Half-year Report

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Diaceutics PLC
("Diaceutics" or "the Group" or "the Company")

Half Year Report

Diaceutics PLC (AIM: DXRX), a provider of data analytics and implementation services to the global pharmaceutical industry, announces its unaudited interim results for the six months ended 30 June 2019. The Company remains well positioned within its key markets, underpinned by a strong sales performance.

Financial Highlights

- Revenue up 34% to £4.4m (H1 2018: £3.3m)
- Gross profit up 71% to £3.1m (H1 2018: £1.8m)
- Gross margin of 71% (H1 2018: 56%)
- Adjusted EBITDA* improved to £(0.3)m (H1 2018: £(1.0)m)
- Loss before tax £2.0m (H1 2018: £1.2m) reflecting exceptional IPO related costs of £1.4m (H1 2018: £Nil)
- Strong balance sheet with net cash of £14.0m (H1 2018: net debt of £0.9m)

**Adjusted for exceptional costs*

Business Highlights

- Diaceutics supported 38 therapy brands in 16 markets during H1 2019 - an increase of 73% from H1 2018
- Number of clients increased by 35% from 20 in H1 2019to 27 in H1 2018
- Investment was made in in dedicated Key Account Manager (KAM) and sales teams contributing to the growth of the business
- Continued to expand geographic reach, particularly in Asia
- Continued investment in the development of the SaaS hub, NEXUS - on track for launch in Q4 2020
- Acquired additional data on 16m patients, bringing the total patient representation in the data lake to 126m patients across 19 different countries.
- Growth in the precision medicine market continues to outpace the broader healthcare market

Peter Keeling, CEO of Diaceutics said: *"We are delighted to present our maiden set of results since our IPO in March this year. We decided to move to AIM to continue our growth trajectory by developing our product and services offering which is focused on better testing and better treatment in the global pharmaceutical industry. We have seen good growth since we came to market and continue to work hard on expanding the data lake and increasing our international footprint. I reaffirm our outlook for the year remains unchanged."*

Enquiries:

Diaceutics PLC	www.diaceutics.com
Peter Keeling, Chief Executive Officer	*Via Walbrook PR*
Philip White, Chief Financial Officer	
Cenkos Securities plc (Nominated Adviser and Broker)	
Callum Davidson / Giles Balleny	Tel: +44(0)20 7397 8900
Michael Johnson (Sales)	
Walbrook PR	Tel: +44 (0)20 7933 8780 or diaceutics@walbrookpr.com
Anna Dunphy	Mob: +44 (0)7876 741 001
Paul McManus	Mob: +44 (0)7980 541 893

About Diaceutics

Diaceutics PLC is a leading diagnostics data analytics and implementation services provider for global pharmaceutical companies. The Company, quoted on the Alternative Investment Market (AIM) of the London Stock Exchange, is enabling Pharma to accelerate their market penetration and achieve a better return on precision medicine therapies by helping them to revolutionise patient testing. By generating insights from its data lake of clinical laboratory testing data and other data, Diaceutics helps Pharma understand and leverage the diagnostic landscape through initiatives that improve patient testing, leading to better treatment outcomes. The Company works with more than 30 global pharmaceutical companies across hundreds of precision medicine projects. The Company employs a leading global group of experts from the laboratory, diagnostic and pharmaceutical industries. www.diaceutics.com

Business Review

Diaceutics On Track

Diaceutics' business is focused entirely on the precision medicine marketplace. Within that market we support the Pharmaceutical Industry to ensure that patients gain access to their precision therapies via better patient testing. The ongoing market growth in precision medicine and the dependency on ensuring precision testing is optimised in all the key pharma markets in the world, underpins a strong H1 2019 for Diaceutics. Our growth in revenue, number of clients and number of brands we supported over the same period last year has driven this performance.

H1 for Diaceutics has traditionally represented between 25% to 30% of annual revenues. This seasonality is indirectly influenced by the annual budget and conference cycles in Pharma. This seasonality has continued into 2019 and we are pleased to report revenue growth of 34% compared with H1 2018, with a loss before tax of £2.0m reflecting expended exceptional IPO costs of £1.4m. Based on the underlying revenue and key metrics growth witnessed in the first half this year, we continue to be on track with market guidance for the full year. Our trajectory for the year is further underpinned by an improved visibility over our pipeline of business for H2. Traditionally by mid-year we would have visibility over 56% of H2 2019 revenues, currently our visibility has improved to 63% as a result of our efforts to capture an increasing share of Pharma company brand investment in patient testing.

Precision Medicine Market Continues Growth

Growth across the precision medicine market continues to outpace the broader healthcare market as evidenced by the recent announcements from AstraZeneca, where three of the five blockbuster drugs cited as driving superior revenue growth are precision medicine drugs specifically. A strong H1 bell-weather of the drive towards precision medicine is the relative weight of content presented at ASCO (American Society of Clinical Oncology), the leading cancer science event held in Chicago in June each year. ASCO 2019 hosted over 250 presentations on new indications for existing drugs and new cancer therapies, and over 43% of those key scientific sessions directly related to precision medicine drugs and their biomarkers. Many of these new drugs will be submitted to regulatory authorities like FDA/EMEA in the months ahead in preparation for commercialisation of key therapies.

Other key, although smaller, cancer conferences, like ESMO (European Society for Medical Oncology) and ASH (American Society of Hematology), which take place in the second half of the year will see a similar focus on precision medicine and related tests. These annual events often trigger the point when Pharma companies prepare to commercially launch their therapies and related precision tests, kickstarting an 18-24 month pre-launch preparation process. It is also after such events that Diaceutics ideally engages with its clients using our data to identify gaps and opportunities in patient testing. The Company subsequently deploys its implementation solutions and team to bridge those gaps pre and post therapy launch across all the key therapy markets globally. By mid-2019, Diaceutics was supporting 38 therapy brands in 16 markets. This a 73% increase compared to H1 2018.

In addition to revenue and project growth, we have advanced our future business operations during H1 in significant ways which include;

- **Business Development Focus**
  - During H1 2019, Diaceutics strengthened its operations through the appointment of dedicated KAM and sales teams. Specifically, we have hired four new key account managers, - two in the US, one in Europe and one in Asia and merged the marketing and sales departments into a single unit comprising 14 people in total. We expect this strengthened and consolidated team to contribute meaningfully in H2 but more fully to support further penetration of Pharma brand spend in 2020

- **Strengthening Global Diagnostics Data**
  - We have expanded our data analytics team with 11 new experienced data/AI and analytics executives to help support the automation of data flow and deepen our analysis of the growing global diagnostics data lake, known by our clients as the Diaceutics Global Diagnostics Index (GDi)

  - We have committed £1m to investment in new data in H1. The investment enables improved data transfers from laboratory partners in multiple markets. This will ultimately improve Diaceutics' service to its Pharma clients, through a greater ability to track real-time changes to patient testing at the disease level. This investment also broadens Diaceutics' geographic scope and provides new insight into these testing markets. In addition, the investment of additional data on 16m patients, brings the total patient representation in the data lake to 126m patients across 19 different countries

- Using out data lake, we have developed several new comprehensive disease level patient testing journeys in cancer. Underpinned by specific algorithms, these Diagnostic Deductive Pathways (DDP's) will support the next wave of disease level precision data innovation and insight

- **Projected Thought Leadership**
  - With the experience of over a decade of publication and content development, Diaceutics has positioned itself as a thought leader in better testing for better treatment. This positioning has been further supported across H1 2019 with the publication of several commentaries and press announcements many of which have already caught the attention of Pharma clients, laboratories and regulators, including:

    - An article entitled 'FLT3 Testing in Relapsed Acute Myeloid Leukemia' published in 'Hemasphere' - Open Access Journal of the European Hematology Association
    - 'Known and unknown gene fusion detection capabilities of solid tumor laboratories conducting next generation sequencing in 6 countries', an abstract accepted for poster presentation at the ESMO 2019 Congress, 27 September to 1 October 2019

- **Expanded Globally**
  - A key component of Diaceutics' strategy is to continue increasing its global reach into the key therapy markets. Whilst we are already well established in the US and key EU markets, we are less so currently in Asia, where the Company sees material growth opportunity. During H1 2019, we strengthened our foothold in Asia with two new executives now based out of our office in Singapore. Whilst we have already managed a number of projects in Asia during H1 2019, we believe it is important to expand our capabilities in Asia to accommodate our Pharma clients requirements as they roll out the same brands which are driving their revenue growth in the US and EU into high population markets like China, Japan, Korea and south east Asia. Our capabilities in Asia will likely continue to build right through to Q4 2020 whilst at the same time supporting an increasing number of Asia focused projects

- **Scaled Up Development of SaaS Commercialisation Platform**
  - Diaceutics has focused significant investment post IPO on the development of its Software-as-a-Service (SaaS) hub, NEXUS. Build of this cloud-based system is advancing on schedule supported by £0.9m investment with the target for market launch remaining on track for Q4 2020

The timing of Diaceutics' initial public offering was deliberate to support a scaling of our business at exactly the junction when the precision medicine market escalates. Alongside the significant corporate investment to complete the listing, I am pleased that we have kept our eye in H1 firmly focused on advancing our model on all the key axes which differentiate us as a business, specifically:

- servicing more of our Pharma clients in more markets,
- deepening our capabilities in data and Laboratory centric implementation; and
- building a transformative SaaS platform which will service multiple biomarker commercialisation projects simultaneously.

We remain convinced that the current way in which diagnostics are commercialised in support of precision medicine is missing patients and therefore revenue for our Pharma clients. To radically alter this complex trajectory has required us to first build over multiple years and projects, confidence with Pharma clients that we have the insights and global footprint to service their evolving needs.

Subsequently we are in a position to use that vantage point to launch an integrated platform which will scale in step with the number of new precision therapies and tests hitting the market over the next five to ten years. I believe therefore we remain uniquely placed to lead the commercialisation of precision testing for Pharma through H2 and the years ahead.

I want to conclude by adding my thanks to all the Diaceutics team who have, by their endeavours, ensured we arrive mid-year on track with our plans for 2019 whilst building the capabilities for 2020 onwards. We are united in our passion that we are making a difference to patients and families for whom better testing forever changes the quality of their lives together.

Peter Keeling

Chief Executive Officer

9 September 2019

Financial Review

Diaceutics closed at 30 June 2019 with a strong Balance Sheet showing a cash balance of £14.0m having raised net proceeds of £15.0m from our IPO listing on the Alternative Investment Market of the London Stock Exchange on 21 March 2019.

The proceeds have been primarily used to invest in data, scale up the business and eliminate the Group's debt. A particular focus has been placed on expanding our KAM and sales teams to manage and support business delivery over an expanding geographical reach.

Financial performance
Diaceutics' solid financial performance during H1 gives the board confidence that the Group remains on track to meet market expectations for the full financial year.

Revenue
Revenues grew by 34% versus the same period last year, underpinned by several drivers, including a 73% increase in the number of therapy brands the Group worked on in H1 2019 and a 38% increase in the number of clients. Therapy brands are an important lead indicator for our business as we enhance our global brand offering and increase the longevity of engagement. We continue to increase the number of therapy brands we support and remain engaged post three years on several billion dollar drugs.

Market distribution of revenues earned also improved with the Group increasing operating projects in EU and Asia in H1. We have continued our split of revenues emanating from data (64%), which delivers a high margin and implementation services (36%), with the greatest H1 growth seen in our Landscape product which itself is a lead indicator for work on new therapy assets.

Landscape* *(i)
In H1 2019, the Group carried out 39 Landscaping projects (H1 2018: 17) with a combined value of approximately £2.2m (2018: £1.5m), representing approximately 50% of total revenue. The growth in Landscape in 2019 reflects more precision therapies being developed by the larger pharma companies.

Planning* *(ii)
In 2019, the Group carried out 16 Planning projects (H1 2018: 14) with a combined value of approximately £0.5m (2018: £0.8m), representing approximately 13% of total revenue.

Implementation* *(ii)
In 2019, the Group carried out 26 Implementation projects (H1 2018: 13) with a combined value of approximately £1.1m (2018: £0.3m), representing 25% of total revenue.

Tracking* *(i)
In 2019, the Group carried out eight Tracking projects (H1 2018: 13) with a combined value of approximately £0.5m (2018: £0.8m), representing 12% of total revenue.

(i) *Accounted for within the Data revenue stream*

(ii) *Accounted for within the Implementation Services revenue stream*

Seasonality
The seasonality of our business is in line with market expectation and previous years. The pipeline of business remains strong and in line with revenue growth. Overall order intake (revenue and orderbook) increased 31% from H1 2018 to H1 2019. This is driven by our successful implementation of our KAM team and increase in global footprint.

Gross Margin
At 71%, the gross margin is in line with expectation and has improved from the margin achieved in H1 2018 of 56% as a result of increased revenue and increased efficiencies from higher utilisation of operational staff.

Administration Costs
Operationally we now have coverage in 15 countries. Hiring is progressing as planned and the number of full-time equivalent employees has increased from 59 in H1 2018 to 84 in H1 2019. R&D staff account for 50% of the increased headcount, with the remainder supporting the operational growth of the business. Hiring of the key account management teams are also of particular note through the first half of 2019.

Exceptional Expenses
Exceptional IPO related costs are £1.4m.

Finance Costs
Interest costs of £0.2m relate to Director's loans, external loans and banking facilities, all of which were repaid during H1 2019. Included in this is a £0.1m charge related to the early retirement of the Whiterock loan facility.

EBITDA and Adjusted EBITDA
The EBITDA in H1 2019 was (£1.7)m and in H1 2018 was (£0.8)m, this includes IPO costs of £1.4m, therefore, the adjusted EBITDA of £(0.3)m, compared to £(1.0)m in H1 2018, represents increased operational efficiencies within the business.

Balance Sheet
At 30 June 2019, the Group has a strong Balance Sheet reflecting net assets of £18.1m (30 June 2018: £0.8m; 31 December 2018: £2.6m).

Having considered the current trading and expenditure forecasts in light of going concern, the Directors have satisfied themselves that the Group has adequate funds in place to continue to meet its obligations as they fall due.

Intangible assets
Investment of £1m in data and capital development expenditure incurred in the period. The Nexus build is continually progressing and is expected to be commercially launched in H2 2020, as planned.

Net Debt

	30 June 2019 £m	*30 June 2018 £m*	*31 December 2018 £m*
Cash	14.0	1.7	2.1
Loans and bank facilities	-	(2.6)	(3.3)
Net Debt	14.0	(0.9)	(1.2)

Loans and banking facilities were extinguished during the period. £1.1m was repaid to Whiterock Capital Partners and £2.1m was repaid to Silicon Valley Bank (SVB). The Company retains a £2.5m facility from SVB which is unused at 30 June 2019.

Other financial liabilities, not included above, relate to convertible loan notes and the change in fair value of embedded derivatives. These are not expected to have a cash impact in the future.

Philip White
Chief Financial Officer
9 September 2019

Condensed Group Profit and Loss Account
for the six months ended 30 June 2019

	Notes	*Six months to 30 June 2019 (Unaudited) £*	*Six months to 30 June 2018 (Unaudited) £*	*Year to 31 December 2018 (Audited) £*
Revenue	2	4,370,613	3,269,340	10,373,180
Cost of sales		(1,267,048)	(1,453,188)	(3,571,225)
Gross profit		3,103,565	1,816,152	6,801,955
Administrative expenses		(3,505,383)	(2,877,512)	(5,520,124)
Other operating income	3	66,220	30,656	124,097
Operating (loss)/profit before exceptional items		(335,598)	(1,030,704)	1,405,928
Exceptional costs	4	(1,410,693)	-	(205,000)
Operating (loss)/profit		(1,746,291)	(1,030,704)	1,200,928
Finance costs	5	(222,659)	(134,831)	(323,664)
(Loss)/Profit before tax		(1,968,950)	(1,165,535)	877,264
Income tax credit/(expense)	6	236,195	215,887	(244,957)
(Loss)/profit for the financial period		(1,732,755)	(949,648)	632,307

All results relate to continuing operations.

Condensed Group Statement of Comprehensive Income
for the six months ended 30 June 2019

	Six months to 30 June 2019 (Unaudited) £	*Six months to 30 June 2018 (Unaudited) £*	*Year to 31 December 2018 (Audited) £*
(Loss)/profit for the financial period	(1,732,755)	(949,648)	632,307
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(3,011)	(13,493)	13,715
Total comprehensive (loss)/income for the period, net of tax	(1,735,766)	(963,141)	646,022

Earnings per share

for the six months ended 30 June 2019

		Six months to 30 June 2019 (Unaudited)	*Six months to 30 June 2018 (Unaudited)*	*Year to 31 December 2018 (Audited)*
		Pence	*Pence*	*Pence*
Basic	8	(2.96)	(2.12)	(1.41)
Basic adjusted	8	(0.75)	(2.12)	1.86

Condensed Group Balance Sheet
as at 30 June 2019

	Notes	*30 June 2019 (Unaudited)*	*30 June 2018 (Unaudited)*	*31 December 2018 (Audited)*
ASSETS		*£*	*£*	*£*
Non-current assets				
Intangible assets	9	2,178,533	812,704	1,210,613
Property, plant and equipment		101,993	74,213	73,994
Deferred tax asset		338,942	59,275	62,849
		2,619,468	946,192	1,347,456
Current assets				
Trade and other receivables	10	3,330,502	1,878,465	4,389,272
Income tax receivable		44,460	263,924	-
Cash at bank and in hand		13,964,210	1,668,960	2,073,661
		17,339,172	3,811,349	6,462,933
TOTAL ASSETS		19,958,640	4,757,541	7,810,389
EQUITY AND LIABILITIES				
Equity share capital	13	139,166	208	208
Share premium		17,335,407	99,994	99,994
Treasury shares		-	(13)	(3)
Capital redemption reserve		-	108,850	108,850
Translation reserve		175,850	151,653	178,861
Profit and loss account		482,894	484,340	2,241,551
TOTAL EQUITY		18,133,317	845,032	2,629,461
Non-current liabilities				
Trade and other payables	11	-	-	180,862
Financial liabilities	12	102,500	1,060,571	1,065,475
		102,500	1,060,571	1,246,337
Current liabilities				
Trade and other payables	11	1,666,355	1,348,083	1,191,126
Financial liabilities	12	-	1,503,855	2,715,809
Income tax payable		56,468	-	27,656
		1,722,823	2,851,938	3,934,591
TOTAL LIABILITIES		1,825,323	3,912,509	5,180,928
TOTAL EQUITY AND LIABILITIES		19,958,640	4,757,541	7,810,389

Condensed Group Statement of Changes in Equity
for the six months ended 30 June 2019 (Unaudited)

	Called up share capital £	Share premium £	Treasury shares * £	Capital redemption reserve £	Translation reserve £	Profit and loss account £	Total equity £
At 1 January 2017	**208**	**99,994**	**(13)**	**108,850**	**165,146**	**1,503,550**	**1,877,735**
Loss for the period	-	-	-	-	-	(949,648)	(949,648)
Other comprehensive expenses	-	-	-	-	(13,493)	-	(13,493)
Total comprehensive expenses for the period	-	-	-	-	(13,493)	(949,648)	(963,141)
Transactions with owners, recorded directly in equity							
Share based payments	-	-	-	-	-	100,654	100,654
Equity dividends paid	-	-	-	-	-	(170,216)	(170,216)
Total transactions with owners	-	-	-	-	-	(69,562)	(69,562)
At 30 June 2018	**208**	**99,994**	**(13)**	**108,850**	**151,653**	**484,340**	**845,032**
Profit for the period	-	-	-	-		1,581,955	1,581,955
Other comprehensive income	-	-	-	-	27,208	-	27,208
Total comprehensive income for the period	-	-	-	-	27,208	1,581,955	1,609,163
Transactions with owners, recorded directly in equity							
Issue of shares from Treasury		-	10	-	-	(10)	-
Share based payments	-	-	-	-	-	305,266	305,266
Equity dividends paid	-	-	-	-	-	(130,000)	(130,000)
Total transactions with owners	-	-	10	-	-	175,256	175,266
At 31 December 2018	**208**	**99,994**	**(3)**	**108,850**	**178,861**	**2,241,551**	**2,629,461**
Loss for the period	-	-	-	-	-	(1,732,755)	(1,732,755)
Other comprehensive expenses	-	-	-	-	(3,011)	-	(3,011)
Total comprehensive expenses for the period	-	-	-	-	(3,011)	(1,732,755)	(1,735,766)
Transactions with owners, recorded directly in equity							
Cancellation of Treasury shares	(3)	-	3	-	-	-	-
Reorganisation of shares	2,050	(2,050)	-	-	-	-	-
Bonus issue of shares	87,951	(87,951)	-	-	-		-
Issue of shares	351	99,649	-	-	-		100,000
Conversion of loan notes	3,872	1,125,573	-	-	-	(25,902)	1,103,543
Issue of shares on Placing	44,737	16,100,192	-	(108,850)	-	-	16,036,079
Total transactions with owners	138,958	17,235,413	3	(108,850)	-	(25,902)	17,239,622
At 30 June 2019	**139,166**	**17,335,407**	**-**	**-**	**175,850**	**482,894**	**18,133,317**

* Treasury shares are presented separately in order to show the movements on these shares in each year. The balance as at each year end is deducted from retained earnings in calculating distributable profits.

Group Statement of Cash Flows
for the six months ended 30 June 2019

	Notes	*Six months to 30 June 2019 (Unaudited)*	*Six months to 30 June 2018 (Unaudited)*	*Year to 31 December 2018 (Audited)*
		£	£	£
Operating activities				
(Loss)/profit before tax		(1,968,950)	(1,165,535)	877,264
Adjustments to reconcile profit before tax to net cash flows from operating activities				
Net finance costs		222,659	134,831	323,664
Amortisation of intangible assets	9	45,723	10,409	80,588
Depreciation of property, plant and equipment		20,776	15,776	37,092
Research and development tax credits		(66,220)	(30,656)	(122,533)
Decrease/(increase) in trade and other receivables		1,051,045	(387,438)	(2,557,896)
Increase in trade and other payables		349,790	343,367	35,744
Share based payments		-	100,654	405,920
Cash used in operations		(345,177)	(978,592)	(920,157)
Tax received/(paid)		10,788	48,381	(33,881)
Net cash (outflow)/inflow from operating activities		(334,389)	(930,211)	(954,038)
Investing activities				
Purchase of intangible assets		(1,015,875)	(578,874)	(1,046,420)
Purchase of property, plant and equipment		(48,832)	(40,450)	(61,211)
Net cash outflow from investing activities		(1,064,707)	(619,324)	(1,107,631)
Financing activities				
Borrowing costs		(258,709)	(128,824)	(301,576)
Repayment of borrowings		(3,450,976)	(234,925)	(554,439)
Draw down of funds		105,968	685,107	1,751,640
Issuance of convertible loan notes		750,067	-	452,568
Equity dividends paid		-	(170,216)	(300,216)
Issue of shares		16,136,097	-	10
Net cash inflow from financing activities		13,282,447	151,142	1,047,987
Net increase/(decrease) in cash and cash equivalents		11,883,351	(1,398,393)	(1,013,682)
Net foreign exchange gains/(losses)		7,198	(1,530)	18,460
Opening cash and cash equivalents		2,073,661	3,068,883	3,068,883
Closing cash and cash equivalents		13,964,210	1,668,960	2,073,661

Notes to the Group Financial Statements
for the six months ended to 30 June 2019

1. **Summary of significant accounting policies**

Basis of preparation

The condensed financial statements comprise the unaudited results for the six months to 30 June 2019. The condensed financial statements for the period ended 30 June 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The information in these condensed financial statements does not constitute statutory financial statements under section 343 of Companies Act 2006. The interim condensed financial statements have been prepared on a basis consistent with the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2018. A number of New European Union endorsed amendments to existing standards are effective for periods beginning on or after 1 January 2019. None of these have a material, if any, impact on the annual or condensed interim financial statements of the Group in 2019.

The Annual Report and Financial Statements for the year ended 31 December 2018 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for 2018 was unmodified and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

These interim statements have been prepared on a going concern basis as the directors, having considered available relevant information, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

2. **Segmental analysis**

For all periods reported the Group operated under one reporting segment but revenue is analysed under two separate revenue streams.

Revenue represents the amounts derived from the provision of services which fall within the Group's ordinary activities, stated net of value added tax and recognised over time. Revenue is principally generated from implementation services and data.

The following tables present revenue of the Group for the six months ended 30 June 2019 and 30 June 2018 and for the year ended 31 December 2018.

a) Revenue stream

	Six months to 30 June 2019	*Six months to 30 June 2018*	*Year to 31 December 2018*
	£	*£*	*£*
Implementation services	1,561,505	890,491	2,312,035
Data	2,809,108	2,378,849	8,061,145
	4,370,613	3,269,340	10,373,180

b) Geographical area

	Six months to 30 June 2019	*Six months to 30 June 2018*	*Year to 31 December 2018*
	£	*£*	*£*
USA	2,910,881	2,683,209	4,906,514
UK	631,352	-	102,501
Rest of Europe	749,425	454,881	4,373,526
Asia	78,955	131,250	990,639
	4,370,613	3,269,340	10,373,180

3. Other operating income

	Six months to 30 June 2019	*Six months to 30 June 2018*	*Year to 31 December 2018*
	£	*£*	*£*
Government grants	-	-	1,564
Research and developments credits	66,220	30,656	122,533
	66,220	30,656	124,097

4. Exceptional items

The Group incurred costs of £2,684,644 of transaction costs and other IPO related costs as a result of the application made to the London Stock Exchange for all the issued and to be issued Ordinary share capital to be admitted to trading on AIM. £1,640,370 has been included within the operating loss, (£1,410,693 in the six months to 30 June 2019 and £205,000 in the six months to 31 December 2018) and £1,044,274 was offset against the Share Premium account in accordance with IAS 32 'Financial Instruments'.

5. Finance costs

	Six months to 30 June 2019	*Six months to 30 June 2018*	*Year to 31 December 2018*
	£	*£*	*£*
External loans	179,256	115,981	251,347
Revolving credit facilities	21,603	8,873	27,214
Change in fair value of embedded derivatives	18,325	-	22,088
Directors' loans	3,475	9,977	23,015
	222,659	134,831	323,664

6. Income tax

Income tax credit for the period amounted to £236,195 (June 2018: £215,887 and December 2018: (£244,957)). The Group's effective tax rate in the period (12%) was reduced versus the prior period (30 June 2018: 18.5% and 31 December 2018: 27.9%) as a result of non-deductible exceptional items associated with the IPO and Research and Development tax credits.

7. Employee share option plan

The Company currently has an Employee Share Option Plan ("ESOP") for employees. At the end of June 2019, 197,400 options were granted to certain employees to satisfy contractual obligations. These options, which have an exercise price of £0.002, are payable in shares at the end of three years to the extent that performance criteria are met.

Granted awards under the Company's ESOP that were outstanding at 30 June 2019 had a market value of £169,141 based on the prices at the date of award to the employee. This price ranged from £0.85 to £0.88, being on the closing price on the day of grant. The market value of the awards will be recognised over the three year vesting period from 1 July 2019.

The option will only be exercisable provided the employee has received no more than two "unsatisfactory" individual performance ratings in all of their individual performance reviews in the three year period from the date of grant.

8. Earnings per share

Basic earnings per share are calculated based on the (loss)/profit for the financial year attributable to equity holders divided

by the weighted average number of shares in issue during the year. The weighted average number of shares for all periods presented has been adjusted for the impact of the above reorganisation and bonus issue of shares undertaken on 13 March 2019 prior to the admission of the company to the AIM market of the London Stock Exchange.
Adjusted earnings per share are calculated based on the (loss)/profit for the financial year adjusted for exceptional items as disclosed in Note 6. Diluted earnings per share is calculated on the basic earnings per share adjusted to allow for the issue of ordinary shares on the assumed conversion of the convertible loan notes.

Profit attributable to shareholders

	Six months to 30 June 2019	*Six months to 30 June 2018*	*Year to 31 December 2018*
	£	*£*	*£*
(Loss)/profit for the financial period	(1,732,755)	(949,648)	632,307
Exceptional costs (after tax)	1,294,661	-	205,000
Adjusted (loss)/profit for the financial period	(438,094)	(949,648)	837,307

Weighted average number of shares to shareholders

	Number	*Number*	*Number*
Ordinary Shares in issue at the end of the period	69,583,077	20,762	20,672
Weighted average number of shares in issue	58,556,736	44,898,142	44,898,142
Weighted average number of treasury shares	(99)	(1,077)	(685)
Weighted average number of shares for basic and adjusted earnings per share	58,556,637	44,897,065	44,897,457
Effect of dilution of Convertible Loan Notes	2,353	-	713
Weighted average number of shares for diluted earnings per share	58,558,990	44,897,065	44,898,170

Earnings per share

	Pence	*Pence*	*Pence*
Basic	(2.96)	(2.12)	1.41
Diluted	(2.96)	(2.12)	1.41
Adjusted	(0.75)	(2.12)	1.86
Diluted adjusted	(0.75)	(2.12)	1.86

9. Intangible assets

	Patents and trademarks	*Datasets*	*Development expenditure*	*Software*	*Total*
	£	*£*	*£*	*£*	*£*
Cost					
At 1 January 2018	963,348	278,319	205,783		1,447,450
Foreign exchange	(2,720)	-	-	-	(2,720)
Additions	19,067	5,428	311,378	-	335,873
At 30 June 2018	979,695	283,747	517,161	-	1,780,603
Foreign exchange	17,955	-	-	-	17,955
Additions	19,813	152,534	295,200	-	467,547
At 31 December 2018	1,017,463	436,281	812,361	-	2,266,105
Foreign exchange	(6,786)	(87)	(2,169)	-	(9,042)
Additions	3,839	254,628	711,087	46,321	1,015,875
At 30 June 2019	1,014,516	690,822	1,521,279	46,321	3,272,938
Amortisation					
At 1 January 2018	944,417	16,095	-	-	960,512
Foreign exchange	(3,021)	-	-	-	(3,021)
Charge for the period	3,190	7,218	-	-	10,408
At 30 June 2018	944,586	23,313			967,899
Foreign exchange	17,413	-	-	-	17,413
Charge for the period	13,275	56,905	-	-	70,180
At 31 December 2018	975,274	80,218	-	-	1,055,492
Foreign exchange	(6,767)	(43)	-	-	(6,810)

Charge for the period	12,062	33,661	-	-	45,723
At 30 June 2019	980,569	113,836	-	-	1,094,405
Net book value					
At 30 June 2019	33,947	576,986	1,521,279	46,321	2,178,533
At 31 December 2018	42,189	356,063	812,361	-	1,210,613
At 30 June 2018	35,109	260,434	517,161	-	812,704

10. Trade and other receivables

	30 June 2019	*30 June 2018*	*31 December 2018*
	£	*£*	*£*
Trade receivables	2,865,587	1,788,401	4,082,099
Other receivables	234,276	32,388	221,954
Prepayments	230,639	57,676	85,219
	3,330,502	1,878,465	4,389,272

11. Trade and other payables

	30 June 2019	*30 June 2018*	*31 December 2018*
	£	*£*	*£*
***Creditors**: falling due within one year*			
Trade payables	388,736	144,955	223,788
Accruals	620,361	565,262	688,295
Other tax and social security	191,763	112,636	59,291
Other creditors	-	20,393	-
Contract liabilities	465,495	504,837	219,752
	1,666,355	1,348,083	1,191,126

	30 June 2019	*30 June 2018*	*31 December 2018*
	£	*£*	*£*
***Creditors**: falling due after more than one year*			
Deferred income		-	180,862

Included within creditors falling due after more than one year as at 31 December 2018 is a grant relating to development projects. This will be credited to the profit and loss account on the commencement of the project over the expected useful economic lives of the related assets.
Contract liabilities of £465,495 (June 2018: £504,837 and December 2018: £219,752) which arise in respect of amounts invoiced during the period for which revenue recognition criteria have not been met by the year end. The Group's contracts with customers are typically less than one year in duration and any contract liabilities would be expected to be recognised as revenue in the following year.

12. Interest bearing loans and borrowings

	30 June 2019	*30 June 2018*	*31 December 2018*
	£	*£*	*£*
External loans	-	1,438,579	1,187,757
Fair value of embedded derivatives	-	-	34,093
Director's loans	-	440,740	345,149
Revolving credit facilities	-	685,107	1,751,640
Convertible loan notes	102,500	-	462,645
	102,500	2,564,426	3,781,284

During the period, the Group repaid all outstanding loans and finance facilities. The Group retains a £2.5m facility from Silicon Valley Bank which is unused at 30 June 2019.
On 15 October 2018, the Company issued £453,543 of unsecured convertible loan notes ("Loan Notes") and on 15 February 2019, the Company issued a further £750,000 of Loan Notes. £1,103,543 of the Loan Notes were converted into Ordinary Shares in the Company immediately prior to Admission.
£100,000 of the Loan Notes issued on 15 February 2019 remain in place. These loan notes can be converted into Ordinary Shares in the Company on or after 31 March 2022. Interest is accrued on the outstanding convertible loan note balances.

13. Share capital

	30 June 2019	30 June 2018	31 December 2018
	£	£	£
Allotted, called up and fully paid			
69,583,077 Ordinary shares of £0.002 each	139,166	-	-
June and December 2018: 6,000 A class ordinary shares of £0.01 each	-	60	60
June 2018: 5,200; December 2018: 6,208 B class ordinary shares of £0.01 each	-	52	62
June and December 2018: 205 C class ordinary shares of £0.01 each	-	2	2
June and December 2018: 2,057 D class ordinary shares of £0.01 each	-	21	21
June 2018 and December 2018: 9,960 E class ordinary shares of £0.01 each	-	10	10
June and December 2018: 5,000 F class ordinary shares of £0.01 each	-	50	50
June 2018: 1300; December 2018: 340 treasury shares of £0.01 each	-	13	3
	139,166	208	208

On 13 March 2019:

- The 300 D shares of £0.01 each and 40 E shares of £0.001 each which were held in treasury were cancelled;
- The issued E share capital was consolidated so that the 9,960 E shares of £0.001 each became 996 E shares of £0.01 each;
- 205,050 new A shares of £0.01 each were allotted and issued to the existing shareholders of the Company at par value;
- All of the issued B shares of £0.01 each, C shares of £0.01 each, D shares of £0.01 each, E shares of £0.01 each and F shares of £0.01 each were converted into A shares of £0.01 each.

Following this consolidation of shares, the Company passed a resolution to re-designate all of the 225,516 issued A shares of £0.01 each as 225,516 issued ordinary shares of £0.01 each.
The issued ordinary share capital of the Company was then sub-divided so that every 1 ordinary share of £0.01 each become 5 ordinary shares of £0.002 each ("Ordinary Shares"). Following the sub-division, the Company had an issued share capital of 1,127,580 Ordinary Shares of £0.002 each.
The Company then undertook a bonus issue of Ordinary Shares based on 39 new Ordinary Shares for every one Ordinary Share held, such new Ordinary Shares being fully paid out of share premium. As a result, 43,975,620 new Ordinary Shares were allotted at a price of £0.002 per Ordinary Share. Following the bonus issue, the Company had an issued share capital of 45,103,200 Ordinary Shares.

On 15 March 2019, the Company allotted and issued 175,438 Ordinary Shares to a third party investor at a price of £0.57 per share.

Immediately prior to the admission to the AIM Market on the London Stock Exchange on 21 March 2019, the Company allotted and issued, in aggregate, 1,936,012 Ordinary Shares on conversion of £1,103,543 of the outstanding Convertible Loan Notes. Thus. immediately prior to admission to AIM, the issued and fully paid share capital of the Company was 47,214,650 Ordinary Shares.

On the listing of the Company on AIM, 22,368,427 new Ordinary shares were allotted and issued under a Placing Agreement with the Company's nomad, Cenkos Securities PLC. The issued share capital of the Company immediately following Admission and at 30 June 2019 was 69,583,077 Ordinary Shares of £0.02.
All Ordinary Shares rank *pari passu* in all respects including voting rights and the right to receive all dividends and other distributions (if any) declared or made or paid in respect of Ordinary Shares.

13. Related parties

At 31 December 2018 directors were owed £345,149. During the six months to 30 June 2019 these loans were repaid in full.
During the six months to 30 June 2019 the Group was charged £20,800 (H1 2018: £50,000) by Blue Shark Limited, a related party through common directorship, in respect of IT expertise for development projects. There is not expected to be any further transactions with this entity.

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