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

Trading update

EKF Diagnostics Holdings plc (AIM: EKF), the AIM-listed global diagnostics business, provides the following unaudited trading update for the year ended 31 December 2022 ("FY 2022"), reflecting strong growth in the core established business. The Company also gives a progress update on the expansion of the Life Sciences enzyme fermentation business and on the transition of Contract Manufacturing & Laboratory Testing into non-COVID revenues.

Summary expected results for FY 2022

The positive first half performance of the core established business, comprising Point-of-Care & Central Laboratory, continued into the second half, and the Life Sciences division also delivered significant year-on-year growth. Overall performance has shown considerable growth compared to pre-pandemic levels and, as a result, the Company will report revenues for FY 2022 that are in line with market expectations.

The transition to non-COVID revenues in both Contract Manufacturing and Laboratory Testing is progressing, but is taking longer than originally anticipated. As a result of the underperformance in these businesses, adjusted EBITDA¹ is now anticipated to be slightly below market expectations. Laboratory Testing has, however, moved closer to a return to profitability in recent months, driven by non-COVID services introduced.

Group cash, net of borrowings, as at 31 December 2022 was £11.4m (31 December 2021: £19.6m), reflecting planned investments made during the year, including the significant capital expenditure to increase the Company's enzyme fermentation capacity in the US.

Divisional Commentary

1. Point-of-Care ("POC") & Central Laboratory - *Continued growth in key established business units*

The established POC & Central Laboratory businesses continues to deliver double-digit growth, and the Company expects continued growth in 2023. The temporary supply delays that marginally impacted H1 sales of β -HB (Beta-Hydroxybutyrate) have been resolved and a strong H2 sales performance has ensured significant growth for the full year. This momentum is expected to continue into 2023.

2. Life Sciences - *Focus on completing increase in enzyme fermentation capacity*

Completion of the capacity expansion at the enzyme fermentation facility in South Bend, Indiana, remains the main short-term priority for the Group. Once completed this will lead to further growth in 2024, the business having already delivered significant organic growth of 60% using existing capacity in FY 2022. The customer onboarding processes (internal audit, validation and tech transfer) have progressed well, however the supply and delivery of the largest 14,500 litre fermenter has been delayed and is now expected to be installed and validated in July 2023. Delays have also arisen in the delivery of key components and costs have increased, partly due to enhanced customer requirements and partly due to inflationary pressures. Although these increases mean that the total capital cost of the development is now estimated to be around \$14.2m, the Board remains confident in the commercial potential and payback of this growth opportunity.

The full additional capacity is now expected to become operational during Q3 2023. Whilst this has an impact on growth expectations for this division for 2023, these delays have not affected relationships with key customers. Accordingly the full positive impact of this increased capacity is still expected to be seen in 2024.

3. Contract Manufacturing - *Reducing cost base as operations shift into non-COVID-revenues*

In the US, the Company's non-COVID Contract Manufacturing services continues to develop, focused on working with innovative companies in the areas of genomics and forensics to support their growth ambitions. In 2023 this division's focus will be on expanding this service line utilising the Company's asset base in the US and Germany.

During the global pandemic, EKF went through significant structural changes to deliver COVID-related testing products and services to a number of international customers, expanding facilities in Germany, as well as opening a

number of new facilities in the US and UK to meet demand. In addition, there was a requirement to employ further resource to meet this demand. EKF is focussing on taking out significant costs from the business, using pre-pandemic levels as a benchmark and extending its re-organisation programme and efficiency drives previously notified in the Company's interim results in September 2022.

By reducing the cost base in the first half of this year, the Company anticipates growth in adjusted EBITDA and gross margin in the second half of 2023, with an improved cash position over the same period.

4. Laboratory Testing - *Diversifying portfolio of non-COVID tests and targeting a return to profitable growth*

The transition of the Laboratory Testing business into non-COVID revenues remains a challenge, following the rapid drop in demand for COVID testing seen worldwide in Q1 2022. Whilst ADL was loss making for the last three quarters of 2022, a focus on developing and validating a diversified portfolio of high value tests has slowly seen the green shoots of recovery within the business, with losses narrowing in Q4 2022.

The performance of ADL recently has been much improved, driven by non-COVID services. Management will be monitoring this business closely in H1 2023 to ensure it continues on its path to profitable growth and will update shareholders on progress during the year.

Russia Update

During 2022 EKF continued to supply essential medical products to its 60%-owned Russian subsidiary, in compliance with current international sanctions guidance and following regular management review. International sanctions mean that the Company remains unable to distribute cash dividends from this subsidiary and this situation is not expected to change in 2023. As at 31 December 2022, cash in Russia totalled £2.4m (31 December 2021: £1.3m).

Outlook

The performance of the core established business has been very encouraging and the outlook for 2023 remains positive. Despite the delay with South Bend the Company remains positive of the significant benefit to 2024 and beyond. The swift end of the pandemic has posed challenges as the Group adjusts its operating focus to execute its growth plans in other areas.

It is expected that 2023 performance will benefit from further cost reduction, restructuring and operational efficiency measures being implemented, alongside further growth in the core established business. Following the completion of the capacity improvements at the South Bend facility later this

year, there is further opportunity for significant, longer-term growth from the Life Sciences division.

The Company will recognise large exceptional costs in 2022, but this will lead to stronger and clearer foundations for 2023. Further guidance on the outlook for 2023 and beyond will be provided at the time of release of full year results for FY 2022, expected to be reported in late March 2023.

Board Changes

The Board recognises the critical success factor in the delivery of growth in Life Sciences and improved performances for Contract Manufacturing and Lab Testing. Mike Salter, Chief Executive Officer, will focus on these critical operational tasks and to do so will stand down from his role as CEO with immediate effect, but remain as key part of the Management Team reporting directly to the Board.

Christopher Mills, currently Non-executive Chair will remain a Non-executive Director, and Julian Baines, will assume the role of Executive Chair on a short-term basis, using his skills and experience to best support the Management Team to deliver the required results for the Company. All of the planned EKF Board changes are effective immediately.

Julian has agreed to step back from a number of his other non-executive roles to focus on EKF alongside Mike Salter and Marc Davies, CFO. The Board will also begin the process of recruiting a new Chief Executive Officer, and Mike will support Julian and Marc closely during this period to ensure continuity and an orderly transition.

¹*Earnings before interest, tax, depreciation and amortisation, excluding exceptional items and share based payments.*

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The persons responsible for arranging the release of this announcement on behalf of the Company are Julian Baines, Executive Chair, and Marc Davies, CFO.

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, Glycated 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 Testing	Laboratory testing services certified under the Clinical Laboratory Improvement Amendments ("CLIA") for high complexity testing.

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