16 February 2021

Blancco Technology Group plc

Interim results for the six months ended 31 December 2020

Continued momentum driven by underlying structural growth with strong progress anticipated in second half

Blancco Technology Group plc (AIM: BLTG, "Blancco", the "Company" or the "Group"), the industry standard in data erasure and mobile device diagnostics, is pleased to announce its unaudited interim results for the six months ended 31 December 2020.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

£m unless otherwise stated	**H1 FY21**	**H1 FY20**	**Change**
Revenue	17.4	17.4	0%
Gross Profit	16.2	16.5	(2%)
Adjusted EBITDA*	5.3	4.4	20%
Adjusted Operating Profit*	2.9	2.5	16%
Operating Profit	0.7	0.7	(4%)
Profit before taxation	0.5	0.7	(21%)
Adjusted Operating Cash Flow**	5.4	2.4	130%
Cash generated from continuing operations	5.0	1.6	215%
Diluted Earnings per share	1.08p	1.40p	(23%)
Net Cash	8.2	5.4	

- Despite challenging conditions resulting from the pandemic, revenue was stable at £17.4m (constant exchange rates ('CER') +1%):
    - Enterprise revenue increased by 6% (CER +7%) to £6.4 million (H1 FY 2020: £6.0 million)
    - Mobile revenue in line with prior period (CER +2%) at £5.8 million (H1 FY 2020: £5.8 million)
    - IT Asset Disposition ("ITAD") revenue decreased by 7% (CER -7%) to £5.2 million (H1 FY 2020: £5.6 million)
    - The second quarter of FY21 was Blancco's highest revenue generating quarter in its history
- Net cash balance of £8.2m (31 December 2019: £5.4m)
- Adjusted Operating Cash Flow at 102% (H1 FY 2020: 53%) of Adjusted EBITDA following strong cash generation in the period
- Strong growth in APAC which appears to be further progressed in its COVID-19 pandemic recovery:
    - APAC revenue increased by 27% (CER +28%) to £6.2 million (H1 FY 2020: £4.8 million)
    - EMEA revenue decreased by 5% (CER -7%) to £6.3 million (H1 FY 2020: £6.7 million)
    - North America revenue decreased by 17% (CER -14%) to £4.9 million (H1 FY 2020: £5.9 million)

OPERATIONAL HIGHLIGHTS

- Continued expansion of our network of blue-chip channel partnerships in Enterprise;
    - Channel revenue now represents 47% of Enterprise revenue (H1 FY 2020: 40%)
    - Master Services Agreement signed with major Global Systems Integrator

- Agreement with Deloitte extends beyond India into broader Asian region
- Signed agreement with US government IT solutions provider, Carahsoft Technology Group ("Carahsoft"), to provide solutions through AWS Marketplace

- Significant increase in volume of mobile handsets being handled by mobile customers despite pandemic disruption to retail, signalling that the second hand mobile market is developing rapidly, globally
- Established partnership with new global insurer on mobile handset insurance program

CURRENT TRADING AND OUTLOOK

- Pipeline and early Q3 sales activity leads to confidence over strong growth anticipated in second half of the year
- Data security and ESG considerations expected to drive growth in ITAD and Enterprise segments as trading conditions normalise post COVID-19
- Blancco well positioned to move into next phase of growth as it capitalises on strong structural tailwinds and sector-leading data sanitisation and diagnostic technologies
- Revenue and profit growth is continuing in line with the Board's expectations

*Adjusted profit measures are stated after excluding expenses relating to share option schemes, exceptional costs & incomes and the amortisation of acquired intangible assets

** Adjusted operating cash flow is operating cash flow excluding taxation, interest payments & receipts and exceptional payments

Matt Jones, Chief Executive said:

"We are pleased with the results generated during the first half of our financial year, achieved during a period when we have had to replace £1.4m of revenue from a large mobile carrier contract in the first half of the previous year which ended with effect from 31 December 2019 whilst also contending with the trading conditions of the COVID-19 pandemic which also were not present in the comparator period.

"We believe that the results generated in the APAC region, where the management of the pandemic has been much less disruptive to business, gives us an indication of the growth potential in the business as a whole, once normal trading conditions resume.

"Whilst there is ongoing uncertainty arising from COVID-19, we are optimistic that Blancco is well placed to prosper as global trading conditions return to normality. Even during this most challenging period, we have continued to grow profit as well as generate significant amounts of cash. The Board is confident that Blancco is positioned to deliver sustained levels of growth going forwards in line with our expectations."

ENDS

For further information:

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Presentation and webcast:

A virtual results briefing for analysts will be held today, 16 February 2021 at 3.00pm, via a live webcast and conference call facility.

If you would like to join the conference call, please contact Buchanan at blancco@buchanan.uk.com .

CHIEF EXECUTIVE'S REPORT

Business overview

I am pleased to report on a period of strong trading where the Company has continued to prosper despite the challenging trading conditions created by the COVID-19 pandemic. The fundamental growth drivers in the business have continued to gain momentum through the period;

- Sustainability – the alternative to using data sanitisation software on IT assets is the physical destruction of those assets which will ultimately end up in landfill sites and cause harm to the environment. Pressures on companies to reduce their negative environmental impact continue to mount while awareness of the use of data sanitisation software continues to increase. These themes are also now moving up the agenda for governments across the globe. Increasing consumer awareness regarding sustainability, alongside financial benefits, is also driving growth and sophistication in the second hand mobile phone market where Blancco's diagnostics technology is industry-leading.
- Governance – data security has become increasingly important over the past year as more employees have completed their work outside of the office environment, bringing many challenges for IT teams. The disposition of assets held outside of the company offices will be difficult to manage through the physical destruction of assets, leading to opportunity for Blancco's suite of data erasure solutions.

With limited competition in the markets that it addresses, we are confident that Blancco is well placed for near-term and sustainable growth.

Enterprise

Although the immediate impact of the pandemic has been to lengthen sales cycles, Enterprise revenue still grew in the period by 6% to £6.4m (H1 FY 2020: £6.0m). Understandably, the focus for many of our customers who tend to be the IT departments of very large organisations has been around managing large workforces as they have switched to working from home, rather than in an office environment. In many instances this has led to the purchase of IT equipment in bulk to facilitate a remote workforce while a large amount of IT equipment has remained redundant in the workplace. It is anticipated that some level of remote working will be a permanent feature for most office-based workers. Blancco has the suite of solutions that will enable IT departments to manage the excess redundant equipment in a data secure, environmentally friendly manner. Our solutions also allow businesses to manage IT assets remotely which becomes important when IT assets need to be returned to a company because they are being replaced or because the employee is leaving the company.

Blancco has continued to see significant interest in its ability to remotely erase data from IT assets. An example use case is where a departing employee needs to return their laptop but will want to make sure that no data resides on the asset before it is shipped from the employee's home.

It is anticipated that much of the future growth in this segment will continue to come from channel partners who are likely to have deeper access to large blue chip organisations than Blancco will be able to obtain directly. In the period, revenue from channel partners represented 47% of total Enterprise revenue (H1 FY 2020: 40%). The bulk of this increase has come from Blancco's traditional channel partners while new relationships, such as those announced over the past year, with the likes of Amazon Web Services and Deloitte India, are at the early stages of revenue generation. We continue to look to broaden this network of channel partners and have recently formalised new agreements with a global systems integrator and extended our relationship with Deloitte into the broader APAC region. In addition, we have signed an agreement to extend our relationship with Trusted Government IT Solutions Provider, Carahsoft, to offer solutions through the AWS Marketplace. This agreement gives AWS Consulting Partner Private Offers (CPPO) partners and enterprise decision makers the ability to quickly obtain Blancco's data erasure software. The vastly simplified procurement process streamlines billing to include "pay-as-you-go" and subscription options, allowing government agencies to build holistic data management solutions.

Governments are putting companies under increasing pressure to improve their environmental footprint. In the UK, the House of Commons Environmental Audit Committee published a report on Electronic Waste ("e-waste") and the Circular Economy in November 2020. The report stated that the UK was the second largest producer of e-waste in the world with over 1.5 million tonnes produced in 2019. The report estimated that 40% of the e-waste generated in the UK was exported to overseas landfills where toxic chemicals are often released. The report is encouraging the government to promote the recycling of electronic waste but many companies are concerned about recycling assets which currently store sensitive data. It remains the case that the physical destruction of these assets is still the most common way of managing this issue. Blancco's solutions, which permanently and in an auditable manner erase data from IT assets, enable organisations to recycle, resell or reuse these assets with certainty that the data cannot be compromised. The solution is usually more cost effective than the physical destruction of assets meaning that there should be no obstacles to this more sustainable method of managing assets.

The UK represents a relatively small proportion of Blancco's revenue (<10%), but demonstrates the global opportunity that is available to it as these sustainability initiatives are more widely adopted. In France, the Commission Nationale de l'informatique et des libertes (CNIL), which is the equivalent of the Information Commissioner in the UK, published guidance in December 2020 which recommends that professional organisations use Blancco for data sanitisation. In Japan, following a breach of government data as a result of the incorrect disposition of IT assets, policy has been implemented which requires on-site data sanitisation of all government assets which are being disposed. We continue to work with other global governmental organisations to encourage data sanitisation as best practice.

Mobile

Revenue in the Mobile segment was in line with the prior period at £5.8m (H1 FY 2020: £5.8m). This progress in the segment is very encouraging given that the comparator period includes the revenues from a major contract with a mobile retailer that expired in December 2019. The underlying revenue growth excluding that contract was 32%.

Customer concentration in the business is generally very low with no other customers representing more than 4% of Group revenue in the previous financial year. This customer was a mobile handset and airtime retailer that made the decision to run mobile handset diagnostics at a logistics centre from 1 January 2020 rather than in its own store network. This customer represented £1.4m of revenue in the first half of the prior year and whilst the customer continues to work with Blancco, it generates a significantly reduced amount of revenue from the new contractual terms. Excluding the impact of this one customer, revenue growth in mobile would have been 32%, despite the disruption in retail caused by the pandemic. This underlying growth has arisen as anticipated by research published in recent years forecasting that the market for resold handsets was anticipated to grow by 14% per annum until 2023 (Source: IDC). The latest generation of mobile handsets are more expensive than ever but with trade in deals for old handsets which are significantly more attractive than seen in the past. Whilst there is the attraction of purchasing a new 5G handset in Europe and North America, the 5G infrastructure has yet to reach many parts of the rest of the world meaning that acquiring an older handset at a much lower price is a more attractive prospect. Blancco's solutions ensure that full diagnostic tests are run on handsets to ensure they are fully operational before they are resold while also ensuring that any data residing on the unit from a previous user is irretrievably erased from the device.

We are also seeing increased demand from customers for our mobile handset insurance solution. This solution allows retailers to offer their customers the capability to run tests on their devices without the need to visit a store as well as the ability to offer customers a trade-in value for their handset in the event that they wish to upgrade it. For insurers, the attraction of this solution is the ability to detect damage on a phone that is present on a device prior to insurance being taken out, leading to a reduction in fraudulent claims. We announced in the summer of 2020 that a Master Services Agreement had been secured with leading global professional services firm, Aon, to use this capability. We can now also announce a further Master Services Agreement with another global insurer to provide the same solution, initially in the Middle East. The revenue model is such that Blancco will receive a share of the insurance premium being received by the retailer when insurance is taken out. As a result, revenues from this solution will increase gradually over time as the insurance platform is sold to retailers / carriers and then taken up by their customers.

IT Asset Disposition ("ITAD")

Growth in the ITAD segment has been the most impacted by the disruption caused by the pandemic. Whilst ITAD customers will eventually benefit from the environmental and data security tailwinds that are prevalent in the Enterprise segment, they are also dependent on being able to access company premises to erase and remove IT assets. Many companies are not allowing third parties on their sites which has slowed the rate of license consumption by our ITAD customers and resulted in revenues within the segment decreasing by 7% to £5.2m (H1 FY 2020: £5.6m).

However, these ITAD customers are also seeing a significant increase in the market for second hand IT equipment to help companies manage a newly remote workforce at a time when sourcing new IT equipment has been more difficult. Our ITAD customers are expecting a sharp uplift in activity once they are able to access the premises of their customers again and will need to manage the excess IT inventory that is undoubtedly present in offices at the moment.

Summary and Outlook

Despite the challenges presented by the global pandemic, in particular the lengthening of sales cycles and disruption to business, particularly in western regions, the underlying strengths of the business have enabled revenues to remain stable at £17.4m, whilst profit has increased significantly and the net cash balance over the 2020 calendar year has increased from £5.4m to £8.2m. Whilst revenue was stable year-on-year, this should be considered in the light of the termination of our largest customer contract (£1.4m in H1 FY 2020, c.4% of group revenue in FY20) with effect from 31 December 2019, with the shortfall completely recovered during the period.

We look forward to the second half of the financial year with great confidence. The second quarter of FY21 was the highest revenue generating quarter in the history of the company. Whilst the pandemic continues to be disruptive, recent trading has indicated that companies are getting back to work and order levels are increasing. The momentum in sales activity and pipeline currently being experienced gives us great confidence that strong growth will be reported in the second half of the financial year.

An increasingly remote workforce is likely to be a permanent feature in the future presenting challenges for IT teams in how they keep employee data secure. Along with the pressures for companies to improve the environmental impact of their operations, we also anticipate that there will be a release of pent-up demand arising from the large increase in IT hardware that was acquired in 2020, increasing demand for our solutions.

We have already seen a large increase in demand for our mobile handset solutions to support the growth in the resold handset market that we have seen in recent months despite the disruption in retail in general. We expect this to continue in the second half of the current financial year.

Whilst the challenges of the pandemic are undoubtedly ongoing, Blancco is very well placed to prosper as the global economy seeks to return to normal trading conditions. The Company has performed with great resilience through an extremely challenging period and looks forward to 2021 with confidence and optimism.

Matt Jones
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

Revenue

In our Outlook statement accompanying the financial results for the year ending 30 June 2020, we indicated that revenue growth in the first half of the financial year would be disrupted by the challenges brought by the pandemic which weren't a feature in the comparator period. In addition, a large contract with a mobile retailer that ended on 31 December 2019 contributed £1.4m of revenue in the comparator period and needed to be replaced before growth could be shown. It demonstrates the positive momentum in the business that revenue remained stable at £17.4m in the period.

This positive momentum in the business can be best demonstrated in APAC where the impacts of the pandemic appear to have been least disruptive to business. We saw revenue growth in the previous year of 28% and this has been followed by a six month period during which growth has been 27%.

	Six months Ended 31 December 2020	Six months Ended 31 December 2019	**Growth rate**	**Year ended 30 June 2020**
Revenue (£ millions)	17.4	17.4	0%	33.4
Revenue by Geography				
North America	4.9	5.9	(17%)	10.1
Europe	6.3	6.7	(5%)	12.5
Asia and ROW	6.2	4.8	27%	10.8
Revenue by Market type				
Enterprise	6.4	6.0	6%	11.7
ITAD	5.2	5.6	(7%)	10.9
Mobile	5.8	5.8	0%	10.8

The table above demonstrates the difference in trading between APAC and the West where the pandemic has been considerably more disruptive to trading. The revenue reduction in North America is distorted by the mobile carrier contract referred to earlier which contributed revenue of £1.4m in the comparator period. Excluding that contract, revenue growth would have been modest in North America while growth in the Mobile segment would have been significant demonstrating the growth in the used mobile handset market that has been experienced in recent months.

In the second half of FY20 we saw revenue of £16.0m compared to £17.4m in the first half of the year. This revenue reduction resulted from the early disruptive months of the pandemic. We remain confident that the second half of the current financial year will see significant growth as the revenue from the mobile carrier contract has now been completely removed from prior year comparatives and the disruption caused by the pandemic continues to ease, particularly in Europe and North America.

Profitability Measures

Adjusted Operating Profit for the period has increased by 16% to £2.9m (H1 FY2020: £2.5m). Operating profit for the period was £0.7m (H1 FY2020: £0.7m). Whilst revenue in the business hasn't grown, we have taken measures to protect the profitability of the business during the turbulence of 2020. These measures included freezing new recruitment and pay reviews. In addition, the international nature of the business ordinarily results in significant travel costs being incurred which hasn't taken place during the first half of this new financial year. These measures resulted in a 5% reduction in the cost base and led to the increased profitability in the group. Adjusted operating margins in the first six months of the year grew from 12% in the prior year to 17% in first half of the new financial year as a result of these cost base protection measures. It is likely that we will see some cost increases once normal trading conditions resume but this will be accompanied by strong levels of revenue growth.

	6 months ended 31 December 2020 (unaudited) £'000	6 months ended 31 December 2019 (unaudited) £'000
Operating profit	**716**	**743**
Acquisition costs	-	503
Exceptional income	(41)	(875)
Amortisation of acquired intangible assets	1,460	1,474
Share-based payments charge	767	646
Administrative expenses adjustment	(13,253)	(13,975)
Adjusted operating profit	**2,902**	**2,491**

Adjusted EBITDA for the period grew by 20% to £5.3m (H1 FY 2020: £4.4m), giving an adjusted EBITDA margin of 30% (H1 FY 2020: 25%).

Balance Sheet

The Group continues to generate good levels of cash from operations and ended the period with net cash of £8.2m (30 December 2019: £5.4m). Adjusted Operating Cash flow for the period was £5.4m (H1 FY 2020: £2.4m), representing 102% of EBITDA (H1 FY 2020: 53%). The cash generation was boosted by strong revenue generating months in the early months of the second quarter enabling cash from these sales to be collected before the end of December. This is demonstrated in the reduced trade debtor balance of £6.0m (31 December 2019: £7.3m) despite similar levels of revenue in the comparative periods.

Adam Moloney
Chief Financial Officer

Consolidated Statement of Comprehensive Income

for the six months ended 31 December 2020

	Note	6 months ended 31 December 2020 (unaudited) £'000	6 months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Revenue		**17,417**	**17,388**	**33,382**
Cost of sales		(1,262)	(922)	(1,761)
Gross profit		**16,155**	**16,466**	**31,621**
Administrative expenses and depreciation		(15,439)	(15,723)	(31,652)
Operating profit		**716**	**743**	**(31)**
Acquisition costs	**4**	-	503	575
Exceptional income	**4**	(41)	(875)	(875)
Amortisation of acquired intangible assets		1,460	1,474	2,921
Share-based payments charge		767	646	1,447
Adjusted administrative expenses		(13,253)	(13,975)	(27,584)
Adjusted operating profit		**2,902**	**2,491**	**4,037**
Finance income		51	1	3
Finance costs		(242)	(76)	(151)
Profit/(loss) before tax		**525**	**668**	**(179)**
Taxation		191	(30)	169
Profit/(loss) for the period		**716**	**638**	**(10)**
Discontinued operations				
Post tax results from discontinued operations	**5**	114	378	1,126
Profit for the period		**830**	**1,016**	**1,116**
Attributable to:				
Equity holders of the company		822	1,037	1,153
Non-controlling interests		8	(21)	(37)
Profit for the period		**830**	**1,016**	**1,116**

Consolidated Statement of Comprehensive Income

for the six months ended 31 December 2020

		6 months ended 31 December 2020 (unaudited) £'000	6 months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Profit for the period		**830**	**1,016**	**1,116**
Other comprehensive (loss)/income – amounts that may be reclassified to profit or loss in the future:				
Exchange differences arising on translation of foreign entities		(2,718)	(3,784)	1,330
Total comprehensive (loss)/income for the period		**(1,888)**	**(2,768)**	**2,446**
Attributable to:				
Equity holders of the Company		(1,856)	(2,680)	2,491
Non-controlling interests		(32)	(88)	(45)
Total comprehensive (loss)/income for the period		**(1,888)**	**(2,768)**	**2,446**
Earnings per share				
Continuing Operations:				
Basic	2	0.96 p	0.92 p	0.04 p
Diluted	2	0.93 p	0.89 p	0.04 p
Discontinued Operations:				
Basic	2	0.15 p	0.53 p	1.56 p
Diluted	2	0.15 p	0.51 p	1.50 p
Total Group:				
Basic	2	1.11 p	1.45 p	1.60 p
Diluted	2	1.08 p	1.40 p	1.54 p

Condensed Consolidated Balance Sheet

as at 31 December 2020

	31 December 2020 (unaudited) £'000	31 December 2019 (unaudited) £'000	30 June 2020 (audited) £'000
Assets			
Non-current assets			
Goodwill	50,101	48,667	51,881
Other intangible assets	21,423	21,616	22,798
Property, plant and equipment	2,366	1,960	1,765
Deferred tax assets	1,008	428	433
	74,898	**72,671**	**76,877**
Current assets			
Inventory	73	84	102
Trade and other receivables	6,251	7,265	7,254
Current tax asset	439	189	603
Cash	8,241	5,394	6,719
	15,004	**12,932**	**14,678**
Total assets	**89,902**	**85,603**	**91,555**
Current liabilities			
Trade and other payables	(7,868)	(8,217)	(8,813)
Contingent consideration	(319)	(269)	(288)
Current tax liability	(288)	(312)	(269)
Provisions	(166)	(507)	(227)
	(8,641)	**(9,305)**	**(9,597)**
Non-current liabilities			
Other payables	(1,258)	(1,359)	(987)
Deferred tax	(3,572)	(3,325)	(3,516)
Provisions	(52)	(218)	(105)
	(4,882)	**(4,902)**	**(4,608)**
Total liabilities	**(13,523)**	**(14,207)**	**(14,205)**
Net assets	**76,379**	**71,396**	**77,350**

Equity			
Called up share capital	1,512	1,507	1,507
Share premium account	21,103	21,103	21,103
Merger reserve	5,861	5,861	5,861
Capital redemption reserve	417	417	417
Translation reserve	3,258	880	5,936
Retained earnings	43,595	41,006	41,861
Total equity attributable to equity holders of the Company	**75,746**	**70,774**	**76,685**
Non-Controlling interest reserve	633	622	665
Total equity	**76,379**	**71,396**	**77,350**

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 December 2020

	6 months ended 31 December 2020 (unaudited) £'000	6 months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Balance at the start of the period	**77,350**	**62,204**	**62,204**
Total comprehensive (loss)/income for the period	(1,888)	(2,768)	2,446
Acquisition of non-controlling interest without a change in control	-	(1,370)	(1,370)
Issue of shares	-	12,736	12,736
Share based payment charge inclusive of deferred tax	917	594	1,334
Balance at the end of the period	**76,379**	**71,396**	**77,350**

Consolidated Cash Flow Statement

for the six months ended 31 December 2020

	6 months ended 31 December 2020 (unaudited) £'000	6 months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Profit for the period	**830**	**1,016**	**1.116**
Adjustments for:			
Results of discontinued operations	(114)	(378)	(1,126)
Net finance charges	191	75	148
Tax (income)/expense	(191)	30	(169)
Profit on disposal of property, plant and equipment	(5)	(2)	(1)
Depreciation on property, plant and equipment	577	526	1,100
Amortisation of intangible assets	1,829	1,396	2,991
Amortisation of acquired intangible assets	1,460	1,474	2,921
Share-based payments expense	767	646	1,447
Operating cash flow before movement in working capital	**5,344**	**4,783**	**8,427**
Acquisition costs	-	503	575
Exceptional income	(41)	(875)	(875)
Adjusted EBITDA	**5,303**	**4,411**	**8,127**
Decrease/(increase) in inventories	21	5	(8)
Decrease in receivables	642	130	417
Decrease in payables and accruals	(1,011)	(3,333)	(2,373)
Cash generated from continuing operations	**4,996**	**1,585**	**6,463**
Acquisition costs payments	252	767	830
Share-based payments	155	-	-
Adjusted operating cash flow	**5,403**	**2,352**	**7,293**
Interest received	51	1	3
Interest paid	(80)	(70)	(146)
Tax received/(paid)	250	(286)	(613)
Net cash generated from operating activities – continuing operations	**5,217**	**1,230**	**5,707**
Net cash used in operating activities – discontinued operations	-	(15)	(15)
Net cash generated from operating activities – continuing and discontinued operations	**5,217**	**1,215**	**5,692**
Cash flows from investing activities			
Purchase of property, plant and equipment	(126)	(248)	(401)
Purchase and development of intangible assets	(2,600)	(2,183)	(4,722)
Acquisition of subsidiaries, net of cash acquired	-	(2,432)	(2,721)
Net cash used in investing activities – continuing operations	**(2,726)**	**(4,863)**	**(7,844)**
Net cash generated from investing activities – discontinued operations	-	-	-

Net cash used in investing activities – continuing and discontinued operations	**(2,726)**	**(4,863)**	**(7,844)**
Cash flows from financing activities			
Payment of the principal portion of lease liabilities	(554)	(421)	(820)
Payments made to acquire non-controlling interest	-	(28)	(28)
Repayment of borrowings	-	(6,500)	(6,500)
Share placing, net of fees	-	9,577	9,577
Net cash (used in)/generated from financing activities	**(554)**	**2,628**	**2,229**
Net cash (used in)/generated from financing activities – continuing and discontinued operations	**(554)**	**2,628**	**2,229**
Net increase/(decrease) in cash and cash equivalents	**1,937**	**(1,020)**	**77**
Other non-cash movements – exchange rate changes	(415)	(222)	6
Cash and cash equivalents at the beginning of period	6,719	6,636	6,636
Cash and cash equivalents at end of period	**8,241**	**5,394**	**6,719**
Net cash	**8,241**	**5,394**	**6,719**

Notes to the Half Year Report

For the six months ended 31 December 2020

1. Basis of Preparation

These half yearly results have been prepared on the basis of the accounting policies to be adopted for the year ended 30 June 2021. These are in accordance with the Group's accounting policies as set out in the latest audited annual financial statements for the year ended 30 June 2020.

All International Financial Reporting Standards ('IFRS'), International Accounting Standards ('IAS') and interpretations currently endorsed by the International Accounting Standards Board ('IASB') and its committees, in conformity with the requirements of the Companies Act 2006 and as required to be adopted by AIM listed companies, have been applied. AIM listed companies are not required to comply with IAS 34 'Interim Financial Reporting' and accordingly the Company has taken advantage of this exemption.

The financial information in these half yearly results does not constitute statutory accounts for the six months ended 31 December 2020 and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2020.

The condensed consolidated half yearly financial statements for the six months to 31 December 2020 have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on Review of Half yearly Financial Information.

These unaudited half yearly results were approved by the Board of Directors on 15 February 2021.

2. Earnings per share (EPS)

	6 months 31 December 2020 (unaudited) Pence	6 months 31 December 2019 (unaudited) Pence	Year ended 30 June 2020 (audited) Pence
Continuing operations			
Basic earnings per share	0.96 p	0.92 p	0.04 p
Diluted earnings per share	0.93 p	0.89 p	0.04 p
Adjusted earnings per share	3.44 p	3.02 p	4.70 p
Diluted adjusted earnings per share	3.34 p	2.93 p	4.52 p
Discontinued operations			
Basic earnings per share	0.15 p	0.53 p	1.56 p
Diluted earnings per share	0.15 p	0.51 p	1.50 p
Adjusted earnings per share	0.15 p	0.53 p	1.56 p
Diluted adjusted earnings per share	0.15 p	0.51 p	1.50 p
Total Group			
Basic earnings per share	1.11 p	1.45 p	1.60 p
Diluted earnings per share	1.08 p	1.40 p	1.54 p
Adjusted earnings per share	3.59 p	3.55 p	6.26 p
Diluted adjusted earnings per share	3.49 p	3.44 p	6.02 p

Continuing operations	6 months 31 December 2020 (unaudited) £'000	6 months 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Profit/(loss) for the period	716	638	(10)
(Profit)/loss attributable to non-controlling interests	(8)	21	37
Profit attributable to equity holders of the Company	**708**	659	**27**
Reconciliation to adjusted profit:			
Acquisition costs	-	503	575
Amortisation of intangible assets	1,460	1,474	2,921
Exceptional income	(41)	(875)	(875)
Revaluation of contingent consideration	62	-	-
Amortisation of bank fees	-	6	6
Share based payments	767	646	1,447
Tax impact of above adjustments	(415)	(249)	(699)
Adjusted profit for the period	**2,541**	**2,164**	**3,402**

Number of shares	'000s	'000s	'000s
Weighted average number of shares	73,627	71,434	72,187
Bonus element from share placing in July 2019	140	140	140

Basic	73,767	71,574	72,327
Impact of dilutive share options	2,381	2,254	2,938
Diluted	76,148	73,828	75,265

The bonus element increasing the basic number of shares used in the earnings per share calculation arises from the placing of 8,000,000 shares in July 2019 and represents the number of shares effectively issued without consideration, due to the issue price of 125 pence being at a discount on the market price of 127.5 pence prior to the placing. In accordance with IAS 33, the impact of the bonus element is allocated to all reporting periods prior to that in which the placing took place.

The dilutive share options are in respect of the shares awarded under the Blancco Performance Share Plan.

3. Profit for the period

The figures for the Group's continuing operations are as follows:

	6 months ended 31 December 2020 (unaudited) £'000	6 months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Depreciation of property, plant and equipment – owned	128	120	273
Depreciation of property, plant and equipment – right-of-use asset	449	406	827
Profit on disposal of property, plant and equipment	(5)	(2)	(1)
Amortisation of intangible assets	3,289	2,870	5,912
Expenses related to leases of low-value assets	12	12	24
Cost of inventories recognised as an expense	129	197	347
Research & Development expense	458	522	1,121
Staff costs	8,260	8,266	16,230
Net foreign exchange (profit)/loss	(127)	(216)	101

4. Exceptional and acquisition (income)/costs

	6 months ended 31 December 2020 (unaudited) £'000	6 months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Provision releases	(41)	(875)	(875)
Acquisition and deal costs	-	503	575
	(41)	**(372)**	**(300)**

Exceptional income arises from the release of a provision recognised on the acquisition of SafeIT (in the prior year Xcaliber) that the business deems to no longer be required. This covers an item that was exceptional in nature and does not relate to the underlying operating expenses of the acquired business and accordingly the release was recorded through exceptional income.

Acquisition costs in the prior period relate to the acquisition of YouGetItBack Limited and the buyouts of minority interest stakes in Japan and Singapore.

5. Discontinued Operations

The post-tax results from discontinued operations in the period was a non-cash profit of £0.1 million (H1 2020: £0.4 million). This arose from the reassessment of provisions over time that were created upon the disposal of the Repair Services business in the year ended 30 June 2016.