

30 November 2020

OMEGA DIAGNOSTICS GROUP PLC
(“Omega” or the “Company” or the “Group”)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Omega (AIM: ODX), the medical diagnostics company focused on CD4, infectious diseases and food intolerance, announces its unaudited interim results for the six months ended 30 September 2020 in line with the trading update announced at the end of October. The Company also provides an update on the core business and the Board’s expectation for a significantly improved performance in the second half.

Omega has substantial growth opportunities in the areas of Food Intolerance, CD4 testing for the management of people living with HIV, and COVID-19 antibody and antigen testing and provides high quality in-vitro diagnostics products for use in hospitals, clinics, laboratories and healthcare practices in over 75 countries.

Financial Highlights:

- Revenue decreased by 29% to £3.16m (2019: £4.46m)
- Gross margin decreased to 42.9% (2019: 67.5%) reflecting the fixed nature of labour costs on reduced sales
- Statutory loss for the period of £0.28m (2019: £0.29m)
- EBITDA loss of £1.29m (2019: profit of £0.25m)
- Adjusted earnings per share¹ of -0.1p (2019: -0.2p)
- Cash balance of £7.0m (2019: bank overdraft of £1.4m)

¹Adjusted for exceptional items, amortisation of intangible assets and share based payment charges

Operational Highlights:

- Chinese regulatory approval of Food Detective® test for both laboratory settings and self-test use
- Supply agreement signed with Clinton Health Access Initiative (CHAI) to accelerate access of VISITECT® CD4 Advanced Disease in low and middle income countries
- VISITECT® CD4 Advanced Disease test received WHO prequalification
- Agreement with UK Rapid Test Consortium to produce COVID-19 antibody lateral flow for UK Government and supply agreement signed with Abingdon Health Ltd
- CE-Mark of Mologic COVID-19 ELISA antibody test and Mologic COVID-19 lateral flow antibody test
- Well-funded following placing and open offer which raised £10.5m net of expenses

H2 Outlook:

- Food intolerance business showing early signs of H2 recovery and significant growth opportunity in China
- VISITECT® CD4 Advanced Disease is the world’s only point-of-care instrument free test for monitoring people living with HIV
- CHAI is driving early country implementation and WHO prequalification enables NGO funding support for long-term use
- Exciting opportunity for the commercial roll-out of the AbC-19™ Rapid test to the UK Government and other customers
- MHRA approval for self-test use of the AbC-19™ Rapid test expected following final usability study
- Production of AbC-19™ Rapid test from the Alva site is now well underway with shipments to Abingdon already commenced
- Exciting opportunities for commercial launch of Mologic antigen test as we expect antigen testing to remain a key tool in controlling COVID-19 in 2021 and beyond
- Targeted production capacity of 500,000 lateral flow tests a week by the end of December remains on schedule

Regarding outlook, William Rhodes, Interim Chairman, said:

“We are encouraged that our financial performance in the first half, although impacted by the pandemic, was within the boundaries of sensitivity that we have been monitoring and the Company expects to have a significantly improved second half performance.

“Our food Intolerance division is showing early signs of recovery in its second half performance, when comparing sales to equivalent months in the prior-year second half. Whilst we cannot be certain what decisions, and the related impact, might be taken by governments around the world to deal with the pandemic in the short-term, we remain confident that our food intolerance business is resilient and positioned for growth as some degree of normality returns. Achieving self-test regulatory approval in China for Food Detective® is a significant milestone that underpins confidence, and we expect our renewed focus on the US market to bear fruit in the next financial year.

“We are particularly pleased that our VISITECT® CD4 Advanced Disease received WHO prequalification in August this year, a significant mark of regulatory approval which positions the product for short-term deployment through the supply agreement

with CHAI, and for longer-term deployment with financial support from a number of other NGOs which are active in supporting initiatives to manage the care of people living with HIV.

“As outlined above we have a number of exciting opportunities in both antigen testing and antibody testing for COVID-19. We are very encouraged by recent news with a number of vaccine candidates demonstrating efficacy in producing an immune response as we believe testing will play a crucial role in any vaccine deployment. We continue to make progress to significantly increase lateral flow test capacity in our manufacturing site in Alva and are on target to reach a production capacity of 500,000 tests a week by the end of December.”

An investor presentation will be available later this morning on the Company website: [Corporate Information](#) ; ; [Investor Relations](#) ; ; [Omega Diagnostics](#)

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

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Chairman's Statement

The first half performance was as detailed in our trading update at the end of October. This historic performance was in line with management expectations and reflects the predicted impact on the short-term performance of our food intolerance business due to the coronavirus pandemic as set out in our full year results earlier this year.

Whilst this performance was expected we appreciate that shareholders will have a keen interest in the future performance of the business in the second half and beyond. Below we have provided a review of the first half performance along with a summary of the key growth opportunities that we have across all business areas and how these are progressing.

Financial performance

Revenue from operations decreased by 29% to £3.16m (2019: £4.46m) predominantly due to the performance in our Food Intolerance division as described below.

Food Intolerance revenue decreased by 38% to £2.53m over the prior period (2019: £4.08m). As previously highlighted in our October trading update, our food intolerance segment has been impacted by the coronavirus pandemic. The largest impact has led to reduced sales of our FoodPrint® laboratory reagents, which reduced by 64% to £0.95m (2019: £2.67m). Reductions were seen in most geographic regions but particularly in North America and Europe. We have however seen recent signs of recovery with double digit growth in October and November, as compared to the same months last year. In contrast, sales of Food Detective® increased by 30% to £1.26m (2019: £0.96m). This performance was helped with significant stocking orders from our Chinese partner, in advance of receiving NMPA approval for self-test use, which was confirmed at the beginning of November.

Global Health revenue increased to £0.58m (2019: £0.38m), the majority of which related to income generated from Covid-19 activities, either through early seeding sales of the Mologic ELISA antibody test, or development income generated from third parties.

Gross profit from operations decreased to £1.36m (2019: £3.01m) with the gross margin percentage decreasing by 24.6 percentage points to 42.9% (2019: 67.5%). The reduction in margin principally reflects the fixed nature of labour costs on the reduced level of pandemic-impacted sales.

Administrative overheads decreased by £0.08m to £2.55m (2019: £2.63m) due mainly to the offsetting effects of receiving furlough reimbursements from HMRC. Selling and marketing costs decreased by £0.23m to £0.51m (2019: £0.74m) due to reduced travel and exhibition costs related to lockdown restrictions.

The adjusted loss before tax from continuing operations was in line with management's expectation at £1.70m (statutory loss before tax of £1.80m and adding back amortisation of intangibles and share-based payment charges totalling £0.1m) (2019: adjusted loss before tax of £0.35m).

The tax credit in the year of £1.52m relates to a deferred tax asset comprising losses carried forward and recognition of future tax deductions related to the increased likelihood of employees exercising share options due to the significant increase in the share price in the period. The tax credit of £0.04m in the prior period relates to SME R&D tax credits.

IFRS 16 – Leases

Following the adoption of IFRS 16, the Group has also recognised right of use assets of £1.99 million, with a liability of £1.74m at 30 September 2020 (2019: £1.88m). In the six month period to 30 September 2020, the Group has charged depreciation of £0.12m and interest expense of £0.07m through the profit and loss account and made lease payments totalling £0.13m (this figure being equivalent to the previous rent that would have been charged to profit and loss before the adoption of IFRS16).

As at 30 September 2020, the outstanding liabilities in connection with leases recognised under IFRS 16 included short-term liabilities of £0.08 million and long-term liabilities of £1.66 million.

Business summary update

Omega has growth opportunities across all its business areas of Food Intolerance, CD4 testing for the management of people living with HIV, and COVID-19 antibody and antigen testing.

Food intolerance

As noted above, the first-half performance of the business was impacted by the pandemic. As we move forward in the second half, we continue to see signs of recovery. Sales in the months of October and November 2020 are expected to be approximately 12% higher than in October and November 2019 which remains encouraging.

Omega believes there are significant near-term opportunities for this business unit in China. We recently confirmed we received regulatory approval of a self-test version of Food Detective® and we anticipate continued growth in this product line. Our Chinese partner has estimated that potential sales could reach 1 million Food Detective tests by calendar 2023. The US remains a key market opportunity and we are focusing on bringing additional resource to support our existing US partner's expansion plans whilst increasing market penetration through new partners.

VISITECT® CD4 Advanced Disease test

In April this year, the Company signed a supply agreement with Clinton Health Access Initiative, Inc. ("CHAI") to accelerate access to the VISITECT® CD4 Advanced Disease test in low-income countries, lower-middle income countries and upper-middle income countries (together "Eligible Countries"). The VISITECT® CD4 Advanced Disease test is currently the only available instrument-free lateral flow point-of-care test, anywhere in the world, for identifying patients with advanced HIV who are at risk of potentially life-threatening opportunistic infections. CHAI continues to make good progress in its objectives and is actively working with six Eligible Countries in Africa, with additional countries coming onboard in the coming months ahead. The Company has already received a number of purchase orders from certain countries under the CHAI programme which will be supplied in the second half of the current financial year.

On 21 August 2020, Omega announced it had received World Health Organization ('WHO') Prequalification for its VISITECT® CD4 Advanced Disease test which expands market reach, with the product now eligible to participate in the procurement processes of UN agencies. The Company remains confident that the CHAI initiative is seeding future growing demand which can now be supported by longer-term donor programmes following WHO prequalification.

Omega believes that there is a very substantial unmet need for an instrument-free Point-of-Care test and believes it has the potential to generate significant revenues with its VISITECT® CD4 products in the medium term.

VISITECT® CD4 350 test

Implementation of the test by the Nigerian Ministry of Health has been delayed due to COVID-19. Our distribution partner has only recently been able to recommence dialogue with the authorities regarding the implementation plan and we will provide further updates once orders are placed with the distributor. We remain confident that this demand will materialise, and that Nigeria remains a large market opportunity.

COVID-19

The Company's strategy is to pursue opportunities to meet the needs of global healthcare systems that require both antibody tests (denoting previous infection) and antigen tests (denoting current infection) and to develop multiple tests, typically in conjunction with UK industry partners and consortia, using both ELISA platforms and lateral flow technology (as currently used for the VISITECT® CD4 tests). To attain targeted capacity, particularly for lateral flow tests, the Company has undertaken significant refurbishment works in its Alva, Scotland facility. The building layout has been substantially re-engineered to allow for volume manufacturing as well as to enable socially distanced working for employees due to the pandemic. The Company remains on target to reach a production capacity of 500,000 lateral flow tests per week by the end of December.

Mologic ELISA antibody test

In June, the Company announced it signed a supply agreement with Mologic Ltd ("Mologic") under which Mologic supplies raw materials to enable Omega to manufacture its CE marked ELISA antibody test which is manufactured at the Company's facilities in Littleport, Cambridgeshire. Following initial orders for this test, traction has not materialised as the Company was originally anticipating. The Company believes this is due, in part, to competition from ELISA antibody tests that are now available on larger automated instruments and an evolving market need that seems more geared towards lateral flow antibody tests in the short term. We continue to review the potential for using the test in our in-house laboratory testing service.

UK-RTC AbC-19™ Rapid test

Since becoming involved with the UK Rapid Test Consortium ("UK-RTC") in April this year, in order to jointly develop and manufacture a COVID-19 Rapid Test as part of the Government's five pillar national testing strategy for COVID-19, the Company has supported Abingdon Health Ltd ("Abingdon"), lead partner of the UK-RTC, in developing and CE marking its AbC-19™ Rapid test.

The UK-RTC has achieved a significant amount of work in a short timescale, in terms of developing and then CE marking the test in a matter of months. The manufacturing processes have since been successfully transferred from Abingdon to Omega. The AbC-19™ Rapid test was specifically developed as a companion diagnostic test, alongside the Oxford University and AstraZeneca COVID-19 vaccine programme. The Oxford vaccine triggers the body to produce trimeric spike protein neutralising antibodies and the AbC-19™ Rapid test is specifically designed to detect those antibodies. The Company therefore welcomes the recent news confirming efficacy of the Oxford vaccine and believes this will support increased demand.

The UK-RTC believes that the AbC-19™ Rapid test can be deployed at scale across populations to aid policymakers, healthcare systems, the scientific community and the public at large by:

- Clearly showing the extent of COVID-19 infection and its spread through communities (i.e. surveillance)
- Enabling researchers to understand whether people are developing immunity
- Playing a vital role in assessing initial immune response to new vaccines and in determining where follow-up or booster campaigns may be needed

The Company has now commenced shipments of AbC-19™ Rapid tests to Abingdon so that it may meet the requirement to supply the Department of Health and Social Care (“DHSC”) with its first purchase order of 1 million tests. Currently, the Company now expects to be able to supply Abingdon with closer to 25% of this initial DHSC requirement and not less than 25% over the longer term.

In addition, Abingdon continues to progress self-test approval and remains in dialogue with the MHRA to ensure it has sufficient data to show suitability for self-test use and the MHRA has recently confirmed that Abingdon can proceed to undertake one more usability study shortly, under agreed protocols. The Company is confident that it will see further product sales from the UK Government and other domestic and overseas customers in the second half of the current financial year. To the extent that sales are made to third parties, the UK-RTC expects to achieve a higher selling price.

Mologic lateral flow antibody test

As announced in September, Omega CE marked Mologic’s lateral flow antibody test for COVID-19 for sale under Omega’s VISITECT® brand. The Mologic lateral flow antibody test is a Point-of-Care test that differentiates itself by testing for three antibodies - IgA, IgG and IgM - picking up positive patients at an earlier stage than most other antibody tests. The Company has just commenced sales of this professional-use rapid test through its distribution network and which is targeted at healthcare professionals.

Antigen testing

In June this year, the Company signed a material transfer agreement (“MTA”) with Mologic providing access to raw materials and know-how to manufacture their lateral flow antigen test. This test determines the concentration of COVID-19 (SARS-CoV-2) antigens in a saliva or swab extract sample to identify an individual with an infection. Mologic is currently evaluating a prototype in a number of healthcare settings and the results to date look promising. Omega has now established its technology transfer team and looks forward to working with Mologic to make a commercial success of this opportunity.

Outlook

We are encouraged that our financial performance in the first half, although impacted by the pandemic, was within the boundaries of sensitivity that we have been monitoring and the Company expects to have a significantly improved second half performance.

Our food Intolerance division is showing early signs of recovery in its second half performance, when comparing sales to equivalent months in the prior-year second half. Whilst we cannot be certain what decisions, and the related impact, might be taken by governments around the world to deal with the pandemic in the short-term, we remain confident that our food intolerance business is resilient and positioned for growth as some degree of normality returns. Achieving self-test regulatory approval in China for Food Detective® is a significant milestone that underpins confidence, and we expect our renewed focus on the US market to bear fruit in the next financial year.

We are particularly pleased that our VISITECT® CD4 Advanced Disease received WHO prequalification in August this year, a significant mark of regulatory approval which positions the product for short-term deployment through the supply agreement with CHAI, and for longer-term deployment with financial support from a number of other NGOs which are active in supporting initiatives to manage the care of people living with HIV.

As outlined above we have a number of exciting opportunities in both antigen testing and antibody testing for COVID-19. We are very encouraged by recent news with a number of vaccine candidates demonstrating efficacy in producing an immune response as we believe testing will play a crucial role in any vaccine deployment. We continue to make progress to significantly increase lateral flow test capacity in our manufacturing site in Alva and are on target to reach a production capacity of 500,000 tests a week by the end of December.

William Rhodes
Interim Non-Executive Chairman

**Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2020**

	Notes	6-month period ended 30 September 2020			6-month period ended 30 September 2019		
		Continuing	Discontinued	Total	Continuing	Discontinued	Total
		operations	Operations		operations	operations	
		£	£	£	£	£	£
Revenue	3	3,161,697	-	3,161,697	4,464,337	-	4,464,337
Cost of sales		(1,805,006)	-	(1,805,006)	(1,450,833)	-	(1,450,833)
Gross profit		1,356,691	-	1,356,691	3,013,504	-	3,013,504
Administration costs		(2,553,633)	-	(2,553,633)	(2,632,792)	-	(2,632,792)
Selling and marketing costs		(505,616)	-	(505,616)	(744,011)	-	(744,011)
Other operating income		6,309	-	6,309	82,643	-	82,643
Operating loss before exceptional items		(1,696,249)	-	(1,696,249)	(280,656)	-	(280,656)
Exceptional items:							
Omega GmbH liabilities write off		-	-	-	-	78,493	78,493
Operating (loss)/profit after exceptional items		(1,696,249)	-	(1,696,249)	(280,656)	78,493	(202,163)
Finance costs	4	(104,625)	-	(104,625)	(128,863)	-	(128,863)
(Loss)/profit before taxation		(1,800,874)	-	(1,800,874)	(409,519)	78,493	(331,026)
Tax credit/(charge)	5	1,517,196	-	1,517,196	87,995	(43,630)	44,365
(Loss)/profit for the period		(283,678)	-	(283,678)	(321,524)	34,863	(286,661)
Other comprehensive income to be reclassified to profit and loss in subsequent periods							
Exchange differences on translation of foreign operations		(2,461)	-	(2,461)	(25,882)	(78,493)	(104,375)
Tax charge	5	632	-	632	(1,938)	-	(1,938)
Other comprehensive income for the period		(1,829)	-	(1,829)	(27,820)	(78,493)	(106,313)
Total comprehensive income for the period		(285,507)	-	(285,507)	(349,344)	(43,630)	(392,974)
Earnings Per Share (EPS)							
Basic EPS on profit for the period	6			(0.2p)			(0.2p)
Diluted EPS on profit for the period				(0.2p)			(0.2p)

Adjusted Loss before Taxation

	6-month period ended 30 September 2020			6-month period ended 30 September 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£	£	£	£	£	£
(Loss)/profit before taxation	(1,800,874)	-	(1,800,874)	(409,519)	78,493	(331,026)
Exceptional items	-	-	-	-	(78,493)	(78,493)
Amortisation of intangible assets	65,797	-	65,797	57,639	-	57,639
Share-based payment charges	30,000	-	30,000	4,732	-	4,732
Adjusted loss before taxation	(1,705,077)	-	(1,705,077)	(347,148)	-	(347,148)
Earnings Per Share (EPS)						
Basic and diluted Adjusted EPS on profit for the period	6		(0.1p)			(0.2p)

Adjusted loss before stated before exceptional items, amortisation of intangible assets and share based payment charges.

**Consolidated Balance Sheet
as at 30 September 2020**

	At 30 Sept 2020 £	At 31 March 2020 £	At 30 Sept 2019 £
Assets			
Non-current assets			
Intangibles	9,966,961	9,676,669	17,754,266
Property, plant and equipment	2,069,957	1,432,042	1,459,987
Right of use assets	1,657,861	1,731,827	1,854,085
Deferred taxation	3,206,700	1,538,443	1,549,983
Total non-current assets	<u>16,901,479</u>	<u>14,378,981</u>	<u>22,618,321</u>
Current assets			
Inventories	1,359,685	1,169,115	1,237,922
Trade and other receivables	3,235,285	3,287,702	2,597,772
Cash and cash equivalents	6,951,419	-	-
Total current assets	<u>11,546,389</u>	<u>4,456,817</u>	<u>3,835,694</u>
Total assets	<u>28,447,868</u>	<u>18,835,798</u>	<u>26,454,015</u>
Equity and liabilities			
Issued capital	32,600,962	22,010,384	20,407,138
Retained earnings	(8,617,155)	(8,364,109)	(1,960,973)
Other reserves	(40,411)	(37,950)	(33,970)
Total equity	<u>23,943,396</u>	<u>13,608,325</u>	<u>18,412,195</u>
Liabilities			
Non-current liabilities			
Obligations under asset finance loan arrangements	100,618	131,487	84,160
Lease liabilities	1,661,277	1,703,570	1,741,331
Deferred taxation	1,049,162	898,734	2,172,889
Deferred income	151,400	155,495	991,786
Total non-current liabilities	<u>2,962,457</u>	<u>2,889,286</u>	<u>4,990,166</u>
Current liabilities			
Trade and other payables	1,398,881	1,600,325	1,485,257
Bank overdraft	-	565,166	1,394,260
Obligations under asset finance loan arrangements	66,536	85,678	30,094
Lease liabilities	76,598	87,018	142,043
Total current liabilities	<u>1,542,015</u>	<u>2,338,187</u>	<u>3,051,654</u>
Total liabilities	<u>4,504,472</u>	<u>5,227,473</u>	<u>8,041,820</u>
Total equity and liabilities	<u>28,447,868</u>	<u>18,835,798</u>	<u>26,454,015</u>

Consolidated Statement of Changes in Equity for the six months ended 30 September 2020

	Issued Capital £	Retained earnings £	Translation reserve £	Total £
Balance at 1 April 2019	19,797,343	(1,677,106)	70,405	18,190,642
Issue of share capital for cash consideration	634,795	-	-	634,795
Expenses in connection with share issue	(25,000)	-	-	(25,000)
Loss for the period to 30 September 2019	-	(286,661)	-	(286,661)
Other comprehensive income-net exchange adjustments	-	-	(104,375)	(104,375)
Other comprehensive income – tax charge	-	(1,938)	-	(1,938)
Total comprehensive income	-	(288,599)	(104,375)	(392,974)
Share-based payments	-	4,732	-	4,732
Balance at 30 September 2019	20,407,138	(1,960,973)	(33,970)	18,412,195
Issue of share capital for cash	1,708,600	-	-	1,708,600
Expenses in connection with share issue	(105,354)	-	-	(105,354)
Loss for the period to 31 March 2020	-	(6,463,158)	-	(6,463,158)
Other comprehensive income-net exchange adjustments	-	-	74,513	74,513
Other comprehensive income-net exchange adjustments recycled	-	-	(78,493)	(78,493)
Other comprehensive income-tax credit	-	10,662	-	10,662
Total comprehensive income	-	(6,452,496)	(3,980)	(6,456,476)
Share-based payments	-	49,360	-	49,360
Balance at 1 April 2020	22,010,384	(8,364,109)	(37,950)	13,608,325
Issue of share capital for cash consideration	11,141,546	-	-	11,141,546
Expenses in connection with share issue	(550,968)	-	-	(550,968)
Loss for the period to 30 September 2020	-	(283,678)	-	(283,678)
Other comprehensive income-net exchange adjustments	-	-	(2,461)	(2,461)
Other comprehensive income-tax credit	-	632	-	632
Total comprehensive income	-	(283,046)	(2,461)	(285,507)
Share-based payments	-	30,000	-	30,000
Balance at 30 September 2020	32,600,962	(8,617,155)	(40,411)	23,943,396

**Consolidated Cash Flow Statement
for the six months ended 30 September 2020**

	6 months to 30 Sept 2020 £	6 months to 30 Sept 2019 £
Cash flows generated from operations		
(Loss)/profit for the period after exceptional items	(283,678)	(286,661)
Adjustments for:		
Taxation	(1,517,196)	(44,365)
Finance costs	104,625	128,863
Operating (loss)/profit after exceptional items	(1,696,249)	(202,163)
(Increase)/decrease in trade and other receivables	52,417	(243,989)
(Increase)/decrease in inventories	(190,570)	(237,222)
Increase/(decrease) in trade and other payables	(201,444)	23,284
Depreciation	195,025	233,282
Amortisation of intangible assets	184,019	306,742
Movements in grants	(4,095)	127,531
Taxation received	-	135,606
Gain/(Loss) on sale of fixed assets	-	3,672
Exceptional item-Omega GmbH liabilities write off	-	(78,493)
Share-based payments	30,000	4,732
Net cash flow from operating activities	(1,630,897)	72,982
Investing activities		
Purchase of property, plant and equipment	(779,906)	(56,583)
Right of Use Asset under IFRS16	(14,467)	(1,976,344)
Purchase of intangible assets	(439,032)	(964,309)
Net cash used in investing activities	(1,233,405)	(2,997,236)
Financing activities		
Finance costs	(104,625)	(128,863)
Proceeds from issue of share capital	11,141,546	634,795
Expenses of share issue	(550,968)	(25,000)
Right of Use Lease Liability under IFRS16	14,467	1,976,344
(Repayment)/drawdown of overdraft facility	(565,166)	649,552
Repayment of asset finance loan arrangements	(50,011)	(62,888)
Lease repayments	(67,180)	(92,879)
Net cash from financing activities	9,818,063	2,951,061
Net Increase/(decrease) in cash and cash equivalents	6,953,761	26,807
Effects of exchange rate movements	(2,342)	(26,807)
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	6,951,419	-

Notes to the Interim Report

for the six months ended 30 September 2020

1. BASIS OF PREPARATION

For the purpose of preparing the March 2020 annual financial statements the Directors used IFRS as adopted by the EU and in accordance with the AIM Rules issued by the London Stock Exchange. In preparing these interim financial statements, the accounting policies used in the Group's Annual Report for the year ended 31 March 2020 have been applied consistently. The Group has not applied IAS 34 *Interim Financial Reporting*, which is not mandatory for AIM companies, in the preparation of these interim financial statements.

The interim financial statements are unaudited. The information shown in the consolidated balance sheet as at 31 March 2020 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2020 Annual Report which has been filed with the Registrar of Companies. The report of the auditors on the financial statements contained within the Group's 2020 Annual Report was unqualified and did not contain a statement under sections 498 (2) and 498 (3) of Chapter 3, Part 16 of the Companies Act 2006. These interim financial statements were approved by the Board of Directors on 27 November 2020.

2. SEGMENT INFORMATION

For management purposes, from 1 April 2020 the Group became organised into two operating divisions: Health and Nutrition, and Global Health and Other. Prior to 1 April 2020 the Group operated with three operating divisions: Allergy and Autoimmune, Food Intolerance and Infectious Disease and Other. Prior period segmental information has been restated in line with the current divisional structure.

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 consumer Food Detective test.

The Global Health and Other division specialises in the research, development, production and marketing of kits to aid the diagnosis of infectious diseases, including COVID-19.

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

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

Business segment information - Continuing operations

	Health and Nutrition	Global health Other	Corporate	Group
September 2020 – statutory presentation	£	£	£	£
Revenue	2,592,195	630,393	-	3,222,588
Inter-segment revenue	(8,900)	(51,991)	-	(60,891)
Total revenue	2,583,295	578,402	-	3,161,697
Cost of sales	(1,127,170)	(677,836)	-	(1,805,006)
Gross profit/(loss)	1,456,125	(99,434)	-	1,356,691
Operating costs	(1,283,491)	(1,230,843)	(538,606)	(3,052,940)
Operating (loss)/profit before exceptional items	172,634	(1,330,277)	(538,606)	(1,696,249)
Share-based payment charges	-	-	30,000	30,000
Depreciation	65,512	129,513	-	195,025
Amortisation - non add back	-	118,222	-	118,222
Amortisation	59,175	6,622	-	65,797
EBITDA	297,321	(1,075,920)	(508,606)	(1,287,205)
Share-based payment charges	-	-	(30,000)	(30,000)
Depreciation	(65,512)	(129,513)	-	(195,025)
Amortisation - non add back	-	(118,222)	-	(118,222)
Amortisation	(59,175)	(6,622)	-	(65,797)
Net finance costs	(6,861)	(69,812)	(27,952)	(104,625)
(Loss)/profit before tax	165,773	(1,400,089)	(566,558)	(1,800,874)
Share-based payment charges	-	-	30,000	30,000
Amortisation	59,175	6,622	-	65,797
Adjusted (loss)/profit before tax	224,948	(1,393,467)	(536,558)	(1,705,077)

	Health and Nutrition	Global health Other	Corporate	Group
September 2019 – statutory presentation	£	£	£	£
Revenue	4,184,615	421,134	-	4,605,749
Inter-segment revenue	(101,200)	(40,212)	-	(141,412)
Total revenue	4,083,415	380,922	-	4,464,337
Cost of sales	(1,121,183)	(329,650)	-	(1,450,833)
Gross profit/(loss)	2,962,232	51,272	-	3,013,504
Operating costs	(1,326,792)	(1,468,244)	(499,124)	(3,294,160)
Operating (loss)/profit before exceptional items	1,635,440	(1,416,972)	(499,124)	(280,656)
Share-based payment charges	-	-	4,732	4,732
Depreciation	118,223	101,621	-	219,844
Amortisation - non add back	0	249,102	-	249,102
Amortisation	50,322	7,317	-	57,639
EBITDA	1,803,985	(1,058,932)	(494,392)	250,661
Share-based payment charges	-	-	(4,732)	(4,732)
Depreciation	(118,223)	(101,621)	-	(219,844)
Amortisation - non add back	-	(249,102)	-	(249,102)
Amortisation	(50,322)	(7,317)	-	(57,639)
Net finance costs	(6,640)	(71,573)	(50,650)	(128,863)
(Loss)/profit before tax	1,628,800	(1,488,545)	(549,774)	(409,519)
Share-based payment charges	-	-	4,732	4,732
Amortisation	50,322	7,317	-	57,639
Adjusted (loss)/profit before tax	1,679,122	(1,481,228)	(545,042)	(347,148)

3. REVENUES
Continuing Operations

	6 months to 30 Sept 2020 £	6 months to 30 Sept 2019 £
UK	636,747	288,804
Europe	729,536	1,474,214
North America	22,343	765,389
South/Central America	39,448	211,394
India	152,185	403,889
Asia and Far East	1,358,661	795,389
Africa and Middle East	222,777	525,258
	3,161,697	4,464,337

4. FINANCE COSTS

	6 months to 30 Sept 2020 £	6 months to 30 Sept 2019 £
Interest payable on bank overdraft	27,952	50,649
Interest payable on right of use asset lease liabilities	66,651	73,013
Interest on other operating and finance leases	10,022	5,201
	104,625	128,863

5. TAX CREDIT/(CHARGE)

	6 months to 30 Sept 2020 £	6 months to 30 Sept 2019 £
Tax credited/(charged) in the income statement		
Current tax - current year	-	-
Deferred tax - current year	1,517,196	99,164
Deferred tax - prior year adjustment	-	(54,799)
	1,517,196	44,365
Tax relating to items charged to other comprehensive income		
Deferred tax on net exchange adjustments	632	(1,938)
	(1,938)	(5,124)
Reconciliation of total tax charge		
Factors affecting the tax charge for the period:		
(Loss)/profit taxable	(1,800,874)	(409,519)
Effective rate of taxation	19%	19%
(Loss)/profit before tax multiplied by the effective rate of tax	(342,166)	(77,808)
Effects of:		
Expenses not deductible for tax purposes and permanent differences	(62,174)	(59)
Movement on deferred tax arising from share-based payments	(1,063,094)	-
Research and development tax credits	(42,524)	(42,460)
Deferred tax asset on losses in year not recognised	-	(3,107)
Tax under/(over) provided in prior years	-	11,169
Adjustment due to different overseas tax rate	(7,238)	12,539
Exceptional items (relating to closed German / Indian operations)	-	43,630
Impact of UK rate change on deferred tax	-	11,731
Tax (credit)/charge for the period	(1,517,196)	(44,365)

6. EARNINGS PER SHARE

	6 months to 30 Sept 2020	6 months to 30 Sept 2019
	£	£
(Loss)/Profit attributable to equity holders of the Group	(283,678)	(286,661)
	2020 Number	2019 Number
Weighted average number of shares	163,213,506	129,109,732
Share options	6,328,218	307,062
Diluted weighted average number of shares	169,541,724	129,416,794

The number of shares in issue at the period end was 178,678,110. Basic earnings per share are calculated by dividing 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 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.

Adjusted Earnings per share on loss for the period

The Group presents adjusted earnings per share which is calculated by taking adjusted (loss)/profit before taxation and adding the tax credit 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 assess better trends in financial performance.

	6 months to 30 Sept 2020	6 months to 30 Sept 2019
	£	£
Adjusted loss before taxation	(1,705,077)	(347,148)
Tax credit/(charge)	1,517,196	44,365
Adjusted loss attributable to equity holders of the Group	(187,881)	(302,783)

7. INTANGIBLES

	Goodwill £	Licences/ software £	Technology Assets £	Customer relationships £	Development costs £	Total £
Cost						
At 1 April 2019	3,016,892	1,636,662	1,974,994	100,003	11,636,216	18,364,767
Additions internally generated	-	-	-	-	1,019,614	1,019,614
Disposals	-	(3,672)	-	-	-	(3,672)
Currency translation	-	1,065	-	-	-	1,065
At 30 September 2019	3,016,892	1,634,055	1,974,994	100,003	12,655,830	19,381,774
Additions	-	-	-	-	-	-
Additions internally generated	-	-	-	-	1,043,076	1,043,076
Currency translation	-	(1,298)	-	-	-	(1,298)
At 31 March 2020	3,016,892	1,632,757	1,974,994	100,003	13,698,906	20,423,552
Additions	-	2,455	-	-	-	-
Additions internally generated	-	-	-	-	471,945	474,400
Disposals	-	-	-	-	-	-
Currency translation	-	(89)	-	-	-	(89)
At 30 September 2020	3,016,892	1,635,123	1,974,994	100,003	14,170,851	20,897,863
Accumulated amortisation						
At 1 April 2019	-	76,623	1,143,848	100,003	-	1,320,474
Amortisation charge in the year	-	8,265	49,374	-	249,103	306,742
Currency translation	-	292	-	-	-	292
At 30 September 2019	-	85,180	1,193,222	100,003	249,103	1,627,508
Amortisation charge in the year	-	8,258	49,374	-	314,565	372,197
Impairment charge in year	-	1,484,663	-	-	7,263,020	8,747,683
Currency translation	-	(505)	-	-	-	(505)
At 31 March 2020	-	1,577,596	1,242,596	100,003	7,826,688	10,746,883
Amortisation charge in the year	-	16,423	49,374	-	118,222	184,019
Currency translation	-	-	-	-	-	-
At 30 September 2020	-	1,594,019	1,291,970	100,003	7,944,910	10,930,902
Net book value						
30-Sep-20	3,016,892	41,104	683,024	0	6,225,941	9,966,961
31-Mar-20	3,016,892	55,161	732,398	0	5,872,218	9,676,669
30-Sep-19	3,016,892	1,548,875	781,772	0	12,406,727	17,754,266

8. FIXED ASSETS

	Right of use use assets £	Leasehold improvements £	Plant and machinery £	Total £
Cost				
At 1 April 2019	-	938,538	3,716,245	4,654,783
Additions	1,976,344	30,780	25,803	2,032,927
Disposals	-	-	-	-
Currency translation	-	-	148	148
At 30 September 2019	1,976,344	969,318	3,742,196	6,687,858
Additions	-	22,346	122,655	145,001
Disposals	-	-	-	-
Currency translation	-	-	(213)	(213)
At 31 March 2020	1,976,344	991,664	3,864,638	6,832,646
Additions	14,467	157,689	622,217	794,373
Disposals	-	-	-	-
Currency translation	-	-	-	-
At 30 September 2020	1,990,811	1,149,353	4,486,855	7,627,019
Accumulated depreciation				
At 1 April 2019	-	529,176	2,556,026	3,085,202
Charge in the year	122,259	53,769	112,556	288,584
Disposals	-	-	-	-
Currency translation	-	-	-	-
At 30 September 2019	122,259	582,945	2,668,582	3,373,786
Charge in the period	122,258	54,969	117,807	295,034
Disposals	-	-	-	-
Currency translation	-	-	(43)	(43)
At 31 March 2020	244,517	637,914	2,786,346	3,668,777
Charge in the period	88,433	12,770	129,190	230,393
Currency translation	-	-	31	31
At 30 September 2020	332,950	650,684	2,915,567	3,899,201
Net book value				
30-Sep-20	1,657,861	498,669	1,571,288	3,727,818
31-Mar-20	1,731,827	353,750	1,078,292	3,163,869
30-Sep-19	1,854,085	386,373	1,073,614	3,314,072