Half-year Report

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

Half Year Report

Diaceutics PLC (AIM: DXRX), the diagnostic commercialisation company, announces its unaudited interim results for the six months ended 30 June 2020 and changes in its outlook for the second half.

Financial highlights

	H1 2020	H1 2019
Revenue (£m)	**5.3**	4.4
Gross profit (£m)	**3.8**	3.1
Gross margin	**71%**	71%
EBITDA (£m)	**0.3**	(1.7)
Adjusted EBITDA* (£m)	**0.3**	(0.3)
Profit / (loss) before tax (£m)	**0.03**	(2.0)
Net cash (£m)	**29.8**	14.0
Adjusted earnings per share (pence)*	**1.52**	(0.75)

**Adjusted for exceptional costs*

- Revenue increased by 21% in the half year to £5.3m (H1 2019: £4.4m), despite the disruption in the global healthcare markets due to COVID-19
- Gross margin remained constant
- Adjusted EBITDA, in the half year was £0.3m (H1 2019: (£0.3m))
- The closing cash position of £29.8m (H1 2019: £14.0m) includes funds from the £20.5m share placing which was completed in June 2020, in order to strengthen our balance sheet in readiness for new growth opportunities

Operational highlights

- Client base expanded in the first six months serving 29 clients across 28 global markets (H1 2019: 27 clients and 16 markets respectively)
- Development and launch of 'DXRX - The Diagnostic Network™' ("the DXRX platform"), our proprietary Diagnostic Network for precision medicine, remains on track. Onboarding of laboratory and diagnostic partners to the platform has commenced, with pharmaceutical clients set to gain access in Q4 2020
- We won our first contract in July 2020 for a fully outsourced diagnostic commercial solution, with a leading pharmaceutical company
- We added 53m new patient testing records to our data lake (H1 2019: 16m). Improved data analysis powered by the DXRX platform resulted in nine accepted abstracts at four leading medical conferences (ASCO, EHA, ISPOR and ESP)* during the period. The data from these abstracts demonstrated the need for improvement in precision testing for multiple cancers

Outlook

- In the third quarter, from mid-August, a lower than expected conversion of proposals, due to some deferrals of spend on client brands and delays of certain new product launches due to COVID-19, mean that the Directors now expect a substantial reduction in sales in the second half of the year, such that this year's revenue may be materially lower than the prior year. We have taken immediate steps to reduce costs in the remainder of the year by £0.6m, though the current level of activity is likely to result in EBITDA losses for the full year of less than £1m. We have started planning for repositioning of resources to support the planned launch of DXRX and servicing the ongoing level of customer demand. This is expected to result in exceptional costs in the second half.

Peter Keeling, Diaceutics' Chief Executive, commented:
"In the first half of the year we have grown our client base, revenue and global reach and, at the same time, initiated innovation via our investments in data analytics and the introduction of our proprietary diagnostic network for precision medicine. However, all aspects of the healthcare business have been impacted in unprecedented ways by COVID-19 and we first saw this in our EU and Asian implementation projects. We have had to adjust plans for the second half to address very recent decisions relating to deferred budgets on a number of our client brands and ongoing delays with access to laboratories. The fundamentals of the precision marketplace and its dependency on better testing remain strong."

My continued thanks to everyone at Diaceutics and to the increased investor support we gained during the period. It is my belief that the 'new normal' emerging post pandemic will serve to further accelerate the use of real-world evidence and platform technologies thereby embedding precision testing as the essential component driving value for Pharma's business model for the next decade."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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About Diaceutics
At Diaceutics we believe that every patient should get the precision medicine they deserve. We are a data analytics and end-to-end services provider enabled by DXRX - a Proprietary Diagnostic Network solution for the development and commercialisation of precision medicine diagnostics. The Company, listed on the AIM Market of the London Stock Exchange, has created commercially useful data sets for every precision medicine that has come to market. We have built the world's largest repository of diagnostic testing data with a growing network of 2,500 laboratories in 51 countries. www.diaceutics.com

* American Society of Clinical Oncology ("ASCO"), European Hematology Association ("EHA"), International Society for Pharmacoeconomics and Outcomes Research ("ISPOR"), European Society of Pathology ("ESP")

BUSINESS REVIEW
Diaceutics has made a solid start to the 2020 financial year despite the unprecedented disruption in the global healthcare markets resulting from COVID-19.

Despite disruption from COVID-19, we continue to see strong underlying growth potential in the Precision Medicine marketplace and sustained demand from our blue-chip client base during H1 2020. This resulted in us working on an increased number of therapy brands (41 in H1 2020 v 38 in H1 2019) for 29 clients (H1 2019: 27) and this contributed to our successful first-half financial performance.

The DXRX platform was showcased to the pharmaceutical industry ("Pharma") for the first time during a virtual ASCO conference in June 2020. 28 client meetings resulted in 34 proposals being submitted compared to 14 in June 2019. These in-depth ASCO briefings contributed to a significant new client contract for a fully outsourced diagnostic commercialisation programme with a leading pharmaceutical group which will leverage the DXRX platform for the first time when it goes live. This client is a pioneer in the field of immunotherapy. Diaceutics' fully outsourced commercial solution, using the DXRX platform to improve patient testing, will initially be US-focused and the contract is worth $1.27m to the Group over 18 months.

During the half year period, despite the slow-down of access to EU and Asian laboratories, the onboarding of laboratories and diagnostic suppliers to the platform commenced via a successful virtual outreach in anticipation of a full commercial launch and pilot projects in Q4 2020.

The DXRX platform launch will mark the start of a shift for us from our current model of historical data analytics and implementation services to an end-to-end fully outsourced customer offering which brings together our proprietary method, global laboratory database and global data lake on a single proprietary platform.

Data Analytics
The performance of both Landscape and Tracking products in the first half of the year has been strong, resulting in data analytics revenues increasing by 70% (H1 2019: 18%) to £4.8m (H1 2019: £2.8m), with repeat business tracking at 91%, complemented by new client engagements.

Implementation Services
Revenue for implementation services has declined by 66% year on year to £0.5m (H1 2019: £1.6m) due wholly to the restrictions placed on face to face interactions with laboratories as a result of COVID-19 in all key markets. Despite this, the Group executed 21 implementation services projects using a virtual model.

Growing Precision Medicine market opportunity
The overall precision medicine market is anticipated to double in size from 2018 to 2026 [(1)] driven by several dynamics including disease area, Pharma pipeline, real world evidence and geographic focus.
[(1)] ARC Analysis, October 2019

In the medium term, 2020 to 2025, Diaceutics' research on therapy pipelines suggests year on year increases in the number of precision medicine treatments arriving onto the market. Specifically, more than 500 precision medicine trials are currently underway, with approximately 250 phase III trials expected to finish by the end of 2020 [(2)] with the trend expected to continue into 2021 and beyond. If we conservatively assume only 20% of the current 500+ precision medicine phase II/III trials result in an FDA New Drug Application (NDA)/Biologics License Applications (BLA), potentially 103 new precision drug/test submissions could occur over the next two years [(2)]
[(2)] Pharma Precision Medicine Readiness Report 2019

This would potentially result in up to 50 new precision medicine treatments and associated tests which could be launched annually during the next five years[2]. The Directors estimate that up to 300 precision test/therapy combinations by 2025 annually could therefore require servicing with improved focus on diagnostic commercialisation.
[(2)] Pharma Precision Medicine Readiness Report 2019

The Directors believe that eventually all patient pathways to treatment will benefit from an improved diagnostic journey and consequently the focus on improving diagnostic commercialisation will increasingly become an integrated part of the Pharma marketing model.

New growth opportunities
The global disruption of COVID-19 has served to accelerate an understanding of Pharma's model of interdependency on a fragile diagnostic testing ecosystem and legacy analogue commercial practices.

Sales teams, for example, can no longer visit hospitals and other clinical settings. In response, some pharmaceutical representatives are conducting online meetings with their clients.[(3)] Overall interactions between pharmaceutical representatives and medical practitioners in oncology have decreased by 14% during this period.[(4)] Leading industry consultants are pointing towards an urgent need for reform of Pharma's commercial model in ways which support Diaceutics' timing in the launch of its DXRX platform.
[(3)] https://www2.deloitte.com/us/en/blog/health-care-blog/2020/covid-19-pandemic-could-forever-change-biopharma.html
[(4)] https://www.iqvia.com/-/media/iqvia/pdfs/files/iqvia-covid-19-market-tracking-us.pdf?_=1595590574292

In response to these mid-to-long term developments the Company raised £20.5m (before expenses) in June through a placing of new shares to strengthen its balance sheet in preparation for new opportunities in commercial diagnostic services. The Directors believe that Diaceutics is uniquely positioned within this market, with the imminent launch of the DXRX platform, to provide a digital solution for precision testing.

The Group has already seen increased interest from pharmaceutical companies for its products in new markets, beyond oncology. The Group, therefore, needs to be prepared to meet these new opportunities with a strong and flexible balance sheet. These opportunities include, but are not limited to, the development of new Diagnostic Deductive Pathways™ and domain expertise outside oncology, expanding the Group's disease area reach and potential co-investment opportunities with pharmaceutical clients as they scale towards a digital commercial model.

DXRX - A proprietary Diagnostic Network
The DXRX platform will provide a solution for all stakeholders involved in the launch of precision therapies, including laboratories, pharmaceutical and diagnostic companies, to collaborate on the commercialisation of companion diagnostics on a global scale. The platform will enable Diaceutics to migrate its current modular product suite (Landscape, Planning, Implementation and Tracking) to a subscription-based online network connecting the precision medicine ecosystem. The

Directors believe this will reduce the complexity of the testing environment for pharmaceutical clients, thereby reducing the time for pharmaceutical clients to reach peak sales and delivering better and faster treatment for patients.

The DXRX platform will enable an end-to-end diagnostic development and commercialisation service. It will allow clients to deliver seamless diagnostic testing for their precision medicine therapies, which will result in greater efficiencies and drive increased testing rates and adoption.

The DXRX platform will also offer new and improved customer services. A recent example of this trend are the partnerships with Targos Molecular Pathology and HistoCyte Laboratories. These partnerships will help drive the standardisation of diagnostic testing within our global laboratory network.

Diaceutics' research has found that a lack of standardised testing practices, accompanied by a lack of investment in diagnostic testing, is leading to an average lag time of 4.5 years between the launch of a new oncology drug and the widespread availability of its companion diagnostic test.[5] However, HistoCyte's standardised, cost-efficient solution, which will be customised according to regulatory-approved biomarker assays and with hands-on support for implementation - combined with Targos's insights, training, and quality assurance support - is expected to reduce this lag. This partnership will streamline the development of diagnostic tests and accelerate their time to market, therefore aiding the successful launch and uptake of pharmaceutical companies' new precision medicine drugs. The first pilot of the partnership has been launched and is focusing on PD-L1 testing.

(5) Pharma Precision Medicine Readiness Report 2019

People

Our people have been critical to achieving our growth opportunities. Since the IPO we have grown our staff from 111 at 31 December 2019 to 128 at 30 June 2020, to support the development and launch of DXRX, strengthen key capabilities for growth of the business and support customer service for the growth to June 2020.

The Group remains focused on providing exceptional and aspirational careers for our staff with dedicated training and development budgets for each team and a large emphasis on personal and professional career development. Culture plays a huge part in everyday life with the Diaceutics EFFECT (Empowerment, Foresight, Fun, Entrepreneurial, Communication, Trust) evidenced in what we do. Our culture in turn contributes to our ability to deliver outstanding services for our clients and other stakeholders. During the COVID-19 pandemic we have supported our staff in multiple ways, and we recognise the importance of the loyalty and dedication which the Diaceutics' staff continue to demonstrate across the Group.

Outlook

In mid-August, we found that a number of therapy brands' plans changed. Specifically, a quarter of the therapy brands we work on indicated they were now undergoing a shift and reprioritisation of their budgets. This included brands where there was a deferral of their spend, and brands where product launches were pushed back by more than 6 months. Our remaining planned projects continue to close and we continue to win those contracts and competitive RFPs (Request for Proposal).

In preparing our outlook, we have assumed that the limited access to EU and Asian laboratories will continue through to December 2020.

We have taken immediate steps to reduce costs in the remainder of the year by £0.6m. We have started planning and repositioning resources to support the planned launch of the DXRX platform and servicing the ongoing level of customer demand. This is expected to result in exceptional costs in the second half.

As a result, Group revenues for the full year to 31 December 2020 are expected to be materially below that of last year (FY 2019: £13.4m) and adjusted EBITDA is expected to be a loss of less than £1m (FY 2019: earnings £2.4m).

The Directors remain confident in the timely development and Q4 2020 launch of the DXRX platform which is positioned to be a game-changer for precision test commercialisation. The Precision Medicine market continues to move to a tipping point and Diaceutics is very well placed to be the first mover within the testing commercialisation market for precision therapies.

Peter Keeling
Chief Executive Officer
6 September 2020

FINANCIAL REVIEW

The Group closed the half year to 30 June 2020 with a strong balance sheet showing a cash balance of £29.8m (H1 2019: £14.0m), having raised £20.5m (before expenses) from a secondary fundraising, which was announced on 11 June 2020.

Financial Performance

A summary of the key financial indicators for the six months to 30 June 2020 is outlined in the table below:

	H1 2020	**H1 2019**
	Unaudited	Unaudited
	£	£
Revenue	5,300,807	4,370,613

Gross profit	3,755,667	3,103,565
Gross margin (%)	71%	71%
EBITDA	259,881	(1,700,569)
Adjusted EBITDA *	259,881	(289,876)
Profit / (loss) before tax	26,110	(1,968,950)

**Adjusted EBITDA is stated before exceptional costs*

Diaceutics continued to deliver solid financial growth during the first half of 2020, increasing revenue by 21% to £5.3m, against £4.4m for the same period last year. The Group's therapy brand engagement continues to strengthen across its client base. Currently the Group is working on 41 therapy brands globally (H1 2019: 38). Demand for data products has increased over the period and now represents 90% of revenue. The Group has continued to expand globally and now supports clients in 28 countries (H1 2019: 16).

The Group supported key areas of the business during the COVID-19 pandemic as demand increased from our clients for data products. Key supporting initiatives focused on employee virtual working and overall employee wellbeing, supply chain management and client interaction and delivery. The Directors are pleased with the robustness and support of the key stakeholders within the business.

The launch of the DXRX platform remains on track for Q4 2020. Total capitalised costs to date in the platform is £4.6m, which is running in line with budget and on plan. Profit before tax improved to £0.03m (H1 2019: (£2.0m)) as a result of no exceptional items and a positive foreign exchange movement. Adjusted EBITDA reported for the half year to 30 June 2020 was £0.3m (H1 2019: (£0.3m)).

Revenue

Revenues grew by 21% versus the same period last year, underpinned by an increase in client and therapy brand engagement and a strong repeat business of 91% (H1 2019: 87%). Brand engagement increased by 8% to 41 (H1 2019: 38). The top therapy brand cohort, which represents 25% of therapy brands, is now engaging over a continual five-year period. Moreover, the global trend underpinning therapy brand engagement is increasingly supporting a greater number of markets and regions. Currently we are supporting therapy brands in 28 markets (H1 2019: 16 markets).

Market distribution of revenues earned also improved, with the Group increasingly supporting clients in all three key global regions (US, EU, APEC). All three regions reported positive delivery revenue growth.

Diaceutics' product mix is dominated by our data products, representing 90% of revenues (H1 2019: 64%) with implementation services revenue currently 10% (H1 2019: 36%).

Data and Analytics

In the six months to 30 June 2020, the Group delivered an increase in data products in both Landscaping and Tracking products, representing 90% of overall revenue for the period. Demand for data products increased as a result of the disruption to market conditions for therapy brands caused by the COVID-19 pandemic. The Group carried out 49 Landscaping data products in the six months to 30 June 2020 as against 39 in the previous half year, with a combined value of approximately £3.5m (2019: £2.2m), representing approximately 65% of total revenue (H1 2019: 50%). The number of Tracking data products increased to 18, against 8 in the previous half year period, with a combined value of £1.3m (H1 2019: £0.5m).

Implementation Services

In the first six months of 2020, the Group experienced a disruption in delivery for some of its implementation projects due to the rapid spread of the COVID-19 pandemic, with the slow-down of access to EU and Asian laboratories. The Group carried out 21 implementation services projects (H1 2019: 42), with a combined value of approximately £0.5m (2019: £1.6m), representing 10% of total revenue.

Gross Margin

Gross margin remained stable at 71% (H1 2019: 71%).

Administration Costs

Operational expenses increased by 9% to £3.8m in H1 2020 (H1 2019: £3.5m), which reflects an increase in operational costs of 29% to £4.5m offset by a gain in foreign exchange of £0.7m. Operationally we now have employees in 18 countries.

EBITDA and Adjusted EBITDA

	H1 2020	**H1 2019**
	£	£
EBIT	31,485	(1,746,291)
Depreciation & Amortisation	228,396	45,722
EBITDA	259,881	(1,700,569)
Exceptional items	-	1,410,693
Adjusted EBITDA	259,881	(289,876)

The increase in Depreciation & Amortisation is primarily driven by the investment in datasets. Additions up to 31 December 2019 were £0.9m and a further £0.6m additions were made during H1 2020 (H1 2019: £0.3m).

The Exceptional Items represent the costs associated with the IPO in March 2019.

Corporation Tax

The Group incurs qualifying expenditure within the SME R&D tax credit regime in the UK. The Group is preparing an R&D Tax Credit claim for the accounting period ended 31 December 2019. The cash credit for this claim is expected to total £0.6m. The necessary work to support this claim had not been substantively completed in time for inclusion in the financial statements at the end of the 31 December 2019 accounting period and accordingly the tax credit was not recognised in the financial statements. The work to complete the claim has now progressed and will be included within the UK corporation tax return for that period which is due for submission by 31 December 2020 and accordingly this tax credit of £0.6m is recognized in the interim financial statements to 30 June 2020. The SME R&D tax credit for the six months to 30 June 2020 is £0.5m. Therefore, the net amount receivable as at 30 June 2020 is £1.1m (H1 2019: £0.2m) and this is expected to be received in the second half of 2020. The qualifying expenditure principally relates to the DXRX platform development and the closing corporation tax debtor on the balance sheet as at 30 June 2020 is £1.2m, inclusive of RDEC.

Balance Sheet

At 30 June 2020, the Group had a strong balance sheet reflecting net assets of £41.1m (30 June 2019: £18.1m).

The Group's closing cash balance was £29.8m (H1 2019: £14m) which includes funds from the £20.5m (before expenses) share placing completed in June 2020.

The Group's debt at 30 June 2020 was £0.1m (H1 2019: £0.1m).

Intangible Assets

Total intangible investment of £2.9m was incurred in the period. Investment in specific biomarker data amounted to £0.6m (H1 2019: £0.3m) supporting the depth of the data lake and adding 53m patient test records (H1 2019: 16m). Capitalised development expenditure relating to the DXRX platform amounted to £2.0m (H1 2019: £0.7m). The DXRX platform build is continually progressing and is expected to be commercially launched in the second half of 2020. Further investment into internal automation activities within the Group's ERP reporting system and patent related costs amounted to £0.3m.

Net Cash

	As at 30 June 2020 £m	**As at 30 Dec 2019** £m	**As at 30 June 2019** £m
Net Cash	29.8	11.7	14.0

The Group continued its relationship with Silicon Valley Bank and in July 2020 completed a new working capital facility for £4.0m which extends to June 2023. This facility is linked to achieving at least a 5% year on year growth in revenue.

Other financial liabilities, not included above, relate to convertible loan notes and the change in fair value of embedded derivatives. The convertible loan notes of £0.1m are exercisable by March 2022.

Summary

Diaceutics has reported a strong first-half year 2020 financial performance with the outlook for the second-half revised.

Peter Keeling
Chief Executive Officer
6 September 2020

Condensed Group Profit and Loss Account
for the six months ended 30 June 2020

	Notes	*Six months to 30 June 2020 (Unaudited)* £	*Six months to 30 June 2019 (Unaudited)* £
Revenue	2	5,300,807	4,370,613
Cost of sales		(1,545,140)	(1,267,048)
Gross profit		3,755,667	3,103,565
Administrative expenses		(3,825,878)	(3,505,383)
Other operating income	3	101,696	66,220
Operating profit/(loss) before exceptional items		31,485	(335,598)
Exceptional costs	4	-	(1,410,693)
Operating profit/(loss)		31,485	(1,746,291)
Finance costs	5	(5,375)	(222,659)
Profit/(loss) before tax		26,110	(1,968,950)
Income tax credit/(expense)	6	1,050,455	236,195
Profit/(loss) for the financial period		1,076,565	(1,732,755)

All results relate to continuing operations.

Condensed Group Statement of Comprehensive Income
for the six months ended 30 June 2020

	Six months to 30 June 2020 (Unaudited)	Six months to 30 June 2019 (Unaudited)
	£	£
Profit/(Loss) for the financial period	1,076,565	(1,732,755)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	267,126	(3,011)
Total comprehensive income/(Loss) for the period, net of tax	1,343,691	(1,735,766)

Earnings per share

for the six months ended 30 June 2020

		Six months to 30 June 2020 (Unaudited)	Six months to 30 June 2019 (Unaudited)
		Pence	Pence
Basic	8	1.52	(2.96)
Diluted	8	1.51	(2.96)

Condensed Group Balance Sheet as at 30 June 2020

	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2019 (Unaudited)
ASSETS		£	£	£
Non-current assets				
Intangible assets	9	6,540,345	3,760,811	2,178,533
Property, plant and equipment		233,809	133,604	101,993
Deferred tax asset		75,432	55,737	338,942
		6,849,586	3,950,152	2,619,468
Current assets				
Trade and other receivables	10	4,841,068	6,634,893	3,330,502
Income tax receivable		1,215,305	65,768	44,460
Cash at bank and in hand		29,765,638	11,720,223	13,964,210
		35,822,011	18,420,884	17,339,172
TOTAL ASSETS		42,671,597	22,371,036	19,958,640
EQUITY AND LIABILITIES				
Equity share capital	13	168,138	139,166	139,166
Share premium		36,864,298	17,335,407	17,335,407
Translation reserve		286,716	19,590	175,850
Profit and loss account		3,798,346	2,637,924	482,894
TOTAL EQUITY		41,117,498	20,132,087	18,133,317
Non-Current Liabilities				
Financial Liabilities	12	-	-	102,500
		-	-	102,500
Current liabilities				
Trade and other payables	11	1,441,224	2,131,449	1,666,355
Financial liabilities	12	112,875	107,500	-
Income tax payable		-	-	56,468
		1,554,099	2,238,949	1,722,823
TOTAL LIABILITIES		1,554,099	2,238,949	1,825,323
TOTAL EQUITY AND LIABILITIES		42,671,597	22,371,036	19,958,640

Condensed Group Statement of Changes in Equity for the six months ended 30 June 2020

	Called up share capital £	Share premium ** £	Treasury shares * £	Capital redemption reserve £	Translation reserve £	Profit and loss account £	Total equity £
At 1 January 2019	**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 (unaudited)	**139,166**	**17,335,407**	**-**	**-**	**175,850**	**482,894**	**18,133,317**
Profit for the period	-	-	-	-	-	2,130,636	2,130,636
Other comprehensive expenses	-	-	-	-	(156,260)	-	(156,260)
Total comprehensive income for the period	-	-	-	-	(156,260)	2,130,636	1,974,376
Transactions with owners, recorded directly in equity							
Share based payments	-	-	-	-	-	24,394	24,394
Total transactions with owners	-	-	-	-	-	**24,394**	**24,394**
At 31 December 2019 (audited)	**139,166**	**17,335,407**	**-**	**-**	**19,590**	**2,637,924**	**20,132,087**
Profit for the period	-	-	-	-	-	1,076,565	1,076,565
Other comprehensive expenses	-	-	-	-	267,126		267,126
Total comprehensive expenses for the period	-	-	-	-	267,126	1,076,565	1,343,691
Transactions with owners, recorded directly in equity							
Exercise of warrant	696	263,719	-	-	-	-	264,415
Share based payment	-	-	-	-	-	83,857	83,857
Issue of shares on Placing	28,276	19,265,172	-	-	-	-	19,293,448
Total transactions with owners	28,972	19,528,891	-	-	-	83,857	19,641,720
At 30 June 2020 (unaudited)	**168,138**	**36,864,298**	-	-	**286,716**	**3,798,346**	**41,117,498**

* 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.

** Costs of £1.2m directly related to the secondary fund raise were offset against the share premium account.

Group Statement of Cash Flows for the six months ended 30 June 2020

	Notes	*Six months to 30 June 2020 (Unaudited)*	*Six months to 30 June 2019 (Unaudited)*
		£	*£*
Operating activities			
Profit/(loss) before tax		26,110	(1,968,950)
Adjustments to reconcile profit before tax to net cash flows from operating activities			
Net finance costs		5,375	222,659
Amortisation of intangible assets	9	225,174	45,723
Depreciation of property, plant and equipment		3,222	20,776
Research and development tax credits		(75,000)	(66,220)
Decrease in trade and other receivables		2,028,918	1,051,045
(Decrease)/Increase in trade and other payables		(762,686)	405,813
Effect of translation on intergroup balances		(185,776)	(56,023)
Share based payments		83,857	-
Cash generated / (used) in operations		1,349,194	(345,177)
Tax (paid)/received		(45,280)	10,788
Net cash (outflow)/inflow from operating activities		1,303,914	(334,389)
Investing activities			
Purchase of intangible assets		(2,878,916)	(1,015,875)
Purchase of property, plant and equipment		(102,541)	(48,832)
Net cash outflow from investing activities		(2,981,457)	(1,064,707)
Financing activities			
Borrowing costs		-	(258,709)
Repayment of borrowings		-	(3,450,976)
Draw down of funds		-	105,968
Issuance of convertible loan notes		-	750,067
Issue of shares		19,614,165	16,136,097
Net cash inflow from financing activities		19,614,165	13,282,447
Net increase in cash and cash equivalents		17,936,622	11,883,351
Net foreign exchange gains		108,793	7,198
Opening cash and cash equivalents		11,720,223	2,073,661
Closing cash and cash equivalents		29,765,638	13,964,210

Notes to the Group Financial Statements for the six months ended to 30 June 2020

1. Summary of significant accounting policies

Basis of preparation

These condensed financial statements for the six months to 30 June 2020 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The financial information for the year ended 31 December 2019 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2019 have been filed with the Registrar of Companies and can be found on the Group's website. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

The accounting policies, presentation and methods of computation applied by the Group in these condensed financial statements are the same as those applied in the Group's latest audited annual consolidated financial statements for the year ended 31 December 2019. No newly introduced standard or amendments to standards had a material impact on the condensed financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Going Concern
The financial performance and balance sheet position at 30 June 2020 along with a range of scenario plans to 31 December 2022 has been considered, applying different sensitives to revenue. Across these scenarios, including at the lower end of the range, there remains significant headroom in the minimum cash balance over the period to 31 December 2022 and therefore the Directors have satisfied themselves that the Group has adequate funds in place to continue to meet its obligations as they fall due.

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. Revenue is principally generated from implementation services and data.

The following tables present revenue of the Group for the six months ended 30 June 2020 and 30 June 2019.

a) Revenue stream

	Six months to 30 June 2020	*Six months to 30 June 2019*
	£	*£*
Implementation services	529,478	1,561,505
Data	4,771,329	2,809,108
	5,300,807	4,370,613

b) Geographical area

	Six months to 30 June 2020	*Six months to 30 June 2019*
	£	*£*
USA	3,137,124	2,910,881
UK	679,408	631,352
Europe	806,469	749,425
Asia	677,806	78,955
	5,300,807	4,370,613

3. Other operating income

	Six months to 30 June 2020	*Six months to 30 June 2019*
	£	*£*
Government grants	26,696	-
Research and developments credits	75,000	66,220
	101,696	66,220

4. Exceptional items
The Group incurred no exceptional costs in the period to 30 June 2020 as all costs in relation to the secondary fund raise were deemed to be wholly attributable to the offer of new shares and therefore deducted from equity in line with IAS 32.

For the period to 30 June 2019, 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. £1,615,693 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 2020	*Six months to 30 June 2019*
	£	*£*
External loans	5,375	179,256
Revolving credit facilities	-	21,603
Change in fair value of embedded derivatives	-	18,325
Directors' loans	-	3,475
	5,375	222,659

6. Income tax
UK corporation tax is calculated at 19% (2019: 19%) of the taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The group is preparing an R&D Tax Credit claim for the accounting period ended 31 December 2019. The cash credit for this claim is expected to total £600,000. The necessary work to support this claim had not been substantively completed in time for inclusion in the financial statements at the end of the 31 December 2019 accounting period and accordingly the tax credit was not recognised in the financial statements. The work to complete the claim has now progressed and will be included within the UK corporation tax return for that period which is due for submission by 31 December 2020 and accordingly this tax credit of £600,000 is recognised in the interim financial statements to 30 June 2020. The SME R&D tax credit for the six months to 30 June 2020 is £450,000.

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was enacted in Finance Act 2016. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

7. Share Based Payments

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. At the end of June 2020, a further 231,000 options were granted under the same scheme. It is intended the obligation arising with the above shares will be met within the existing employee benefit trust.

In the first half of 2020 the Company launched a long-term incentive plan (LTIP), under which an initial award of 1,430,244 options were granted to certain employees on 17 April 2020. These options which have an exercise price of £1.265, are exercisable at the end of three years with no performance obligations attached other than being employed in the Company at the end of the vesting period.

Granted awards under the Company's ESOP & LTIP schemes that were outstanding at 30 June 2020 had a fair value at grant date of £2,496,661 based on the prices at the date of award to the employee. The fair value of the awards is recognised over the three-year vesting period from the grant date, with £83,857 being charged through the profit and loss account in the six-month period to 30 June 2020 (2019: £24,394). The estimated P&L charge for the full year ending 31 December 2020 will be £310,761.

The options with performance conditions attached 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 profit/(loss) 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 secondary fund raise in June 2020.

Adjusted earnings per share are calculated based on the profit/(loss) for the financial year adjusted for exceptional items as disclosed in Note 4. 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 and share options granted under the employee share option plan.

Profit attributable to shareholders

	Six months to 30 June 2020 £	*Six months to 30 June 2019 £*
Profit/(loss) for the financial period	1,076,565	(1,732,755)
Exceptional costs (after tax)	-	1,294,661
Adjusted profit/(loss) for the financial period	1,076,565	(438,094)

Weighted average number of shares to shareholders

	Number	*Number*
Ordinary Shares in issue at the end of the period	84,068,923	69,583,077
Weighted average number of shares in issue	70,996,870	58,556,736
Weighted average number of treasury shares	-	(99)
Weighted average number of shares for basic and adjusted earnings per share	70,996,870	58,556,637
Effect of dilution of Convertible Loan Notes	754	2,353
Effect of dilution of share options granted	175,721	
Weighted average number of shares for diluted earnings per share	71,173,345	58,558,990

Earnings per share

	Pence	*Pence*
Basic	1.52	(2.96)

Diluted	1.51	(2.96)
Adjusted	1.52	(0.75)
Diluted adjusted	1.51	(0.75)

9. Intangible assets

	Patents and trademarks	*Datasets*	*Development expenditure*	*Software*	*Total*
	£	*£*	*£*	*£*	*£*
Cost					
At 1 January 2019	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
Foreign exchange	(44,953)	(863)	(24,126)	-	(69,942)
Additions	85,032	596,029	963,754	163,457	1,808,272
At 31 December 2019	1,054,595	1,285,988	2,460,907	209,778	5,011,268
Foreign exchange	63,707	1,636	121,959	-	187,302
Additions	57,363	648,947	2,022,704	149,902	2,878,916
At 30 June 2020	1,175,665	1,936,571	4,605,570	359,680	8,077,486
Amortisation					
At 1 January 2019	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
Foreign exchange	(44,219)	(432)	-	-	(44,651)
Charge for the period	40,526	79,401	77,765	3,011	200,703
At 31 December 2019	976,876	192,805	77,765	3,011	1,250,457
Foreign exchange	60,692	818	-	-	61,510
Charge for the period	30,679	125,631	40,564	28,300	225,174
At 30 June 2020	1,068,247	319,254	118,329	31,311	1,537,141
Net book value					
At 30 June 2020	107,418	1,617,317	4,487,241	328,369	6,540,345
At 31 December 2019	77,719	1,093,183	2,383,142	206,767	3,760,811
At 30 June 2019	33,947	576,986	1,521,279	46,321	2,178,533

10. Trade and other receivables

	30 June 2020	*31 Dec 2019*	*30 June 2019*
	£	*£*	*£*
Trade receivables	4,193,970	6,134,029	2,865,587
Other receivables	132,251	171,205	234,276
Prepayments	514,847	329,659	230,639
	4,841,068	6,634,893	3,330,502

11. Trade and other payables

	30 June 2020	31 Dec 2019	30 June 2019
	£	£	£
***Creditors**: falling due within one year*			
Trade payables	318,844	290,764	388,736
Accruals	770,897	1,265,567	620,361
Other tax and social security	219,272	187,883	191,763
Contract liabilities	132,211	387,235	465,495
	1,441,224	2,131,449	1,666,355

Contract liabilities of £132,211 (H1 2019: £465,495) which arise in respect of amounts invoiced during the period for which revenue recognition criteria have not been met by the period 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 period.

12. Interest bearing loans and borrowings

	30 June 2020	31 Dec 2019	30 June 2019
	£	£	£
Convertible loan note	112,875	107,500	102,500
	112,875	107,500	102,500

£100,000 of the Loan Notes issued on 15 February 2019 remain in place (10% interest rate payable annually from 1 April 2019). These loan notes can be converted into Ordinary Shares in the Company on or before 31 March 2022.

13. Share capital

	30 June 2020	31 Dec 2019	30 June 2019
	£	£	£
Allotted, called up and fully paid			
84,068,923 (June 2019 and Dec 2019: 69,583,077) Ordinary shares of £0.002 each	168,138	139,166	139,166

On 11 June 2020, the Company undertook a Placing of 14,137,931 new ordinary shares to raise, in aggregate £20.5m (before expenses of £0.9m). On 12 June 2020 the Company issued 347,915 Ordinary Shares pursuant to the exercise of warrants at an exercise price of 76p per Ordinary Share. The issued share capital of the Company immediately following completion of the Placing and the exercise of warrants and at 30 June 2020, was 84,068,923 Ordinary Shares of £0.002 each (June 2019 and December 2019: 69,583,077 Ordinary Shares of £0.002 each).

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.

14. Related Parties

There were no related party transactions during the six-month period to 30 June 2020.

During the six months to 30 June 2019 the Group was charged £20,800 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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