21 February 2023

Blancco Technology Group plc

Interim results for the six months ended 31 December 2022

Increasing Sustainability and Governance tailwinds accelerate double-digit growth

Blancco Technology Group plc (AIM: BLTG, "Blancco", the "Company" or the "Group"), the industry standard in data erasure and mobile lifecycle solutions, is pleased to announce its interim results for the six months ended 31 December 2022 (the "Period").

FINANCIAL HIGHLIGHTS

£m unless otherwise stated	H1 FY23	H1 FY22	Change
Revenue	24.0	19.7	+22%
Gross profit	23.5	19.1	+23%
Adjusted EBITDA*	8.0	6.4	+24%
Adjusted operating profit*	5.1	4.0	+30%
Operating profit	2.7	1.9	+42%
Profit before tax	2.6	1.8	+42%
Adjusted operating cash flow**	5.3	4.7	+15%
Cash generated from continuing operations	5.3	4.6	+14%
Diluted earnings per share	2.91p	1.94p	+50%
Net funds	7.9	10.2	-22%

- Strong revenue growth of 22%, 16% when adjusted for constant exchange rates ("CER"):
  - Enterprise revenue increased by 33% (CER +24%) to £9.4 million (H1 FY 2022: £7.1 million)
  - IT Asset Disposition ("ITAD") revenue increased by 30% (CER +25%) to £9.0 million (H1 FY 2022: £6.9 million)
  - Mobile revenue fell slightly by 1% (CER -3%) to £5.6 million (H1 FY 2022: £5.7 million) as sales of new smartphones slowed, impacting the trade of used handsets in the period
- Double digit constant currency growth in each of our three geographies:
  - North America revenue increased by 39% (CER +22%) to £8.0 million (H1 FY 2022: £5.8 million)
  - EMEA revenue increased by 12% (CER +10%) to £8.7 million (H1 FY 2022: £7.7 million)
  - APAC revenue increased by 19% (CER +19%) to £7.3 million (H1 FY 2022: £6.2 million)
- Net funds increased to £7.9 million from £6.2 million on 30 June 2022
- Gross margins remain strong, edging higher to 98% (H1 FY 2022: 97%)
- Adjusted operating margin of 21% (H1 FY 2022: 20%), despite pressures from wage inflation and US dollar strength. Adjusted Operating Profit* increased to £5.1 million (H1 FY 2022: £4.0 million). Operating Profit grew to £2.7 million (H1 FY 2022: £1.9 million)
- Adjusted EBITDA* increased to £8.0 million (H1 FY 2022: £6.4 million). EBITDA grew to £7.2 million (H1 FY 2022: £5.7 million)

OPERATIONAL HIGHLIGHTS

- Accretive acquisition of US-based erasure specialist WipeDrive, which completed in June 2022, is now fully integrated and contributed revenue of £0.9 million in the Period
- Continued focus on developing channel partners to sell our solutions to Enterprise customers saw revenue from channel partners grow by 30% in the period to £5.2 million (H1 FY 2022: £4.0 million)
- Sustainability credentials further strengthened by achieving an MSCI AA rating
- Partnership with Ebay agreed to introduce condition grading on computer equipment and mobile handsets enabling ITAD and mobile customers to sell equipment on the Ebay platform
- Won new SaaS contract worth US$0.5 million per annum with one of the largest software companies in the world following our introduction of a Microsoft Windows interface to the Blancco Erasure solution
- New partnership signed with Tata Consultancy Services to provide Erasure as a Service (“EaaS”) to their largest customers

CURRENT TRADING AND OUTLOOK

- The appointment of a new President of Global Sales and a Vice President of Americas Sales in 2022 have driven incremental revenue growth and strengthened the opportunity pipeline
- WipeDrive team fully integrated with a single product across the Group now rolled out to customers
- Enterprise remains the fastest growing market and will continue to represent an increasingly large portion of group revenue
- The Company continues to trade well and has a strong pipeline of opportunities as we enter the second half of the financial year, supported by strengthening regulatory and environmental drivers, providing confidence that the Board’s full year expectations will be achieved whilst remaining cautious regarding macro-economic conditions

Matt Jones, Chief Executive of Blancco, said:

“These results for the first six months of the financial year show strong double-digit growth in revenue, profit and cash despite the macro-economic challenges seen in many of the territories in which we operate.

We announced at our last results in September that we had restructured our global sales team with the appointment of new leaders for our sales organisation. I’m pleased to report that they have managed to have an immediate impact on the financial growth of the company as demonstrated in these results as well as our pipeline of opportunities.

We have also fully integrated the excellent team of professionals that joined Blancco through the earnings accretive acquisition of WipeDrive in June 2022. The vast majority of WipeDrive employees now have a role in the larger Blancco group and have supported our move to a single erasure solution for customers.

Existing and upcoming regulation on data security coupled with near-term legislation on sustainability means Blancco’s proposition is more relevant than ever before, and the Board remains confident in the continued growth prospects of the company.”

Note:

*Adjusted operating profit is operating profit excluding expenses relating to share option schemes, exceptional costs & incomes and the amortisation of acquired intangible assets. Adjusted EBITDA is adjusted operating profit after adding back depreciation and amortisation.

** Adjusted operating cash flow is operating cash flow excluding taxation, payments relating to share option schemes, interest payments & receipts and exceptional payments

Presentation and webcast:

A virtual briefing for analysts will be held today, 21 February 2023 at 15.00 GMT, via a live webcast and conference call facility.

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

ENDS

For further information:

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About Blancco

Blancco Technology Group plc is a leading global provider of mobile lifecycle solutions and secure data erasure solutions. For more information, please visit www.blancco.com.

CHIEF EXECUTIVE'S REPORT

Business overview

We are delighted to be able to report a very robust set of results for the first six months of our financial year, where Group revenue grew by 16% (when adjusted for currency movements) despite the challenging macro-economic environment and a strong comparative period. While it is accepted that many companies are in a period of financial constraint, data security is an area where corners cannot be cut, and the adoption of software data erasure typically saves money for companies that had previously used the physical destruction of assets to ensure data security. The use of data erasure software is also a cost-effective way for companies to improve their environmental impact by vastly reducing their generation of e-waste.

We are particularly pleased that the changes made to the leadership of our sales and marketing function, as disclosed in detail in our FY22 Annual Report, have seen an immediate acceleration of growth in the business, as evidenced by these results. Initiatives have been launched by the leadership team regarding pricing and the further development of our channel network which will continue to have a positive impact as the actions arising from this work are rolled out across the organisation.

In June 2022 we announced the acquisition of WipeDrive Inc ("WipeDrive") and have now fully integrated the company within the wider Blancco group. The vast majority of WipeDrive employees have filled critical roles in the enlarged organisation and assisted in launching a single "best of breed" solution that took the best features of the Blancco and WipeDrive solutions and which has been well received by the Group's enlarged customer base.

Regulatory Environment

There are two forms of regulation that form the primary growth drivers for Blancco;

i) Data Privacy & Security

EU General Data Protection Regulation ("GDPR") was the first major piece of regulation which had the potential to impose severe penalties on any companies which failed to protect the personal data that they held. The maximum penalties under GDPR are the higher of €20 million or 4% of global revenue. In 2022, Instagram Meta was fined €405 million, the second largest fine ever issued under GDPR, due to the exposure of personal details of minors. This follows on from the record fine of €746 million issued to Amazon in 2021.

Following the introduction of GDPR, we have seen similar regulations being introduced in most other parts of the world. Gartner has forecast that by the end of the 2023 calendar year, they expect 75% of the world's population will have their personal data protected under modern privacy regulations.

Of particular relevance, the implementation of the California Privacy Rights Act ("CPRA") is effective from 1 January 2023 and follows on from the California Consumer Privacy Act ("CCPA") enacted in 2020. These regulations affect all organisations with more than US$25 million of gross annual revenue that conduct business in California. California is typically seen as a leading state in the US with regard to the introduction of regulation and we are already seeing several other states including Colorado, Utah, Connecticut and Virginia implementing similar laws.

This increasingly regulated environment means that companies must continue to ensure that customer data they store is protected. A particularly relevant example for Blancco was the major US bank that was fined a total of US$95 million by the US Office of the Controller of Currency and the Stock Exchange Commission for failing to properly dispose of devices containing Personally Identifiable Information (PII) of 15 million customers. As part of the corrective action taken, this bank is now a customer of Blancco.

ii) Environmental

Unlike the Data Privacy regulation, environmental regulation is very much at the early stages. The EU is again leading the way with the European Green Deal which is a package of policy initiatives aiming to set the EU on the path to a green transition, with the ultimate goal of reaching climate neutrality by 2050. As part of the Green Deal, the Corporate Sustainability Reporting Directive (CSRD) includes the mandate to disclose sustainability information under the reporting framework of the European Sustainability Reporting Standards (ESRS). These regulations will be phased in from 1 January 2024 and will require companies to provide information on the environmental impact of their organisation including its use of resources and the circular economy.

Similarly, the US Securities and Exchange Commission announced in 2022 that it is proposing to require registrants to include certain climate related disclosures in their registration statements and periodic reports.

The challenge for Blancco has always been to persuade companies which currently destroy their IT assets, to using data erasure as the mechanism to ensure data security. Whilst the use of data erasure is more time and cost effective than physical destruction, IT departments have often been reluctant to consider alternative methods. The focus on e-waste caused by the implementation of directives forcing companies to disclose information on their environmental impact is resulting in change as companies push towards carbon neutral and net zero targets. Those charged with improving the sustainability of companies will need to force change through IT departments to ensure that redundant equipment no longer contributes to e-waste statistics and instead helps the circular economy.

Enterprise

The Enterprise market continues to be the fastest growing market that Blancco solutions are sold into. In FY18, the period when we originally set out Blancco's growth strategy, Enterprise was the smallest of Blancco's three markets and represented 32% of Group revenue. In the first half of FY23, Enterprise represented 39% of Group revenue and it is now Blancco's largest market. Revenue in Enterprise grew by 33% (CER +24%) in the period to £9.4 million (H1 FY 2022: £7.1 million). In FY18, 42% of Enterprise revenue came through Channel partners. In the period, revenue from Channel partners increased by 30% to £5.2 million (H1 FY 2022: £4.0 million) and now represents 56% of Enterprise revenue.

We anticipate that the regulatory drivers around data privacy and sustainability will continue to impact the largest companies in the world which tend to store the greatest amounts of data. As a result, we believe that Enterprise will continue to be the fastest growing market that Blancco sells to and much of this growth will be driven by further investment with our channel partners whose sales will represent an increasingly large proportion of our Enterprise revenues. We continue to review our channel partner base, investing the most effort with the partners that have the greatest potential for revenue generation and engaging with new partners who can assist us with growing the business.

An example would be the new partnership we have established with Tata Consultancy Services ("TCS"). TCS is an Indian multinational information technology services and consulting company with over 613,000 employees in 55 countries. TCS is seeking to utilise Blancco within its customer base to maximise their sustainability and data privacy credentials, primarily within the healthcare and financial services verticals. A material pipeline of opportunities has already been generated prompting Blancco to employ a dedicated resource to work within TCS, promoting the Blancco offering.

The acquisition of WipeDrive, completed in June 2022, has enabled us to further strengthen our market position. WipeDrive Enterprise customers generated revenue of £0.4 million in the period. WipeDrive customers are being migrated to the new "best of breed" solution which will make WipeDrive revenue impossible to separate from Blancco revenue in future financial disclosure. One of the features we were pleased to introduce as part of this merging of technologies is the development of a Microsoft Windows interface for our erasure solution. This user interface improvement has helped us to win a large contract with one of the biggest software companies in the world. There is significant opportunity to grow that account much further, as there is in many of our larger accounts. WipeDrive has also helped grow our presence in the US market, particularly with government agencies.

IT Asset Disposition ("ITAD")

Blancco's ITAD customers operate as experts in the disposal of end-of-life IT assets, primarily for companies which are smaller than those which purchase licences directly from Blancco in the Enterprise market. We reported in the FY22 financial year that these customers had experienced a period of accelerated growth as employees returned to offices following the pandemic. For many companies, a backlog of end-of-life hardware needed to be processed and many companies had to reconfigure office space and equipment distribution to accommodate a more hybrid working workforce. This trend led to revenue growth of 23% when adjusting for foreign exchange movements in FY22. This has continued into the first half of FY23 with revenue growing by 30% (CER +25%) to £9.0 million (H1 FY 2022: £6.9 million).

With most parts of the world now having returned to a steadier pattern of work, there are signs that this period of accelerated growth is settling to more normal patterns. From FY18 to FY22, ITAD revenue has grown from £8.6 million to £13.8 million, an annual growth rate of 13%. Blancco has a very large share of the data erasure market within ITADs which limits our ability to substantially grow market share. However, the data privacy and sustainability drivers that are apparent in the Enterprise market are also leading to growth in the overall market that ITADs address, which generally comprises smaller companies which engage with third parties to dispose of their end-of-life equipment. As a result, the growth in ITAD has continued to exceed our initial expectations and we anticipate that the growth seen since FY18 should be sustainable in the coming periods. The acquisition of WipeDrive has also enabled us to strengthen our position in this market. WipeDrive ITAD customers generated revenue of £0.5 million in the first six months of FY23.

This market leading position has been strengthened further recently by the announcement of our new partnership with Ebay. ITAD and Mobile customers will be able to use the Blancco solution to categorise or grade the condition of devices for sale on the Ebay platform on a consistent basis. This will give buyers confidence in purchasing computer equipment or mobile devices on the platform, making it simpler for ITADs and Mobile processors to recycle equipment from which they have erased the data after collecting it from their customers.

Mobile

Given the current macroeconomic backdrop, mobile continues to be the most challenging market for Blancco. IDC reported that new smartphone sales in the first three quarters of 2022 were 9.7% lower than the comparative period of 2021. There is a combination of factors which are likely to have contributed to this trend - supply chain issues and component shortages have continued to be a constraint, fears of a reduction in disposable incomes, foreign currency movements and a lack of innovation in the latest generation of handsets are all thought to be contributory factors. Blancco's revenue is largely driven by the volume of pre-owned handsets received by our customers when new handsets are purchased, and older handsets are traded in. All Blancco Mobile customers have reported reduced volumes of handsets being processed in the period.

Despite this background, Blancco Mobile revenue fell by only 1% (CER -3%) to £5.6 million (H1 FY 2022: £5.7 million) which indicates an increase in market share given that the size of the overall market has reduced. There are no immediate signs of an improvement in the Mobile market, and we expect it to remain relatively flat for the next 12 months. However, in the medium term we continue to believe that the Mobile market will improve as the handsets currently held by consumers continue to age and economic conditions improve. We also believe that consumers will be more inclined to trade in older handsets when buying a new handset than they have been in the past due to the increasing value of aging handsets. While the revenue trend doesn't show the same growth that we see in ITAD and Enterprise, it continues to be a materially profitable part of the business which contributes significantly to the profitability of the Group as a whole.

Summary and Outlook

The results announced today demonstrate the strong progress being made by the business and give us further confidence in continued growth in revenue, profit and cash as we look ahead. Data privacy regulation has been driving much of the growth seen in recent years whilst the incoming regulation on sustainability presents real opportunities for the future.

The new sales management team has now been with the Company for over six months and has introduced initiatives around channel development and pricing, the positive impact of which will come through in the near term. The impact of pay increases awarded in our usual pay review in October and new headcount that joined the Company in the first half of the financial year tends to reduce operating margins in the second half of the year. However, the Company continues to trade well and has a strong pipeline of opportunities as we enter the second half of the financial year providing confidence that the Board's full year expectations will be achieved.

Matt Jones
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

Revenue

Revenue in the period grew by 22% (CER +16%) to £24.0 million (H1 FY 2022: £19.7 million). The strengthening of the US dollar had a materially positive impact on the translated value of sales in the US in the Period, with North America revenue growing by 39% to £8.0 million (H1 FY 2022: £5.8 million) but the growth reducing to 22% when adjusted for foreign currency movements. Revenue grew strongly in each of the three territories in which Blancco operates.

	6 months ended		Growth rate	Organic growth rate	CER growth
	31 December 2022	31 December 2021			
Revenue (£ millions)	24.0	19.7	+22%	+17%	+16%
Revenue by geography					
North America	8.0	5.8	+39%	+22%	+22%
EMEA	8.7	7.7	+12%	+12%	+10%
APAC	7.3	6.2	+19%	+19%	+19%
Revenue by market type					
Enterprise	9.4	7.1	+33%	+27%	+24%
ITAD	9.0	6.9	+30%	+22%	+25%
Mobile	5.6	5.7	-1%	-1%	-3%

Profitability Measures

Gross margins remained high at 98% with only a small amount of hardware and third-party licences accounted for as cost of goods sold. The strengthening of the US dollar had a positive impact on revenue but a detrimental effect on our US cost base, although this does create a natural hedge, which results in a modest favourable foreign exchange impact at operating profit level.

Like many other companies, we have also seen the increasing cost of supplies and wage inflation during the period. As a result, our adjusted administrative expenses have increased by 22% to £18.4 million (H1 FY 2022: £15.1 million). Despite these cost pressures, our adjusted operating profit margin has increased to 21% (H1 FY 2022: £20%). These margins have increased gradually over recent years with the adjusted operating margin in FY18 being 11%. We continue to budget to increase these margins on an ongoing annualised basis, although they are expected to contract as usual in the second half of the year when pay increases for staff awarded in the first half of the year have a full impact. Adjusted operating profit for the period increased by 30% to £5.1 million (H1 FY 2022: £4.0 million). Operating profit for the period was £2.7 million (H1 FY 2022: £1.9 million).

	6 months ended 31 December 2022 £'000	6 months ended 31 December 2021 £'000
Operating profit	**2,720**	**1,916**
Amortisation of acquired intangible assets	1,673	1,337
Share-based payments charge	751	699
Adjusted operating profit	**5,144**	**3,952**
Depreciation of property, plant and equipment	632	554
Amortisation of intangible assets	2,204	1,912
(Profit)/loss on disposal of property, plant and equipment	(1)	1
Adjusted EBITDA	**7,979**	**6,419**

Adjusted EBITDA for the period grew by 24% to £8.0 million (H1 FY 2022: £6.4 million), maintaining an adjusted EBITDA margin of 33% (H1 FY22: 33%).

Balance Sheet

Net funds increased to £7.9 million (30 June 2022: £6.2 million). We anticipate further strong cash generation in the second half of the financial year. However, a liability of £1.2 million is provided for in the balance sheet in respect of the contingent consideration of up to US$1.5 million that could become due to the vendors of WipeDrive in June 2023. The payment is dependent on the retention of WipeDrive customers for a period of 12 months following the acquisition. We are pleased to be able to report that the retention of WipeDrive customers continues to be very positive and it is expected that the full payment will be made in June 2023.

Adam Moloney
Chief Financial Officer

Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2022

	Note	6 months ended 31 December 2022 (unaudited) £'000	6 months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
Revenue		**24,025**	**19,676**	**39,799**
Cost of sales		(486)	(588)	(1,290)
Gross profit		**23,539**	**19,088**	**38,509**
Administrative expenses (including depreciation and amortisation)		(20,819)	(17,172)	(36,627)
Operating profit		**2,720**	**1,916**	**1,882**
Acquisition costs		-	-	542
Amortisation of acquired intangible assets		1,673	1,337	2,683
Share-based payments charge		751	699	1,387
Adjusted administrative expenses		(18,395)	(15,136)	(32,015)
Adjusted operating profit		**5,144**	**3,952**	**6,494**
Finance income		1	1	6
Finance costs		(115)	(85)	(201)
Profit before tax		**2,606**	**1,832**	**1,687**
Taxation		(364)	(302)	364
Profit for the period	3	**2,242**	**1,530**	**2,051**
Attributable to:				
Equity holders of the company		2,227	1,505	2,024
Non-controlling interests		15	25	27
Profit for the period		**2,242**	**1,530**	**2,051**

Consolidated Statement of Comprehensive Income

for the six months ended 31 December 2022

	6 months ended 31 December 2022 (unaudited)	6 months ended 31 December 2021 (unaudited)	Year ended 30 June 2022 (audited)
	£'000	£'000	£'000
Profit for the period	**2,242**	**1,530**	**2,051**
Other comprehensive income/(loss) – amounts that may be reclassified to profit or loss in the future:			
Exchange differences arising on translation of foreign entities	1,729	(995)	1,632
Total comprehensive income for the period	**3,971**	**535**	**3,683**
Attributable to:			
Equity holders of the Company	3,938	523	3,691
Non-controlling interests	33	12	(8)
Total comprehensive income for the period	**3,971**	**535**	**3,683**

Earnings per share

Basic	2	2.96 p	2.01 p	2.71p
Diluted	2	2.91 p	1.94 p	2.64p

Condensed Consolidated Balance Sheet

as at 31 December 2022

	31 December 2022 (unaudited) £'000	31 December 2021 (unaudited) £'000	30 June 2022 (audited) £'000
Assets			
Non-current assets			
Goodwill	57,249	47,555	56,040
Other intangible assets	19,093	17,928	19,928
Property, plant and equipment	2,505	2,449	2,970
Deferred tax assets	100	99	107
	78,947	**68,031**	**79,045**
Current assets			
Inventory	163	166	216
Trade and other receivables	10,964	7,820	8,954
Current tax asset	690	579	641
Cash	8,443	10,205	8,195
	20,260	**18,770**	**18,006**
Total assets	**99,207**	**86,801**	**97,051**
Current liabilities			
Trade and other payables	(8,721)	(7,867)	(9,433)
Contingent consideration	(1,230)	-	(1,347)
Current tax liability	(609)	(380)	(291)
	(10,560)	**(8,247)**	**(11,071)**
Non-current liabilities			
Borrowings	(500)	-	(2,000)
Other payables	(1,727)	(1,268)	(2,265)
Deferred tax	(3,958)	(2,766)	(3,971)
	(6,185)	**(4,034)**	**(8,236)**
Total liabilities	**(16,745)**	**(12,281)**	**(19,307)**
Net assets	**82,462**	**74,520**	**77,744**

Equity			
Called up share capital	1,514	1,513	1,513
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	3,568	(792)	1,857
Retained earnings	49,411	45,843	46,438
Total equity attributable to equity holders of the Company	**81,874**	**73,945**	**77,189**
Non-Controlling interest reserve	588	575	555
Total equity	**82,462**	**74,520**	**77,744**

Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 December 2022

	6 months ended 31 December 2022 (unaudited) £'000	6 months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
Balance at the start of the period	**77,744**	**74,901**	**74,901**
Total comprehensive income for the period	3,971	535	3,683
Purchase of Company's own shares	-	(1,546)	(1,546)
Issue of shares	1	1	1
Share based payment charge inclusive of deferred tax	746	629	705
Balance at the end of the period	**82,462**	**74,520**	**77,744**

Consolidated Cash Flow Statement

for the six months ended 31 December 2022

	6 months ended 31 December 2022 (unaudited)	6 months ended 31 December 2021 (unaudited)	Year ended 30 June 2022 (audited)
	£'000	£'000	£'000
Profit for the period	**2,242**	**1,530**	**2,051**
Adjustments for:			
Net finance charges	114	84	195
Tax expense/(income)	364	302	(364)
(Profit)/loss on disposal of property, plant and equipment	(1)	1	-
Depreciation on property, plant and equipment	632	554	1,119
Amortisation of intangible assets	2,204	1,912	3,923
Amortisation of acquired intangible assets	1,673	1,337	2,683
Share-based payments expense	751	699	1,387
Operating cash flow before movement in working capital	**7,979**	**6,419**	**10,994**
Acquisition costs	-	-	542
Adjusted EBITDA	**7,979**	**6,419**	**11,536**
Decrease/(increase) in inventories	57	(54)	(69)
Increase in receivables	(1,828)	(1,715)	(2,092)
(Decrease)/increase in payables and accruals	(928)	(37)	1,496
Cash generated from continuing operations	**5,280**	**4,613**	**10,329**
Acquisition costs payments	-	-	355
Share-based payments	61	42	143
Adjusted operating cash flow	**5,341**	**4,655**	**10,827**
Interest paid on lease liabilities	(57)	(55)	(110)
Other finance costs paid	-	-	(25)
Tax paid	(138)	(187)	(261)
Net cash generated from operating activities	**5,085**	**4,371**	**9,933**
Cash flows from investing activities			
Purchase of property, plant and equipment	(123)	(62)	(157)
Proceeds from sale of property, plant and equipment	7	-	-
Purchase and development of intangible assets	(2,520)	(2,189)	(4,453)
Acquisition of subsidiaries, net of cash acquired	(111)	-	(6,873)
Net cash used in investing activities	**(2,747)**	**(2,251)**	**(11,483)**
Cash flows from financing activities			
Payment of the principal portion of lease liabilities	(477)	(373)	(784)
Purchase of Company's own shares	-	(1,546)	(1,546)
Issue of shares, net of fees	1	1	1
Interest received	1	67	73
Interest paid	(54)	(25)	(58)

Drawdown of borrowings	-	-	3,000
Repayment of borrowings	(1,500)	-	(1,000)
Net cash used in financing activities	**(2,029)**	**(1,876)**	**(314)**
Net increase/(decrease) in cash and cash equivalents	**309**	244	**(1,864)**
Other non-cash movements – exchange rate changes	(61)	(110)	(12)
Cash and cash equivalents at the beginning of period	8,195	10,071	10,071
Cash and cash equivalents at end of period	**8,443**	**10,205**	**8,195**
Borrowings	**(500)**	**-**	**(2,000)**
Net funds	**7,943**	**10,205**	**6,195**

Notes to the Half Year Report

For the six months ended 31 December 2022

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 2023. 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 2022. The directors are satisfied the going concern assumption remains appropriate and the results have been prepared on that basis.

All UK adopted International Accounting Standards and interpretations currently endorsed by the UK Endorsement Board, 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 2022 and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2022.

The condensed consolidated half yearly financial statements for the six months to 31 December 2022 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 20 February 2023.

2. Earnings per share (EPS)

	6 months 31 December 2022 (unaudited) Pence	6 months 31 December 2021 (unaudited) Pence	Year ended 30 June 2022 (audited) Pence
Basic earnings per share	2.96 p	2.01 p	2.71 p
Diluted earnings per share	2.91 p	1.94 p	2.64 p
Adjusted earnings per share	5.54 p	4.23 p	7.81 p
Diluted adjusted earnings per share	5.46 p	4.08 p	7.62 p

	6 months 31 December 2022 (unaudited) £'000	6 months 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
Profit for the period	2,242	1,530	2,051
Profit attributable to non-controlling interests	(15)	(25)	(27)
Profit attributable to equity holders of the Company	**2,227**	**1,505**	**2,024**
Reconciliation to adjusted profit:			
Amortisation of intangible assets	1,673	1,337	2,683
Acquisition costs	-	-	542
Amortisation of bank fees	4	4	8
Share based payments	751	699	1,387
Tax impact of above adjustments	(485)	(387)	(800)
Adjusted profit for the period	**4,170**	**3,158**	**5,844**

Number of shares	'000s	'000s	'000s
Weighted average number of shares	75,296	74,691	74,776
Impact of dilutive share options	1,127	2,646	1,877
Diluted	76,423	77,337	76,653

The dilutive share options are in respect of the shares awarded under the Blancco Performance Share Plan and Sharesave Plan, full details of which are disclosed in the 2022 Annual Report and Accounts.

3. **Profit for the Period**

Profit for the Period for the Group has been arrived at after charging/(crediting):

	6 months ended 31 December 2022 (unaudited) £'000	6 months ended 31 December 2021 (unaudited) £'000	Year ended 30 June 2022 (audited) £'000
Depreciation of property, plant and equipment – owned	132	127	250
Depreciation of property, plant and equipment – right-of-use asset	500	427	869
(Profit)/loss on disposal of property, plant and equipment	(1)	1	-
Amortisation of intangible assets	3,877	3,249	6,606
Expenses related to leases of low-value assets	11	11	27
Cost of inventories recognised as an expense	132	145	429
Research & Development expense	674	509	1,191
Staff costs	11,279	9,572	19,777
Net foreign exchange loss/(gain)	2	(52)	220