

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

**Yourgene Health plc**  
("Yourgene", the "Company" or the "Group")

**Half-year Report**

**Manchester, UK – 2 December 2019:** Yourgene Health plc (AIM: YGEN), the international molecular diagnostics group which commercialises genetic products and services, announces its unaudited half year report for the six months ended 30 September 2019, in line with expectations.

The results reflect strong organic growth as well as a first contribution from Elucigene Diagnostics, the trading name of Delta Diagnostics (UK) Ltd ("Elucigene"), acquired in April 2019, with the Group's first profits at an adjusted EBITDA level demonstrating significant progress towards profitability. Yourgene remains on track to hit ambitious growth targets for the full year in line with consensus expectations.

**Financial highlights**

- Revenues increased by 97% to £7.8m (H1 2018-19: £3.9m)
  - *Organic growth of 56%, excluding contributions from the Elucigene acquisition*
- Gross profit up 141% to £4.7m (H1 2018-19: £2.0m)
- Adjusted EBITDA\* of £0.3m (H1 2018-19: loss of £2.5m)
- General administrative expenses up 22% to £5.5m (H1 2018-19: £4.5m) including Elucigene expenses
- Operating loss reduced by 50% to £1.3m (H1 2018-19: £2.5m)
  - *Loss was £0.7m before one-off acquisition and fundraising costs*
- Oversubscribed £11.8m gross fundraise, of which £6.3m was used for acquisition cash consideration
- Cash used by operations halved to £1.6m (H1 2018-19: £3.2m)
- Cash and cash equivalents at 30 September 2019 of £4.1m (30 September 2018: £0.2m)
- Net cash (cash less borrowings) significantly improved to £3.6m (H1 2018-19: net debt of £12.8m)

*\* Adjusted EBITDA is the operating profit/(loss) before interest, tax, depreciation, amortisation and acquisition-related expenses shown separately disclosed on the face of the Income Statement*

**Operational highlights**

- Acquisition of Elucigene and associated £11.8m (gross) equity fundraise in April 2019
- Launch of first oncology product, the Elucigene DPYD assay, a new chemotoxicity diagnostic assay
- First US revenues and opening of Yourgene Health Inc in the US
- Development of the Illumina-based IONA® test progressing well and on schedule
- European quality accreditation transferred to BSI Netherlands to offset Brexit risks and prepare for the roll-out of Illumina-based NIPT test in 2020
- Non-Executive Appointments Dr John Brown, CBE and Jonathan Seaton
- Post-period end launch of Yourgene Flex™ Analysis Software to support product diversification

**Lyn Rees, Chief Executive Officer of Yourgene, commented:**

*"I am delighted to announce our first EBITDA profit as a demonstration of the transformation that is underway at Yourgene and resultant organic growth, supported by the contribution from Elucigene and the smooth integration process that is almost complete.*

*"The reorientation of the business to focus on our key four strategic growth drivers is starting to bear fruit, and I remain convinced we have a very significant opportunity ahead of us. We are confident in our outlook for the year end and very excited about the prospects for further growth over the following years."*

**For more information, please contact:**

**Yourgene Health plc**

Lyn Rees, Chief Executive Officer  
Barry Hextall, Chief Financial Officer  
Joanne Cross, Director of Marketing

Tel: +44 (0)161 669 8122  
[investors@yourgene-health.com](mailto:investors@yourgene-health.com)

**Cairn Financial Advisers LLP (NOMAD)**

Liam Murray / James Caithie / Ludovico Lazzaretti

Tel: +44 (0)20 7213 0880

**Stifel Nicolaus Europe Limited (Sole Corporate Broker)**

Nicholas Moore / Matthew Blawat / Ben Maddison

Tel: +44 (0)20 7710 7600

**Walbrook PR Ltd (Media and Investor Relations)**

Paul McManus / Lianne Cawthorne

Tel: +44 (0)20 7933 8780 or [yourgene@walbrookpr.com](mailto:yourgene@walbrookpr.com)  
Mob: 07980 541 893 Mob: 07584 391 303

**About Yourgene Health**

Yourgene Health is an international molecular diagnostics group which develops and commercialises genetic products and services. The group works in partnership with global leaders in DNA technology to advance diagnostic science.

Yourgene develops and commercialises simple and accurate molecular diagnostic solutions, primarily for reproductive health. The Group's products include non-invasive prenatal tests (NIPT) for Down's Syndrome and other genetic disorders, Cystic Fibrosis screening tests, invasive rapid aneuploidy tests, male infertility tests and genetic disease tests. Yourgene's commercial footprint is already established in the UK, Europe, the Middle East, Africa and Asia.

Our product development, research service and commercial capabilities extend across the lifecycle of genetic test development including regulatory submissions. Through our technical expertise and partnerships, Yourgene Health is also extending its genetic testing offering into oncology.

Yourgene Health is headquartered in Manchester, UK with offices in Taipei, Singapore and Miami, and is listed on the London Stock Exchange's AIM market under the ticker "YGEN". For more information, visit [www.yourgene-health.com](http://www.yourgene-health.com) and follow us on twitter @Yourgene\_Health.

## BUSINESS REVIEW

I am delighted with the positive transformation shown in our results for the six months to 30 September 2019, which demonstrate our strong commercial momentum and substantial progress towards profitability. Revenues nearly doubled in the first half, gross profits were up by more than 140% and operating losses were significantly reduced. As a result, we are reporting our first ever positive adjusted EBITDA of £0.3m, a major milestone for the Group, and we remain on track to deliver significant growth for the full year.

As I outlined in our full year results in July 2019 and at our recent Capital Markets Day, the Company is focused on four strategic priorities to deliver growth and, ultimately, shareholder value:

<b>Product penetration</b>	– selling more into existing channels
<b>Geographic expansion</b>	– selling more into new territories
<b>Product expansion</b>	– new product lines and content
<b>Acquisitive growth</b>	– both earnings enhancement opportunities and technology consolidation

I am very pleased to report that we have made significant progress with all of these priorities.

### Product penetration

Pure organic growth during the first half was 56%, with non-Elucigene revenues of £6.1m, up from £3.9m in the first half of last year. This growth represents increased product penetration for the Company's flagship non-invasive prenatal tests (NIPT) for Down's syndrome and other genetic disorders, and an expansion of our oncology and research services activity. Sales from NIPT products and services through our existing direct and key distribution channels grew globally at 35% despite the UK and Europe being in a period of transition to a product format which is compatible with Illumina's next-generation sequencing technology. Whilst growth in the UK and Europe for NIPT has been steady, our existing customer base and potential new customers are eagerly awaiting the launch of the IONA<sup>®</sup> test on the Illumina platform and we would expect to see stronger revenue growth once launched. During the period we signed up an additional five new distributors.

We continued to expand our NIPT footprint in India and we now have more than 20 laboratory customers in this region. The Middle East showed further solid growth, with additional contracts secured in Saudi Arabia, and we have seen the benefits of clinical marketing events held locally in partnership with our distributors and customers which has driven clinical education for NIPT and increased adoption. Strong growth has also been seen across Asia, and in particular in South East Asia and Japan, an area where we hope to secure further technology partnerships to drive sales in this region.

### Geographic expansion

We have made very good progress in expanding our commercial footprint directly, and through distributors, into new territories, as well as increasing geographic coverage via the Elucigene acquisition – as a result we now sell products into over 60 countries worldwide, compared to 30 countries last year. During the period we secured our first US revenues and have established a direct sales presence in the US through the establishment of Yourgene Health Inc. The commercial team have attended several key US industry events including our first Expo in the US to raise brand awareness and creating business development opportunities. We are leveraging the experience of the expanded Board to create a substantial medium-term presence in a market that is now opening up to us, and we expect to update shareholders on further progress in this key market in the coming months.

The development of the Illumina-based IONA<sup>®</sup> test is progressing well and remains on schedule. Our internal trials have already shown that the product works as expected and with the market leading accuracy that the IONA<sup>®</sup> test has become well-known for. The technical development of the test is well advanced and the product is going through the final stages of validation and verification testing to produce the data required for regulatory submission and we expect to make regulatory submissions early in the new year. As soon as regulatory approvals are received we will roll the product out in affected existing markets (mainly in Europe) and in newly addressable markets in Asia Pacific and North America throughout 2020 and beyond. In preparation for the European part of the product launch, and in part to reduce the risk of potential disruption as a result of Brexit, we have transferred our European quality accreditation to BSI Netherlands.

We have entered new markets with contract wins for NIPT in South East Asia, Eastern Europe and the Middle East, we have appointed a new distributor in Oman and new customers in Turkey have been driving NIPT sample revenues through our Manchester service laboratory. In China we continue to look for long term opportunities across our whole product range and are evaluating potential partners.

The result of our geographic expansion, including new territories brought to us through the Elucigene acquisition, can be seen below:

	H1 2019-20 £'000	% of total	H1 2018-19 £'000	% of total	Growth %
<b>Revenue analysed by geographical market</b>					
UK	1,095	14%	818	21%	+34%
Europe	1,602	21%	842	21%	+90%
International	5,070	65%	2,280	58%	+122%
	<b>7,767</b>	100%	<b>3,940</b>	100%	<b>+97%</b>

### Product expansion

The third growth driver for the business is to offer more customers new product lines and content and it was our strategic goal to broaden our portfolio beyond NIPT. The Elucigene acquisition has brought a range of additional reproductive health products to the Group. As well as contributing existing revenues from these products we are also beginning to see the early benefits of range-selling opportunities with existing NIPT customers placing orders for additional reproductive health assays and vice versa.

In addition, we launched our first oncology product, the Elucigene DPYD assay, a new chemotoxicity diagnostic assay at the end of September 2019. Elucigene DPYD is a simple-to-use genotyping test that can identify cancer patients with Dihydropyrimidine Dehydrogenase (DPD) deficiency, which can cause severe and sometimes lethal side effects in patients being treated with chemotherapeutic drug 5-Fluorouracil (5-FU), commonly used in the treatment of colon, oesophageal, stomach, pancreatic, breast and cervical cancers. Whilst it is too early to comment on revenue pick-up from this product, initial feedback from potential customers has been positive and we have already secured our first UK contract with an NHS Trust.

To further support our product diversification ambitions we launched our Yourgene *Flex*<sup>TM</sup> Analysis Software following the period end. The Software allows us to work in close collaboration with product development partners to customise our analysis platform for their NGS applications beyond NIPT, therefore opening up opportunities to develop products such as *in vitro* diagnostic tests, or in reproductive health, oncology or other clinical diagnostic fields. The Yourgene *Flex*<sup>TM</sup> Analysis Software will also be deployed in-house to support our own internal product development pipeline across the reproductive health and oncology portfolio.

Our Oncology service franchise from Taipei has seen a significant step up in revenues and we are entering the oncology market through a key partnership which is revenue and profit generating without the normal development costs associated with this market.

The greater diversity of our revenue base can be seen in the table below:

	H1 2019-20 £'000	% of total	H1 2018-19 £'000	% of total
<b>Revenue analysed by product segments</b>				
NIPT	4,783	62%	3,594	91%
Reproductive Health	1,633	21%	-	0%
Oncology & Research	1,351	17%	346	9%
	<b>7,767</b>	100%	<b>3,940</b>	100%

## **Acquisitive growth**

In April 2019, we undertook an equity fundraise, raising gross proceeds of £11.8m and completed the acquisition of Elucigene for an enterprise value of £8.9m, represented by £5.9m net cash and £3.0m equity.

The acquisition was highly complementary and immediately accretive to earnings, with additional synergies of over £0.5m per annum now starting to bear fruit. The successful integration of the business has helped to accelerate our overall pathway to profitability and free cash flow generation, and importantly has helped deliver on the strategic priorities above by adding a business with strong organic sales growth that brings with it a wider portfolio of complementary products and a sales network reaching into a wider range of geographic territories.

We are now building a strong track record of successfully integrating acquisitions as demonstrated by the successful integration of Elucigene, but also the previous purchase of Yourgene Bioscience Taiwan in 2017. We continue to consider additional selective synergistic M&A opportunities, where we can identify both earnings enhancement opportunities, but also the opportunity to acquire complementary technologies to ensure we remain at the forefront of the molecular diagnostics industry with market-leading products across reproductive health and oncology. The market is fragmented with few medium-sized entities, this presents an exciting opportunity for market consolidation.

## **Board changes**

During the period we appointed two Non-executive Directors who both bring exceptional experience to the Board.

Dr John Brown CBE joined in July 2019 and acts as the Senior Independent Director. He has over 20 years' capital markets experience in the healthcare and life sciences sector and is currently a Senior Independent Director of BioCity and Acacia Pharma and is Chairman of Cell Therapy Catapult and Synpromics. Additionally, he has previous significant board experience with roles including Chairman of Axis-Shield, Chairman of BTG, Non-executive Director of Vectura and Chief Executive Officer of Acambis.

Jonathan Seaton was appointed as a Non-executive Director in August 2019. Jonathan also has considerable experience working for leading global life sciences and diagnostic companies and has worked on more than 40 M&A transactions as well as strategic and commercial development activities. Jonathan was previously Head of Corporate and Business Development and Government Affairs at Illumina and is currently based in the US.

## **Financial position**

The Group's results for the six months to 30 September 2019 are presented in the enclosed financial statements and show gross profits having increased by 141% to £4.7m (H1 2018-19: £2.0m). The acquisition of Elucigene on 26 April 2019 led to a 22% increase in general administrative expenses to £5.5m (H1 2018-19: £4.5m), with identified annualised synergy savings of over £0.5m starting to crystallise.

The Group achieved its first ever positive adjusted EBITDA, before acquisition-related expenses, of £0.3m (H1 2018-19: loss of £2.5m). The Group's operating loss was also 50% lower at £1.3m (H1 2018-19: loss of £2.5m) despite acquisition and fundraising costs of £0.5m (H1 2018-19: £nil).

Net financing expenses were significantly lower at £0.1m (H1 2018-19: £0.9m) reflecting the debt cancellation announced in February 2019. The total comprehensive loss for the period reduced to £1.4m (H1 2018-19: £3.4m). Earnings per share were £nil (H1 2018-19: loss per share of £0.01).

In the reporting period, the Group used £1.6m cash for operating activities (H1 2018-19: £3.2m) almost all of which was consumed by working capital movements and an increased tax asset arising from R&D tax credits. Net investing cash outflows were £6.0m, principally on the Elucigene acquisition (H1 2018-19: £0.3m inflow). The associated equity fundraise was the prime reason for net proceeds from financing activities of £10.4m (H1 2018-19: £2.8m). Cash at the end of the period was £4.1m (31 March 2019: £1.3m; 30 September 2018: £0.2m). The Group remains focused on driving revenues, improving margins, containing costs and effectively managing working capital in order to achieve sustainable positive cashflows.

## **Outlook**

I am delighted with the transformation of the business and that the strong foundation we've established for delivering rapid growth is already delivering results. At this interim stage we are firmly on target to deliver full year results in-line with market expectations, with consensus analyst forecasts looking for revenues of nearly £17m for the year ending 31 March 2020, a considerable jump from last year's £8.9m.

I am very excited about the significant opportunity ahead of us. We have first-class products that are leading the way in the growing genetic testing market. Our IONA® test has strong reputation for reliability and accuracy and was the first CE marked NIPT product for the European Market. We are also in a position to offer our test across all sequencing platforms and we believe that the launch of the IONA® test on the Illumina platform will be a strong driver of growth next year.

We have established a significant commercial footprint and now sell into 60 territories and we are certain that we will quickly benefit from selling a wider range of products into a wider range of markets, and this in turn will be reflected in further shareholder value creation. We also expect to leverage our strong technical capabilities to develop more content, offering additional products and services to more customers as the adoption of genetic testing becomes more widespread.

We remain confident in our outlook for the year end and very excited about the prospects for further growth over the following years.

**Lyn Rees**

**Chief Executive Officer**

2 December 2019

## Consolidated Statement of Comprehensive Income

	Unaudited 6 months to 30-Sep 2019 £000	Unaudited 6 months to 30-Sep 2018 £000	Audited 12 months to 31-Mar 2019 £000
<b>Revenue</b>	7,767	3,940	8,882
Cost of sales	(3,056)	(1,987)	(4,272)
<b>Gross profit</b>	<b>4,711</b>	<b>1,953</b>	<b>4,610</b>
Other operating income	46	21	26
<b>Administrative expenses</b>			
General administrative expenses	(5,524)	(4,511)	(9,419)
Costs associated with the acquisition of subsidiary	(195)	-	-
Acquisition integration expense	(315)	-	-
<b>Total administrative expenses</b>	<b>(6,034)</b>	<b>(4,511)</b>	<b>(9,419)</b>
<b>Operating loss</b>	<b>(1,277)</b>	<b>(2,538)</b>	<b>(4,783)</b>
Financing income	10	18	9,382
Financing expenses	(75)	(936)	(1,210)
<b>Profit /(loss) on ordinary activities before taxation</b>	<b>(1,342)</b>	<b>(3,456)</b>	<b>3,390</b>
Tax credit/(charge) on loss on ordinary activities	(80)	15	(1)
<b>Profit/(loss) for the period</b>	<b>(1,422)</b>	<b>(3,441)</b>	<b>3,389</b>
<b>Other comprehensive expense</b>			
Exchange translation differences	42	15	32
<b>Profit/(loss) and total comprehensive profit/(loss) for the period</b>	<b>(1,380)</b>	<b>(3,426)</b>	<b>3,421</b>
<b>Earnings per share £</b>			
Basic: Profit/(loss)	£0.00	(£0.01)	£0.01
Diluted: Profit/(loss)	£0.00	(£0.01)	£0.01

## Consolidated Statement of Financial Position

	Unaudited 30-Sep 2019 £000	Unaudited 30-Sep 2018 £000	Audited 31-Mar 2019 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	10,806	7,014	7,014
Intangible assets	6,378	1,307	1,229
Property, plant and equipment	1,936	1,534	2,054
Right of Use Asset	2,969	-	-
<b>Total non-current assets</b>	<b>22,089</b>	<b>9,855</b>	<b>10,298</b>
<b>Current assets</b>			
Inventories	1,128	428	739
Other short-term assets	-	64	-
Trade and other receivables	4,050	2,271	2,833
Tax asset	777	761	478
Cash and cash equivalents	4,073	226	1,250
<b>Total current assets</b>	<b>10,028</b>	<b>3,749</b>	<b>5,300</b>
<b>Total assets</b>	<b>32,117</b>	<b>13,604</b>	<b>15,598</b>
<b>Equity and liabilities attributable to equity holders of the company</b>			
<b>Equity</b>			
Called up share capital	32,544	32,922	32,404
Share premium account	48,734	30,719	37,971
Merger relief reserve	12,938	10,013	10,013
Reverse acquisition reserve	(39,947)	(39,947)	(39,947)
Foreign exchange translation reserve	(106)	(164)	(148)
Warrants reserve	3,069	4,086	3,069
Retained losses	(34,001)	(40,634)	(32,662)
<b>Total equity</b>	<b>23,231</b>	<b>(3,005)</b>	<b>10,700</b>
<b>Current liabilities</b>			
Trade and other payables	3,991	2,819	4,172
Current tax liabilities	234	9	-
Borrowings	321	88	76
Lease liability	196	-	-
Provisions	43	336	-
<b>Total current liabilities</b>	<b>4,785</b>	<b>3,252</b>	<b>4,249</b>
<b>Non-current liabilities</b>			
Borrowings	139	12,907	209
Deferred tax liability	1,195	248	233
Lease Liability	2,691	-	-
Long term provisions	76	201	206
<b>Total non-current liabilities</b>	<b>4,101</b>	<b>13,357</b>	<b>649</b>
<b>Total equity and liabilities</b>	<b>32,117</b>	<b>13,604</b>	<b>15,598</b>



**Consolidated Statement of changes in equity**

	Share capital	Share premium account	Merger relief reserve	Warrants reserve	Reverse acquisition reserve	Foreign exchange reserve	Retained losses	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Six months ended 30 September 2018 (unaudited)</b>								
Balance at 1 April 2018	32,266	28,482	10,013	4,086	(39,947)	(179)	(37,319)	(2,599)
Loss for the period	-	-	-	-	-	-	(3,441)	(3,441)
Other comprehensive Gain	-	-	-	-	-	15	-	15
Total comprehensive loss for the period	-	-	-	-	-	15	(3,441)	(3,426)
<b>Transactions with owners</b>								
Issue of share capital	656	2,297	-	-	-	-	-	2,953
Share issue expenses	-	(60)	-	-	-	-	-	(60)
Share-based payments	-	-	-	-	-	-	127	127
Warrants issued	-	-	-	-	-	-	-	-
Total transactions with owners	656	2,237	-	-	-	-	127	3,020
<b>Balance at 30 September 2018</b>	<b>32,922</b>	<b>30,719</b>	<b>10,013</b>	<b>4,086</b>	<b>(39,947)</b>	<b>(164)</b>	<b>(40,634)</b>	<b>(3,005)</b>

## Consolidated Statement of changes in equity

	Share capital £000	Share premium account £000	Merger relief reserve £000	Warrants reserve £000	Reverse acquisition reserve £000	Foreign exchange reserve £000	Retained losses £000	Total £000
<b>12 months ended 31 March 2019 (audited)</b>								
Balance at 1 April 2018	32,266	28,482	10,013	4,086	(39,947)	(179)	(37,319)	(2,599)
Profit for the year	-	-	-	-	-	-	3,389	3,389
Other comprehensive loss	-	-	-	-	-	32	-	32
Total comprehensive profit for the year	-	-	-	-	-	32	3,389	3,421
<b>Transactions with owners</b>								
Issue of share capital	138	9,716	-	-	-	-	-	9,854
Share issue expenses	-	(227)	-	-	-	-	-	(227)
Issue of share capital on acquisition	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	251	251
Warrants issued	-	-	-	(1,016)	-	-	1,016	-
Total transactions with owners	138	9,489	-	(1,016)	-	-	1,267	9,878
<b>Balance at 31 March 2019</b>	<b>32,404</b>	<b>37,971</b>	<b>10,013</b>	<b>3,069</b>	<b>(39,947)</b>	<b>(148)</b>	<b>(32,662)</b>	<b>10,700</b>

## Consolidated Statement of changes in equity

	Share capital £000	Share premium account £000	Merger relief reserve £000	Warrants reserve £000	Reverse acquisition reserve £000	Foreign exchange reserve £000	Retained losses £000	Total £000
<b>Six months ended 30 September 2019 (unaudited)</b>								
Balance at 1 April 2019	32,404	37,971	10,013	3,069	(39,947)	(148)	(32,662)	10,700
Loss for the period							(1,422)	(1,422)
Other comprehensive Gain						42		42
Total comprehensive loss for the period	-	-	-	-	-	42	(1,422)	(1,380)
<b>Transactions with owners</b>								
Issue of share capital	115	11,715						11,830
Share issue expenses		(952)						(952)
Issue of share capital on acquisition	25		2,925					2,950
Share-based payments							83	83
Warrants issued								-
Total transactions with owners	140	10,763	2,925	-	-	-	83	13,911
<b>Balance at 30 September 2019</b>	<b>32,544</b>	<b>48,734</b>	<b>12,938</b>	<b>3,069</b>	<b>(39,947)</b>	<b>(106)</b>	<b>(34,001)</b>	<b>23,231</b>

## Consolidation statement of cash flows

	Unaudited 6 months to 30-Sep 2019 £000	Unaudited 6 months to 30-Sep 2018 £000	Audited 12 months to 31-Mar 2019 £000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period after tax	(1,422)	(3,441)	3,389
<b>Adjustments for:</b>			
Taxation (credited)/charged	80	(15)	-
Finance costs	75	670	1,210
Finance Income	(10)	(18)	(36)
Loan payable waived	-	-	(9,346)
Depreciation and impairment of property, plant and equipment	811	479	945
Gain/(loss) on disposal of property, plant and equipment	68	-	-
Amortisation of intangible non-current assets	301	78	155
Impairment on financial assets (IFRS9)	61	-	156
Foreign exchange movements	9	252	335
Share based payment and warrant expense	83	127	251
Decrease in provisions	(208)	(426)	(756)
<b>Movements in working capital:</b>			
(Increase)/decrease in inventories	51	(151)	(462)
(Increase)/decrease in trade and other receivables	(567)	(204)	(911)
Increase/(decrease) in trade and other payables	(612)	(973)	380
Decrease/(increase) in tax asset	(362)	398	654
<b>Cash used by operations</b>	<b>(1,643)</b>	<b>(3,225)</b>	<b>(4,036)</b>
<b>Tax paid / (received)</b>	<b>20</b>	<b>-</b>	<b>(13)</b>
<b>Investing activities</b>			
Purchase of subsidiary undertaking	(5,704)	-	-
Purchase of property, plant and equipment	(177)	(71)	(1,067)
Capitalisation of intangible assets	(88)	-	-
Proceeds on disposal of property, plant and equipment	12	-	-
(Investment)/reduction in short-term financial assets	-	412	475
Interest received	-	-	1
<b>Net cash (used in)/generated from investing activities</b>	<b>(5,956)</b>	<b>341</b>	<b>(591)</b>
<b>Financing activities</b>			
Net proceeds from issue of shares	10,878	2,893	9,627
Proceeds from borrowings	-	129	129
Increase/(decrease) in lease liability	(163)	-	-
Repayment of lease liability obligations	(152)	-	-
Repayment of borrowings	(96)	(190)	(4,139)
Interest paid	(65)	(5)	(10)
<b>Net cash generated from financing activities</b>	<b>10,402</b>	<b>2,827</b>	<b>5,607</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,823</b>	<b>(57)</b>	<b>967</b>
Cash and cash equivalents at beginning of period	1,250	282	282
<b>Cash and cash equivalents at end of period</b>	<b>4,073</b>	<b>226</b>	<b>1,249</b>

## Notes to the interim financial statements

### **General information**

The principal activity of Yourgene Health plc (the "Company") and its subsidiaries (together, the "Group") is that of a molecular diagnostics business for the development and commercialisation of gene analysis techniques for non-invasive prenatal screening, reproductive health and oncology diagnostics, and the provision of DNA sequencing services for the early detection, monitoring and treatment of disease. The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is Citylabs 1.0, Nelson Street, Manchester, M13 9NQ. The registered number is 03971582.

As permitted, this Interim Report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 "Interim Financial Reporting". The consolidated financial statements are prepared under the historical cost convention.

This Consolidated Interim Report and the financial information for the six months ended 30 September 2019 does not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited. This unaudited Interim Report was approved by the Board of Directors on 29 November 2019.

The Group's financial statements for the period ended 31 March 2019 have been filed with the Registrar of Companies. The Group's auditor's report on these financial statements was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

### **Electronic communications**

The Company is not proposing to bulk print and distribute hard copies of this Interim Report for the six months ended 30 September 2019 unless specifically requested by individual shareholders. The Board believes that by utilising electronic communication it delivers savings to the Company in terms of administration, printing and postage, and environmental benefits through reduced consumption of paper and inks, as well as speeding up the provision of information to shareholders.

News updates, Regulatory News and Financial statements can be viewed and downloaded from the Group's website, [www.yourgene-health.com](http://www.yourgene-health.com). Copies can also be requested from; The Company Secretary, Yourgene Health plc, Citylabs 1.0, Nelson Street, Manchester, M13 9NQ or by email: [investors@yourgene-health.com](mailto:investors@yourgene-health.com).

### **Accounting policies**

#### **Basis of preparation**

This financial information has been prepared in accordance with International Financial Reporting Standards (IFRS), including IFRIC interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and in accordance with the accounting policies which will be adopted in presenting the Group's Annual Report and Financial Statements for the year ending 31 March 2020. These are consistent with the accounting policies used in the Financial Statements for the year ended 31 March 2019, except that IFRS16 Leases is now effective for the annual reporting period ending on 31 March 2020, replacing the previous IAS17 standard.

The introduction of IFRS16 requires operating leases previously not recognised on the Company's Statement of Financial Position, to be accounted for as finance leases showing as right of use assets and corresponding lease liabilities. The IFRS16 standard also, as a consequence, affects the Statement of Comprehensive Income in that operating lease expenses (such as property rents) are now recorded as depreciation and finance expenses. The Statement of Consolidated Cashflows is unaffected as these are non-cash entries.

The Group has adopted IFRS 16 from 1 April 2019 but it has not restated comparatives for the prior reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Statement of Financial

Position on 1 April 2019, with the resulting gain arising from the release of previously held dilapidations provisions now included in the Lease Liability valuation shown on the Statement of Comprehensive Income.

### **Going concern**

In their assessment of the Group's and Company's ability to continue as a going concern, the directors have focused on the April 2019 acquisition of Elucigene Diagnostics, the related gross fundraise of £11.8m (of which £6.3m was used as gross cash consideration) and the enlarged Group's rate of growth of revenue, decisions available to them for management of the cost base of the Group and the potential for future fundraising.

The Group continues to make progress towards achieving positive operating cashflows through growth in revenues and gross profits which is outstripping growth in administrative expenses. The Group however continues to use cash in its trading activities albeit at much reduced levels; which reflects that breakeven levels of revenues have not yet been reached. The Group's forecasts include assumptions of further growth in revenue; which are key in achieving positive cashflows. The Directors have also assessed the Group's and Company's cost structure as part of the regular strategic planning process, and continue to implement cost reduction measures where appropriate, for example during the integration of the Elucigene business into the Group.

There is an ongoing commitment to keep costs and working capital under control so that increasing gross profits can drive positive cashflows. Detailed sensitivity analysis has been performed to assess the potential impact on the Group's liquidity caused by delays in revenue growth against expected levels along with potential mitigating actions which can be taken to safeguard the Group's cash position. These include working capital controls and reductions in discretionary spending. If events transpire differently to this assessment, for example if revenues fail to grow at the anticipated pace, there could be lower cash headroom. Given the successful fundraise which accompanied the Elucigene acquisition, and the much-reduced cash consumption rates, the directors believe there is sufficient cash available to avoid a cash shortfall.

The directors have concluded that considering the circumstances described above and mitigation strategies in place, the directors have a reasonable expectation that the Group and the Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing these interim financial statements.

### **Revenues**

	<b>Unaudited 6 months to 30-Sep-2019 £000</b>	<b>Unaudited 6 months to 30-Sep-2018 £000</b>	<b>Audited 12 months to 31-Mar-2019 £000</b>
<b>Revenue analysed by geographical market</b>			
UK	1,095	818	1,216
Europe	1,602	842	1,780
International	5,070	2,280	5,886
<b>Revenue</b>	<b>7,767</b>	<b>3,940</b>	<b>8,882</b>
<b>Revenue analysed by product segments</b>			
NIPT	4,783	3,594	7,854
Reproductive Health	1,633	-	-
Oncology & Research	1,351	346	1,029
<b>Revenue</b>	<b>7,767</b>	<b>3,940</b>	<b>8,882</b>

**Operating loss for the period is stated after charging / (crediting)**

	Unaudited 6 months to 30-Sep 2019 £000	Unaudited 6 months to 30-Sep 2018 £000	Audited 12 months to 31-Mar 2019 £000
Research and development costs excluding salaries	382	220	691
Research and development tax credit	(346)	(212)	(474)
Depreciation of property, plant and equipment	811	479	945
(Profit)/Loss on disposal of property, plant and equipment	68	-	
Amortisation of non-current intangible assets	301	78	155
Share-based payments and warrant expenses	(83)	(127)	(251)
IFRS16 lease liability adoption gains/(losses)	132	-	-
Impairment gains/(losses) on financial assets (IFRS9)	(61)	-	(156)

**Taxation**

Taxes on income in the interim periods are accrued using the rate of tax that would be applicable to expected total annual earnings.

	Unaudited 6 months to 30-Sep 2019 £000	Unaudited 6 months to 30-Sep 2018 £000	Audited 12 months to 31-Mar 2019 £000
<b>Current tax</b>			
UK corporation tax on profits for the current period	137	-	-
Foreign corporation tax on profits for the current period	-	-	30
<b>Deferred tax</b>			
Origination and reversal of temporary differences	(57)	(15)	(29)
<b>Total tax (credit)/charge</b>	80	(15)	1

The research and development tax credit of £382k (H1 2018-19: £220k; 31 March 19: £691k) is shown as a deduction against general administrative expenses. Deferred tax of £1,195k (H1 2018-19: £248k; 31 March 19: £233k) is recognised in respect of the intangible fixed assets acquired in business combinations in March 2017 and April 2019.

## ***Earnings/Loss per share***

### ***Basic***

Basic loss per share is calculated by dividing the total comprehensive loss for the period of £1,380k (H1 2018-19: £3,426k; 31 March 18: profit £3,421k) by the weighted average number of ordinary shares in issue during the period 572,940,742 (H1 2018-19: 369,988,952; 31 March 2019: 396,597,093).

### ***Diluted***

Diluted earnings per share dilute the basic earnings per share to take into account share options and warrants. The calculation includes the weighted average number of ordinary shares that would have been issued on the conversion of all the dilutive share options and warrants into ordinary shares. The adjusted weighted average number of ordinary shares used to calculate diluted earnings / loss per share is 588,881,240 (31 March 2019: 399,636,919). 60,958,207 options and warrants (31 March 19: 150,606,885) have been excluded from this calculation as the effect would be anti-dilutive.

## ***Change in accounting policies - IFRS16 Adoption***

The Group has adopted IFRS 16 from 1 April 2019 but it has not restated comparatives for the prior reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Statement of Financial Position on 1 April 2019.

In adopting IFRS 16, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments of whether leases are onerous;
- the accounting for operating leases, with a remaining lease term of less than 12 months as at 1 April 2019, as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application, Instead, for contracts entered into before the transition date, the group relied on its assessment made in applying IAS 17 and IFRIC 4, 'Determining whether an Arrangement contains a Lease'.

### ***Lease liabilities***

On adoption of IFRS 16, the group recognised lease liabilities in relation to property leases which had previously been classified as operating leases under the principles of IAS 17 Leases. The lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was based on comparable loan interest rates in the relevant jurisdiction where the lease is operable.

	<b>£000</b>
Operating lease commitments disclosed as at 31 March 2019	757
Lease-related provisions disclosed as at 31 March 2019	206
Adjustments	235
<b>Lease liability recognised as at 1 April 2019</b>	<b>1,198</b>
Of which:	
Current lease liabilities	250
Non-current lease liabilities	948
<b>Lease liability recognised as at 1 April 2019</b>	<b>1,198</b>



### Right of use assets

Right-of-use assets for these property leases were measured at the amount equal to the lease liability as at the IFRS16 adoption date. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

### Changes to property leases after 1 April 2019

On 26 April 2019 the Company acquired Elucigene Diagnostics including its IFRS16 property lease liability and right-of-use asset, as described in the note below. Elucigene is in the process of being integrated with Company's other UK trading subsidiary, Premaitha Ltd. As part of this integration project certain property leases have been surrendered and others renegotiated with extended terms. This property lease restructure was completed in September 2019 and is reflected in these financial statements as at 30 September 2019.

### **Acquisition of Elucigene Diagnostics**

The Group acquired 100% of the equity interests in Elucigene Diagnostics, the trading name of Delta Diagnostics (UK) Ltd, on 25 April 2019 for a total consideration of £9,280,743. This UK-registered company is a leading molecular diagnostics manufacturer and developer of a complementary product range to that of the Group. A summary of the net assets acquired and the consideration paid is shown below.

	<b>Book value</b>	<b>Fair value</b>
	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	627	627
Intangible assets	0	5,362
Property, plant and equipment	287	287
Right of use asset (IFRS16)	1,485	1,485
Trade and other receivables	1,707	1,707
Inventories	440	440
Trade and other payables	(1,445)	(1,445)
Tax liability	(115)	(115)
Borrowings	(258)	(258)
Lease liability under IFRS16	(1,558)	(1,558)
Deferred tax liability	(24)	(1,043)
	1,146	5,489
Goodwill		3,791
<b>Total consideration</b>		<b>9,281</b>
<i>Satisfied by:</i>		
Cash		6,331
Issue of shares		2,950
<b>Total consideration</b>		<b>9,281</b>
<i>Net cash outflow arising on acquisition:</i>		
Cash consideration		(6,331)
Cash and cash equivalents acquired		627
<b>Purchase of subsidiary undertaking</b>		<b>(5,704)</b>

***Share capital***

On 25 April 2019, the Company announced completion of a gross fundraising of £11.8m via the issuance of 115,418,869 new ordinary shares at a price of 10.25 pence, with a further 24,581,111 new shares also issued to the shareholders of Elucigene at a price of 11.7 pence to complete the acquisition of that business. Total shares in issue after these transactions is 598,999,688 ordinary shares at the end of the reporting period and at the date of this report.

***Events after the reporting period***

There have been no material events after the end of the reporting period.