

26 September 2023

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

Half-year Report

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

Trading in the first half of 2023 ("H1 2023") was in line with Board expectations, and revised guidance for the full year performance was provided in the 12 September 2023 Trading Update.

Financial highlights (from continuing operations)

- Revenue from continuing operations of £26.9m (H1 2022: £37.5m)
 - Revenue growth in continuing operations, excluding largely COVID-related activities in Contract Manufacturing and Laboratory Testing including the effect in 2022 of the US inventory payment, of 6.8%
- Adjusted EBITDA* of £4.4m (H1 2022: £9.7m)
- Gross profit of £11.8m (H1 2022: £17.7m) with GM% marginally improved to 44.0% (H1 2022: 43.3%)
- Loss before tax of £0.03m (H1 2022: profit of £4.1m)
- Net cash generated from operations of £2.5m (H1 2022: £8.4m)
- Cash and cash equivalents of £9.2m (30 June 2022: £19.1m) (31 December 2022: £11.6m)
 - reflecting investment in South Bend enzyme fermentation facility
 - of which £2.4m (30 June 2022: £2.6m, 31 Dec 2022: £2.4m) is held by EKF's Russian subsidiary and subject to regulatory restrictions.

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

Operational highlights

- Business division revenues:
 - **Point-of-Care:** up 10.2% to £16.6m (H1 2022: £15.1m)
 - **Life Sciences:** excluding COVID-revenues up 14.5% to £7.5m (H1 2022: £6.5m)
 - **Other:** £1.3m (H1 2022: £5.0m, which include £3.5m relating to cash received for US inventory)
- Quality Management Audits completed at new fermentation facility in South Bend, with all fermenting units on site
- First customer order received for new South Bend facility, with official site opening planned for 25 October 2023
- Additional cost reduction and operational efficiency measures to further benefit FY 2024 performance
- Board changes: Julian Baines, Executive Chair, remaining in role on a longer-term basis and Steve Young appointed as CFO in September 2023 after an orderly handover

Julian Baines, Executive Chair of EKF, commented: "Looking forward our core business is in a very strong position with continued growth momentum seen in our Point-of-Care division and in sales of β -HB. With the capacity expansion at our South Bend facility nearing completion, and having already received our first purchase order we look forward to delivering strong growth in enzyme fermentation revenues in 2024."

Copies of the interim results and associated investor presentation are available here:

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

EKF Diagnostics will be hosting a live online presentation open to all existing and potential investors on Tuesday 26 September at 5.30pm (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>

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.

EKF Diagnostics Holdings plc

Julian Baines, Executive Chair / Stephen Young, 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 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, 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.

BUSINESS REVIEW

Despite 2023 remaining a transitional year for EKF, we are very pleased with the strong performance delivered by our core established business in the first half of the year. In particular, our Point-of-Care division has delivered double digit organic growth with growth recorded across our Diabetes and Hematology ranges. Our Life Sciences business has also benefitted from a 27% year-on-year increase in sales of Beta-Hydroxybutyrate (β -HB) and remains an opportunity for significant growth once new fermentation capacity comes online.

Revenues for the six months ended 30 June 2023 were £26.9m (H1 2022: £37.5m) and adjusted EBITDA was £4.4m (H1 2022: £9.7m). However, growth in our continuing operations, excluding largely COVID-related activities in Contract Manufacturing and Laboratory Testing, was 6.8% to £24.9m (H1 2022: £23.3m).

OPERATIONAL OVERVIEW

The strong first half performance from both Point-of-Care (“POC”) and the Life Sciences division can be seen below once the impact on the prior year comparison of historical COVID-related revenues is separated out.

Divisional revenues <i>£ millions</i>	H1 2023	H1 2022	+/- % Yr-on-Yr
Point-of-Care (POC)	16.6	15.1	+9.9%
Life Sciences	8.5	15.3	-44.4%
Life Sciences: β -HB and Fermentation sales	7.5	6.6	+13.6%
Life Sciences: other COVID-related revenues	1.0	8.7	- 88.5%
Other*	1.8	7.1†	-74.6%
Total Group Revenues	26.9	37.5	-28.3%
Total Group Revenues (excluding all COVID-related revenues)	24.9	23.3	+6.8%

* Other revenue relating to US inventory payment, shipping and handling recharges, repairs and other sundries

† Includes £3.5m relating to US inventory receipt

POINT-OF-CARE

Point-of-Care (POC)	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. Also includes Central Laboratory products including clinical chemistry reagents, analysers and centrifuges.
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We are delighted that the Point-of-Care division continues to deliver steady growth and sales growth of just over 10% reflecting an increase in product sales across our Diabetes and Hematology ranges to £16.6m (H1 2022: £15.1m). Revenues from this division contributed 63.1% of total revenues and continues to offer EKF a solid foundation with the majority of sales representing steady recurring revenue from high margin consumables.

Our POC hematology product portfolio demonstrated good growth in the first half recording sales of £7.21m, an increase of 11.4% year-on-year (H1 2022: £5.68m). We have continued to benefit from the growth in anaemia screening programmes post-pandemic and our stand-out performer in the first half was the DiaSpect Tm, a hand-held hemoglobin analyzer, which saw H1 sales increase by 44% to £3.21m (H1 2022: £2.23m). Sales in Hemocontrol, our point-of-care hemoglobin analyser, were £2.90m (H1 2022: £3.10m) after showing a significant uplift from H1

2021 (£2.13m sales) and sales for other hematology products such as HemataSTAT and Ultracrit remained broadly flat.

Our diabetes product range delivered sales growth of 6.9% to £6.07m (H1 2022: £5.68m). The biggest contributor to sales in this range is our Biosen series of glucose analyzers, a familiar name in laboratories and diabetes clinics round the world. In H1 2022 we recorded sales of £2.70m (H1 2022: £2.85m). Revenues from our HbA1c analyzer product lines grew during the period: Quo-Lab sales were up 15.7% to £1.92m (H1 2022: £1.66m), and sales of Quo-Test were up 24.0% to £1.45m (H1 2022: £1.16m).

During the period we also derived our first revenues from our *EKF Link* product, a digital connectivity solution for the secure management of POC analysers and associated data on one centralised platform. Integrated with hospital and laboratory IT systems, *EKF Link* enables real-time remote management of data, such as patient test results, allowing physicians and other healthcare professionals to easily evaluate patients' data securely and accurately from a remote setting.

H1 2023 has seen the best revenue performance to date from our Point-of-Care Division and we are delighted to see that this strong performance has continued into the third quarter, as the high-level of demand for reagent-free hemoglobin and HbA1c analyzers continues.

This division is also expected to benefit from a number of initiatives that will improve productivity, margins and our competitive advantage. The automation process for the manufacture of disposable cuvettes for the DiaSpect Tm is being consolidated into our own manufacturing site in Barleben, Germany, from a third-party producer. In addition, the manufacturing automation of our Hemocontrol single-pack cuvette at Barleben will be completed and online by the end of the year. Not only will this have a positive impact on margins, but also positions EKF as the only company offering single-pack cuvettes, giving us an advantage in emerging markets where wastage is a problem.

The regulatory team at EKF continues to work towards meeting the additional requirements under the new In Vitro Diagnostic Regulation (IVDR) and other legislation.

LIFE SCIENCES

Life Sciences	Providing specialist manufacture of enzymes and custom products for use in diagnostic, food and industrial applications, as well as other higher value Contract Manufacturing services. Also included the production of β -HB, a reagent used to identify patients suffering from diabetic ketoacidosis.
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Our Life Sciences division delivered revenues of £8.5m, contributing 31.6% of total revenues. The year-on-year comparative for 2022 (H1 2022: £15.3m) includes £8.7m of COVID-related revenues from Contract Manufacturing, however focussing solely on the on-going β -HB and enzyme fermentation sales, Life Sciences produced 14.5% organic growth, driven by strong β -HB sales.

We remain one of the clear market leaders for the supply of β -HB, a reagent used to detect ketones for patients suffering from diabetic ketoacidosis, as well as many other clinical applications. β -HB sales for H1 2023 were up 27.3% to £6.31m (H1 2022: £4.96m).

Our specialist enzyme fermentation business recorded revenues of £1.23m (H1 2022: £1.63m) from our existing site in Elkhart, with continued demand from our large corporate customers to create and deliver high quality enzymes and biomolecules for use in a variety of industrial applications.

As outlined in our recent Trading Update, good progress is being made to complete the increased fermentation capacity at the South Bend facility in Indiana. All of the new fermenting units are on site and in the process of installation, validation and verification. We have successfully completed ISO 9001:2015 and ISO 13485:2016 Quality Management Audits at our sites and we expect to see a steady build-up of revenues from this new capacity during FY 2024. We expect to host a ribbon cutting ceremony for the official opening of the new site on 25 October 2023.

We are very pleased to announce receipt of our first purchase order for enzyme manufacturing services for our new facility and this will contribute limited revenues in Q4 FY 2023 and, as these scale-up, will cornerstone the substantial revenue growth we expect to see next year from this new capacity.

Operational efficiencies and continued cost control

We continue to expect that improvements in adjusted EBITDA margin will be seen in the second half. We also recognise that there are further cost savings and efficiency measures that can be implemented, and these will benefit FY 2024. We expect to see FY 2024 margins benefit further from the ramp-up in higher margin enzyme fermentation revenues within Life Sciences as utilisation of our additional capacity builds.

Russia and Ukraine

EKF owns 60% of O.O.O. EKF Diagnostika, a distribution subsidiary located in Moscow which sells EKF POC products and other third-party products into Russia and neighbouring states. We continue to provide essential medical supplies to the region, and whilst sales have continued in the first half of the year, the number of products that we can supply into the region has reduced in line with current sanctions.

Cash held in Russia totalled £2.39m at the period end. Restrictions remain in place regarding the payment of foreign dividends in Russia and so this cash remains partly inaccessible. We have been able to arrange for limited dividends to be paid over in July and August, however there can be no assurance that this will be able to continue. The Board continues to explore options available to realise the value tied up in Russia.

Board Changes

Post-period end we announced the appointment of Steve Young as CFO, who has been working as a consultant over the summer to ensure an orderly handover from his predecessor. Steve is an experienced FD and CFO with a strong working knowledge of how AIM companies operate. I worked closely with Steve at BBI Holdings plc for a number of years and am delighted to have him on board at EKF.

I have also confirmed to the Board my increased commitment as Executive Chairman and I have a singular focus to ensure we are on track to meet or exceed revised guidance and to deliver the significant long-term growth prospects that I am confident our Life Sciences division offers to shareholders.

Outlook

In our recent guidance update we confirmed that for the full year ending 31 December 2023 we expect to deliver revenues of around £53m and adjusted EBITDA in the region of £10m.

Looking forward our core business is in a very strong position, with continued growth momentum seen in our Point-of-Care division and in sales of β -HB. With the capacity expansion at our South Bend facility nearing completion, and already having received our first purchase order and we look forward to delivering strong growth in enzyme fermentation revenues in 2024.

Increased utilisation of our additional capacity at South Bend is key to our future growth. My colleagues and I are determined to ensure we succeed in delivering this and the Board thanks the wider team for its diligent commitment to our expansion plans. With strong engagement from current and prospective customers to underpin increasing utilisation over time, our confidence in the longer-term, significant growth prospects for EKF remains high.

Julian Baines
Executive Chair

26 September 2023

Financial review

In March 2023, all of the share capital of Advanced Diagnostic Laboratory LLC was sold to certain members of its management for a consideration consisting of 1,200,000 EKF ordinary shares which were returned to EKF. These shares were valued at £343,800 and are held in treasury. Costs of the transaction were £107,000. In February 2023, the UK manufacturing operations, which had largely serviced UK COVID-related customers were closed down, resulting in a small number of redundancies.

Revenue

Revenue for the period was £26.8m (H1 2022: £37.5m).

Revenue by Business Unit:

	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000	+/- %
Point-of-Care	16,627	15,093	10.2%
Life Sciences	8,511	15,244	(44.2%)
Other*	1,734	7,134	(78.2%)
Total revenue	26,872	37,471	(28.3%)

Considering our core established business units, which excludes largely COVID-related revenue including that from Contract Manufacturing and Laboratory Services totalling £2.0m in 2023 (H1 2022: £14.7m), the Group delivered growth of 6.8% compared with the equivalent period in 2022.

* Other revenue relating to US inventory payment, shipping and handling recharges, repairs and other sundries

Revenue by Geographical Segment:

	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000	+/- %
Continuing business			
Germany	11,014	13,583	(18.9%)
USA	13,376	20,925	(36.1%)
Russia	1,690	2,037	(17.0%)
UK	792	926	(14.5%)
Total revenue	26,872	37,471	(28.3%)

Geographic regions showing a decline is primarily due to the reduction in COVID-related Contracted Manufacturing activity. The 2022 amount for USA includes the £3.5m inventory payment. The Group's Russian subsidiary, which is 60% owned by the Group, is consolidated in full in accordance with accounting standards. The interest of the minority shareholders is included as a separate item in the Consolidated Income statement.

Gross profit

Gross profit was £11.8m (H1 2022: £17.7m). The gross profit margin was 44.0% (H1 2022: 43.3%). The gross profit has increased marginally mainly as a result of the mix of products and services.

Administrative expenses

In H1 2023, administration expenses (excluding exceptionals) reduced to £10.9m (H1 2022: £12.8m), representing 40.7% of revenue for the period (H1 2022: 34.1%, FY 2022: 34.8%). The increase is largely due to the reduced revenue. The Board expects that cost savings and efficiency measures will be implemented in the second half which will benefit FY 2024.

The charge for depreciation of fixed assets and for the amortisation of intangibles is £3.3m (H1 2022: £3.4m).

Operating profit and adjusted earnings before interest tax and depreciation

The Group generated an operating loss of £0.07m (H1 2022: profit of £4.1m). We continue to consider that adjusted EBITDA gives a more meaningful measure of performance which for H1 2023 was £4.4m (H1 2022: £9.7m).

In H1 2023 adjusted EBITDA excludes a charge for share-based payments of £nil (H1 2022: charge of £0.5m) and exceptional charges of £1.2m (H1 2022: charge of £1.7m). The exceptional charge relates mainly to transition and restructure costs of certain operations in the US and Germany including provisions against inventory and the impairment of certain lease assets where the property is no longer required. The reduction in operating profit and adjusted EBITDA, in particular in the US and German regions relates to lower revenues associated with the end of the COVID-19 pandemic, and increased cost inflation.

Finance income

Net finance income is £0.04m (H1 2022: £0.01m). The income has increased because of higher interest income on funds held in Russia.

Tax

There is a tax charge of £0.1m (H1 2022: £1.7m). The decrease largely reflects the decrease in profit.

Earnings per share

Basic earnings per share from continuing operations has decreased to nil (H1 2022: 0.48p). There is no dilutive effect from the remaining share options, which have now lapsed.

Balance sheet

Fixed assets

We have capitalised £3.4m (H1 2022: £2.3m) of property, plant and equipment. The expenditure includes continuing work on adding capacity for Life Sciences in the US. Further expenditure in Life Sciences to complete the new facility in South Bend is planned for the second half of the year.

Intangible assets

The value of intangible fixed assets is £31.2m (31 December 2022: £33.8m). The decrease is mainly the result of exchange rate movements. An amount of £0.1m (H1 2022: £0.8m) has been capitalised during the first half.

Investments

Investments are held at fair value which has been calculated based on the market value of the shares which at 30 June 2023 was £1.1125 (31 December 2022: £0.725) per share for Renalytix and £0.1175 (31 December 2022: £0.125) per share for Verici Dx. The majority of the Group's shares in Verici were transferred to EKF shareholders in 2022 through a dividend in specie. In July 2023 the remaining Renalytix shares were sold for a consideration of £1.33m.

Deferred consideration

The deferred consideration at 30 June 2022 related to the acquisition of Advanced Diagnostic Laboratory LLC. (ADL). The remaining deferred consideration was cancelled as part of the disposal of ADL earlier this year.

Cash and working capital

The gross cash position at 30 June 2023 was £9.2m (31 Dec 2022: £11.6m), and the Group had cash net of bank borrowings of £9.1m (31 Dec 2022: £11.4m).

Cash generated from operations in H1 2023 is £2.5m (H1 2022: £8.4m). Trade debtors have increased as a result of timing effects in the run-up to period end.

Cash and cash equivalents held by the Russian subsidiary at 30 June 2023 totalled £2.4m (31 Dec 2022: £2.4m). These deposits are subject to regulatory restrictions, and therefore may not be available for general use by the other entities within the Group.

In July 2023, we disposed of our remaining shareholding in Renalytix plc for a consideration of £1.33m.

In March 2023 the Company agreed a loan facility of £3.0m. At 30 June 2023 this facility had not been utilised.. In addition the Group expects to finalise a further £3m undrawn facility from HSBC from late September 2023. The strength of the Group's balance sheet and the cash and loan resources available to it, aligned to the continuing performance of the business gives the Directors confidence that the business can continue to meet its obligations as they fall due, even under our worst-case scenarios, for at least the next 12 months.

Capital structure

1,200,000 ordinary shares were returned to the Company in April 2023 by the acquirer of ADL, at a value of £348,000. These shares are currently held in treasury. We have maintained shareholder authority to buy back shares, however we currently have no plans to make any further purchases.

Dividend

At the Annual General Meeting in May 2023, shareholders approved the payment of a dividend of 1.2p per ordinary share, to be paid on 1 December 2023 to shareholders on the register at close of business on 3 November 2023. As this declaration is irrevocable, the value of £5.445m is shown as a liability with the debit shown in the statement of changes in equity.

Stephen Young
Chief Financial Officer

26 September 2023

**CONSOLIDATED INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

	Notes	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000	Audited Year ended 31 December 2022 £'000
Continuing operations				
Revenue	3	26,872	37,471	66,635
Cost of sales		(14,855)	(19,727)	(35,823)
Exceptional items - other charged to cost of sales		(196)	(1,499)	(6,774)
Gross profit		11,821	16,245	24,038
Administrative expenses		(10,939)	(12,791)	(23,177)
Exceptional items – impairment of assets		(671)	(183)	(10,384)
Exceptional items – other		(341)	-	(367)
Other income		63	880	919
Operating (loss)/profit		(67)	4,151	(8,971)
Depreciation and amortisation		(3,274)	(3,361)	(6,658)
Share-based payments		-	(517)	308
Exceptional items	4	(1,209)	(1,682)	(17,525)
EBITDA before exceptional items and share-based payments		4,416	9,711	14,904
Finance income		59	57	131
Finance costs		(18)	(68)	(102)
(Loss)/profit before income tax		(26)	4,140	(8,942)
Income tax charge	5	(144)	(1,717)	(634)
(Loss)/profit for the period		(170)	2,423	(9,576)
(Loss)/profit is attributable to:				
Owners of the parent		(358)	2,213	(10,101)
Non-controlling interest		188	210	525
		(170)	2,423	(9,576)
(Loss)/earnings per ordinary share attributable to the owners of the parent during the period				
	6	Pence	Pence	Pence
Basic		(0.08)	0.48	(2.21)
Diluted		(0.08)	0.48	(2.21)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000	Audited Year ended 31 December 2022 £'000
(Loss)/profit for the period	(170)	2,423	(9,576)
Other comprehensive income/(expense):			
<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 (net of tax)	437	(5,307)	(6,096)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences	<u>(3,502)</u>	<u>6,520</u>	<u>6,811</u>
Other comprehensive (loss)/income (net of tax)	<u>(3,065)</u>	<u>1,213</u>	<u>715</u>
Total comprehensive (loss)/income for the period	<u>(3,235)</u>	<u>3,636</u>	<u>(8,861)</u>
Attributable to:			
Owners of the parent	(3,139)	3,024	(9,420)
Non-controlling interests	<u>(96)</u>	<u>612</u>	<u>559</u>
Total comprehensive (loss)/income for the period	<u>(3,235)</u>	<u>3,636</u>	<u>(8,861)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Notes	Unaudited as at 30 June 2023 £'000	Unaudited as at 30 June 2022 £'000	Audited as at 31 December 2022 £'000
Assets				
Non-current assets				
Property, plant and equipment	7	21,576	18,170	20,435
Right-of-use assets	7	507	1,495	1,279
Intangible assets	8	31,163	43,387	33,772
Investments		1,556	1,566	1,119
Deferred tax assets		878	23	925
Total non-current assets		55,680	64,641	57,530
Current Assets				
Inventories		9,414	12,969	9,434
Trade and other receivables		7,979	12,236	10,739
Corporation tax receivable		13	408	10
Cash and cash equivalents		9,165	19,138	11,578
Total current assets		26,571	44,751	31,761
Total assets		82,251	109,392	89,291
Equity attributable to owners of the parent				
Share capital		4,537	4,549	4,549
Share premium		7,375	7,375	7,375
Other reserve		(182)	(184)	(629)
Foreign currency reserves		6,129	8,931	9,590
Retained earnings		46,326	64,775	52,461
		64,185	85,446	73,346
Non-controlling interest		1,081	1,230	1,177
Total equity		65,266	86,676	74,523
Liabilities				
Non-current liabilities				
Borrowings		-	44	-
Lease liabilities		223	793	537
Deferred consideration		-	173	-
Deferred tax liability		2,140	3,795	2,493
Total non-current liabilities		2,363	4,805	3,030
Current liabilities				
Trade and other payables		11,702	14,148	8,288
Lease liabilities		400	902	873
Deferred consideration		-	72	-
Current income tax liabilities		2,476	2,611	2,440
Borrowings		44	178	137
Total current liabilities		14,622	17,911	11,738
Total liabilities		16,985	22,716	14,768
Total equity and liabilities		82,251	109,392	89,291

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000	Audited Year to 31 December 2022 £'000
Cash flow from operating activities			
(Loss)/profit before income tax	(26)	4,140	(8,942)
Adjustments for			
- Depreciation	1,590	1,505	3,098
- Amortisation and impairment charges	1,684	1,856	3,560
- Exceptional items	1,209	1,682	17,525
- (Profit)/loss on disposal of assets	5	19	28
- Share-based payments	-	517	(308)
- Cash outflows relating to exceptional items	(157)	-	(617)
- Foreign Exchange	-	-	(71)
- Bad debt written down	174	-	127
- Net finance costs	(41)	11	(29)
Changes in working capital			
- Inventories	(445)	(693)	(815)
- Trade and other receivables	1,708	1,698	1,276
- Trade and other payables	(2,862)	(323)	(2,177)
Cash generated from operations	2,839	10,412	12,655
Interest received	59	57	85
Interest paid	(3)	(39)	(46)
Income tax paid	(389)	(1,945)	(3,006)
Net cash generated from operating activities	2,506	8,428	9,688
Cash flow from investing activities			
Payment for investments	-	(2,930)	(2,930)
Payment for property, plant and equipment (PPE)	(3,345)	(2,167)	(4,434)
Payment for intangibles	(138)	(819)	(1,394)
Payment for acquisition of subsidiaries, net of cash acquired	-	(403)	(403)
Proceeds from sale of PPE	59	6	229
Net cash used in investing activities	(3,424)	(6,256)	(8,932)
Cash flow from financing activities			
Dividend paid to company shareholders	-	-	(5,459)
Payment for shares bought back	-	(3,896)	(3,896)
Repayments of borrowings	(93)	(525)	(613)
Principal elements of lease payments	(507)	(551)	(1,071)
Dividends payment to non-controlling interests	-	-	-
Net cash used in financing activities	(600)	(4,972)	(11,039)
Net decrease in cash and cash equivalents	(1,518)	(2,800)	(10,283)
Cash and cash equivalents at beginning of period	11,578	20,341	20,341
Exchange gains on cash and cash equivalents	(895)	1,597	1,520
Cash and cash equivalents at end of period	9,165	19,138	11,578

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

	Share Capital	Share Premium	Other Reserve	Foreign Currency Reserve	Retained earnings	Total	Non- controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	4,639	7,375	5,033	2,813	74,264	94,124	618	94,742
Comprehensive income/(expense)								
Profit for the period	-	-	-	-	2,213	2,213	210	2,423
Other comprehensive income/(expense)								
Changes in fair value of equity instruments at fair value through other comprehensive income/(expense)	-	-	(5,307)	-	-	(5,307)	-	(5,307)
Currency translation differences	-	-	-	6,118	-	6,118	402	6,520
Total comprehensive income/(expense)	-	-	(5,307)	6,118	2,213	3,024	612	3,636
Transactions with owners								
Acquisition of own shares	(90)	-	90	-	(3,896)	(3,896)	-	(3,896)
Dividends to owners	-	-	-	-	(7,806)	(7,806)	-	(7,806)
Dividends to non-controlling interest	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	(90)	-	90	-	(11,702)	(11,702)	-	(11,702)
At 30 June 2022	4,549	7,375	(184)	8,931	64,775	85,446	1,230	86,676
Comprehensive income/(expense)								
Profit for the period	-	-	-	-	(12,314)	(12,314)	315	(11,999)
Other comprehensive income/(expense)								
Changes in fair value of equity instruments at fair value through other comprehensive income/(expense)	-	-	(445)	-	-	(445)	-	(445)
Acquisition of own shares	-	-	(344)	-	-	(344)	-	(344)
Currency translation differences	-	-	-	659	(1)	658	(368)	290
Total comprehensive income/(expense)	-	-	(789)	659	(12,315)	(12,445)	(53)	(12,498)
Transactions with owners								
Reserve transfer	-	-	344	-	1	345	-	345
Total contributions by and distributions to owners	-	-	344	-	1	345	-	345
At 31 December 2022	4,549	7,375	(629)	9,590	52,461	73,346	1,177	74,523
Comprehensive income								
Profit for the period	-	-	-	-	(358)	(358)	188	(170)
Other comprehensive income/(expense)								
Changes in fair value of equity instruments at fair value through other comprehensive income/(expense)	-	-	437	-	-	437	-	437
Currency translation differences	-	-	(2)	(3,461)	12	(3,451)	(284)	(3,735)
Total comprehensive income/(expense)	-	-	435	(3,461)	(346)	(3,372)	(96)	(3,468)
Transactions with owners								
Acquisition of own shares	(12)	-	12	-	(344)	(344)	-	(344)
Dividends to owners	-	-	-	-	(5,445)	(5,445)	-	(5,445)
Total contributions by and distributions to owners	(12)	-	12	-	(5,789)	(5,789)	-	(5,789)
At 30 June 2023	4,537	7,375	(182)	6,129	46,326	64,185	1,081	65,266

NOTES FORMING PART OF THE INTERIM FINANCIAL STATEMENTS

1. General information and basis of presentation

EKF Diagnostics Holdings Plc is a company incorporated 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 financial statements are presented in British Pounds Sterling, the currency of the primary economic environment in which the Company's headquarters is operated. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial liabilities at fair value through profit and loss and certain financial assets measured at fair value through other comprehensive income.

The financial information in these interim results is that of the holding company and all of its subsidiaries as at 30 June 2023. It has been prepared in accordance with UK-adopted International Accounting Standards and the Companies Act 2006 as applicable to companies reporting under those standards. The accounting policies applied by the Group in this financial information are the same as those applied by the Group in its financial statements for the year ended 31 December 2022 and which will form the basis of the 2023 financial statements except for a number of new and amended standards which have become effective since the beginning of the previous financial year. These new and amended standards are not expected to materially affect the Group. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

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.

The financial information presented herein does not constitute full statutory accounts under Section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respect of the year ended 31 December 2022 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half years ended 30 June 2023 and 30 June 2022 is unaudited and the twelve months to 31 December 2022 is audited.

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, taking into account reasonably plausible changes in financial performance, that the Group will be able to operate within the level of its current funding arrangements.

Following the end of the COVID-19 pandemic, the Group's core established business has now returned to normal. The business has seen a significant reduction in pandemic-related contract manufacturing and testing activities and as a result has closed its UK manufacturing operations and disposed of its US laboratory testing business, ADL Health.

The Group has revenues from customers in Russia which are serviced by our entity based in Moscow. As a result of the continuing sanctions imposed on Russia by the EU, the USA and other countries, there are enhanced risks in respect of our Russian entity, including regulatory restrictions and credit risk to cash balances, its ability to collect debtors, and EKF's ability to import products into Russia. In addition, action by the Russian Government is currently restricting the Russian entity's ability to pay dividends to its shareholders. In preparing a downside going concern forecast we have discounted future sales and cash from this region entirely.

The strength of the Group's balance sheet aligned to the continuing performance of the business gives the Directors confidence that the business can continue to meet its obligations as they fall due, even under our worst-case scenarios, for at least the next 12 months. In addition, the Group has secured a committed £3m of funding from the North Atlantic Smaller Companies Investment Trust, to be drawn down if necessary. 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, primarily into the in-vitro diagnostic (IVD) market. 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. In addition, the CODM considers the segmental revenue performance of business segments.

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 (earnings before interest, tax, depreciation and amortisation, adjusted for exceptional items and share-based payments).

The segment information provided to the Board for the reportable geographic segments is as follows:

Period ended 30 June 2023 unaudited

	Germany £'000	USA £'000	Russia £'000	UK £'000	Total £'000
Income statement					
Revenue	13,419	13,376	1,690	792	29,277
Inter-segment	(2,405)	-	-	-	(2,405)
External revenue	11,014	13,376	1,690	792	26,872
Adjusted EBITDA*	2,765	3,059	546	(1,954)	4,416
Share-based payment	-	-	-	-	-
Exceptional items	37	(719)	-	(527)	(1,209)
EBITDA	2,802	2,340	546	(2,481)	3,207
Depreciation	(418)	(967)	(25)	(180)	(1,590)
Amortisation	(880)	(125)	-	(679)	(1,684)
Operating profit/(loss)	1,504	1,248	521	(3,340)	(67)
Net finance costs	(1)	-	57	(15)	41
Income tax	(321)	163	(109)	123	(144)
Profit/(loss) for the period	1,182	1,411	469	(3,232)	(170)
Segment assets					
Operating assets	32,860	74,876	578	(21,265)	87,049
Inter-segment assets	254	(18,662)	-	4,445	(13,963)
External operating assets	33,114	56,214	578	(16,820)	73,086
Cash and cash equivalents	2,592	4,100	2,388	85	9,165
Total assets	35,706	60,314	2,966	(16,735)	82,251
Segment liabilities					
Operating liabilities	(3,824)	21,217	324	13,187	30,904
Inter-segment liabilities	9,494	(17,775)	-	(5,682)	(13,963)
External operating liabilities	5,670	3,442	324	7,505	16,941
Borrowings	44	-	-	-	44
Total liabilities	5,714	3,442	324	7,505	16,985
Other segmental information					
Non-current assets – PPE	6,043	14,143	95	1,295	21,576
Non-current assets – Right-of-use assets	197	288	2	20	507
Non-current assets – Intangibles	18,554	8,292	68	4,249	31,163
Intangible assets - additions	112	26	-	-	138
PPE - additions	428	2,910	-	7	3,345
Right-of-use assets - additions	52	-	-	-	52

Year ended December 2022 audited

	Germany £'000	USA £'000	Russia £'000	UK £'000	Total £'000
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 - impairments	(32)	(10,324)	-	(28)	(10,384)
Exceptional items - other	(1,857)	(4,909)	-	(375)	(7,141)
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 and cash equivalents	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

Period ended 30 June 2022 unaudited

	Germany £'000	USA £'000	Russia £'000	UK £'000	Total £'000
Income statement					
Revenue	16,283	21,323	2,037	927	40,570
Inter-segment	(2,701)	(398)	-	-	(3,099)
External revenue	13,582	20,925	2,037	927	37,471
Adjusted EBITDA*	4,989	6,911	665	(2,854)	9,711
Share-based payment	-	-	-	(517)	(517)
Exceptional items	(795)	(755)	-	(132)	(1,682)
EBITDA	4,194	6,156	665	(3,503)	7,512
Depreciation	(370)	(898)	(37)	(200)	(1,505)
Amortisation	(468)	(138)	-	(1,250)	(1,856)
Operating profit/(loss)	3,356	5,120	628	(4,953)	4,151
Net finance costs	(25)	(3)	56	(39)	(11)
Income tax	(493)	(996)	(158)	(70)	(1,717)
Profit/(loss) for the period	2,838	4,121	526	(5,062)	2,423
Segment assets					
Operating assets	32,707	89,337	1,047	(16,294)	106,797
Inter-segment assets	(47)	(16,699)	-	203	(16,543)
External operating assets	32,660	72,638	1,047	(16,091)	90,254
Cash and cash equivalents	7,833	8,220	2,585	500	19,138
Total assets	40,493	80,858	3,632	(15,591)	109,392
Segment liabilities					
Operating liabilities	1,046	24,045	439	14,524	40,054
Inter-segment liabilities	4,986	(19,199)	-	(3,347)	(17,560)
External operating liabilities	6,032	4,846	439	11,177	22,494
Borrowings	222	-	-	-	222
Total liabilities	6,254	4,846	439	11,177	22,716
Other segmental information					
Non-current assets – PPE	6,087	10,445	101	1,537	18,170
Non-current assets – Right-of-use assets	139	1,072	4	280	1,495
Non-current assets – Intangibles	19,600	19,222	117	4,448	43,387
Intangible assets -additions	394	145	-	280	819
PPE - additions	357	1,769	-	41	2,167
Right-of-use assets - additions	78	72	-	-	150

* Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation adjusted for exceptional items and share-based payments

Russian operations

In the context of an increased level of uncertainty, the Group has exercised critical judgements in applying its accounting policies in whether the Group should continue to consolidate its Russian business. The Group has applied judgement in regards to whether the Group continues to control its Russian subsidiary due to the restrictions imposed by the Russian government or any other authority. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Russian government introduced various sanctions in recent months, including restrictions on the

payment of dividends to “unfriendly states” that require consent from the Ministry of Finance of Russia. Since the Group continued to direct the operations and the Russian regulations currently do not prohibit the declaration and payment of dividends, the Group has taken the view that it has retained control through the six months ended 30 June 2023. Were the Group to conclude that it no longer retains control, the Russian operations would be treated as if they had been disposed of, with the associated assets and liabilities derecognised.

In July 2023, the Group sought and gained permission for its Russian entity to commence limited dividend payments, totalling around €70,000 per month. There is no certainty how long these payments will be able to continue.

Disclosure of Group revenues by geographic location

	Unaudited 6 months ended 30 June 2023 £000	Unaudited 6 months ended 30 June 2022 £000	Audited Year ended 31 December 2022 £000
Americas			
United States of America	10,832	17,620	30,941
Rest of Americas	1,689	1,771	4,126
Europe, Middles East and Africa (EMEA)			
Germany	4,248	4,245	8,001
United Kingdom	374	1,165	1,886
Ireland	1,006	5,229	5,253
Rest of Europe	2,207	1,641	3,715
Russia	1,690	2,037	4,202
Middle East	859	561	1,449
Africa	1,340	656	1,945
Asia and Rest of World			
China	640	538	1,014
Rest of Asia and Oceania	1,987	2,008	4,103
Total Revenue	26,872	37,471	66,635

Revenue by business segment, which is presented for illustrative purposes only, is as follows:

	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000	+/- %
Continuing business			
Point-of-Care	16,627	15,093	10.2%
Life Sciences	8,511	15,244	(44.2%)
Other*	1,734	7,134	(78.2%)
Total revenue	26,872	37,471	(28.3%)

4. Exceptional items

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

		Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Audited year ended 31 December 2022
	Note	£000	£000	£000
Exceptional items include:				
– Deferred consideration and settlement of warranty claim	a	-	-	2
– Business reorganisation costs - other charged to cost of sales	b	(196)	(1,499)	(6,774)
– Business reorganisation costs – Impairment	c	(671)	(183)	(10,384)
– Business reorganisation costs - other charged to operating expenses	d	(342)	-	(369)
Exceptional items		<u>(1,209)</u>	<u>(1,682)</u>	<u>(17,525)</u>

- 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 US, 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.
- d. Costs associated with the transition and restructure of certain operations in the US, UK and Germany, which have been charged to operating expenses.

5. Income tax

	Unaudited 6 months ended 30 June 2023	Unaudited 6 months ended 30 June 2022	Audited Year ended 31 December 2022
	£000	£000	£000
Current tax			
Current tax on profit for the period	431	1,692	2,815
Adjustments for prior periods	(9)	-	62
Total current tax	<u>422</u>	<u>1,692</u>	<u>2,877</u>
Deferred tax			
Origination and reversal of temporary differences	(278)	25	(2,243)
Total deferred tax	<u>(278)</u>	<u>25</u>	<u>(2,243)</u>
Income tax charge	<u>144</u>	<u>1,717</u>	<u>634</u>

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted profit 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 share, being share options. In August 2023 the remaining share options lapsed. The Company is holding 1,200,000 ordinary shares in treasury. These shares have therefore been excluded from the earnings per share calculation.

	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000	Audited year ended 31 December 2022 £'000
(Loss)/profit attributable to owners of the parent	<u>(358)</u>	<u>2,213</u>	<u>(10,101)</u>
Weighted average number of ordinary shares in issue	454,492,995	459,474,072	457,180,086
Assumed conversion of share awards	-	4,987	-
Assumed payment of equity deferred consideration	<u>-</u>	<u>157,580</u>	<u>-</u>
Weighted average number of ordinary shares – diluted	<u>454,492,995</u>	<u>459,636,639</u>	<u>457,180,186</u>
	Pence	Pence	Pence
Basic	(0.08)	0.48	(2.21)
Diluted	(0.08)	0.48	(2.21)

7. Property, plant and equipment

Group	Land and buildings £'000	Fixtures and fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Assets under construction £'000	Right-of-use assets £'000	Total £'000
Cost							
At 1 January 2022	10,711	2,012	13,188	160	2,470	3,010	31,551
Additions	304	101	683	-	1,079	150	2,317
Transfers	-	215	(215)	-	-	-	-
Disposal	-	-	(213)	-	-	(207)	(420)
Exchange differences	694	72	951	79	255	192	2,243
At 30 June 2022	11,709	2,400	14,394	239	3,804	3,145	35,691
Additions	260	32	905	48	3,158	252	4,655
Transfers	40	(205)	608	-	(443)	-	-
Disposals	(3)	(363)	(1,064)	(20)	(125)	(78)	(1,653)
Exchange differences	144	108	34	(57)	21	3	253
At 31 December 2022	12,150	1,972	14,877	210	6,415	3,322	38,946
Additions	1,033	23	1,432	-	857	52	3,397
Transfers	88	-	636	-	(724)	-	-
Disposal	(5)	(403)	(1,676)	-	(8)	(960)	(3,052)
Discontinued operations	-	-	-	-	-	(176)	(176)
Exchange differences	(435)	(48)	(516)	(44)	(296)	(127)	(1,466)
At 30 June 2023	12,831	1,544	14,753	166	6,244	2,111	35,538
Depreciation							
At 1 January 2022	2,595	1,249	8,625	81	-	1,135	13,685
Exchange differences	222	50	666	43	-	67	1,048
Disposal	-	-	(188)	-	-	(207)	(395)
Impairment	-	-	51	-	-	132	183
Transfers	-	194	(194)	-	-	-	-
Charge for the period	255	158	555	14	-	523	1,505
At 30 June 2022	3,072	1,651	9,515	138	-	1,650	16,026
Exchange differences	4	100	(55)	(33)	-	(15)	1
Disposal	(3)	(336)	(1,029)	(14)	-	(64)	(1,466)
Impairment	1	-	1,078	-	-	(21)	1,058
Transfers	-	(194)	194	-	-	-	-
Charge for the period	270	150	694	(14)	-	493	1,593
At 31 December 2022	3,344	1,371	10,397	77	-	2,043	17,232
Exchange differences	(143)	(31)	(352)	(16)	-	(74)	(616)
Disposal	(5)	(378)	(1,499)	-	-	(960)	(2,842)
Impairment	-	-	-	-	-	353	353
Transfers	18	-	(18)	-	-	-	-
Charge for the period	310	193	682	11	-	394	1,590
At 30 June 2023	3,524	1,155	9,211	72	-	1,604	15,566
Net book value							
30 June 2023	9,307	389	5,542	94	6,244	507	22,083
31 December 2022	8,806	601	4,480	133	6,415	1,279	21,714
30 June 2022	8,637	749	4,879	101	3,804	1,495	19,665

8. Intangible Fixed Assets

Group	Good-will £'000	Trademarks trade names & licences £'000	Customer relationships £'000	Trade secrets £'000	Develop- ment costs £'000	Software £'000	Total £'000
Cost							
At 1 January 2022	28,558	4,284	15,706	17,328	5,023	3,370	74,269
Additions	-	15	-	-	802	2	819
Disposal	-	-	-	-	-	-	-
Impairment	(1,177)	-	-	(3,950)	(28)	-	(5,155)
Exchange differences	1,553	296	1,422	355	257	359	4,242
At 30 June 2022	28,934	4,595	17,128	13,733	6,054	3,731	74,175
Additions	-	(15)	-	-	590	-	575
Disposals	-	-	-	-	(570)	(25)	(595)
Exchange differences	442	52	145	317	92	25	1,073
At 31 December 2022	29,376	4,632	17,273	14,050	6,166	3,731	75,228
Additions	-	15	-	-	118	5	138
Disposal	(4,161)	(517)	(1,293)	-	(427)	(2,975)	(9,373)
Transfer	-	726	-	(520)	(206)	-	-
Exchange differences	(911)	(211)	(739)	(366)	(182)	(94)	(2,503)
At 30 June 2023	24,304	4,645	15,241	13,164	5,469	667	63,490
Amortisation							
At 1 January 2022	1,177	3,021	11,825	14,664	1,579	109	32,375
Exchange differences	-	205	1,066	292	126	23	1,712
Disposal	-	-	-	-	-	-	-
Impairment	(1,177)	-	-	(3,950)	(28)	-	(5,155)
Charge for the period	-	110	705	494	228	319	1,856
At 30 June 2022	-	3,336	13,596	11,500	1,905	451	30,788
Exchange differences	-	31	100	246	24	(10)	391
Disposal	-	-	-	-	(598)	-	(598)
Impairment	4,254	463	1,157	-	636	2,661	9,171
Charge for the period	-	217	733	268	244	242	1,704
At 31 December 2022	4,254	4,047	15,586	12,014	2,211	3,344	41,456
Exchange differences	(93)	(154)	(668)	(323)	(129)	(78)	(1,445)
Disposal	(4,161)	(517)	(1,293)	-	(423)	(2,975)	(9,369)
Charge for the period	-	208	620	191	584	81	1,684
At 30 June 2023	-	3,584	14,245	11,882	2,243	372	32,326
Net book value							
30 June 2023	24,304	1,061	996	1,282	3,226	295	31,164
31 December 2022	25,122	585	1,687	2,036	3,955	387	33,772
30 June 2022	28,934	1,259	3,532	2,233	4,149	3,280	43,387

9. Disposal

In March 2023 Advanced Diagnostic Laboratory LLC, which traded as ADL Health, was sold to a company controlled by its Chief Executive.

The summary results from this business in the period from 1 January 2023 to disposal are as follows:

	Advanced Diagnostic Laboratory £000
Revenue	475
Cost of sales	(505)
Gross loss	<u>(30)</u>
Administrative expenses	(114)
Net loss for the period	<u>(144)</u>
Depreciation included in administrative expenses	55

10. Dividends

A dividend to shareholders of the holding company of 1.2p per ordinary share has been provided during the period following shareholder approval at the Annual General Meeting of the Company in May 2023 (six months to 30 June 2022 and year to 31 December 2022: both 1.2p). It will be paid on Friday 1 December 2023 to shareholders on the register of members at the close of business on Friday 3 November 2023.

10. Availability of this announcement

This announcement and the Group's Interim Report for the six months ended 30 June 2023 are available from the Company's website, www.ekfdiagnostics.com. If you would like to receive a hard copy of the Interim Report, please contact the EKF Diagnostics Holdings plc offices on +44 (0)29 2071 0570 to request a copy.