



RNS Number : 5855H
EKF Diagnostics Holdings PLC
20 March 2024

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 unaudited results for the year ended 31 December 2023, which show continued, sustainable growth in EKF's established business and adjusted EBITDA for the year slightly ahead of market expectations and a return to profitability at the pre-tax level.

Financial highlights

- Revenues of £52.6m in-line with market expectations (2022: £66.6m)
 - *Revenues (excluding COVID-related & clinical chemistry sales) of £48.7m (2022: £48.6m)*
- Gross profit before exceptionals of £24.4m (2022: £30.8m)
- Gross margin improved to 45% (2022: 36%) and admin expenses reduced by £3.5m
- Adjusted EBITDA* of £10.4m (2022: £14.9m)
- A return to profit before tax of £2.1m (2022: loss of £8.9m)
- Cash generated from operations of £8.8m (2022: £12.7m)
- Group cash, net of borrowings (excluding IFRS 16 liabilities), at year end of £4.7m (2022: £11.4m), primarily reflecting cash generated from operations less £6.8m capital expenditure (2022: £4.4m) and £5.4m dividend payment (2022: £5.5m)
- Cash dividend equivalent to 1.2p per ordinary share (2022: 1.2p per share)

**Earnings before interest, tax, depreciation and amortisation adjusted for exceptional items and share-based payments*

Operational highlights

- Business division revenues:
 - **Point-of-Care:** up 1.9% to £34.1m (2022: £33.4m); up 3.5% to £32.4m excluding clinical chemistry revenues (2022: £31.3m)
 - **Life Sciences:** overall revenues down 2.4% to £14.8m (2022: £15.2m), despite 1.6% rise in ?-HB sales
 - **Other:** £2.3m (2022: £8.5m, which includes £3.5m relating to cash received for US inventory)
- Opening of upgraded Life Sciences facility in South Bend in October 2023
 - fermentation run for a new customer completed
 - ongoing transfer of some higher volume biomanufacturing products from Elkhart to South Bend
- Removal of non-core, low margin products from portfolio
- Board changes: Julian Baines, Executive Chair, remaining in role on a longer-term basis and Steve Young appointed as CFO in September 2023

Julian Baines, Executive Chair of EKF, commented: "2024 will see the

completion of the rationalisation process that has simplified the business, allowing us to focus on our higher margin products and services, as well as delivering further improvements to EBITDA margin and cash generation.

"EKF is a well-established business, with a core product portfolio that is steadily growing, generating cash from its operations. With a structured management team in place, a newly streamlined business, and the opening of our state-of-the-art fermentation facility in South Bend, we have a Company that is well placed to deliver growth and improved returns from many of the investments made over the last two years."

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 3.00pm (GMT), via the Investor Meet Company platform. **Investors are asked to please note the change to start time.** 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>

Investors who already follow EKF on the Investor Meet Company platform will automatically be invited.

A recording of the presentation, a PDF of the slides used, and responses to the Q&A session will be available on the Investor Meet Company platform afterwards.

The Company will make a further announcement upon the publication of its audited Annual Report and Accounts for the year ended 31 December 2023, and its availability online.

EKF Diagnostics Holdings plc

Julian Baines, Executive Chair / Stephen Young, CFO

www.ekfdiagnostics.com

via Walbrook PR

Singer Capital Markets (Nominated Adviser & Broker)

Aubrey Powell / Oliver Platts

Tel: +44 (0)20 7496 3000

Walbrook PR (Media & Investor Relations)

Paul McManus / Charlotte Edgar

Tel: +44 (0)20 7933 8780 or ekf@walbrookpr.com

Mob: +44 (0)7980 541 893 / +44 (0)7884 664 686

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

About EKF Diagnostics Holdings plc (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
- **Life Sciences** services provide specialist manufacture of enzymes and custom products for use in diagnostic, food and industrial applications.

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 EKF's full-year results for 2023 which saw the Group deliver revenues of £52.6m. Adjusted EBITDA for the year was £10.4m, slightly ahead of market expectations. The results show continued, sustainable growth in our established Point-of-care business and the simplified structure of EKF now reflects our continuing business lines.

We have worked hard on reducing and stabilising our cost base, which has resulted in a significant improvement in our margins for the second half of the year as we consolidated the business back to our core strengths. This activity included the closure of our UK Contract Manufacturing operations in February 2023, the sale of our laboratory testing business, Advanced Diagnostic Laboratory LLC, in March 2023, and the simplification and rationalisation of other areas of the business. Challenges continue with increasing raw material and other costs but, by consolidating our product offering, we are able to focus on continuing to drive margin improvement and increased cash generation throughout 2024.

Despite the challenges during 2023, the senior management team has successfully refocused the business back to pre-pandemic levels. We have also used this opportunity to simplify the business by removing non-core, low-margin products from our portfolio which will result in increased profitability. This work is progressing well.

We were pleased to announce that our new 24,000 square foot state-of-the-art fermentation facility at South Bend opened in October 2023. We have improved our ability to provide downstream processing to meet customer needs and successfully undertook our first fermentation for a new customer before the end of the year.

The focus for 2024 is to continue to implement strategies to grow Point-of-Care and Life Sciences and to concentrate on our core products and services within each of the divisions to drive further margin improvement and enhance cash generation. These two divisions can be summarised as:

- **Point-of-Care** - supplying analysers and consumable products in the key areas of Hematology and Diabetes
- **Life Sciences** - offering contract fermentation services for clinically important enzymes and proteins, and the manufacture of Beta-Hydroxybutyrate (β -HB), used as a quantitative ketone test to identify patients suffering from diabetic ketoacidosis, as well as in many other clinical applications.

Revised product portfolio mix to focus on margin improvement

It has been our aim throughout 2023 to simplify the business to improve reporting and focus our efforts on the areas where we are most successful, where we have the best developed distribution channels, and the strongest opportunities for delivering growth. By focusing our portfolio within Point-of-Care and Life Sciences, we will further increase margins and cash generation. It will also allow our Sales, Marketing and Product Management departments to focus on growing and developing our higher margin product ranges.

As part of the refocusing of the business, we have decided to discontinue our clinical chemistry range, which has been impacted by increased competition from India and China leading to the product range being sold at a very low or even negative margin. Whilst this will see a reduction in revenue of £1.7m, exiting from this range will have a positive impact on EBITDA margins.

During 2023 we also chose to discontinue our STAT-Site M β -HB serum and plasma product line. We had already discontinued the STAT-Site M β -HB device in 2021, but whilst we had continued to support customers with consumables, this proved to be unsustainable due to declining sales and increased technical challenges, resulting in a fuller cessation. Whilst this will have some impact on future revenues (approximately £0.4m per annum), we expect to replace most of this with our best-in-class β -HB LiquiColor chemistry reagent and our whole blood β -HB hand-held meter, with both of these continuing products showing growth in 2023 as stated below.

This portfolio rationalisation will allow us to focus on our more profitable core products and services, particularly those that have delivered stronger growth in 2023 and are expected to continue to do so. As a result, our team is focussed on only the major business lines within our two divisions, as shown below, together with revenue growth statistics:

- **Diaspect Tm** (up 34% year-on-year)
- **HemoControl** (down 5% but expected to return to growth in 2024)
- **Quo-Test** and **Quo-Lab** (up 19% and 6% respectively in 2023)
- **Biosen** (slightly up excluding the impact of foreign exchange movements)
- **β -HB LiquiColor** (4% growth in 2023, but expected to return to stronger growth in 2024)
- **β -HB hand-held meter** (52% growth from a low starting point)
- **Enzyme Fermentation** (considerable scale up to optimal capacity by early 2026)

Review of 2023 core businesses and products performance

The future prospects for the business are looking increasingly promising with our expectation that, with focus on the core lines above, we will continue to grow Point-of-Care and Life Sciences will benefit from accelerated growth in β -HB sales, as well as new fermentation customers coming on-line in South Bend.

The reported results for 2023 shown below do not fully reflect the benefits of the product portfolio rationalisation implemented over the course of the year, and also still show 2022 comparative data that includes legacy contract manufacturing revenues from COVID-related activities. Whilst gross margins have already improved considerably to 45% in 2023 from 36% last year, further beneficial effects of this focus were evident in Q4 margins and the business moves into the new financial year making further progress in improving gross margins.

Divisional revenues for the 12 months ended 31 December <i>£ millions</i>	2023 Unaudited	2022 Audited	% Change
Point-of-Care (POC)	34.1	33.4	+2.1%
POC: excl. clinical chemistry revenues	32.4	31.3	+3.5%
Life Sciences	16.3	24.7	-34.0%

Life Sciences: β -HB and Fermentation sales	14.8	15.2	-2.6%
Life Sciences: incl. COVID-related revenues	1.5	9.5	-84.2%
Other*	2.2	8.5†	-74.1%
Total Revenues	52.6	66.6	-21.0%
Total Revenues (excl. COVID-related & clinical chemistry revenues)	48.7	48.6	0.0%

* Other revenue relating to, shipping and handling recharges, repairs and other sundries, plus testing of £1.0m in 2023 (2022: £2.6m)

† Includes £3.5m relating to US inventory receipt.

(1) Point-of-Care

EKF continues to hold a strong position in Point-of-Care and the growth in key products in this division was very positive, with significant double-digit growth in some of our main product lines (Diaspect Tm and Quo-Test). We maintain a very strong position within the global market for hematology and diabetes testing, a market which has considerable barriers to entry due to increasing regulatory hurdles required to launch any new instrumentation, as well as our long-established and comprehensive base of installed users and high-quality global distribution channel. In 2023, we sold over 12,000 Point-of-Care analysers, resulting in sales of over 95 million individual test consumables. In 2023 we carefully targeted the management of our distribution channels to increase consumable pull through against 2022, delivering a 10% increase in consumable sales over the year.

Our haemoglobin and diabetes products continue to deliver sustainable growth and are performing beyond management expectations, and we expect to continue to grow in Point-of-Care.

We have focused on expanding our reach within this area, updating our portfolio to include connectivity using our leading *EKF Link™* data management platform, as well as automating manufacture for single-packed cuvettes which more closely aligns with customer needs in emerging markets where they do not undertake 50 tests at a time.

• Hematology

Total sales of our hematology analysers and consumables were up 2% year-on-year. Our second largest hematology product by sales is Diaspect Tm, and this continues to perform well with 34% year-on-year growth, driven by significant sales increases in Africa, driven by our ongoing support of Egypt's Vision 2030 programme which has seen large volumes of testing undertaken in children.

Our largest contributor to Hematology revenues, Hemocontrol, saw a decline in sales of 5% in 2023, mainly due to three factors:- the late opening of Women, Infants and Children (WIC) clinics in the United States following the end of the COVID pandemic; delayed ordering of products from key partners

in Peru, one of our biggest HemoControl markets; and in some cases EKF choosing to offer Diaspect Tm as a more appropriate solution in territories where the market requirements have moved. Encouragingly, WIC programmes are now online, our local distribution partner Diagnostica Peruana is expecting a positive upturn in Peru, and we have won tenders in Hong Kong, Egypt and Thailand, enabled by the *EKF Link™* data connectivity platform. This bodes well for future growth from this product.

- **Diabetes**

Our diabetes product portfolio delivered 3% year-on-year growth. Quo-Test & Quo-Lab, both of which test for glycosylated haemoglobin (HbA1c) levels, have shown strong growth (revenues up 19% and 6% year-on-year respectively), demonstrating that confidence and stability has returned to Point-of-Care testing. Particularly good growth for Quo-Test has been demonstrated in the UK, Sweden, South Africa, and the Philippines, where engagement with new and existing distribution partners has been focused. Biosen sales, our largest contributor within diabetes, rose slightly on a constant currency basis (i.e. excluding the impact of adverse foreign exchange movements).

(2) Life Sciences

- **β-HB**

Total β-HB sales grew by 2% in 2023, with sales of our β-HB LiquiColor® reagent up by 4% year-on-year. This growth rate reflects two main factors. First, we signed a new White Label ("WL") contract for β-HB LiquiColor® with Thermo Fisher. This will protect and grow our US market, however, Thermo Fisher ran down its pre-existing EKF-branded stock before ordering the new WL products from February 2024 onwards. Whilst this slowed sales growth in FY23, the resumption of regular stock ordering and replenishment of the new WL products will benefit FY24 revenues. We now have WL agreements with Cardinal and Thermo Fisher and this is expected to lead to continued growth of β-HB LiquiColor® sales in the United States.

Second, as stated above, we have discontinued our STAT-Site M β-HB, a portable device for the quantitative determination of β-HB in serum or plasma. This had an impact on revenue growth in Q4 but allowed us to focus on growing our userbase for the whole-blood handheld meter by over 50% in the same period, as we switched customers to this reliable and easy-to-use hand-held product.

- **Fermentation**

The South Bend site opened in October 2023 and we have already completed three fermentation runs, two of which will generate revenue in 2024, this will lead to further growth in 2024 as the two new customers scale up. In addition, improvements can be made by the transfer of some biomanufacturing of certain higher volume products from Elkhart to South Bend. Fermentation revenue was down slightly compared to 2022 due to the timing of shipments to customers at the year end.

Our full range of fermenters of different capacity is now online and we will look to scale up output for our customers throughout 2024 and to add additional customers throughout the current year. We are aiming to have the site running at closer to optimal capacity by the beginning of 2026. Our forecasts and guidance to analysts reflect this gradual build-up in revenues and profitability.

The additional capacity now installed and operational will also enable the production of 12 months' inventory for our own key products in just one 3,000L fermentation. We have never been able to achieve this scale historically. Increasing batch sizes, and thereby reducing the number of batches that are needed to produce the same volume, will have a positive impact on margin. With this in mind, we are currently reviewing the improvement in operational efficiency across both sites.

Cash and Dividend Policy

Cash net of bank borrowings at the end of the year was £4.7m, slightly ahead of expectations as we saw an increase in margin in the second half of the year. The Company has continued to generate strong cash from its operations in FY24 and, as further margin improvements come through, we expect this cash conversion to increase. Rebuilding the Company's cash levels is a key consideration for the Board, to allow for further potential growth investment in the business. This will be aided by a circa \$2.7m tax rebate in the US that will be received before the end of 2024.

Therefore, whilst the full impact of these improvements continues to be realised, the Board believes that it would be prudent to pause regular dividend payments, allowing cash levels to build back up and to focus on enhancing shareholder value through growth. As margins and cash generation improve further, the Board will consider the best deployment of cash to deliver shareholder returns. The Board will continue to review the option of recommencing dividend payments, but only if appropriate, and subject to the availability of surplus cash generation above the needs of the business and the potential to enhance returns through investment in growth.

Russia

We continue to supply tests to Russia through our 60% owned subsidiary, but increased sanctions have restricted the range of medical instruments we are able to supply into the region to that which is deemed essential. This has inevitably led to a reduction in revenues generated from Russia, although we have been able to restart the receipt of dividend payments from the Russian operation on a limited basis and this is continuing. As a result, £0.3m cash has been received by the Company in FY23, with cash balances of £1.7m as at 31 December 2023 (£2.4m as at 31 December 2022). A further £0.1m has been received so far in 2024. Sanctions are expected to continue to apply against Russia and we have reduced our revenue expectations from Russia accordingly for 2024 and beyond.

Management Structure

As part of our continuous improvement, the Company has put in place a Senior Management team with a proven track record for delivery, including a Chief Product Officer, Global Head of Sales, Chief Operating Officer and a President, US. Each member of this team has significant experience and longevity within EKF and in their respective roles will play an instrumental part in the future success of the business. The revised management structure reflects our refocused operations and the opportunities to drive growth from them.

Board Changes

During 2023 we announced a number of Board Changes. In March, Mike Salter (who previously resigned from the board in February 2023) left the business to pursue new opportunities. In June, Marc Davies confirmed his intention to stand down from his role as CFO and was replaced by Stephen Young in September after an orderly handover period.

As previously stated, I remain fully committed to delivering the opportunities that EKF has in front of it, and for the foreseeable future we will not be looking for a new Group CEO as I will continue to serve as Executive Chairman. The opportunities for growth in our established businesses are very exciting and I want to ensure that these are delivered by the team.

The Board now comprises five members - two Executive Directors and three Non-executive Directors, two of whom are independent:-

Julian Baines	Executive Chair
Stephen Young	Chief Financial Officer
Christian Rigg	Senior Independent Non-executive Director
Jenny Winter	Independent Non-executive Director
Christopher Mills	Non-executive Director

Outlook

2024 will see the completion of the rationalisation process that has simplified the business, allowing us to focus on our higher margin products and services, as well as delivering further improvements to EBITDA margin and cash generation.

EKF is a well-established business, with a core product portfolio that is steadily growing, generating cash from its operations. With a structured management team in place, a newly streamlined business, and the opening of our state-of-the-art fermentation facility in South Bend, we have a Company that is well placed to deliver growth and improved returns from many of the investments made over the last two years.

Julian Baines
Executive Chairman

20 March 2024

CHIEF FINANCIAL OFFICER'S REVIEW

Revenue

Revenue for 2023 was £52.6m (FY 2022: £66.6m), a decrease of 21% on the prior year, reflecting the disposal of the ADL laboratory testing business with sales of £0.5m in 2023 (FY 2022: £2.6m), significantly lower COVID related revenues, and a one-off inventory recovery item of £3.5m in 2022. At constant 2022 exchange rates, revenue for the year would have been £53.2m.

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

	2023	2022	
	Unaudited	Audited	+/- %
	£'000	£'000	
Germany	22,095	24,192	(9%)
USA	26,133	36,822	(29%)
UK	815	1,419	(43%)
Russia see below	3,568	4,202	(15%)
Total	52,611	66,635	(21%)

Revenue and AEBITDA by geographical segment.

	2023	Adjusted	2022	Adjusted
	Unaudited	EBITDA*	Audited	EBITDA*
	Revenue	£'000	Revenue	£'000
	£'000		£'000	
Germany	22,095	6,459	24,192	8,089
USA	26,133	6,851	36,822	8,309
UK	815	(4,018)	1,419	(3,057)
Russia	3,568	1,092	4,202	1,563

Total	52,611	10,384	66,635	14,904
--------------	---------------	---------------	---------------	---------------

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

Commentary by geographical segment:

Germany - Reduction in revenue primarily due to sample collection tubes and kits contract manufacturing activity following COVID drop off in Q1 2022. The reduction was partly offset by the increase in revenue across several core product lines, which meant only a 9% overall reduction in revenue. This reduction in revenue impacted the adjusted EBITDA generating £6.5m in 2023 (2022: £8.1m).

USA - Significant reduction in contract manufacturing following COVID drop off in Q1 2022, plus effect of sale of ADL Health. The US business includes the Clinical Chemistry products discussed earlier in the Chairman's Statement. Again, the revenue reduction impacted the adjusted EBITDA generating £6.9m in 2023 (2022: £8.3m).

UK - Reduced contract manufacturing activity following the closure of the UK contract manufacturing facility in Q1 2023.

Russia - Local currency revenue increased but was affected by less favourable exchange rates. 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 2023, 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. The effect of sanctions and Russian Government retaliation is increasing. Despite this, it has been possible to distribute limited cash dividends from this subsidiary in 2023, however it is not clear how long this will be able to continue. As at 31 December 2023, cash held in Russia totalled £1.7m (31 December 2022: £2.4m).

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

Gross profit

Gross profit was £23.9m (2022: £24.0m), which represents a gross margin of 45% (2022: 36%). Before exceptional costs of £0.6m (2022: £6.8m) the gross profit was £24.4m (2022: £30.8m), representing a gross margin percentage of 46% (2022: 46%). The margin improvement was largely the result of lower exceptional costs.

Administration costs and research and development

Administration costs excluding exceptional items have decreased to £19.7m (2022: £23.2m), largely as a result of cost savings made and the disposal of ADL Health, and a lower headcount across the other businesses.

Research and development costs included in administration expenses were £1.8m (2022: £1.5m). A further £0.4m (2022: £1.4m) was capitalised as an intangible asset, resulting from our development work to broaden and improve our product portfolio (including our EKF Link data management platform), bringing gross R&D expenditure for the year to £2.2m (2022: £2.9m). Impairment of development work which no longer met the criteria for capitalisation totalled £0.9m. The charge for depreciation

of fixed assets and amortisation of intangible assets decreased to £5.5m (2022: £6.7m). The reduction was mainly associated with lower amortisation charges.

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

The Group generated an operating profit of £2.1m (2022: loss of £9.0m). This was a result of lower exceptional costs, and the positive effects of the cost savings made during the year. 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 2023 we achieved adjusted EBITDA of £10.4m (2022: £14.9m), a decrease of 30.2%, due to the lower gross profit generated with the reduction in Covid related revenues but offset by administrative expense savings. The calculation of this non-GAAP measure is shown on the face of the income statement. It excludes the effect of exceptional costs of £2.8m (2022: £17.5m), the main elements of which in 2023 are the final loss on disposal of assets relating to the disposal of ADL Health, and the further write down of inventory relating to our former COVID business, net of actions taken to mitigate the effect.

Finance costs

There is net finance income of £0.05m (2022: £0.03m). The benefit of interest received on cash balances, mainly those held in Russia, is partially offset by interest on bank borrowings as well as 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.

Tax

There is an income tax credit of £0.6m, a further decrease from the prior year charge (2022: £0.6m). The effective tax rate is (28.2%). This is mainly due to the tax effect of the fixed asset programme in the USA.

Dividend

A cash dividend of 1.2p per ordinary share was paid in December 2023, in respect of the final dividend for 2022. Based on the potential need for continued modest investment in the growth of our core areas the Board has decided that it would be prudent to pause dividend payments and to enhance shareholder value mainly through growth.

Balance sheet

Property plant and equipment and right-of-use assets

Additions to fixed assets were £7.4m (2022: £7.0m). The largest part of this related to the fit out of the new factory building in South Bend, Indiana and upgrading and refurbishment of the Group's manufacturing facility in Elkhart, Indiana, and the capitalisation of replacement leases under IFRS 16, mainly in respect of the Indiana properties. The new facility was officially opened in October 2023 and the major capital programme there is coming to an end.

Intangible assets

The carrying value of intangible assets has decreased, from £33.8m at the end of 2022 to £30.2m as at 31 December 2023. This is largely due to amortisation of assets and the impairment of certain development projects which no longer meet the criteria for capitalisation. Intangible assets with a gross value of £9.3m which had previously been impaired in full were disposed of during the year, largely as a result of the disposal of ADL Health.

Investments

During the year the Company disposed of all of its shareholding in Renalytix plc, a developer of artificial intelligence enabled chronic kidney disease products. Proceeds were £1.3m. We continue to hold small investments in Verici Dx plc, Epinex, LLC, and Llusern Scientific Limited, with a combined carrying value as at 31 December 2023 of £0.28m.

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 2024.

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 £4.7m from £11.4m. Excluding cash held in Russia; the cash balance net of borrowings is £3.0m (2022: £9.0m). Gross cash has reduced to £7.7m (2022: £11.6m). Borrowings at 31 December 2022 of £0.1m were repaid in full during the year. A new loan of £3.0m was agreed in September 2023 and drawn down during the year from HSBC UK plc. The loan is a revolving credit facility which allows us to borrow over short periods within the three-year term. Borrowings are therefore disclosed as current. Cash generated by operations is £8.7m (2022: £12.7m). Investment has been made in the acquisition of fixed assets (£6.8m excluding IFRS 16 leases), principally the new fermentation facility in South Bend, Indiana. The dividend paid in December 2023 totalled £5.4m (2022: £5.4m). In addition, a tax refund in relation to the US business of \$2.7m is expected before the end of 2024.

In addition to the loan from HSBC, the Company continues to benefit from 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 direct and indirect shareholdings of Mr. Mills in the Company include those of the North Atlantic Smaller Companies Investment Trust PLC.

The lending facility is available for three years from the date of signature in March 2023 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. An arrangement fee of £25k was paid to NASCIT in connection with the facility being made available.

As a Substantial Shareholder (as defined in the AIM Rules), the arrangement of the debt facility with NASCIT represented a related party transaction pursuant to AIM Rule 13. In accordance with AIM Rule 13, the independent Directors of EKF (being the Directors of the Company other than Christopher Mills), consulted with Singer Capital Markets as the Company's nominated adviser and disclosed (prior to entry into the facility agreement) that they consider the terms of that agreement 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 that, even taking into account severe but plausible changes in financial performance, the Group will be able to meet its

liabilities as they fall due throughout the going concern period. The directors note the Company has net current liabilities as at 31 December 2023 and at 31 December 2022, however the majority of the current creditors are in the form of intercompany creditors to subsidiary companies and the timing of settlements is within the control of the company.

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, during 2023 the Group has undertaken cost reductions, and secured a loan of £3m from HSBC. It also retains access to £3m of funding from North Atlantic Smaller Companies Investment Trust, which is available until March 2026.

Considering the range of sensitivities which account for a severe downturn versus expectation in 2024, 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 12 months from the date of this report. Accordingly, the directors are satisfied they can prepare the accounts on a going concern basis.

Share capital

During the year the Company acquired 1.2m of its own ordinary shares at a value of £0.4m in connection with the sale of the ADL Health business to certain of its original shareholders. The acquired shares remain held in treasury as notified after the purchase.

The remaining share options in the Company's ordinary shares lapsed during the year, and as a result there are no outstanding share options at 31 December 2023.

Stephen Young
Chief Financial Officer

20 March 2024

Consolidated Income Statement **for the year ended 31 December 2023**

	2023	2022
	Unaudited	Audited
	£'000	£'000
Continuing operations		
Revenue	52,611	66,635
Cost of sales	(28,175)	(35,823)
Exceptional items - other charged to cost of sales	(577)	(6,774)
Gross profit	23,859	24,038
Administrative expenses	(19,680)	(23,177)
Exceptional items - impairment of assets	(961)	(10,384)
Exceptional items - other	(1,295)	(367)
Other income	158	919
Operating profit/(loss)	2,081	(8,971)
Depreciation and amortisation	(5,472)	(6,658)
Share-based payments	2	308
Exceptional items	(2,833)	(17,525)
EBITDA before exceptional items and share-based payments	10,384	14,904
Finance income	125	131
Finance costs	(75)	(102)

Profit/(loss) before income tax	2,131	(8,942)
Income tax credit/(charge)	600	(634)
Profit/(loss) for the year	2,731	(9,576)
Profit/(loss) attributable to:		
Owners of the parent	2,352	(10,101)
Non-controlling interest	379	525
	2,731	(9,576)

	Pence	Pence
Earnings/(loss) per Ordinary Share attributable to the owners of the parent during the year		
Basic	0.52	(2.21)
Diluted	0.52	(2.21)

Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	2023 Unaudited £'000	2022 Audited £'000
Profit/(loss) for the year	2,731	(9,576)
Other comprehensive income/(loss)		
<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 income/(loss) (net of tax)	489	(6,096)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences on translation of foreign operations	(3,564)	6,811
Other comprehensive income/(loss) (net of tax)	(3,075)	715
Total comprehensive (loss) for the year	(344)	(8,861)
Attributable to:		
Owners of the parent	(438)	(9,420)
Non-controlling interests	94	559
Total comprehensive loss for the year	(344)	(8,861)

Consolidated Statement of Financial Position as at 31 December 2023

	Group Unaudited 2023 £'000	Group Audited 2022 £'000
Assets		
Non-current assets		
Property, plant and equipment	23,744	20,435
Right-of-use asset	1,031	1,279
Intangible assets	30,224	33,772
Investments	276	1,119
Deferred tax assets	18	925
Total non-current assets	55,293	57,530
Current assets		
Inventories	8,766	9,434
Trade and other receivables	6,787	10,739
Current income tax receivable	2,277	10
Cash and cash equivalents (including restricted cash of £1,706,000 (2022: £2,366,000))	7,726	11,578

Total current assets	25,556	31,761
Total assets	80,849	89,291
Equity attributable to owners of the parent		
Share capital	4,537	4,549
Share premium	7,375	7,375
Other equity - Ordinary shares held in treasury	12	-
Other reserves	80	(629)
Foreign currency reserves	6,356	9,590
Retained earnings/(accumulated losses)	48,757	52,461
	67,117	73,346
Non-controlling interest	1,100	1,177
Total equity	68,217	74,523
Liabilities		
Non-current liabilities		
Lease liabilities	618	537
Deferred tax liabilities	2,517	2,493
Total non-current liabilities	3,135	3,030
Current liabilities		
Trade and other payables	5,512	8,288
Lease liabilities	495	873
Current income tax liabilities	504	2,440
Borrowings	2,986	137
Total current liabilities	9,497	11,738
Total liabilities	12,632	14,768
Total equity and liabilities	80,849	89,291

Consolidated Statement of Cash Flows **for the year ended 31 December 2023**

	Group Unaudited 2023 £'000	Group Audited 2022 £'000
Cash flow from operating activities		
Cash generated from operations	8,823	12,655
Interest received	125	85
Interest paid	(47)	(46)
Income tax paid	(2,590)	(3,006)
Net cash generated from operating activities	6,311	9,688
Cash flow from investing activities		
Payment for investments	-	(2,930)
Payment for property, plant and equipment (PPE)	(6,598)	(4,434)
Payment for intangibles	(377)	(1,394)
Payment for acquisition of subsidiaries, net of cash acquired	-	(403)
Proceeds from sale of PPE	-	229
Proceeds from sale of investments	1,333	-
Net cash (used in)/generated from investing activities	(5,642)	(8,932)
Cash flow from financing activities		
Payment for shares bought back	-	(3,896)
Dividends paid to company shareholders	(5,445)	(5,459)
Repayments of borrowings	(137)	(613)
New borrowings	3,000	-
Fees for new borrowing	(14)	-
Principal elements of lease payments	(879)	(1,071)
Dividend payment to non-controlling interest	(171)	-
Net cash used in financing activities	(3,646)	(11,039)
Net (decrease)/increase in cash and cash equivalents	(2,977)	(10,283)
Cash and cash equivalents at beginning of year	11,578	20,341
Exchange (losses)/gains on cash and cash equivalents	(875)	1,520
Cash and cash equivalents at end of year	7,726	11,578

Cash and cash equivalents totalling £1,706,000 (2022: £2,366,000) 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

	Share capital	Share premium account	Other equity	Other reserves	Foreign currency reserve	Retained earnings	Total	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated									
Audited									
At 1 January 2022	4,639	7,375	-	5,033	2,813	74,264	94,124	618	94,742
Comprehensive (expense)/income									
(Loss)/profit for the year	-	-	-	-	-	(10,101)	(10,101)	525	(9,576)
Other comprehensive (expense)/ income									
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	(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
Total comprehensive (expense)/income	-	-	-	(6,096)	6,777	(10,102)	(9,421)	559	(8,862)
Transactions with owners									
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)
Total distributions to owners (90)	(90)	-	-	434	-	(11,701)	(11,357)	-	(11,357)
At 31 December 2022	4,549	7,375	-	(629)	9,590	52,461	73,346	1,177	74,523
Unaudited									
Comprehensive income/(expense)									
Profit for the year	-	-	-	-	-	2,352	2,352	379	2,731
Other comprehensive income/ (expense)									
Changes in fair value of equity instruments at fair value through other comprehensive expense	-	-	-	489	-	-	489	-	489
Reserve transfer	-	-	-	262	-	(262)	-	-	-
Currency translation differences	-	-	-	(1)	(3,234)	(44)	(3,279)	(285)	(3,564)
Total comprehensive income/ (expense)	-	-	-	750	(3,234)	2,046	(438)	94	(344)
Transactions with owners									
Ordinary shares acquired	(12)	-	12	-	-	(344)	(344)	-	(344)
Reserve transfer	-	-	-	(41)	-	41	-	-	-
Dividends to non-controlling interest	-	-	-	-	-	-	-	(171)	(171)
Dividends to owners	-	-	-	-	-	(5,445)	(5,445)	-	(5,445)
Share-based payment reserve	-	-	-	-	-	(2)	(2)	-	(2)
Total distributions to owners (12)	(12)	-	12	(41)	-	(5,750)	(5,791)	(171)	(5,962)
At 31 December 2023	4,537	7,375	12	80	6,356	48,757	67,117	1,100	68,217

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

1. General information

EKF Diagnostics Holdings Plc is a company incorporated in England and Wales and domiciled in the United Kingdom. The Company is a public limited company, 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 unaudited financial information included in this preliminary results announcement for the year ended 31 December 2023 and audited financial information for the year ended 31 December 2022 does not comprise statutory accounts within the meaning of section 434 and 435 of the Companies Act 2006. The information has been extracted from the draft statutory financial statements for the year ended 31 December 2023 which will be delivered to the Registrar of Companies in due course. Statutory financial statements for the year ended 31 December 2022 were approved by the Board of directors on 28 March 2023 and have been delivered to the Registrar of Companies. The report of the auditors on these financial statements was unqualified.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 (IFRS) as applicable to companies reporting under those standards. Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not contain sufficient information to comply with IFRS. The accounting policies used in the preparation of these unaudited financial statements are consistent with those used in the preparation of the audited financial statements for the year ended 31 December 2022.

Statutory accounts for the year to 31 December 2022 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 meet its liabilities as they fall due throughout the going concern period. The directors note the Company has net current liabilities as at 31 December 2023 and at 31 December 2022, however the majority of the current creditors are in the form of intercompany creditors to subsidiary companies and the timing of settlements is within the control of the company.

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, during 2023 the Group has undertaken cost reductions, and

secured a loan of £3m from HSBC. It also retains access to £3m of funding from North Atlantic Smaller Companies Investment Trust, which is available until March 2026.

Considering the range of sensitivities which account for a severe downturn versus expectation in 2024, 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 12 months from the date of this report. 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 2023 is as follows:

2023 (Unaudited)	Germany £'000	USA £'000	Russia [^] £'000	UK £'000	Total £'000
Income statement					
Revenue	27,122	26,133	3,568	816	57,639
Inter-segment	(5,027)	-	-	(1)	(5,028)
External revenue	22,095	26,133	3,568	815	52,611
Adjusted EBITDA*	6,459	6,851	1,092	(4,018)	10,384
Exceptional items - other, charged to cost of sales	205	(775)	-	(7)	(577)
Exceptional items - impairments	(677)	(120)	-	(164)	(961)
Exceptional items - other	(86)	(1,186)	-	(23)	(1,295)
Share-based payments	-	-	-	2	2
EBITDA	5,901	4,770	1,092	(4,210)	7,553
Depreciation	(907)	(2,065)	(37)	(267)	(3,276)
Amortisation	(1,182)	(929)	-	(85)	(2,196)
Operating profit	3,812	1,776	1,055	(4,562)	2,081
Finance income					125

Finance cost					(75)
Income tax					600
Profit for the year					2,731

Segment assets

Operating assets	42,131	53,717	1,271	9,304	106,423
Inter-segment assets	(10,818)	(20,493)	(210)	(1,779)	(33,300)
External operating assets	31,313	33,224	1,061	7,525	73,123
Cash	1,269	3,955	1,706	796	7,726
Total assets	32,582	37,179	2,767	8,321	80,849

Segment liabilities

Operating liabilities	4,959	23,125	160	14,702	42,946
Inter-segment liabilities	(770)	(19,184)	-	(13,346)	(33,300)
External operating liabilities	4,189	3,941	160	1,356	9,646
Borrowings (excluding lease liabilities)	-	-	-	2,986	2,986
Total liabilities	4,189	3,941	160	4,342	12,632

Other segmental information

Non-current assets - PPE	6,176	15,834	138	1,596	23,744
Non-current assets - Intangibles	18,117	7,650	68	4,389	30,224
PPE - additions	1,307	6,039	56	8	7,410
Intangible assets - additions	314	63	-	-	377

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

^ *relates to a subsidiary with a non-controlling interest*

	Germany £'000	USA £'000	Russia [^] £'000	UK £'000	Total £'000
2022 (Audited)					
Income statement					
Revenue	30,384	37,220	4,202	1,427	73,233
Inter-segment	(6,192)	(398)	-	(8)	(6,598)
External revenue	24,192	36,822	4,202	1,419	66,635
Adjusted EBITDA*	8,089	8,309	1,563	(3,057)	14,904
Exceptional items - other, charged to cost of sales	(1,701)	(4,767)	-	(306)	(6,774)
Exceptional items - impairments	(32)	(10,324)	-	(28)	(10,384)
Exceptional items - other	(156)	(142)	-	(69)	(367)
Share-based payments	-	-	-	308	308
EBITDA	6,200	(6,924)	1,563	(3,152)	(2,313)
Depreciation	(744)	(1,925)	(21)	(408)	(3,098)
Amortisation	(1,667)	(1,835)	-	(58)	(3,560)
Operating profit	3,789	(10,684)	1,542	(3,618)	(8,971)
Finance income	1	1	118	11	131
Finance cost	(33)	(4)	-	(65)	(102)
Income tax	(790)	644	(348)	(140)	(634)
Profit for the year	2,967	(10,043)	1,312	(3,812)	(9,576)
Segment assets					
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
Total assets	34,001	40,364	3,239	11,687	89,291
Segment liabilities					
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 (excluding lease liabilities)	137	-	-	-	137
Total liabilities	6,362	5,217	207	2,982	14,768

Other segmental information

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

^ relates to a subsidiary with a non-controlling interest

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

	2023	2022
	Unaudited	Audited
	£'000	£'000
Americas		
United States of America	21,187	30,941
Rest of Americas	3,791	4,126
Europe, Middle East and Africa (EMEA)		
Germany	8,231	8,001
United Kingdom	767	1,886
Ireland	1,277	5,253
Rest of Europe	4,094	3,715
Russia	3,568	4,202
Middle East	1,656	1,449
Africa	2,805	1,945
Asia and Rest of World		
China	1,246	1,014
Rest of Asia and Oceania	3,989	4,103
Total revenue	52,611	66,635

In 2023 and 2022 no customer represented more than 10% of revenues.

4. Exceptional items

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

	2023	2022
	Unaudited	Audited
	£'000	£'000
- Deferred consideration	-	2
- Business reorganisation costs - other charged to cost of sales	(577)	(6,774)
- Business reorganisation costs - Impairment	(961)	(10,384)
- Business reorganisation costs - other charged to operating expenses	(1,295)	(369)
Exceptional items	(2,833)	(17,525)

a) Change in the value of deferred consideration relating to the acquisition of Advanced Diagnostic Laboratory LLC.

b) Costs associated with the transition and restructure of certain operations in the UK and Germany, which have been charged to cost of sales. In 2023 the costs include provisions against certain COVID-19 related and other inventory totalling £0.5m and

provisions for certain onerous contracts following the decision to focus on its other businesses.

c) In 2023, impairments associated with the transition and restructure of certain operations in the US, UK and Germany, which have been charged to operating expenses including £0.9m relating to the impairment of R & D projects which no longer met the requirements of capitalisation

d) In 2023 costs associated with the transition and restructure of certain operations in the US, UK and Germany, including £0.7m relating to ADL and redundancy costs (£0.2m) which have been charged to operating expenses.

5. Income tax charge

Group	2023 Unaudited £'000	2022 Audited £'000
Current tax:		
Current tax on profit for the year	1,182	2,815
Adjustments for prior periods	(2,729)	62
Total current tax	(1,547)	2,877
Deferred tax:		
Origination and reversal of temporary differences	947	(2,243)
Total deferred tax	947	(2,243)
Income tax charge	(600)	634

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.

	2023 Unaudited £'000	2022 Audited £'000
Profit/(loss) attributable to owners of the parent	2,352	(10,101)
Weighted average number of Ordinary Shares in issue	454,105,359	457,180,086
Basic profit/(loss) per share	0.52 pence	(2.21) pence

The remaining unapproved share options at 31 December 2022 consisted of 25,000 options which were issued on 21 January 2014 to a senior employee at an exercise price of 37.625p per share. In August 2022 the senior employee passed away and the options have now lapsed. There are therefore no outstanding share options at 31 December 2023. The number of shares in issue excludes 1,200,000 shares held in treasury.

7. Dividends

In December 2023, the Company paid a final dividend for 2022 of 1.2p (2021: 1.2p) per ordinary share, at a total value of £5,445,000 (2022: £5,459,000).

Based on the need for continued investment in our core areas the Board has decided that it would be prudent to discontinue dividend payments and to enhance shareholder value mainly through growth. The Board will however consider recommending the payment of dividends if and when appropriate.

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. No distribution in specie was made in the current year.

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
Cost							
At 1 January 2022 (Audited)	10,711	2,012	13,188	160	2,470	3,010	31,551
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)
At 31 December 2022	12,150	1,972	14,877	210	6,415	3,322	38,946
Accumulated depreciation							
At 1 January 2022 (Audited)	2,595	1,249	8,625	81	-	1,135	13,685
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)
At 31 December 2022	3,344	1,371	10,397	77	-	2,043	17,232
Net book value at 31 December 2022	8,806	601	4,480	133	6,415	1,279	21,714
Cost							
At 1 January 2023 (Unaudited)	12,150	1,972	14,877	210	6,415	3,322	38,946
Additions	2,581	108	2,179	55	1,876	611	7,410
Exchange differences	(409)	(38)	(499)	(44)	(300)	(143)	(1,433)
Transfers	195	(22)	6,569	-	(6,799)	-	(57)
Disposal of subsidiary	(4)	-	(1,543)	-	-	-	(1,547)
Disposals	0	(583)	(316)	(13)	(4)	(467)	(1,383)
At 31 December 2023	14,513	1,437	21,267	208	1,188	3,323	41,936
Accumulated depreciation							
At 1 January 2023 (Unaudited)	3,344	1,371	10,397	77	-	2,043	17,232
Charge for the year	676	299	1,565	20	-	716	3,276
Exchange differences	(146)	(25)	(361)	(16)	-	(75)	(623)
Transfers	-	-	(57)	-	-	-	(57)
Impairment	-	-	-	-	-	75	75
Disposal of subsidiary	(4)	-	(1,357)	-	-	-	(1,361)
Disposals	0	(580)	(325)	(9)	-	(467)	(1,381)
At 31 December 2023	3,870	1,065	9,862	72	0	2,292	17,161
Net book value at 31 December 2023	10,643	372	11,405	136	1,188	1,031	24,775

9. Intangible assets

Group	Goodwill £'000	Trademarks, trade name and licences		Customer relationships £'000	Trade secrets £'000	Development costs £'000	Software & website £'000	Total £'000
		£'000	£'000					
Cost								
At 1 January 2022 (Audited)	28,558	4,284	15,706	17,328	5,023	3,370	74,269	
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	
Accumulated amortisation and impairment								
At 1 January 2022 (Audited)	1,177	3,021	11,825	14,664	1,579	109	32,375	
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	
At 31 December 2022	4,254	4,047	15,586	12,014	2,211	3,344	41,456	
Net book value at 31 December 2022	25,122	585	1,687	2,036	3,955	387	33,772	
Cost								
At 1 January 2023 (Unaudited)	29,376	4,632	17,273	14,050	6,166	3,731	75,228	
Additions	-	8	-	-	369	-	377	
Disposals	-	-	-	-	(639)	-	(639)	
Disposal of subsidiary	(4,043)	(503)	(1,257)	-	-	(2,891)	(8,694)	
Reclassification/transfer	-	726	-	(520)	(206)	-	-	
Exchange differences	(908)	(185)	(745)	(274)	(151)	(176)	(2,439)	
At 31 December 2023	24,425	4,678	15,271	13,256	5,539	664	63,833	
Accumulated amortisation and impairment								
At 1 January 2023 (Unaudited)	4,254	4,047	15,586	12,014	2,211	3,344	41,456	
Charge for the year	-	429	1,008	343	287	129	2,196	
Disposal	-	-	-	-	(679)	-	(679)	
Disposal of subsidiary	(4,043)	(503)	(1,257)	-	-	(2,891)	(8,694)	
Impairment	-	-	-	-	887	-	887	
Exchange differences	(211)	(176)	(678)	(243)	(82)	(167)	(1,557)	
At 31 December 2023	-	3,797	14,659	12,114	2,624	415	33,609	
Net book value at 31 December 2023	24,425	881	612	1,142	2,915	249	30,224	

10. Cash generated from operations

	2023 Unaudited £'000	2022 Audited £'000
Profit/(loss) before tax	2,131	(8,942)
Adjustments for:		
- Depreciation	3,276	3,098
- Amortisation	2,196	3,560
- Exceptional items - other, charged to cost of sales	577	6,774
- Exceptional items - impairment	961	10,384
- Exceptional items - other	1,295	367
- Loss/(profit) on disposal of fixed assets	-	28
- Share-based payments	(2)	(308)
- Cash outflows relating to exceptional items	(721)	(617)
- Foreign exchange	(5)	(71)
- Bad debt written down	214	127

- Finance income	(125)	(131)
- Finance cost	75	102
Changes in working capital		
- Inventories	(745)	(815)
- Trade and other receivables	2,495	1,276
- Trade and other payables	(2,799)	(2,177)
Net cash generated from operations	8,823	12,655

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lse.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR SEASASELSEED Anonymous (not verified) Final Results 34167658 A Wed, 03/20/2024 - 08:30
LSE RNS Company Announcement - General EKF