

26 September 2023

Cambridge Cognition Holdings plc

("Cambridge Cognition", the "Company" or the "Group")

Interim Results for the six months ended 30 June 2023

Cambridge Cognition Holdings plc (AIM: COG), which develops and markets digital solutions to assess brain health, announces its unaudited interim results for the six months ended 30 June 2023.

The Company is positioned to grow revenues and move into profitability, having grown the contracted order book, integrated two acquired businesses and reduced operating costs. Against a challenging market backdrop, revenues in the first half were maintained year-on-year and the contracted order book increased by 13% from 31 December 2022.

Financial highlights

- Increase in contracted order book to £19.9 million (31 December 2022: £17.6 million)
- Revenues of £6.0 million (H1 2022: £5.9 million)
- Adjusted operating loss, reflecting business acquisitions, of £2.1 million (H1 2022: £0.1 million profit)
- Cash balances of £1.9 million as at 30 June 2023 (31 December 2022: £8.3 million)

Operational highlights

- Acquired Winterlight Labs Inc ("Winterlight") early in 2023 following the acquisition of eClinicalHealth Limited ("Clinpal") in late 2022
- Integration of acquired businesses resulted in cost reductions that will realise annualised savings of £1.5 million
- Strengthened the team with the addition of industry leaders from Winterlight and Clinpal
- Delivered on product development goals, including integration of the CANTAB™, Winterlight and Clinpal solutions

Subsequent events

• The Company is announcing today a £3.0 million secured term loan to provide the Group with additional working capital and support continued investment in product development and solution integration

Commenting on the results, Matthew Stork, Chief Executive Officer of Cambridge Cognition, said: "We have made considerable progress over the first half of the year, both commercially and with the integration of our expanded technology platforms following the Winterlight and Clinpal acquisitions. Having grown the order book and maintained revenues in a challenging clinical trials market, we expect to report renewed revenue growth and movement towards sustainable profitability in our full year results."

Investor webinar

Cambridge Cognition's management will be hosting an online presentation and Q&A session at 5.30 p.m. BST on Wednesday 27 September 2023. This session is open to all existing and prospective shareholders. Those wishing to attend should email cog@investor-focus.co.uk and they will be provided with log in details.

Participants will have the opportunity to submit questions during the session, but questions are welcomed in advance and may be sent to cog@investor-focus.co.uk.

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

In the first half of 2023, the Company delivered an operational and financial performance in line with the board's expectations. The market outlook has improved and the contracted order book increased significantly, from £17.6 million at the end of December 2022 to £19.9 million at the end of June 2023.

Orders received in the first half of 2023 totalled £6.3 million, 5% ahead of the £6.0 million of orders taken in the second half of 2022. These orders included two sizeable contract awards: the first for two pivotal trials involving patients with a rare disease affecting the Central Nervous System ("CNS") and the second with a major pharmaceutical client to provide cognitive assessments for a cancer therapy trial, one of the broader applications of our offering beyond typical CNS disorders.

Trading conditions continued to be difficult in the first half of 2023, with some drug development companies cutting costs and others delaying clinical trials. Some companies providing solutions and services for clinical trials have reported declining performance in the period. While we increased the value of contracted orders from half-to-half, we did see some delays to contract awards that we anticipate will close in the second half of 2023 or in 2024.

We implemented our plan to market combined Cambridge Cognition, Winterlight and Clinpal solutions during the first half of 2023. Despite the challenging market conditions, orders of Winterlight solutions are tracking in line with the prior year and have the potential to outperform now that we are able to combine solutions. As expected, sales of Clinpal were modest in the first six months of the year due to a limited pipeline of opportunities at the time of the acquisition and the entire team had an operational focus on developing new Clinpal modules for a luminary project. We are now seeing the Clinpal pipeline grow as we expand integrated commercial activities, particularly leveraging the luminary project and cross-selling to Cambridge Cognition's existing customers.

Revenues in the first half were consistent with the comparable period last year. Gross margins increased in the period by nearly three percentage points. At the same time as delivering against our operating plan, we realised synergies from the acquisitions towards the end of the first half and enter the second half with considerably lower operating costs.

We expect the trading environment to improve, having seen considerable engagement from major pharmaceutical companies across multiple CNS disorders in recent months. There is a growing number of new therapeutic approaches being investigated for Alzheimer's disease, Parkinson's disease and Schizophrenia amongst others and the approval of lecanemab for Alzheimer's disease has invigorated that field. Our sales activity levels indicate that many major pharmaceutical companies have completed any reorganisations prompted by the economic environment and are now progressing with normal clinical trial activities. However, the funding environment for biotech companies remains challenging and may not improve in 2023.

With a contracted order book approaching £20 million and a healthy pipeline of opportunities, we anticipate revenue growth in the second half of 2023 and the full year revenue being in line with analysts' consensus expectations of approximately £14 million. We expect to make a major step towards profitability in the second half of 2023.

Financial results

The Company delivered a financial performance in line with expectations for the first half of 2023 with growth in orders, revenues in line with the comparable period in the previous year and a loss before tax that reflected the costs associated with the two acquired businesses pre-integration. The contracted order book continues to grow and is at £19.9 million at 30 June 2023.

This contracted order book continues to give us good visibility over future revenues as a large proportion of our contracts are for clinical trials, which can run over long periods and often commence three to six months after signing of the contract.

Revenue recognised in the period split by type was as follows:

	H1 2023 £million	H1 2022 £million	Movement £million	Movement %
Software	2.8	2.3	0.5	22%
Services	2.9	3.1	(0.2)	-6%
Total Software & Services	5.7	5.4	0.3	6%
Hardware	0.3	0.5	(0.2)	-40%
Total Revenue	6.0	5.9	0.1	2%

Software revenue grew by 22% as expected with the delivery of contracted clinical trials as software revenue is recognised over the course of the contract once the product is in use and assessments are used. Services are recognised from the start of the study and throughout the contract with data management and study support services being recognised consistently. Hardware is procured from third parties to support specific projects and is a small part of the Group's revenue. The Company also recognised £0.2 million of grant income.

In 2022, we changed our accounting policy for costs of sales to include pay costs directly related to revenue and have therefore restated the 2022 interim results. The impact on the current period was to include £0.4 million (H1 2022: £0.2 million) of pay costs in cost of sales that would have been in administrative expenses under the previous accounting policy.

Gross profit rose by £0.3 million to £4.8 million (H1 2022: £4.5 million) and gross margin increasing to 78.8% (H1 2022: 75.9%). This improvement resulted from increased sales of software licenses and less hardware and licensed-in products in the period.

Administrative expenses as a category includes all sales and marketing, product development and scientific support, research and development and general corporate costs. The year-on-year total of £7.5 million was £3.0 million higher than the comparable period in 2022 due to the costs of the acquired businesses, investment in new products and increased sales and marketing costs. During the first half of 2023, we took action to realise synergies, improve efficiencies, and reduce costs. We froze planned recruitment while we integrated the new businesses and reorganised the overall operations of the enlarged business. During the reported period we reduced headcount by approximately 25% across the group, which delivered annualised savings of £1.5 million. The reorganisation was completed before the end of the half year and the associated costs of £0.3 million is reported in non-recurring items. The full benefits of this restructuring will be realised from early in the second half 2023.

The loss before tax was in line with the board's expectations and, with the integration of acquisitions now complete, we expect to move closer to profitability during the second half of 2023. The basic and diluted loss per share were 9.6p (H1 2022: 0.1p profit on a basic and diluted basis). We have presented a non-GAAP measure of adjusted operating loss to enable year to year comparison of results, which excludes non-recurring items associated with the acquisitions and restructuring, non-cash charges associated with acquisitions and share-based payment charges, as follows:

	H1 2023 £million	H1 2022 £million
Operating (loss)/profit	(3.42)	0.02
Amortisation of acquired intangibles	0.28	0.00
Share based payment charges	0.14	0.04
Non-recurring items	0.94	0.00
Adjusted operating (loss)/profit	(2.06)	0.06

Cash reduced from £8.3 million to £1.9 million over the period. Net cash outflow from operations was £3.5 million (H1 2021: £1.7 million inflow) reflecting the impact from the inclusion of the two acquisitions that we anticipated would use cash resources during the first half of 2023. The cash spent directly on acquisitions included £3.0 million of cash consideration for the acquisition of Winterlight (in line with the anticipated payments being reported at the time of the acquisitions) as well as £0.5 million of acquisition related expenses.

Operational Review

During the first half of 2023 we made significant progress against our strategic growth priorities set out in the annual report:

Driving sales of existing products and winning a greater volume of clinical trial work for our broader portfolio. We have reorganised our commercial team and focused on cross-selling solutions to a broader customerbase. With this focus, we have extended our reach to major pharmaceutical companies and are currently engaging in discussions with many of the top global pharmaceutical businesses.

Evaluating partnerships with high-impact organisations in the sector. We are executing our strategy and are discussing possible partnerships with clinical research organisations and major pharmaceutical companies.

Investing in innovation to maintain our market position and complete the development of our offering. We achieved planned product milestones in the first half of the year, including:

- Integration of the CANTAB™, Winterlight and Clinpal solutions
- Completed development and launch of Clinpal for the 600-patient grant-funded Trials@Home study
- · Developed the Winterlight automated quality assurance solution and pre-sold it into a live opportunity
- Finished migration to AWS with services now in North America, Europe and Asia to provide greater coverage

Realising synergies from the acquisitions. We have completed the organisational integration of Cambridge Cognition, Winterlight and Clinpal. We are pleased to have welcomed outstanding individuals from both businesses and are seeing the benefits of one combined organisational structure.

Outlook

We have seen a renewed level of engagement from major pharmaceutical companies with a high degree of interest in digital cognitive assessments. We expect a further improvement in market conditions as interest rates drop and investment in the sector flows more freely.

The Company can look forward to a new growth phase built on the strength of a growing contracted order book and an expanding pipeline of opportunities. This is supported by the recent contract wins, luminary trials using our solutions and encouraging partnership activities. We entered the second half of 2023 with an efficient operating structure and sustainable cost base that is representative of the stage of the Company. With well-managed costs, we anticipate progress towards profitability in the second half of 2023 and to be profitable in 2024.

Cambridge Cognition will benefit from a wider portfolio and increased investment in the sector in the near-term. We are well positioned for further growth in the sizeable market of clinical trials for central nervous system disorders.

Matthew Stork Chief Executive Officer 26 September 2023

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT For the six months ended 30 June 2023

		6 months to 30 June 2023	6 months to 30 June 2022	Year to 31 December 2022
		Unaudited	Unaudited	Audited
			(Restated1)	
	Note	£′000	£′000	£′000
Revenue	5	6,039	5,879	12,613
Cost of sales		(1,281)	(1,414)	(3,291)
Gross profit		4,758	4,465	9,322
Administrative expenses excluding non- recurring items		(7,465)	(4,451)	(9,616)
Administrative expenses – non-recurring items	6	(940)	-	(479)
Total administrative expenses		(8,405)	(4,451)	(10,095)
Other operating income		230	2	156
Operating (loss)/profit		(3,417)	16	(617)
Adjusted operating (loss)/profit		(2,060)	63	68
Adjusting items ²	6	(1,357)	(47)	(685)
Operating (loss)/profit		(3,417)	16	(617)
Interest receivable		6	-	9
Finance costs		(6)	-	(16)
(Loss)/profit before tax		(3,417)	16	(624)
Tax credit		106	-	215
(Loss)/profit for the period		(3,311)	16	(409)
Other comprehensive (loss)/income Other comprehensive income - items that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign	е	41	(509)	(302)
operations Total comprehensive (loss)/income for the period		(3,270)	(493)	(711)
(Loss)/earnings per share (pence)				
Basic	7	(9.6)	0.1	(1.3)

All amounts are attributable to equity holders in the parent.

The above results relate to continuing operations.

See note 3.
 Adjusting items comprise amortisation of acquisition related intangible assets of £282,000 (H1 2022: £nil, 2022: £32,000), non-recurring items of £940,000 (H1 2022: £11, 2022: £479,000) and share-based payments of £135,000 (H1 2022: £47,000, 2022: £174,000). See note 6 for further details on non-recurring items and note 9 for intangible assets.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 30 June 2023

		At 30 June 2023	At 30 June 2022	At 31 December 2022
		Unaudited	Unaudited	Audited
		£′000	£′000	£′000
Assets				
Non-current assets			270	
Intangible assets	9	8,086	370	1,421
Property, plant and equipment		177	77	188
Investments		49	49	49
Total non-current assets		8,312	496	1,658
Current assets				
Inventories		244	255	216
Trade and other receivables		3,698	5,443	4,680
Current tax receivable		138	168	231
Cash and cash equivalents		1,891	8,561	8,322
Total current assets		5,971	14,427	13,449
Total assets		14,283	14,923	15,107
Liabilities				
Current liabilities				
Trade and other payables		3,127	2,623	2,718
Deferred income on contracts with customers		10,158	12,113	12,294
Total liabilities		13,285	14,736	15,012
Equity				
Share capital	10	349	312	312
Share premium account		15,152	11,151	11,151
Other reserves		5,864	5,616	5,823
Own shares		(71)	(78)	(71)
Retained earnings		(20,296)	(16,814)	(17,120)
Total equity		998	187	95
Total liabilities and equity		14,283	14,923	15,107

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Other reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
At 1 January 2022 (audited)	312	11,151	6,125	(78)	(16,878)	632
Profit for the period	-	-	-	-	16	16
Other comprehensive expense	-	-	(509)	-	-	(509)
Total comprehensive (loss)/income for the period	-	-	(509)	-	16	(493)
Credit to equity for share- based payments	-	-	-	-	48	48
Transactions with owners	-	-	-	-	48	48
At 30 June 2022 (unaudited)	312	11,151	5,616	(78)	(16,814)	187
Loss for the period	-	-	-	-	(425)	(425)
Other comprehensive income	-	-	207	-	-	207
Total comprehensive income/(loss) for the period	-	-	207	-	(425)	(218)
Transfer of own shares	-	-	-	7	(7)	-
Credit to equity for share- based payments	-	-	-	-	126	126
Transactions with owners	-	-	-	7	119	126
At 31 December 2022 (audited)	312	11,151	5,823	(71)	(17,120)	95
Loss for the period	-	-	-	-	(3,311)	(3,311)
Other comprehensive income	-	-	41	-	-	41
Total comprehensive income/ (loss) for the period	-	-	41	-	(3,311)	(3,270)
Issue of new shares in relation to business combination	34	3,966	-	-	-	4,000
Issue of new shares in relation to exercise of employee share options	3	35	-	-	-	38
Credit to equity for share- based payments	-	-	-	-	135	135
Transactions with owners	37	4,001	-	-	135	4,173
At 30 June 2023 (unaudited)	349	15,152	5,864	(71)	(20,296)	998

CONSOLIDATED STATEMENT OF CASH FLOWS For the 6 months ended 30 June 2023

		6 months to 30 June 2023	6 months to 30 June 2022	Year to 31 December 2022
		Unaudited	Unaudited	Audited
	Note	£′000	£′000	£′000
Net cash flows (used in)/generated from operating activities	11	(3,499)	1,679	1,668
Investing activities				
Acquisition of subsidiary, net of cash acquired		(3,002)	-	-
Interest received		6	2	9
Purchase of property, plant and equipment		(31)	(43)	(189)
Net cash flow (used in) investing activities		(3,027)	(41)	(180)
Financing activities				
Proceeds from exercise of share options		38	-	1
Repayment of borrowings		-	-	(133)
Net cash flows generated from/(used in) financing activities		38	-	(132)
Net (decrease)/increase in cash and cash equivalents		(6,488)	1,638	1,356
Cash and cash equivalents at start of period		8,322	6,810	6,810
Exchange differences on cash and cash equivalents		57	113	156
Cash and cash equivalents at end of period		1,891	8,561	8,322

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General information

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the Group') develops and markets digital solutions to assess brain health for sale worldwide, principally in the UK, the US and Europe.

The Company is a public limited company listed on the Alternative Investment Market ('AIM') of the London Stock Exchange (symbol: COG) and is incorporated and domiciled in the UK. The address of its registered office is Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU.

The condensed consolidated interim financial statements were approved by the Board of Directors for issue on 26 September 2023. The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

Statutory accounts of the Group for the year ended 31 December 2022 were approved by the Board of Directors on 2 May 2023 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 condensed consolidated interim financial statements together with the comparative information for the six months ended 30 June 2022 have not been audited.

2. Basis of preparation

Going concern basis

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. Whilst having proper regard to the continuing uncertainties brought by the pandemic, the Directors believe that the Group will remain a going concern for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Accounting policies

As explained in note 4 of the Group's 2022 Annual Report, the Group reassessed its accounting policies to include staff and related costs relating to the delivery of certain services within cost of sales. The results for the six months to 30 June 2022 have been restated to reflect an increase in cost of sales of £222,000 with a corresponding decrease in administrative expenses. The overall operating profit for the period remains unchanged.

The Group has also separately presented Deferred income on contracts with customers on the balance sheet for the first time. For comparative periods, this was included within Trade and other payables. Total liabilities and Total current liabilities remain unchanged.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, with the exception of the two items noted below.

Non-GAAP measures

The Group now presents Adjusted operating profit/loss on the face of the consolidated income statement, where it is reconciled to profit from operations. A non-GAAP measure of profit was not previously presented. Consequently, this measure has also been presented for previous periods within these interim financial statements for the first time. The Directors believe that this alternative measure of profit provides a reliable and consistent measure of the Group's underlying performance. Adjusted operating profit/loss is defined as operating loss/profit before:

- non-recurring items;
- amortisation of acquisition related intangible assets; and
- share-based payment charge.

Non-recurring items are identified by virtue of either their size or their nature. These items may include, but are not restricted to:

- fees associated with business combinations and integrations of acquired businesses;
- costs of significant restructuring exercises; and
- material impairments.

Further details of non-recurring items are provided in note 6.

Non-GAAP measures are not defined within International Financial Reporting Standards ('IFRS') and therefore may not be comparable with similarly titled measure of other companies. They are not intended to be a substitute for, nor superior to, GAAP measures.

Intangible assets - amortisation

As part of the acquisition of Winterlight Labs Inc in January 2023, the Group recognised intangible assets relating to:

- Goodwill;
- Technology based assets;
- Marketing based assets; and
- · Customer based assets.

The Group previously did not hold marketing or customer based intangible assets. The estimated useful lives of these intangible assets are as follows:

- Marketing based assets: straight line over 15 years
- Customer based assets: straight line over 7-10 years

The remainder of the Group's intangible asset policy is unchanged.

4. Critical accounting judgements and key sources of estimation uncertainty

There have been no changes to the Group's significant judgements and estimates since the year ended 31 December 2022.

5. Segmental information

The analysis of revenue by product type is as follows:

	6 months to 30 June 2023 £'000	6 months to 30 June 2022 £'000	Year to 31 December 2022 £'000
Software	2,872	2,240	5,027
Services	2,891	3,096	6,528
Hardware	276	543	1,058
	6,039	5,879	12,613

6. Non-recurring items

	6 months to 30 June 2023 £'000	6 months to 30 June 2022 £'000	Year to 31 December 2022 £'000
Acquisition and integration of Clinpal	214	-	236
Acquisition and integration of Winterlight Labs Inc	459	-	243
Restructuring	267	-	-
	940	-	479

Non-recurring items are included on the consolidated income statement within Administrative expenses – non-recurring items.

Acquisition and integration of eClinicalHealth Limited ('Clinpal')

The Group acquired Clinpal in October 2022. See note 14 of the Group's 2022 Annual Report. Costs in the year ended 31 December 2022 related to adviser fees. Costs in the six months to 30 June 2023 included movements in deferred consideration, retention awards for key staff, and onerous lease provisions and fixed asset impairment relating to Clinpal's office. Future expense within this category will primarily relate to movements in the deferred consideration and retention awards. They are anticipated to continue into the year ended 31 December 2024.

Acquisition and integration of Winterlight Labs Inc ('Winterlight')

The Group acquired Winterlight Labs Inc in January 2023. See note 8 below. Costs in the year ended 31 December 2022 related to adviser fees. Costs in the six months to 30 June 2023 primarily included retention awards for key staff and adviser fees. These are anticipated to continue until July 2024.

Restructuring

The Group completed a significant, multi-department restructuring exercise in the six months to 30 June 2023. See Chief Executive Officer's Review above for further details. No further expense is anticipated.

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7. Earnings per share

purposes of diluted EPS

Calculation of profit per share is based on the following profit and numbers of shares:

	6 months to 30 June 2023 £'000	6 months to 30 June 2022 £'000	Year to 31 December 2022 £'000
(Loss)/earnings			
(Loss)/earnings for the purposes of basic and diluted (loss)/earnings per share being net (loss)/profit attributable to owners of the Company	(3,311)	16	(409)
	6 months to 30 June 2023	6 months to 30 June 2022	Year to 31 December 2022
	000′	000′	,000
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS	34,347	31,097	31,170
Effect of dilutive share options ¹		2,154	_
Weighted average number of ordinary shares for the	34,347	33,251	31,170

^{1.} The effect of share options are anti-dilutive in the six months ended 30 June 2023 and the year ended 31 December 2022 due to the Group recognising a net loss for the period. They are therefore excluded from the diluted earnings per share calculation.

	6 months to 30 June 2023	6 months to 30 June 2022	Year to 31 December 2022
	Pence	Pence	Pence
(Loss)/earnings per share			
Basic	(9.6)	0.1	(1.3)
Diluted	(9.6)	0.1	(1.3)

The basic weighted average number of shares excludes shares held by an Employee Benefit Trust. Fully diluted earnings per share is calculated after showing the effect of outstanding options in issue, except for where this would be anti-dilutive.

See note 10 for details of the total number of shares in issue.

8. Business combinations

Winterlight

On 10 January 2023, the Company acquired the entire share capital of Winterlight, a Toronto, Canada based company developing speech-based digital biomarkers for assessing cognitive function. The total amount payable was £7.0 million, comprising £3.0 million in cash and £4.0 million in shares of Cambridge Cognition Holdings plc.

The preliminary fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill of Winterlight are as follows:

	Carrying value at acquisition £'000	Fair value adjustment £'000	Provisional fair value £'000
Assets			
Property, plant and equipment	18	-	18
Intangible assets			
- Technology based assets	-	3,055	3,055
- Marketing based assets	-	520	520
- Customer based assets	-	308	308
Trade and other receivables	233	-	233
Other current assets	37	-	37
Cash and cash equivalents	-	-	-
Deferred tax assets on losses	-	1,065	1,065
Total assets	288	4,948	5,236
Liabilities			
Trade and other payables	(182)	-	(182)
Deferred tax liabilities	-	(1,065)	(1,065)
Other current liabilities	(272)	(29)	(301)
Total liabilities	(454)	(1,094)	(1,548)
Net assets acquired			3,688
Purchase consideration			7,002
Goodwill			3,314

Final fair values will be reported in the Group's Annual Report for the year ended 31 December 2023. Goodwill represents the value of the assembled workforce and future synergies expected to arise from combining the two businesses.

9. Intangible assets

	Acqu	isition related	intangible as	ssets		
		Technology based	Marketing based	Customer based		
	Goodwill £'000	assets £'000	assets £'000	assets £'000	Licences £'000	Total £'000
Cost						
At 1 January 2022	352	-	-	-	40	392
At 30 June 2022	352	-	-	-	40	392
Acquired in business combinations	130	955	-	-	-	1,085
At 31 December 2022	482	955	-	-	40	1,477
Acquired in business combinations	3,314	3,055	520	308	-	7,197
Exchange adjustment	(114)	(105)	(18)	(10)	-	(247)
At 30 June 2023	3,682	3,905	502	298	40	8,427
Amortisation and impairment						
At 1 January 2022	-	-	-	-	19	19
Amortisation charge	-	-	-	-	3	3
At 30 June 2022	-	-	-	-	22	22
Amortisation charge	-	32	-	-	2	34
At 31 December 2022	-	32	-	-	24	56
Amortisation charge	-	249	17	16	3	285
Exchange adjustment	-	-	-	-	-	_
At 30 June 2023	-	281	17	16	27	341
Net book value						
At 1 January 2022	352	-	-	-	21	373
At 30 June 2022	352	-	-	-	18	370
At 31 December 2022	482	923		-	16	1,421
At 30 June 2023	3,682	3,624	485	282	13	8,086

10. Share capital

	Number	£′000
At 1 January 2022	31,170,093	312
At 30 June 2022	31,170,093	312
At 31 December 2022	31,170,093	312
Issue of new shares for the acquisition of Winterlight	3,445,595	34

At 30 June 2023	34,852,833	349	
Exercise of share options	237,145	3	

All ordinary shares are issued and fully paid, and carry equal voting and distribution rights. There are no other classes of shares.

On 10 January 2023, the Company issued 3,445,595 ordinary shares of 0.01 pence with a nominal value of £34,456 as part of the consideration for the acquisition of Winterlight (see note 8).

During the six months to 30 June 2023, the Company issued 237,145 (6 months to 30 June 2022: nil) ordinary shares of 0.01 pence each with a nominal value of £2,371 (6 months to 30 June 2022: £nil) pursuant to the exercise of shares options.

11. Reconciliation of operating result to operating cash flows

	6 months to 30 June 2023 £'000	6 months to 30 June 2022 £'000	Year to 31 December 2022 £'000
(Loss)/profit before tax	(3,417)	16	(624)
Adjustments for:			
Depreciation of property, plant and equipment	46	18	57
Impairment of property, plant and equipment	3	-	-
Amortisation of intangible assets	285	3	37
Share-based payments charge	135	47	174
Finance costs	-	-	-
Acquisition related expenses deferred amounts	202	-	6
Interest receivable	(6)	(2)	(9)
Operating cash flows before movements in working capital	(2,752)	82	(359)
Increase in inventories	(28)	(126)	(88)
Decrease/(increase) in trade and other receivables	1,242	(246)	1,012
Increase/(decrease) in trade and other payables	3	(528)	(1,718)
(Decrease)/increase in deferred income on contracts with customers	(1,963)	2,497	2,630
Cash (used in)/generated from operations before tax	(3,498)	1,679	1,477
Taxation credit received less tax paid	(1)	-	191
Net cash flows (used in)/generated from operations	(3,499)	1,679	1,668

12. Subsequent events

Subsequent to the period end, the Company has obtained a £3.0 million secured term loan.

13. Copies of interim financial statements

Copies of the interim financial statements are available from the Company at its registered office at Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU. The interim financial information document will also be available on the Company's website www.cambridgecognition.com.