8 December 2021

Byotrol Plc

("Byotrol" or the "Group")

Interim results and Notice of Investor Presentation

Byotrol Plc (AIM: BYOT), the specialist infection prevention and control company, is pleased to announce today its unaudited interim results for the six months ended 30 September 2021.

Highlights

Performance in the first six months showed substantial and ongoing improvements compared to our performance pre-Covid, but was below management expectations for the period, matching the experience of other companies in our markets and reflecting slower than expected and overstocked markets post the peak of the pandemic demand.

- Sales £3.2m (versus an exceptional Covid-driven £6.7m in 6m to 30 September 2020, and £2.1m* in the 6 months to 30 September 2019)
- Gross profit £1.66m (v.£2.91m and £0.91m respectively)
- Adjusted EBITDA** £0.17m (versus £1.29m and £0.34m loss respectively)
- Cash of £1.9m at period end

Strategic initiatives progressing well:

- Sale of Byotrol24 in the Americas for gross cash of $1.4m over two years, plus three years of ongoing royalty and potentially significant extra payments to be made to Byotrol contingent on the purchaser's future revenues.
- Solvay continues with its global launch of Actizone 24 hours surface sanitiser and has now received US EPA approval for long-lasting germ kill claims. This is a highly significant step and opens up global supply opportunities for Solvay, from which Byotrol will benefit through its ongoing commission arrangements
- Nearing completion of the academic programme into the mode of action behind brown seaweed's potency as an antiviral technology. The potential for this technology continues to be exciting for the Group.

During the year we have been making substantial investment in the team, including:

- new leadership of the Professional sales, marketing and business development functions, with two key hires, both with considerable experience in our core markets
- imminent appointment for the first time of a full-time CFO to the Board.

Outlook

Whilst this pandemic is far from over, we find ourselves in a much better position than we were in late 2019. We have an increasingly integrated, profitable, IP-rich and cash generative business in a much expanded market with enhanced annualised growth. Accordingly, the Board remains highly confident in medium and long-term growth and, with the benefit of a stronger balance sheet and contractual cash flows from prior IP sales or licenses, is investing further in the team to deliver it, particularly at leadership level in sales and marketing.

After a challenging H1, particularly in hand hygiene products, sales in October and November have been ahead of the average for H1 and the order book is now building strongly, sitting currently at £850k versus an average of £300k in H1 and approximately £350k pre-Covid. Notably this demand includes a number of sizable orders from new customers in both the UK and overseas.

Market demand and gross margin, however, is likely to remain volatile in the short term and is subject to a potential negative impact of full and partial lockdowns on the demand for consumables. This is especially so at the current time with the current uncertainty introduced by the new Omicron variant of Covid.

Third party interest in our IP and related commercialisation remains strong, with a number of active client discussions under way. Such agreements can be profitable, but we cannot say with certainty which agreements will close and when. We anticipate our first material royalty income in the current financial year.

Whilst we expect to be both profitable and cash generative in the second half of the year, with these uncertainties it is difficult to predict the quantum at this juncture. At present we are expecting IP sales to offset the majority of the anticipated shortfall in profit on product sale, but projecting the timing of IP sales is even more uncertain, so we feel it prudent to now reduce market guidance for the current financial year. Regardless of the timing of our revenues and IP commercialisations over the next four months we remain very well positioned for future growth and are excited by the significant opportunities ahead of us.

Investor Presentation

David Traynor, CEO, and Nic Hellyer, CFO will provide a live presentation relating to these results via the Investor Meet Company platform on 8th Dec 2021 at 2:30pm GMT.

The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet BYOTROL PLC via:

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

Investors who already follow BYOTROL PLC on the Investor Meet Company platform will automatically be invited.

John Langlands, non-executive Chairman of Byotrol commented:

"*The Group remains substantially ahead of the pre-Covid period in sales and profits and we expect that performance to endure.*

The team is working hard to consolidate and increase the underlying growth, and also to address the short-term challenges in market conditions. We continue to see multiple opportunities for growth in the medium term and are investing confidently to deliver medium and long-term returns."

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This announcement is released by Byotrol Plc and, prior to publication, the information contained herein was deemed to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014. Such information is disclosed in accordance with the Company's obligations under Article 17 of MAR. The person who arranged for the release of this announcement on behalf of Byotrol Plc was Nic Hellyer, CFO.

* Comparative figures for H1 2020 restated for closure of US business

** Adjusted EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation and exceptional items, share-based payments, non-trading items such as profit or loss on disposal of assets, plus revenue recognised as interest under IFRS 15

Notes to editors

Byotrol plc (BYOT.L), quoted on AIM, is a specialist infection prevention and control company, operating globally in the Healthcare, Industrial, Food and Consumer sectors, providing low toxicity products with a broad-based and targeted efficacy across all microbial classes; bacteria, viruses (including coronavirus), fungi, moulds, mycobacteria and algae.

Byotrol's products can be used stand-alone or as ingredients within existing products, where they can significantly improve their performance, especially in personal hygiene, domestic and industrial disinfection, odour control, food production and food management.

Byotrol develops and commercialises technologies that create easier, safer and cleaner lives for everyone.

For more information, go to byotrol.co.uk

Chief Executive's report and financial review

The first six months of this financial year have followed the pattern expected by management since last year end, with improvement in all financial indicators compared to pre-Covid, but below the extraordinary results during the peak of the pandemic, and indeed a little below management expectations, particularly in product sales and especially in hand hygiene products.

Most market participants have been projecting sales growth in infection control at around 10% across the recent cycle (compared to the 5% normally quoted pre-Covid), which we have exceeded in our own results compared to the first half of our 2020 financial year, and low double digit earnings growth, which we have also exceeded substantially.

In line with our strategy, we continued to make progress on the IP side of our business. Larger customers look to us to provide them with future-proofed technologies with the correct regulatory support via licenses or outright sales. This is very solid business once secured, building a long-term cash flow stream, but it is also lumpy revenue-wise and can lead to volatile profitability. Pre pandemic we invested into increasing product sales via the acquisition of Medimark, but Covid has had the perverse effect of making that side of the business volatile too, at least as the current market conditions persist.

That said, we remain very confident in our positioning and in market recovery and have used the extra resources created during the previous financial year to invest in the business:

- in the team, especially in sales, marketing and business development. We have invested in new, market-proven leadership in 4 of the 6 operating board positions, including
  - 2 senior sales and marketing professionals with prior national leadership positions at Diversey and Gojo, and at Zoono respectively
  - a new, full-time CFO;
- in R&D, we have restructured our technical team to concentrate on innovation rather than testing, to take advantage of the myriad of new opportunities available to us, particularly in the fields of virology and sustainable and natural antimicrobial technologies; and
- in systems, especially in integrating the management, HR and supply chain systems of the Group

Many of these incremental costs have been offset through a restructuring in the period, which we estimate will result in an exceptional charge of c. £0.2m. Net of this, the investment will result in an increase of c.10% in annualised full year cash costs, which will start paying back in mid/late calendar 2022 as the resulting operational efficiencies feed through.

The new team is now working on a more focussed strategy, where we can get the best return for our sales and marketing spend. Byotrol has traditionally (and by necessity given its historical resource constraints) offered its technologies into many different market segments with many different commercials, sold on the basis of its outstanding product performance. This has kept the business growing satisfactorily, but we must now become masters in fewer, discrete segments, talking to clients knowledgably about their businesses and solving their problems where we can. This is a natural and correct evolution of the business and will not result in withdrawing from any current activities, but it will likely mean a shift in how we position ourselves publicly. It should also allow us to deliver a higher net margin as we develop a much more targeted and client focused approach.

Results by segment

Professional

H1 revenues decreased to £2.61m from £5.66m, including £0.75m of royalty and licensing revenue compared to £0.59m in the comparable period. Gross profit on product sales (excluding license revenue) decreased to £0.70m from £1.86m.

As reported in September the first half of the year has been a challenge for product sales due to unexpectedly extended lockdowns and office closures and by too much product in our markets chasing too little business consumption. Brexit has not helped either, increasing the amount of administration required to sell our product into the EU and the UK government decision to move away from much of the EU regulatory regime on chemicals. We are now, for instance, increasingly having to re-do regulatory approvals for the UK, based on a new, slightly different to expectations, regime. The good news is that supply chains seem to have stabilised now, and we are now finally starting to reap some benefits from combining the supply chain effort of Byotrol and Medimark.

Product mix remained broadly consistent with previous comparable periods, although hand hygiene sales have been some way behind expectations due to overstocking and heavy price discounting by alcohol-based hand sanitiser producers. Of the Professional segments, facilities management and environmental (laboratory supplies) has been much weaker than expected, but human and animal health has been steady, with the latter picking up rapidly as veterinary practices re-open.

Consumer

H1 revenues decreased to £0.56m from £0.98m, all of which were product sales. Gross profit on products decreased consequently to £0.20m from £0.45m.

Given the recent history of the Group, we remain substantially underinvested in consumer product sales and are now taking steps to address this, particularly as we see increasing sales of our anti-viral alcohol-free hand sanitiser sales into Boots. Recent new hires into the Byotrol leadership team should help here.

Intellectual Property Sales and Licensing

We continue to make progress in monetizing our IP. Of the current activities in place, the three most notable progressions are:

- Solvay has now launched Actizone globally, the long-lasting antimicrobial surface sanitiser that Byotrol co-developed and that will pay Byotrol an ongoing commission on all Solvay sales. We are aware of two global company clients of Solvay and two regional companies already launching 24 hour germ kill products into consumer and business markets and are still expecting to report our first sales-based income from this relationship in FY22. Very excitingly, we understand that Solvay has now achieved US EPA approval for long lasting germ kill sanitisers, thus opening up the important US domestic market; we anticipate sizeable demand from global customers seeking global supply chains.

- On 30 September we agreed to convert the existing US license agreement on Byotrol24 with Integrated Resources Inc (IRI) into a sale of the formulation in the Americas to IRI, with payments over 2 years. The agreement secured cash payments to Byotrol amounting to US$1.4m in total, with a residual royalty to Byotrol being paid over 3 years, which will ratchet-up further in the event of IRI re-selling the formulation within two years. Simultaneous with this sale, Byotrol entered into a preliminary three-way agreement with IRI and a significant US distribution company (“USCo”) to register with EPA and then sell the Formulation into US Professional markets. Should formal registration be achieved, sales by IRI to USCo will accrue further additional royalties to Byotrol.

- Our development programme looking into the anti-viral properties of brown seaweed is now confirming and formalising the extraordinary anti-viral properties seen in preliminary in-house testing. We are also now coming to a data-supported conclusion on the mode of action underlying the performance – which we believe will add value to the technology platform. The commercialization effort on seaweed has now commenced.

Balance sheet

Our balance sheet continues to be strong, with cash at the period end of £1.9m and a healthy balance of receivables from IP sales and licenses providing regular short and medium term cash flows. Our stock position, which was at a high point at the 2021 year end of £1.1m, has now reduced to a more normal £0.7m. Additions to capitalised development costs in the period reflect the Group's usual investment in regulatory and other IP as well as largely one-off expenditure on the Group's patent portfolio.

Outlook

As we expected mid-pandemic, sales are now settling at a significantly higher rate than pre-Covid. This underlying growth has been hidden slightly by unusually high overstocking, especially in hand sanitisers, one-off market factors such as Brexit and the resultant pricing pressures in the first half of the year, but this challenge does now seem to be unwinding and our order book has more than doubled since period end.

IP sales and activity remains very strong, and incoming levels of enquiry remain high.

We have been busy investing our resources in an upgraded team, with track records of developing new business streams and growing sales generally and this is leading to significantly higher annualised projected annual cost base compared to pre-Covid, before supporting spend on items such as market research and marketing. This is the right thing to do to maximise shareholder returns over the medium term and we are highly confident that payback will accrue in the new financial year, if not earlier. The long-term outlook for your company remains excellent.

David Traynor
Chief Executive

Group statement of comprehensive income

	Note	6 months to 30 September 2021 £'000 *(unaudited)*	6 months to 30 September 2020 £'000 *(unaudited, restated)*	Year to 31 March 2021 £'000 *(audited)*
Revenue	2	**3,173**	**6,657**	**11,214**
Cost of sales		(1,517)	(3,746)	(6,359)
Gross profit		**1,656**	**2,911**	**4,855**
Adjusted administrative expenses		(1,633)	(1,747)	(3,486)
Adjusted operating profit		**23**	**1,164**	**1,369**
Amortisation of acquisition-related intangibles		(121)	(121)	(243)
Share-based payments		(64)	(10)	(111)
Operating profit		**(162)**	**1,033**	**1,015**
Finance income	4	26	27	66
Finance expense	5	(5)	(18)	(44)
Profit/(loss) before taxation		**(141)**	**1,042**	**1,037**
Income tax credit/(expense)		23	48	(58)
Profit/(loss) for the year from continuing operations		**(118)**	**1,090**	**979**
Discontinued operations				
(Loss) for the period from discontinued operations		-	(83)	(98)
Profit/(loss) for the period		**(118)**	**1,007**	**881**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences		11	(29)	(98)
Other comprehensive income/(expense), net of tax		**11**	**(29)**	**(98)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(107)**	**978**	**783**
Total comprehensive income for the year arises from:				
- continuing operations		(107)	1,061	881
- discontinued operations		-	(83)	(98)
		(107)	**978**	**783**
Earnings per share – from continuing operations				
Attributable to the owners of Byotrol plc (basic)	6	(0.03)p	0.25p	0.22p
Attributable to the owners of Byotrol plc (diluted)	6	(0.03)p	0.24p	0.22p
Earnings per share – from discontinued operations				
Attributable to the owners of Byotrol plc (basic)		n/a	(0.02)p	(0.02)p
Attributable to the owners of Byotrol plc (diluted)		n/a	(0.02)p	(0.02)p
Earnings per share – from profit for the period				
Attributable to the owners of Byotrol plc (basic)		(0.03)p	0.23p	0.20p
Attributable to the owners of Byotrol plc (diluted)		(0.03)p	0.22p	0.19p

Group statement of financial position

	Note	As at 30 September 2021 £'000 *(unaudited)*	As at 30 September 2020 £'000 *(unaudited)*	As at 31 March 2021 £'000 *(audited)*
Assets				
Non-current assets				
Intangible assets	7	3,617	3,625	3,552
Tangible assets		80	57	84
Right-of-use assets	8	41	50	30
Deferred tax assets		315	431	315
Trade receivables		1,292	1,082	1,249
		5,345	**5,245**	**5,230**
Current assets				
Inventories		733	1,146	1,099
Trade and other receivables		1,772	2,073	1,614
Cash and cash equivalents		1,902	1,755	1,598
		4,407	**4,974**	**4,311**
Total assets		**9,752**	**10,219**	**9,541**
Liabilities				
Non-current liabilities				
Lease liabilities	9	16	16	4
Deferred tax liabilities		325	371	348
		341	**387**	**352**
Current liabilities				
Trade and other payables		1,027	1,671	1,023
Lease liabilities	9	26	33	26
		1,053	1,704	1,049
Total liabilities		**1,394**	**2,091**	**1,401**
NET ASSETS		**8,358**	**8,128**	**8,140**
Issued share capital and reserves				
Share capital		1,133	1,107	1,116
Share premium		434	28,493	190
Other reserves		739	1,864	728
Retained earnings		6,052	(23,336)	6,106
TOTAL EQUITY		**8,358**	**8,128**	**8,140**

Group statement of cash flows

	6 months to 30 September 2021 £'000 *(unaudited)*	6 months to 30 September 2020 £'000 *(unaudited, restated)*	Year to 31 March 2021 £'000 *(audited)*
Cash flows from operating activities			
Profit/(loss) for the period	(118)	1,007	881
Adjustments for:			
Finance income	(26)	(27)	(66)
Finance costs	5	18	44
Depreciation of tangible non-current assets	16	12	26
Amortisation of intangible non-current assets	190	203	426
Loss on disposal of assets	17	-	107
Income tax recognised in profit or loss	(23)	(48)	58
Share-based payments	64	10	111
Costs relating to Capital Reduction recognised in equity	-	-	(36)
Operating cash flows before movements in working capital	***125***	***1,175***	***1,551***
(Increase)/decrease in trade and other receivables	(185)	(315)	37
(Increase)/decrease in inventories	366	(860)	(814)
Increase/(decrease) in trade and other payables	29	580	(34)
Cash in/(out)flow from discontinued operations	-	(47)	(211)
Cash (used in)/generated from operating activities	***335***	***533***	***529***
Income tax refund received	-	25	25
Net cash (used in)/generated from operating activities	**335**	**558**	**554**
Cash flows from investing activities			
Development of intangible assets	(272)	(138)	(394)
Acquisition of property, plant and equipment	(12)	(14)	(55)
Net cash used in investing activities	**(284)**	**(152)**	**(449)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	261	-	205
Movement in invoice discounting facility	-	(296)	-
Repayments of principal on lease liabilities	(14)	(21)	(39)
Finance income	-	-	53
Finance costs	(4)	(18)	(42)
Interest expense on lease liabilities	(1)	(1)	(2)
Net cash (used in)/ generated by financing activities	**242**	**(336)**	**(121)**
Net (decrease)/increase in cash and cash equivalents	**293**	**70**	**(16)**
Net foreign exchange differences	11	(27)	(98)
Cash and equivalent at beginning of period	1,598	1,712	1,712
Cash and cash equivalents at end of period	**1,902**	**1,755**	**1,598**

Group statement of changes in equity

	Share capital	Share premium	Exchange reserve	Merger reserve	Retained profits	**Total**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Balance at 31 March 2020	**1,101**	**28,423**	**826**	**1,065**	**(24,353)**	**7,062**
Profit/(loss) after taxation for the period	-	-	-	-	1,007	1,007
Share-based payments	-	-	-	-	10	10
Other comprehensive income:						
Exchange differences	-	-	(27)	-	-	(27)
Transactions with owners:						
Shares issued for cash	6	70	-	-	-	76
Balance at 30 September 2020	**1,107**	**28,493**	**799**	**1,065**	**(23,336)**	**8,128**
(Loss) after taxation for the period	-	-	-	-	(126)	(126)
Other comprehensive income:						
Deferred tax on share-based payment transactions	-	-	-	-	15	15
Exchange differences	-	-	(71)	-	-	(71)
Share-based payments	-	-	-	-	101	101
Transactions with owners:						
Share-based payments	-	-	-	-	-	-
Deferred tax on share-based payment transactions	-	-	-	-	-	-
Shares issued for cash	9	120	-	-	-	129
Transactions with owners – capital reduction:						
Capitalisation of Merger reserve to B Ordinary Shares	1,065	-	-	(1,065)	-	-
Cancellation of B Ordinary Shares	(1,065)	-	-	-	1,065	-
Cancellation of Share Premium	-	(28,423)	-	-	28,423	-
Costs of Capital Reduction	-	-	-	-	(36)	(36)
Balance at 31 March 2021	**1,116**	**190**	**728**	**-**	**6,106**	**8,140**
Profit/(loss) after taxation for the period	-	-		-	(118)	(118)
Share-based payments	-	-		-	64	64
Other comprehensive income:						
Exchange differences	-	-	11	-	-	11
Transactions with owners:						
Shares issued for cash	17	244		-	-	261
Balance at 30 September 2021	**1,133**	**434**	**739**	**-**	**6,052**	**8,358**

Notes to the Group financial statements

1 Basis of preparation

The Group has prepared its interim financial statements for the 6 months ended 30 September 2021 (the “interim results”) in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as adopted by the European Union and also in accordance with the recognition and measurement principles of IFRS issued by the International Accounting Standards Board, but do not include all the disclosures that would otherwise be required. They have been prepared under the historical cost convention as modified to include the revaluation of certain non-current assets. The accounting policies adopted in the interim financial statements are consistent with those adopted in the Group's Annual Report and Financial Statements for the year ended 31 March 2021 and those which will be adopted in the preparation of the annual report for the year ending 31 March 2022.

As permitted, the interim results have been prepared in accordance with the AIM Rules of the London Stock Exchange and not in accordance with *IAS34 Interim Financial Reporting*. They do not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited.

Certain comparative amounts for the 6 months ended 30 September 2020 in the Group Statement of Comprehensive Income, Group Statement of Cash Flows and related notes have been reclassified or restated to achieve a more appropriate presentation as required by *IFRS 5: Non-current assets held for sale and discontinued operations*.

Going concern

The Directors have considered trading and cash flow forecasts prepared for the Group, and based on these are satisfied that the Group will continue to be able to meet its liabilities as they fall due for at least one year from the date of these results. On this basis, they consider it appropriate to have adopted the going concern basis in the preparation of the interim results, which were approved by the Board of Directors on 7 December 2021.

Comparative financial information

The comparative financial information presented herein for the year ended 31 March 2021 does not constitute full statutory accounts for that period. The statutory accounts for the year ended 31 March 2021 carried an unqualified Auditor’s Report, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2 Segmental analysis

Revenue and gross profit by segment

6 months ended 30 September 2021	Continuing operations		Discontinued operations	Total
	Professional	Consumer		
	£’000	£’000	£’000	£’000
Revenue				
Product sales	1,862	560	-	2,422

Royalty and licensing income	751	-	-	751
Total revenue	**2,613**	**560**	**-**	**3,173**
Gross profit				
Product sales	705	200	-	**905**
Royalty and licensing income	751	-	-	**751**
Total gross profit	**1,456**	**200**	**-**	**1,656**

6 months ended 30 September 2020	**Continuing operations**		**Discontinued operations**	**Total**
	Professional	**Consumer**		
	£'000	£'000	£'000	£'000
Revenue				
Product sales	5,067	981	16	6,064
Royalty and licensing income	591	18	-	609
Total revenue	**5,658**	**999**	**16**	**6,673**
Gross profit				
Product sales	1,856	446	**(15)**	2,287
Royalty and licensing income	591	18	-	609
Total gross profit	**2,447**	**464**	**(15)**	**2,896**

Revenue by geography

The Group recognises revenue in three geographical regions based on the location of customers, as follows:

6 months ended 30 September 2021	**Professional**	**Consumer**	**Total**
	£'000	**£'000**	**£'000**
United Kingdom	1,650	366	2,016
North America	751	-	751
Rest of World	212	194	406
Total revenue	**2,613**	**560**	**3,173**

6 months ended 30 September 2020	**Professional**	**Consumer**	**Total**
	£'000	**£'000**	**£'000**
United Kingdom	4,542	456	4,998
North America*	445	-	445
Rest of World	671	543	1,214
Total revenue	**5,658**	**999**	**6,657**

** this represents revenue other than that arising from discontinued operations*

Management makes no allocation of costs, assets or liabilities between these segments since all trading activities are operated as a single business unit.

License revenue and finance income

License contracts (and certain other contracts relating to the sale of IP) typically provide for fixed payments to be made by customers over a given term (typically between three and five years but which may extend longer). Under IFRS 15, in order to reflect the time value of money, such contracts are recognised as the capitalised value of the income stream plus notional interest accruing for the period on the credit deemed to be extended to the customer (on a reducing balance basis). For the 6 months to 30 September 2021 this figure amounts to license revenue of £0.75m and notional interest income of £26,000.

3 Non-GAAP profit measures and exceptional items

Reconciliation of operating profit to adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation):

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Operating profit/(loss)	**(162)**	**1,033**	**1,015**
Adjusted for:			
Amortisation and depreciation	221	215	491
EBITDA	**59**	**1,248**	**1,506**
Loss on disposal of assets	17	-	106
Revenue recognised as interest under IFRS 15	26	27	53
Expensed share-based payments	64	10	111
Adjusted EBITDA	**166**	**1,285**	**1,776**

The criterion for adjusting items in the calculation of adjusted EBITDA is operating income or expenses that are material and either (i) arise from an irregular and significant event or (ii) are such that the income/cost is recognised in a pattern that is unrelated to the resulting operational performance. Materiality is defined as an amount which, to a user, would influence decision-making based on, and understandability of, the financial statements. Adjustment for share-based payment expense is made because, once the cost has been calculated, the Directors cannot influence the share based payment charge incurred in subsequent years, and the value of the share option to the employee differs considerably in value and timing from the actual cash cost to the Group.

Exceptional items are treated as exceptional by reason of their size or nature and are excluded from the calculation of adjusted EBITDA (and adjusted earnings per ordinary share) to allow a better understanding of comparable year-on-year trading and thereby an assessment of the underlying trends in the Group's financial performance. These measures also provide consistency with the Group's internal management reporting.

Adjusted EPS

The calculation of adjusted EPS is shown in Note 6.

4 Finance income

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Interest receivable on interest-bearing deposits	-	-	13

Notional interest accruing on contracts with a significant financing component	26	27	53
Total finance income	**26**	**27**	**66**

5 Finance expense

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Interest and finance charges	4	17	42
Interest on lease liabilities under IFRS 16	1	1	2
Total finance expense	**5**	**18**	**44**

6 Earnings per share

The following sets out the earnings and share data used in the basic and diluted earnings per share computations:

Denominator for earnings per share ("EPS") calculations

Year to 31 March	**6 months to 30 September 2021**	**6 months to 30 September 2020**	**Year to 31 March 2021**
Weighted number of ordinary shares in issue	452,659,277	441,345,756	442,947,561
Effect of dilutive potential ordinary shares	3,342,894	9,665,218	11,338,201
	456,002,170	451,010,974	454,285,762

The Group has one category of potentially dilutive ordinary share, being those share options granted to employees where the exercise price (plus the remaining expected charge to profit under IFRS 2 per option) is less than the average price of the Company's ordinary shares during the period. The weighted average number of shares for the calculation of diluted earnings per share is computed using the treasury share method.

Numerator for EPS calculations

6 months to 30 September 2021	**Continuing operations** £'000	**Discontinued operations** £'000	**Total** £'000
Profit/(loss) attributable to ordinary equity holders of the Company (numerator for basic EPS calculation)	**(118)**	**-**	**(118)**
Adjusting items:			
- share-based payments	64	-	64
- amortisation of acquisition-related intangibles	121	-	121
- deferred tax credit arising from acquisition-related intangibles	(23)	-	(23)
Adjusted earnings attributable to owners of the Parent (numerator for adjusted EPS calculation)	**44**	**-**	**44**

6 months to 30 September 2020	Continuing operations	Discontinued operations	Total
	£'000	£'000	£'000
Profit/(loss) attributable to ordinary equity holders of the Company (numerator for basic earnings per share calculation)	**1,090**	**(83)**	**1,007**
Adjusting items:			
- share-based payments	10	-	10
- amortisation of acquisition-related intangibles	121	-	121
- deferred tax credit arising from acquisition-related intangibles	(23)	-	(23)
Adjusted earnings attributable to owners of the Parent	**1,198**	**(83)**	**1,115**

Year to 31 March 2021	Continuing operations	Discontinued operations	Total
	£'000	£'000	£'000
Profit/(loss) attributable to ordinary equity holders of the Company (numerator for basic earnings per share calculation)	**979**	**(98)**	**881**
Adjusting items:			
- share-based payments	111	-	111
- amortisation of acquisition-related intangibles	243	-	243
- deferred tax credit arising from acquisition-related intangibles	(47)	-	(47)
Adjusted earnings attributable to owners of the Parent	**1,286**	**(98)**	**1,188**

The criteria for inclusion of adjusting items in the calculation of adjusted EPS are the same as those relating to the calculation of adjusted EBITDA as set out in Note 3. Amortisation of acquisition-related intangibles (and the associated tax credit) relates to the amortisation of intangible assets in respect of customer relationships and brands which are recognised on a business combination and are non-cash in nature.

EPS – reported

	6 months to 30 September 2021 £'000	**6 months to 30 September 2020 * £'000**	**Year to 31 March 2021 * £'000**
Reported earnings per share attributable to shareholders			
- basic	(0.03)p	0.25p	0.22p
- diluted	(0.03)p	0.24p	0.22p

* Continuing operations only

EPS – adjusted

	6 months to 30 September 2021 £'000	**6 months to 30 September 2020 * £'000**	**Year to 31 March 2021 * £'000**
Adjusted earnings per share attributable to shareholders			
- basic	0.01p	0.27p	0.29p
- diluted	0.01p	0.27p	0.28p

* Continuing operations only

7 Intangible assets

Intangible assets comprise capitalised development costs, acquired software, customer relationships and goodwill.

	Goodwill	Other Intangible Assets	**Total**
	£'000	£'000	£'000
Cost			
At 1 April 2021	502	4,639	**5,141**
Additions	-	272	**272**
(Disposals)	-	(96)	**(96)**
At 30 September 2021	502	4,815	**5,317**
Amortisation or impairment			
At 1 April 2021	-	(1,589)	**(1,589)**
Charge for the period	-	(190)	**(190)**
Eliminated on disposal	-	79	**79**
At 30 September 2021	-	(1,700)	**(1,700)**
Net carrying amount			
At 30 September 2021	**502**	**3,115**	**3,617**
At 1 April 2021	502	3,050	**3,552**

Other Intangible Assets comprise:

	Customer Relationships	Brands	Development Costs	Patents and licenses	**Total**
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2021	1,861	567	1,535	676	**4,639**
Additions	-	-	178	94	**272**
(Disposals)	-	-	-	(96)	**(96)**
At 30 September 2021	1,861	567	1,713	674	**4,815**
Amortisation or impairment					
At 1 April 2021	(485)	(148)	(411)	(545)	**(1,589)**
Charge for the period	(93)	(28)	(53)	(16)	**(190)**
Eliminated on disposal	-	-	-	79	**79**
At 30 September 2021	(578)	(176)	(464)	(482)	**1,700**
Net carrying amount					
At 30 September 2021	**1,283**	**391**	**1,249**	**192**	**3,115**
At 1 April 2021	1,376	419	1,124	131	**3,050**

8 Right-of-use assets

Right-of-use assets comprise leases over office buildings and vehicles.

	Office buildings	Vehicles	**Total**
	£'000	£'000	£'000
Cost			
At 1 April 2021	103	47	**150**

Additions in the period	-	26	**26**
(Disposals) in the period	-	(47)	**(47)**
At 30 September 2021	103	26	**129**
Depreciation			
At 1 April 2021	(75)	(45)	**(120)**
Charge for the period	(13)	(2)	**(15)**
Eliminated on disposal	-	47	**47**
At 30 September 2021	(88)	-	**(88)**
Net carrying amount			
At 30 September 2021	**15**	**26**	**41**
At 1 April 2021	28	2	30

9 Lease liabilities

Lease liabilities comprise liabilities arising from the committed and expected payments on leases over office buildings and vehicles.

Amounts due in more than one year	Office equipment £'000	Vehicles £'000	**Total** £'000
At 1 April 2021	4	-	**4**
Liabilities taken on in the period	-	25	**25**
Transfers from long to short term liabilities	(4)	(9)	**(13)**
At 30 September 2021	**-**	**16**	**16**

Amounts due in less than one year	Office equipment £'000	Vehicles £'000	**Total** £'000
At 1 April 2021	24	2	**26**
Repayments of principal	(12)	(2)	**(14)**
Liabilities taken on in the period	-	26	**26**
Transfers from long to short term liabilities	4	(16)	**(12)**
At 30 September 2021	**16**	**10**	**26**

10 Post balance sheet events

There have been no events subsequent to the reporting date which would have a material impact on these interim financial results

[END]