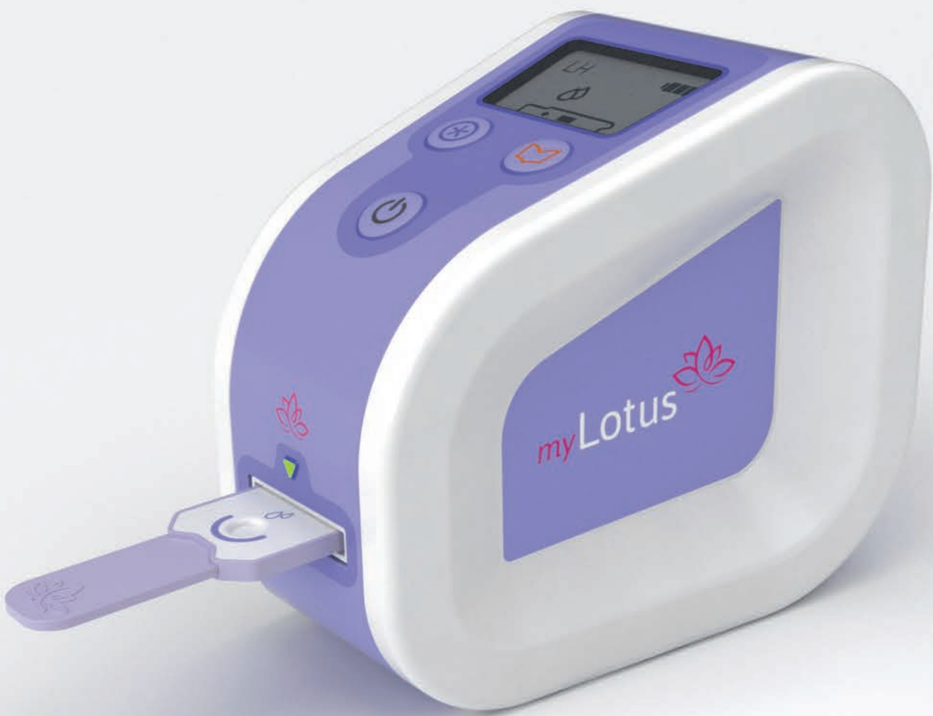
Concepta

Annual Report & Accounts 2019



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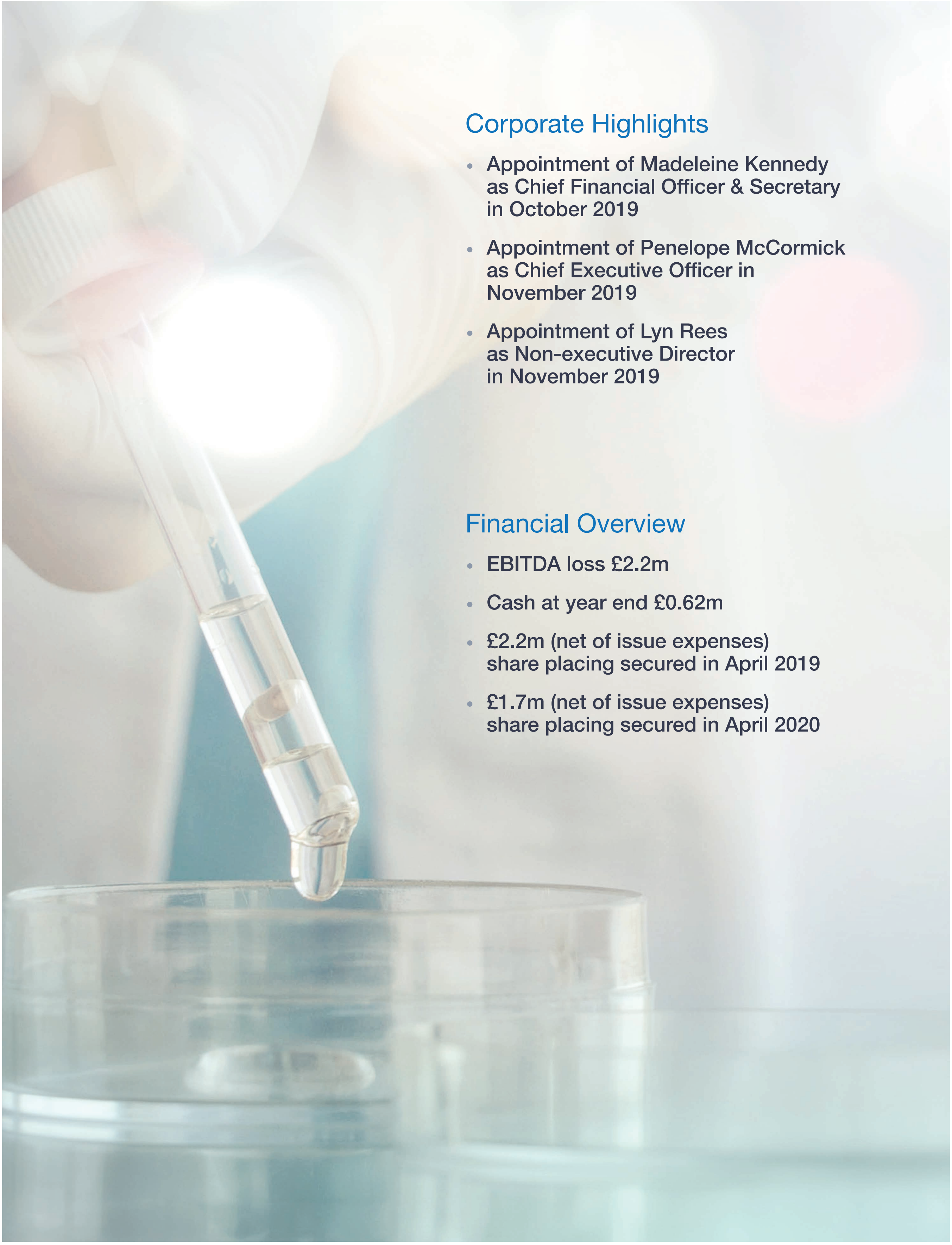
2019 HIGHLIGHTS

Product Highlights

- myLotus first pregnancies and births announced
- Supply to Boots.com
- Leases and assets for Doncaster manufacturing site assigned to third party in April 2020
- Contract manufacturing agreement signed April 2020

2019 HIGHLIGHTS



Corporate Highlights

- Appointment of Madeleine Kennedy as Chief Financial Officer & Secretary in October 2019
- Appointment of Penelope McCormick as Chief Executive Officer in November 2019
- Appointment of Lyn Rees as Non-executive Director in November 2019

Financial Overview

- EBITDA loss £2.2m
- Cash at year end £0.62m
- £2.2m (net of issue expenses) share placing secured in April 2019
- £1.7m (net of issue expenses) share placing secured in April 2020

CHAIRMAN'S STATEMENT

Concepta has seen a number of key management changes beginning in Q4 2019 and into Q1 of 2020. Penny McCormick was appointed CEO, Maddy Kennedy CFO and Karen Whiting as CTO. In addition to the executive team Lyn Rees joined the Board as a Non-Executive Director and I became Non-Executive Chairman.

We now have a Board of highly experienced professionals with exemplary knowledge and skills within the field of fertility, IVD, and global healthcare. These appointments will now allow us to execute and deliver a business that has substantial growth opportunities over the coming years.

The initial focus in the last quarter of 2019 was to rationalise the business, reduce costs at the operational level, restructure and refocus the business commercially in order to achieve success with myLotus. During the short period since our new management team has been in place, they have delivered on all of the above and further advances will be made during the current financial year.

Since the year end, we successfully raised £1.9m gross via a Placing of new shares and disposed of our manufacturing facility in Doncaster for a further £0.3m. We are now well placed to grow our core underlying business and I expect a number of positive opportunities for the business during the current financial year.

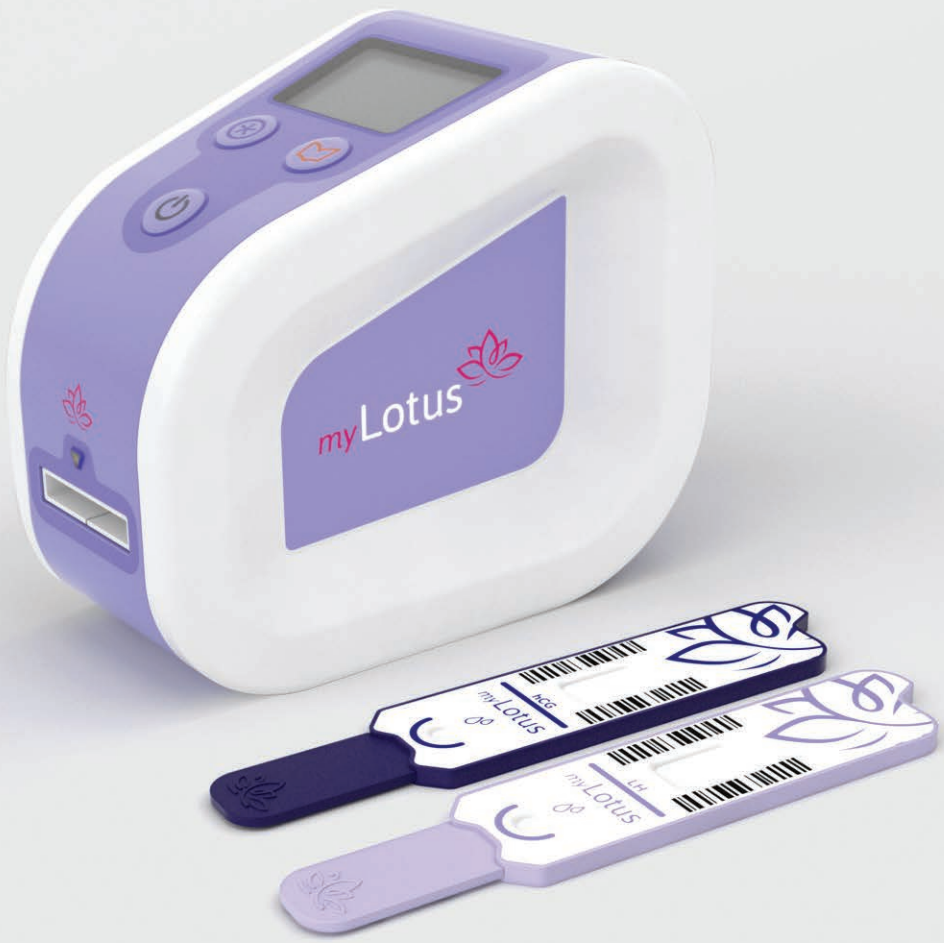
A detailed review of the 2019 activities, a description of the product offering and the outlook for 2020 are covered in the CEO report to follow, and in addition, a summary of the financials to year end December 2019 are addressed in the Financial Review.

I would like to thank the Board, the new executive team and employees for their effort and commitment in driving Concepta's progress over the past five months.

We now have a stable platform and opportunities that will allow us to grow the business substantially over the coming months and years.

Adam Reynolds
Non-Executive Chairman

“we are now well placed to grow our core underlying business”



CHIEF EXECUTIVE'S REVIEW

Building a Sustainable Future

I was delighted to join Concepta in November 2019 and take the reins on the commercialisation of such a strong product offering. The myLotus® Fertility Tracker is high quality and effective product and provides a platform upon which Concepta can build a sustainable and growing business, and I look forward to leading the team on this journey.

Looking ahead, our approach at Concepta is to leverage this core asset to fully engage with women and couples who are trying to conceive, whilst expanding our portfolio of products and education to deliver growth through increased awareness, brand building, territory expansion and range selling. Our strategy will build first and foremost on our core principle: to be a trusted provider to the population of women who are thinking ahead to conception, or who have already been engaged in a process for months or perhaps years.

Our recent fundraise has demonstrated a commitment from our investors and I look forward to developing a robust growth plan that has the support of our investment community.

Our Mission

Further details of the results for the period are covered Concepta's mission is to help women and couples to start their journey at home, and to make fact-based decisions as early as possible; and to support their decision-making regarding next steps.

In doing so, we will strive for myLotus® to be the go-to brand for trusted ovulation, conception and fertility advice and tracking, and up to date information regarding natural conception and ongoing care.

myLotus® Fertility Tracker

myLotus® is a reliable and accurate fertility tracker that quantitatively tests for levels of Luteinising Hormone ('LH'), to help women identify their optimal time for conception. myLotus® provides a result in 10 minutes, and helps women accurately see their peak LH level, even if it is 'untypically' short, long, low or high. This means that women who fall outside of the 'average' hormone profile can visually identify their own personal optimal time to conceive and can do so using a sophisticated monitor with an algorithm that works to their cycle.

Following its initial UK launch late in 2018, myLotus® has been trialed and used by hundreds of women in the market and has impacted significantly on the lives of many women and couples. myLotus® has led to a number of successful pregnancies, and healthy births from late 2019. Our market reviews are extremely positive and give an indication of the performance credentials of myLotus®.

myLotus® 2020 will evolve into an increasingly high-quality proposition, as we enhance the positioning and presentation of the product and significantly increase reach to target our core market via effective ecommerce and digital marketing channels.

Customer Support

Our customer support is valued, and customer feedback achieved in the market since launch has been positive around our care team and trusted support. Customer service will remain of utmost importance to Concepta and we will always closely interact with our valued customers. We will continue to evolve myLotus® by building materials and technology that have user experience and support at the core and help women to understand that they are not alone is their journey. Our customer onboarding will be key, making the user journey an informative and intuitive experience.

myLotus® Smartphone App

The myLotus® App has achieved over 3000 downloads, which has been driven by women's desire to track their cycle. Our App is under redevelopment for launch in Q4 2020 and will provide a valuable user experience to customers of myLotus®.

Our People

Concepta's leadership team has been strengthened to include a team of women who are highly experienced in consumer health technology and commercialisation. Karen Whiting's appointment in March as Chief Technology Officer brings a highly complementary skillset to that of Maddy Kennedy and I. Additionally, a new, high quality marketing team is forming with specialisms in content, ecommerce and digital, and we have established a tight technical project team to ensure the timely, regulated and quality assured launches of our pipeline.

As Concepta grows, our ethos is to continue to be a compact, focused and agile team, scaling up proportionately in line with revenue growth. Our focus is on building a team of talent with the right experience and energy, an appetite to really make a difference, and an ambitious attitude towards growth.

CHIEF EXECUTIVE'S REVIEW *continued*

Building Awareness

Awareness of myLotus® and of the knowledge it can provide around maximising the chances of conception is key to building a sustainable future. We have reduced our core overheads by over 30% since December 2019, and will continue to refine our fixed cost base, so that we can channel funds into commercialisation and portfolio expansion over time.

The impact myLotus® has made to the lives of its existing customers cannot be underestimated, and these mums and mums-to-be will play a major role in our forward plan, influencing others through customer review, influencer and word of mouth programmes. Building upon this contact base is key, as we provide valuable information to the market and direct our funds towards a methodical and incremental awareness drive.

New Products

The appointment of our CTO brings a fresh viewpoint on technology. We have plans to innovate and strengthen our offering to compliment our core technology and look forward to sharing these short and long-term plans with our shareholders in 2020 and beyond. In addition, we have strengthened our Quality and Regulatory team, ensuring a clear alignment and plans for the transition to the new IVDR, and future regulatory submissions.

Strategic Plan

In 2020, as we on-board Concepta's new team, we will commence a focused strategic planning programme. This will allow us to identify the key growth drivers, and carry out targeted commercial feasibility on new territories, portfolios, vertical and horizontal expansion opportunities in the medium and longer term.

Geographical Expansion

Geographical expansion will be key to Concepta moving forward and following a small pilot testing programme in Germany in 2019 we will commence a broader rollout in late 2020 and early 2021. The key to a successful roll out will be building upon a proven, UK footprint, which is our primary commercial target for 2020.

As we roll out our commercial strategy and continually improve our cost base, we are confident of building sustainable growth, and an ability to invest in a portfolio that meets the needs of our customers. Underpinned by our increasing focus on the digital marketing and education effort from mid-2020, we expect to see good commercial traction of myLotus® and take advantage of up-coming connected personal diagnostic technology innovation and industry know-how to drive our growth strategy.

Penny McCormick
Chief Executive Officer
28 May 2020

FINANCIAL REVIEW

Income statement

During the year 2019 the Group commenced generating revenues in the UK following the receipt of CE Mark certification for myLotus branded products. In the year all revenues were generated from the UK and no revenues were generated from China as operations in this territory have been deferred.

The Group's loss after taxation was £2,150,053 (2018: £2,813,507).

The administration costs, including share-based payments, incurred during the year ended 31 December 2019 of £2,008,416 (2018: £2,305,986) included a bad debt provision of £nil (2018: £107,811).

Other administration costs (excluding share-based payments) of £1,938,695 (2018: £2,213,695) included £228,098 (2018: £558,181) research and development costs (net of capitalised development costs), staff costs and head office costs.

The tax credit of £344,876 represents the research and development tax credit for prior year adjustment of £166,573 and current year of £178,303 (2018: £52,277). Full settlement of the R&D tax credit in relation to 2018 was received on 17 October 2019 (£52,277 and £166,573).

Loss per share

The basic and diluted loss per share was £0.01 (2018: £0.02).

Financial Position

The Group net assets at 31 December 2019 were £2,233,822 (2018: £2,103,851). This comprised total assets of £2,792,128 (2018: £2,655,003) and total liabilities of £558,306 (2018: £551,152).

The total assets included property, plant and equipment, right-of-use assets and intangible assets (capitalised development costs and patent costs) of £1,494,592 (2018: £1,298,384), of which £281,338 (2018: £118,452) represents additional development and patent costs capitalised net of amortisation and equipment spend of £14,197 (2018: £456,789) during the year and cash and cash equivalents of £616,263 (2018: £740,227).

Cashflow

The Group's cash balance at the period end was £616,263 (2018: £740,227).

During the period the net cash outflow from operating activities was £1,865,788 (2018: £2,268,960) and total spend on property, plant and equipment and intangible assets of £374,350 (2018: £626,654), with financing activities generating net proceeds of £2,116,174 (2018: £2,098,082).

Dividends

No dividend is recommended (2018: £nil) due to the early stage of the development of the Group.

Capital management

The Board's objective is to maintain a balance sheet that is both efficient and delivers long term shareholder value. The Group had cash balances of £616,263 at 31 December 2019 and has a 5 year sale and leaseback financing for three parts of its manufacturing equipment. On 17 April 2020 the Company signed a Sales and Purchase Agreement with Abingdon Health to transfer to the business the leases on the same equipment. The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

Events after the reporting period

Events after the reporting period are described in Note 26 to the financial statements.

Effects of Covid-19 pandemic

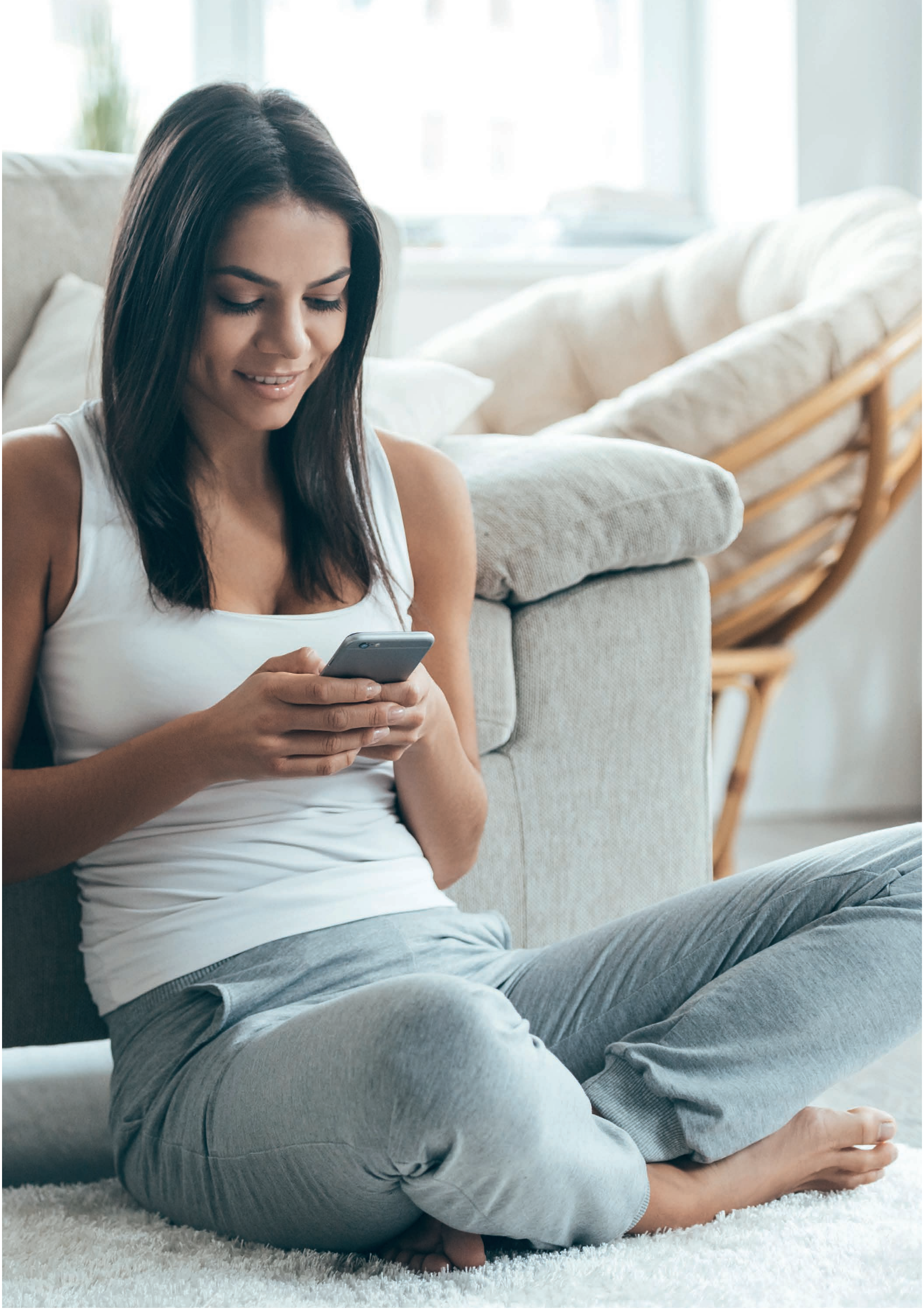
The Board anticipate significant short-term reductions in revenues in the current year as a result of the Covid-19 pandemic, however, given the early stage commercialisation income from sales is currently a small contributor, and cost control has a greater impact on the financial position of the Company.

Management have taken decisive action to protect the welfare of employees, whilst continuing to meet the needs of our customers in the UK and overseas. Production activity has been condensed to match visible demand, and appropriate measures taken to reduce operating costs and manage immediate cash flows. We will continue to take all steps possible in these challenging circumstances, and ensure that all support mechanisms available to our company from outside agencies are accessed, in order to preserve value and capability, and ameliorate the impact on the business, its workforce and our customers and partners.

Further commentary on these uncertainties are set out in the section entitled 'Principal risks and uncertainties' in the Operating and Financial review.

The statement of the Directors' responsibilities under s172(1) Companies Act 2006 is separately disclosed in the Governance section.

Madeleine Kennedy
Chief Financial Officer



PRINCIPAL RISKS AND UNCERTAINTIES

Responsibility for Risk

Risk identification and management strategy continues to be a key role for the Board which has overall responsibility for the Group's risk management. It is reported at Board level, with the non-executive members taking the risk responsibility seriously.

In addition, risk is specifically considered by the Audit and Risk Committee as part of the Audit Cycle. The Audit and Risk Committee has responsibility for assessing and challenging the robustness of the internal control environment. Risk management processes and internal control procedures are established across all levels of the Group and are managed by the Executive Directors in conjunction with dedicated expert professionals in the business.

Risk management and internal controls provide reasonable but not absolute protection against risk. Risk appetite is not static and is regularly assessed by the Board to ensure it continues to be aligned with the Group's goals and strategy.

Principal Risks and Uncertainties

The principal risks involved in delivering the Group's strategy are actively managed and monitored against our appetite for risk as follows:

Market Risks	Impact	Mitigation
Brexit	New regulations could add complexity and delays to operations	Our regulatory department keeps up to date on all changes. The current consensus is that Brexit will not have a material effect on the regulations that are relevant to our business. Transitionary requirements and timeframes are monitored closely.
Technology	The Group's platform is currently unique. Rapid technological advances could see competitor products being launched.	The Group has product development plans in place for improved technology, including development of the App, as well as for a wider product portfolio that includes additional innovative solutions for the targeted consumer groups.
Ability to sell effectively	The Group's brand is currently unknown and it is imperative that we have effective marketing methods and digital exposure to support the sales function.	The Group is improving its controls to support the sales functions and has strengthened the management team. Plans are in place to add dedicated, skilled resources to the sales and marketing function, in particular content and digital marketing.
eCommerce infrastructure	The Group has to build an eCommerce platform and test the systems effectiveness.	The Group has upgraded its ecommerce platform to underpin business growth. The Group has appointed consultants to support the company integration of all digital, automated S&OP functions and systems.
Cyber Risk/GDPR	The Group will operate systems that hold sensitive categories of confidential personal data including that of our customers.	The Group has in place a Data Protection Officer and has carried out a full GDPR audit. The Group continues to review and tighten its cyber, data protection and security policies for continuous improvement

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

Operational Risks	Impact	Mitigation
Dependence on key personnel	The Group is in its early stages of development when reliance on a few key people has an inherent vulnerability.	The Group carries out benchmark exercises to ensure a good remuneration and offers an environment for agile working as well as excellent personal development in an exciting segment of the industry.
Technology	The Group is launching a product that is not already available in the consumer market.	The Group has responded to consumer demand and will upgrade and modify products as required and to enhance the user experience. The Group explores the competitive landscape thoroughly to position its product for maximum benefit.
Technical	Insufficient understanding of biology, science, research program, approvals and patents leading to loss of product licence, patent protection, loss of medical sponsorship, distributor and consumer confidence. This can impact the delivery of strategy and objective of the Group.	The Group senior management and certain directors have strong technical skills and demonstrable experience in the research and markets that the Group operates in. The Group outsources key technical functions so that it is not limited by its in-house competencies. The Group is undertaking an IP review to determine the appropriate external support required.
Supply Chain	Inadequate design of processes, quality control and oversight over supply chain - production, distribution and logistics which could impact the delivery of strategy and objective of the Group.	The Group utilises industrial and market expertise in this area and will outsource production and appointing distributors as the need arises. The Group shall further mitigate development risk by engaging at the appropriate stage relevant experience and expertise of specialists and appropriate technology. Strength will be added to this discipline as the requirement arises. The Group has in place an optimized MRP system for supply chain control.
Manufacturing	The Group is making the transition from a research-based organisation to a full commercial organisation. Manufacturing set-up and learning curve could delay sales or could impact the rate of growth.	The Group has an initial production line at its site in Doncaster and has appointed experienced senior management and operatives to manufacture the product and who also have experience of ISO13485. Consideration will be given to contract manufacture as demand increases.

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

Operational Risks	Impact	Mitigation
Covid-19 and business interruption	The recent escalation in the spread of Covid-19 in the UK poses a threat to the continuation of business operations if there is a widespread infection in any of our facilities or amongst the workforce.	All government guidance has been monitored closely and followed immediately by advisory notices to all employees, and provision of the appropriate guidance and cleaning materials to minimise any effect. Where staff members or their close contacts have presented with symptoms they have been asked to self-isolate away from company premises and inform us quickly of any contact with other employees which may be cause for concern. Recent government information also provides for relief from a substantial portion of the wage costs of any staff members on sick leave, in self-isolation, or furloughed due to a diminution in their current workload as a consequence of Covid-19. Management have devised a series of mitigating actions, designed to preserve cash resources and maintain delivery of essential products to our customers and distributors.

Environmental	Impact	Mitigation
Inability to access facilities	Only production and lab-based research work is required to be under-taken on premise, all other activities can be performed remotely.	All employees are equipped to work remotely with technology suitable to maintain engagement. The safety of all employees is paramount and business interruption procedures are in place to maintain wellbeing.

Financial Risks	Impact	Mitigation
Future funding requirements	The current funding covers the launch of the initial fertility products but the Company continues to explore the capabilities of the platform for a range of tests. Identified opportunities cannot be pursued with the existing funding.	Management will analyse major opportunities and present them as additional business cases when warranted. The Group is looking at collaborative deals and at available grants to support the funding. A robust cost control environment is in place to ensure the funds are employed in their most efficient and controlled manner.
Currency fluctuations	Currency fluctuations could increase costs and affect profitability.	Our initial sales are domestic and export sales though minimal at present, the impact is marginal. A small proportion of costs are in USD with close monitoring of currency movement. As the purchase increase in scale currency instruments will be used to protect against the increased exposure. Currency fluctuations will impact both sales and costs.

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

Legal Risks	Impact	Mitigation
Intellectual Property litigation	We carry out ongoing work on our freedom to operate. Any infringement claim brought against us would impact the Company from its business.	The Group engages with IP specialists to review the freedom to operate and IP position. No reports of any infringement claim have been reported of any patents.
Inadequate registration and monitoring of patents	Delivery of strategy and objective of the Group and share price	The Group engages with IP specialists to monitor the regulatory and political environment within the countries in which patents are held, and engages in constructive dialogue where and when appropriate, and using their expertise to assist in any resolution of issues.
Compliance with regulations	Reputation. Severe penalties. Senior management imprisoned/ personally fined.	Policies and processes are in place to detail the compliance as follows: - Anti-Money Laundering - Anti-Bribery and Corruption - Ethics Code - Share-dealing - Tax Evasion The on-boarding process for new employees, consultants and suppliers cover the policies relevant to the parties and a monitoring process is in place to ensure compliance.
Changes in legislation	The diagnostics market is heavily regulated. The IVD Regulation will come into force in 2022 which will increase the regulatory burden which has an impact on the regulatory work for the products prior to launch.	The Group's management have experience in the diagnostics market where regulatory requirements are strenuous. Qualified Management has been appointed to advise and collaborative relationships are maintained with the Notified Body (BSI) to remain compliant and agree forward plans.

On behalf of the Board

Madeleine Kennedy
Chief Financial Officer
28 May 2020

BOARD OF DIRECTORS

Penelope McCormick

Chief Executive Officer

Penny was appointed Chief Executive Office of Concepta in November 2019. She is a skilled commercial professional with six years' leadership experience in the consumer women's health medical device market. Prior to joining Concepta, Penny was Managing Director of BBI Healthcare, an £11.5m consumer healthcare business providing a branded healthcare portfolio into UK high street and multiple grocery retailers and on-line, and via global channel sales through a network of brand and OEM distributors. During that time Penny grew the business into a highly profitable entity through the restructuring of the commercial team and a global license deal with Bayer, the securing of the license and IP of a key women's health portfolio, and the acquisition of the European manufacturing facility.

Her 12 year tenure at the BBI Group also included six years' as Group Head of Marketing during which time Penny delivered a global marketing and integration strategy across the group's business to business and direct to consumer entities, through a rapid pre and post-acquisition growth phase. Prior to joining BBI, Penny began her marketing career as a PR Manager at one of Wales' leading integrated agencies, followed by honing a specialism in FMCG within the licensed confectionery category, with a focus on growth within U.K. multiple grocery retailers.

Madeleine Kennedy

Chief Financial Officer

Maddy was appointed CFO of Concepta in October 2019. She is a qualified certified accountant (FCCA) and has over 25 years of experience as a CFO in both public and private companies, largely in life science and technology sectors, particularly in growth SME businesses. She was interim CFO for Ieso Digital Health and Psioxus Therapeutics, in both cases supporting the management team through their next stage of growth. Prior to that she was CFO for Lab21, through its restructure and refinancing and was Finance Director at Alliance Pharma plc from start-up through to the IPO on AIM.

Adam Reynolds

Non-Executive Chairman

Adam is a former stockbroker with over 35 years' experience within the UK financial services sector. In 2000, He founded Hansard Group PLC which was admitted to trading on AIM in 2000. He is currently a director of several AIM traded companies: he is a non-executive director of EKF Diagnostics Holdings PLC, a point-of-care, central laboratory, and molecular diagnostics company; Chairman of Yourgene Health PLC, a company involved in the development of prenatal screening devices, non-executive director of Sosandar Plc an on-line fashion business. He is also a director of a number of private companies. Adam joined the Concepta PLC board as non-executive Chairman in February 2016.

BOARD OF DIRECTORS *continued*

Peter Dines

Non-Executive Director

Peter is COO and Head of Life Science at Mercia Asset Management plc, with particular experience in commercilaising and scaling medtech companies.

He was previously Managing Director of obstetric and orthopaedic medical device company Surgicraft before founding and ultimately successfully exiting splnal and orthopaedic implant supplier Surgi C Group.

Neil Mesher

Non-Executive Director

Neil has more than 25 years of global experience within the healthcare and consumer electronics industries. He is currently CEO of Philips for the UK and Ireland and is on the Board of the Association of British Healthcare Industries (ABHI), from which he led the industry's response to the NHS's "5 Year Forward View", assessing opportunities for greater integration between industry and the healthcare system. Neil is also a member of the Government's Life Science Industrial Strategy Board, representing the interests of the medical technology sector with other senior leaders from across healthcare.

Lynn Rees

Non-Executive Director

Lyn was appointed as a non-executive director in November 2019. He is a seasoned executive in global healthcare and IVD markets. Prior to joining Yourgene Health, formerly Premaitha Health, Lyn was Group CEO at British Biocell International (now BBI Group) for over 9 years. He began that role at BBI Group following the acquisition of BBI Holdings by Alere in 2008 and in his time, he oversaw the doubling of revenue growth and has developed an accountable and highly effective senior management team with clear focus on innovation, commercial delivery, compliance and operational efficiency. Lyn has completed 7 acquisitions during his tenure at BBI Group, all of which have been successfully integrated. He founded BBI Detection and BBI Animal Health and has demonstrated a strong track record of organic and acquisitive growth. Before this role, he spent several years as the Managing Director and founder of BBI Healthcare in 2006 following the successful purchase of the GlucoGel product. He first began his business career as the European Marketing Manager at Shimano Europe BV. Lyn holds a degree in Business Studies from the University of Wales.

CORPORATE GOVERNANCE REPORT

Introduction

The Board recognises that good standards of corporate governance help the Company to achieve its strategic goals and is vital for the success of the Company. The Company adopts proper standards of corporate governance and follows the principles of best practice set out in the Quoted Company Alliance Governance Code (2018) (the 'QCA Code'), as far as is appropriate for the size and nature of the Company and the Group. These principles are disclosed on our website in the Corporate Governance section - www.conceptaplc.com/investors-dashboard/corporate-governance-board-committees

The Board and responsibilities

The Board currently consists of a Non-Executive Chairman, two executive Directors and three non-executive Directors. There is a clear division of responsibilities between the chairman and the executive officers and the Board considers the non-executive directors to be independent of management. The composition of the Board ensures that no single individual or group of individuals is able to dominate the decision-making process. Details of the individual Directors and their biographies are set out on page 14 to 15.

The directors evaluate the balance of skills, knowledge and experience on the Board when defining the role and capabilities required for new appointments.

The Board is responsible for management of the business, setting the strategic direction and policies. The Board meets regularly to attend to any issues which require the attention of the Board and oversees the financial position of the Company monitoring the business and affairs on behalf of the Shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of Concepta PLC at all times. The Board will also address issues relating to internal control and the Company's approach to risk management.

The day-to-day management of the Company's business is delegated to the Chief Executive Officer and Chief Financial Officer of the Company.

During the year to 31 December 2019, the Board held 12 scheduled meetings.

Audit and Risk Committee

Peter Dines is the Chairman of the Audit and Risk Committee which Adam Reynolds, Neil Mesher and Lyn Rees sit on. They will meet not less than twice a year. The committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit and Risk Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of Concepta PLC.

The Nomination Committee

The Nomination Committee is responsible for identifying and nominating members of the Board, recommending Directors to be appointed to each committee of the Board, and the chair of each such committee. The Nomination Committee will also arrange for evaluation of the Board. Lyn Rees is the Chairman of the Nomination Committee which Adam Reynolds, Peter Dines and Neil Mesher sit on and they will meet when required.

The Remuneration Committee

Neil Mesher is the Chairman of the Remuneration Committee, which Adam Reynolds, Peter Dines and Lyn Rees sit on and they will meet not less than once each year. The committee will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of Concepta PLC.

Share dealing code

Concepta PLC has adopted and will operate a share dealing code governing the share dealings of the directors of the Company and applicable employees with a view to ensuring compliance with the AIM Rules.

Investor relations

The General Meeting is the principal forum for dialogue with shareholders. Updates on the progress of the business are regularly published on the Group's website. The Company also has a dedicated electronic communication line specifically for shareholders' enquiries.

On behalf of the Board

Madeleine Kennedy
Chief Financial Officer and Company Secretary
28 May 2020

CORPORATE AND SOCIAL RESPONSIBILITY

The Company understands that its impact reaches beyond that of its core business and into the environment and society in which it operates. With integrity at the heart of our corporate social goals our aim is to make a lasting positive contribution to all our stakeholders.

In view of the limited number of stakeholders, the Company has not adopted a specific policy on Corporate Social Responsibility. However, it does seek to protect the interests of stakeholders in the Company through its policies, combined with ethical and transparent business operations. The Company has adopted an Anti-Corruption and Anti-Bribery Policy and compliance with regulations like Competition Law.

Environment

Concepta PLC is sensitive to the environment in which it operates and has established well defined operating guidelines with some of the manufacturing partners where it seeks their compliance with ISO14001 when relevant, to ensure certain environmental standards are complied with.

Human Rights

Concepta PLC is committed to social and morally responsible research, development and manufacturing processes for the benefit of all stakeholders. The activities of the Company are in line with applicable laws on human rights.

Tax Evasion

Concepta PLC has adopted and will operate a tax evasion code ensuring that all Concepta associated persons, including employees and those acting on the Company's behalf, do not facilitate tax evasion.

Employees

Our employees are key to achieving the business objectives of the Company. The Company has established policies for recruitment, diversity and equal opportunities, training and development. Our priority is to provide a working environment in which our employees can develop to achieve their full potential and have opportunities for both professional and personal development. We aim to invest time and resource to support, engage and motivate our employees to feel valued, to be able to develop rewarding careers and want to stay with us. The Company embraces employee participation in issue raising and resolution through regular update sessions that value contributions from all levels regardless of position in the business.

Shareholders

The Board of Directors actively encourage communication and they seek to protect the interest of shareholders at all times. The Company updates shareholders regularly through regulatory news and financial reports. The Company also engages directly with investors at our Annual General Meeting or investor events.

Health and Safety

Company activities are carried out in accordance with its Health and Safety Policy which adheres to all applicable laws and are audited both internally and by an external organisation.

DIRECTORS' REPORT

The Directors present their report and the audited fi nancial statements for Concepta PLC for the year ended 31 December 2019.

Principal Activities

Concepta PLC is a holding company. It is the parent company of Concepta Diagnostics Limited, a UK- based company, which was acquired on 26 July 2016.

The principal activity of the Group is to develop and commercialise the mobile health diagnostics medical devices.

A detailed review of the business activities of the Group is contained in the Strategic Report.

Business review and future developments

The review of the period's operations, future developments and key risks is contained in the Strategic Report. The Directors do not recommend a final ordinary dividend for the period (2018: £nil).

Directors and directors' interests

The directors who held office during the period and subsequently were as follows:

Penelope McCormick (appointed on 13 November 2019)

Madeleine Kennedy (appointed on 24 October 2019)

Adam Reynolds

Peter Dines

Neil Mesher

Lyn Rees (appointed on 14 November 2019)

David Darrock (resigned on 29th January 2020)

Matthew Walls (resigned on 12 November 2019)

Barbara Spurrier (resigned on 24 October 2019)

With regard to the appointment and replacement of Directors, the Company is governed by its articles of association, the Companies Act and related legislation. The articles themselves may be amended by special resolution of the shareholders.

Directors' interests

The Directors held the following beneficial interests in the shares, share options and warrants of Concepta PLC at the date of this report:

	Ordinary shares of £0.025 each	Issued share capital %
Adam Reynolds	8,084,722	1.65
Lyn Rees	1,562,500	0.32
Penny McCormick	1,250,000	0.26
Maddy Kennedy	1,250,000	0.26

DIRECTORS' REPORT *continued*

Directors' share options and warrants

The share options and warrants for directors who held office during the period are as follows:

	Options/ Warrants at 1 January 2019	Granted	Lapsed/ Cancelled	Options/ Warrants at 31 December 2019	Date of Grant	Exercise Price	Earliest & latest date of exercise
Matthew Walls							
Options	9,409,834			9,409,834	24/09/18	£0.04	17/07/19 - 27/09/28
Adam Reynolds							
Warrants	1,100,000	-	-	1,100,000	26/07/16	£0.075	26/07/16 - 26/07/21
Erik Henau							
Options	1,569,400		(1,569,400)	-	25/07/16	£0.075	23/03/19 - 22/03/26
Warrants	1,100,000	-	-	1,100,000	26/07/16	£0.075	26/07/16 - 26/07/21
Barbara Spurrier							
Warrants	1,100,000	-	-	1,100,000	26/07/16	£0.075	26/07/16 - 26/07/21
David Darrock					15/02/18	£0.03	15/02/19 - 15/02/28
Options	1,000,000	703,901	-	1,703,901	27/07/19	£0.06	29/01/20 - 29/07/29

The remuneration of the directors in Concepta PLC who held office during the year to 31 December 2019 was as follows:

	Salaries/ fees £	Severance cost £	Pension costs £	Share-based payments £	31 December 2019 £	31 December 2018 £
Matthew Walls[2]	167,886	60,000	-	98,653	326,539	144,437
Adam Reynolds[2]	18,747	-	-	-	18,747	50,082
Madeleine Kennedy	10,924	-	-	-	10,924	-
Penelope McCormick	16,667	-	-	-	16,667	-
Barbara Spurrier	34,288	-	4,750	-	39,038	80,463
Neil Mesher	15,000	-	-	-	15,000	14,583
Peter Dines[1]	16,667	-	-	-	16,667	9,167
David Darrock	90,000	-	4,500	15,073	109,573	95,528
Dr Mark Wyatt[1]	-	-	-	-	-	10,833
Erik Henau	-	-	-	-	-	115,151
	370,179	60,000	9,250	113,726	553,155	520,244

[1] *Dr Mark Wyatt's and Peter Dines' director fees were paid to Mercia Investments Limited, a subsidiary of Mercia Asset Management plc, a shareholder of Concepta plc.*

[2] *Matthew Walls and Adam Reynolds also received Concepta PLC shares of value £30,000 and £12,500, respectively, for the services provided for the fundraising during the year.*

DIRECTORS' REPORT *continued*

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Events after the reporting date

Events after the reporting period are described in Note 26 to the financial statements.

Research and Development Activities

Concepta continues to invest in research and development activities. Concepta is focused on developing and enhancing the existing product portfolio and other products that will complement and expand the product offering.

The total research and development expenditure including costs for applying patents for the year ended 31 December 2019 was £588,251 (2018: £727,741) of which £360,153 (2018: £169,560) was capitalised and £228,098 (2018: £558,181) (excluding amortisation charge) was expensed in the income statement. This expenditure was incurred on new products development and enhancement to current products. Further details of the research and development activities are disclosed in the Strategic Report.

Financial Risk management

Details of financial risk management are provided in note 3 to the accounts.

Political and charitable contributions

The Group made no charitable or political contributions during the year.

Going Concern

Prior to the substantial impact of Covid-19 on the entire business community, the Directors had carried out an evaluation of financial forecasts, sensitised to reflect a rational judgement of the level of inherent risk. The forecasts indicated a cash requirement to take the Company through its next stage of development and commercialisation of the myLotus product and commenced a fundraising in February 2020.

In spite of the challenging market, the fundraising concluded on 24 April 2020 with a net raise of £1.7m providing adequate financial resources to ensure that the Company could meet its obligations for a twelve month period with reasonable certainty.

The forecasts were not dependent on substantial revenues but focused on controlled, considered spend to meet its development and commercialisation objectives.

However, fundamental uncertainty will be common, in varying degrees, to almost all businesses in every sector. The announcements by the Chancellor of the Exchequer on 20 March 2020 relating to various forms of government assistance will provide substantial help, and those that the Company is eligible will be progressed as required.

Accordingly, the directors conclude that it continues to be appropriate to prepare the Annual Report and Accounts on a going concern basis, whilst acknowledging the material uncertainty that now exists and has been explained in this statement and further described in the principal risks and uncertainties and in the financial statements disclosure note 2.

DIRECTORS' REPORT *continued*

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at the date of this report:

	% of total
Share Nominees LTD (Mercia EIS Fund)*	12.76%
Mercia Investment Plan LP*	12.11%
W B Nominees Limited	8.15%
JIM Nominees Limited	8.75%
Aurora Nominees Limited	3.83%
CGWL Nominees Limited	3.65%
Hargreaves Lansdown (Nominees) Limited	7.43%
The Bank Of New York (Nominees) Limited	3.25%
Spreadex Limited	3.06%
Finance Yorkshire Limited*	2.59%
Mercia (General Partner) Limited*	2.53%

* Together with Share Nominees Limited (Mercia EIS Fund), Mercia Investment Plan LP, Finance Yorkshire Limited and Mercia (General Partner) Limited, the total holding for direct investment or via funds under management for Mercia Asset Management PLC amounts to 29.99%

Statement of Disclosure to the Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditor's appointment

Jeffreys Henry LLP has expressed its willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES UNDER S172(1) COMPANIES ACT 2006

The Directors are fully appraised of their responsibilities under section 172(1) of the Companies Act 2006 and are so advised and updated on a regular basis by the Company Secretary of Concepta plc.

Business

The Group's strategic plan was designed to have a long-term beneficial impact on the Group and our customers by delivering myLotus products as the go-to brand for trusted ovulation, conception and fertility advice and tracking, and up to date information regarding fertility for our customers. The Directors will continue to operate the business within tight budgetary control and in line with regulatory requirements.

Employees

The Group has few employees, but they are critical to the delivery of the Group's strategic plan. The Directors ensure that the Group complies with all UK employment laws and have implemented appropriate standards and systems to monitor and to ensure the welfare of those employees. For more detail on how the Directors support the employees, see Corporate And Social Responsibility report in this annual report.

Stakeholder engagement

The Group has built and maintained relationships with shareholders, advisers and suppliers. The Directors have taken steps to develop and strengthen them through dialogue and engagement. These relationships are regularly monitored at Board level.

The Chairman ensures that he is available to discuss issues with key shareholders outside of the shareholder meetings which are held. The Company complies with its disclosure obligations as set out in the AIM Rules for Companies, published by London Stock Exchange to ensure that shareholders are updated on key developments on a timely basis.

Governance

The Board recognises that good standards of corporate governance help the Group to achieve its strategic goals and is vital for the success of the Company. For more detail on the corporate governance of the Group, see Corporate Governance Report in this annual report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). 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 and of the profit or loss of the Group and the parent company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU or UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect 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. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors confirms that, to the best of their knowledge:

The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Madeleine Kennedy
Chief Financial Officer and Company Secretary
28 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2019

Opinion

We have audited the financial statements of Concepta PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, company statement of financial position, consolidated statement of cash flows, company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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.

Material uncertainty related to going concern

We draw your attention to the primary statements within these financial statements, which indicates that the group incurred a loss after tax of £2,150,053 and had net cash outflows from operating activities of £1,865,788 for the year ended 31 December 2019.

We further draw attention to note 2 in the financial statements, which indicates that the Group will require additional funding in order to continue trading, progress its research and development activities and progress to the next stage of development.

As detailed within note 2, whilst there is a global impact of the COVID-19 outbreak the Group's forecasts are not dependent on substantial revenues and has a recent, good track record of managing costs and raising funds. It remains difficult to assess reliably whether there will be any material disruption in the future which could adversely impact the Group's forecast.

As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that uncertainty exists that may cast doubt on the Group's or the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2019 *continued*

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Going concern
- Impairment of parent company investments in subsidiary and recoverability of intercompany loan
- Carrying value of intangible assets.
- Accounting for adoption of new accounting standard IFRS 16 leases

These are explained in more detail below

Key audit matter	How our audit addressed the key audit matter
Going concern Management judgement is required in assessing whether the Group is a going concern as it has historically incurred losses, does not have borrowing facilities and is in the process of refocusing its business activity on its research and development activities. Key assumptions that impact the conclusions are the levels of future revenue, the ability to fundraise, and the ability to control operating costs. There are therefore inherent risks that the forecasts may overstate future revenue due to the timing of closure future contracts, or understate future costs, and that the Company will not be able to operate within its cash resources and continue to operate as a going concern.	We have performed the following audit procedures: • Obtained management's forecast and cash flow analysis, and their going concern assessment; • Assessed the reliability of forecasts to date by agreeing historical actuals to budget, and challenging the current forecasts; • Tested the clerical accuracy of management's forecast; • Challenged management's forecast assumptions, including reviewing the forecast revenue and corroborated the assumptions. Reviewed the various stress test's performed by management by varying the key assumptions such as revenue and fundraising; and • Considered the appropriateness of the Group's disclosures in relation to going concern in the financial statements. We note that there are inherent risks over the Group's forecasts and the potential timing of revenue. We further note that the Group have successfully raised funds post year-end as described within note 26. The Group has historically been loss making given the level of research and development activity. Management have agreed to monitor costs going forward and cost saving strategies could be applied. However, due to the risks outlined above, a material uncertainty relating to going concern is highlighted in the auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2019 *continued*

Key audit matter	How our audit addressed the key audit matter
Impairment of parent company investments in subsidiary and recoverability of intercompany loan – parent company financial statements only. The Company had investments of £4,617,820 at the year ended 31 December 2019. (31 December 2018: £4,535,684). The Directors have confirmed all investments, including additions were correctly calculated and being held at cost. The amounts due from subsidiaries amounts to £2,115,535 (31 December 2018: £4,946,226). Impairment of £4,871,000 made in the year.	We have performed the following audit procedures: • Reviewed management's assessment of future operating cashflows and indicators of impairment; • Assessed the methodology used by management to estimate the future profitability of Concepta Diagnostics Limited and recoverable value of the investment, in conjunction with any intra-group balances, to ensure that the method used is appropriate; • Assessed the reasonableness of the key assumptions used in management's estimates of recoverable value, in line with economic and industry statistics relevant to the business; • Challenged cash inflows from revenue generating activities and the key assumptions applied in arriving at these, including the unit prices, units sold, margins and fixed costs. Assessed the reasonability of cash outflows, included contracted spend with manufacturers, delivery costs, research and capital spend; • Assessed the appropriateness and applicability of discount rate applied to the current business performance; • Confirmed that any adverse change in key assumptions would not materially increase the impairment loss; and • Ensured that disclosures of the key judgements and assumptions, and sensitivities of the impairment loss recognised was appropriately disclosed. Reviewed market capitalisation of Concepta Plc to ensure correct value in use. Based on the audit work performed, we are satisfied that management have accounted for the impairment loss appropriately and in accordance with accounting standards.
Carrying value of intangible assets – Group financial statements. The Group intangibles balance amounted to £790,533 at the year ended 31 December 2019 (31 December 2018: £509,195). Included within intangible assets were additions relating to capitalised development and patents costs of £360,153 as at the year ended 31 December 2019 (31 December 2018: £169,560). The Directors have confirmed all intangibles, including additions were correctly recognised.	We have performed the following audit procedures: • Obtained management's forecast for future value in use of the intangible assets; • Assessed the reliability of forecasts by agreeing to historical inputs; • Reviewed management and challenged management on their judgements of the forecasted sales and estimates useful life of the intangible assets; • Assessed the ongoing projects viability and ensured they met the criteria defined in the accounting standards for intangibles; and • Tested the clerical accuracy of management's forecast. As all the capitalised intangibles relate to products that Concepta Diagnostics Limited are using to enhance its product, no impairment is required. We are satisfied that although there are uncertainties associated with the useful life of the intangibles, the company's revenue pipeline and forecasts support the carrying value.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2019 *continued*

Accounting for adoption of new accounting standard – IFRS 16 - Leases

The Group applied IFRS 16 lease retrospectively from 1 January 2019 and has not restated comparative information and recognised the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings as disclosed in note 25.

A number of judgements have been applied and estimates made in determining the impact of the standard.

We have performed the following audit procedures:

- Understanding the accounting of the Group's adoption of IFRS 16;
- Verifying the completeness of underlying lease contracts considered for application of IFRS 16 as on the date of transition;
- Verifying the accuracy of recognised right of use assets and lease liabilities both on the transition date as well as the reporting date;
- Verifying the incremental borrowing rates used for discounting the future lease payments;
- Verifying whether the lease term used is the enforceable lease term in accordance with IFRS 16; and
- Assessing the key judgements applied and estimates made by the management and verifying whether the disclosures within the financial statements are in accordance with IFRSs.

We are satisfied that the disclosure of the expected impact of IFRS 16 is in accordance with the Group's stated accounting policy.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£110,000 (31 December 2018: £140,000).	£31,000 (31 December 2018: £46,000).
How we determined it	Based on 5% of net loss.	Based on 10% of net loss.
Rationale for benchmark applied	We believe that net loss is a primary measure used by shareholders in assessing the performance of the Group.	We believe that net loss is a primary measure used by shareholders in assessing the performance of the Company.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components is ranged from £31,000 and £109,000.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2019 *continued*

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £5,500 (Group audit) (31 December 2018: £7,000) and £1,550 (Company audit) (31 December 2018: £2,300) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 2 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Concepta Plc and Concepta Diagnostics Limited reporting units, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over goodwill and other intangible assets, as well as certain account balances and transaction classes that we regarded as material to the Group at the 2 reporting units.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCEPTA PLC

For the year ended 31 December 2019 *continued*

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

Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the group and the parent company in conducting our audit. Out audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Sanjay Parmar
Senior Statutory Auditor
For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street
London EC1V 9EE
28 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2019

	Notes	2019 £	2018 £
Revenue from contracts with customers	4	31,970	4,838
Cost of sales		(492,136)	(540,721)
Gross loss		(460,166)	(535,883)
Other administrative expenses		(1,938,695)	(2,213,695)
Share-based payments		(69,721)	(92,291)
Administrative expenses		(2,008,416)	(2,305,986)
Operating loss	**5**	**(2,468,582)**	**(2,841,869)**
Finance expenses	7	(26,347)	(23,915)
Loss before income tax		**(2,494,929)**	**(2,865,784)**
Tax credit	8	344,876	52,277
Loss for the period		**(2,150,053)**	**(2,813,507)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(2,150,053)**	**(2,813,507)**
Attributable to owners of the parent:		(2,150,053)	(2,813,507)
Loss per ordinary share - basic and diluted (£)	9	(0.01)	(0.02)

All activities relate to continuing operations.

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 December 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	10	259,861	789,189
Right-of-use assets	11	444,198	-
Intangible assets	12	790,533	509,195
Total non-current assets		**1,494,592**	**1,298,384**
Current assets			
Inventories	13	380,205	399,182
Trade and other receivables	14	122,765	164,933
Corporation tax receivable		178,303	52,277
Cash and cash equivalents	15	616,263	740,227
Total current assets		**1,297,536**	**1,356,619**
Total assets		**2,792,128**	**2,655,003**
Current liabilities			
Trade and other payables	16	271,523	259,681
Lease liabilities	17	101,036	-
Loans and borrowings	18	-	64,228
Total current liabilities		**372,559**	**323,909**
Non-current liabilities			
Lease liabilities	17	185,747	-
Loans and borrowings	18	-	227,243
Total non-current liabilities		**185,747**	**227,243**
Total liabilities		**558,306**	**551,152**
Net assets		**2,233,822**	**2,103,851**
Share capital	19	6,623,667	4,704,917
Share premium account	19	10,739,816	10,448,263
Share-based payment reserve	21	812,899	743,178
Capital redemption reserve	20	1,814,674	1,814,674
Reverse acquisition reserve	20	(6,044,192)	(6,044,192)
Retained earnings	20	(11,713,042)	(9,562,989)
Total equity		**2,233,822**	**2,103,851**

These financial statements were approved and authorised for issue by the board of directors on 28th May 2020 and were signed on its behalf by:

Madeleine Kennedy
Chief Financial Officer

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share Premium £	Share-based payment reserve £	Capital redemption reserve £	Reverse acquisition reserve £	Retained earnings £	Total £
Equity as at 31 December 2017	**3,454,917**	**9,813,131**	**650,887**	**1,814,674**	**(6,044,192)**	**(6,749,482)**	**2,939,935**
Loss for the period	-	-	-	-	-	(2,813,507)	(2,813,507)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(2,813,507)**	**(2,813,507)**
Issue of shares net of expenses	1,250,000	635,132	-	-	-	-	1,885,132
Share-based payments	-	-	92,291	-	-	-	92,291
Equity as at 31 December 2018	**4,704,917**	**10,448,263**	**743,178**	**1,814,674**	**(6,044,192)**	**(9,562,989)**	**2,103,851**
Loss for the period	-	-	-	-	-	(2,150,053)	(2,150,053)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(2,150,053)**	**(2,150,053)**
Issue of shares net of expenses (note 19)	1,918,750	291,553	-	-	-	-	2,210,303
Share-based payments (note 21)	-	-	69,721	-	-	-	69,721
Equity as at 31 December 2019	**6,623,667**	**10,739,816**	**812,899**	**1,814,674**	**(6,044,192)**	**(11,713,042)**	**2,233,822**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Loss before taxation	(2,494,929)	(2,865,784)
Adjustments for:		
Depreciation and amortization	267,583	192,260
Finance expenses	26,347	23,915
Share-based payments	69,721	92,291
Operating loss before working capital changes	**(2,131,278)**	**(2,557,318)**
Changes in working capital		
Decrease/(increase) in inventory	18,975	(102,634)
Decrease in trade and other receivables	42,171	513,302
Increase/(decrease) in trade and other payables	11,841	(203,213)
Cash used **in operations**	**(2,058,291)**	**(2,349,863)**
Tax received	218,850	104,818
Interest paid on sale & leaseback	(24,766)	(21,415)
Other interests	(1,581)	(2,500)
Net cash outflow from operating activities	**(1,865,788)**	**(2,268,960)**
Investing activities		
Purchase of property, plant and equipment	(14,197)	(457,836)
Purchase of intangible assets	(360,153)	(169,560)
Sale of asset	-	742
Net cash flows used in investing activities	**(374,350)**	**(626,654)**
Financing activities		
Issue of ordinary shares (net of issue expenses)	2,210,303	1,885,132
Proceeds from sale and leaseback	-	381,215
Repayment of sale and leaseback	(94,129)	(168,265)
Net cash flows from financing activities	**2,116,174**	**2,098,082**
Net change in cash and cash equivalents	**(123,964)**	**(797,532)**
Cash and cash equivalents at the beginning of the period	**740,227**	**1,537,759**
Cash and cash equivalents at the end of the period	**616,263**	**740,227**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Concepta PLC (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is 1 Park Row, Leeds, England, LS1 5AB. The registered company number is 06573154.

The Company was incorporated on 22 April 2008. The Company became an AIM Rule 15 cash shell on 23 March 2016, following the disposal or dissolution of its previous oil and gas related subsidiaries. On 26 July 2016, the Company with its enlarged share capital started trading on AIM, following a reverse takeover of Frontier Resources International PLC (renamed as Concepta PLC).

The Company's principal activity is in the development and commercialisation of mobile health diagnostic medical devices.

The consolidated financial statements comprised of the Company and its subsidiary (together referred to as "the Group") as at and for the period to 31 December 2019. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries ("the Group") as if they formed a single entity for the full period or, in the case of acquisitions, from the date control is transferred to the Group. The Company controls an entity, when the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Changes in accounting policies and disclosures
(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases

The group had to change its accounting policies as a result of adopting IFRS 16. The group elected to adopt IFRS 16 Leases. The group has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company in the 31 December 2019 financial statements.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and, in some cases, have not yet been adopted by the EU. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements and including the impact of Covid-19.

The Directors evaluation of financial forecasts indicated a cash requirement to take the Company through its next stage of development and commercialisation of the myLotus product and commenced a fundraising in February 2020. The fundraising concluded on 24 April 2020 with a net raise of £1.7m providing adequate financial resources to ensure that the Company could meet its obligations for a twelve month period with reasonable certainty. Any future fundraising will be undertaken to support the expansion of the activities either through its product offering or global expansion.

Whilst the impact of Covid-19 has been substantial globally, the impact to the Group is not considered to be substantial since the forecasts were not dependent on significant revenues but focused on controlled, considered spend to meet its development and commercialisation objectives.

The forecast contains certain assumptions about the performance of the business including growth in future revenue, the cost model and margins; and importantly the level of cash recovery from trading. The directors are aware of the risks and uncertainties facing the business but the assumptions used are the Directors' best estimate of the future development of the business.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Foreign currency

The functional currency of the Company is Sterling Pound (£) and its subsidiary is also in £. The presentational currency of the Company is £ because a significant amount of its transactions is in £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences

NOTES TO THE FINANCIAL STATEMENTS

arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised when control of the products has been transferred to the customer. Control is considered to have transferred once products have been received by the customer unless shipping terms dictate any different. Revenues exclude intra-group sales and value added taxes and represent net invoice value less estimated rebates, returns and settlement discounts. The net invoice value is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the two main directors and three non-executive directors.

The Board considers that the Company's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Company by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company's financial information.

Employee benefits

(i) Short-term benefits
Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined contribution plans
The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the income statement and they become payable in accordance with the rules of the scheme.

Operating leases

Rentals payable under operating leases are charged against the statement of comprehensive income on a straight-line basis over the lease term.

Leased assets: lessee

Until 31 December 2018 leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership have been classified as finance leases.

Where assets are financed by leasing or sale and leaseback agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown under "Loans and borrowings" as amounts payable to the lessor. Depreciation on the relevant assets is charged to the income statement over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the income statement over the term of the lease and is calculated on an effective interest rate basis. The capital part reduces the amounts payable to the lessor.

At 1 January 2019, the finance lease liabilities were reclassified to lease liabilities as part of the process of adopting the new leasing standard.

As explained in the above note: "Changes in accounting policies and disclosures", the Group has changed its accounting policy for the leases where the group is the lessee.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration rather than focus on the risks and rewards in IAS 17, which is now replaced by IFRS 16 Leases.

From 1st January 2019, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as leasing of equipment). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise mainly of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed or there is a significant event or change in circumstances, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying assets.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

See note 25 for further information about the impact of the change in the accounting policy for leases.

Share-based payment

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period and the corresponding entry recorded in the share-based payment reserve. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, evenly over their expected useful lives, calculated at the following rates:

Plant and equipment	- 25% straight line
Furniture, fittings & Equipment	- 25% straight line
Factory equipment	- 50% straight line on second hand assets
Factory equipment	- 12.5% straight line on new assets
Leasehold improvement	- 20% straight line

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired and its value reduced by recognising an impairment provision.

Intangible assets

(i) Research and development

Expenditure on research activities as defined in IFRS is recognised in the income statement as an expense as incurred.

Expenditure on the development of the platform comprising a proprietary meter (myLotus meter), fertility hormones strips testing and a mobile phone application and any enhancements to this platform is recognised as intangible assets only when the following criteria are met:

1. it is technically feasible to develop the product to be used or sold;
2. there is an intention to complete and use or sell the product;
3. the Group is able to use or sell the product;
4. use or sale of the product will generate future economic benefits;
5. adequate resources are available to complete the development; and
6. expenditure on the development of the product can be measured reliably.

The capitalised expenditure represents costs directly attributable to the development of the asset from the point at which the above criteria are met up to the point at which the product is ready to use. If the qualifying conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred.

Capitalised development expenditure is measured at cost less accumulated amortization and accumulated impairment costs. Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimated to be ten years.

Development costs that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(ii) Patent costs

The Group has looked to obtain intellectual property through patents, Company know-how, design rights and trademarks. The Group has a portfolio of patent applications which is currently being pursued.
The costs incurred in obtaining these patents have been capitalised as the Group is confident that the patent applications will be successful.

Amortisation is charged on a straight-line basis over the useful life of the related asset which management estimated to be ten years. The patent costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

The Group is entitled to a tax deduction on the exercise of certain employee share options. A share-based payment expense is recorded in the income statement over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases, a deferred tax asset may be recorded. The deferred tax asset arising on share option awards is calculated as the estimated amount of tax deduction to be obtained in the future (based on the Group's share price at the balance sheet date) pro-rated to the extent that the services of the employee have been rendered over the vesting period. If this amount exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity, against retained earnings. Similarly, current tax relief in excess of the cumulative amount of the Share-based payments expense at the statutory rate is also recorded in retained earnings.

Inventories

Inventories are initially stated at cost, and subsequently at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In respect of work in progress, cost includes a relevant proportion of overheads according to the stage of manufacture or completion.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares
- Share premium
- Share-based payment reserve
- Capital redemption reserve
- Reverse acquisition reserve and
- Retained earnings.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for distribution.

Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through income statement, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Loans and receivables

The Group classifies all its financial assets as trade and receivables. The classification depends on the purpose for which the financial assets were acquired.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables financial assets comprise other receivables (excluding prepayments) and cash and cash equivalents included in the Statement of Financial Position.

All the Group's customers have made payment in advance before delivery of goods. Therefore there is no impairment loss to be considered under IFRS 9, apart from a large customer in China where the Group has fully impaired the amount owed.

Financial liabilities

Financial liabilities are recognised when, and only when, the Company becomes a party to the contracts which give rise to them and are classified as financial liabilities at fair value through the profit and loss or loans and payables as appropriate. The Company's loans and payable comprise trade and other payables (excluding other taxes and social security costs and deferred income).

When financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through income statement.

NOTES TO THE FINANCIAL STATEMENTS

Fair value through the income statement category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. There were no financial liabilities classified under this category.

The Company determines the classification of its financial liabilities at initial recognition and re-evaluate the designation at each financial year end.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Sales and leaseback

A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer.

The leaseback transactions were classified as assets and the liability as finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group in 2018 under IAS 17. This is the case with the Group's equipment which is under this arrangement. From 1 January 2019, under IFRS 16 Leases, these assets have been classified as right of use assets and the liabilities were reclassified to lease liabilities.

For sale and finance leasebacks, any profit from the sale is deferred and amortised over the lease term. For sale and operating leasebacks, generally the assets are sold at fair value, and accordingly the profit or loss from the sale is recognised immediately in the consolidated income statement. No profit was recognised during the year as the fair value of the assets approximates the carrying value of the asset sold.

Summary of critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- **Useful lives of depreciable assets**

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account of residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Intangible assets (including capitalised development costs)**

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets.

- **Share-based payments**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21 Share-based payments.

- **Taxation**

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. The carrying values of current tax are disclosed separately in the statement of financial position.

- **Leases**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a termination option. Periods after termination options are not included in the lease term if the lease is reasonably certain the option will be terminated.

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. On 1 January 2019, potential future cash outflows of £172,500(undiscounted) have not been included in the lease liabilities because the availability of the termination option gives management the incentive to terminate as part of the Group's cost saving strategy.

NOTES TO THE FINANCIAL STATEMENTS

3. Financial Risk Management

Financial instruments by category

Financial Assets	**2019 £**	**2018 £**
Cash and cash equivalents	616,263	740,227
Trade receivables – net of provision	7,090	-
Other receivables	47,728	50,775
Financial assets	**671,081**	**791,002**

Financial liabilities	**2019 £**	**2018 £**
Trade and other payables	161,864	154,941
Accruals	74,850	84,197
Trade and other payables	236,714	239,138
Loans and borrowings	-	291,471
Lease liabilities	286,783	-
Loans and borrowings	286,783	291,471
Financial liabilities at amortised cost	**523,497**	**530,609**

Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value which also approximates the fair values of those short-term financial instruments. Therefore, no separate disclosure for fair value hierarchy is required for them. The disclosure on fair value hierarchy does not apply to the financial leases.

The Group's activities expose it to a variety of financial risks, mainly credit risk, liquidity risk and interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

NOTES TO THE FINANCIAL STATEMENTS

3. Financial Risk Management *continued*

The maturity of borrowings and other financial liabilities (representing undiscounted contractual cash-flows) is as follows:

2019	Within 1 year £	1-2 years £	2-5 years £
Trade and other payables	236,714	-	-
Lease liabilities	118,895	113,145	86,825
Total	355,609	113,145	86,825

2018	Within 1 year £	1-2 years £	2-5 years £
Trade and other payables	239,138	-	-
Loans and borrowings	84,395	84,395	171,158
Total	323,533	84,395	171,158

Market risk - interest rate risk

The Group carries loans and borrowings in the form of sale & leaseback loan in 2019 and 2018. The Group's exposure to cash flow interest rate risk is minimal. The finance lease associated with the sale and leaseback are fixed monthly lease payment and is not subject to change over the period of the lease.

The amounts outstanding at the end of 2019 and the interest rate and repayment profiles for the loans and borrowings are disclosed in the note 17 Lease liabilities.

Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern; and provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

To meet these objectives, the Company reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Company through to profitability and positive cash flow.

All working capital requirements are financed from existing cash resources.

NOTES TO THE FINANCIAL STATEMENTS

4. Segment information

The Group has one operating segment which is involved in the provision of diagnostic healthcare products.

	2019 £	2018 £
Revenue from contracts with customers	31,970	4,838
Finance expenses - segment	(21,062)	(23,289)
Segment loss after tax	(1,674,433)	(2,353,499)
Corporate loss after tax	(475,620)	(460,008)
Group loss after tax	(2,150,053)	(2,813,507)

All the segment assets are located in UK.

Segment assets	2,233,139	1,955,571
Corporate assets	558,989	699,432
Total assets	2,792,128	2,655,003
Segment liabilities	476,350	480,660
Corporate liabilities	81,956	70,492
Total liabilities	558,306	551,152
Segment depreciation and amortisation expenses (including right-of-use)	267,583	192,260
Segment purchase of tangible, right-of-use and intangible assets	463,791	627,396

NOTES TO THE FINANCIAL STATEMENTS

5. Loss from operations

	2019 £	2018 £
Loss is stated after charging:		
Auditor remuneration – audit fees	18,500	24,977
Other services:		
Audit fees – subsidiary	9,000	9,000
Non-audit fees – all assurance services	-	-
Depreciation of property, plant and equipment	94,799	141,152
Depreciation of right-of-use assets	93,969	-
Amortisation of intangible assets	78,815	51,108
Research and development costs[1]	228,098	558,181
Legal and professional fees	6,820	19,832
Staff costs excluding R&D staff (note 6)	855,686	812,802
Operating lease rentals	63,604	72,517
Foreign exchange losses	5,771	4,134
Fund raising expenses	49,350	40,074
Bad debt provision	-	107,811
Separately disclosed items within administration expenses		
Share-based payments[2]	69,721	92,291

[1] Including R&D staff costs, net of capitalised development costs of £327,479 (2018:£131,956).
[2] Share-based payments relate to costs of share options issued to employees (including directors) and consultants/professionals estimated in accordance with IFRS 2 'share-based payment'.

NOTES TO THE FINANCIAL STATEMENTS

6. Employees and directors

The average number of employees (including directors) during the period was made up as follows:

	2019 Number	2018 Number
Directors (including non-executive directors)	4	6
Manufacturing	3	5
Marketing	3	-
Administrative	2	2
	12	13
Research and development	4	5
Total	16	18

The cost of employees (including directors) during the period was made up as follows:

	2019 £	2018 £
Salaries and wages (including directors)	782,356	810,245
Social security costs	74,065	72,325
Pension costs	25,036	44,220
Severance costs	76,154	30,000
Share-based payments (relating to employees)	69,721	92,291
Staff costs including R&D staff	**1,027,332**	**1,049,081**

Less: R&D staff costs included in research and development expense

Salaries and wages	(145,612)	(197,959)
Social security costs	(15,092)	(24,341)
Pension costs	(5,796)	(8,601)
Share-based payments	(5,146)	(5,378)
R&D staff costs	**(171,646)**	**(236,279)**

Salaries and wages (including directors)	636,744	612,286
Social security costs	58,973	47,984
Pension costs	19,240	35,619
Severance cost	76,154	30,000
Share-based payments (relating to employees)	64,575	86,913
Staff costs excluding R&D staff	**855,686**	**812,802**

NOTES TO THE FINANCIAL STATEMENTS

6. Employees and directors *continued*

Key management personnel compensation
The compensation of key management personnel, principally directors of Concepta PLC for the period were as follows:

	2019 £	2018 £
Salaries/fees	367,529	381,767
Pension costs	9,250	16,778
Social security costs	31,726	27,554
Severance cost	60,000	-
	468,505	**426,099**
Share-based payments	113,727	92,146
	582,231	**518,245**

The above remuneration (including share-based payments) of directors includes the following amounts paid to the highest paid Director:

	2019 £	2018 £
Highest paid Director*	326,539	125,895

*including severance costs of £60,000 in 2019

7. Finance income and expenses

	2019 £	2018 £
Finance expenses		
Interest paid on finance lease	24,766	21,415
Other interests	1,581	2,500
Total finance expenses	**26,347**	**23,915**

NOTES TO THE FINANCIAL STATEMENTS

8. Tax credit

	2019 £	2018 £
The tax credit is as follows:		
Current tax		
R&D tax credit for prior period	166,573	-
R&D tax credit	178,303	52,277
Total current tax	344,876	52,277
Total tax credit	**344,876**	**52,277**

The current corporation tax credit for year ended 31 December 2019 and 2018 relates to a tax receivable in respect of UK research and development activity.

Factors affecting the tax credit

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	2019 £	2018 £
Loss on ordinary activities before income tax	(2,494,929)	(2,865,784)
Standard rate of corporation tax	19.00%	19.00 %
Loss before tax multiplied by the standard rate of corporation tax	474,037	544,499
Effects of:		
R&D tax credit for prior year	166,573	-
Non-deductible expenses	(13,247)	(25,149)
Deferred tax not recognised	(525,782)	(489,566)
Additional deduction for R&D expenditure	132,056	38,718
Effect of different rate for R&D tax credit	111,239	(16,225)
Tax credit	344,876	52,277

Changes in tax rates

UK small company's corporation tax rate has been maintained at 19% for the two periods. Accordingly, the deferred tax liability has been calculated based on the rate of 19% at the balance sheet date. Future enacted tax rates of 19% from 1 April 2020.

The Group has not recognised deferred tax assets arising from the accumulated tax losses and timing differences of £8,177,945,791 (2018: £6,736,320) due to uncertainty of their future recovery.

NOTES TO THE FINANCIAL STATEMENTS

9. Earnings per share

	2019	2018
Basic and diluted		
Loss for the period and earnings used in basic & diluted EPS (£)	(2,150,053)	(2,813,507)
Weighted average number of shares used in basic and diluted EPS	240,780,008	158,321,675
Loss per share (£)	(0.01)	(0.02)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Due to the loss in the periods the effect of the share options was considered anti-dilutive and hence no diluted loss per share information has been provided.

10. Property, plant and equipment

	Plant & Equipment £	Factory Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost				
At 31 December 2017	**594,050**	**117,863**	**110,216**	**822,129**
Additions	834,425	-	4,626	839,051
Disposals[1]	(381,215)	-	(1,047)	(382,262)
At 31 December 2018	**1,047,260**	**117,863**	**113,795**	**1,278,918**
Additions	9,722	-	4,475	14,197
Reclassification of asset	47,755	-	(47,755)	-
Reclassified to Right-of-Use assets[2]	(499,215)	-	-	(499,215)
At 31 December 2019	**605,522**	**117,863**	**70,515**	**793,900**
Depreciation				
At 31 December 2017	**301,100**	**22,701**	**25,081**	**348,882**
Charge for the period	106,935	13,466	20,751	141,152
Disposal	-	-	(305)	(305)
At 31 December 2018	**408,035**	**36,167**	**45,527**	**489,729**
Charge for the period	69,482	13,467	11,850	94,799
Reclassification of asset	10,665	-	(10,665)	-
Reclassified to Right-of-Use assets[2]	(50,489)	-	-	(50,489)
At 31 December 2019	**437,693**	**49,634**	**46,712**	**534,039**
Net book value				
At 31 December 2018	639,225	81,696	68,268	789,189
At 31 December 2019	**167,829**	**68,229**	**23,803**	**259,861**

[1] Disposed as part of the sale and leaseback arrangement in 2018.
[2] Assets held under sale and leaseback were reclassified from Property, plant and equipment to Right-of-use assets under the new accounting policy for leases as at 1 January 2019. The figures in the comparative year 2018 were not changed.

NOTES TO THE FINANCIAL STATEMENTS

10. Property, plant and equipment *continued*

Assets held under finance leases or hire purchase contracts

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and equipment	-	448,726
	-	448,726

The depreciation charge for these assets in 2018 was £50,489. These assets were reclassified to 'Right-of-use' assets.

11. Right-of-use assets

	Equipment £	Factory premises £	Total £
Cost			
At 31 December 2018	**-**	**-**	**-**
Sales and leaseback assets reclassified from Property, plant & equipment (note 1)	499,215	-	499,215
Additions	-	89,441	89,441
At 31 December 2019	**499,215**	**89,441**	**588,656**
Depreciation			
At 31 December 2018	**-**	**-**	**-**
Reclassified from Property, plant & equipment (note 1)	50,489	-	50,489
Charge for the period	62,402	31,567	93,969
At 31 December 2019	**112,891**	**31,567**	**144,458**
Net book value			
At 31 December 2018	-	-	-
At 31 December 2019	**386,324**	**57,873**	**444,198**

Note 1: Assets held under sale and leaseback were reclassified from Property, plant and equipment under the new accounting policy for leases as at 1 January 2019. The figures in the comparative year 2018 was not changed.

The Group leases several assets including buildings and plant equipment. The remaining lease terms ranged from 2.6 to 3.2 years.

The maturity analysis of lease liabilities is presented in note 22

Amounts recognised in profit or loss

	2019 £
Depreciation expense on right-of-use assets	93,969
Interest expense on lease liabilities	24,766
Expense relating to short-term leases	63,604
Expense relating to leases of low value assets	1,522

NOTES TO THE FINANCIAL STATEMENTS

12. Intangible assets

	Patents £	Development costs £	Software and website development £	Total £
Cost				
At 31 December 2017	**51,901**	**422,321**	**-**	**474,222**
Additions	37,604	131,956	-	169,560
At 31 December 2018	**89,505**	**554,277**	**-**	**643,782**
Additions	15,945	327,479	16,729	360,153
At 31 December 2019	**105,450**	**881,756**	**16,729**	**1,003,935**
Amortisation				
At 31 December 2017	**7,882**	**75,597**	**-**	**83,479**
Charge for the year	7,810	43,298	-	51,108
At 31 December 2018	**15,692**	**118,895**	**-**	**134,587**
Charge for the year	11,247	67,568	-	78,815
At 31 December 2019	**26,939**	**186,463**	**-**	**213,402**
Net book value				
At 31 December 2018	73,813	435,382	-	509,195
At 31 December 2019	**78,511**	**695,293**	**16,729**	**790,533**

13. Inventories

	2019 £	2018 £
Raw materials	307,945	269,113
Work in progress	18,452	67,659
Finished goods	53,808	62,410
	380,205	**399,182**

The cost of inventories recognised as an expense and included in research and development costs in the year amounted to £120,178 (2018: £39,480).

14. Trade and other receivables

	2019 £	2018 £
Trade receivables – net	7,090	-
Prepayments	39,237	62,941
Other receivables	47,728	50,775
VAT receivable	28,710	51,217
	122,765	**164,933**

NOTES TO THE FINANCIAL STATEMENTS

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	616,263	740,227

Where cash at bank earns interest, interest accrues at floating rates based on daily bank deposit rates.
The fair value of the cash & cash equivalent is as disclosed above.
For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown above.

16. Trade and other payables

	2019 £	2018 £
Trade payables	160,274	154,941
Accruals and deferred income	74,850	84,197
Social security & other taxes payables	34,809	20,543
Other payables	1,590	-
	271,523	**259,681**

17. Lease Liabilities

	2019 £	2018 £
Current		
Lease liabilities	101,036	-
Non-current		
Lease liabilities	185,747	-
	286,783	**-**

In 2018, the group only recognised lease assets and lease liabilities in relation to leases that were classified as ‘finance leases’ under IAS 17 Leases. The lease liabilities were classified as part of the Group’s loans and borrowings.

On 1 January 2019, the lease liabilities for these finance leases of £291,471 were reclassified from ‘ loans and borrowings’ and included in ‘lease liabilities’ above.

The lease liabilities for the plant equipment are secured by a fixed charge over all the assets of Concepta Diagnostics Limited.

The maturity of these lease liabilities is disclosed in note 22.

NOTES TO THE FINANCIAL STATEMENTS

18. Loans and borrowings

	2019 £	2018 £
Current		
Finance lease	-	64,228
Non-current	-	227,243
Finance lease	-	291,471

On 1 January 2019, the lease liabilities for these finance leases of £291,471 were reclassified from 'loans and borrowings' to 'lease liabilities'.

19. Share capital

	Authorised Ordinary shares of £0.025 each		Share premium	Total consideration
	Number	Nominal value £	£	£
At 31 Dec 2017	**138,196,675**	**3,454,917**	**9,813,131**	**13,268,048**
Shares issued (net expenses)	50,000,000	1,250,000	635,132	1,885,132
At 31 Dec 2018	**188,196,675**	**4,704,917**	**10,448,263**	**15,153,180**
Shares issued (net expenses)	76,750,000	1,918,750	291,553	2,210,303
At 31 Dec 2019	**264,946,675**	**6,623,667**	**10,739,816**	**17,363,483**

On 26 April 2019 76,750,000 ordinary shares were at issued at £0.03 each for a total consideration of £2.3 million before expenses of £92,197.

All shares of the Company rank pari passu in all respects.

20. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Share-based payment reserve	Cumulative fair value of share options granted and recognised as an expense in the Income Statement.
Capital redemption reserve	The aggregate nominal value of all the ordinary shares repurchased and cancelled by the Company. The reserve is non-distributable.
Reverse acquisition reserve	Effect on equity of the reverse acquisition of Concepta Diagnostics Limited.
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.

NOTES TO THE FINANCIAL STATEMENTS

21. Share-based payments

The Company operates two option schemes, namely an unapproved option scheme and an Enterprise Management Incentive (EMI) scheme. The EMI scheme is for employees and directors and the unapproved option scheme is for consultants involved in the healthcare operation.

Share and warrant based payment charged to the Group's profit or loss for the period were as follows:

	2019	2018
	£	£
Options issued to employees and directors of parent	40,821	77,368
Options issued to employees and services received of subsidiary	28,900	14,923
Total share-based payments	**69,721**	**92,291**

The table below set outs the number and weighted average exercise price (WAEP) of, and movements in, the Company's share options scheme in the period:

Share options

	2019		2018	
	Number	WAEP (£)	Number	WAEP (£)
At 1 January	14,138,834	0.052	4,044,000	0.088
Granted during the year	3,084,004	0.033	10,409,834	0.040
Lapsed during the year	(1,999,401)	(0.067)	(315,000)	(0.166)
At 31 December	15,223,437	0.052	14,138,834	0.052

The EMI options vests provided the employees remain in the service of the Company or subsidiary for a period of 3 years from the grant date or vest equally over 3 years from grant date. The unapproved options vested either on the date of grant or time vest over 2 years from date of employment. The fair value of the new share options was estimated using the Black Scholes model.

There were no options exercised during the period.

The following share options of the Company were outstanding in respect of Ordinary shares at 31 December:

	Concepta PLC options scheme 2019	Concepta PLC options scheme 2018
EMI scheme		
Number of options	4,229,003	3,144,400
Exercise price range (£)	0.03-0.166	0.06-0.166
Exercise period	April 2017 – July 2029	April 2017 - February 2028
Unapproved scheme		
Number of options	10,994,434	10,994,434
Exercise price range (£)	0.04-0.075	0.04-0.075
Exercise period	July 2016 – June 2028	July 2016 - September 2028

The weighted average remaining contractual life for the EMI and non-approved share options outstanding at 31 December 2019 was 4.9 years (2018: 8.3 years).

NOTES TO THE FINANCIAL STATEMENTS

21. Share-based payments *continued*

The fair value of equity settled share options granted under the Company's share option schemes is estimated as at the date of grant using the Black Scholes model. The following table lists the inputs and key output to the model:

	options scheme 2019	options scheme 2018
	EMI	EMI/Unapproved schemes
Weighted average fair value at grant date (£)	0.021	0.022
Weighted average share price (£)	0.033	0.042
Exercise price (£)	0.03-0.04	0.166-0.075
Expected volatility	100%	100%
Expected options life (years)	9.6	2-3
Expected dividends	0%	0%
Risk-free interest rate	0.40%	0.51% - 0.77%

Warrants

	2019		2018	
	Number	WAEP (£)	Number	WAEP (£)
At 1 January	9,232,267	0.090	9,571,360	0.096
Granted	-	-	-	-
Lapsed	(50,000)	(0.010)	(339,093)	(0.166)
At 31 December	9,182,267	0.074	9,232,267	0.090

No warrants were granted during the year.

At 31 December 2019, the following warrants were outstanding in respect of £0.025 ordinary shares and all are exercisable by expiry date:

Grant date	Number	Exercise price	Expiry date
26/07/2016	7,800,300	0.075	26/07/2021
16/11/2017	1,381,967	0.070	16/11/2020
	9,182,267		

NOTES TO THE FINANCIAL STATEMENTS

22. Lease commitments

Operating leases

The Group leases certain land and buildings. Some of the rents payable under these leases are subject to review at intervals specified in the lease. The lease terms are between 5 to 10 years and with break clause. The Group also leases certain plant and equipment under cancellable operating lease agreement. The Group also has an office rental lease which can be cancelled at any time. The total future value of minimum lease payments is due as follows:

	2019			2018		
	Plant and equipment £	Land and building £	Total £	Plant and equipment £	Land and building £	Total £
Within one year	779	62,903	63,682	779	95,300	96,079
Between one and two years	714	62,903	63,617	779	95,300	96,079
Between two and five years	-	42,050	42,050	714	204,944	205,658
After more than five years	-	-	-	-	98,112	98,112
Total	**1,493**	**167,856**	**169,349**	**2,272**	**493,656**	**495,928**

Lease liabilities

In 2018 the Company entered into capital lease agreement with a leasing company for the sale & lease back of equipment £381,215. The lease payments expire at July 2022 and February 2023. The lease liabilities in 2019 also includes the Doncaster factory with expiry date of 2 November 2021 (break date). The total future value of minimum lease payments is due as follows:

	2019			2018		
	Minimum lease payment £	Interest £	Present value £	Minimum lease payment £	Interest £	Present value £
Within one year	118,895	17,859	101,035	84,395	20,167	64,228
Between one and two years	113,145	10,438	102,707	84,395	15,054	69,341
Between two and five years	86,825	3,784	83,041	171,220	13,318	157,902
Total	**318,865**	**32,081**	**286,784**	**340,010**	**48,538**	**291,471**

23. Commitments

There is no capital expenditure contracted at this year-end reporting.

The Group has stock purchase commitments totalling £125,564 but not received from the suppliers at this year-end reporting.

NOTES TO THE FINANCIAL STATEMENTS

24. Related Party Transactions

During the period the Company entered into the following transactions with related parties:

Related party	Transaction	Note	2019 £	2018 £
Reyco Limited	Non-executive director fees and expenses	1	33,328	52,642
CFPro Limited	Accounting fees	2	131,342	119,774
Cambridge Financial Partners LLP	Subsistence expenses	2	2,083	3,579
Mercia Investments	Non-executive director fees	3	16,667	20,000
Matthew Walls	Executive director fees	4	81,848	94,605
Amount outstanding at year end (included in Trade and other payables)				
Reyco Limited			691	2,500
CFPro Limited			-	10,677
Cambridge Financial Partners LLP			-	322

1. Mr Adam Reynolds, a non-executive director of Concepta PLC has an interest in Reyco Limited.
2. Service fees were paid to CFPro Limited and Cambridge Financial Partners LLP for accounting and consultancy support, companies in which Barbara Spurrier has an interest. Barbara Spurrier is a director of Concepta PLC.
3. Dr Mark Wyatt & Mr Peter Dines, non-executive director fees were paid to Mercia Investments Limited, a subsidiary of Mercia Technologies plc, a shareholder of Concepta PLC. Dr Mark Wyatt fees were only included in 2018.
4. Mr Matthew Walls, an executive director of Concepta PLC. The fees paid were for his director and consultancy services.

25. Effects of change in accounting policy

The Group adopted IFRS 16 Leases with a transition date of 1 January 2019. The Group has chosen not to restate comparatives on adoption, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances, if any. Details of the impact IFRS 16 have had are given below.

Practical expedients applied under IFRS 16

The group applies the following practical expedients at the initial adoption of IFRS 16:

1. The Group elected to apply the practical expedient to not reassess contracts entered into before the date of initial application (1st January 2019) that were not identified as leases under IAS 17. The definition of the lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

2. For operating leases under IAS 17, the Group applies the following practical expedients:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

NOTES TO THE FINANCIAL STATEMENTS

25. Effects of change in accounting policy *continued*

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities as follows:

1. Building leases
   The right-of-use asset of a building lease is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
   The lease liability is measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019.
   The Group's incremental borrowing rate used is the adjusted property yield for UK properties of 6%.

2. Finance leases – sale and leaseback at 31 December 2018
   The right-of-use assets and lease liabilities of these finance leases are based on the unadjusted carrying value brought forward at 1 January 2019.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 January 2019:

	Adjustments	31 December 2018 as originally presented	IFRS 16 adjustments	1 January 2019
Assets				
Property, plant and equipment	(a)	789,189	(448,726)	340,463
Right-of-use assets	(b)	-	538,167	538,167
Liabilities				
Loans and borrowings	(c)	291,471	(291,471)	-
Lease liabilities	(d)	-	380,912	380,912

(a) Property, plant and equipment was adjusted to reclassify leases previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by £449,215 and accumulated amortisation by £50,489 for a net adjustment of £448,726 at 1 January 2019

(b) The adjustments to right-of-use assets are as follow:

	At 1 January 2019 £
Adjustment noted in (a) - finance type leases	448,726
Operating type lease	89,441
	538,167

(c) Loans and borrowings were adjusted to reclassify leases previously classified as finance type of £291,471 to lease liabilities.

(d) The following table reconciles the minimum lease commitments disclosed in the Group's 31 December 2018 annual financial statements to the amount of lease liabilities recognised on 1 January 2019.

	At 1 January 2019 £
Minimum operating lease commitments at 31 December 2018	495,928
Less: low value leases not recognised under IFRS 16	(2,272)
Less: short-term leases not recognised under IFRS 16	(223,044)
Less: effect of termination options reasonably certain to be exercised	(172,862)
Undiscounted lease payments	97,750
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(8,309)
Lease liabilities for leases previously classified as operating type under IAS 17	89,441
Plus: leases previously classified as finance type under IAS 17	291,471
Lease liabilities as at 1 January 2019	380,912

NOTES TO THE FINANCIAL STATEMENTS

26. Events after the reporting date

On 24 April 2020, the Company raised £1,900,000 (before expenses) through a placing of 112,187,500 and subscription of 112,687,500 new Ordinary Shares at 0.8p per ordinary share and the subscription for £101,000 of Convertible Loan Notes. The Convertible Loan Notes have the following principal terms:

- Maturity Date: 27 April 2023
- Coupon: the interest rate on the Loan is 5%
- Security: the Loan is unsecured
- Repayment: The Company will redeem the full amount of the Loan together with all interest accrued and the Redemption Premium (to the extent not previously converted) on the Maturity Date
- Redemption Premium: a redemption premium of 30% of the aggregate value of the loan
- Conversion Price: the conversion price will be 0.8p or, if lower, the average closing price on AIM of the Ordinary Shares for the five business days preceding the relevant conversion date

On the same day, and as the price at which the Placing Shares and the Subscription Shares were to be issued is below the nominal value of 2.5p per ordinary share, each of the Existing Ordinary Shares of 2.5p was sub-divided into one New Ordinary Share of 0.1p and one Deferred Share of 2.4p. The Deferred Shares will not entitle their holders to receive notice of or to attend or vote at any general meeting of the Company, or to receive any dividend or other distribution. On a return of capital on a winding up or dissolution of the Company, the Deferred Shares will be entitled as a class to receive in aggregate the sum of £1 prior to any return on capital paid in respect of the Ordinary Shares. The holders of Deferred Shares are not entitled to any further right of participation in the assets of the Company. The Company shall have the right to purchase the Deferred Shares in issue at any time for an aggregate sum of £1. As such, the Deferred Shares effectively have no value. Share certificates will not be issued in respect of the Deferred Shares, and they will not be admitted to trading on AIM. The Company intends to buy the Deferred Shares back as soon as reasonably practicable subject to Shareholders' approval.

The primary use of the net proceeds will be to strengthen and develop the digital marketing effort, appointing core marketing personnel and to provide the additional working capital requirements of the Company to refine its manufacturing provision and to target strategic commercial contracts to exploit the myLotus product and technology nationally then internationally.

On 17th April the Company signed a Sales and Purchase Agreement with Abingdon Health to transfer to them its lateral flow test manufacturing site in Doncaster. As part of the asset purchase agreement, Concepta will assign the leases on the facility and machinery, transfer the staff, and will sell residual manufacturing equipment to Abingdon Health for a total cash consideration of approximately £0.3m.

To this end, the Company has signed agreements with Abingdon Health for the continual manufacture and supply myLotus® testing strips.

27. Ultimate controlling party

There is no ultimate controlling party of the Company.

COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2019

	Notes	2019 £	2018 £
Non-current assets			
Investments in subsidiaries	4	4,617,820	4,535,684
Net amounts due from subsidiaries	6	2,115,535	4,946,226
Total non-current assets		**6,733,355**	**9,481,910**
Current assets			
Trade and other receivables	5	4,972	10,413
Cash and cash equivalents	7	567,465	692,239
Total current assets		**572,437**	**702,652**
Total assets		**7,305,792**	**10,184,562**
Current liabilities			
Trade and other payables	8	95,402	73,711
Total current liabilities		**95,402**	**73,711**
Net assets		**7,210,390**	**10,110,851**
Share capital	9	6,623,667	4,704,917
Share premium	9	10,739,816	10,448,263
Capital redemption reserve		1,814,674	1,814,674
Share-based payment reserve	10	783,852	714,131
Retained losses		(12,751,619)	(7,571,134)
Total equity		**7,210,390**	**10,110,851**

These financial statements were approved and authorised for issue by the board of directors on 28 May 2020 and were signed on its behalf by:

Madeleine Kennedy
Chief Financial Officer

Company Registration Number: 06573154

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share Premium £	Capital redemption reserve £	Share-based Payment Reserve £	Retained losses £	Total £
Equity as at 31 December 2017	**3,454,917**	**9,813,131**	**1,814,674**	**621,840**	**(7,098,825)**	**8,605,737**
Loss for the year	-	-	-	-	(472,309)	(472,309)
Total comprehensive loss	**-**	**-**	**-**	**-**	**(472,309)**	**(472,309)**
Issue of shares (net of expenses)	1,250,000	635,132	-	-	-	1,885,132
Share-based payments	-	-	-	92,291	-	92,291
Equity as at 31 December 2018	**4,704,917**	**10,448,263**	**1,814,674**	**714,131**	**(7,571,134)**	**10,110,851**
Loss for the year	-	-	-	-	(5,180,485)	(5,180,485)
Total comprehensive loss	**-**	**-**	**-**	**-**	**(5,180,485)**	**(5,180,485)**
Issue of shares (net of expenses)	1,918,750	291,553	-	-	-	2,210,303
Share-based payments	-	-	-	69,721	-	69,721
Equity as at 31 December 2019	**6,623,667**	**10,739,816**	**1,814,674**	**783,852**	**(12,751,619)**	**7,210,390**

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

as at 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Operating loss before taxation	(5,180,485)	(472,309)
Adjustments for:		
Finance expenses	687	626
Finance income	(108,300)	(104,076)
Impairment of investment in subsidiary	(53,236)	116,377
Impairment of net amounts due from subsidiaries	4,871,000	-
Share-based payments	40,821	77,368
Operating loss before working capital changes	**(429,513)**	**(382,014)**
Changes in working capital		
Decrease in trade and other receivables	5,441	15,311
Increase/(decrease) in trade and other payables	21,693	(47,078)
Net cash outflow from operating activities	**(402,379)**	**(413,781)**
Investing activities		
Loan to subsidiary undertakings	(1,932,011)	(2,246,056)
Net cash flows used in investing activities	**(1,932,011)**	**(2,246,056)**
Financing activities		
Proceeds from issue of share capital	2,210,303	1,885,132
Interest paid	(687)	(626)
Net cash flows from financing activities	**2,209,616**	**1,884,506**
Net change in cash and cash equivalents	**(124,774)**	**(775,331)**
Cash and cash equivalents at the beginning of the year	**692,239**	**1,467,570**
Cash and cash equivalents at the end of the year	**567,465**	**692,239**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Accounting policies

The accounting policies that are applicable, as set out in note 2 to the consolidated financial statements have been applied together with the following accounting policies below that have been consistently in the preparation of these Concepta PLC ("the Company") financial statements.

Basis of preparation

The financial statements of Concepta PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(IV) of IAS 1 – a reconciliation of the share capital at beginning and end of the period;

b) the requirements of paragraphs 134 – 136 of IAS 1 'Presentation of Financial Statements' to disclose the management of the capital of the Company;

c) the requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the new or revised standards that have not been adopted and information about their likely impact;

d) all of the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures';

e) the requirements of paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel; and

f) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiaries which is a party to the transaction is wholly owned by such a member.

Investments in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. The value of the investment was impaired in 2019 – see note 4 Investments in subsidiary undertakings for more details.

Share-based payments

The accounting policy for share-based payments is disclosed in note 2 to the consolidated financial statements.

Taxation

The accounting policy for taxation is disclosed in note 2 to the consolidated financial statements.

Critical accounting estimates and judgments

The preparation of financial information in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

1. Measurements of the share-based payment and taxation. These are detailed in the Group accounts under note 2. Accounting Policies – Summary of critical accounting estimates and judgements.
2. Impairment of investment impairment. This is detailed in the accounting policy Investment in subsidiaries above.
3. The net amounts due from subsidiaries were measured at amortised cost using the effective interest method. Management estimated the effective interest rate used for the amortised cost calculation and the repayment period was based on management judgement.
4. The impairment of net amounts due from subsidiaries was based upon future cash flow forecasts and these forecasts would be based upon management judgement.

2. Company income statement

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own income statement. The Company's loss for the year was £5,180,485 (2018: £472,309) and is included within the consolidated statement of comprehensive income.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

3. Staff costs

The cost of employees (including directors) during the period was made up as follows:

	2019 £	2018 £
Salaries (including directors)	349,211	367,129
Pension costs	8,425	26,095
Social security costs	22,059	27,054
Benefits in kind	-	2,778
Share-based payments	40,821	77,368
Total staff costs	**420,516**	**500,424**

4. Investments in subsidiary undertakings

	Investment in subsidiary £
At 31 December 2018	**6,405,684**
Share based payments for Concepta Diagnostics Limited	28,900
At 31 December 2019	**6,434,584**
IMPAIRMENT	
At 31 December 2018	**1,870,000**
Impairment of investment in subsidiary	(53,236)
At 31 December 2019	**1,816,764**
Net book value	
At 31 December 2018	4,535,684
At 31 December 2019	**4,617,820**

The principal undertaking in which the company's interest at the year-end is as follows:

Name	Country of incorporation	Proportion of ownership interest at 31 December 2019	Nature of business
Concepta Diagnostics Limited	United Kingdom	100.0%	Healthcare business
Concepta Diagnostics Ireland Limited	Ireland	100.0%	Dormant

NOTES TO THE COMPANY FINANCIAL STATEMENTS

5. Trade and other receivables

	2019 £	2018 £
Prepayments	4,704	10,413
VAT receivable	268	-
	4,972	**10,413**

All amounts are due within three months. No amounts are past due.

6. Net amounts due from subsidiaries

At initial recognition, the fair value of the interest-free carrying amounts owed by group undertakings (“the loan”) at 31 December 2019 was measured at the present value of all future cash receipts discounted using the prevailing market interest rate of 2.19 % (2018: 2.8%) and management considered the loan to be repaid by end of five years. The difference between the initial carrying amount and the fair value was capitalised and included in ‘investments in subsidiary undertakings’. After initial recognition, the loan was measured at amortised cost using the effective interest method. The corresponding entry of the deemed interest income of £108,300 (2018: £ 104,076) for the year included in the fair value was credited to profit or loss.

The net amounts due from subsidiaries was subject to impairment review and the amount impaired at 31 December 2019 was £4,871,000 and this was expensed in the income statement.

7. Cash and cash equivalent

	2019 £	2018 £
Cash at bank and in hand	567,465	692,239

8. Trade and other payables

	2019 £	2018 £
Trade payables	47,688	28,297
Accruals and deferred income	26,033	36,907
Social security & other taxes payable	20,990	8,507
Other payables	691	-
	95,402	**73,711**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

9. Share capital and share premium

For details of share capital see note 19 of the consolidated financial statements.

10. Share-based payments

For details of share-based payments see note 21 of the consolidated financial statements.

11. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with Concepta Diagnostics Limited that is wholly owned subsidiary of Concepta PLC.

There are no other related party transactions other than those relating to Directors that have been disclosed in note 24 to the consolidated statements.

12. Commitments

The Company has no lease or capital commitments at the end of the reporting period.

13. Contingent liabilities

The Company has no contingent liabilities.

14. Ultimate controlling party

The Company does not have an ultimate controlling party.

15. Events after the reporting date

For details of events after the reporting date see note 26 of the consolidated financial statements.

OFFICERS AND ADVISORS

Directors:	Penelope McCormick (Chief Executive Officer) Adam Reynolds (Non-Executive Chairman) Madeleine Kennedy (Chief Financial Officer) Peter Dines (Non-Executive Director) Neil Mesher (Non-Executive Director) Lyn Rees (Non-Executive Director)
Company secretary and registered office:	Madeleine Kennedy The Maltings, East Tyndall Street Cardiff CF24 5EA
Nominated advisor:	Spark Advisory Partners Ltd 5, St John's Lane Farringdon London EC1M 4BH
Broker:	NOVUM Securities Limited 8-10 Grosvenor Gardens London SW1W 0DH
Banker:	HSBC Harry Weston Road Binley Coventry CV3 2SH
Auditors:	Jeffreys Henry LLP 5-7 Cranwood Street Finsgate London EC1V 9EE
Solicitors:	BPE Solicitors LLP St. James House St. James Square Cheltenham GL50 3PR
Registrars:	Neville Registrars Neville House 18 Laurel Lane Halesowen B63 3DA
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