

27 September 2022

Medica Group PLC
Interim results for the six months to 30 June 2022

Further period of growth and recovery, significant contract renewals and new client wins across the business, and continued delivery against long-term strategic objectives

Market remains strong. Continued focus on building capacity to meet demand, and Medica remains well-positioned as a leader in teleradiology

Medica Group PLC (LSE: MGP, "Medica", the "Company" or the "Group"), an international provider of high-quality telemedicine services, announces its unaudited results for the six months ended 30 June 2022.

Key highlights

	Six months to 30 June 2022 £'000s	Six months to 30 June 2021 £'000s	Change £'000s	Change %
Revenue	36,009	26,436	9,573	36
Gross profit	17,498	13,504	3,994	30
Gross profit margin	48.6%	51.1%		
Underlying operating profit ¹	6,206	4,255	1,951	46
Underlying operating margin	17.2%	16.1%		
Underlying profit before tax ²	5,889	3,976	1,913	48
Profit before tax	4,412	2,215	2,197	99
Underlying basic EPS (pence) ³	3.96	2.82	1.14	40
Basic EPS (pence)	2.86	1.47	1.39	95
Interim dividend (pence)	0.93	0.89	0.04	4
	30 June 2022 £'000	30 June 2021 £'000	31 December 2021 £'000	
Cash and cash equivalents	6,440	11,640	9,616	
Net Cash/(Debt) ⁴	857	(35)	3,877	

(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 is included in note 11.

Roy Davis, Chairman of Medica, said:

"The Company has continued to execute against its strategy and delivered double-digit growth, in line with expectations, for the first half of 2022. The team performed well, renewing existing contracts and winning new teleradiology clients in the UK and Ireland. In addition, Medica launched new managed radiology services in Ireland and expanded its base of clinical trial clients in the US. The demand for teleradiology services remains strong as healthcare systems continue to tackle significant waiting lists for scanning and reporting. Medica remains focused on further improving its technology platform and expanding its network of radiologists, specialist doctors and clinicians to meet this demand for the rest of this year and into 2023. Medica's overall strategic objectives and long-term aspirations remain on track. The Company will continue to pursue its organic growth strategy to further diversify its remote reporting services, and to expand the scale and breadth of its services via potential acquisitions."

Dr Stuart Quin, Chief Executive Officer of Medica, said:

"This has been another positive period of growth for Medica. In the UK and Ireland, strong NightHawk growth has been driven by successful contract renewals with existing clients and new contract wins, and we have advanced the rollout of our ambitious FutureTech programme. In the UK, whilst Elective demand has returned to pre-pandemic levels, the second quarter was impacted by a shortage of radiologist capacity that limited our ability to capitalise on strong client demand. This trend continued over the summer period, although capacity is now returning to more normal levels this month. We continued to grow our US business, RadMD, over the period with some exciting new client wins and we are proud to have supported a major therapy through to approval for one of our largest clients. RadMD continues to be well-positioned in a fast-growing, attractive international market with opportunity for further organic growth and M&A."

"Demand for our services is at an all-time high in the UK and Ireland as healthcare providers grapple with the huge backlog of patients waiting for diagnosis and treatment following the pandemic. Our focus during the remainder of this year and into 2023 remains on working closely with our hospital clients to help them to manage demand and, to do this, we are working hard to maximise the utilisation of existing radiologist capacity and continuing to build our network of specialist radiologists both in the UK and Ireland, as well as overseas. We are making progress towards this end but, as we have previously indicated, the UK and Irish healthcare markets remain capacity-constrained and as a result, demand for reporting continues to exceed the availability of radiologists. In the near-term we are prioritising our strategically important NightHawk service, including new initiatives relating to our acute reporting offering, without impacting our ability to grow the UK business as a whole. In the long-term, our infrastructure, expertise, recent investments in technology, and the continued strong market demand mean we remain confident that Medica will maintain its market-leading position in teleradiology."

Financial highlights

- Total revenue of £36.0m compared to £26.4m in H1 2020, representing growth of 36% including the positive impact of Medica Ireland and RadMD.
 - UK NightHawk and acute revenue increased by 14% from £14.3m to £16.2m compared to H1 2021 as a result of a combination of underlying market

growth, successful contract renewals with existing clients and new contract wins.

- **UK** Elective revenue increased 61% YoY from £6.2m to £9.9m, reflecting strong demand for services in response to the backlog of patients requiring scanning.
- **Ireland** revenue increased 24% from £4.5m to £5.6m due to a combination of an increase in the number of scan and reporting contracts in ultrasound and plain film, as well as underlying organic growth in existing contracts coupled with a record increase in the number of new out-of-hours teleradiology hospital clients.
- **US/clinical trials** (RadMD) contributed revenue of £4.3m for the full six-month period, an increase of 16% compared to H2 2021 as strong growth in the contracted orderbook converted to revenue.
- Group gross profit margin reduced from 51.1% to 48.6% but remained above pre-pandemic levels (H1 2020: 47.1%). This reflected the expected reduction in gross margin in the UK to 48.1% as competition in the market impacted repricing and new contracts, but also the impact of the mix from Ireland and the US.
- Underlying operating profit increased by £1.9m to £6.2m (H1 2021: £4.3m).
- Underlying basic EPS also increased by 40.4% from 2.82 pence to 3.96 pence per share. Basic EPS increased from 1.47 pence to 2.86 pence per share.
- The business remained ungeared at the period end with net cash of £0.9m (2021 net debt of £0.04m) after taking account of strong operating cashflow, continued good working capital management and the payment of deferred consideration for RadMD and Medica Ireland.
- Interim 2022 dividend of 0.93 pence per share (2021: 0.89 pence) declared representing an increase of 4.5%.

Operational highlights

- Successful launch of a new Picture Archive and Communication System (PACS) in February with continued investment in our FutureTech platform
- Growth in Same-Day reporting activity and expansion of urgent reporting hours in the UK, reflecting growing demand
- New contract commenced to provide scanning and reporting services for Ireland's leading private insurer at their new state-of-the-art clinic in south Dublin
- Record number of new out-of-hours clients across Ireland as an increasing number of hospitals look to partner to deliver scanning services during the night, as anticipated in our investment thesis
- Strong performance in our diabetic retinopathy screening and surveillance contract in Ireland as patient throughput returns to pre-pandemic levels
- Further expansion of RadMD's orderbook and pipeline, as well as reach into new therapy areas and pharma clients
- Elective demand has returned to pre-pandemic levels, with initiatives underway to increase capacity to better meet demand, including:
 - Improving availability and utilisation of existing capacity
 - Continuing to improve our reporting platform technology to drive productivity
 - Reducing the time to onboard new radiologists
 - Initiatives to accelerate recruitment overseas

For further information, please contact:

Medica Group Plc: +44 (0)33 33 111 222
Stuart Quin, Chief Executive Officer
Richard Jones, Chief Financial Officer

FTI Consulting +44 (0)20 3727 1000
Victoria Foster Mitchell
Sam Purewal

Liberum (Joint Broker) +44 (0)20 3100 2000
Phil Walker
Richard Lindley

Numis (Joint Broker) +44 (0)20 7260 1000
Freddie Barnfield
Duncan Monteith
Euan Brown

About Medica Group PLC

Medica (LSE: MGP) is an international provider of high-quality telemedicine services. It is the market leader in teleradiology in the UK and Ireland, working with more than 100 NHS Trusts and HSE hospitals in Ireland, in addition to private hospitals, insurance groups and diagnostic imaging companies. Its network of consultant radiologists, radiographers and specialist doctors interpret and report MRI, CT, ultrasound and X-ray images on behalf of healthcare providers, using Medica's bespoke, secure technology platform for fast and responsive delivery. The company's core services include NightHawk, an urgent, out-of-hours offering available to clients 24/7 with dedicated pathways for stroke and major trauma, and Elective, for routine reporting.

In Ireland, Medica carries out patient scanning, as well as reporting, and runs a diabetic retinopathy screening programme for the National Screening Service. Through its US business, RadMD, Medica provides global pharmaceutical and biotech companies, as well as contract research organisations with specialist imaging services for clinical trials.

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 2022.

UK performed well especially in NightHawk

Our strategically important NightHawk business performed very well in the first half as we focused on renewing contracts and expanding our service offering. We also focused our Elective capacity as far as possible on meeting demand from our existing clients. Our Elective revenues, whilst recovering strongly compared to 2021 when Covid-19 still impacted us, were limited in the second quarter and over the summer by the availability of radiologists who responded to additional demand from their Trusts by way of overtime and additional shifts, as well as their taking accrued annual leave. Encouragingly, since the summer, we are starting to see this availability return to normal levels.

Strong growth in our acquired businesses

The first half saw a strong performance from our two acquired operations in Ireland and the US. We have continued to invest in both businesses to sustain this strong growth and expect to see the payback in terms of net margin improvement over time. We continue to evaluate opportunities to scale particularly in support of our clinical trials business.

I am also pleased to announce that for the period to 30 June 2022, the Board has decided to declare an interim dividend of 0.93p per share.

Outlook

Following a strong first half performance, Medica continues to be well positioned. We continue to grow our strategically important NightHawk client base both in the UK and Ireland and are also seeing strong demand for new acute services. For our Elective service, the challenge has been both the availability of existing radiologist capacity, as well as initiating sufficient additional capacity to meet strong demand. This has limited our ability to generate the revenue growth we had expected in Elective over the period and into the summer, however, the current initiatives to increase capacity should support growth for the rest of this year and into 2023. Our US business continues to grow its revenues strongly, and we expect this to continue through the remainder of the year into next year as the pipeline of new opportunities convert to revenue.

Roy Davis
Chairman

Financial and business review

UK NightHawk reporting activity has increased significantly, driven by growth in the number of exams performed for existing clients, as well as clients expanding the hours over which the NightHawk service operates. In addition, an increase in more complex cross-sectional studies, new contract wins (particularly from former clients returning to Medica) and new services, including the expansion of our "Same-Day" reporting service, have resulted in good revenue growth after taking account of changes to pricing with new and renewed contracts. Importantly, Medica has been successful in renewing a significant number of NightHawk contracts with existing clients on three-to-five-year terms. This includes contract renewals for which procurement was delayed during the pandemic.

Within our urgent services segment, the team has continued to expand Medica's daytime urgent and "Same-Day" services in response to demand from our NHS clients for more rapid and efficient reporting outside of the traditional overnight "NightHawk" service.

UK Elective reporting performance in H1 2022 was materially ahead of H1 2021, with the latter period still significantly impacted by Covid-19. Compared to H2 2021, Elective revenues in H1 2022 were 7% lower reflecting the temporary disruptive impact on Elective services in February from the switch to the new PACS system. This was compounded by challenges with maximising radiologist capacity from our existing network, as well as recruiting sufficient new reporting capacity, particularly in the more complex modalities. This trend continued into the summer period and has been driven by a combination of factors including radiologists spending more time supporting their NHS hospitals with overtime, the impact of substantial accrued annual leave from the pandemic being taken later in the first half and over the summer and extended time to onboard new radiologists in the UK and overseas. Importantly, since the start of September, we are starting to see the return of radiologist availability to expected levels.

During the period, net rostered reporting hours increased by 11%. The UK team is focused on initiatives to increase Elective capacity, including:

1. Improving availability and utilisation of existing capacity
2. Reducing the time to onboard new capacity
3. Increasing the number of fully employed radiologists
4. Initiatives to speed up recruitment overseas
5. Improvements to our reporting platform technology to improve productivity

Overall, after taking account of apportioned group overheads, UK underlying operating profit margin increased to 21% (2021:15%), however, this was a decline of 4% compared to H2 2021, reflecting the impact of pricing changes for renewed NH contracts, including those delayed by the pandemic to H1 2022 and increased costs only partially offset by operational leverage through better NH performance.

Ireland continuing to perform strongly

Medica Ireland continued to perform strongly during the period, exceeding our expectations. Revenue of £5.6 million represented an increase of 24% over the same period last year. This was driven by an increased number of scan and reporting contracts in ultrasound and plain film, as well as a significant increase in the number of new out-of-hours teleradiology

hospital clients. Medica is now providing services in all hospital groups across Ireland and this year, expects to more than double the number of out-of-hours clients that have worked with us since the business was acquired in November 2020. Medica has also expanded its partnership with Ireland's leading health insurer, providing diagnostic services at a new state-of-the-art clinic in south Dublin. This new service is already performing ahead of plan. Additionally, the Medica Vision diabetic retinopathy screening service is performing to plan and supporting the National Screening Service in Ireland to return to pre-pandemic levels of patient screening and surveillance.

After taking account of apportioned group overheads, underlying operating margin reduced from 19% to 14% YoY, which reflected an increase in investment in operational management to support current and future growth potential.

RadMD continuing to scale rapidly

RadMD continued to develop its full-service client base in new and existing therapy areas. The combined orderbook and risk-adjusted pipeline at the end of June 2022 was \$48.1m, compared to \$54.0m at the end of December 2021 after taking account of new business offset by the conversion to revenue in the period. This orderbook and pipeline continues to underpin the current growth in reported revenues, with H1 2022 revenue increasing 16% compared to H2 2021.

We continue to focus on increasing the scale of our international clinical trials business as this is key to generating operating efficiencies. The US now has an established business development team based across the country and continues to invest in clinical and project management capacity and capability, as well as IT expertise, to manage the ongoing strong growth in top-line revenues. During the period, the team signed new contracts with sizeable pharmaceutical and biotech clients and continued to extend relationships with existing clients.

After taking account of apportioned group overheads, RadMD reported a break-even position in H1 after also taking account of the investment in people to support the strong growth profile.

Operating cost base

As noted above, we continue to invest in our cost base in Ireland and RadMD to support current and future growth and as a result, this investment will take time to be reflected in operational leverage. We continued to closely monitor the inflationary environment during the period and, as a result, took proactive steps to address the increased cost of living by awarding a one-off payment to all staff across the business in July and an increase in base salary for all staff will take effect from 1 October as a mid-year measure in addition to the normal annual pay increase in April.

Net Debt Capex and Deferred consideration

Medica started the year with net cash of £3.9m. During the period total cash inflow from operating activities was £3.4m after strong operating cashflow of £4.4m (H1 2021: £2.2m), adjustments for non-cash items less a negative working capital movement in the period of £3.6m (H1 2021: £3.5m). This represented an operating profit to cash conversion in the period of 54% (H1 2021: 26%).

During the period Medica also paid £5.7m in total (2021: £nil) in deferred consideration of which £4.0m related to RadMD and £1.7m related to Medica Ireland. Capex in the period was £1.4m (2021: £1.2m) which included new IT equipment for employees and workstations for reporters, as well as costs relating to the ongoing FutureTech programme, including licences and capitalised internal costs.

Dividend

For the period to 30 June 2022, the board has decided to declare an interim dividend of 0.93 pence per share which will be paid on 04 November 2022 to shareholders on the register as at 07 October 2022. This represents an increase of 4.5% over the prior year interim dividend of 0.89 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

UK NightHawk ("NH") reporting

Having successfully re-tendered for NH contracts representing c. 23% of NH revenue so far this year, our focus is on continuing to drive growth in NH revenues by expanding Same-Day and urgent daytime services, as well as adding new NH capacity to support increased volumes from our existing clients and new contracts scheduled to be deployed in the remainder of the year. Overall, we expect NH revenues to continue to grow at low double-digit rates throughout the rest of 2022.

UK Elective reporting

The UK continues to face a severe shortage of Elective reporting capacity as the NHS continues its efforts to increase the amount of diagnostic scanning capacity that can be delivered within both the hospital and community environment. Year to date, overall reporting capacity has only increased slightly and the recent Royal College of Radiologists staffing census indicates an expected shortfall of almost 40% of radiologists required to conduct all of the work required by the NHS by 2026, equal to 3,166 Consultant radiologists.

Medica's initiatives to increase capacity will take time to deliver. Whilst we are starting to see a return to more normal levels of radiologist availability in September, the impact of capacity challenges earlier in the year and into the summer, together with a focus on urgent reporting mean that we now expect Elective revenues to be relatively flat in the second half compared to the first half of 2022 albeit with a positive uptick in Q4 based on current trends and with new capacity coming on stream.

Looking ahead to 2023, we will continue to focus on expanding reporting capacity for both urgent and Elective services as well as evaluating new service lines in allied areas of telemedicine.

Ireland

Our Irish business continues to develop a strong pipeline of new contract opportunities particularly in the introduction of out-of-hours services to new clients, as well as expansion

of the number of hours of urgent reporting provided to existing clients. Alongside this, Medica continues to expand its managed service operations by delivering more scanning and reporting of ultrasound and plain film images particularly in support of primary care waiting list initiatives. In addition, work has begun on the re-tender for the Diabetic Retinopathy screening and surveillance contract which is due to be awarded later in the second half for planned commencement at the start of 2023. We therefore continue to expect Ireland to grow faster than our UK business in the medium term.

RadMD

Since our acquisition of RadMD, we have increased support for new business development activity and are investing in new systems and expanding our operations team. The new team established late last year are already starting to demonstrate the benefits of a more proactive market approach and we expect both the pipeline and orderbook to grow and to convert into continued strong revenue growth. This includes signing new, sizeable pharma and biotech clients in new and legacy therapeutic areas, as well as increasing our penetration of existing client accounts. Inevitably an improvement in net margin will take time to deliver as we continue to invest ahead of the anticipated strong growth. We continue to evaluate opportunities to add scale to our clinical trials business via M&A and partnerships.

Summary

Overall, considering current year investments for growth in Ireland and RadMD, the impact of an increase in payroll costs across the group, and a reduction in our expectations for Elective revenues this year, we expect Group revenue for the full year to be line with market expectations with net operating margin for the year to be moderately below expectations.

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
Chief Executive Officer
27 September 2022

Richard Jones
Chief Financial Officer
27 September 2022

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

27 September 2022

CONDENSED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited 6 months ended 30 June 2022 £000			Unaudited 6 months ended 30 June 2021 £000			
	Notes	Non- Underlying		Non- Underlying		Total	
		Underlying	(Note 8)	Underlying	(Note 8)		
	£'000	£'000	£'000	£'000	As restated ¹	As restated ¹	
Revenue		36,009	-	36,009	26,436	-	26,436
Cost of sales		(18,511)	-	(18,511)	(12,932)	-	(12,932)
Gross profit		17,498	-	17,498	13,504	-	13,504
Administrative expenses		(11,292)	(1,097)	(12,389)	(9,249)	(1,794)	(11,043)
Operating profit		6,206	(1,097)	5,109	4,255	(1,794)	2,461
Finance costs		(257)	(380)	(637)	(279)	33	(246)
Share of results from joint ventures		(60)	-	(60)	-	-	-
Profit before tax		5,889	(1,477)	4,412	3,976	(1,761)	2,215
Income tax charge		(1,046)	132	(914)	(661)	175	(486)
Profit for the period attributable to equity shareholders		4,843	(1,345)	3,498	3,315	(1,586)	1,729
Statement of Comprehensive Income							
Profit for the period				3,498			1,729
Other comprehensive income				1,088			19
Total comprehensive income for the period				4,586			1,748
Basic profit per ordinary share (pence)	9			2.86			1.47
Diluted profit per ordinary share (pence)	9			2.82			1.47

¹ The prior period amounts have been restated for the correction of prior period presentation errors, profit for the period is unaffected. See note 5 for more detail.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		Unaudited 30 June 2022	Unaudited 30 June 2021	Audited 31 December 2021
	Notes	£000	£000	£000
ASSETS				
Non-current assets				
Goodwill	12	31,195	30,290	30,357
Other intangible assets	13	22,805	23,366	22,399
Property, plant and equipment		3,936	4,948	4,521
Deferred tax		170	400	186
Investments in joint ventures		52	56	-
		58,158	59,060	57,463
Current assets				
Trade and other receivables		15,741	13,838	14,271
Cash and cash equivalents		6,440	11,640	9,616
		22,181	25,478	23,887
Total assets		80,339	84,538	81,350
LIABILITIES				
Current liabilities				
Trade and other payables		(9,138)	(7,985)	(9,576)
Borrowings	14	(5,583)	(11,675)	(5,739)
Lease liabilities		(178)	(328)	(280)
Contingent consideration	15	(1,859)	(4,701)	(5,335)
Current tax		(838)	(281)	(880)
		(17,596)	(24,970)	(21,810)
Net current assets		4,585	508	2,077
Total assets less current liabilities		62,743	59,568	59,540
Non-current liabilities				
Lease liabilities		(844)	(1,008)	(814)
Contingent consideration	16	-	(1,545)	(1,553)
Deferred tax		(2,048)	(2,719)	(2,270)
		(2,892)	(5,272)	(4,637)
Net assets		59,851	54,296	54,903
EQUITY				
Issued capital	16	245	245	245
Share premium		30,329	30,306	30,324
Foreign exchange reserve		966	21	(122)
Retained earnings		28,311	23,724	24,456
		59,851	54,296	54,903

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2022

	Issued capital £'000	Share premium £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021 (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	-	488	16,095
Profit for the period	-	-	-	1,729	1,729
Other comprehensive income	-	-	19	-	19
Total comprehensive income for the period	-	-	19	1,729	1,748
At 30 June 2021 (unaudited)	245	30,306	21	23,724	54,296
Issue of ordinary shares	-	18	-	-	18
Share based payments	-	-	-	462	462
Deferred tax on share based payment transactions	-	-	-	(301)	(301)
Dividends paid	-	-	-	(3,167)	(3,167)
Transactions with owners	-	18	-	(3,006)	(2,988)
Profit for the period	-	-	-	3,738	3,738
Other comprehensive income	-	-	(143)	-	(143)
Total comprehensive income for the period	-	18	(143)	732	607
At 31 December 2021 (audited)	245	30,324	(122)	24,456	54,903
Issue of ordinary shares	-	5	-	-	5
Share based payments	-	-	-	326	326
Deferred tax on share based payment transactions	-	-	-	31	31
Transactions with owners	-	5	-	357	362
Profit for the period	-	-	-	3,498	3,498
Other comprehensive income	-	-	1,088	-	1,088
Total comprehensive income for the period	-	-	1,088	3,498	4,586
At 30 June 2022 (unaudited)	245	30,329	966	28,311	59,851

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2022

	Unaudited 6 months ended 30 June 22 £000	Unaudited 6 months ended 30 June 21 £000	Audited 12 months ended 31 Dec 2021 £000
Operating activities			
Profit for the period	3,498	1,729	5,467
Add back taxation	914	486	1,872
Profit before tax	4,412	2,215	7,339
<i>Adjustments for:</i>			
Depreciation	1,031	845	1,672
Amortisation	1,516	1,329	2,816
Loss on disposal of tangible and intangible assets	-	55	55
Share based payments	326	220	682
Social security costs of share-based payment charge	19	135	78
Fair value movement on contingent consideration	-	(147)	-
Contingent consideration paid in excess of fair value	(1,013)	-	-
Foreign exchange	(52)	(474)	(590)
Finance costs	637	393	1,143
Share of results of joint ventures	60	-	56
<i>Changes in:</i>			
(Increase)/decrease in trade and other receivables	(1,069)	(4,435)	(4,725)
(Decrease)/increase in trade and other payables	(1,798)	1,239	2,811
Tax paid	(712)	(250)	(1,614)
Cash inflow from operating activities	3,357	1,125	9,723
Investing activities			
Purchase of subsidiary net of cash acquired	-	(11,429)	(11,429)
Purchase of property, plant and equipment	(392)	(892)	(1,310)
Purchase of software intangibles	(1,015)	(289)	(763)
Contingent consideration paid	(4,612)	-	-
Additional investment in joint ventures	(111)	-	-
Cash outflow from investing activities	(6,130)	(12,610)	(13,502)
Cash flows from financing activities			
Repayment of lease liability	(129)	(197)	(407)
Proceeds from borrowings	3,792	11,592	11,592
Repayment of borrowings	4,000	(17,586)	(23,522)
Issue of ordinary share capital net of issue costs	5	15,607	16,162
Cost to issue ordinary share capital	-	-	(537)
Dividends paid to ordinary shareholders	-	-	(3,167)
Interest paid	(109)	(154)	(424)
Net cash (outflow)/inflow from financing activities	(504)	9,262	(303)
Net change in cash and cash equivalents	(3,277)	(2,223)	(4,082)
Movement in net cash			
Cash and cash equivalents, beginning of period	9,616	13,934	13,934
Decrease in cash and cash equivalents	(3,277)	(2,223)	(4,082)
Foreign exchange on cash and cash equivalents	101	(71)	(236)
Cash and cash equivalents, end of period	6,440	11,640	9,616

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2022

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 2021 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 2022 of £6.44 million and a three-year, £30 million revolving credit facility (RCF), obtained in May 2021, of which £5.58 million was drawn as at 30 June 2021. Net cash at 30 June 2022 was therefore £0.86 million.

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 at least 12 months from the date of approval of these financial statements (the forecast period). 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 2021. 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 2022. 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 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.

No accounting policies have been amended during the period to 30 June 2022.

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

During the period the directors' reviewed the prior period presentation of the condensed consolidated income statement and note 8. Restatements have been made to the prior period comparatives to:

(i) correctly present the fair value adjustments on contingent consideration totalling a £147k credit which was previously included in non-underlying administrative expenses now presented in finance costs. The effect of the restatement was an increase in total administrative expenses from £10,896k to £11,043k and a decrease in total finance costs from £393k to £246k. There were equal and offsetting movements in increasing non-underlying administrative expenses from £1,647k to £1,794k and decreasing non-underlying finance costs from £114k to £33k credit, thus having no impact on underlying results. Note 8 was updated to correct the split of non-underlying expenses between administrative and finance costs. Note 12 was updated, reducing the operating profit and removing the £147k credit from non-underlying add backs in reconciling operating profit to non-underlying operating profit.

6. Key judgements and sources of estimation uncertainty

During the period there were no new judgements or estimates made by management in applying the accounting policies of the Group. All judgements and estimates are consistent with those stated in the annual report for the year ended 31 December 2021.

7. 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 as full service iCRO services and indirectly via Contract Research Organisations (CRO's) as reader only services. These activities are collectively referred to as imaging core lab services.

	Unaudited 30 June 2022				Unaudited 30 June 2021			
	UK £000	Ireland £000	USA £000	£000	UK £000	Ireland £000	USA £000	£000
UK NightHawk	16,195	-	-	16,195	14,252	-	-	14,252
UK Elective	9,947	-	-	9,947	6,163	-	-	6,163
Ireland	-	5,604	-	5,604	-	4,529	-	4,529
iCRO	-	-	4,263	4,263	-	-	1,492	1,492
Revenue	26,142	5,604	4,263	36,009	20,415	4,529	1,492	26,436
Cost of sales	(13,577)	(2,953)	(1,981)	(18,511)	(10,228)	(2,101)	(603)	(12,932)
Gross profit	12,565	2,651	2,282	17,498	10,187	2,428	889	13,504
Operating expenses	(7,164)	(1,852)	(2,276)	(11,292)	(7,061)	(1,567)	(621)	(9,249)
Operating profit	5,401	799	6	6,206	3,126	861	268	4,255
Finance costs	(118)	(134)	(5)	(257)	(132)	(145)	(2)	(279)
Share of results from joint ventures	(60)	-	-	(60)	-	-	-	-
Profit before tax	5,223	665	1	5,889	2,994	716	266	3,976
Tax	(961)	(113)	28	(1,046)	(539)	(103)	(19)	(661)
Underlying profit for the period	4,262	552	29	4,843	2,455	613	247	3,315
Non-underlying loss for the period				(1,345)				(1,586)
Profit for the period				3,498				1,729

	Unaudited 30 June 2022				Unaudited 30 June 2021			
	UK £000	Ireland £000	USA £000	£000	UK £000	Ireland £000	USA £000	£000
Non-current assets (excl deferred tax)	25,047	17,487	15,454	57,988	26,389	18,538	14,133	59,060
Additions to non-current assets	1,301	76	30	1,407	1,169	13	10,212	11,394
Total assets less current liabilities	34,971	15,360	12,412	62,743	34,921	12,523	12,124	59,568
Net assets	33,682	13,667	12,502	59,851	33,259	9,073	11,964	54,296

8. 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 11.

	Unaudited 30 June 2022	Unaudited 30 June 2021 As restated ²
	£000	£000
Amortisation of acquired intangible assets	1,198	1,027
Foreign exchange loss/(gain) on contingent consideration	13	(125)
Acquisition costs incurred ¹	(875)	356
Share based payment charge	326	220
Social security costs on share based payment charge	19	135
Group recruitment costs	-	49
Depreciation adjustment to align to group accounting policies	173	-
Legal and professional fees	243	132
Total non-underlying costs included within operating expenses	1,097	1,794
Fair value adjustment on contingent consideration	380	(33)

Total non-underlying costs before tax	1,477	1,761
Income tax	(132)	(175)
Total non-underlying items after taxation	1,345	1,586

¹Acquisition costs incurred in the 30 June 2022 period relates to revaluation gains on loans used to finance the acquisition of the US entities.

² The prior period amounts have been restated for the correction of prior period presentation errors. See note 5 for more detail.

9. 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.

	Unaudited	Unaudited
	30 June	30 June
	2022	2021
	£000	£000
Profit for the period attributable to ordinary shareholders	3,498	1,729
Effects of non-underlying items net of tax (see note 8)	1,345	1,586
Underlying profit for the period attributable to ordinary shareholders	4,843	3,315
Weighted average number of ordinary shares (000's)	122,429	117,357
Dilutive effect of share options (000's)	1,437	243
Weighted average number of ordinary shares (000's)	123,866	117,600
Basic profit per ordinary share (pence)	2.86p	1.47p
Diluted profit per ordinary share (pence)	2.82p	1.47p
Underlying basic profit per ordinary share (pence)	3.96p	2.82p
Underlying diluted profit per ordinary share (pence)	3.91p	2.82p

As at 30 June 2022 the directors assessed the potentially dilutive effect of contingently issuable shares, which comprise share options awarded under the Performance Share Plan (PSP), options under the Deferred Bonus Plan (DBP), options under the Company Share Option Plan (CSOP) and options under the Save as You Earn plan (SAYE).

As at 30 June 2022 there were 5,744,999 options outstanding of which 1,437,400 were considered dilutive. The calculation of diluted earnings per share above takes into consideration the Group's performance against the targets within the Performance Share Plan to 30 June 2022.

10. Dividends

	Unaudited 30 June 2022 £000	Unaudited 31 30 June 2021 £000	Audited 31 December 2021 £000
Final dividend for 2020: 1.7p per share	-	-	2,079
Interim dividend for 2021: 0.89p per share	-	-	1,088

The final dividend for 2021 of £2,192k (1.79 pence per share) was paid on 22 July 2022.

An interim dividend for 2022 of £1.1m (0.93 pence per share) is proposed by the Directors and will be paid on 4 November 2022 to shareholders on the register as at 7 October 2022.

11. Reconciliation of non-IFRS financial KPIs

The Group uses several 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 year. 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 periods.

	Unaudited 30 June 2022 £000	Unaudited 30 June 2021 As restated¹ £000
Reconciliation of underlying operating profit		
Operating profit	5,109	2,461
Adjustments for:		
Effects of amortisation of acquired intangibles	1,198	1,027
Effects of shared based payments	345	355
Foreign exchange gain on contingent consideration	13	(176)
Acquisition costs incurred	(875)	384
Group recruitment costs	-	49
Depreciation adjustment to align to group accounting policies	173	-
Legal and professional fees	243	155
Underlying operating profit	6,206	4,255
Underlying operating profit margin	17.2%	16.1%
Reconciliation of underlying profit before tax		
Profit for the period	3,498	1,729
Adjustments for:		
Non-underlying profits or losses net of tax (see note 8)	1,345	1,586
Underlying profit after tax	4,843	3,315

Income tax charge on underlying expenses	1,046	661
Underlying profit before tax	5,889	3,976

	Audited		
	Unaudited	Unaudited	31
	30 June	30 June	December
	2022	2021	2021
	£000	£000	£000
Reconciliation of net cash / (debt)			
Cash and cash equivalents	6,440	11,640	9,616
Borrowings due within one year	(5,583)	(11,675)	(5,739)
Net cash / (debt)	857	(35)	3,877

¹ The prior period amounts have been restated for the correction of prior period presentation errors, profit for the period is unaffected. See note 5 for more detail.

12. Goodwill

	UK	Ireland	USA	Total
	£000	£000	£000	£000
Cost				
At 1 January 2021 (audited)	15,948	7,525	-	23,473
Additions	-	-	6,817	6,817
At 30 June 2021 (unaudited)	15,948	7,525	6,817	30,290
Foreign exchange adjustment	-	(76)	143	67
At 31 December (audited)	15,948	7,449	6,960	30,357
Foreign exchange adjustment	-	25	813	838
At 30 June 2022 (unaudited)	15,948	7,474	7,773	31,195

13. Intangible assets

	Customer	Software	Brand	Total
	relationship	and	technology	£000
	£000	£000	£000	£000
Cost				
At 1 January 2021 (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
Additions	-	474	-	474
Foreign exchange	29	-	15	44
At 31 December 2021 (audited)	23,810	7,313	3,031	34,154
Additions	-	1,015	-	1,015
Disposals	-	(1,765)	-	(1,765)

Foreign exchange	918	-	93	1,011
At 30 June 2022 (unaudited)	24,728	6,563	3,124	34,415
Amortisation				
At 1 January 2021 (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
Charge for the period	956	451	80	1,487
Foreign exchange	(2)	-	-	(2)
At 31 December 2021 (audited)	5,195	5,524	1,036	11,755
Charge for the period	957	477	82	1,516
Eliminated in respect of disposals	-	(1,765)	-	(1,765)
Foreign exchange	97	-	7	104
At 30 June 2022 (unaudited)	6,249	4,236	1,125	11,610
Net book value				
At 30 June 2022 (unaudited)	18,479	2,327	1,999	22,805
At 31 December 2021 (audited)	18,615	1,789	1,995	22,399
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

14. Borrowings

Borrowings due in less than one year

	Unaudited 30 June 2022 £000	Unaudited 31 June 2021 £000	Audited 31 December 2021 £000
Revolving Credit Facility (RCF)	5,583	11,675	5,739
Total	5,583	11,675	5,739

During the six months ended 30 June 2022 £4.0m of the £5.7m GBP RCF was repaid and £3.7m (\$4.7m) was drawn down in USD on which a £0.1m foreign exchange translation loss was recognised during the period. The RCF facility is recognised net of arrangement fees of £0.3m (Dec 2021: £0.3m). These reduced by £0.1m for the unwind of the fees and increased by £0.1m for additional fees incurred on extending the facility by a further year. The initial term was three years, extendable by a further two years which is now extendable by one year following the extension in the period.

In the prior year 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 facility has a margin above SONIA and SOFR for GBP and USD drawn funds respectively, in the range of 2% to 3% depending on leverage and non-utilisation fees on undrawn the facility at 35% of the applicable margin.

Repayment of loans are due at the end of each interest period of up to six months. The remaining interest periods for the GBP and USD loans at 30 June 2022 were one and four months being repayable at the start of August and November respectively. New loans can be drawn down on submission of a utilisation request.

Security has been granted to the new banking syndicate of three banks comprising Lloyds, NatWest and Silicon Valley Bank over the UK companies and limited security over non-UK entities. Additionally, the group has access to an unutilised accordion facility up to £22.5m.

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.

15. Contingent consideration

	Unaudited 30 June 2022 £000	Unaudited 31 30 June 2021 £000	Audited 31 December 2021 £000
Amounts due in less than one year	1,859	4,701	5,335
Amounts due in more than one year	-	1,545	1,553
Total	1,859	6,246	6,888

16. Contingent consideration (continued)

Reconciliation of contingent consideration

	Global Diagnostics Ireland Limited £000	RadMD LLC £000	Total £000
As at 1 January 2021	3,531	-	3,531
Acquired on acquisition	-	2,924	2,924
Fair value adjustment on contingent consideration	(121)	88	(33)
Foreign exchange	(165)	(11)	(176)
As at 30 June 2021	3,245	3,001	6,246
Fair value adjustment on contingent consideration	50	576	626
Foreign exchange	(65)	81	16
As at 31 December 2021	3,230	3,658	6,888

Fair value adjustment on contingent consideration	45	335	380
Amounts paid	(1,672)	(4,051)	(5,723)
Foreign exchange	33	281	314
As at 30 June 2022	1,636	223	1,859
Amounts due in less than one year	1,636	223	1,859
Amounts due in more than one year	-	-	-

Global Diagnostics Ireland Limited

Contingent consideration reduced by £1,594k during the period mainly driven by a payment of £1,672k on commencement of a new contract as specified in the terms of the agreement. This was offset by an increase of £45k due to the fair value movement in relation to the unwinding of the time value of money and an increase of £33k relating to foreign exchange revaluation from Euros to GBP. £20k of the foreign exchange arises on consolidation of the Global Diagnostics Ireland and been recognised in the foreign exchange reserve.

The balance on 30 June 2022 of £1,636k is disclosed under current liabilities on the statement of financial position. £171k of this was paid in July 2022 and the remaining balance is payable in the first half of 2023.

RadMD LLC

Contingent consideration reduced by £3,435k during the period mainly driven by a payment of £4,051k relating to the finalisation of the earnout based on adjusted 2021 EBITDA. This was offset by an increase of £145k in the fair value due to a higher adjusted 2021 EBITDA than originally estimated resulting in a higher payment of contingent consideration. As the events occurred after the acquisition date a charge has been recognised in the income statement and not taken to goodwill. The balance also increased by £190k due to the fair value movement in relation to the unwinding of the time value of money. Additionally, the balance increased by £281k due to foreign exchange revaluation from USD to GBP which has been recognised in the foreign exchange reserve.

The balance on 30 June 2022 of £223k relates to the earnout based on the 2022 EBITDA which is payable in the first half of 2023 and is disclosed under current liabilities on the statement of financial position.

17. Equity

Ordinary share capital issued and fully paid

	Unaudited	Unaudited	Audited
	30 June	30 June	31
	2022	2021	December
	£000	£000	2021
			£000
122,433,635 (June 2021, 122,390,760; December 2021: 122,428,836) ordinary shares of £0.002 each	245	245	245
Total ordinary share capital of the Company	245	245	245

Issue of share capital during the period

On 30 June 2022, 4,799 ordinary shares of £0.002 each were issued for cash at £1.12 per share.

Share premium

£5k was recognised in share premium on the issue of ordinary shares during the period.

18. Related party transactions

There were no related party transactions during the period.

19. Post balance sheet events

In July 2022 contingent consideration in relation to the Ireland acquisition of £171k was paid as discussed in note 14. There were no other post balance sheet events during the post balance sheet period.

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 2022 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 2022 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
27 September 2022