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Genedrive PLC
09 November 2021

genedrive plc
("genedrive" or "the Company" or "the Group")

Audited Final Results

genedrive plc (AIM: GDR), the near patient molecular diagnostics company, announces its audited Final Results for the year ended 30 June 2021.

Financial Highlights

- Revenue for the year to 30 June 2021 £0.7m (2020: £1.1m)
- Loss for the year of £0.7m (2020: £19.4m loss)
- Year-end cash of £2.6m (2020: £8.2m)
- Balance sheet debt free following conversion of £2.5m Loan Notes
- Unaudited cash of £7.3m at 31 October 2021 after successful equity fundraise of £7.1m (gross) announced in September 2021

Operational Highlights

- Antibiotic Induced Hearing Loss trials successfully completed in June 2021 with 750 babies tested, accuracy confirmed at 100% and Key Opinion Leader launch ongoing
- Post year end new Genedrive® system CE marked and product launched 29 September 2021
- Mountain Horse Solutions appointed as specialist US military distributors in March 2021 to drive US military adoption
- Point of care COVID-19 studies to support final CE submission stage due to complete imminently

David Budd, CEO of genedrive plc, said*:* *"We are at an exciting phase for the Company with both the AIHL and CoV-POC products about to enter their commercial stages. Our balance sheet is strengthened following the recent equity raise and we are well placed to drive shareholder value going forwards."*

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About genedrive plc (http://www.genedriveplc.com)

genedrive plc is a molecular diagnostics company developing and commercialising a low cost, rapid, versatile, simple to use and robust point of need molecular diagnostics platform for the diagnosis of infectious diseases and for use in patient stratification (genotyping), pathogen detection and other indications. The Company has assays on market for the detection of HCV and certain military biological targets. The Company recently released a high throughput SARS-CoV-2 assay and has a point of care version of the SARS-Cov-2 test due on market during 2021.

Chairman's Statement

Resilient and innovative

The Company is well funded and at an exciting stage with the imminent launch of two new products.

During the past 12 months our development focus was on creating our POC COVID-19 test and completing the trials on our AIHL product. We are poised at an exciting position on both. 2020 did however bring challenges around sales of our high throughput COVID-19 test. Our commercial activities have been focused on seeking market opportunities for this COVID-19 test as well as our Military assays.

On Market Performance

It's appropriate that I first address our high throughput COVID-19 test that was the foundation of our equity raise in May 2020. We decided in early 2020 to bring a COVID-19 assay to market to capitalise on the emerging demand for PCR testing during the pandemic. The product, the Genedrive® 96 SARS CoV-2 Kit, was CE marked in May 2020 and during the summer of 2020 we sought regulatory approvals in various territories. We had high expectations for the product that performed well in independent studies, but our commercial traction fell short of our expectations. In hindsight our product was too late to the market to benefit from the rapid wave of regulatory approvals, despite the subsequent engagement of Beckman Coulter Life Sciences. The Company had focused on the US market owing to the commercial nature of that market, the high reimbursement rates and the number of private labs. Our distribution agreement with Beckman Coulter in late 2020 was designed to engage that market however without FDA 'Emergency Use Authorisation' customers were unwilling to use non-authorised product, when other authorised products were available in the market. As such, we were unable to make any material progress in the US market. Looking forwards we see small pockets of demand globally and as we enter the

winter months we are hopeful for additional sales. We are disappointed with falling short on expectation with this new product, but are taking the lessons learned into our commercial plans for our POC COVID-19 product.

The remainder of our revenues in the period came from our Military assays, sold to the US DoD. Our product for the DoD was initially developed in 2015 and we successfully incorporated their requirements to the Genedrive® unit. When the development ended in 2020 we moved to a commercial arrangement. Mountain Horse Solutions were appointed in March 2021 to support this commercial stage. Revenue in the year was £0.3m (2020: £0.4m) and we are working with Mountain Horse to try and successfully close the indictive order opportunity (previously announced as approximately 500 units over three years). We remain hopeful for this assay set in the medium term.

Development Update

AIHL; we developed our Genedive® MT-RNR1 ID Kit in 2019 with funding from the National Institute of Health Research, and the assay's performance trial commenced at two Manchester neonatal settings in 2020. Despite extensions to the trial duration owing to COVID-19, our partners in the NHS worked throughout the pandemic and completed the study in June 2021. The study demonstrated that the test performed very well and can be accommodated in the care processes for urgent admissions prior to administering antibiotics. Various practical outputs from the trials were incorporated in the new Genedrive® system that was CE marked on 29 September 2021. We are now moving into the commercial stage with key opinion leader launches across a small number of sites in the Autumn of 2021, followed by a targeted site commercial plan in the new calendar year. We are complimenting Inspiration Healthcare's capabilities with targeted investments in our own business development team. The unique AIHL assay is new to the market and we will be proactive in promoting and educating clinicians and creating reimbursement/payment opportunities where needed, and see this investment in our own team as the best way to take ownership to drive adoption.

CoV-POC; at the same time as the opportunistic development of a high throughput Coronavirus test in 2020 we announced the planned introduction of a POC COVID-19 test to exploit fully the opportunity for molecular testing for COVID-19. The Board sees the creation of a POC COVID-19 test on the Genedrive® as an excellent opportunity to exploit the fast, small and simple to use characteristics of our genedrive technology platform. Development began in late 2020 following the launch of the high throughput test. The product has a number of key competitive advantages that when taken together, we believe provides a very compelling product. We expect to complete the clinical studies imminently, after some delays in collecting clinical samples to support our studies. With positive performance data, we would then apply for CE marking, a process that now takes approximately two weeks. Following this we will begin the commercial plan, and will be looking to sell the system to testing providers. The Company will continue to recruit and test clinical samples to meet the new and expanding requirements on the UK's DHSC. Based on preliminary interest received to date we are confident that we can make inroads into this market opportunity and generate attractive revenues in the short term and will provide shareholders with further updates in due course.

Governance and People

It is vital to focus on governance and control during periods of rapid change and the Board has continued to review its governance framework to ensure that internal controls, values and culture align with our strategy and the objectives of the Company.

The Board remains focused on ensuring the effectiveness of the governance processes in the Group and that of its own performance. We will continue to review its effectiveness and believe we have a Board that appropriately reflects our strategy and ambition.

Funding

We completed a placing and open offer in early October 2021. The net proceeds of £6.6m extend our cash runway into 2023 using a prudent forecasting basis that excludes all material revenues and position us well to successfully launch our two POC products. Clearly generation of material revenues will further extend the Group's cash runway.

Outlook

Our short term outlook is centered on the launch of two POC products: AIHL and CoV-POC.

The AIHL product is being launched in the Autumn of 2021 with appropriate short term expectations. We expect the assay to generate sales immediately and have targets for the number of settings that we will drive with Inspiration Healthcare. We expect reasonable penetration in the UK and the EU building on our pilot site in Greece. The true ramp in revenue will arrive when the product is written into UK care guidelines and we are working with our commercial and NHS partners to educate and promote these new capabilities to achieve this. We are also actively assessing opportunities for the AIHL test beyond the UK and will build a go to market strategy for these territories.

For CoV-POC we are truly excited by the potential of the product to make a short term impact. The expectation is that molecular testing will continue to move away from mass testing sites and more towards faster point-of-care testing, closer to the sample. While we still need to finalise the CE marking process and launch the product, we believe our product profile is well positioned to capture this shift in requirements. As we learn to live with COVID-19, we believe this demand will continue for a considerable period of time and we will continue to maintain focus on commercialising our rapid point-of-care solution. Despite the continued use of lateral flow tests in the UK, given the published limitations of lateral flow COVID-19 tests, we still believe there is a significant market for molecular tests offering highly accurate results within rapid timescales both abroad and in the UK.

Outside of these two new assays there remains potential from our COVID-19 high throughput, Military and to a lesser extent HCV products. Each has the potential to provide attractive revenue streams in the short term, but without further clarity from customers our forecasts remain prudent. We expect HCV to provide a stream of revenue, but without funding to the developed world markets we do not foresee significant growth in the medium term. The Military assay set will continue to be promoted by Mountain Horse and we have moderate expectations from the opportunities they are identifying. The large sales opportunity for the product remains the fielding order of approximately 500 units over three years that the customer indicated in early 2020 - we expected the customer to decide on this procurement early in the new calendar year.

With the balance sheet strengthened by the post year end fund raise, our medium term strategy is around our new POC products and with a successful launch of the CoV-POC system we could generate sufficient cash to support the business until such time when we expect the AIHL product to be written into care guidelines. Once AIHL gains traction and momentum I believe we have the potential to grow the Company rapidly on the back of this niche, high margin assay. It has been a difficult period but I see the launch of our two new assays as pivotal for the future growth of the Company.

Dr Ian Gilham
Chairman

8 November 2021

Chief Executive's Review

Two exciting POC products at launch phase

Overview

Our AIHL test performed well in clinical trials and is now at its launch phase. And our second COVID-19 product, a Point-of-care solution, is expected to come to market approximately at the same time as AIHL with a set of very attractive performance features that we believe will be differentiated in the market and see significant demand.

It has been a disappointing year for revenues and we have been unable to achieve the commercial traction on our high throughput COVID-19 test that we anticipated. There are a number of reasons for the performance and where relevant we are taking these issues forwards to focus and refine the launch of our new products.

Performance

In 2020 following the rapid shift of global healthcare systems towards testing and treatment of COVID-19, the Company made the strategic decision to develop two SARS-CoV-2 tests to detect active COVID-19 infections. The first test was a high throughput laboratory test and the second test a point-of-care test that will run on the Genedrive® instrument.

The high throughput test was CE marked in May 2020 and we commenced modest commercial sales in June 2020. Following the launch we saw the US market as key and applied for FDA emergency use authorisation (EUA) and outside of the US we focused our commercial attention on larger, more strategic opportunities that by their nature are higher risk. After applying for the FDA regulatory approvals in the US we began working with Beckman Coulter to validate their extraction chemistry with saliva and contracted with them to distribute our product shipping an initial £0.3m, which was a significant commendation for genedrive and our product. Despite the backing of Beckman, there was limited sales traction in the US without FDA EUA with customers unwilling to use unauthorised product when those earlier to the market were able to supply fully approved tests - it is our belief that once the FDA had sufficient approvals to supply their market there was little incentive for the regulator to approve more tests for the US market. Our application has not been approved or rejected so we believe our test sits in abeyance, along with many others, despite our continuous and ongoing requests to the FDA. Similarly, our application to the WHO had a preliminary review, but Emergency Use Listing has not yet been received.

Despite encouraging early interest, our opportunities in India were undermined by in-market pricing that saw supply at a level close to our cost of goods. With the previously announced European Ministry of Health opportunity, discussions slowed over the summer months and despite being very positive on this opportunity in early 2021 it looks increasingly unlikely this will come to fruition. Looking to the future we do see small pockets of demand in Africa and we are hopeful for more demand as winter approaches - however we are clearly disappointed with progress made on the high throughput test and we are putting our experiences from this launch into our AIHL and CoV-POC tests.

During the year revenue to the US DoD was £0.3m (2020: £0.4m). The five year development project completed in 2020 bringing to an end the great development relationship we had with the US DoD team. However, now in need of building commercial relationships in the US

market, we appointed Mountain Horse Solutions as our exclusive distributor in the US in March 2021. Mountain Horse have existing framework agreements, military contacts and a breadth of experience in the specialised field of Chemical, Biological, Radiological, Nuclear, and high yield Explosives (CBRNE) and interact with the DoD on a frequent basis. Since March 2021 we have been involved in a number of tenders and requests for information developed by Mountain Horse. Mountain Horse have also been following up on the indicative order that was previously announced as a potential of 500 units over three years. There have been COVID-19 delays on this procurement and we are expecting a decision early in the new calendar year. Having Mountain Horse on the ground and close to the customer has been a very positive development and we are confident this new arrangement can help grow our DoD business.

Two POC products at launch

Antibiotic Induced Hearing Loss

In partnership with NHS clinicians, in 2019 we developed a POC test for the prevention of hearing loss in new-born children when exposed to certain antibiotics. We commenced performance trials of that test in 2020 and the peer reviewed trial results are due to be published shortly. The trial enrolled 750 babies and was a success, demonstrating that the test can be accommodated in the current admission pathways and timescale.

At various stages in the trial we took feedback from nurses as to how the system was configured and operated and incorporated this feedback into a new version of the Genedrive® instrument platform. These changes are mainly ergonomic, providing a larger screen, integrated tablet and a modular 'single unit' look. A change was also made to the buffer chemistry of the kit. This product was CE marked on 29 September 2021 and is being launched on a targeted basis in the UK and Ireland with full commercial roll out planned for the new calendar year. In addition to our trial settings we expect a number of sites to adopt the product in the short term, but growth is anticipated to be modest until the test is written into paediatric care guidelines - something we will continue to push as a matter of urgency. To support our UK distributor, Inspiration Healthcare, we are investing in a small business development team to promote, market and drive the product. Inspiration Healthcare have excellent neonatal contacts but we want to supplement their skills with expertise in molecular diagnostics. Once UK care guidelines are updated we expect adoption to be more rapid as this would virtually mandate use of the test in the UK. This process may take a year or more to complete but clearly attaining it as soon as possible is a key objective for the Company and our commercial partner.

The market is potentially very attractive as it has high barriers to competitive entry, is high margin and is a large opportunity relative to genedrive's size. This opportunity is also well suited to the Genedrive® instrument, where a few, low-cost units can deliver fast testing at a point of need. Our medium term goals are focused on the UK and EU and we will continue to assess FDA entry for AIHL into the US. We remain very excited about the medium term prospects of the product.

CoV-POC

In early 2020 we made the decision to bring two COVID-19 assays to market, a high throughput test designed for use on third party machines and a POC test to run on Genedrive®. The POC product builds on the key characteristics of the Genedrive® being small, easy to use and economic for wide adoption.

Initial development was delayed as we attempted to produce a test on both saliva and nasal swab samples. We decided to bring a first version of the product to market and then review the need for a saliva based test in the future. We are due to bring our swab based testing product to the market in by the end of the calendar year with CE mark due around two weeks after finalising ongoing clinical studies which we expect imminently. The test benefits from a simple viral extraction free workflow, is rapid to report a positive (in as little as 10 minutes) and is anticipated to be as accurate as other gold standard molecular tests.

While first to market opportunities are significant, the underlying qualities and reliability of a test are also of significant importance. I therefore believe that customers are looking for accurate validated products and that the advantages of being deployable and rapid, mean we can address a global market flexibly with the Genedrive® device. Its collective features we believe make it unique among its competitors. To date we have received a good degree of interest in the development product and intend to partner with test providers as soon as clinical data and CE marking are complete. The product will be positioned to opportunities where speed and accuracy are a necessity and where there is a need to pay the premium pricing associated with molecular testing vs antigen testing. The primary focus will be the UK and EU owing to the expected CE mark status. We have a high degree of confidence that a point-of-care COVID-19 testing opportunities will be a critical part of controlling the pandemic for a considerable period of time. We remain fully focused on exploiting the commercial opportunities arising on testing for both assays.

Outlook

Following completion of the £7.1m (gross) fund raise announced in September 2021 we are now in a strong position to launch our two new exciting POC products. There is potential for our high throughput COVID-19 test to generate some demand in the winter months and we are hopeful of a successful outcome on the indicative order with the US DoD however our current key commercial assets are with CoV-POC and AIHL, with the short term strategy for CoV-POC to support the cash requirements of the business until AIHL is sufficiently embedded in clinical process that uptake ramps aggressively. This strategy and our knowledge of these POC products provide us with confidence that we will deliver strong growth and increased shareholder value going forwards.

David Budd
Chief Executive Officer

8 November 2021

Financial Review

Revenue for the year was £0.7m (2020: £1.1m), with a broadly equal split across our Military and COVID-19 assays. Research and development costs were £4.5m (2020: £4.7m) and reflected the high level of activity in the first half of the year related to developing and launching the COVID-19 high throughput assay. Overall spend was £6.2m, down on the £6.7m in the prior year following reduced activity and tight cost control in the second half of the year. The operating loss for the year was £5.5m (2020: £5.6m).

Financing costs and income

Financing income was £3.6m (2020: £14.7m cost) and included non-cash movements on the loan notes outstanding at 30 June 2020. These loan notes were held by the Business Growth Fund at the start of the financial year and were converted in part in September 2020 and then in full in December 2020. The finance income on the loan notes has two elements: one attached to the option to convert and the other related to the discount on these long term loan notes. The option to convert the loan notes to ordinary shares has a value that fluctuates as the share price of the entity rises and falls. Owing to share price movements between 30 June 2020 and the date of conversions the value of the option to convert fell and created a £3.9m gain (2020: £13.8m loss). Interest accruing and unwinding

of the discount up to the point of conversion was £0.2m (2020: £0.8m), giving a net financing income of £3.6m (£14.7m cost). These movements are non-cash.

Taxation

The tax credit for the year was £1.2m (2020: £1.0m). The Group investment in R&D falls within the UK Government's R&D tax relief scheme for small and medium sized companies where it meets the qualifying criteria and as the Group did not make a profit in the year is collected in cash following submission of tax returns. The £1.2m is a receivable on the balance sheet at year end. In the prior year the total amount of qualifying costs for the research and development tax credit was restricted by grant income that the Group received. Despite the lower level of research and development costs in the year, there was no grant income restriction to the size of the claim in 2021.

Cash resources

Net cash outflow from operations before taxation was £6.2m (2020: £4.8m outflow). The operating loss cashflows were £5.2m (2020: £5.6m) with working capital consuming £0.9m (2020: £0.8m contributing) mainly from a decrease in trade and other payables, which was effectively the reversal of a high creditors position at June 2020.

The tax credit received was £1.0m (2020: £1.0m) and relates to cash received under the UK Government's R&D tax relief scheme.

Capex in the period was £0.1m (2020: £nil) and cash paid to settle the loan notes converted during the year was £0.4m (2020: £0.7m). The decrease in cash for the year was £5.6m (2020: £3.0m increase) meaning a closing cash position of £2.6m (2020: £8.2m). Post year end the Group completed an equity fund raise of £6.6m net of expenses and unaudited closing cash on the 31 October 2021 was £7.3m.

Balance sheet

Balance sheet net assets at 30 June 2021 were £3.6m (2020: £3.3m net liabilities). Fixed assets were £0.3m (2020: £0.1m) and include right to use lease assets of £0.2m (2020: £nil).

Current assets of £4.5m (2020: £10.3m) included cash of £2.6m (2020: £8.2m). The remainder of current asset values were in stock £0.6m (2020: £0.4m), receivables £0.2m (2020: £0.4m) and tax. The tax receivable was £1.2m (2020: £1.0m) for the current year Corporation Tax Research and Development tax claim and this should be paid early in the new calendar year.

Current liabilities were £1.3m (2020: £2.2m) with the prior year balance abnormally high owing to purchases on COVID-19 materials as well as property rent that was deferred during lockdown and paid in the year to June 2021.

There were no long term liabilities (2020: £11.6m) following conversion of the loan notes during the period. As part of the conversions the Business Growth Fund was paid £0.4m in cash interest and received 11.2m newly issued shares.
This conversion extinguished the £11.6m loan note liability with £3.9m being credited to the income statement in the year as finance income and the residue being credited to reserves as follows: the £2.5m face value of the loan notes was credited £2.3m to share

premium and £0.2m to share capital; the remaining balance, being the movement on the derivative element of the loan notes (the value of the option to convert the loan notes to shares) was credited to accumulated losses.

Net assets closed at £3.6m (2020: £3.3m net liabilities). The comprehensive loss for the year was £0.7m (2020: £19.4m) with credits directly in equity of £7.6m from the Business Growth Fund loan note conversions in the year giving a net credit to the balance sheet of £6.9m in the year.

Going concern

Following the equity fund raise in the September 2021 the Company has sufficient cash in the business for its current plans and forecasts. We are confident in these forecasts but securing commercial traction and initial revenues in the forthcoming months is necessary otherwise the Group will have to consider delaying development spend. Based on the current cash position and the forecasts, the Board continue to adopt a going concern basis for the preparation of the accounts.

Risk management and the year ahead

Risk is managed closely and is spread across our businesses and managed to individual materiality. The Board has considered all of the above factors in its review of going concern and has been able to conclude the review satisfactorily.

Matthew Fowler
Chief Financial Officer

8 November 2021

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2021

	Note	**Year ended 30 June 2021 £'000**	Year ended 30 June 2020 £'000
Continuing operations			
Revenue	2	**687**	1,059
Research and development costs		**(4,509)**	(4,673)
Administrative costs		**(1,660)**	(2,026)

Operating loss		**(5,482)**	(5,640)
Finance income/(costs)	3	3,630	(14,744)
Loss on ordinary activities before taxation		**(1,852)**	(20,384)
Taxation	4	**1,161**	965
Loss for the financial year		**(691)**	(19,419)
Loss/total comprehensive expense for the financial year		**(691)**	(19,419)
Loss per share (pence)			
- Basic and diluted	5	**(1.2p)**	(55.0p)

Consolidated Balance Sheet

as at 30 June 2021

	Note	**30 June 2021 £'000**	30 June 2020 £'000
Assets			
Non-current assets			
Plant and equipment		**301**	147
Contingent consideration receivable	6	**47**	47
		348	194
Current assets			
Inventories		**556**	413
Trade and other receivables		**158**	398
Contingent consideration receivable	6	**75**	212
Current tax asset		**1,166**	1,018
Cash and cash equivalents		**2,574**	8,218
		4,529	10,259
Total assets		**4,877**	10,453
Liabilities			
Current liabilities			
Deferred revenue		**-**	(67)
Trade and other payables		**(1,166)**	(2,129)
Lease liabilities		**(119)**	-
		(1,285)	(2,196)

Non-current liabilities			
Convertible bonds	7	**-**	(11,599)
Total Liabilities		**(1,285)**	(13,795)
Net assets/(liability)		**3,592**	(3,342)
Equity			
Called-up equity share capital	8	**950**	780
Other reserves		**45,000**	42,620
Accumulated losses		**(42,358)**	(46,742)
Total equity		**3,592**	(3,342)

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Share capital £'000	Other reserves £'000	Accumulated losses £'000	Total equity £'000
Balance at 30 June 2019	510	28,112	(31,100)	(2,478)
Transactions with owners in their capacity as owners:				
Share issue - deferred consideration	13	(13)	-	-
Share issue	150	7,383	-	7,533
Share issue - conversion of GHIF bond (note 7)	107	7,092	3,777	10,976
Equity-settled share-based payments	-	46	-	46
Transactions settled directly in equity	270	14,508	3,777	18,555
Total comprehensive loss for the year	-	-	(19,419)	(19,419)
Balance at 30 June 2020	**780**	**42,620**	**(46,742)**	**(3,342)**
Transactions with owners in their capacity as owners:				
Share issue - conversion of BGF bond	168	2,332	5,079	7,579
Share issue	2	44	-	46
Equity-settled share-based payments	-	4	(4)	-
Transactions settled directly in equity	170	2,380	5,075	7,625
Total comprehensive loss for the year	-	-	(691)	(691)
Balance at 30 June 2021	**950**	**45,000**	**(42,358)**	**3,592**

Consolidated Cash Flow Statement

for the year ended 30 June 2021

	Note	**Year ended 30 June 2021 £'000**	Year ended 30 June 2020 £'000
Cash flows from operating activities			
Operating loss for the year		**(5,482)**	(5,640)
Depreciation, amortisation and impairment		**60**	57
Depreciation, right of use assets		**186**	-
ATL Research credits		**(5)**	(53)
Share-based payment		**4**	32
Operating loss before changes in working capital and provision		**(5,237)**	(5,604)
Increase in inventories		**(143)**	(290)
Decrease in trade and other receivables		**240**	158
Decrease in deferred revenue		**(67)**	(21)
(Decrease)/Increase in trade and other payables		**(963)**	1,000
Net cash outflow from operating activities before taxation		**(6,170)**	(4,757)
Tax received		**1,018**	971
Net cash outflow from operating activities		**(5,152)**	(3,786)
Cash flows from investing activities			
Finance income		**1**	13
Finance costs		**(33)**	(15)
Acquisition of plant and equipment and intangible assets, net of loss on disposals		**(104)**	(40)
Proceeds from disposal of discontinued operations	6	**137**	-
Net cash inflow/ (outflow) from investing activities		**1**	(42)
Cash flows from financing activities			
Proceeds from share issue		**46**	7,546
Repayment of lease liabilities		**(144)**	-
Cash paid to settle convertible bonds		**(358)**	(685)
Net (outflow)/ inflow from financing activities		**(456)**	6,861
Net (decrease)/ increase in cash equivalents		**(5,607)**	3,033
Effects of exchange rate changes on cash and cash equivalents		(37)	1
Cash and cash equivalents at beginning of year		**8,218**	5,184
Cash and cash equivalents at end of year		**2,574**	8,218

Analysis of net funds

Cash at bank and in hand	**2,574**	8,218
Net funds	**2,574**	8,218

Notes to the Financial Information

for the year ended 30 June 2021

General information

genedrive plc ('the Company') is a company incorporated and domiciled in the UK. The registered head office is The CTF Building, Grafton Street, Manchester M13 9XX, United Kingdom.

genedrive plc and its subsidiaries (together, 'the Group') is a molecular diagnostics business developing and commercialising a low-cost, rapid, versatile, simple-to-use and robust point-of-need or point-of-care diagnostics platform for the diagnosis of infectious diseases and for use in patient stratification (genotyping), pathogen detection and other indications.

genedrive plc is a public limited company, whose shares are listed on the London Stock Exchange Alternative Investment Market.

1. Significant accounting policies

The financial information for the year ended 30 June 2020 has been extracted from the Group's audited financial statements which were approved by the Board of Directors on 16 November 2020 and which have been delivered to the Registrar of Companies for England and Wales. The report of the auditor on these financial statements was unqualified, did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006, but did include a matter to which the auditors drew attention by way of emphasis without qualifying their report.

The report of the auditor on the 30 June 2021 financial statements was unqualified, did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

The information included in this announcement has been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, and in accordance with International Accounting Standards in conformity with requirements of the Companies Act 2006.

The information in this announcement has been extracted from the audited financial statements for the year ended 30 June 2021 and as such, does not contain all the information required to be disclosed in the financial statements prepared in accordance with International Accounting Standards in conformity with requirements of the Companies Act 2006.

This announcement was approved by the board of directors and authorised for issue on 8 November 2021.

Going concern

The Directors have performed a robust going concern assessment including review of the business' forecasts for the period to December 2022 and consideration of the principal risks faced by the Group as detailed in the full annual accounts.

The assessment of going concern included conducting scenario analysis which focused on two key issues: whether the business will be able to attain CE accreditation for its CoV-POC product and whether the commercial uptake of the CoV-POC and AIHL products will be as forecasted

Using these key issues the Directors have created two scenarios to model cashflows

Scenario 1 - a base case of revenue that is as per management's forecasts assuming on time regulatory approvals and commercial uptake. The base case sees the business become cash generative within a 12 month window.

Scenario 2 - where the business experiences delays bringing the two new products to market and has a much lower level of commercial uptake with no sales in the forecasts. Before any mitigating actions the sensitised cashflows in scenario 2 show that without any revenue and continuing to spend on the development projects in its plan, cash runs out in approximately 12 months from this report date. However this is an unrealistic position, because without any revenues the Group would not invest material amounts on incremental development. The incremental development spend in the forecasts includes amounts for a second generation CoV-POC product, to expand the sales team and for FDA clearance before entry into the US market - these investments would not be made without some level of certainty around sales. More realistically the Group would begin to delay and reduce development spend if no revenue was generated on its AIHL and CoV-POC products. If there was no pipeline and no sales revenue the Group would begin to cease development spend in the calendar year 2022 and the cash runway would extend beyond the assessment period. In addition to the incremental development spend, the Group has the additional option to reduce discretionary overheads - these cost reductions have not been modelled, but in conjunction with the reduction in the incremental development spend would see the cash window extend even further beyond the assessment period.

As a result of this detailed assessment, the Board has concluded that there are no material uncertainties that cast significant doubt on the ability of the Group and the Company to meet their obligations when they fall due for a period of at least 12 months after the date of this report. For this reason, it continues to adopt the going concern basis for preparing the financial statements.

2. Operating segments

For internal reporting and decision-making, the Group is organised into one segment, Diagnostics. Diagnostics is commercialising the Genedrive® point-of need molecular testing platform. In future periods, and as revenue grows, the Group may review management

account information by type of assay and thus split out Diagnostics into segments - however for now the single segment is appropriate.

The chief operating decision-maker primarily relies on turnover and operating loss to assess the performance of the Group and make decisions about resources to be allocated to each segment. Geographical factors are reviewed by the chief operating decision-maker, but as substantially all operating activities are undertaken from the UK, geography is not a significant factor for the Group. Accordingly, only sales have been analysed into geographical statements.

The results of the operating division of the Group are detailed below.

Business segments	Diagnostics segment £'000	Corporate costs £'000	Total £'000
Year ended 30 June 2021			
Revenue	687	-	687
Operating loss	**(3,822)**	**(1,660)**	**(5,482)**
Net finance costs			3,630
Loss on ordinary activities before taxation			**(1,852)**
Taxation			1,161
Loss for the financial year			(691)
Total comprehensive expense for the year			**(691)**

Business segments	Diagnostics segment £'000	Corporate costs £'000	Total £'000
Year ended 30 June 2020			
Revenue	1,059	-	1,059
Operating loss	**(3,614)**	**(2,026)**	**(5,640)**
Net finance costs			(14,744)
Loss on ordinary activities before taxation			**(20,384)**
Taxation			965
Loss for the financial year			**(19,419)**
Total comprehensive expense for the year			**(19,419)**
Total comprehensive expense for the year			**(19,419)**

	Diagnostics segment £'000	Corporate costs £'000	Total £'000
Year ended 30 June 2021			
Segment assets	923	3,954	4,877
Segment liabilities	(937)	(348)	(1,285)
Year ended 30 June 2020			
Segment assets	800	9,653	10,453
Segment liabilities	(1,323)	(12,472)	(13,795)

Additions to non-current assets: Diagnostics segment £320k (2020: £34k) and Corporate costs £80k (2020: £9k).

Geographical segments

The Group's operations are located in the United Kingdom. The following table provides an analysis of the Group's revenue by customer location:

All on continuing operations	**Year ended 30 June 2021 £'000**	Year ended 30 June 2020 £'000
United Kingdom	40	597
Europe	17	35
United States of America	**613**	420
Rest of the world	**17**	7
	687	1,059

Revenues from customers accounting for more than 10% of total revenue in the current or prior years are detailed below:

£286k of revenue was derived from the US Department of Defense (2020: £420k);
£307k of revenue was derived from Beckman Coulter (2020: £nil).

3. Finance income/(costs)- net

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Interest income on bank deposits	**1**	13
Movement in fair value of derivative embedded in convertible bonds	**3,864**	(13,807)

Finance cost on liabilities measured at amortised cost	**(202)**	(808)
Finance lease costs	**(33)**	-
Foreign exchange movement on convertible bonds	**-**	(142)
	3,630	(14,744)

4. Taxation

(a) Recognised in the income statement

		Total
	Year ended 30 June 2021	Year ended 30 June 2020
Current tax:	**£'000**	£'000
Research and development tax credits	**(1,166)**	(1,018)
Less: recognised as ATL Research credits	**5**	53
Total tax credit for the year	**(1,161)**	(965)

(b) Reconciliation of the total tax credit

The tax credit assessed on the loss for the year is higher (2020: lower) that the weighted average applicable tax rate for the year ended 30 June 2021 of 19.0% (2020: 19.0%). The differences are explained below:

	Year ended 30 June 2021	Year ended 30 June 2020
	£'000	£'000
Loss before taxation on continuing operations	**(1,852)**	(20,384)
Tax using UK corporation tax rate of 19.0% (2020 19.0%)	**(352)**	(3,873)
Adjustment in respect of R&D tax credit recognised as Above The Line ('ATL')	1	13
Adjustment in respect of R&D tax credit claimed	**(500)**	(415)
Items (taxable)/ not deductible for tax purposes - permanent	**(777)**	2,807
Items not deductible for tax purposes - temporary	-	(6)
Deferred tax not recognised	**467**	777
Rate differences	**-**	(268)
Total tax credit for the year	**(1,161)**	(965)

No deferred tax assets are recognised at 30 June 2021 (2020: £nil). Having reviewed future profitability in the context of trading losses carried, it is not probable that there will be sufficient profits available to set against brought-forward losses.

The Group had trading losses, as computed for tax purposes, of approximately £14,356k (2020: £16,151k) available to carry forward to future periods; this excludes management expenses.

In accordance with the provisions of the Finance Act 2000 in respect of research and development allowances, the Group is entitled to claim tax credits for certain research and development expenditure. These credits are disclosed partly as Above The Line research and development credits ('ATL Research credits') within research and development costs and partly as research and development tax credits within taxation on ordinary activities. The total amount included in the financial statements in respect of the year ended 30 June 2021 was £1,166k which included £5k disclosed as ATL Research credits deducted from research and development costs with the balance of £1,161k disclosed within taxation on ordinary activities as detailed above.

5. Earnings per share

	2021	2020
	£'000	£'000
Loss for the year after taxation	**(691)**	(19,419)

Group	**2021** **Number**	2020 Number
Weighted average number of ordinary shares in issue	**58,987,344**	35,556,905
Potentially dilutive ordinary shares	**-**	-
Adjusted weighted average number of ordinary shares in issue	**58,987,344**	35,556,905
Loss per share on continuing operations		
- Basic	**(1.2)p**	(55)p
- Diluted	**(1.2)p**	(55)p

The basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders for the year by the weighted average number of ordinary shares in issue during the year.

Post year end 28,450,852 shares were issued as part of a placing and open offer to shareholders. The basic and diluted loss per share would reduce to (0.8p) had these shares been in issue for the entire financial period.

As the Company is loss-making, no potentially dilutive options have been added into the EPS calculation. Had the Company made a profit in the period:

Group	Number
Potentially dilutive shares on deferred consideration	500,000
Potentially dilutive shares from share options	3,027,508
Potentially dilutive shares within the SIP	158,784
Potentially dilutive ordinary shares	3,686,292

6. Contingent consideration receivable

	Greater than 12 months £'000	Less than 12 months £'000	Total £'000
Balance at 30 June 2019	153	106	259
Balance at 30 June 2020	47	212	259
Received in the period	-	(137)	(137)
Balance at 30 June 2021	**47**	**75**	**122**

The amount provided on the balance sheet of £122k represents contingent consideration held under the sale and purchase agreement for the disposal of the Services business. The amount relates to the remaining 18 months trading under the agreement.

An amount of £107k was received in October 2021 for the period of trading 12 months ending December 2020, leaving a six month period to June 2021 remaining.

7. Convertible bonds

	GHIF host £'000	GHIF derivative £'000	BGF host £'000	BGF derivative £'000	Total host £'000	Total derivative £'000	Total £'000
Balance at 30 June 2019	6,048	143	2,150	177	8,198	320	8,518
Amortised arrangement fees (BGF)	-	-	36	-	36	-	36
Arrangement costs	-	-	(15)	-	(15)	-	(15)
Movement in fair value of embedded derivative	-	4,841	-	8,966	-	13,807	13,807
Finance cost of convertible bonds	487	-	285	-	772	-	772
Foreign exchange movement (GHIF)	142	-	-	-	142	-	142
Balance prior to settlement	6,677	4,984	2,456	9,143	9,133	14,127	23,260

Payment of cash at settlement date	(685)	-	-	-	(685)	-	(685)
Conversion to shares at settlement date	(5,992)	(4,984)	-	-	(5,992)	(4,984)	(10,976)
Balance at 30 June 2020	**-**	**-**	**2,456**	**9,143**	**2,456**	**9,143**	**11,599**
Finance cost	-	-	101	-	101	-	101
Amortisation of arrangement fees	-	-	101	-	101	-	101
Movement in fair value of embedded derivative		-	-	(3,864)	-	(3,864)	(3,864)
Balance prior to settlement	-	-	2,658	5,279	2,658	5,279	7,937
Payment of cash at settlement date	-	-	(358)	-	(358)	-	(358)
Conversion to shares at settlement date	-	-	(2,300)	(5,279)	(2,300)	(5,279)	(7,579)
Balance at 30 June 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**

None of the fair value movements relate to changes in the entity credit risk.

Global Health Investment Fund 1 LLC (GHIF)

On 21 July 2014, the Company entered into a Collaboration and Convertible Bond Purchase Agreement ('Agreement') with the Global Health Investment Fund 1 LLC ('GHIF'). The purpose of the Agreement was to fund the Company's development, production and commercialisation of Genedrive® to address Global Health Challenges and achieve Global Health Objectives. Further, as part of the Agreement, GHIF and the Company entered into a Global Access Commitment. On 23 June 2016, the Company and GHIF entered into a Deed of Amendment & Restatement of the Agreement, which came into effect on 11 July 2016. The principal effects of the Deed of Amendment were to extend the maturity of the GHIF Bond by two years to 21 July 2021. To split the GHIF Bond into two tranches: the first tranche of US$2m has a Conversion Price of £1.50 per Ordinary Share and the second tranche of US$6m has a Conversion Price remaining at £4.89 per Ordinary Share. During the year to 30 June 2019, the Company entered into a second deed of amendment with the Global Health Investment Fund 1 LLC that became effective on the 10 December 2018. The principal effects of the Deed of Amendment were extend the maturity date from December 2021 to December 2023 and change the Conversion Prices on the two tranches from 150p to 28.75p and from 480p to 150p. On 6 June 2020, GHIF exercised its rights to convert tranches 1 and 2 simultaneously. Under the terms of the conversion, GHIF was allotted and issued 7,100,000 new ordinary shares, which was the capped number of shares which can be issued under the convertible bond, and was also be paid approximately £685k in cash reflecting the balance of accrued interest owed, in full satisfaction of the obligations of the Company under the convertible bond. As part of the conversion, GHIF has entered into a lock-in and orderly marketing agreement with Peel Hunt LLP, the Company's Nominated Adviser and Joint Broker. Under this arrangement 5,100,000 of the GHIF shares were subject to an orderly marketing agreement that came to an end on 30 June 2021. The derivative was measured at fair value at 31 December 2019 and at the settlement date using a Quanto Option Valuation model which takes account of the multicurrency aspects of the convertible bond. Changes in fair value were recorded in profit and loss.

Business Growth Fund (BGF)

The Company entered into an agreement with the BGF that became effective on the 10 December 2018. Under the terms of the agreement BGF and the Company entered into a convertible loan arrangement. The main terms of the convertible loan note were a conversion price of 28.75p, interest on the loan of 7% payable quarterly and a maturity date of June 2025. The loan note came with a conditional £1.0m subscription to the Company's December 2018 fund raise. On 30 September 2020, BGF exercised its right to convert £1,000,000 of its £2,500,000 Loan Note instrument into new ordinary shares of 1.5p each in the Company. Under the conversion BGF was allotted and issued 4,478,681 new ordinary shares and was paid approximately £134,000 in accrued interest owed on this tranche of the loan. On 16 December 2020, BGF exercised its right to convert the remaining £1,500,000 of its £2,500,000 Loan Note instrument into new ordinary shares of 1.5p each in the Company. Under the conversion BGF was allotted and issued 6,718,022 new ordinary shares and was paid approximately £226,000 in accrued interest owed on this tranche of the loan. The derivative was measured at fair value at 30 June 2020 and at the settlement dates using a Black-Scholes pricing model and changes in fair value were recorded in profit and loss.

GHIF

Whilst the bond holder has the option to convert into a fixed number of shares, due to the GHIF convertible bond being denominated in a different currency to the Company's functional currency, IFRS requires the convertible bond to be accounted for as a compound instrument, comprising a debt host (liability component) and a derivative (equity component). The debt host was required to be recorded initially at fair value and subsequently measured at amortised cost. The derivative was measured at the settlement date using a Quanto Option valuation model which takes account of the multicurrency aspects of the convertible bond. Changes in fair value are recorded in profit and loss. The variables used in running the model were volatility of the Company's share price of 40%, expected life of the derivative of 0.008 years, risk free interest rate of 0.098% and no dividend yield.

On conversion, the compound instrument was derecognised. The consideration received for the issue of shares was measured by reference to the face value of the debt of £7,199,000, being the outstanding principal and accrued interest. The difference of £3,177,000 between the carrying amount of the instrument, and its associated derivative, and the consideration received was recognised directly in equity. No gain or loss was recorded in the profit and loss account as a result of the conversion.

BGF

The convertible nature of the loan grants BGF an option to convert to equity but the instrument includes adjustments to the conversion price if additional equity is issued by the Company meaning that the number of shares that would be issued is not fixed. The bond also includes options relating to early redemption by the Company subject to it making an early redemption payment. These features represent embedded derivatives which are recognised separately from the debt host. The debt host was initially recorded at fair value

and is subsequently measured at amortised cost. The derivative is measured at fair value and movements recorded in profit and loss. At the settlement dates, the derivative was valued using a Black-Scholes pricing model using the following inputs: volatility of the Company's share price of 40%, expected life of the derivative of 0.08 years, risk free interest rate of 0.098% and no dividend yield.

On 30 September 2020, BGF Investments LP exercised its right to convert £1,000,000 of its £2,500,000 Loan Note instrument into new ordinary shares of 1.5p each in the Company. Under the conversion BGF was allotted and issued 4,478,681 new ordinary shares and was paid approximately £134,000 in accrued interest owed on this tranche of the loan.

On 16 December 2020, BGF Investments LP exercised its right to convert the remaining £1,500,000 of its Loan Note instrument into new ordinary shares of 1.5p each in the Company. Under the conversion BGF was allotted and issued 6,718,022 new ordinary shares and was paid approximately £226,000 in accrued interest owed on this tranche of the loan.

Following these conversions, the compound instrument was derecognised. The consideration received for the issue of shares was measured by reference to the face value of the debt of £2,500,000. The difference of £5,079,000 between the carrying amount of the instrument, and its associated derivative, and the consideration received has been recognised directly in equity. No gain or loss has been recorded in the profit and loss account as a result of the conversion.

8. Share capital

Allotted, issued and fully paid:

	Number	£'000
Balance at 30 June 2019	**34,000,506**	**510**
Share issue - deferred consideration	**869,565**	**13**
Share issue	**10,000,000**	**150**
Share issue - equity-settled share-based payments	**16,000**	**-**
Share issue - conversion of GHIF bond	**7,100,000**	**107**
Balance at 30 June 2020	**51,986,071**	**780**
Share issue - equity-settled share-based payments	**137,274**	**2**
Share issue - conversion of BGF loan notes	**11,196,703**	**168**
Balance at 30 June 2021	**63,320,048**	**950**

At the balance sheet date there is one convertible and potentially convertible arrangement that could result in the issue of additional shares:

On 10 December 2021 the Company will issue 500,000 shares in genedrive plc to the former owner of Visible Genomics as part of a Deed of Amendment agreed in December 2018 to the Visible Genomics Sale and Purchase Agreement.

Post year end 28,450,852 shares were issued as part of a placing and open offer to shareholders.

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