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EKF Diagnostics Holdings PLC  
28 March 2023

*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-listed global diagnostics business, announces its final results for the year ended 31 December 2022. Revenues for the year were in-line with market expectations, as previously confirmed in the Company's trading update released on 6 February 2023. This reflects strong growth in the core established business<sup>1</sup> (+13%) and the continued commercial development of the Life Sciences enzyme fermentation business (+60%).

**Financial highlights**

- Revenues of £66.6m<sup>2</sup> in-line with market expectations (2021: £81.8m)
  - 17% year-on-year growth in revenues, excluding all COVID-related activities
- Gross profit before exceptionals of £30.8m (2021: £39.4m)
- Adjusted EBITDA<sup>3</sup> of £14.9m (2021: £26.5m)
  - 24% up from pre-pandemic levels (2019: £12.0m)
- Loss before tax of £8.9m (2021: £21.4m profit) after exceptional transition and restructuring costs of £17.5m
- Cash generated from operations of £12.7m (2021: £14.2m)
- Group cash, net of borrowings (excluding IFRS 16 liabilities), as at 31 December 2022 of £11.4m (31 December 2021: £19.6m), primarily reflecting cash generated from operations less £4.4m capital expenditure, £2.9m investments, £3.9m share buyback and £5.5m dividend payment
- Cash dividend paid to shareholders, equivalent to 1.2p per ordinary share (2021: 1.1p per share), plus dividend *in specie* of Verici Dx shares valued at £2.0m

<sup>1</sup> Core established business includes Point-of-Care and Central Laboratory

<sup>2</sup> Includes £3.5m relating to US inventory receipt

<sup>3</sup> Earnings before interest, tax, depreciation and amortisation, excluding exceptional items and share based payments.

**Operational highlights**

- 13% year-on-year growth in core established business revenues to £45.3m (2021: £40.1m)
  - **Point-of-Care** up 14% to £30.8m (2021: £27.0m)
  - **Central Laboratory** up 11% to £14.5m (2021: £13.1m)
- 60% year-on-year growth in **Life Sciences** to £3.2m (2021: £2.0m)

- Investment to increase fermentation capacity and capability to deliver significant revenue growth with final larger-scale fermenter installation to complete in Q3 2023
- Cost reduction, restructuring and operational efficiency measures implemented to benefit 2023 performance and beyond
- Exit from underperforming Laboratory Testing (disposal of ADL Health) and UK Contract Manufacturing business
- Board changes: Julian Baines assumed Executive Chair role on a short-term basis and Mike Salter to concentrate on delivering growth in Life Sciences, both effective from 6 February 2023

**Julian Baines, Executive Chairman of EKF, commented:**

*"I am delighted that the core established business has grown by 13% year-on-year and by 12% compared to pre-pandemic levels. These financial results show the strength and robustness of the business as a whole and the potential that EKF offers to shareholders."*

*"EKF has a well-established core business that offers a stable "razor, razor blade" consumable model in Point of Care, alongside an exciting upside opportunity within the Life Sciences division for rapid scale up and significant revenue growth. The business is operationally profitable and cash generative, has no long-term debt and supports an attractive dividend policy."*

*"Cost reduction, restructuring and efficiency measures will further improve our performance in 2023 and onwards. The work to deliver these measures has already begun in earnest and the Board remains confident that the performance of the business for the year remains in-line with management expectation, with EKF now well positioned for long-term sustainable growth."*

**Investor Presentation**

A copy of the investor presentation is available here:

<https://www.ekfdiagnostics.com/documents-reports.html>

EKF Diagnostics will be hosting a live online presentation open to all investors today at 4.30pm (BST), via the Investor Meet Company platform. Investors can sign up to Investor Meet Company for free and add to meet EKF Diagnostics via: <https://www.investormeetcompany.com/ekf-diagnostics-holdings-plc/register-investor>

**EKF Diagnostics Holdings plc**

Julian Baines, Executive Chair / Marc Davies, CFO

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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](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.

## EXECUTIVE CHAIRMAN'S STATEMENT

We are pleased to announce a solid set of results for 2022 which saw EKF deliver full year revenues of £66.6m, reflecting both attractive growth from core established revenues streams and the expected significant drop-off in COVID revenues during the year.

We have previously set out our aim to return the core established business to pre-pandemic 2019 levels and position ourselves for future sustainable growth outside of short-term COVID-related revenues, and we believe we have made excellent progress.

We are particularly pleased with the strong performance of the core established business, comprising of Point-of-Care and Central Laboratory, which has delivered organic growth of 13% year-on-year. In 2022 those two divisions contributed £45.3m, representing 68% of Group revenues, a 12% improvement on pre-pandemic levels, and by itself now more than total Group revenues for 2019, when no COVID related activities were recorded. Not only have we successfully grown these core divisions to above their respective pre-pandemic levels, we have delivered respectable double-digit organic growth across 2022 and expect this momentum to continue into 2023.

A further major contributor to establishing ourselves for future sustainable growth has been our Life Sciences division, which has already seen significant year-on-year growth of 60% in 2022 to £3.2m (2021: £2.0m, 2019: £2.7m), even before the capacity expansion plans at our US enzyme fermentation facility have been fully implemented. We are confident in the commercial potential and payback of this growth opportunity and expect to realise the full impact on revenue growth in 2024.

Alongside these strong positive developments, there has been some 'drag' on performance in 2022, namely from the longer than anticipated transition to non-COVID revenues in both Contract Manufacturing and Laboratory Testing. Whilst progress has been made in this regard, in 2023 there is a significant focus on cost reduction and restructuring within these divisions, as well as more general operational efficiency measures being introduced across the Group. This has resulted in the decision to close down the Contract Manufacturing operations in the UK and the disposal of the Laboratory Testing subsidiary, Advanced Diagnostic Laboratory LLC ("ADL Health") in the US. The Group now has a clear focus on the Point-of-Care, Central Laboratory and Life Sciences divisions.

Adjusted EBITDA for the year was £14.9m (2021: £26.5m) which, while lower than

originally anticipated, reflects a 24% improvement on pre-pandemic levels (2019: £12.0m). Adjusted EBITDA was reduced as a result of the underperformance in Contract Manufacturing and Laboratory Testing. As confirmed above, action has been taken to ensure this is non-recurring.

Cash levels remain healthy, with net cash after borrowings of £11.4m (31 December 2021: £19.6m) and cash and cash equivalents of £11.6m (31 December 2021: £20.3m). This position is after the significant investment in increasing our enzyme fermentation capacity, as well as the funding of our share purchase programme, payment of shareholder dividend and other investments made during the year. Cash held in our Russian subsidiary at year end was £2.4m (31 December 2021: £1.3m) and is discussed further in the Chief Financial Officer's statement.

Whilst 2022 has been a year of significant transition, the Board is confident that EKF has well-established foundations from which to execute its next phase of sustainable growth.

## OPERATIONAL OVERVIEW

As already mentioned, the highlights of our 2022 results have been the performance of the core established business year-on-year, and in comparison to pre-pandemic levels, as well as the strong growth coming from our Life Sciences division using existing fermentation capacity levels. The table below highlights this strong performance:

<b>Divisional revenues</b> <i>£ millions</i>	<b>2022</b>	<b>2021</b>	<b>+/- % Yr-on-Yr</b>	<b>2019 (pre-pandemic)</b>	<b>+/- % 2022 vs. 2019</b>
<b>Core established business</b>	<b>45.3</b>	<b>40.1</b>	<b>13.1%</b>	<b>40.6</b>	<b>11.6%</b>
- <i>Point-of-Care</i>	30.8	27.0	14.0%	27.3	12.8%
- <i>Central Laboratory</i>	14.5	13.1	11.2%	13.3	9.0%
<b>Life Sciences</b>	<b>3.2</b>	<b>2.0</b>	<b>60.2%</b>	<b>2.7</b>	<b>18.5%</b>
Contract Manufacturing	9.5	36.3	(73.8%)	0.2	4,650%
Laboratory Testing*	2.6	1.0	155.3%	-	-
Other	6.0†	2.4	143.1%	1.4	328.6%
<b>Total Group Revenues</b>	<b>66.6</b>	<b>81.8</b>	<b>(18.6%)</b>	<b>44.9</b>	<b>48.3%</b>

\*Contribution from 27 September 2021  
inventory receipt

†Includes £3.5m relating to US

## Point-of-Care & Central Laboratory

<b>Point-of-Care</b>	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, doctors' 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.
<b>Central Laboratory</b>	Clinical chemistry (manufacture and supply of reagents and materials, as indicated below), and laboratory equipment including small lab analysers and centrifuges. <i>Beta-Hydroxybutyrate (β-HB) LiquiColor, Glycated Albumin, Glycated Serum Protein, Nitro-tab, Procalcitonin</i>

Our core established business, a combination of our Point-of-Care (POC) and Central Laboratory divisions, performed well, growing revenues by 13% to £45.3m (2021: £40.1m). We continue to focus on driving organic growth from these stable and established businesses, leveraging existing products and routes to markets, and innovating and expanding into new territories. We expect to see continued growth into 2023.

As well as showing strong year-on-year growth, **Point-of-Care** sales in 2022 were some 13% above the level of sales seen pre-pandemic in 2019. In 2022 we saw a strong sales performance from our range of hematology analysers and tests, and in particular from the continued use of the consumables associated with them. Revenues from our flagship hemoglobin analyzer, Hemo Control, grew by 37% in the year, and is the largest contributor to this division, now representing just short of a quarter of POC revenues. Sales of our HemataStat product, a light and efficient centrifuge for fast hematocrit sampling, grew by 31%. DiaSpect Tm sales were slightly down year-on-year, but did so on the back of strong growth in 2021, and sales still remain over 30% above pre-pandemic levels. The newly updated DiaSpect Tm, now powered by our data management platform EKF Link and with additional functionality, is expected to inject greater impetus for sales of this palm-sized haemoglobin analyzer.

We have also seen growth across all our diabetes instrument range, driven by high growth from our Quo-Lab HbA1c analyzer (sales up by 23%) and a solid performance from our second largest contributor to POC sales, Biosen, a lab accurate glucose and lactate analyzer, which showed 15% growth. Revenues from Lactate Scout, a handheld lactate analyzer for sports performance monitoring, remained broadly flat year-on-year. The launch of Lactate Scout Vet in Q4 2022, will utilise our existing product technology to open up new and attractive markets in animal health, with considerably lower barriers to entry.

**Central Laboratory** also performed well in 2022 delivering 11% growth compared to 2021, and maintaining revenue levels 9% ahead of pre-pandemic levels at £14.5m. The vast majority of sales in this division are derived from our  $\beta$ -HB (Beta-Hydroxybutyrate) reagent, which is used to detect ketones to identify patients suffering from diabetic ketoacidosis, amongst many other clinical applications. In 2022  $\beta$ -HB sales increased by 10% to around £12m, as a result of increased demand generated from our US distribution partners.

## Life Sciences

**Life Sciences**      Enzyme fermentation, Custom products and Bulk fermentation

Our **Life Sciences** division grew by 60% to £3.2m (2021: £2.0m). We believe that this is a highly-scalable business unit, where we can take advantage of a demand-driven opportunity to produce research and diagnostic enzymes in the molecular and clinical chemistry markets, and in industrial and agricultural enzymes settings as well as food grade fermentation digestive proteins. Our production expansion is for customers that we have established relationships with, and who are well advanced in the process of transferring to our enzyme contract manufacturing services delivered from our two US sites in Indiana.

As we updated shareholders recently, we expect to have our largest fermenter (14,500 litre) installed and validated in Q3 2023. This means all our fermentation capacity and capability investment in South Bend will be installed and validated towards the end of Q3 2023.

As part of our \$14.2m investment programme, we will have installed 65L, 300L, 1,500L, 3,000L and 14,500L units as well as key upstream and downstream process capabilities, to complement the existing capacity provided by our existing BioFlo 10L (x2), 125L and 1,600L units in our established Elkhart facility. We have a strong pipeline of opportunities to take up our enlarged capacity, and current customer onboarding processes (internal audit, validation and tech transfer) continue to progress well. We remain confident that all of the planned fermenters will be operational in Q3 2023, and we will deliver significant revenue growth from this

opportunity, with the full impact seen in 2024 financial results and further growth beyond.

As we expect Life Sciences to become a larger contributor to Group performance we have performed an internal reorganisation to record higher value, non-COVID, Contract Manufacturing activity performed by our US operation in this division. This reinforces management's focus on the core business (i.e. all non-COVID related products and services) and will increase visibility and reduce complexity in our Group, becoming effective in 2023 reporting.

### **Contract Manufacturing & Laboratory Testing**

<b>Contract Manufacturing</b>	Bulk formulation, Sample collection kits, Private labelling, Molecular and forensic kits
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<b>Laboratory Testing</b>	Laboratory testing services certified under the Clinical Laboratory Improvement Amendments ("CLIA") for high complexity testing.
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The key focus for both **Contract Manufacturing & Laboratory Testing** has been to transition these businesses into non-COVID activities and build revenues by broadening our high-value services offering.

In Contract Manufacturing this process has taken longer than originally expected and as already described to shareholders in our recent trading update, EKF is now focussed on taking out significant costs from this division, using pre-pandemic levels as a benchmark. Furthermore, the Company is extending its reorganisation programme and efficiency drives as discussed in the Half-Yearly results. Our UK Contracting Manufacturing operation, which was set up in 2020 to meet COVID related demand, has been closed in Q1 2023, and its existing business is being transferred to other EKF locations where commercially viable. This division was loss making and so the Board has taken decisive action to adjust the cost base accordingly.

As discussed above, in 2023 all activity relating to the high value non-COVID Contract Manufacturing services performed from the US will be recorded in Life Sciences. Any residual COVID related Contract Manufacturing will be captured in Other, which is not expected to be material.

As announced on 23 March 2023, Management has determined that Laboratory Testing will no longer form part of EKF's core offering and, therefore, ADL Health was disposed 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.

The performance of these two divisions had a significant impact on overall 2022 Group performance. However, quick action to realign the cost base and to undertake appropriate reorganisational steps will ensure that they will no longer act as a drag on growth in gross margin and adjusted EBITDA moving forward.

In addition to the above business divisions, there was a further £6.0m revenues recorded in Other, which mainly related to shipping and handling recharges, repairs and other sundries (2021: £2.4m). However, in 2022 £3.5m of revenue in Other relates to the one-off US inventory receipt received in May 2022 which is non-recurring.

In light of the operational changes mentioned above we will present the EKF business

going forward under two simplified divisions:

<b>Point-of-Care (Products)</b>	incorporating the core established businesses of <b>Point-of-Care &amp; Central Laboratory</b>
<b>Life Sciences (Services)</b>	incorporating the <b>Life Sciences</b> division (enzyme fermentation services) and the remaining high-value contract manufacturing services offered to customers looking to outsource the production of their diagnostic or life sciences products

### **Transition and restructuring activities**

In light of the significant macro changes during 2022, the Board took swift action to transition and restructure the business activities of the Group. This centred around transitioning the structure and costs base associated with COVID related activities as well as prioritising the resources of the Group towards sustainable, high value business with strong potential for growth.

This resulted in an exceptional charge of £17.5m being recognised for 2022. The Board believes these actions will provide a solid platform for the further development of the business. Further actions have been taken in 2023, including exiting underperforming business units, and it is expected these processes will be completed within the first half of 2023.

The main transition and restructuring activities performed in 2022 were:

- Impairment of the ADL Health business, which was subsequently disposed of in March 2023
- Provisioning against excess COVID related and other inventory throughout the Group in light of the decision to transition away from these areas
- Exit from unprofitable commercial arrangements in order to focus on the Group's restructure
- Scaling back of property portfolio in light of current and future requirements
- Reduction of Group personnel to align with demand for products and services
- Corporate reorganisation to simplify Group structure and mirror operational needs

In addition, the restructuring costs associated with the announcement in February 2023 of the closure of the UK Contract Manufacturing business will be recognised in the 2023 financial statements.

Whilst a number of decisions taken during the year have been challenging, they reflect the change necessary to simplify and refocus EKF and to support the robust platform being built for growth.

### **Board changes**

Post-period end, we announced a number of Board changes in recognition of the critical success factors around the delivery of expected growth in our Life Sciences division. Mike Salter is now fully focussed on these critical operational tasks in the US and does so unencumbered by the additional duties he had as Chief Executive Officer (CEO). Mike remains a key part of the Management, reporting directly to the Board, and the Board is very grateful to Mike both for his time as CEO and his continued commitment to focus on delivering these key operational aspects of our strategy.

For the time being, I have assumed the role of Executive Chair, and previously announced that the Board would begin the process of recruiting a new CEO. The Board believes the recruitment focus should be on an experienced operational leader given the stated focus on our core established business and the Life Sciences expansion. Christopher Mills stood down as Non-executive Chair but remains on the Board as a Non-executive Director. We are hugely grateful to Christopher for his stewardship as Non-executive Chair and are very pleased to retain his counsel and guidance in a non-executive capacity. Carl Contadini retired from the Board in February 2022, and we wish him well for the future.

The Board now comprises five members - two Executive Directors and three Non-executive Directors:

- Julian Baines, Executive Chair
- Marc Davies, Chief Financial Officer
- Christian Rigg, Senior Independent Non-executive Director
- Jenny Winter, Independent Non-executive Director
- Christopher Mills, Non-executive Director

Until the appointment of a new CEO, the Board believes that any other revision to Board composition would be inappropriate. We have adopted the Corporate Governance Code issued by the Quoted Company Alliance and our two independent Non-executive Directors, Chris Rigg and Jenny Winter, continue to play very important roles. Further details of compliance to our adopted governance code can be found in the Corporate Governance Statement of the Annual Report and on the Company's website.

## **Outlook**

I am delighted that the core established business has grown by 13% year-on-year and by 12% compared to pre-pandemic levels. These financial results show the strength and robustness of the business as a whole and the potential that EKF offers to shareholders.

EKF has a well-established core business that offers a stable "razor, razor blade" consumable model in Point-of-Care, alongside an exciting upside opportunity within the Life Sciences division for rapid scale up and significant revenue growth. The business is operationally profitable and is cash generative, has no long-term debt and supports an attractive dividend policy.

Cost reduction, restructuring and efficiency measures will further improve our performance in 2023 and onwards. The work to deliver these measures has already begun in earnest and the Board remains confident that the performance of the business for the year remains in-line with management expectations, with EKF now well positioned for long-term sustainable growth.

**Julian Baines**  
***Executive Chairman***

**28 March 2023**

## Chief Financial Officer's Review

Revenue for 2022 was £66.6m (2021: £81.8m), a decrease of 19% on the prior year, reflecting the anticipated reduction in revenues from COVID-19 related products and services. At constant 2021 exchange rates, revenue for the year would have been £62.7m. Revenue in 2022 included £3.5m relating to a one-off US inventory receipt.

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

	<b>2022</b>	<b>2021</b>	
	<b>£'000</b>	<b>£'000</b>	<b>+/- %</b>
Germany	24,192	34,171	(29%)
USA	36,822	36,056	2%
UK	1,419	8,323	(83%)
Russia	4,202	3,286	28%
<b>Total</b>	<b>66,635</b>	<b>81,836</b>	<b>(19%)</b>

	<b>Revenue</b>	<b>Adjusted</b>
	<b>£'000</b>	<b>EBITDA*</b>
	<b>£'000</b>	<b>£'000</b>
Germany	24,192	8,089
USA	36,822	8,309
UK	1,419	(3,057)
Russia	4,202	1,563
<b>Total</b>	<b>66,635</b>	<b>14,904</b>

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

### Observations by geographical segment:

**Germany** - Significant reduction in revenue primarily due to sample collection tubes and kits contract manufacturing activity following COVID drop off in Q1 2022.

**USA** - Strong core sales growth offsetting reduction in contract manufacturing following COVID drop off in Q1 2022.

**UK** - Reduced contract manufacturing activity following COVID drop off in the first quarter of 2022. The UK contract manufacturing facility was closed in Q1 2023.

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

### 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 held in Russia totalled £2.4m (31 December 2021: £1.3m).

Management continues to assess the situation in Russia and are mindful of the growing financial and operational challenges.

### **Gross profit**

Gross profit was £24.0m (2021: £39.4m), which represents a gross margin of 36% (2021: 48%). Before exceptional costs of £6.8m (2021: £nil) the gross margin was £30.8m, representing a gross margin percentage of 46%. The decreased gross profit was largely due to the lower sales volumes following the COVID drop off. The reduction in gross margin was primarily caused by changes in the mix of products as well as increased costs in the supply chain.

### **Administration costs and research and development**

Administration costs, excluding exceptional items, have increased to £23.2m (2021: £17.6m), largely as a result of higher sales administration costs in the USA, the full year effect of ADL Health and the accounting treatment associated with the one-off US inventory receipt.

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

	<b>Year ended 31 December 2022 £'000</b>	<b>Year ended 31 December 2021 £'000</b>
Non-exceptional administration expenditure before R&D capitalisation	24,877	19,511
Effect of share-based payments	(308)	(1,238)
Less capitalised R&D	(1,392)	(659)
Total administrative expenses	23,177	17,614

Research and development costs included in administration expenses were £1.5m (2021: £1.4m). A further £1.4m (2021: £0.7m) 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 £2.9m (2021: £2.1m). The charge for depreciation of fixed assets and amortisation of intangible assets increased to £6.7m (2021: £5.9m). The increase was mainly associated with the capital programme in recent periods.

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

The Group generated an operating loss of £9.0m (2021: £21.7m profit). This was a result of the lower revenue levels seen during the year and the significant exceptional 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 provides a clearer comparison of the underlying operating performance between periods. In 2022 we achieved adjusted EBITDA of £14.9m (2021: £26.5m), a decrease of 44%. 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 £0.3m (2021: credit of £1.2m), and exceptional costs of £17.5m (2021: £0.1m), the main element of which in 2022 is the transition and restructuring of the business to enhance future profitability including the impairment of assets in relation to the ADL Health business. This is outlined in more detail in note 4.

### **Finance costs**

Net finance costs are £0.03m (2021: £0.3m). The benefit of interest received on cash balances, mainly those held in Russia, is offset by charges relating to leases

accounted for in accordance with IFRS 16. Although the Group holds net cash, achievable financial returns on this remain very low because of low interest rates around the world.

### **Tax**

There is an income tax charge of £0.6m, a decrease from the prior year charge (2021: £5.3m). Deferred tax of £(1.5m), associated with the decrease in the market value of listed investments, has been credited direct to Other Comprehensive Income.

### **Dividend**

A cash dividend of 1.2p per ordinary share was paid in December 2022, in respect of the final dividend for 2021. In addition, the majority of the Group's investment in Verici Dx plc was transferred to shareholders by way of a dividend *in specie* in June 2022, at a value of £2.0m. We can confirm that 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 2022. If approved by shareholders at the Company's next Annual General Meeting, payment of the dividend will be made on Friday 1 December 2023. The associated record date for this dividend is Friday 3 November 2023, and the ex-dividend date would be Thursday 2 November 2023.

### **Balance sheet**

#### *Property plant and equipment and right-of-use assets*

Additions to fixed assets were £7.0m (2021: £5.7m). Major programmes include the continuing work on the fit out of the new factory building in South Bend, Indiana; upgrading and refurbishment of the Group's manufacturing facility in Elkhart, Indiana; new equipment at ADL Health; and the capitalisation of new and replacement leases under IFRS 16 including replacement leases on properties in the USA and Germany. These leases are generally for short terms or have break clauses that limit our commitment.

#### *Intangible assets*

The carrying value of intangible assets has decreased, from £41.9m at the end of 2021 to £33.8m as at 31 December 2022. This is largely due to the impairment of goodwill and intangible assets associated with ADL Health.

#### *Investments*

During the year the Company invested an additional £0.4m in Renalytix plc, a developer of artificial intelligence enabled acute kidney injury products. At year-end, the Company held approximately 1.53% of the issued share capital of Renalytix plc. In addition, the Company invested £2.5m in Verici Dx plc, a developer of advanced clinical diagnostics for organ transplant. Subsequently, the majority of the Company's holding in Verici Dx was transferred to its shareholders by way of a dividend *in specie*. The fair value reduction of the Company's investments was £7.6m during the year.

Due to the stated strategic focus on the core established business and Life Sciences we do not expect to make any further external investments in 2023.

#### *Deferred consideration*

The Group made a payment of £0.4m in respect of deferred consideration relating to the acquisition of ADL Health. The remaining deferred consideration, which is

contingent on the performance of ADL Health over a three year period commencing at the date of acquisition in September 2021, has been written back. No deferred consideration was payable for the period to September 2022. Post year end, ADL Health has been disposed of and hence there are no further deferred consideration obligations.

#### *Cash and working capital*

Group cash, net of borrowings (which excludes marketable securities and lease creditors assessed in relation to IFRS 16 assets), has decreased to £11.4m from £19.6m. Excluding cash held in Russia the cash balance net of borrowings is £9.0m (2021: £18.3m). Gross cash has fallen to £11.6m (2021: £20.3m). Existing borrowings reduced in line with repayments to £0.1m (2021: £0.7m), this included the repayment of borrowings taken on at the acquisition of ADL Health. Cash generated by operations is £12.7m (2021: £14.2m). Investment has been made in the acquisition of fixed assets (£4.4m excluding IFRS 16 leases), and in support of existing investments in AIM listed businesses. The dividend paid in December 2022 totalled £5.5m.

The Company has agreed a funding line with North Atlantic Smaller Companies Investment Trust PLC ("NASCIT"). Christopher Mills, Non-executive Director of the Company, sits on the Board as Chief Executive Officer of NASCIT and is a substantial shareholder of both the Company and the lender. This is a committed facility for a maximum value of £3.0m which, as at the date of this statement, is not drawn down. The terms of the facility are substantially similar to those considered to be commercially available to the Company. This facility partially sets off the exposure currently faced by the Group given the inability to access cash reserves held in Russia. The Board believes it is a prudent measure to have access to additional cash if needed and further that the facility demonstrates the continued support from its largest shareholder, Christopher Mills. The direct and indirect shareholdings of Mr. Mills in the Company include those of the NASCIT.

The lending facility is available for three years from the date of this announcement and any amounts drawn down carry interest at 2.5% above the Bank of England base rate from time to time, payable quarterly in arrears. Any loan under the facility is required to be fully repaid at the end of the facility term. The Company may repay any such loan early, in part or in full, but may not re-borrow such amounts.

As a Substantial Shareholder (as defined in the AIM Rules), the arrangement of a debt facility with NASCIT represents a related party transaction pursuant to AIM Rule 13. The independent Directors of EKF (being the Directors of the Company other than Christopher Mills), having consulted with Singer Capital Markets as the Company's nominated adviser, consider that the terms of the agreement governing the debt facility from NASCIT are fair and reasonable in so far as shareholders are concerned.

#### **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, even taking into account severe but plausible changes in financial performance, that the Group will be able to operate as outlined below.

Following the year of transition away from COVID related activities in 2022, the business continues to grow its core base under both Point-of-Care and Central Laboratory, funding the investment into Life Sciences at the new facility in South

Bend. The Directors have modelled a range of sensitivities from the base internal budget including lower revenues, and continued restrictions in Russia in relation to accessing cash. In addition, the Group has taken actions including cost reductions through the closure of the UK manufacturing operations and the divestment of ADL Health, and securing the committed £3m of funding from NASCIT to be drawn down should the worst-case scenario materialise.

Considering the range of sensitivities which account for a severe downturn versus expectation in 2023, plus the range of mitigation options available the business demonstrates sufficient headroom giving the Directors confidence that the business can continue to meet its obligations as they fall due, even under the 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.

### **Share capital**

During the year the Company acquired 9 million of its own ordinary shares at a cost of £3.9m, paying an average price of 43.3p per share. These shares were subsequently cancelled.

### **Post Balance Sheet Events**

In February 2023 the Group's UK manufacturing operations were closed down. This resulted in a small number of redundancies.

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 contributed a loss in 2022, which has led to EKF's Management reviewing the business and its rationale in the context of the Group's wider strategy.

Following the review undertaken in early 2023, Management determined that Laboratory Testing will no longer form part of EKF's core offering and, therefore, disposed 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. 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 disposal was classified as a related party transaction under the AIM Rules by virtue of Stan Crawford being a director of a subsidiary of the Company. Further details of this transaction and related regulatory disclosures are contained in the announcement made on 23 March 2023.

The consideration will primarily comprise 1,200,000 EKF shares of ordinary shares of 1p each in the capital of the Company to be held, initially, in treasury.

**Marc Davies**

***Chief Financial Officer***

**28 March 2023**

## Consolidated Income Statement

### for the year ended 31 December 2022

	2022 £'000	2021 £'000
Revenue	66,635	81,836
Cost of sales	(35,823)	(42,470)
Exceptional items - other charged to cost of sales	(6,774)	-
<b>Gross profit</b>	<b>24,038</b>	<b>39,366</b>
Administrative expenses	(23,177)	(17,614)
Exceptional items - impairment of assets	(10,384)	-
Exceptional items - other	(367)	(95)
Other income	919	90
<b>Operating (loss)/profit</b>	<b>(8,971)</b>	<b>21,747</b>
Depreciation and amortisation	(6,658)	(5,885)
Share-based payments	308	1,238
Exceptional items	(17,525)	(95)
<b>EBITDA before exceptional items and share-based payments</b>	<b>14,904</b>	<b>26,489</b>
Finance income	131	45
Finance costs	(102)	(357)
<b>(Loss) / profit before income tax</b>	<b>(8,942)</b>	<b>21,435</b>
Income tax charge	(634)	(5,277)
<b>(Loss)/profit for the year</b>	<b>(9,576)</b>	<b>16,158</b>
<b>(Loss)/profit attributable to:</b>		
Owners of the parent	(10,101)	15,851
Non-controlling interest	525	307
	<b>(9,576)</b>	<b>16,158</b>
	<b>Pence</b>	<b>Pence</b>
<b>(Loss)/earnings per Ordinary Share attributable to the owners of the parent during the year</b>		
Basic	(2.21)	3.47
Diluted	(2.21)	3.44

## Consolidated Statement of Comprehensive Income

### for the year ended 31 December 2022

	2022 £'000	2021 £'000
<b>(Loss)/profit for the year</b>	<b>(9,576)</b>	<b>16,158</b>
<b>Other comprehensive (loss)/income:</b>		
<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)	(6,096)	(321)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	6,811	(1,226)
<b>Other comprehensive income/(loss) (net of tax)</b>	<b>715</b>	<b>(1,547)</b>
<b>Total comprehensive (loss)/income for the year</b>	<b>(8,861)</b>	<b>14,611</b>
Attributable to:		
Owners of the parent	(9,420)	14,315
Non-controlling interests	559	296
<b>Total comprehensive (loss)/income for the year</b>	<b>(8,861)</b>	<b>14,611</b>

## Consolidated Statement of Financial Position

### as at 31 December 2022

	Group 2022 £'000	Group 2021 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	20,435	15,991
Right-of-use asset	1,279	1,875
Intangible assets	33,772	41,894
Investments	1,119	7,789
Deferred tax assets	925	15
<b>Total non-current assets</b>	<b>57,530</b>	<b>67,564</b>
<b>Current assets</b>		
Inventories	9,434	13,238
Trade and other receivables	10,739	13,428
Current income tax receivable	10	548
Cash and cash equivalents (including restricted cash of £2,366,000 (2021: £nil))	11,578	20,341
<b>Total current assets</b>	<b>31,761</b>	<b>47,555</b>
<b>Total assets</b>	<b>89,291</b>	<b>115,119</b>
<b>Equity attributable to owners of the parent</b>		
Share capital	4,549	4,639
Share Premium	7,375	7,375
Other reserves	(629)	5,033
Foreign currency reserves	9,590	2,813
Retained earnings	52,461	74,264
	73,346	94,124
<b>Non-controlling interest</b>	<b>1,177</b>	<b>618</b>
<b>Total equity</b>	<b>74,523</b>	<b>94,742</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	537	1,095
Borrowings	-	431
Deferred consideration	-	170
Deferred tax liabilities	2,493	5,031
<b>Total non-current liabilities</b>	<b>3,030</b>	<b>6,727</b>
<b>Current liabilities</b>		
Trade and other payables	8,288	9,078
Lease liabilities	873	838
Deferred consideration	-	465
Current income tax liabilities	2,440	3,004
Borrowings	137	265
<b>Total current liabilities</b>	<b>11,738</b>	<b>13,650</b>
<b>Total liabilities</b>	<b>14,768</b>	<b>20,377</b>
<b>Total equity and liabilities</b>	<b>89,291</b>	<b>115,119</b>

## Consolidated Statement of Cash Flows for the year ended 31 December 2022

	Group 2022 £'000	Group 2021 £'000
<b>Cash flow from operating activities</b>		
Cash generated from operations	12,655	14,208
Interest received	85	45
Interest paid	(46)	(81)
Income tax paid	(3,006)	(3,934)
<b>Net cash generated from operating activities</b>	<b>9,688</b>	<b>10,238</b>
<b>Cash flow from investing activities</b>		
Payment for investments	(2,930)	-
Payment for property, plant and equipment (PPE)	(4,434)	(4,335)
Payment for intangibles	(1,394)	(1,314)
Payment for acquisition of subsidiaries, net of cash acquired	(403)	84
Proceeds from sale of PPE	229	43
Interest received	-	45
<b>Net cash used in investing activities</b>	<b>(8,932)</b>	<b>(5,477)</b>
<b>Cash flow from financing activities</b>		
Payment for shares bought back	(3,896)	-
Dividends paid to company shareholders	(5,459)	(5,103)

Repayments of borrowings	(613)	(178)
Principal elements of lease payments	(1,071)	(643)
Dividend payment to non-controlling interest	-	(231)
<b>Net cash used in financing activities</b>	<b>(11,039)</b>	<b>(6,155)</b>
<b>Net decrease cash and cash equivalents</b>	<b>(10,283)</b>	<b>(1,394)</b>
Cash and cash equivalents at beginning of year	<b>20,341</b>	21,913
Exchange gains/(losses) on cash and cash equivalents	<b>1,520</b>	(178)
<b>Cash and cash equivalents at end of year</b>	<b>11,578</b>	20,341

Cash and cash equivalents totalling £2,366,000 (2021: £1,344,000) are held by the Group's 60% owned subsidiary company in Russia. As a result of action by the Russian Government following international sanctions being imposed on Russia, access to this cash is currently restricted.

## Consolidated Statement of Changes in Equity

Consolidated	Share capital £'000	Share premium account £'000	Other reserves £'000	Foreign currency reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
<b>At 1 January 2021</b>	4,550	200	5,354	4,028	63,516	77,648	552	78,200
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	15,851	15,851	307	16,158
<b>Other comprehensive expense</b>								
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)
<b>Total comprehensive income</b>	-	-	(321)	(1,215)	15,851	14,315	296	14,611
<b>Transactions with owners</b>								
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)
<b>Total distributions to owners</b>	89	7,175	-	-	(5,103)	2,161	(230)	1,931
<b>At 31 December 2021 and 1 January 2022</b>	<b>4,639</b>	<b>7,375</b>	<b>5,033</b>	<b>2,813</b>	<b>74,264</b>	<b>94,124</b>	<b>618</b>	<b>94,742</b>
<b>Comprehensive (expense)/income</b>								
(Loss)/profit for the year	-	-	-	-	(10,101)	(10,101)	525	(9,576)
<b>Other comprehensive (expense)/income</b>								
Changes in fair value of equity instruments at fair value through other comprehensive expense	-	-	(7,598)	-	-	(7,598)	-	(7,598)
Deferred tax on the above	-	-	1,502	-	-	1,502	-	1,502
Currency translation differences	-	-	-	6,777	(1)-	6,776	34	6,810
<b>Total comprehensive (expense)/income</b>	-	-	(6,096)	6,777	(10,102)	(9,421)	559	(8,862)
<b>Transactions with owners</b>								
Cancellation of ordinary shares	(90)	-	90	-	(3,896)	(3,896)	-	(3,896)
Reserve transfer	-	-	344	-	(344)	-	-	-
Dividends to owners	-	-	-	-	(7,461)	(7,461)	-	(7,461)
<b>Total distributions to owners</b>	(90)	-	434	-	(11,701)	(11,357)	-	(11,357)
<b>At 31 December 2022</b>	<b>4,549</b>	<b>7,375</b>	<b>(629)</b>	<b>9,590</b>	<b>52,461</b>	<b>73,346</b>	<b>1,177</b>	<b>74,523</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 December 2022**

#### **1. General information**

EKF Diagnostics Holdings Plc is a company incorporated and domiciled in the United Kingdom. The Company is a public limited company (registration number 4347937), which is listed on the Alternative Investment Market of the London Stock Exchange. The address of the registered office is Avon House, 19 Stanwell Road, Penarth, Cardiff CF64 2EZ.

The principal activity of the Group is the development, manufacture and supply of products and services into the in-vitro diagnostic (IVD) market place. The Group has presence in the UK, USA, Germany, and Russia, and sells throughout the world including Europe, the Middle East, the Americas, Asia, and Africa.

The financial information within this preliminary announcement is extracted from the Group's consolidated financial statements for the year ended 31 December 2022, which were approved by the Board of Directors on 28 March 2023. 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 Company will publish its full financial statements for the year ended 31 December 2022 by 24 April 2023, which will be available on the Company's website at [www.ekfdiagnostics.com](http://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 17 May 2023.

The Group's consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with 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 2022. 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 17 May 2023 at the Company's Annual General Meeting.

Statutory accounts for the year to 31 December 2021 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 that, even taking into account severe but plausible changes in financial performance, the Group will be able to operate as outlined below.

Following the year of transition away from COVID related activities in 2022, the business continues to grow its core base under both Point-of-Care and Central Laboratory, funding the investment into Life Sciences at the new facility in South Bend. The Directors modelled a range of sensitivities from the base internal Budget including lower revenues, and continued restrictions in Russia in relation to accessing cash. In addition, the Group has taken actions including cost reductions through the closure of the UK manufacturing operations and the divestment of ADL Health, and securing a committed £3m of funding from the North Atlantic Smaller Companies Investment Trust PLC to be drawn down should the worst-case scenario materialise.

Considering the range of sensitivities which account for a severe downturn versus expectation in 2023, plus the range of mitigation options available the business demonstrates sufficient headroom giving the Directors confidence that the business can continue to meet its obligations as they fall due, even under the 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.

## 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 2022 is as follows:

2022	Germany £'000	USA £'000	Russia £'000	UK £'000	Total £'000
<b>Income statement</b>					
Revenue	30,384	37,220	4,202	1,427	73,233

Inter-segment	(6,192)	(398)	-	(8)	(6,598)
<b>External revenue</b>	<b>24,192</b>	<b>36,822</b>	<b>4,202</b>	<b>1,419</b>	<b>66,635</b>
<b>Adjusted EBITDA*</b>	<b>8,089</b>	<b>8,309</b>	<b>1,563</b>	<b>(3,057)</b>	<b>14,904</b>
Exceptional items - impairments (Note 4)	(32)	(10,324)	-	(28)	(10,384)
Exceptional items - other (Note 4)	(1,857)	(4,909)	-	(375)	(7,141)
Share-based payments	-	-	-	308	308
<b>EBITDA</b>	<b>6,200</b>	<b>(6,924)</b>	<b>1,563</b>	<b>(3,152)</b>	<b>(2,313)</b>
Depreciation	(744)	(1,925)	(21)	(408)	(3,098)
Amortisation	(1,667)	(1,835)	-	(58)	(3,560)
<b>Operating profit</b>	<b>3,789</b>	<b>(10,684)</b>	<b>1,542</b>	<b>(3,618)</b>	<b>(8,971)</b>
Finance income	1	1	118	11	131
Finance cost	(33)	(4)	-	(65)	(102)
Income tax	(790)	644	(348)	(140)	(634)
<b>Profit for the year</b>	<b>2,967</b>	<b>(10,043)</b>	<b>1,312</b>	<b>(3,812)</b>	<b>(9,576)</b>
<b>Segment assets</b>					
Operating assets	41,835	57,213	873	13,246	113,167
Inter-segment assets	(10,608)	(22,634)	-	(2,212)	(35,454)
External operating assets	31,227	34,579	873	11,034	77,713
Cash	2,774	5,785	2,366	653	11,578
<b>Total assets</b>	<b>34,001</b>	<b>40,364</b>	<b>3,239</b>	<b>11,687</b>	<b>89,291</b>
<b>Segment liabilities</b>					
Operating liabilities	7,211	27,125	207	15,542	50,085
Inter-segment liabilities	(986)	(21,908)	-	(12,560)	(35,454)
External operating liabilities	6,225	5,217	207	2,982	14,631
Borrowings	137	-	-	-	137
<b>Total liabilities</b>	<b>6,362</b>	<b>5,217</b>	<b>207</b>	<b>2,982</b>	<b>14,768</b>
<b>Other segmental information</b>					
Non-current assets - PPE	5,982	13,590	155	1,987	21,714
Non-current assets - Intangibles	18,606	8,822	87	6,257	33,772
PPE - additions	877	5,909	84	102	6,972
Intangible assets - additions	832	192	-	370	1,394

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

	Germany £'000	USA £'000	Russia £'000	UK £'000	<b>Total £'000</b>
<b>2021</b>					
<b>Income statement</b>					
Revenue	39,665	38,974	3,286	8,514	90,439
Inter-segment	(5,494)	(2,918)	-	(191)	(8,603)
<b>External revenue</b>	<b>34,171</b>	<b>36,056</b>	<b>3,286</b>	<b>8,323</b>	<b>81,836</b>
<b>Adjusted EBITDA*</b>	<b>11,480</b>	<b>12,735</b>	<b>981</b>	<b>1,293</b>	<b>26,489</b>
Exceptional items (Note 4)	(452)	-	-	357	(95)
Share-based payments	-	-	-	1,238	1,238
<b>EBITDA</b>	<b>11,028</b>	<b>12,735</b>	<b>981</b>	<b>2,888</b>	<b>27,632</b>
Depreciation	(752)	(938)	(57)	(294)	(2,041)
Amortisation	(1,525)	(1,383)	-	(936)	(3,844)
<b>Operating profit/(loss)</b>	<b>8,751</b>	<b>10,414</b>	<b>924</b>	<b>1,658</b>	<b>21,747</b>
Finance income	-	7	38	-	45
Finance cost	(31)	(37)	-	(289)	(357)
Income tax	(2,806)	(2,402)	(193)	124	(5,277)
<b>Profit for the year</b>	<b>5,914</b>	<b>7,982</b>	<b>769</b>	<b>1,493</b>	<b>16,158</b>
<b>Segment assets</b>					
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
<b>Total assets</b>	<b>36,615</b>	<b>48,825</b>	<b>1,775</b>	<b>27,904</b>	<b>115,119</b>
<b>Segment liabilities</b>					
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
<b>Total liabilities</b>	<b>6,082</b>	<b>7,486</b>	<b>167</b>	<b>6,642</b>	<b>20,377</b>
<b>Other segmental information</b>					
Non-current assets - PPE	5,628	8,291	80	3,867	17,866
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 including acquisitions	694	8,171	-	521	9,386

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

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Americas</b>		
United States of America	<b>30,941</b>	31,522
Rest of Americas	<b>4,126</b>	3,248
<b>Europe, Middle East and Africa (EMEA)</b>		
Germany	<b>8,001</b>	7,942
United Kingdom	<b>1,886</b>	8,848
Ireland	<b>5,253</b>	14,292
Rest of Europe	<b>3,715</b>	4,616
Russia	<b>4,202</b>	3,286
Middle East	<b>1,449</b>	1,464
Africa	<b>1,945</b>	2,323
<b>Asia and Rest of World</b>		
China	<b>1,014</b>	985
Rest of Asia and Oceania	<b>4,103</b>	3,310
<b>Total revenue</b>	<b>66,635</b>	81,836

In 2022 no customer represented more than 10% of revenues. In 2021 revenues of £14,225,000 (17.4%) were derived from one external customer, all of whose revenues relate to Europe.

#### 4. Exceptional items

Included within cost of sales and administrative expenses are exceptional items as shown below:

	Note	<b>2022</b>	2021
		<b>£'000</b>	£'000
- Warranty claim	a	-	285
- Deferred consideration and settlement of warranty claim	a	<b>2</b>	(179)
- Business reorganisation costs - other charged to cost of sales	b	<b>(6,774)</b>	-
- Business reorganisation costs - Impairment	c	<b>(10,384)</b>	-
- Business reorganisation costs - other charged to operating expenses	d	<b>(369)</b>	(37)
- Acquisition costs	e	-	(164)
Exceptional items		<b>(17,525)</b>	(95)

a) Change in the value of deferred consideration relating to the acquisition of Advanced Diagnostic Laboratory LLC. The 2021 amount relates to the resolution of a warranty claim against the former owner of EKF-Diagnostic GmbH.

b) Costs associated with the transition and restructure of certain operations in the US as well as ADL Health, UK and Germany, which have been charged to cost of sales. The costs include provisions against certain COVID-19 related and other inventory and provisions for certain onerous contracts following the decision to focus on its other businesses.

c) Impairments associated with the transition and restructure of certain operations in the US, UK and Germany, which have been charged to operating expenses. These costs include the impairment of Plant, Property and Equipment and intangible assets relating to ADL Health (£9.8m) as well as the impairment of a number of development projects which have been terminated (£0.6m).

d) Costs associated with the transition and restructure of certain operations in the US, UK and Germany, including redundancy costs (£0.4m) which have been charged to operating expenses. These costs include redundancy costs. The amount has been partly offset by the write back of the value of deferred consideration in respect of Advanced Diagnostic Laboratory LLC (£0.3m).

e) Professional fees relating to the acquisition of Advanced Diagnostic Laboratory LLC in 2021

## 5. Income tax charge

<b>Group</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Current tax:		
Current tax on profit for the year	<b>2,815</b>	5,096
Adjustments for prior periods	<b>62</b>	96
<b>Total current tax</b>	<b>2,877</b>	5,192
Deferred tax (note 29):		
Origination and reversal of temporary differences	<b>(2,243)</b>	85
<b>Total deferred tax</b>	<b>(2,243)</b>	85
<b>Income tax charge</b>	<b>634</b>	5,277

## 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.

	<b>2022 £'000</b>	<b>2021 £'000</b>
(Loss)/profit attributable to owners of the parent	<b>(10,101)</b>	<b>15,851</b>
Weighted average number of Ordinary Shares in issue	<b>457,180,086</b>	<b>457,001,067</b>
Basic (loss)/profit per share	<b>(2.21) pence</b>	<b>3.47 pence</b>

### (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. The potential shares were not dilutive in 2022 as the Group made a loss.

	<b>2022 £'000</b>	<b>2021 £'000</b>
(Loss)/profit attributable to owners of the parent	<b>(10,101)</b>	<b>15,851</b>
Weighted average number of Ordinary Shares including potentially dilutive shares	<b>457,180,086</b>	<b>460,957,933</b>
Diluted (loss)/profit per share	<b>(2.21) pence</b>	<b>3.44 pence</b>
	<b>2022</b>	<b>2021</b>
Weighted average number of Ordinary Shares in issue	<b>457,180,086</b>	<b>457,001,067</b>
Adjustment for:		
- Assumed conversion of share awards	-	<b>12,640</b>
- Assumed payment of equity deferred consideration	-	<b>3,944,226</b>
Weighted average number of Ordinary Shares including potentially dilutive shares	<b>457,180,086</b>	<b>460,957,933</b>

## 7. Dividends

In December 2022, the Company paid a final dividend for 2021 of 1.2p (2021: 1.1p)

per ordinary share, at a total value of £5,459,000 (2021: £5,103,000). The Board intends to follow an active dividend policy. The Directors propose, subject to approval at the Company's next Annual General Meeting, the payment of a final dividend for 2022 of 1.2p per EKF Ordinary share held on 2 November 2023. Payment will be made on 1 December 2023. to shareholders on the register at the close of business on 3 November as the date of record. The expected total value of the dividend for 2022 is £5,459,000.

In addition to the cash dividend described above, in June 2022 the Company made a distribution in specie whereby the majority of the Company's shareholding in Verici Dx plc was distributed to Ordinary shareholders of the Company at a total value of £2,001,694. The fair value per EKF share was 0.44 pence.

## 8. 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
<b>Cost</b>							
<b>At 1 January 2021</b>	<b>10,210</b>	<b>1,389</b>	<b>11,809</b>	<b>201</b>	<b>735</b>	<b>1,600</b>	<b>25,944</b>
Acquired with subsidiary	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)
<b>At 31 December 2021</b>	<b>10,711</b>	<b>2,012</b>	<b>13,188</b>	<b>160</b>	<b>2,470</b>	<b>3,010</b>	<b>31,551</b>
<b>Accumulated depreciation</b>							
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)
<b>At 31 December 2021</b>	<b>2,595</b>	<b>1,249</b>	<b>8,625</b>	<b>81</b>	<b>-</b>	<b>1,135</b>	<b>13,685</b>
<b>Net book value at 31 December 2021</b>	<b>8,116</b>	<b>763</b>	<b>4,563</b>	<b>79</b>	<b>2,470</b>	<b>1,875</b>	<b>17,866</b>
<b>Cost</b>							
<b>At 1 January 2022</b>	<b>10,711</b>	<b>2,012</b>	<b>13,188</b>	<b>160</b>	<b>2,470</b>	<b>3,010</b>	<b>31,551</b>
Additions	564	133	1,588	48	4,237	402	6,972
Exchange differences	838	180	985	22	276	195	2,496
Transfers	40	10	393	-	(443)	-	-
Disposals	(3)	(363)	(1,277)	(20)	(125)	(285)	(2,073)
<b>At 31 December 2022</b>	<b>12,150</b>	<b>1,972</b>	<b>14,877</b>	<b>210</b>	<b>6,415</b>	<b>3,322</b>	<b>38,946</b>
<b>Accumulated depreciation</b>							
<b>At 1 January 2022</b>	<b>2,595</b>	<b>1,249</b>	<b>8,625</b>	<b>81</b>	<b>-</b>	<b>1,135</b>	<b>13,685</b>
Charge for the year	525	308	1,249	-	-	1,016	3,098
Exchange differences	226	150	611	10	-	52	1,049
Impairment	1	-	1,129	-	-	111	1,241
Disposals	(3)	(336)	(1,217)	(14)	-	(271)	(1,841)
<b>At 31 December 2022</b>	<b>3,344</b>	<b>1,371</b>	<b>10,397</b>	<b>77</b>	<b>-</b>	<b>2,043</b>	<b>17,232</b>
<b>Net book value at 31 December 2022</b>	<b>8,806</b>	<b>601</b>	<b>4,480</b>	<b>133</b>	<b>6,415</b>	<b>1,279</b>	<b>21,714</b>

## 9. Intangible assets

	Trademarks, trade name and Licences	Customer relationships	Trade secrets	Development costs	Software & website	Total
Goodwill						

Group	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
<b>At 1 January 2021</b>	<b>27,003</b>	<b>3,317</b>	<b>15,541</b>	<b>19,056</b>	<b>4,453</b>	<b>593</b>	<b>69,963</b>
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)
<b>At 31 December 2021</b>	<b>28,558</b>	<b>4,284</b>	<b>15,706</b>	<b>17,328</b>	<b>5,023</b>	<b>3,370</b>	<b>74,269</b>
<b>Accumulated amortisation and impairment</b>							
<b>At 1 January 2021</b>	<b>2,605</b>	<b>2,947</b>	<b>11,556</b>	<b>14,461</b>	<b>1,343</b>	<b>-</b>	<b>32,912</b>
Charge for the year	-	237	1,221	1,730	548	108	3,844
Disposals	(1,407)	(19)	(749)	(1,073)	(288)	-	(3,536)
Exchange differences	(21)	(144)	(203)	(454)	(24)	1	(845)
<b>At 31 December 2021</b>	<b>1,177</b>	<b>3,021</b>	<b>11,825</b>	<b>14,664</b>	<b>1,579</b>	<b>109</b>	<b>32,375</b>
<b>Net book value at 31 December 2021</b>	<b>27,381</b>	<b>1,263</b>	<b>3,881</b>	<b>2,664</b>	<b>3,444</b>	<b>3,261</b>	<b>41,894</b>
<b>Cost</b>							
<b>At 1 January 2022</b>	<b>28,558</b>	<b>4,284</b>	<b>15,706</b>	<b>17,328</b>	<b>5,023</b>	<b>3,370</b>	<b>74,269</b>
Additions	-	-	-	-	1,392	2	1,394
Disposals	(1,177)	-	-	(3,950)	(598)	(25)	(5,750)
Exchange differences	1,995	348	1,567	672	349	384	5,315
At 31 December 2022	29,376	4,632	17,273	14,050	6,166	3,731	75,228
<b>Accumulated amortisation and impairment</b>							
<b>At 1 January 2022</b>	<b>1,177</b>	<b>3,021</b>	<b>11,825</b>	<b>14,664</b>	<b>1,579</b>	<b>109</b>	<b>32,375</b>
Charge for the year	-	327	1,438	762	472	561	3,560
Disposal	(1,177)	-	-	(3,950)	(598)	-	(5,725)
Impairment	4,254	463	1,157	-	608	2,661	9,143
Exchange differences	-	236	1,166	538	150	13	2,103
<b>At 31 December 2022</b>	<b>4,254</b>	<b>4,047</b>	<b>15,586</b>	<b>12,014</b>	<b>2,211</b>	<b>3,344</b>	<b>41,456</b>
Net book value at 31 December 2022	25,122	585	1,687	2,036	3,955	387	33,772

## 10. Cash generated by operations

	Group 2022 £'000	2021 £'000
(Loss)/profit before tax	<b>(8,942)</b>	21,435
Adjustments for:		
- Depreciation	<b>3,098</b>	2,041
- Amortisation	<b>3,560</b>	3,844
- Exceptional items	<b>17,525</b>	(285)
- Loss/(profit) on disposal of fixed assets	<b>28</b>	(13)
- Share-based payments	<b>(308)</b>	(6,586)
- Fair value adjustment	<b>-</b>	285
- Foreign exchange	<b>(71)</b>	61
- Cash outflows relating to exceptional items	<b>(617)</b>	-
- Bad debt written down	<b>127</b>	58
- Net finance (income)/cost	<b>(29)</b>	26
Changes in working capital		
- Inventories	<b>(815)</b>	(4,601)
- Trade and other receivables	<b>1,276</b>	(3,274)
- Trade and other payables	<b>(2,177)</b>	1,217
<b>Net cash generated by operations</b>	<b>12,655</b>	14,208

## 11. Post Balance sheet events

In February 2023 the Group's UK manufacturing operations were closed down. This

resulted in a small number of redundancies.

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 contributed a loss in 2022, which has led to EKF's Management reviewing the business and its rationale in the context of the Group's wider strategy.

Following the review undertaken in early 2023, Management determined that Laboratory Testing will no longer form part of EKF's core offering and, therefore, disposed 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. 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 will primarily comprise 1,200,000 EKF shares of ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") to be held, initially, in treasury.

The Company has agreed a funding line with North Atlantic Smaller Companies Investment Trust PLC. Christopher Mills, Non-executive Director of the Company, sits on the Board as Chief Executive Officer of NASCIT and is a substantial shareholder of both the Company and the lender. This is a committed facility for a maximum value of £3.0m which, as at the date of this statement, is not drawn down. The terms of the facility are substantially similar to those considered to be commercially available to the Company. This facility partially sets off the exposure currently faced by the Group given the inability to access cash reserves held in Russia. The Board believes it is a prudent measure to have access to additional cash if needed and further that the facility demonstrates the continued support from its largest shareholder, Christopher Mills. The direct and indirect shareholdings of Mr. Mills in the Company include those of the NASCIT.

The lending facility is available for three years from the date of this announcement and any amounts drawn down carry interest at 2.5% above the Bank of England base rate from time to time, payable quarterly in arrears. Any loan under the facility is required to be fully repaid at the end of the facility term. The Company may repay any such loan early, in part or in full, but may not re-borrow such amounts.

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