**23 September 2021**

**Petards Group plc**

**("Petards", “the Group” or “the Company”)**

**Interim results for the six months ended 30 June 2021**

Petards Group plc (AIM: PEG), the AIM quoted developer of advanced security and surveillance systems, is pleased to report its interim results for the six months ended 30 June 2021.

**Key Highlights:**

* **Operational**
  + Order book at 30 June 2021 £9 million (H1 2020: £12 million)
  + Return to profitability at all levels and strong cash generative performance
  + *eyeTrain* deliveries and revenues recovered from H1 2020 COVID-19 related factors although order intake is still being affected
  + QRO continues to perform well with good contribution from NASBox product acquisition
  + Reduction in on-goingcost base in 2020 has fed through to improved gross profit margin
  + Defence related activities on an improving trend
* **Financial**
  + Revenue £7.7 million (H1 2020: £7.1 million)
  + Gross profit margin increased to 39.6% (H1 2020: 34.4%)
  + Adjusted EBITDA £929,000 (H1 2020: £337,000)1
  + Post-tax profit £430,000 (H1 2020: loss £469,000)
  + Cash generated from operating activities £1,669,000 (H1 2020: £1,802,000)
  + Net funds at 30 June 2021 increased to £2.7 million (31 Dec 2020: net funds £1.2 million)²
  + Group’s bankers replaced existing term loan with £0.5 million CBILS term loan and secured undrawn £2.5 million 3-year CBILS overdraft facility to May 2024
  + Diluted EPS 0.74p earnings (H1 2020: 0.82p loss)

1. Earnings before financial income and expenses, tax, depreciation, amortisation, share based payment charges and exceptional restructuring costs
2. Total net funds comprise cash and cash equivalents less interest-bearing loans and borrowings (including lease liabilities)

**Commenting on the current outlook, Raschid Abdullah, Chairman, said:**

“The Board expects further progress to be made in the second half year and while some customer delivery schedules are still tending to change at short notice, trading presently remains broadly in line with market expectations and the Board expects the Group to deliver a cash generative performance for year.”

*This announcement includes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.*

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**Chairman’s statement**

In the Outlook comment of my Chairman’s Statement in May, I informed shareholders that the first four months had started well with all businesses broadly in line or slightly ahead of the board’s expectations in terms of profitability and revenue, with revenues for 2021 expected to be weighted to the first half of the year. This has proved to be the case with a return to profitability for the Group at all levels in the six months to 30 June 2021, demonstrating the inherent strength within the Group’s businesses to capitalise on, and deliver profitability and cash flow, when levels of activity increase.

Revenues for the six months to 30 June 2021 increased to £7.7 million (H1 2020: £7.1 million) with Adjusted EBITDA increasing to £929,000 (H1 2020: £337,000) and profit after tax to £430,000 (H1 2020: £469,000 loss). The Group generated net cash from operations of £1.7 million and closed the first half year with increased cash balances of £3.5 million and net funds of £2.7 million.

**Business overview**

Petards’ operations continue to be focused upon the development, supply and maintenance of technologies used in advanced security, surveillance and ruggedised electronic applications, the main markets for which are:

* Rail – software driven video and other sensing systems for on-train applications sold under the *eyeTrain* brand to global train builders, integrators and rail operators, and web-based real-time safety critical integrated software applications supporting the UK rail network infrastructure sold under the RTS brand;
* Traffic – Automatic Number Plate Recognition (ANPR) systems for lane and speed enforcement and other applications, and UK Home Office approved mobile speed enforcement systems, sold under the QRO and *ProVida* brands to UK and overseas law enforcement agencies and commercial customers; and
* Defence – electronic countermeasure protection systems, mobile radio systems and related engineering services sold predominantly to the UK Ministry of Defence (MOD).

**Operating review**

The positive results and resultant cash generation in the first half of 2021 are obviously welcome, although while overall order intake for the period was similar to the first six months of 2020, the picture remains uncertain in some markets served by the Group.

This is particularly the case for the Group’s *eyeTrain* business which has suffered the most from lower and uncertain timing of order inflow due to a combination of factors. These include the impact on previously planned rolling stock maintenance and replacement programmes of the Covid-19 induced 77% reduction in passenger journeys in the year to 31 March 2021.

Furthermore, the UK Government’s decision to create Great British Railways has resulted in government exercising more direct control over the train operating companies (TOCs) and a marked slow-down of investment in both new and refurbished rolling stock. This situation is likely to continue until such time as there is tangible evidence of improvement in passenger numbers. In the meantime, the action taken last year to reduce the *eyeTrain* operation’s cost base was timely, aligning it with currently foreseen demand while maintaining its capability to serve customer needs.

On more positive fronts, while new project orders are suffering delays, RTS Solution’s rail infrastructure focussed software offering received licence and maintenance contract renewals totalling £0.8 million in the period. The board regards this business as having the potential to grow significantly in the coming years and are expecting to see it develop on a broader front by increasing both its range of software applications and its customer base.

Since the board’s decision last year to focus the Group’s Defence business on securing smaller orders, we have seen an increase in both order intake and the potential for future orders. Amongst these was the award by MOD of a 5-year framework contract in June to support its J-Band Emitter Threat Simulator (JETS) systems. In addition to on-going support of the systems, the contract includes options for the MOD to place orders on Petards to modernise existing JETS equipment, which is used for aircrew training and flight trials, and to add new capabilities. While the order inflow from this and other opportunities cannot be predicted with a high degree of certainty, we hope to see solid progress in this area of business.

QRO Solutions continued to improve its capabilities and its position in its marketplace, building on its performance over the past two years. I am also pleased to report that the £0.5 million export contract to supply ProVida in car speed enforcement systems to a new overseas customer is progressing to schedule and is to be delivered shortly. Orders for NASBox, acquired in May 2020, continue to grow as customers recognise its value as a fully compliant and cost effective roadside ANPR solution. In August these were supplemented by a £0.3 million order in support of the policing of the 2022 Commonwealth Games.

Developing products and solutions for use in recognised areas continue to feature as an important element of the board’s strategy for the development of each of the Group’s product areas. At the same time, acquisitions continue to be reviewed where it can be demonstrated that they will enhance an existing business or will provide another leg of the Group’s business activities.

The Group’s ungeared balance sheet and available financing facilities provide the board with the ability to selectively use debt to fund smaller acquisitions. The Board does not preclude undertaking a larger acquisition relative to the Group’s size in the event it would accelerate the Group’s growth and create value for shareholders.

Either way, acquisitions, whether in the future or those currently under consideration, would be expected to complement the Board’s ‘buy & build’ strategy as well as having the ability to improve and grow Returns on Investment (‘ROI) in the medium to longer term and contribute to the growth of the Group.

**Financial review**

*Operating performance*

Revenues for the six months ended 30 June 2021 increased to £7.7 million (H1 2020: £7.1 million) with the improvement over the comparable period in 2020 the result of stronger *eyeTrain* system shipments and after sales support services. The Group’s other products experienced revenues that were slightly below those for the first half of 2020.

Defence service revenues included the final delivery of electronic countermeasures equipment for an MOD programme, the majority of which was shipped in the first half of 2020. Excluding the effect of that particular contract, after a weaker second half of 2020, Defence revenues recovered to a similar level achieved in the first half of 2020.

QRO continues to perform strongly and while its revenues were slightly lower than the comparable period in 2020, this was due to primarily to the timing of customer installations which slipped into July and August. Coupled with the delivery of circa £0.5 million of ProVida systems later this month to a new overseas customer, QRO is expected to record particularly strong third quarter revenues.

RTS performed broadly to expectations, albeit revenues were lower than the first half of 2020 which included project revenues in addition to its strong recurring revenue base. While not greatly affecting the first half of 2021, the timing of placement of orders is being affected by the creation of Great British Railways, slowing down decision making on new projects.

The Group’s overall gross profit margin increased significantly to 39.6% (H1 2020: 34.4%), with improvements seen across all areas of the business. This was in part due to the benefit of the cost reductions implemented during 2020 coming through, coupled with *eyeTrain* revenues for the period including a higher level of service income. Another significant ongoing benefit was that the *eyeTrain* equipment sales were predominantly for previously developed and supplied equipment and therefore not diluted by non-recurring costs that have affected margin in recent years.

Administrative expenses before exceptional items were broadly speaking unchanged at £2.6 million (H1 2020: £2.9 million, including £0.3 million exceptional restructuring costs).

Adjusted EBITDA for the period grew to £929,000 (H1 2020: £337,000 before exceptional costs of £305,000), and with amortisation and depreciation charges at similar levels to the prior year, the Group generated an operating profit of £454,000 (H1 2020: £468,000 loss). Net financial expenses, which predominantly relate to the Group’s term loan and lease liabilities, totalled £24,000 (H1 2020: £38,000).

After a nil tax charge (H1 2020: £37,000 credit), the Group’s profit after tax was £430,000 (H1 2020: £469,000 loss) and the basic and diluted earnings per share were 0.75p and 0.74p respectively (H1 2020: basic and diluted loss of 0.82p).

*Cash, cash flow and net debt*

The Group again recorded a strongly cash generative performance with net cash from operating activities in the period totalling £1.7 million (H1 2020: £1.8 million). This included a temporary reduction in working capital of £0.7 million which reversed shortly after period end. The second half year is expected to benefit from the receipt of R&D tax credits, although these are not yet agreed and will be less than amounts received in 2020.

The main area of investment for the period related to the acquisition of operational and demonstration assets for QRO. Cash outflows from investing activities were lower at £0.1 million (H1 2020: £0.2 million), with minimal expenditure on *eyeTrain* related capitalised R&D following the significant investment made in the recent past.

After repayment of debt and interest of £0.1 million, cash balances increased to £3.5 million (31 December 2020: £2.2 million).

Net funds at 30 June 2021, after deducting term loan and lease liabilities, grew to £2.7 million from £1.2 million at 31 December 2020. Following the replacement in May of its previous banking facilities with a CBILS £0.5 million 2-year term loan and a £2.5 million 3-year overdraft facility, and with its existing cash resources, the Group has plenty of capacity to fund its future growth and working capital requirements.

**Outlook**

All of the Group’s activities delivered profits and cash inflow for period to 30 June 2021, and other than *eyeTrain*, order intake either continued strongly as was the case with QRO or was on an upward trend. However, the reduced customer activity levels and order visibility for *eyeTrain*, the Group’s largest revenue producer, are being closely monitored.

The reduction in the Group’s order book to £9 million at 30 June 2021 reflects this lower *eyeTrain* activity, down from £12 million at both 30 June and 31 December 2020. However, with an increasing number of opportunities relating to train refurbishment and retrofit projects, the lead times for these from order placement to delivery tend to be relatively short compared with those for new build train projects.

Nevertheless, against this backdrop, the Board expects further progress to be made in the second half year. While some customer delivery schedules are still tending to change at short notice, trading presently remains broadly in line with market expectations and the Board expects the Group to deliver a cash generative performance for year.

**Raschid Abdullah**

**23 September 2021**

Condensed Consolidated Income Statement

for the six months ended 30 June 2021

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Note | **Unaudited**  **6 months**  **ended 30 June**  **2021** |  | Unaudited  6 months  ended 30 June  2020 |  | Audited  Year ended  31 December  2020 |
|  |  | **£000** |  | £000 |  | £000 |
|  |  |  |  |  |  |  |
| **Revenue** |  | **7,692** |  | 7,092 |  | 13,001 |
|  |  |  |  |  |  |  |
| Cost of sales |  | **(4,647)** |  | (4,655) |  | (8,267) |
|  |  |  |  |  |  |  |
| **Gross profit** |  | **3,045** |  | 2,437 |  | 4,734 |
|  |  |  |  |  |  |  |
| Administrative expenses |  | **(2,591)** |  | (2,905) |  | (5,879) |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Adjusted EBITDA\*** |  | **929** |  | 337 |  | 320 |
| Amortisation of intangibles |  | **(297)** |  | (315) |  | (637) |
| Depreciation of property, plant and equipment |  | **(99)** |  | (107) |  | (244) |
| Amortisation of right of use assets |  | **(63)** |  | (67) |  | (133) |
| Share based payment charges |  | **(16)** |  | (11) |  | (26) |
| Exceptional restructuring costs | 4 | **-** |  | (305) |  | (425) |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Operating profit/(loss)** |  | **454** |  | (468) |  | (1,145) |
| Financial income |  | **-** |  | 4 |  | - |
| Financial expenses |  | **(24)** |  | (42) |  | (93) |
|  |  |  |  |  |  |  |
| **Profit/(loss) before tax** |  | **430** |  | (506) |  | (1,238) |
| Income tax | 5 | **-** |  | 37 |  | 655 |
|  |  |  |  |  |  |  |
| **Profit/(loss) for the period attributable to equity shareholders of the company** |  | **430** |  | (469) |  | (583) |
|  |  |  |  |  |  |  |
| Other comprehensive income |  | **-** |  | - |  | - |
|  |  |  |  |  |  |  |
| **Total comprehensive income/(expense) for the period** |  | **430** |  | (469) |  | (583) |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Earnings/(loss) per ordinary share (pence)** |  |  |  |  |  |  |
| **Basic** | 9 | 0.75 |  | (0.82) |  | (1.01) |
| **Diluted** | 9 | 0.74 |  | (0.82) |  | (1.01) |

*\** Earnings before financial income and expenses, tax, depreciation, amortisation, share based payment charges and exceptional restructuring costs

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2021

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Share**  **capital** | **Share**  **premium** | **Equity**  **reserve** | **Retained**  **earnings** | **Total**  **equity** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** |
| At 1 January 2020 (audited) | 575 | 1,617 | 14 | 5,272 | 7,478 |
|  |  |  |  |  |  |
| Loss for the period | - | - | - | (469) | (469) |
|  |  |  |  |  |  |
| Total comprehensive income  for the period | - | - | - | (469) | (469) |
| Exercise of share options | - | 7 | - | - | 7 |
| Equity settled share based payments | - | - | - | 11 | 11 |
|  |  |  |  |  |  |
| **At 30 June 2020 (unaudited)** | **575** | **1,624** | **14** | **4,814** | **7,027** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| At 1 January 2020 (audited) | 575 | 1,617 | 14 | 5,272 | 7,478 |
|  |  |  |  |  |  |
| Loss for the year | - | - | - | (583) | (583) |
|  |  |  |  |  |  |
| Total comprehensive expense for the year | - | - | - | (583) | (583) |
| Exercise of share options | - | 7 | - | - | 7 |
| Equity settled share based payments | - | - | - | 26 | 26 |
|  |  |  |  |  |  |
| **At 31 December 2020 (audited)** | **575** | **1,624** | **14** | **4,715** | **6,928** |
|  |  |  |  |  |  |
| **At 1 January 2021 (audited)** | **575** | **1,624** | **14** | **4,715** | **6,928** |
|  |  |  |  |  |  |
| Profit for the period | - | - | - | 430 | 430 |
|  |  |  |  |  |  |
| Total comprehensive expense for the period | - | - | - | 430 | 430 |
| Equity settled share based payments | - | - | - | 16 | 16 |
|  |  |  |  |  |  |
| **At 30 June 2021 (unaudited)** | **575** | **1,624** | **14** | **5,161** | **7,374** |

Condensed Consolidated Statement of Financial Position

at 30 June 2021

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Unaudited**  **30 June**  **2021** | |  | | Unaudited  30 June  2020 | |  | Audited  31 December 2020 | | |
|  |  | | **£000** | |  | | £000 | | |  | £000 | |
| **ASSETS** |  |  | |  | |  | |  |  | | |
| **Non-current assets** |  |  | |  | |  | |  |  | | |
| Property, plant and equipment |  | **761** | |  | | 894 | |  | 761 | | |
| Right of use assets |  | **324** | |  | | 397 | |  | 387 | | |
| Intangible assets |  | **4,341** | |  | | 4,699 | |  | 4,617 | | |
| Investments |  | **5** | |  | | - | |  | 5 | | |
| Deferred tax assets |  | **522** | |  | | 469 | |  | 522 | | |
|  |  | **5,953** | |  | | 6,459 | |  | 6,292 | | |
|  |  |  | |  | |  | |  |  | | |
| **Current assets** |  |  | |  | |  | |  |  | | |
| Inventories |  | **2,738** | |  | | 2,420 | |  | 2,372 | | |
| Trade and other receivables | 6 | **1,890** | |  | | 3,580 | |  | 2,645 | | |
| Cash and cash equivalents |  | **3,549** | |  | | 2,174 | |  | 2,204 | | |
|  |  |  | |  | |  | |  |  | | |
|  |  | **8,177** | |  | | 8,174 | |  | 7,221 | | |
|  |  |  | |  | |  | |  |  | | |
| **Total assets** |  | **14,130** | |  | | 14,633 | |  | 13,513 | | |
|  |  |  | |  | |  | |  |  | | |
| **EQUITY AND LIABILITIES** |  |  | |  | |  | |  |  | | |
| **Equity attributable to equity holders**  **of the parent** |  |  | |  | |  | |  |  | | |
| Share capital |  | **575** | |  | | 575 | |  | 575 | | |
| Share premium |  | **1,624** | |  | | 1,624 | |  | 1,624 | | |
| Equity reserve |  | **14** | |  | | 14 | |  | 14 | | |
| Retained earnings |  | **5,161** | |  | | 4,814 | |  | 4.715 | | |
|  |  |  | |  | |  | |  |  | | |
| **Total equity** |  | **7,374** | |  | | 7,027 | |  | 6,928 | | |
|  |  |  | |  | |  | |  |  | | |
| **Non-current liabilities** |  |  | |  | |  | |  |  | | |
| Interest-bearing loans and borrowings | 8 | **463** | |  | | 784 | |  | 649 | | |
|  |  | **463** | |  | | 784 | |  | 649 | | |
|  |  |  | |  | |  | |  |  | | |
| **Current liabilities** |  |  | |  | |  | |  |  | | |
| Interest-bearing loans and borrowings | 8 | **374** | |  | | 364 | |  | 376 | | |
| Trade and other payables | 7 | **5,919** | |  | | 6,458 | |  | 5,560 | | |
|  |  | **6,293** | |  | | 6,822 | |  | 5,936 | | |
|  |  |  | |  | |  | |  |  | | |
| **Total liabilities** |  | **6,756** | |  | | 7,606 | |  | 6,585 | | |
| **Total equity and liabilities** |  | **14,130** | |  | | 14,633 | |  | 13,513 | | |

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2021

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Unaudited**  **6 months**  **ended 30 June**  **2021** | Unaudited  6 months  ended 30 June  2020 | Audited  Year ended  31 December 2020 |
|  | **£000** | £000 | £000 |
|  |  |  |  |
| **Cash flows from operating activities** |  |  |  |
| Profit/(loss) for the period | **430** | (469) | (583) |
| Adjustments for: |  |  |  |
| Depreciation of property, plant and equipment | **99** | 116 | 244 |
| Amortisation of right of use assets | **63** | 58 | 133 |
| Amortisation of intangible assets | **297** | 315 | 637 |
| Loss on disposal of property, plant and equipment | **-** | - | 1 |
| Profit on disposal of right of use assets | **(8)** | - | (5) |
| Financial income | **-** | (4) | - |
| Financial expenses | **24** | 42 | 93 |
| Equity settled share-based payment expenses | **16** | 11 | 26 |
| Income tax charge/(credit) | **-** | (37) | (655) |
|  |  |  |  |
| **Operating cash flows before movement in**  **working capital** | **921** | 32 | (109) |
| Change in inventories | **(366)** | 10 | 58 |
| Change in trade and other receivables | **740** | (632) | 226 |
| Change in trade and other payables | **359** | 1,426 | 563 |
|  |  |  |  |
| **Cash generated from operations** | **1,654** | 836 | 738 |
| Tax received | **15** | 966 | 1,660 |
|  |  |  |  |
| **Net cash from operating activities** | **1,669** | 1,802 | 2,398 |
|  |  |  |  |
| **Cash flows from investing activities** |  |  |  |
| Acquisition of property, plant and equipment | **(99)** | (23) | (33) |
| Sale of right of use assets | **8** | - | 16 |
| Acquisition of intangible assets | **-** | (80) | (150) |
| Capitalised development expenditure | **(21)** | (131) | (371) |
| Acquisition of investments | **-** | - | (5) |
| Interest received | **-** | 4 | - |
|  |  |  |  |
| **Net cash outflow from investing activities** | **(112)** | (230) | (543) |
|  |  |  |  |
| **Cash flows from financing activities** |  |  |  |
| Bank loan repaid | **(125)** | (125) | (250) |
| Interest paid on lease liabilities | **(14)** | (11) | (20) |
| Interest paid on loans and borrowings | **(10)** | (20) | (33) |
| Principal paid on lease liabilities | **(61)** | (65) | (138) |
| Other interest and foreign exchange losses | **(2)** | (11) | (44) |
| Proceeds from exercise of share options | **-** | 7 | 7 |
|  |  |  |  |
| **Net cash outflow from financing activities** | **(212)** | (225) | (478) |
|  |  |  |  |
| Net increase in cash and cash equivalents | **1,345** | 1,347 | 1,377 |
|  |  |  |  |
| Total movement in cash and cash equivalents  in the period | **1,345** | 1,347 | 1,377 |
| Cash and cash equivalents at 1 January | **2,204** | 827 | 827 |
|  |  |  |  |
| **Cash and cash equivalents** | **3,549** | 2,174 | 2,204 |
|  |  |  |  |

Notes to the financial statements

# Reporting entity

Petards Group plc (the ‘Company’) is incorporated and domiciled in England and its shares are publicly traded on AIM, a market operated by the London Stock Exchange. These condensed consolidated interim financial statements (‘interim financial statements’) as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the ‘Group’).

Copies of these interim financial statements will be available on the Company’s website (www.petards.com) and from the Company’s registered office at Parallel House, 32 London Road, Guildford, GU1 2AB.

# Basis of preparation

As permitted, these interim financial statements have been prepared in accordance with AIM Rules for Companies and are not required to comply with IAS 34 ‘Interim Financial Reporting’ to maintain compliance with IFRS. They should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the financial year ended 31 December 2020 (‘last annual financial statements’). They do not include all of the financial information required for a complete set of IFRS financial statements, however selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group’s financial position and performance since the last annual financial statements. This financial information does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

The comparative figures for the financial year ended 31 December 2020 set out in these interim statements are not the Group’s statutory accounts for that financial year. Those accounts have been reported on by the Company’s auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

# Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

# Exceptional restructuring costs

During the year to 31 December 2020 the Group restructured the cost base of certain parts of the business. The cost of this exercise was £425,000 of which £305,000 was incurred in the six months to 30 June 2020.

# Taxation

No provision for taxation has been made in the Condensed Consolidated Income Statement for the six months to 30 June 2021 based on the estimated tax provision required for the year ending 31 December 2021 (H1 2020: £37,000 credit).

# Trade and other receivables

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Unaudited**  **6 months**  **ended 30 June**  **2021** |  | Unaudited  6 months  ended 30 June  2020 |  | Audited  Year ended  31 December 2020 |
|  | **£000** |  | £000 |  | £000 |
|  |  |  |  |  |  |
| Trade receivables | **1,734** |  | 3,076 |  | 2,381 |
| Corporation tax recoverable | **-** |  | 96 |  | 15 |
| Other receivables and prepayments | **156** |  | 408 |  | 249 |
|  | **1,890** |  | 3,580 |  | 2,645 |

# Trade and other payables

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Unaudited**  **6 months**  **ended 30 June**  **2021** |  | Unaudited  6 months  ended 30 June  2020 |  | Audited  Year ended  31 December 2020 |
|  | **£000** |  | £000 |  | £000 |
|  |  |  |  |  |  |
| Trade payables | **1,487** |  | 1,471 |  | 1,434 |
| Contract liabilities | **1,621** |  | 2,580 |  | 1,177 |
| Non-trade payables and accrued expenses | **2,811** |  | 2,407 |  | 2,949 |
|  | **5,919** |  | 6,458 |  | 5,560 |

# Interest-bearing loans and borrowings

***Current liabilities***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Unaudited**  **6 months**  **ended 30 June**  **2021** |  | Unaudited  6 months  ended 30 June  2020 |  | Audited  Year ended  31 December 2020 |
|  | **£000** |  | £000 |  | £000 |
|  |  |  |  |  |  |
| Bank loan | **250** |  | 250 |  | 252 |
| Lease liabilities | **124** |  | 114 |  | 124 |
|  | **374** |  | 364 |  | 376 |

***Non-current liabilities***

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Unaudited**  **6 months**  **ended 30 June**  **2021** | |  | | Unaudited  6 months  ended 30 June  2020 | |  | Audited  Year ended  31 December 2020 |
|  | | **£000** | |  | | £000 |  | £000 | |
|  |  | |  | |  | |  |  |
| Bank loan | **250** | |  | | 500 | |  | 375 |
| Lease liabilities | **213** | |  | | 284 | |  | 274 |
|  | **463** | |  | | 784 | |  | 649 |

# Earnings per share

***Basic earnings per share***

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders by the weighted average number of shares in issue.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Unaudited**  **6 months**  **ended 30 June**  **2021** |  | Unaudited  6 months  ended 30 June  2020 |  | Audited  Year ended  31 December 2020 |
| **Earnings** | |  |  |  |  |  |
| Profit/(loss) for the period (£000) | | **430** |  | (469) |  | (583) |
|  | |  |  |  |  |  |
| **Number of shares** | |  |  |  |  |  |
| Weighted average number of ordinary shares (‘000) | | **57,528** |  | 57,524 |  | 57,526 |

***Diluted earnings per share***

Diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, which arise from share options that would decrease earnings per share or increase loss per share from continuing operations and is calculated by dividing the adjusted profit for the year attributable to the shareholders by the assumed weighted average number of shares in issue. Due to the losses in 2020, share options in issue in 2020 had an anti-dilutive effect.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Unaudited**  **6 months**  **ended 30 June**  **2021** |  | Unaudited  6 months  ended 30 June  2020 |  | Audited  Year ended  31 December 2020 |
| **Earnings** | |  |  |  |  |  |
| Profit/(loss) for the period (£000) | | **430** |  | (469) |  | (583) |
|  | |  |  |  |  |  |
| **Number of shares** | |  |  |  |  |  |
| Weighted average number of ordinary shares (‘000) | | **57,791** |  | 57,524 |  | 57,526 |