



## Concepta PLC

### Interim Results

RNS Number : 0804C

Concepta PLC

27 September 2018

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### Concepta plc ("Concepta" or the "Company") Interim Results

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016.

Concepta plc (AIM: CPT), the innovative UK healthcare company and developer of the proprietary home test platform ("myLotus") and suite of emerging test products targeting the personalised mobile health market with a primary focus on women's fertility announces its interim results for the six months to 30 June 2018.

#### Operational Highlights

- Preparing for UK launch and scale-up of myLotus
- Completion of CE-Mark submission - Awaiting CE-Mark certification
- Successful completion of clinical studies in UK and China further bolstering product confidence

#### Financial Position

- Completion of oversubscribed £2m placing @ 4p per share (post 30 June)
- Cash balance at the period end was £248,172 (H1 2017 £1,234,974)
- Loss for the period of £1,490,349 (H1 2017 £1,083,905)
- Cash outlay for Doncaster factory facilities and equipment £441,039 (H1 2017 £512,686)

#### Chairman's Statement

Following my appointment in July 2018, I have spent the past few months carefully reviewing the business and strategy and I am pleased to report the half year results for the six months

to 30 June 2018. My report provides an update on the significant progress being made to strengthen the operational robustness of the business in advance of launching our first home test (self test) fertility product to the UK market.

As part of our UK product launch preparations we have recently completed our milestone clinical user testing studies and stability trials in support of our regulatory CE-mark submission. The CE-Mark Notified Body (BSI) have also completed their in-depth audit of our product. Pending receipt of the final certification we anticipate launching the myLotus product to the UK market over the coming months.

The UK product launch marks an important and exciting milestone in the Company's development. The Company has worked diligently towards this revenue generating goal and is now poised to deliver its first innovative product to an attractive UK fertility market.

The myLotus UK user trial was carried out at the Clarence Medical Centre in North Wales and independently tested our product proposition for fertility monitoring and menstrual cycle hormone assessment. The ability for women to home monitor (self test) their hormone profile over their cycle provides a level of fertility information which is unavailable today. It also provides women trying for a baby or specifically those with fertility issues a personal insight to help identify their optimal time to conceive and/or provide their doctors with information that may help better manage their fertility journey and early stage pregnancy.

Added to the successful North Wales user study we have also recently completed successful product assessment studies in Bedford, UK and Shanghai, China. Both these studies provided independent product assessment and benchmark validation against traditional laboratory-based tests.

Progress in China has been disappointing and as a result we will be re-balancing our resource commitment to China. We will focus our prime attention on our UK home market and the subsequent roll-out of myLotus across Europe. Whilst the positive study results from the Changhai hospital, Shanghai have helped bolster our confidence in the China product, given our limited bandwidth and revenue growth objectives our efforts will be aligned to support the successful launch of myLotus in the UK.

Our UK sales and marketing channels are being developed across business-to-business (B2B) and business-to-consumer (B2C) channels. Our B2B channels include discussions with both large retail healthcare consumer groups as well as smaller fertility test providers and key opinion leaders. Our B2C offering is adopting a digital online marketing strategy with customers engaged via social media, content, email and search engine marketing enabling customers to acquire myLotus through our eCommerce platform.

Our Doncaster manufacturing facility has now completed the installation and validation of its automated production line for the manufacture of our ovulation and pregnancy tests. The previous small-scale test manufacturing capacity at our Colworth laboratories has also been

successfully transferred to Doncaster. Scale up and production of our test monitor continues to strengthen and we anticipate improved margins and further efficiencies in cost improvement commensurate with our sales volume growth.

Whilst recognising the myLotus monitor lends itself to the development of other fertility tests and health diagnostics, our efforts remain resolutely focused on realising the potential of our initial launch tests. Nevertheless, we remain open to collaborative research proposals and are in discussions with a number of groups to expand and accelerate our test and technology developments.

Following the recently announced Board changes with myself taking an active Executive Chairman role and Peter Dines providing his considerable industry expertise as Non Executive Director and representing our main investor (Mercia Technologies PLC), Erik Henau will step down from the Board as Chief Executive Officer with immediate effect and take up the role of Business Development Director to lead our new client sales drive. I am pleased to announce that David Darrock Chief Operating Officer, who has been instrumental to the delivery of the myLotus product, will be promoted to the Board with immediate effect. These changes reflect the Company entering a new stage of development as we transition from a laboratory-based research facility to a manufacturing and selling commercial company.

### **Financial review**

- The Group's total comprehensive loss for the six months to 30 June 2018 was £1,490,350 (H1 2017 £1,083,905)
- Following the period end, the Company completed an oversubscribed £2m placing at 4p per share to bolster the Company's cash position.
- The basic and diluted loss per share was 1.1 pence (six months to 30 June 2017 loss 1.0 pence).
- Cash balance as at 30 June 2018 was £248,172 (30 June 2017 £1,234,974).

During the reporting period we have maintained a tight cost control across all areas of spending whilst ensuring the essential requirements of moving the company towards UK launch were not compromised.

### **Outlook**

The Company continues to strengthen from an early stage start up and is positioning itself to take advantage of the imminent UK product launch of myLotus. The Company's short-term outlook remains firmly focused on revenue growth and a determination to deliver improved investor returns. We anticipate the following deliverables over the next reporting period;

- UK product launch and revenues
- The emergence of a highly motivated 'fertility' target group with a clear need for our products
- Raised product profile and PR based on fertility demand for myLotus
- Marketing and planning to expand the myLotus product into new markets and test opportunities

I would like to thank our investors for their support, patience and understanding. The Board recognise there have been delays in delivering our products to market but with the changes made to the organisation and our pending UK launch we have the opportunity and expertise to deliver a globally leading product to a rapidly growing home testing diagnostic space. We are committed to delivering this for our investors.

## **Matthew Walls**

### **Chairman**

**\*\*ENDS\*\***

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About Concepta Plc:

Concepta PLC is an AIM-quoted pioneering UK healthcare company that has developed a proprietary product, myLotus, targeted at the personalised mobile health market with a primary focus on fertility and unexplained infertility<sup>†</sup> in women.

myLotus is currently the only consumer product which allows both quantitative and qualitative home (self test) test measurement of a woman's personal luteinizing hormone (LH) during ovulation and human chorionic gonadotropin (hCG) hormone level during pregnancy, facilitating higher conception rates and early diagnosis of fertility issues. The

proposition of myLotus is to help women conceive naturally by identifying their window of fertility and optimal time for conception.

The Company anticipates receiving CE-mark certification for myLotus over the coming months and is preparing its B2C launch in the UK and Europe. The Company has identified a significant global market opportunity with revenue potential of the EU and Chinese unexplained infertility market estimated to be worth c.£600m per annum.

Concepta has also made progress in establishing relationships with a number of distributors in China where myLotus has been given cFDA approval. Concepta is initially targeting the traditional route to market in China through Chinese hospitals and plans to add the B2C route in the near future.

† Unexplained infertility refers to women that have been unable to conceive after 6 months of trying. This highly motivated target group of consumers won't typically be offered medical intervention until 12 months of unsuccessfully trying, with IVF not offered until two years. Research indicates couples start to take positive action ahead of this time and there is little medical support to help them do so.

#### Consolidated statement of comprehensive income For the 6 months ended 30 June 2018

	Notes	Unaudited 6 months to 30 June 2018 £	Unaudited 6 months to 30 June 2017 £	Audited 12 months to 31 December 2017 £
Revenue	3	-	-	108,115
Cost of sales	4	(307,623)	(172,996)	(519,522)
Gross loss		(307,623)	(172,996)	(411,407)
Other administrative expenses		(1,175,736)	(959,547)	(1,925,482)
Share-based payments		(19,428)	(19,173)	(109,523)
Administrative expenses		(1,195,164)	(978,720)	(2,035,005)
<b>Operating loss</b>		<b>(1,502,787)</b>	<b>(1,151,716)</b>	<b>(2,446,412)</b>
Finance income		-	3	-
Finance expenses		(11,210)	-	(3,355)
<b>Loss before income tax</b>		<b>(1,513,997)</b>	<b>(1,151,713)</b>	<b>(2,449,767)</b>
Tax credit	6	23,648	67,808	104,818
<b>Loss for the period</b>		<b>(1,490,349)</b>	<b>(1,083,905)</b>	<b>(2,344,949)</b>

Attributable to owners of the parent:		<b>(1,490,349)</b>	<b>(1,083,905)</b>	<b>(2,344,949)</b>
Loss per ordinary share - basic and diluted (pence)	5	(1.1)	(1.0)	(2.1)

**Consolidated statement of financial position**  
As at 30 June 2018

		Unaudited 30 June 2018	Unaudited 30 June 2017	Audited 31 December 2017
	Notes	£	£	£
<b>Non-current assets</b>				
Property, plant and equipment	7	801,761	646,983	473,247
Intangible assets	8	423,848	305,797	390,743
<b>Total non-current assets</b>		<b>1,225,609</b>	<b>952,780</b>	<b>863,990</b>
<b>Current assets</b>				
Inventories		356,529	200,226	296,548
Trade and other receivables		269,073	172,116	678,236
Corporation tax receivable		128,466	67,808	104,818
Cash and cash equivalents		248,172	1,234,974	1,537,759
<b>Total current assets</b>		<b>1,002,240</b>	<b>1,675,124</b>	<b>2,617,361</b>
<b>Total assets</b>		<b>2,227,849</b>	<b>2,627,904</b>	<b>3,481,351</b>

**Current**

<b>liabilities</b>			
Trade and other payables	437,048	381,366	462,895
Loans and borrowings	69,818	-	16,211
<b>Total current liabilities</b>	<b>506,866</b>	<b>381,366</b>	<b>479,106</b>
<b>Non-Current liabilities</b>			
Loans and borrowings	251,969	-	62,310
<b>Total current liabilities</b>	<b>251,969</b>	<b>-</b>	<b>62,310</b>
<b>Total liabilities</b>	<b>758,835</b>	<b>381,366</b>	<b>541,416</b>
<b>Net assets</b>	<b>1,469,014</b>	<b>2,246,538</b>	<b>2,939,935</b>
Share capital	3,454,917	2,740,631	3,454,917
Share premium account	9,813,131	8,663,326	9,813,131
Capital redemption reserve	1,814,674	1,814,674	1,814,674
Retained earnings	(8,239,831)	(5,488,438)	(6,749,482)
Reverse acquisition reserve	(6,044,192)	(6,044,192)	(6,044,192)
Share-based payment reserve	670,315	560,537	650,887
<b>Total equity</b>	<b>1,469,014</b>	<b>2,246,538</b>	<b>2,939,935</b>

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

### Consolidated statement of changes in equity For the 6 months ended 30 June 2018

Share capital	Share Premium	Capital redemption	Retained earnings	Reverse acquisition	Share-based	Total
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	reserve		reserve		payment		
	£	£	£	£	£	£	£
Equity as at 1 January 2017	2,740,631	8,663,326	1,814,674	(4,404,533)	(6,044,192)	541,364	3,311,270
Loss for the year	-	-	-	(2,344,949)	-	-	(2,344,949)
Total comprehensive loss	-	-	-	(2,344,949)	-	-	(2,344,949)
Issue of shares net of expenses	714,286	1,149,805	-	-	-	-	1,864,091
Share-based payments	-	-	-	-	-	109,523	109,523
Equity as at 31 December 2017	3,454,917	9,813,131	1,814,674	(6,749,482)	(6,044,192)	650,887	2,939,935
Loss for the period	-	-	-	(1,490,349)	-	-	(1,490,349)
Total comprehensive loss	-	-	-	(1,490,349)	-	-	(1,490,349)
Share-based payments	-	-	-	-	-	19,428	19,428
Equity as at 30 June 2018	3,454,917	9,813,131	1,814,674	(8,239,831)	(6,044,192)	670,315	1,469,014

	Share capital	Share Premium	Capital redemption reserve	Retained earnings	Reverse acquisition reserve	Share-based payment reserve	Total
	£	£	£	£	£	£	£
Equity as at 1 January 2017	2,740,631	8,663,326	1,814,674	(4,404,533)	(6,044,192)	541,364	3,311,270
Loss for the period	-	-	-	(1,083,905)	-	-	(1,083,905)
Total comprehensive loss	-	-	-	(1,083,905)	-	-	(1,083,905)
Share-based payments	-	-	-	-	-	19,173	19,173
Equity as at 30 June 2017	2,740,631	8,663,326	1,814,674	(5,488,438)	(6,044,192)	560,537	2,246,538

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

### Consolidated statement of cash flows

Unaudited 6 months to 30 June 2018	Unaudited 6 months to 30 June 2017	Audited 12 months to 31 December 2017
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	£	£	£
<b>Cash flows from operating activities</b>			
Loss before taxation	(1,513,997)	(1,151,713)	(2,449,767)
<b>Adjustments for:</b>			
Depreciation and amortisation	161,592	79,980	209,228
Finance expenses	11,210	-	3,355
Finance income	-	(3)	-
Share-based payments	19,428	19,173	109,523
<b>Operating loss before working capital changes</b>	<b>(1,321,767)</b>	<b>(1,052,563)</b>	<b>(2,127,661)</b>
<b>Changes in working capital</b>			
Increase in inventory	(59,981)	(129,726)	(226,047)
Decrease in trade and other receivables	409,163	42,987	(463,134)
Decrease in trade and other payables	(25,848)	199,410	280,937
<b>Cash used in operations</b>	<b>(998,433)</b>	<b>(939,892)</b>	<b>(2,535,905)</b>
Tax received	-	96,221	96,221
<b>Net cash outflow from operating activities</b>	<b>(998,433)</b>	<b>(843,671)</b>	<b>(2,439,684)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(441,039)	(512,686)	(430,033)
Purchase of intangible assets	(82,172)	(117,149)	(240,259)
Interest received on bank deposit account	-	3	-
<b>Net cash flows used in investing activities</b>	<b>(523,211)</b>	<b>(629,832)</b>	<b>(670,292)</b>
<b>Financing activities</b>			
Issue of ordinary shares (net of issue expenses)	-	-	1,864,091
Interest paid on sale and leaseback	(8,094)	-	(1,142)
Other interest paid	(1,676)	-	-
Interest paid on loans and borrowings	-	-	(784)
Proceeds from sale and leaseback	381,215	-	118,000
Repayment of sale and leaseback	(139,388)	-	(40,907)
<b>Net cash flows from financing activities</b>	<b>232,057</b>	<b>-</b>	<b>1,939,258</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,289,587)</b>	<b>(1,473,503)</b>	<b>(1,170,718)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,537,759</b>	<b>2,708,477</b>	<b>2,708,477</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>248,172</b>	<b>1,234,974</b>	<b>1,537,759</b>

## Notes to the unaudited interim financial information for the 6 months ended 30 June 2018

### 1. General information

Concepta PLC (the "Company", formerly, Frontier Resources International PLC until 26 July 2016) 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 principal activity of the Company and its subsidiary is in the development and commercialisation of mobile health diagnostics medical devices.

## **2. Significant accounting policies**

### **Basis of preparation**

The interim financial information for the six months ended 30 June 2018, which was approved by the Board of Directors on 26 September 2018, does not constitute statutory accounts as defined by section 434 of the Companies Act 2006.

The financial information 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 financial information presented is unaudited and has been prepared using the same accounting policies as those adopted in the financial statements for the year ended 31 December 2017 and expected to be adopted in the financial year ending 31 December 2018.

The interim financial information includes unaudited comparative figures for the unaudited 6 months to 30 June 2017 of Concepta Diagnostics Limited and comparatives for the year ended 31 December 2017 that have been extracted from the audited financial statements for that year.

The financial statements for the year ended 31 December 2017 were reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain an adverse statement under section 498 (2) or (3) of the Companies Act 2006.

In the opinion of the Directors, the interim financial information for the period presents fairly the financial position and the results from operations and cash flows for the period.

The following new IFRS standards became effective in the six months to the 30 June 2018 which had no material effect on this consolidated interim financial information.

1. IFRS 9 Financial instruments; and
2. IFRS 15 Revenue from contracts with customers.

### **Going concern**

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of this financial information.

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 information does not

include any adjustments that would result from the going concern basis of preparation being inappropriate.

### 3. Segment information

The Group has one operating segment which is involved in the provision of diagnostic healthcare products. The operating segment has no revenue reported for the period to 30 June 2018.

### 4. Cost of sales

The cost of sales in the 6 months to June 2018 relates to costs incurred in the running of batches of products for product evaluation and trial testing, employees and contractors costs and running costs of the manufacturing site at Doncaster.

### 5. Loss per share

	Unaudited 6 months to 30 June 2018	Unaudited 6 months to 30 June 2017	Audited 12 months to 31 December 2017
<b>Basic and diluted</b>			
Loss for the period used in basic & diluted EPS (£)	(1,490,349)	(1,083,905)	(2,344,949)
Weighted average number of shares used in basic and diluted EPS	138,196,675	109,625,247	112,564,863
Loss per share (pence)	(1.1)	(1.0)	(2.1)

Basic loss 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.

### 6. Taxation

	Unaudited 6 months to 30 June 2018	Unaudited 6 months to 30 June 2017	Audited 12 months to 31 December 2017
	£	£	£
The tax credit is as follows:			
<b>UK Corporation tax</b>			
Tax credit - current period	23,648	67,808	104,818
Total current tax	23,648	67,808	104,818

The tax credit represents the research and development tax credit for current interim and prior periods.

### 7. Property, plant and equipment

During the period the Group purchased new plant and equipment of £441,039 and this included certain equipment totaling £381,215 which was part of a sale and leaseback

arrangement.

## **8. Intangible assets**

The Group capitalised development costs of £82,172 during the interim period.

## **9. Related Party Transactions**

Fees paid to other companies for directors' services and reimbursement of expenses for the period to 30 June 2018 were £94,670 (June 2017: £126,005; 31 December 2017: £218,676) and £8,296 (June 2017: £16,551; 31 December 2017:£10,400 ) were outstanding at period ended 30 June 2018.

This interim financial statement will be released in accordance with the AIM Rules for Companies, available shortly on the Company's website at [www.conceptapl.com](http://www.conceptapl.com).

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