

13 July 2021

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

**FINAL RESULTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

Omega (AIM: ODX), the medical diagnostics company focused on CD4, infectious diseases and food sensitivity testing, announces its audited results for the year ended 31 March 2021.

Omega provide high quality in-vitro diagnostics products for use in hospitals, clinics, laboratories and healthcare practitioners in over 75 countries and specialise in the areas of health and nutrition and global health.

**Financial Highlights:**

- Revenue decreased by 11% to £8.73m (2020: £9.82m)
- EBITDA loss of £2.20m (2020: £0.89m profit)
- Statutory loss for the year of £2.10m (2020: loss of £6.83m)
- Adjusted loss before tax\* of £3.15m (2020: loss of £0.40m)
- Adjusted EPS (1.0p) (2020: (0.2p))
- Statutory EPS (1.2p) (2020: (4.9p))
- Cash balances of £5.8m (2020: overdraft of £0.6m)

\* Adjusted for amortisation of intangible assets, share based payment charges and exceptional items.

**Operational & Post-Period End 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
- Placing and open offer which raised £10.5m net of expenses to enable capacity increase of lateral flow tests
- Contract signed with the Department of Health and Social Care ("DHSC") to provide manufacturing capacity for COVID-19 lateral flow antigen tests
- Appointment of Dr Simon Douglas as Non-Executive Chairman of the Group
- CE mark and launch of Mologic's lateral flow antigen test for COVID-19, to be sold for professional-use under Omega's VISITECT® brand and FDA Emergency Use Authorization submitted
- Over £2m invested in facility refurbishment and new equipment to accommodate increased capacity expected from both COVID-19 and CD4 manufacturing throughput
- As announced separately today, Kieron Harbinson has notified the board he will step down from his position as Group Finance Director in August 2021. The Company has agreed to appoint Christopher Lea as Chief Financial Officer

**Commenting, Simon Douglas, Non-executive Chairman, said:** *“While conditions in the UK and in many parts of the world have improved significantly over the past few months, there remains considerable uncertainty around the world as countries ease or increase restrictions to manage the global COVID-19 pandemic. Challenges remain for much of our international customer base but the Board believes the Company has the expertise to meet these challenges and capitalise on opportunities as we have done over the past year. CD4 is a unique product and gaining traction in countries where HIV remains a serious challenge. We intend to build on this in the short term through further country registrations and international distribution. In addition our strategy and focus to deliver high value instrument-free diagnostic products will be enhanced over the next 36 months through the introduction of a further range of lateral flow tests for diseases often associated with Advanced HIV and a damaged immune system. The recovery of the Health and Nutrition business should continue with growth in China and the USA anticipated over the next two years as their economies open up. COVID-19 antigen testing still remains a significant opportunity for us, although very much dependent on the UK Government’s decisions as to test selection and timing.”*

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

**Contacts:**

**Omega Diagnostics Group PLC**

Colin King, Chief Executive

Kieron Harbinson, Group Finance Director

Tel: 01259 763 030

[www.omegadiagnostics.com](http://www.omegadiagnostics.com)

**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](mailto:omega@walbrookpr.com)

Mob: 07980 541 893

Mob: 07584 391 303

## **Chairman's Statement**

I joined Omega Diagnostics as Non-Executive Chairman in February this year having recognised that the Company has an exciting potential for growth in all its business areas and is headed up by a skilled, dedicated and experienced team. Joining in the middle of a global pandemic brings its challenges but after only a few months in the Company I have not been disappointed and we continue to provide high quality in-vitro diagnostics products for use in over 75 countries.

Our VISITECT® CD4 Advanced Disease test, targeting patients with advanced HIV, is a unique product in the market and the result of a significant investment of both time and money. As you will read later, it has successfully met the most stringent regulatory requirement of WHO prequalification. In-country registrations also continue to proceed, with 17 countries now well prepared to make the product available this year. We are encouraged and excited by the uptake we are seeing in the market where it will make a real difference in monitoring the progression of HIV.

The Health and Nutrition business has a range of high-quality products for assessing food sensitivity and is also a market leader. The global economy has struggled in light of the pandemic and with that the growth in this division has been affected but, as we see many parts of the world opening up more, I am pleased to see a strong recovery in this division in the second half of this financial year just ended.

### **COVID-19 testing**

I am pleased to report that Omega moved very rapidly at the onset of the pandemic and along with selected partners identified the opportunity to be part of the UK's fight against the growing threat of COVID-19. Under a government contract and in conjunction with Abingdon Health plc as part of the UK Rapid Test Consortium ("UK-RTC"), we have co-developed and are producing lateral flow test kits for COVID-19 antibody testing (branded as AbC-19™). Additionally, we have accessed a COVID-19 antigen lateral flow test from the UK company Mologic Ltd which, following a detailed technical transfer, has been regulatory approved for professional use with self-test approval anticipated this year and is now ready for commercialisation under our own VISITECT® brand.

We believe that the ability to supply tests that are produced within the UK remains a key priority for the Department of Health and Social Care ("DHSC") and to that end the DHSC had facilitated initial commercial discussions between Omega and potential partner companies with lateral flow antigen tests to potentially provide UK manufacturing services. Currently this selection process by the DHSC is taking longer than we originally expected and we are waiting for confirmation on which test we will be required to manufacture. While we are not in control of this process, we remain in regular dialogue with the DHSC to provide manufacturing capacity for COVID-19 lateral flow antigen tests, utilising the key pieces of manufacturing equipment loaned by the UK Government for that purpose.

I am grateful for the support shown from both existing and new shareholders in supporting the Company's placing and open offer, where we raised £10.5 million net of expenses in June 2020, to support our goals to develop and produce these new COVID-19 tests.

### **Board and employees**

On behalf of the Board, I would like to take this opportunity in thanking Bill Rhodes, our outgoing Non-Executive Chairman. He stepped up to lead the Company in December 2018 and although he had the title of interim Chairman his leadership, guidance and commitment to the role was exemplary and he has steered the Company successfully through a very difficult 12 months. I am delighted that he is staying on the Board as a Non-Executive Director and I am looking forward to working with him.

I would also like to express my thanks and gratitude on behalf of everyone to Kieron Harbinson, our long-serving CFO who is stepping down after 19 years with the Company. He has worked tirelessly over the years to ensure that we controlled our financial resources and successfully steered us through many financial and corporate governance challenges as we grew as a Company. We wish him every success in his next venture, wherever that may be. As announced separately today, he is being replaced from 30 August by Chris Lea, who I would like to welcome to Company and to the Board of Directors. Chris has significant public company experience having most recently worked as CFO of IndigoVision Group plc and I anticipate that he will make a significant contribution to Omega over the coming years.

Due to the pandemic, this year has been a difficult year for all of our stakeholders, including the Company, our staff and many of our customers. 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. We have worked hard at putting a number of processes in place to ensure the safety and health of our staff in both our UK sites and in India. Where possible, staff have worked from home and in the case of the technical and R&D teams, good social distancing and control has allowed a challenging but safe working environment. We have unfortunately seen 10 of our staff contract COVID-19 but I am pleased to say that our contact tracing systems worked well, the infections were contained, and I'm pleased to say that all staff have now recovered fully. This has been a unique situation and everyone has reacted positively with a strong attitude seen throughout the Company from the top down. It has reminded me that, no matter how good our product and services are, it is the quality of the team that counts. Well done and thank you to everyone.

## **Business performance**

Revenues in the first half decreased by 29% to £3.16m (2020: £4.46m), mainly due to the effects of COVID-19 on the Health and Nutrition business. However, as noted above, the second half has shown good recovery with the year-end revenue finishing 11% lower than the previous year at £8.7m (2020: £9.8m). Furthermore, revenue for the Global Health Division (CD4 and AbC-19™) increased by nearly 300% at £1.9m (2020: £0.65m), £0.9m of which was for the AbC-19™ COVID-19 antibody test. However, although making a significant contribution, this level of AbC-19™ sales was below original expectations, mainly due to focus changing towards antigen testing in the UK where routine antibody testing was not recommended as previously anticipated. Health and Nutrition revenue decreased to £6.8m (2020: £9.2m). The margin for the year finished at 51%, down from 64% in FY2020 reflecting the fixed nature of labour costs on reduced sales. EBITDA loss for the year was £2.2m (2020: profit of £0.9m) and the Company had a strong cash position at the year-end of £5.8m.

Continuing with our strategy to focus on high-value core business units, following last year's decision to stop developing new allergens for the Immunodiagnostic Systems Holdings plc ("IDS") instrument, we have recently served notice to IDS to stop producing and supplying the current range of CE marked allergens.

## **Corporate governance**

The long-term success of the business and delivery on strategy depends on good governance. The Company complies with the Quoted Companies Alliance Corporate Governance Code 2018 as explained more fully in the Corporate Governance Report.

## **Going concern**

The directors have considered the principal risks and uncertainties the Group faces taking account of the coronavirus pandemic. While the impact of the pandemic in terms of length, severity and disruption to business is not possible to forecast, it also represents an ongoing opportunity for the business. The Group balance sheet remains strong and the Directors remain comfortable that the Group can survive significant reductions in base case forecasted revenue for at least the period through to 31 July 2022 and have sufficient cash resources in its downside scenario. The Directors therefore continue to adopt the going concern basis in preparing its consolidated financial statements.

## **Outlook**

While conditions in the UK and in many parts of the world have improved significantly over the past few months, there remains considerable uncertainty around the world as countries ease or increase restrictions to manage the global COVID-19 pandemic. Challenges remain for much of our international customer base but the Board believes the Company has the expertise to meet these challenges and capitalise on opportunities as we have done over the past year. CD4 is a unique product and gaining traction in countries where HIV remains a serious challenge. We intend to build on this in the short-term through further country registrations and international distribution. In addition our strategy and focus to deliver high value instrument-free diagnostic products will be enhanced over the next 36 months through the introduction of a further range of lateral flow tests for diseases often associated with Advanced HIV and a damaged immune system. The recovery of the Health and Nutrition business should continue with growth in China and the USA anticipated over the next two years as their economies open up. COVID-19 antigen testing still remains a significant opportunity for us, although very much dependent on the UK Government's decisions as to test selection and timing.

**Simon Douglas**  
**Non-executive Chairman**

## Chief Executive's Review

### Introduction

You will notice throughout the annual report that we have undertaken an exercise to refresh our branding. It has also been an opportunity to revisit and align our long-term vision for the Group. As a result, earlier this year we re-structured the organisation into two divisions – Global Health (covering CD4 testing for HIV and COVID-19) and Health and Nutrition (formerly known as Food Intolerance). These divisions have separate and quite distinct markets, customers and business models but share common values and strengths. Our vision is to make world-leading diagnostic tests easily accessible to everyone – wherever they are in the world.

Our Global Health division takes a proactive approach to disease management. We have a unique CD4 test for people living with HIV in low and middle-income countries, and high accuracy COVID-19 tests supplied to the UK Government and agencies around the world. Our Health and Nutrition division promotes a personalised approach to health. Using advanced diagnostic technology, we enable healthcare professionals and their patients to identify lifestyle and dietary changes that can significantly improve their long-term health and well-being.

### Financial summary

Our revenue in the 12 months to 31 March 2021 was broadly in line with the revised market forecast at £8.7 million, down by 11% on the year prior. The reduction was anticipated and primarily a result of the pandemic impact on our Health and Nutrition business.

Our statutory loss for the year was £2.1 million compared to a loss of £6.8 million in the prior year. Gross profit decreased from £6.3m to £4.5m reflecting the lower sales with gross profit percentage reducing to 51% as a result of the fixed labour costs. EBITDA was in line with expectations and a loss of £2.2m versus a profit of £0.9m in the prior year.

I would like to thank both existing and new shareholders in supporting the Company's placing and open offer in June 2020, where we raised £10.5 million net of expenses to support our goal to increase significantly our capacity to produce lateral flow tests. The fundraise, along with our careful cash management and the pre-production payments under the Government contract totalling £2.5m, £2.0m of which was received after the year-end, has ensured we remain well capitalised to deliver our ongoing strategic objectives.

### Core business

#### Health and Nutrition

- As noted above sales of our Food sensitivity products declined on prior year, down from £9.2 million to £6.8 million as a result of the Global pandemic. Encouragingly we saw sales recover in the fourth quarter of the financial year to £2.8 million, which provides encouragement that we will return to pre-pandemic sales and growth.
- Sales of FoodPrint® were impacted the most with a decline of 42% to £3.3 million (2020: £5.7 million). Seven FoodPrint® systems were installed in the year, increasing the total number of installations from 216 to 223 in 43 countries. As a result of the reduction in total sales, revenue per instrument decreased by 44% to £14,734 (2020: £26,189).
- Sales of Food Detective® were marginally impacted down by 4.0% in the year to £2.5 million (2020: £2.6 million).
- Despite the pandemic, our partner in China gained regulatory approval in November for their self-test version of the Food Detective® test. This is the only self-test Food sensitivity product available in the Chinese market and our partner has now commenced the market development and commercialisation activities. During the year they procured a further 108,126 tests in addition to the 98,040 tests purchased in the prior year.

#### Global Health

The Global Health division sales increased to £1.9 million for the year, up from £0.65 million in the prior year. The primary reason for the increase was due to revenues generated from COVID-19 antibody tests (£1.3 million). Due to the spread of COVID-19, antibody testing was not adopted as widely as initially expected, with the realisation that herd immunity could not be achieved via natural infection and the increased pressure this would cause on health care systems. This resulted in the Government focus moving towards antigen testing as the primary focus to identify individuals who had an active infection. We do however anticipate use cases to confirm if vaccines have been successful, to help support immunisation usage and deployment in countries where vaccines need to be prioritised or when to provide individuals with a booster vaccination. Evidence is also building regarding the importance of neutralising antibodies in indicating immunity. With all these use cases we remain confident that demand for the UK-RTC antibody test will be forthcoming.

Our lead partner in the UK-RTC, Abingdon Health, have already confirmed that the AbC-19™ rapid test continues to make good commercial progress. Ongoing commercial discussions are encouraging and the consortium continues to move forward on regulatory approvals. Progress has been made across the seven tier 1 countries being targeted by the UK-RTC and the pipeline of opportunities continues to grow.

Investors will have also seen that a recently published peer-reviewed study showed that the AbC-19™ test had a sensitivity of 97.58% and specificity of 99.59% when using evaluation methods as defined by the MHRA for Target Product Profile of an antibody test.

The focus of the market currently is on antigen testing as a key tool to manage the pandemic and we were pleased to announce the signing of a contract with the Department of Health and Social Care ("DHSC") in contemplation of manufacturing selected tests on behalf of DHSC to meet the UK Government's desire for UK-manufactured product. We had hoped that the Mologic test would be

chosen by the DHSC as a UK-developed test to be made by us as UK manufacturers, however the contract itself is test agnostic and we are prepared to manufacture whichever test is chosen. The ability to supply tests that are produced within the UK remains a key priority for DHSC and to that end they have facilitated discussions with other potential partner companies with lateral flow antigen tests that have now been approved by the DHSC and also have self-test approval. We have already concluded technical diligence with these parties and we are confident that the transfer time can be expedited given that they have tests already working at scale, rather than transferring straight from development.

In addition, we are also pleased that we have been able to CE mark our own branded VISITECT® lateral flow COVID-19 antigen test for professional use, and we are advancing our plans to achieve approval for home-use as well. To achieve self-test we have been working hard in the background to simplify the sample collection method to ensure consistent results when used by a non-professional. Whilst the cassette itself has not changed, we have looked at the sample handling process and sourced a supplier capable of volume manufacture of pre-filled tubes with our buffer formulation and have performed successful internal studies to confirm this new collection method produces the same performance as the professional test. As a result of this work, we are confident that we can achieve self-test approval and we are now in the process of confirming this externally, which is a requirement of the CE marking process.

Whilst we had hoped to start the utilisation study for home-use earlier, we had to expand the scope of the study to meet additional regulatory requirements, however I am pleased to report that the study has now commenced. We plan to submit the data from the study to our European Notified Body by the end of the month and we are working with them to explore how we can fast track approval. Once we receive approval we have high expectations that our distribution partners will be very successful in the market place with one of the first UK-developed and manufactured self-test products to enter the market.

We are also mindful that once we have self-test approval the VISITECT COVID-19 Antigen test would potentially be available for future DHSC purchase as a UK-developed and UK-made rapid point-of-care test for active COVID-19.

Outside of the UK we continue to support our technology partner, Mologic Ltd, in the submission process to the US Food and Drug Administration for Emergency Use Authorization, for use under both the VISITECT and Global Access Diagnostics brands.

To support the expected increase in demand for lateral flow tests, the Alva site has been totally transformed in the last 12 months. The site has been re-configured not only to ensure staff remain safe but to allow for the installation of equipment either purchased by ourselves or provided on loan by DHSC. The reconfiguration was achieved against very tight and demanding timelines, which is a credit to everyone who was involved and we are now in position where we can produce lateral flow tests in high volume, not only for the current pandemic but also into the future as we focus on CD4 and other products that support the management of Advanced HIV Disease patients.

VISITECT® CD4 – Key achievements during the year included the signing of a supply agreement with Clinton Health Access Initiative (“CHAI”) and Unitaid to support the implementation of the WHO Advanced HIV Disease Initiative in over 130 low and middle-income countries and successful WHO prequalification. These are two critical building blocks to the successful commercialisation of our VISITECT® CD4 Advanced Disease test.

Despite the pandemic, CHAI have made great progress in the implementation of VISITECT® CD4 Advanced Disease, and five out of seven initial target countries have implementation activities ongoing with a view to wider scale-up. Feedback from these countries to date on the performance of the test has been very encouraging and there is a commitment to continue to roll out the test. There are also more than 40 collaborative or distinct clinical studies and evaluations currently in progress with eight of these already reporting positive findings. Of the 37 strategic countries we have targeted, we are free to sell in 17 of these and have already received demand from 15 of these countries.

In addition to the CHAI supply agreement, we have also received initial demand from Médecins Sans Frontières (MSF) for an initial five-country implementation. VISITECT® CD4 Advanced Disease has also been listed in the UNICEF Supply Catalogue which clears the way for UNICEF and other UN agencies to procure via this framework.

In addition, engagement and momentum is increasing with the U.S. President’s Emergency Plan for AIDS Relief (“PEPFAR”), the world’s largest funding contributor to the global HIV response. In PEPFAR’s Country Operating Plan for 2021, they note that our VISITECT® CD4 Advanced Disease test, as a semi-quantitative lateral flow assay which is inexpensive and able to differentiate CD4 values above and below 200 cells/mm<sup>3</sup> should be given highest priority. PEPFAR’s next implementation period for budgetary purposes runs from 1 October 2021 to 30 September 2022. Following the increased support from these global health initiatives, we are confident that we can realise the significant potential from the support that our VISITECT® CD4 Advanced Disease test can provide to people living with HIV and we have just received a first order from PEPFAR/USAID.

## **Outlook**

Despite the delay in our ability to commence supplies under the DHSC supply contract, we remain confident that the new financial year will be transformational for the Group.

We expect our food sensitivity product range to return to growth and we are confident in the opportunities that Food Detective® has in China.

For CD4, the CHAI programme to accelerate the deployment of our VISITECT® CD4 Advanced Disease test is starting to gain momentum and we expect to see revenue being generated from our other sales strategies in the second half of the new financial year.

COVID-19 – we expect a successful conclusion to discussions with DHSC that will see us utilising the capacity for both our own equipment and the Government-loaned equipment, which will be further utilised with expected demand for our VISITECT® lateral flow COVID-19 antigen test, especially once we gain approvals for the self-test version and the Emergency Use Authorisation from the US FDA.

We are, therefore, confident as we look forward that we are well positioned to deliver growth to the business.

I would like to thank all the Group's employees for their continued support and commitment. The COVID-19 outbreak has shown their great desire to ensure we not only continue to manage through these difficult times but their amazing flexibility has allowed us to progress the various COVID-19 opportunities at a faster rate than normal, whilst ensuring the sites have remained secure and safe, thereby protecting themselves and their colleagues.

As part of the divisional restructuring referred to above, I am pleased to advise that Jag Grewal has taken on the broader role of Managing Director for our Health and Nutrition Business.

Finally, I would like to personally thank Kieron for all the support and guidance he has provided me since I joined the Company, he has been a great servant to Omega and I wish him all the best in whatever he decides to do in the future. I would also like to welcome Chris Lea to Omega as Kieron's replacement next month and look forward to working with him and the broader team on the next phase of Omega's exciting future.

**Colin King**  
**Chief Executive**

## Financial review

The year has been dominated by the impact of the pandemic which has presented both challenges and opportunities. We have also restructured our financial reporting into two segments; Global Health which comprises the activities with VISITECT® CD4 and COVID-19, and Health and Nutrition which comprises the activity with food sensitivity testing. This reporting change follows the decision last year to close our allergy division.

For the year ended 31 March 2021, the Group reported revenue of £8.73 million (2020: £9.82 million), an EBITDA loss of £2.17 million (2020: EBITDA profit £0.89 million), and a statutory loss before tax of £3.54 million (2020: loss of £8.30 million). Net cash inflow for the year was £5.83 million, principally due to the placing and open offer in June 2020 which raised £10.5 million (net) as noted in the financing section below and accordingly, the Group balance sheet remains strong and the Directors continue to adopt the going concern basis in preparing its consolidated financial statements.

### Financial Results summary

Year ended 31 March 2021	Global Health £	Health and Nutrition £	Corporate £	Total £
Sales	1,918,994	6,815,869	-	<b>8,734,863</b>
EBITDA	(2,256,608)	1,334,080	(1,242,721)	<b>(2,165,249)</b>
Statutory (loss)/profit before taxation	(2,993,403)	855,301	(1,401,898)	<b>(3,540,000)</b>
Year ended 31 March 2020	Global Health £	Health and Nutrition £	Corporate £	Total £
Sales	647,798	9,170,864	-	9,818,662
EBITDA	(1,953,921)	3,909,495	(1,062,567)	893,007
Statutory (loss)/profit before taxation	(10,633,554)*	3,543,434	(1,207,448)	(8,297,568)

\* the prior year statutory loss before taxation included a net exceptional charge of £7.73 million relating to the impairment of intangible assets following the closure of our allergy division.

Revenue from Global Health increased to £1.92 million (2020: £0.65 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 other third parties.

Omega also shipped 37,675 VISITECT® CD4 Advanced Disease tests generating a revenue of £111,362, including sales through the CHAI supply agreement into countries including Nigeria, Uganda, Mozambique and Zimbabwe.

	2021 £	2020 £	+ / - %
VISITECT CD4	<b>£111,362</b>	£50,570	120.2%
UK-RTC COVID-19 antibody	<b>£931,981</b>	-	N/A
COVID-19 sub-contracting	<b>£467,606</b>	-	N/A
COVID-19 ELISA antibody	<b>£268,195</b>	-	N/A
Allergy/autoimmune	-	£398,678	-100.0%
Other	<b>£139,850</b>	£198,550	-29.6%
	<b>£1,918,994</b>	£647,798	196.2%

Revenue from Health and Nutrition decreased by 25.7% to £6.82 million (2020: £9.17 million), due mainly to the impact of the pandemic on the performance of our FoodPrint® laboratory sales which were more adversely impacted due to laboratories having other priorities throughout the pandemic, as well as the laboratories' customers also being affected. Sales of the Food Detective® kit held up well, helped by the performance in China where both the laboratory and self-test versions were approved for use in the year by the National Medical Products Administration ("NMPA"), formerly the China Food and Drug Administration. A summary of Health and Nutrition revenue is in the table below.



	2021	2020	+ / - %
	£	£	
FoodPrint	<b>£3,325,159</b>	£5,852,988	-43.2%
Food Detective	<b>£2,524,906</b>	£2,628,904	-4.0%
CNS laboratory service	<b>£429,707</b>	£484,718	-11.3%
Food ELISA/other	<b>£536,097</b>	£204,255	162.5%
	<b>£6,815,869</b>	£9,170,865	-25.7%

The gross profit margin percentage has reduced to 51.0% (2020: 64.1%) which has been impacted for two main reasons, firstly the reduction in FoodPrint® laboratory sales noted above which is the Group's highest margin product, and secondly, due to an increase in direct labour personnel within the Global Health division as the Group has invested in the recruitment and training required to increase lateral flow manufacturing capacity.

Administrative overheads increased by £1.23 million to £6.60 million (2020: £5.37 million). Compared to the prior year, a significant amount of research and development (£0.53 million) cost (2020: £0.04 million) was expensed as opposed to being capitalised during the financial year. Foreign exchange losses of £0.12 million were incurred during 2021 compared with gains of £0.04 million in 2020. In addition, following a significant grant of employee share options in January 2020, the cost of which is pro-rated as an overhead expense over the two-year vesting period, a charge of £0.27 million was incurred compared to a prior year charge of £0.05 million. An increase in the overhead related headcount also contributed to an increased wages and salary cost compared to the prior year.

Selling and marketing costs have been maintained at prior year levels at £1.48 million (2020: £1.49 million) as certain recruitment activity has been offset by a reduction in travel costs.

#### **EBITDA and loss before tax**

The Group continues to monitor its EBITDA level as being a measure of profit that is more aligned with the cash-generating activities of the business. The Group generated an EBITDA loss in the year of £2.17 million (operating loss before exceptional items of £3.32 with add-backs of £0.46 million for depreciation, £0.42 million for amortisation and £0.27 million for share-based payments). In the prior year, the Group generated an EBITDA profit of £0.89 million (operating loss before exceptional items of £0.32 with add-backs of £0.47 million for depreciation, £0.68 million for amortisation and £0.06 million for share-based payments).

The Group has recorded a statutory loss before tax of £3.54 million (2020: £8.30 million, which included net exceptional charges of £7.73 million).

Segmental performance as presented above and in the notes to the financial statements shows that the Health and Nutrition division remains EBITDA-profitable, even at the reduced levels of business as impacted by the pandemic. The Global Health division shows an EBITDA loss due to the decision to invest in the scale-up of manufacturing capacity of lateral flow tests, both for VISITECT® CD4 and for COVID-19 testing (antibody and antigen testing) which are expected to yield benefits in the coming year.

#### **Taxation**

The current year tax credit of £1.44 million includes a current-year credit movement in deferred tax of £1.58 million relating mainly to the favourable tax treatment resulting from the exercising of share options during the year and the future exercising of employee share options granted to date but not yet exercised, whereby the difference between the market value and the option grant price is treated as an allowable expense against profit for tax purposes, a prior-year debit movement in deferred tax of £0.28 million and a current-year credit of £0.14 million relating to a receipt from HMRC for surrendering SME R&D tax credits.

We retain cumulative tax losses of approximately £13.9 million that are carried forward and available for offset against future profits. Our UK companies continue to benefit from government policies on tax that encourage investment in research and development activities. In the year a research and development expenditure credit of £0.14 million was accrued in the income statement and is included as a credit within administration costs and is carried as a debtor at 31 March 2021 (2020: £0.15 million). In addition, the prior year RDEC of £0.15 million was received in the year, along with surrendered SME R&D tax credits of £138k relating to the prior year.

#### **Earnings per share**

Adjusted earnings per share were (1.0) pence versus (0.2) pence in the prior year. The adjusted loss after tax of £1.71 million (2020: £0.40 million) is calculated on a fully diluted 177.1 million (2020: 140.3 million) shares in issue. Statutory earnings per share were (1.2) pence (2020: (4.9) pence) on statutory loss after tax of £2.10 million (2020: £6.83 million).

#### **Research and development**

During the year, we invested a total of £1.46 million in all development activities, a reduction of £0.64 million from the prior year (2020: £2.10 million), representing 16.7% (2020: 21.4%) of Group turnover. Of the total expenditure, £0.93 million (2020: £2.06

million) has been capitalised on the balance sheet in accordance with IAS 38 – Development Costs whilst earlier stage expenditure and expenditure not qualifying in accordance with IAS 38 criteria of £0.53 million (2020: £0.04 million) has been expensed through the income statement. There was no expenditure on allergy following its cessation (2020: £0.88 million).

Expenditure on VISITECT® CD4 reduced to £0.41 million (2020: £0.76 million) and was incurred on completing the WHO prequalification process, increasing the shelf-life of the product, validating reel-to-reel manufacturing and supporting further country registrations in Indonesia, Kenya, Nigeria, Tanzania and Zimbabwe.

In Health and Nutrition, we invested £0.47 million in the year (2020: £0.42 million) on our Food sensitivity products and services, with continued improvements in manufacturing yield of FoodPrint® slides, and the commencement of a project to provide a digital platform and an App for patients to easily view their test results to make empowered choices about their health.

New to the Group during the year was development expense incurred relating to the establishment of a COVID-19 product and service range. In addition, projects commenced relating to the early-stage development of lateral flow tests for tuberculosis and cryptococcus, which will be complementary to the VISITECT® CD4 test, and also an e-learning platform. These new projects incurred total costs of £0.57 million during the year.

A summary of the carrying value of capitalised development costs, after impairment of the allergy asset, is shown in the table below:

	2020 £	Incurred in year £	Amortised in year £	2021 £
VISITECT®				
CD4	4,430,087	257,994	(236,445)	<b>4,451,636</b>
Food	1,387,120	339,222	(69,355)	<b>1,656,987</b>
Other	55,011	330,899	—	<b>385,910</b>
<b>Total</b>	<b>5,872,218</b>	<b>928,115</b>	<b>(305,800)</b>	<b>6,494,533</b>

#### Property, plant and equipment

Total expenditure on property, plant and equipment in the year was £1.97 million (2020: £0.20 million). £1.84 million was incurred on the significant redevelopment and on automated manufacturing equipment required for the Alva facility to meet anticipated demand for the COVID-19 lateral flow test opportunities. At the Littleport facility, £0.13 million was incurred on manufacturing and laboratory equipment.

#### Impact of IFRS 16 - Leases

Following the adoption of IFRS 16, the Group has recognised total right-of-use assets relating to land and property, leasehold improvements and plant with a carrying value on the balance sheet of £1.80 million (2020: £1.73 million).

As at 31 March 2021, the outstanding liabilities in connection with leases recognised under IFRS 16 included short-term liabilities of £0.17 million (2020: £0.09 million) and long-term liabilities of £1.75 million (2020: £1.70 million).

#### Financing

The principal source of funding of £10.5 million (net) during the year came from the issue of new equity shares as follows:

- Placing of 19,950,000 new ordinary shares at 40p/share which raised gross proceeds of £7.98 million.
- Direct Subscription of 50,000 new ordinary shares at 40p/share which raised gross proceeds of £20,000.
- Open Offer of 7,531,100 new ordinary shares to Qualifying Shareholders on the basis of 1 new ordinary share for every 20 existing ordinary shares held which raised £3.01 million.
- Expenses of the fundraise were c. £0.5 million.

The Group also raised £0.85 million of subscription capital via the exercise of employee share options throughout the year.

As a result of the manufacturing agreement signed with the DHSC in February, the Group received £0.5 million of pre-production payments which can be offset against charges for product once supplies commence (see below). This sum has been included within current liabilities (trade and other payables) on the balance sheet at 31 March 2021.

The Group continues to have a strong relationship with the Bank of Scotland as principal bankers to the Group and, in June 2021 we agreed a further renewal of the overdraft facility of £2.0 million (2020: £2.0 million) until 30 June 2022, although it is not anticipated that this facility will be used during the renewal period.

**Events since the balance sheet date**

As noted above in the Financing section, the Group signed a manufacturing agreement with the DHSC in February. Since the year-end, the Group has received a further £2.0 million of pre-production payments from DHSC, meaning £2.5 million has been received in total. Receipt of these funds enabled the Group to undertake an accelerated refurbishment of its Alva facility in advance of manufacturing tests on behalf of the Government. The full amount received can be offset against charges for product to DHSC once supplies commence and the Group remains ready and willing to meet the requirements of the UK Government as soon as possible.

Regarding the disclosure relating to the insolvency of Omega Diagnostics GmbH in 2018, the administrator pursued his claim for repayment of €500,000 through the Lübeck Regional Court which resulted in an oral hearing on 12 April 2021. According to the case law of the Federal Court of Justice, repayments through an intercompany loan account made by Omega Diagnostics Group PLC to Omega Diagnostics GmbH between September 2017 and March 2018, totalling €400k, were not regarded as reparation to creditors because this amount had already been used by Omega Diagnostics GmbH before the application for insolvency was filed and therefore, such amount was no longer available to the creditors.

The court initially stated that repayment of €500k needed to be made but noted that the insolvency administrator as plaintiff had certain legal risks, especially in the enforcement of the claim and proposed a settlement to the parties. The final outcome of the settlement discussions between the parties is that Omega Diagnostics Group PLC has agreed to settle with the plaintiff with a payment €350k to be made on or before 31 July 2021. This outcome is in full and final settlement and, including court costs, means the settled position is expected to be below the provision of €500k within other payables on the balance sheet at 31 March 2021.

**Kieron Harbinson**  
**Group Finance Director**

# Consolidated Statement of Comprehensive Income

for the year ended 31 March 2021

	Note	2021 £	2020 £
<b>Continuing operations</b>			
Revenue	3	8,734,863	9,818,662
Cost of sales		(4,276,188)	(3,524,689)
<b>Gross profit</b>		<b>4,458,675</b>	<b>6,293,973</b>
Administration costs		(6,602,843)	(5,374,849)
Selling and marketing costs		(1,479,564)	(1,490,283)
Other income		301,817	257,930
<b>Operating loss before exceptional items</b>		<b>(3,321,915)</b>	<b>(313,229)</b>
Exceptional items		—	(7,732,532)
<b>Operating loss after exceptional items</b>		<b>(3,321,915)</b>	<b>(8,045,761)</b>
Finance costs	4	(218,085)	(251,807)
<b>Loss before taxation</b>		<b>(3,540,000)</b>	<b>(8,297,568)</b>
Tax credit	5	1,435,690	75
Tax credit – exceptional item	5	—	1,469,181
<b>Loss for the year</b>		<b>(2,104,310)</b>	<b>(6,828,312)</b>
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>			
Exchange differences on translation of foreign operations		(3,187)	(29,862)
Recycling of translation revenue on foreign operations		—	(78,493)
Tax credit		2,294	8,724
<b>Other comprehensive income for the year</b>		<b>(893)</b>	<b>(99,631)</b>
<b>Total comprehensive income for the year</b>		<b>(2,105,203)</b>	<b>(6,927,943)</b>
<b>Earnings per share (EPS)</b>			
Basic and diluted EPS on loss for the year	6	(1.2)p	(4.9p)

## Alternative Performance Measure - Adjusted Loss Before Taxation

for the year ended 31 March 2021

This is not a primary statement and the reported numbers are non-GAAP measures.

	Note	2021 £	2020 £
<b>Loss before taxation</b>		<b>(3,540,000)</b>	<b>(8,297,568)</b>
Exceptional items		—	7,732,532
Amortisation of intangible assets		119,607	115,271
Share-based payment charges		270,263	54,092
<b>Adjusted loss before taxation</b>		<b>(3,150,130)</b>	<b>(395,673)</b>
<b>Earnings per share (EPS)</b>			
Adjusted EPS on loss for the year	6	(1.0)p	(0.2p)

Adjusted 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 and share-based payment charges.

# Consolidated Balance Sheet

as at 31 March 2021

	2021	2020
	£	£
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangibles	10,181,587	9,676,669
Property, plant and equipment	3,077,850	1,432,042
Right of use assets	1,801,325	1,731,827
Deferred taxation	3,688,392	1,538,443
<b>Total non-current assets</b>	<b>18,749,154</b>	<b>14,378,981</b>
<b>Current assets</b>		
Inventories	2,237,787	1,169,115
Trade and other receivables	4,175,208	3,287,702
Cash and cash equivalents	5,827,306	—
<b>Total current assets</b>	<b>12,240,301</b>	<b>4,456,817</b>
<b>Total assets</b>	<b>30,989,455</b>	<b>18,835,798</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	33,315,797	22,010,384
Retained earnings	(9,600,371)	(8,364,109)
Other reserves	(41,137)	(37,950)
<b>Total equity</b>	<b>23,674,289</b>	<b>13,608,325</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	711,896	131,487
Lease liabilities	1,752,065	1,703,570
Deferred taxation	1,153,362	898,734
Deferred income	147,277	155,495
<b>Total non-current liabilities</b>	<b>3,764,600</b>	<b>2,889,286</b>
<b>Current liabilities</b>		
Short-term borrowings	205,704	85,678
Lease liabilities	172,646	87,018
Bank overdraft	—	565,166
Trade and other payables	3,172,216	1,600,325
<b>Total current liabilities</b>	<b>3,550,566</b>	<b>2,338,187</b>
<b>Total liabilities</b>	<b>7,315,166</b>	<b>5,227,473</b>
<b>Total equity and liabilities</b>	<b>30,989,455</b>	<b>18,835,798</b>

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

	Issued capital £	Retained earnings £	Translation reserve £	Total £
<b>Balance at 31 March 2019</b>	19,797,343	(1,677,106)	70,405	18,190,642
Loss for year ended 31 March 2020	—	(6,828,312)	—	(6,828,312)
Other comprehensive income – net exchange adjustments	—	—	(29,862)	(29,862)
Other comprehensive income – net exchange adjustments recycled	—	78,493	(78,493)	—
Other comprehensive income – tax charge	—	8,724	—	8,724
Total comprehensive income for the year	—	(6,741,095)	(108,355)	(6,849,450)
Issue of share capital for cash consideration	2,343,395	—	—	2,343,395
Expenses in connection with share issue	(130,354)	—	—	(130,354)
Share-based payments	—	54,092	—	54,092
<b>Balance at 31 March 2020</b>	22,010,384	(8,364,109)	(37,950)	13,608,325
Loss for year ended 31 March 2021	—	(2,104,310)	—	(2,104,310)
Other comprehensive income – net exchange adjustments	—	—	(3,187)	(3,187)
Other comprehensive income – tax credit	—	2,294	—	2,294
Total comprehensive income for the year	—	(2,102,016)	(3,187)	(2,105,203)
Issue of share capital for cash consideration	11,856,381	—	—	11,856,381
Expenses in connection with share issue	(550,968)	—	—	(550,968)
Share-based payments	—	270,263	—	270,263
Deferred tax credit related to share based payments	—	595,491	—	595,491
<b>Balance at 31 March 2021</b>	<b>33,315,797</b>	<b>(9,600,371)</b>	<b>(41,137)</b>	<b>23,674,289</b>

# Consolidated Cash Flow Statement

for the year ended 31 March 2021

	Note	2021 £	2020 £
<b>Cash flows generated from operations</b>			
Loss for the year		(2,104,310)	(6,828,312)
Adjustments for:			
Exceptional item – impairment		—	7,732,532
Taxation		(1,435,690)	(75)
Taxation – exceptional item		—	(1,469,181)
Finance costs	4	218,085	251,807
Operating loss before working capital movement		(3,321,915)	(313,229)
Increase in trade and other receivables		(887,506)	(798,313)
Increase in inventories		(1,068,672)	(168,415)
Increase in trade and other payables		1,571,898	138,351
Gain on sale of property, plant and equipment		—	3,672
Depreciation		460,996	473,185
Amortisation of intangible assets		425,407	678,939
Movement in grants		(8,218)	306,391
Share-based payments		270,263	54,092
Taxation received		138,158	172,934
<b>Cash flow from operating activities</b>		<b>(2,419,589)</b>	<b>547,607</b>
<b>Investing activities</b>			
Finance income		—	—
Purchase of property, plant and equipment		(1,964,816)	(201,584)
Purchase of intangible assets		(859,834)	(1,952,259)
<b>Net cash used in investing activities</b>		<b>(2,824,650)</b>	<b>(2,153,843)</b>
<b>Financing activities</b>			
Finance costs	4	(218,085)	(251,807)
Proceeds from issue of share capital		11,856,381	2,343,395
Expenses in connection with share issue		(550,968)	(130,353)
New asset finance arrangements		796,305	150,000
Repayment of overdraft facility		(565,166)	(179,542)
Lease and asset finance repayments		(244,449)	(295,643)
<b>Net cash from financing activities</b>		<b>11,074,018</b>	<b>1,636,050</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,829,779</b>	<b>29,814</b>
Effects of exchange rate movements		(2,473)	(29,814)
Cash and cash equivalents at beginning of year		—	—
<b>Cash and cash equivalents at end of year</b>		<b>5,827,306</b>	<b>—</b>

## Notes to the Preliminary Announcement

for the year ended 31 March 2021

### 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 2021 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 12 July 2021 and are audited with an unqualified opinion. The comparative consolidated financial information for the year ended 31 March 2020 is based on an abridged version of the Group's published financial statements for that year, which contained an unqualified audit report. A copy of the 2020 financial statements has been filed with the Registrar of Companies.

The statutory accounts for 2021 will be delivered to the registrar of companies in due course.

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

#### *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*

These financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the payment of liabilities in the ordinary course of business. The Group realised a loss of £2.10 million for the year ended 31 March 2021 (2020: loss of £6.83 million). As at 31 March 2021, the Group had net current assets of £8.7 million and an overdraft facility of £2.0 million, of which, £2 million was undrawn.

In June 2020, the Group successfully raised additional equity funds through a placing and open offer from existing and new institutional and retail shareholders which raised £10.5 million net of expenses. The Group also raised £0.85 million of subscription capital via the exercise of employee share options throughout the year. Finally, as a result of the manufacturing agreement signed with the DHSC in February 2021, the Group received £0.5 million of pre-production payments in February and a further £2.0 million of pre-production payments in April 2021. The directors have also prepared updated forecasts to 31 July 2022 and have undertaken additional sensitivity analysis. This sensitivity includes a scenario of:

- reducing the Company's revenues from its Health and Nutrition business to a 10% increase over the £6.8 achieved in the year ending 31 March 2021. This growth rate is aligned to the long-term CAGR which has been achieved over the period from 2009 until 2021.
- reducing the Company's revenues from its VISITECT® CD4 business by eliminating the sales of the '350' test to Nigeria and reducing the Advanced Disease volumes by 15% compared to the base case forecast. The percentage reduction selected is based on the fact that the VISITECT® CD4 Advanced Disease test is acknowledged as the world's only instrument-free CD4 test in the market which meets a significant unmet clinical need; and
- reducing expected levels of revenue from DHSC for manufacturing COVID-19 lateral flow antigen tests on their behalf to zero and reducing volumes from other commercial routes by 75% compared to the base case forecast.

In preparing these forecasts, the Directors included certain cost mitigation measures based mainly on eliminating any new headcount and a reduction in certain marketing/promotional spend in line with the reduced sales. The downside forecast does not take account of any additional expenditure reductions that could be made as needed. As a result of the Group's current cash reserves, the existing overdraft facility of £2 million, which has recently been renewed until 30 June 2022, is not envisaged to be required and has not been relied upon in the Group's base case or sensitised forecasts.

The directors have considered the principal risks and uncertainties the Group faces taking account of the coronavirus pandemic. While the impact of the pandemic in terms of length, severity and disruption to business is not possible to forecast, it also represents an ongoing opportunity for the business. The Group balance sheet remains strong and the Directors remain comfortable that the Group can survive significant reductions in base case forecasted revenue for at least the period through to 31 July 2022.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue to exist for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing its consolidated financial statements.



## 2. Segment information

2021	Health & Nutrition £	Global Health £	Corporate £	Total £
Statutory presentation				
Revenue	6,937,059	1,975,004	—	8,912,063
Inter-segment revenue	(121,190)	(56,010)	—	(177,200)
Total revenue	6,815,869	1,918,994	—	8,734,863
Cost of sales	(2,820,100)	(1,456,088)	—	(4,276,188)
Gross profit	3,995,769	462,906	—	4,458,675
Operating costs	(3,090,475)	(3,316,169)	(1,373,946)	(7,780,590)
Operating profit/(loss) before exceptional items	905,294	(2,853,263)	(1,373,946)	(3,321,915)
Share-based payment charges	71,561	67,477	131,225	270,263
Depreciation	178,977	282,019	—	460,996
Amortisation	178,248	247,159	—	425,407
<b>EBITDA</b>	<b>1,334,080</b>	<b>(2,256,608)</b>	<b>(1,242,721)</b>	<b>(2,165,249)</b>
Share-based payment charges	(71,561)	(67,477)	(131,225)	(270,263)
Exceptional items	—	—	—	—
Depreciation	(178,977)	(282,019)	—	(460,996)
Amortisation	(178,248)	(247,159)	—	(425,407)
Net finance costs	(49,993)	(140,140)	(27,952)	(218,085)
Profit/(loss) before tax	855,301	(2,993,403)	(1,401,898)	(3,540,000)
Exceptional items	—	—	—	—
Share-based payment charges	71,561	67,477	131,225	270,263
Amortisation	108,892	10,715	—	119,607
<b>Adjusted profit/(loss) before tax</b>	<b>1,035,754</b>	<b>(2,915,211)</b>	<b>(1,270,673)</b>	<b>(3,150,130)</b>

2020	Health & Nutrition £	Global Health £	Corporate £	Total £
Statutory presentation				
Revenue	9,406,977	711,297	—	10,118,274
Inter-segment revenue	(236,113)	(63,499)	—	(299,612)
Total revenue	9,170,864	647,798	—	9,818,662
Cost of sales	(2,921,257)	(603,432)	—	(3,524,689)
Gross profit	6,249,607	44,366	—	6,293,973
Operating costs	(2,690,571)	(2,799,972)	(1,116,659)	(6,607,202)
Operating profit/(loss) before exceptional items	3,559,036	(2,755,606)	(1,116,659)	(313,229)
Share-based payment charges	—	—	54,092	54,092
Depreciation	249,657	223,528	—	473,185
Amortisation	100,802	578,157	—	678,959
<b>EBITDA</b>	<b>3,909,495</b>	<b>(1,953,921)</b>	<b>(1,062,567)</b>	<b>893,007</b>
Share-based payment charges	—	—	(54,092)	(54,092)
Exceptional items	—	(7,732,532)	—	(7,732,532)
Depreciation	(249,657)	(223,528)	—	(473,185)
Amortisation	(100,802)	(578,157)	—	(678,959)
Net finance costs	(15,602)	(145,416)	(90,789)	(251,807)
Profit/(loss) before tax	3,543,434	(10,633,554)	(1,207,448)	(8,297,568)
Exceptional items	—	7,732,532	—	7,732,532
Share-based payment charges	—	—	54,092	54,092
Amortisation	100,782	14,489	—	115,271
<b>Adjusted profit/(loss) before tax</b>	<b>3,644,216</b>	<b>(2,886,533)</b>	<b>(1,153,356)</b>	<b>(395,673)</b>

### 3. Revenues

	2021 £	2020 £
UK	1,977,249	558,431
Rest of Europe	1,845,938	2,764,400
North America	940,400	1,766,301
South/Central America	268,688	406,707
India	401,441	722,287
Asia and the Far East	2,612,365	2,629,771
Africa and the Middle East	688,782	970,765
	<b>8,734,863</b>	<b>9,818,662</b>

### 4. Finance costs

	2021 £	2020 £
Interest payable on bank overdraft	28,946	93,271
Interest payable on right of use asset lease liabilities	175,694	148,819
Interest on hire purchase and asset finance arrangements	13,445	9,717
	<b>218,085</b>	<b>251,807</b>

### 5. Taxation

	2021 £	2020 £
<b>Tax credited/(charged) in the income statement</b>		
Current tax – prior year adjustment	138,158	172,934
Deferred tax – current year	1,578,989	1,512,850
Deferred tax – prior year adjustment	(281,457)	(216,528)
	<b>1,435,690</b>	<b>1,469,256</b>

Included in the tax credit for 2020 are both a tax charge relating to ordinary activities and a tax credit relating to exceptional items.

	2021 £	2020 £
<b>Reconciliation of total tax (credit)/charge</b>		
Factors affecting the tax (credit)/charge for the year:		
<b>Loss before tax</b>	<b>(3,540,000)</b>	<b>(8,297,567)</b>
<b>Effective rate of taxation</b>	<b>19%</b>	<b>19%</b>
Loss before tax multiplied by the effective rate of tax	<b>(672,600)</b>	<b>(1,576,538)</b>
Effects of:		
Expenses not deductible for tax purposes and permanent differences	59,174	19,765
Exercised employee share option gains deductible for tax purposes -income tax	(495,232)	—
Notional gains on unexercised employee share option gains deductible in future years- deferred tax	<b>(368,726)</b>	—
Research and development and deferred tax credits	<b>(97,618)</b>	(110,574)
Provision released relating to India operation	—	(3,107)
Tax underprovided	143,298	5,527
Exceptional items (relating to closed German and India operations)	—	38,691
Adjustment due to different overseas tax rate	<b>(3,986)</b>	16,244
Impact of UK rate change on deferred tax	—	140,736
<b>Tax credit for the year</b>	<b>(1,435,690)</b>	<b>(1,469,256)</b>

## 6. Earnings per share

Basic earnings per share are calculated by dividing net 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 net 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.

	2021 £	2020 £
Loss attributable to equity holders of the Group	<b>(2,104,310)</b>	(6,828,312)

	2021 Number	2020 Number
Basic average number of shares	<b>171,688,730</b>	140,296,603
Share options	<b>5,415,449</b>	45,023
<b>Diluted weighted average number of shares</b>	<b>177,104,179</b>	140,341,626

### ***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.

	2021 £	2020 £
Adjusted loss before taxation	<b>(3,150,130)</b>	(395,673)
Tax credit	<b>1,435,690</b>	75
<b>Adjusted loss attributable to equity holders of the Group</b>	<b>(1,714,440)</b>	(395,598)