02 December 2022

Mind Gym PLC

("Mind Gym", the "Group" or the "Company")

Half year results for the six months ended 30 September 2022

Significant H1 momentum driving growth

MindGym (AIM: MIND), the global provider of human capital and business improvement solutions, announces its half year results for the six months ended 30 September 2022.

Key Financials

	6 months to 30 Sept 2022 (H1 FY23)	6 months to 30 Sept 2021 (H1 FY22)	12 months to 31 Mar 2022 (FY22)	*Change (H1 FY23 v H1 FY22)*
Revenue	£26.8m	£24.1m	£48.7m	+11%
US Revenue	£16.7m	£13.9m	£29.0m	+20%
EMEA Revenue	£10.1m	£10.3m	£19.7m	-2%
Digitally enabled[1 2] revenue	£18.9m	£20.3m	£38.4m	-7%
Gross profit margin	87.5%	85.9%	87.1%	+1.6pps
Statutory profit/(loss) before tax	£0.6m	£17k	£(0.5m)	n/m
EBITDA	£1.9m	£0.7m	£1.2m	+271%
Diluted EPS	0.84p	(0.01p)	1.59p	n/m
Cash at bank	£4.5m	£12.0m	£10.0m	-62%
Capital Expenditure	£2.2m	£2.8m	£6.1m	-21%

[1]Digitally enabled revenue comprises revenue from our digital products and revenue from delivery of virtual sessions.
[2] Historic balances have been re-stated to include programme management and cancellation fees related to digitally enabled revenues. Virtual delivery revenues below have also been re-stated to include these fees

Overview – financial summary H1 FY23

- Results in line with management's expectations – H1 FY23 has seen growth on H1 FY22, in both constant and actual currency ('FX') rates, despite the economic uncertainty and exit from Omicron at the start of FY23. FX benefited revenue growth by circa +9%
- As anticipated, there was a switch back to in-person delivery after COVID, and this meant that Digitally-enabled revenues decreased 7% on prior year:
    - In-person deliveries grew from 4% in H1 FY22 to 15% of delivery revenue in H1 FY23. MindGym's business model can flex between in-person and Digital delivery as needed
    - Digitally-enabled revenues represented 71% of total revenue (H1 FY22: 84%)
    - On demand digital product revenues grew 3% to £2.8m (H1 FY22: £2.7m), representing 11% of total revenue (H1 FY22:11%)
- Repeat revenue[3] remained strong at 87% of Group revenue

- Gross margin increased by 1.6 percentage points from H1 FY22 to 87.5% due to the higher mix of Design and Advisory ('D&A') revenues where related costs are included within administrative expenses
- Staff costs have increased by 6% to £17.2m, largely reflecting wage inflation
- Profit before tax of £0.6m (H1 FY22: £17k) is in line with Board expectations. This includes an incremental £0.5m of amortisation related to Performa, which had not commenced in H1 FY22
- Cash balance at 30 September 2022 of £4.5m (31 March 2022: £10.0m). The movement includes:
    - £2.2m of capital investments
    - £1.6m decrease in trade and other payables, reflecting primarily the impact of bonus and commission timings
    - a £3.5m increase in trade and other receivables; we expect much of this receivables increase to unwind in H2 FY23, resulting in an improvement in cash conversion and cash position
- The Group retains a £10m debt facility (£6m RCF, £4m accordion) which matures after three years, providing additional flexibility if required. The facility remains undrawn as at 2 December 2022
- The Board continues to prioritise investment for growth in digital over the coming years, and therefore no interim dividend will be paid for the period ended 30 September 2022. Once the Board has greater clarity on the performance of its digital investments, and of the broader economic outlook, we will revisit our dividend policy

Overview – operational summary H1 FY23

New client framework agreements[4]

- Secured a number of significant framework agreements during H1 FY23, including our largest ever, with a global energy company, with revenues forecast to be in excess of £10m over the next 24 months
- Other framework agreements, each between £1m-£3m, are also expected to drive revenues in H2 FY23 and FY24

Accelerated innovation

- Continued strategy of investing in innovation to drive growth through market-leading research and products
- The Leadership Point of View ('POV') was launched at the end of FY22, with the related whitepaper launched in H1 FY23.
- Our new Wellbeing POV ('Wellworking') was launched during H1 FY23; the whitepaper will be published in Q4 FY23, when we also be launching five new Wellworking live and eWorkout products

  The 'Precision Coaching' whitepaper (MindGym's proprietary coaching methodology), is being launched in January 2023, and will drive interest in Performa, MindGym's digital 1:1 coaching SAAS platform.

Digital development

- Performa continues to receive positive early feedback
- Continued enhancements to the Performa platform user experience and the portfolio of c.100 eWorkouts
- Beta trials of the new Organisational Diagnostics solution start in H2 FY23 which covers culture, DEI, wellbeing and leadership

[3]*Repeat revenue is defined as revenue from clients that have purchased products and services in one or more of the previous three years.*

[4] *MindGym defines framework agreements as client projects, normally involving substantial levels of client investment over time. These often include separate, but related, stages of work. In most scenarios, the service provider will deliver all of the stages, but these are unlocked over the life of the framework.*

Current Trading & Outlook

- MindGym's outlook for the full year remains unchanged, despite the impact of economic headwinds, notably in the US
- Second half growth includes the benefit of the large corporate frameworks

Octavius Black, Chief Executive Officer of Mind Gym, said:

We are encouraged by our first half performance and the significant momentum going into the second half, as a result of securing our largest ever framework agreement. In a volatile economic environment with a tight labour market, MindGym is increasingly well placed as the 'go to' partner to address the talent challenges that all organisations struggle to resolve.

Our investment in innovation and digital continues to deliver. New publications on leadership, coaching and wellbeing will set the agenda and equip our clients to invest in ways that transform their business in half the time and for a fraction of the cost. Our development of the Performa platform will build momentum for our new 1:1 coaching service in FY24, and our new organisational diagnostics solution, currently in beta trials, which furthers our objective to be the primary strategic partner providing an end-to end service for our clients.

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About Mind Gym

Mind Gym is a company that delivers business improvement solutions using scalable, proprietary products which are based on behavioural science. The Group operates in three global markets: business transformation, human capital management and learning & development.

Mind Gym is quoted on the London Stock Exchange Alternative Investment Market (ticker: MIND) and headquartered in London. The business has offices in London, New York and Singapore.

Further information is available at www.themindgym.com

Half Yearly report

Business overview

Revenues in H1 FY23 increased 11% on H1 FY22, reflecting underlying growth and the benefit of currency (FX) tailwinds. Whilst the US grew at 20% in the period, EMEA revenues have declined by 2% although this reflects some EMEA managed sales which were delivered, and therefore reported, in the US. MindGym works with 64% of the FTSE 100 and 57% of the S&P100.

Repeat revenue remained robust at 87%, in line with FY22 full year, slightly down on H1 FY22 (92%). MindGym has won a number of significant framework agreements during H1 FY23, including its largest ever in respect of a global energy company, as well as a number of others each between £1m-£3m, which are expected to drive revenues in H2 FY23 and through FY24

Revenue from the Group's top 25 clients contributed 40% of revenue which is down from the 47% seen for the same period in FY22, reflecting a broadening of our client base.

Digitally-enabled revenue decreased 7% on prior year levels to £18.9m, (H1 FY22: £20.3m) to represent 71% of total revenue (H1 FY22: 84%), driven by the anticipated growth of in-person deliveries which grew from 4% in H1 FY22 to 15% of delivery revenue in H1 FY23. MindGym's business model can flex between in-person and Digital delivery as needed. Existing on demand digital product revenue grew by 3% to £2.8m (H1 FY22: £2.7m) to represent 11% of total revenue (H1 FY22: 11%).

We continue to invest for growth through accelerated innovation and digital development:

- Our investment since FY20 has increased the pace of our innovation. The Leadership POV has been successfully launched, and Wellbeing ("Wellworking") was launched in H1 FY23, with significant interest from our clients. The related whitepaper on Wellbeing ("Wellworking") and five new live products and eWorkouts on this PoV will be launched in Q4 FY23

- The 'Precision Coaching' whitepaper (MindGym's proprietary coaching methodology), which will drive interest in Performa, MindGym's digital 1:1 coaching SAAS platform, is being launched in January 2023

- Performa continues to receive positive early feedback and we anticipate momentum building over the next 12-24 months. We will also launch a new organisational diagnostics solution for culture, DEI, wellbeing and leadership, with Beta trials starting in H2 FY23; and enhancements to the eWorkouts solutions in the second half of this financial year

Financial Performance

Revenue in H1 FY23 increased 11% (2% on a constant currency basis) on H1 FY22 to £26.8m (H1 FY22: £24.1m):

- In EMEA, revenue decreased by 2% to £10.1m (H1 FY22: £10.3m), representing 38% of total revenue. EMEA revenues have been reduced by EMEA managed sales which were delivered, and therefore reported, in the US. Revenue from the top 25 clients decreased to 59% of regional revenue (H1 FY22: 66%), reflecting the broadening of the client base

- In the US, revenue increased by 20% (4% on a constant currency basis) to £16.7m (H1 FY22: £13.9m), representing 62% of total revenue. Revenue from the top 25 clients was broadly flat at 54% of regional revenue (H1 FY22: 55%)

Revenue from digital products in H1 FY23 was £2.8m (H1 FY22: £2.7m), representing 11% of total revenue (H1 FY22: 11%). Digitally-enabled revenue (including workouts delivered virtually) decreased by 7% to £18.9m

(H1 FY22: £20.3m), representing 71% of total revenue (H1 FY22: 84%), due to some switch back to in-person deliveries after COVID.

Gross profits margins at 87.5% are up 1.6 percentage points up on prior year. This largely reflects the growth of D&A work in the period, in part supporting the significant framework agreements that are being won; this will result in significant revenues over H2 FY23 and FY24. Whilst we have seen cost of sales increases driven by the increased share of in-person delivery, these are more than offset (in absolute terms) by the higher prices of in-person delivery.

Overheads of £22.7m in the period increased by 10% (H1 FY22: £20.6m), reflecting wage inflation and the carryover of headcount increases in FY22 with salary costs increasing 6% and average headcount increasing 2% to 324 (H1 FY22: 319). The price increases implemented in the year, coupled with operational efficiencies, have more than offset the wage inflation we have seen. Share based payments were £28k in the period (H1 FY22: £0.3m), impacted by the reversal of historic charges due to attrition. Awards to management, including relevant performance conditions, were granted in July 2022.

Profit before tax in the period was £0.6m (H1 FY22: £17k); this includes an incremental £0.5m of amortisation related to Performa, which had not commenced in H1 FY22.

Basic earnings per share in the period were 0.85 pence (H1 FY22: loss of -0.01 pence). Diluted earnings per share were 0.84 pence (H1 FY22: -0.01 pence).

The Group continued to invest in its new digital products with £2.1m (H1 FY22: £2.4m) capitalised during the period, which meets the definition of development costs under IAS 38, "Intangible assets". Total intangible assets were valued at £9.8m at 31 September 2022. A further £0.1m was capitalised in tangible assets in the period relating to IT equipment and office fixtures and fittings.

The balance sheet remains secure with no bank debt; cash at bank at 30 September was £4.5m, a reduction of £5.5m from the year-end balance at 31 March 2022 of £10.0m. This was due predominantly to £2.2m capital expenditure, a £1.6m decrease in trade and other payables related to the impact of bonus/commission timings, and a £3.5m increase in trade and other receivables; we expect much of this receivables increase to unwind in H2 FY23, resulting in an improvement in cash conversion and cash position. Overdue debt has reduced to 9% of trade debtors from 10% in H1 FY22.

The Group retains a £10m debt facility (£6m RCF, £4m accordion) which matures after three years, providing additional flexibility if required. The facility remains undrawn as at 2 December 2022.

Overall net assets increased by £1.7m to £21.3m in the six months to 30 September 2022.

Dividend

The Board continues to prioritise investment for growth over the coming years, and therefore no interim dividend will be paid for the period ended 30 September 2022. The dividend policy is reviewed annually.

Outlook

MindGym's outlook for the full year remains unchanged, despite the impact of economic headwinds, notably in the US.

Second half growth includes the benefit of large corporate frameworks.

Octavius Black
Chief Executive Officer

Dominic Neary
Chief Financial Officer

MIND GYM PLC CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months to 30 Sept 2022 (Unaudited) £'000	6 months to 30 Sept 2021 (Unaudited) £'000	Year to 31 March 2022 (Audited) £'000
Revenue	3	26,759	24,142	48,668
Cost of sales		(3,344)	(3,418)	(6,284)
Gross profit		23,415	20,724	42,384
Administrative expenses		(22,749)	(20,645)	(42,733)
Operating profit/(loss)		666	79	(349)
Finance income	5	27	9	19
Finance costs	5	(52)	(71)	(152)
Profit/(loss) before taxation		641	17	(482)
Tax on profit/(loss)	6	207	(30)	2,084
Profit/(loss) for the financial period from continuing operations attributable to owners of the parent		848	(13)	1,602
Items that may be reclassified subsequently to profit or loss				
Exchange translation differences on consolidation		785	63	192
Other comprehensive income for the period attributable to the owners of the parent		785	63	192
Total comprehensive income for the period attributable to the owners of the parent		1,633	50	1,794
Earnings per share (pence)				
Basic	7	0.85p	(0.01p)	1.60p
Diluted	7	0.84p	(0.01p)	1.59p

MIND GYM PLC CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2022 (Unaudited) £'000	30 September 2021 (Unaudited) £'000	31 March 2022 (Audited) £'000
Non-current assets				
Intangible assets	9	9,787	5,204	8,175
Property, plant and equipment		4,584	3,287	2,815
Deferred tax assets		3,084	472	2,846
Other receivables		257	212	217
		17,712	9,175	14,053
Current assets				
Inventories		35	-	7
Trade and other receivables	10	13,553	10,521	10,063
Current tax receivable		594	280	494
Cash and cash equivalents		4,507	11,972	10,021
		18,689	22,773	20,585
Total assets		36,401	31,948	34,638
Current liabilities				
Trade and other payables	11	11,123	11,250	12,729
Lease liability		1,151	1,106	856
Redeemable preference shares		50	50	50
Current tax payable		-	18	28
		12,324	12,424	13,663
Non-current liabilities				
Lease liability		2,761	1,614	1,349
Total liabilities		15,085	14,038	15,012
Net assets		21,316	17,910	19,626
Equity				
Share capital	13	1	1	1
Share premium		242	213	213
Share option reserve		597	603	608
Retained earnings		20,476	17,093	18,804
Equity attributable to owners of the parent Company		21,316	17,910	19,626

The Board of Directors approved these condensed interim financial statements on 1 December 2022.

MIND GYM PLC CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2021		**1**	**157**	**674**	**16,620**	**17,452**
Loss for the period		-	-	-	(13)	(13)
Other comprehensive income:						
Exchange translation differences on consolidation		-	-	-	63	63
Total comprehensive income for the period		**-**	**-**	**-**	**50**	**50**
Exercise of options		-	56	(407)	407	56
Credit to equity for share based payments	14	-	-	336	-	336
Tax relating to share-based payments		-	-	-	16	16
At 30 September 2021		**1**	**213**	**603**	**17,093**	**17,910**
Profit for the period		-	-	-	1,615	1,615
Other comprehensive income:						
Exchange translation differences on consolidation		-	-	-	129	129
Total comprehensive income for the period		**-**	**-**	**-**	**1,744**	**1,744**
Credit to equity for share based payments	14	-	-	5	-	5
Tax relating to share-based payments		-	-	-	(33)	(33)
At 31 March 2022		**1**	**213**	**608**	**18,804**	**19,626**
Profit for the period		-	-	-	848	848
Other comprehensive income:						
Exchange translation differences on consolidation		-	-	-	785	785
Total comprehensive income for the period					**1,633**	**1,633**
Exercise of options		-	29	(39)	39	29
Credit to equity for share based payments	14	-	-	28	-	28
At 30 September 2022		**1**	**242**	**597**	**20,476**	**21,316**

MIND GYM PLC CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months to 30 Sept 2022 (Unaudited) £'000	6 months to 30 Sept 2021 (Unaudited) £'000	Year to 31 March 2022 Audited) £'000
Cash flows from operating activities				
Profit/(loss) for the financial period		848	(13)	1,602
Adjustments for:				
Amortisation of intangible assets		508	34	325
Depreciation of tangible assets		713	591	1,252
Net finance costs		25	62	133
Taxation (credit)/charge		(207)	30	(2,084)
(Increase) in inventories		(28)	-	(7)
(Increase)/decrease in trade and other receivables		(3,489)	238	686
(Decrease) in payables and provisions		(1,606)	(2,525)	(1,084)
Share based payment charge	14	28	336	341
Cash generated from operations		(3,208)	(1,247)	1,164
Net tax (paid)		(128)	(329)	(812)
Net cash generated from operating activities		(3,336)	(1,576)	352
Cash flows from investing activities				
Purchase of intangible assets		(2,120)	(2,361)	(5,623)
Purchase of property, plant and equipment		(91)	(423)	(514)
Interest received		26	5	12
Net cash used in investing activities		(2,185)	(2,779)	(6,125)
Cash flows from financing activities				
Cash repayment of lease liabilities		(683)	(603)	(1,226)
Issuance of ordinary shares		29	56	56
Interest paid		-	-	(27)
Net cash used in financing activities		(654)	(547)	(1,197)
Net (decrease) in cash and cash equivalents		(6,175)	(4,902)	(6,970)
Cash and cash equivalents at beginning of period		10,021	16,833	16,833
Effect of foreign exchange rate changes		661	41	158
Cash and cash equivalents at the end of period		**4,507**	**11,972**	**10,021**
Cash and cash equivalents at the end of period comprise:				
Cash at bank and in hand		4,507	11,972	10,021

MIND GYM PLC NOTES TO THE GROUP FINANCIAL STATEMENTS

1. General information

Mind Gym plc ("the Company") is a public limited company incorporated in England & Wales and its ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange ("AIM"). The address of the registered office is 160 Kensington High Street, London W8 7RG. The group consists of Mind Gym plc and its subsidiaries, Mind Gym (USA) Inc., Mind Gym Performance (Asia) Pte. Ltd and Mind Gym (Canada) Inc. (together "the Group").

The principal activity of the Group is to apply behavioural science to transform the performance of companies and the lives of the people who work in them. The Group does this primarily through research, strategic advice, management and employee development, employee communication, and related services.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, including interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and with the Companies Act 2006 applicable to companies reporting under IFRS. The unaudited interim financial information does not constitute statutory accounts within the meaning of the Companies Act 2006. This interim report, which has neither been audited nor reviewed by independent auditors, was approved by the board of directors on 1 December 2022.

Statutory accounts for the year ended 31 March 2022 were approved by the Board of Directors on 9 June 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The interim financial statements have been prepared on a going concern basis under the historical cost convention.

The interim financial statements are presented in pounds sterling. All values are rounded to £1,000 except where otherwise indicated.

The accounting policies used in preparing the interim results are the same as those applied to the latest audited annual financial statements.

3. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the business. The chief operating decision maker has been identified as the Board. The Group has two operating segments: EMEA (comprising the United Kingdom and Singapore) and America (comprising the United States and Canada).

Both segments derive their revenue from a single business activity, the provision of human capital and business improvement solutions.

The Group's business is not highly seasonal and the Group's customer base is diversified with no individually significant customer.

Segment results for the 6 months ended 30 September 2022 (Unaudited)

Segment result

	EMEA	America	Total
	£'000	£'000	£'000
Revenue	10,078	16,681	26,759
Cost of sales	(1,285)	(2,059)	(3,344)
Administrative expenses	(11,639)	(11,110)	(22,749)
Profit before inter-segment charges	(2,846)	3,512	666
Inter-segment charges	3,260	(3,260)	-
Operating profit – segment result	414	252	666
Finance income			27
Finance costs			(52)
Profit before tax			641

The mix of revenue for the six months ended 30 September 2022 is set out below.

	EMEA	America	Group
Delivery	67.1%	64.7%	65.6%
Design	13.2%	14.8%	14.1%
Digital	11.6%	10.0%	10.7%
Licensing and certification	4.5%	6.7%	5.8%
Other	2.1%	2.4%	2.3%
Advisory	1.5%	1.4%	1.5%

Segment results for the 6 months ended 30 September 2021 (Unaudited)

Segment result

	EMEA £'000	America £'000	Total £'000
Revenue	10,255	13,887	24,142
Cost of sales	(1,459)	(1,959)	(3,418)
Administrative expenses	(11,541)	(9,104)	(20,645)
Profit before inter-segment charges	(2,745)	2,824	79
Inter-segment charges	1,785	(1,785)	-
Operating (loss)/profit – segment result	(960)	1,039	79
Finance income			9
Finance costs			(71)
Profit before tax			17

The mix of revenue for the six months ended 30 September 2021 is set out below.

	EMEA	America	Group
Delivery	64.6%	70.6%	68.1%
Design	11.2%	6.3%	8.3%
Digital	11.5%	11.3%	11.4%
Licensing and certification	4.4%	5.5%	5.0%
Other	6.4%	5.1%	5.7%
Advisory	1.9%	1.2%	1.5%

Segment results for the year ended 31 March 2022 (Audited)

Segment result

	EMEA £'000	America £'000	Total £'000
Revenue	19,715	28,953	48,668
Cost of sales	(2,572)	(3,712)	(6,284)
Administrative expenses	(23,705)	(19,028)	(42,733)
(Loss)/profit before inter-segment charges	(6,562)	6,213	(349)
Inter-segment charges	5,084	(5,084)	-
Operating (loss)/profit – segment result	(1,478)	1,129	(349)
Finance income			19
Finance costs			(152)
Loss before tax			(482)

The mix of revenue for the year ended 31 March 2022 is set out below.

	EMEA	America	Group
Delivery	60.2%	66.0%	63.7%
Design	13.4%	9.8%	11.2%
Digital	11.9%	10.7%	11.2%
Licensing and certification	5.8%	6.3%	6.0%
Other	6.8%	6.2%	6.5%
Advisory	1.9%	1.0%	1.4%

4. Employees

Staff costs were as follows:

	6 months to 30 Sept 2022 (Unaudited)	6 months to 30 Sept 2021 (Unaudited)	Year to 31 March 2022 (Audited)
	£'000	£'000	£'000
Wages and salaries	15,194	13,839	28,828
Social security costs	1,395	1,477	2,825
Pension costs – defined contribution plans	550	498	983
Share-based payments	28	336	341
	17,167	16,150	32,977

The average number of Group's employees by function was:

	6 months to 30 Sept 2022 (Unaudited)	6 months to 30 Sept 2021 (Unaudited)	Year to 31 March 2022 (Audited)
Delivery	208	190	196
Support	77	80	86
Digital	39	49	50
	324	319	332

The period end number of Group's employees by function was:

	6 months to 30 Sept 2022 (Unaudited)	6 months to 30 Sept 2021 (Unaudited)	Year to 31 March 2022 (Audited)
Delivery	212	194	206
Support	77	90	88
Digital	43	62	41
	332	346	335

5. Net finance costs

	6 months to 30 Sept 2022 (Unaudited)	6 months to 30 Sept 2021 (Unaudited)	Year to 31 March 2022 (Audited)
	£'000	£'000	£'000
Finance income			
Bank interest receivable	26	5	12
Finance lease income	1	4	7
Finance costs			
Bank interest payable	-	-	(27)
Lease interest (IFRS 16)	(52)	(71)	(125)
	(25)	(62)	(133)

6. Tax

The statutory tax credit of £207,000 (six months ended 30 September 2021: charge of £30,000; year ended 31 March 2022: credit of £2,084,000) represents an effective tax rate on profit before tax of -32% (six months ended 30 September 2021: 176.5%; year ended 31 March 2022: 432.4%).

7. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year. The Company has potentially dilutive shares in respect of the share-based payment plans (see Note 14).

	30 Sept 2022 (Unaudited)	**30 Sept 2021 (Unaudited)**	**31 March 2022 (Audited)**
Weighted average number of shares in issue	100,119,558	99,914,842	100,009,727
Potentially dilutive shares (weighted average) *	1,059,821	-	442,548
Fully diluted number of shares (weighted average)	101,179,379	99,914,842	100,452,275

*For 30 September 2021 dilutive potential ordinary shares have no effect on the calculation of diluted EPS as their conversion into ordinary shares cannot increase the loss per share.

	6 months to 30 Sept 2022 (Unaudited) pence	**6 months to 30 Sept 2021 (Unaudited) pence**	**Year to 31 March 2022 (Audited) pence**
Basic earnings per share	0.85	(0.01)	1.60
Diluted earnings per share	0.84	(0.01)	1.59

8. Dividends

The Board did not propose a final dividend for the year ended 31 March 2022. No interim dividend is proposed for the period to 30 September 2022.

9. Intangible assets

	Patents	**Development costs**	**Total**
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2022	63	10,384	10,447
Additions	-	2,120	2,120
At 30 September 2022	63	12,504	12,567
Amortisation			
At 1 April 2022	63	2,209	2,272
Amortisation charge	-	508	508
At 30 September 2022	63	2,717	2,780
Net book value			
At 31 March 2022	-	8,175	8,175
At 30 September 2022	-	9,787	9,787

Development cost additions in the six months ended 30 September 2022 includes software development costs directly incurred in the creation of new digital assets.

10. Trade and other receivables

	30 Sept 2022 (Unaudited) £'000	30 Sept 2021 (Unaudited) £'000	31 March 2022 (Audited) £'000
Trade receivables	10,657	8,455	7,999
Less provision for impairment	(259)	(227)	(212)
Net trade receivables	10,398	8,228	7,787
Net investment in sub-lease	-	169	81
Other receivables	202	159	82
Prepayments	1,074	870	1,170
Accrued income	1,879	1,095	943
	13,553	10,521	10,063

Non-current assets includes £257,000 (30 September 2021: £212,000; 31 March 2022: £217,000) of prepayments in respect of property deposits.

Trade receivables have been aged with respect to the payment terms as follows:

	30 Sept 2022 (Unaudited) £'000	30 Sept 2021 (Unaudited) £'000	31 March 2022 (Audited) £'000
Not past due	9,311	7,650	7,274
Past due 0-30 days	693	533	401
Past due 31-60 days	216	121	109
Past due 61-90 days	344	146	25
Past due more than 90 days	92	5	190
	10,656	8,455	7,999

11. Trade and other payables

	30 Sept 2022 (Unaudited) £'000	30 Sept 2021 (Unaudited) £'000	31 March 2022 (Audited) £'000
Trade payables	1,019	1,199	1,401
Other taxation and social security	829	733	663
Other payables	623	598	690
Accruals	4,248	4,734	5,257
Deferred income	4,404	3,986	4,718
	11,123	11,250	12,729

12. Borrowings

The Group entered into a £10 million debt facility (£6m RCF, £4m accordion) on 30 September 2021 which matures after 3 years. The facility remains undrawn as at 2 December 2022.

13. Share capital

	30 Sept 2022 Number	30 Sept 2022 Cost £'000	30 Sept 2021 Number	30 Sept 2021 Cost £'000	31 March 2022 Number	31 March 2022 Cost £'000
Ordinary shares of £0.0001 At 1 April	100,105,660	1	99,791,784	1	99,791,784	1
Issue of shares to satisfy options	61,924	-	313,876	-	313,876	-
Ordinary shares of £0.00001 at period end	100,167,584	1	100,105,660	1	100,105,660	1

14. Share based payments

The Group awards options to selected employees under a Long-Term Incentive Share Option Plan ("LTIP"). The options granted to date vest subject only to remaining employed up to the vesting date. Unexercised options do not entitle the holder to dividends or to voting rights. The awards granted during the six months to 30 September 2021 are subject to performance conditions based on revenue, adjusted earnings per share and total shareholder return.

The awards granted in the six months to 30 September 2022 are subject to performance conditions based on revenues and EBITDA. Some awards granted during this time period are time bound only.

On the 30th September 2019 the Group launched an annual Save As You Earn Scheme and an Employee Share Purchase Plan for all eligible employees in the UK and USA respectively.

The total share-based payments expense was:

	6 months to 30 Sept 2022 (Unaudited) £'000	6 months to 30 Sept 2021 (Unaudited) £'000	Year to 31 March 2022 (Audited) £'000
Equity settled share-based payments	28	336	341