ANNUAL REPORT AND ACCOUNTS 2021

ENABLING SCIENTIFIC ADVANCES *to* POSITIVELY IMPACT HUMAN HEALTH

Yourgene Health

YOURGENE IS AN INTERNATIONAL MOLECULAR DIAGNOSTICS GROUP

We develop and commercialise genomic services and technologies.

The Group works in partnership with global leaders in DNA technology to advance diagnostic science. Yourgene primarily develops, manufactures and commercialises simple and accurate molecular diagnostic solutions, for reproductive health, precision medicine and now infectious diseases.

CONTENTS

Our molecular diagnostics solutions:

Genomic Technologies

Sample preparation and analysis tools

Yourgene has a range of innovative DNA handling platforms including the Yourgene SP150 sample preparation robot and, powered by Ranger® Technology, the Yourgene LightBench® and Yourgene QS250, ideal for cell-free DNA applications in NIPT and oncology including liquid biopsy. In addition, the Company has a growing Bioinformatics & Software portfolio of analysis and workflow tools across a range of applications to fit with our kitted products and reagents.

In vitro diagnostic products

The Group's flagship *in vitro* diagnostic products include non-invasive prenatal tests (NIPT) for Down's Syndrome and other genetic disorders, Cystic Fibrosis screening tests, invasive rapid aneuploidy tests and DPYD genotyping. Some of our products are also available as research tools for non-regulated markets where a CE mark isn't required. In response to the pandemic, the Company developed and launched Clarigene™ SARS-CoV-2, making the move into the field of infectious disease.

→ SEE PAGE 04 FOR MORE INFORMATION

Genomic Services

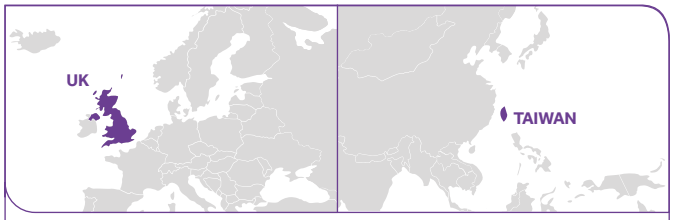
Yourgene Genomic Services

A global laboratory service network equipped to be a full life-cycle partner for clinical, research and pharmaceutical organisations to support partners at the preclinical, clinical, and post-market stages to develop, manufacture, obtain regulatory approval and commercialise new products and services.
In addition, Yourgene Genomic Services offers an NIPT and high throughput COVID testing service.

→ SEE PAGE 05 FOR MORE INFORMATION

MARKET GROWTH

This year has seen an expansion into the Americas with the acquisition of Coastal Genomics in August 2020, expanding our footprint into Canada and growing our US customer base. Our international commercial and technical support teams have expanded to support our market growth across key regions. The impact of the pandemic has restricted travel and expanding our teams with local talent has enabled us to not miss opportunities and still be able to support our customers in key markets.



YOURGENE GENOMIC SERVICES

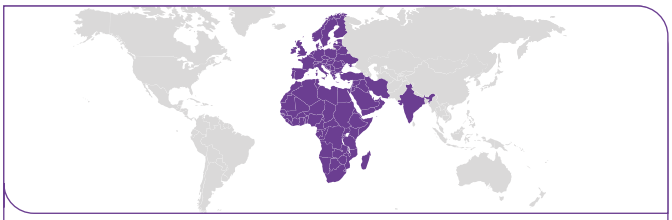
- Relaunched our international service business as Yourgene Genomic Services
- COVID-19 testing service launched with our Clarigene™ assay
- Partnerships to supply COVID-19 PCR testing services with Newcastle Premier Health Limited to Leeds Bradford Airport, and with MyHealthChecked plc to support their consumer partnership with Boots UK Limited
- Partnership with Cytox to run Alzheimers test for cognitive decline
- IONA® Care NIPT service launched

AMERICAS

- Acquisition of Coastal Genomics, Canada and two subsequent supply agreements with US partners for Ranger® Technology
- Strategic appointment of Scott Sargent, VP of Sales North America
- Virtual Advisory Board in US held for DPYD
- Multi-year contract signed with strategic partner for reproductive health screening
- IBL appointed as US distributor for reagent supply

ASIA PACIFIC

- IONA® Nx NIPT Workflow approved for sale in Australia by TGA
- Partnership with Take 2 Health for nasopharyngeal cancer test
- Strategic reproductive health partnership in Japan for *Flex*™ Analysis Software
- New distribution channels appointed in Vietnam and Taiwan



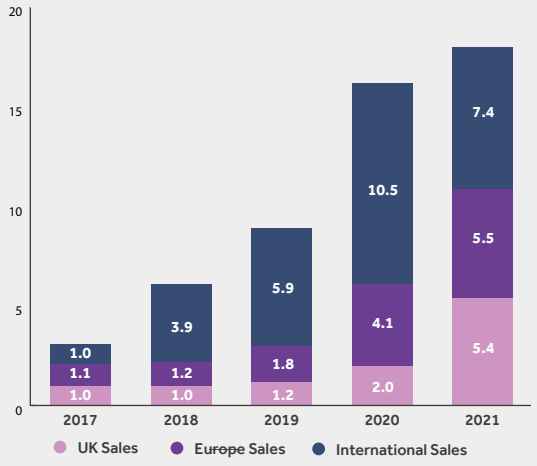
EMEA

- Launch of IONA® Nx NIPT Workflow across UK and Europe and secured existing and new customers through the transition including St George's NHS Trust, UK
- Appointed AGBL new distribution channel to support Middle East and Africa regions
- Clarigene™ SARS-CoV-2 CE IVD product sales to support UK COVID private testing demands and PHE framework tender wins
- DPYD growth with regional reimbursement in Wales, England, Belgium, Germany and other regions

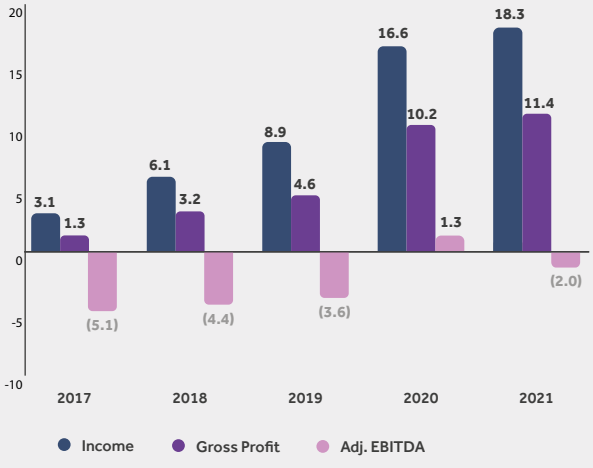
£18.3m
Revenue

10%
Revenue growth

Revenues by Geographic Market £m



Key Financials £m



OPERATIONAL HIGHLIGHTS

- COVID-19 testing service launched (May 2020)
- IONA® Nx NIPT Workflow CE marked (June 2020)
- Clarigene™ SARS-CoV-2 assay received CE mark (August 2020)
- £16.15m raised and acquisition of Coastal Genomics (August 2020)
- IONA® Nx NIPT Workflow launched (September 2020)
- Launch of Yourgene Genomic Services (September 2020)
- Share Incentive Plan launched to employees (October 2020)
- IONA® Nx NIPT awarded contract with an NHS Hospital (October 2020)
- Strategic reproductive health partnership in Japan (October 2020)
- Partnership for consumer COVID-19 testing (December 2020)
- DPYD kits recommended by NHS England (December 2020)
- IONA® Twin Study published (February 2021)
- Airport partnership for COVID-19 testing (February 2021)
- Appointment of VP Sales North America (March 2021)

AT A GLANCE

WHAT WE DO

Yourgene Health has a growing portfolio of innovative genomic services and technologies to enable applications like precision medicine and reproductive health.

We develop and commercialise class-leading services and technologies by understanding our customers and market needs. Adapting our technologies and services to the different regulatory landscapes and in different regions is critical to enable us to support our growing international customer footprint.

In addition, understanding different clinical pathways, differing reimbursement and health coverage policies and adapting our technologies and services accordingly is key to our success.

GENOMIC SERVICES

- NIPT
- COVID-19
- OTHER (CRO core services etc)

GENOMIC TECHNOLOGIES

- NIPT
- REPRO-DUCTIVE HEALTH
- COVID RELATED
- RANGER® & OTHER

WHAT WE FOCUS ON

GENOMIC TECHNOLOGIES

NIPT Workflows: Built for Labs

- The launch of IONA® Nx NIPT Workflow opened up new markets for the Company with freedom to operate. This year saw the transition of lab customers in the UK and Europe move to the IONA® Nx workflow on the Illumina Nextseq NGS platform, including St George's NHS Trust laboratory – a great endorsement and vote of confidence in the assay and Yourgene. The workflow incorporates the game-changing Yourgene QS250 for increased sample enrichment (powered by Ranger® Technology from the acquisition of Coastal Genomics)
- The IONA® test workflow on the Ion Torrent NGS platforms remains a CE-IVD assay and software and remains a reliable, high performing NIPT workflow in labs across the Middle East and Asia
- Sage 32plex workflow remains a high throughput NIPT workflow which also utilises the Yourgene QS250 and gives improved sequencing efficiencies. This NIPT workflow is deployed in labs across India, SE Asia and some areas in the Middle East

Reproductive Health

- Cystic Fibrosis Screening – a market-leading PCR range of tests that has different mutational coverage per country and is used in many newborn screening programmes across Europe, the UK, Canada and Australia
- QST*R Rapid Aneuploidy Analysis – a market-leading test for women that have a high risk NIPT result, this is the confirmatory diagnostic test carried out after amniocentesi
- QST*R Recurrent Pregnancy Loss – a PCR assay for the routine diagnosis of the six most common chromosomes associated with pregnancy loss

Other Technologies

- Ranger® Technology – our sample preparation platforms of LightBench®, Yourgene QS250 and the Hamilton Microlab® NIMBUS Select for size selection on and sample enrichment across applications such as NIPT and liquid biopsy for oncology
- Elucigene® DPYD assay – our CE marked PCR test to predict a patient's response to a chemotherapy treatment called 5FU to prevent toxic reactions
- Clarigene™ SARS-CoV-2 CE-IVD – our PCR assay used for routine COVID-19 testing during the pandemic

GENOMIC SERVICES

NIPT services

- Our Manchester lab runs the IONA® test and our newly launched IONA® Care with additional clinical coverage of sex chromosome aneuploidies (SCAs) and autosomal aneuploidies (AAs) such as Turner Syndrome, Klinefelter Syndrome, XYY Syndrome and Trisomy X have >99% Sensitivity and Specificity. The IONA® Care launch consisted of a series of educational webinars to explain more about these conditions and how the test works. In addition, the new workflow (IONA® Nx) has enabled the test to be faster and results can be reported as quickly as two days. Our customer base is predominantly NHS and private clinics in the UK and clinics and labs in Europe.
- Our Taipei laboratory runs the Sage™ Prenatal Screen and also the IONA® Nx NIPT workflow for clinical customers sending samples into Taipei from across South East Asia, India and Japan.

COVID-19 services

- Yourgene is uniquely placed to offer COVID-19 testing as we developed, manufacture and process the Clarigene™ SARS-CoV-2 test in our own laboratory
- Yourgene Genomic Services based at Citylabs 1.0 in Manchester, UK provides a high-quality Public Health England cleared COVID-19 testing service. We are listed on the UK Government website as a provider for general COVID-19 testing, Test to Release for International Travel and day 2 and day 8 testing for all international travel arrivals in the United Kingdom. The services use Yourgene Health's Clarigene™ SARS-CoV-2 test which is a PCR-based assay to detect SARS-CoV-2 virus RNA targets to confirm the presence of the virus. Results are available with a rapid turnaround time from sample receipt.
- In addition, we offer a COVID-19 NGS sequencing service for positive samples following a PCR test on day 2 in line with government requirements. Yourgene is one of the only private providers in the UK to offer both the PCR and sequencing tests.

CRO services

- Our international laboratories offer a range of core services to clinical research organisations (CRO) which support pharmaceutical, biotechnology and academic research lifecycles. Our core services include:
  - Extraction services: a rapid and affordable extraction service which generates high-quality, high-yield DNA or RNA/miRNA and nucleons
  - Quantification services: we have a range of nuclei acid quantification methods and associated qualitative analysis including gel electrophoresis
  - Genotyping services: we offer a wide range of options across different platforms such as PCR, next generation sequencing, sanger sequencing, fragment analysis and microarray
  - Gene expression services: through a consultative approach, Yourgene offers a highly regulated process where the information stored in DNA is used to synthesize and convert the set of instructions into a functional product e.g. a protein
  - Methylation services: our epigenetic analysis using several platforms such as Illumina EPIC microarray, qPCR-based assays and NGS
  - Microarray services: we offer a range of arrays on different commercial platforms, these genotyping panels offer genetic coverage of rare and common variants for genome-wide disease association studies. We offer solutions for targeted and genome-wide applications from SNPs, Indels and copy number variations.

BUSINESS MODEL

Our strategic drivers that will enable us to reach our annual and long-term goals are focused around growth and adding value.

HOW WE GENERATE GROWTH

PROMOTING THE SUCCESS OF THE GROUP (Companies Act s172 statement)

The Directors understand and respect their obligations under the Companies Act 2006 to act in good faith to promote the success of the Group for all its stakeholders, having regard to the long-term consequences of decisions, the interests of the Group's employees and other stakeholders, and the impact of the Group on its neighbouring communities and the wider environment. Our Corporate Governance Statement in this report describes our approach to managing our relationships with investors and regulators, and the boxes on this page describe how we engage with key stakeholders and our developing approach to environmental, social and governance matters where we aspire to make a positive impact in each of these domains.

STAKEHOLDER ENGAGEMENT

Employees
We value our employees and recognise that their contribution and active engagement is key to the Group achieving its near and long-term objectives. We want our diverse teams to feel safe, valued, recognised and that their opinions matter. We want to be a great place to work, which will enable us to attract, retain and develop great talent, investing both in their future growth and that of the company. We operate a number of initiatives aimed at achieving the above as described on pages 08-09 in this report.

Shareholders
We want all our shareholders to feel excited by the future opportunities of the Group and we want to add long term value to our shareholders through delivery of our strategic growth journey. We aim to communicate our news and updates in a transparent, open manner with all our shareholders and we aim to uphold appropriately high standards of corporate governance through the QCA code as described in the Corporate Governance Statement in this report.

Customers
We put our customers at the heart of everything we do. We want our technologies and services to meet the highest applicable regulatory standards, for their performance to meet our customers' demanding needs and those of their patients, and for our customer service and technical support to be best in class. We have a broad segmentation of different customers covering many different geographical regions and health policy authorities and we aim to develop and deliver valued added genomic services and technologies to meet their needs.

Suppliers
We value our suppliers and have strong relationships with them that enable us to maintain key component delivery and supply for our manufacturing and service operations. We perform supplier audits and regularly review their performance, as we recognise that engaging with our supply chain in a collaborative way is a critical factor that is embedded in our quality management system and business philosophy.

Partners
In addition to the above stakeholders we also engage closely with key collaboration partners for the furtherance of clinical and commercial endeavours over many years. These partners can include individual scientific collaborators, organisational research partnerships, key opinion leaders, distributors, agents and consultants. We work closely with these partners to develop an impactful, clear, open and honest relationship that focuses on mutually beneficial goals with joint governance and key risks and milestones monitored to give accountability and ensure programmes are on track.

RESPONSIBLE BUSINESS

We are committed to evolving our responsible business agenda and we recognise that good environmental, social and governance disciplines (ESG) will enable us to deliver a strong business to help us reach our goals.

Environmental
During the pandemic we have dramatically reduced our travel and the impact that this can have on our environment and we have made better use of digital media to reach our customers; we plan to drive this forward. Our digital transformation has reduced print and energy usage.
Our labs are looking into ways to be more environmentally friendly especially with plastic consumables.

Social
Our Social Huddle has a strong voice in the culture of Yourgene and represents all our employees across the globe. The Huddle has many initiatives across the year which aim to support local charities and the community in which we work. All of our genomic services and technologies have our mission at the heart of what they do, having a positive impact on human health, which fits at the centre of our social agenda.

Governance
We believe that good corporate governance is vital in supporting our Company's growth strategy and in turn its long-term success. We have many governance initiatives underway that starts with our Board and gets implemented throughout the business by all employees. We have a compliance focus within our Quality Assurance function that ensures all our products, services and processes meet all relevant regulatory standards and foster a culture of quality excellence across the Group.

ENABLING TALENT TO SHINE

At Yourgene we have a very open, engaged, international, sociable culture that we nurture through our different regional teams. During the pandemic, it has been even more vital to keep our culture alive despite the challenges of off-site and hybrid working patterns and the inability to travel globally.

Here are just a few programmes that the Company has put into place to keep culture and employee engagement thriving:

LEARNERBLY

Yourgene greatly values the training and development of our employees and all staff are allocated a budget each year to access a wealth of resources through an online platform called Learnerbly. Every employee can set their own personal learning goals and utilise the resources available on Learnerbly to control their own learning and development. Learnerbly provides access to curated learning resources and has over 200 learning partners. Resources are available in the form of books, articles, videos, podcasts and training courses to ensure everyone can access learning in a way that suits them.

YOURGENE SOCIAL HUDDLE

Volunteers across the Group have organised online/virtual team activities to keep us all connected during the pandemic. Our virtual charity team runs 'Manchester to Taipei', Big Friday Night Virtual Quiz, online yoga classes, book clubs, Great British Bake Off, online calligraphy classes amongst other activities.

Yourgene Health
Social Huddle

SHARE INCENTIVE PLAN (SIP)

Eligible UK members of staff are able to contribute to an HMRC approved Share Incentive Plan (SIP). Employees have been offered the opportunity to purchase Partnership Shares on a monthly basis up to HMRC limits, currently up to £1,800 per person per year, and the Company will match-fund these purchases on a 1:1 ratio. This enables all our eligible employees to be invested in the Company's future success as shareholders.

VIRTUAL RESILIENCE BOOTCAMP

During lockdown, the Company ran an online virtual "Resilience Bootcamp" with a series of weekly topics and guest speakers to motivate, inspire and harness resilience through wellbeing.

WORKSMART

A global initiative across the business to provide additional training, tips and guidance on working more effectively. This cross-functional team has introduced an online collaboration tool for projects with daily workSMART training tips provided through the intranet Your Source with the aim of improving work-life balance by enabling teams to be more effective and productive.

Yourgene workSMART

180

employees in 9 countries

OUR VALUES

Our values embody how we work as a business with our stakeholders and how our employees should work collectively together. Having clear Company values ensures that all our employees are working towards the same goals. Our core values support the Company's mission and shape its culture, and they enable us to define our relationships with our customers, partners and shareholders.

This year we reviewed and revised our values, to ensure that they fitted with the current business, which has gone through a lot of transformation over the last few years. The Company ran a series of focus groups with our diverse international employees to gain feedback and insight around our values and these are our new refreshed values which are making an impact across the business.

Collaboration:
At Yourgene it's critical that we all work together effectively, across regions and cross-functionally, to achieve our objectives and key results. Each team member has key strengths and working in collaboration will enable us to utilise them. Key to our collaborations is our communication: listening, cascading and information sharing. We have introduced collaboration training, tools, and methodologies to empower our teams to collaborate internally and externally to achieve our goals and deliver for our partners.

Integrity:
A core value that embodies how we interact with each other and with our customers and other stakeholders; with trust, transparency and honesty. Acting with integrity means that we ensure that our products and services are of the highest quality and compliant to the relevant standards. Our product and service portfolio upholds our responsible and ethical testing practices that are aligned to our Company mission to make a positive impact on human health.

Commitment:
We want our teams to believe in what we do and be committed to working collaboratively to reach our goals. Yourgene is committed to delivering best-in-class products to our customers, giving exceptional customer service and technical support. Commitment is shown through our passion, discipline, strong work ethic and a desire to make a positive impact.

Innovation:
At Yourgene, innovation is key to our continued growth and relevance in a growing, changing market. We listen to our customers, we respond and adapt, and we aim to continuously improve through innovation. We are always striving to deliver the best products, services and technologies to excite and delight our customers.

Recognition:
At Yourgene we recognise our employees' hard work, commitment and loyalty, and teams are inspired to deliver above and beyond. Having a strong employee recognition programme enables teams to be motivated, inspired, encourages high performance, enables the Company to retain and attract key talent and increases employee engagement.

OUR STRATEGY

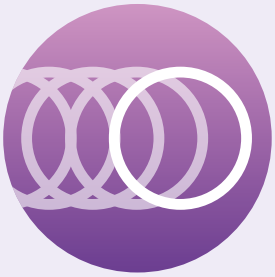
We have made sound progress in all four areas of our strategic growth priorities this year.

STRATEGIC PRIORITIES

ORGANIC

INORGANIC

STRATEGIC PRIORITIES



Market Penetration

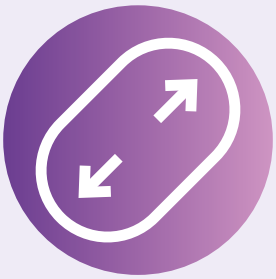
Sell more in existing channels

Drive worldwide sales of our current product and service portfolio by targeting further expansion through direct and key distribution channels.

Geographic Reach

Sell into new territories

Expand directly and through distributors and partners into new regions.



Product Expansion

New product lines and content

Leverage our technical and regulatory expertise and partnerships to extend our genetic testing offering.

Support diagnostic majors and bioinformatics specialists with IVD product contract development partnerships.

Mergers and Acquisitions

Consolidator in the market

We are considering additional selective mergers and acquisitions in the future to support our business growth.

It's a fragmented market with few medium-sized entities which presents a strong opportunity for consolidation.

ACHIEVEMENTS

ACHIEVEMENTS

- Transitioned IONA® Nx NIPT Workflow to existing and new customers across UK and Europe.
- Secured all four lots in the UK's National Microbiology Framework.
- DPYD uptake has increased with the change in clinical pathways and adoption by Wales, England, Belgium and Germany.
- New distribution partners appointed such as AGBL in Middle East.
- Strengthened the sales and product management teams internationally.
- Increased uptake in COVID-19 testing and Clarigene™ kit sales to other UK testing centres.
- Refocus on digital content marketing initiatives.
- Improved CRM system to support digital marketing outreach globally.

- Canada base following acquisition of Coastal Genomics.
- Key strategic commercial appointment in US with VP Sales.
- Addition of new distribution channels reaching new markets incl. Middle East and Africa (AGBL), North America (IBL), Abalat (Mexico).
- Key supply agreements in US for Ranger® Technology and reproductive health.
- Contract with Japan for *Flex*™ Analysis software.
- Growing regulatory framework for portfolio.
- IONA® Nx NIPT Workflow approved for sale in Australia.
- New IONA® Nx customers in Singapore and Mexico.

- Launch of IONA® Nx NIPT Workflow (CE-IVD).
- Launch of IONA® Care service with expanded clinical menu including SCAs/ AAs.
- Clarigene™ received CE mark and ongoing variant of concern surveillance.
- Revitalised Gateway Innovation ideas funnel internally.
- Portfolio roadmaps developed.
- COVID-19 sequencing service added to offering.
- Nasopharnygeal Carcinoma assay collaboration.
- Development of PRS Alzheimers assay with Cytox.

- Integration of Ex5 Genomics into rebranded Yourgene Genomic Services division.
- Transition of Ex5 Genomics pharma and CRO customer base to Yourgene.
- Integration of Coastal Genomics and Ranger® Technology available in all global markets.
- First two US supply agreements for Ranger® Technology and subsequent earnouts.
- Transition of AGX-DPNI French customers to IONA® Nx NIPT Workflow.

FUTURE PLANS

FUTURE PLANS

- Increased co-marketing with key customers to showcase clinical/technical utility.
- Co-marketing campaigns with distributors to support local markets.
- Refreshed SEO and display ad campaign strategy.
- Strengthen customer service excellence programme.
- Grow technical support teams.

- Regulatory approval of IONA® Nx for sale in Canada.
- Further commercial focus in LATAM.
- Technical support team expansion into new regions.
- Finalise other regulatory submissions across the portfolio.
- New international customers for Genomic Services for NIPT and CRO core services.

- New product launches around precision medicine.
- Bioinformatics and software updates and developments across the portfolio.
- DPYD and Cystic Fibrosis adapting mutation coverage for new markets.
- Development of Ranger® Technology across different applications.
- Expansion of menu for Genomic Service labs.

- Continue to identify M&A opportunities based on business growth strategy.
- Position Yourgene as a consolidator in the market.
- Completion of additional master supply agreements for Ranger® Technology to complete earnouts.

AT THE FOREFRONT OF THE UK'S COVID-19 TESTING CAPABILITY

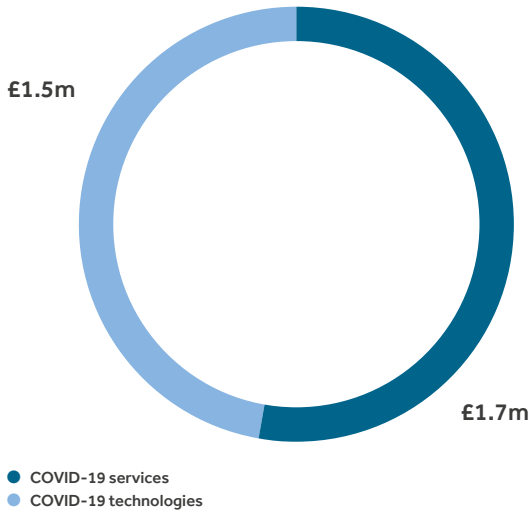
Yourgene is uniquely positioned within the UK COVID-19 testing market as one of the only companies that have both a CE marked SARS-CoV-2 PCR test and also a COVID-19 testing service. Our employees are immensely proud of our scientific contribution to the national COVID testing effort and our adaptability and ability to respond rapidly throughout the pandemic. The UK private provider testing market is very reactive to regional and national lockdowns and different testing schemes developed by the UK Government.

Yourgene Genomic Services launched in September 2020 and pulls together our NIPT service, our COVID testing services and our CRO core services. The company has gone on to grow this division within the Group with infrastructure investments in laboratory facilities, automation and instrumentation and headcount to enable the Group to maximise on opportunities.

£3.2m
Revenues

100,000
COVID-19 tests sold or performed

Our COVID-19 services and technologies



Where we add value:

CLARIGENE™ SARS-COV-2 KIT (CE-IVD)

In August 2020, the Company launched our CE marked Clarigene™ PCR test for detecting SARS-CoV-2, a high accuracy assay with >99.9% specificity. The test has dual viral RNA targets: SARS-CoV-2 Envelope (E) gene and Nucleocapsid (N) gene for a more reliable result and this prevents cross-reactivity with other Coronaviruses. The Clarigene™ test is used within the Yourgene Genomic Services COVID-19 testing laboratory along with being sold to a number of COVID testing partners with their own labs. At Yourgene we have a rigorous viral surveillance programme to continually monitor for variants of concern and variants of interest.

KEY PARTNERSHIPS

The Yourgene COVID-19 testing service operates on a business to business model and leverages a focused number of strong key partnerships that in turn reach directly to the consumer testing market. Our focus is on supporting those customers to deliver a fast, reliable and approved service for their customer base. This commercial infrastructure plays to our strengths and enables us to give a dedicated business partnering offering that is competitive and allows our clinical partners to be accountable for providing clinical test results direct to the public.

SCALABLE AND AUTOMATED

To support the opportunity and derived demand for COVID testing, we have invested in our laboratory infrastructure with a refitted automated workflow at Citylabs in Manchester. A recruitment drive has enabled the team expansion and we now run a 24-7 split shift pattern to maximise our instrumentation to increase testing capacity. Dedicated testing software has been developed in-house to support samples tracking and result processing direct to our partners.

ACQUISITION OF COASTAL GENOMICS

In August 2020 Yourgene completed the acquisition of sample preparation specialists Coastal Genomics of Vancouver, Canada, and a long-term technology partner of Yourgene. This was achieved alongside an equity issuance raising £16.2m from new institutional and existing investors. The acquisition gives Yourgene additional intellectual property assets which are deployed within our NIPT workflows and is also applicable in other fields such as oncology and liquid biopsy.

HOW THIS ACQUISITION SUPPORTS OUR STRATEGY

- **Market Penetration:** Sell more in existing channels
- **Geographic Reach:** Sell into new territories
- **Product Expansion:** New product lines and content
- **Mergers and Acquisitions:** Consolidator in the market

The acquisition gave substantial opportunities to grow the Company's blue-chip customer base and industry partners, in particular in the US whilst increasing its geographical penetration in the US and Canada, supplementing existing coverage in the UK, Europe, MEA and Asia.

Potential consideration USD
$13.5m

Associated equity fundraise GBP
£16.2m

The acquisition supports all of our strategic growth initiatives:

Market Penetration
The acquisition gives the ability to accelerate the Company's diversification into the oncology market and provides access to the DNA sample preparation market. Yourgene was an early adopter of this technology which is now core to both Thermo and Illumina NIPT platforms, offering a valuable differentiator to our customer base.

Product Expansion
Having access to the Ranger® Technology sample preparation platforms and reagents has broadened and supplemented our product portfolio. The technology can be utilised across a wide range of applications including, but not limited to, NIPT, oncology, liquid biopsy and quality control for NGS workflows.

Geographic Reach
This supports our US growth plans and gives an established technical base in Canada to support North America. Already the company has completed two master supply agreements for Ranger® Technology, with US lab partners, growing our US customer footprint with these strategic partners.

Q&A

We believe this is a key technology platform for our entry into the US diagnostics market, the largest in the world.

Lyn Rees
Chief Executive Officer

Scott Sargent joined Yourgene in March 2021 as VP Sales for North America. He brings with him a wealth of industry experience along with great connections and networks. Equally as important, Scott is tenacious and hungry for the role, he is a great cultural fit with the team and a true self-starter with an excellent sales track record of growing revenues and forming strong strategic partnerships with customers.

Q&A with Lyn Rees – CEO and Scott Sargent – VP Sales for North America.
Discussing Yourgene's expansion plans into the Americas.

Lyn: Scott, what made you want to come and work for Yourgene?

Scott: I was really excited by the portfolio that the Company has across products, technology and software in both reproductive health and oncology – two of the fastest growing and largest applications in molecular diagnostics. The market opportunity to take these into the US I felt was very compelling, that coupled with my experience in this sector and a solid understanding of the clinical lab market, it felt like a very good synergy.

Lyn: What do you see as the key product offerings for the US market that will drive growth in the short to medium term?

Scott: I see two key drivers, firstly NIPT and secondly Ranger® Technology. Our NIPT solutions for US clinical labs include bioinformatics analysis software, sample prep technology and reagents. The US NIPT market has grown rapidly over the last year with the expansion of healthcare coverage to include all pregnant women, not just those that are high-risk.

The Ranger® Technology that came from the acquisition of Coastal Genomics is really a game-changer for sample preparation during a next generation sequencing workflow, with multiple applications and opportunities.

Lyn: How big is the US NIPT market opportunity and how does Yourgene stand out here from the competition?

Scott: Great question Lyn! The US NIPT market alone is expected to be worth $5 billion by 2030. There is a growing trend away from large centralised laboratories performing NIPT, to smaller regional laboratories and hospitals performing NIPT in-house. The Yourgene NIPT solution gives a democratised, flexible, scalable, efficient and highly accurate bespoke workflow with on-site local software analysis. Incorporating the Ranger® Technology, our secret sauce in our NIPT workflow, it enriches the sample prior to sequencing to give more efficient and effective NIPT test results.

Lyn: Back to the Ranger® Technology, Yourgene has recently announced a few master supply agreements for this, what next?

Scott: These agreements are a great endorsement of the technology and its broad capabilities, along with the instrument sale, they bring an ongoing reagent and consumable revenue. I anticipate we will have many further agreements like this with key blue-chip partners, not just in the US but globally. In addition, we are working to take the LightBench to oncology organisations, both commercial or academic groups who wish to push the boundaries with their research into liquid biopsy.

Lyn: How have your first 100 days in the role been?

Scott: I'm really enjoying it, we have achieved a lot in that time, but so much more to do! Firstly, we have already grown the team to be able to support our North American customers – that has been key – we have recently recruited a Regional Marketing Manager and a Technical Support Specialist within the region. The team and I have been getting to know our customers and exploring new partnerships and collaborations to grow the business. Initially, I won't have a large regional sales team to cover the US, so we are investing in a digital marketing strategy to raise brand awareness and generate leads through social media, email campaigns, webinars etc and digital content.

Lyn: Good luck Scott, great to have you on board and I look forward to updating shareholders with your progress on our ambitious growth plans for the US market.

WE HAVE MAINTAINED FOCUS ON OUR LONG-TERM GOALS AS WELL AS EFFECTIVELY NAVIGATING THE PANDEMIC, AND OUR FUTURE PROSPECTS ARE AS STRONG AS EVER

Adam Reynolds
Non-executive Chairman

Lyn Rees
Chief Executive Officer

Significant progress has been achieved despite the reporting period being aligned with the global COVID-19 pandemic. Despite the many headwinds this has caused, the business has proved adaptable and resilient. Our long-term strategy remains focused on creating shareholder value by improving human health decisions. We have delivered double digit revenue growth, acquired Coastal Genomics and its differentiated Ranger® Technology for selecting DNA fragments by size in sample preparation, and expanded our service and product capabilities. In addition we have played our part in the response to COVID-19 through the launch of our own Clarigene® SARS-CoV-2 assay and a high quality COVID-19 testing service. In the midst of all this we have also launched our new NIPT solution and transitioned it into our key European NIPT customers and commenced its roll-out to new markets in the US and Asia.

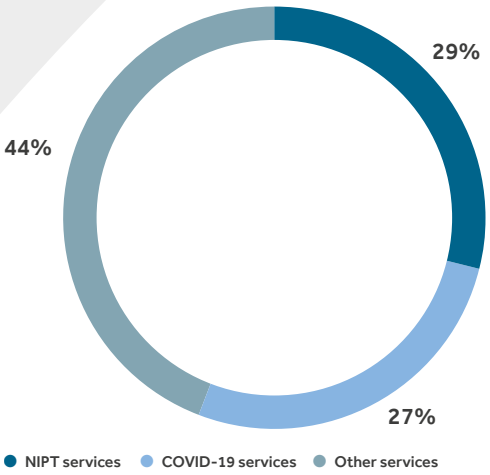
Revenue Analysed by Geographical Market

Regional segments	2021 £m	% of total	2020 £m	% of total	Growth/ decrease
UK	5.4	30%	2.0	12%	+174%
Europe	5.5	30%	4.1	25%	+33%
International	7.4	40%	10.5	63%	-30%
Total	**18.3**	**100%**	**16.6**	**100%**	**+10%**

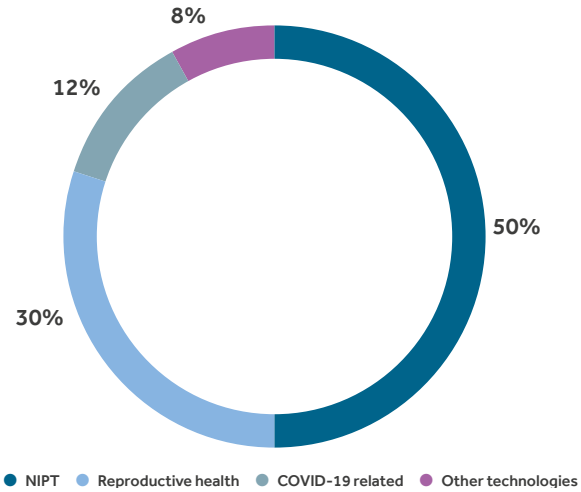
Revenue Analysed by Operating Segments

	2021 £m	% of total	2020 £m	% of total	Growth/ decrease
Genomic Services					
NIPT services	**1.9**	10%	2.6	15%	-29%
COVID-19 services	**1.7**	10%	–	–	n/a
Other services	**2.8**	15%	2.9	18%	-4%
	6.4	35%	5.5	33%	+26%
Genomic Technologies					
NIPT	**5.9**	32%	7.4	45%	-20%
Reproductive health	**3.6**	20%	3.7	22%	-1%
COVID-19 related	**1.4**	8%	–	–	n/a
Other technologies	**1.0**	5%	–	–	n/a
	11.9	65%	11.1	67%	+2%
	18.3	100%	16.6	100%	+10%

Genomic Services 2021



Genomic Technologies 2021



Genomic Services

In September 2020 we launched Yourgene Genomic Services as a separate business segment covering our longstanding NIPT testing services in the UK and Taiwan, our oncology and contract research organisation (CRO) testing service in Taiwan, as well as new UK-based COVID and CRO-focused testing services. Delivering clinical and research testing services to consistently high standards requires considerable focus and the new segment gives our talented teams the necessary focus to compete effectively in this space. Operating as our own in-house customer for our Genomic Technologies offerings also gives the Group a fantastic insight into our customers' needs.

Throughout the reporting period we have invested in the capabilities of our new Genomic Services segment with considerable expansion in our UK Citylabs facility and our new Taipei facility is due to come on-stream in the second half of calendar 2021. Capacity expansion has at times run ahead of testing volumes, however, particularly in light of the various UK lockdowns and international travel constraints which affected Taiwan testing volumes. The Taiwan challenges have given rise to an impairment on the 2017 goodwill but we remain very positive about our prospects for the new laboratory and the wider Asia Pacific region as the pandemic constraints start to normalise.

Overall, despite these challenges the Genomic Services segment delivered 26% revenue growth. Entering the 2021-22 financial year we have a much expanded capacity, a strong pipeline of opportunities, higher quality standards and better qualified teams, aligned with our aim of creating a substantial service business.

Genomic Technologies

The Genomic Technologies business segment encompasses our other commercial activities including our NIPT range of assays, software and automation, our PCR range of reproductive health and chemotoxicity tests and our newly acquired Ranger® size selection technology.

NIPT

In June 2020 we were delighted to announce the CE-IVD mark for our Illumina-based IONA® test, which was then launched as the IONA® Nx NIPT Workflow. This test runs on the Illumina NextSeq 550Dx Next Generation Sequencing ("NGS") instrument, and as well as satisfying our 2018 legal settlement obligations is a major advancement of our flagship NIPT solution given that Illumina's NGS technology accounts for around 75% of the global NGS market. Since its launch, the IONA® NX workflow has been implemented in our own Manchester service laboratory and in all our key European contracts, including at St George's Hospital in the UK who were successful in winning a key role in NHS England's national NIPT implementation strategy. The various components of our NIPT solution, including the Flex Analysis software platform, are also already starting to build a presence in our target markets of the USA and Japan despite delays in contract completion, installation and validation created by the pandemic. Our addressable market has expanded significantly as a result of the IONA® NX launch.

NIPT testing was affected by the COVID-19 pandemic, in particular in our international markets where health tourism slowed significantly and diagnostic testing resources were diverted to COVID-related activities. As a result of these challenges, we have prudently booked an impairment on the goodwill arising from our 2017 share-for-share acquisition of Yourgene Bioscience in Asia, but we remain confident that this region will bounce back strongly once the pandemic impacts subside. These international challenges did eclipse strong growth in our European markets where our NIPT market position still has exciting growth potential.

PCR Assays

Our reproductive health range of PCR assays proved more resilient as it is more focused on the European healthcare markets, but still experienced some headwinds from the pandemic. Our chemotoxicity DPYD test however continued to make good traction and is now recommended by NHS England, NHS Wales and Belgium amongst others, to identify the risk of severe side effects in patients who might otherwise receive certain chemotherapy treatments.

Clarigene™ SARS-CoV-2 Test

The launch of our Clarigene™ SARS-CoV-2 test in June 2020, and its subsequent CE marking in August 2020, was a significant milestone for the business representing a very rapid new product introduction and also a key mitigation against the risks COVID-19 posed to our core business. Since its launch we have focused its usage in our service laboratory and with a select but growing network of partners. Supply chains have been constrained during the pandemic and we wanted to ensure we could maintain high standards of service delivery. The assay has performed consistently well and has proved reliable in detecting the additional variants that have emerged since its launch. The test has been approved by various UK Government accreditations and has secured us a place in the UK's National Microbiology Framework for the next two years.

Our testing partners are particularly focused in the travel and, more recently, retail sectors which has made it very difficult to predict volumes of business during the UK's capricious pattern of lockdowns and international travel restrictions. Clarigene® and related COVID-19 technologies contributed £1.5m to our revenues in the 2021 reporting period as well as underpinning the £1.7m of COVID-19 service testing revenues we generated. We entered the 2022 reporting period with substantial inventories in anticipation of the vaccine-led reopening we are now seeing.

Ranger® Size Selection Technology

In August 2020 we acquired Coastal Genomics Inc based in Vancouver, Canada. Coastal has developed the strongly differentiated Ranger® sample preparation technology which enables the targeted size selection of DNA fragments in NIPT, oncology, infectious disease and other clinical applications. Prior to the acquisition, the Ranger® Technology had already been selected as a key element in our IONA® NX NIPT workflow and we were delighted to bring the Coastal team into the Yourgene Group. Combining our commercial and operational capabilities with Coastal's technology and US-focused sales pipeline will deliver an enhanced penetration of the US market over time, and offers a complementary technology in our other global markets. Coastal is an early-stage business requiring additional investment to realise its sizeable market opportunity and the team has blended in well to the Yourgene family.

The acquisition was funded through a mixture of cash and equity issued to the selling shareholders, along with some stretching equity and cash earn-out milestones designed to align incentives with delivery of the significant strategic benefits this acquisition offers. It is pleasing to note that the first two milestone payments of the earn-out have been triggered (one before the period end and one shortly afterwards) as a result of their strong momentum. The associated fundraise also generated significant capital for investment into the wider business, and we thank our shareholders for their continued support and confidence in our long-term strategy.

The Yourgene Group

Board

The Board during this turbulent reporting period has been resolute, with the addition of Dr Joanne Mason as Chief Scientific Officer in November 2020. Jo brings a tremendous pedigree of scientific achievements and was instrumental in the launch of our Clarigene® PCR assay for testing for SARS-CoV-2 alongside the completion of the IONA® NX NIPT development phase and its subsequent launch.

Continued Expansion of People Talent

We have continued to invest in the future growth of our business by acquiring talented individuals to the organization, strengthening our team and developing our staff's expertise. Key hires this year include a further senior US commercial recruit, with considerable experience to lead our penetration of that strategically critical market. In response to the restrictions on international travel we have also invested in more localised commercial resource with other senior hires in France, Germany and in South-East Asia. In anticipation of further commercial growth, we have also strengthened our product management function.

Conscious of the fact that it is our entire team that delivers service and support to customers, growth in the business and value to shareholders, we introduced a Share Incentive Plan in the UK to ensure that the interests of our staff are aligned with those of our shareholders. We hope to extend this equity participation to colleagues in our other main employment centres once we have reviewed their respective local tax situations.

Investing in Long-term Capabilities

Throughout the reporting period, we have maintained our focus on our long-term strategy to deliver shareholder value by creating a substantial global molecular diagnostics group. This focus, alongside the expenditure in our Clarigene® SARS-CoV-2 assay and our internal laboratory service capacity to support the COVID-19 pandemic response, has led to a reversal of recent EBITDA improvements, but we remain confident that this is a temporary feature of the Group's journey in scaling to achieve profitable growth. Some of these investments manifest as administrative expenses, but all are focused on creating revenue and supporting value drivers for the Group in reporting periods to follow. The strategic pillars to our growth remain unchanged: product penetration, geographic expansion, new products and synergistic M&A. Key to this growth strategy is our ability to scale our activities in line with expanding our addressable markets and commercial execution. We have invested significantly in our business systems, the transition to the IONA® NX platform, our UK and Taiwan laboratory service facilities, our US commercial presence and in the Coastal Genomics acquisition. The benefits of that investment are now being seen in FY22 where we expect to return to more normalised trading patterns.

Outlook

As we progress into FY22, Yourgene is a much transformed group with a more substantial global presence and a stronger team in place in North America which is now winning significant contracts with market-leading partners based on the enhanced technologies in our portfolio including the Ranger® Technology acquired through Coastal Genomics. The pandemic continues to affect many parts of the world, but we are proud of our role in helping navigate through it and we welcome the reopening of travel and the global economy. We are very much looking forward to reconnecting in person with customers, partners and colleagues across the world, and we firmly believe our investments will better support them and deliver accelerated growth in the years to come. We are also very appreciative of the support of our shareholders in the last year and in particular to our hard-working colleagues who have maintained their entrepreneurial spirit and dedication to our customers throughout this most challenging of times.

Adam Reynolds
Non-executive Chairman
11 August 2021

Lyn Rees
Chief Executive Officer
11 August 2021

STRENGTHENED FINANCIAL POSITION DESPITE PANDEMIC TURBULENCE

Income Statement

In the trading year revenues grew 10% to £18.3 million (2020: £16.6 million) with pandemic-related challenges in some of our core markets, especially the International segment, being offset by the introduction of COVID 19-related products and services, the full year benefit of the March 2020 acquisition of AGX-DPNI in France and a contribution from the August 2020 acquisition of Coastal Genomics Inc in Canada. Our Genomic Services operating segment delivered revenue growth of 26% whilst our product-focused segment, Genomic Technologies, held its own with 2% growth. Gross profits grew slightly faster than revenues by 11% to £11.4m (2020: £10.2m) with gross margins increasing slightly to 62.2% (2020: 61.5%).

General administrative expenses increased to £13.5m (2020: £9.0m). A more detailed breakdown of key administrative expenses is shown in note 6 and includes expenditure on projects which are expected to generate significant financial improvements which the pandemic deferred into future reporting periods. The main project expenditures of this nature were £0.4m in cloud-based integrated and scalable business systems, £0.8m in the transition of key customers to IONA NX based on the Illumina NGS platform (a condition of a 2018 legal settlement), £0.3m in market entry and customer acquisition costs in the USA and an additional £0.9m in increased laboratory capacity ahead of anticipated COVID-19 testing revenues once UK-related travel opens up.

	2021			2020		
	Genomic Technologies £m	Genomic Services £m	Total £m	Genomic Technologies £m	Genomic Services £m	Total £m
Revenues	**11.9**	**6.4**	**18.3**	11.1	5.5	16.6
Cost of Sales	**(4.7)**	**(2.2)**	**(6.9)**	(4.3)	(2.1)	(6.4)
Gross Profit	**7.2**	**4.2**	**11.4**	6.8	3.4	10.2
Other income			**0.1**			0.1
Segmental expenses	**(5.3)**	**(3.4)**	**(8.7)**	(4.7)	(2.2)	(6.9)
Central expenses			**(4.8)**			(2.2)
Adjusted EBITDA	**1.9**	**0.8**	**(2.0)**	2.1	1.2	1.3
Separately disclosed			**(9.7)**			(4.5)
Operating Profit / (Loss)	**1.9**	**0.8**	**(11.7)**	2.1	1.2	(3.2)

The Group's two operating segments both delivered positive adjusted EBITDA contributions after segment-specific expenses. Genomic Services contributed £0.8m (2020: £1.2m) with COVID testing services in the UK offsetting pandemic-related weakness in our Taiwan laboratory services. Genomic Technologies contributed £1.9m (2020: £2.1m) with headwinds and customer delays in the Group's international markets masking strong performance in the UK and Europe. Overall adjusted EBITDA after deducting central expenses was a loss of £2.0m (2020: £1.3 million profit). The increase in central expenses reflects the expansion of the Group through acquisition and the Group's decisions to continue investing in its future growth drivers despite the pandemic headwinds on revenues which delayed the anticipated corresponding income. Adjusted EBITDA is measured as the operating loss before depreciation, amortisation, and separately disclosed items. Underlying EBITDA without the forward-looking projects described above would have been a profit of £0.4m.

Separately Disclosed Items

Significant items within administrative expenses are shown separately in the Consolidated Statement of Comprehensive Income, with further details in note 5. These separately disclosed items include non-cash accounting charges for share-based payments which reflect the improved business performance (i.e. the likelihood of achieving performance targets) and the increases in the Company's share price in the second half of the reporting period. The costs of acquisitions and the associated integration expenses are also shown separately as non-trading expenses and for greater transparency.

Within separately disclosed items is an impairment of goodwill which arose in the 2017 acquisition of Yourgene Bioscience which operates primarily in South East Asia. These markets were particularly badly hit by the economic impacts of the COVID-19 pandemic despite generally managing the social impacts extremely well. Early and extended national lockdowns restricted health tourism into Taiwan, Singapore and Thailand and delayed a contract launch in Japan. In addition many countries in Asia redirected resources toward COVID-related health applications, for example resulting in the cancellation of a sizeable oncology project that Yourgene was supporting as funding was reallocated to COVID. The Group is engaged in restructuring its Asian operations in response to these structural changes and still sees significant value in that region.

Operating Loss

There is a resultant operating loss after total administrative expenses of £11.7 million (2020: £3.2 million).

Finance Income/(Expenses)

During the period the Group incurred net finance expenses of £0.3m (2020: £0.1m) with only modest levels of debt on the balance sheet, mostly related to property leases accounted for under IFRS16.

Taxation and Foreign Exchange

The resulting loss on ordinary activities after taxation of £12.2m (2020: £2.4m) reflects a £0.2m tax charge (2020: £0.9m credit) which is described in note 12 and is primarily the de-recognition of a deferred tax asset from historic losses to mirror the amortisation of a matching deferred tax liability. There are still significant historic tax losses in the UK which have not yet been recognised which will help offset taxes arising on future anticipated profits.

The Group made a small loss of £0.1 million (2020: gain of £0.1 million) on translation of its foreign subsidiaries and foreign currency balances to the presentational currency.

Total Comprehensive Loss

The Group recorded a total comprehensive loss of £12.2m (2020: £2.3m).

Earnings per Share

Earnings per share were a loss of 1.8 pence (2020: 0.4 pence loss).

Statement of Financial Position

At the reporting date the Group had total assets of £49.1m (2020: £37.7m). Intangible assets increased to £14.8m (2020: £10.2m) as a result of acquiring customer relationships and intellectual property with Coastal Genomics and customer relationships with Ex5 Genomics. Goodwill reduced to £9.2m (2020: £10.8m) with the Yourgene Bioscience impairment offsetting goodwill acquired with Coastal Genomics. Property, plant and equipment increased to £4.1m (2020: £2.0m) with capital expenditure on new laboratory facilities in Taiwan and the UK, acquired assets in Vancouver and the deployment of IONA NX workflows into key European accounts to facilitate their transition. Right of use assets increased to £4.2m (2020: £3.0m). The recognised deferred tax asset decreased slightly to £1.1m (2020: £1.2m) and the 2020 £0.5m non-current tax asset reduced to zero in 2021 after the receipt of relevant UK R&D tax credit payments. The current tax asset remained stable at £0.5m (2020: £0.5m).

Total current assets increased to £15.7m (2020: £10.0m) with trade and other receivables slightly reduced after hopefully prudent provisions against pandemic-related situations, and a sizeable increase in inventories in anticipation of significant COVID-19 service volumes early in the new financial year. There was also an increase in cash and cash equivalents to £7.0m (2020: £2.8m) as described below.

Total equity and liabilities increased to £49.1m (2020: £37.7m) due to the equity-based fundraising to support the Coastal Genomics acquisition, and acquisition related earn-out liabilities as described in note 18.

Statement of Cash Flows

The Group had an opening cash position of £2.8m (2020: £1.3m) and a net cash increase of £4.2m during the year (2020: £1.5m). Cash and cash equivalents at the end of the period were £7.0m (2020: £2.8m). During the period the Group used £3.8m (2020: £2.1m) of cash in operating activities including an increase in inventories of £1.6m, a £0.6m reduction in receivables due to debt provisions, and investment in operating expenses for future growth drivers as described above, both designed to support anticipated revenue growth in the 2022 reporting period. Cash used in investing activities was £7.4m (2020: £9.0m) reflecting acquisitions during the year, capital expenditure in the year on service capacity and revenue-generating NIPT workflow instrumentation plus capitalisation of internally generated intangible assets.

Financing activities generated a surplus of £15.5m (2020: £12.6m) primarily due to an equity issuance in August 2020 to support the acquisition of Coastal Genomics described in note 18, along with a number of share options and warrant exercises as described in notes 28 and 29.

As with all businesses at this stage of development and with high growth ambitions, the Board assesses carefully the Group's ability to operate as a going concern and has detailed plans for revenue growth, margin improvement and cash flow control which are intended to achieve positive cash flows in the near future. More detail on these plans can be found in the notes to the accounts.

Dividends

No dividend is recommended (2020: £nil) due to the need to preserve capital for investing in the Group's growth strategy, which is designed to enhance value over the longer term.

Capital Management

The Board's objective is to maintain a balance sheet that is both efficient for delivering long-term shareholder value and also safeguards the Group's financial position in light of variable economic cycles and the principal risks and uncertainties outlined elsewhere in the Annual Report. The COVID pandemic presented significant challenges during the reporting period but the provision of COVID-related services has also provided some risk mitigation against consequential instability in our core markets. As at 31 March 2021 the Group had net cash of £6.8m (2020: £2.4m) which is stated after borrowings of £0.2m (2020: £0.4m) but before lease liabilities arising under IFRS16 (with their offsetting Right of Use assets). Business growth and the increased scale and revenue generating opportunities, especially COVID-19 testing in the near-term and a range of services and technologies in North America in the medium-term, supported by the Coastal Genomics acquisition, are expected to enable the Group to operate as a going concern for the foreseeable future.

Post-balance Sheet Events

After the end of the reporting period the Group has continued to expand its UK-based COVID testing routes to market including into the retail pharmacy and travel sectors and through successful entry into the UK Government's National Microbiology Framework. The Group also entered into a second qualifying commercial agreement for the Ranger Technology acquired with Coastal Genomics, triggering the second of two equity earn-out issuances, and creating a commercial platform with leading US-based market participants. In a separate announcement the Group also entered into a multi-year licence and supply agreement with another leading US diagnostic testing partner, furthering its US market penetration.

Barry Hextall
Chief Financial Officer
11 August 2021

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties associated with the Group's activities. The Board believes the following are the principal risks, along with the mitigation actions being pursued.

RISK	IMPACT	MITIGATION
Environmental Risks		
Infectious Diseases	The global COVID-19 pandemic highlights the need for all businesses to be vigilant about the potential impacts of infectious disease outbreaks on their business activities and Yourgene is no exception. Risks include the inability for staff to access Group facilities, for ill-health to reduce the available capacity in the business, for products to be shipped to new and existing customers, for suppliers to maintain supply of critical raw materials and for staff to travel to support existing and potential accounts or engage in business development activities. There are also downstream risks as Yourgene's customers are diagnostic laboratory groups who may be affected by diverting resources towards infectious disease testing activities and away from the Group's core product portfolio.	The Group's IT infrastructure is primarily cloud-based which enabled the business to move to remote working for all but laboratory-based staff very efficiently. Laboratory safety protocols have been implemented to minimise the risks of infection, and thankfully the Group's employees have not been significantly affected. Some supply difficulties have been caused by international lockdowns but close management of the situation by a senior 'COBRA' committee has ensured the business has been able to continue to trade effectively throughout the current pandemic and lay down improved resilience protocols for future events of this nature. To offset potential demand weakness where customers are diverted to infectious disease testing, the Group has launched its own testing service and launched Clarigene™, its own SARS-CoV-2 testing product. It has also partnered with other organisations in the global pandemic response and is building a longer-term infectious disease strategy which looks beyond COVID-19.
Climate Change	Global climate change may have unpredictable impacts on the business, its customers, employees and supply chains. Associated regulatory pressures may also impact the Group's operating activities.	The Group's activities are not especially carbon intensive but all life sciences companies are consumers of plastics and other raw materials with an environmental impact. The Group is initiating formal Environmental, Social and Governance (ESG) reporting mechanisms to identify and monitor its environmental impact and to instigate appropriate impact reduction strategies.
Regulations	The Group's products include materials that are sometimes classed as hazardous substances and which require careful compliance both for safety and for responsible environmental impacts.	The Group operates a quality management system that ensures all materials are risk assessed and meet appropriate environmental, handling and storage standards.
Legal & Regulatory Risks		
Intellectual Property (IP) Litigation 	The life sciences industry is characterised by significant litigation from patent-holders and their licensees who try to erect legal barriers to entry via IP rights. Non-invasive prenatal testing, in particular, has seen a high level of activity in the USA, Europe and elsewhere, primarily involving Illumina Inc who have acquired or licensed IP in this sector.	In September 2018 the Group settled a long-running patent infringement dispute with Illumina in the UK and entered into a Licence and Supply Agreement covering the UK and other international territories where NIPT patents are granted. Since this agreement was signed the Group has developed an updated version of its IONA® Test, which received CE-IVD certification in June 2020 and has now been implemented in the relevant territories. Access to new territories are now opening up to the Group without the historic IP risks.
Patents	The Group is focused on protecting its IP. To protect its key products the Group has secured and is seeking to secure patents. However, there remains the risk that the Group may face opposition from third parties to patents that it seeks to have granted. The Group also faces the risk of third parties infringing its IP. No such situations have arisen during the reporting period or since.	The Group engages reputable legal advisers to mitigate the risk of patent infringement and to advise on the protection of the Group's IP. The acquisition of Coastal Genomics has added further patent protections into the Group's IP portfolio.
Changes in Legislation and Regulatory Regimes	Changes in laws, legislation and international relations affecting the diagnostics market could have a negative impact on the Group's business activities and consequently may have a detrimental effect upon the trading performance of the Group. The diagnostics industry is highly regulated by authorities across the world where the Group intends to market its products. No assurance can be given that the Group's products will successfully obtain any necessary regulatory approvals in these territories. In carrying out its activities the Group may also face contractual and statutory claims, or other types of claim from customers, suppliers, employees and/or investors. In addition, the Group is exposed to potential product liability risks that are inherent in the research, development, production and supply of its products.	The Group has implemented, and proactively manages, quality assurance and health and safety systems to meet regulatory requirements and to ensure ongoing compliance through its team of experienced quality and regulatory specialists. The Group also monitors closely the regulatory rules which apply to the Group's products in order to anticipate changes and ensure the Group's products are available for sale. The Group retains a suite of insurance policies to protect it from the most likely areas of claim, and undertakes risk management practices to minimise the number and size of claims arising.
Brexit 	The UK completed its transition period and exited the EU in January 2021. The Group is impacted in terms of its product registrations and the shipping activities for its EU to UK supply chain and for its UK to EU product shipments. Being outside the EU's simplified VAT regime adds additional administrative complexity and could affect cashflows. Customer perceptions of the UK as a more distant and complicated trading partner might also affect the attractiveness of trading with Yourgene compared to EU-based competitors.	The Group had made significant preparations for the most likely Brexit scenarios by changing its regulatory Notified Body to one based in the EU, through the acquisition of a French trading company and the repurposing of an existing German legal entity and recruitment of EU-based individuals in sales and support functions to create a genuine EU commercial presence. Product shipments were more problematic in the first few months after Brexit but have now stabilised and the Group is exploring EU-based distribution locations for longer-term stability. The other mitigations are working well and most EU-based customers have now transferred to our French or German legal entities which act as a bridge into the EU's simplified VAT regime for example.

RISK	IMPACT	MITIGATION
Market Risks		
Competition —	The Group is in competition with other providers of molecular diagnostic services and products. There is a risk that they achieve greater than expected market penetration and/or continue with aggressive price discounting and bundling of NIPT with other genetic or clinical service offerings.	The Group's continuing product development, marketing activities and collaboration with NGS platform providers are designed to ensure that the IONA® Test remains at the forefront of the NIPT market. The acquisitions of Elucigene in 2019 and Coastal Genomics in 2020 plus the internal product development pipeline also diversify the Group's product range.
Technology —	Technologies used within the diagnostics marketplace are constantly evolving and improving. Therefore there is a risk that the Group's products may become outdated as improvements in technology are made.	The Group has a research and development function which seeks to keep up with the latest developments in the genetic-testing sector. The acquisitions of Elucigene in 2019 and Coastal Genomics in 2020 diluted this technological risk, deepened the Group's R&D capabilities and extended the Group's access to insights into how international markets are evolving.
Procurement —	There is a risk that UK and international procurement practices may create market segments in which the Group is unable to effectively offer its products and services. Similarly, competitors may seek to influence procurement practices to the disadvantage of the Group.	The Group works with policymakers, trade organisations and legal advisers to monitor and influence any changes in such practices, and also to highlight areas where procurement practices may not be fair and transparent.
Financial Risks		
Future Funding Requirements ⌄	The Group may need to raise additional funding to continue to invest in the activities of the Group. There is no certainty that this will be possible at all or on acceptable terms. In addition, the terms of any such financing may be dilutive to, or otherwise adversely affect, shareholders.	To manage this risk the Group is actively building its revenue-generating capabilities and monitors its cash flow requirements closely. Activities are adjusted according to available funding through its periodic business planning process to control cash consumption, whilst maintaining a dialogue with potential future funders. The fundraise concluded in August 2020 alongside the Coastal Genomics acquisition provided significant funding runway as the Group nears self-sufficiency in operating cash flows.
Third-party Reimbursement Technology ⌄	The Group may be adversely affected by third-party reimbursement decisions. The Group may not be able to sell its products profitably if reimbursement from these sources is unavailable or limited.	The Group proactively engages with the clinical community to align its product offering with current medical requirements in order to ensure its commercial model is supported by reimbursement regimes. To date, reimbursement has been more of an opportunity than a risk as growing international coverage increases NIPT testing volumes. Clarigene™, the Group's SARS-CoV-2 test is subject to emergency use authorisation protocols globally and the Group has been selective about expanding beyond the UK. Other products are more mature and less sensitive to reimbursement decisions.
Operational Risks		
Dependence on Key Personnel ⌄	The Group has a global leadership team and the future success of the Group, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of the Board and key management. However, the retention of such key personnel cannot be guaranteed. The loss of any key personnel, or the inability to attract appropriate personnel could materially adversely impact the Group's business, prospects, financial condition or results of operations.	The Group provides attractive remuneration incentives, including share options, and endeavours to maintain an empowering culture to encourage retention of key individuals, as well as recruiting suitable deputies over time. The acquisitions of Elucigene and Coastal Genomics have also strengthened the breadth and depth of leadership within the Group.
Information Technology ⌃	The Group relies on information technology networks, hardware, third-party and in-house software to execute its business activities and meet its external obligations on data protection for example. Failure of these technologies, or external threats such as malware, hacking or ransomware could have a material impact on the Group's financial position, operational effectiveness and/or external reputation.	The Group uses outsourced IT partners and secure cloud-based software wherever possible and is investing in upgraded networks and a cloud-based Enterprise Resource Planning system. In-house software development is managed to *in vitro* diagnostic standards. The Group has recently appointed an external Data Protection Officer and an external IT Consultant to assist in staying ahead of technological progress and the risks posed by cyber criminals.
Contracts —	There can be no certainty that third parties will perform, or be able to perform, their obligations under various contracts with the Group or that the Group will be able to recover damages for breach of contract. The insolvency of third parties or their default under the terms of such contracts could have a material adverse effect on the Group and its operations.	The Group monitors its contractual commitments and outstanding exposures, supplier strength and outstanding debtor exposures closely, developing specific plans where the potential impacts would be significant.

⌃ Increased risk ⌄ Decreased risk — No change

The Strategic Report on pages 04 to 23 of the Annual Report and Accounts 2021 has been approved by the Board of Directors.

By order of the Board

Barry Hextall
Company Secretary
11 August 2021

BOARD OF DIRECTORS

Adam Reynolds
Non-executive Chairman

Adam has been on the Board of Yourgene (then Premaitha Health plc) since its IPO in June 2014 and became Chairman in September 2016. He began his career as a stockbroker and established his own PR/IR and Corporate Finance firm, Hansard Group Plc which sold in 2004. In 2005, Adam became Executive Chairman of International Brand Licensing Plc, today it is known as EKF Diagnostics Plc where Adam remains a Non-executive Director and a substantial shareholder. He is also Non-executive Chairman of MyHealthChecked (formerly Concepta) Plc and Belluscura Plc and a Non-executive Director of online fashion giant Sosandar. Adam has been named as one of the 50 most influential people in the City by Growth Company Investor. At Yourgene Adam chairs the combined Nominations and Remuneration Committee and is a member of the Audit Committee at Yourgene Health.

Dr Stephen Little
Vice Chairman

Stephen is a British scientist and entrepreneur with a long and successful career in the fields of personalised medicine and molecular diagnostics. Following time spent as a research leader with Celltech and later AstraZeneca PLC he founded the pioneering personalised health company DxS. Following the sale of DxS to QIAGEN, Stephen went on to establish Premaitha Health, now Yourgene Health PLC, as a leader in reproductive genetics. He retains an active role at Yourgene and is also enthusiastically involved in the encouragement of exciting and interesting early stage companies such as Dxcover and BioCaptiva.

Dr John Brown CBE
Senior Independent Director

John joined the Board at Yourgene in July 2019 and has over 20 years' capital markets experience in the healthcare and life sciences sector. He is currently a Senior Independent Director of Acacia Pharma and is Chairman of the Cell and Gene Therapy Catapult. Additionally, he has previous significant board experience with roles including Chairman of Axis-Shield, Chairman of BTG, Senior Non-executive Director of Vectura and Chief Executive Officer of Acambis. At Yourgene John is a member of the Nominations/ Remuneration and Audit Committees and is the Senior Independent Director on the Board.

Lyn Rees
Chief Executive Officer

Lyn is a seasoned executive in global healthcare and IVD markets. Since joining Yourgene in 2018 he has been instrumental in the transformation of the business. He has led the Group through four acquisitions including Elucigene Diagnostics and Coastal Genomics, and the fundraising to underpin those deals. Prior to joining Yourgene Health in June 2018, Lyn was Group CEO at the BBI Group for over nine years. Lyn completed seven acquisitions during his tenure at BBI Group, all of which were successfully integrated. He founded BBI Detection and BBI Animal Health and demonstrated a strong track record of organic and acquisitive growth. Before that he spent several years as the Managing Director and founded BBI Healthcare in 2006. He first began his business career as the European Marketing Manager at Shimano Europe BV. Lyn is also a Non-executive Director with MyHealthChecked plc and Abingdon Health plc.

Dr Bill Chang
Chief Entrepreneur

Bill was the Founder of Yourgene Bioscience in Taipei where he was CEO for several years before it was acquired by Yourgene Health in March 2017. Bill's first role after his PhD was with Academia Sinica, the national academy of Taiwan, as a research specialist and he established the bioinformatics core facility at the Institute of Plant and Microbial Biology after which he co-founded Sofiva Genomics in 2012 to provide prenatal genetic testing services. Bill has a PhD in Bioinformatics and is also an Honorary Fellow at the Faculty of Veterinary Science, University of Melbourne. Bill actively presents technical results at many international conferences.

Barry Hextall
Chief Financial Officer

Barry joined Yourgene (then Premaitha) as CFO in June 2015 and is a Chartered Management Accountant with over 25 years' experience in senior financial roles, including with international AIM-listed organisations. He has managed many businesses through major changes and rapid growth, and has significant experience working in the global medical devices and *in vitro* diagnostic sectors. His previous employers include Immunodiagnostic Systems plc, JRI Orthopaedics Ltd, C J Garland & Co Ltd, Ernst & Young LLP and Zeneca plc (originally ICI). Barry holds a Diploma in Company Direction from the Institute of Directors, and an MBA from Cranfield School of Management.

Nicholas (Nick) Mustoe
Non-executive Director

Nick has been on the Board at Yourgene since its IPO in June 2014 and started his career in London in advertising agency Foote Cone and Belding and at Lowe Howard Spink, before establishing his own agency, Mustoes Merriman Levy (Mustoes). In 2008 Mustoes merged with a leading PR agency Geronimo to form Kindred, a creative PR agency. Nick subsequently led an MBO of Kindred in 2010 and remains Chairman. He is also Chairman of charity Starlight Children's Foundation and of Big Sofa Technology Plc, as well as a Non-executive Director of Sosander Plc. At Yourgene Nick is a member of the Nominations/Remuneration Committee and chairs the Audit Committee.

Jonathan Seaton
Non-executive Director

Jonathan joined the Board of Yourgene in August 2019 and has extensive experience working for leading global life sciences and diagnostic companies having worked on over 40 merger and acquisition transactions. At Roche Diagnostics he held the position of Vice Director, Global Business Development, advising leading merger and acquisition activity and strategic partnerships. Jonathan also held key strategic roles as a healthcare investment banker at Deutsche Bank Securities, a strategic senior role at Becton, Dickinson and Company and Head of Corporate and Business Development and Government Affairs at Illumina. Jonathan is now the Senior Vice President, Corporate Business Development at Bio-Rad Laboratories.

COMMITTEE KEY:

Audit Committee:
- C Chair
- Member

Nominations and Remuneration Committee:
- C Chair
- Member

Hayden Jeffreys
Chief Operating Officer

Hayden was appointed to the Board in October 2018 and has over 20 years' experience in the clinical diagnostics industry. Hayden has a strong strategic commercial background including business development, mergers and acquisitions and driving commercial teams for transformational international delivery and growth. Prior to joining Yourgene Health, Hayden was Chief Operating Officer at Cambridge Epigenetix. Hayden also held several international senior positions within the ERBA diagnostics group including CEO and Head of Corporate Business Development and Strategy. Hayden holds an MSc in Management Studies from the University of Oxford.

Dr Joanne (Jo) Mason
Chief Scientific Officer

Jo was appointed to the Board in November 2020 after a period as Director of Research & Development since joining the Company in December 2019. Jo has been a champion of modernising diagnostics with the use of genomic technologies, having previously held positions as Vice President Biodiscovery with Cambridge Epigenetix, where she led the development of clinical epigenomic technologies, and as Director of Sequencing and Sample Acquisition for Genomics England, where she managed the delivery of samples and whole genome sequencing for the UK's 100,000 Genomes Project.

She advised the Department of Health (DOH) Rare Disease Policy Board and Forum, the Medicines and Healthcare products Regulatory Agency (MHRA) Genomics for Diagnosis Forum and the UK National External Quality Assessment (NEQAS) – Genomics England Steering Committee, Genomics England Sequencing Advisory Board and Bioindustry Association (BIA) Genomics Advisory Committee. Dr Mason also worked for Oxford University Hospitals NHS Foundation Trust where she set up and managed an NGS Core facility leading translational research, offering disease-specific diagnostic panels and introducing whole genome sequencing into the diagnostic setting. Prior to this role, Dr Mason managed an NGS Core facility in Malaysia and led the Comparative Genomics group at Public Health England studying novel and dangerous pathogens. Dr Mason holds a PhD from Cambridge in Molecular and Cellular Biology.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

The Board recognises the importance of sound corporate governance and has elected to implement the Corporate Governance Code for Small and Mid-Size Quoted Companies, as published by the Quoted Companies Alliance (the QCA Code), to the extent it is considered appropriate in light of the Group's size, stage of development, risk profile and resources. The Company is also subject to the UK City Code on Takeovers and Mergers. Further information on the Group's governance practices, the business model and strategy can be found in the Company Overview, Strategic Report and Governance sections in this Annual Report and Accounts.

This Governance Statement was last reviewed and updated on 10 August 2021.

	QCA Governance Principles	Explanation
1	**Strategy and Business Model (QCA Principle 1)**	Yourgene develops molecular diagnostic products and services that will have a positive impact on human health and deliver long-term shareholder value. The Group has a clear strategy to increase penetration of sales in the markets in which it operates, to expand the geographic markets in which it operates and to launch new products and services into these markets. This strategy is being driven organically, and through acquisitions where target companies are found which support one or more of these four strategic 'pillars'. The Group is currently focused on delivering high-quality genomic services, products and technologies to support a growing international customer base of laboratories and healthcare professionals. The Group provides customers with clinical and research genetic testing services across different fields such as reproductive health, oncology and infectious diseases, from its facilities in the UK and Taiwan. In addition to these genomic services the Group manufactures a range of reagents and instrumentation to support these service offerings and also to enable third parties to offer genomic testing services through their own laboratory and clinical networks. Yourgene has also established a contract development partnership programme for customers, building on our expertise in developing *in vitro* diagnostic products. In June 2020, Yourgene launched its first infectious disease product which is a COVID-19 diagnostic test, Clarigene™ and at the same time launched an in-house COVID-19 testing service. The IONA® test is a CE-IVD marked test for prenatal screening which enables clinical laboratories around the world to establish their own quality assured non-invasive prenatal screening service. In other regions we offer the Sage™ Prenatal Screen which provides a greater clinical depth of data that is reported and allows labs and clinics greater flexibility with the analysis work package. By having these two complementary prenatal screening solutions we meet a wider scope of customer and market needs. The Group continues to expand the range of in vitro diagnostic technologies into different fields as demonstrated by the August 2020 acquisition of Coastal Genomics Inc of Canada, after a series of other acquisitions in recent years.
2	**Meeting Shareholder Needs (QCA Principle 2)**	The Company places a great deal of importance on communicating with its shareholders. All shareholders are given at least 21 days' notice of the Annual General Meeting and are encouraged to attend. An opportunity is provided for them to ask questions at the meeting. Throughout the year the Chairman, Chief Executive Officer and Chief Financial Officer are in regular contact with the Company's major investors and respond to queries from private investors through an investor contact email or via the Company's financial PR firm, Walbrook PR. The CEO is responsible for ensuring that shareholders' views are communicated to the Board as a whole. The Group is supported by its joint brokers N+1 Singer and Stifel Nicolaus as well as its Nominated Adviser, Cairn Financial, and its Registrar, Link Asset Services, to further improve the quality and quantity of investor relations activities.
3	**Manage Our Responsibilities to Wider Stakeholders (QCA Principle 3)**	We take seriously our responsibilities to our staff, trading partners, neighbours, the clinical, research and laboratory communities we supply and the pregnant and patient populations we support. We operate a high standard of quality management to ensure we comply with the appropriate regulations in the various territories in which we operate, and that we thoroughly investigate any occurrences which fall below our high standards so we can implement corrective and improvement actions. Family-friendly and flexible employee policies, rigorous health, safety and environmental practices are very important additions to the quality management system in ensuring we manage our stakeholder and social responsibilities appropriately.
4	**Risk Management (QCA Principle 4)**	The environment in which we operate presents certain general risks as well as particular risks that are specific to our own circumstances, as exemplified by the COVID-19 pandemic. The Board monitors the key legal, regulatory, market, financial and operational risk areas to identify relevant risks, assess their potential impact and to develop mitigation strategies that will enable the Group to flourish. Principal risks and uncertainties are described in the appropriate section in this Annual Report and Accounts and are set out below. The Audit Committee monitors key risks and is responsible for: • reviewing the Company's external reporting process, including the financial statements, reports and announcements and the accounting policies and judgements that underline them, and making recommendations to the Board before release; • monitoring the statutory audit of the annual accounts; • monitoring of the independence of the external auditors and the establishment of a policy for their use for non-audit work; and • monitoring the Group's risk register and mitigation strategies.

QCA Governance Principles	Explanation
5 **Maintain a Well-functioning Board (QCA Principle 5)**	The Chairman has considerable experience of Boards operating in the AIM environment and ensures the Board has an appropriate composition of skills. The Board now comprises five Non-executive Directors and five Executive Directors. Whilst this does not meet QCA guidance in this area the Board believes this is compensated by the breadth of skills, geographic coverage and experience that is represented and that there is adequate challenge to the Executives with this structure. Board composition is monitored and it is intended to migrate to a best practice structure as the business evolves. **The role of the Board** The Directors collectively bring a broad range of business experience to the Board which is considered essential for the effective management of the Company. The Board is responsible for strategic and major operational issues affecting the Company. It reviews financial performance, regulatory compliance, monitors key performance indicators and will consider any matters of significance to the Company, including corporate activity. Certain matters can only be decided by the Board and these are contained in the schedule of matters reserved to the Board. The day-to-day management of the Company's business is delegated to the Chief Executive Officer and Executive Directors of the Company. During the reporting period the Board held eight meetings and there were three Audit Committee meetings. All Directors eligible to participate attended all meetings. **The composition of the Board and division of responsibilities** The Board currently consists of a Non-executive Chairman, a Vice Chairman, three further Non-executive Directors, a Chief Executive Officer and four other Executive Directors. The composition of the Board ensures that no single individual or group of individuals is able to dominate the decision-making process. Board composition remains under review going forward to move towards QCA compliance. Details of the individual Directors and their biographies are set out in this Annual Report and Accounts and on the website www.yourgene-health.com **Roles of Chairman and Chief Executive Officer** The roles of the Chairman and the Chief Executive Officer are separate to ensure a clear division of authority and responsibility at the most senior level within the Company.
6 **Ensure Directors have Necessary, Up-to-date Skills (QCA Principle 6)**	Directors are provided with access to the Company's Nominated Adviser and Corporate lawyers who provide briefings on necessary legislation and regulations from time to time. Directors are supported if required to ensure their skills remain up to date, including training and continuing professional development and participation in peer networks via the Institute of Directors, the Quoted Companies Alliance and external advisers.
7 **Evaluate Board Performance (QCA Principle 7)**	The Board to date has operated an informal performance review and succession planning process but is committed to implementing formal procedures. The focus is currently on psychometric profiling and performance management of the senior management team which may be extended to the Board in due course.
8 **Promote a Values-based Corporate Culture (QCA Principle 8)**	The Board sets great store by its values-based corporate culture and ethical reputation which is crucial to the Group's reputation in the highly regulated field in which it operates. The Company manages a highly regarded quality management system which is used to monitor any complaints or deviations from expected behaviours. The Board monitors any significant non-compliance matters that may arise. In addition, ethical considerations are factored into discussions on Board matters as and when this is appropriate. Recruitment practices are heavily focused on recruiting people with similarly strong values, and the Group's senior management team have recently reviewed and updated the values, behaviours and communication practices to ensure they remain fit-for-purpose as the Group continues to expand.
9 **Maintain Fit-for-purpose Governance Structures (QCA Principle 9)**	The Company has adopted and operates a share-dealing code governing the share dealings of the Directors and applicable employees to ensure compliance with the AIM Rules. **Chairman**: the Chairman is responsible for the leadership of the Board and ensuring the effective running and management of the Board. He is also responsible for the Board's oversight of the Company's affairs, which includes ensuring that the Directors receive accurate, timely and clear information, ensuring the effective contribution of the Non-executive Directors and implementing effective communication with shareholders. **Chief Executive Officer:** the Chief Executive Officer is responsible for the day-to-day management and the executive leadership of the business. His other responsibilities include the progress and development of objectives for the Company, managing the Company's risk exposure, implementing the decisions of the Board and ensuring effective communication with shareholders and regulatory bodies. **Non-executive Directors and independence:** Non-executive Directors are required to allocate sufficient time to the Company to discharge their responsibilities effectively. The Board considers the Non-executive Directors to be sufficiently independent to provide appropriate oversight and scrutiny. **Re-election of Directors**: in accordance with the Company's Articles of Association all serving Directors are subject to re-election every three years, and a minimum of one-third of Directors are subject to re-election each year. Newly appointed Directors are re-elected at the first Annual General Meeting after their appointment. **Board meetings and information to the Directors:** before each Board meeting the Directors receive, on a timely basis, comprehensive papers and reports on the issues to be discussed at the meeting. In addition to Board papers, Directors are provided with relevant information between meetings. The Board has regular scheduled meetings which occur at least quarterly and often monthly. **Board committees and Senior Independent Director** The Board has two committees, namely the Audit Committee and a combined Nominations and Remuneration Committee. In addition, it has identified a Senior Independent Director (SID). **Audit Committee:** the Audit Committee is chaired by Nicholas Mustoe with Adam Reynolds and Dr John Brown as members. **Nominations and Remuneration Committee:** due to the size of the Board and the infrequency of senior appointments these two committees have been merged. The Committee has delegated responsibility from the Board for identifying and appointing Executive Directors, and for developing the remuneration policy of the Company and for setting the remuneration of its Executive Directors and senior managers. Adam Reynolds chairs the Committee which is also attended by Nick Mustoe and Dr John Brown. The Committee's activities were reported to the Board throughout the period. **Senior Independent Director:** Dr John Brown fulfilled the duties of the Senior Independent Director throughout the reporting period. The Senior Independent Director provides an alternative contact point for Directors and shareholders for matters where they do not wish to approach the Chairman directly.
10 **Communicate Governance and Performance with Shareholders (QCA Principle 10)**	The Board communicates regularly with shareholders providing updates on Group performance to shareholders via interim and annual financial reports, trading updates, investor presentations and a regular news flow of significant developments for the Group. Governance practices are described fully in this Annual Report and Accounts and the Company's website is maintained to be up-to-date and informative. The enhanced Audit Report in these accounts is representative of the Audit Committee's focus areas

Adam Reynolds
Chairman
11 August 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Corporate Governance Statement set out on pages 26 and 27 forms part of this report.

Results and Dividends

The results for the year are set out on page 36.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Adam Reynolds, Dr John Brown CBE, Jonathan Seaton, Dr Bill Chang, Hayden Jeffreys
Dr Stephen Little, Nicholas Mustoe, Lyn Rees, Barry Hextall, Dr Joanne Mason (appointed 5 November 2020)

Table of Board of Committees April 2020-March 2021

	Board Meeting		Audit Committee		Remuneration Committee	
Director	Attended	Eligible	Attended	Eligible	Attended	Eligible
Adam Reynolds	11	11	3	3	1	1
Dr Stephen Little	11	11	–	–	–	–
Dr John Brown CBE	11	11	3	3	1	1
Nick Mustoe	11	11	3	3	1	1
Jonathan Seaton	8	11	–	–	–	–
Lyn Rees	11	11	3	3	1	1
Dr Bill Chang	11	11	–	–	–	–
Barry Hextall	11	11	3	3	1	1
Hayden Jeffreys	11	11	–	–	–	–
Dr Joanne Mason	5	5	–	–	–	–

Directors' Beneficial Interests and Share Options

Details of Directors' beneficial interests in the issued share capital of the Company as at 31 March 2021 were as follows (and see also note 9):

	Ordinary shares of £0.01 each	Percentage held
Adam Reynolds	6,743,773	0.93%
Nicholas Mustoe	8,186,869	1.13%
Dr Stephen Little	6,726,735	0.93%
Lyn Rees	1,037,902	0.14%
Dr Bill Chang	80,000,142	11.06%
Barry Hextall	549,675	0.08%
Hayden Jeffreys	333,494	0.05%
Dr John Brown	352,450	0.05%
Dr Joanne Mason (appointed on 5 November 2020)	27,476	0.00%

Details of Directors' share options are as follows:

	At 1 April 2020	At 31 March 2021	Date from which exercisable	Expiry date
Adam Reynolds	591,666	591,666	19/03/2018	19/03/2024
Nicholas Mustoe	591,666	591,666	19/03/2018	19/03/2024
Dr Stephen Little	1,500,000	1,500,000	14/07/2017	14/07/2025
	10,555,984	10,555,984	04/09/2016	05/09/2024
	1,700,000	1,700,000	01/07/2019	30/06/2028
Lyn Rees	10,000,000	10,000,000	01/07/2019	30/06/2028
	4,000,000	4,000,000	01/07/2020	31/05/2029
Dr Bill Chang	300,000	300,000	31/03/2019	01/03/2027
	400,000	400,000	01/07/2019	30/06/2028
	400,000	400,000	01/07/2020	31/05/2029
Barry Hextall	1,000,000	1,000,000	14/07/2017	14/07/2025
	4,000,000	4,000,000	01/07/2019	30/06/2028
	400,000	400,000	01/07/2020	31/05/2029
Hayden Jeffreys	3,000,000	3,000,000	01/07/2019	03/10/2028
	2,400,000	2,400,000	01/07/2020	31/05/2029
Jonathan Seaton	1,500,000	1,500,000	01/07/2020	28/10/2029
Dr Joanne Mason (appointed on 5 November 2020)		250,000	30/09/2022	21/03/2031
		750,000	30/09/2021	17/06/2030

Qualifying Third-party Indemnity Provisions

The Group has arranged qualifying third-party indemnity for Directors' and Officers' liability insurance for the sum of £5 million.

Stakeholder responsibility

In line with Section 172(1) of the Companies Act 2006 we are pleased to describe the ways we engage with stakeholders to both fulfil our obligations and achieve our vision. These are described in various parts of our Strategic Report.

Supplier Payment Policy

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Company's contractual and other legal obligations.

Principal Activities, Trading Review and Future Developments

A detailed review of the business, post-reporting date events and likely future developments is given in the Strategic Report on pages 4 to 23.

Key Performance Indicators

The key performance indicators are discussed in the Company Overview on pages 1 to 3 and in the Strategic Report on pages 4 to 23.

Financial Instruments

Details and required disclosure of the financial instruments used by the Group are contained in notes 24-27, 29 and 30 in the financial statements.

Auditor

Saffery Champness LLP were reappointed at the Group's Annual General Meeting in September 2020 and in accordance with the Company's articles, a resolution proposing that Saffery Champness LLP be reappointed as auditor of the Company will be put at a General Meeting.

Events After the Reporting Date

Significant events that have occurred since the reporting date are described in the Strategic Report on page 21 and in note 34 of these financial statements.

Risks and Uncertainties

The principal risks and uncertainties facing the Group are discussed in the principal risks and uncertainties section of this report on pages 22 and 23.

Donations and Political Contributions

The Group made no donations or political contributions in the current or prior periods.

Going Concern

In their assessment of the Group's ability to continue as a going concern, the Directors have focused on the implications of the COVID pandemic, underlying organic growth drivers and the cash profiles of various in-year and prior year asset acquisitions and business combinations.

The COVID pandemic has suppressed organic growth somewhat and has also led to the creation of a significant revenue stream of its own through the provision of COVID testing services in the UK and sales of the Group's SARS-CoV-2 PCR test in the UK and internationally. Looking forward as the pandemic hopefully recedes the Group anticipates a return to organic growth of the existing business plus the positive long-term benefits of recent acquisitions, not least that of Coastal Genomics Inc which is an early-stage cash-consuming business at present but which is a catalyst for the Group's accelerating penetration of the US diagnostics market, the largest in the world. For the enlarged Group the Directors have assessed the market dynamics in which it operates, the historic and anticipated rate of growth of gross profits, decisions available to them for management of the cost base of the Group and the potential for future fundraising.

The Group operates a strategic planning process which has historically delivered strong progress on its ambitious multi-year business plan and which has proven resilient and agile in the face of the COVID pandemic which ran concurrently with the reporting period.

As described in the Strategic Report, the Group has been investing heavily in future cashflow drivers as a result of a successful equity issuance in August 2020. This fundraise enabled the acquisition of Coastal Genomics Inc and has also facilitated the significant expansion of the Group's UK laboratory testing services activities, the underlying business systems and the Group's laboratory in Taiwan, all of which are designed to drive cash-generative growth in the years to come. These investments, coupled with the pandemic headwinds which affected the Group's traditional customers and inhibited the penetration into new target markets such as the USA and Japan, have meant that the Group continues to use cash in its trading and that break-even trading performance has not yet been reached. The Group's forecasts include assumptions of further growth in revenue, which are key in achieving positive cash flows. The Directors have also assessed the Group's cost structure as part of the strategic planning process and believe that an ongoing scalability programme will enable costs growth to be contained below gross profit increases.

There remains an ongoing commitment to keep costs and working capital under control so that increasing gross profits can drive positive cash flows. Detailed sensitivity analysis has been performed to assess the potential impact on the Group's liquidity caused by any continuing delays in revenue growth against expected levels along with potential mitigating actions which can be taken to safeguard the Group's cash position. These include working capital controls and reductions in discretionary spending.

If events transpire differently to this assessment, for example if revenues fail to grow at the anticipated pace, there could be lower cash headroom. To mitigate this scenario the existence of significant share options and warrants are likely to generate additional funds within the forecast horizon. The Group also has a successful track record in raising funds from capital markets and is exploring debt facilities. Taking all the above into account the Directors believe there is sufficient cash available or accessible to avoid a cash shortfall.

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

Substantial Shareholdings

As at 5 August 2021, the following interests in 3% or more of the issued ordinary share capital appear in the register:

	Number of shares	Percentage of issued share capital
Dr Bill Chang (through Changsform Innovations Pte Ltd)	80,000,142	11.1%
BGF Investment Management Limited	65,931,278	9.1%
Mr Steven Myers	55,100,000	7.6%
Life Technologies Ltd	41,356,165	5.7%
TB Amati Investment Funds Ltd	37,824,468	5.2%

This report was approved by the Board of Directors on 11 August 2021 and signed on its behalf by:

Adam Reynolds
Chairman
11 August 2021

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 101 'Reduced disclosure framework'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the consolidated financial statements state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This statement was approved by the Board of Directors on 11 August 2021 and signed on its behalf by:

Adam Reynolds
Chairman
11 August 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF YOURGENE HEALTH PLC

Opinion
We have audited the financial statements of Yourgene Health Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:
- give a true and fair view of the state of affairs of the group and of the parent company as at 31 March 2021 and of the group's loss for the period then ended;
- have been properly prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and the parent company's ability to continue to adopt the going concern basis of accounting included:
- obtaining and critically appraising the directors' profit and loss and cashflow forecasts supporting their formal going concern assessment;
- reviewing the forecasts for mathematical accuracy, reconciling the opening positions contained within the forecast to management accounts and cash balances;
- challenging the key assumptions underpinning the cashflow forecasts supporting the directors' assessment of going concern
- performing sensitivity analysis on key assumptions underlying the directors' assessment of going concern, including revenue growth, gross profit margin analysis and significant movements in the cost base of the business;
- discussion with directors of events after the reporting date to assess their impact on the going concern assumption, including comparison of the post year end cash balances to forecast positions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

We tailored the scope of our audit work to ensure we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls and the industry in which the group operates.

As group auditors we carried out the audit of the parent company financial statements and, in accordance with ISA (UK) 600, obtained sufficient appropriate audit evidence regarding the audit of the group's material Taiwan subsidiary, Yourgene Health (Taiwan) Co. Ltd. We also performed a statutory audit of the group's UK subsidiary Yourgene Health UK Limited. These subsidiaries were deemed to be significant to the group financial statements due to their size. The group audit team directed, supervised and reviewed the work of the component auditors in Taiwan, which involved issuing detailed instructions, holding discussions with component audit teams and performing a review of key working papers. Audit work in Taiwan was performed at materiality levels of £54,000, lower than group materiality.

We also performed targeted audit procedures in respect of Delta Diagnostics (UK) Limited, Ex5 Genomics Ltd, Yourgene Health France S.A.S., Yourgene Health Canada Ltd, Yourgene Health Canada Investments Ltd and Coastal Genomics Inc., none of which were identified as significant components requiring full scope audits. We also made enquiries of the work performed by the auditors of the group's Singaporean subsidiary Yourgene Health (Singapore) Pte Limited.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement.

Key audit matters

Key Audit Matter	How our audit addressed the key audit matter
Acquisition of Coastal Genomics Inc. During the period the Group acquired 100% of the issued share capital of Coastal Genomics Inc. Consideration for the acquisition included shares and cash with a proportion of contingent consideration. The transaction has been accounted for as a business combination under IFRS 3. At the date of acquisition, a fair value exercise was performed of the consideration transferred and the identifiable assets acquired and the liabilities assumed which resulted in the recognition of £4.54m of previously unrecognised intangible assets including licenced technology and customer relationships. Goodwill of £3.10m was also recognised as a result of the transaction, being the difference between the fair value of assets acquired and the consideration transferred. Due to the significance of the transaction to the Group and the level of judgement involved in the fair value exercise, the accounting treatment of the acquisition is considered to be a key audit matter.	Our audit procedures included the following: • Obtaining and reviewing the underlying Share Purchase Agreement governing the terms of the acquisition; • Agreeing the contractual cash and share consideration to bank payment and share issue documents; • Understanding and challenging management's assessment of the likelihood and timing of future earnout payments and the impact of discounting those future payments; • Challenging the technical treatment of shares issued in a subsidiary and the principles applied in the valuation of them and further assessing the existence of non-controlling interests after the transaction; • Reviewing the basis on which future earnouts to be settled in equity were recorded as liabilities rather than as equity; • Obtaining management's assessment of the fair values of assets and liabilities acquired; • Reviewing and challenging the basis upon which the value of customer relationships and Ranger Technology intellectual property was determined; • Reviewing the mathematical accuracy of models used to determine the fair value of newly identified intangible assets; • Understanding the basis for the useful life of newly identified intangible assets and the allocation of newly generated goodwill for impairment purposes; and • Examining the appropriateness and accuracy of disclosures. Based on our procedures, we consider that the Coastal Genomics Inc. acquisition has been accounted for in accordance with IFRS 3 and that there is no material misstatement in assets and liabilities recognised as a result of the acquisition.

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of goodwill and other intangible assets At 31 March 2021, the Group held intangibles assets with a carrying value of £23.93m, comprising goodwill of £9.18m and other intangible assets of £14.75m. There were significant intangible asset additions of £9.16m during the year including £7.93m from the acquisition of Coastal Genomics Inc. Due to the Group's further diversified service offerings, the Board changed the determination of cash generating units for the purposes of testing goodwill and other assets for impairment. An impairment of £4.79m was recorded against goodwill. Due to the material additions in the year, the overall significance of intangible assets on the Statement of Financial Position and the change in approach to the determination of cash generating units, the carrying value of intangible assets was considered a key audit matter.	Our audit procedures included the following: • Reviewing and challenging the cashflow forecasts used by management in the goodwill and intangible impairment assessment models including the justification and basis for a change in determination of the group's cash generating units; • Evaluating and challenging the key judgements applied in forecast models such as the revenue growth rate, the discount rate, the gross margins achieved and the time period over which forecast cash flows are appropriate and performing sensitivity analysis; • Understanding the basis and rationale for the forecast growth in certain products and geographies; • Assessing the Directors' assessment for the allocation of goodwill to cash generating units and reviewing potential impairment on that basis; • Reperforming amortisation calculations and assessing the judgement applied in assessing useful economic lives; and • In light of identified impairments, reviewing the suitability and accuracy of disclosures. Based on our procedures, we noted no material misstatement in the carrying value of goodwill and other intangible assets and that the impairment charge recognised in the period is appropriate.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our audit opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

We have determined a materiality of £350,000 for both the group and parent company financial statements. This is based on 2% of revenue per draft financial information at the planning stage for the group and 1% of gross assets of the parent company, with an upper limit of the group materiality. A separate performance materiality was applied to transactions with Directors and related parties.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 30, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors, communication with component auditors and by updating our understanding of the sector in which the group and parent company operate.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006, the AIM Rules for Companies and UK tax legislation as well as similar laws and regulations prevailing in each country in which we identified a significant component.

In addition, the group and the parent company are subject to other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to their ability to operate or to avoid a material penalty. These include consumer product law such as product safety, contract legislation including the Group's use of trademarks, copyright and patents and the CE marking regulatory approval process for in vitro diagnostics.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications with component auditors included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Kite (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Trinity
16 John Dalton Street
Manchester M2 6HY

11 August 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Revenue			**18,288,028**		16,612,779
Cost of sales			**(6,912,493)**		(6,387,837)
Gross profit			**11,375,535**		10,224,942
Other operating income			**60,313**		67,530
Administrative expenses					
General administrative expenses	6		**(13,483,114)**		(9,037,761)
Adjusted EBITDA			**(2,047,266)**		1,254,711
Depreciation and amortisation	6	**(3,246,887)**		(2,093,808)	
Impairment of goodwill	5	**(4,788,747)**		–	
Share-based payments expense	5	**(951,983)**		(1,601,746)	
Costs associated with subsidiary acquisition	5	**(286,044)**		(264,666)	
Acquisition integration expense	5	**(388,012)**		(533,358)	
Total depreciation, amortisation and separately disclosed items			**(9,661,673)**		(4,493,578)
Operating loss	6		**(11,708,939)**		(3,238,867)
Financing income	10		**1,850**		19,960
Financing expenses	11		**(301,547)**		(163,203)
Loss on ordinary activities before taxation			**(12,008,636)**		(3,382,110)
Tax (charge)/credit on loss on ordinary activities	12		**(174,996)**		948,186
Loss for the year			**(12,183,632)**		(2,433,924)
Other comprehensive expense: to be subsequently reclassified to profit or loss					
Exchange translation differences			**(57,790)**		139,773
Loss and total comprehensive profit/(loss) for the year			**(12,241,422)**		(2,294,151)
Earnings per share pence	13				
Basic: Loss			**(1.8p)**		(0.4p)
Diluted: Loss			**(1.7p)**		(0.4p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Assets			
Non-current assets			
Goodwill	14	**9,180,767**	10,805,783
Intangible assets	14	**14,750,315**	10,191,889
Property, plant and equipment	15	**4,108,970**	1,969,305
Right-of-use asset	16	**4,209,013**	2,996,753
Tax asset	23	**–**	532,691
Deferred tax asset	23	**1,145,393**	1,181,039
Total non-current assets		**33,394,458**	27,677,460
Current assets			
Inventories	17	**2,897,480**	1,152,308
Trade and other receivables	19	**5,333,109**	5,629,287
Tax asset	23	**506,587**	452,485
Cash and cash equivalents		**6,995,438**	2,764,117
Total current assets		**15,732,614**	9,998,197
Total assets		**49,127,072**	37,675,657
Equity and liabilities attributable to equity holders of the Company			
Equity			
Called up share capital	28	**32,668,033**	32,561,451
Share premium account	28	**67,259,741**	51,179,685
Merger relief reserve	28	**12,970,330**	12,937,796
Reverse acquisition reserve	28	**(39,947,033)**	(39,947,033)
Foreign exchange translation reserve	28	**(65,914)**	(8,124)
Other reserves	28	**4,914,314**	3,069,382
Retained losses	28	**(44,876,306)**	(33,494,558)
Total equity		**32,923,165**	26,298,599
Current liabilities			
Trade and other payables	20	**5,238,721**	4,907,813
Lease liabilities	16	**586,637**	341,167
Current tax liabilities		**542,877**	433,337
Borrowings	21	**118,705**	277,508
Other liabilities and provisions	22	**2,282,836**	512,555
Total current liabilities		**8,769,776**	6,472,380
Non-current liabilities			
Borrowings	21	**77,013**	85,110
Deferred tax liability	23	**2,172,899**	1,153,121
Lease liabilities	16	**4,056,558**	2,710,123
Other long-term liabilities and provisions	22	**1,127,661**	956,324
Total non-current liabilities		**7,434,131**	4,904,678
Total equity and liabilities		**49,127,072**	37,675,657

The financial statements were approved and signed by the Directors and authorised for issue on 11 August 2021.

Adam Reynolds
Chairman
Company Registration No. 03971582

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Share premium account £	Merger relief reserve £	Other reserves £	Reverse acquisition reserve £	Foreign exchange reserve £	Retained losses £	Total £
Balance at 1 April 2019		32,403,969	37,971,265	10,012,644	3,069,382	(39,947,033)	(147,897)	(32,662,380)	10,699,950
Year ended 31 March 2020:									
Loss for the year		–	–	–	–	–	–	(2,433,924)	(2,433,924)
Other comprehensive profit		–	–	–	–	–	139,773	–	139,773
Total comprehensive profit/ (loss) for the year		–	–	–	–	–	139,773	(2,433,924)	(2,294,151)
Transactions with owners									
Issue of share capital	28	132,901	14,197,534	–	–	–	–	–	14,330,435
Share issue expenses		–	(989,114)	–	–	–	–	–	(989,114)
Issue of share capital on acquisition		24,581	–	2,925,152	–	–	–	–	2,949,733
Share-based payments: share option schemes	29	–	–	–	–	–	–	1,601,746	1,601,746
Total transactions with owners		157,482	13,208,420	2,925,152	–	–	–	1,601,746	17,892,800
Balance at 31 March 2020		32,561,451	51,179,685	12,937,796	3,069,382	(39,947,033)	(8,124)	(33,494,558)	26,298,599
Balance at 1 April 2020		32,561,451	51,179,685	12,937,796	3,069,382	(39,947,033)	(8,124)	(33,494,558)	26,298,599
Year ended 31 March 2021:									
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(12,183,632)**	**(12,183,632)**
Other comprehensive loss		**–**	**–**	**–**	**–**	**–**	**(57,790)**	**–**	**(57,790)**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**–**	**(57,790)**	**(12,183,632)**	**(12,241,422)**
Transactions with owners									
Issue of share capital	28	**106,403**	**17,148,527**	**–**	**–**	**–**	**–**	**–**	**17,254,930**
Share issue expenses		**–**	**(1,068,471)**	**–**	**–**	**–**	**–**	**–**	**(1,068,471)**
Issue of share capital on acquisition	18	**179**	**–**	**32,534**	**–**	**–**	**–**	**–**	**32,713**
Issue of share options on acquisition		**–**	**–**	**–**	**1,844,932**	**–**	**–**	**–**	**1,844,932**
Share-based payments: share option schemes	29	**–**	**–**	**–**	**–**	**–**	**–**	**801,884**	**801,884**
Total transactions with owners		**106,582**	**16,080,056**	**32,534**	**1,844,932**	**–**	**–**	**801,884**	**18,865,988**
Balance at 31 March 2021		**32,668,033**	**67,259,741**	**12,970,330**	**4,914,314**	**(39,947,033)**	**(65,914)**	**(44,876,306)**	**32,923,165**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021		2020	
	£	£	£	£
Cash flows from operating activities				
Loss for the year before tax		**(12,008,636)**		(3,382,110)
Adjustments for:				
Finance costs		**301,547**		163,203
Finance income		**(1,850)**		(19,960)
Depreciation and impairment of property, plant and equipment		**1,022,756**		949,780
Depreciation and impairment of right-of-use asset		**698,511**		467,724
Loss on disposal of property, plant and equipment		**–**		67,289
Gain on revaluation of right-of-use asset		**–**		(121,248)
Amortisation of intangible non-current assets		**1,525,620**		676,304
Impairment of goodwill		**4,788,747**		–
Impairment on financial assets (IFRS 9)		**(38,662)**		106,511
Foreign exchange movements		**(204,275)**		72,127
Share-based payment and warrant expense		**801,884**		1,601,746
Decrease in provisions		**(85,094)**		(206,353)
Tax (paid)/received		**295,870**		(16,210)
Movements in working capital:				
(Increase)/Decrease in inventories		**(1,528,302)**		26,995
(Increase)/Decrease in trade and other receivables		**645,792**		(1,171,705)
Increase/(Decrease) in trade and other payables		**44,299**		(758,355)
Increase in tax asset		**(78,494)**		(529,307)
Cash used by operations		**(3,820,287)**		(2,073,569)
Investing activities				
Purchase of subsidiaries	**(3,637,249)**		(8,369,742)	
Cash acquired on purchase of subsidiaries	**32,450**		684,900	
Purchase of property, plant and equipment	**(3,003,847)**		(617,085)	
Capitalisation of intangible assets	**(837,734)**		(745,520)	
Proceeds on disposal of property, plant and equipment	**–**		13,505	
Interest received	**1,850**		5,010	
Net cash used in investing activities		**(7,444,530)**		(9,028,932)
Financing activities				
Net proceeds from issue of shares	**16,186,459**		13,341,321	
Proceeds from borrowings	**160,497**		–	
Repayment of borrowings	**(320,860)**		(197,503)	
Repayment of lease liability obligations	**(318,628)**		(364,359)	
Interest paid	**(211,330)**		(163,203)	
Net cash generated from financing activities		**15,496,138**		12,616,256
Net increase in cash and cash equivalents		**4,231,321**		1,513,755
Cash and cash equivalents at beginning of period		**2,764,117**		1,250,362
Cash and cash equivalents at end of period		**6,995,438**		2,764,117

See note 31 for analysis of change in net cash/(debt).

1 Accounting Policies

Company information

Yourgene Health PLC is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Citylabs 1.0, Nelson Street, Manchester M13 9NQ.

The principal activity of Yourgene Health PLC and its subsidiaries is that of a molecular diagnostics business for research into, and the development and commercialisation of gene analysis techniques for prenatal screening and other clinical applications in the early detection, monitoring and treatment of disease.

The financial statements are presented in British Pounds Sterling, the currency of the primary economic environment in which the Company's headquarters is operated.

Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including IFRIC interpretations issued by the International Accounting Standards Board (IASB), as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced disclosure framework' (FRS 101).

The financial statements have been prepared under the historical cost convention, except for those transactions recognised at fair value as detailed below.

The consolidated financial statements of the Company as at and for the year ended 31 March 2021 comprise the Company and its subsidiaries (together referred to as 'the Group'). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, which are all owned 100%) made up to 31 March each year.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of the subsidiaries is attributed to the owners of the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Going concern

In their assessment of the Group's ability to continue as a going concern, the Directors have focused on the implications of the COVID pandemic, underlying organic growth drivers and the cash profiles of various in-year and prior year asset acquisitions and business combinations.

The COVID pandemic has suppressed organic growth somewhat and has also led to the creation of a significant revenue stream of its own through the provision of COVID testing services in the UK and sales of the Group's SARS-CoV-2 PCR test in the UK and internationally. Looking forward as the pandemic hopefully recedes the Group anticipates a return to organic growth of the existing business plus the positive long-term benefits of recent acquisitions, not least that of Coastal Genomics Inc which is an early-stage cash-consuming business at present but which is a catalyst for the Group's accelerating penetration of the US diagnostics market, the largest in the world. For the enlarged Group the Directors have assessed the market dynamics in which it operates, the historic and anticipated rate of growth of gross profits, decisions available to them for management of the cost base of the Group and the potential for future fundraising.

The Group operates a strategic planning process which has historically delivered strong progress on its ambitious multi-year business plan and which has proven resilient and agile in the face of the COVID pandemic which ran concurrently with the reporting period.

As described in the Strategic Report, the Group has been investing heavily in future cashflow drivers as a result of a successful equity issuance in August 2020. This fundraise enabled the acquisition of Coastal Genomics Inc and has also facilitated the significant expansion of the Group's UK laboratory testing services activities, the underlying business systems and the Group's laboratory in Taiwan, all of which are designed to drive cash-generative growth in the years to come. These investments, coupled with the pandemic headwinds which affected the Group's traditional customers and inhibited the penetration into new target markets such as the USA and Japan, have meant that the Group continues to use cash in its trading and that break-even trading performance has not yet been reached. The Group's forecasts include assumptions of further growth in revenue, which are key in achieving positive cash flows. The Directors have also assessed the Group's cost structure as part of the strategic planning process and believe that an ongoing scalability programme will enable costs growth to be contained below gross profit increases.

There remains an ongoing commitment to keep costs and working capital under control so that increasing gross profits can drive positive cash flows. Detailed sensitivity analysis has been performed to assess the potential impact on the Group's liquidity caused by any continuing delays in revenue growth against expected levels along with potential mitigating actions which can be taken to safeguard the Group's cash position. These include working capital controls and reductions in discretionary spending.

If events transpire differently to this assessment, for example if revenues fail to grow at the anticipated pace, there could be lower cash headroom. To mitigate this scenario the existence of significant share options and warrants are likely to generate additional funds within the forecast horizon. The Group also has a successful track record in raising funds from capital markets and is exploring debt facilities. Taking all the above into account the Directors believe there is sufficient cash available or accessible to avoid a cash shortfall.

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

Revenue

Revenue from the sale of goods, equipment and related services is recognised in accordance with IFRS 15 'Revenue from Contracts with Customers' in the Statement of Comprehensive Income when the deemed Contractual Performance Obligations have been completed, which is determined to be at the point of despatch of the product or service unless there are specific provisions in the relevant contract. Revenue from the provision of testing and reporting services is recognised upon delivery of the report to the customer. Invoices are typically raised upon delivery of the products or reporting services, unless there is a different contractual requirement, for payment according to credit terms which are usually 30–75 days from date of invoice. For some contracts advance invoices are raised and payments received. These are held on the Statement of Financial Position as 'payments received on account' (see note 20) and are only recognised as revenue once the performance obligations have been deemed satisfied as described above.

Grant income and income for research projects is recognised when all conditions for receiving the grant or research income have been satisfied.

Separately disclosed items

Separately disclosed items are those significant items, within Total administrative expense which in management's judgement should be highlighted on the face of the Statement of Comprehensive Income by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful lives. Depreciation is applied at the following rates:

Leasehold land and buildings	20% straight line
Plant and equipment	20–25% straight line
Computer software and hardware	25%–33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the Statement of Comprehensive Income.

Leases and right-of-use assets (IFRS 16)

The Group adopted IFRS 16 from 1 April 2019. Leases are recognised as a right-of-use asset and lease liability at the transition date of 1 April 2019 or the date of any new leases after 1 April 2019. Right-of-use assets and lease liabilities are valued on a present value basis of the lease payments over the lease term. On adoption of IFRS 16 the right-of-use assets and lease liability were measured at the present value of the remaining lease payments and lease term. The right-of-use asset is depreciated over the term or remaining term of the lease.

Where there is potential for future increases in lease payments, amounts are not included in the lease liability until they are implemented. The leases are reviewed annually and where the lease liability is increased the lease liability is reassessed and adjusted against the right-of-use asset. When a lease is terminated, or a term amended, the lease liability and right-of-use asset are recalculated and adjusted accordingly.

Lease payments are divided between principal and interest expense. The interest expense is charged to finance expense in the statement of comprehensive income.

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

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

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

Cloud-based software applications

During the period ended 31 March 2021 the Company started implementing and using cloud-based business and accounting software applications. Following recently published IFRS guidance, the Company has deemed these applications are not an intangible asset under IAS 38 'Intangible Assets', nor are they a lease under IFRS 16 'Leases'. As such the Company expenses the software subscription fees and all the costs of implementing and configuring the software as they are incurred. The costs of implementation and configuration have initially been incurred in the period ended 31 March 2021 and will continue into the period ending 31 March 2022 as the software is rolled out globally.

1 Accounting Policies continued

Accounting for acquisitions

The Group assesses the acquisition of shares in a company under IFRS 3 'Business Combinations', to make an initial determination as to whether the acquisition meets the test for the definition "a business". This is defined as: "An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating ther income from ordinary activities." For acquisitions that meet the test, the accounting treatment will follow IFRS 3 protocols to arrive at fair values. Where the test for a business is not met, then the assets of the acquired company will be accounted for as acquired tangible or intangible assets as described in these policies.

Where the acquisition includes future contingent consideration, this is accrued based on management's judgement of the contingent consideration it considers likely to be paid. Where the actual consideration paid varies to this amount then the difference is written off through General administrative expense in the Statement of Comprehensive Income.

Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment, or earlier if there is an indication of impairment. Goodwill impairments are not reversed even if a subsequent fair value assessment would ordinarily give rise to an upward revaluation.

Acquired intangible assets

Intangible assets acquired directly or as part of business combinations are capitalised at fair value at the date of acquisition. Following the initial recognition, the carrying amount of an intangible is its cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on the basis of the estimated useful life on a straight-line basis and the expense is taken to the Statement of Comprehensive Income.

The Group has recognised customer relationships as separately acquired intangible assets. The useful economic life attributed to each intangible asset is determined at the time of the acquisition and ranges from 4 to 10 years as described in note 14.

Impairment reviews are undertaken annually and whenever the Directors consider that there has been a potential indication of impairment.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.
An internally generated intangible asset arising from the Group's product and software development expenditure is recognised only if all of the following criteria are satisfied:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use the intangible asset or to sell it;
- The way in which the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally generated intangible assets are stated at cost and held at cost less accumulated amortisation and impairment losses, and are recognised as an expense on a straight line basis over their estimated useful lives. Useful life is determined with reference to estimated useful life which varies according to the nature of the asset, eg software or in vitro medical device. The useful life of the Group's development expenditure is currently assessed between 3 and 10 years. Amortisation of development expenditure commences when development has been completed to management satisfaction, in accordance with the Group's product development governance methodology and the related project is ready for its intended use. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories
Inventories are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving items. Cost includes expenditure incurred in acquiring the inventories and other cost in bringing them to their existing location and condition.

Fair value measurement
IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Group uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Group. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

Short-term financial assets
Short-term financial assets comprise deposits placed in an escrow account which is jointly controlled by a third party.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets
Financial assets are recognised in accordance with IFRS 9 Financial Instruments in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary assets. They are measured subsequent to initial recognition at amortised cost using the effective interest rate method.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired in either of the following situations:

(a) Where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. The Group considers a financial asset to be in default if there is explicit external information that indicates the debtor is unlikely to pay its creditors, including the Group. In the event of a default the full value of the financial asset is impaired. Financial assets are written off when there is deemed to be no realistic prospect of recovery and enforcement activities have ceased.

(b) Where there are expected credit losses in the next reporting period as required by IFRS 9, the Group recognises expected credit losses (ECL) for trade and other receivables. If the credit risk on a financial instrument has increased significantly since its initial recognition then ECL are assessed on a lifetime ECL basis. If the credit risk has not increased significantly then ECL are assessed based on the likelihood of default in the next 12 months. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers quantitative and qualitative information including historical debt default or delinquency and forward-looking information that is available without undue cost or effort. Forward-looking factors include the economic and political context for the financial assets as well as anticipated customer-specific developments.

De-recognition of financial assets
Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire, or when there is a transfer of the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. A financial liability is a contractual obligation to either deliver cash or another financial asset to another entity or to exchange a financial asset or financial liability with another entity, including obligations which may be settled by the Group using its equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Classification and subsequent measurement of financial liabilities
Financial liabilities are measured at transaction price initially and measured subsequently at amortised cost using the effective interest method, except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reporting in profit or loss are included within finance costs or finance income.

Other financial liabilities
At initial recognition, financial liabilities (trade and other payables) are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost.

1 Accounting Policies continued

De-recognition of financial liabilities

Financial liabilities are de-recognised when, and only when, the Group's obligations are discharged, cancelled or they expire.

Financial liabilities recognised at fair value

Financial liabilities are classified as FVTPL when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss in the 'other gains and losses' category. Interest paid on the financial liability is included in the finance costs line item in the Statement of Comprehensive Income.

Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Equity instruments

Instruments classified as equity under IAS 32 'Financial Instruments', are measured at fair value on inception. Subsequent changes in the value of the instrument are not recognised in the financial statements.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds. Deferred shares arose on share splits in previous reporting periods and are not tradable and carry no economic or voting rights. Share warrants that are issued within the scope of IFRS 2 'Share-based Payments' (as detailed in note 29) are measured at fair value at each reporting period end. They are classified as equity instruments based on the substance of the contractual arrangements entered into.

Merger relief reserve

The reserve represents a premium on the issue of the ordinary shares for the acquisition of subsidiary undertakings. The relief is only available to the issuing company securing at least a 90% equity holding in the acquired undertaking in pursuance of an arrangement providing for the allotment of equity shares in the issuing company on terms that the consideration for the shares allotted is to be provided by the issue of equity shares in the other company.

Other reserves

Other reserves comprise the following:

- Warrants reserve: The warrants reserve represents the fair value of warrants issued to Thermo Fisher which are in issue but not exercised at the reporting date.
- Exchange share reserve: The exchange share reserve represents the fair value of exchange shares issued in Yourgene Health Canada Investments Ltd but not exchanged for shares in Yourgene Health PLC at the reporting date. These shares were issued as part consideration for the acquisition of Coastal Genomics Inc.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is not probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered, or to the extent that there are deferred tax liabilities recognised that would not fall due as a result of previously unrecognised deferred tax assets. Where deferred tax assets not recognised in prior periods begin to meet the criteria for recognition, their value is assessed based on a discounted view of five-year profit forecasts for the relevant taxable entity or Group deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Provisions
A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits
The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Statement of Comprehensive Income in the period they are payable.

Share-based payments
Where share options are awarded to employees or other stakeholders, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Leases
Leases are classified under IFRS 16 'Leases' as lease liabilities with corresponding right-of-use assets in most circumstances except for leases of low value or a lease term of less than 12 months, in which circumstances the lease payments are expensed as incurred. Lease incentives are recognised over the lease term.

Foreign and presentation currencies
The functional currency of the Parent entity is Pounds Sterling and this is used as the presentation currency for these accounts as the Directors consider this to be a most useful form of presentation to the shareholders. Transactions entered into by Group entities in a currency other than the reporting currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the Statement of Financial Position date. Exchange differences arising on the retranslation of the unsettled monetary assets and liabilities are similarly recognised in the income statement.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place.

On consolidation, assets and liabilities of overseas operations are translated at the reporting date closing rate. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign exchange translation reserve. On disposal of an overseas operation, exchange differences are recognised in the income statement as part of the gain or loss on sale.

Operating segments
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision-maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In accordance with IFRS 8 'Operating Segments', the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors. Accordingly, the Board of Directors, which reviews internal monthly management reports, budget and forecast information is deemed to be the Group's CODM.

Financing income and expenses
Financing expenses comprise interest payable and finance charges recognised in profit or loss using the effective interest method. Financing income comprises interest receivable on funds invested. Interest income and interest payable is recognised within profit or loss as it is accrued, using the effective interest rate method.

Research and development tax credits
The Group undertakes research and development activities in the UK which potentially attract a tax credit. Where such activities give rise to a tax credit, amounts receivable are recorded in the Statement of Financial Position as a tax asset and the associated credit is recorded within administrative expenses. The research and development tax credit is recognised in the financial statements in the same year in which the research and development expenditure occurred. This treatment is in line with the recognition of government grants to which the UK research and development tax credits scheme approximates.

2 Adoption of New and Revised Standards and Changes in Accounting Policies

Adoption of new and revised standards

During the financial year, the Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

Standard	Effective date, annual period beginning on or after
Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 *Business Combinations*	1 January 2020
Amendments to IAS 1 and IAS 8: *Definition of Material*	1 January 2020
Interest Rate Benchmark Reform: *amendments to IFRS 9, IAS 39 and IFRS 7*	1 January 2020

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases, these standards and guidance have not been endorsed for use in the United Kingdom.

Standard	Effective date, annual period beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
COVID 19-Related Rent Concessions (Amendment to IFRS 16 *Leases*)	1 April 2021 (previously 1 June 2020)
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3 *Business Combinations*)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022
Annual Improvements 2018-2020 cycle	1 January 2022
Classification of Liabilities as Current or Non-Current: amendments to IAS 1	1 January 2023[1]
Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023

[1] In July 2020, the implementation date was extended by one year to 1 January 2023.

The Directors are evaluating the impact that these standards will have on the financial statements of the Group.

3 Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Accounting for acquisitions of a business and intangible assets

During the year the group acquired Ex5 Genomics Ltd (July 2020), and Coastal Genomics Inc (August 2020). The acquisition of Coastal Genomics Inc was deemed to meet the IFRS 3 criteria for a business combination as it was a full standalone trading business. The acquisition of Ex5 Genomics Ltd was deemed to be the acquisition of assets in the form of plant and equipment and customer relationships, as there were no significant trading activities.

The acquisition of Coastal Genomics also contained provisions for earn-out payments to the vendors, based on achieving certain sales performance and concluding contracts with strategic partners post acquisition. These targets were based on business forecasts and deemed sufficiently probable to be met such that they are recorded as provisions rather than contingent liabilities.

Note 14 Intangibles and Note 18 Subsidiaries provide further information on these acquisitions including the basis on which fair values were determined for the acquired intangible assets and their carrying values.

Accounting for the capitalisation of development costs

The Group has now been in operation for several years and has resolved some significant technical challenges in bringing its products to market. In certain circumstances this leads to reduced technical risk during the product development cycle. The Group has also started to decouple some previously integrated components of its products, for example its software applications. Development costs are capitalised where it is judged that a development project has met the IAS 38 criteria as described in the accounting policy for internally generated intangible assets above.

Accounting for share-based payments

The Group's rapid growth in revenues and gross profits resulted in its first adjusted EBITDA profit in the prior reporting period. Despite the COVID-19 pandemic the Group has continued to increase revenues and gross profits but continued investment in business growth drivers has generated an adjusted EBITDA loss in the current reporting period. The Directors assessment is that the external context for this reporting period is exceptional and that future business results will return to the historic sustained growth in earnings per share, the key basis on which share based payments are measured. This performance trajectory is forecast to continue which increases the likelihood that share options will become exercisable in the future. As a result the assumptions for share-based payments have been increased and a significant charge recognised in the Consolidated Income Statement.

Accounting for deferred tax

The Group has generated significant historic losses during its development stage, which have not been recognised as a deferred tax asset due to lack of visibility of future profitability within a realistic time horizon. As the Group now moves towards profitability, such visibility is becoming more likely in the near term. The Group has therefore started to recognise some of these losses where it deems it has a prudent basis on which to do so, including where there are deferred tax liabilities arising on acquisition that can be offset against historic tax losses.

Key sources of estimation uncertainty

Impairment of goodwill

The Group's management undertakes an impairment review annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. In respect of impairment reviews, the key assumptions are as follows:

Growth rates

The value in use of the intangible assets is calculated from cash flow projections for the relevant business activities based on the latest financial projections covering the anticipated useful economic life of the intangible assets.

Discount rates

The pre-tax discount rate used to calculate value is determined in relation to the relevant business activities and their geographic location, using external benchmarks where possible to arrive at a relevant weighted average cost of capital.

Cash flow assumptions

The key assumptions for the value-in-use calculations are those regarding discount rates, growth rates and expected cash flows. Changes in revenues and expenditures are based on past experience and expectations of future growth.

As a result of this exercise, £4,788,747 of Goodwill was impaired as described in note 14.

4 Segment Reporting

In the opinion of the Directors, the Group has two business segments; Genomic Technologies and Genomic Services which are monitored by the Group's chief operating decision maker (CODM). Strategic decisions are made on the basis of unadjusted operating results. The Genomic Technologies segment represents the in vitro diagnostic products, software and instrumentation manufactured by the Group and distributed globally through the Group's direct and indirect sales channels. These technologies are often integrated with each other and require the support of the same internal and external resources. The Genomic Services segment operates testing laboratories in Taiwan and the UK and provides services to clinicians, third party clinical service providers and contract research organisations. These services require similar technical, commercial and managerial competences in the two host countries, and sometimes consume the output from the Genomic Technologies segment, but also from third party suppliers where appropriate. Genomic Technologies and Genomic Services are subject to different regulatory requirements, registrations and assessment bodies. In previous reporting periods the CODM deemed the Group was a single operating segment. This new assessment reflects rapid business growth in recent years both organically and through acquisitions. Prior year figures have been restated to provide comparatives for the two operating segments.

The Group also has three geographic regions, defined as UK, Europe and International.

4 Segment Reporting continued

Revenue

Revenue analysed by geographical market:

	2021 £	2020 £
UK	**5,439,817**	1,974,632
Europe	**5,462,264**	4,142,073
International	**7,385,947**	10,496,074
	18,288,028	16,612,779

Revenue analysed by business segment:

	2021 £	2020 (restated) £
Genomic Services		
NIPT services	**1,832,643**	2,568,459
COVID-19 services	**1,730,093**	–
Other services	**2,819,582**	2,933,897
	6,382,318	5,502,356

	2021 £	2020 £
Genomic Technologies		
NIPT	**5,924,758**	7,423,857
Reproductive health	**3,602,506**	3,649,028
COVID-19-related	**1,436,805**	–
Other technologies	**941,641**	37,538
	11,905,710	11,110,423
	18,288,028	16,612,779

During the reporting period no customers represented more than 10% of Group revenues (2020: none).

Non-current assets

The Group's non-current assets are located in the following geographic regions:

	2021 £	2020 (restated) £
UK	**15,811,975**	15,145,289
Europe	**4,205,914**	3,595,904
International	**13,376,569**	8,936,267
	33,394,458	27,677,460

Operating profit/(loss) by segment

	2021				2020 (restated)			
	Genomic Technologies £	Genomic Services £	Central £	Total £	Genomic Technologies £	Genomic Services £	Central £	Total £
Revenues	**11,905,710**	**6,382,318**	**–**	**18,288,028**	11,110,423	5,502,356	–	16,612,779
Cost of sales	**(4,689,939)**	**(2,222,554)**	**–**	**(6,912,493)**	(4,267,054)	(2,120,783)	–	(6,387,837)
Gross profit	**7,215,771**	**4,159,764**	**–**	**11,375,535**	6,843,369	3,381,573	–	10,224,942
Other operating income	**–**	**–**	**60,313**	**60,313**	–	–	67,530	67,530
Segmental expenses	**(5,338,501)**	**(3,399,624)**	**–**	**(8,738,125)**	(4,721,560)	(2,165,229)	–	(6,886,789)
Central overheads	**–**	**–**	**(4,744,989)**	**(4,744,989)**	-	–	(2,150,972)	(2,150,971)
Adjusted EBITDA	**1,877,270**	**760,140**	**(4,684,676)**	**(2,047,266)**	2,121,809	1,216,344	(2,083,442)	1,254,711
Depreciation and amortisation	**–**	**–**	**(3,246,887)**	**(3,246,887)**	–	–	(2,093,808)	(2,093,808)
Goodwill impairment	**–**	**–**	**(4,788,747)**	**(4,788,747)**	–	–	–	–
Share-based payments expense	**–**	**–**	**(951,983)**	**(951,983)**	–	–	(1,601,746)	(1,601,746)
Costs associated with subsidiary acquisition	**–**	**–**	**(286,044)**	**(286,044)**	–	–	(264,666)	(264,666)
Acquisition integration expense	**–**	**–**	**(388,012)**	**(388,012)**	–	–	(533,358)	(533,358)
Operating profit/(loss)	**1,877,270**	**760,140**	**(14,346,349)**	**(11,708,939)**	2,121,809	1,216,344	(6,577,020)	(3,238,867)

5 Separately Disclosed Items

	2021 £	2020 £
Impairment of goodwill	**(4,788,747)**	–
Share-based payment expense	**(951,983)**	(1,601,746)
Costs associated with the acquisition of subsidiary	**(286,044)**	(264,666)
Acquisition integration expense	**(388,012)**	(533,358)
	(6,414,786)	(2,399,770)

Impairment of goodwill relates to the goodwill arising on the acquisition of Yourgene Health Taiwan in 2017 (formerly Yourgene Bioscience), see note 14 for further details.

Share-based payment expense comprises £801,884 (2020: £1,601,746) relating to the longstanding share option schemes and £150,099 (2020: £nil) relating to the new share incentive plan, both as detailed in note 29. The Share-based payment expense relating to the option schemes is provided for in accordance with IFRS 2 'Share-based payment' following the issue of share options to employees under the Company's share option schemes, as set out in note 29.

Costs associated with the acquisition of subsidiaries represents costs incurred during the acquisition of Ex5 in July 2020, and Coastal Genomics Inc in August 2020.

Acquisition integration expense relates to the expense incurred integrating Delta Diagnostics UK Ltd, Yourgene Health France SAS, EX5 Ltd and Coastal Genomics Inc into the Yourgene Health PLC Group.

6 Operating Loss

	2021 £	2020 £
Operating loss for the year is stated after charging/(crediting):		
Research and Development expense excluding salaries	**406,165**	518,378
Research and Development tax credit	**(78,494)**	(560,204)
Debtor provisions, impairment and bad debts	**639,547**	139,039
IONA® Nx Transition costs	**766,510**	–
Cloud ERP Services and Implementation costs	**396,835**	–
Acquisition contingent consideration adjustment (see notes 18 and 22)	**(85,094)**	–
UK Genomic Service laboratory expenses	**1,181,172**	245,150
US market entry expenses	**316,172**	–
IFRS16 Lease Liability adoption (gain) / loss	**–**	(131,548)
(Profit)/ Loss on disposal of property, plant and equipment	**–**	(7,564)
Depreciation of property, plant and equipment	**1,022,756**	949,780
Depreciation of right-of-use assets	**698,510**	467,724
Amortisation of intangible assets	**1,525,620**	676,304

7 Auditor's Remuneration

Fees payable to the Group's auditor:

	2021 £	2020 £
For audit services		
Audit of the financial statements of the Company	**75,000**	35,500
Audit of the financial statements of the Company's subsidiaries	**30,000**	26,250
	105,000	61,750

	2021 £	2020 £
For other services		
All other assurance services	**16,000**	14,500
All other tax advisory services	**–**	38,830
Total non-audit fees	**16,000**	53,330

8 Employees

The average monthly number of persons (including Directors) employed by the Group during the year was:

	2021 Number	2020 Number
Directors	**9**	9
Administrative	**117**	81
Research and development	**54**	46
	180	136

Their aggregate remuneration comprised:

	2021 £	2020 (restated) £
Wages and salaries	**6,950,459**	5,110,252
Social security cost	**684,289**	479,009
Pension cost	**321,664**	278,744
Share-based payments: share incentive plan (note 29)	**150,099**	–
Share-based payments: share option schemes (note 29)	**801,884**	1,601,746
	8,908,395	7,469,751

9 Directors' Remuneration

The remuneration of the Directors during the period was as follows:

	Salaries £	Fees £	Pension £	BIK £	2021 £	2020 £
A Reynolds	–	53,333	–	–	**53,333**	71,863
Dr S Little	61,800	–	3,090	5,276	**70,166**	66,751
N Mustoe	–	30,000	–	–	**30,000**	30,000
L Rees	237,500	–	25,000	36,506	**299,006**	219,739
Dr B Chang	150,489	–	–	850	**151,339**	154,479
B Hextall	175,000	–	8,750	5,260	**189,010**	192,968
H Jeffreys	175,000	–	8,750	3,053	**186,803**	184,074
Dr J Brown	40,000	–	–	–	**40,000**	27,128
J Seaton	–	47,592	–	–	**47,592**	17,485
Dr J Mason (appointed 1 November 2020)	48,875	–	2,444	1,080	**52,398**	–
Keng Hsu (resigned 10 July 2019)	–	–	–	–	**–**	28,853
	888,664	130,925	48,034	52,023	**1,119,646**	993,340

The number of Directors to whom pension benefits are accruing under money purchase schemes is five (2020: four).

The share-based payments charge to the Consolidated Statement of Comprehensive Income for Directors' share options was £580,185 (2020: £977,670). During the period the Directors did not exercise any options.

10 Finance Income

	2021 £	2020 £
Interest income:		
Bank deposits	**1,189**	5,010
Loans and receivables	**661**	14,950
Total finance income	**1,850**	19,960

11 Finance Expense

	2021 £	2020 £
Interest on bank overdrafts and loans	**7,912**	15,673
Interest on other loans and borrowings	**92,461**	4,656
IFRS 16 Interest	**201,174**	142,874
Total finance expense	**301,547**	163,203

12 Income Tax Expense

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	**89,294**	–
Foreign corporation tax	**294,612**	328,808
Current tax for period	**383,906**	328,808
Deferred tax		
Origination and reversal of temporary differences: UK	**(17,422)**	(1,024,489)
Origination and reversal of temporary differences: foreign	**(191,489)**	(252,505)
Deferred tax for period	**(208,910)**	(1,276,994)
Total tax charge/(credit)	**174,996**	(948,186)

As described in the critical accounting judgements section of this report, deferred tax assets are recognised where there is deemed to be a reasonable probability that future taxable profits will be capable of being offset by historic tax losses.

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021 £	2020 £
Loss before taxation	**(12,008,636)**	(3,382,110)
Expected tax credit based on a corporation tax rate of 19% (2020: 19%)	**(2,281,641)**	(642,601)
Effect of expenses not deductible in determining taxable profit	**1,327,431**	440,168
Unutilised tax losses carried forward	**1,336,505**	778,591
Change in unrecognised deferred tax assets	**45,713**	86,361
Prior year adjustment	**89,294**	–
Effect of overseas tax rates	**8,501**	16,105
R&D tax credit	**(141,897)**	(349,816)
Deferred tax	**(208,910)**	(1,276,994)
Taxation charge/(credit) for the year	**174,996**	(948,186)

The UK R&D tax credit of £78,494 (2020: £560,204) is shown as a deduction against general administrative expenses.

The Group is required to estimate the income tax in each of the jurisdictions in which it operates. This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included within the Statement of Financial Position. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply when the temporary differences reverse. Management judgement is required to determine the total provision for income tax. Amounts accrued are based on management's interpretation of country-specific tax law and the likelihood of settlement.

Factors that may affect future tax charges

The Group has estimated trading losses of £14,544,692 (2020: £15,455,325), excess management fees of £16,696,013 (2020: £13,193,592), non-trade loan relationship deficits of £1,320,319 (2020: £1,328,796) and capital losses of £1,934,399 (2020: £1,934,399).

The tax losses have resulted in a potential deferred tax asset of approximately £6,554,130 (2020: £5,695,765), which has been partially recognised £823,490 (2020: £925,364) to offset a deferred tax liability arising on the acquisition of Delta Diagnostics UK Ltd which should be available to be sheltered by those losses. Further recognition in future reporting periods is subject to the extent that future taxable profits will be sufficient to utilise the losses, in accordance with current and expected future UK tax rates.

13 Earnings Per Share

Basic

Basic earnings per share is calculated by dividing the loss for the period of £12,183,632 (2020: loss £2,433,924) by the weighted average number of ordinary shares in issue during the period 685,643,605 (2020: 590,467,253).

Diluted

Diluted earnings per share dilute the basic earnings per share to take into account share options, exchangeable shares and warrants. The calculation includes the weighted average number of ordinary shares that would have been issued on the conversion of all the dilutive share options, exchangeable shares and warrants into ordinary shares. The adjusted weighted average number of shares used to calculate diluted earnings per share is 726,355,871 (2020: 608,687,226). 28,159,443 options and warrants (2020: 26,039,443) have been excluded from this calculation as the effect would be anti-dilutive.

After the reporting period end:

A further 550,000 new ordinary shares were issued against share options, and 174,116 new ordinary shares against the first and second earn-out payment milestones for the acquisition of Coastal Genomics Inc.

In addition, following the issue of 998,785 unlisted shares in Yourgene Health Canada Investments Ltd under the terms of the Coastal Genomics Acquisition first and second earn-out payment milestones there are now total of 20,233,409 unlisted Yourgene Health Canada Investments Ltd shares issued which are exchangeable on a one-for-one basis for Yourgene Health Plc shares, subject to certain lock-in provisions over the next one to six years.

14 Intangible Assets

	Goodwill £	Customer relationships £	Product IP	Trademarks & brand names	Software development cost	Product development cost	Total £
Cost							
At 1 April 2019	7,014,447	1,552,328	–	–	–	–	8,566,775
Additions	3,791,336	6,840,696	2,051,699	–	256,132	439,810	13,379,673
Exchange differences	–	51,206	–	–	–	–	51,206
At 31 March 2020	10,805,783	8,444,230	2,051,699	–	256,132	439,810	21,997,654
Additions	–	389,840	47,516	–	147,357	642,861	1,227,574
Business combinations	3,097,398	1,453,939	3,354,990	23,626	–	–	7,929,953
Exchange differences	66,333	(56,731)	71,850	506	–	–	81,958
At 31 March 2021	**13,969,514**	**10,231,278**	**5,526,055**	**24,132**	**403,489**	**1,082,671**	**31,237,139**
Amortisation and impairment							
At 1 April 2019	–	323,400	–	–	–	–	323,400
Charge for the year	–	488,232	188,073	–	–	–	676,305
Exchange differences	–	278	–	–	–	–	278
At 31 March 2020	–	811,910	188,073	–	–	–	999,983
Charge for the year	–	974,160	420,290	3,199	42,030	85,941	1,525,620
Impairment	4,788,747	–	–	–	–	–	4,788,747
Exchange differences	–	(9,627)	1,315	19	–	–	(8,293)
At 31 March 2021	**4,788,747**	**1,776,443**	**609,678**	**3,218**	**42,030**	**85,941**	**7,306,057**
Carrying amount							
At 31 March 2021	**9,180,767**	**8,454,835**	**4,916,377**	**20,914**	**361,459**	**996,730**	**23,931,082**
At 31 March 2020	10,805,783	7,632,320	1,863,626	–	256,132	439,810	20,997,671

The intangible assets arose as part of the business combinations of Yourgene Health Taiwan (March 2017), Delta Diagnostics UK Ltd (April 2019) and Coastal Genomics Inc (August 2020), and also the asset purchases of Yourgene Health France SAS (March 2020, formerly AGX-DPNI SAS) and Ex5 Genomics Ltd (July 2020). The following intangible assets are amortised over a useful economic life defined upon acquisition:

	Useful economic life	Remaining useful life
Customer relationships	10 years	6–10 years
Product IP	10 years	8–10 years
Trademarks & brand names	5 years	4–5 years
Software development cost	4 years	3–4 years
Product development cost	5 years	3–5 years

Goodwill is allocated to the Group's cash-generating units (CGUs) identified as the Group's operating segments with Genomic Technologies as a single CGU and Genomic Services as two CGUs, representing the distinct local markets of Europe and Asia. Genomic Services Europe has no goodwill assigned to it. Genomic Services Asia goodwill is a revenue-based allocation of the goodwill associated with the acquisition of Yourgene Health Taiwan (March 2017). Genomic Technologies goodwill represents a revenue-based allocation of the goodwill arising on the acquisition of Yourgene Bioscience (Taiwan) in March 2017, since renamed Yourgene Health Taiwan; plus all the goodwill arising on the acquisitions of Delta Diagnostics Ltd (April 2019) and Coastal Genomics Inc (August 2020). These CGU definitions are different to the single Group CGU approach adopted in previous reporting periods, reflecting the Group's expansion through organic growth and multiple acquisitions in recent years.

	2021 £	2020 £
Genomic Technologies	**8,708,678**	5,544,948
Genomic Services Asia	**472,088**	5,260,835
	9,180,767	10,805,783

Intangible assets are subject to an annual impairment review to ascertain if the value in use is greater than the carrying value in the financial statements. The intangible assets arising from the acquisitions above are tested over a five-year forecast period plus a terminal value to represent their remaining useful economic life as deemed appropriate for the diagnostics sector in which the Group operates which tends to see lifecycles for intangible assets which are longer than 5 years. A cash flow model for each CGU is used based on historical performance, in which future expectations of growth are forecast based on internal budgets for 12 months, and then on growth rates judged to be relevant to the respective CGUs. Growth rates for Genomic Technologies range from 23% down to 16% over the forecast period, Genomic Services Asia growth rates range from 40% down to 29% reflecting an anticipated bounce back after the pandemic reduced business levels in that CGU. Genomic Services Europe revenues are expected to reduce by 44% after the COVID pandemic recedes, with CGU revenues then growing at 5% per annum thereafter. Growth rates for all CGUs reduce to 2% per annum for the terminal value estimation. Pre-tax discount rates were set at 10%, being the representative cost of capital. These assumptions are reviewed and benchmarked to ensure they remain appropriate. Discount rates have been reduced from 13% in previous years due to movements in the Company's preferred NYU Stern benchmark dataset and the removal of specific risk associated with the Company's historic IP issues with Illumina, now that all conditions for the legal settlement have been met.

The impairment assessments for Genomic Technologies and for Genomic Services Europe showed assessed values that exceeded the carrying values with significant headroom. In both cases a discount rate sensitivity of 25% did not give rise to an impairment. Reducing the growth rate of Genomic Technologies by 12%, which almost eliminates the assumed growth in the latter part of the forecast period, resulted in an impairment of that CGU. A growth rate reduction of 50% in Genomic Services Europe equates to a revenue decline of between 94% to 45%, which still did not give rise to an impairment of that CGU. For Genomic Service Asia, using the assumptions described above, the recoverable amount of the Genomic Services Asia CGU is deemed to give rise to an impairment charge of £4,788,747 (2020: nil) recognised against goodwill. The impairment charge within the Genomic Services Asia CGU arose as a result of the impact of the COVID-19 pandemic which reduced health tourism in the CGU's core South East and East Asian markets. In addition certain key customers have reallocated resources towards Covid-related initiatives and away from the reproductive health and oncology services offered by the CGU. Sensitivity analysis with respect to this impairment has been performed, where a reasonably possible change in average revenue growth rate has been modelled. Reducing the average growth rate by 5% per annum would result in an increase of £981,756 in the impairment of the remaining intangible asset values for this CGU. Similarly an increase in the discount rate to 25% would give rise to an increase of £1,438,758 in the impairment of all this CGU's remaining intangible asset carrying values. Conversely, increasing the average growth rate by 5% per annum would reduce the impairment charge by £,1,054,814. Reducing the discount rate by 1% would reduce the impairment charge by £332,171.

15 Property, Plant and Equipment

	Leasehold land and buildings £	Plant and equipment £	Computer software £	Total £
Cost				
At 1 April 2019	706,595	4,894,361	24,708	5,625,664
Additions	150,309	407,978	58,798	617,085
Business combinations	81,153	164,863	40,641	286,657
Disposals	(206,353)	(15,827)	–	(222,180)
Foreign currency adjustments	5,635	93,562	1,758	100,955
At 31 March 2020	737,339	5,544,937	125,905	6,408,181
Additions	480,363	2,682,049	1,595	3,164,007
Business combinations	–	79,632	4,861	84,493
Foreign currency adjustments	(9,920)	(130,690)	(1,044)	(141,654)
At 31 March 2021	**1,207,782**	**8,175,928**	**131,317**	**9,515,027**
Accumulated depreciation and impairment				
At 1 April 2019	541,790	3,010,160	19,551	3,571,501
Charge for the year	170,764	758,220	20,796	949,780
Eliminated on disposal	(131,548)	(9,838)	–	(141,386)
Foreign currency adjustments	4,697	52,722	1,561	58,980
At 31 March 2020	585,703	3,811,264	41,908	4,438,875
Charge for the year	60,481	933,501	28,774	1,022,756
Foreign currency adjustments	(3,678)	(50,756)	(1,140)	(55,574)
At 31 March 2021	**642,506**	**4,694,009**	**69,542**	**5,406,057**
Carrying amount				
At 31 March 2021	**565,276**	**3,481,919**	**61,775**	**4,108,970**
At 31 March 2020	151,636	1,733,673	83,997	1,969,306

Business combination refers to assets acquired in the acquisition of Coastal Genomics Inc in August 2020, see note 18.

16 Leases

Lease liabilities

The Group has a number of leases for property in the UK, Taiwan, Singapore and Canada. On adoption of IFRS 16, the Group recognised lease liabilities in relation to property leases which had previously been classified as operating leases under the principles of IAS 17 'Leases'. The Group adopted IFRS 16 from 1 April 2019 using the modified retrospective approach. The incremental borrowing rate applied to the lease liabilities is based on comparable loan interest rates in the relevant jurisdiction where the lease is operable.

	Property £	Motor vehicles £	Equipment £	Total £
At 1 April 2019 on transition	1,198,368	–	–	1,198,368
Additions	2,823,388	–	–	2,823,388
Business combinations	1,557,960	–	–	1,557,960
Lease payments	(507,233)	–	–	(507,233)
Interest expense	142,874	–	–	142,874
Terminations and amendments	(2,166,524)	–	–	(2,166,524)
Foreign currency adjustments	2,457	–	–	2,457
At 31 March 2020	3,051,290	–	–	3,051,290
Additions	1,689,553	82,982	142,606	1,915,141
Business combinations	64,169	–	–	64,169
Lease payments	(416,734)	(29,292)	(73,976)	(520,002)
Interest expense	193,395	3,385	4,394	201,174
Terminations and amendments	–	–	–	–
Foreign currency adjustments	(68,577)	–	–	(68,577)
At 31 March 2021	**4,513,096**	**57,075**	**73,024**	**4,643,195**

	2021	2020
Current	**586,637**	341,167
Non-current	**4,056,558**	2,710,123
At 31 March	**4,643,195**	3,051,290

Right-of-use assets

Right-of-use assets for these property leases were measured at the amount equal to the lease liability as at the IFRS 16 adoption date. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	Property £	Equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2019 on transition	1,198,368	–	–	1,198,368
Additions	2,823,388	–	–	2,823,388
Business combinations	1,484,996	–	–	1,484,996
Transfer	–	–	–	–
Terminations and amendments	(2,262,172)	–	–	(2,262,172)
Foreign currency adjustments	3,729	–	–	3,729
At 31 March 2020	3,248,309	–	–	3,248,309
Additions	1,689,553	142,406	82,982	1,914,941
Business combinations	64,169	–	–	64,169
Transfer	–	–	–	–
Terminations and amendments	(43,968)	–	–	(43,968)
Foreign currency adjustments	(74,258)	–	–	(74,258)
At 31 March 2021	**4,883,805**	**142,406**	**82,982**	**5,109,193**
Accumulated depreciation and impairment				
Charge for the year	467,724	–	–	467,724
Transfer	–	–	–	–
Eliminated on termination and amendment	(216,897)	–	–	(216,897)
Foreign currency adjustments	729	–	–	729
At 31 March 2020	251,556	–	–	251,556
Charge for the year	652,127	23,734	22,649	698,510
Transfer	–	–	–	–
Eliminated on termination and amendment	(43,968)	–	–	(43,968)
Foreign currency adjustments	(5,918)	–	–	(5,918)
At 31 March 2021	**853,797**	**23,734**	**22,649**	**900,180**
Carrying amount				
At 31 March 2021	**4,030,008**	**118,672**	**60,333**	**4,209,013**
At 31 March 2020	2,996,753	–	–	2,996,753

Changes to property leases

The Group acquired Delta Diagnostics UK Ltd (April 2019), and Coastal Genomics Inc (August 2020) including their IFRS 16 property lease liabilities and right-of-use assets, shown above as business combinations. Delta Diagnostics UK Ltd has been integrated with the Company's other UK trading subsidiary, Yourgene Health UK Ltd. In 2019, as part of this integration project, UK property leases were surrendered and others renegotiated with extended terms. The UK property lease restructure was completed in September 2019. To support the Company's growth further, UK property leases have been taken out in March, October and November 2020. The property lease in Taiwan was extended into 2021, and to allow for expansion a new property has been leased in Taiwan which is currently being fitted out and it is anticipated will be occupied in the third quarter of 2021.

Operating lease commitments

In addition to the property leases disclosed above under IFRS 16 the Group has a small number of low-value asset operating leases.

	2021 £	2020 £
Minimum lease payments under operating leases	**59,870**	91,236

At the reporting period date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	**25,412**	46,316
Between one and five years	**8,597**	15,526
In over five years	**–**	–
	34,009	61,842

17 Inventories

	2021 £	2020 £
Raw materials	**980,247**	406,472
Work in progress	**712,282**	405,158
Finished goods	**1,204,951**	340,678
	2,897,480	1,152,308

Finished goods recognised at cost of sales in the year amounted to £5,794,269 (2020: £6,123,807).

18 Subsidiaries

Details of the Group's subsidiaries at 31 March 2021 are shown in the table below:

Name of undertaking	Country of incorporation	Ownership interest (%)	Nature of business
Yourgene Health UK Ltd	UK	100	See below
Delta Diagnostics (UK) Ltd	UK	100	See below
Ex5 Genomics Ltd	UK	100	See below
Elucigene Ltd	UK	100	Non-trading
Yourgene Health GmbH	Germany	100	See below
Yourgene Health France SAS	France	100	See below
Yourgene Health Inc	USA	100	See below
Yourgene Health Canada Ltd	Canada	100	See below
Yourgene Health Canada Investments Ltd	Canada	100	See below
Coastal Genomics Inc	Canada	100	See below
Yourgene Health (Taiwan) Co. Ltd.	Taiwan	100	See below
Kang Qiao Bioscience Co. Ltd	Taiwan	100*	See below
Jian Qiao Bioscience Co. Ltd	Taiwan	100*	See below
Yourgene Bioscience Co. Ltd	Taiwan	100*	See below
Yourgene Health (Singapore) Pte Limited	Singapore	100*	See below

* Yourgene Health (Taiwan) Co. Ltd owns a 100% interest in each of Kang Qiao Bioscience Ltd, registered office 3F., No. 3, Ln. 160, Junying St., Shulin Dist., New Taipei City 238, Taiwan (R.O.C.); Jian Qiao Bioscience Co. Ltd, registered office No.376-5, Fuxing Rd., Shulin Dist., New Taipei City 23871, Taiwan (R.O.C.); Yourgene Bioscience Co. Ltd, registered office No.376-5, Fuxing Rd., Shulin Dist., New Taipei City 23871, Taiwan (R.O.C.); and Yourgene Health (Singapore) Pte Limited (formerly named Yourgene Bioscience Singapore Pte Limited.), registered office 3 Fusionopolis Place #05-54 Galaxis, Singapore 138523.

Yourgene Health UK Ltd's principal activity is that of a molecular diagnostics company employing next generation DNA analysis technology to develop, manufacture and sell molecular diagnostic products intended to have a major beneficial impact on human health. The registered office is at Citylabs 1.0, Nelson Street, Manchester, M13 9NQ. Yourgene Health UK Ltd was formerly named Premaitha Ltd until 11 December 2019.

Delta Diagnostics (UK) Ltd, trading as Elucigene, is a molecular diagnostics manufacturer and developer with a suite of *in vitro* diagnostic CE marked products focused on reproductive health and oncology. The registered office is at Citylabs 1.0, Nelson Street, Manchester, M13 9NQ.

18 Subsidiaries continued

Ex5 Genomics Ltd provides research and extraction services to the healthcare industry. The registered office is at Citylabs 1.0, Nelson Street, Manchester, M13 9NQ.

Yourgene Health GmbH, formerly Premaitha GmbH, is a German subsidiary whose principal activity is that of a sales office for Yourgene Health UK Ltd. The registered office is at Speditionstrasse 15a, 40221 Düsseldorf, Germany.

Yourgene Health France SAS, formerly AGX-DPNI S.A.S., is a French subsidiary whose principal activity is that of a distributor for Yourgene Health UK Ltd. The registered office is at 65 avenue Kléber, Paris,75116, France.

Yourgene Health Inc is a US subsidiary whose principal activity is that of a sales office and distributor for Yourgene Health UK Ltd. The registered office is at 1680 Michigan Ave, Suite 700 #232, Miami Beach, FL 33139, USA.

Yourgene Health Canada Ltd is a wholly owned subsidiary of Yourgene Health PLC, and is a holding company to facilitate the acquisition of Coastal Genomics Inc. The registered office is 300-350 Lansdowne Street, Kamloops, British Columbia V2C 1Y1, Canada.

Coastal Genomics Inc is a wholly owned subsidiary of Yourgene Health Canada Investments Ltd, which in turn is a wholly owned subsidiary of Yourgene Health Canada Ltd. Coastal Genomics Inc is a manufacturer of genetic size selection instrumentation and reagents. The registered office of Coastal Genomics Inc is #182-4664 Lougheed Highway, Burnaby, British Columbia V5C 5T5, Canada. The registered office of Yourgene Health Canada Investments Ltd is 300-350 Lansdowne Street, Kamloops, British Columbia V2C 1Y1, Canada.

Elucigene Ltd is a non-trading entity, formerly named Yourgene Health UK Ltd until 6 December 2019. The registered office is at Citylabs 1.0, Nelson Street, Manchester, M13 9NQ.

Yourgene Health (Taiwan) Co. Ltd was formerly named Yourgene Bioscience Co. Ltd. It is a Taiwanese subsidiary where the principal activities of the Group headed by this Company are within the same sector as Yourgene Health UK Ltd. Its registered office is No.376-5, Fuxing Rd., Shulin Dist., New Taipei City 23871, Taiwan (R.O.C.).

Acquisition of Coastal Genomics Inc

The Group acquired 100% of the equity interests in Coastal Genomics Inc, a Canadian manufacturer of genetic size selection instrumentation and reagents, on 6 August 2020 for an expected total consideration of £7,039,849 (US$9,222,203). Prior to the acquisition the business was a supplier to the Group and Yourgene had conducted significant evaluation of its technology after which it was deemed sufficiently complementary to the Group's technology portfolio to warrant acquisition. A summary of the net assets acquired and the consideration paid is shown below. The Goodwill acquired reflects the opportunity to benefit from synergies arising from deeper technical integration with the Group's other offerings, and also the commercial synergies expected to arise from combining sales pipelines in the US and globally.

	Book value £	Fair value £
Cash and cash equivalents	19,963	19,963
Intangible assets	–	4,541,635
Property, plant and equipment	84,492	84,492
Licences and patents	290,920	290,920
Right-of-use asset (IFRS 16)	64,169	64,169
Trade and other receivables	260,282	260,282
Inventories	216,870	216,870
Trade and other payables	(245,470)	(245,470)
Lease liability under IFRS 16	(64,168)	(64,168)
Deferred tax liability	–	(1,226,242)
	627,058	3,942,451
Goodwill		3,097,398
Total fair value		7,039,849
Satisfied by:		
Cash paid		2,541,733
Issue of shares		32,712
Issue share options		1,844,932
Future performance consideration		2,620,472
Total consideration		7,039,849
Net cash outflow arising on acquisition:		
Cash consideration		(2,541,733)
Cash and cash equivalents acquired		19,963
		(2,521,770)

The acquisition consideration will include both upfront and deferred payments to the shareholders of Coastal Genomics Inc.. Additional consideration will be payable in tranches of shares and cash based on the achievement of accelerated growth objectives. The contingent share consideration can be paid in cash at the Company's discretion in certain circumstances. The fair values for the consideration components reflect the monetary values committed to in the share purchase agreement at the time of the acquisition which are deemed to be financial liabilities (recognised or contingent). Exchange shares issued have a fixed conversion ratio to Yourgene Health plc shares and so are not deemed to be financial instruments.

The total consideration payable by the Group will be up to US$13.5m, depending on the acquired business performance, and will comprise the following:

- US$3.0 million cash consideration on completion;
- US$2.5m consideration payable by the issuance on completion of initial consideration shares in Yourgene Health Canada Investments Ltd, exchangeable for shares in Yourgene Health Plc, subject to a 3 year lock-up period
- two further elements of consideration of US$1.0m each for early strategic customer wins, payable in Yourgene Health Canada Investment Ltd shares, exchangeable for shares in Yourgene Health Plc, and subject to lock-up periods of 12 months.
- cash consideration of US$2.0m should Coastal Genomics generate revenues of at least US$4.0m for the year ended 31 March 2022, which would become payable in April 2022, or rolled over to the year ended 31 March 2023 which would become payable in April 2023; and
- contingent cash consideration of US$4.0m should Coastal Genomics generate revenues of at least US$8.5m in the financial year to 31 March 2023, which would become payable in April 2023. The Group has deemed this a stretch target which is not included in the fair value assessment above which is based on more cautious cashflows than would trigger this stretch target payment. This consideration will either be earned or not and there is no contractual provision for partial payment. As such, this amount is disclosed as a contingent liability.

The first US$1.0m additional consideration condition was satisfied on 1 March 2021 and the resulting shares were issued on 12 April 2021. The condition for the second US$1.0m additional consideration was satisfied on the 21 June 2021 and the shares will be issued in August 2021. As disclosed in this note, the acquisition of Coastal Genomics Inc. resulted in the recognition of newly identified intangible assets principally relating to the Ranger® Technology as well as strategic customer relationships. As set out in the Strategic Report, the acquisition was completed as part of the Group's strategic plan to expand the Group's global reach and supplement the Group's product portfolio with new technological capabilities. As such, Coastal Genomics will support the activities of other Yourgene Group entities as well as generating its own external revenues. The Board therefore consider that the post-acquisition performance of Coastal Genomics as a standalone entity is not relevant or material to users.

Acquisition of Ex5 Genomics Ltd

On 3 July 2020, Yourgene Health plc completed the acquisition of Ex5 Genomics Ltd for an initial cash consideration of £275,000 plus earn-outs of £275,000 which have all subsequently crystallised and a modest working capital adjustment. The acquisition was primarily of laboratory equipment and customer relationships without contract backing and as such has been treated as an acquisition of assets rather than a business combination. This equipment has been relocated to Yourgene's Citylabs facility and brought into service. In parallel the customer relationships are being converted to active work packages, crystallising the earn-outs and supplementing existing NIPT and COVID-19 testing activities. These services extend the Group's geographic reach for partnering with research organisations from Taiwan and into the UK, and have now been grouped together into Yourgene Genomic Services which was launched in September 2020.

Acquisition of Yourgene Health France SAS

The Group acquired 100% of the equity interest in Yourgene Health France SAS, formerly AGX-DPNI SAS in March 2020 for an initial cash consideration of €2,355,000 and up to a maximum of €1,655,000 in performance consideration payments based on sales growth performance criteria. The acquisition purpose was to give the Group greater presence in the French market where its distributor had built a strong competitive position. This rationale has been successful as reflected in the achievement of performance-related earn-out consideration milestones resulting in a payment of €577,500 which was made in October 2020, and as at the period end date a further earn-out liability of €977,500 was held, which was paid in April 2021. The total performance consideration payments made were €1,555,000. The stretch criteria for the remaining €100,000 was not met and has been written off through Administrative expenses in the Statement of Comprehensive Income as detailed here and in note 22.

19 Trade and Other Receivables

	2021		2020	
	£	£	£	£
Trade receivables	**4,523,117**		4,808,174	
Provision for doubtful trade receivables	**(459,007)**		(83,161)	
Loss allowance due to expected credit losses under IFRS 9	**(62,532)**		(101,836)	
Net trade receivables		**4,001,578**	–	4,623,177
Other receivables	**597,618**		131,010	
Provision for doubtful other receivables	**(269,111)**		–	
VAT recoverable	**148,398**		284,628	
Other loans and receivables at amortised cost	**–**		11,588	
Net other loans and receivables at amortised cost		**476,905**		427,226
Prepayments		**854,626**		578,884
		5,333,109		5,629,287

An amount of £459,007 (2020: £83,161) has been provided for doubtful receivable amounts overdue from specific customers. A bad debt of £29,698 (2020 £nil) has been written off in the year as unrecoverable. An amount of £269,111 (2020: £nil) has been provided for against a specific amount in other receivables, where the company is taking legal action to recover this amount.

A loss allowance against trade receivables of £62,532 (2020: £101,836) for expected credit losses has been provided for as required under IFRS 9. These expected credit losses were calculated after analysing the Group's receivable risks in geographic groupings which are deemed to reflect appropriate credit risk categories. Delinquency rates are deemed to be very low in Asia Pacific with high political stability leading to no impairment of receivables. In Europe and America increased risk due to COVID-19 issues is reflected in a 2.5% (2020 2.5%) expected credit loss risk. In the Middle East and Africa region COVID-19 and general political instability have been deemed to give an expected credit loss risk rating of 5% (2020 5%). In India expected credit loss risk has been estimated to be greater at 15% (2020: 15%) due to specific customer delays and COVID-19 issues.

20 Trade and Other Payables

	2021 £	2020 £
Trade payables	**3,124,671**	2,674,449
Payments received on account	**373,376**	1,170,017
Accruals	**1,208,751**	612,554
Social security, taxation and pensions	**383,729**	167,235
VAT payable	**135,004**	–
Other payables	**13,190**	283,557
	5,238,721	4,907,813

The book value of trade and other payables approximates to the fair values. See note 26 for maturity analysis.

21 Borrowings

	2021 £	2020 £
Unsecured borrowings at amortised cost		
Bank loans	**195,718**	362,618
Other loans	**–**	–
	195,718	362,618

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £	2020 £
Current liabilities	**118,705**	277,508
Non-current liabilities	**77,013**	85,110
	195,718	362,618

The continuing borrowings as at 31 March 2021 are:

During the year Yourgene Health (Taiwan) Co. Ltd refinanced its bank loan repaying the loan (1.97% rate) due December 2021 in September 2020. This was replaced by a loan repayable in September 2023 at an interest rate of 0.66%.

Borrowings incurred by Delta Diagnostics (UK) Ltd are payable by October 2021. The loan incurs interest at 4.94% pa over base rate. The borrowings have covenants attached to them and the Group has been compliant with these covenants throughout the year.

22 Provisions for Liabilities

	2021 £	2020 £
Acquisition – additional consideration	**3,410,497**	1,468,878

Analysis of provisions

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £	2020 £
Current liabilities	**2,282,836**	512,554
Non-current liabilities	**1,127,661**	956,324
	3,410,497	1,468,878

Movements on provisions

	Acquisition– additional consideration £	Dilapidation provision £	Total £
At 1 April 2019	–	206,353	206,353
Release of provision	–	(206,353)	(206,353)
Increase in provision	1,468,878	–	1,468,878
At 31 March 2020	1,468,878	–	1,468,878
At 1 April 2020	1,468,878	–	1,468,878
Release of provision	(85,094)	–	(85,094)
Increase in provision	2,710,689	–	2,710,689
Foreign currency variance	(163,485)	–	(163,485)
Payment made	(520,491)	–	(520,491)
At 31 March 2021	**3,410,497**	**–**	**3,410,497**

Dilapidation provision

As part of the Group's property leasing arrangements there was an obligation to return certain premises in the same state that they were received and repair damages which incur during the life of the lease, such as wear and tear. The Group has adopted IFRS 16 and these costs have now been recognised as part of the cost of the right-of-use asset and lease liability – please see note 16.

Acquisitions – additional consideration

The March 2020 acquisition of the Group's French distribution channel gave rise to a provision for two cash payments dependent on NIPT sales growth during the current reporting period. Of these payments €0.6m (£0.5m) was paid in April 2020. At the period end €1.0 (£0.8m) was accrued to meet these obligations – see note 18.

Following the acquisition of Coastal Genomics Inc three additional contractual consideration payments of an aggregate US$4.0m (£2.9m) are deemed payable based on estimated performance on certain performance criteria and is accrued at the period end, see note 18. The third of these additional consideration payment for US$2m is expected to be paid in 2023, and has been discounted to present value in these financial statements, and provided for as total additional consideration of US$3.5m (£2.6m). A fourth consideration payment of US$4.0m is contractually payable in April 2023 if the acquired company's revenues achieve a stretch target in the financial year to 31 March 2022. This stretch target is not deemed probable to be achieved and the liability for the fourth payment is deemed a contingent liability.

23 Deferred Taxation and Current Taxation Assets and Liabilities

The deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period are shown below. The deferred tax assets and deferred tax liabilities are not offset and are both deemed non-current.

	£
Deferred tax liability at 1 April 2019	233,496
Deferred tax movements	
Acquired in business combination	1,018,750
Credit to profit or loss	(99,125)
Foreign exchange revaluation	–
Deferred tax liability at 31 March 2020	1,153,121
Deferred tax movements	
Acquired in business combination	1,226,241
Credit to profit or loss	(232,234)
Foreign exchange revaluation	25,771
Deferred tax liability at 31 March 2021	**2,172,899**

	£
Deferred tax asset at 1 April 2019	–
Deferred tax movements	
Acquired in business combination	925,364
Charge to profit or loss	252,505
Foreign exchange revaluation	3,170
Deferred tax asset at 31 March 2020	1,181,039
Deferred tax movements	
Acquired in business combination	–
Credit to profit or loss	(23,323)
Foreign exchange revaluation	(12,323)
Deferred tax asset at 31 March 2021	**1,145,393**

23 Deferred Taxation and Other Tax Assets continued

Tax assets are sums arising from enhanced R&D reliefs available in the UK and tax prepayments in Germany. UK R&D tax credits are allocated between current and non-current according to the Company's view on when the benefits will arise.

	2021 £	2020 £
Tax asset at 1 April	**985,176**	478,232
Tax movements		
Business combination	**–**	(48,028)
Tax prepayments	**6,284**	–
Refund received	**(459,433)**	–
Reclass	**8,305**	–
Foreign currency revaluation	**(208)**	–
Credit to profit or loss	**(33,537)**	554,972
Tax asset at 31 March	**506,587**	**985,176**

	2021 £	2020 £
Non-current tax asset	**–**	532,691
Current tax asset	**506,587**	452,485
As at 31 March	**506,587**	**985,176**

Tax liabilities are taxes payable to tax authorities in the UK and Taiwan and are payable within the next 12 months.

	2021 £	2020 £
Tax liability at 1 April	**433,337**	–
Tax movements		
Business combination	**5,299**	98,963
Tax paid	**(157,279)**	(16,210)
Foreign currency revaluation	**(10,357)**	–
Credit to profit or loss	**271,877**	350,584
Tax liability at 31 March	**542,877**	433,337

	2021 £	2020 £
Non-current tax liability	**–**	
Current tax liability	**542,877**	433,337
As at 31 March	**542,877**	433,337

24 Financial Instruments

The principal instruments used by the Group, from which the financial instrument risk arises, include cash and cash equivalents, trade receivables, trade payables and borrowings.

Risk and sensitivity analysis

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Group and Company are exposed through their operations to one or more of the following financial risks: foreign currency risk, liquidity risk, credit risk, investment risk and interest rate risk. The policy for managing these risks is set by the Board and all such risks are managed at a Group level within the organisation. The Board's objective is to ensure an appropriate balance of risk and opportunity and monitors key risk factors in each Board meeting to determine whether that balance is deemed satisfactory. Where practical risks will be mitigated, e.g. through natural hedging of foreign currency exposures or insurance.

There have been no changes from previous years in the way the Group and Company manages risks, other than the use of forward foreign exchange contracts in specific situations where future currency trades can be accurately forecast. The policies for these risks are described further within the following notes.

25 Financial Instruments – Market Risk

Foreign exchange risk

Foreign currency exchange risk arises because the Group has asset and liabilities denominated in foreign currencies. Subsidiary operations are located in the UK, Germany, France, USA, Canada, Singapore and Taiwan whose functional currency outside the UK is not the same as the Group's functional currency (Sterling). The net assets from such overseas operations are exposed to currency risk giving rise to gains or losses on translation to Sterling for the purposes of the consolidated financial statements.

Subsidiaries within the Group trade internationally outside their own country. The Group seeks to naturally hedge its currency risk by allowing subsidiaries to operate multi-currency bank accounts to match foreign currency income and expenditure. The bank balances are monitored at Group level on a weekly reporting basis, allowing the management of exchange risk across the Group. When necessary any specific currency surplus or shortage can be transferred or translated using either spot or forward currency contracts to meet future requirements of each subsidiary.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2021 £	2020 £	2021 £	2020 £
GBP	**7,393,462**	3,527,249	**7,539,726**	7,001,309
Euro	**1,640,917**	1,649,019	**772,622**	721,917
US$	**426,659**	745,177	**134,873**	178,157
New Taiwan Dollars	**2,865,761**	3,011,105	**2,653,228**	2,310,766
Singapore Dollar	**439,036**	526,253	**159,757**	199,541
Canadian Dollar	**227,293**	–	**2,748,550**	–
Other (AUD/ZAR/CHF/AED)	**164,148**	175,452	**22,251**	14,678
	13,157,276	9,634,255	**14,031,007**	10,426,368

The following table illustrates the sensitivity of profit and equity in regard to the Group's financial assets and financial liabilities and the SGD/GBP, TWD/GBP, USD/GBP, Euro/GBP and CAD/GBP exchange rates 'all other things being equal'. It assumes +/- 6% changes of the SGD/GBP and Euro/GBP (2020: 6% and 7%), a +/- 9% change of the TWD/GBP (2020: 7%). +/- 9% and +/- changes are considered for USD/GBP (2020: 9%) and +/- 7% CAD/GBP (2020: N/A) respectively. All of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the GBP had strengthened against the SGD and Euro by 6% (2020: 6% and 7%), TWD and Euro by 9% (2020: 7%), USD by 8% (2020: 9%) and CAD by 7% (2020: N/A) respectively then this would have had the following impact:

The carrying amounts of the Group's foreign currency denominated non-monetary assets and liabilities are as follows:

	Profit/(loss) for the year						Other Assets					
	SGD £	TWD £	USD £	Euro £	CAD £	Total £	SGD £	TWD £	USD £	Euro £	CAD £	Total £
31 March 2021	**(15,808)**	**(17,549)**	**(21,614)**	**(49,149)**	**164,942**	**60,822**	**(3,227)**	**(196,291)**	**(81)**	**(168,497)**	**(48,195)**	**(416,291)**
31 March 2020	(18,493)	(45,817)	(46,818)	(60,652)	–	(171,780)	(1,403)	(37,136)	–	(141,118)	–	(179,657)

If the GBP had weakened against the SGD and Euro by 6% (2020: 6% and 7%), TWD by 9% (2020: 7%), USD by 8% (2020: 9%) and CAD by 7% (2020: N/A) respectively then this would have had the following impact:

	Profit/(loss) for the year						Other Assets					
	SGD £	TWD £	USD £	Euro £	CAD £	Total £	SGD £	TWD £	USD £	Euro £	CAD £	Total £
31 March 2021	**17,826**	**21,020**	**25,373**	**55,423**	**(189,772)**	**(70,130)**	**3,639**	**235,118**	**95**	**190,007**	**55,450**	**484,309**
31 March 2020	20,854	52,714	56,079	69,782	–	199,429	1,582	42,727	–	162,362	–	206,671

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

The Group's interest rate risk arises from interest-bearing assets and liabilities. The Group has in place a policy of maximising finance income by ensuring that cash balances earn a market rate of interest, offsetting where possible, cash balances and by forecasting and financing its working capital requirements. Bank loans shown in note 21 are asset finance facilities in Taiwan which are subject to fixed interest rates at 0.66% and interest rate of 4.94% over base rate on loan facility for Delta Diagnostics (UK) Ltd.

Investment risk

Investment risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

The Group is exposed to interest rate risk from its interest-earning financial assets. The floating rate assets are held in a money market account earning interest at Bank of England base rate at 0.01%. The interest rate risk is mitigated by the fact cash is held in short-term deposits allowing rapid transfer of funds to alternative commercial banks to obtain improved interest rates. There are no financial assets earning interest at fixed rates.

Capital

As described in note 28 the Group considers its capital to comprise its ordinary share capital, share premium and accumulated deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through capital growth. In order to achieve this objective, the Group seeks to commercialise the development which has been undertaken to date, through major sales in a number of markets.

There have been no other significant changes to the Group's capital management objectives, policies and processes in the period nor has there been any change in what the Group considers to be its capital.

26 Financial Instruments – Liquidity Risk

Liquidity risk is the risk that the Group fails to have sufficient funds to meet its debts as they become due. The liquidity risk of the Group is managed centrally. The Group holds funds in short-term bank deposits so that they are available when required.

The following table details the remaining contractual maturity for the Group's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	1 year or less £	2 to 5 years £	More than 5 years £	Total £
At 31 March 2020				
Interest-bearing loans and borrowings	277,508	85,110	–	362,618
Lease liabilities under IFRS 16	341,167	2,710,123	–	3,051,290
Trade payables	2,674,449	–	–	2,674,449
Accruals	612,554	–	–	612,554
Other payables	1,453,574	–	–	1,453,574
	5,359,252	2,795,233	–	8,154,485
At 31 March 2021				
Interest-bearing loans and borrowings	**118,705**	**77,013**	**–**	**195,718**
Lease liabilities under IFRS 16	**586,637**	**4,056,558**	**–**	**4,643,195**
Trade payables	**3,124,671**	**–**	**–**	**3,124,671**
Accruals	**1,208,751**	**–**	**–**	**1,208,751**
Other payables	**521,570**	**–**	**–**	**521,570**
	5,560,334	**4,133,571**	**–**	**9,693,905**

The Board believes the current level of financial liabilities to be in line with expectations. The level of cash balances and trade and other receivables is sufficient to discharge the Group's financial liabilities.

27 Financial Instruments – Credit Risk

During the period, the Group's credit risk was primarily attributable to its cash balances, other loans receivable, and its trade receivables. Credit risk is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The credit risk on liquid funds is limited as the funds are held at banks with high credit ratings. The risk to the Group of trade receivables going bad is regarded as low to medium in most regions due to the current COVID-19 pandemic and medium in the Middle East, Africa and India regions; these are described in detail in note 19.

Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

The Group's maximum exposure to credit risk by class of financial assets amounts to their carrying value of £12,725,071 (2020: £9,634,255). The Group deems that entities from whom credit exposure arises are of adequately strong credit quality and will therefore be able to pay the amounts due when they arise.

The Group does not hold any collateral or other credit enhancements to cover this credit risk other than the equipment security stated above.

Credit quality of financial assets

As at the balance sheet date, the Group had a total of £2,521,197 (2020: £3,786,895) of unimpaired trade receivables which were between 0-30 days past due and £1,258,248 (2020: £836,282) which were more than 30 days past due. These figures exclude amounts owing that have been fully provisioned due to specific impairment circumstances and also ECL under IFRS 9.

28 Share Capital and Reserves

	Ordinary shares 0.1p each		Deferred shares 0.9p each		Deferred shares 9.9p each	
	2021	2020	**2021**	2020	**2021**	2020
At 1 April	**616,482,205**	458,999,688	**1,039,640,244**	1,039,640,244	**228,163,709**	228,163,709
Shares issued: Placing	**95,000,000**	157,482,517	**–**	–	**–**	–
Shares issued: Options exercised	**9,990,898**	–	**–**	–	**–**	–
Shares issued: Consideration	**178,753**	–	**–**	–	**–**	–
Shares issued: Warrant exercised	**1,411,427**	–	**–**	–	**–**	–
At 31 March	**723,063,283**	616,482,205	**1,039,640,244**	1,039,640,244	**228,163,709**	228,163,709
Nominal value at 31 March	**£723,064**	£616,483	**£9,356,762**	£9,356,762	**£22,588,207**	£22,588,207

All ordinary shares in issue have equal voting rights and rights to dividends or other distributions. The deferred shares rank equally in all respects but do not have any voting rights or rights to receive dividends or other distributions and will not have any return on capital on a winding up. The Company's Annual General Meeting (AGM) each year delegates authority to the Board of Directors for the issuance of new shares until the subsequent AGM. Any issuance beyond these delegated authorities requires an Extraordinary General Meeting. As at the reporting date all authorised shares have been issued.

Shares issued during the reporting period, in May 2020 – 6,437,565 options exercised and 1,411,427 warrants exercised; August 2020 – 95,000,000 by way of placing, and 178,753 shares issued as consideration to one former shareholder of Coastal Genomics who elected to take Company shares in place of exchangeable shares in Yourgene Health Canada Investments Ltd (see note 18); September 2020 – 1,000,000 options exercised; March 2021 – 2,553,333 options exercised. For a combined total of 106,581,078 new shares. There are no Treasury shares in issue and shares associated with the Company's Share Incentive Plan are managed by an independent trustee.

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	Description and purposes
Share premium account	Amount subscribed for share capital in excess of nominal value.
Retained losses	Cumulative net gains and losses recognised in the consolidated income statement. The share option expense is recognised directly through the accumulated deficit reserve.
Merger relief reserve	Represents a premium on the issue of the ordinary shares for the acquisition of subsidiary undertakings.
Reverse acquisition reserve	Effect on equity of the reverse acquisition of Premaitha Limited.
Other reserves	Includes a) Equity element of Thermo Fisher warrants in issue and not yet exercised, b) Equity element of exchange shares in Yourgene Health Canada Investments Ltd not yet exchanged for shares in Yourgene Health PLC.
Foreign exchange translation reserve	Represents cumulative foreign exchange gains and losses arising on consolidation and exchange differences arising on translation of foreign operations.

29 Share-based Payment Transactions

Share options

The Group operates two equity-settled share-based remuneration schemes for employees: an HMRC-approved EMI scheme and an unapproved scheme, jointly known as the 'option scheme'. Under the scheme employees may be granted options to purchase shares, which vest over varying periods up to four years and must be exercised within 10 years from the date of grant. The options are forfeited by the employee if they leave the Company before the options are exercised.

The Group recognised a total share-based payment charge of £801,884 in the period (2020: £1,601,746). The 2020 higher expense is primarily due to the Group's increased expectations of the number of shares expected to vest from 2020 onwards.

The exercise price of options outstanding at the end of the year ranged between 7.75p and 242p and their weighted average remaining contractual life was 6.3 years (2020: 6.8 years).

The weighted average fair value of each option granted during the year was 7.83p (2020: 4.65p).

Market-based options

The Company issued options between October 2012 and March 2014 with market-based conditions attached such that they are only exercisable if the share price of the Company exceeds 50p per ordinary share. In August 2019 1,183,332 options had their performance conditions modified to be aligned with other senior incentives; the exercise price of these options remains unchanged.

At 31 March 2021, the following market-based options were outstanding in respect of ordinary shares:

Date of grant	Exercise period	2021 Number	2020 Number
31 October 2012	1 November 2012 to 1 November 2022	**25,558**	25,558
2 January 2013	3 January 2013 to 3 January 2023	**13,681**	13,681
19 March 2014	18 April 2014 to 19 March 2024	**–**	–
Outstanding at 31 March 2021		**39,239**	39,239

The following principal assumptions were used in the valuations:

	Oct 2012	Jan 2013	Mar 2014
Share price	242p	225p	21.5p
Exercise price	242p	225p	10p
Volatility	108.25%	108.15%	88.97%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.602%	1.11%	1.969%
Expected option life	5 years	5 years	5 years

29 Share-based Payment Transactions continued

Earnings per share options

The Company issued options between March 2014 and March 2021 with conditions attached such that they are only exercisable if the earnings per share exceeds that for the financial year preceding the grant of the option.

At 31 March 2021, the following options were outstanding in respect of ordinary shares:

Date of grant	Exercise period	2021 Number	2020 Number
19 March 2014	18 April 2014 to 19 March 2024	**1,183,332**	1,183,332
6 September 2014	4 September 2016 to 5 September 2024	**15,886,601**	23,124,226
15 July 2015	14 July 2017 to 14 July 2025	**4,705,000**	4,705,000
21 October 2016	1 April 2018 to 26 October 2026	**470,000**	470,000
2 March 2017	31 March 2019 to 1 March 2027	**300,000**	550,000
30 October 2017	28 September 2018 to 29 October 2027	**2,485,000**	2,755,000
2 July 2018	9 July 2019 to 30 June 2028	**17,200,000**	19,400,000
4 October 2018	9 July 2019 to 30 June 2028	**3,000,000**	3,000,000
31 May 2019	27 July 2020 to 30 May 2029	**9,920,000**	10,120,000
29 October 2019	27 July 2020 to 28 October 2029	**2,500,000**	2,500,000
27 March 2020	27 July 2020 to 26 March 2030	**500,000**	500,000
18 June 2020	1 July 2021 to 17 June 2030	**470,000**	–
25 September 2020	1 July 2021 to 17 June 2030	**750,000**	–
7 January 2021	1 July 2021 to 6 January 2031	**450,000**	–
22 March 2021	1 July 2022 to 21 March 2031	**1,400,000**	–
Outstanding at 31 March		**61,219,933**	68,307,558

The following principal assumptions were used in the valuations:

	Share price	Exercise price	Volatility	Dividend yield	Risk-free interest rate	Expected option life
Mar-14	21.5p	10p	88.97%	0%	1.97%	5 years
Sep-14	10.75p	10p	51.88%	0%	1.97%	5 years
Jul-15	21.375p	20p	102.79%	0%	1.80%	5 years
Oct-16	9.25p	20p	50.07%	0%	0.60%	5 years
Mar-17	12.875p	10p	54.34%	0%	1.00%	5 years
Oct-17	7.75p	10p	38.24%	0%	1.34%	5 years
Jul-18	7.75p	7.75p	64.00%	0%	1.26%	5 years
Oct-18	10.05p	10p	72.75%	0%	1.46%	5 years
May-19	10.875p	10.25p	46.85%	0%	0.89%	5 years
Oct-19	12.375p	12p	32.73%	0%	0.71%	5 years
Mar-20	14.5p	14p	85.55%	0%	0.36%	5 years
Jun-20	17.5p	18p	96.68%	0%	0.23%	5 years
Sep-20	19.25p	18p	56.45%	0%	0.19%	5 years
Jan-21	14p	14.25p	40.79%	0%	0.28%	5 years
Mar-21	16.75p	18p	45.26%	0%	0.82%	5 years

The fair values of the options granted were determined using a variation of the Black-Scholes model, incorporating the dilutive effects of the options. Share price volatility is determined by calculating the historic volatility over the prior six-month period. In addition, the model was amended for the market-based options to incorporate the probability of the 50p trigger being met, with this being done by pricing an Up & In call option with a barrier set at 50p. The earnings per share options are estimated to have a 75% to 100% probability of meeting the earnings per share conditions over the required vesting periods and this was incorporated in determining the number of options expected to vest.

Options and weighted average exercise prices are as follows for the reporting periods presented:

	Market-based options		Earnings per share options	
	Number	p	Number	p
Outstanding at 1 April 2020	39,239	236	68,307,558	11
Granted	–	–	3,070,000	17
Exercised	–	–	(9,990,898)	10
Lapsed	–	–	(166,667)	10
Outstanding at 31 March 2021	**39,239**	**236**	**61,219,993**	**11**
Exercisable at 31 March 2021	**39,239**	**236**	**41,892,559**	**11**

In June 2021 employees chose to exercise 550,000 of the above exercisable share options.

Share Incentive Plan

In September 2020 the Group introduced an HMRC-approved Share Incentive Plan ('SIP'). The SIP is operated on behalf of the Group by Link Market Services Trust Limited as independent Trustee for the SIP. Certain employees based on eligibility criteria are issued bonus shares up to a maximum £3,600 as part of their annual performance review. On 29 September 2020 520,350 ordinary shares of 0.1p each were purchased in relation to the bonus share award based on the market price of 20p on 29 September 2020.

In addition to the bonus share awards, the Group also operates a matching and partnership share arrangement whereby for each single share purchased by the employee via salary deduction a matching share was awarded by the Group. The maximum amount that can be subscribed for by employees via salary deduction is £1,800 per annum. As at 31 March 2021, 38 eligible employees had made binding commitments to subscribe for partnership shares during the period ending 31 March 2021.

Bonus share and matching share awards to date have generally been met from continued on-market purchases by Link Market Services Trustees Limited as trustee of the SIP. As at 31 March 2021, the Trustee held 806,522 (2020: nil) ordinary shares of 0.1p on behalf of the SIP. In respect of the SIP shares the Group recognised a share-based payment charge of £150,099 (2020: £nil).

Exchange shares

In August 2020 the Company acquired Coastal Genomics Inc. As part of the consideration the Company issued 10,249,624 shares in its subsidiary Yourgene Health Canada Investments Ltd, these shares can be exchanged after three years for ordinary shares in Yourgene Health PLC subject to certain conditions. As at 31 March 2021, none of the shares had been exchanged.

Exchange shares outstanding at 31 March 2021:

Date of issue	2021 Number	2020 Number	Issue price
11 August 2020	**10,249,624**	–	18.3p

Post period end, as part of satisfying the earn-out conditions for the acquisition of Coastal Genomics Inc, shares in Yourgene Health Canada Investments Ltd were issued which are exchangeable for 4,696,055 ordinary shares in Yourgene Health PLC at an exchange price of 14.8 pence (April 2021) and for 5,305,720 ordinary shares at an exchange price of 13.2 pence (August 2021).

Standard warrants

The Company issued 2,822,454 warrants as part of a share placing on 4 July 2014, of which 1,411,427 expired in July 2017, and 1,411,427 were exercised in May 2020. The warrants have a conversion price of 11p per share.

At 31 March 2021, the following options were outstanding in respect of ordinary shares:

Date of grant	Exercise period	2021 Number	2020 Number
4 July 2014	4 July 2014 to 3 July 2020 (by agreement extended by 1 year)	–	1,411,427

The fair values of the warrants granted were determined using a variation of the Black-Scholes model, incorporating the dilutive effects of the warrants. The following principal assumptions were used in the valuations, based on independently sourced information:

	Standard warrants
Share price	11p
Volatility	102.62%
Dividend yield	0%
Risk-free interest rate	1.779%
Expected option life	3 years

Options and weighted average exercise prices are as follows for the reporting periods presented:

	Number of share options	Weighted average exercise price p
Outstanding at 1 April 2020	1,411,427	11
Exercised	(1,411,427)	11
Outstanding at 31 March 2021	–	–
Exercisable at 31 March 2021	–	–

30 Thermo Fisher Scientific Loan and Warrants

Thermo Fisher 2016 and March 2017 warrants

On 22 September 2016, the Group granted two further tranches of warrants to Thermo Fisher on the same terms. These are respectively the 2016 and March 2017 warrants.

The 2016 warrants issued by the Group on 22 September 2016 are over 17,094,018 shares with an exercise price of 11.7p per share and a term of 7.25 years.

The March 2017 warrants issued by the Group on 31 March 2017 are over 16,913,319 shares with an exercise price of 11.825p per share and a term of 6.75 years.

Application of IAS 32/IAS 39

The Group assessed the accounting treatment of the warrants and concluded, having considered the terms of all of the warrants, that they represented equity instruments. The warrants are accounted for at fair value on inception in accordance with IAS 32.

February 2019 Corporate and commercial restructure

In February 2019 the Group agreed a corporate and commercial restructure of its relationship with Thermo Fisher, through its Life Technologies subsidiary. As part of the restructure, Thermo Fisher exercised some of the warrants it was holding. The notional £3.8 million proceeds of this warrant conversion were offset against outstanding loans owed by the Group to Thermo Fisher. The second part of the restructure was the cancellation of £9.4 million of debt, being all remaining borrowings owing to Thermo Fisher, including any accrued interest. All security held by Thermo Fisher associated with these loans was also cancelled. The third part of the restructure was a new Commercial Agreement between the parties which gave Thermo Fisher certain exclusive commercial rights in specified South East Asian countries for a period of three years until 2022, and Thermo Fisher entered into a Lock-in Deed for its converted warrant shares for the same period. Under the terms of the Commercial Agreement the Group will pay a modest sales commission, once it achieves positive cash flows. This commission is capped at £6.5 million. In addition, the Group agreed to a £6.5 million contingent liability as described below. Future share gains made by Thermo Fisher on the converted warrants will initially lower the commission cap and, once that is fully satisfied, will erode the contingent liability until that is extinguished. As at 31 March 2021, the share price gains achieved since the warrants were exercised was £2.1 million and, if sustained, the commission cap would be reduced by this amount.

Contingent liability

A part of the February 2019 restructure was the creation of a £6.5 million contingent liability, which is payable by the Company to Thermo Fisher only in the event of a sale of the Company or an insolvency event.

Warrants outstanding

At 31 March 2021, the following warrants were outstanding in respect of ordinary shares:

Date of grant	Exercise period	2021 Number	2020 Number
11 December 2015	11 December 2015 to 10 December 2023	**20,325,204**	20,325,204
22 September 2016	22 September 2016 to 10 December 2023	**17,094,018**	17,094,018
31 March 2017	31 March 2017 to 10 December 2023	**16,913,319**	16,913,319

The fair values of the warrants granted were determined using a variation of the Black-Scholes model, incorporating the dilutive effects of the warrants. The following principal assumptions were used in the valuations:

	2015 warrants	2016 warrants	2017 warrants
Share price	20.63p	10.625p	11.625p
Exercise price	24.6p	11.7p	11.825p
Volatility	68%	48.63%	59%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.74%	0.6%	0.979%
Expected option life	8 years	7.25 years	6.75 years

Options and weighted average exercise prices are as follows for the reporting periods presented:

	Number of share options	Weighted average exercise price p
Outstanding at 1 April 2019	54,332,541	17
Granted	–	–
Outstanding at 31 March 2020	54,332,541	17
Granted	**–**	**–**
Exercisable at 31 March 2021	**54,332,541**	**17**

31 Analysis of Changes in Net Cash/(Debt)

	01-Apr-20 £	Cash flow £	Acquisitions and disposals £	Exchange movements £	31-Mar-21 £
Cash and bank balances	2,764,117	4,231,321	–	–	**6,995,438**
Bank loan – see note 21	(362,618)	320,860	(160,497)	6,537	**(195,718)**
Net cash/(debt)	2,401,499	4,552,181	(160,497)	6,537	**6,799,720**

32 Related Party Transactions

Key management personnel are considered to be the Directors; their emoluments are disclosed in note 9.

During the period the Group was charged £53,333 (2020: £71,863) in relation to the Directors' fees of Mr A Reynolds, a Director of the Company by Reyco Limited. At the period end £nil (2020: £nil) was due to Reyco Limited in respect of these costs.

During the period the Group was charged £30,000 (2020: £30,000) in relation to the Directors' fees of Mr N Mustoe. At the period end £nil (2020: £nil) was due to Mr Mustoe in respect of these costs.

During the period the Group was charged £47,592 (2020: £17,485) in relation to the Directors' fees of Mr J Seaton, a Director of the Company by Seaton Life Science Advisors. At the period end £7,500 (2020: £2,500) was due to Seaton Life Science Advisors in respect of these costs.

Adam Reynolds is a non-executive director of EKF Diagnostics Holdings plc ('EKF') and together with Lyn Rees of Myhealthchecked plc ('Concepta'). During the period the Group invoiced £8,210 to EKF for services and was owed £210 by EKF at year end; and was invoiced £342,903 exclusive of VAT by EKF for goods; £92,869 inclusive of VAT was owed to them at year end. During the year the Group invoiced £157,275 exclusive of VAT for goods and services to a subsidiary of Concepta, of which £164,090 inclusive of VAT was outstanding at year end.

All products and services were charged on an arm's length basis.

33 Controlling Party

The Company does not have an ultimate controlling party.

34 Events After the Reporting Date

After the end of the reporting period the Group has continued to expand its UK-based COVID testing routes to market including into the retail pharmacy and travel sectors and through successful entry into the UK Government's National Microbiology Framework. The Group also entered into a second qualifying commercial agreement for the Ranger® Technology acquired with Coastal Genomics, triggering the second of two equity earn-out issuances, and creating a commercial platform with leading US-based market participants. In a separate announcement the Group also entered into a multi-year licence and supply agreement with another leading US diagnostic testing partner, furthering its US market penetration.

Post period end additional ordinary shares of 81,899 (April 2021) and 85,124 (August 2021) were issued as consideration shares in relation to the Coastal Genomics Inc acquisition first and second earn out targets. As part of satisfying the same earn-out conditions shares in Yourgene Health Canada Investments Ltd were issued which are exchangeable for 4,696,055 ordinary shares in the Company at an exchange price of 14.8 pence (April 2021) and for 4,880,971 ordinary shares in the Company at an exchange price of 14.3 pence (August 2021). A further 550,000 ordinary shares were issued when employee share options were exercised in June 2021.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Non-current assets			
Property, plant and equipment	3	**316,271**	211,003
Right-of-use asset	6	**2,847,914**	2,956,495
Investments	4	**12,844,075**	20,302,344
Total non-current assets		**16,008,260**	23,469,842
Current assets			
Trade and other receivables	5	**11,858,090**	15,628,787
Cash and cash equivalents		**3,186,306**	350,142
Total current assets		**15,044,396**	15,978,929
Current liabilities			
Trade and other payables	7	**1,243,121**	1,964,581
Lease liabilities	6	**346,235**	300,511
Other liabilities and provisions	8	**831,795**	512,554
Total current liabilities		**2,421,151**	2,777,646
Net current assets		**12,623,245**	13,201,283
Non-current liabilities			
Lease liabilities	6	**2,925,660**	2,710,123
Other long-term liabilities and provisions	8	**–**	956,324
		2,925,660	3,666,447
Net assets		**25,705,845**	33,004,678
Equity			
Called up share capital	11	**32,668,033**	32,561,452
Share premium account	12	**67,259,741**	51,179,685
Merger relief reserve	12	**12,970,330**	12,937,797
Other reserves	12	**4,914,314**	3,069,382
Retained losses	12	**(92,106,573)**	(66,743,638)
Total equity		**25,705,845**	33,004,678

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these statements. The Company's loss after tax was £26,164,819 (2020: loss £4,000,851).

The financial statements were approved by the Board of Directors and authorised for issue on 11 August 2021 and are signed on its behalf by:

Adam Reynolds
Chairman
Company Registration No. 03971582

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Share premium account £	Other reserves £	Merger relief reserve £	Retained losses £	Total £
Balance at 31 March 2019		**32,403,969**	**37,971,265**	**3,069,382**	**10,012,644**	**(64,344,533)**	**19,112,727**
Year ended 31 March 2020							
Profit and total comprehensive profit for the year		–	–	–	–	(4,000,851)	(4,000,851)
Transactions with owners							
Issue of share capital		132,902	14,197,534	–	–	–	14,330,436
Issue of share capital on acquisition		24,581	–	–	2,925,153	–	2,949,734
Share-based payment		–	–	–	–	1,601,746	1,601,746
Share issue expenses		–	(989,114)	–	–	–	(989,114)
Balance at 31 March 2020		32,561,452	51,179,685	3,069,382	12,937,797	(66,743,638)	33,004,678
Year ended 31 March 2021							
Loss and total comprehensive loss for the year		**–**	**–**	**–**	**–**	**(26,164,819)**	**(26,164,819)**
Transactions with owners							
Issue of share capital	11	**106,402**	**17,148,527**	**–**	**32,533**	**–**	**17,287,462**
Issue of share capital on acquisition		**179**	**–**	**1,844,932**	**–**	**–**	**1,845,111**
Share issue expenses		**–**	**(1,068,471)**	**–**	**–**	**801,884**	**(266,587)**
Balance at 31 March 2021		**32,668,033**	**67,259,741**	**4,914,314**	**12,970,330**	**(92,106,573)**	**25,705,845**

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flow from operating activities		
Loss for the year before tax	**(26,164,819)**	(4,000,851)
Adjustments for:		
Finance costs	**192,929**	115,072
Finance income	**(474,907)**	(402,982)
Impairment of Investments	**9,540,064**	–
Impairment of Intercompany loans	**12,388,483**	104,521
Depreciation and impairment of property, plant and equipment	**71,053**	305,437
Depreciation and impairment of right of use asset	**513,757**	–
Gain on revaluation of right of use asset	**–**	(26,002)
Share-based payment and warrant expense	**801,884**	1,601,746
Decrease in provisions	**(85,094)**	–
Foreign exchange movement	**(31,499)**	17,978
Movements in working capital:		
Increase in trade and other receivables	**(6,265,235)**	(5,089,685)
Increase/(Decrease) in trade and other payables	**(721,459)**	1,253,352
Net cash outflow from operating activities	**(10,234,843)**	(6,121,414)
Investing activities		
Purchase of property, plant and equipment	**(176,322)**	(207,290)
Investment in subsidiaries	**(2,602,286)**	(6,339,667)
Interest received	**–**	3,595
Net cash used in investing activities	**(2,778,608)**	(6,543,362)
Financing activities		
Net proceeds from issue of shares	**16,186,459**	13,341,321
Repayment of Lease liability obligations	**(143,915)**	(225,296)
Interest paid	**(192,929)**	(115,072)
Net cash generated from financing activities	**15,849,615**	13,000,953
Net decrease in cash and cash equivalents	**2,836,164**	336,177
Cash and cash equivalents at beginning of year	**350,142**	13,965
Cash and cash equivalents at end of year	**3,186,306**	350,142

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting Policies

Company information
Yourgene Health PLC (the Company), is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Citylabs 1.0, Nelson Street, Manchester, England, M13 9NQ.

Accounting convention
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared under the historical cost convention, except for those transactions recognised at fair value as detailed below.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) Paragraph 79(a)(iv) of IAS 1;
  (ii) Paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.

(b) The requirements of paragraphs 10(d), 10(f), 39(c) and 134–136 of IAS 1 'Presentation of Financial Statements'.

(c) The requirements of IFRS 2 paragraph 45 (b) and 46-52.

(d) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.

(e) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

(f) The requirements of IFRS 7 'Financial Instruments: Disclosures'.

(g) The requirements of paragraph 17 of IAS 24 'Related Party Disclosures'.

(h) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

The principal accounting policies adopted are set out below.

Going concern
See note 1 to the consolidated financial statements for the Group's going concern policy.

Revenue
Revenue is recognised at the fair value of the consideration received or receivable for management services provided and is shown net of VAT and other sales-related taxes. Revenue is recognised when services are provided.

Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided to write off the cost, less estimated residual values, of all non-current assets, evenly over their expected useful lives. It is calculated at the following rates:

Leasehold land and buildings	20% straight line
Plant and equipment	20%–25% straight line
Computer software and hardware	25%–33% straight line

Non-current investments
Investments held as fixed assets are stated at cost less any provision for impairment. The investments are reviewed for impairment at the balance sheet date in addition to whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected discounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

Impairment of tangible and intangible assets
Property, plant and equipment are reviewed for impairment at the balance sheet date in addition to whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected discounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

1 Accounting Policies continued

Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

Financial assets are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are measured subsequent to initial recognition at amortised cost using the effective interest rate method.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired (a) where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, or (b) where there are expected credit losses in the next reporting period as required by IFRS 9.

De-recognition of financial assets

Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

De-recognition of financial liabilities

Financial liabilities are de-recognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where share-based options are awarded to employees of subsidiaries the charge in respect to the share-based payments is treated as a capital contribution and forms part of the investment in that subsidiary.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. The adoption of the IFRS 16 standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months.

Foreign exchange

The functional currency of the Company is Pounds Sterling. Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet dates. Any differences are taken to the income statement.

2 Critical Accounting Estimates and Judgements

The preparation of the Company's financial statements requires the Company to make estimates and judgements that effect the application of policies and reported amounts. In applying these policies the Directors are required to make estimates and subjective judgements that may affect the reported amounts of assets and liabilities at the reporting date and reported profit or loss for the period. Although the Directors base these on a combination of past experience and any other evidence that is relevant to the particular circumstance, the actual results could ultimately differ from those estimates.

Included in the note are accounting policies which cover areas that the Directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period. These policies together with references to the related notes to the financial statements can be found below:

Critical judgements

Note 3 to the consolidated financial statements describes those judgements which affect the Group's consolidated accounts. Company-specific critical judgements are noted below.

Impairment and investments

Investments and amounts receivable from subsidiaries are held subject to impairment review. The Group's management undertakes an impairment review annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Prior year impairments have also been reviewed to assess whether the conditions for impairment remain in place or if there are sufficient grounds to reverse some or all of the impairments made. No impairment reversals have been deemed appropriate in the current reporting period and impairments have been made to the Company's investment in Yourgene Health Taiwan Co Ltd and its receivables due from Yourgene Health UK Ltd as described in notes 4 and 5 in these Company accounts.

Growth rates

The value in use of the investment is calculated from cash flow projections for the relevant entity based on financial projections covering a period of five years plus a terminal value, assumed growth rates and discount rates relevant to the individual entity.

Discount rates

The pre-tax discount rate used for the purpose of impairment assessment for Yourgene Health UK Ltd is 10% (2020: 13%). For the Company's investments in Yourgene Health UK Ltd (formerly Premaitha Ltd), Yourgene Health Taiwan (formerly Yourgene Bioscience), Delta Diagnostics Ltd, Yourgene Health France, Yourgene Health GmbH, Ex5 Genomics and Coastal Genomics Inc, a discount rate of 10% (2020: 13%) was also used for consistency. These discount rates were benchmarked against externally available cost of capital data and are deemed to be therefore representative.

Cash flow assumptions

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected cash flows. Changes in revenues and expenditures are based on past experience and expectations of future growth.

3 Property, Plant and Equipment

	Leasehold land and buildings £	Plant and equipment £	Computer software £	Total £
Cost				
At 31 March 2019	107,523	524,201	–	631,724
Additions	150,308	20,878	36,104	207,290
At 31 March 2020	257,831	545,079	36,104	839,014
Additions	202,582	9,844	–	212,426
Disposal	–	–	(36,104)	(36,104)
At 31 March 2021	**460,413**	**554,923**	**–**	**1,015,336**
Accumulated depreciation and impairment				
At 31 March 2019	75,266	448,224	–	523,490
Charge for the year	30,931	73,590	–	104,521
At 31 March 2020	106,197	521,814	–	628,011
Charge for the year	60,481	10,573	–	71,054
At 31 March 2021	**166,678**	**532,387**	**–**	**699,065**
Carrying amount				
At 31 March 2021	**293,735**	**22,536**	**–**	**316,271**
At 31 March 2020	151,634	23,265	36,104	211,003

4 Investments

	Current		Non-current	
	2021 £	2020 £	**2021 £**	2020 £
Investments in subsidiaries	**–**	–	**12,844,075**	20,302,344

Movements in non-current investments

	Shares £
Cost	
At 1 April 2020	20,302,344
Investment in subsidiaries	
Additions	2,081,795
At 31 March 2021	**22,384,139**
Impairment of Investments	
Charge for the year	**9,540,064**
At 31 March 2021	**9,540,064**
Carrying amount	
At 31 March 2021	**12,844,075**
At 31 March 2020	20,302,344

Refer to note 18 to the consolidated financial statements for details of subsidiary entities.

The additions in the year represent the investment in Ex5 Genomics and Yourgene Health Canada Ltd.

The impairment provision of £9,540,064 (2020: NIL) recognised in the current year is in respect of the Company's investment in Yourgene Health (Taiwan) Co. Ltd. This resulted from significantly lower forecast cashflows which could not support the carrying value of the investment. The investment value was impaired in full.

The Company indirectly acquired Coastal Genomics Inc in August 2020 through its wholly-owned Yourgene Health Canada Ltd subsidiary. The acquisition was undertaken because of the exciting opportunities open to its Ranger® Technology in the USA and globally, and in multiple fields of application. The impairment test of Yourgene Health plc's investment in Yourgene Health Canada Ltd reflects these significant opportunities and results in no impairment, with headroom of £1.8m (against an investment and intercompany receivables amount of £4.9m). This impairment test is based on high anticipated revenue and margin growth in Coastal Genomics Inc which as a result generates profits and cash. If revenue is 9% lower than expected then an impairment would be required. Even if revenues do grow as anticipated, if margins are 6% below those anticipated then an impairment will also be required.

A fourth consideration payment of US$4.0m is contractually payable in April 2023 if the acquired company's revenues achieve a stretch target in the financial year to 31 March 2022. This stretch target is not deemed probable to be achieved and the liability for the fourth payment is deemed a contingent liability.

5 Trade and Other Receivables

	Current	
	2021 £	2020 £
Trade and other receivables	**219,564**	123,212
VAT recoverable	**114,803**	115,338
Amounts due from subsidiary undertakings	**11,264,210**	15,229,426
Prepayments	**259,513**	160,810
	11,858,090	15,628,787

The outstanding loan receivable from Yourgene Health UK Ltd of £16,014,003 was tested for impairment. The impairment testing identified the forecast cashflows could not support the carrying value of the outstanding loan, as result the outstanding loan has been partially impaired by £12,388,483 (2020: nil).

Non loan trading amounts due from subsidiary undertakings were assessed in accordance with IFRS 9, it is deemed that there is no significant increase in credit risk and that a 12-month Expected Credit Losses assessment is appropriate, as defined by IFRS 9. Expected credit losses in the next 12 months are deemed to be zero as the conditions for partial default are not deemed to be present.

6 Leases

Lease liabilities

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

	Property £	Motor vehicles £	Total £
At 1 April 2019 on transition	1,104,101	–	1,104,101
Additions	2,817,382	–	2,817,382
Lease payments	(336,014)	–	(336,014)
Interest expense	110,718	–	110,718
Terminations and amendments	(685,553)	–	(685,553)
At 31 March 2020	**3,010,634**	**–**	**3,010,634**
Additions	322,193	82,982	405,175
Lease payments	(305,431)	(29,292)	(334,723)
Interest expense	187,424	3,385	190,809
At 31 March 2021	**3,214,820**	**57,075**	**3,271,895**

	2021	2020
Current	**346,235**	300,511
Non-current	**2,925,660**	2,710,123
At 31 March	**3,271,895**	3,010,634

Right-of-use assets

Right-of-use assets for these property leases were measured at the amount equal to the lease liability as at the IFRS 16 adoption date. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	Right-of-use asset: property £	Motor vehicles £	Total £
Cost			
At 1 April 2019 on transition	1,104,101	–	1,104,101
Additions	2,817,382	–	2,817,382
Terminations and amendments	(777,176)	–	(777,176)
At 31 March 2020	**3,144,307**	**–**	**3,144,307**
Additions	322,193	82,982	405,175
At 31 March 2021	**3,466,500**	**82,982**	**3,549,482**
Accumulated depreciation and impairment			
Charge for the year	305,437	–	305,437
Eliminated on termination and amendment	(117,626)	–	(117,626)
At 31 March 2020	**187,811**	**–**	**187,811**
Charge for the year	491,108	22,649	513,757
At 31 March 2021	**678,919**	**22,649**	**701,568**
Carrying amount			
At 31 March 2021	**2,787,581**	**60,333**	**2,847,914**
At 31 March 2020	**2,956,496**	**–**	**2,956,496**

Changes to property leases

To support the growth of the UK business further UK property leases were taken out in March, October and November 2020.

7 Trade and Other Payables

	Current		Non-current	
	2021 £	2020 £	2021 £	2020 £
Trade payables	384,994	601,861	–	–
VAT payable	23,299	–	–	–
Amounts due to fellow Group undertakings	606,876	1,181,100	–	–
Accruals	155,772	128,582	–	–
Social security and other taxation	65,326	32,475	–	–
Other payables	6,854	20,563	–	–
	1,243,121	1,964,581	–	–

8 Provisions for Liabilities

	2021 £	2020 £
Current liabilities	–	–
Acquisition – additional consideration	831,795	512,554
Non-current liabilities	–	–
Acquisition – additional consideration	–	956,324

The current liability represents the contingent consideration due on the acquisition of Yourgene Health France SAS (formerly AGX-DPNI SAS), The outstanding amount was paid in April 2021.

Following the acquisition of Coastal Genomics Inc a consideration payment of US$4.0m is contractually payable in April 2023 if the acquired company's revenues achieve a stretch target in the financial year to 31 March 2022. This stretch target is not deemed probable to be achieved and the liability for the fourth payment is deemed a contingent liability.

Movements on provisions

	Acquisition– additional consideration £
At 1 April 2020	1,468,878
Release of provision	(85,094)
Foreign currency variance	(31,498)
Payment made	(520,491)
At 31 March 2021	**831,795**

For further details on the nature of provisions and payment see notes 18 and 22 of the consolidated financial statements.

9 Retirement Benefit Schemes

Defined contribution schemes

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £45,590 (2020: £38,090).

10 Share-based Payment Transactions

The Company issues share options to both its own employees and employees of its subsidiary. In September 2020 the Group introduced an HMRC-approved Share Incentive Plan ('SIP') for employees of Yourgene Health Plc and its subsidiaries. Details of the Share option scheme and share incentive plan are detailed in note 29 of consolidated financial statements.

11 Thermo Fisher Scientific Loans and Warrants

On 11 December 2015, the Group entered into a share warrant agreement with Thermo Fisher, issuing warrants over 20,325,204 shares to Thermo Fisher. The warrants have an exercise price of 24.6p per share, and have a term of eight years. On 22 September 2016, the Group granted two further tranches of warrants to Thermo Fisher on the same terms. These are respectively the 2016 and March 2017 warrants. The Group assessed the accounting treatment of the warrants based on their fair values. In February 2019 Thermo Fisher converted two tranches of warrants into ordinary shares and cancelled all remaining loans as part of a commercial and corporate restructuring as described in note 30 to the consolidated financial statements.

12 Share Capital

For details of share capital see note 28 of the consolidated financial statements.

13 Reserves

Refer to note 28 to the consolidated financial statements.

14 Related Party Transactions

No guarantees have been given or received.

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with entities that are wholly owned subsidiaries of Yourgene Health PLC.

There are no other related party transactions other than those relating to Directors that have been disclosed in note 32 to the consolidated financial statements.

15 Controlling party

The Company does not have an ultimate controlling party.

16 Events After the Reporting Date

After the end of the reporting period the Company has continued to support its subsidiary companies which are expanding their UK-based COVID testing routes to market including into the retail pharmacy and travel sectors and through successful entry into the UK Government's National Microbiology Framework. The Company's US-based subsidiary also entered into a second qualifying commercial agreement for the Ranger® Technology acquired in August 2020 with Coastal Genomics Inc, another Company subsidiary, triggering the second of two equity earn-out issuances, and creating a commercial platform with leading US-based market participants. In a separate announcement, the US subsidiary also entered into a multi-year licence and supply agreement with another leading US diagnostic testing partner, furthering its US market penetration.

Post period end additional ordinary shares of 81,899 (April 2021) and 85,124 (August 2021) were issued as consideration shares in relation to the Coastal Genomics Inc acquisition first and second earn out targets. As part of satisfying the same earn-out conditions shares in Yourgene Health Canada Investments Ltd were issued which are exchangeable for 4,696,055 ordinary shares in the Company at an exchange price of 14.8 pence (April 2021) and for 4,880,971 ordinary shares in the Company at an exchange price of 14.3 pence (August 2021). A further 550,000 ordinary shares were issued when employee share options were exercised in June 2021.

GLOSSARY
OF TECHNICAL TERMS AND MEASUREMENTS

Autosomal aneuploidies	Aneuploidy is the presence of an abnormal number of chromosomes in a cell, but not including the sex chromosome aneuploidies. An extra or missing chromosome is a common cause of some genetic disorders. Some cancer cells also have abnormal numbers of chromosomes.
Amniocentesis	An invasive diagnostics procedure that involves removing and testing a small sample of cells from the amniotic fluid. It is offered to pregnant women if there is a high risk that the fetus could have a genetic condition. It carries a small risk of miscarriage.
Cystic Fibrosis (CF)	Cystic Fibrosis is a genetic disorder that affects mostly the lungs, but also the pancreas, liver, kidneys and intestine. Long-term issues include difficulty breathing and coughing up mucus as a result of frequent lung infections.
CVS	Chorionic Villus sampling (CVS) is a prenatal test that is used to detect birth defects, genetic diseases and other problems during pregnancy. During the test, a small sample of cells (called chorionic villi) is taken from the placenta.
Fetal Fraction	Fetal fraction is the amount of the cell-free DNA in the maternal blood that is of fetal origin compared to maternal origin. If the fetal fraction is too small an NIPT screening will not produce a result.
IFU	Instructions For Use – a detailed document that explains how to use the kit within the lab for that intended use.
IVD	*'In vitro'* diagnostic.
Male Factor Infertility (MFI)	Inability to conceive conception after 12 months due to the presence of some genetic mutations in the male partner.
Microdeletion	A small, missing (or 'deleted') piece of a chromosome is called a microdeletion. Microdeletions are usually not inherited from a parent. Some microdeletions cause intellectual disability and birth defects, while others have little impact on a child's health and life.
Mutation	A mutation is a change that occurs in our DNA sequence, either due to mistakes when the DNA is copied or as the result of environmental factors.
Next Generation Sequencing (NGS)	Next Generation Sequencing, also known as high-throughput sequencing, is the catch-all term used to describe a number of different modern sequencing technologies that has revolutionised the study of genomics and molecular biology.
NHS	National Health Service in the UK.
NIPT	Non-invasive prenatal test.
PCR	Polymerase Chain Reaction.
Plasma	Plasma is the largest single component of blood and makes up about 55% of total blood volume. It is a clear, straw-coloured liquid and it carries the DNA.
Precision Medicine	Precision medicine is an emerging approach for disease treatment and prevention that takes into account individual variability in genes, environment and lifestyle for each person. This approach will allow doctors and researchers to predict more accurately which treatment and prevention strategies for a particular disease will work in which groups of people.
Sex aneuploidy	Sex chromosome aneuploidies are conditions in which there is a change from the usual two copies of sex chromosomes in males (XY) or females (XX). These conditions may cause mental or physical defects, with different levels of severity.
Thrombosis	The formation of a blood clot inside a blood vessel, obstructing the flow of blood through the circulatory system.

COMPANY INFORMATION

Directors	Adam Reynolds	Non-executive Chairman
	Dr Stephen Little	Non-executive Vice Chairman
	Nicholas Mustoe	Non-executive Director
	Dr John Brown CBE	Non-executive Director
	Jonathan Seaton	Non-executive Director
	Lyn Rees	Chief Executive Officer
	Dr Bill Chang	Chief Entrepreneur
	Barry Hextall	Chief Financial Officer
	Hayden Jeffreys	Chief Operating Officer
	Dr Joanne Mason	Chief Scientific Officer
Company Secretary and Registered Office	Barry Hextall Citylabs 1.0 Nelson Street Manchester M13 9NQ	
Nominated Adviser	Cairn Financial Advisers LLP Cheyne House Crown Court 62–63 Cheapside London EC2V 6AX	
Joint Brokers	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET	Nplus1 Singer Capital Markets Limited One Bartholomew Lane London EC2N 2AX
Independent Auditor	Saffery Champness LLP Trinity 16 John Dalton Street Manchester M2 6HY	
Solicitors	Addleshaw Goddard LLP One St Peter's Square Manchester M2 3DE	
Financial PR	Walbrook PR Ltd 4 Lombard Street London EC3V 9HD	
Bankers	The Royal Bank of Scotland Group Commercial Banking 1st Floor 1 Hardman Boulevard Manchester M3 3AQ	
Registrars	Link Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Company Number	03971582	
Country of Incorporation of Parent Company	England	

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