

Trading Update  
RNS Number : 1702H  
EKF Diagnostics Holdings PLC  
26 July 2023

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

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

**Trading Update**

***H1 2023 performance in-line with management expectations***

EKF Diagnostics Holdings plc (AIM: EKF), the AIM-listed global diagnostics business, provides an unaudited trading update for the six months ended 30 June 2023 ("H1 2023"), a period of continued growth in Point-of-Care and good progress in the Life Sciences fermentation capacity expansion.

**Trading Update**

Trading in the first half of 2023 remained in line with Board expectations. Following the disposal of the ADL Health business and closure of UK Contract Manufacturing, H1 2023 revenues from continuing operations were £26.3m (H1 2022 adjusted: £34.4m). Excluding all COVID-related revenues, H1 2023 delivered £25.4m of revenues from continuing operations compared to £22.7m in H1 2022. As outlined in the 17 May 2023 AGM statement, the Company expects its overall financial performance this year to be more H2-weighted than historically.

The positive momentum across Point-of-Care has been maintained throughout the first half with sales up nearly 10% on the same period last year, driven by a strong sales performance from DiaSpect Tm, EKF's palm-sized haemoglobin analyzer, as well as growth from sales of both Quo-Lab and Quo-Test HbA1c analyzer product lines.

Life Sciences, which now includes sales of  $\beta$ -HB (Beta-Hydroxybutyrate), a reagent used to identify patients suffering from diabetic ketoacidosis, delivered 13.1% year-on-year sales growth, compared with last year, driven mainly by  $\beta$ -HB sales. Good progress continues to be made to increase the

Company's fermentation capacity. All of the new fermenting units are now on site and in the process of installation and validation. The Company will provide a further update once these are operational and generating revenue, which is expected to commence in Q4 2023. Additional commercial arrangements for the utilisation of this capacity are advancing and the Board remains confident that this will be a source of significant growth from 2024 onwards.

The Company expects that improvements in adjusted EBITDA<sup>1</sup> margin will begin to be seen in the second half, resulting in the expected H2 weighting for full year adjusted EBITDA. H2 2023 will also benefit from the effect of cost savings implemented in H1 over the full six months. The full, annualised benefits of margin improvements are then anticipated in FY 2024, particularly from the higher margin contribution from Life Sciences once additional capacity comes online and utilisation increases over the year.

Delivery of management's adjusted EBITDA expectations for this year remains dependent on the timing and terms of new Life Sciences contracts under discussion and expected to be signed as additional capacity comes on line, as well as the continued growth in our core Point-of-Care business, with better margins as the benefit of cost savings and other improvements are observed.

Group cash, net of bank borrowings, was £6.73m as at 30 June 2023. This figure excludes cash held in Russia which totalled £2.39m at the period end. EKF continues to supply essential medical products to its 60%-owned Russian subsidiary, ensuring continuous compliance with international sanctions based on regular external expert advice. However, 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. The Board is exploring options available to realise the value tied up in Russia and will provide a further update at the time of publication of the Half-Year Results. In addition, the RUB/GBP exchange rate is currently considerably less favourable than it was in 2022 which will have an impact on translation, as will a less favourable USD/GBP exchange rate across US revenues.

EKF expects to announce its unaudited results for H1 2023 on 26 September 2023, when it will provide further updates on current trading and the outlook for 2023 and beyond.

**Julian Baines, Executive Chair of EKF, commented:** *"We're pleased with a solid first half performance, particularly given that 2023 remains very much a transitional year as we maintain our focus on continued steady growth from our Point-of-Care division and the expansion of our Life Sciences business."*

*The full effect of the improvements we've put in place, and the increased revenues from our new Life Sciences capacity, are expected to have a more beneficial effect on 2024 trading and we remain very excited about the longer-term, significant growth prospects for the business."*

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

*The person responsible for arranging the release of this Announcement on behalf of the Company is Julian Baines, Executive Chair.*

**EKF Diagnostics Holdings plc**  
Julian Baines, Executive Chair

[www.ekfdiagnostics.com](http://www.ekfdiagnostics.com)  
**Tel: +44 (0)29 2071 0570**

**Singer Capital Markets (Nominated Adviser & Broker)**      **Tel: +44 (0)20 7496 3000**  
Aubrey Powell / George Tzimas / Oliver Platts

**Walbrook PR Limited**      **Tel: +44 (0)20 7933 8780 or [ekf@walbrookpr.com](mailto:ekf@walbrookpr.com)**  
Paul McManus / Lianne Applegarth      Mob: +44 (0)7980 541 893 / +44 (0)7584 391 303

### **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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