Building for the Future

Cambridge Nutritional Sciences

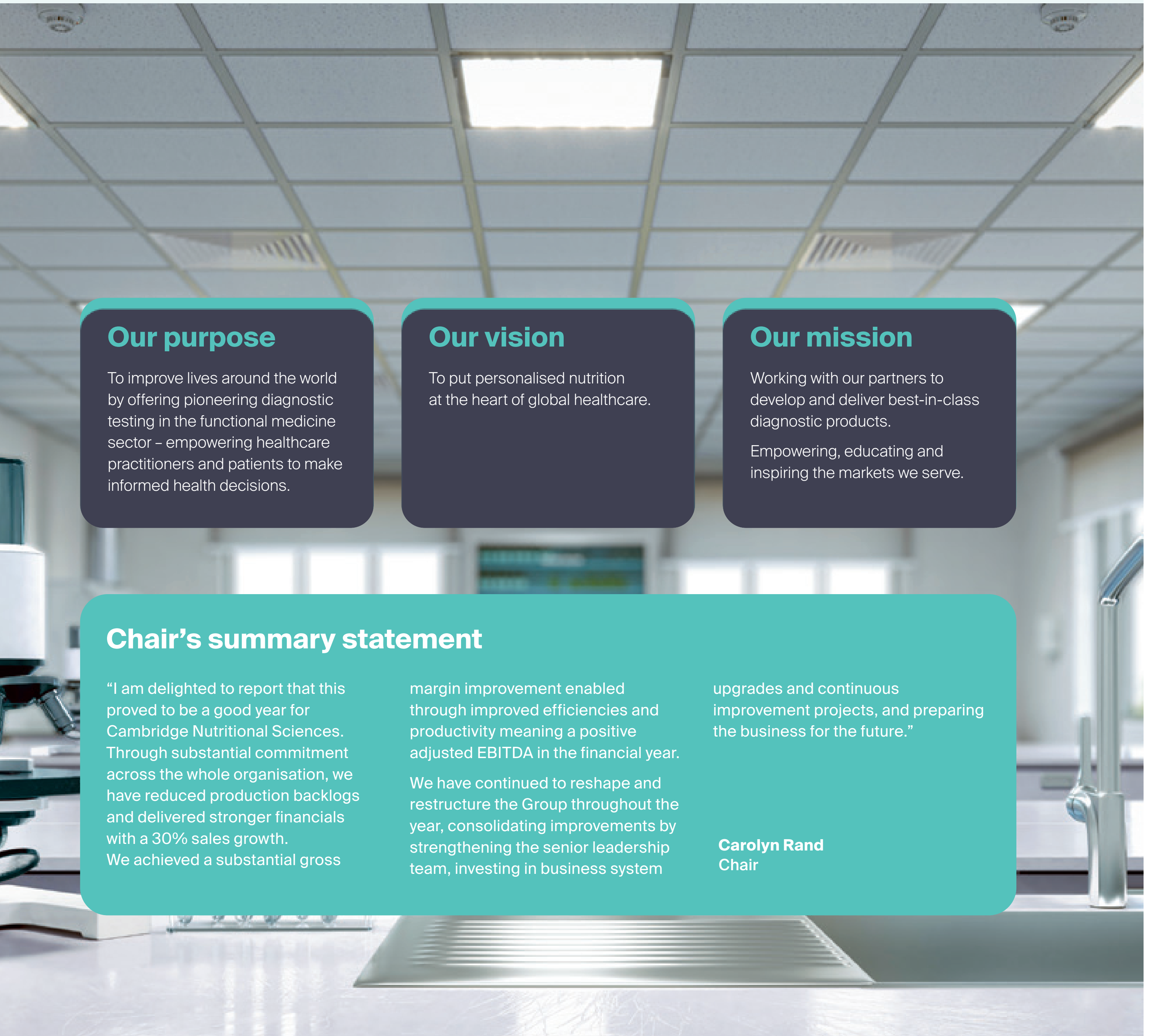
2024

Annual Report and Group Financial Statements

Informing decisions
Improving health

Cambridge Nutritional Sciences promotes a personalised approach to health, specialising in a range of tests associated with food sensitivity and gut 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 wellbeing.



Our purpose

To improve lives around the world by offering pioneering diagnostic testing in the functional medicine sector – empowering healthcare practitioners and patients to make informed health decisions.

Our vision

To put personalised nutrition at the heart of global healthcare.

Our mission

Working with our partners to develop and deliver best-in-class diagnostic products.

Empowering, educating and inspiring the markets we serve.

Chair’s summary statement

“I am delighted to report that this proved to be a good year for Cambridge Nutritional Sciences. Through substantial commitment across the whole organisation, we have reduced production backlogs and delivered stronger financials with a 30% sales growth.
We achieved a substantial gross margin improvement enabled through improved efficiencies and productivity meaning a positive adjusted EBITDA in the financial year.

We have continued to reshape and restructure the Group throughout the year, consolidating improvements by strengthening the senior leadership team, investing in business system upgrades and continuous improvement projects, and preparing the business for the future.”

Carolyn Rand
Chair

Operational highlights

- CNSLab productivity improvements have increased capacity and halving guaranteed turnaround times to customers
- Improvements in FoodPrint® production processes have increased maximum output of tests by 11%
- Improved production yields have led to a reduction in scrap by 27%
- Investment in automation to further improve productivity and reduce production costs
- UK lab sales increased by 58%, driven by increased consumer demand through white-label partnerships
- UK deployment of MyHealthTracker digital app to practitioner base
- New plc name established to reflect the Group's focus on personalised nutrition
- Well-funded to drive future growth

Financial highlights

Revenues for continuing operations

£9.8m (+30%)

(2023: £7.5m)

Gross margin improved to

61.9%

(2023: 47.0%)

Adjusted EBITDA*

£0.2m

(2023: Adjusted EBITDA loss of £2.0m)

Operating loss of

£0.8m

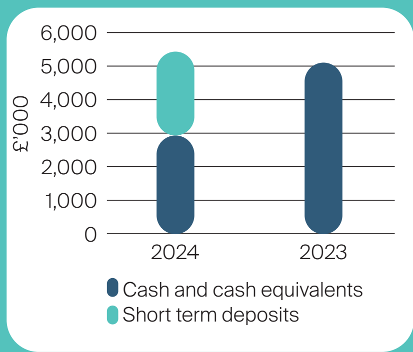
(2023: £3.2m)

Stated after net exceptional costs of £0.2m (2023: £0.5m)

Cash and deposits

£5.4m

(2023: £5.1m)



All references to financial performance and associated comparative data in the report relate to continuing operations

* Adjusted for exceptional items and share-based payment charges; see Chief Executive and Financial Review section

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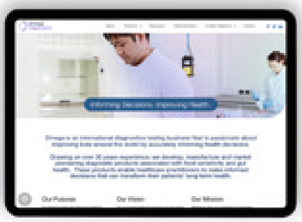

Find up-to-date information at
www.cnsplc.com

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At a glance

Delivering personalised nutrition for better health

Cambridge Nutritional Sciences believes in promoting a more personalised approach to health.

As pioneers in the manufacture and supply of food sensitivity test kits, our products identify food reactions that may be contributing to health issues. With this insight, healthcare professionals can accurately identify dietary and lifestyle changes that could significantly improve long-term health and wellbeing.

We are focused on building a strong foundation for future growth in the functional medicine testing sector with investments in improved systems, processes and people.

Over the year, we have delivered margin improvements driven by process and efficiency improvements and strong UK laboratory sales through our CNSLab.

Global functional medicine testing market is estimated at

US$5.6bn

by 2025, growing at a CAGR 10%

Reference source: Industry ARC Functional Medicine Lab Testing Market – forecast (2013–2028)

Testing for food sensitivities

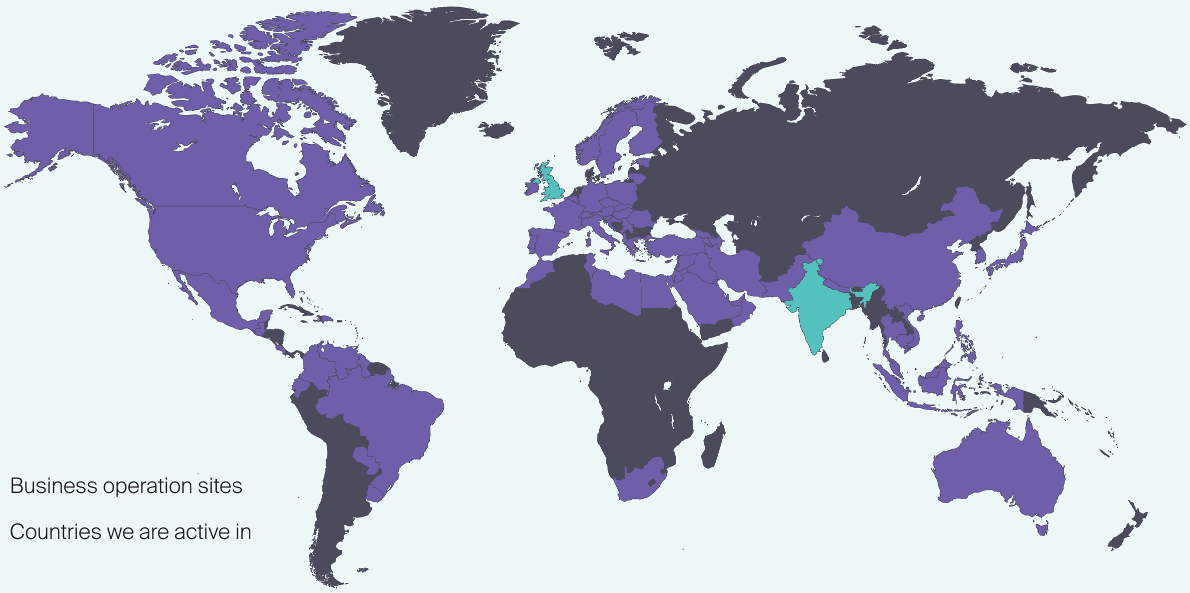
Food sensitivity is a delayed-onset immune reaction to certain foods. Often the foods we regularly include in our diet or the foods we crave may be the ones causing us a problem. Poor gut health appears to be a factor in the development of food sensitivities.

Research has shown that food sensitivity can be linked to IgG antibodies produced when these "problem" foods are eaten. Normally these antibodies do not have any ill effects, but if the immune or digestive system is not working optimally, their presence may provoke a wide range of symptoms and impact on health and wellbeing.

There is some debate in the scientific community in respect of the terminology used to describe IgG-mediated food specific antibody testing. There is currently no clear international consensus, with definitions including type III IgG-mediated food allergy, IgG food intolerance and IgG food sensitivity, amongst others.

This confusion permeates from healthcare practitioners through to their patients. Our tests should not be confused with IgE allergy panels for food allergy, or diagnostics to identify enzyme deficiency food intolerances, such as lactose intolerance. While IgE antibodies are responsible for acute allergic reactions, IgG-mediated manifestations take much longer to develop.

Using a few drops of blood, our diagnostic technologies can quickly identify an individual's unique food sensitivity reactions, allowing healthcare practitioners and patients to adjust and plan a new diet and address IgG-mediated food sensitivities.



Business operation sites

Countries we are active in

Why test for food sensitivities?

Scientific studies have associated elevated levels of food IgG antibodies with increased intestinal permeability and disruption to the gut barrier wall in some chronic conditions such as IBS and migraine.

The development of food IgG antibodies promotes an inflammatory immune response which can result in the presentation of symptoms such as bloating, nausea, diarrhoea or constipation, headaches and fatigue.

The efficacy of a diet based upon IgG food sensitivity testing has been demonstrated in a number of conditions, both in independent studies and clinical practice. Excellent results in terms of symptom improvement and quality of life scores have been obtained, particularly in patients with migraine, IBS and obesity.

Pioneers and global leaders in food sensitivity testing

With a global customer base across more than 75 countries, our products are trusted by more than 170 laboratories worldwide.

Our market

Food sensitivity testing is widely used in functional, integrative, naturopathic and nutritional medicine, with increasing numbers of clinicians recognising its clinical utility and the role it can play in the management of health and wellness. The consumer healthcare market is an increasingly important market as consumers become more comfortable with at-home testing and are motivated to take control of their health and wellbeing.

Experts in personalised nutrition and wellness sector

Scientific heritage
30+
years in the industry

A global presence
75+
countries

Trusted by
170+
labs worldwide

It is now acknowledged that a "one-size-fits-all" approach to diet and health no longer works as genes, biochemistry and gut microbiome are unique to each one of us. A more personalised approach to nutrition and health, based on lifestyle, nutrition, genetics and microbiome profile, is required to meet the challenges of managing chronic illness in future.

Our brands:

FoodPrint®

- Using microarray-based ELISA technology, FoodPrint® analyses IgG antibody response to over 200 foods from a few drops of blood.

Food Detective® PROFESSIONAL

- Professional use test for near-patient testing with rapid results in just 40 minutes.
- Analyses IgG antibody response to 59 commonly consumed foods.

CNSLab

- Our UK lab is the practitioner's choice for food sensitivity testing in the functional/integrative medicine sector. Our CE-marked tests, suitable for home testing, provide both convenience and accuracy.

My Health Tracker

- An innovative health app for effortlessly tracking symptoms, accessing FoodPrint® results and managing gut health designed for both practitioners and patients.

Customer base

Personalised health and wellness | Functional and integrative medicine

- Government and private hospitals/ clinics
- Reference laboratories
- Nutritionists
- Naturopaths
- Functional medicine healthcare practitioners

Our tests are typically used where there are chronic long-term inflammatory conditions that are linked to poor gut health or by healthcare consumers wishing to maintain health and wellness.

Personalised health and wellbeing market

Global functional medicine testing market

Estimated at **$5.6bn** by 2025

With YoY growth up to **10%**

Reference: Industry ARC Functional Medicine Lab Testing Market – forecast (2023 – 2028)

Increased user confidence in at-home testing

77% would test at home

60% would pay for tests not available on the NHS

Reference: The Patients Association 2024

UK market for free-from foods

Estimated at **£3.17bn**

With YoY growth up to **1.5%**

Reference: Kantar World Panel 2022

Consumers prioritising health and wellness

A McKinsey survey of **7,500** consumers

conducted in **6 countries** concluded that:

79% of respondents stated that they were aware of the importance of optimal gut health to their overall wellbeing

Key market drivers

Increasing scientific evidence emerging of the influence of the gut microbiome in respect of chronic illnesses

80% of immune cells reside in the gut

95% of serotonin is produced within the gut which affects mood

100m nerve endings linking the gut and the brain

40% suffer with gut-related problems such as IBS

Reference: Journal of Gastroenterology 2020

Increased awareness of the effect foods have on health

Up to 13% of global population report symptoms following gluten consumption

Gluten free market set to increase 133% by 2032 to $14 billion and plant milk sales increasing to $34 billion by 2032

Reference: Kantar World Panel 2022

Building for the future

Carolyn Rand
Chair

Results overview

- 30% growth in sales to £9.8 million (2023: £7.5 million)
- Gross margins improved to 61.9% (2023: 47.0%)
- Adjusted EBITDA of £0.2 million (2023: Adjusted EBITDA loss of £2.0 million)
- Cash and deposits of £5.4 million (2023: £5.1 million)
- Improvements in FoodPrint® production processes have increased maximum output of tests by 11%

People and knowledge

As pioneers for over 30 years in IgG antibody testing for food sensitivities, we lead the market in terms of our scientific education programme, and technical and product support.

Our highly qualified and specialist teams include scientists with the capability to develop novel immunoassays alongside nutrition experts who understand our core customer base. Our skilled operational and support staff manufacture and commercialise our products in key markets.

Business performance

Sales increased to £9.8 million (2023: £7.5 million) following organic growth in our main product lines, FoodPrint® and CNSLab, with contribution from the higher-than-normal brought forward order book. The improved gross margin of 61.9% (2023: 47.0%) came from a sales mix of high margin FoodPrint® products, reduced scrap costs and development in our continuous improvement programme. This is an ongoing process, and we will be investing further throughout the next financial year in systems and processes to ensure our products can deliver a profitable contribution in the future.

New machinery, including component labelling and flow packaging, was installed to improve our base product and save production hours. This will help maintain our gross profit margin in the future.

The combination of increased revenue, improved gross margin, and operational control resulted in the Group returning to a positive adjusted EBITDA of £0.2 million (2023: loss of £2.0 million). Cash and deposits were £5.4 million (2023: £5.1 million), allowing us to invest in continuous improvement throughout the Group.

Over the period we have remained focused on our main market segments and have deepened our relationships with existing channels, improving revenue. Our long-term customer relationships are built on trust, education, and support. Our practitioner educational programme underpins the commercialisation of our products by empowering customers to develop skills and knowledge of the products and their clinical utility. The provision of technical, marketing and patient resources through our distributor portal provides a solid foundation for our customers to promote our product lines in their market.

We believe in recognising the hard work that our business partners and practitioners put into promoting our products in their markets and have recently created "UK Practitioner of the Year" and "Business Partner of the Year" awards to show our appreciation of their efforts.

Organisation

Following the transition into an organisation focused on delivering a personalised approach nutrition for better health, a name for the plc was established to reflect the groups strategic objectives. We have made a number of key appointments to strengthen and enhance the knowledge capital of the Group's leadership team. This delivers both cultural changes and upskilling of the Group to maintain and build on our leading position and drive growth.

This included the hire of James Cooper, Chief Operating Officer, who joined the organisation in January 2024. James has been integral to the successful continuous improvement programme, examples of which are included in the Operational Strategy Report on page 16. In addition to this, James has been leading a team to redesign and improve our blood sample collection pack to be more environmentally friendly and give a better user experience.

Chris Lea, Chief Financial Officer, left the organisation in August 2023. Simon Douglas, Chair, serving the Board for three years, stepped down in April 2024. During their time in office, they were instrumental in the successful sale of both the Alva site and the CD4 business, including moving the head office from Alva in Scotland to Cambridgeshire. The disposals were key in refocusing the business on food sensitivity testing and ensuring it has sufficient resources to drive Cambridge Nutritional Sciences (CNS) forward.

I would like to thank both Chris Lea and Simon Douglas for all their efforts during their time in office.

During the year the headcount has reduced to 91 (2023: 97) through a managed programme of efficiency and productivity improvement. The headcount will continue to be managed carefully and will include increases in sales and marketing partially offset by further efficiency improvements across other areas of the Group. The investment in sales and marketing aligns with the Group's long-term growth strategy.

DHSC dispute

We remain in a dispute with the Department of Health and Social Care (DHSC) regarding an alleged obligation to repay DHSC a £2.5 million pre-production payment under a historical contract to manufacture COVID-19 lateral flow tests.

As previously notified, having taken legal advice we do not consider that we are required to repay this pre-production payment. We are also considering claims against DHSC for additional losses that we have suffered as a result of DHSC's conduct pursuant to the contract. We are continuing to explore potential ways to resolve this dispute without the need for legal proceedings.

Outlook

We are targeting strategic growth though new market segments and geographies, while embracing digital technologies to support our customers. We are establishing several new relationships with lab partners in the EU, which we expect to profit from in the future. Sales cycles for much of our business are typically lengthy, so these activities may not have an immediate impact but will result in significant growth potential in the mid-term.

After an extensive validation process to gain regulatory approval, our first US partner laboratory is now in a position to market FoodPrint® under its own branding.

"I am delighted to report that this proved to be a good year for Cambridge Nutritional Sciences. Through substantial commitment across the whole organisation, we have reduced production backlogs and delivered stronger financials with a 30% sales growth. We achieved a substantial gross margin improvement enabled through improved efficiencies and productivity meaning a positive adjusted EBITDA in the financial year.

We have continued to reshape and restructure the Group throughout the year, consolidating improvements by strengthening the senior leadership team, investing in business system upgrades and continuous improvement projects, and preparing the business for the future."

We are delighted that gross margin has recovered to 61.9% (2023: 47.0%). Using our continuous improvement process we expect to maintain this result going forward.

Our operational costs next year are budgeted to stay broadly in line with this year, with cost savings in manufacturing being reinvested in sales growth areas.

Our strong cash and deposits position will allow us to further develop our production capabilities and invest in new technology, plant and packaging. Amongst other initiatives, we will be updating and producing a more environmentally friendly sample collection pack, implementing a new eQMS and installing a wireless temperature monitoring system. In the year ahead, we are looking to further develop the MyHealthTracker app and extend its reach, which in turn will help our customers personalise their diet to promote optimal health. This is another step towards our goal of improved patient care through a more personalised approach to health and wellbeing. It will empower people to become more proactive about managing their health.

We are further investing in the design of our products to maintain compliance with the new EU In Vitro Diagnostic Regulations (IVDR) which will replace the current In Vitro Diagnostic Directive (IVDD). The new IVDR requirements are expected to be implemented from 2029. Having an IVDR compliant product will ensure the long-term future of European sales and establish the product as best in class which should accelerate and broaden our future market opportunities across Europe and beyond.

Whilst we remain focused on building a pipeline to deliver strong organic growth opportunities, we will consider carefully any potential opportunities that may be served by market consolidations.

I would like to thank all our staff for their commitment and dedication for continuing to deliver both products and services throughout the year. To our shareholders, both new and old, we thank them for their commitment and patience as we further re-focus the Group and look forward to further progress in the years ahead.

Carolyn Rand.

Carolyn Rand
Chair
24 July 2024

Strong partnerships

Forging lasting relationships

Our close relationships with global partners are a key factor in our commercial success.

Our sales and scientific marketing teams support our business partners to commercialise and develop their own businesses using our products whilst helping build a thriving market for food sensitivity testing.

Collaboration is one of our core values and we have developed partnerships with global key opinion leaders in the functional/nutritional medicine sector for our educational programme. These high-profile speakers drive practitioner engagement and help position the Company as a global thought leader in personalised, evidence-based nutritional medicine.

Image: Naaznin Husein, RD, National Executive Committee member of the Indian Dietetic Association and Nutritional Adviser to the Indian Navy, presented on "Dietary guidelines in food sensitivity testing" at the Food Intolerance & Digestive Health Symposium in Dubai, October 2023

Business Partner of the Year 2024

Rustom Medical Est, based in the Kingdom of Saudi Arabia, has achieved significant growth over the last three years and has been awarded Business Partner of the Year 2024.

With an experienced and knowledgeable team comprising product, nutrition and technical specialists, the company is well positioned to support our products with lab and practitioner customers in the Kingdom.

The Rustom team has invested significantly in supporting high volume lab partners with the automated liquid handling solution for our FoodPrint® test, and there are now four laboratories using the Dynex DS2 to process samples.

Rustom developed an Arabic/English website supported by the CNS nutrition team, aligned with informative social media campaigns to build practitioner and end user awareness as to the health benefits of food sensitivity testing and drive demand for the tests.

Creation of marketing and patient support materials in Arabic underpins the support offered to practitioners and their patients in identifying unique food sensitivities and creating personalised diets based on the results. Other marketing activities are focused around regular contact with healthcare practitioners through networking, lectures, conferences and the CNS practitioner webinar programme to reinforce awareness of the clinical utility of food sensitivity testing in clinical practice.

"I am delighted to accept the award for CNS Business Partner of the Year 2024 on behalf of the Rustom Medical team. It is a great honour and we are very proud of our association with Cambridge Nutritional Sciences and to represent its excellent products in Saudi Arabia."

Majdi Khalil
Country/General Manager of Rustom Medical Est.

"We endeavour to work with business partners that not only successfully import and distribute our products but also support the market and drive greater awareness of food sensitivity testing. The Rustom Medical team has demonstrated this very well and I am very pleased to be awarding it the title of CNS Business Partner of the Year 2024."

Jag Grewal
Chief Executive Officer

CNSLab UK Practitioner of the Year 2024

Sarah Hagen, CNSLab UK Practitioner of the Year 2024, has been partnering with CNSLab over the last decade whilst she built her thriving nutrition practice and health food shop.

Sarah started working with Food Detective® in her clinic and uses both this test and FoodPrint® with clients. Working with more than 50 clients per month, Sarah believes that food sensitivity testing is a vital part of her clinical practice. She feels the most effective way of working with a client is to firstly do a food sensitivity test and work from there. This approach has been successful in helping individuals with conditions from IBS to skin issues and everything in between.

"Identifying food sensitivities and making appropriate dietary changes whilst working on healing the gut makes the biggest difference for an individual's health overall.

I trust CNSLab and find the results are consistent. Recently, I was persuaded to use another lab by someone I knew. Its testing was not as accurate and caused me a big problem with clients and I was concerned about my reputation as a Nutritionist. The reports I received from this new test showed different results from those I would have expected based on client symptoms and my own long experience of using food sensitivity tests in clinical practice. I retested my clients using FoodPrint® at my own expense in order to ensure my clients were making the correct dietary changes to improve their symptoms and overall health. This has proven to me how accurate CNSLab and FoodPrint® testing is."

Sarah Hagen
Nutritionist

"Sarah is a great example of how a practitioner can build a thriving nutritional practice around food sensitivity testing, and I am delighted to be awarding her the title of CNSLab UK Practitioner of the Year 2024."

Jag Grewal
Chief Executive Officer

Building for the future

Jag Grewal
Chief Executive Officer

"The Group offers products to test for food sensitivity, a condition where there is a delayed adverse physiological response to particular foods, as opposed to an allergic reaction to food."

Introduction

The Group now solely operates in the consumer healthcare segment of personalised nutrition with a focus on food sensitivity testing. It is increasingly being recognised how important gut health is to overall health and wellbeing and how poor nutrition links to the development of chronic inflammatory disease. Targeted diagnostics are essential in assisting healthcare professionals to identify the causes of poor gut health and planning therapeutic protocols for their patients.

In the past year we have developed the Group's new segment focus. Along the way, we have installed new functions such as HR, finance and regulatory affairs and we are substantially developing our systems and processes to match the new business structure. We now have a very clear vision and mission, to promote a personalised and functional approach to health.

In the financial year we delivered a strong set of results with revenue growth, profitability and cash generation. There are still more improvements that can be made in order to build a solid foundation for future growth, but we have identified, and are already working on, what we need to do as a team to deliver this and have already made great strides towards this goal.

Core business review

The Group manufactures and markets products to identify food sensitivity, characterised by a delayed adverse physiological response to particular foods, as opposed to an allergic reaction to food.

Personalised nutrition and associated testing such as food sensitivity is still a novel area of medicine and gut health. Though there is tremendous interest in the role this plays in wellness and chronic disease, our scientific and marketing team continues to focus on increasing awareness to drive demand for our tests either to our own laboratory or at our partners around the world. The team works tirelessly to educate our consumers and drive awareness of nutritional therapy through our Health and Nutrition Academy webinars. These webinars have focused on the use of our testing in naturopathic practice, functional medicine and sports nutrition as well as demonstrating the clinical utility of our products in relation to gut health, skin health and neurological and cognitive conditions. We also partner with relevant professional bodies and key opinion leaders in the field of gut health which continues to reinforce our position as a leader in the market.

In March 2023, CNS launched MyHealthTracker, a health and wellbeing tool designed to be used alongside a trained healthcare professional, allowing the patient to receive laboratory test results direct to their smartphone and helping the patient make personalised changes to their diet for optimal health. Access is by invitation only from an approved healthcare professional, with its main goal being to elevate patient care by way of a more personalised approach to health and wellbeing. Over the past year, the digital platform was rolled out in the UK supporting our CNSLab practitioners. The digital platform not only improves consumer/patient and healthcare professional engagement but will help the Group develop and gain a deeper understanding of our end user global market. This drives awareness and better health outcomes to deliver organic growth from an existing customer base. The functionality of the app will continue to be developed in order to add further benefits to the customer base. In addition, we will look to expand and install the app in international markets over the next few years.

Early in the financial year the Group embedded a process to improve production. This resulted in additional benefits beyond improving just the production yield of FoodPrint® by embedding core skills and learning into our manufacturing teams.

We now have a manufacturing operation that puts continuous improvement at its heart to help us become more efficient and embed a new culture of improvement.

The appointment of James Cooper, recently promoted to Chief Operating Officer, has helped cement the ongoing improvements. James spent many years developing these skills whilst at Chartwell Consulting, where he was responsible for leading step change operational improvements across a wide range of manufacturing industries. James' insight, experience and expertise will be invaluable in spearheading this division, helping to enable and expedite CNS's next phase of growth.

Strategy

Going forward, the Company has a singular focus on its core Health and Nutrition business, maintaining its leadership position and targeting significant organic growth through embracing digital technologies and related marketing activities. We have come out of a period of significant change, rebuilding the Group for longer-term growth in what is a very exciting market.

In order to drive future growth ambitions, we are taking steps to increase our sales capacity in order to reach more prospects and convert them into customers. Supported by a recently introduced CRM system we are now looking to build on our leadership position and drive business in vacant or under-represented territories as well as change and refresh our approach in under-performing regions. Sales cycles for much of our business tend to be long so these activities may not have immediate impact but will lead to significant growth potential in the mid-term.

The Group's growth strategy will be underpinned by expansion in primary European markets through key partnerships with labs which have an established customer base for our products. Though Europe is a relatively mature marketplace, it is dominated by large commercial laboratory groups which either have an interest in providing the tests we manufacture or boosting their existing market position. The other area of focus is the US, where food sensitivity testing is well established with healthcare practitioners and end users recognising its clinical benefits. Our initial focus in this market will be through investing in a US-based sales team tasked with identifying additional laboratory partners.

To realise our vision of becoming a leader in personalised health, we are planning to develop a wider menu of complementary health tests to promote through our established global network of lab partners and healthcare practitioners. We have seen growing demand from our existing customer base for a more comprehensive health test portfolio. Extending our menu will allow practitioners to better manage their patients' health to improve patient outcomes, enabling the Board's vision of delivering personalised nutrition for better health. However, this area of science is fast evolving and so we are engaging with our practitioner base to understand how best to meet their needs in this dynamic field.

Building on the excellent work in operations around our FoodPrint® manufacturing line, we are now taking the next steps in product enhancement. Our development team is working towards ensuring our products meet the EU In Vitro Diagnostic Regulations (IVDR) which we will need to comply with by 2029. At the same time, it represents an opportunity to implement new manufacturing technologies that will improve yields and productivity and therefore margin. IVDR compliance also raises the barrier to competitor products.

> "CNSLab sales in the UK grew by 58%, driven by both practitioner-based business and consumer demand serviced by our white-label partners."

Summary and outlook

The new financial year has started with a strong and stable operational performance combined with a renewed focus on refreshing our relationships with existing distributors, customers and growing our funnel of sales prospects. This year we will see a more targeted sales focus on our markets, extending on the good growth made in the UK in the past year. Expanding our presence in key European markets as well as the US market is a key goal as we continue to evaluate a wider menu of complementary health tests to sell via our established channels.

We operate in a dynamic market where it is increasingly being recognised that improving gut health and avoiding food-driven inflammation are key to achieving a healthy weight and maximising energy. As healthcare systems creak under the burden of chronic disease and an ageing population, society is increasingly turning to prevention through wellness. Personalised nutrition is at the very frontier of this change and Cambridge Nutritional Sciences sits at the heart of this movement.

I would like to thank the outgoing Chair, Simon Douglas, for his support and mentorship over the years. I also look forward to working with our new Chair, Carolyn Rand, who brings a fresh dynamic focus and extensive experience to the organisation which is often needed to stimulate new ideas and a focus on delivery.

On a personal level, I remain honoured to lead the organisation, a company I love, in a healthcare market I am passionate about, and am delighted with our performance in the past year. We have delivered a very strong set of results while at the same time laying a solid foundation for the future in what is an increasingly important market of personalised health diagnostics. We have strengthened both our operational performance and our organisation. I would like to acknowledge the hard work and commitment of the Cambridge Nutritional Sciences team that has been pivotal in delivering a strong performance in the past year and we look forward to an exciting year ahead.

J Grewal

Jag Grewal
Chief Executive Officer
24 July 2024

Financial review

Financial results summary

For the year ended 31 March 2024, the Group reported revenue of £9.8 million (2023: £7.5 million), an EBITDA loss of £0.1 million (2023: EBITDA loss of £2.6 million), an adjusted EBITDA of £0.2 million (2023: EBITDA loss of £2.0 million), and a statutory loss before tax of £0.7 million (2023: £3.3 million).

2024	Health and Nutrition £'000	Corporate £'000	Total £'000
Sales	**9,774**	**–**	**9,774**
Operating profit/(loss) after net exceptional costs	**589**	**(1,362)**	**(773)**
Add back:			
Depreciation and amortisation	**650**	**–**	**650**
EBITDA	**1,239**	**(1,362)**	**(123)**
Share-based payment charge	**12**	**61**	**73**
Net exceptional costs	**100**	**138**	**238**
Adjusted EBITDA	**1,351**	**(1,163)**	**188**
Statutory profit/(loss) before taxation	**591**	**(1,336)**	**(745)**

2023	Health and Nutrition £'000	Corporate £'000	Total £'000
Sales	7,546	–	7,546
Operating loss after net exceptional costs	(2,132)	(1,107)	(3,239)
Add back:			
Depreciation and amortisation	591	–	591
EBITDA	(1,541)	(1,107)	(2,648)
Share-based payment charge	1	77	78
Exceptional aborted relocation costs	524	–	524
Adjusted EBITDA	(1,016)	(1,030)	(2,046)
Statutory loss before taxation	(2,145)	(1,107)	(3,252)

Revenue of £9.8 million (2023: £7.5 million) was 30% above prior year, with improvements due to organic growth in our main product lines, FoodPrint® and CNSLab, and a contribution from the higher-than-normal order book brought forward from 2023.

From a geographic point of view, we saw growth in a number of key regions including the UK where our direct laboratory operation grew by 58%, largely fuelled by our direct-to-consumer channels. The Middle East and Africa region remains an important territory with 85% growth, whilst North American sales grew by 63% and Asia and the Far East by 30%.

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

	2024 £'000	2023 £'000	Variance %
FoodPrint®	**6,016**	4,123	46%
Food Detective®	**2,082**	2,291	(9)%
CNSLab service	**1,500**	948	58%
Other	**176**	184	(4)%
	9,774	7,546	30%

The gross profit margin percentage has increased to 61.9% (2023: 47.0%), driven by investment and a focus on production and operational improvements with further impact coming from the sales mix of high margin FoodPrint® products.

Excluding net exceptional costs, administrative overheads increased by £0.5 million to £5.3 million (2023: £4.8 million).

Sales and marketing costs decreased by £0.1 million to £1.4 million (2023: £1.5 million).

Exceptional items

	2024 £'000	2023 £'000
Aborted relocation income/(costs)	**71**	(524)
Compensation for loss of office	**(195)**	–
Legal costs	**(114)**	–
Total	**(238)**	(524)

During the year, the Group incurred net exceptional costs of £0.2 million (2023: £0.5 million). Income of £0.1 million was received in relation to the surrender of the lease for the planned new manufacturing facility in Ely. The lease for the current Littleport site was extended to June 2025 with talks ongoing to further extend whilst continuing to evaluate the needs of the business in the future. Costs of £0.2 million were incurred in relation to compensation for loss of office for three employees who left the organisation throughout the financial year. £0.1 million of expenditure was incurred on the ongoing dispute with DHSC as legal costs increased due to the mediation meeting and continued correspondence.

Adjusted EBITDA

Alongside the key performance indicators of revenue and gross margin percentage, the Group continues to consider EBITDA and adjusted EBITDA as being more appropriate performance measures which are better aligned with the cash-generating activities of the business. The Group made an EBITDA loss of £0.1 million (2023: EBITDA loss of £2.6 million). The adjusted EBITDA (before net exceptional costs and share-based payment charges) is £0.2 million (2023: EBITDA loss of £2.0 million).

	2024 Total £'000	2023 Total £'000
Operating loss after net exceptional costs	**(773)**	(3,239)
Depreciation and amortisation	**650**	591
EBITDA	**(123)**	(2,648)
Exceptional costs	**238**	524
Share-based payment charge	**73**	78
Adjusted EBITDA	**188**	(2,046)

The Group has recorded a loss after tax of £0.3 million (2023: £3.2 million).

Taxation

The current year tax credit of £0.4 million (2023: £0.4 million) arises from a review of the deferred tax asset. Other than to offset any deferred tax liabilities which may crystallise in the future, based on the Group's trading assumptions the deferred tax asset in respect of trading losses will begin being realised from 2025 onwards, when the Group starts to generate taxable profits. The deferred tax asset has been valued based upon a future UK corporation tax of 25%.

Loss per share

The loss per share was 0.1 pence (2023: 1.7 pence) based on a statutory loss after tax of £0.3 million (2023: loss of £3.9 million). The adjusted profit per share was £nil (2023: loss of 1.4 pence). The adjusted profit after tax was £0.1 million (2023: loss of £3.1 million) and the profit per share is calculated on the basic average of 238.1 million shares (2023: 231.8 million shares) in issue.

Research and development

During the year, the Group invested a total of £0.3 million in all development activities, £0.1 million lower than the prior year (2023: £0.4 million), representing 3.5% (2023: 4.7%) of revenue. Of the total expenditure, £nil (2023: £0.1 million) has been capitalised in accordance with IAS 38 – Intangible assets, whilst earlier stage expenditure and expenditure not qualifying in accordance with IAS 38 criteria of £0.3 million (2023: £0.3 million) has been expensed through the income statement.

Property, plant and equipment

Total expenditure on property, plant and equipment in the year was £0.05 million (2023: £0.03 million).

As at 31 March 2024, the outstanding liabilities in connection with leases recognised under IFRS 16 include short-term liabilities of £0.1 million (2023: £0.02 million) and long-term liabilities of £0.03 million (2023: £nil).

Financial review continued

Financing and going concern

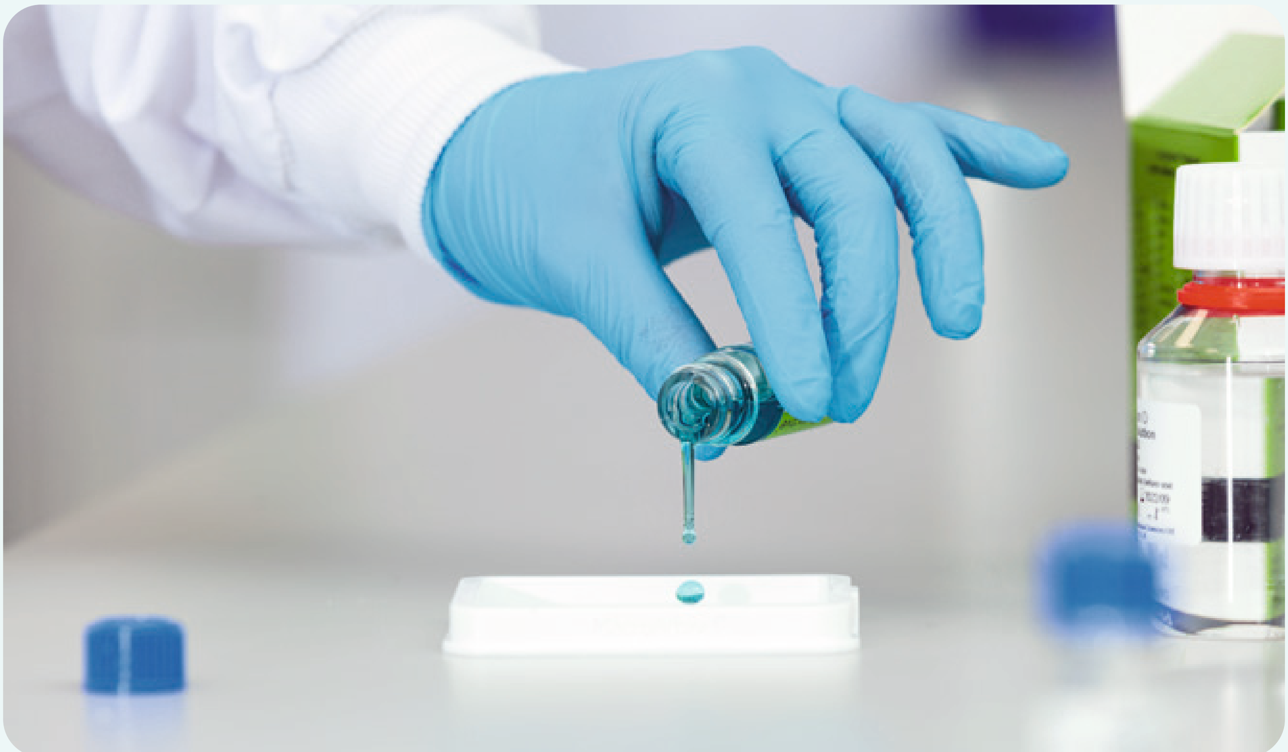
The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review.

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence through a period of at least twelve months from the date of approving the financial statements (the going concern period). The Directors have determined that the going concern period for the purposes of these financial statements is the period through to 31 July 2025. The Group realised a loss of £0.3 million for the year ended 31 March 2024 (2023: loss of £3.9 million). As at 31 March 2024, the Group had net current assets of £6.4 million, including cash and deposits of £5.4 million.

The Directors have prepared trading and cash flow base case forecasts to 31 July 2025 and have applied reverse stress tests to the base case forecasts. The stress tests have been applied to take account of the impact of potential uncertain outcomes that are, to an extent, outside of management's control, as well as reduced trading forecasts, taking into account current macro-economic conditions. These scenarios include:

- After taking into account the above sensitivities and mitigating actions, the reverse stress test indicates revenue could fall by a further 45% and a gross margin could deteriorate by an additional 11% before forecast cash resources are exhausted.
- After taking legal advice and making an assessment of the terms and conditions contained within the contract with the DHSC, the Directors do not believe the Group will be required to repay the pre-production payment of £2.5 million. We are also considering claims against DHSC for additional losses that we have suffered as a result of DHSC's conduct pursuant to the contract. We are continuing to explore potential ways to resolve this dispute without the need for legal proceedings. As such, the Directors believe that there will be no cash outflow in the form of a repayment to the DHSC in the going concern period and repayment is not included in the base case or as a sensitivity. However, the Directors acknowledge that there is a risk that a repayment of some or all of this amount may be required, the timing and quantum of which is uncertain.

The Board has a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the period to 31 July 2025. On this basis, the Directors continue to adopt the going concern basis of preparation. Accordingly, these financial statements do not include the adjustments that would be required if the Company and Group were unable to continue as a going concern.



Building for the future

Organic

- Capitalise on increased demand for data-driven testing to better inform personalised health and wellness through developing new channel partnerships
- Maintain thought leadership position through scientific education programme, building awareness with healthcare practitioners
- Continue to Embrace digital technologies to empower our customers to connect to, engage with and manage their patients more easily
- Marketing activities focused on digital technologies/channels and brand awareness
- Roll out FoodPrint® automated assay solution for high throughput lab customers to drive increased test volumes

Geographic

- Ongoing channel optimisation addressing key markets and upskilling of our business partner teams
- Build on core competency of navigating complex international regulatory regimes and building market awareness for our products
- Build knowledge of US market in terms of regulatory approval timeframes, and identify key lab partnerships to develop our presence in this market
- Focus on key EU markets through new lab partnerships and recruitment of market experts

People and Systems

- Strengthening senior leadership team and building knowledge capital and skill base through recruitment, training and development
- Investment in business systems for the future including quality management, HR, CRM and IT infrastructure upgrades
- Extending scope of continuous improvement programme across the whole business which has already led to reductions in overhead costs and increased productivity

Operational strategy

Our vision is for CNS to be a best-in-class operation which is highly effective at delivering products and services on time and in full at a competitive cost.

The Group is already on this journey and by updating and improving the structured approach, with the ongoing commitment of the whole CNS team behind this vision, we are going from strength to strength. There are four key elements that are driving the team:

Being data driven

KPIs have been reviewed and improved. This enables the team to identify the highest priority areas and achieve the biggest return on investment for its efforts.

Aligning priorities

The senior operations team has clear areas of responsibility and communicates regularly through structured meetings. This prevents any duplication of effort and potential road blocks are addressed before they become a problem.

Effective communication

A network of structures is used to communicate with the wider business about the initiatives. This results in cross-functional feedback and wider awareness of changes and improvements.

Using improvement tools and structures

The team uses a number of methodologies and structures when managing projects, solving problems and communicating updates. This means that work is more effective, results are replicable and new team members can be quickly onboarded.

Continuous improvements

We are applying these in three different areas, each of which is helping on the journey to be best in class:

1. Improving current processes

Example: The CNSLab project has delivered a four-fold increase in the lab capacity.

This involved analysing the way we currently operate, identifying how we can improve through small changes to the existing processes and implementing them in a timely manner.

2. Implementing quick wins

Example: The filling department was spending a large amount of time hand labelling components. The team identified a quick fix and we installed an inline labelling unit. This has resulted in a substantial saving, reducing the run time by 66%.

This takes us a step further than point one and considers what would need to be true to deliver a big improvement in efficiency or a step change in yield. If a solution can be implemented quickly and economically the team pushes ahead to realise the benefits.

3. Investing and planning future improvements

Example: We are considering which print technology and materials could yield the best product in the future, both from a quality and cost perspective. This is primarily carried out by the development team; however, the operations team is also involved to offer input on the practicality and feasibility of proposals and ideas.

Here we consider opportunities identified in step two that require higher effort or resource to implement and deliver significant benefits once active.

All three of these areas offer substantial benefits for the key stakeholders in CNS:

Customers

Improvements in the design of our products benefit our customers through a better user experience. One example is an improvement to the Sample Collection Pack which is detailed later. This update will improve customer experience and usability as well as reducing the environmental impact of the pack as we shift from plastic to cardboard.

Shareholders

Delivery of improvements like these increases the capacity and reduces the cost. This delivers an improvement in the margin in the short term and the ability to grow in the medium to long term.

Employees

Improvements to how we work that reduce repetitive or difficult manual tasks result in a better working environment. Reductions in time spent on these areas also opens up the possibility for training and personal development of the team. In recent months we have begun to focus on cross training both within production and between key departments. This benefits everyone by upskilling individuals, developing appreciation for other areas and improving flexibility.

As we continue the journey to be a best-in-class operation we are involving all areas of the Group. This has resulted in a great number of ideas and improvements, many of which have been implemented and are making a real impact. This is a circular process that has no end; therefore we will continue to search out opportunities and continuously challenge ourselves to improve into the future. The Board has a vital role to play in this process as it helps the Group to realise its full potential by celebrating success, advising on challenges and pushing it further.

James Cooper
Chief Operating Officer
24 July 2024

Continuous improvement projects

CNSLab continuous improvement project

A 13-week project aimed at increasing efficiencies and capacity in the CNSLab despite resource and space constraints.

Scenario

Increased sample volumes necessitated improvements across our sample processing capacity in the CNSLab. The first step was to carry out analysis of each stage of sample processing within the CNSLab:

- sample registration in Laboratory Information Management System (LIMS);
- identifying drivers behind sample queries and rejections;
- time taken to process each sample per assay run; and
- time taken to create patient reports in the software.

Improvement work

1. Create more efficient sample registration process through seconding another member of staff from customer service team to free up lab techs for more productive activity.
2. Identify key drivers behind samples queries such as incomplete patient data forms and make changes to these forms to reduce frequency of this issue.
3. Increase sample processing capacity four-fold through training of lab techs.
4. Optimisation of PCs to improve software reporting times.

End result

Saving of over eight hours per week plus ability to run four times the volume of samples per week compared to baseline, therefore increasing efficiency and volume.

Updating our Sample Collection Packs

This is an initiative to redesign our existing plastic “clamshell” pack to a more environmentally friendly, aesthetically pleasing and easy to use pack.

Scenario

The existing Sample Collection Pack (SCP) cannot be recycled when returned to the CNSLab. The goal of this project is to deliver an SCP that can be recycled, gives a better user experience and is more aesthetically appealing.

Improvement work

1. The team assessed the contents of the current pack considering user feedback and personal experience to identify which areas warranted improvement.
2. A selection of alternative materials/devices/methods were assembled and analysed through usability studies.
3. The project team is working with key customers to deliver eye-catching designs.

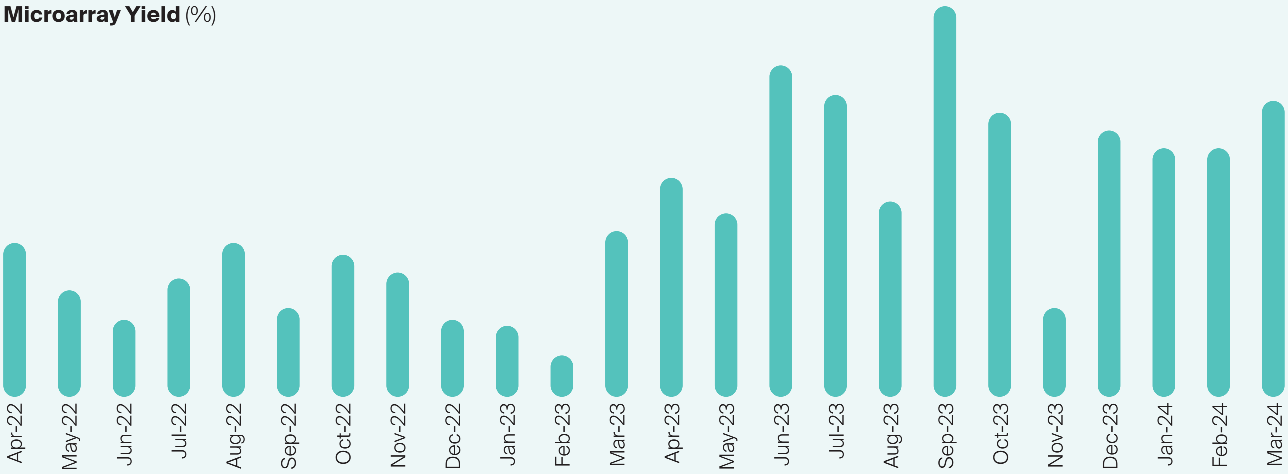
End result

The new SCPs will contain an improved set of components to provide a better user experience and reduce the risk of errors when taking and sending back a sample. The new packaging will reduce the amount of single use plastic in the SCP by 78% and reduce the environmental impact of the SCP.

Micro Strikes Back

A project which was implemented to deliver production yield improvements within the microarray team, increasing production capacity, reducing scrap and resulting in an improved margin.

Microarray Yield (%)



Scenario

The product yield in the microarray lab was not optimal. This was creating some challenges in meeting our high specifications and also contributed to some higher-than-normal scrap costs.

The team identified the need for rapid improvement and embarked on a 16-week supported project which delivered a step change in yield levels and put in place the structures and KPIs to enable ongoing improvement.

Improvement work

1. The team used fault tree modelling and forensic problem solving to identify the root cause of pin strike issues.
2. A new set of KPIs was set up and handed over to the team which allowed real time monitoring of all batches and a breakdown of any losses.
3. A Micro Strikes Back steering meeting to drive improvement was created.
4. The quality control lead time was significantly reduced allowing potential issues to be spotted at a much earlier time point, before unnecessary scrap has been created.

End result

The work completed during and after this project led to a 27% reduction in microarray scrap costs. The structures and KPIs are still being used to good effect, and the team recently implemented a further new process delivering another yield improvement of 2.5%.

Connecting with our stakeholders

The Board takes into account the views and expectations of a number of stakeholder groups when making its decisions.

Section 172 Statement

In accordance with the Companies Act 2006, a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a. the likely consequences of any decision in the long term;

b. the interests of the company's employees;

c. the need to foster the company's business relationships with suppliers, customers and others;

d. the impact of the Company's operations on the community and the environment;

e. the desirability of the Company maintaining a reputation for high standards of business conduct; and

f. the need to act fairly between members of the Company.

The Board considers that, collectively and individually, it has acted in good faith and in ways that are most likely to promote success for the Company and Group during the year ended 31 March 2024, and that it continues to exercise judgement and make decisions that comply with the Companies Act 2006. The Board reviews and approves an annual budget that includes investment decisions which can impact the long-term future of the Group. The Board has regard to likely return on investment when projects compete for scarce resources and the focus is now fully on the Health and Nutrition business which offers the greatest opportunities for shareholder return.

When communicating our longer-term strategy throughout the Group, we always classify our employees as our greatest asset. We undertake staff appraisals twice a year and we have implemented management training programmes that offer long-term opportunities for staff. We also undertake industry surveys to ensure our remuneration and incentivisation packages for all employees are benchmarked against a selection of peer group companies within the diagnostics industry to ensure we remain competitive.

The Board ensures that the Group maintains regular contact with suppliers, with Group procurement being the responsibility of the supply chain function. We plan our forward requirement for critical raw materials, based on our business forecasts, and share this information with suppliers. We frequently place "call-off" purchase orders for longer periods of time which provides good visibility for the supplier and increases the chance of on-time deliveries for our business.

Communication with customers is maintained on a frequent basis under the responsibility of the sales and marketing teams. The Group has customers in over 75 countries throughout the world and is normally able to meet with customers through attendance at major industry trade shows throughout the year. The Group has organised quarterly webinars for its Health and Nutrition customers which have been well attended throughout the year. Complaints from customers are carefully monitored and recorded through a quality management system that seeks to provide a quick resolution to any issue.

The Board recognises the importance of acting responsibly and following high standards of business conduct. As an export group that deals with many countries around the world, our induction procedure for all new employees ensures that people are aware of the Group's anti-bribery policy. The induction process also ensures employees are aware of all our other policies that underpin our business ethics. The Group's core values lie at the heart of what we do and these core values are highly visual throughout the Group's site.

The Board regards all shareholders as being equal and aims to treat them all fairly. This recognises the different regions in which shareholders live and the different media and technology platforms used by shareholders. Where shareholders make contact with the Company, the Board endeavours to respond to all shareholders where it can, whilst remaining compliant with regulations. The Group is happy to continue to engage with all shareholders and contact can be made using investors@cnsplc.com.

Updating the Board

The Board receives regular updates from the senior management team and the following is a summary of how we have interacted with the key stakeholder groups comprising shareholders, customers and employees and some of the decisions we have taken.

What is important to them	How we engage	Decisions and outcomes
Shareholders		
Growth in shareholder value	Formal investor presentations with institutional and retail shareholders are held around full-year and half-year results and at other times as necessary	The Company uses the services of Investor Meet Company (IMC) to provide shareholders access to submit questions and listen to management updates on progress
Increased communication on business performance	As well as the IMC platform, the Company provides frequent updates through the London Stock Exchange's regulatory news service, supplemented by announcements made via multiple social media channels, allowing differing levels of engagement with the various stakeholder groups	The RNS Reach service is utilised to provide updates on more commercial matters
Awareness of business strategy	IMC presentations and circulars to shareholders are used to communicate our business strategy with updates given as strategy evolves. Feedback from investors is provided to the Board based on emails received via the dedicated investor email inbox and following results presentations	The Annual Report contains a detailed description of the market in which the Group operates. The Board's strategy for growth is included on the Company's website, www.cnsplc.com/about-us/strategy
Customers		
Customer satisfaction with our products and services	A wide range of communications channels including regular business reviews, routine account management calls, customer webinars, social media and newsletters keep us connected to the customer Annual customer satisfaction survey as well as post-market surveillance activities ensure continuous market feedback on products and service levels	Our ISO 13485 accredited quality management system allows us to track and spot emerging patterns that enable us to proactively manage potential issues Customer focus is a core value for the organisation and so we have introduced customer focus training into our employee induction programmes to ensure that all our employees are aware of our customers' needs
A collaborative approach and inclusive way of working that drives better patient outcomes	We engage regularly with our partners to develop long-term collaborative relationships We deliver scientific and education webinars to our global business partners, lab partners and healthcare practitioners. Translated subtitles are offered for markets where English is not widely spoken	Our training and education programme enables our partners to deliver our products with the technical knowledge for the best customer outcomes and successfully grow their healthcare business
Scientific information and educational content	The use of key opinion leaders to provide thought leadership within the consumer healthcare industry	Our scientific education programme gives us market feedback in respect of what lab teams and healthcare practitioners need and want in terms of scientific and technical education to enable them to deliver improved patient outcomes
Improved use of technology	Development of the MyHealthTracker app provides a marketing tool to engage with customers	The app provides healthcare professionals and consumers with access to their test results electronically alongside dietary guidance support as well as monitoring symptoms
Employees		
Being fairly rewarded with opportunities for career progression	The Company invites feedback through a regular staff survey and monitors trends from leavers through structured exit interviews. All vacancies are advertised internally, with a clear job description and person specification	Regular salary benchmarking exercises are undertaken within the UK life sciences sector and also the wider market from digital recruitment platforms
Feeling engaged with the Company and the strategy for growth	Collaboration between departments and sharing of good practice are encouraged and provide opportunities for secondments and project work Feedback is invited on the wider business in our annual staff survey: Company goals and objectives, customer focus, leadership, communication, work environment, empowerment, collaboration and Company image. The results of the survey are shared with staff to create action plans to address priorities for improvement	A new HR system has been deployed that will improve employee user experience and engagement The annual appraisal process has been reviewed to incorporate both career and personal development plans for every employee Updates are provided on a variety of topics throughout the year including strategic updates, other business news, people news, mental health awareness and remote working

Operating a system of internal control and risk management

The long-term success of the Group depends on the continual review, assessment and control of the key business risks it faces. The Group's current principal risks and uncertainties are briefly outlined below.

Identify risk
↓
Assess risk
↓
Develop plan to mitigate risk
↓
Reassess risk
↓
Report to management

Risk management process

The Group's leadership team (LT) meets on a regular basis and ensures that time is dedicated to review the Group risk register on a detailed basis. The LT covers all business areas and risks are assessed with regard to likely impact and probability so that movements in risk score can be carefully monitored. A summary of the highest level risks is included in the monthly executive Board report and is reviewed at regular Board meetings.

Principal risks and uncertainties

Principal risk impact and description	Mitigation
Strategic risks	
Competitive entry New competitors entering the market or existing competitors becoming more active.	The Group undertakes constant market surveillance and maintains trademark protection for product brands. Current regulatory framework is a barrier to new entrants. The Group adapts sales and marketing tactics as necessary and seeks to educate business partners on how to handle competitive threats.
Financial risks	
Funding/solvency risk The Group is reliant on funds generated from its trading operations or from external debt and/or equity funders. There is no certainty that additional funding will be forthcoming should it be required.	The Group seeks to maintain strong relationships with shareholders and its bank. The Group now has a strong balance sheet and significant cash in the bank to allow the Group to make further investment for improvement without seeking additional funding.
Foreign exchange risk The Group operates in 75 countries, exposing it to fluctuations in currency exchange rates for euros and US dollars.	The Group seeks to reduce our exposure to foreign exchange risk by natural hedging of euro and US dollar income and costs. The Group generates euro and US dollar income in excess of costs and has sterling costs in excess of income. Foreign currency is sold at spot rates through a third party commercial foreign exchange specialist which monitors exchange rates for the currencies we are regularly looking to sell. The Group does not use forward exchange contracts at this time but keeps this under review.

Principal risk impact and description	Mitigation
Operational and regulatory risks	
General economic and political conditions The Group may be faced with changes in the general economic climate in each territory in which it operates that may adversely affect the financial performance of the Group. Factors which may contribute include industrial disruption, conflicts, rate of growth of the Group's product segments, inflation and interest rates. Brexit has resulted in additional administrative requirements for exporting to the EU. Global conflict and political unrest are impacting supply chain routes and reducing demand for the Group's products in some affected markets. Many markets, including the UK, are seeing volatility in terms of cost inflation. This inflationary pressure is increasing the cost base of the Group.	The Group seeks to mitigate this risk by conducting operations on a broad geographic basis and by introducing new technologies to remain innovative. The Group adapts sales and marketing tactics as necessary and seeks to educate business partners on how to handle competitive threats. The Group works closely with partners in the EU which have the appropriate import licences as well as working with a European authorised representative. Quarterly sales forecasts from our business partners help our production and supply chain functions to plan effectively. The Group's purchasing strategy is aimed at smoothing out price volatility and looking to pass on a proportion of its incremental costs to its customers by increasing selling prices, although there is generally a notice period required.
Technology and cyber security risk Technological advances are continually evolving within the market we operate in. Competition introduces new technology that competes with the Group's current portfolio which is disruptive in nature. The Group's IT systems could be subject to cyber-attacks.	The Group reviews our technology regularly to keep our systems within the requirements of the market we operate in. The Group uses third party services with a minimum requirement of Cyber Essentials or equivalent. The Group regularly reviews the IT strategy and looks to adopt industry best practice.
Supply chain risk Current global political upheaval can increase risk and impact negatively on supply chains if there are only one or two sources for these materials and components which are used in our products.	The Group is working towards sourcing more than one source of supply for key products. We develop long-term supply agreements with partners to secure product availability. We gather forecast information and review this on a regular basis to provide an accurate sourcing plan to suppliers.
Regulatory risk The Group operates in markets that are regulated by governmental agencies. Changes in any such regulatory requirements or delays when seeking new approvals could affect the ability of the Group to manufacture, market or sell its products and services.	The Group engages with regulatory organisations and notified bodies to understand and implement their requirements. The Group has developed a strategy and plan to address the requirements of the new IVD Regulations (2017/746) due in 2029.
Staff recruitment and retention The Group's success is substantially dependent upon recruiting, retaining and incentivising key employees, the loss of whom could have an adverse impact on the performance of the business.	The Group undertakes benchmarking exercises to ensure our staff are treated fairly and equitably. The Group offers a wide benefits package to its employees which is reviewed on an annual basis taking into account feedback from the staff survey.
Legal risks	
DHSC litigation The Group's discontinued business entered into a historical contract with the DHSC to provide manufacturing capacity for COVID-19 lateral flow antigen tests which expired October 2021. DHSC requested repayment of a pre-production payment of £2.5 million. In the event that the outcome of the dispute is not resolved in the Group's favour, then the Group may be liable to repay some or all of this payment.	The Group, after taking legal advice and making an assessment of the terms and conditions within the contract with DHSC, does not believe that it is required to repay this pre-production payment. The Group are also considering claims against DHSC for additional losses that we have suffered as a result of DHSC's conduct pursuant to the contract. Discussions with the DHSC are ongoing, the nature of which cannot currently be disclosed publicly due to confidentiality arrangements.

The strategic report has been approved by order of the Board

Carolyn Rand

Carolyn Rand
Non-Executive Chair
24 July 2024

Our experienced leadership

Carolyn Rand, FCMA, FCMI, CGMA, Cert IoD
Non-Executive Chair

Appointed on:
21 April 2024

Appointed as a Non-Executive Director on 17 August 2023, chair of the Remuneration Committee and member of the Audit Committee.

Carolyn is a professional Non-Executive Director with over 30 years' experience across public and private enterprises. Her current responsibilities include Non-Executive Director and Audit Committee Chair of AIM-quoted global fibre and utilities technology businesses, IQGeo plc and global cloud secure payments provider PCI Pal plc and as a Governor of the University College of West Anglia. She is a Fellow of the Chartered Institute of Management Accountants having served as Regional Chair for over eight years. In addition, she served as Chair for the Institute of Directors for Cambridgeshire.

Other prior directorships include CFO of AIM global payments technology, Bango plc, CEO of Biotech Isogenica, and CFO of telecoms technology company Zinwave.

Jag Grewal, BSc (Hons), MSc, MBA
Chief Executive Officer

Appointed on:
18 January 2022

Jag joined Cambridge Nutritional Sciences on 30 June 2011 as Group Sales and Marketing Director. He has worked in the medical diagnostics industry for over 25 years having started out as a Clinical Biochemist in the NHS. In 1995 he joined Beckman Instruments where he developed a career spanning 15 years in sales and marketing, holding a variety of positions in sales, product management and marketing management. In 2009 he left his position of Northern Europe Marketing Manager to join Serco Health, where he helped create the first joint venture within UK pathology between Serco and Guy's and St Thomas' Hospital. He is also past Chairman and current Treasurer of the British In Vitro Diagnostics Association (BIVDA).

Jag was appointed as Chief Executive Officer in January 2022. Prior to this appointment, Jag was responsible for managing the Health and Nutrition division.

James Cooper, BA (Hons), MSc
Chief Operating Officer

Appointed on:
24 May 2024

James graduated from the University of Cambridge in 2014 and, prior to joining CNS as Operations Director in January this year, has spent the previous ten years at Chartwell Consulting Limited, a global operations consultancy firm, working most recently on assignments in the medical and pharmaceutical sectors. James was appointed as Chief Operating Officer in May 2024.

Jeremy Millard, BA (Hons), M.Eng
Non-Executive Director

Appointed on:
1 March 2019

Chair of the Audit Committee and member of the Remuneration Committee.

Jeremy has over 20 years' investment banking experience and was previously a partner at Smith Square Partners LLP where he provided strategic and corporate finance advice to clients in the science, technology and telecommunications sectors, prior to which he headed up the technology practice at Rothschild in London. Jeremy runs FCA-regulated corporate finance business Iridium Corporate Finance Limited and is also a Non-Executive Director and Chairman of the Audit Committee of AIM-listed Ilika plc as well as sitting on the boards of a number of other private UK companies.

CORPORATE GOVERNANCE

Introduction

The Board has decided to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-sized Quoted Companies, issued in April 2018.

The Non-Executive Chair has overall responsibility for corporate governance and the Board is committed to providing information on an open basis. The Board understands the role that good corporate governance plays, particularly around the wider areas of culture and accountability, and has overseen a number of changes over the recent past to drive improved performance and accountability throughout the Group, including:

- the appointment of Carolyn Rand as Non-Executive Chair on 21 April 2024 following her appointment as a Non-Executive Director on 17 August 2023;
- the appointment of James Cooper as Chief Operating Officer on 24 May 2024;
- promoting an enhanced continuous improvement culture across the business;
- increasing knowledge capital through recruitment and training in core areas; and
- systems and process reviews and improvements, including a new Human Resources system developed during the financial year with rollout in the current year.

The Board believes that the QCA Code is the more appropriate framework under which to operate for a company of CNS's size.

Board and Committee structure

The size and structure of the Board and its Committees are kept under review to ensure an appropriate level of governance operates throughout the year. The Board currently comprises two Non-Executive Directors and two Executive Directors who meet frequently during the year to discuss strategy and to review progress and outcomes against objectives. We have also taken steps recently to improve our engagement with shareholders and to try and communicate more effectively regarding our long-term growth drivers. We believe the Board has a good mix of skills and experience and a culture that easily enables the Non-Executive members of the Board to challenge and advise the Executive team as appropriate.

The QCA Code encompasses ten principles, against which we are required to explain how we comply or explain why we feel it is appropriate to depart from those principles. We now report against these principles as follows:

Establish a strategy and business model which promote long-term value for shareholders

The Group is focused on selling a range of products into the consumer health and wellbeing space where we see significant growth opportunities.

Our strategy is to deliver longer-term growth by adopting and implementing the following principles:

- ***revenue growth –*** growing the revenue through geographical and new channel expansion;
- ***operational excellence –*** further developing processes for continuous improvement, consistent quality culture and growth in gross margin; and
- ***engaging with our people –*** through staff surveys, Company updates, social events, and team meetings, providing a platform where all staff can contribute to achieving the Group's aims.

The key challenges we face are:

- ***Increasing regulatory hurdles to achieve in-country product registration.*** More and more countries now require individual product registration and in-country evaluations to be performed before a product can be sold in a territory. We have developed a strategy and plan to address the requirements of the new IVD Regulations due in 2029.
- ***Technology and cyber security risk.*** We regularly review our technology to keep our systems within the requirements of the market we operate in. We use third party services with a minimum requirement of Cyber Essentials or equivalent. We review regularly our IT strategy.
- ***Staff recruitment and retention.*** We undertake benchmarking exercises to ensure our staff are rewarded fairly and equitably. We offer a wide benefits package to employees which is reviewed annually.

Seek to understand and meet shareholder needs and expectations

The responsibility for investor relations lies with the Chief Executive Officer. The Group seeks to engage with shareholders on a number of occasions throughout the year to understand shareholders' needs and expectations. The Company has expanded its communication strategy with shareholders, including hosting webinars on the Investor Meet Company platform and providing video excerpts which can be accessed from the Company's website.

The Group receives anonymised feedback through its broker, through direct email correspondence and from attendees at all the above events and welcomes both positive feedback and constructive criticism. This feedback has proved very useful in tailoring the content of subsequent presentations.

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group seeks to ensure it has good relations with employees and external stakeholders including customers, suppliers, regulatory bodies and the wider community with which it interacts.

Employees

- All employees are invited to participate in a survey on which they can give anonymised feedback on a range of issues. The results are collated and presented to all employees along with actions taken by management to address the issues raised.
- Senior management presents business progress updates to all staff twice a year to keep them informed. Feedback from staff indicates that this is a popular exercise undertaken by management.
- All staff undergo performance and development reviews with their managers to ensure that everyone is prioritised and aligned with the Group's main business objectives. These sessions also allow for additional staff training needs to be addressed.

Take into account wider stakeholder and social responsibilities and their implications for long-term success continued

Customers

- The Group surveys its customers on a regular basis by sending out an online survey for them to complete. A regular post-market surveillance regime is in place that follows up on every customer complaint and technical enquiry received and is an integral part of the Quality Management System. Customer feedback is also sought through formal and informal meetings during customer visits and exhibition meetings. These feedback interactions are documented and reviewed, with any actions recorded.

Suppliers

- Suppliers are evaluated as to the criticality and dependency of the materials or services they provide to the Group. Suitability to supply is determined either by completion of a supplier questionnaire or by supplier audit undertaken by one of the Group's quality team. Supplier performance is regularly measured, monitored and reviewed and any concerns are escalated through a well-defined process as part of the Quality Management System.

Regulatory bodies

- The Group is regularly audited for ISO 13485:2016 and the Medical Devices Single Audit Program. The Group is also regularly visited by regulatory bodies of overseas jurisdictions and these have included the regulatory agencies from Brazil, and South Korea.

Embed effective risk management, consideringboth opportunities and threats, throughout the organisation

The Group's leadership team (LT), chaired by the Chief Executive Officer, includes a number of senior managers. The LT meets on a monthly basis to review key management objectives and has the responsibility for preparing a risk register which is analysed for changes using a scoring system of impact and probability, as well as the identification of new risks.

Maintain the Board as a well-functioning, balanced team led by the Chair

The Board members have a collective responsibility and legal obligation to promote the interests of the Group and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chair of the Board.

The Board currently comprises the Non-Executive Chair, one Non-Executive Director and two Executive Directors who are the Chief Executive Officer and the Chief Operating Officer.

The Non-Executive Directors are considered by the Board to be independent. However, it is noted that the Non-Executive Directors have been granted share options as disclosed. At the instigation of, and in consultation with, a number of major shareholders, the Company awarded options to the two Non-Executive Directors in June 2024. Neither the major shareholders, nor the Board of the Company, consider that these awards compromise the independence of either of the Non-Executive Directors.

The Non-Executive Directors act in the interests of the Group at all times and are not influenced by the factors pointed out above. The Board has a good mix of skills and experience and a culture that easily enables the Non-Executive members of the Board to challenge and advise the Executive team as appropriate.

The Board meets at monthly intervals and has a schedule of matters reserved for the Board including setting corporate strategy, approving the annual budget, reviewing financial performance, agreeing the renewal of and any new banking/treasury facilities, approving major items of capital expenditure and reviewing and approving acquisitions. The Board is provided with appropriate information in advance of Board meetings to enable it to discharge its duties effectively and this includes a report from the Executive members of the Board, along with summary reports from senior managers providing updates on key issues.

The Company has procured appropriate Directors' and Officers' liability insurance. Each of the Directors benefit from deeds of indemnity provided by the Company.

The Non-Executive Chair is committed to providing not less than 30 days annually to the Group and the Non-Executive Director is committed to providing not less than 20 days annually to the Group. In reality, the Non-Executive Chair and the Non-Executive Director consistently provide more than this minimum time requirement. The Executive Directors are all full-time positions.

The Group also has an Audit Committee and a Remuneration Committee. The Board does not have a separate nominations committee due to its small size and the Board itself adopts a consensus-based approach in making changes to its composition.

For the year ended 31 March 2024, the number of meetings held, and attendance by each Board member at those meetings for which they are entitled to attend, is as follows:

	Board meetings	Audit Committee	Remuneration Committee
Simon Douglas*	12/12	3/3	1/1
Jeremy Millard	12/12	3/3	1/1
Carolyn Rand**	6/6	1/1	–
Jag Grewal	12/12	–	–
Chris Lea***	4/4	–	–

* Resigned 21 April 2024.

** Appointed as Non-Executive Director and member of Audit Committee from 17 August 2023. Chair of Remuneration Committee from 21 April 2024.

*** Resigned 21 August 2023.

Ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities

Collectively, the Board has many years of experience with a number of public and private companies. This experience includes areas of immunoassay development, operational supply and logistics and commercial and finance activities. The Board remains confident that the opportunities in the Group are not excluded or limited by any diversity issues and that the Board nevertheless contains the mix of experience, skills and other personal qualities and capabilities necessary to deliver its strategy. The Non-Executive Chair fosters a culture during Board meetings that encourages debate and enables any Director to feel comfortable in communicating and explaining alternative viewpoints. The Board is of the view that it has a balance of experience and skills to enable it to deliver on its strategy. Directors ensure their skills and capabilities are kept up to date including:

- attending continuing professional development courses as part of a professional qualification; and
- attending industry trade shows and exhibitions to remain up to date with competitor activities.

The Board seeks advice from external advisers where necessary. This includes its nominated adviser/broker in relation to compliance with the AIM Rules for Companies and advice regarding secondary fundraisings. The Board also regularly seeks legal advice in relation to commercial and property matters.

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board has not undertaken any formal external review of its members' performance to date. Beneath Board level, members of the senior management team are included in the twice-yearly review process which is carried out across the entire Group.

In reviewing its own performance, the Board is aware of its perception amongst shareholders, both through formal face-to-face meetings and subsequent feedback from these, and informal discussions which take place from time to time. As Non-Executive Chair, Carolyn Rand invites all Board members to suggest any candidates who they feel may be capable of adding value to the Board as a whole.

Promote a corporate culture that is based on ethical values and behaviours

The Group has adopted the following core values:

- **Accountability**
  - Ask what more I can do
  - Take ownership
- **Collaboration**
  - Actively support our colleagues
  - Be clear in communication
  - Celebrate success and have fun together
- **Respect**
  - Treat others as we would wish to be treated
  - Respect the environment we work and live in
- **Honesty**
  - Aspire to be open and transparent
  - Take pride in building trust between ourselves and others
- **Customer focus**
  - Customer satisfaction is not a department; everyone is responsible
  - Listening to customers drives improvement

The Executive members of the Board are very aware of the importance in living up to these core values and in setting examples for all staff to follow.

The core values are highly visible throughout the organisation.

The core values that the organisation promotes are included within recruitment processes as well as within the personal development reviews which all staff undergo twice a year.

Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Board is collectively responsible for defining and implementing a strategy to deliver long-term value to shareholders, but which operates within a framework of good corporate governance and in line with the Board's assessment of risk.

The roles and responsibilities of the various Board positions are as follows:

Non-Executive Chair – has responsibility for leading an orderly and effective Board and providing overall guidance to other members of the Board to ensure it delivers on its stated strategy. The Chair also attends some results presentations demonstrating a level of commitment which is visible to shareholders. The Chair is also responsible for overseeing the Group's corporate governance practices to ensure they remain relevant for an organisation of our size.

Non-Executive Director – has responsibility to be independent in judgement and thought and for scrutinising and, if necessary, challenging the Chief Executive Officer (CEO) and Chief Operating Officer (COO) to ensure the Group delivers its strategy whilst maintaining acceptable levels of risk. The Non-Executive Director also provides a sounding board for the Chair as and when necessary.

Chief Executive Officer – has responsibility for leading the organisation and implementing the Group's objectives in line with its agreed strategy, assessing risks to ensure they are managed and mitigated, safeguarding the Group's assets with appropriate policies and controls, leading an investor relations programme ensuring effective communication with shareholders and ensuring effective communication and reporting between the Executive members of the Board and the Non-Executive members.

Chief Operating Officer – has responsibility for implementing the Group's business plan and ensuring that the day-to-day operations run smoothly. The COO is also responsible for developing and implementing the continuous improvement, product development and quality management strategies within the Group. The COO works closely with the CEO and Board to ensure that the information flowing into the Board is accurate and relevant and that the communication from the Board is clear and comprehensible.

The Board has a schedule of matters which it reserves for its review including:

- setting corporate strategy;
- approving the annual budget;
- reviewing financial performance;
- agreeing the renewal of and any new banking/treasury facilities;
- approving major items of capital expenditure; and
- reviewing and approving acquisitions.

The Board delegates authority to two Committees which operate under terms of reference and include:

The Audit Committee

The Audit Committee is comprised of Jeremy Millard as Chair and Carolyn Rand, Non-Executive Chair, and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's auditors relating to the Group's accounting and financial reporting, in all cases having due regard to the interests of shareholders. The Committee shall also review preliminary results announcements, summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price-sensitive nature.

The Audit Committee continued

The Committee considers and makes recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Group's external auditors. The Committee also oversees the relationship with the external auditors including approval of remuneration levels, approval of terms of engagement and assessment of their independence and objectivity. In doing so, they take into account relevant UK professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services. RSM UK Audit LLP were appointed in March 2023 and will be proposed for re-appointment at the forthcoming Annual General Meeting.

The Committee has reviewed the effectiveness of the Group's system of internal controls and has considered the need for an internal audit function. At this stage of the Group's size and development, the Committee has decided that an internal audit function is not required, as the Group's internal controls system in place is appropriate for its size. The Committee will review this position on an annual basis.

The Committee also reviews the Group's arrangements for its employees raising concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee ensures that such arrangements allow for independent investigation and follow-up action.

No separate Audit Committee report has been included as the Corporate Governance Statement adequately covers the content we would include in the Audit Committee report.

The Remuneration Committee

The Remuneration Committee is comprised of Carolyn Rand as Chair and Jeremy Millard, Non-Executive Director, and has primary responsibility for determining and agreeing with the Board the remuneration arrangements of the Group's Executive and Non-Executive Directors and Leadership Team or any other employee whose total compensation may be equal to, or higher than, that of the lower paid Leadership Team member. No Director or manager shall be involved in any decisions regarding their own remuneration.

The Remuneration Committee will review and approve the level and structure of key decisions paid in the financial year.

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company has not previously issued an Audit Committee Report but does include a Directors' Remuneration Report for the financial year in this Annual Report.

The Group publishes current and historical Annual Reports on its website.

In addition, the Group publishes current and previous shareholder presentations on its website.

By order of the Board

Carolyn Rand

Carolyn Rand
Non-Executive Chair
24 July 2024

As an AIM-quoted company, the Group is not required to produce a Remuneration Report that satisfies all the requirements of the Companies Act. However, the Directors are committed to providing information on an open basis and present their Remuneration Report as follows:

Remuneration Committee

The Remuneration Committee is comprised of the Non-Executive Directors. The Committee meets as and when required to determine and agree with the Board the policy for the remuneration of the Group's Chief Executive, Chair and Executive Directors. The objective of this policy shall be to ensure that members of the Executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Group. No Director or manager shall be involved in any decisions as to their own remuneration.

Remuneration policy

The Group's policy is that the remuneration arrangements, including pensions, for subsequent financial years should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives, thereby enhancing shareholder value.

Directors' emoluments

	Fees/basic salary £'000	Additional consultancy fees £'000	Compensation for loss of office £'000	Benefits in kind £'000	**Total 2024 £'000**	Total 2023 £'000
Executive						
Jag Grewal[1]	195	–	–	3	**198**	351
Chris Lea[2]	83	–	94	–	**177**	335
Non-Executive						
Simon Douglas[3]	59	–	–	–	**59**	57
Jeremy Millard[4]	37	–	–	–	**37**	36
Carolyn Rand[5]	22	91	–	–	**113**	–
	396	91	94	3	**584**	779

1. Jag Grewal was appointed as Chief Executive Officer on 18 January 2022.
2. Chris Lea resigned as Chief Finance Officer on 21 August 2023.
3. Simon Douglas resigned as Chair on 21 April 2024.
4. Jeremy Millard was appointed as a Non-Executive Director of the Company on 1 March 2019. The annual remuneration of the appointment is £37,856 effective 1 August 2023 (2023: £36,400).
5. Carolyn Rand was appointed as a Non-Executive Director of the Company on 17 August 2023. The annual remuneration of the appointment is £35,000 effective 17 August 2023. Additional consultancy fees of £93,600 were paid in the year to 31 March 2024 for work on special projects.

The amounts paid in the year towards Directors' pension contributions were as follows:

Directors' pension contributions

	2024 £'000	2023 £'000
Jag Grewal	**10**	10
Chris Lea	**8**	9
Carolyn Rand	**1**	–
	19	19

Directors' interests in ordinary shares

Directors' interests in the 4 pence ordinary shares of Cambridge Nutritional Sciences plc are as follows:

	31 March 2024	31 March 2023
Jag Grewal	**2,460,839**	2,025,834
James Cooper	**394,688**	–
Jeremy Millard	**1,025,000**	1,025,000

The Directors have no interests in the shares of subsidiary companies.

Directors' share options

	At 1 April 2023	Granted during the year	Lapsed during the year	Exercised during the year	Waived during the year	**At 31 March 2024**	Option price	Date of grant	Earliest exercise date	Expiry date
Jag Grewal	4,700,715	–	–	–	–	**4,700,715**	–	08/06/22	08/06/25	08/06/32
	1,200,000	–	–	–	–	**1,200,000**	–	08/06/22	08/06/25	08/06/32
Jeremy Millard	333,334	–	–	–	–	**333,334**	10.0p	02/12/19	02/12/20	02/12/29
Chris Lea	4,339,121	–	(4,339,121)	–	–	**–**	0.00p	08/06/22	08/06/25	08/06/32
	1,000,000	–	(1,000,000)	–	–	**–**	0.00p	08/06/22	30/08/24	08/06/32
Simon Douglas	200,000	–	–	–	–	**200,000**	4.0p	09/06/22	09/06/25	09/06/32

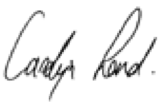
Awards made to Jeremy Millard are granted under the Third Unapproved Option Scheme and one third of the options vest one year after grant, another third vests two years after grant and the final third vests three years after grant.

Following Simon Douglas' resignation on 21 April 2024, the share options outstanding on 31 March 2024 lapsed.

On 6 June 2024, Carolyn Rand and Jeremy Millard were granted new awards under the Third Unapproved Option Scheme.

The share price at 31 March 2024 was 3.4 pence. The highest and lowest share prices during the year were 3.8 pence and 1.7 pence respectively.

Approved by the Board



Carolyn Rand
Non-Executive Chair
24 July 2024

The Directors present their Annual Report and Group Financial Statements for the year ended 31 March 2024.

Principal activities

The principal activity of the Company is as a holding company. The principal activities of the Group are the manufacture, development and distribution of medical diagnostics products for the food sensitivity testing market.

Results and dividends

The result for the year is a loss of £0.3 million (2023: £3.9 million), which has been taken to reserves. The Directors do not propose to pay a dividend. The results are disclosed in more detail in the Strategic Report.

The Company's loss for the year ended 31 March 2024 is £56,000 (2023: profit of £22,000).

Future development

As permitted by section 411c (11), information on likely future developments is included in the Strategic Report, where it is considered by the Directors to be of strategic importance.

Research and development

Details of research and development activity are contained in the Financial Review. Costs in the year amounted to £0.3 million (2023: £0.4 million). Costs of £0.3 million in relation to research and development activities (2023: £0.3 million) were expensed through the statement of comprehensive income and costs of £nil in relation to product development (2023: £0.1 million) were capitalised and included within intangible assets as detailed in Note 9.

Directors

The names of the Directors who have served the Group throughout the year and up to the date of this report are:

- Simon Douglas (resigned 21 April 2024);
- Jag Grewal;
- Jeremy Millard;
- Chris Lea (resigned 21 August 2023); and
- Carolyn Rand (appointed 17 August 2023).

Biographies of all Directors serving at the year end are on page 24.

Directors' interests

The beneficial interests of Directors who have served throughout the year are listed in the Directors' Remuneration Report. There are no non-beneficial interests held by Directors. Each Director's number of shares purchased and sold during the year and their total holding at the year end are shown in the table below:

	Number of shares held at 31 March 2023	Number of shares purchased in the year	Number of shares sold in year	**Number of shares held at 31 March 2024**
Jag Grewal	2,035,834	425,005	–	**2,460,839**
Jeremy Millard	1,025,000	–	–	**1,025,000**
Carolyn Rand	–	–	–	**–**

The Company has procured appropriate Directors and Officers liability insurance. Each of the Directors benefit from deeds of indemnity provided by the Company.

Employees

The Group values communication with its employees and provides a framework where all employees can contribute to the business through effective management and leadership. Employees receive regular feedback on the Group's activities and all staff are encouraged to participate in the annual employee survey which provides useful feedback on how best employees' ideas can be fed back to management.

Disabled employees

The Group gives full and fair consideration to applications for employment made by disabled people, having regard to their particular aptitudes and abilities. Where an employee becomes disabled in the course of their employment, where possible, arrangements will be made for appropriate retraining to match their abilities with their duties.

Treasury policy and financial risk management

The Group continues to generate revenues and cash flows through its subsidiary undertakings. The financial risk management objectives, policies and processes of the Group and details of its financial instruments are detailed in the notes to the financial statements. The Strategic Report contains details of the Group's system of internal control.

Auditors

A resolution for the re-appointment of RSM UK Audit LLP as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed in this document. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

Major interests in shares

As at 28 June 2024, the following shareholders have notified the Group that they hold 3% or more of the Group's issued ordinary share capital:

Shareholder	Shares	Percentage
Hargreaves Lansdown, stockbrokers (EO)	49,429,992	20.77%
Vidacos Nominees Limited	25,291,054	10.63%
Interactive Investor (EO)	23,351,878	9.81%
The Bank of New York (Nominees) Limited	18,610,665	7.82%
ISI Nominees Limited	12,781,714	5.37%
Cantor Fitzgerald Europe	10,479,985	4.40%
Barclays Direct Investing Nominees Limited	9,178,892	3.86%
James Capel (Nominees) Limited	7,665,264	3.22%

Going concern

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

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence through a period of at least twelve months from the date of approving the financial statements (the going concern period). The Directors have determined that the going concern period for purposes of these financial statements is the period through to 31 July 2025. The Group realised a loss of £0.3 million for the year ended 31 March 2024 (2023 loss of £3.9 million). As at 31 March 2024, the Group had net current assets of £6.4 million, including cash and deposits of £5.4 million.

The Directors have prepared trading and cash flow base case forecasts to 31 July 2025 and have applied reverse stress tests to the base case forecasts. The stress tests have been applied to take account of the impact of potential uncertain outcomes that are, to an extent, outside of management's control, as well as reduced trading forecasts, taking into account current macro-economic conditions. These scenarios include:

- After taking into account the above sensitivities and mitigating actions, the reverse stress test indicates revenue could fall by a further 45% and a gross margin could deteriorate by an additional 11% before forecast cash resources are exhausted.
- After taking legal advice and making an assessment of the terms and conditions contained within the contract with the DHSC, the Directors do not believe the Group will be required to repay the pre-production payment of £2.5 million. We are also considering claims against DHSC for additional losses that we have suffered as a result of DHSC's conduct pursuant to the contract. We are continuing to explore potential ways to resolve this dispute without the need for legal proceedings. As such, the Directors believe that there will be no cash outflow in the form of a repayment to the DHSC in the going concern period and repayment is not included in the base case or as a sensitivity. However, the Directors acknowledge that there is a risk that a repayment of some or all of this amount may be required, the timing and quantum of which is uncertain.

The Board has a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the period to 31 July 2025. On this basis, the Directors continue to adopt the going concern basis of preparation. Accordingly, these financial statements do not include the adjustments that would be required if the Company and Group was unable to continue as a going concern.

By order of the Board

Carolyn Rand
Non-Executive Chair
24 July 2024

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of Cambridge Nutritional Sciences plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated statement of comprehensive income, Consolidated and Company statement of changes in equity, Consolidated and Company Balance sheet, Consolidated and Company cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** • Goodwill impairment
Materiality	**Group** • Overall materiality: £97,000 (2023: £75,000) • Performance materiality: £68,000 (2023: £48,700) **Parent Company** • Overall materiality: £49,000 (2023: £230,000) • Performance materiality: £37,000 (2023: £149,000)
Scope	Our audit procedures covered 100% of revenue, 99% of total assets and 93% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters continued

Goodwill impairment

Key audit matter description	Refer to Note 2 – Use of estimates and judgements and Note 9 - Intangibles The Group has a Goodwill balance of £3.0m (2023: £3.0m) relating to historic acquisitions as described in note 9 in the consolidated financial statements. Management assess goodwill for impairment using a discounted cash flow (DCF) model to estimate the value in use (VIU) of the group's cash generating unit (CGU) and compare this to the carrying value of the CGU. The use of a DCF model requires management to make estimates involving judgement, including forecasts of revenue and profitability and application of appropriate discount rates and as a result the matter was considered to be one of most significance in the Group audit and therefore determined to be a key audit matter.
How the matter was addressed in the audit	Our work included: • Gaining an understanding of management's process for identifying indicators of impairment and the annual impairment testing process. • Engagement with our internal valuation specialists regarding the assessment of the discount rate applied by management, which incorporated comparison with market data and an independently developed range of discount rates. • Evaluating the methodology applied by management in calculating the VIU. • Assessing, and challenging, the reasonableness of key assumptions. • Evaluating the reasonableness of management's cash flow forecasts by comparing them to historical performance, approved budgets and our understanding of the business and industry. • Comparing the actual performance of the CGU post year end to management's cash flow forecasts. • Audit of management's sensitivity analysis including challenging the reasonableness of the range applied to key assumptions. • Checking the arithmetic accuracy of the DCF model. • Reviewing the completeness, accuracy and appropriateness of the related disclosures in the financial statements.

Our application of materiality

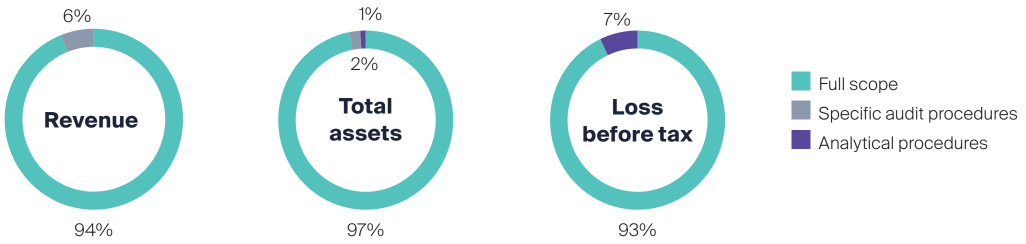
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£97,000 (2023: £75,000)	£49,000 (2023: £230,000)
Basis for determining overall materiality	1% of Revenue	1% of Total Assets, restricted for group purposes
Performance materiality	£68,000 (2023: 48,700)	£37,000 (2023: £149,000)
Basis for determining performance materiality	70% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £4,850 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £2,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 3 components, 2 of which are based in the UK and 1 in India.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 2 components and specific audit procedures for 1 component.

All of the above was undertaken by the Group audit engagement team.

Specific audit procedures were undertaken, in respect of the Indian component, to achieve sufficient group coverage. These included revenue, payroll cost, trade receivables, cash and payables.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Review of the forecasts prepared by management, for the period to 31 July 2025, including challenge of key assumptions;
- Review of post year-end trading performance of the group and comparison to the forecasts prepared by management;
- Assessment of the sufficiency and appropriateness of the going concern disclosures in the financial statements; and
- Confirmation of the current cash balances and comparison with the forecast.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The extent to which the audit was considered capable of detecting irregularities, including fraud continued

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS, Companies Act 2006 and AIM rules	• Review of the financial statement disclosures and testing to supporting documentation. • Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	• Inspection of advice received from external tax advisers.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	• For a sample of transactions, in the identified cut-off period, verifying that revenue had been recognised in the correct reporting period.
Management override of controls	• Testing the appropriateness of journal entries and other adjustments; • Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and • Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Alan Aitchison (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Centenary House,
69 Wellington Street,
Glasgow,
G2 6HG
24 July 2024

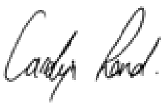
for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Continuing operations			
Revenue	3,6	**9,774**	7,546
Cost of sales		**(3,728)**	(4,001)
Gross profit		**6,046**	3,545
Administration costs		**(5,287)**	(4,755)
Selling and marketing costs		**(1,378)**	(1,530)
Other income	6	**84**	25
Operating loss before exceptional items	6	**(535)**	(2,715)
Exceptional items	6	**(238)**	(524)
Operating loss after exceptional items		**(773)**	(3,239)
Finance income/(costs)	4	**28**	(13)
Loss before taxation		**(745)**	(3,252)
Tax credit	5	**417**	80
Loss for the year from continuing operations		**(328)**	(3,172)
Discontinued operations			
Loss after tax for the year from discontinued operations	7	**–**	(688)
Loss for the year		**(328)**	(3,860)
Other comprehensive loss to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		**(14)**	(15)
Other comprehensive loss for the year		**(14)**	(15)
Total comprehensive losses for the year		**(342)**	(3,875)
Earnings per share (EPS)			
Basic and diluted EPS on loss for the year	8	**(0.1)p**	(1.7)p
Earnings per share from continuing operations			
Basic and diluted EPS on loss for the year from continuing operations	8	**(0.1)p**	(1.4)p

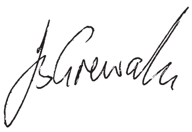
CONSOLIDATED BALANCE SHEET

as at 31 March 2024

	Note	2024 £'000	2023 £'000
ASSETS			
Non-current assets			
Intangibles	9	**4,099**	4,525
Property, plant and equipment	10	**388**	567
Right of use assets	10	**126**	21
Deferred taxation	11	**1,406**	997
Total non-current assets		**6,019**	6,110
Current assets			
Inventories	13	**607**	777
Trade and other receivables	14	**1,824**	2,403
Short-term deposits	15	**2,501**	–
Cash and cash equivalents	15	**2,943**	5,115
Total current assets		**7,875**	8,295
Total assets		**13,894**	14,405
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**10,255**	10,244
Share premium		**25,072**	25,072
Retained deficit		**(25,585)**	(25,319)
Translation reserve		**(60)**	(46)
Total equity		**9,682**	9,951
Liabilities			
Non-current liabilities			
Long-term borrowings	17	**–**	19
Lease liabilities	10	**25**	–
Deferred income	18	**2,500**	2,500
Total non-current liabilities		**2,525**	2,519
Current liabilities			
Short-term borrowings	17	**22**	32
Lease liabilities	10	**101**	23
Trade and other payables	19	**1,323**	1,525
Total current liabilities		**1,446**	1,580
Liabilities directly associated with assets held for sale	7	**241**	355
Total liabilities		**4,212**	4,454
Total equity and liabilities		**13,894**	14,405



Carolyn Rand
Non-Executive Chair
24 July 2024



Jag Grewal
Chief Executive Officer
24 July 2024

Cambridge Nutritional Sciences plc
Registered number: 5017761

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

		Share capital £'000	Share premium £'000	Retained deficit £'000	Translation reserve £'000	Total £'000
Balance at 31 March 2022		8,044	25,340	(21,537)	(31)	11,816
Loss for year ended 31 March 2023		–	–	(3,860)	–	(3,860)
Other comprehensive loss – net exchange adjustments		–	–	–	(15)	(15)
Total comprehensive losses for the year		–	–	(3,860)	(15)	(3,875)
Issue of share capital for cash consideration		2,200	–	–	–	2,200
Expenses in connection with share issue		–	(268)	–	–	(268)
Share-based payments	6	–	–	78	–	78
Balance at 31 March 2023		10,244	25,072	(25,319)	(46)	9,951
Loss for year ended 31 March 2024		–	–	(328)	–	(328)
Other comprehensive loss – net exchange adjustments		–	–	–	(14)	(14)
Total comprehensive losses for the year		–	–	(328)	(14)	(342)
Issue of share capital		11	–	–	–	11
Share-based payments	6	–	–	62	–	62
Balance at 31 March 2024		**10,255**	**25,072**	**(25,585)**	**(60)**	**9,682**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Cash flows generated from operations			
Loss for the year from continuing operations		**(328)**	(3,172)
Loss for the year from discontinued operations		**–**	(688)
Adjustments for:			
– Depreciation	10	**214**	219
– Amortisation of intangible assets	9	**436**	372
– Impairment and derecognition of intangible assets	9	**–**	15
– Impairment of property, plant and equipment	10	**110**	–
– Impairment loss recognised on the remeasurement to fair value of discontinued operations	7	**–**	176
– Impairment of assets relating to aborted Ely relocation	10	**–**	399
– Share-based payments	6	**73**	78
– Taxation	5	**(417)**	(380)
– Finance (income)/costs	4	**(28)**	16
Cash inflow/(outflow) from operating activities before working capital movement		**60**	(2,965)
Decrease in trade and other receivables	14	**579**	812
Decrease in inventories	13	**170**	128
Decrease in trade and other payables	19	**(202)**	(1,466)
Movement in grants		**–**	(139)
Taxation received		**–**	478
Cash inflow/(outflow) from operating activities		**607**	(3,152)
Investing activities			
Finance income	4	**50**	19
Income from sale of the CD4 business	7	**–**	5,315
Transfer to short-term deposits		**(2,501)**	–
Purchase of property, plant and equipment	10	**(48)**	(25)
Purchase of intangible assets	9	**(11)**	(128)
Net cash (used in)/generated from investing activities		**(2,510)**	5,181
Financing activities			
Finance costs	4	**(1)**	(1)
Proceeds from issue of share capital		**–**	2,200
Expenses in connection with share issue		**–**	(268)
Principal portion of asset finance payments	17	**(143)**	(314)
Interest portion of asset finance payments		**(13)**	(25)
Principal portion of lease liability payments	17	**(99)**	(97)
Interest portion of lease liability payments		**(9)**	(9)
Net cash (used in)/generated from financing activities		**(265)**	1,486
Net (decrease)/increase in cash and cash equivalents		**(2,168)**	3,515
Effects of exchange rate movements		**(4)**	(5)
Cash and cash equivalents at beginning of year		**5,115**	1,605
Cash and cash equivalents at end of year		**2,943**	5,115

COMPANY BALANCE SHEET

as at 31 March 2024

	Note	2024 £'000	2023 £'000
ASSETS			
Non-current assets			
Investments	12	**3,102**	3,101
Intercompany receivables	14	**19,834**	19,067
Total non-current assets		**22,936**	22,168
Current assets			
Trade and other receivables	14	**73**	85
Cash and cash equivalents	15	**5**	717
Total current assets		**78**	802
Total assets		**23,014**	22,970
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**10,627**	10,616
Share premium		**25,689**	25,689
Retained deficit		**(13,621)**	(13,627)
Total equity		**22,695**	22,678
Liabilities			
Current liabilities			
Trade and other payables	19	**319**	292
Total current liabilities		**319**	292
Total liabilities		**319**	292
Total equity and liabilities		**23,014**	22,970

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

The Company loss in the year was £56,000 (2023: profit of £22,000).

Carolyn Rand
Non-Executive Chair
24 July 2024

Jag Grewal
Chief Executive Officer
24 July 2024

Cambridge Nutritional Sciences plc
Registered number: 5017761

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2024

	Note	Share capital £'000	Share premium £'000	Retained deficit £'000	Total £'000
Balance at 31 March 2022		8,416	25,957	(13,727)	20,646
Profit for the year ended 31 March 2023		–	–	22	22
Issue of share capital for cash consideration		2,200	–	–	2,200
Expenses in connection with share issue	3	–	(268)	–	(268)
Share-based payments	6	–	–	78	78
Balance at 31 March 2023		10,616	25,689	(13,627)	22,678
Loss for the year ended 31 March 2024		–	–	(56)	(56)
Issue of share capital		11	–	–	11
Share-based payments	6	–	–	62	62
Balance at 31 March 2024		**10,627**	**25,689**	**(13,621)**	**22,695**

for the year ended 31 March 2024

	2024 £'000	2023 £'000
Cash flows generated from operations		
(Loss)/profit for the year	**(56)**	22
Adjustments for:		
– Share-based payments	**73**	78
– Finance income	**(27)**	–
Cash (outflow)/inflow before working capital movement	**(10)**	100
Decrease/(increase) in trade and other receivables excluding intercompany financing	**12**	(14)
Increase/(decrease) in trade and other payables	**26**	(104)
Cash inflow/(outflow) from operating activities	**28**	(18)
Investing activities		
Finance income	**27**	–
Advances to subsidiary companies	**(1,532)**	(6,482)
Repayments from subsidiary companies	**765**	4,240
Net cash used in investing activities	**(740)**	(2,242)
Financing activities		
Proceeds from issue of share capital	**–**	2,200
Expenses of share issue	**–**	(268)
Net cash generated from financing activities	**–**	1,932
Net decrease in cash and cash equivalents	**(712)**	(328)
Cash and cash equivalents at beginning of year	**717**	1,045
Cash and cash equivalents at end of year	**5**	717

1 Authorisation of financial statements

The financial statements of Cambridge Nutritional Sciences plc (formerly known as Omega Diagnostics Group PLC; registered number: 5017761; registered office address: One Fleet Place, London EC4M 7WS) for the year ended 31 March 2024 were authorised for issue by the Board of Directors on 24 July 2024, and the balance sheets were signed on the Board's behalf by Carolyn Rand and Jag Grewal. Cambridge Nutritional Sciences plc is a public limited company incorporated in England. The Company's ordinary shares are traded on AIM. The principal activities of the parent company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 1 to 23.

2 Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which have been applied consistently to all periods presented in these financial statements. The consolidated financial statements, and the Company financial statements, are presented in sterling and have been prepared in accordance with UK-adopted International Accounting Standards and, as regards to the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income.

In relation to IFRS 8 – Operating Segments, the Group has identified the Executive Board as the chief operating decision maker with responsibility for decisions over the allocation of resources to operating segments and for the monitoring of their performance. Following the decision of the Executive Board to discontinue trading in the Global Health segment, the Group now reports on two segments as below:

- Health and Nutrition; and
- Corporate.

Discontinued operations

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

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

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

Additional disclosures are provided in Note 7. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Basis of consolidation

The Group financial statements consolidate the financial statements of Cambridge Nutritional Sciences 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

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

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence through a period of at least twelve months from the date of approving the financial statements (the going concern period). The Directors have determined that the going concern period for purposes of these financial statements is the period through to 31 July 2025. The Group realised a loss of £0.3 million for the year ended 31 March 2024 (2023: loss of £3.9 million). As at 31 March 2024, the Group had net current assets of £6.4 million, including cash and deposits of £5.4m.

2 Accounting policies continued

Going concern continued

The Directors have prepared trading and cash flow base case forecasts to 31 July 2025 and have applied reverse stress tests to the base case forecasts. The stress tests have been applied to take account of the impact of potential uncertain outcomes that are, to an extent, outside of management's control, as well as reduced trading forecasts, taking into account current macro-economic conditions. These scenarios include:

- After taking into account the above sensitivities and mitigating actions, the reverse stress test indicates revenue could fall by a further 45% and gross margin could deteriorate by an additional 11% before forecast cash resources are exhausted.
- After taking legal advice and making an assessment of the terms and conditions contained within the contract with the DHSC, the Directors do not believe the Group will be required to repay the pre-production payment of £2.5 million. We are also considering claims against DHSC for additional losses that we have suffered as a result of DHSC's conduct pursuant to the contract. We are continuing to explore potential ways to resolve this dispute without the need for legal proceedings. As such, the Directors believe that there will be no cash outflow in the form of a repayment to the DHSC in the going concern period and repayment is not included in the base case or as a sensitivity. However, the Directors acknowledge that there is a risk that a repayment of some or all of this amount may be required, the timing and quantum of which is uncertain.

The Board has a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the period to 31 July 2025. On this basis, the Directors continue to adopt the going concern basis of preparation. Accordingly, these financial statements do not include the adjustments that would be required if the Company and Group was unable to continue as a going concern.

Intangible assets

Goodwill

Business combinations are accounted for under IFRS 3 using the acquisition method. Goodwill represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised but is subject to an annual impairment review and whenever events or changes in circumstances indicate that the carrying value may be impaired a charge is made to the income statement. After initial recognition, goodwill is stated at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level where synergies lie. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

Other intangible assets

Intangible assets acquired as part of a business combination are recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition at fair value at the acquisition date, the historical cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over the expected useful lives, with charges included in administration costs, as follows:

Technology assets	–	5 to 20 years
Software	–	5 years
Licences	–	17 to 20 years
Customer relationships	–	fully amortised

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development costs

Expenditure on research and initial feasibility work is written off through the income statement as incurred. Thereafter, expenditure on product development which meets certain criteria is capitalised and amortised over its useful life. The stage at which it is probable that the product will generate future economic benefits is when the following criteria have been met: technical feasibility; intention and ability to sell the product; availability of resources to complete the development of the product; and the ability to measure the expenditure attributable to the product. The useful life of the intangible asset is determined on a product-by-product basis, taking into consideration a number of factors. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Research and development intangible assets are amortised on a straight-line basis over the expected useful lives, with charges included in administration costs, as follows:

IAS 38 development costs	–	5 to 20 years

2 Accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets to their estimated residual values over their estimated useful lives on a straight-line basis as follows:

Leasehold improvements	–	10 years, straight line with no residual value or the remaining term of the lease if shorter
Plant and machinery	–	3 to 10 years, straight line with no residual value
Right of use leased assets	–	over the lease term, straight line with no residual value

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives are reviewed annually and, where adjustments are required, these are made prospectively.

Leases

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Group's incremental borrowing rate at commencement of the lease.

Right of use assets are recognised at the commencement date of the lease and measured at an amount equal to the initial lease liability recognised and initial direct costs incurred when entering into the lease. Right of use assets comprise the premises and equipment with leases in excess of one year.

Low value leases

Rentals applicable to low value leases, where substantially all the benefits and risks remain with the lessor, are charged against the statement of other comprehensive income on a straight-line basis over the period of the lease.

Asset finance arrangements

The Group raises finance secured on new asset purchases. Amounts received in relation to the financing of fixed asset acquisitions, where the lender has security over the specified assets acquired, are recorded as liabilities in the balance sheet and accounted for in accordance with IFRS 9. Interest incurred on these arrangements is charged to the statement of comprehensive income using the effective interest rate method.

Impairment of assets

The Group and Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group and Company make an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their net present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is defined as standard cost or purchase price and includes all direct costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred prior to completion and disposal.

Trade receivables

Trade receivables recognised by the Group and Company are carried at original invoice amount less an allowance for any non-collectable or impaired amounts. The Group uses the IFRS 9 expected credit loss model to measure loss allowances at an amount equal to their lifetime expected credit loss. A provision for doubtful amounts is made when there is objective evidence that collection of the full amount is no longer probable.

Significant financial difficulty or significantly extended settlement periods are considered to be indicators of impairment. Normal average payment terms vary from payment in advance to 90 days. Balances are written off when the probability of recovery is assessed as remote.

2 Accounting policies continued

Provision for expected credit losses (ECLs) of receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on analysis of payment receipt days past due for groupings of various customer segments (i.e. by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions are expected to deteriorate over the next year, which could lead to an increased number of defaults in the medical diagnostics sector, the historical rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs is an estimate. The amount of ECLs is sensitive to changes in circumstances and forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in the notes to the financial statements.

Expected credit loss on amounts due from subsidiaries is measured using the general models for ECLs. When there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. This is determined by applying the probability of default to the receivables due from subsidiaries.

Short-term deposits

Short-term deposits in the balance sheet comprise short-term deposits with an original maturity of three months or more.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts or other short-term debt facilities that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial instruments

Under IFRS 9, financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets held by the Group and Company are trade and other receivables and cash.

Financial liabilities held by the Group and Company are trade and other payables, deferred income and bank borrowings.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables are measured at the transaction price determined under IFRS 15. The Group's financial assets at amortised cost include trade receivables and loans to subsidiaries.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Customer credit risk is managed by the Group finance team and is subject to the Group's established policy, procedures and controls relating to customer credit risk management. All new customers are subject to formal take-on procedures which include the first four orders being on a proforma basis. Customers' credit is reviewed on a regular basis with existing trading experiences taken into account when deciding on ongoing terms. The Group has an excellent record in cash collections and consequently has had almost no bad debt in recent years.

A financial asset is deemed to be impaired when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Trade payables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Bank borrowings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. For long-term bank borrowings stated at amortised cost, transaction costs that are directly attributable to the borrowing instrument are recognised as an interest expense over the life of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires; when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

2 Accounting policies continued

Company's investments in subsidiaries

The Company recognises its investments in subsidiaries at cost. The carrying value of investments is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currency translation

The financial statements are presented in UK pounds sterling. Transactions in currencies other than sterling are recorded at the prevailing rate of exchange at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the transaction.

Gains and losses arising on retranslation of monetary items are included in the net profit or loss for the year. The trading results of the overseas subsidiaries are translated at the average exchange rate ruling during the year, with the exchange difference between the average rates and the rates ruling at the balance sheet date being taken to other comprehensive income and accumulated in the translation reserve. Any differences arising on the translation of the opening net investment in the overseas subsidiaries and of applicable foreign currency loans are recognised in other comprehensive income and accumulated in the translation reserve.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of discounts and sales-related taxes. Sales of goods are recognised when our performance obligations have been met. This will be when goods have been despatched and the collection of the related receivable is reasonably assured. Sale of goods relates to the sale of medical diagnostic kits. Revenue relating to CNSLab laboratory services is recognised on communication of test results.

Share-based payments

For equity-settled transactions, the Group measures the award by reference to the fair value at the date at which they are granted and it is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. In certain circumstances, such as death of an employee, the Directors can amend the vesting period at their discretion. Fair value is determined using the Black-Scholes model.

Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining grant date fair value. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market or non-vesting condition, be treated as vesting as described above. This includes any award where non-vesting conditions within the control of the Group or the employee are not met. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Pensions

Contributions to personal pension plans of employees on a defined contribution basis are charged to the income statement in the year in which they are payable.

2 Accounting policies continued

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax and deferred tax are charged or credited in other comprehensive income or directly to equity if they relate to items that are credited or charged in other comprehensive income or directly to equity. Otherwise, income tax and deferred tax are recognised in profit or loss.

Use of estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It is not practical to separate estimates from judgements in relation to future forecasts. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant areas of estimation uncertainty and critical judgements in applying the accounting policies that have the most significant effect on the amounts recognised in the financial information are as follows:

Intangible assets – expected useful life

Management judgement is required to estimate the useful lives of intangible assets, having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows. The Group seeks to develop relationships with key external decision makers that can influence the global agenda for the markets in which the Group operates. To the extent that future economic benefits are dependent upon inputs and decisions to be taken by third parties, the Group maintains regular dialogue with these parties to ensure it has the most relevant and up-to-date data upon which to base its judgement. The Group reviews its technology assets on a regular basis by undertaking competitor reviews to ensure the relevance of these assets and to increase the likelihood that future economic benefits will continue to ensue. The period selected for amortisation in relation to the Health and Nutrition products is five years as there is competitor activity in this space.

Carrying value of goodwill

Goodwill is tested annually for impairment. The test considers the recoverable amount of cash-generating units (CGUs) that give rise to the goodwill. The recoverable amount is determined to be the higher of the fair value less costs to sell and the value in use of the CGU. If the carrying amount of the CGU exceeds its recoverable amount, an impairment charge will be recognised immediately in the income statement.

Value in use calculations require the estimation of future cash flows to be derived from the respective CGU and the selection of an appropriate discount rate in order to calculate their present value. The value in use methodology is consistent with the approach taken by management to evaluate economic value and is deemed to be the most appropriate for the respective CGU. The methodology is based on the pre-tax cash flows arising from the specific CGU and discounted using a pre-tax discount rate. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised within a reasonable period of time. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset recognised to be recovered within a reasonable period of time.

2 Accounting policies continued

Use of estimates and judgements continued

Deferred tax continued

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset within the same tax authority and where the Group intends to either settle them on a net basis, or to realise the asset and settle the liability simultaneously. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Investments

For investments subject to impairment testing, the investment carrying value is compared to the investment recoverable amount. The recoverable amount is determined to be the higher of the fair value less costs to sell and the value in use of the investment. If the carrying amount of the investment exceeds its recoverable amount, an impairment charge will be recognised immediately in the income statement. Reversals of previous impairment charges are recognised if the recoverable amount of the investment significantly exceeds the carrying amount.

Value in use calculations require the estimation of future cash flows to be derived from the respective subsidiary and the selection of an appropriate discount rate in order to calculate their present value. The value in use methodology is consistent with the approach taken by management to evaluate economic value and is deemed to be the most appropriate for the respective subsidiary. The methodology is based on the pre-tax cash flows arising from the respective subsidiary and discounted using a pre-tax discount rate. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the subsidiary.

Deferred income

At inception, amounts advanced by DHSC were classified as deferred income under IFRS 15 because they were to be recovered at an agreed amount per lateral flow test produced. With no production volume over which the advance payment can be recovered as envisaged in the contract, the Company still retains the deferred income balance of £2.5 million pending resolution of the dispute. Depending on the outcome of the settlement negotiations, the amount of deferred income to be retained by the Company may be more or less than the amount stated. Under IFRS 15 no amount would be recognised as revenue unless it is highly probable that a significant reversal would not occur. Notwithstanding legal advice obtained and the Directors' intention to challenge any attempt to reclaim the amount advanced under the contract, at 31 March 2024, the Directors have determined the amount to be fully constrained.

Standards adopted for the first time

There are no new or revised standards effective for annual periods beginning on or after 1 April 2023 that are relevant to the Group.

Standards, amendments and interpretations to existing standards that are issued but not yet effective

There are no such new standards, amendments to existing standards or interpretations that are relevant to the Group.

3 Segmental information

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

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

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

3 Segmental information continued

Business segment information

2024	Health and Nutrition £'000	Corporate £'000	Total £'000
Revenue	10,041	–	10,041
Inter-segment revenue	(267)	–	(267)
Total revenue	9,774	–	9,774
Cost of sales	(3,728)	–	(3,728)
Gross profit	6,046	–	6,046
Operating costs	(5,357)	(1,224)	(6,581)
Operating loss before net exceptional costs	689	(1,224)	(535)
Net exceptional costs	(100)	(138)	(238)
Operating loss after net exceptional costs	589	(1,362)	(773)
Depreciation	214	–	214
Amortisation	436	–	436
EBITDA	1,239	(1,362)	(123)
Net exceptional costs	100	138	238
Share-based payment charges	11	62	73
Adjusted EBITDA	**1,350**	**(1,162)**	**188**
Share-based payment charges	(11)	(62)	(73)
Depreciation	(214)	–	(214)
Amortisation	(436)	–	(436)
Net finance income	1	27	28
Net exceptional costs	(100)	(138)	(238)
Profit/(loss) before tax	590	(1,335)	(745)
Net exceptional costs	100	138	238
Share-based payment charges	11	62	73
Amortisation (excluding development costs)	121	–	121
Adjusted profit/(loss) before tax	**822**	**(1,135)**	**(313)**

2023	Health and Nutrition £'000	Corporate £'000	Total £'000
Revenue	7,742	–	7,742
Inter-segment revenue	(196)	–	(196)
Total revenue	7,546	–	7,546
Cost of sales	(4,001)	–	(4,001)
Gross profit	3,545	–	3,545
Operating costs	(5,153)	(1,107)	(6,260)
Operating loss before exceptional items	(1,608)	(1,107)	(2,715)
Exceptional items	(524)	–	(524)
Operating loss after exceptional items	(2,132)	(1,107)	(3,239)
Depreciation	219	–	219
Amortisation	372	–	372
EBITDA	(1,541)	(1,107)	(2,648)
Exceptional items	524	–	524
Share-based payment charges	1	77	78
Adjusted EBITDA	(1,016)	(1,030)	(2,046)
Share-based payment charges	(1)	(77)	(78)
Depreciation	(219)	–	(219)
Amortisation	(372)	–	(372)
Net finance costs	(13)	–	(13)
Exceptional items	(524)	–	(524)
Loss before tax	(2,145)	(1,107)	(3,252)
Exceptional items	524	–	524
Share-based payment charges	1	77	78
Amortisation (excluding development costs)	109	–	109
Adjusted loss before tax	(1,511)	(1,030)	(2,541)

3 Segmental information continued

Business segment information continued

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

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

The segment assets and liabilities are as follows:

2024	Health and Nutrition £'000	Corporate £'000	Total £'000
Segment assets	6,971	73	7,044
Unallocated assets	–	–	6,850
Total assets	**6,971**	**73**	**13,894**
Segment liabilities	1,153	318	1,471
Unallocated liabilities	–	–	2,500
Total liabilities	**1,153**	**318**	**3,971**

2023	Health and Nutrition £'000	Corporate £'000	Total £'000
Segment assets	8,208	85	8,293
Unallocated assets	–	–	6,112
Total assets	8,208	85	14,405
Segment liabilities	1,307	292	1,599
Unallocated liabilities	–	–	2,500
Total liabilities	1,307	292	4,099

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

Product segment information

	2024 £'000	2023 £'000	Variance %
FoodPrint®	**6,016**	4,123	46%
Food Detective®	**2,082**	2,291	(9)%
CNSLab service	**1,500**	948	58%
Food ELISA/other	**176**	184	(4)%
	9,774	7,546	30%

Information about major customers

One customer within the Health and Nutrition segment accounts for £1,600,000, 16% (2023: £839,000, 11.0%) of continuing revenues.

Geographical information

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

	2024 £'000	2023 £'000
Revenues		
UK	**1,527**	975
Rest of Europe	**2,061**	2,311
North America	**1,868**	1,143
South/Central America	**493**	301
India	**551**	529
Asia and the Far East	**2,238**	1,726
Africa and the Middle East	**1,036**	561
	9,774	7,546

3 Segmental information continued

Geographical information continued

2024	Intangibles £'000	Property, plant and equipment* £'000	Inventories £'000	Trade and other receivables £'000	Total £'000
Assets					
UK	**4,096**	**513**	**535**	**1,660**	**6,804**
India	**3**	**1**	**72**	**164**	**240**
Unallocated assets	**–**	**–**	**–**	**–**	**6,850**
Total assets	**4,099**	**514**	**607**	**1,824**	**13,894**

2023	Intangibles £'000	Property, plant and equipment* £'000	Inventories £'000	Trade and other receivables £'000	Total £'000
Assets					
UK	4,524	586	724	2,312	8,146
India	1	2	53	91	147
Unallocated assets	–	–	–	–	6,112
Total assets	4,525	588	777	2,403	14,405

* Includes right of use assets

	2024 £'000	2023 £'000
Liabilities		
UK	**1,397**	1,531
India	**74**	68
Unallocated liabilities	**2,500**	2,500
Total liabilities	**3,971**	4,099
Capital expenditure		
Health and Nutrition	**48**	25
Total capital expenditure	**48**	25
Intangible expenditure		
Health and Nutrition	**11**	128
Total intangible expenditure	**11**	128

4 Finance income/(costs)

Consolidated	2024 £'000	2023 £'000
Interest receivable	**50**	–
Interest payable on bank overdraft	**(1)**	(1)
Interest payable on lease liabilities	**(9)**	(9)
Interest on hire purchase and asset finance arrangements	**(12)**	(3)
	28	(13)

5 Taxation

Consolidated – continuing operations	2024 £'000	2023 £'000
(a) Tax credited/(charged) in the income statement		
Current tax – prior year adjustment	**–**	169
Deferred tax – current year	**451**	(89)
Deferred tax – prior year adjustment	**(34)**	–
	417	80

5 Taxation continued

Consolidated – continuing operations	2024 £'000	2023 £'000
(b) Reconciliation of total tax (credit)/charge		
Factors affecting the tax (credit)/charge for the year:		
Loss before tax	**(745)**	(3,252)
Standard Corporate rate of taxation	**25%**	19%
Loss before tax multiplied by the standard rate of tax	**(186)**	(618)
Effects of:		
Expenses not deductible for tax purposes and permanent differences	**164**	166
Accelerated capital allowances	**(45)**	–
Adjustments in respect of previous periods – deferred tax	**34**	–
Transfer (to)/from previously unrecognised deferred tax/liability	**(297)**	437
Other timing differences	**(87)**	102
Adjustment due to different overseas tax rate	**–**	5
Impact of UK rate change on deferred tax	**–**	(3)
Research and development – prior year adjustment	**–**	(169)
Tax credit for the year	**(417)**	(80)

6 Revenue and expenses

Consolidated – continuing operations	2024 £'000	2023 £'000
Revenue and other income		
Revenue – sales of goods	**8,274**	6,598
Revenue – provision of services	**1,500**	948
Other income	**84**	25
Total revenue and other income	**9,858**	7,571

Consolidated – continuing operations	2024 £'000	2023 £'000
Operating profit is stated after charging:		
Material costs	**2,606**	2,730
Depreciation including right of use asset depreciation	**214**	219
Amortisation of intangibles	**436**	372
Net foreign exchange losses/(gain)	**107**	(39)
Research and development costs	**343**	274
Low value lease rentals	**10**	17
Share-based payments	**73**	78
Fees payable to the Company's auditors for the audit of the annual accounts:	**40**	40
– Local statutory audit of subsidiaries	**50**	50
– Local statutory audit of the parent company	**10**	10
Fees payable to the Company's auditors for other services	**–**	–

Exceptional items summary

Management considers exceptional items to be income or expenditure which are material and non-recurring in nature.

	2024 Continuing operations £'000	2023 Continuing operations £'000
Aborted relocation income/(costs)	**71**	(524)
Compensation for loss of office	**(195)**	–
Legal costs associated with DHSC	**(114)**	–
Total	**(238)**	(524)

The aborted relocation income relates to the deed of surrender and release for the new manufacturing facility in Ely which will now not proceed. Costs of £0.2m were incurred in relation to compensation for loss of office for three employees who left the organisation throughout the financial year. £0.1 million expenditure was incurred on the ongoing dispute with DHSC as legal costs increased due to the mediation meeting and continued correspondence.

6 Revenue and expenses continued

Staff costs

The average monthly number of employees (including Directors) was:

Consolidated	2024 Number	2023 Number
Operations	**33**	43
Management and administration	**61**	56
Employee numbers	**94**	99

Their aggregate remuneration comprised:

Consolidated	2024 £'000	2023 £'000
Wages and salaries	**3,858**	3,559
Social security costs	**380**	380
Pension costs	**145**	129
Share-based payments	**73**	78
	4,456	4,146

Whilst four Directors are employed by the Company, no personnel expenses are paid directly by the Company.

Equity-settled share-based payments

Consolidated and Company

The share-based payment plans are described below.

2007 EMI Option Scheme and 2020 EMI Option Scheme

The plans are equity-settled plans and the fair value is measured at the grant date. Under the above plans, share options are granted to Directors and employees of the Company. The exercise price of the option is equal to the market price of the shares on the date of grant. The options for the 2007 EMI Option Scheme vest three years after the date of grant. The options for the 2020 EMI Option Scheme vest two years after the date of grant. The rules for these schemes allow for performance criteria to be applied in appropriate cases. Performance criteria include share price hurdles and these are detailed in the Directors' Remuneration Report.

The fair value of the options is estimated at the grant date using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted.

The contractual life of each option granted is ten years and there is no cash settlement alternative.

Third Unapproved Option Scheme (TUOS)

The plan is an equity-settled plan and the fair value is measured at the grant date. Under the above plan, share options may be granted to Directors and third parties. The exercise price of the option is equal to the market price of the shares on the date of grant. One third of the options vests one year after grant, another third vests two years after grant and the final third vests three years after grant.

The fair value of the options is estimated at the grant date using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted.

The contractual life of each option granted is ten years and there is no cash settlement alternative.

Long-Term Incentive Plan (LTIP)

On 2 June 2022, the Company established the Cambridge Nutritional Sciences plc Long Term Incentive Plan (formerly known as Omega Diagnostics PLC Long Term Incentive Plan) as a new scheme to incentivise Executive Directors and certain senior managers to deliver long-term value for shareholders. The performance awards will normally vest on the third anniversary of the grant but only if, at that time, the Company's share price (averaged over a 90-day period) is equal to or greater than 12 pence per Ordinary Share. The vesting of the retention awards is dependent solely on continued employment over the period of three years from grant. Once the awards have vested, they will generally be available to be exercised until the tenth anniversary of their original grant; 8 June 2032.

Under the EMI schemes, options are granted to recognise and retain committed employees and key talent within the Group for the benefit of the business.

Under the HMRC approved schemes, taxation of any gains (capital gains tax) is the responsibility of the optionee. The unapproved schemes' optionees are not employees of the Company, and therefore any income taxes due on exercise gains are the responsibility of the optionee.

6 Revenue and expenses continued

Equity-settled share-based payments continued

Consolidated and Company continued

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2024 Number	2024 WAEP	2023 Number	2023 WAEP
Outstanding at 1 April	**15,348,170**	**1p**	7,838,740	19p
Granted during the year under the LTIP	**–**	**–**	14,239,836	–
Granted during the year under the TUOS	**–**	**–**	200,000	4p
Lapsed during the year under the EMI Option Scheme	**(205,000)**	**44p**	(4,135,000)	15p
Lapsed during the year under the LTIP	**(7,339,121)**	**–**	–	–
Lapsed during the year under the TUOS	**–**	**–**	(1,080,406)	15p
Waived during the year under the EMI Option Schemes	**–**	**–**	(1,515,000)	22p
Waived during the year under the TUOS	**–**	**–**	(200,000)	89p
Outstanding at 31 March 2024	**7,804,049**	**1p**	15,348,170	1p
Exercisable at 31 March 2024	**703,334**	**18p**	908,334	24p

The options outstanding at the period-end have an exercise price in the range of £nil to £0.21875 (2023: £nil to £0.305) and a weighted average remaining contractual life of 6.6 years (2023: 5.7 years).

On 6 June 2024, Carolyn Rand and Jeremy Millard were awarded 4 pence cost options over 9,930,000 and 450,000 ordinary shares respectively under the Third Unapproved Option Scheme.

Directors' remuneration

Consolidated	2024 £'000	2023 £'000
Fees	**209**	93
Emoluments	**375**	686
	584	779
Contributions to personal pension	**19**	19
	603	798
Members of a defined contribution pension scheme at the year end	**3**	2

Information in respect of individual Directors' emoluments, including the highest paid Director, is provided in the Directors' Remuneration Report.

7 Discontinued operations

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

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

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

The sale of the CD4 business was completed effective 31 July 2022 at which time net assets, less cost of disposal, were £5,486,000. Net cash proceeds of £5,315,000 have been received and the Company is entitled to a royalty of 4% of Accubio's test revenues to 31 December 2026, capped at £1.0 million in aggregate. In calculating the loss on disposal an estimated £171,000 of future royalty income was assumed based on CD4 sales for the year ended 31 March 2022.

7 Discontinued operations continued

	2023 £'000
Revenue	640
Cost of sales	(184)
Gross profit	456
Administration costs	(1,195)
Selling and marketing costs	(223)
Other income	2
Operating loss before exceptional items	(960)
Exceptional items	150
Operating loss after exceptional items	(810)
Finance costs	(2)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(176)
Loss before taxation	(988)
Tax benefit/(expense):	
Related to pre-tax loss from the ordinary activities for the period	267
Related to measurement to fair value less costs to sell	33
Loss for the year from discontinued activities	(688)

Adjusted loss before taxation

	2023 £'000
Loss for the year from discontinued activities	(688)
Exceptional income	(150)
Impairment loss recognised on the remeasurement to fair value less costs to sell	176
Adjusted loss for the year from discontinued activities	(662)

Earnings per share

	2023
Basic loss for the year from discontinued operations	(0.3)p
Diluted loss for the year from discontinued operations	(0.3)p
Adjusted loss for the year from discontinued operations	(0.3)p

Cash flows

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

	2024 £'000	2023 £'000
Operating	**–**	200
Investing	**–**	5,335
Financing	**(114)**	(129)
Net cash (outflow)/inflow	**(114)**	5,406

Total liabilities directly associated with the assets held for sale at 31 March 2024 were £241,000 (2023: £355,000). The liabilities relate to the hire purchase on COVID-19 plant and equipment purchased which has subsequently been written down to zero value. An active sale process is underway to realise value from these assets.

Exceptional items summary

	2023 £'000
Bad debt provision	150
Total income	150

8 Earnings per share

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

Diluted earnings per share are calculated by dividing the loss 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.

	2024 £'000	2023 £'000
Loss attributable to equity holders of the Group		
Continuing operations	**(328)**	(3,172)
Discontinued operations	**–**	(688)
Loss attributable to equity holders of the Group for basic earnings	**(328)**	(3,860)

	2024 Number	2023 Number
Basic average number of shares	**237,727,136**	231,263,884
Share options	**370,000**	575,000
Diluted weighted average number of shares	**238,097,136**	231,838,884
Basic and diluted EPS on loss for the year	**(0.1)p**	(1.7)p
Basic and diluted EPS on loss for the year from continuing operations	**(0.1)p**	(1.4)p

Adjusted earnings per share on profit for the year

The Group presents adjusted earnings per share, which are calculated by taking adjusted profit/(loss) 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.

	2024 £'000	2023 £'000
Loss attributable to equity holders of the Group	**(328)**	(3,860)
Net exceptional costs*	**238**	550
Amortisation of intangible assets	**121**	109
Share-based payment charges	**73**	78
Adjusted profit/(loss) attributable to equity holders of the Group	**104**	(3,123)

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

Adjusted loss for the year – continuing operations

The reported numbers are non-GAAP measures.

	2024 £'000	2023 £'000
Loss for the year from continuing operations	**(328)**	(3,172)
Net exceptional costs	**238**	524
Amortisation of intangible assets	**121**	109
Share-based payment charges	**73**	78
Adjusted profit/(loss) for the year from continuing operations	**104**	(2,461)
Adjusted EPS on profit/(loss) for the year	**0.0p**	(1.4)p
Adjusted EPS on profit/(loss) for the year from continuing operations	**0.0p**	(1.1)p

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

9 Intangibles

	Goodwill £'000	Licences/ software £'000	Technology assets £'000	Customer relationships £'000	Development costs £'000	Total £'000
Cost						
At 31 March 2022	3,017	1,634	1,975	100	9,181	15,907
Additions	–	50	–	–	66	116
Additions – internally generated	–	–	–	–	12	12
Reallocated from property, plant and equipment	–	42	–	–	–	42
At 31 March 2023	3,017	1,726	1,975	100	9,259	16,077
Additions	–	11	–	–	–	11
Currency translation	–	(1)	–	–	–	(1)
At 31 March 2024	**3,017**	**1,736**	**1,975**	**100**	**9,259**	**16,087**
Accumulated amortisation						
At 31 March 2022	–	1,619	1,440	100	8,003	11,162
Amortisation charge in the year	–	10	99	–	263	372
Impairment charge	–	15	–	–	–	15
Reallocated from property, plant and equipment	–	4	–	–	–	4
Currency translation	–	(1)	–	–	–	(1)
At 31 March 2023	–	1,647	1,539	100	8,266	11,552
Amortisation charge in the year	–	22	99	–	315	436
At 31 March 2024	**–**	**1,669**	**1,638**	**100**	**8,581**	**11,988**
Net book value						
At 31 March 2024	**3,017**	**67**	**337**	**–**	**678**	**4,099**
At 31 March 2023	3,017	79	436	–	993	4,525
At 31 March 2022	3,017	15	535	–	1,178	4,745

The net book value of goodwill at 31 March 2023 and 31 March 2024 all relates to the Health and Nutrition segment.

The development costs brought forward all relate to Health and Nutrition projects, which have a further amortisation period of 26 months.

The technology assets costs of £1,975,000 comprise the microarray, macroarray and microplate. The remaining amortisation period for these assets is 41 months.

None of the additions (2023: £nil) internally generated in the year relates to capitalised depreciation on assets utilised for development activities.

Impairment testing of goodwill and intangibles

On acquisition, goodwill is initially measured as the excess of the purchase consideration of the acquired business over the fair value of the identifiable net assets. Goodwill arose on the acquisition of Genesis Diagnostics Limited and Cambridge Nutritional Sciences Limited in 2007, the trading results of which are reported within the Health and Nutrition segment, and as a consequence, the goodwill is allocated to the Health and Nutrition CGU. The Group tests goodwill and intangibles annually for impairment or more frequently if there are indicators of impairment. The carrying amounts are indicated in the table above.

The recoverable amount of the Health and Nutrition CGU has been determined based on a value in use calculation using cash flow projections for the years ending 31 March 2025 to 31 March 2029 based on an organic sales reduction rate of 4% for the year ending 31 March 2025, an organic sales growth rate of 13% for the year ending 31 March 2026, 12% for the year ending 31 March 2027 and 5% thereafter, a forecast gross margin of between 62% and 68% based on improved production processes and improved yield, and cost increases of 4% per annum.

A post-tax discount rate of 14.0% (2023: 13.6%) has been used in the calculation of future cash flow projections, which takes account of other risks such as currency risk, geographical risk and price risk perspective. In order to calculate the terminal value, a perpetuity growth rate of 2% (2023: 2%) has been applied.

The key assumptions used in the forecasts are the product revenues and gross margins which are predicated on the continued success of FoodPrint® and Food Detective®, both having a strong track record of historical performance. Following the classification of the Global Health CGU as a discontinued operation in 2022, 100% (2023: 100%) of the corporate costs have been allocated to the Health and Nutrition CGU when assessing the value in use.

The Group has conducted a detailed sensitivity analysis as part of its impairment testing to ensure that the results of its testing are reasonable. The base case model indicated headroom of £3,546,000. The discount rate for the CGU would need to increase by approximately 570 basis points, or the perpetuity growth rate would need to fall by 1,000 basis points before the recoverable amount would equal the carrying value. A reduction of 2% per annum in the future revenue growth rate would require an impairment of £64,000 or a reduction of 2% in the forecast gross margin percentage indicated headroom of £1,799,000.

10 Property, plant and equipment

Consolidated	Leasehold improvements £'000	Plant and machinery £'000	Total £'000
Cost			
At 31 March 2022	696	2,461	3,157
Additions	–	25	25
Reallocated to intangible assets	–	(42)	(42)
Currency translation	–	1	1
At 31 March 2023	696	2,445	3,141
Additions	4	44	48
Disposals	(299)	(1,069)	(1,368)
At 31 March 2024	**401**	**1,420**	**1,821**
Accumulated depreciation			
At 31 March 2022	484	1,535	2,019
Charge in the year	–	134	134
Impairment to fair value	210	216	426
Reallocated to intangible assets	–	(4)	(4)
Currency translation	–	(1)	(1)
At 31 March 2023	694	1,880	2,574
Charge in the year	2	115	117
Impairment	–	110	110
Disposals	(299)	(1,069)	(1,368)
At 31 March 2024	**397**	**1,036**	**1,433**
Net book value			
At 31 March 2024	**4**	**384**	**388**
At 31 March 2023	2	565	567
At 31 March 2022	212	926	1,138

The £110,000 impairment of plant and machinery relates to machinery no longer used within the Ely site and these assets are now held at a £nil net book value. The impairment is included in the administration costs on the consolidated statement of comprehensive income.

None of the annual depreciation charge (2023: £nil) relates to assets utilised for development activities.

Leases

Right of use assets

Consolidated	Land and property £'000
At 31 March 2023	21
Additions	202
Depreciation	(97)
At 31 March 2024	**126**

Lease liabilities

Consolidated	Land and property £'000
At 31 March 2023	23
Additions	202
Interest expense	9
Lease payments	(108)
At 31 March 2024	**126**

An analysis of the lease liabilities by repayment date is as follows:

Consolidated	**2024 £'000**	2023 £'000
Within one year	**101**	23
More than one year	**25**	–
Total	**126**	23

11 Deferred taxation

The deferred tax asset and deferred tax liability are made up as follows:

Consolidated	2024 £'000	2023 £'000
Temporary differences	–	2
Tax losses carried forward	**1,760**	1,477
	1,760	1,479
The deferred tax liability is made up as follows:		
Fair value adjustments on acquisition	**84**	80
Accelerated capital allowances	**91**	402
Other short term temporary differences	**179**	–
	354	482
Net deferred tax asset	**1,406**	997

A deferred tax asset has been recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The result of a review of future taxable profits is to increase the deferred tax asset and take a credit to the profit and loss account in the amount of £417,000.

This judgement is based on a review of the risk-adjusted forecast model, considering the forecast taxable profits for an appropriate period.

The deferred tax asset at 31 March 2024 will be offset against future profits. Deferred tax assets not recognised as recoverable amount to £4,020,000 (2023: £4,987,000), which includes £1,504,000 (2023: £1,474,000) in relation to the Company.

No deferred tax asset has been recognised in relation to losses based on the forecast profitability of the Company.

12 Investments

Company

The Company's investments in subsidiaries, which are all 100% owned and directly held, are comprised of the following:

	Country of incorporation	2024 £'000	2023 £'000
Investment in Omega Diagnostics Limited[1]	UK	**2,793**	2,792
Investment in Genesis Diagnostics Limited[2]	UK	–	–
Investment in Cambridge Nutritional Sciences Limited[2]	UK	–	–
Investment in Omega (South West) Limited[3]	UK	–	–
Investment in Bealaw (692) Limited[3]	UK	–	–
Investment in Bealaw (693) Limited[3]	UK	–	–
Investment in Omega Dx (Asia) Pvt Limited[4]	India	**309**	309
		3,102	3,101

Bealaw (692) Limited and Bealaw (693) Limited are both dormant companies that have never traded.

Omega (South West) Limited, Genesis Diagnostics Limited and Cambridge Nutritional Sciences Limited are exempt from audit under section 479A of the Companies Act 2006.

Additions in the year of £1,000 (2023: £1,000) to the investment in Omega Diagnostics Limited relate to capital contributions provided by the Company to subsidiary undertakings in relation to share-based payments as detailed in the equity-settled share-based payments note.

1 Registered office address – 9 Haymarket Square, Edinburgh EH3 8FY.
2 Registered office address – Eden Research Park, Henry Crabb Road, Littleport, Cambridgeshire CB6 1SE.
3 Registered office address – One Fleet Place, London EC4M 7WS.
4 Registered office address – 508, 5th Floor, Western Edge 1, Kanakia Spaces, Borivali East, Mumbai.

The carrying value of investments has been tested for impairment applying the value in use model assumptions disclosed in Note 9, adjusted for the fair value of the intercompany receivable. The fair value of the intercompany receivable was arrived at by discounting at 14.0% per annum over the twelve year repayment period.

13 Inventories

	2024 £'000	2023 £'000
Raw materials	**216**	482
Work in progress	**196**	160
Finished goods and goods for resale	**195**	135
	607	777

The write-down of inventories to net realisable value amounted to £40,000 (2023: £104,000).

14 Trade and other receivables

Consolidated	2024 £'000	2023 £'000
Trade receivables	**1,522**	2,033
Less provision for impairment of receivables	**(60)**	(126)
Trade receivables – net	**1,462**	1,907
Prepayments	**125**	74
Other receivables	**237**	422
	1,824	2,403

The Directors consider that the carrying amount of trade receivables and other receivables approximates their fair value. 100% of trade receivable balances at the year end relate to contracted income from customers.

Analysis of trade receivables

Consolidated	2024 £'000	2023 £'000
Neither impaired nor past due	**1,231**	1,847
Past due but not impaired	**231**	60
	1,462	1,907

Ageing of past due but not impaired trade receivables

	2024 £'000	2023 £'000
Up to three months	**169**	60
Between three and six months	**–**	–
More than six months	**62**	–
	231	60

The credit quality of trade receivables that are neither past due nor impaired is assessed internally with reference to historical information relating to counterparty default rates. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable and no collateral is held as security.

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

Company	2024 £'000	2023 £'000
Prepayments	**73**	71
Other receivables	**–**	14
	73	85

The intercompany receivable of £19,834,000 due from Omega Diagnostics Limited at 31 March 2024 is stated net of an expected credit loss of £200,000 (2023: £200,000). This is determined by applying the probability of default to the receivables due from subsidiaries. These amounts are repayable on demand, but the expectation is that a proportion will be repaid in more than one year and as such the balance has been presented within non-current assets. The balance is expected to be recovered in full over a period of twelve years.

15 Short-term deposits, cash and cash equivalents

Consolidated	2024 £'000	2023 £'000
Short-term deposits	**2,501**	–
Cash and cash equivalents	**2,943**	5,115
	5,444	5,115

Company	2024 £'000	2023 £'000
Cash and cash equivalents	**5**	717

16 Capital and reserves

	2024 Number of shares	2023 Number of shares
Authorised share capital		
Ordinary shares of 4.0 pence each	**323,278,493**	323,278,493
Deferred shares of 0.9 pence each	**123,245,615**	123,245,615

Company	Number of shares	£'000
Issued and fully paid ordinary capital		
At 1 April 2022	182,682,404	7,307
Issued during the year	55,002,776	2,200
At 31 March 2023	237,685,180	9,507
Issued during the year	265,480	11
At 31 March 2024	**237,950,660**	**9,518**
Issued and fully paid non-participating deferred share capital		
At the beginning and end of the year	123,245,615	1,109

The deferred shares do not confer any voting rights. The holders of deferred shares have a first entitlement to a dividend of 0.000001 pence per share but thereafter are not entitled to any participation in the profits or assets of the Company. The deferred shares do not confer any rights as respect capital to participate in a distribution (including on winding up). The deferred shares are not redeemable.

17 Interest-bearing loans and borrowings and financial instruments

Consolidated	2024 £'000	2023 £'000
Current		
Obligations under asset finance loan arrangements	**22**	32
	22	32
Non-current		
Obligations under asset finance loan arrangements	**–**	19
	–	19

The Directors consider that the carrying amount of finance obligations approximates their fair values.

17 Interest-bearing loans and borrowings and financial instruments continued

The Group uses asset finance loan arrangements, hire purchase contracts and leases to acquire plant and machinery. Future minimum payments are as follows:

	2024		2023	
	Asset finance and hire purchase £'000	**Lease liabilities £'000**	Asset finance and hire purchase £'000	Lease liabilities £'000
Future minimum payments due:				
Not later than one year	**22**	**110**	34	25
After one year but not more than five years	**–**	**28**	19	–
After five years	**–**	**–**	–	–
	22	**138**	53	25
Less finance charges allocated to future periods	**–**	**(12)**	(2)	(2)
Present value of minimum principal payments	**22**	**126**	51	23
The present value of minimum lease payments is analysed as follows:				
Not later than one year	**22**	**101**	32	23
After one year but not more than five years	**–**	**25**	19	–
After five years	**–**	**–**	–	–
	22	**126**	51	23

Changes in liabilities	**2024 £'000**	2023 £'000
Opening lease, hire purchase and asset finance obligations	**74**	370
New leases	**202**	–
Right of use asset lease repayments	**(108)**	(101)
Right of use asset lease interest	**9**	9
Hire purchase and asset finance repayments	**(29)**	(207)
Hire purchase and asset finance interest	**–**	3
Closing lease, hire purchase and asset finance obligations	**148**	74

18 Deferred income

Consolidated	**2024 £'000**	2023 £'000
Deferred income	**2,500**	2,500

Under the contract dated 12 February 2021, the Company has received £2,500,000 (2023: £2,500,000) of advance funding from DHSC as a contribution to the preparedness of the Alva site for COVID-19 lateral flow test production. This prepayment was due to be recovered by DHSC based upon production volumes under the contract. The contract did not progress to phase II (manufacturing) and as such there is no agreed mechanism for repayment.

The Board, having taken legal advice, does not believe that the Company is required to repay the pre-production payment and that it is entitled to recover additional losses incurred under the contract, the timing of resolution of which is uncertain.

19 Trade and other payables

Consolidated	2024 £'000	2023 £'000
Trade payables	**610**	853
Social security costs	**170**	158
Accruals and other payables	**543**	514
	1,323	1,525

Trade payables and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

Company	2024 £'000	2023 £'000
Trade payables	**53**	83
Accruals and other payables	**266**	209
	319	292

Trade payables and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

20 Commitments and contingencies

Future lease contractual commitments

Omega Diagnostics Limited, in relation to a new facility in Ely, signed a deed of surrender and release in December 2023. Following the surrender, there are no future lease contractual commitments.

Performance bonds

The Group has performance bonds and guarantees in place amounting to £60,000 at 31 March 2024 (2023: £60,000).

21 Related party transactions

Remuneration of key personnel

The Board has defined key management personnel as the Directors of the Company and the remuneration is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures:

Consolidated	2024 £'000	2023 £'000
Short-term employee benefits	**649**	878
Share-based payments	**62**	77
Post-employment benefits	**19**	19
	730	974

Other related party transactions

During the year there were transactions between the Company and its subsidiaries as follows:

Company	2024 £'000	2023 £'000
Balance at 1 April 2023	**19,067**	16,825
Charges to subsidiary companies	**1,504**	1,385
Charges from subsidiary companies	**(717)**	(543)
Transfers of cash to subsidiary companies	**28**	5,097
Transfers of cash from subsidiary companies	**(48)**	(3,697)
Balance at 31 March 2024	**19,834**	19,067

22 Retirement benefit obligations

The Group operates pension schemes for the benefit of its UK and overseas employees.

Details of the defined contribution schemes for the Group's employees are given below.

Defined contribution scheme

The Group makes contributions to personal plans of employees on a defined contribution basis. The Group does not have ownership of the schemes, with individual plans being arrangements between the employee and pension provider.

23 Financial instruments

The Group's principal financial instruments comprise leases, asset finance arrangements and cash. The main purpose of these financial instruments is to manage the Group's funding and liquidity requirements. The Group has other financial instruments, such as trade receivables and trade payables, which arise directly from its operations. The categories of financial instruments are summarised in the following tables:

Consolidated financial assets	2024 £'000	2023 £'000
Financial assets at amortised cost		
Trade receivables at amortised cost	**1,462**	1,907
Other receivables	**131**	275
Short-term deposits	**2,501**	–
Cash and cash equivalents	**2,943**	5,115
Total financial assets at amortised cost	**7,037**	7,297
Financial assets at fair value		
Sundry debtors at fair value	**106**	148
Total financial assets at fair value	**106**	148
Total consolidated financial assets	**7,143**	7,445

The fair value of sundry debtors at year end is equal to the carrying value, therefore no fair value adjustment has been made.

Company financial assets at amortised cost	2024 £'000	2023 £'000
Due from subsidiary companies at amortised cost	**19,834**	19,067
Other receivables	**–**	14
	19,834	19,081

Amounts due to the Company from subsidiary companies are repayable on demand, but the expectation is that a proportion will be repaid in more than one year, and are not subject to interest.

Fair values

Sundry debtors are the only financial assets measured at fair value and classified as Level 2, being valued based on modelling of the related anticipated royalty income.

Consolidated financial liabilities	2024 £'000	2023 £'000
Trade payables	**610**	853
Accruals and other payables	**543**	514
Obligations under leases and asset finance loan arrangements	**148**	74
	1,301	1,441

Company financial liabilities	2024 £'000	2023 £'000
Trade payables	**53**	83
Accruals and other payables	**266**	209
	319	292

Financial risk management

The principal financial risks to which the Group is exposed are those relating to foreign currency, credit, liquidity and interest rate. These risks are managed in accordance with Board-approved policies.

Foreign currency risk

The Group operates in more than one currency jurisdiction and is therefore exposed to currency risk on the retranslation of the income statement and the balance sheet of its overseas subsidiaries from rupees into its functional currency of pounds sterling. The Company funds its subsidiaries by a mixture of equity and intercompany loan financing and these balances are subject to exchange rate movements that can give rise to movements in equity. The Group also buys and sells goods and services in currencies other than the functional currency, principally in euros and US dollars. The Group has US dollar and euro-denominated bank accounts and, where possible, the Group will offset currency exposure where purchases and sales of goods and services can be made in these currencies. The Group's non-sterling revenues, profits, assets, liabilities and cash flows can be affected by movements in exchange rates. It is currently Group policy not to engage in any speculative transaction of any kind but this will be monitored by the Board to determine whether it is appropriate to use additional currency management procedures to manage risk. At 31 March 2024 and 31 March 2023 the Group had not entered into any hedge transactions.

23 Financial instruments continued

Financial risk management continued

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group conducts its operations in many countries, so there is no concentration of risk in any one area. In most cases, the Group grants credit without security to its customers. Creditworthiness checks are undertaken before entering into contracts with new customers, and credit limits are set as appropriate. The Group conducts most of its operations through distributors and is therefore able to maintain a close relationship with its immediate customers. As such, the Group monitors payment profiles of customers on a regular basis and is able to spot deteriorations in payment times. An allowance for impairment is made that represents the potential loss in respect of individual receivables where there is an identifiable loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The carrying amount recorded in the balance sheet of each financial asset as at 31 March 2024 and 31 March 2023 represents the Group's maximum exposure to credit risk. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An analysis of ageing of past due but not impaired trade receivables can be seen in Note 14.

Customer concentration risk

The Group's largest single customer accounts for 16% of revenue (2023: 11%).

An analysis of trade receivables from various regions is analysed in the following table:

	2024 Trade receivables £'000	2023 Trade receivables £'000
UK/Europe	**380**	801
North America	**155**	180
South/Central America	**155**	80
Asia and the Far East	**548**	792
Africa and the Middle East	**284**	180
	1,522	2,033

Impairment losses

	2024 Trade receivables ECL £'000	2023 Trade receivables ECL £'000
Balance at start of period	**(126)**	(190)
Impairment recognised	**(19)**	(86)
Impairment released	**85**	150
Balance at end of period	**(60)**	(126)

The Company has provided for an ECL of £200,000 (2023: £200,000) in relation to amounts due from Omega Diagnostics Limited.

Capital management

The Group funds its operations with a mixture of cash, short and long-term borrowings or equity as appropriate with a view to maximising returns for shareholders and maintaining investor, creditor and market confidence. The Board reviews and approves an annual budget to help ensure it has adequate facilities to meet all its operational needs and to support future growth in the business.

23 Financial instruments continued

Financial risk management continued

Liquidity risk

The Group's objective is to maintain sufficient headroom in cash generation and banking facilities to meet its foreseeable financing and working capital requirements. The Group maintains a surplus balance of cash and cash equivalents to ensure flexible liquidity to meet financial liabilities as they fall due.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2024 based on the undiscounted cash flows of liabilities which include both future interest and principal amounts outstanding based on the earliest date on which the Group can be required to pay. The amounts of future interest are not included in the carrying value of financial liabilities on the balance sheet.

Consolidated	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	>5 years £'000	Total £'000
2024					
Trade payables	610	–	–	–	610
Accruals and other payables	320	223	–	–	543
Obligations under asset finance loan arrangements	11	11	–	–	22
Obligations under leases	28	82	28	–	138
	969	**316**	**28**	**–**	**1,313**
2023					
Trade payables	853	–	–	–	853
Accruals and other payables	361	153	–	–	514
Obligations under asset finance loan arrangements	8	25	20	–	53
Obligations under leases	25	–	–	–	25
	1,247	178	20	–	1,445

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2024 based on the undiscounted cash flows of liabilities based on the earliest date on which the Company can be required to pay.

Company	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
2024				
Trade payables	**53**	**–**	**–**	**53**
Accruals and other payables	**266**	**–**	**–**	**266**
	319	**–**	**–**	**319**
2023				
Trade payables	83	–	–	83
Accruals and other payables	209	–	–	209
	292	–	–	292

23 Financial instruments continued

Financial risk management continued

Interest rate risk

All of the Group's borrowings are at fixed rates of interest.

The following table demonstrates the sensitivity to a possible change in interest rates on the Group's profit before tax through the impact on floating rate borrowings and cash balances.

Consolidated	Change in basis points	Effect on profit before tax and equity £'000
2024		
Cash and cash equivalents	**25**	**13**
2023		
Cash and cash equivalents	25	8

The following table demonstrates the sensitivity to a possible change in interest rates on the Company's profit before tax through the impact on floating rate borrowings and cash balances.

Company	Change in basis points	Effect on profit before tax and equity £'000
2024		
Cash and cash equivalents	**25**	**1**
2023		
Cash and cash equivalents	25	2

CAMBRIDGE NUTRITIONAL SCIENCES PLC

(Incorporated in England & Wales, registered number 5017761)

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Cambridge Nutritional Sciences plc (**the Company**) will be held at Poets House, St Mary's Street, Ely CB7 4EY at 11.00am (UK time) on 26 September 2024 for the following purposes:

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and adopt the Company's accounts for the financial year ended 31 March 2024, together with the Directors' Report and the Auditor's Report on those accounts.
2. To re-elect Jeremy Millard as a Director of the Company.
3. To re-elect James Cooper as a Director of the Company.
4. To re-elect Carolyn Rand as a Director of the Company.
5. To re-elect Jag Grewal as a Director of the Company.
6. To reappoint RSM UK Audit LLP as auditor of the Company.
7. To authorise the Directors to fix the auditor's remuneration.
8. That:

   (A) the Directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company:

      (1) up to a maximum nominal amount of £3,172,675.00 (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (A)(2) below in excess of such sum); and

      (2) comprising equity securities (within the meaning of section 560(1) of the Companies Act 2006 (**the Act**)) up to a maximum nominal amount of £6,345,350.00 (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (A)(1) above) in connection with a Pre-Emptive Offer;

   (B) the authorities given in this Resolution:

      (1) are given pursuant to section 551 of the Act and shall be in substitution for all pre-existing authorities under that section; and

      (2) unless renewed, revoked or varied in accordance with the Act, shall expire on 30 September 2025, or, if earlier, at the end of the next annual general meeting of the Company to be held in 2025, save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry; and

   (C) for the purpose of this Resolution, "Pre-Emptive Offer" means an offer of equity securities to:

      (1) holders of ordinary shares (other than the Company) on a fixed record date in proportion to their respective holdings of such shares; and

      (2) other persons entitled to participate in such offer by virtue of, and in accordance with, the rights attaching to any other equity securities held by them;

      in each case, subject to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractional entitlements, legal, regulatory or practical problems under the laws or the requirements of any regulatory body or stock exchange of any territory or otherwise.

To consider and, if thought fit, pass the following as special resolutions:

9. That:

   (A) subject to the passing of Resolution 8 set out in the notice of Annual General Meeting dated 12 August 2024 (**the Allotment Authority**), the Directors be given power pursuant to section 570 of the Companies Act 2006 (**the Act**) to allot equity securities (within the meaning of section 560(1) of the Act) for cash, pursuant to the Allotment Authority, and to sell treasury shares wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that such power shall be limited to the allotment of equity securities or the sale of treasury shares:

      (1) in the case of paragraph (A)(1) of the Allotment Authority:

         (a) in connection with a Pre-Emptive Offer (as defined in the Allotment Authority);

         (b) otherwise than in connection with a Pre-Emptive Offer, up to a maximum nominal amount of £951,802.64; and

         (c) otherwise than in connection with a Pre-Emptive Offer or under paragraph 1(b) above of this Resolution 9, up to a nominal amount equal to 20% of any allotment of equity securities (or sale of treasury shares) from time to time under paragraph 1(b) of this Resolution 9, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

      (2) in the case of paragraph (A)(2) of the Allotment Authority, in connection with a Pre-Emptive Offer; and

   (B) the power given in this Resolution:

      (1) shall be in substitution for all pre-existing powers under section 570 of the Act; and

      (2) unless renewed in accordance with the Act, shall expire at the same time as the Allotment Authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry.

10. That:

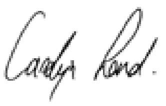
   (A) subject to the passing of Resolution 8 set out in the notice of Annual General Meeting dated 12 August 2024 (**the Allotment Authority**), the Directors be given power pursuant to section 570 of the Companies Act 2006 (**the Act**), in addition to any authority granted under Resolution 9, to allot equity securities (within the meaning of section 560(1) of the Act) for cash, pursuant to the Allotment Authority, and to sell treasury shares wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that such power shall be limited to the allotment of equity securities or the sale of treasury shares:

      (1) up to a maximum nominal amount of £951,802.64 used only for the purposes of financing (or refinancing, if the authority is to be used within twelve months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

      (2) otherwise than under paragraph (1) above of this Resolution 10, up to a nominal amount equal to 20% of any allotment of equity securities (or sale of treasury shares) from time to time under paragraph (1) above of this Resolution 10 above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

   (B) the power given in this Resolution shall expire at the same time as the Allotment Authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Directors may allot equity securities and sell treasury shares under any such offer or agreement as if the power conferred by this Resolution had not expired.

By Order of The Board



Carolyn Rand
Non-Executive Chair
12 August 2024

Registered Office:
1 Fleet Place, London EC4M 7WS

General

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 8 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 9 and 10 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Annual report and accounts

The Directors must lay the Company's accounts, the Directors' Report and the Auditor's Report before the shareholders in a general meeting. This is a legal requirement after the Directors have approved the accounts and the Directors' Report, and the auditor has prepared its report.

Resolutions 2–5 – Re-election of Directors

The Quoted Companies Alliance Corporate Governance Code for Small and Mid-sized Quoted Companies recommends that all Directors stand for annual re-election. In compliance with that Code, all Directors will retire and submit themselves for re-election by the shareholders.

Biographical details of Jeremy Millard, James Cooper, Carolyn Rand and Jag Grewal are set out on page 24 of the annual report and accounts.

Resolutions 6 and 7 – Reappointment and remuneration of auditor

The Company is required to appoint an auditor for each financial year of the Company. Resolution 5 proposes the re-appointment of RSM UK Audit LLP as the Company's auditor for the current financial year of the Company ending 31 March 2025. Resolution 6 seeks authority for the Directors to decide the auditor's remuneration.

Resolution 8 – Authority to allot shares

The purpose of this resolution is to grant the Directors power to allot shares. Section 551 of the Companies Act 2006 provides that the Directors may not allot new shares (other than for employee share schemes) without shareholder approval. The Directors currently have authority to allot relevant securities up to a maximum amount of £3,169,135.00. This resolution proposes that a similar authority be granted in substitution of the existing authority to allot securities up to a maximum amount of £3,172,675.00 (as reduced by the aggregate nominal amount allotted or granted under paragraph (A)(2) of this resolution in excess of such sum), representing (before any such reduction) approximately one third of the Company's total issued ordinary share capital (excluding treasury shares) as at 9 August 2024, being the latest practicable date prior to publication of this document.

In addition, the Company is seeking additional authority to allot securities in connection with a Pre-Emptive Offer up to a maximum amount of £6,345,350.00 (as reduced by the aggregate nominal amount allotted or granted under paragraph (A)(1) of this resolution), representing (before any such reduction) approximately two thirds of the Company's total issued ordinary share capital (excluding treasury shares) as at 9 August 2024, being the latest practicable date prior to publication of this document. The benefit to the Company of obtaining such authority on an annual basis is that it would allow the Company to make a generally pre-emptive offering of shares of an amount equal to two thirds of the issued Ordinary Share capital without the need to call an additional general meeting. This would shorten the implementation timetable of such a generally pre-emptive offering. This is in accordance with best practice guidance issued by the Investment Association.

The Directors have no present intention of exercising this authority. The authority will expire at the end of the 2025 annual general meeting or, if earlier, on 30 September 2025, unless previously cancelled or varied by the Company in general meeting. It is the intention of the Directors to renew this authority annually at each annual general meeting.

As at 9 August 2024, the Company did not hold any shares in treasury.

Resolutions 9 and 10 – Disapplication of pre-emption rights

Section 561(1) of the Companies Act 2006 provides that if the Directors wish to allot any equity securities, or sell any treasury shares (if it holds any), for cash, it must first offer them to existing shareholders in proportion to their existing shareholdings. Section 561 does not apply in connection with an employee share scheme. The purpose of these two resolutions is to allow the Directors to allot equity securities or sell any treasury shares for cash as if section 561(1) of the Companies Act 2006 does not apply, in connection with rights issues, open offers and other pre-emption offers pursuant to the authority granted by Resolution 8, and otherwise up to a total amount of £2,284,326.34 (in aggregate) representing approximately 24% of the Company's total issued ordinary share capital as at 9 August 2024 (being the latest practicable date prior to publication of this document).

In accordance with the Pre-Emption Group's Statement of Principles issued in November 2022, two separate resolutions are being proposed in connection with the disapplication of pre-emption rights:

- the first, Resolution 9, is being proposed to disapply pre-emption rights on up to approximately 10% of the Company's total issued ordinary share capital, with a further disapplication for 2% of the Company's total issued ordinary share capital to be used only for the purposes of a follow-on offer; and
- the second, Resolution 10, is being proposed to disapply pre-emption rights for a further 10% of the Company's total issued ordinary share capital for transactions which the Board determines to be an acquisition or specified capital investment as defined by the Pre-Emption Group's Statement of Principles, with a further disapplication for 2% of the Company's total issued ordinary share capital to be used only for the purposes of a follow-on offer.

In accordance with the Pre-Emption Group's Statement of Principles, the Directors confirm that, to the extent that the authority in Resolution 9 is used for an issue of shares, the Directors intend that such authority will be used only in connection with an acquisition or specified capital investment that is announced contemporaneously with the issue, or that has taken place in the preceding twelve-month period and is disclosed in the announcement of the issue.

The Pre-Emption Group's Statement of Principles provide that it may be appropriate for a follow-on offer to made to retail investors and other existing investors not allocated shares as part of a placing. Resolutions 9 and 10 each provide authority to disapply pre-emption rights for 2% of the Company's ordinary issued share capital for the purposes of the Company making a follow-on offer. The Company intends to comply with the expected features of any follow-on offer as set out in the Pre-Emption Group's Statement of Principles.

The authority will expire at the end of the 2025 annual general meeting or, if earlier, on 30 September 2025, unless previously cancelled or varied by the Company in general meeting. It is the intention of the Directors to renew this authority annually at each annual general meeting.

Appointment of proxy

Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled appoint one or more proxies (who need not be shareholders) to attend the Annual General Meeting and speak and vote instead of the shareholder. If more than one proxy is appointed each proxy must be appointed to exercise rights attached to different shares. Appointment of a proxy will not preclude a shareholder from attending and voting in person at the Annual General Meeting.

In order for a proxy form to be valid, it must be completed and signed and returned to the Company's registrars, Share Registrars Limited at 3 The Millennium Centre, Crosby Way, Farnham, GU9 7XX so they receive it no later than 11.00am (UK time) on 24 September 2024 (or, if the meeting is adjourned, the time that is 48 hours before the time fixed for the adjourned meeting).

A shareholder wishing to appoint multiple proxies should contact the Shareholder Helpline on 01252 821 390 or e-mail enquiries@shareregistrars.uk.com to obtain additional proxy forms. It will be necessary for the shareholder to indicate on each separate proxy form the number of shares in relation to which each proxy is authorised to act.

Electronic appointment of proxy

As an alternative to completing a hard-copy proxy form, shareholders can appoint a proxy online at www.shareregistrars.uk.com (clicking on the **"Proxy Vote"** button and following the on-screen instructions). For an electronic proxy appointment to be valid, the Registrars must receive the proxy appointment no later than 11.00am (UK time) on 24 September 2024 (or, if the meeting is adjourned, the time that is 48 hours before the time fixed for the adjourned meeting).

Appointment of proxy using CREST

CREST members may appoint a proxy through CREST by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **"CREST proxy instruction"**) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so that they are received by Share Registrars Limited (ID 7RA36) by 11.00am (UK time) on 24 September 2024 (or, if the meeting is adjourned, the time that is 48 hours before the time fixed for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or procure the taking of) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Changing proxy instructions

To change your proxy instructions simply submit a new proxy appointment using one of the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Shareholder Helpline on 01252 821 390 or e-mail enquiries@shareregistrars.uk.com to obtain another proxy form.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

Record date

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 11.00am on 24 September 2024 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Statement of capital and voting rights

As at 9 August 2024 (being the latest practicable date prior to publication of this Notice) the Company's issued share capital consisted of 237,950,660 ordinary shares of 4 pence each and 123,245,615 deferred shares of 0.9 pence each. Each ordinary share carries one vote. The deferred shares do not confer any voting rights. No shares are held in treasury. Accordingly, total voting rights in the Company as at 9 August 2024 were 237,950,660.

Nominated adviser and broker
Cavendish Capital Markets Limited
1 Bartholomew Close
London EC1A 7BL

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RSM UK Audit LLP
Third Floor
Centenary House
69 Wellington Street
Glasgow G2 6HG

Solicitors
Shepherd & Wedderburn LLP
9 Haymarket Square
Edinburgh EH3 8FY

Registrars
Share Registrars Limited
3 The Millennium Centre
Crosby Way
Farnham
Surrey GU9 7XX

Country of incorporation
England and Wales

Cambridge Nutritional Sciences plc
Registered number: 5017761

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Cambridge Nutritional Sciences plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Symbol Freelife Satin, an FSC® certified material. This document was printed by L&S using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. The printer is a CarbonNeutral® company.Both the printer and the paper mill are registered to ISO 14001.

Produced by
designportfolio

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