



11 February 2021

**OMEGA DIAGNOSTICS GROUP PLC
("Omega" or the "Company" or the "Group")**

**UK Government manufacturing contract
Board appointment & trading update**

Omega (AIM: ODX), the medical diagnostics company focused on CD4, infectious diseases and food intolerance testing, announces that it has agreed a contract with the Department of Health and Social Care ("DHSC") to provide manufacturing capacity for COVID-19 lateral flow antigen tests, as part of the UK Government's well-publicised target of producing two million lateral flow tests per day.

The intention is that as soon as the DHSC has access to a test that has successfully passed a performance evaluation, the test will be licensed for Omega to manufacture. As part of the contract, DHSC will loan a number of key pieces of manufacturing equipment.

This will facilitate the necessary expansion in production capability in Omega's Alva-based facility, to ensure the tests are made available as soon as possible.

The Company anticipates that the above actions will provide the Company with capacity to produce approximately 2 million tests per week by the end of April, when combining the Government-loaned equipment with its own manufacturing equipment. Omega expects that this capacity will be sufficient to meet the expected demand for lateral flow COVID-19 antigen tests, with enough remaining capacity to be used for VISITECT® CD4 or COVID-19 antibody tests according to demand.

Board appointment

As separately announced today, the Board has appointed Simon Douglas, who has over 25 years of Board level experience across a variety of Diagnostics, Life Science and BioPharma companies, as its new Non-Executive Chairman to support the Company and the executive team in delivering shareholder value through its next phase of growth.

Trading update

The significant contribution to future performance expected from the DHSC contract above will impact the new financial year ending 31 March 2022. For the current financial year ending 31 March 2021, the Company's Food Intolerance division has held up well, despite the impact from pandemic lasting longer than originally thought. Sales are expected to be in the region of £7.5 million for the year ended 31 March 2021, which is a reduction of 19% over the previous year. The Board is encouraged by this performance given that food intolerance sales in the first quarter of this financial year were 47% down over the first quarter of the prior year.

The Company also continues to support the Clinton Health Access Initiative, Inc. ("CHAI")¹ to accelerate access to Omega's VISITECT® CD4 Advanced Disease test through the supply agreement signed with CHAI in April 2020. The pandemic has also had an impact on the roll-out of the test with sales for the year ended 31 March 2021 expected to be in the region of £0.2 million to £0.3 million. That said, despite the delays, 7-10 countries are expected to have initiated roll out plans for the test by the financial year-end so the Company expects to see an acceleration in the deployment of the test and remains confident that the test will deliver significant value in the new financial year.

Revenue from COVID-19 activities is expected to be approximately £1.5 million which includes sales from the UK-RTC antibody test, sales of the Mologic ELISA antibody test and development income for work undertaken on behalf of a third party.

In summary, Group revenue is expected to be approximately £9.3 million with an EBITDA loss in the region of £2.1 million to £2.3 million. Despite the considerable investment in the scaling-up of our production capacity, the year-end cash position is expected to be in the region of £5.5 million to £6.0 million (2020: £0.6 million overdraft).

Outlook

The timing of the antigen supply contract with the DHSC coming so close to the deadline of the financial year-end means that it will have very little impact, if any, on the results for the year ended 31 March 2021 but the Group expects that this supply contract will lead to significant volumes of tests being delivered over the coming weeks and months. Utilisation of our weekly production capacity for the supply of antigen tests under the DHSC contract is expected to have a significant impact on the future performance of the business and whilst volumes are unquantified at this stage it is likely to result in substantial revenue growth in the financial year beginning 1 April 2021.

Colin King, Chief Executive Officer said:

"We are delighted to formalise our relationship with the UK Government and to utilise our lateral flow test production capacity to support the COVID-19 mass testing programme being rolled out across this country. I appreciate that trading in our core business has been softer than expected for the current financial year, however the on-going opportunity for growth in CD4 testing and Food Intolerance revenues is unchanged. The new financial year will see this growth opportunity realised, and will also see the full impact of COVID-19 antigen testing, and so we are likely to deliver substantial revenue growth compared to this financial year which ends next month. These are very exciting times for the business and I am delighted that we can play a part in supporting the UK Government's national effort to control the spread of the Coronavirus."

The information communicated in this announcement is inside information for the purposes of Article 7 of EU Regulation 596/2014.

¹ The Clinton Health Access Initiative, Inc. (CHAI) is a global health organisation committed to saving lives. CHAI works with partners to strengthen the capabilities of governments and the private sector to create and sustain high-quality health systems.

Contacts:

Omega Diagnostics Group PLC

Simon Douglas, Chairman
Colin King, Chief Executive
Kieron Harbinson, Group Finance Director

www.omegadiagnostics.com

Via Walbrook PR

finnCap Ltd

Geoff Nash/ Teddy Whiley (Corporate Finance)
Alice Lane (ECM)

Tel: 020 7220 0500

Walbrook PR Limited

Paul McManus
Lianne Cawthorne

Tel: 020 7933 8780 or omega@walbrookpr.com

Mob: 07980 541 893

Mob: 07584 391 303