2020: £2.9m) relating to a share-based payment to the former owner of EKF-Diagnostic GmbH. The dispute has now been settled resulting in a payment in cash to the former owner of £179,000. The remaining warranty claim and deferred consideration have both been written down and there is no further liability.*
- b. *Restructuring costs, mainly closure costs, associated in 2020 with the closure of EKF's Polish facility and other restructuring activities, and in 2021 with EKF Ireland.*
- c. *Professional fees relating to the acquisition of Advanced Diagnostic Laboratory LLC*
- d. *Start-up costs in 2020 associated with the set-up of Trellus Health plc.*

5. Income tax charge

	2021	2020
	£'000	£'000
Group		
Current tax:		
Current tax on profit for the year	5,096	3,913
Adjustments for prior periods	96	89
Total current tax	5,192	4,002
Deferred tax (note 29):		
Origination and reversal of temporary differences	85	(31)
Total deferred tax	85	(31)

Income tax charge	5,277	3,971
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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.

	2021	2020
	£'000	£'000
Profit attributable to owners of the parent	15,851	11,114
Weighted average number of Ordinary Shares in issue	457,001,067	454,524,101
Basic profit per share	3.47 pence	2.45 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.

	2021	2020
	£'000	£'000
Profit attributable to owners of the parent	15,851	11,114
Weighted average number of Ordinary Shares including potentially dilutive shares	460,957,933	458,803,076
Diluted profit per share	3.44 pence	2.42 pence

	2021	2020
	£'000	£'000
Weighted average number of Ordinary Shares in issue	457,001,067	454,524,101
Adjustment for:		
- Assumed conversion of share awards	12,640	235,035
- Assumed payment of equity deferred consideration	3,944,226	4,043,940
Weighted average number of Ordinary Shares including potentially dilutive shares	460,957,933	458,803,076

7. Property, Plant and equipment

Group	Land and buildings £'000	Fixtures & fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Assets under Construction £'000	Right-of-use asset £'000	Total £'000
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
Cost							
At 1 January 2021	10,210	1,389	11,809	201	735	1,600	25,944
Acquired with subsidiary (Note 20)	4	-	818	-	-	111	933
Additions	480	643	740	17	2,455	1,351	5,686
Exchange differences	(195)	(48)	(271)	(2)	(19)	12	(523)
Transfers	219	130	339	-	(688)	-	-
Disposals	(7)	(102)	(247)	(56)	(13)	(64)	(489)
At 31 December 2021	10,711	2,012	13,188	160	2,470	3,010	31,551
Accumulated depreciation							
At 1 January 2021	2,300	1,102	8,214	108	-	581	12,305
Charge for the year	328	290	786	24	-	613	2,041
Exchange differences	(26)	(42)	(137)	(2)	-	5	(202)
Transfers	-	-	-	-	-	-	-
Disposals	(7)	(101)	(238)	(49)	-	(64)	(459)
At 31 December 2021	2,595	1,249	8,625	81	-	1,135	13,685
Net book value at 31 December 2021	8,116	763	4,563	79	2,470	1,875	17,866

8. Intangible assets

Group	Goodwill £'000	Trademarks, trade name and Licences £'000	Customer relationships £'000	Trade secrets £'000	Development costs £'000	Software & website £'000	Total £'000
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 and impairment							
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
Cost							
At 1 January 2021	27,003	3,317	15,541	19,056	4,453	593	69,963
Acquisition of subsidiary	3,755	467	1,166	-	-	2,684	8,072
Additions	-	104	-	-	1,137	73	1,314
Transfer	-	152	-	-	(152)	-	-
Disposals	(1,407)	(19)	(749)	(1,073)	(288)	-	(3,536)
Exchange differences	(793)	263	(252)	(655)	(127)	20	(1,544)
At 31 December 2021	28,558	4,284	15,706	17,328	5,023	3,370	74,269

Accumulated amortisation and impairment

At 1 January 2021	2,605	2,947	11,556	14,461	1,343	-	32,912
Disposals	(1,407)	(19)	(749)	(1,073)	(288)	-	(3,536)
Exchange differences	(21)	(144)	(203)	(454)	(24)	1	(845)
Charge for the year	-	237	1,221	1,730	548	108	3,844
At 31 December 2021	1,177	3,021	11,825	14,664	1,579	109	32,375
Net book value at 31 December 2021	27,381	1,263	3,881	2,664	3,444	3,261	41,894

9. Dividends

In December 2021, the Company paid a final dividend for 2020 of 1.1p (2020: 1.0p) per ordinary share, at a total value of £5,103,000 (2020: £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 2021 of 1.2p per EKF Ordinary share held on 3 November 2022. Payment will be made on 1 December 2022. The expected total value is £5,567,000.

10. Cash generated by operations

	Group 2021 £'000	2020 £'000
Profit/(loss) before tax	21,435	15,356
Adjustments for:		
- Depreciation	2,041	1,844
- Amortisation	3,844	2,767
- Warranty claim	(285)	(1,414)
- (Profit)/loss on disposal of fixed assets	(13)	(22)
- Loss on disposal of intangible assets	-	8
- Share-based payments	(6,586)	4,775
- Dividend received	-	(31)
- Fair value adjustment	285	1,516
- Foreign exchange	61	26
- Bad debt written down	58	45
- Net finance cost/(income)	26	23
Changes in working capital		
- Inventories	(4,601)	(2,557)
- Trade and other receivables	(3,274)	(3,426)
- Trade and other payables	1,217	1,888
Net cash generated by operations	14,208	20,798

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