

9 September 2019

**Medica Group PLC**  
**Interim results demonstrate further strong performance**

Medica Group PLC (LSE: MGP, "Medica", the "Company" or the "Group"), the UK market leader in the provision of teleradiology services, today announces its unaudited results for the six months ended 30 June 2019.

	<b>Six months to 30 June 2019</b> £'000s	<b>Six months to 30 June 2018</b> £'000s	<b>Change</b>
Revenue	<b>21,978</b>	18,592	18.2%
Gross profit	<b>10,463</b>	9,091	15.1%
Gross profit margin	<b>47.6%</b>	48.9%	
Adjusted EBITDA (1)	<b>6,153</b>	5,610	9.7%
Adjusted EBITDA margin	<b>28.0%</b>	30.2%	
Adjusted operating profit (2)	<b>5,339</b>	4,990	7.0%
Adjusted operating margin	<b>24.3%</b>	26.8%	
Adjusted profit before tax (3)	<b>5,204</b>	4,854	7.2%
Basic EPS	<b>3.49</b>	3.19	9.4%
Adjusted EPS (pence) (4)	<b>3.98</b>	3.64	9.5%
Interim dividend (pence)	<b>0.85</b>	0.75	13.3%

(1) Adjusted EBITDA is a non-IFRS measure and is calculated as operating profit before depreciation, amortisation, exceptional items, and share based payments.

(2) Adjusted operating profit is a non-IFRS measure and is calculated as operating profit before exceptional items, share based payments and amortisation in respect of assets acquired on acquisition.

(3) Adjusted 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.

(4) Adjusted 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.

A reconciliation of non-statutory measures is included in note 6.

### Financial highlights

- Delivered revenue growth of 18.2%
  - NightHawk revenues continued to grow, increasing by 12.0% to £10.4m
  - Cross Sectional performed strongly with revenue increasing by 28.7% to £9.0m
  - Plain Film revenues increased by 4.9% to £2.1m due to additional radiographers being deployed.
  - Specialist revenue streams overall increased 54.5% to £0.5m, predominantly driven by significant increases in virtual colonoscopy, DEXA (bone density) and prostate exams.
- As expected, Gross Profit margin reduced to 47.6% (2018: 48.9%) reflecting contract renewals and updated framework pricing
- Adjusted operating profit increased by 7.0% to £5.3m with further investment in infrastructure, technology and international reporting
- Net debt stood at £0.5m not including property lease liability (H1 2018: £2.5m)

### Operational highlights

- Total number of reported body parts increased by 14.2%
  - NightHawk and Cross Sectional reported body parts increased by 20.0% and 27.9% respectively, well ahead of the growth in scan volumes in the UK
  - Plain Film reported body parts increased by 4.6%

- Continued strong recruitment adding a net 28 reporters in the six-month period, taking the total to 390 contracted reporters (radiologists, radiographers and rheumatologists) as at 30 June 2019 (30 June 2018: 339).
- Initiated teleradiology reporting from Australia and continental Europe

#### **Post period end**

- New CEO Dr Stuart Quin joined the company on 1 September 2019 succeeding John Graham.
- Strong recruitment since 30 June 2019, adding a further 24 reporters, increasing the number of contracted reporters to 414 as at 31 August 2019.

#### **Roy Davis, Chairman of Medica, said:**

“Medica has consistently delivered year-on-year double-digit revenue growth and these results show that the company’s high-quality clinical service remains important to its clients. Medica is investing in infrastructure and technology to support future growth and continues to provide an attractive environment for reporters looking to broaden their career. For the full year 2019, the Board anticipates revenues will be slightly ahead of its expectations with profit remaining in-line with its expectations as the Company continues to invest in optimising the business for future growth

#### **Stuart Quin, Chief Executive Officer of Medica, said:**

“I am delighted to have joined Medica as CEO. These results demonstrate that Medica remains well-positioned to take advantage of the fast-growing teleradiology reporting market. I look forward to working with the team to continue to deliver a high-quality service for our customers and to develop our growth strategy for the future”

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#### **About Medica Group PLC**

Medica is the UK market leader in the provision of teleradiology services, providing outsourced interpretation and reporting of MRI (magnetic resonance imaging), CT (computerised tomography) and plain film (x-ray) images. The Company currently offers three primary services to hospital radiology departments: NightHawk, an out-of-hours service, routine cross-sectional reporting on MRI and CT scans, and routine plain film reporting on x-ray images.

Medica contracts with the largest pool of consultant radiologists performing remote-access teleradiology in the UK. This enables the company to offer a fast, responsive service both during the day and importantly supporting urgent out-of-hours reporting. The company is trusted to provide more than 1.3 million examinations annually across its customer base of more than 100 NHS Trusts, private hospital groups and diagnostic imaging companies.

Medica has developed a bespoke, secure IT platform that provides market-leading linkage between a hospital's Radiology Information System (RIS) and consultant radiologists who contract with Medica. Direct RIS access ensures that where the wider patient medical history is available, it can be reviewed by the consultant as part of every report. For more information please visit [www.medicagroup.co.uk](http://www.medicagroup.co.uk).

### **About Teleradiology**

Teleradiology is the remote electronic transmission of radiological patient images, including plain film (x-rays), CT scans and MRI scans, from one location to another for the purposes of diagnostic interpretation and reporting.

## **INTERIM MANAGEMENT REPORT**

### **Chairman's statement**

I am pleased to present Medica's interim financial statements for the six months to 30 June 2019.

I would like to express the Board's deep gratitude to John Graham as he steps down as Medica's Chief Executive Officer and also to welcome Stuart Quin to the Company for the next stage in Medica's journey. John has successfully led the business since he joined Medica in 2011, delivering year on year organic growth and he leaves the Company well positioned for the next phase of its growth after a seamless handover. We thank John for his dedication to the business and wish him every success in the future. Stuart brings a wealth of relevant experience and is ideally suited to leading Medica through its next stage of development.

### **A strategy for continued growth**

Medica has delivered a strong financial and operational performance during the first half of the year, with double-digit revenue growth of 18% and adjusted operating profit growth of 7% as a result of increasing demand for our services from new and existing clients.

The UK teleradiology market continues to evolve with NHS Trusts increasing the overall number of scans provided to patients, while also facing capacity pressure. To help address these challenges, Trusts require efficient high-quality clinical solutions, which Medica is well positioned to provide.

Medica's strategy remains focused on providing the highest quality clinical services and promoting improvements in clinical quality across the NHS. Medica continues to develop partnerships with NHS Trusts and independent providers to reduce waiting times for imaging results and improve the quality of patient diagnosis. Using this approach, we believe Medica can continue to lead the growth of teleradiology in the UK.

Demand for Medica's services, particularly Cross Sectional and NightHawk continues to be strong and growing ahead of the market growth in overall scan volumes.

A core part of Medica's strategy for 2019 and beyond is to keep pace with this increasing demand by growing capacity through recruitment of radiologists in the UK and overseas, retention of radiologists and by improving workflow productivity. In addition, throughout the year we have been working closely with our NHS partners to help them meet their needs and have continued to develop our core service offering and add new specialist services.

Medica has a healthy pipeline of radiologists and increased its cohort by 28 during the period including two based in Australia, taking the total to 390 contracted radiologists (including radiographers and rheumatologists) as at 30 June 2019. Providing a supportive environment to Medica's radiologists enabling them to report both from our network of reporting centres, as well as from bespoke home office locations, combined with an industry leading Clinical Governance structure, are key to the continued success of the Group.

In line with our strategy, we continue to invest in further developing our service offerings and improving operational effectiveness. During the year Medica invested in its technical team and infrastructure to support future growth, we have moved to larger office premises, developed our overseas reporting capability and will continue to invest to maintain the highest clinical standards and fast response times to meet our customers' needs.

We are excited about the future and believe that as the teleradiology sector grows, Medica will continue to lead the market in terms of its clinical standards and service offerings.

### **Dividends**

Medica proposes to pay an interim dividend of 0.85 pence per ordinary share on 25 October 2019 to shareholders on the register at 27 September 2019.

### **Outlook**

Momentum continues to build across the business and we expect the increase in reporting activity to continue to grow in the second half of the year. Medica remains committed to invest in developing new services and recruiting new radiologists to meet the growing demand for our services. For the full year 2019, the Board anticipates

revenues will be slightly ahead of its expectations with profit remaining in-line with its expectations as the Company continues to invest in optimising the business for future growth.

Roy Davis  
Chairman

## **Financial and Business Review**

### **Introduction**

Medica is the UK market leader in the provision of teleradiology services. The Group currently has one business segment of teleradiology offering three primary services to hospital radiology departments: NightHawk, Routine Cross Sectional (Routine CS) and Routine Plain Film (Routine PF).

NightHawk is an out of hours emergency reporting service which is focused on delivering accurate reports within fast turnaround times and represents Medica's largest revenue contributor. NightHawk typically provides reporting on CT scans when either there is insufficient urgent capacity or specific expertise available within a hospital during the night. The second and third key service offerings, Routine CS and Routine PF, are designed to assist hospital radiology departments in managing their demand/supply imbalance for less urgent daytime reporting on examinations. Routine CS covers a combination of CT and MRI scans (both forms of Cross-Sectional scan) while Routine PF covers plain film examinations and both services typically have a 48-hour turnaround time.

Our core business strategy is to increase our reporting capacity by recruiting and deploying high calibre clinical radiologists and radiographers in the UK and overseas. To do this, we ensure that reporting is conducted within our robust clinical governance structure and that the reporting process is made as efficient as possible by improving workflow. Medica continues to evaluate and monitor new advances in technologies that support our core business. This includes specialist imaging modalities and artificial intelligence that could improve workflow, assist in clinical prioritisation and provide radiologist decision support. Through this, we can continue to expand the high-quality clinical services we offer to our clients and grow and develop the business efficiently.

### **Strong performance in H1 2019**

Medica, once again, showed strong double-digit growth in H1 2019. The Group recorded revenue of £22.0m (H1 2018: £18.6m) for the first six months of the year, an increase of 18.2% on the equivalent period of 2018. This performance was driven by volume growth in all main service lines.

The NightHawk emergency service has continued to perform well in 2019 with activity increasing primarily from existing clients, many of whom have renewed contracts in the year. In February, Medica successfully launched a new NightHawk portal which improves workflow and provides greater visibility to clients and radiologists.

Demand for Medica's Cross Sectional services in 2019 has also remained buoyant. Activity has increased from existing clients facing an increasing number of scans and a capacity shortage that has been exacerbated by the as yet unresolved NHS pension situation.

Gross profit margin remained relatively stable at 47.6% (48.9% in H1 2018). As previously guided, it is expected that the gross profit margin will continue to edge down primarily due to pricing reviews when contracts are renewed and, in some cases, where contracts move to new framework agreements. It is expected that the growth in activity will offset the modest reduction in gross margins.

The first half of the year has seen significant investments most notably in the IT capability of the business. In addition to an upgrade and expansion of the IT team there has been a thorough IT review which resulted in the investment in infrastructure most notably to improve the resilience and scalability of our core data centre with the purchase of a Storage Area Network (SAN) at the start of the year. The increased IT capability will be used to review and improve the current system architecture and reporting workflow to enhance the radiologists experience and add capacity through efficiencies. It is anticipated that in due course this will include the integration of Artificial Intelligence and Robotic Process Automation technology.

In addition, the growth of the business has required additional staff in our service delivery and NightHawk teams and therefore we are also investing in recruitment, cyber security and our project management capability in order to be able to support future growth. As the business continues to grow it has also been necessary to move to new premises resulting in some duplicated costs being incurred in the period.

As previously detailed, it is our ambition to develop international reporting capacity to support our out-of-hours service delivery and the first steps have been taken to set up reporting capacity in Australia where we now have two radiologists and in different European locations where we now have 3 reporters with UK accreditation. This investment is expected to offer service resilience for out-of-hours reporting.

The additional investment and costs incurred during H1 2019 including overseas set-up and duplicate costs due to the head office premises move of approximately £200k have had the effect of increasing administration costs

faster than gross profit for this period. As a result of this and the additional capital investment, adjusted operating profit margin has reduced to 24.3% for the period to H1 2019 (H1 2018: 26.8%).

### **Service lines continue to grow**

#### *NightHawk*

NightHawk continued to be Medica's largest service line, with H1 2019 revenue of £10.4m representing 47.4% of the total (H1 2018: 50.0%).

Revenue growth in H1 2019 from the comparative period in 2018 was 12.0%, with the volume of reported body parts increasing by 20.0%, despite increased competition in the market. The gross profit margin reduced from 50.4% to 48.4%.

The majority of the growth has continued to come from increased emergency service requirements from existing clients as Medica's builds its partnerships with NHS Trusts and continues to improve its service.

#### *Routine Cross Sectional*

Routine Cross Sectional (CT and MR) contributed H1 2019 revenue of £9.0m, representing 40.8% of the total (H1 2018: 37.5%).

Revenue growth in H1 2019 from the comparative period in 2018 was 28.7% (H1 2018 19.6%), with the volume of reported body parts increasing by 27.9%. The gross profit margin remained consistent at 52.0% (versus 51.8% in H1 2018).

The majority of the growth has come from increased collaboration with existing clients as NHS Trusts consider Medica a key part of their capacity planning.

#### *Routine Plain Film*

Plain Film revenue of £2.1m represents 9.6% of total (H1 2018: 10.8%) due to the continued development of radiographers with a total of 25 radiographers engaged by end of H1 2019 compared to 15 in H1 2018.

Revenue growth in H1 2019 from the comparative period in 2018 was 4.9%, with the volume of reported body parts increasing by 4.6%. The gross profit margin remained consistent at 49.1% (versus 49.2% in H1 2018).

#### *Other service lines*

Specialist services and other revenue contributed £0.5m revenue and represent 2.2% of total revenues (H1 2018: 1.7%).

In line with our strategic objectives, 'specialist services' has seen revenue growth of 54.5% in H1 2019 from the comparative period in 2018. The increase in revenue was predominantly driven by increases in virtual colonoscopy, DEXA and prostate exams. The gross profit margin has fallen to 44.9% from 50.8% due to the change in case mix.

### **Earnings per share**

Adjusted earnings per share increased by 9.5% to 3.98p, reflecting the continuing growth in the business.

### **Cash flow and net debt**

The cash balance reduced in the period by £1m from £12.5m to £11.5m with net debt now £0.5m (not including the property lease liability following the introduction of IFRS 16) compared to net cash of £0.7m at the end of 2018. There have been two main reasons for this reduction:

- Capital expenditure was higher than normal for the period due to higher investment in data centre equipment including the purchase of the SAN.
- In addition, the level of trade debtors increased from NHS Trusts which is expected to return closer to normal levels as the year progresses.

It is anticipated that cash position will return to growth during the second half of the year.

## **Fixed asset investment**

During H1 2019 Medica invested in core information technology infrastructure with the purchase of storage area network (SAN) for our primary data centre at a cost of £1.3m. In addition to this there are ongoing expansionary costs for increases in reporters and staff.

Tangible additions to fixed assets in H1 2019 amounted to £2.2m compared to £0.6m in H1 2018. Intangible additions of £0.2m relate to software purchases and software development costs from internally generated assets.

The new office premises have been treated under IFRS 16 with an asset of £0.7m being recognised including £0.2m refurbishment and set up costs.

## **Recruitment**

Medica increased its number of contracted radiologists (including radiographers) by 28 net to 390 in total in the period to 30 June 2019. The comparative figure for the first six months of 2018 was 33.

Recruitment and retention of radiologists is key to providing a reliable, high-quality service and is core to Medica's growth strategy. However, it should be noted that increasing capacity is more than simply the overall number of contracted radiologists and depends on the total number of available reporting hours. To this end, our strategy therefore includes the ability to obtain greater commitment from existing and newly contracted radiologists thereby improving capacity and overall productivity.

## **People**

Medica's employees are core to the quality of the service delivered to our clients and in turn to their patients. We have continued to recruit high calibre individuals to support our growth and employee numbers rose by 17 full-time equivalents since last June to 115, primarily in the Service Delivery and NightHawk teams, but also in IT support and delivery.

We would like to sincerely thank our employees for their continued hard work, enthusiasm and dedication through a successful period of expansion and change.

## **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  
9 September 2019

Tony Lee  
Chief Financial Officer  
9 September 2019

## RISKS AND UNCERTAINTIES

There are potential risks and uncertainties which could impact the Group's performance and these are considered by the Board on a regular basis. The Board robustly considers the risks of all significant business decisions, changes in the external environment and in the Group's operations.

Our risk assessment for the UK withdrawal from the European Union considers different Brexit scenarios and the wide range of implications that may impact our business. Our current view is that the impact on Medica Group is low. We have a very limited dependence on people or services in Europe. We continue to monitor the situation as it develops and assess implications for our business.

The key risks affecting the business are as follows:

<b>Risk Description and impact</b>	<b>Mitigation and commentary</b>	<b>Change</b>
<p><b>Clinical Quality Risk</b> Medica provides radiology reports which form an integral and essential part of the clinical management process for patients. Inaccurate reporting could lead to patient harm and reputational impairment for the Company. Error is inherent in all radiology practice.</p>	<p>The mitigation is the presence of strong clinical governance with quality assurance and quality improvement. The reporting radiologists must carry personal indemnity which minimises the financial risk to Medica. Medica's clinical processes continue to be of the highest calibre.</p>	No change
<p><b>Retaining and growing reporting capacity</b> The performance of the Group depends on its ability to grow its reporting capacity and any reduction in reporting capacity or any increase in reporting costs could negatively impact the Group's business, results of operations, financial condition or prospects. If the Group's costs increase, its results of operations and financial condition could be materially adversely affected.</p>	<p>The Group has and continues to invest in its recruitment activities with a dedicated recruitment team and a presence at radiology events across the UK. The reputation of Medica's clinical governance and word of mouth is a key part of recruitment strategy. Retention policy is based on providing a comprehensive support structure to Medica Radiologists from all parts of the business. Medica's UK recruitment pipeline is strong and the ability to engage with overseas based radiologists offers additional opportunities</p>	No change
<p><b>Reputational risk</b> Quality deficiencies or other issues affecting the Group's accreditations, certifications and registrations could adversely impact Medica's reputation and ability to market its services effectively and could have a negative impact on the Group's business, results of operations, financial condition and prospects.</p>	<p>The Group has and continues to invest significant resources in its clinical governance structure and processes and maintains all relevant accreditations and certifications This risk remains unchanged as the Group continues to maintain high standards and vigilance.</p>	No change
<p><b>Failure to retain key management</b> The Group's executive management team is critical to its continued performance.</p>	<p>The Group has policies in place to retain and motivate key management which are kept under regular review. The succession of the Chief Executive has been managed effectively with a transition plan successfully implemented.</p>	No change
<p><b>Industry risk</b> Future changes in healthcare regulation are difficult to predict and may constrain the Group or require it to materially alter the way in which it operates.</p>	<p>The Group monitors changes in regulation on an ongoing basis. There have been no changes that increase this risk in 2019</p>	No change

<p><b>Operating risk</b> The Group currently derives substantially all of its revenue from the NHS through NHS Trusts and the reduction of such revenue could adversely impact the Group's business, results of operations and financial condition. The Group's revenue from NHS Trusts is not subject to any minimum purchase commitment and any reduction in demand for the Group's services could have a material adverse effect on its business, results of operations and financial condition. There is a risk of increased pricing pressure from the NHS for teleradiology services. Changes in taxation or legal requirements can influence the way the group operates.</p>	<p>The Group focuses on providing a high quality, value for money service and maintains close communication with clients through its account management team.</p> <p>The Group engages with advisors on legal and taxation matters and monitors expected changes that could affect the way the Group operates. Whilst increasing pressure on NHS resources increases the demand for Medica's services, NHS continues to be under financial constraints.</p>	<p>No change</p>
<p><b>Data protection risk</b> The Group is subject to laws and regulations relating to personal information. Any failure to adequately protect its client, employee or reporter personal data could expose the Group to liability.</p>	<p>The Group maintains appropriate data protection records as a Data Controller and Data Processor, minimises the amount of data it holds and embeds good data protection practice in its policy &amp; processes. The Group has a Data Protection Officer who provides advice and guidance on all data protection matters.</p>	<p>No change</p>
<p><b>Cyber security risk</b> The Group's business could be disrupted if a cyber incident results in the loss of the confidentiality, integrity or availability of its information. A major cyber-attack could expose the Group to liability and further commercial/reputational risk.</p>	<p>The Group maintains ISO 27001 certification and also holds the Government approved Cyber Essentials certification. The Group continues to carry out regular continuity testing on data systems and delivers a security awareness programme to all staff.</p> <p>Medica continues to maintain its certifications, security management system and has a dedicated internal team that interfaces with the wider business to focus on this area.</p>	<p>No change</p>
<p><b>Competition risk</b> Significant competition could adversely affect the Group's business, financial condition and prospects.</p>	<p>The Group focuses on providing a high quality, value for money service and maintains close communication with clients through its account management team.</p> <p>As an attractive sector new companies are trying to establish themselves in the Teleradiology market. Medica is the clear market leader and continues to be successful in differentiating our service.</p>	<p>No change</p>
<p><b>Technology risk</b> The Group's business could be disrupted if its information systems fail or if its databases are destroyed or damaged.</p>	<p>The Group continues to invest significantly in its IT platform and has an in-house team that maintains and improves performance of the IT systems. The Group has robust disaster recovery plans. Medica continues to invest in this area to reduce the risk.</p>	<p>No change</p>
<p><b>Artificial intelligence</b> Artificial intelligence could play a role in radiology diagnosis and this represents both a risk and an opportunity.</p>	<p>The Group continues to keep up to date with innovations in AI and other areas. AI remains an opportunity as well as a risk and Medica is actively engaged with suppliers and investigating how such technology can be deployed in the business.</p>	<p>No change</p>

## Condensed Consolidated Income Statement and Condensed Consolidated statement of comprehensive income

For the six months ended 30 June 2019

		Unaudited 6 Months ended 30 June 2019 £'000	Unaudited 6 Months ended 30 June 2018 £'000	Audited 12 Months ended 31 December 2018 £'000
	Note			
<b>Revenue</b>	3	<b>21,978</b>	<b>18,592</b>	<b>38,969</b>
Cost of sales		(11,515)	(9,501)	(19,883)
Gross profit		<u>10,463</u>	<u>9,091</u>	<u>19,086</u>
Administration expenses		(5,640)	(4,601)	(9,424)
Operating profit		<u>4,823</u>	<u>4,490</u>	<u>9,662</u>
Other expenses - exceptional items	4	(30)	-	(245)
Operating profit after exceptional items		<u>4,793</u>	<u>4,490</u>	<u>9,417</u>
Finance income		44	18	68
Finance costs		(179)	(154)	(329)
<b>Profit before tax</b>		<b><u>4,658</u></b>	<b><u>4,354</u></b>	<b><u>9,156</u></b>
<b>Analysed as</b>				
<b>Adjusted EBITDA</b>		<b>6,153</b>	<b>5,610</b>	<b>11,938</b>
Share based payments		(81)	(65)	(135)
Exceptional items	4	(30)	-	(245)
Finance costs		(179)	(154)	(329)
Finance income		44	18	68
Depreciation		(579)	(420)	(853)
Amortisation		(670)	(635)	(1,288)
<b>Profit before tax</b>		<b><u>4,658</u></b>	<b><u>4,354</u></b>	<b><u>9,156</u></b>
Income tax charge		(777)	(807)	(1,794)
<b>Profit attributable to equity holders of the parent</b>		<b><u><u>3,881</u></u></b>	<b><u><u>3,547</u></u></b>	<b><u><u>7,362</u></u></b>
<b>Statement of Comprehensive income</b>				
<b>Profit for the period</b>		<b>3,881</b>	<b>3,547</b>	<b>7,362</b>
Other comprehensive income		(1)	-	-
Total comprehensive profit for the period attributable to the owners of the parent		<u><u>3,880</u></u>	<u><u>3,547</u></u>	<u><u>7,362</u></u>
<b>Basic profit per ordinary share (pence)</b>	5	<b>3.49</b>	<b>3.19</b>	<b>6.62</b>
<b>Dilute profit per ordinary share (pence)</b>	5	<b>3.47</b>	<b>3.18</b>	<b>6.58</b>

## Condensed Consolidated Balance Sheet

As at 30 June 2019

	<b>Unaudited 30 June 2019 £'000</b>	<b>Unaudited 30 June 2018 £'000</b>	<b>Audited 31 December 2018 £'000</b>
<b>Non-current assets</b>			
Goodwill	15,948	15,948	15,948
Other intangible assets	7,778	8,780	8,243
Property, plant and equipment	4,055	2,022	1,938
	<u>27,781</u>	<u>26,750</u>	<u>26,129</u>
<b>Current assets</b>			
Trade and other receivables	10,616	8,177	8,634
Cash and cash equivalents	11,519	9,366	12,588
	<u>22,135</u>	<u>17,543</u>	<u>21,222</u>
<b>Current liabilities</b>			
Trade and other payables	(3,832)	(3,839)	(3,970)
	<u>(3,832)</u>	<u>(3,839)</u>	<u>(3,970)</u>
<b>Non-current liabilities</b>			
Borrowing and other financial liabilities	(12,474)	(11,900)	(11,912)
Deferred tax	(976)	(1,264)	(1,128)
	<u>(13,450)</u>	<u>(13,164)</u>	<u>(13,040)</u>
<b>Net assets</b>	<u><u>32,634</u></u>	<u><u>27,290</u></u>	<u><u>30,341</u></u>
<b>Equity</b>			
Share capital	222	222	222
Share premium	14,721	14,721	14,721
Retained profit	17,692	12,347	15,398
Foreign Exchange Equity	(1)	-	-
	<u><u>32,634</u></u>	<u><u>27,290</u></u>	<u><u>30,341</u></u>

## Condensed Consolidated Statement of Changes in Equity

As at 30 June 2019

	Share Capital	Share Premium	Retained Earnings	Foreign Exchange Equity	Total Equity
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2018	222	14,721	9,957	-	24,900
Dividends	-	-	(1,222)	-	(1,222)
Share based payments	-	-	65	-	65
<b>Transactions with owner</b>	-	-	<b>(1,157)</b>	-	<b>(1,157)</b>
Profit for the period	-	-	3,547	-	3,547
<b>As at 1 July 2018</b>	<b>222</b>	<b>14,721</b>	<b>12,347</b>	<b>-</b>	<b>27,290</b>
Dividends	-	-	(834)	-	(834)
Share based payments	-	-	70	-	70
<b>Transactions with owner</b>	-	-	<b>(764)</b>	-	<b>(764)</b>
Profit for the period	-	-	3,815	-	3,815
<b>As at 1 January 2019</b>	<b>222</b>	<b>14,721</b>	<b>15,398</b>	<b>-</b>	<b>30,341</b>
Dividends	-	-	(1,668)	-	(1,668)
Share based payments	-	-	81	-	81
Foreign Exchange Equity	-	-	-	(1)	(1)
<b>Transactions with owner</b>	-	-	<b>(1,587)</b>	<b>(1)</b>	<b>(1,588)</b>
Retained profit	-	-	3,881	-	3,881
<b>As at 30 June 2019</b>	<b>222</b>	<b>14,721</b>	<b>17,692</b>	<b>(1)</b>	<b>32,634</b>

## Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2019

	Unaudited 6 Months ended 30 June 2019 £'000	Unaudited 6 Months ended 30 June 2018 £'000	Audited 12 Months ended 31 December 2018 £'000
<b>Operating activities</b>			
Profit before tax	4,658	4,354	9,156
<i>Adjustments for:</i>			
Depreciation	579	420	853
Amortisation	670	635	1,288
Share based payments	81	65	135
Finance income	(44)	(18)	(54)
Finance costs	179	168	329
<i>Changes in:</i>			
(Increase) / decrease in trade and other receivables	(1,982)	34	(424)
Decrease in trade and other payables	108	454	536
Movement of financial instruments	-	(14)	(14)
Tax paid	(1,177)	(1,100)	(2,172)
<b>Cash inflow from operating activities</b>	<b>3,072</b>	<b>4,998</b>	<b>9,633</b>
<b>Investing activities</b>			
Purchase of property plant and equipment	(2,188)	(571)	(920)
Purchase of software intangibles	(167)	(608)	(725)
Interest received	44	18	54
<b>Cash outflow from investing activities</b>	<b>(2,311)</b>	<b>(1,161)</b>	<b>(1,591)</b>
<b>Cashflows from financing activities</b>			
Interest paid	(163)	(156)	(305)
Dividends paid to ordinary shareholders	(1,667)	(1,222)	(2,056)
<b>Net cash outflow from financing activities</b>	<b>(1,830)</b>	<b>(1,378)</b>	<b>(2,361)</b>
Net (decrease) / increase in cash and cash equivalents	<b>(1,069)</b>	<b>2,459</b>	<b>5,681</b>
<b>Movement in net cash</b>			
Cash at start of period	12,588	6,907	6,907
(Decrease)/increase in cash	(1,069)	2,459	5,681
<b>Cash at end of period</b>	<b>11,519</b>	<b>9,366</b>	<b>12,588</b>

## Condensed notes to the accounts

### 1. General Information

Medica Group PLC (“the Company”) is incorporated in England and Wales. The half-year results and condensed consolidated financial statements for the six months ended 30 June 2019 (the interim financial statements) comprise the results of the company and its subsidiaries (together referred to as the Group).

The Directors of Medica Group PLC have assessed the current financial position of the Group, along with future cash flow requirements to determine if the Group has the financial resources to continue as a going concern for a period of at least twelve months from the approval of the interim financial statements. As a result of this review the Directors of Medica Group PLC have concluded that it is appropriate that Medica Group PLC be considered a going concern. For this reason, they have adopted the going concern basis in preparing the financial statements. The financial statements do not include any adjustments that would result in the going concern basis of preparation being inappropriate.

A copy of the statutory accounts for the year ended 31 December 2018 has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial statements for the six months ended 30 June 2019 have been reviewed by Grant Thornton UK LLP but have not been audited.

### 2. Accounting policies

#### Basis of preparation

The interim financial statements of Medica Group plc are prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union and the disclosure requirements of the Listing Rules. The interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 December 2018.

#### 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 2018. 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 2018. Taxes on income in the interim period are accrued using the tax rate that would be applicable to the expected total annual earnings.

#### Adoption of new and revised standards

At the date of authorisation of these interim financial statements, IFRS 16 “Leases” was published by the IASB and adopted by the EU. It came into effect from 1 January 2019. The Group has now adopted the standard and included related transactions in these interim financial statements.

The effects of IFRS16 is the inclusion of lease liabilities (£550k) within non-current liabilities, including related finance costs (£4k), and correspondingly a Right-of-Use Asset (£686k including initial costs to bring the asset into use) under tangible assets net of related depreciation costs (£33k).

### 3. Segment reporting

Management prepare and monitor financial information for the Group’s three primary service lines (Routine Cross-Sectional, Routine Plain Film and NightHawk) on a regular basis. This financial information is reviewed and used by the chief operational decision maker (considered to be the Chief Executive Officer) in managing the operating activities of the Group. IFRS 8 sets out certain thresholds in determining whether reportable

operating segments exist, and all of the three primary service lines exceed these thresholds. However, IFRS 8 permits the aggregation of operating segments where these services lines are similar in nature, service delivery processes, types or classes of customers, and regulatory factors. Management consider it is most appropriate to aggregate the three service lines into one teleradiology operating segment due to the similarities in respect of these factors.

Medica Group PLC has identified only one geographic area, the UK. As a result of this and there being only one operating segment as described above, no analysis has been provided.

No customer accounted for more than 10% of the Group's revenues.

The Group identified four revenue streams, NightHawk, Routine Cross-Sectional, Routine Plain Film and Independent and Specialist. The analysis of revenue by each stream is detailed below.

	<b>Unaudited 6 Months ended 30 June 2019</b>	<b>Unaudited 6 Months ended 30 June 2018</b>	<b>Audited 12 Months ended 31 December 2018</b>
NightHawk	10,409	9,293	19,312
Routine Cross-Sectional	8,972	6,973	14,963
Routine Plain Film	2,106	2,008	3,927
Independent and Specialist	491	318	767
	<u><b>21,978</b></u>	<u><b>18,592</b></u>	<u><b>38,969</b></u>

#### 4. Exceptional costs

	<b>Unaudited 6 Months ended 30 June 2019</b>	<b>Unaudited 6 Months ended 30 June 2018</b>	<b>Audited 12 Months ended 31 December 2018</b>
Costs incurred in respect of Board succession	<u>30</u>	<u>-</u>	<u>245</u>
	<u><b>30</b></u>	<u><b>-</b></u>	<u><b>245</b></u>

Exceptional items are items that are unusual because of their size and incidence and which the Directors consider should be separately disclosed to enable a full understanding of the Group's results.

## 5. 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 year.

	<b>Unaudited 6 Months ended 30 June 2019 £000</b>	<b>Unaudited 6 Months ended 30 June 2018 £000</b>	<b>Audited 12 Months ended 31 December 2018 £000</b>
Profit for the year attributable to ordinary shareholders	3,881	3,547	7,362
Exceptional items	30	-	245
Amortisation of acquired intangibles	435	435	870
Share based payments charge	81	65	135
Adjusted profit for the period attributable to ordinary shareholders	<u><b>4,427</b></u>	<u><b>4,047</b></u>	<u><b>8,612</b></u>
Weighted average number of ordinary shares	111,111,114	111,111,114	111,111,114
Dilutive effect of share options	<u>802,922</u>	<u>500,129</u>	<u>638,077</u>
Weighted average number of ordinary shares including dilutive	111,914,036	111,611,243	111,749,191
Basic profit per ordinary share (pence)	<u>3.49</u>	<u>3.19</u>	<u>6.62</u>
Diluted profit per ordinary share (pence)	<u>3.47</u>	<u>3.18</u>	<u>6.58</u>
Adjusted basic profit per ordinary share (pence)	<u>3.98</u>	<u>3.64</u>	<u>7.75</u>
Adjusted diluted basic profit per ordinary share (pence)	<u>3.96</u>	<u>3.63</u>	<u>7.71</u>

## 6. Reconciliation of Non-IFRS Financial KPIs

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

	<b>Unaudited 6 Months ended 30 June 2019 £'000</b>	<b>Unaudited 6 Months ended 30 June 2018 £'000</b>	<b>Audited 12 Months ended 31 December 2018 £'000</b>
<b>Reconciliation of Adjusted operating Profit</b>			
Operating profit	4,823	4,490	9,662
<i>Adjustments for:</i>			
Amortisation of acquired intangibles	435	435	870
Share based payments	81	65	135
<b>Adjusted Operating Profit</b>	<b>5,339</b>	<b>4,990</b>	<b>10,667</b>
<b>Adjusted operating profit margin</b>	24.3%	26.8%	27.4%
<b>Reconciliation of adjusted profit before tax</b>			
Profit for the period	3,881	3,547	7,362
<i>Adjustments for:</i>			
Amortisation of acquired intangibles	435	435	870
Exceptional items	30	-	245
Share based payments	81	65	135
<b>Adjusted profit after tax</b>	<b>4,427</b>	<b>4,047</b>	<b>8,612</b>
income tax charge	777	807	1,794
<b>Adjusted profit before tax</b>	<b>5,204</b>	<b>4,854</b>	<b>10,406</b>
<b>Reconciliation of net debt</b>			
Cash and cash equivalents	11,519	9,366	12,588
Borrowings due after one year	(12,474)	(11,900)	(11,912)
<b>Net (debt) / cash</b>	<b>(955)</b>	<b>(2,534)</b>	<b>676</b>

## 7. Related party Transactions

There were no related party transactions in the period to 30 June 2019.

## 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 2019 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 2019 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  
Stephen Davies – Medical Director  
Tony Lee – Chief Financial Officer  
Steve Whittern – Senior Non-Executive Director  
Michael Bewick - Non-Executive Director  
Joanne Easton – Non-Executive Director

By order of the Board

Tony Lee  
Chief Financial Officer  
9 September 2019

## **Independent review report to the members of Medica Group plc**

### **Introduction**

We have reviewed the condensed set of financial statements in the half-yearly financial report of Medica Group plc (the 'Company') for the six months ended 30 June 2019 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and the Financial and Business Review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

### **Our responsibility**

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

### **Scope of review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

### **Use of our report**

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

GRANT THORNTON UK LLP  
STATUTORY AUDITOR, CHARTERED ACCOUNTANTS

London  
9 September 2019