



Concepta PLC

Interim Results

RNS Number : 04410

Concepta PLC

30 September 2019

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Concepta PLC ("Concepta" or the "Company")

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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 personalised healthcare company and developer of the proprietary self-test platform ("myLotus®") the most accurate home-use fertility tracking and pregnancy testing system available on the U.K. market announces today its interim results for the six months to 30 June 2019.

Operational Highlights

- Initial sales and scale-up of proprietary self-test platform myLotus® following UK introduction in November 2018
- Announcement in March 2019 of Boots UK supply agreement (part of Walgreens Boots Alliance)
- Announcement of first U.K. pregnancies and continued user growth
- Announcement today of first fertility clinic collaboration with Manchester Fertility Clinic

Financial Position

- Completion of share placing of £2.2m (net of expenses) at 3p per share in April 2019
- Cash balance at the period end was £1,527,802 (H1 2018 £248,172)
- Loss for the period narrowed to £1,260,787 (H1 2018 £1,490,349)

Chairman Statement

The first half of 2019 saw significant business development activity, a focus on the establishment of our commercial operations and delivery of our first pregnancies following the recent myLotus® product introduction in November 2018. This interim report provides an update on the progress post our market introduction to accelerate the adoption of myLotus®, the continued strengthening of our business and increasing brand recognition to promote myLotus® as a globally leading self-test fertility product.

Following the introduction of myLotus® sales over the first half of this year were low with brand awareness beginning to gain traction. Based on the news of our increasing pregnancies and first births due in October, compelling user testimonials and today's announcement of the Manchester Fertility collaboration, we expect to see sales momentum grow over the second half.

Following the U.K. product introduction of myLotus® at the end of 2018, we announced our first commercial agreement in March 2019 with Boots UK Limited (part of Walgreens Boots Alliance), followed by our first myLotus® pregnancies in May 2019. More recently we have announced increasing numbers of pregnancies. We now have 28 pregnancies arising from our early sales and U.K. adopters, exceptional user testimonials and we anticipate the milestone of our first 'U.K. births' over the coming weeks. We are also announcing today in a separate announcement our first fertility clinic collaboration with Manchester Fertility clinic. We expect the news of our first births to considerably raise our product and Company profile.

As a newly introduced medical diagnostic technology, we have taken a considered approach to marketing spend preferring to carefully evaluate myLotus® in the U.K. market, deliver increasing user pregnancy statistics and build credibility around our product advantage (highly accurate 'lab equivalent' self-test device and accompanying App to help women naturally conceive). As user numbers have grown our brand recognition and product advantage of identifying the optimal time for a woman to naturally conceive has increased. User testimonials and pregnancy case studies underpin this message which combined with increasing social media coverage and woman-to-woman recommendation we expect to see U.K. demand for myLotus® to increase.

Most early users of myLotus® have previously been serial users of traditional fertility/ovulation test kits, some testing over several years but struggling to conceive. Their myLotus® fertility experience is a stark contrast to traditional fertility/ovulation kits which have changed little over the past 20 years. myLotus® is a technically advanced product providing highly accurate measurement and visibility of a woman's fertility and hormone profile and the high numbers of pregnancies being announced today are testimony to this. As news of the success of myLotus® grows and women become aware of our technical advantage and the growing numbers of pregnancies and anticipated births we expect to generate greater brand profile and awareness to sustainably grow our business. We also plan to implement targeted channel marketing plans in order to achieve this. Aligned with the fact that *'93-95% of women under the age of 35 years will naturally fall pregnant over 4*

years of trying to conceive where they have regular unprotected sex', we are beginning to see myLotus® accelerate this process by accurately predicting users most fertile days and optimal time to conceive. myLotus® helps empower women to plan and prepare for their conception providing a lower price option for woman struggling to naturally conceive prior to considering more expensive assisted reproduction/IVF.

UK sales and marketing channels have been developed to include business-to-business (B2B) and business-to-consumer (B2C) sales where we have adopted a digital online presence with customers engaged via social media, email and search engine marketing. This enables customers to acquire myLotus® via our eCommerce platform www.myLotus.com, Boots U.K. online or Amazon. Increasing fertility clinic focus on natural and modified natural fertility cycles is also anticipated to drive further demand. myLotus® lends itself to support user preparedness for Intrauterine Insemination (IUI) and Frozen Embryo Transfer (FET) cycles with the current U.K. shortages of hormone replacement therapy (HRT) focusing interest and clinical demand for more efficient ways of delivering assisted reproduction and natural cycles.

Competitive pricing of myLotus® is under continuous review given our recent market entry and advanced functionality versus traditional (lower accuracy/qualitative) competitor products. Over the past month we have reduced our retail selling price to help accelerate demand. We expect to see further price adjustment commensurate with increased market share, recognition of our functional advantage and improving pregnancy statistics.

Following the successful implementation of our Doncaster manufacturing and supply chain facility we will extend our E.U. reach as we begin to roll-out myLotus® in selected markets including Ireland, Germany, France, Italy and Spain over the coming months. We will adopt a similar sales model to that in the U.K. using our eCommerce platform and Amazon E.U. coverage with supply chain (distribution) support to satisfy demand across the new E.U. markets.

We have continued to invest in myLotus® product development in order to develop the most accurate home-based fertility and pregnancy test platform and the only platform that can build a profile 'hormonal signature' of a women's menstrual cycle. Development is ongoing for additional tests for progesterone (PdG) and Follicle Stimulating Hormone (FSH) which we are preparing for introduction to the U.K. market early next year. These new tests will extend our menstrual cycle fertility offering and widen our product application. These new test developments represent a significant new market opportunity as myLotus® provides women with new insights to their daily and monthly 'hormone health' to help improve their condition and wellbeing. It will also make myLotus® applicable across the major phases of a woman's life from early stage menstruation, through family planning into menopause.

As user numbers grow, the interpretation of an individual's readings will become more meaningful as a insight for diagnosis. Our data mining tools also have the ability to personally track the success of myLotus® in delivering pregnancies and births thereby

improving outcomes. Longer term, user data, collected by our platform, will enable Concepta to develop AI (algorithms) for the early detection and diagnosis of hormone health conditions.

Financial review

- The Group's total comprehensive loss for the six months to 30 June 2019 narrowed to £1,260,787 (H1 2018 £1,490,350)
- The Company completed a £2.2m (net of expenses) placing at 3p per share to bolster the Company's cash position.
- The basic and diluted loss per share was 0.60 pence (six months to 30 June 2018 loss 1.1 pence).
- Cash balance as at 30 June 2019 was £1,527,802 (30 June 2018 £248,172).

During the reporting period we continued to maintain a tight cost control across all areas of spending whilst ensuring the essential requirements of transitioning the company from product introduction to its commercial phase of operation were not compromised.

Outlook

The Company's short-term outlook remains firmly focused on continued adoption of the technology, revenue growth and a determination to deliver improved investor returns. We anticipate the following deliverables over the next reporting period;

- Accelerated U.K. sales growth and the commencement of E.U. sales
- Extension of myLotus® to new E.U. markets including Ireland, Germany, France, Italy and Spain
- Broadened use of myLotus® across U.K. Fertility clinics for use in IUI procedures
- Development of OTC pharmacy discussions and myLotus® fertility journey
- Raised product profile and PR based on fertility demand for myLotus®

The myLotus® monitor, tests and App represent the most powerful and accurate home-based fertility aid available in the market today helping women identify their fertile days with absolute accuracy and results comparable to lab-based tests. myLotus® sets out a new technically advanced product versus the less accurate and traditional fertility methods currently available. myLotus® combined with the option of fertility support by qualified medical professionals represents a step change in enabling women who are trying to conceive to take control of their own fertility journey.

I would like to thank our investors for their continued support. We appreciate there have been significant changes to the company and strategy following my appointment as Chairman in July last year and move to Executive Chairman in September 2018 and we are confident that we have the opportunity and expertise to deliver a globally leading product to a rapidly growing home-testing diagnostic space. We remain firmly committed to delivering this for our investors.

Matthew Walls

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Executive Chairman**Concepta PLC******ENDS******Enquiries:**

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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 personalized mobile health market with a primary focus on hormone testing and increasing a woman's chances of naturally getting pregnant and to provide insight to unexplained infertility.

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 empower women to better understand their hormone levels and menstrual cycle and help women conceive naturally by identifying their window of fertility and optimal time for conception.

The Company has received CE-mark certification for myLotus® and has launched its first product in the UK. The Company is preparing plans to roll-out across the core EU countries in 2019.

myLotus® is expected to be beneficial to users who have been unable to conceive after 6 months of trying. This highly motivated target group of women won't typically be offered medical intervention until after 12 months of unsuccessfully trying to conceive, with IVF not usually offered until after two years of trying to conceive. Research indicates couples start to take positive action ahead of this time typically with little medical support to help them do so.

Consolidated statement of comprehensive income
For the 6 months ended 30 June 2019

	Notes	Unaudited 6 months to 30 June 2019 £	Unaudited 6 months to 30 June 2018 £	Audited 12 months to 31 December 2018 £
Revenue	3	15,717	-	4,838
Cost of sales	4	(240,080)	(307,623)	(540,721)
Gross loss		(224,363)	(307,623)	(535,883)
Other administrative expenses		(968,125)	(1,175,736)	(2,213,695)
Share-based payments		(126,301)	(19,428)	(92,291)
Administrative expenses		(1,094,426)	(1,195,164)	(2,305,986)
Operating loss		(1,318,789)	(1,502,787)	(2,841,869)
Finance expenses		(11,476)	(11,210)	(23,915)
Loss before income tax		(1,330,265)	(1,513,997)	(2,865,784)
Tax credit	6	69,478	23,648	52,277
Loss for the period		(1,260,787)	(1,490,349)	(2,813,507)
Attributable to owners of the parent:		(1,260,787)	(1,490,349)	(2,813,507)
Loss per ordinary share - basic and diluted (pence)	5	(0.6)	(1.1)	(0.02)

Consolidated statement of financial position
As at 30 June 2019

	Notes	Unaudited 30 June 2019 £	Unaudited 30 June 2018 £	Audited 31 December 2018 £
Non-current assets				
Property, plant and equipment		725,239	801,761	789,189
Intangible assets	7	646,025	423,848	509,195

Total non-current assets	1,371,264	1,225,609	1,298,384
Current assets			
Inventories	508,584	356,529	399,182
Trade and other receivables	174,227	269,073	164,933
Corporation tax receivable	121,755	128,466	52,277
Cash and cash equivalents	1,527,802	248,172	740,227
Total current assets	2,332,368	1,002,240	1,356,619
Total assets	3,703,632	2,227,849	2,655,003
Current liabilities			
Trade and other payables	263,992	437,048	259,681
Loans and borrowings	66,735	69,818	64,228
Total current liabilities	330,727	506,866	323,909
Non-Current liabilities			
Loans and borrowings	193,237	251,969	227,243
Total current liabilities	193,237	251,969	227,243
Total liabilities	523,964	758,835	551,152
Net assets	3,179,668	1,469,014	2,103,851
Share capital	6,623,667	3,454,917	4,704,917
Share premium account	10,739,816	9,813,131	10,448,263
Capital redemption reserve	1,814,674	1,814,674	1,814,674
Retained earnings	(10,823,776)	(8,239,831)	(9,562,989)
Reverse acquisition reserve	(6,044,192)	(6,044,192)	(6,044,192)
Share-based payment reserve	869,479	670,315	743,178
Total equity	3,179,668	1,469,014	2,103,851

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

Consolidated statement of changes in equity For the 6 months ended 30 June 2019

Share capital	Share Premium	Capital redemption reserve	Retained earnings	Reverse acquisition reserve	Share-based	Total
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	£	£	£	£	£	payment reserve £	£
Equity as at 1 January 2018	3,454,917	9,813,131	1,814,674	(6,749,482)	(6,044,192)	650,887	2,939,935
Loss for the year	-	-	-	(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	1,814,674	(9,562,989)	(6,044,192)	743,178	2,103,851
Loss for the period	-	-	-	(1,260,787)	-	-	(1,260,787)
Total comprehensive loss	-	-	-	(1,260,787)	-	-	(1,260,787)
Issue of shares net of expenses	1,918,750	291,553	-	-	-	-	2,210,303
Share-based payments	-	-	-	-	-	126,301	126,301
Equity as at 30 June 2019	6,623,667	10,739,816	1,814,674	(10,823,776)	(6,044,192)	869,479	3,179,668

	Share capital £	Share Premium £	Capital redemption reserve £	Retained earnings £	Reverse acquisition reserve £	Share- based payment reserve £	Total £
Equity as at 1 January 2018	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

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

Consolidated statement of cash flows

Unaudited Unaudited Audited
6 months to

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	6 months to 30 June 2019 £	30 June 2018 £	12 months to 31 December 2018 £
Cash flows from operating activities			
Loss before taxation	(1,330,265)	(1,513,997)	(2,865,784)
Adjustments for:			
Depreciation and amortisation	112,699	161,592	192,260
Finance expenses	11,476	11,210	23,915
Share-based payments	126,301	19,428	92,291
Operating loss before working capital changes	(1,079,789)	(1,321,767)	(2,557,318)
Changes in working capital			
Increase in inventory	(109,402)	(59,981)	(102,634)
(Increase)/decrease in trade and other receivables	(9,294)	409,163	513,302
Increase/(decrease) in trade and other payables	4,310	(25,848)	(203,213)
Cash used in operations	(1,194,175)	(998,433)	(2,349,863)
Tax received	-	-	104,818
Net cash outflow from operating activities	(1,194,175)	(998,433)	(2,245,045)
Investing activities			
Purchase of property, plant and equipment	(14,100)	(441,039)	(457,836)
Purchase of intangible assets	(171,477)	(82,172)	(169,560)
Sale of asset	-	-	742
Net cash flows used in investing activities	(185,577)	(523,211)	(626,654)
Financing activities			
Issue of ordinary shares (net of issue expenses)	2,210,303	-	1,885,132
Interest paid on sale and leaseback	(9,535)	(8,094)	(21,415)
Other interest paid	(778)	(1,676)	-
Interest paid on loans and borrowings	-	-	(2,500)
Proceeds from sale and leaseback	-	381,215	381,215
Repayment of sale and leaseback	(32,663)	(139,388)	(168,265)
Net cash flows from financing activities	2,167,327	232,057	2,074,166
Net change in cash and cash equivalents	787,575	(1,289,587)	(797,532)
Cash and cash equivalents at the beginning of the period	740,227	1,537,759	1,537,759
Cash and cash equivalents at the end of the period	1,527,802	248,172	740,227

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 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 2019, which was approved by the Board of Directors on 27th September 2019, does not constitute statutory accounts as defined by section 434 of the Companies Act 2006.

These interim consolidated financial statements have been prepared in accordance with IAS 34

Interim Financial Reporting. They do not include all disclosures that would otherwise be required

in a complete set of financial statements.

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 2018 and expected to be adopted in the financial year ending 31 December 2019.

The interim financial information includes unaudited comparative figures for the unaudited 6 months to 30 June 2018 of Concepta Diagnostics Limited and comparatives for the year ended 31 December 2018 that have been extracted from the audited financial statements for that year.

The financial statements for the year ended 31 December 2018 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.

Going concern

The interim financial statements have been prepared under the going concern basis as the Directors have undertaken a review of the future financing requirements of the ongoing operation of the group and considers the Group is able to meet its working capital requirements.

The performance of the business including growth in future revenue, the cost model and margins; and importantly the level of cash recovery from trading and cash flow forecast have been reviewed by the Directors. 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 revenue for this operating segment for the period to 30 June 2019 is as reported in the Consolidated statement of comprehensive income.

4. Cost of sales

The cost of sales in the 6 months to June 2019 also includes the employees costs and running costs of the manufacturing site at Doncaster.

5. Loss per share

	Unaudited 6 months to 30 June 2019	Unaudited 6 months to 30 June 2018	Audited 12 months to 31 December 2018
Basic and diluted			
Loss for the period used in basic & diluted EPS (£)	(1,260,787)	(1,490,349)	(2,813,507)
Weighted average number of shares used in basic and diluted EPS	216,223,378	138,196,675	158,321,675
Loss per share (pence)	(0.60)	(1.1)	(0.02)

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 2019	Unaudited 6 months to 30 June 2018	Audited 12 months to 31 December 2018
	£	£	£
The tax credit is as follows:			
UK Corporation tax			
Tax credit - current period	69,478	23,648	52,277
Total current tax	69,478	23,648	52,277

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

7. Intangible assets

The Group capitalised development costs of £171,477 during the interim period.

8. Related Party Transactions

Fees paid to other companies for directors' services and reimbursement of expenses for the period to 30 June 2019 were £178,648 (June 2018: £94,670; 31 December 2018: £290,600) and £18,352 (June 2018: £8,296; 31 December 2018: £13,499) were outstanding at period ended 30 June 2019.

This interim financial statement has been notified in accordance with the AIM Rules for Companies, and will be available shortly on the Company's website at www.conceptapl.com

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