

*This announcement contains inside information  
for the purposes of UK Market Abuse Regulation.*

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

**Disposal of ADL Health**

EKF Diagnostics Holdings plc (AIM: EKF), the AIM-listed global diagnostics business, announces that it has disposed of its subsidiary, Advanced Diagnostic Laboratory LLC ("ADL Health") (the "Disposal").

As announced in the Company's trading update on 6 February 2023, the transition of the Laboratory Testing business towards generating non-COVID revenues has presented certain challenges following the rapid drop in demand for COVID testing worldwide since Q1 2022. ADL Health will contribute a loss in 2022, which has led to EKF's management team ("Management") reviewing the business and its rationale in the context of the Company's wider strategy despite a recent improvement in revenue.

Following the conclusion of this review, Management has determined that Laboratory Testing will no longer form part of EKF's core offering and, therefore, has agreed to dispose of ADL Health to Medical Management Partners, LLC, an entity which is 100% controlled by Stan Crawford, a member of the management team of ADL Health. The Disposal will provide cost savings to EKF, allow Management time to focus on growth initiatives in other areas, and also simplify the reporting structure of the wider group.

Additional disclosures in respect of the Company's obligations under the AIM Rules for Companies in connection with the Disposal are contained at the foot of this announcement.

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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.*

### **Additional disclosures relating to the Disposal**

Prior to the Disposal, ADL Health is a 100% owned subsidiary of EKF Diagnostics Holdings plc and represents the majority of the Company's Laboratory Testing business unit.

In the year ending 31 December 2022, ADL Health generated revenue of £2.6 million and loss before tax of approximately £1.0 million, with net assets of £0.1 million as at 31 December 2022.

The consideration comprises the following main items:

- the return of 1,200,000 EKF shares of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") which were originally issued as consideration to an entity controlled by Mr. Crawford as one of the vendors of ADL Health when it was acquired by EKF in 2021;
- certain capital equipment and inventory purchased for the business by EKF; and
- partial settlement of intercompany amounts, with the balance due to EKF being restructured as a loan, repayable in monthly instalments (the "Loan Repayments").

The capital equipment and inventory had a net book value of approximately £0.44m in aggregate (as at 31 December 2022), but are planned to be disposed of, with the resale value expected to be below this amount.

The Ordinary Shares received by EKF will be held in treasury. A further announcement will be made in due course to confirm the change in total voting rights and shares held in treasury.

The Loan Repayments will be for an aggregate principal amount of up to \$0.65m, payable over the 36-month period following completion and carrying interest at 2% per annum. Each of the Loan Repayments is subject to ADL Health generating excess operational cashflow over its needs, with unpaid amounts rolling forward over the term of the loan. There can be no guarantee that these payments will be received.

Following the Disposal, EKF expects to discontinue its Laboratory Testing business. Further details regarding the accounting treatment for the Disposal will be included in the preliminary results for the year ended 31 December 2022, which will be released on 28 March 2023.

As Stan Crawford is a director of ADL Health, a subsidiary of the Company, the Disposal constitutes a related party transaction under Rule 13 of the AIM Rules for Companies. The Directors of EKF, having consulted with Singer Capital Markets as the Company's nominated adviser, consider that the terms of the Disposal are fair and reasonable in so far as shareholders are concerned. In considering this matter, the Directors and Singer Capital Markets have taken into account that there was no alternate transaction available and that the outcome to EKF is more beneficial than the cost of closure of the disposed business.

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

EKF is an AIM-listed global diagnostics business focussed on:

- **Point-of-Care** analysers in the key areas of Hematology and Diabetes, as well as **Central Laboratory** products including clinical chemistry reagents, analysers and centrifuges
- **Life Sciences** services provide specialist manufacture of enzymes and custom products for use in diagnostic food and industrial applications, as well as other higher value **Contract Manufacturing** services

EKF has headquarters in Penarth (near Cardiff) and operates five manufacturing sites across the US and Germany, selling into over 120 countries world-wide.

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- 07:00 LSE RNS Mergers, Acquisitions and Disposals EKF