27 September 2021

Medica Group PLC

Interim results for the six months to 30 June 2021

Strong organic growth following continued Elective recovery, strong NightHawk revenue, and the positive impact of acquisitions

Well positioned for further growth, with acquisitions in Ireland and US performing on plan and execution of strategy remaining a key focus

Medica Group PLC (LSE: MGP, "Medica", the "Company" or the "Group"), the UK and Ireland market leader in the provision of teleradiology services and provider of clinical trial imaging services in the US, today announces its unaudited results for the six months ended 30 June 2021.

Key highlights

	Six months to 30 June 2021 £'000s	**Six months to 30 June 2020** £'000s	**Change £'000s**	**Change %**
Revenue	**26,436**	**16,981**	**9,455**	**55.7**
Gross profit	**13,504**	**8,000**	5,504	68.8
Gross profit margin	**51.1%**	**47.1%**		4.0
Underlying operating profit [1]	**4,255**	**2,065**	**2,190**	**106.1**
Underlying operating margin	**16.1%**	**12.2%**		3.9
Operating profit before exceptional items	*2,608*	*1,517*	*1,091*	*71.9*
Underlying profit before tax [2]	**3,976**	**1,957**	2,019	103.2
Profit before tax	*2,215*	*1,311*	*904*	*69.0*
Underlying basic EPS (pence) [3]	**2.82**	**1.21**	1.61	133.1
Basic EPS (pence)	*1.47*	*0.74*	*0.73*	*98.6*
Interim dividend (pence)	**0.89**	**0.85**	0.04	4.7
	30 June 2021 £'000	**30 June 2020 £'000**	31 December 2020 £'000	
Cash and cash equivalents	**11,640**	**20,004**	13,934	
Net Cash/(Debt) [4]	**(35)**	**8,056**	(3,907)	

(1) Underlying operating profit is a non-IFRS measure and is calculated as operating profit before exceptional items, share based payments, amortisation in respect of assets acquired on acquisition and other one-off costs including deal fees.
(2) Underlying profit before tax is a non-IFRS measure and is calculated as profit before tax before exceptional items, share based payments and amortisation in respect of assets acquired on acquisition and other one-off costs including deal fees
(3) Underlying earnings per share is a non-IFRS measure and is calculated as Earnings per share before exceptional items, share based payments and amortisation in respect of assets acquired on acquisition and other one-off costs including deal fees
(4) Net cash/(debt) is a non-IFRS measure and is calculated by subtracting bank borrowings from cash and cash equivalents

A reconciliation of non-statutory measures in included in note 12.

Roy Davis, Chairman of Medica, said:
"The Medica team has continued to focus on supporting UK and Ireland clients to ensure backlogs of patient images can be reported to assist with the recovery in volumes following the impact of Covid-19. We have also continued to execute against the Company strategy, with a particular focus on integrating our new acquisitions, developing our joint venture in Australia, and building our FutureTech programme. While we cannot rule out further pandemic-induced headwinds in the future, the recovery of Elective activity and the strong performance of NightHawk provides us with confidence that we will see continued month-on-month growth in the UK during the remainder of the year.

"We have also strengthened the Board in the period, appointing two non-Executive Directors; Barbara Moorhouse as Chair of the Audit Committee, and Dr. Junaid Bajwa as Chair of the Clinical Quality and Governance Committee, and the ESG Committee.

"Medica has made significant progress over the past 12 months to expand and diversify the business, and, as a result, we are well positioned to continue to maximise the opportunities in healthcare services across the markets in which we operate."

Dr Stuart Quin, Chief Executive Officer of Medica, said:
"Whilst the first half of the year has demonstrated the resilience of our business model and shown month-on-month improvement in performance, post-period trading has further strengthened our confidence in the outlook for the business. We remain focused on supporting our clients to provide reporting capacity as they see exceptional levels of demand to process the backlog of cases through the delivery of high quality and reliable services. This will be underpinned by our continued drive to recruit new reporters, and our new teleradiology platform, due to launch in early 2022, to improve throughput, as well as the experience for our reporters.

"Following key strategic developments during the half-year, including the acquisition of RadMD and the formation of our joint venture, MedX, combined with the improving environment in relation to Covid-19, we believe we are well-positioned to support our clients, win new contracts, and meet our ambitious growth targets. Our combined team has performed strongly throughout the pandemic, and I continue to be grateful for their ongoing support to make Medica a trusted partner for our clients."

Financial highlights – returning to growth
As indicated in our July trading statement, the Group had a positive first half performance with the UK and Ireland performing strongly against the backdrop of a sustained recovery in activity in diagnostic imaging services. The performance of RadMD, our US-based imaging CRO company acquired in March 2021, remains in line with expectations.

- Total revenue of £26.4m compared to £17.0m in H1 2020, with growth in the UK of £3.4m (20%) and the positive impact of the first full six-month period of revenues in Ireland and the three-month period since the RadMD acquisition, which together contributed £6.0m of revenue in the period.
    - **UK** NightHawk revenue increased by 39.1% from £10.2m to £14.3m compared to H1 2020 which was initially impacted by the pandemic. Compared to H2 2020, revenue also increased by 12.6%.
    - **UK** Elective revenue decreased 8.5% YoY from £6.7m to £6.2m due to the comparative period which included a strong Q1 2020, before the impact of Covid-19. However, compared to H2 2020, Elective revenue increased 8.8%.
    - **Ireland** revenue of £4.5m represented the first full six-month period since acquisition in November 2020, with performance in line with expectations and included a strong performance from Medica Vision, our diabetic retinopathy screening service.
    - **US** (RadMD) contributed revenue of £1.5m in the first three-month trading period since acquisition on 26 March 2021.
- Group gross profit margin improved to 51.1% (H1 2020: 47.1%) reflecting an improvement in margins in the UK from 47.1% to 49.9% due to an improving mix, cost efficiencies offset only slightly by the impact of new contracts, together with the positive impact of the higher margins from acquired operations in Ireland and the US.
- Underlying operating profit increased by £2.2m to £4.3m (H1 2020: £2.1m).
    - In the UK, the underlying net operating margin after taking account of its share of group costs, increased from 12.2% to 15.3% reflecting the recovery in activity less the impact of continued investment in overheads to sustain future growth.
    - Ireland net operating margin was 19.0%, in line with expectations.
    - US net operating margin was 18.0%, an improvement on the pre-acquisition margin of 13.0% reflecting an increased mix effect of full service imaging CRO work.

- Underlying EPS increased 133.1% from 1.21 pence to 2.82 pence per share. Basic EPS increased from 0.74 pence to 1.47 pence per share.
- Almost ungeared at the period end with net debt reducing from £3.91m at 31 December 2020 to £0.04m at 30 June 2021
- Interim 2021 dividend of 0.89 pence per share declared reflecting strong performance in the period and positive outlook for the remainder of the year. This represents an increase of 4.7% compared to the prior year of 0.85 pence per share period.

Operational highlights – continuing to execute against strategy

- Completed £16m acquisition of RadMD to diversify into $1bn global market of clinical trial imaging
- Established joint venture, MedX, with Integral Diagnostics Limited, a market leader in Australia, to expand market access, reporting capacity and expertise
- Significant improvement in reporting activity as the UK and Irish healthcare systems take steps to recover from the pandemic and the ransomware attack on the HSE systems in Ireland.
- As previously reported, the Company has balanced recruitment of new radiologists with the need to ensure existing radiologists continue to receive cases to report during the pandemic. Over the first six months of the year, net rostered reporter capacity remained broadly flat. However, as Elective activity has grown during the busy summer months, we have increased available rostered reporting hours by 3.5% post period end.
- FutureTech programme well on track to deliver our new teleradiology platform, with a new PACS at its core, in Q1 2022.
- Augmented Intelligence (AI) solution now integrated into standard workflow which has resulted in significantly faster reporting turnaround of urgent stroke cases.
- Appointment of Barbara Moorhouse as Senior Independent Director and Dr Junaid Bajwa as Independent Non-Executive Director of the Board

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About Medica Group PLC

Medica is the market leader in the UK and Ireland for the provision of teleradiology services, providing outsourced interpretation and reporting of MRI (magnetic resonance imaging), CT (computerised tomography), ultrasound and plain film (x-ray) images. Medica also offers diabetic retinopathy screening in Ireland. In the US Medica via its subsidiary RadMD, provides highly specialised services to support the use of imaging in a clinical trial setting.

Medica contracts with the largest pool of consultant radiologists in the UK and Ireland, performing remote access teleradiology across its customer base of more than 100 NHS Trusts in the UK, the Irish HSE, private hospital and insurance groups, as well as diagnostic imaging companies. This enables the Company to offer a fast, responsive service. In addition, Medica operates in Australia and New Zealand through MedX, a 50:50 Joint Venture with Integral Diagnostics Limited Pty.

The Company currently offers two primary services to hospital radiology departments:

- NightHawk - urgent reporting service
- Elective - includes routine cross-sectional reporting on MRI and CT scans, and routine plain film reporting on x-ray images.

These services are underpinned by Medica's bespoke, secure IT platform that provides market-leading linkage between a hospital's Radiology Information System (RIS) and consultant radiologists who contract with the Company. Direct RIS access ensures that where the wider patient medical history is available, it can be reviewed by the consultant as part of every report.

Through its subsidiary, RadMD, in the United States, Medica also provides pharmaceutical and biotech clients and contract research organisations (CROs) with high quality, complex imaging services for international clinical trials. RadMD has gained vast experience in the space, having contributed to over 500 international clinical trials, in all phases of clinical research from proof of concept to phase III and with expertise in oncology, as well as a wider range of therapeutic areas including medical devices, neurology and cardiovascular.

For more information please visit: www.medicagroupplc.com

Interim Management Report

Chairman's statement

I am pleased to present Medica Group's interim financial statements for the six months to 30 June 2021.

Ongoing pandemic recovery

Whilst it has been a tough 18 months to be operating in healthcare services, this set of results demonstrates the resilience of our business model and our strong market position with clients. Whilst it is too soon to suggest that the pandemic is behind us, and notwithstanding further pressure on the healthcare system, indications are that elective activity has largely recovered to pre-pandemic levels, and we expect to see month-on-month growth during the remainder of the year in the UK and Ireland.

Continued focus on strategy execution

Despite the ongoing pandemic, the management team proved again that they are focused on execution of the strategy announced in March 2020. At the recent Capital Markets Day, the Company stated that it remains on track to more than double revenue in a 3–5-year period. This growth is being driven by investment in the underlying platform, as well as through diversification into new areas of telemedicine and new regions.

Following on from the acquisition of Global Diagnostics Ireland in November last year, Medica was pleased to complete the acquisition of RadMD, a leader in imaging for clinical trials, in March this year. The acquisition diversifies Medica's expertise into an adjacent field that shares many of the attributes of Medica's core teleradiology market. The Board remains focused on supporting the management to execute on its growth strategy, so it was pleasing to see that this was endorsed by shareholders who in March, along with new investors, financed a 9.9%, £16.1 million placing to raise £15.6m (net) substantially to fund the acquisition of RadMD. This fundraising, together with a refinancing of our debt facilities, puts Medica in a strong position to continue to finance growth via further investment and selective acquisitions.

I am also pleased to announce that for the period to 30 June 2021, the Board has decided to declare an interim dividend of 0.89p per share.

Outlook

In recent months, the Company has seen a strong resumption in Elective activity both in the UK and Ireland as hospitals grapple with an unprecedentedly large backlog of patients. We expect the pressure on healthcare services will continue to build, but it will be limited by available scanning capacity, which should be assisted by current initiatives including hospitals making more use of independent sector capacity and, in the UK, the NHS funding a series of Community Diagnostic Hubs expected to be launched later this year and into 2022 to boost capacity for diagnostic imaging. These initiatives should provide opportunities for increased reporting activity.

The business continues to trade in line with the Board's expectations and I remain excited by the prospects for Medica in the current market. Over the last 18 months, the Company has managed to handle the impact of the pandemic very effectively whilst maintaining its focus on strategy execution that has seen us diversify both geographically and by business area, as well as develop our FutureTech programme, which will provide a strong platform to support the delivery of future growth. As a result, Medica has developed more avenues for future expansion to enable our ambitious growth targets.

Roy Davis
Chairman

Financial and Business Review

UK recovery well underway in H1 2021 and accelerating

Medica has experienced a busy H1 2021, with the Elective recovery in the UK now well underway and accelerating through the summer. In H1 2021, UK revenue increased by £3.4m to £20.4m compared to H1 2020. Gross profit improved by £2.2m with gross profit increasing by 2.8% to 49.9% (H1 2020: 47.1%).

NightHawk reporting activity has increased significantly, driven by growth from existing customers, an increase in more complex cross-sectional studies, new contract wins - particularly from previous clients returning to Medica - and new services, including the expansion of our "same-day" reporting service. Medica has also been successful in renewing NightHawk contracts with existing clients.

Elective reporting has increased month-on-month since the beginning of 2021. At the end of July, activity levels were reported to be at 75% of pre-pandemic levels (Jan-Feb 2020) and the recovery has continued since the period end with activity now close to pre-pandemic levels. This demand is driven by increasing activity from existing clients, demand returning from dormant accounts, and new client connections. Medica has taken the opportunity during the summer period to add Elective clients, including clients of other providers. This has helped to build relationships with new clients and those that were previously with Medica.

Medica is actively recruiting radiologists to meet the increased demand that has built during the summer, as well as working closely with our existing reporters to maximise their regular reporting hours.

Ireland performed in line with expectations in its first reporting period

Revenue in H1 2021 was £4.5m, which was in line with expectations. Gross margin at 53.6% was higher than the UK reflecting a different mix of activity and underlying operating margin was 19.0% despite additional investment in the business post acquisition.

Ireland has seen a similar increase to the UK in terms of patients requiring scanning (ultrasound, plain film and CT), as well as for teleradiology reporting services. Despite the ransomware attack on the HSE which meant that imaging systems were unavailable for c. six weeks meaning we were unable to report the full demand of scans during that time, overall activity in the period was in line with our expectations. The pandemic has driven demand for both Elective reporting, as well as for out-of-hours acute reporting. Demand for diabetic retinopathy screening and surveillance services continued to grow strongly during the period as the team has been able to continue to offer a 'Covid secure' service.

Acquisition of RadMD, an expert in imaging for clinical trials

Medica completed the acquisition of RadMD in March 2021. Revenue for the period since acquisition was £1.5m, gross margin was 59.6% and underlying operating margin was 18.0%. Management has spent time in the US with the team to support continued growth, development and integration of the business post acquisition including hiring three senior managers to support future growth. Whilst revenues were impacted in the first few months post acquisition reflecting the slow recovery in patient recruitment into clinical trials, a strong performance from June onwards, together with an increasing mix of higher value full service iCRO business, provides a strong foundation for growth in H2 2021 and beyond.

Our service offering continues to evolve

Our service offering continues to evolve with our focus being on continuing to provide the highest standards of service in the sector. Our Group Medical Director, Dr. Robert Lavis, and his team have been focused on the adoption of best practice protocols for stroke and trauma that help to increase the speed of reporting of urgent cases. In late 2020, we reported that we had enabled an Augmented Intelligence solution developed by Qure.ai to diagnose intracranial haemorrhage as a decision support and prioritisation tool for reporters. In H1 2021, this was comprehensively rolled out and, to date, more than 100,000 examinations have been processed using AI. The qER tool has flagged c.13% of exams as "Critical" and these cases were reported in an average of c. 13 minutes from the receipt of the last image. This is 7% (60 seconds) faster than exams not flagged as Critical and, therefore, has resulted in a significantly faster time to diagnosis for stroke patients. Additionally, we have recently started to provide Cardiac MR services, as well as a more comprehensive 'same-day turnaround' reporting service.

In Ireland, an increasing number of clients are using Medica to provide an out-of-hours reporting service for urgent cases. Whilst this market is still nascent, as radiologists are increasingly focused on managing the workload during daytime hours, hospitals are looking to companies such as Medica to use their scale to provide a reliable service during the night-time.

In the US, management has been able to make multiple trips to Philadelphia to meet the team in person, start the process of integration and to plan for future growth. As anticipated at the time of acquisition, Medica has invested to recruit three senior hires; Head of Operations, Chief Commercial Officer and Finance Director. This team, led by the founders of RadMD, have been working closely with existing customers to support the resumption in clinical trial activity in H1 2021, as well as broadening the pipeline of opportunities and winning new contracts with a positive overall outlook for the business.

Continued focus on increasing reporting capacity

Recruitment and retention of radiologists remains critical to providing a reliable, high-quality service and is core to Medica's growth strategy. This is enabled by a dedicated team that recruit radiologists across the UK, Ireland and increasingly in Australia and New Zealand, as well as other countries.

Overall this year, it has been important to balance the need to ensure our existing reporters have sufficient cases to report, with bringing on new reporters in preparation for an increase in activity associated with the backlog of Elective work in the UK and Ireland, as well as increasing demand for our NightHawk service. During the period, available rostered reporting hours remained broadly the same, with the Company regaining momentum with recruitment as Elective activity has built during the summer.

The UK team is also driving the relationship with Integral Diagnostics via a 50:50 joint venture, MedX which is initially focused on scaling up reporting capacity during daytime hours in Australia and New Zealand (ANZ) to support the UK NightHawk business. The team has successfully implemented a remote reporting technology that allows access to images from the UK in ANZ without compromising the speed or quality of reporting.

FutureTech on track

In the UK, the team remains focused on delivering the new platform in Q1 2022. This remains on track and is expected to deliver improved productivity and an enhanced working environment for our reporters once it is launched. The FutureTech programme will also include bespoke tools to automate allocation of reports and enhanced data analytics and AI integration. Total investment in fixed assets were £1.2m compared to £1.4m in the prior year and this included capitalised internal development costs relating to FutureTech and IT equipment to support the new PACS system.

In Ireland, the team is working with local partners to scale up reporting services to support Elective activity, as well as to continue to lead the way to expand out-of-hours provision. As well as providing teleradiology services, the team has continued to screen patients for diabetic retinopathy as well as expanding a surveillance programme in partnership with the National Screening Service.

The focus going forward in the US will be to grow the backlog of trials, scale up access to new clients, diversify the range of clients, as well as expanding the team to deliver on the new contracts.

Medica continues to examine opportunities to diversify into other areas of telemedicine such as telepathology, as well as new markets for existing services. Our focus remains a combination of organic growth with selective acquisitions if there are opportunities that can help to accelerate our market position or enable Medica to enter a new area of business.

Significant funding capacity

We were pleased to finalise a new fully flexible £30.0m RCF facility in May 2021 and drew down £12.0m of this during H1 2021 to repay the term debt which had been in place since IPO. In addition, during the period we also took the opportunity to utilise our strong cash balance to repay the previous £5.9m RCF facility.

Net Debt, Cash and Borrowings

At the end of June 2021, we were almost ungeared with net debt of £0.04m compared to net debt of £3.91m at the start of the year, reflecting good operating performance, a continued focus on working capital management, together with the positive impact of the balance of the equity fundraise not utilised for the initial acquisition consideration of RadMD

Cash and cash equivalents at 30 June 2021 were £11.64m compared to £13.93m at 31 December 2020. Net debt, after taking account of £11.68m of RCF utilised at the period end amounted to £0.04m, an improvement of £3.87m compared to 31 December 2020 and a reduction of £8.09m compared to 30 June 2020 after taking account of cash invested in the acquisitions of GDI and RadMD partially offset by the equity fundraise in March 2021 and positive cashflow in the period.

Equity Placing

During the period, £15.6m (net) was raised after expenses from a 10% equity fundraising at 145 pence per share, of which £11.4m was used to fund the initial consideration of the acquisition of RadMD.

Dividend

For the period to 30 June 2021, the board has decided to declare an interim dividend of 0.89p per share which will be paid on 05 November 2021 to shareholders on the register as at 07 October 2021. This represents an increase of 4.7% over the prior year interim dividend of 0.85 pence per share.

The Board has considered the performance of the business and the cash requirements to support the growth strategy and will continue to review our dividend policy in line with our intention that it remains progressive.

Outlook

Elective reporting activity in the UK is now close to pre-pandemic levels (when compared against average reporting activity in January and February 2020 combined). Following an extremely busy summer period, we expect Elective activity to continue to build month-on-month throughout the remainder of the year aided by the continued NHS efforts to tackle the significant Elective backlog. This assumes that there is no further material impact of Covid-19 on the ability of the NHS to manage Elective activity. Nighthawk continues to see month on month growth with significant opportunities to continue to expand services with existing clients and to win new contracts.

Medica Ireland similarly has seen a resumption in Elective activity and has benefited from new contracts with both public HSE hospitals to scan and report patient images, as well as independent providers to support reporting of images. Out-of-hours services are also increasing as radiologists are required for longer hours during the daytime to manage reporting of Elective work which has triggered an increase in demand for our acute reporting service. We have supported this growth by recruiting an experienced Operations Director. Our Medica Vision service, which screens patients for diabetic retinopathy, has continued to perform strongly in the period and earlier in the year our current contract was extended to the end of 2022.

RadMD has seen activity increase post period end as new contract wins have converted into revenue. The pipeline and contracted order book have both continued to grow since the period end providing good visibility and prospects for the remainder of 2021 and beyond.

Forward looking statements

Certain statements in this interim report are forward looking. Although the Board believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Stuart Quin	Richard Jones
Chief Executive Officer	Chief Financial Officer
27 September 2021	27 September 2021

CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Unaudited 6 months ended 30 June 2021 £000			**Unaudited 6 months ended 30 June 2020 £000**		
		Underlying	**Non-Underlying (Note 9)**	**Total**	**Underlying**	**Non-Underlying (Note 9)**	**Total**
	Notes	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Revenue	8	**26,436**	**-**	**26,436**	**16,981**	**-**	**16,981**
Cost of sales		(12,932)	-	(12,932)	(8,981)	-	(8,981)
Gross profit		13,504	-	13,504	8,000	-	8,000
Administrative expenses		(9,249)	(1,647)	(10,896)	(5,935)	(548)	(6,483)
Operating profit before exceptional items		4,255	(1,647)	2,608	2,065	(548)	1,517
Exceptional items	9	-	-	-	-	(98)	(98)
Operating profit		4,255	(1,647)	2,608	2,065	(646)	1,419
Finance income		-	-	-	62	-	62
Finance costs		(279)	(114)	(393)	(170)	-	(170)
Profit before tax		**3,976**	**(1,761)**	**2,215**	**1,957**	**(646)**	**1,311**
Income tax charge		(661)	175	(486)	(614)	123	(491)
Profit for the period attributable to equity shareholders		**3,315**	**(1,586)**	**1,729**	**1,343**	**(523)**	**820**
Statement of Comprehensive Income							
Profit for the period				**1,729**			**820**
Other comprehensive income				19			50
Total comprehensive income for the period				**1,748**			**870**
Basic profit per ordinary share (pence)	10			**1.47**			**0.74**
Diluted profit per ordinary share (pence)	10			**1.47**			**0.74**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	Unaudited 30 June 2021 £000	Unaudited 30 June 2020 £000	Audited 31 December 2020 £000
ASSETS				
Non-current assets				
Goodwill	13	30,290	15,948	23,473
Other intangible assets	14	23,366	6,860	17,150
Property, plant and equipment		4,948	4,291	4,146
Investments in joint ventures		56	-	-
Deferred tax		400	-	163
		59,060	27,099	44,932
Current assets				
Trade and other receivables		13,838	6,170	8,333
Cash and cash equivalents		11,640	20,004	13,934
		25,478	26,174	22,267
Total assets		84,538	53,273	67,199
LIABILITIES				
Current liabilities				
Trade and other payables		(7,985)	(3,028)	(5,803)
Borrowings	16	(11,675)	-	(5,881)
Lease liabilities		(328)	(166)	(299)
Contingent consideration	17	(4,701)	-	(1,753)
Current tax		(281)	-	(387)
		(24,970)	(3,194)	(14,123)
Net current assets		508	22,980	8,144
Total assets less current liabilities		59,568	50,079	53,076
Non-current liabilities				
Borrowings	16	-	(11,948)	(11,960)
Lease liabilities		(1,008)	(330)	(475)
Contingent consideration	17	(1,545)	-	(1,778)
Deferred tax		(2,719)	(1,012)	(2,410)
		(5,272)	(13,290)	(16,623)
Net assets		**54,296**	**36,789**	**36,453**
EQUITY				
Issued capital	18	245	223	223
Share premium		30,306	14,721	14,721
Foreign exchange reserve		21	1	2
Retained earnings		23,724	21,844	21,507
		54,296	**36,789**	**36,453**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2021

	Issued capital £'000	Share premium £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020 (audited)	**222**	**14,721**	**2**	**20,897**	**35,842**
Share based payments	-	-	-	76	76
Issue of ordinary shares	1	-	-	-	1
Transactions with owners	**1**	**-**	**-**	**76**	**77**
Profit for the period	-	-	-	820	820
Other comprehensive income	-	-	(1)	51	50
Total comprehensive income for the period	**-**	**-**	**(1)**	**871**	**870**
At 30 June 2020 (unaudited)	**223**	**14,721**	**1**	**21,844**	**36,789**
Dividends paid	-	-	-	(945)	(945)
Share based payments	-	-	-	134	134
Transactions with owners	**-**	**-**	**-**	**(811)**	**(811)**
Profit for the period	-	-	-	525	525
Other comprehensive income	-	-	1	(51)	(50)
Total comprehensive income for the period	**-**	**-**	**1**	**474**	**475**
At 31 December 2020 (audited)	**223**	**14,721**	**2**	**21,507**	**36,453**
Share based payments	-	-	-	220	220
Deferred tax on share based payment transactions	-	-	-	268	268
Issue of ordinary shares	22	15,585	-	-	15,607
Transactions with owners	**22**	**15,585**	**-**	**448**	**16,095**
Profit for the period	-	-	-	1,729	1,729
Other comprehensive income	-	-	19	-	19
Total comprehensive income for the period	**-**	**-**	**19**	**1,1729**	**1,748**
At 30 June 2021 (unaudited)	**245**	**30,306**	**21**	**23,724**	**54,296**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2021

	Unaudited 6 months ended 30 June 2021 £000	Unaudited 6 months ended 30 June 2020 £000	Audited 12 months ended 31 December 2020 £000
Operating activities			
Profit for the period	1,729	820	1,345
Add back taxation	486	491	729
Profit before tax	**2,215**	**1,311**	**2,074**
Adjustments for:			
Depreciation	845	690	1,449
Amortisation	1,329	689	1,429
Loss on disposal of tangible and intangible assets	55	-	219
Share based payments	220	76	210
Social security costs of share-based payment charge	135	-	-
Fair value movement on contingent consideration	(147)	-	-
Foreign exchange	(474)	-	6
Finance income	-	(62)	(73)
Finance costs	393	170	369
Changes in:			
(Increase)/decrease in trade and other receivables	(4,435)	3,998	4,201
Increase/(decrease) in trade and other payables	1,239	(1,054)	56
Tax paid	(250)	(847)	(1,299)
Cash inflow from operating activities	**1,125**	**4,971**	**8,641**
Investing activities			
Purchase of subsidiary net of cash acquired	(11,429)	-	(13,813)
Purchase of property, plant and equipment	(892)	(1,221)	(1,475)
Purchase of software intangibles	(289)	(216)	(533)
Interest received	-	62	73
Cash outflow from investing activities	**(12,610)**	**(1,375)**	**(15,748)**
Cash flows from financing activities			
Repayment of lease liability	(197)	(18)	(152)
Proceeds from borrowings	11,592	-	5,963
Repayment of borrowings	(17,586)	-	(54)
Issue of ordinary share capital net of issue costs	15,607	-	1
Dividends paid to ordinary shareholders	-	-	(945)
Interest paid	(154)	(150)	(345)
Net cash inflow/(outflow) from financing activities	**9,262**	**(168)**	**4,468**
Net change in cash and cash equivalents	**(2,223)**	**3,428**	**(2,639)**
Movement in net cash			
Cash and cash equivalents, beginning of period	13,934	16,576	16,576
(Decrease)/increase in cash and cash equivalents	(2,223)	3,428	(2,639)
Foreign exchange on cash and cash equivalents	(71)	-	(3)
Cash and cash equivalents, end of period	**11,640**	**20,004**	**13,934**

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2021

1. Basis of preparation

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 and should be read in conjunction with the 2020 annual report. They have been reviewed by Grant Thornton UK LLP but have not been audited.

2. Going concern

The Group had cash and cash equivalents at 30 June 2021 of £11.64 million and a three-year, £30 million revolving credit facility (RCF), obtained in May 2021, of which £11.68 million was drawn as at 30 June 2021. Net debt at 30 June 2021 was therefore £0.04m.

In addition, the RCF has an accordion option under which Medica can request up to an additional £22.5 million on the same terms as the existing £30 million. The credit facility is provided jointly by Nat West, Lloyds and Silicon Valley Bank, is subject to leverage and interest cover covenants and is secured on certain assets of the Group. It is drawn in short term tranches of debt which are repayable within 12 months of draw-down. These tranches of debt can be rolled over provided certain conditions are met, including covenant compliance. The Group considers that it is highly unlikely it would be unable to exercise its right to roll-over the debt. This due to mitigating actions it could take to maintain compliance with these conditions, including future covenant requirements, even in downside scenarios.

The Directors have prepared cashflow forecasts for a period of 18 months from the date of approval of these financial statements (the forecast period), that include current estimates of the continued impact of COVID-19 on the Group's trading position. These indicate that the Group will have sufficient funds to meet its liabilities as they fall due, and will continue to comply with its loan covenants, throughout the forecast period.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore determined it is appropriate to adopt the going concern basis in preparing the financial statements.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed set of consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended 31 December 2020. In addition, the accounting policies used are consistent with those that the Directors intend to use in the Annual Report and Financial Statements for the year ending 31 December 2021. Taxes on income in the interim period are accrued using the tax rate that would be applicable to the expected total annual earnings.

4. New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Following the acquisition of RadMD LLC, the accounting policy for revenue has been amended as set out in Note 6.

5. Prior period restatements – correction of prior period presentation errors

During the period the directors' reviewed the prior period presentation of notes 10 and 12. Restatements have been made to the prior period comparatives to:

(i) correctly state the effects of non-underlying items net of tax at £444k in note 10 which has had the effect of restating underlying basic and diluted profit per ordinary share from 1.30p to 1.21p; and

(ii) correctly state the amortisation of acquired intangibles at £472k in note 12 which has had the effect of restating underlying operating profit from £2,028k to £2,065k, margin from 11.9% to 12.2%, underlying profit after tax from £1,447k to £1,343k, and underlying profit before tax from £1,901k to £1,957k.

6. Revenue

The Group recognises revenue in accordance with the requirement of IFRS 15 and in the five-step model set out within the standard.

STEP 1 Identifying the contract with the customer

The Group accounts for contracts with customers within the scope of IFRS 15 only when all of the following criteria are met:

a. The Group and the customer have approved the outline contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
b. The Group can identify each party's rights regarding the services to be transferred;
c. For Reader Revenue services, the Group receives an order or request to deliver a radiology report; or for iCRO contracts, the Group receives a work order for an ongoing and specific services;
d. The Group can identify the payment terms for services to be transferred;
e. The contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
f. It is probable that the Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

STEP 2 Identifying the performance obligations

At contract inception, the Group assesses the services promised within the contract and identifies as a performance obligation each promise to transfer to the customer either:

a. A good or service (or a bundle of services) that is distinct; or
b. A series of distinct services that are substantially the same and that have the same pattern of transfer to the customer.

Reader Revenue

In the UK and Ireland the only identifiable performance obligation is the delivery of a radiology report which diagnoses a patient using images provided by the client into the client's Radiology Information System (RIS) by a suitable radiologist in an agreed timescale based upon an order received from the customer under the agreed contract. In the US the only identifiable performance obligation is the delivery of a radiology report in either the client's radiology information system or via image transfer, by a suitable radiologist in an agreed timescale based upon an order received from the customer under the contract. This is a teleradiology service.

In the UK, the Group's customers are responsible for producing the image for the radiologist's review and the Group is responsible for arranging for the review by the radiologist. In Ireland, some contracts are 'fully managed' and the Group provides the staff and/or the equipment required to produce the image. In management's view, these additional services are not separable from the overriding performance obligation discussed above.

The contracts provide structure around the IT set up and transition methodology to be used. The contracts also detail the required clinical competences of the radiologists and other clinical staff the Group uses. Both of these points describe the method and standard of the service but are not distinct to the service provided.

The contracts also provide agreement on certain other matters such as the quality assurance standards that the Group adheres to such as those on information governance, confidentiality, maintenance of indemnity insurance and clinical audit procedures. The contracts may also provide for progress reports and/or quarterly or annual meetings. None of these are distinct performance obligations providing services to the client but form part of the criteria that demonstrates that the Group is a suitable provider of a teleradiology service.

iCRO Revenue

These contracts involve supporting our customers in completing various clinical trials by assisting with the reviewing of images as well as providing practical support including training to our customers, just as we do for our Reader Revenue services.

The iCRO contracts are more complex and detailed in nature and cover more elements of the clinical trial imaging management than reader services. The typical length of an iCRO contract is approximately three years.

Within the contracts, there are several distinct performance obligations which reflect the nature of the particular clinical trial, how advanced the trial is, and the number of patients and imaging sites.

STEP 3 Determining the transaction price

Reader Revenue
Each contract has a detailed schedule of prices for each different type of radiology report. The pricing is based on the type of images diagnosed, the complexity of the report and the nature of the report (for example whether it is emergency or elective).

Some contracts are subject to minimum usage over a given period of time, providing Medica with a minimum expected revenue stream for those contracts.

iCRO Revenue
Each contract has a detailed schedule of prices for each promise within the contract. The fees for the various promises have a mix of charging models, including unit costs (for example: per hour, per scan reviewed, etc), monthly costs billed each month for a specified period, or fixed costs billed on the delivery of an item.

Each work order sets out a budget, setting out the expected consideration under the contract and setting out the expected value of any variable items.

There are performance obligations set out in the work orders which are only completed at the option of the customer. The budgets allocated against these performance obligations to be equal to the stand-alone selling price of each option, and therefore no substantive rights are created as a result of Medica providing these options.

On that basis, the total transaction price is considered to be the total budgeted costs excluding any optional items.

STEP 4 Allocating the transaction price to the separate performance obligations

Reader Revenue
There is only one performance obligation and accordingly the transaction price is allocated to the delivery of the individual report.

iCRO Revenue
The detailed budget included in each work order sets out the expected costs of each promise within the contract. The total of the budgeted costs for the promises included within each performance obligation are considered by Medica to equal the stand-alone selling price of that performance obligation.

STEP 5 Recognising revenue when performance obligations are satisfied

Reader Revenue is recognised when the performance obligation is satisfied, which is when the report is delivered to the client's Radiology Information System (RIS). Each transaction is recognised as a separate chargeable event. Control passes to the customer once the report is submitted, at which point Group becomes entitled to consideration for the services provided. The client is charged for services provided at the end of the month.

iCRO Revenue
Medica uses the output method for determining appropriate revenue recognition for these contracts. As such, items billed per unit are recognised as that unit is delivered to the customer. Revenue from monthly cost items is recognised over the month in question, and fixed document items are recognised at a point in time when the document is delivered to the client.

There are certain exceptions to this for example for startup and closeout costs. These are performance obligations which are generally present in iCRO contracts.

Startup is key to the process and there are many inputs to make sure the study is set up accurately and effectively. The Group typically invoices start-up costs at the end of the first month of the contract. However, this phase of work typically extends over additional months and total start up revenues are therefore collectively recognised over that period of time. Closeout costs include items such as final study reporting including quality control and final data transfer that culminate the work of the study. The group typically invoices close out costs at the end of the month after the delivery of these elements. However, the performance obligation is typically recognised over the period of the close out activity.

All revenue recognised in the income statement is from contracts with customers and no other revenue has been recognised. No provision for expected credit losses have been recognised on any receivables or contract assets arising from a contract with a customer as past experience indicates that expected losses are immaterial reflecting the nature of the customer base.

A disaggregation of revenue is shown in Note 8 as part of the segmental analysis. There are no other relevant categories of revenue other than reporting modalities which are monitored by the directors.

In the UK, due to the nature of the Group's contractual relationship with customers and the nature of the services provided, there are no timing differences between revenue recognised in the income statement and trade receivables being recognised in the statement of financial position.

In Ireland there are different arrangements around billing for work performed by the Group. In some cases, customers pay in advance for a specified number of reviewed images in a specified time period. As in the UK, revenue is recognised at the point each image is reviewed. Timing differences in respect of the dates of invoicing and payment with the dates of the scan reviews creates timing differences which appear in accrued or deferred revenue as appropriate.

In the USA there can be some timing differences between the recognition of revenue and the trade receivables being recognised. Typically, these relate to deposits and start up received in advance of work being completed, as well as work completed to date on fixed-rate deliverables under iCRO contracts which were not fully completed, delivered to the customer and billed at the reporting date. These differences result in a liability of deferred revenue recognised on the statement of financial position in trade and other payables.

There have been no significant judgements regarding the timing of transactions or price.

Transaction price is set out in individual contractual agreements and there is a range of prices based on the types of service offered. There are no variable pricing considerations for Reader Revenue contracts. The iCRO contracts contain items which are billed at hourly rates specified in the contracts. Strictly, this would typically be classed as variable pricing, however, due to the terms of the contract (discussed above), revenue is recognised as the time is spent.

No assets were recognised from costs to obtain or fulfil a contract with any customer.

7. Key judgements and sources of estimation uncertainty

The following are new judgements and estimates made by management in applying the accounting policies of the Group. Other judgements and estimates are consistent with those stated in the annual report for the year ended 31 December 2020. The directors do not believe that any of these judgements are significant or of material value.

Fair value of assets acquired on business combination

In accordance with IFRS 3 'Business Combinations', on the acquisition of RadMD LLC discussed in note 15 the Group measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. In most cases the fair value was not materially different from the carrying values; however, $10.1 million (£7.3 million) of intangible assets other than goodwill were recognised and included in note 14.

The valuation was undertaken using "income approaches" being 'excess from earnings' and 'relief from royalties.' The key estimates which underly this valuation in addition to management's estimate of future revenue, profits and cash generation are:

Required rate of return	11.4%
Long term revenue growth rate	2.0%
EBITDA margin for FY 24 onwards	16%
Royalty rate	1.0%
Corporation tax rate	31.0%

Under the terms of the acquisition deferred cash consideration of up to $5.4m is payable based on certain pre-determined EBITDA levels achieved by RadMD LLC for the year ended 31 December 2021. In accordance with IFRS 9 'Financial Liabilities' the fair value of deferred cash consideration was assessed based on applying a time value of money discount to the probability weighted expected future values under the various possible outcomes.

8. Segment reporting

Management prepare and monitor financial information for the Group's three key geographies, UK, Ireland and the US. This financial information is reviewed and used by the Chief Operational Decision Maker (considered to be the CEO) in managing the operating activities of the Group.

In the UK, Medica generates revenues via two key service lines, Nighthawk (urgent and quick turnaround services) and Elective. In Ireland revenues are generated from tele-radiology, managed services and a contract with the National Screening Service to deliver Ophthalmology services. In the US revenues are generated from providing radiology reporting to Pharma customers directly and indirectly via Contract Research Organisations (CRO's), these activities are collectively referred to as iCRO services.

	UK £000	Ireland £000	USA £000	Unaudited 30 June 2021 £000	UK £000	Ireland £000	USA £000	Unaudited 30 June 2020 £000
UK NightHawk	14,252	-	-	14,252	10,249	-	-	10,249
UK Elective	6,163	-	-	6,163	6,732	-	-	6,732
Ireland	-	4,529		4,529	-	-	-	-
iCRO	-	-	1,492	1,492	-	-	-	-
Revenue	**20,415**	**4,529**	**1,492**	**26,436**	**16,981**	**-**	**-**	**16,981**
Cost of sales	(10,228)	(2,101)	(603)	(12,932)	(8,981)	-	-	(8,981)
Gross profit	**10,187**	**2,428**	**889**	**13,504**	**8,000**	**-**	**-**	**8,000**
Operating expenses	(7,061)	(1,567)	(621)	(9,249)	(5,935)	-	-	(5,935)
Operating profit	**3,126**	**861**	**268**	**4,255**	**2,065**	**-**	**-**	**2,065**
Finance income	-	-	-	-	62	-	-	62
Finance costs	(132)	(145)	(2)	(279)	(170)	-	-	(170)
Profit before tax	**2,994**	**716**	**266**	**3,976**	**1,957**	**-**	**-**	**1,957**
Tax	(539)	(103)	(19)	(661)	(614)	-	-	(614)
Underlying profit for the period	**2,455**	**613**	**247**	**3,315**	**1,343**	**-**	**-**	**1,343**
Non-underlying loss for the period				(1,586)				(523)
Profit for the period				**1,729**				**820**

	UK £000	Ireland £000	USA £000	Unaudited 30 June 2021 £000	UK £000	Ireland £000	USA £000	Unaudited 30 June 2020 £000
Non-current assets	26,389	18,538	14,133	59,060	27,099	-	-	27,099
Additions to non-current assets	1,169	13	10,212	11,394	1,437	-	-	1,437
Total assets less current liabilities	34,922	12,523	12,124	59,568	50,079	-	-	50,079
Net assets	33,260	9,073	11,964	54,296	36,789	-	-	36,789

9. Non-underlying items

Non-underlying costs include items that are considered by the Directors to be one-off in nature such as legal and professional fees in relation to acquisitions, board succession fees and other non-recurring items and also include amortisation costs in respect of acquired intangibles and non-cash based share based payment charges. For a reconciliation of non-IFRS financial KPI's see note 12.

	Unaudited 30 June 2021 £000	**Unaudited 30 June 2020 £000**
Amortisation of acquired intangible assets	1,027	472
Fair value adjustment to contingent consideration	(147)	-
Foreign exchange gain on contingent consideration	(125)	-
Acquisition costs incurred	356	-
Share based payment charge	220	76
Social security costs on share based payment charge	135	-
Group recruitment costs	49	-
Legal and professional fees	132	-
Total non-underlying costs included within operating expenses	**1,647**	**548**
Costs incurred in respect of board succession and review	-	98
Total non-underlying costs included within operating expenses and exceptional items	**1,647**	**646**
Amortisation of discount on contingent consideration	114	-
Total non-underlying costs before tax	**1,761**	**646**
Income tax	(175)	(123)
Total non-underlying items after taxation	**1,586**	**523**

The costs incurred in respect of Board succession and review for 2020 were considered to be exceptional.

10. Earnings per share

Both the basic and diluted profit per share have been calculated using the profit after tax attributable to shareholders of Medica Group PLC as the numerator. The calculation of the basic profit per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. Dilutive share options relate to employee option schemes which are likely to vest to the extent they are dilutive. Options contingent on performance conditions are only included where performance conditions would have been met up to the reporting date.

	Unaudited 30 June 2021 £000	**Unaudited 30 June 2020 As restated[1] £000**
Profit for the period attributable to ordinary shareholders	1,729	820
Effects of exceptional items net of tax (see note 9)	-	79
Profit for the period before exceptional items attributable to ordinary shareholders	1,729	899
Effects of non-underlying items net of tax (see note 9)	1,586	444
Underlying profit for the period attributable to ordinary shareholders	3,315	1,343
Weighted average number of ordinary shares (000's)	117,357	111,280
Dilutive effect of share options (000's)	243	162
Weighted average number of ordinary shares (000's)	117,600	111,442
Basic profit per ordinary share (pence)	1.47p	0.74p
Diluted profit per ordinary share (pence)	1.47p	0.74p
Underlying basic profit per ordinary share (pence)	2.82p	1.21p
Underlying diluted profit per ordinary share (pence)	2.82p	1.21p

[1] The prior period amounts have been restated for the correction of prior period presentation errors. See note 5 for more detail.

11. Dividends

	Unaudited 30 June 2021 £000	Unaudited 30 June 2020 £000	Audited 31 December 2020 £000
Final dividend for 2019: 0.0p per share	-	-	-
Interim dividend for 2020: 0.85p per share	-	-	945

In light of the uncertainty surrounding the impact of COVID-19 the Board chose not to propose a final dividend for FY19.

The final dividend for 2020 of £2,079k (1.7 pence per share) was paid on 16 July 2021.

An interim dividend for the six months ended 30 June 2021 of £1,089k (0.89p per share) is proposed by the Directors and will be paid on 05 November 2021 to shareholders on the register as at 07 October 2021.

12. Reconciliation of non-IFRS financial KPIs

The Group uses a number of key performance indicators to monitor the performance of its business. This note reconciles these key performance indicators to individual lines in the financial statements.

In the directors' view it is important to consider the underlying performance of the business during the period. Therefore, the directors have used certain Alternative Performance Measures (APMs) which are not IFRS-compliant metrics. The APMs are consistent with those established within the IPO prospectus and the prior year annual report. It is the directors' intention to monitor and reassess the appropriateness of the APMs in future years.

	Unaudited 30 June 2021 £000	Unaudited 30 June 2020 As restated[1] £000
Reconciliation of underlying operating profit		
Operating profit before exceptional items	**2,608**	**1,517**
Adjustments for:		
Effects of amortisation of acquired intangibles	1,027	472
Effects of shared based payments	355	76
Fair value adjustment to contingent consideration	(147)	-
Foreign exchange gain on contingent consideration	(176)	-
Acquisition costs incurred	384	-
Group recruitment costs	49	-
Legal and professional fees	155	-
Underlying operating profit	**4,255**	**2,065**
Underlying operating profit margin	**16.1%**	**12.2%**
Reconciliation of underlying profit before tax		
Profit for the period	**1,729**	**820**
Adjustments for:		
Non-underlying profits or losses net of tax (see note 9)	1,586	523
Underlying profit after tax	**3,315**	**1,343**
Income tax charge on underlying expenses	661	614
Underlying profit before tax	**3,976**	**1,957**

[1] The prior period amounts have been restated for the correction of prior period presentation errors. See note 5 for more detail.

	Unaudited 30 June 2021 £000	Unaudited 30 June 2020 £000	Audited 31 December 2020 £000
Reconciliation of net debt / cash			
Cash and cash equivalents	11,640	20,004	13,934
Borrowings due within one year	(11,675)	-	(5,881)
Borrowings due after more than one year	-	(11,948)	(11,960)
Net (debt) / cash	**(35)**	**8,056**	**(3,907)**

13. Goodwill

	Total £000
Cost	
At 1 January 2020 (audited) and 30 June 2020 (unaudited)	15,948
Additions	7,525
At 31 December 2020 (audited)	23,473
Additions (see note 15)	6,817
At 30 June 2021 (unaudited)	**30,290**

14. Intangible assets

	Customer relationships £000	Software and technology £000	Brand £000	Total £000
Cost				
At 1 January 2020 (audited)	**6,461**	**6,220**	**2,317**	**14,998**
Additions	-	165	-	165
At 30 June 2020 (unaudited)	**6,461**	**6,385**	**2,317**	**15,163**
Additions	-	368	-	368
Transfer from tangible assets	-	395	-	395
Disposals	-	(501)	-	(501)
Acquisitions through business combinations	10,708	-	-	10,708
At 31 December 2020 (audited)	**17,169**	**6,647**	**2,317**	**26,133**
Additions	-	289	-	289
Disposals	-	(97)	-	(97)
Acquisitions through business combinations	6,612	-	699	7,311
At 30 June 2021 (unaudited)	**23,781**	**6,839**	**3,016**	**33,636**
Amortisation				
At 1 January 2020 (audited)	**2,874**	**3,969**	**771**	**7,614**
Charge for the period	215	417	57	689
At 30 June 2020 (unaudited)	**3,089**	**4,386**	**828**	**8,303**
Transfer from tangible assets	-	296	-	296
Charge for the period	356	326	58	740
Eliminated in respect of disposals	-	(356)	-	(356)
At 31 December 2020 (audited)	**3,445**	**4,652**	**886**	**8,983**
Charge for the period	796	463	70	1,329
Eliminated in respect of disposals	-	(42)	-	(42)
At 30 June 2021 (unaudited)	**4,241**	**5,073**	**956**	**10,270**
Net book value				
At 30 June 2021 (unaudited)	**19,540**	**1,766**	**2,060**	**23,366**
At 31 December 2020 (audited)	**13,724**	**1,995**	**1,431**	**17,150**
At 30 June 2020 (unaudited)	**3,372**	**1,999**	**1,489**	**6,860**
At 31 December 2019 (audited)	**3,587**	**2,251**	**1,546**	**7,384**

15. Business combinations

On 26 March 2021 the company subscribed for 100% of the ordinary share capital of Medica US, Inc ("MUSI"), a newly incorporated holding company registered in the United States of America, which subsequently acquired 100% of the ordinary share capital of RadMD LLC. The company is incorporated in the United States of America and their principal activities are the provision of high value imaging expertise services in the Clinical Trials market referred to as iCRO services. The acquisition opens opportunities for Medica to offer a wider range of telemedicine services, expand its customer base to include pharmaceutical, biotech and medical device companies, and provides foundations for Medica in the US market.

Total cash consideration payable is up to USD $21.7m (circa £15.6m), subject to customary working capital and other adjustments at completion of which $16.3m (£11.8m) was payable at completion. On 17 July 2021 completion accounts were agreed resulting in a working capital adjustment of $97k (£71k) which is receivable from the vendors. This has reduced the consideration by $97k (£71k) with an offsetting reduction in the net assets acquired of $97k (£71k). The amount will be netted off against future contingent consideration payable in June 2022.

The exchange rate used on the date of acquisition was £1/$1.3778. Set out below are the provisional fair values of the assets and liabilities acquired.

	Fair value $000	Fair value £000
Intangible assets	10,073	7,311
Property, plant and equipment	255	185
Trade and other receivables	1,644	1,194
Cash and cash equivalents	476	345
Total assets	**12,448**	**9,035**
Trade and other payables	(1,335)	(969)
Lease liabilities	(255)	(185)
Total liabilities	**(1,590)**	**(1,154)**
Net assets	**10,858**	**7,881**
Goodwill	9,392	6,817
Total consideration	**20,250**	**14,698**
Satisfied by:		
Cash	16,222	11,774
Contingent consideration	4,028	2,924
Total	**20,250**	**14,698**

Goodwill
Goodwill arising on the business combination represents the excess of the acquisition cost over the fair value of the Group's share of the identifiable net assets of the subsidiary at the acquisition date. Goodwill includes intangible assets that do not qualify for separate recognition such as the value of the workforce at the date of acquisition, and encompass the future economic benefit expected to arise from the acquisition including new customer relationships and synergies realised by the group.

Acquired receivables
The fair value of acquired receivables of £1,604k is materially the same as the gross contractual receivable less the best estimate of contractual cash flows not expected to be collected.

Contingent consideration
If certain pre-determined EBITDA levels are achieved by RadMD LLC for the year ended 31 December 2021, additional consideration of up to $5,448k may be payable in the first half of 2022. See notes 7 and 17 for further details.

Revenue and profit contribution
From the date of the acquisition to 30 June 2021, Medica US, Inc. and RadMD LLC contributed $2,085k (£1,492k) and $435k (£312k) to the Group's revenues and profit before tax, respectively. If the acquisition had occurred on 1 January 2021 management estimates that revenues would have been $3,704k (£2,674k) and profit before tax would have been $450k (£325k). In determining these amounts management have assumed that the deferred revenue fair value adjustment on conversion to IFRS of $267k (£194k) arising on acquisition would have been the same had the acquisition occurred on 1 January 2021.

Acquisition-related costs
Costs related to the acquisition of RadMD amounted to £356k and have been expensed as incurred in non-underlying operating costs (see note 9). These costs relate to financial and tax due diligence £170k, legal costs £141k and other tax and accounting services £45k.

Global Diagnostics Ireland Limited
On 2 November 2020 the company acquired Global Diagnostics Ireland Limited. Set out in note 17 are movements in the contingent consideration since 31 December 2020. Other than the movement in contingent consideration there have been no changes to the fair values which were disclosed at 31 December 2020 on a provisional basis which have now been finalised.

16. Borrowings

Borrowings due in less than one year

	Unaudited 30 June 2021 £000	Unaudited 30 June 2020 £000	Audited 31 December 2020 £000
Revolving Credit Facility (RCF)	11,675	-	5,881
Total	**11,675**	**-**	**5,881**

On 23 April 2021, the previous Revolving Credit Facility balance of was repaid in full. After recognition of a foreign exchange translation gain of £0.3m, the amount repaid was £5.6m.

On 5 May 2021, the term debt of £12m was also repaid in full as part of a refinance of the Group's debt facilities with £12m of a new £30m RCF drawn down on the same date. The RCF facility is recognised net of arrangement fees of £0.4m. The new facility has a three-year term, extendable by up to two years, a margin above SONIA on drawn funds in the range of 2% to 3% depending on leverage and non-utilisation fees of 35%. Security has been granted to the new banking syndicate of three banks comprising Lloyds, Nat West and Silicon Valley Bank over the UK companies and limited security over non-UK entities.

The RCF requires interest and leverage covenants to be met under the terms of the Group's facility agreement, and these requirements have been met as at all prior covenant testing dates.

Borrowings due in more than one year

	Unaudited 30 June 2021 £000	Unaudited 30 June 2020 £000	Audited 31 December 2020 £000
Bank loans	-	11,948	11,960
Total	**-**	**11,948**	**11,960**

Long term borrowings carried a market rate of interest being LIBOR plus a margin as determined by the lender. On this basis the carrying amount equates to the present value of future cashflows discounted at a market rate of interest and therefore, the directors consider that the carrying amount of bank loans to be a reasonable approximation of fair value.

17. Contingent consideration

	Unaudited 30 June 2021 £000	Unaudited 30 June 2020 £000	Audited 31 December 2020 £000
Amounts due in less than one year	4,701	-	1,753
Amounts due in more than one year	1,545	-	1,778
Total	**6,246**	**-**	**3,531**

Reconciliation of contingent consideration

	Global Diagnostics Ireland Limited £000	RadMD LLC £000	Total £000
As at 30 June 2020	-	-	-
Acquired on acquisition	3,540	-	3,540
Foreign exchange	(9)	-	(9)
As at 31 December 2020	3,531	-	3,531
Acquired on acquisition	-	2,924	2,924
Revision of fair value estimate	(147)	-	(147)
Amortisation of discount	26	88	114
Foreign exchange	(165)	(11)	(176)
As at 30 June 2021	**3,245**	**3,001**	**6,246**
Amounts due in less than one year	**1,700**	**3,001**	**4,701**
Amounts due in more than one year	**1,545**	**-**	**1,545**

Global Diagnostics Ireland Limited

During the period, the NSS extended a contract held by MVI by a further 12 months triggering a review of the probability weighted expected future values under the various possible outcome of the future contract events. This resulted in a decrease of £147k in the fair value estimate of contingent consideration.

Other movements during the period relate to an increase in the liability for unwinding the time value of money discount £26k and a decrease in the liability relating to foreign exchange revaluation from Euros to GBP of £165k, of which £40k has been recognised in the foreign exchange reserve.

As at 30 June, £1,700k of the contingent consideration is payable in the first half of 2022 and therefore disclosed under current liabilities on the statement of financial position. Total amounts due in more than one year of £1,545 are payable in the second half of 2022 (£170k) and the first half of 2023 (£1,375k) and are disclosed under non-current liabilities on the statement of financial position.

RadMD LLC

On 26 March 2021, the Group acquired RadMD LLC recognising fair value contingent consideration of £2,924k. See note 7 and 15. Since acquisition there has been an increase in the liability for unwinding the time value of money discount £88k and a decrease in the liability relating to foreign exchange revaluation from USD to GBP of £11k recognised in the foreign exchange reserve. The amount is due to be settled in the first half of 2022 and therefore disclosed under current liabilities on the statement of financial position.

18. Equity

Ordinary share capital issued and fully paid

	Unaudited 30 June 2021 £000	Unaudited 30 June 2021 £000	Audited 31 December 2020 £000
122,390,760 (June 2020, 111,279,650; December 2020: 111,279,650) ordinary shares of £0.002 each	245	223	223
Total ordinary share capital of the Company	**245**	**223**	**223**

Issue of share capital during the period
On 23 March 2021, 11,111,110 ordinary shares of £0.002 each were issued for cash at £1.45 per share.

Share premium
£15,585k was recognised in share premium on the issue of ordinary shares during the period, net of £504k of transaction costs.

19. Related party transactions

On 23 March 2021 a total of 10,727,666 Placing Shares were placed by Investec Bank plc and Liberum Capital Limited at a price of 145 pence per Placing Share amounting to £15,555k of gross proceeds. In conjunction with the Placing, all the directors of the Company, Junaid Bajwa (a non-executive director from 1 April 2021) and certain members of the senior management team agreed to subscribe for 383,444 new Ordinary Shares at the Placing Price which amounts to gross subscription proceeds for the Company of £556k in aggregate.

20. Post balance sheet events

During the post balance sheet period the group is undertaking a legal entity rationalisation exercise to remove from the group the intermediate holding company subsidiary undertakings, Medica Reporting Finance Limited (MRF) and Medica Reporting Services Limited (MRS). Upon completion of this exercise, MRF and MRS will have been removed from the group structure and wound up via Members Voluntary Liquidations.

Statement of Directors' Responsibilities

The Directors confirm to the best of their knowledge that

a) The interim condensed consolidated financial information has been prepared in accordance with IAS 34 as adopted by the European Union; and
b) The Interim Report includes a fair view of the information as required by:

- DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first half of 2021 and their impact on the interim condensed consolidated financial information; and a description of the principal risks and uncertainties for the remaining second half of the year; and

- DTR4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first half of 2021 and any material changes in the related party transactions described in the last Annual Report.

The Directors of Medica Group PLC and their functions are listed below:

Roy Davis	Chairman
Stuart Quin	Chief Executive Officer
Richard Jones	Chief Financial Officer
Barbara Moorhouse	Senior Non-Executive Director
Joanne Easton	Non-Executive Director
Junaid Bajwa	Non-Executive Director

By order of the Board

Richard Jones
Chief Financial Officer

24 September 2021

Independent review report to the members of Medica Group plc

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of Medica Group PLC (the 'company') for the six months ended 30 June 2021 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the half-yearly financial report which comprises only the Interim Results, the Interim Management Report and the Financial and Business Review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Our responsibility

Our responsibility is to express a conclusion to the company on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The impact of macro-economic uncertainties on our review

Our review of the condensed set of financial statements in the half-yearly financial report requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit and COVID-19. Such reviews assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit and COVID-19 are amongst the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no review of interim financial information should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
24 September 2021