12 September 2022

OMEGA DIAGNOSTICS GROUP PLC

("Omega" or the "Company" or the "Group")

Preliminary Results

Omega (AIM: ODX), the specialist medical diagnostics company focused on industry-leading Health and Nutrition products, announces its audited results for the year ended 31 March 2022.

Financial highlights

- Revenue increased by 25% to £8.5 million (2021: £6.8 million)
- Gross margin increased to 59.7% (2021: 58.6%)
- Operating loss (continuing operations) £0.9 million (2021: £0.5 million)
- Loss from discontinued Global Health operations £9.9 million (2021: £2.5 million) including:
  - loss on disposal of Alva site £0.4 million
  - impairment loss recognised on the remeasurement of Global Health assets to fair value less costs to sell £1.9 million
- Adjusted EBITDA (continuing operations) £0.2 million (2021: £0.1 million)
- Health and Nutrition division adjusted EBITDA £1.6 million (2021: £1.3 million)

Operational highlights

- Strategy now focused exclusively on profitable and cash generative Health and Nutrition products
- New executive team of Jag Grewal (CEO) and Chris Lea (CFO)
- Global Health division has been discontinued and disposed of
  - Withdrawal from COVID-19, following non-progression of the DHSC contract
  - Reduction in operating costs following the sale of the Alva site for £1.0 million
  - Disposal of the loss-making CD4 business for up to £6.3 million completed on 31 July 2022
- Post year end equity fund raise of £2.2 million (gross)
- Business now stabilised after the disruption caused by COVID-19

Commenting, Simon Douglas, Chairman, Omega Diagnostics said: *"Last year was an extremely challenging year, dominated by the COVID-19 opportunity that ultimately did not come to fruition and which destabilised the whole Group. The actions we have taken this year to withdraw from the COVID-19 market, to dispose of the Alva site to reduce losses and, subsequent to the year end, to complete the disposal of the loss-making CD4 business, have left the Group in a much stronger position. We currently have approximately £2.5 million in the bank and fully expect to receive the £4.0 million CD4 deferred consideration later this year, which will be used to accelerate our growth plans. Our existing Health and Nutrition division is profitable and cash generative, with opportunities for expansion both geographically and in terms of product range."*

Contacts:

Omega Diagnostics Group PLC www.omegadx.com
Jag Grewal, Chief Executive Officer via Walbrook PR
Chris Lea, Chief Financial Officer

finnCap Ltd Tel: 020 7220 0500
Geoff Nash/Edward Whiley/George Dollemore (Corporate Finance)
Alice Lane/ Harriet Ward (ECM)

Walbrook PR Limited Tel: 020 7933 8780 or omega@walbrookpr.com
Paul McManus / Lianne Applegarth Mob: 07980 541 893 / 07584 391 303
Sam Allen Mob: 07502 558 258

About Omega Diagnostics Group PLC

Omega manufactures and distributes high quality in-vitro diagnostic products for use in hospitals, clinics, laboratories and healthcare practitioners in over 70 countries and is now focused on the health and nutrition sector.

www.omegadx.com

Chairman's statement

Focused on our future

Looking back over the last twelve months it has been one of highs and lows. We have experienced challenges, with the Government backed COVID-19 opportunity hitting many hurdles out of our control, but we have demonstrated resilience from a trading perspective, with a 41% increase in invoiced sales over the previous year.

The Group has a new, talented management team who have reacted quickly and decisively to many challenges presented to it and the Board have now strategically re-aligned the Group to focus on the highly successful and profitable Health and Nutrition business. The lateral flow test manufacturing site in Alva, Scotland has been successfully divested, together with its 93 staff, to Accubio Limited, a wholly-owned subsidiary of Zhejiang Orient Gene Biotech Co. Ltd (Orient Gene). This was the first step in our planned strategy to reshape and restructure the business. The CD4 business has also been sold to Accubio Limited for cash consideration of up to £6.3 million.

Following the expected receipt of the deferred consideration of £4.0 million from the CD4 business, we will be well financed and will focus our efforts solely on our Health and Nutrition business, which we believe has substantial opportunities in both China and the US and is positioned for good growth and success in the coming years. I would like to thank the Board for their commitment, decisiveness and determination in difficult circumstances, when seeking to maximise the value of the Company going forward.

Business performance

Outside of the COVID-19 opportunity, the Group had a strong trading year in its core Health and Nutrition business, with a 25% increase in revenue to £8.5 million for the year ended 31 March 2022 (2021: £6.8 million). The underlying performance was significantly better due to sales in 2021 being skewed by a large stocking order placed by the Group's largest partner in China to seed the market in 2021. Excluding this order, underlying Health and Nutrition sales grew by 54%, driven by strong FoodPrint® product sales, up 84%.

The now discontinued Global Health division also saw substantial growth in the period, up 97% to £3.8 million (2021: £1.9 million). CD4 revenues increased to £1.0 million (2021: £0.1 million), as further progress was made to implement CD4 testing in high HIV prevalence countries and where demand from aid agencies and non-governmental organisations continues to grow. This performance helped secure a buyer for the business.

COVID-19 lateral flow tests

We came into the year on a very positive note, with the Government having just announced that as part of its plans for dealing with the COVID-19 pandemic, it had secured a number of UK-based contracts, of which we were one, for the supply of rapid COVID-19 antigen lateral flow tests to help prevent the virus from spreading and to stop outbreaks from taking hold as restrictions were carefully lifted. The intention was that as soon as the Department of Health and Social Care (DHSC) had sourced and had access to a test that had successfully passed a performance evaluation, the test would be licensed for Omega to manufacture. As part of the contract the DHSC provided funds to help expand our Alva manufacturing site, which we duly delivered on. However, although Omega was in regular dialogue with the DHSC, progress was slow, and the DHSC ultimately failed to license a third-party developed test to transfer to Omega's Alva site for manufacture. Eventually they allowed the contract to expire, which understandably had a negative and detrimental effect on our share price and on shareholder value.

As a result, we were left with insufficient demand and a significant manufacturing cost-base in Alva that was accordingly not sustainable. The Alva site generated a £4.9 million loss in the nine months to 31 December 2021. As part of a strategic review the Board decided to substantially reduce costs through the divestment of its Alva manufacturing site, to improve operational efficiency and to focus on our two growth opportunities, the Health and Nutrition business and our VISITECT® CD4 business.

As announced on 10 December 2021, the Group is in dispute with the DHSC regarding the potential repayment of a pre-production payment of £2.5 million (net of VAT). The Board of Omega, having taken legal advice, does not believe that the Group is required to repay the pre-production payment and that it is entitled to recover additional losses incurred under the contract. However, we acknowledge that there is a risk that a repayment of some or all of this amount may be required, the timing and quantum of which is uncertain.

CD4

Our strategy to drive further growth was to relocate CD4 test production to Ely, Cambridgeshire, and focus on the profitable and growing Health and Nutrition business, but this required additional working capital. The Company sought to raise growth capital of up to £7.0 million to achieve these goals but following the shareholder vote against the resolutions necessary to proceed with the proposals, the placing, subscription and open offer did not take place.

With the Group not funded to pursue its fully integrated growth strategy comprising both the CD4 business, which manufactures and supplies VISITECT® CD4 and VISITECT® CD4 Advanced Disease tests and the Health and Nutrition division, the Board quickly reassessed the strategy for the forthcoming financial year, reflecting on alternative options for funding growth for the Group.

Post year end

The conclusion of this strategic review was a decision taken in March 2022, to divest the CD4 business and to focus solely on our fast-growing Health and Nutrition business, which as a standalone business is profitable, contributed the majority of Group revenues, and is one where the Directors believe there to be substantial growth opportunities.

On 3 August 2022, we announced that, having run a thorough process and receiving a number of indicative offers, the Group concluded the sale of the CD4 business to Accubio Limited on 31 July 2022 for a maximum cash consideration of £5.3 million plus a 4% royalty payment over the period to 31 December 2026, capped at £1 million in aggregate. Although we are confident of a positive outcome from the trial and the receipt of the full amount of the deferred consideration, the precise timing and quantum of the deferred consideration which will be received is uncertain.

The Board will now focus Omega's efforts solely on its Health and Nutrition business, maintaining its leadership position and targeting significant organic growth through embracing digital technologies and related marketing activities.

Board and employees

This year has seen a refreshed Board with many changes, creating an experienced board to work together on the next phase of Omega's future, focused on the Health and Nutrition business.

The summer saw Kieron Harbinson, Group Finance Director, step down from his position after 19 years' invaluable contribution. Bill Rhodes, our previous Chairman and Non-Executive Director also stepped down from the Board in February 2022 and the Board would like to thank both Kieron and Bill for their many years of service. Towards the end of the financial year Colin King stepped down as the CEO and on behalf of the Board I would like to offer our sincere thanks for his contribution to the Group over many years and to wish him well for the future.

Omega welcomed the appointment of Jag Grewal to the position of CEO in January 2022. Jag has been a member of the Omega Board for over ten years and has over 25 years' commercial experience in the field of in vitro diagnostics and specifically in our Health and Nutrition division, where he was Managing Director. In August 2021, we were pleased to announce the appointment of Chris Lea, ACA, as Chief Financial Officer, someone who has extensive public company and private equity board level experience, gained within multi-national, high growth and turnaround environments.

While the COVID-19 pandemic has become better controlled, primarily through a successful vaccination programme, it still remains with us, and we still continue to take precautions where possible. We have also seen many structural changes within the Group and I would like to thank all of our staff for their commitment and dedication for continuing to deliver both products and services throughout the year. For those who are no longer employees of Omega, I wish them all the success for the future under the new ownership.

Outlook

Last year was an extremely challenging year, dominated by the COVID-19 opportunity that ultimately did not come to fruition and which destabilised the whole Group. The actions we have taken this year to withdraw from the COVID-19 market, to dispose of the Alva site to reduce losses and, subsequent to the year end, to complete the disposal of the loss-making CD4 business have left the Group in a much stronger position. We currently have approximately £2.5 million in the bank and fully expect to receive the £4.0 million CD4 deferred consideration later this year, which will be used to accelerate our growth plans. Our existing Health and Nutrition division is profitable and cash generative, with opportunities for expansion both geographically and in terms of product range.

Despite inflationary headwinds, the Group's Health and Nutrition markets continue to grow, although as a consequence of China's zero tolerance approach to COVID-19, market adoption of our food sensitivity products in China will be slower than previously envisaged. With a number of product re-registrations being in process following a significant technical product change undertaken in May 2022, and variability in the ordering profile of many of the Group's distributors, including those in China, revenues are expected to be weighted towards the second half of the current financial year. Planned investments to increase capacity, broaden the product range and the establishment of a US presence will be dependent on receiving the CD4 deferred consideration and will increase operating expenses this year, with the Group targeting EBITDA break even for its continuing activities and the benefit of those investments expected to be realised in the following financial year, when we expect to be both profitable and cash generative.

Simon Douglas
Chairman

Chief Executive's review

A clear focus on Health and Nutrition

Introduction

To suggest the past financial year has been tumultuous is probably an understatement and I echo the Chairman's comments of it being a year of highs and lows. Whilst our underlying established business units grew strongly over prior year, much of the focus and excitement was obviously centred around the potential for Omega to step up and support the UK Government's response to the COVID-19 pandemic through increased levels of testing.

However, government policy and market conditions changed rapidly throughout the period. The UK Government effectively decided not to invest in parts of the UK industry and to source products from abroad. This left Omega, along with several other domestic in vitro diagnostic manufacturers, in a position where the scaled up of resources and capacity were unviable and/or unsustainable.

When I stepped into the CEO role in January 2022, it was clear that we had to act quickly to stem our losses, while creating a new foundation for the future. This resulted in the sale of the Alva site to Accubio Limited while we retained VISITECT® CD4 manufacturing capability there under a transitional services agreement. We then sought to raise funds to assist the transfer of CD4 manufacturing and to invest in key growth opportunities for Health and Nutrition.

Following on from the placing, which shareholders voted against at the general meeting held on 7 March 2022, the Board re-evaluated the strategic options for the Group's CD4 business. The conclusion of this strategic review was that in March 2022 the Board elected to divest this business unit and to focus solely on its already established, growing and profitable Health and Nutrition business, which contributed the majority of Group revenues.

Core business review

Health and Nutrition

The Group offers products to test for food sensitivity, a condition where there is a non-immediate adverse physiological response to particular foods, as distinct to an allergic reaction to food. The Food Detective® product is designed for use by healthcare practitioners and is believed to be the world's only established point-of-care food specific IgG test.

FoodPrint® is a microarray technology used by over 150 laboratories worldwide and offering significant benefits over traditional plate-based ELISA tests. The Group also provides a laboratory testing service from its UK base near Cambridge under the CNS Lab brand, serving healthcare professionals and consumers directly. The division's products have a widespread coverage and brand reach in over 70 countries.

In the year ended 31 March 2022, Health and Nutrition revenues were £8.5 million (2021: £6.8 million). Prior year sales were skewed by a large stocking order worth approximately £1.2 million placed by the Group's largest partner in China to seed the market in 2021. Excluding this stocking order from prior year, I am pleased to report that underlying Health and Nutrition sales grew by 54%, driven by strong FoodPrint® product sales, up 84%. This division remains the key area of strategic focus, with substantial strategic growth opportunities in both China and the US, in addition to organic growth driven by an increasing awareness of how gut health impacts chronic inflammatory disease.

Growth during the period was driven by sales in North America, Europe and the Middle East, with all markets demonstrating growth other than China. Omega's team have worked incredibly hard to educate consumers and drive awareness of nutritional therapy through its Health and Nutrition Academy webinars. These webinars have also focused on naturopathic therapies, functional medicine and sports nutrition and the Board remains confident that this will drive demand once markets fully open back up. Comparative sales from China were skewed by a large stocking order placed the previous year with Omega's partner utilising that inventory in 2021 to seed the market. Sales ramp up in China is taking a little longer than expected due to local market conditions and the challenges that face any company looking to introduce a relatively new concept into the Chinese consumer market.

During the period, the Health and Nutrition team has begun marketing in a number of new and significant European territories, but the focus on future growth outside of China remains with the US and, as international travel opens up, Omega's team have more opportunities to engage with key partners in this market. In readiness for a future growth, the Group still expects to relocate the business to a new purpose-built facility in Ely which will improve operational efficiencies and provide the additional capacity required to support growth expectations.

Global Health (now discontinued)

The Global Health division also saw substantial revenue growth in the period, up 97% to £3.8 million (2021: £1.9 million).

The VISITECT® CD4 products are disposable, lateral flow point-of-care tests for determining CD4 levels in people living with HIV. Omega believes VISITECT® CD4 is the only instrument-free point-of-care established test in the market. Its strengths include the fact there is no requirement for refrigerated storage and relative to other CD4 tests that require an accompanying desktop instrument, it is affordable and easy to use.

Omega recorded CD4 sales of £1.0 million (2021: £0.1million) and was encouraged by the progress being made to implement CD4 testing in high HIV prevalence countries and the demand experienced from aid agencies and non-governmental organisations continued to grow. At the end of March 2022 Omega had confirmed orders worth over £1.1 million which were expected to be delivered in the year ending 31 March 2023, and the Group had an encouraging sales pipeline.

However, following on from the placing, which shareholders voted against, the Board had to re-evaluate the strategic options for the CD4 business as the Group lacked the resources to fund the growth in the business. Accordingly, the conclusion of the strategic review in March 2022 was that the Board intended to divest the CD4 business and to focus solely on its already established and profitable Health and Nutrition business. The Board considered that the CD4 business was likely to be more successful under new ownership, with an owner with a greater capacity to invest in production capabilities and product development/improvement.

The sale of the CD4 business to Accubio Limited for up to £6.3 million was concluded on 31 July 2022, leaving the Group now focused solely on the Health and Nutrition business.

The market for COVID-19 lateral flow tests changed dramatically over the last twelve months. The anticipated volumes under the Group's contract with the DHSC did not materialise and the contract lapsed in late 2021. The Group had very limited success in gaining the necessary product approvals in a timely fashion and during this time, product pricing had reduced significantly, with a large quantity of UK testing requirements being sourced from high volume manufacturers in China. With the then surplus of products on the market, selling prices became substantially below the Group's cost of raw materials, thereby making Omega's COVID-19 business unit unviable. COVID-19 related revenues contributed £2.6 million last year (2020: £1.7 million); however, in light of these circumstances, the Board took the decision to no longer pursue any COVID-19 opportunities.

As announced on 10 December 2021, the Group is in dispute with the DHSC regarding the potential repayment of a pre-production payment of £2.5 million. The Board of Omega, having taken legal advice, do not believe that the Group is required to repay the pre-production payment and that it is entitled to recover additional losses incurred under the contract. Discussions with the DHSC remain ongoing. At the Group's request, the DHSC is making arrangements to remove the government-funded equipment from the Alva site.

Strategy

Going forward, the Board will now focus Omega's efforts solely on its core Health and Nutrition business, maintaining its leadership position and targeting significant organic growth through embracing digital technologies and related marketing activities. The Group's growth strategy in this segment will also focus on geographic expansion in the USA, a health-conscious and mature personal health and well-being market, as well as expansion of the Group's current menu of tests available to healthcare professionals, with the introduction of complementary tests, allowing customers to more comprehensively manage their patients and thus enabling the Board's vision of delivering personalised nutrition for better health.

The US Food Sensitivity testing market is estimated to be the largest and most established market in the world. It is the leading market for functional medicine laboratory testing with an increasing demand for personalised medicine. The Board believes the best route to market would be to replicate the Group's CNS Laboratory service direct to healthcare professionals and ultimately direct to consumer. Omega differentiates itself from established players by taking the Group's tried and tested market leading approach with education and support, coupled with its digital strategy, to engage and empower patients and healthcare professionals. The total US market size is estimated by the Directors to be $50-$100 million and the Board believes that Omega's US revenues could potentially be between £3 million and £6 million over the next three to five years.

In order to realise our vision of becoming a leader in delivering diagnostics that provide a complete gut health assessment, it is our intention to build a wider menu of complementary gut health tests and to sell these through our already well-established channels from a market leading position in over 70 countries. Understanding the microbiome is the new frontier of understanding chronic inflammatory conditions arising from poor gut health. Over recent years the gut microbiome in particular has been linked to a plethora of diseases and conditions, from diabetes and anxiety to obesity and the Group has recently seen a growing demand from its existing customer base in this segment.

In addition to the microbiome, it is also important to understand the relationship between nutrients, diet, and gene expression. Nutrigenomics allows the healthcare professional to understand genetic strengths and weaknesses making specific improvements that help achieve better health. Combining microbiome and nutrigenomics with our existing IgG tests provide a compelling value proposition that will offer true personalised nutritional assessment and the Board believes that menu expansion has the potential to generate material revenue growth over the medium term. The Directors believe that menu expansion from microbiome and nutrigenomics combined has the potential to increase revenues by £2 million to £5 million over the next five years.

Summary and Outlook

After a tumultuous year, Omega has re-emerged as a more focused and significantly better funded company, dedicated to delivering personalised nutrition diagnostics. It was Thomas Edison who memorably stated that "I have not failed. I've just found 10,000 ways that won't work". Learning lessons from the past will inform and guide Omega's future. We will move away from strategies that are built on new product development and targeting unfamiliar market segments to those growing from an established leadership position in an existing segment that has huge potential for growth. New product development will be replaced by commercial and service development utilising existing technologies that are underpinned by a digital and educational strategy that will maintain our brand in the marketplace. It has been proven time and time again across many industries that those companies with a narrow focus and low level of distraction are more likely to deliver on their vision.

We operate in an exciting market where it is increasingly being recognised that improving gut health and avoiding food-driven inflammation are key to achieving a healthy weight and maximising your energy. As healthcare systems creak under the burden of chronic disease and an aging population, society is increasingly turning to prevention through wellness. Gut health is at the very frontier of this change and we in turn sit at the heart of this movement.

On a personal level, I was honoured to be asked to lead the organisation in January 2022. I work with an extraordinary group of talented individuals whose knowledge and know how form a key cornerstone of our strategy within personalised nutrition. Over the past few years, Colin led the organisation honourably over that time and brought a lot of positive change to our business. I would like to thank Colin for his support and mentorship over the years, without which I would not be in a position to take the reins and lead a company I love, in a healthcare market I am passionate about.

Jag Grewal
Chief Executive Officer

Restructuring for growth

Financial review

The year has unfortunately been dominated by COVID-19 and the expansion of the Alva site to facilitate the contract for the manufacture of lateral flow tests for the DHSC which was awarded in February 2021, together with dealing with the consequences arising from the non-performance of that contract.

Following the award of the DHSC contract, the Group acted swiftly and in good faith to increase the production capacity of its Alva site to meet anticipated government demand. Funded initially by advance payments of £2.5 million from the DHSC, the Group rented additional floor space in Alva, re-configured the manufacturing site, recruited and trained a significant number of new employees and purchased the plant and machinery necessary to deliver lateral flow tests at scale. The funding from the DHSC covered the initial costs of expansion, up to and including July 2021, with this advance funding to be recovered by the DHSC at an agreed amount per test produced.

Unfortunately, the anticipated volumes under the Group's contract with the DHSC did not materialise, as the DHSC failed to licence the necessary intellectual property to enable the Group to commence manufacture. The DHSC did not advise the Group of its failure to licence the necessary technology and instead, allowed the contract to lapse in late 2021. The Board considers that the DHSC should have notified the Group that the contract could not be fulfilled and invoked the termination clauses within the contract, which would have allowed the Group to recover additional losses incurred in relation to redundancy costs, the sale of assets and contract break costs.

Dispute with the DHSC

As announced on 10 December 2021, the Group is in dispute with the DHSC regarding the potential repayment of a pre-production payment of £2.5 million (net of VAT). The Board of Omega, having taken legal advice, does not believe that the Group is required to repay the pre-production payment and that it is entitled to recover additional losses incurred under the contract. Discussions with the DHSC are ongoing. The legal costs associated with the dispute have been expensed and, with no production volume over which the pre-production payment can be recovered as envisaged in the contract, the Group still retains a deferred income balance of £2.5 million pending resolution of the dispute.

Alongside the DHSC contract, the Group sought to develop its own COVID-19 lateral flow test for manufacture and sale, although the DHSC contract was not dependent on a test developed by Omega. Regrettably, the Group had very limited success in gaining the necessary COVID-19 product approvals in a timely fashion and during this time product pricing had reduced significantly, with a large quantity of UK testing requirements being sourced from high volume manufacturers in China. With a surplus of products on the market, selling prices fell substantially below the Group's cost of raw materials therefore making Omega's COVID-19 business unit unviable. In light of these circumstances, the Board decided to cease pursuing any COVID-19 opportunities.

On 4 March 2022, the Group requested the DHSC make arrangements to remove the government-funded equipment from the Alva site. To date, much of the government-funded equipment remains on the Alva site, which is no longer owned or occupied by Omega.

Following the sale of the Alva site and the sale of Omega's CD4 business to Accubio on 7 March and 31 July 2022 respectively, the Group is now in a better position to quantify the additional costs suffered as a result of the DHSC's actions and expects to pursue the recovery of these incremental costs from the DHSC. The financial statements do not however, assume any recovery of such costs.

Sale of the loss-making Alva site while protecting jobs

The expansion of the Alva site in anticipation of government demand which did not materialise, coupled with a modest, but growing demand for CD4 tests, gave rise to a manufacturing facility with a high level of fixed costs, including regulatory and quality assurance costs disproportionate to activity levels, and insufficient revenue. The Alva site was losing circa £0.5 million per month and with finite cash resources available, put the future of the entire Group at risk. It was readily apparent that swift action needed to be taken to substantially reduce the Alva cost base. During discussions with Orient Gene regarding sub-contract manufacture of COVID-19 lateral flow tests, it became apparent that Orient Gene were seeking a UK manufacturing site with lateral flow expertise. A sale of the Alva site to Orient Gene, through their wholly owned UK subsidiary company, Accubio Limited, would allow the Group to assign the remaining 14 years of the lease, transfer 93 employees to Accubio thereby avoiding any redundancy costs and to dispose of certain fixed assets for value. The Group also negotiated the right to occupy part of the Alva site until 31 December 2022 and to purchase manufacturing and administrative services from Accubio, enabling CD4 manufacturing to continue until such time as it could be relocated to the Group's planned new site in Ely. The disposal of the Alva site was completed on 7 March 2022, with the Group receiving cash proceeds of £1.0 million.

Placing and an open offer/direct subscription

At the same time as the announcement of the Alva site sale, the Group had contracted with a number of placees to raise £5.0 million at a share price of 5.0 pence, with the additional funding facilitating the planned relocation of the CD4 business to Ely, as well as financing investments in the Health and Nutrition division and providing additional working capital for the Group. The Board however failed to convince shareholders of the need to raise funds for this purpose at the general meeting on 7 March 2022 and the placing did not proceed. As a consequence, the Group was no longer capable of funding the relocation of its CD4 business and instead, immediately sought to divest itself of this loss-making business unit. Still requiring additional funding to finance the CD4 business through to an eventual sale, the Company undertook a placing in May 2022 and an open offer/direct subscription in June 2022 which raised £2.0 million and £0.2 million respectively, at a price of 4.0 pence, with the placees requiring warrants over a further 90 million shares at an exercise price of 4.0 pence.

Disposal/sale of CD4 business

Following the decision to divest the CD4 business, the Group completed the disposal to Accubio on 31 July 2022. Under the terms of this agreement, the Group received an immediate cash payment of £0.5 million for fixed assets and £0.9 million for inventory on hand at completion. Furthermore, the Group expects to receive an additional £4.0 million contingent on the successful outcome of an ongoing final clinical study in Kenya which is expected to conclude in the autumn and will receive a royalty of 4% of Accubio's future CD4 revenues for the period to 31 December 2026, capped at £1.0 million in aggregate.

The decisions to divest the CD4 business and to withdraw from the COVID-19 market resulted in the recognition an impairment of £1.9 million on the remeasurement of asset values to fair value, less costs to sell, as well as an impairment of inventory of £0.7 million.

With the withdrawal from COVID-19 having been announced in March, and the decision, also in March, to divest the CD4 business, the Group no longer operates in the Global Health market as previously reported. As such, the Global Health division has been treated as a discontinued operation, with the CD4 assets and any associated research and development assets being written down to their recoverable amount and reclassified as assets held for sale as at 31 March 2022. This now leaves the Group solely focussed on its profitable and cash generative Health and Nutrition division going forward.

Following the sale, the Group were left with surplus plant and equipment with a net book value of £0.7 million, the majority of which relate to the COVID-19 business and which were purchased as part of the site expansion for the DHSC contract. These assets were offered to potential purchasers of the CD4 business and as such have been classified as assets held for sale at 31 March 2022. These non-CD4 assets have been written down to an estimated recoverable amount of £0.1 million.

Financial results summary – continuing operations

For the year ended 31 March 2022, the Group reported revenue of £8.5 million (2021: £6.8 million), an EBITDA loss of £0.4 million (2021: EBITDA loss of £0.1 million), an adjusted EBITDA of £0.2 million (2021: £0.1 million), and a statutory loss before tax of £1.0 million (2021: £0.5 million).

2022	**Health and Nutrition** £'000	**Corporate** £'000	**Total** **£'000**
Sales	8,539	-	**8,539**
Operating profit/(loss) after exceptional costs	965	(1,894)	**(929)**
Add back:			
Depreciation and amortisation	547	-	**547**
EBITDA	1,512	(1,894)	**(382)**
Share based payment charge	58	158	**216**
Compensation for loss of office	-	287	**287**
Aborted placing costs	-	50	**50**
Adjusted EBITDA	1,570	(1,399)	**171**
Statutory profit/(loss) before taxation	944	(1,894)	**(950)**

2021	Health and Nutrition £'000	Corporate £'000	Total £'000
Sales	6,816	-	6,816
Operating profit/(loss) after exceptional costs	906	(1,374)	(468)
Add back:			
Depreciation and amortisation	357	-	357
EBITDA	1,263	(1,374)	(111)
Share based payment charge	72	131	203
Exceptional costs	-	-	-
Adjusted EBITDA	1,335	(1,243)	92
Statutory profit/(loss) before taxation	856	(1,402)	(546)

Health and Nutrition revenue increased by 25% to £8.5 million (2021: £6.8 million), as markets opened up following the easing of COVID-19 restrictions. Prior year sales are skewed by a large stocking order worth approximately £1.2m placed by the Group's largest partner in China to seed the market in 2021. Excluding this stocking order from last year, underlying sales grew by 54%, driven by strong Food Print® product sales, up 84%. This remains one of the key areas of strategic focus, with substantial growth opportunities in both China and the US.

A summary of Health and Nutrition revenue is in the table below:

	2022	2021	inc/(dec)
	£'000	£'000	*%*
FoodPrint®	**6,102**	3,325	*84%*
Food Detective®	**1,614**	2,525	*(36)%*
CNS laboratory service	**484**	430	*13%*
Food ELISA/other	**339**	536	*(37)%*
	8,539	6,816	*25%*

The gross profit margin percentage has increased to 59.7% (2021: 58.6%) which has benefitted from the growth in the higher margin FoodPrint® sales, the Group's highest margin product.

Excluding exceptional costs, administrative overheads on continuing operations increased by £0.8 million to £4.4 million (2021: £3.6 million). Research and development and regulatory affairs resources have been focused on compliance with the new In Vitro Medical Device Regulations (EU) 2017/746, which were due to be implemented in May 2022 but have subsequently been delayed to 2027 and directed more towards product improvement rather than development and have therefore been expensed rather than being capitalised. In contrast to the prior year, the year ended 31 March 2022 includes a full year amortisation charge for two specific research and development projects, Salary costs include an increase in temporary staff to support growth, together with a return to the full expense following the end of the Job Retention Scheme.

Selling and marketing costs have increased by £0.3 million to £1.3 million (2021: £1.0 million) due to the implementation of the new corporate branding, increased headcount and a return to tradeshows and international travel after the COVID-19 pandemic.

Exceptional items

During the year, the Group incurred exceptional costs on continuing operations of £0.3 million. The costs incurred related to the settlement associated with the outgoing Chief Executive and the legal costs associated with the aborted placing.

Financial results summary – discontinued operations

As a consequence of the decision taken in March 2022 to dispose of the CD4 business, the Global Health division, which also included the COVID-19 business, has been treated as a discontinued operation, with the COVID-19 assets, CD4 assets and any associated research and development assets being written down to their recoverable amount and reclassified as assets held for sale as at 31 March 2022.

	2022	2021
	£'000	£'000
Sales	**3,789**	1,919
Operating loss after exceptional costs	**(7,476)**	(2,853)
Impairment on the remeasurement of asset values	**(1,915)**	-
Depreciation and amortisation	**742**	528
EBITDA	**(8,649)**	(2,325)
Share based payment charge	**66**	67
Exceptional costs	**1,028**	-
Impairment on the remeasurement of asset values	**1,915**	-
Adjusted EBITDA	**(5,640)**	(2,258)
Loss before taxation	**(9,550)**	(2,993)

Revenue from Global Health increased to £3.8 million (2021: £1.9 million), principally due to the activities undertaken with COVID-19 testing. The largest portion of revenue was derived from manufacturing COVID-19 lateral flow antibody tests on behalf of the UK-Rapid Test Consortium, followed by sub-contracting activities undertaken on behalf of third parties.

Omega also shipped 309,000 VISITECT® CD4 Advanced Disease tests (2021: 37,000 tests) generating a revenue of £1.0 million (2021: £0.1 million), including sales through the Clinton Health Access Initiative supply agreement into countries including Nigeria, Uganda, Mozambique and Zimbabwe.

	2022	2021	*inc/(dec)*
	£'000	£'000	*%*
VISITECT CD4	**968**	111	*772%*
COVID-19	**2,596**	1,668	*56%*
Allergy/autoimmune	**87**	73	*19%*
Other	**138**	67	*106%*
	3,789	1,919	*97%*

The exceptional costs associated with the discontinued Global Health division are as follows:

	2022	2021
	£'000	£'000
Loss on disposal of the Alva site (after costs)	**(399)**	—
Gain on disposal of Alva lease	**158**	—
Impairment of Global Health inventory	**(723)**	—
Bad debt expense	**(190)**	—
Reduction in Omega Diagnostics GmbH settlement*	**126**	—
	(1,028)	—

The loss on disposal of the Alva site includes the sale of tangible fixed assets at a loss of £0.2 million, transaction costs of £0.1 million and other costs of £0.1 million. In addition, the Group made a net gain of £0.2 million when disposing of the Alva property lease.

All COVID-19 inventory was fully impaired at 31 March 2022 and CD4 inventory has been written down to net realisable value in line with the terms of the CD4 sale and purchase agreement, resulting in an aggregate impairment charge of £0.7 million.

The bad debt expense of £0.2 million includes a provision for the potential repayment which may arise if Abingdon Health are unsuccessful in resolving their ongoing dispute with the DHSC.

The insolvency claim relating to Omega Diagnostics GmbH was settled during the year for £0.3 million, £0.1 million lower than had been provided for in prior periods.

Assets held for sale

At 31 March 2022, the Global Health assets of £5.0 million and liabilities of £0.5 million were reclassified as held for sale. These assets and liabilities included CD4 assets and liabilities and non-CD4 assets and liabilities.

Following the withdrawal from the COVID-19 market and disposals of the Alva manufacturing site and the CD4 business, the Group also has a number of surplus assets which are no longer required to support its operations. These non-CD4 assets are primarily plant and equipment purchased in anticipation of COVID-19 lateral flow test production.

The Group has recognised an impairment loss of £1.9 million on the remeasurement of the CD4 and non-CD4 assets to their fair value, less costs to sell. This amount includes assumptions on the fair value of deferred consideration and future royalty income to be received by the Group following the sale of the CD4 business.

Adjusted EBITDA

The continuing Group continues to consider EBITDA and adjusted EBITDA as being more appropriate measures of profitability which are better aligned with the cash generating activities of the business. Whilst the Group made an EBITDA loss of £9.0 million (2021: £2.4 million), the continuing Group generated an EBITDA loss in the year of £0.4 million (2021: £0.1 million). The adjusted EBITDA (before exceptional costs, share based payment charges and the impairment loss recognised on the remeasurement to fair value of assets held for sale, less costs to sell) is £0.2 million (2021: £0.1 million).

	2022			2021		
	Continuing operations £'000	**Discontinued operations £'000**	**Total £'000**	Continuing operations £'000	Discontinued operations £'000	Total £'000
Operating loss after exceptional costs	(929)	(7,476)	(8,405)	(468)	(2,853)	(3,321)
Impairment on the remeasurement of asset values	-	(1,915)	(1,915)	-	-	-
Depreciation and amortisation	547	742	1,289	357	528	885
EBITDA	**(382)**	**(8,649)**	**(9,031)**	**(111)**	**(2,325)**	**(2,436)**
Exceptional costs	337	1,028	1,365	-	-	-
Impairment on the remeasurement of asset values	-	1,915	1,915	-	-	-
Share based payment charge	216	66	282	203	67	270
Adjusted EBITDA	**171**	**(5,640)**	**(5,469)**	**92**	**(2,258)**	**(2,166)**

The standalone Health and Nutrition business remains profitable, with an adjusted EBITDA of £1.6 million (2021: £1.3 million).

After the loss arising from discontinued activities of £9.9 million (2021: £2.5 million), the Group has recorded a loss after tax of £11.3 million (2021: £2.1 million).

Taxation

The current year tax charge of £0.5 million arises predominantly from a reassessment of the recoverability of the tax losses of £19.5 million as at 31 March 2022. Other than to offset any deferred tax liabilities which may crystallise in the future, based on the Group's trading assumptions the deferred tax asset in respect of trading losses will begin being realised from 2024 onwards, when the Group starts to generate taxable profits. The deferred tax asset has been valued based upon a future UK Corporation tax of 19%, increasing to 25% from 1 April 2023.

Loss per share

The loss per share was 6.2 pence (2021: 1.2 pence) based on a statutory loss after tax of £11.3 million (2021: loss of £2.1 million). The basic loss per share for continuing operations was 0.9 pence (2021: earnings per share 0.2 pence). The adjusted loss per share was 4.2 pence (2021: 1.0 pence). The adjusted loss after tax was £7.7 million (2021: loss of £1.7 million) and the loss per share is calculated on the basic average of 182.6 million shares (2021: 171.7 million shares) in issue. The adjusted loss per share on continuing operations was 0.4 pence (2021: earnings per share of 0.4 pence).

Research and development

During the year, the Group invested a total of £0.4 million in all development activities associated with continuing operations, a reduction of £0.1 million from the prior year (2021: £0.5 million), representing 5.1% (2021: 6.9%) of revenue. Of the total expenditure, £0.1 million (2021: £0.3 million) has been capitalised in accordance with IAS 38 – Development Costs, whilst earlier stage expenditure and expenditure not qualifying in accordance with IAS 38 criteria of £0.5 million (2021: £0.6 million) has been expensed through the income statement. The capitalised expenditure incurred all related to the development of the digital platform.

Research and development expenditure on the now discontinued Global Health division totalled £0.8 million during the year (2021: £1.0 million). Capitalised expenditure reduced by £0.1 million to £0.5 million (2021: £0.6 million) with the remaining £0.3 million expensed to the income statement (2021: £0.4 million).

Property, plant and equipment

Total expenditure on property, plant and equipment in the year was £1.0 million (2021: £2.0 million). Additions of £0.4 million were incurred on leasehold improvements in relation to the Alva site and these have been disposed of following the sale of the site early in 2022.

Following the sale of the Alva site, the Group recognised a net gain on the disposal of the Alva lease of £0.2 million.

As at 31 March 2022, the outstanding liabilities in connection with leases recognised under IFRS16 includes short-term liabilities of £0.1 million (2021: £0.2 million) and long-term liabilities of £0.02 million (2021: £2.0 million).

Financing and going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence through a period of at least 12 months from the date of approving the financial statements (the going concern period). The Directors have determined that the going concern period for purposes of these financial statements is the period through to 30 September 2023. The Group realised a loss of £11.3 million for the year ended 31 March 2022 (2021: loss of £2.1 million). As at 31 March 2022, the Group had net current assets of £2.8 million, including a cash balance of £1.6 million and additionally had a overdraft facility of £2.0 million, which was undrawn. Subsequent to the year end, the overdraft facility was extended to 30 September 2022 on existing terms but following the sale of the CD4 business in July, Bank of Scotland have subsequently indicated it will not be renewed beyond this date. At the date of finalising these financial statements, the Group has cash in bank of £2.5 million.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review.

In May and June 2022, the Group raised £2.2 million from shareholders through a placing and open offer/direct subscription, in order to finance the loss-making CD4 business through to eventual disposal. The sale of the CD4 business was concluded on 31 July 2022, with the Group subsequently receiving a cash payment of £0.5 million for the sale of fixed assets and a further £0.9 million for inventory on hand. A further £4.0 million is expected to be received, contingent on the successful outcome of an ongoing clinical study in Kenya which is expected to conclude in the final quarter of this calendar year. Royalty fees of 4% of Accubio's future CD4 revenues for the period to 31 December 2026 would also be due to be received, up to £1.0 million in aggregate.

The Directors have prepared trading and cash flow base case forecasts to 30 September 2023, taking into account the full anticipated proceeds from the sale of the CD4 business and have applied severe downside sensitivities and reverse stress tests to the base case forecasts. The sensitivities and stress tests have been applied to take account of the impact of potential uncertain outcomes that are, to an extent, outside of management's control, as well as reduced trading forecasts, taking into account current macro-economic conditions. These scenarios include:

- Not receiving any of the deferred consideration of £4.0 million arising from the sale of the CD4 business. This would require the VISITECT® CD4 test to fail to meet the agreed levels of sensitivity and specificity, the Group's response to the points raised in the study report to be dismissed and the World Health Organisation to officially de-list the product, removing it from the market entirely. The Directors consider that this final step will not be taken lightly as the test is unique. Should the product be de-listed, an evaluation of the time and costs associated with any remedial action is to be agreed between the Group and Accubio Limited, with the costs of any such action to be met from the deferred consideration held in escrow, subject to a maximum cap of £4.0 million. There is therefore a range of potential outcomes arising from the Kenyan trial, ranging from a cash receipt of £4.0 million to £nil, and the timing and quantum is, to an extent, outside of management's control.
- Reduction in forecast revenue to £8.5 million per annum, in line with the year ended 31 March 2022, together with a 2% reduction in gross margin to 58%.
- After factoring the impact of the above sensitivities, the Directors considered certain discretionary cost mitigation measures which could be taken, including eliminating any new headcount, delaying the planned investments in product menu expansion and in establishing a US presence, further delaying the start of the lease for the new Ely premises and seeking recovery of liquidated damages in cash or through the benefit of a rent-free period. The severe downside forecast takes account of all of these mitigating actions that could be taken as needed, but does not include any new debt finance facilities which may be available to the Group. The Directors consider these mitigating actions to be under their direct control.
- After taking into account the above sensitivities and mitigating actions, the reverse stress test indicates revenue could fall by a further 38% and a gross margin could deteriorate by an additional 2% before forecast cash resources are exhausted.

After taking legal advice and making an assessment of the terms and conditions contained within the contract with the DHSC, the Directors do not believe the Group will be required to repay the pre-production payment of £2.5 million. In addition, the Directors consider there to be grounds to claim for damages for additional losses incurred under the contract. As such, the Directors believe there is a reasonable prospect that no cash outflow in the form of a repayment to the DHSC and repayment is not included in the base case or as a sensitivity. However, the Director's acknowledge that there is a risk that a repayment of some or all of this amount may be required, the timing and quantum of which is uncertain.

The receipt of the CD4 sale proceeds of £4.0 million is dependent on the outcome of an ongoing, independent clinical study. Although the Directors are confident of a positive outcome from the trial and the receipt of the full amount of the deferred consideration, the precise timing and quantum is uncertain.

The Directors acknowledge there is an element of uncertainty within the going concern period attaching to the outcome of the DHSC dispute and the receipt of the CD4 deferred consideration. If both outstanding matters went against the Group to the maximum extent of £6.5 million, this may exhaust the available liquidity of the Company and Group and represents a material uncertainty which may cast significant doubt on the Company and Group's ability to continue as a going concern. Notwithstanding this material uncertainty, on the basis of the legal advice received in relation to the DHSC dispute, and our assessment that the conditions precedent prior to release of the CD4 contingent consideration will be achieved, the Board has a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the period to 30 September 2023. On this basis, the Directors continue to adopt the going concern basis of preparation. Accordingly, these financial statements do not include the adjustments that would be required if the Company and Group was unable to continue as a going concern.

Events since the balance sheet date

On 6 May 2022 the Company announced that it has raised gross proceeds of £2.0 million via a placing of 50,000,000 new ordinary shares of 4.0 pence each and 90,000,000 warrants to subscribe for ordinary shares (warrants) to institutional investors at an issue price of 4.0 pence per share. The placing was undertaken by means of a non pre-emptive cashbox placing. Subscribers to the placing were issued warrants to subscribe for one additional ordinary share at 4.0 pence, in the ratio of nine warrants for every five placing shares issued to those subscribers.

In addition to the placing, on 8 June 2022 the Company issued 2,877,776 new ordinary shares by direct subscription, received valid acceptances from qualifying shareholders in respect of their basic entitlements under an open offer in respect of 1,560,453 new ordinary shares and received applications from qualifying shareholders under the excess application facility in respect of 1,317,323 new ordinary shares. In aggregate this totalled 2,877,776 new ordinary shares. Furthermore, the Directors subscribed for an additional 2,125,000 shares. Accordingly, a total of 5,002,776 new ordinary shares were issued at 4.0 pence, bringing additional gross proceeds of £0.2 million before expenses.

On 8 and 9 June 2022 the Company issued share awards to directors and senior managers under a new, long term incentive plan which targets an increase in the share price to 12.0 pence over the next three years. As part of these awards, all existing share options held by Simon Douglas and Jag Grewal were relinquished.

On 10 July 2022, the Group received a payment of £0.7 million from Abingdon Health plc (Abingdon) in relation to the manufacture and supply of AbC-19™ Rapid tests, a COVID-19 lateral flow antibody test. The payment was due under the Supply of Goods contract announced on 19 October 2020 and was made following confirmation from Abingdon that a cash payment had been received from the DHSC on 7 July 2022, as part of a settlement agreement relating to outstanding invoices due from the DHSC to Abingdon. The Group may be required to repay £0.2 million of this amount dependent upon the final outcome of the ongoing dispute between Abingdon and the DHSC.

On 31 July 2022, the Group completed the disposal of its CD4 business to Accubio. Under the terms of this agreement, the Group received an immediate cash payment of £0.5 million for fixed assets and £0.9 million for inventory on hand at completion. Furthermore, the Group expects to receive an additional £4.0 million contingent on the successful outcome of an ongoing final clinical study in Kenya and which is expected to conclude in the autumn and will receive a royalty of 4% of Accubio's future CD4 revenues for the period to 31 December 2026, capped at £1.0 million in aggregate. The VISITECT® CD4 test is already fully commercialised, being distributed in 29 countries and the performance of the test has previously been independently verified in several external clinical studies. Accordingly, the Board is confident as to the outcome of the clinical study in Kenya.

Chris Lea
Chief Financial Officer

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2022

	Note	**2022 £'000**	2021 £'000
Continuing operations			
Revenue	4	**8,539**	6,816
Cost of sales		**(3,437)**	(2,820)
Gross profit		**5,102**	3,996
Administration costs		**(4,438)**	(3,638)
Selling and marketing costs		**(1,256)**	(980)
Other income		**-**	154
Operating loss before exceptional items		**(592)**	(468)
Exceptional items	5	**(337)**	—
Operating loss after exceptional items		**(929)**	(468)
Finance costs		**(21)**	(78)
Loss before taxation		**(950)**	(546)
Tax (expense)/credit		**(459)**	931
(Loss)/profit for the year from continuing operations		**(1,409)**	385
Discontinued operations			
Loss after tax for the year from discontinued operations	6	**(9,924)**	(2,489)
Loss for the year		**(11,333)**	(2,104)
Other comprehensive income/(losses) to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		**10**	(3)
Tax credit		—	2
Other comprehensive income/(losses) for the year		**10**	(1)
Total comprehensive losses for the year		**(11,323)**	(2,105)
Earnings per share (EPS)			
Basic and diluted EPS on loss for the year	7	**(6.2)p**	(1.2)p
Earnings per share for continuing operations			
Basic and diluted EPS on (loss)/profit for the year from continuing operations	7	**(0.9)p**	0.2p

Consolidated Balance Sheet
as at 31 March 2022

	Note	2022 £'000	As restated* 2021 £'000
ASSETS			
Non-current assets			
Intangibles		**4,745**	9,892
Property, plant and equipment		**1,138**	3,078
Right of use assets		**106**	1,801
Deferred taxation		**1,107**	2,535
Total non-current assets		**7,096**	17,306
Current assets			
Inventories		**1,094**	2,238
Trade and other receivables		**3,045**	4,175
Cash and cash equivalents		**1,605**	5,827
Total current assets		**5,744**	12,240
Assets held for sale	6	**4,995**	—
Total assets		**17,835**	29,546
EQUITY AND LIABILITIES			
Equity			
Share capital		**8,044**	8,028
Share premium		**25,340**	25,288
Retained deficit		**(21,537)**	(9,891)
Translation reserve		**(31)**	(41)
Total equity		**11,816**	23,384
Liabilities			
Non-current liabilities			
Long-term borrowings		**51**	712
Lease liabilities		**23**	1,753
Deferred income		**2,500**	647
Total non-current liabilities		**2,574**	3,112
Current liabilities			
Short-term borrowings		**204**	206
Lease liabilities		**92**	172
Trade and other payables		**2,674**	2,672
Total current liabilities		**2,970**	3,050
Liabilities directly associated with assets held for sale	6	**475**	—
Total liabilities		**6,019**	6,162
Total equity and liabilities		**17,835**	29,546

* See note 3 for details regarding the restatement.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2022

	Note	Share capital £'000	Share premium £'000	As restated* Retained deficit £'000	Translation reserve £'000	As restated* Total £'000
Balance at 31 March 2020 as reported		6,752	15,258	(8,364)	(38)	13,608
Development costs written off	3	-	-	(290)	-	(290)
Restated balance at 31 March 2020		6,752	15,258	(8,654)	(38)	13,318
Loss for year ended 31 March 2021		—	—	(2,104)	—	(2,104)
Other comprehensive losses – net exchange adjustments		—	—	—	(3)	(3)
Other comprehensive income – tax credit		—	—	2	—	2
Total comprehensive losses for the year		—	—	(2,102)	(3)	(2,105)
Issue of share capital for cash consideration		1,276	10,581	—	—	11,857
Expenses in connection with share issue		—	(551)	—	—	(551)
Share-based payments		—	—	270	—	270
Deferred tax credit related to share-based payments		—	—	595	—	595
Restated balance at 31 March 2021		8,028	25,288	(9,891)	(41)	23,384
Loss for year ended 31 March 2022		—	—	(11,333)	—	(11,333)
Other comprehensive income – net exchange adjustments		—	—	—	10	10
Total comprehensive (losses)/income for the year		—	—	(11,333)	10	(11,323)
Share options exercised		16	52	—	—	68
Share-based payments		—	—	282	—	282
Deferred tax debit related to share-based payments		—	—	(595)	—	(595)
Balance at 31 March 2022		8,044	25,340	(21,537)	(31)	11,816

* See note 3 for details regarding the restatement.

Consolidated Cash Flow Statement
for the year ended 31 March 2022

	Note	2022 £'000	As restated* 2021 £'000
Cash flows generated from operations			
Loss for the year from continuing operations		**(1,409)**	385
Loss for the year from discontinued operations		**(9,924)**	(2,489)
Adjustments for:			
Gain on disposal of fixed assets		**(7)**	—
Loss on disposal of Alva site fixed assets		**226**	—
Depreciation		**671**	461
Amortisation of intangible assets		**618**	425
Impairment and derecognition of intangible assets		**47**	—
Impairment loss recognised on the remeasurement to fair value	6	**1,915**	—
Share-based payments		**282**	270
Taxation		**833**	(1,435)
Omega Diagnostic GmbH liability settlement		**(126)**	—
Finance costs		**180**	218
Cash outflow from operating activities before working capital movement		**(6,694)**	(2,165)
Increase/(decrease) in trade and other receivables		**1,130**	(887)
Increase/(decrease) in inventories		**480**	(1,069)
(Increase)/decrease in trade and other payables		**(137)**	1,072
Movement in grants		**(8)**	(8)
Receipt of advance funding from the DHSC		**2,000**	500
Taxation received		**—**	138
Cash outflow from operating activities		**(3,229)**	(2,419)
Investing activities			
Income from sale of property, plant and equipment		**985**	—
Purchase of property, plant and equipment		**(968)**	(1,965)
Purchase of intangible assets		**(510)**	(860)
Net cash used in investing activities		**(493)**	(2,825)
Financing activities			
Finance costs		**(2)**	(29)
Proceeds from issue of share capital		**68**	11,857
Expenses in connection with share issue		—	(551)
New asset finance arrangements		—	796
Repayment of overdraft facility		—	(565)
Principal portion of asset finance payments		**(198)**	(96)
Interest portion of asset finance payments		**(34)**	(13)
Principal portion of lease liability payments		**(192)**	(149)
Interest portion of lease liability payments		**(144)**	(176)
Net cash from financing activities		**(502)**	11,074
Net increase in cash and cash equivalents		**(4,224)**	5,830
Effects of exchange rate movements		**2**	(3)
Cash and cash equivalents at beginning of year		**5,827**	—

Cash and cash equivalents at end of year	**1,605**	5,827

* See note 3 for details regarding the restatement.

Company Balance Sheet

as at 31 March 2022

		As restated*
	2022	2021
	£'000	£'000
ASSETS		
Non-current assets		
Investments	**3,100**	4,661
Intangibles	**—**	31
Deferred tax	**—**	1,070
Total non-current assets	**3,100**	5,762
Current assets		
Trade and other receivables	**16,898**	12,881
Cash and cash equivalents	**1,045**	5,543
Total current assets	**17,943**	18,424
Total assets	**21,043**	24,186
EQUITY AND LIABILITIES		
Equity		
Share capital	**8,416**	8,400
Share premium	**25,957**	25,905
Retained deficit	**(13,727)**	(10,785)
Total equity	**20,646**	23,520
Liabilities		
Current liabilities		
Trade and other payables	**397**	666
Total current liabilities	**397**	666
Total liabilities	**397**	666
Total equity and liabilities	**21,043**	24,186

* See note 3 for details regarding the restatement.

As permitted by section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented for the Company.

The Company loss in the year was £2,832,000 (2021: restated profit of £374,000). Further details regarding the restatement of 2021 profit in the year are set out in Note 3.

Company Statement of Changes in Equity
for the year ended 31 March 2022

	Note	Share capital £'000	Share premium £'000	As restated* Retained deficit £'000	As restated* Total £'000
Balance at 31 March 2020 as reported		7,125	15,875	(11,393)	11,607
Restatement of 2019 profit for Omega Diagnostics GmbH liability	3	—	—	(430)	(430)
Restated balance at 31 March 2020		7,125	15,875	(11,823)	11,177
Profit for the year ended 31 March 2021 as reported		—	—	513	513
Restatement of 2021 profit for share-based payments	3	—	—	(139)	(139)
Profit for the year ended 31 March 2021 as restated		—	—	374	374)
Other comprehensive income – tax credit		—	—	2	2
Total comprehensive income for the year as restated		—	—	376	376
Issue of share capital for cash consideration		1,275	10,581	—	11,856
Expenses in connection with share issue		—	(551)	—	(551)
Share-based payments as restated	3	—	—	270	270
Deferred tax credit related to share-based payments		—	—	392	392
Restated balance at 31 March 2021		8,400	25,905	(10,785)	23,520
Loss for the year ended 31 March 2022		—	—	(2,832)	(2,832)
Share options exercised		16	52	—	68
Share-based payments		—	—	282	282
Deferred tax debit related to share-based payments		—	—	(392)	(392)
Balance at 31 March 2022		**8,416**	**25,957**	**(13,727)**	**20,646**

* See note 3 for details regarding the restatement.

Company Cash Flow Statement
for the year ended 31 March 2022

	2022	As restated* 2021
	£'000	£'000
Cash flows generated from operations		
(Loss)/profit for the year	**(2,832)**	374
Adjustments for:		
Taxation	**678**	(376)
Impairment of subsidiaries	**1,685**	-
Share-based payments	**158**	131
Finance costs	**31**	28
Cash (outflow)/inflow before working capital movement	**(280)**	157
Increase in trade and other receivables excluding intercompany financing	**(22)**	(15)
(Decrease)/increase in trade and other payables	**(269)**	11
Cash (outflow)/inflow from operating activities	**(571)**	153
Investing activities		
Intercompany transfer of intangible assets	**31**	-
Transfers of cash to subsidiary companies	**(19,806)**	(14,220)
Transfers of cash from subsidiary companies	**15,811**	9,327
Investment in subsidiaries	**-**	(105)
Net cash used in investing activities	**(3,964)**	(4,998)
Financing activities		
Finance costs	**(31)**	(28)
Proceeds from issue of share capital	**68**	11,856
Expenses of share issue	**-**	(551)
Repayment of overdraft facility	**-**	(889)
Net cash inflow from financing activities	**37**	10,388
Net (decrease)/increase in cash and cash equivalents	**(4,498)**	5,543
Cash and cash equivalents at beginning of year	**5,543**	—
Cash and cash equivalents at end of year	**1,045**	5,543

* See note 3 for details regarding the restatement.

Notes to the Preliminary Announcement
for the year ended 31 March 2022

1 Basis of preparation

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006.

The consolidated balance sheet at 31 March 2022 and the consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and associated notes for the year then ended have been extracted from the Group's financial statements which were approved by the Board of Directors on 11 September 2022 and are audited. The Independent Auditor's Report will highlight a material uncertainty over going concern due to the uncertain timing and quantum of the receipt of deferred consideration from the sale of the CD4 business and the potential for a settlement of the ongoing dispute with the DHSC. The audit opinion is neither modified nor qualified in this respect.

The statutory accounts for 2022 will be finalised on the basis of the financial information presented in this preliminary announcement and will be delivered to the Registrar of Companies.

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The comparative consolidated financial information for the year ended 31 March 2021 has been restated in accordance with Note 3.

2 Accounting policies

Prior year restatements

A number of adjustments have been made for figures reported in prior years and these adjustments are set out in Note 3. In addition, a number of reclassifications have been made to amounts previously reported to ensure consistency of presentation between reporting periods.

Discontinued operations

Assets and liabilities are classified as held for disposal if their recoverable value is likely to be recovered via a sale or distribution as opposed to continued use by the Group. In order to be classified as assets held for sale, assets and liabilities must meet all of the following conditions; the disposal is highly probable, it is available for immediate disposal, it is being actively marketed and the disposal is likely to occur within one year.

Assets that qualify as held for disposal and related liabilities are disclosed separately from other assets and liabilities in the balance sheet prospectively from the date of classification. Non-current assets determined as held for disposal are measured at the lower of carrying value and fair value less costs to sell. No depreciation or amortisation is charged in respect of these assets after classification as held for disposal.

Assets or groups of assets and related liabilities that qualify as held for disposal are classified as discontinued operations when they represent a separate major line of business or geographical area, are part of a single plan to dispose of a separate major line of business or geographical area or are acquired exclusively with a view to resale. Income and expenses relating to these discontinued operations are disclosed in a single net amount after taxes in the statement of comprehensive income, with comparative amounts re-presented accordingly.

Additional disclosures are provided in Note 6. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Basis of consolidation

The Group financial statements consolidate the financial statements of Omega Diagnostics Group PLC and the entities it controls (its subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence through a period of at least 12 months from the date of approving the financial statements (the going concern period). The Directors have determined that the going concern period for purposes of these financial statements is the period through to 30 September 2023. The Group realised a loss of £11.3 million for the year ended 31 March 2022 (2021: loss of £2.1 million). As at 31 March 2022, the Group had net current assets of £2.8 million, including a cash balance of £1.6 million and additionally had a overdraft facility of £2.0 million, which was undrawn. Subsequent to the year end, the overdraft facility was extended to 30 September 2022 on existing terms but following the sale of the CD4 business in July, Bank of Scotland have subsequently indicated it will not be renewed beyond this date. At the date of finalising these financial statements, the Group has cash in bank of £2.5 million.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review.

In May and June 2022, the Group raised £2.2 million from shareholders through a placing and open offer/direct subscription, in order to finance the loss-making CD4 business through to eventual disposal. The sale of the CD4 business was concluded on 31 July 2022, with the Group subsequently receiving a cash payment of £0.5 million for the sale of fixed assets and a further £0.9 million for inventory on hand. A further £4.0 million is expected to be received, contingent on the successful outcome of an ongoing clinical study in Kenya which is expected to conclude in the final quarter of this calendar year. Royalty fees of 4% of Accubio's future CD4 revenues for the period to 31 December 2026 would also be due to be received, up to £1.0 million in aggregate.

The Directors have prepared trading and cash flow base case forecasts to 30 September 2023, taking into account the full anticipated proceeds from the sale of the CD4 business and have applied severe downside sensitivities and reverse stress tests to the base case forecasts. The sensitivities and stress tests have been applied to take account of the impact of potential uncertain outcomes that are, to an extent, outside of management's control, as well as reduced trading forecasts, taking into account current macro-economic conditions. These scenarios include:

- Not receiving any of the deferred consideration of £4.0 million arising from the sale of the CD4 business. This would require the VISITECT® CD4 test to fail to meet the agreed levels of sensitivity and specificity, the Group's response to the points raised in the study report to be dismissed and the World Health Organisation to officially de-list the product, removing it from the market entirely. The Directors consider that this final step will not be taken lightly as the test is unique. Should the product be de-listed, an evaluation of the time and costs associated with any remedial action is to be agreed between the Group and Accubio Limited, with the costs of any such action to be met from the deferred consideration held in escrow, subject to a maximum cap of £4.0 million. There is therefore a range of potential outcomes arising from the Kenyan trial, ranging from a cash receipt of £4.0 million to £nil, and the timing and quantum is, to an extent, outside of management's control.

- Reduction in forecast revenue to £8.5 million per annum, in line with the year ended 31 March 2022, together with a 2% reduction in gross margin to 58%.
- After factoring the impact of the above sensitivities, the Directors considered certain discretionary cost mitigation measures which could be taken, including eliminating any new headcount, delaying the planned investments in product menu expansion and in establishing a US presence, further delaying the start of the lease for the new Ely premises and seeking recovery of liquidated damages in cash or through the benefit of a rent-free period. The severe downside forecast takes account of all of these mitigating actions that could be taken as needed, but does not include any new debt finance facilities which may be available to the Group. The Directors consider these mitigating actions to be under their direct control.
- After taking into account the above sensitivities and mitigating actions, the reverse stress test indicates revenue could fall by a further 38% and a gross margin could deteriorate by an additional 2% before forecast cash resources are exhausted.

After taking legal advice and making an assessment of the terms and conditions contained within the contract with the DHSC, the Directors do not believe the Group will be required to repay the pre-production payment of £2.5 million. In addition, the Directors consider there to be grounds to claim for damages for additional losses incurred under the contract. As such, the Directors believe there is a reasonable prospect that no cash outflow in the form of a repayment to the DHSC and repayment is not included in the base case or as a sensitivity. However, the Director's acknowledge that there is a risk that a repayment of some or all of this amount may be required, the timing and quantum of which is uncertain.

The receipt of the CD4 sale proceeds of £4.0 million is dependent on the outcome of an ongoing, independent clinical study. Although the Directors are confident of a positive outcome from the trial and the receipt of the full amount of the deferred consideration, the precise timing and quantum is uncertain.

The Directors acknowledge there is an element of uncertainty within the going concern period attaching to the outcome of the DHSC dispute and the receipt of the CD4 deferred consideration. If both outstanding matters went against the Group to the maximum extent of £6.5 million, this may exhaust the available liquidity of the Company and Group and represents a material uncertainty which may cast significant doubt on the Company and Group's ability to continue as a going concern. Notwithstanding this material uncertainty, on the basis of the legal advice received in relation to the DHSC dispute, and our assessment that the conditions precedent prior to release of the CD4 contingent consideration will be achieved, the Board has a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the period to 30 September 2023. On this basis, the Directors continue to adopt the going concern basis of preparation. Accordingly, these financial statements do not include the adjustments that would be required if the Company and Group was unable to continue as a going concern.

3 Restatement of comparatives

Group

Intangible assets

Following a review of intangible assets, one project has been identified which was not adequately defined in previous reporting periods and which does not meet the requirements of IAS 38, in that the probability of generating future economic benefits arising from the development expenditure cannot be established. The capitalised costs relating to this project are £235,000, all of which were incurred prior to 1 April 2020 and were incorrectly capitalised at the time.

In addition, a legacy research and development project valued at £55,000 has been identified which relates to the Group's infectious disease business, which was sold in June 2018. This amount was incorrectly not written off in the year ended 31 March 2019.

The costs associated with both of these projects have been written off effective 31 March 2020 through means of a prior year adjustment in accordance with the requirements of IAS 8, resulting in a reduction of the carrying value of intangible assets of £290,000 as at that date. There has been no impact on the earnings reported for the years ended 31 March 2021 or 2020.

Deferred tax

Historically, deferred tax assets and liabilities were incorrectly reported as separate balances in prior years. The 31 March 2021 balance sheet has been restated to net off the deferred tax asset and liability, reducing the previously reported deferred tax asset by £1,153,000 with a corresponding reduction in the deferred tax liability. The 31 March 2020 balance sheet has been restated net off the deferred tax liability asset and liability, reducing the previously reported deferred tax asset by £899,000 with a corresponding reduction in the deferred tax liability.

Deferred income

In the year ended 31 March 2021 the prepayment of £500,000 from the DHSC was incorrectly presented within trade and other payables. This amount has been reclassified as deferred income in the balance sheet as at 31 March 2021 with a corresponding reduction in trade and other payables. The presentation of the consolidated cash flow statement has also been restated. There is no impact to the consolidated statement of comprehensive income.

The effect of the restatements noted above on the consolidated balance sheet as at 31 March 2021 is as follows:

	As reported 2021 £'000	Restatement 2021 £'000	As restated 2021 £'000
ASSETS			
Non-current assets			
Intangibles	10,182	(290)	9,892
Property, plant and equipment	3,078	-	3,078
Right of use assets	1,801	-	1,801
Deferred taxation	3,688	(1,153)	2,535
Total non-current assets	18,749	(1,443)	17,306
Current assets			
Inventories	2,238	-	2,238
Trade and other receivables	4,175	-	4,175
Cash and cash equivalents	5,827	-	5,827
Total current assets	12,240	-	12,240
Total assets	**30,989**	**(1,443)**	**29,546**
EQUITY AND LIABILITIES			
Equity			
Issued capital	33,316	-	33,316
Retained deficit	(9,601)	(290)	(9,891)
Translation reserve	(41)	-	(41)
Total equity	23,674	(290)	23,384
Liabilities			
Non-current liabilities			
Long-term borrowings	712	-	712
Lease liabilities	1,753	-	1,753

Deferred tax	1,153	(1,153)	-
Deferred income	147	500	647
Total non-current liabilities	3,765	(653)	3,112
Current liabilities			
Short-term borrowings	206	-	206
Lease liabilities	172	-	172
Trade and other payables	3,172	(500)	2,672
Total current liabilities	3,550	(500)	3,050
Total liabilities	7,315	(1,153)	6,162
Total equity and liabilities	**30,989**	**(1,443)**	**29,546**

The effect of the restatements noted above on the consolidated cash flow statements as at 31 March 2021 is as follows:

	As reported 2021 £'000	Restatement 2021 £'000	As restated 2021 £'000
Increase in trade and other payables	1,572	(500)	1,072
Receipt of advance funding from DHSE	-	500	500

The effect of the restatements noted above on the consolidated balance sheet as at 31 March 2020 is as follows:

	As reported 2020 £'000	**Restatement 2020 £'000**	**As restated 2020 £'000**
ASSETS			
Non-current assets			
Intangibles	9,677	(290)	9,387
Property, plant and equipment	1,432	-	1,432
Right of use assets	1,732	-	1,732
Deferred taxation	1,538	(899)	639
Total non-current assets	14,379	(1,189)	13,190
Current assets			
Inventories	1,169	-	1,169
Trade and other receivables	3,288	-	3,288
Cash and cash equivalents	-	-	-
Total current assets	4,457	-	4,457
Total assets	**18,836**	**(1,189)**	**17,647**
EQUITY AND LIABILITIES			
Equity			
Issued capital	22,011	-	22,011
Retained deficit	(8,364)	(290)	(8,654)
Translation reserve	(38)	-	(38)
Total equity	13,609	(290)	13,319
Liabilities			
Non-current liabilities			
Long-term borrowings	131	-	131
Lease liabilities	1,704	-	1,704
Deferred tax	899	(899)	-

Deferred income	155	-	155
Total non-current liabilities	2,889	(899)	1,990
Current liabilities			
Short-term borrowings	86	-	86
Lease liabilities	87	-	87
Bank overdraft	565	-	565
Trade and other payables	1,600	-	1,600
Total current liabilities	2,338	-	2,338
Total liabilities	5,227	(899)	4,328
Total equity and liabilities	**18,836**	**(1,189)**	**17,647**

Company

Omega Diagnostics GmbH settlement

The €500,000 (£430,000) liability associated with the liquidation of Omega Diagnostics GmbH was reported in the financial statements of the Group for the year ended 31 March 2019. Whilst the liability was correctly reflected in the Group financial statements, the liability was the legal responsibility of Omega Diagnostics Group PLC and should also have been reflected in the Company's balance sheet as at 31 March 2021, 31 March 2020 and 31 March 2019. These balances have restated to include the liability of £430,000, with a corresponding increase in the Company's total opening retained earnings deficit. This liability was settled for €350,000 (£304,000) in August 2021 with a corresponding exceptional gain of £126,000 included within discontinued activities in the both the Group statement of comprehensive income for the year ended 31 March 2022 and the Company's loss for the year ended 31 March 2022.

The effects of the restatements noted above on the Company balance sheet as at 31 March 2021 and 31 March 2020 are as follows:

	As reported 2021 £'000	Restatement 2021 £'000	As restated 2021 £'000
Retained deficit	(10,355)	(430)	(10,785)
Total equity	23,950	(430)	23,520
Trade and other payable	(236)	(430)	(666)
Total current liabilities	(236)	(430)	(666)
Total liabilities	(236)	(430)	(666)

	As reported 2020 £'000	Restatement 2020 £'000	As restated 2020 £'000
Retained deficit	(11,393)	(430)	(11,823)
Total equity	11,607	(430)	11,177
Trade and other payable	226	430	656
Total current liabilities	1,115	430	1,545
Total liabilities	1,115	430	1,545

Share-based payment expense

The Company's share-based payment expense of £139,000 for the year ended 31 March 2021 in respect of employees of the subsidiary company Omega Diagnostics Limited was incorrectly credited through comprehensive income for the year instead of being recorded through share-based payment reserves included within retained deficit. The Company's 2021 results have been restated to reverse the incorrect credit to comprehensive income resulting in a reduction in the Company only profit for the year ended 31 March 2021 of £139,000 with the offset being recorded through the "share-based payments" line within retained deficit. There is no change to the Company's total retained deficit or net assets as at 31 March 2021.

	As reported 31 March 2021 £'000	Restatement £'000	As restated 31 March 2021 £'000
Company profit for the year	513	(139)	374

4 Segmental information

Following the withdrawal from COVID-19 products and the decision taken in March 2022 to dispose of the CD4 business, the sale of which was completed on 31 July 2022, the entire Global Health division was classified as held for sale, the only remaining division is Health and Nutrition. The Global Health division specialised in the research, development, production and marketing of kits to aid the diagnosis of infectious diseases, including COVID-19.

The Health and Nutrition division specialises in the research, development and production of kits to aid the detection of immune reactions to food. It also provides clinical analysis to the general public, clinics and health professionals as well as supplying the point-of-care Food Detective® test.

The Corporate segment consists of centralised corporate costs which are not allocated to the trading activities of the Group.

Inter-segment transfers or transactions are entered into under the normal commercial conditions that would be available to unrelated third parties.

Business segment information

2022	Health and Nutrition £'000	Corporate £'000	Total £'000
Revenue	8,779	-	8,779
Inter-segment revenue	(240)	-	(240)
Total revenue	**8,539**	**-**	**8,539**
Cost of sales	(3,437)	-	(3,437)
Gross profit	**5,102**	**-**	**5,102**
Operating costs	(4,137)	(1,557)	(5,694)
Operating profit/(loss) before exceptional items	**965**	**(1,557)**	**(592)**
Exceptional items	-	(337)	(337)
Operating profit/(loss) after exceptional items	**965**	**(1,894)**	**(929)**
Depreciation	194	-	194
Amortisation	353	-	353
EBITDA	**1,512**	**(1,894)**	**(382)**
Exceptional items	-	337	337
Share-based payment charges	58	158	216
Adjusted EBITDA	**1,570**	**(1,399)**	**171**
Share-based payment charges	(58)	(158)	(216)
Depreciation	(194)	-	(194)
Amortisation	(353)	-	(353)
Net finance costs	(21)	-	(21)
Exceptional costs	-	(337)	(337)
Profit/(loss) before tax	**944**	**(1,894)**	**(950)**
Exceptional items	-	337	337
Share-based payment charges	58	158	216
Amortisation	99	—	99
Adjusted profit/(loss) before tax	**1,101**	**(1,399)**	**(298)**

2021	Health and Nutrition £'000	Corporate £	Total £
Revenue	6,937	—	6,937
Inter-segment revenue	(121)	—	(121)
Total revenue	**6,816**	**—**	**6,816**
Cost of sales	(2,820)	—	(2,820)
Gross profit	**3,996**	**—**	**3,996**
Operating costs	(3,090)	(1,374)	(4,464)
Operating profit/(loss) before exceptional items	**906**	**(1,374)**	**(468)**
Exceptional items	-	-	-
Operating profit/(loss) after exceptional items	**906**	**(1,374)**	**(468)**
Depreciation	179	—	179
Amortisation	178	—	178
EBITDA	**1,263**	**(1,374)**	**(111)**
Share-based payment charges	72	131	203
Adjusted EBITDA	**1,335**	**(1,243)**	**92**
Share-based payment charges	(72)	(131)	(203)
Depreciation	(179)	—	(179)
Amortisation	(178)	—	(178)
Net finance costs	(50)	(28)	(78)

Profit/(loss) before tax	**856**	**(1,402)**	**(546)**
Share-based payment charges	72	131	203
Amortisation	108	—	108
Adjusted profit/(loss) before tax	1,036	(1,271)	(235)

The adjusted profit/(loss) before taxation is a key measure of the Group's trading performance used by the Directors. The reported numbers are non-GAAP measures.

Corporate consists of centralised corporate costs which are not allocated across the trading divisions.

The segment assets and liabilities are as follows:

2022	**Health and Nutrition £'000**	**Corporate £'000**	**Total £'000**
Segment assets	10,055	73	10,128
Unallocated assets	-	-	2,712
Total assets	**10,055**	**73**	**12,840**
Segment liabilities	2,508	397	2,905
Unallocated liabilities	-	-	2,639
Total liabilities	**2,508**	**397**	**5,544**

The assets and liabilities held for sale at 31 March 2022 are detailed in Note 6 – discontinued operations.

2021	As restated* Health and Nutrition £'000	As restated* Global Health £'000	Corporate £'000	As restated* Total £'000
Segment assets	9,890	11,243	51	21,184
Unallocated assets	—	—	—	8,362
Total assets	9,890	11,243	51	29,546
Segment liabilities	1,201	4,295	666	6,162
Unallocated liabilities	—	—	—	—
Total liabilities	1,201	4,295	666	6,162

* See note 3 for details regarding the restatement.

Unallocated assets comprise cash and deferred taxation. Unallocated liabilities primarily relate to deferred income balances.

Information about major customers

One customer within the Health and Nutrition segment accounts for £1,369,000, 16.0% (2021: £1,336,000, 19.6%) of continuing revenues.

Geographical information

The Group's geographical information is based on the location of its markets and customers. Sales to external customers disclosed in the geographical information are based on the geographical location of its customers. The analysis of segment assets and capital expenditure is based on the geographical location of the assets.

	2022 £	2021 £
Revenues		
UK	**470**	402
Rest of Europe	**2,605**	1,777
North America	**1,742**	842
South/Central America	**500**	269
India	**513**	293
Asia and the Far East	**1,503**	2,592
Africa and the Middle East	**1,206**	641
	8,539	6,816

2022	**Intangibles £'000**	**Property, plant and equipment £'000**	**Inventories £'000**	**Trade and other receivables £'000**	**Total £'000**
Assets					
UK	4,743	1,241	1,084	2,938	10,006
India	2	3	10	107	122
Unallocated assets	-	-	-	-	2,712
Total assets	**4,745**	**1,244**	**1,094**	**3,045**	**12,840**

2021	Intangibles £'000	Property, plant and equipment £'000	Inventories £'000	Trade and other receivables £'000	Total £'000
Assets					
UK	9,890	4,871	2,165	4,092	21,018
India	2	8	73	83	166
Unallocated assets	—	—	—	—	8,362
Total assets	9,892	4,879	2,238	4,175	29,546

	2022 £'000	2021 £'000
Liabilities		
UK	**2,829**	3,230
India	**76**	89
Unallocated liabilities	**2,639**	2,843
Total liabilities	**5,544**	6,162
Capital expenditure		
Health and Nutrition	**275**	142
Global Health and Other	**693**	1,823
Total capital expenditure	**968**	1,965
Intangible expenditure		
Health and Nutrition	**92**	371
Global Health and Other	**489**	559
Total intangible expenditure	**581**	930

5 Exceptional items

	2022 Continuing operations £'000	2021 Continuing operations £'000
Compensation for loss of office	**(287)**	—
Aborted placing costs	**(50)**	—
Total	**(337)**	—

6 Discontinued operations

Following the withdrawal from COVID-19 products and the decision taken in March 2022 to dispose of the CD4 business, the sale of which was completed on 31 July 2022, the entire Global Health division was classified as held for sale as part of a single coordinated plan and has therefore been presented as a discontinued operation.

The Alva manufacturing site was disposed of in March 2022 for £985,000 resulting in a loss on disposal of £226,000 before costs of £173,000. In addition, the remaining 14 years of the Alva lease were assigned to the acquiror, and 93 employees were transferred to Accubio Limited. The Group made a gain of £158,000 when disposing of the Alva right of use asset and associated lease liability.

The remaining Global Health assets, including the CD4 assets, were held for sale as at 31 March 2022 and an impairment loss of £1,915,000 has been recognised on the remeasurement to fair value, less costs to sell. The non-CD4 assets relate primarily to COVID-19 plant and equipment no longer used in the business, the liabilities relate to the hire purchase on these assets.

	2022 £'000	2021 £'000
Revenue	**3,789**	1,919
Cost of sales	**(4,773)**	(1,456)
Gross (loss)/profit	**(984)**	463
Administration costs	**(4,832)**	(2,964)
Selling and marketing costs	**(640)**	(499)
Other income	**8**	147
Operating loss before exceptional items	**(6,448)**	(2,853)
Exceptional items	**(1,028)**	-
Operating loss after exceptional items	**(7,476)**	(2,853)
Finance costs	**(159)**	(140)
Impairment loss recognised on the remeasurement to fair value less costs to sell	**(1,915)**	-
Loss before taxation	**(9,550)**	(2,993)
Tax benefit/(expense):		
Related to pre-tax loss from the ordinary activities for the period	**(738)**	504
Related to measurement to fair value less costs to sell	**364**	-
Loss for the year from discontinued activities	**(9,924)**	(2,489)

Adjusted loss before taxation

	2022 £'000	2021 £'000
Loss for the year from discontinued activities	**(9,924)**	(2,489)
Exceptional items	1,028	-
Impairment loss recognised on the remeasurement to fair value less costs to sell	**1,915**	-

Amortisation of intangible assets	**6**	11
Share-based payment charges	**66**	67
Adjusted loss for the year from discontinued activities	**(6,909)**	(2,411)

Earnings per share	**2022**	2021
Basic, loss for the year from discontinued operations	(5.4p)	(1.4p)
Diluted, loss for the year from discontinued operations	(5.4p)	(1.4p)
Adjusted, loss for the year from discontinued operations	(3.8p)	(1.4p)

The net cash flows relating to the Global Health business are, as follows:

	2022 **£'000**	2021 £'000
Operating	**(4,064)**	(3,699)
Investing	**(126)**	(2,382)
Financing	**(412)**	(266)
Net cash inflow/(outflow)	**(4,602)**	(6,347)

The major classes of assets and liabilities of the Global Health business as held for sale as at 31 March 2022 are, as follows:

	Held for sale
CD4 assets	**£'000**
Intangible assets	**3,784**
Property, plant and equipment	**395**
Right of use assets	**9**
Inventories	**664**
CD4 assets held for sale	**4,852**
Non CD4 assets	
Intangible assets	**-**
Property, plant and equipment	**143**
Non CD4 assets held for sale	**143**
Total assets held for sale	**4,995**
CD4 liabilities	
Lease liabilities	**(10)**
Non CD4 liabilities	
Borrowings	**(465)**
Total liabilities directly associated with the assets held for sale	**(475)**
Net assets directly associated with the disposal group	**4,520**

The assets held for sale are stated net of the cost of disposal.

Exceptional items summary

	2022	2021
	£'000	£'000
Loss on disposal of the Alva site	**(399)**	—
Gain on disposal of Alva lease	**158**	—
Impairment of Global Health inventory	**(723)**	—
Bad debt provision	**(190)**	—
Reduction in Omega Diagnostics GmbH settlement*	**126**	—
Total	**(1,028)**	—

*relates to the German business which was discontinued in the year ended 31 March 2019

7 Earnings per share

Basic earnings per share are calculated by dividing the (loss)/profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the (loss)/profit attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Diluting events are excluded from the calculation when the average market price of ordinary shares is lower than the exercise price.

	2022	2021
	£'000'	£'000'
(Loss)/profit attributable to equity holders of the Group		
Continuing operations	**(1,409)**	385
Discontinued operations	**(9,924)**	(2,489)
Loss attributable to equity holders of the Group for basic earnings	**(11,333)**	(2,104)

	2022	2021
	Number	Number
Basic average number of shares	**182,638,427**	171,688,730
Share options	**4,359,653**	5,415,449
Diluted weighted average number of shares	**186,998,080**	177,104,179

Adjusted earnings per share on profit for the year

The Group presents adjusted earnings per share, which are calculated by taking adjusted (loss)/profit before taxation and adding the tax credit or deducting the tax charge in order to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

	2022	2021
	£'000	£'000
Loss attributable to equity holders of the Group	**(11,333)**	(2,104)
Exceptional items*	**3,280**	-
Amortisation of intangible assets	**105**	120
Share-based payment charges	**282**	270
Adjusted loss attributable to equity holders of the Group	**(7,666)**	(1,714)

*being the sum of continuing exceptional items, discontinuing exceptional items and impairment loss recognised on the remeasurement to fair value less costs to sell.

Adjusted loss for the year – continuing operations

The reported numbers are non-GAAP measures.

	2022	2021
	£'000	£'000
(Loss)/profit for the year from continuing operations	**(1,409)**	385
Exceptional items	**337**	-
Amortisation of intangible assets	**99**	109
Share-based payment charges	**216**	203
Adjusted (loss)/profit for the year from continuing operations	**(757)**	697

Adjusted EPS on loss for the year	**(4.2)p**	(1.0)p
Adjusted EPS on (loss)/profit for the year from continuing operations	**(0.4)p**	0.4p

Adjusted (loss)/profit before taxation, which is a key measure of the Group's trading performance used by the Directors, is derived by taking statutory profit before taxation and adding back exceptional items, amortisation of intangible assets (excluding development costs) and share-based payment charges.