RNS Number : 4130E
Diaceutics PLC
17 September 2024

H1 2024 Results - Continued Performance & Growth

24% revenue growth, 28% on a constant currency basis

Record order book of £27.9m provides good visibility on full year revenue

55% of revenues recurring, on track to achieve 70% in 2025

26% growth in number of customer therapeutic brands and three new customer enterprise-wide engagements added

Successfully launched PMx and secured first commercial contract as a promotional partner with a leading biotech for the launch of a breakthrough oncology precision medicine in the US

Two-year accelerated investment phase nearing completion - forecast shift to profitability and cash flow generation from 2025

Strong balance sheet with cash of £16.7 million

Belfast and London, 17 September 2024 - Diaceutics PLC (AIM: DXRX), a leading technology and solutions provider to pharma and biotech companies, today announces its unaudited results for the half-year ended 30 June 2024.

Ryan Keeling, Diaceutics' Chief Executive Officer, commented: *"As we approach the end of our two-year accelerated investment plan, we are seeing tangible results being delivered. We are now working with more customers, across more brands and generating increased revenue per brand. We are constantly growing our data gathering capabilities and improving the efficacy of the DXRX platform through the use of AI, and can now provide our customers with the critical data insights they need within 24 hours which is hugely valuable to their efforts to identify patients in need. We are very excited by the recent launch of PMx which enables us to offer a full promotional solution for customers and also allows us to retain a greater share of the value we create. Given our strong performance in the first half, we remain confident in our full year revenue target and our ability to deliver profitability and cash flow generation from 2025."*

Financial Highlights:

	H1 2024	H1 2023	Change
Revenue	£12.3m	£9.9m	+24%
Recurring revenue percentage of overall revenue	55%	47%	+8 ppts
Annual Recurring Revenue (ARR)*	£14.2m	Not reported	-
Subscription contract value renewal rate	93%	Not reported	-
Order book	£27.9m	£24.1m	+16%
Gross Profit	£10.7m	£8.7m	+23%
Gross Profit Margin	87%	88%	-100bps
EBITDA**	-£1.3m	-£0.2m	-£1.1m
Loss before tax	-£3.3m	-£2.0m	-£1.3m
Free Cash Flow	-£0.4m	-£2.3m	+£1.9m

** Annual Recurring Revenue is the value of recurring subscription revenue at a specific point in time, that is expected to be recognised from contracts in the next twelve months.*

*** EBITDA is earnings before interest, tax, depreciation, amortisation and exceptional items.*

- 24% revenue growth to £12.3 million, 28% on a constant currency basis
- 55% of revenues in the period were recurring (H1 2023: 47%), on track to achieve 70% in 2025
- ARR of £14.2 million as at 30 June 2024 (£13.7 million at 31 December 2023), with a contract value renewal rate on ARR contracts of 93%
- Increased visibility on future revenues - order book at 30 June 2024 of £27.9 million (H1 2023: £24.1 million), of which £8.9 million is expected to be realised in H2 2024
- Consistent and strong Gross Profit Margin at 87% in H1 2024 (H1 2023: 88%)
- EBITDA loss of £1.3 million, reflecting accelerated investment strategy (H1 2023 loss: £0.2 million)
- Debt free with cash of £16.7 million at 30 June 2024 (31 December 2023: £16.7 million)

H1 2024 Strategic & Commercial Highlights:

- Further expansion of lab network, data assets and capabilities in the US and Europe
- Significant technical upgrades to DXRX platform involving best in class AI which facilitates greater insights and utilisation of data
- Three new customer enterprise-wide engagements secured taking total to seven (FY 2023: four)
- 26% increase to 63 customer brands worked on in H1 2024 - over 70 in the past 12 months
- DXRX is a well invested and highly scalable platform that can deliver up to 100 in additional therapy revenue for every 1 invested by our customers

Current Trading & Outlook:

- Continued strong momentum driven by deeper customer engagement & success using DXRX
- Successfully launched PMx and secured first commercial contract - potential to increase annual revenue per therapeutic brand from £0.38 million to over £2.0 million
- Launched enhanced rare-disease offering - significant expansion of lab network will deliver more rare-disease data and a new contract signed to support the commercialisation of a rare-disease therapy
- Accelerated investment strategy to scale for growth is on track and nearing completion
- Global pharma and biotech continuing to accelerate their shift to precision medicine to improve patient access, capture lost revenue and increase profitability
- Increased level of visibility to our full year revenue targets

Analyst Presentation:
A webinar presentation for investors and analysts will be held at 1330 BST (0830 ET) on Tuesday, 17 September 2024. Those wishing to attend can register using the following link:

https://sparklive.lseg.com/Diaceutics/events/30b6a0fa-97bd-4e8e-b03e-69b2ee50e3ea/diaceutics-h1-2024-results-analyst-investor-call

Investor Meet Presentation:
A webinar presentation for investors will be held via the Investor Meet platform at 1630 BST (1130 ET) on Tuesday, 17 September 2024. The presentation is open to all existing and potential shareholders and registration can be completed via the following link:

https://www.investormeetcompany.com/diaceutics-plc/register-investor

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. The person responsible for making this announcement on behalf of the Company is Nick Roberts, Chief Financial Officer.

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About Diaceutics
At Diaceutics we believe that every patient should get the opportunity to receive the right test and the right therapy to positively impact their disease outcome. We provide the world's leading pharma and biotech companies with an end-to-end commercialisation solution for precision medicines through data analytics, scientific and advisory services enabled by our platform DXRX - The Diagnostics Network ®.

STRATEGIC AND OPERATIONAL REVIEW

Strategic Milestone: PMx
2024 has seen Diaceutics make remarkable progress in advancing its accelerated investment strategy (announced January 2023) across its four value drivers. A major highlight has been the commercial launch of PMx, which through significant investment over the past 2 years, represents an inflection point as the Company moves from being a data vendor to becoming a promotional partner for pharmaceutical companies launching precision medicines in the US. The launch of PMx also corresponded with its first commercial contract win and the Company's seventh enterprise-wide customer engagement.

We remain resolutely driven by our purpose; ensuring every patient should get the right test and the right therapy to positively impact their disease outcome. This shapes the strategic decisions we make and ultimately the shareholder value we deliver.

Value Drivers

Data
Our competitive advantage continues to be reinforced through our unrivalled depth of data. The expansion of our data supply network in 2024 has significantly augmented our data coverage.

In February, the Company expanded its data supply network, significantly increasing the number of labs through which it is sourcing data in Europe and broadening the Company's European data coverage. This data facilitates the rollout of the DXRX Signal products in key EU markets of Germany, France, Italy, Spain and the UK and the Company is currently initiating trials with pharma customers in some of these markets.

More recently, Diaceutics announced a number of new rare-disease genomic lab data partners having joined the DXRX network. These partners specialise in genetic testing, including the largest recognised testing lab in the US for genetically acquired rare diseases. These partners will enable Diaceutics to identify more rare disease patients, and earlier, helping pharma customers to better commercialise gene therapies for rare diseases.

Lab network
Expanding our lab partner network has empowered labs to improve the patient diagnostic and treatment journeys. Over the last six months, Diaceutics has produced and promoted a range of exciting content to engage these labs and encourage a beneficial two-way relationship. Most recently the Company launched a virtual event named "Precision medicine in oncology". This groundbreaking event consisted of a series of eight live webinars, culminating in a full day of immersive, true-to-life virtual experiences, and was tailored for laboratory professionals, pathologists, and anyone involved in oncology diagnostics and treatment.

DXRX platform

DXRX platform
To solidify our market leading position, we continually enhance our capabilities. Development of new functionality for the DXRX platform, including patient level linkable data, generative AI (Diaceutics Large Language Model, DLLM), and comprehensive US data sets that include data on social determinants of health, underscores our commitment to innovation.

The deployment of generative AI in the form of Diaceutics' Large "Lab" Model has enabled the platform to ingest large unstructured data sources from multiple sources on a daily basis, where it is sorted, labelled and communicated on to customers as insights within 24 hours.

The successful launch of new subscription offerings and the securing of seven enterprise-wide engagements to date align with our objective to transition larger customers onto the DXRX platform, driving platform-based subscription contracts. 55% of our revenue is now subscription based, with ultimately 70% of our business expected to be subscription based and platform enabled by the end of 2025. Crucially, we are seeing increasing traction for our enterprise-wide engagements, which enables Diaceutics to increase the average revenue per therapeutic brand and market opportunity it can capture.

Our team
At Diaceutics, our purpose - to ensure each patient receives the right test and right treatment - guides every endeavour.

Investing in our people remains a priority. We have strengthened the team significantly through recruitment and investment in training and development. At a senior leadership level, we have recruited a number of VPs many of whom are in the US, close to our clients, and enhancing our industry expertise and supporting our strategic growth.

Market opportunity

Growing market opportunity and reach
The rapid expansion of the precision medicine market offers significant opportunities for Diaceutics. As global pharma intensifies their focus and dedicates more resources to this field, aiming to improve patient access, capture lost revenue and increase profitability, Diaceutics is well-positioned to capitalise on these trends. Over the past 12 months, we have had regular engagement with over 70 individual therapeutic brands out of an estimated 257 brands [1] that could avail of Diaceutics' solutions. With the launch of PMx we have demonstrated how we can evolve the revenue expectation from the current average of £0.38 million annually per brand in 2023, to potentially in excess of £2.0 million annually per brand in the case of customer deploying Diaceutics' PMx solution.

Diaceutics has further solidified its central position as a thought leader within the precision medicine industry, announcing in April the formation of a landmark Economic Forum, aiming to urgently address the specific economic gaps limiting the advancement of precision medicine, and in early June 2024, we were honoured to be invited to present a poster titled "Effect of real time data-driven physician engagement on appropriate precision oncology testing" at the American Society of Clinical Oncology (ASCO) Annual Meeting in Chicago.

Our recent strategic alliance with KPMG exemplifies our commitment to expanding our commercialisation solutions to life science customers launching precision medicine. The strategic alliance will combine Diaceutics' and KPMG's extensive knowledge, expertise and industry reputation, and enable Diaceutics and KPMG to engage their life science customers, through a new sales channel, and with a broader and more comprehensive range of precision medicine services.

[1] The number of precision medicine brands available is an estimate based on Diaceutics market data.

Capturing the opportunity
The Board is confident that Diaceutics has the right offering and competitive advantage to capitalise upon the growing market opportunity. With our infrastructure investments (our data, lab network, platform and people) largely complete, we are poised for the next phase of growth, extending our market reach through partnerships and sales and marketing initiatives.

PMx represents a novel commercialisation solution which allows pharma and biotech companies to launch precision medicines in a lean and agile way while still maximising patient recruitment to drug - an approach that Diaceutics believes is revolutionary for the precision medicine market. PMx was launched in H1 2024, and in August, the Company announced that it had reached agreement with a leading biotech to become its primary promotional partner for the launch of a breakthrough oncology precision medicine in the US. This agreement is to deploy PMx through to the end of 2025 and is worth at least £2.5 million in service revenue to Diaceutics, with additional milestone fees estimated to be worth another £1.9 million payable during that period based on successful patient recruitment onto therapy - a significant uplift on the annual revenue per therapeutic brand achieved to date.

The Company announced that the number of enterprise engagements had increased from four to seven in the period, across 31 separate therapeutic brands, and with a total ARR of £10.6 million. These enterprise-wide engagements encapsulate the successful execution of Diaceutics' strategy to offer more products and services to existing customers.

Additional real-world data sales channels have been accessed in 2024 and have resulted in promising sales traction. These sales channels give the opportunity for the business to commercialise existing data assets and products for use within different, non-competitive, industries and customer groups.

The DXRX platform is well invested, highly scalable and can deliver up to100 in additional therapy revenue for every 1 invested by our customers.

FINANCIAL REVIEW

Diaceutics has continued to deliver strong financial performance in the first six months of 2024, the seventh consecutive period of growth for the Group. With strong cash reserves of £16.7 million and a record order book of £27.9 million at 30 June 2024, the Company enters the second half of the year with an increasing level of visibility to its full year revenue as it continues to complete its two year accelerated investment strategy and deliver upon a forecast shift to profitability and cash flow generation from 2025.

Revenue Growth and Order Book Visibility
Diaceutics' comprehensive suite of data driven insight and engagement solutions, designed to serve the precision medicine commercialisation requirements of pharma and biotech companies, have continued to experience strong organic growth in H1 2024. Despite the ever increasing currency headwinds, revenue grew 24% to £12.3 million in H1 2024 (H1 2023: £9.9 million), 28% on a constant currency basis. This most recent period of growth means that the Company has achieved a 3-year revenue CAGR of 27%.

Revenue growth has been especially strong within the insight and engagement solutions ('IES'), growing 34% to £9.3 million in H1 2024 (H1 2023: £7.0 million). The IES platform-based solutions now represent 76% of all revenues - a transition which has been achieved in just over three years and a standing start in 2021. Scientific and advisory services ('SAS') revenues were £3.0 million in H1 2024, growing slightly on the comparative period of £2.9 million in H1 2023. The growth in these services were impacted by some internal reorganisations and contract losses early in the year. Despite these challenges, SAS remain a fundamental offering of the business and the recently launched PMx precision medicine commercialisation offering.

The Total Contract Value ('TCV') secured by way of sales in the period was £13.8 million, lower than the value of contracts secured in the comparative period (H1 2023: £16.9 million), and predominately driven by change orders reducing the scope and value of some large enterprise-engagement services, lost subscription renewals for non-Signal products and the large enterprise win in H1 2023 which disproportionately skewed those results favourably.

The Company continues to improve the quality of its earnings, with 55% of all revenue in the period being recurring (H1 2023: 47%), and the visibility of its future earnings, with the order book at 30 June 2024 growing 16% to £27.9 million, up from £24.1 million at 30 June 2023.

As at 30 June 2024, theorder book that will be realised as revenue in H2 2024 was approximately £8.9 million and gives circa 71% visibility on FY 2024 analyst consensus estimates (H1 FY23: 70% visibility on FY 2023 revenue) These metrics are in line with the Board's expectations for this point in the year, providing good levels of revenue visibility as the Company enters its traditionally stronger second half of the year.

Annual Recurring Revenue (ARR) was £14.2 million as at 30 June 2024 (£13.7 million at 31 December 2023). ARR is the value of recurring subscription revenue at a specific point in time, that is expected to be recognised from contracts in the next twelve months. The value renewal rate for ARR contracts in the 12 months ending 30 June 2024 was 93%. The volume renewal rate for the same period was 80%, and increases to 94% for Signal ARR contracts.

Diaceutics continues to work with 17 of the top 20 global pharma companies and has increased the number of enterprise-wide engagements it has with pharma and biotech customers from four to seven engagements, including the Company's first PMx engagement, where Diaceutics is the primary partner for a customer launching an oncology precision medicine. These enterprise-wide engagements demonstrate the successful execution of Diaceutics' accelerated investment strategy to offer more products and services to existing customers.

The Group's customer base is heavily weighted towards blue chip pharma companies, with 92% of revenue generated by customers based in the USA (H1 2023: 83%). Diaceutics increased the number of customers it worked with in H1 2024 by 19% to 44 (H1 2023: 37) and worked across 63 individual customer brands in H1 2024, an increase of 26% on the comparative period (H1 2023: 50).

In 2023 the revenue weighting first vs. second half of the year was 42:58 compared to 38:62 in 2022.
Although it is anticipated that the second half revenue weighting will reduce in future years as a result of the Group's shift to an increasingly recurring revenue model, approximately 60% of the Group's full year 2024 revenue is expected to occur in the second half of 2024.

Gross Profit and Margins
The gross profit for the first six months of 2024 increased 23% to £10.7 million (H1 2023: £8.7 million). The gross margin remained strong for H1 2024 at 87%, down one percentage point from the gross margin in H1 2023 of 88%, and above management's expected margin of 85%.

The high gross margin is enabled by Diaceutics' investment in the DXRX platform. The primary direct selling costs of the business relate to platform and compute power, time and materials relating to project-based work and some customer pass-through costs.

EBITDA and Loss Before Tax Performance
In line with management's expectations, the Company generated an EBITDA loss of £1.3 million, higher than the comparative period loss of £0.2 million. The increased EBITDA loss reflects the impact of the Company's planned accelerated investment strategy which predominately materialised as increased headcount and people related costs in H1 2024 (headcount up to 206 vs. 161 in H1 2023) as well as a higher proportion of platform development costs expensed during the period.

Loss before tax increased from £2.0 million in H1 2023 to £3.3 million in H1 2024. This was driven by an increases in operating overheads as well as an increase in amortisation costs which rose by £0.4 million in the period. The increasing amortisation costs were the result of the capitalisation of material internal development costs in prior years, purchased data costs in the current and prior years, and a reduction in the useful economic life of purchased data costs - a change in accounting estimate implemented in H2 2023.

Reconciliation of Operating Loss to EBITDA

	2024 £m's	***2023 £m's***
Operating Loss	(3.6)	(2.2)
Depreciation & Amortisation	2.3	2.0
EBITDA	(1.3)	(0.2)

Balance sheet strength
At 30 June 2024, the Company reported a strong net asset position of £38.7 million (31 December 2023: £40.8 million).

During the period, the Group invested in its customer service capabilities, platform development and its data repository.

Platform development spend, in the form of technology stack capacity and scale, was £1.8 million of which £0.3 million was capitalised in the year (2023: £1.8 million of total platform development spend of which £0.8 million was capitalised). As set out in our accelerated investment strategy, the intensity of platform development spend has remained relatively consistent with comparative periods, however the proportion of development costs which are capitalised has decreased from £0.8 million in 2023 to £0.3 million as the platform reaches maturity.

from £0.8 million in 2023 to £0.3 million as the platform reaches maturity.

The business continues to prioritise the investment in its proprietary data repository, focusing on opportunities identified through its lab network and existing data supply chain. The investment has enabled the Company to procure a richer, more unique and more timely data dataset. The value of data acquired has reduced from £1.8 million in H1 2023 to £1.1 million in H1 2024. The reduction in spend was a timing difference between periods, and the Company expects the overall level of data expenditure for the year to be higher than 2023, but for future increases to be more proportionately linked to increases in the overall level of IES commercial engagements.

Cash at 30 June 2024 was £16.7 million, unchanged compared to the reported cash of £16.7 million at 31 December 2023, with the overall cash position remaining strong and underpinning the Company's ability to continue to execute against its ambitious growth plans.

CURRENT TRADING & OUTLOOK

The market opportunity available to Diaceutics is significant and continues to grow. In June, Diaceutics launched PMx, an innovative commercialisation solution enabling pharmaceutical and biotech companies to launch precision medicines more efficiently while still optimising patient recruitment for these drugs. This approach aims to maximise the value per brand opportunity available to Diaceutics. The first PMx contract was signed in 2024, and the Company is actively pursuing more of these enterprise-wide engagements. A significant benefit of PMx is that it allows Diaceutics to significantly boost the average revenue generated per brand it works on.

The Board will continue to monitor economic factors which could enhance or detract from the Company's revenue performance, including pharma industry spending trends, the geopolitical backdrop and the strengthening of sterling against the US dollar. However, given the strategic progress made against the accelerated investment strategy and the positive momentum in H1 2024, the Board has confidence over its full year revenue expectations and the Company's ability to deliver upon a forecast shift to profitability and cash flow generation from 2025.

Condensed Profit and Loss Account

for the six months ended 30 June 2024

	Notes	*Six months to 30 June 2024 (Unaudited) £000's*	*Six months to 30 June 2023 (Unaudited) £000's*	*Year ended 31 December 2023 (audited) £000's*
Revenue	2	**12,320**	9,924	23,699
Cost of sales		**(1,589)**	(1,224)	(3,993)
Gross profit		**10,731**	8,700	19,706
Administrative expenses		**(14,324)**	(10,873)	(22,784)
Other operating income	3	**8**	7	60
Operating loss		**(3,585)**	(2,166)	(3,018)
Finance Income		**349**	253	646
Finance costs		**(28)**	(42)	(66)
Loss before tax		**(3,264)**	(1,955)	(2,438)
Income tax credit	4	**680**	470	692
Loss for the financial period		**(2,584)**	(1,485)	(1,746)

All activities in the current and prior periods relate to continuing operations.

Condensed Statement of Comprehensive Income

for the the six months ended 30 June 2024

	Six months to 30 June 2024 (Unaudited) £000's	*Six months to 30 June 2023 (Unaudited) £000's*	*Year ended 31 December 2023 (audited) £000's*
Loss for the financial period	**(2,584)**	(1,485)	(1,746)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(7)**	(121)	(378)
Total comprehensive loss for the period, net of tax	**(2,591)**	(1,606)	(2,124)

All activities in the current and prior periods relate to continuing operations.

Earnings per share
for the six months ended 30 June 2024

	Note	*Six months to 30 June 2024 (Unaudited)*	*Six months to 30 June 2023 (Unaudited)*	*Year ended 31 December 2023 (audited)*
		Pence	*Pence*	*Pence*
Basic	6	**(3.06)**	(1.76)	(2.07)
Diluted	6	**(3.06)**	(1.76)	(2.07)

Condensed Balance Sheet
as at 30 June 2024

	Notes	*30 June 2024 (Unaudited)*	*30 June 2023 (Unaudited)*	*31 December 2023 (Audited)*
ASSETS		*£000's*	*£000's*	*£000's*
Non-current assets				
Intangible assets	7	**14,522**	16,070	15,262
Right of use assets		**1,103**	1,257	1,180
Property, plant and equipment	8	**700**	737	719
Deferred tax asset		**1,872**	96	1,143
		18,197	18,160	18,304
Current assets				
Trade and other receivables	9	**9,750**	9,164	11,367
Income tax receivable		**730**	917	6
Cash and cash equivalents		**16,749**	17,880	16,667
		27,229	27,961	28,040
TOTAL ASSETS		**45,426**	46,121	46,344
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	**169**	169	169
Share premium		**37,261**	37,126	37,126
Treasury shares		**(312)**	(293)	(312)
Translation reserve		**(247)**	17	(240)
Profit and loss account		**1,869**	4,040	4,043
TOTAL EQUITY		**38,740**	41,059	40,786
Non-current liabilities				
Lease liability		**984**	1,132	1,059
Provision for dilapidations		**89**	88	88
Deferred tax liability		**-**	341	28
		1,073	1,561	1,175
Current liabilities				
Trade and other payables	10	**5,463**	3,365	4,237
Lease liability		**150**	128	146
Income tax payable		**-**	8	-
		5,613	3,501	4,383
TOTAL LIABILITIES		**6,686**	5,062	5,558
TOTAL EQUITY AND LIABILITIES		**45,426**	46,121	46,344

Condensed Statement of Changes in Equity
for the six months ended 30 June 2024

	Equity share capital *£000's*	Share premium *£000's*	Treasury shares *£000's*	Translation reserve *£000's*	Profit and loss account *£000's*	Total equity *£000's*
At 1 January 2023	**169**	**37,126**	**(263)**	**138**	**5,344**	**42,514**
Loss for the period	-	-	-	-	(1,485)	(1,485)
Other comprehensive loss	-	-	-	(121)	-	(121)
Total comprehensive loss for the period	-	-	-	(121)	(1,485)	(1,606)
Transactions with owners recorded directly in equity						
Share based payment	-	-	-	-	181	181
Treasury shares	-	-	(30)	-	-	(30)
Total transactions with owners	-	-	(30)	-	181	151
At 30 June 2023 (unaudited)	**169**	**37,126**	**(293)**	**17**	**4,040**	**41,059**
Loss for the period	-	-	-	-	(261)	(261)
Other comprehensive loss	-	-	-	(257)	-	(257)
Total comprehensive loss for the period	-	-	-	(257)	(261)	(518)
Transactions with owners recorded directly in equity						
Share based payments	-	-	-	-	264	264
Treasury Shares	-	-	(19)	-	-	(19)
Total transactions with owners	-	-	(19)	-	264	245
At 31 December 2023 (audited)	**169**	**37,126**	**(312)**	**(240)**	**4,043**	**40,786**

	Equity share capital *£000's*	Share premium *£000's*	Treasury shares *£000's*	Translation reserve *£000's*	Profit and loss account *£000's*	Total equity *£000's*
At 1 January 2024	**169**	**37,126**	**(312)**	**(240)**	**4,043**	**40,786**
Loss for the period	-	-	-	-	(2,584)	(2,584)
Other comprehensive loss	-	-	-	(7)	-	(7)
Total comprehensive loss for the period	-	-	-	(7)	(2,584)	(2,591)
Transactions with owners recorded directly in equity						
Share based payment	-	-	-	-	410	410
Exercise of Warrants	-	135				135
Total transactions with owners	-	135	-	-	410	545
At 30 June 2024 (unaudited)	**169**	**37,261**	**(312)**	**(247)**	**1,869**	**38,740**

Condensed Statement of Cash Flows

for the six months ended 30 June 2024

	Notes	***Six months to 30 June 2024 (Unaudited) £000's***	***Six months to 30 June 2023 (Unaudited) £000's***	***Year ended 31 December 2023 (audited) £000's***
Loss before tax		**(3,264)**	(1,955)	(2,438)
Adjustments to reconcile loss before tax to net cash flows from operating activities				
Net finance income		**(321)**	(211)	(580)
Amortisation of intangible assets	7	**2,118**	1,774	4,459
Depreciation of right to use asset		**77**	78	153
Depreciation of property, plant and equipment	8	**80**	81	161
Research and development tax credits		**-**	-	(42)
Decrease/(increase) in trade and other				

receivables		**1,616**	45	(2,158)
Increase/(decrease) in trade and other payables		**1,226**	(265)	618
Loss on disposal of fixed asset			-	3
Share based payments		**410**	181	445
Cash generated/(used) from operations		**1,942**	(272)	621
Tax (paid)/received		**(790)**	970	690
Net cash inflow from operating activities		**1,152**	698	1,311
Investing activities				
Purchase of intangible assets		**(1,385)**	(2,885)	(4,730)
Purchase of property, plant and equipment		**(61)**	(61)	(125)
Finance interest received		**349**	253	646
Net cash outflow from investing activities		**(1,097)**	(2,693)	(4,209)
Financing activities				
Interest paid		**-**	(13)	(11)
Leasehold repayments		**(98)**	(98)	(179)
Purchase of treasury shares	12	**-**	(30)	(49)
Issue of shares on exercise of a warrant	12	**135**	-	-
Net cash inflow/(outflow) from financing activities		**37**	(141)	(239)
Net increase/(decrease) in cash and cash equivalents		**92**	(2,136)	(3,137)
Net foreign exchange movements		**(10)**	175	(37)
Opening cash and cash equivalents		**16,667**	19,841	19,841
Closing cash and cash equivalents		**16,749**	17,880	16,667

Notes to the Condensed Financial Statements
for the six months ended to 30 June 2024

1. Summary of material accounting policies

Basis of preparation

The condensed financial statements have been prepared in accordance with the recognition and measurement requirements of UK adopted International Accounting Standard 34, 'Interim Financial Reporting'.

The condensed financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed financial statements have been prepared under the historical cost convention, except for the fair value of certain financial instruments which are further detailed in note 11.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2023.

These condensed financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the Board of Directors and have been delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

There have been no significant related party transactions in the period which have materially affected the financial position or performance of the Company, or changes to related party transactions in the period which were disclosed in the prior annual report.

Critical accounting judgements and key sources of estimation uncertainty

In preparing these condensed financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements and are summarised below.

Sources of estimation uncertainty

Source of estimation uncertainty	**Description**
Useful Economic Life (UEL) of intangible assets	The assessment of UEL of data purchases and platform require estimation over the period in which these assets will be utilised and is based on information on the estimated technical obsolescence of such assets and latest information on commercial and technical use. The platform has been assessed to have a UEL of ten years, platform algorithms six years and Data three years. In December 2023, the Group changed the estimated useful life of its datasets from 4 years to 3 years. The revised useful life is based on management's assessment of the period that more accurately reflect the weighted average timeframes of the data commercial and internal use cases. The change in useful lives were accounted for prospectively. There were no changes in useful lives of other intangible assets.
Impairment of assets	The assessment of the recoverable amount of property plant and equipment, intangible assets and right-of-use assets is made in accordance with IAS 36 Impairment of Assets. The Group performs an annual review in respect of indicators of impairment, and if any such indication exists, the Group is required to estimate the recoverable amount of the asset. Following this assessment, no impairment indicators were present at 31 December 2023. The Group's policy is to test non-financial assets for impairment annually, or if events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Group has considered whether there have been any indicators of impairment during the six-month period to 30 June 2024 which would require an impairment review to be performed. Based upon this review, the Group has concluded that there are no such indicators of impairment as 30 June 2024.
Discount rate	Application of IFRS 16 requires the Group to make significant estimates in assessing the rate used to discount the lease payments in order to calculate the lease liability. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including the Group commercial borrowing rate.
Revenue	In revenue recognition for certain Scientific & Advisory Services where the input method is used to determine the revenue over a period of time, a key source of estimation will be the total budgeted hours to completion for comparison with the actual hours spent.
Attrition rate	In the calculation of Share Based Payments and related costs charge an assessment of expected employee attrition is used based on expected employee attrition and where possible actual employee turnover from the inception of the share option plan.

Critical accounting judgements

Accounting policy	**Description of critical judgement**
Revenue	In determining the performance obligations for the data consultancy service component of Insight & Engagement Solutions, judgment may be required in interpreting the contract wording and customer expectation of the data consultancy as a separately identifiable and distinct service, if the contract is not explicit. The transaction price associated with the performance obligation components of Insight & Engagement Solution services is determined by reference to the contract and change orders. Where the contract does not determine the transaction price for performance obligations, judgement may be required to determine the transaction price. These judgements include allocating transaction prices to data consultancy services based on an adjusted market assessment approach with the residual transaction price allocated to the retrospective and prospective data license performance obligations pro-rated depending on the data license period of coverage.
Deferred tax	In assessing the requirement to recognise a deferred tax asset, management

	carried out a forecasting exercise in order to assess whether the Group will have sufficient future profits on which the deferred tax asset can be utilised. This forecast required management's judgment as to the future performance of the Group.
Intangible assets	The Group capitalises costs associated with the development of the DXRX platform and data lake. These costs are assessed against IAS 38 Intangible Assets to ensure they meet the criteria for capitalisation.

Going Concern

The financial performance and balance sheet position at 30 June 2024 along with a range of scenario plans to 31 December 2026 has been considered, applying different sensitives to revenue. Across these scenarios, including at the lower end of the range, there remains significant headroom in the minimum cash balance over the period to 31 December 2026 and therefore the Directors have satisfied themselves that the Group has adequate funds in place to continue operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements.

2. Revenue and segmental analysis

For all periods reported the Group operated under one reporting segment but revenue is analysed under three separate products/service lines.

a) Revenue by major product/service line

	Six months to 30 June 2024 £000's	*Six months to 30 June 2023 £000's*	*Year ended 31 December 2023 £000's*
Insight & Engagement Solutions	**9,348**	6,989	17,150
Scientific & Advisory services	**2,972**	2,935	6,549
	12,320	9,924	23,699

b) Revenue by geographical area

	Six months to 30 June 2024 £000's	*Six months to 30 June 2023 £000's*	*Year ended 31 December 2023 £000's*
North America	**11,292**	8,261	20,832
UK	**38**	195	352
Europe	**900**	1,115	2,470
Asia and rest of world	**90**	353	45
	12,320	9,924	23,699

c) Revenue by timing of recognition

	Six months to 30 June 2024 £000's	*Six months to 30 June 2023 £000's*	*Year ended 31 December 2023 £000's*
Point in time	**3,840**	2,464	9,359
Over time and input method	**8,480**	7,460	14,340
	12,320	9,924	23,699

The receivables, contract assets and liabilities in relation to contracts with customers are as follows:

	Six months to 30 June 2024 £000's	*Six months to 30 June 2023 £000's*	*Year ended 31 December 2023 £000's*
Contract assets			
Accrued revenue	**3,887**	3,370	2,402
Contract liabilities			
Deferred revenue	**973**	1,283	305

Order book

The aggregate amount of the transaction price allocated to product and service contracts that are partially or fully unsatisfied as at the reporting date ('order book') are as follows:

As at June 2024

	2024 *£000's*	**2025** *£000's*	**2026+** *£000's*	**Total** *£000's*
Insight & Engagement Solutions	7,727	10,255	8,333	26,316
Scientific & Advisory services	1,200	203	160	1,562
	8,927	**10,458**	**8,493**	**27,878**

As at June 2023

	2023 *£000's*	**2024** *£000's*	**2025+** *£000's*	**Total** *£000's*
Insight & Engagement Solutions	5,420	7,565	9,510	22,495
Scientific & Advisory services	1,333	251	-	1,584
	6,753	7,816	9,510	24,079

3. Other operating income

	Six months to 30 June 2024 £000's	*Six months to 30 June 2023 £000's*	*Year ended 31 December 2023 £000's*
Government grants	**8**	**7**	18
Research and developments credits	**-**	**-**	42
	8	7	60

4. Income tax

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the condensed financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2024 was 20.8% (six months ended 30 June 2023 was 24.1%).

The difference to the corporation tax rate of 25% reflects UK Research & Development credits under the SME R&D tax regimes of £26,000, disallowable expenses of £133,000, £11,000 movement in deferred tax not recognised, £15,000 of higher rate taxes and a prior period adjustment totalling a credit of £76.

UK corporation tax is calculated at 25% (2023: 23.52%) of the taxable profit or loss for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. the UK tax rate increased from 19% to 25% on 1 April 2023. This will have a consequential effect on the group's future tax charge). The deferred tax asset is recognised on the basis that the Group has forecasted sufficient profits on which the deferred tax asset will be utilised in future periods.

Tax losses carried forward amount to £2,943,957 (H1 2023: £1,678,000) within Diaceutics PLC. The Group has tax losses carried forward arising in subsidiary undertakings. Due to the uncertainty of the recoverability of the tax losses within these subsidiaries, a potential deferred tax asset of £116,000 (H1 2023: £402,000) has not been recognised. All other deferred tax assets and liabilities have otherwise been recognised as they arise.

5. EBITDA

	Six months to 30 June 2024 £000's	*Six months to 30 June 2023 £000's*	*Year ended 31 December 2023 £000's*
Operating loss:	**(3,585)**	(2,166)	(3,018)
Adjusted for:			
Depreciation and amortisation	**2,275**	1,933	4,772
EBITDA	**(1,310)**	(233)	1,754

6. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings attributable to shareholders

	Six months to 30 June 2024 £000's	*Six months to 30 June 2023 £000's*	*Year ended 31 December 2023 £000's*
Earnings for the purposes of basic and diluted earnings per share being net loss attributable to owners of the Company	**(2,584)**	(1,485)	(1,746)
Adjusted earnings for the purposes of basic and diluted earnings per share	**(2,584)**	(1,485)	(1,746)

Number of shares

	Six months to	*Six months to 30*	*Year ended 31*

	Six months to 30 June 2024 Number	Six months to 30 June 2023 Number	Year ended 31 December 2023 Number
Ordinary Shares in issue at the end of the period	**84,720,076**	84,472,431	84,501,390
Weighted average number of shares in issue	**84,703,311**	84,472,431	84,478,882
Less Treasury Shares	**(252,063)**	(245,729)	(252,063)
Weighted average number of shares for basic earnings per share	**84,451,248**	84,226,702	84,226,819
Effect of dilution of share options and warrants granted	**-**	2,646,772	-
Weighted average number of shares for diluted earnings per share	**84,451,248**	86,873,474	84,226,819

Earnings and Diluted Earnings per share

	Six months to 30 June 2024 Pence	*Six months to 30 June 2023 Pence*	*Year ended 31 December 2023 Pence*
Basic	**(3.06)**	(1.76)	(2.07)
Diluted	**(3.06)**	(1.76)	(2.07)

The group has outstanding share options that could potentially dilute basic earnings per share in the future. These were not included in the calculation of diluted earnings per share during the year because these are antidilutive for the period.

7. Intangible assets

	Patents and trademarks £000's	*Datasets* £000's	*Development expenditure* £000's	*Platform* £000's	*Software* £000's	*Total* £000's
Cost						
At 1 January 2023	**1,204**	**7,246**	**178**	**12,429**	**718**	**21,775**
Foreign exchange	(33)	(190)	(8)	(168)	(1)	**(400)**
Transfer from Development expenditure to Platform	-	-	(923)	923	-	**-**
Additions	-	1,843	753	-	289	**2,885**
At 30 June 2023	**1,171**	**8,899**	**-**	**13,184**	**1,006**	**24,260**
Foreign exchange	8	26	8	9	-	**51**
Transfer from Development expenditure to Platform	-	-	745	(745)	-	**-**
Additions	-	1,711	(753)	918	(31)	**1,845**
At 31 December 2023	**1,179**	**10,636**	**-**	**13,366**	**975**	**26,156**
Foreign exchange	(19)	16	-	(30)	-	**(33)**
Transfer from Development expenditure to Platform	-	-	-	-	-	**-**
Additions	-	1,067	-	272	46	**1,385**
At 30 June 2024	**1,160**	**11,719**	**-**	**13,608**	**1,021**	**27,508**

	Patents and trademarks £000's	**Datasets £000's**	**Development expenditure £000's**	**Platform £000's**	**Software £000's**	**Total £000's**
Amortisation						
At 1 January 2023	**1,185**	**3,082**	**-**	**1,868**	**418**	**6,553**
Foreign exchange	(34)	(69)	-	(33)	(1)	**(137)**
Charge for the						

period	14	953		650	157	**1,774**
At 30 June 2023	**1,165**	**3,966**	**-**	**2,485**	**574**	**8,190**
Foreign exchange	8	5	-	6	-	**19**
Charge for the period	1	1,991	-	666	27	**2,685**
At 31 December 2023	**1,174**	**5,962**	**-**	**3,157**	**601**	**10,894**
Foreign Exchange	(20)	1	-	(7)	-	**(26)**
Charge for the period	4	1,386	-	680	48	**2,118**
At 30 June 2024	**1,158**	**7,349**	-	**3,830**	**649**	**12,986**
Net book value						
At 30 June 2024	**2**	**4,370**	**-**	**9,778**	**372**	**14,522**
At 31 December 2023	5	4,674	-	10,209	374	15,262
At 30 June 2023	**6**	**4,933**	**-**	**10,699**	**432**	**16,070**

On reviewing the useful life of the datasets in December 2023, it was determined that based on latest information on commercial and technical use, that three years represented the best estimate of the useful life of such assets, as this reflects the period over which this data can provide meaningful insights to support client projects. However, the actual asset useful life may be shorter or longer than three years depending on technical innovations and other external factors. At 30 June 2023, the closing value of datasets is based on a four year useful economic life. At 31 December 2023 and 30 June 2024, values are based on a three year useful economic life.

8. Property, plant and equipment

	Office Equipment	*Leasehold Improvements*	*Total*
	£000's	*£000's*	*£000's*
Cost			
At 1 July 2023	**667**	**532**	**1,199**
Disposals	(3)	-	(3)
Additions	64	-	64
At 31 December 2023	**728**	**532**	**1260**
Foreign exchange translation	1	-	1
Disposals	-	-	-
Additions	61	-	61
At 30 June 2024	**790**	**532**	**1,322**
Depreciation			
At 1 July 2023	**368**	**94**	**462**
Charge for the period	53	27	80
Disposal	(2)	-	(2)
Foreign exchange translation	1	-	1
At 31 December 2023	**420**	**121**	**541**
Foreign exchange translation	1	-	1
Disposals	-	-	-
Charge for the period	54	26	80
At 30 June 2024	**475**	**147**	**622**
Net book value			
At 30 June 2024	**315**	**385**	**700**
At 31 December 2023	308	411	719
At 30 June 2023	299	438	737

9. Trade and other receivables

	30 June 2024	*30 June 2023*	*31 Dec 2023*
	£000's	*£000's*	*£000's*
Trade receivables	**4,851**	4,698	7,430
Accrued revenue	**3,887**	3,370	2,402
Other receivables	**216**	222	294
Prepayments	**796**	845	1,241
Derivative asset - Foreign currency forward contact	**-**	29	-
	9,750	9,164	11,367

10. Trade and other payables

	30 June 2024 £000's	30 June 2023 £000's	31 Dec 2023 £000's
***Creditors**: falling due within one year*			
Trade payables	**610**	287	1,065
Accruals	**3,135**	1,215	2,255
Other tax and social security	**589**	418	471
Deferred revenue	**973**	1,283	305
Deferred Grant Income	**109**	110	103
Other Payables	**47**	52	38
	5,463	3,365	4,237

11. Financial instruments

	30 June 2024 £000's	30 June 2023 £000's	31 Dec 2023 £000's
Financial assets at amortised cost			
Trade receivables	**4,851**	4,698	7,430
Other receivables	**216**	222	294
Cash at bank and in hand	**16,749**	17,880	16,667
Financial liabilities at amortised cost			
Trade payables	**(610)**	(287)	(1,065)
Lease liability	**(1,134)**	(1,260)	(1,292)
Financial assets at fair value			
Derivative financial instrument - Foreign currency forward contract	**-**	29	-

Derivative financial instrument - Foreign currency forward contract

The group has entered into a number of foreign currency derivative contracts during the period. The nominal value of the Group's forward contracts is £nil (30 June 2023: £3,200,000) principally to sell US Dollars.

The foreign currency forward contracts are categorised as level 2 within the fair value hierarchy.

The Group's foreign currency forward contracts are not traded in active markets. These contracts have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign currency forward contracts.

Fair value measurement on these derivatives as at the period end are £nil (30 June 2023: £29,000).

12. Share capital

	30 June 2024 £000's	30 June 2023 £000's	31 Dec 2023 £000's
Allotted, called up and fully paid			
84,720,076 (June 2023: 84,472,431; Dec 2023: 84,501,390) Ordinary shares of £0.002 each	**169**	169	169

On 25th January 2024 the warrant holder exercised their remaining 177,915 warrant shares at a price of £0.76 per share. At 30 June 2024, no further warrant shares remain outstanding (30 June 2023: 177,915).

Treasury shares are shares in Diaceutics PLC that are acquired and held by the Diaceutics Employee Share Trust for the purpose of issuing shares under relevant employee share option plans.

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