25 May 2021

IXICO plc

("IXICO", the "Company" or the "Group")

Half yearly report to 31 March 2021

8% revenue growth, 18% EBITDA margin
£7.0m cash
£19.0m order book[1] at 31 March 2021 reflecting contract wins across the period

IXICO plc (AIM: IXI), the AI data analytics company delivering insights in neuroscience, announces its unaudited interim results for the six months ended 31 March 2021.

IXICO's proprietary AI technology increases the utility and value of brain imaging and digital biomarker data and supports pharmaceutical and biotech clients to obtain more information from their neurological disease clinical development programmes.

Financial highlights

- Reported revenues of £4.9 million for the six months to 31 March 2021 (H1 2020: £4.6m) representing 8% growth;
- Continued strong gross margin at 67.6% (H1 2020: 66.5%);
- Growth in earnings before interest, taxation, depreciation and amortisation ('EBITDA') to £0.9 million (H1 2020: £0.7m);
- EBITDA margin at 18.0% (H1 2020: 14.8%);
- Cash position of £7.0 million as of 31 March 2021 (H1 2020: £6.7m); and
- Profit per share of 1.78p (H1 2020: 1.01p)

Commercial and operational highlights

- Order book[1] of £19.0 million at 31 March 2021 (H1 2020: £15.3m) despite reduction relating to Phase III and OLE HD trail failures as announced 23 March 2021;
- £9.4 million of new contracts signed during the period across a range of clients and neurological therapeutic indications;
- Significant capital investment in next generation image capture and analysis platform and associated partnership with Microsoft; and
- Research and Development investments in expanded range of analytical tools to support advanced quantitative image analysis.

Corporate development highlights

- Increased focus on corporate development and strategic partnership opportunities within Central Nervous System ('CNS') indications across medical imaging and emerging digital health technologies.

[1]Order book is contracted but unrecognised revenue adjusted down to provide the Company's best expectations of delivery.

Giulio Cerroni, CEO of IXICO, commented: "Despite the ongoing COVID-19 pandemic, this is another strong set of financial results and I am particular pleased with the continued top line revenue growth and acquisition of new clients reported through the period. The CNS clinical trials market is showing the green shoots of recovery and IXICO's technology-driven business model is well suited to support our pharma and biotech clients as they increasingly look to accelerate their adoption of remote data collection technologies. I am pleased, not only in the progress of our client traction across the last six months, but also in the operational progress we have made through investments to ensure we can scale to meet the demands of our growing marketplace.

"Whilst we expect to see the impact of clinical trial delays and of the recent loss of revenues from our order book following the client trial failure announced in March, we remain confident of our ability to grow across the medium to long term. This conviction is underpinned by increasing numbers of discussions with a wider range of clients for our specialist neuroimaging services, across a broader range of CNS therapeutic indications and potential strategic partnerships in emerging digital health technologies."

A recording of the results presentation will be made available on the Group's website here: https://ixico.com/investors/company-information/investor-videos/

For further information please contact:

IXICO plc +44 (0)20 3763 7498
Giulio Cerroni, Chief Executive Officer
Grant Nash, Chief Financial Officer

Cenkos Securities PLC (Nominated adviser and sole broker) +44 (0)20 7397 8900
Giles Balleny / Max Gould (Corporate Finance)
Michael F Johnson / Russell Kerr (Sales)

Walbrook PR Ltd Tel: 020 7933 8780 or IXICO@walbrookpr.com
Paul McManus / Lianne Cawthorne / Alice Woodings Mob: 07980 541 893 / 07584 391 303 / 07407 804 654

About IXICO
IXICO is dedicated to delivering insights in neuroscience. Our mission is to transform the progression of our biopharmaceutical clients' neurological therapeutic pipelines through the application of novel imaging and digital biomarkers.

IXICO's data analytics services are used by the global biopharmaceutical industry to interpret data from brain scans and digital biosensors to enable better trial design, site qualification, patient selection and clinical outcomes. We provide technology-enabled services across all phases of clinical evaluation. Our integrated digital platform provides a scalable and secure infrastructure for the capture and analysis of regulatory compliant clinical data to enable clients to make rapid, better informed decisions. IXICO is also collaborating with partners to develop new analytical techniques and digital health products targeted at improving patient outcomes.

More information is available on www.IXICO.com

CHIEF EXECUTIVE OFFICER'S STATEMENT

Statement from Giulio Cerroni

Across the past six months, we have reported revenues of £4.9 million, representing 8% growth compared to the same period of the prior year. As at 31 March 2021, our contracted order book totalled £19.0 million (H1 2020: £15.3 million), which I am particularly pleased with, considering the reduction of revenues reflected in the order book relating to our largest client's Huntington disease ('HD') trial following its failure, as announced on 23 March 2021.

This revenue growth has supported the delivery of EBITDA of £0.9 million for the half-year period, reflecting further accretion in our EBITDA margin to 18% (H1 2020: £0.7 million and 14.8%). This strong performance has been driven by continued commercial momentum of the Group's technology services, which enable the pharmaceutical industry to derive valuable insights from their neuroscience clinical development programmes. This is particularly pleasing when considered alongside the diversification of our order book and broader reach across neuroscience therapeutic indications.

The Group has encountered headwinds in its progression during the period because of the descope of our largest client's Phase 3 and open label HD trials. These, along with the ongoing impact of COVID-19, mean we anticipate a levelling off of growth across the next eighteen months. Whilst we continue to hold a strong order book, it does reflect a reduction in near term revenues expected compared to the prior year. Positively, this also reflects the gradual transition within our order book to a broader diversification of clients. We anticipate this rebalancing, which has increased the relative proportion of early-stage trials in our order book, to underpin our ability to achieve medium- and longer-term growth with a reduced risk profile associated with the early termination of a trial. As the market responds to an easing of COVID restrictions and continues to benefit from underlying growth drivers, we anticipate a continued uptick in the rate of signing new trials as has been achieved across the last six months.

In the period we have further accelerated our programs of investment, specifically in our Microsoft Azure cloud-based image capture and analysis platform, which we expect to launch during 2022. In addition to this, we have broadened our analytical offerings across neurological indications and invested in our operational structures and processes. These investments are all focussed on scaling the business to ensure the Group maximises the growth opportunity available to us.

We have continued to invest in our digital biomarkers offering and pursue a strategy of both organic, and where the appropriate opportunity arises, inorganic growth in this developing field. We believe that the COVID-19 pandemic will prove to be a propulsive force for digital adoption in clinical trials and we see digital health technologies (wearables in particular) as highly complementary to our imaging offering to CNS clinical trials. We consider recent consolidation in the market as a reflection of the increasing imperative to install these important technologies which support a more decentralised and remote based trial model.

Looking forward to the second half of the year, we retain our focus on the business fundamentals of winning new contracts, across a diverse client base and an increasing breadth of neuroscience indications. We are, by strategic intent, a neuroscience specialist and our investments are accordingly entirely focussed on ensuring we offer the best possible services to our clients in this field.

The Group is well-capitalised, debt-free and profitable with a cash balance of £7.0 million as at 31 March 2021. As a result, we can look forward with confidence, knowing that we have built a resilient business model well placed for growth. Our priority remains ensuring delivery of the best possible services to our clients as the industry adjusts to new ways of working and, in so doing, maximise value for all our stakeholders.

Financial Review

KPI	H1-21	H1-20	Movement	FY20	FY19
Revenue	£4.9m	£4.6m	7.9% ↑	£9.5m	£7.6m
Gross profit	£3.3m	£3.0m	9.7% ↑	£6.3m	£4.9m
Gross margin	67.6%	66.5%	1.2% ↑	66.6%	65.4%
EBITDA profit	£0.9m	£0.7m	£0.2m ↑	£1.3m	£0.5m
EBITDA margin	18.0%	14.8%	3.2% ↑	13.6%	6.3%
Operating profit / (loss)	£0.6m	£0.5m	£0.1m ↑	£0.9m	£0.4m
Profit / (loss) per share	1.78p	1.01p	0.77p ↑	2.02p	0.92p
Orderbook [1]	£19.0m	£15.3m	£3.7m ↑	£21.7m	£15.9m
Cash	£7.0m	£6.7m	£0.3m ↑	£7.9m	£7.3m
Revenue per FTE [2]	£103k	£123k	£20k ↓	£122k	£124k

1 Orderbook is contracted but not yet recognised revenue adjusted down to reflect the Company's best estimate of delivery.
2 Revenue per FTE for the interim periods are annualised

Revenue

- Revenue of £4.9 million (H1 2020: £4.6m) representing a 7.9% increase on prior period.
- Robust order book of £19.0 million (H1 2020: £15.3m) despite reduction of £7.1m revenues from trial cessations in the period.

Gross profit and margin

- Gross profit growth of £0.3 million to £3.3 million (H1 2020: £3.0m) with a marginal increase in gross margin to 67.6% from 66.5%

Operating expenses

- Operating expenditure remained consistent at £2.9 million (H1 2020: £2.9m), representing management's ability to maintain a consistent cost base whilst growing the revenues of the Company.
- Capitalised R&D expenditure increased in the period to £0.5 million (H1 2020: £0.1m), demonstrating the Company's commitment to continued investment in building scale and capabilities to drive growth.

EBITDA and operating profit

- Growth in EBITDA to £0.9 million (H1 2020: £0.7m), reflecting the increase in revenue and gross margin and accessing additional operational leverage via growth.
- Growth in operating profit to £0.6 million (H1 2020: £0.5m), reflecting EBITDA growth partially offset by increased depreciation and amortisation arising from increased capital investment as the Group positions itself for future growth opportunities.

Cash

- Increase in closing position of £7.0 million (H1 2020: £6.7m) reflecting a careful balance between profitability and investment activities, supported by share issues relating to the exercise of share options.
- Operating cash outflow maintained at £0.3 million (H1 2020: £0.3m). The operating cash outflow reflects timings of cash in and out flows resulting from an increased trade receivables position and reduced trade payables position, which together offset the positive cash flows derived from a growing EBITDA performance.

Revenue per FTE

- Annualised revenue per FTE of £103,000 for the period (H1 2020: £123,000) reflects continued investment in employees to further strengthen the operational and scientific capabilities of the organisation, as well as augmenting the technology team to develop our next generation image capture and analysis platform. This reflects the Group's conviction in the opportunity for growth over the medium- and long-term.

Consolidated Statement of Comprehensive Income
For the six months ended 31 March 2021 – unaudited

	Notes	**31 Mar 21 6 months Unaudited**	31 Mar 20 6 months Unaudited	30 Sep 20 12 months Audited
	Notes	**£000**	£000	£000
Revenue		**4,913**	4,555	9,532
Cost of sales		**(1,593)**	(1,528)	(3,186)
Gross profit		**3,320**	3,027	6,346
Other income		**224**	378	606
Operating expenses				
Research and development expenses		**(650)**	(631)	(1,309)
Sales and marketing expenses		**(651)**	(906)	(1,579)
General and administrative expenses		**(1,604)**	(1,382)	(3,208)
Total operating expenses		**(2,905)**	(2,919)	(6,096)
Operating profit		**639**	486	856
Finance income		**1**	17	20
Finance expense		**(5)**	(10)	(18)
Profit on ordinary activities before taxation		**635**	493	858
Taxation		**208**	(18)	94
Profit attributable to equity holders for the period		**842**	475	952
Other comprehensive expense:				
Items that will be reclassified subsequently to profit or loss				
Foreign exchange translation differences		**9**	(13)	(1)
Total other comprehensive expense		**9**	(13)	(1)
Total comprehensive income attributable to equity holders for the period		**851**	462	951
Profit per share (pence)				
Basic profit per share	3	**1.78**	1.01	2.02
Diluted profit per share	3	**1.68**	1.00	2.00

Consolidated Statement of Financial Position
As at 31 March 2021 – unaudited

	Notes	**31 Mar 21 6 months Unaudited**	31 Mar 20 6 months Unaudited	30 Sep 20 12 months Audited
	Notes	**£000**	£000	£000
Assets				
Non-current assets				
Property, plant and equipment		**1,183**	652	1,014
Intangible assets		**1,711**	395	796
Total non-current assets		**2,894**	1,047	1,810
Current assets				
Trade and other receivables		**2,887**	2,598	2,082
Current tax receivables		**558**	273	259
Cash and cash equivalents		**7,011**	6,664	7,945
Total current assets		**10,456**	9,535	10,286
Total assets		**13,350**	10,582	12,096
Liabilities and equity				
Non-current liabilities				
Trade and other payables		**159**	-	167
Provisions		**-**	-	90
Lease liabilities		**548**	130	45
Total non-current liabilities		**707**	130	302
Current liabilities				
Trade and other payables		**2,050**	1,741	2,407
Provisions		**175**	-	100
Lease liabilities		**29**	164	168
Total current liabilities		**2,254**	1,905	2,675
Equity				
Ordinary shares	**4**	**480**	471	471
Share premium	**4**	**84,802**	84,499	84,499
Merger relief reserve		**1,480**	1,480	1,480
Reverse acquisition reserve		**(75,308)**	(75,308)	(75,308)
Foreign exchange translation reserve		**(88)**	(94)	(97)
Capital redemption reserve		**7,456**	7,456	7,456
Accumulated losses		**(8,433)**	(9,957)	(9,382)
Total equity		**10,389**	8,547	9,119
Total liabilities and equity		**13,350**	10,582	12,096

Consolidated Statement of Changes in Equity
For the six months ended 31 March 2021 – unaudited

	Ordinary shares	Share premium	Merger relief reserve	Reverse acquisition reserve	Foreign exchange translation reserve	Capital redemption reserve	Accumulated Losses	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 30 September 2019	**469**	**84,436**	**1,480**	**(75,308)**	**(81)**	**7,456**	**(10,533)**	**7,919**
Total comprehensive income/(expense)								
Profit for the period	-	-	-	-	-	-	952	952
Other comprehensive expense:								
Realised losses on foreign exchange	-	-	-	-	(15)	-	15	-
Foreign exchange translation	-	-	-	-	(1)	-	-	(1)
Total comprehensive income/(expense)	-	-	-	-	**(1)**	**-**	**967**	**951**
Transactions with owners								
Charge in respect of share options	-	-	-	-	-	-	184	184
Exercise of share options	2	63	-	-	-	-	-	**65**
Total transactions with owners	**2**	**63**	**-**	**-**	**-**	**-**	**184**	**249**
Balance at 30 September 2020	**471**	**84,499**	**1,480**	**(75,308)**	**(97)**	**7,456**	**(9,382)**	**9,119**
Total comprehensive income								
Profit for the period	-	-	-	-	-	-	842	842
Other comprehensive expense:								
Foreign exchange translation	-	-	-	-	9	-	-	9
Total comprehensive income	-	-	-	-	**9**	**-**	**842**	**851**
Transactions with owners								
Charge in respect of share options	-	-	-	-	-	-	107	107
Exercise of share options	9	303	-	-	-	-	-	312
Total transactions with owners	**9**	**303**	**-**	**-**	**-**	**-**	**107**	**419**
Balance at 31 March 2021	**480**	**84,802**	**1,480**	**(75,308)**	**(88)**	**7,456**	**(8,433)**	**10,389**

Consolidated Statement of Cashflows
For the six months ended 31 March 2021 – unaudited

	31 Mar 21 6 months Unaudited	31 Mar 20 6 months Unaudited	30 Sep 20 12 months Audited
	£000	£000	£000
Cash flows from operating activities			
Profit for the period	**842**	475	952
Finance income	**(1)**	(17)	(20)
Finance expense	**5**	10	18
Taxation	**(208)**	18	(94)
Depreciation of fixed assets	**247**	152	356
Amortisation of intangibles	**50**	36	82
Disposal of fixed assets	**-**	-	1
Dilapidation provision release	**(53)**	-	-
Impairment of intangible assets	**-**	-	2
Research and development expenditure credit	**(92)**	(91)	(162)
Share option charge	**107**	101	184
	897	684	1,319
Changes in working capital			
(Increase)/decrease in trade and other receivables	**(755)**	(214)	297
(Decrease)/increase in trade and other payables	**(436)**	(982)	(128)
Cash (used in)/generated from operations	**(294)**	(512)	1,488
Taxation received	**-**	251	447
Net cash (used in)/generated from operating activities	**(294)**	(261)	1,935
Cash flows from investing activities			
Purchase of property, plant and equipment	**(36)**	(203)	(686)
Purchase of intangible assets including staff costs capitalised	**(877)**	(101)	(456)
Finance income	**1**	12	20
Net cash used in investing activities	**(912)**	(292)	(1,122)
Cash flows from financing activities			
Issue of shares	**312**	65	65
Repayment of lease liabilities	**(44)**	(89)	(177)
Interest paid	**(5)**	(10)	(18)
Net cash generated from financing activities	**263**	(34)	(130)
Movements in cash and cash equivalents in the period	**(943)**	(587)	683
Cash and cash equivalents at start of period	**7,945**	7,264	7,264
Effect of exchange rate fluctuations on cash held	**9**	(13)	(2)
Cash and cash equivalents at end of period	**7,011**	6,664	7,945

Notes to the financial statements

1. Presentation of the financial statements

a. General information

IXICO plc (the 'Company') is a public limited company incorporated in England and Wales and is admitted to trading on the AIM market of the London Stock Exchange under the symbol IXI. The address of its registered office is 4th Floor, Griffin Court, 15 Long Lane, London EC1A 9PN.

The Company is a parent of a number of subsidiaries, together referred to throughout as 'the Group'. The Group is an established provider of technology-enabled services to the global biopharmaceutical industry. The Group's services are used to select patients for clinical trials and assess the safety and efficacy of new drugs in development within the field of neurological disease.

b. Basis of preparation

The condensed consolidated interim financial statements were approved by the Board of Directors for issue on 24 May 2021. The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The condensed consolidated interim financial statements together with the comparative information for the six months ended 31 March 2021 are unaudited.

The statutory accounts of the Company for the year ended 30 September 2020 were approved by the Board of Directors on 1 December 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements have been prepared on a going concern basis and in accordance with IFRS as adopted by the EU, IFRIC interpretations and the Companies Act 2006 applicable to companies operating under IFRS. They comprise a Statement of Comprehensive Income, a Statement of Financial Position, a Statement of Changes in Equity, a Statement of Cash Flows, and accompanying notes. These financial statements have been prepared under the historical cost convention modified by the revaluation of certain financial instruments.

The condensed consolidated interim financial statements are presented in Great British Pounds ('£' or 'GBP') and are rounded to the nearest thousand unless otherwise stated. This is the predominant functional currency of the Group, and is the currency of the primary economic environment in which it operates. Foreign currency transactions are accounted for in accordance with the policies set out below.

c. Basis of consolidation

The condensed consolidated interim financial statements incorporate the accounts of the Company and its subsidiary companies adjusted to eliminate intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The Group controls a subsidiary when the Group is exposed to, or has rights to, variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over a subsidiary. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The results of subsidiary companies are included in the condensed consolidated financial statements from the date that control commences until the date that control ceases. The assets and liabilities of foreign operations are translated into GBP at exchange rates prevailing at the end of the reporting period. Income statements and cash flows of foreign operations are translated into GBP at average monthly exchange rates which approximate foreign exchange rates at the date of the transaction. Foreign exchange differences arising on retranslation are recognised directly in a separate translation reserve.

d. Going concern

At the time of approving the condensed consolidated financial statements, the Directors have considered the expected future performance together with the Group's estimated future cash inflows from existing long-term contracts and sales pipeline.

The ongoing COVID-19 pandemic continues to cause uncertainty across global markets for the short and medium term. During 2020, the Group reacted quickly to this by preparing a series of financial scenario forecasts based on discussions with clients over the likely impact of the pandemic on their clinical trials. In parallel the Group moved rapidly to a fully remote model, which included providing additional equipment to employees enabling all to work from home effectively and allowing the Group to trade uninterrupted throughout the year.

In assessing going concern, management prepare forecasts which are updated monthly that consider different scenarios throughout the course of the financial year, as well as ad-hoc forecasts that extend into future years. These include the risk to current projects and expected future sales pipelines, the ability for patients to attend imaging centres (due to global COVID-19 lockdown restrictions) and potential delays in new trial start-up timelines. The Directors have considered these forecasts, alongside the Group's strong balance sheet and cash balance as well as the ability for the Group to mitigate costs if necessary.

After due consideration of these forecasts, the Directors concluded with confidence that the Group has adequate financial resources to continue in operation for the foreseeable future.

2. Significant accounting policies, judgements, and estimation uncertainty

The unaudited condensed consolidated interim financial statements have been prepared using the accounting policies as described in the 30 September 2020 audited year end Annual Report and have been consistently applied.

When preparing the condensed consolidated interim financial statements, the Directors make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the condensed consolidated interim financial statements.

<u>Revenue recognition</u>
The Group recognises revenue in accordance with amounts charged to clients under service contracts. All contracts include an agreed, detailed work order which defines the deliverables. The service contracts are typically multi-year and may be amended through a change order process, which may include changes to data volumes (increased or decreased), different methods of data analysis or changes to the timing of providing the deliverables.

Revenue is recognised upon achievement of deliverables set out in the service contract. The recognition is expected to approximate to the timing of the physical performance of the contracts. The Group records the performance of the contractual obligations to determine that the deliverables and actual work performed is in accordance with the contract and agreed change orders. The scope of the project and contract terms are reviewed to determine whether the Group is acting as principal or agent in respect of the project, which depends on facts and circumstances and requires judgement.

Client contracts include an agreed work order so the transaction price for a contract is allocated against distinct performance obligations based on their relative stand-alone selling prices. Management determines the fair value of individual components based on actual amounts charged by the Group on a stand-alone basis. The transaction price for a contract excludes any amounts collected on behalf of third parties.

<u>Capitalisation of internally developed software</u>
Distinguishing the research and development phases of a new software product and determining whether the requirements for the capitalisation of development costs are met requires judgement. Management will assess whether a project meets the recognition criteria as set out in IAS 38 based on an individual project basis. Where the criteria are not met, the research and development expenditure will be expensed in the Consolidated Statement of Comprehensive Income. Where the recognition criteria are met, the items will be capitalised as an intangible asset.

During the period ended 31 March 2021, total research and development expenses totalled £1,136,000 (2020: £711,000). Of this amount, £486,000 (2020: £80,000) was capitalised as an intangible asset. The balance of expenditure being £650,000 (2020: £631,000) is recognised in the Consolidated Statement of Comprehensive Income as an expense.

<u>Recovery of deferred tax assets</u>
Deferred tax assets have not been recognised for deductible temporary differences and tax losses. The Directors consider that there is not sufficient certainty that future taxable profits will be available to utilise those temporary differences and tax losses.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Changes to these estimations may result in substantially different results for the year.

<u>Share-based payments</u>
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted.

<u>Useful lives of depreciable assets</u>
The useful lives of depreciable assets are determined by management at the date of purchase based on the expected useful lives of the assets. These are subsequently monitored and reviewed annually and where there is objective evidence of changes in the useful economic lives, these estimates are adjusted. Any changes to these estimates may result in significantly different results for the period.

<u>Provisions</u>
The amounts included in both long- and short-term provisions are based on estimates provided by professionals relevant to the field the provision relates. These were reviewed by management and are considered to be a reasonable estimate of the expected cost of fulfilling these provisions.

3. Earnings per share

The calculation of basic and diluted earnings per share ('EPS') of the Group is based on the following data:

	31 Mar 21 6 months Unaudited	31 Mar 20 6 months Unaudited	30 Sep 20 12 months Audited
Earnings			

Earnings for the purposes of basic and diluted EPS, being net profit attributable to the owners of the Company (£000)	**842**	475	952
Number of shares			
Weighted average number of shares for the purposes of basic EPS	**47,259,617**	46,981,814	47,036,398
Effect of potentially dilutive ordinary shares:			
- Weighted average number of share options	**2,950,951**	701,770	513,521
Weighted average number of shares for the purposes of diluted EPS	**50,210,568**	47,683,584	47,549,919

Basic earnings per share is calculated by dividing earnings attributable to the owners of the Company by the weighted average number of shares in issue during the year. The diluted EPS is calculated by dividing earnings attributable to the owners of the Company by the weighted average number of shares in issue taking into account the share options outstanding during the year.

The basic and diluted earnings per share for the Group and Company is:

	31 Mar 21 6 months Unaudited	31 Mar 20 6 months Unaudited	30 Sep 20 12 months Audited
Basic earnings per share	**1.78**	1.01p	2.02p
Diluted earnings per share	**1.68**	1.00p	2.00p

4. Issued capital and reserves

Ordinary shares and share premium
The Company has one class of ordinary shares. The share capital issued has a nominal value of £0.01 and all carry the right to one vote at shareholders' meetings and are eligible to receive dividends. Share premium is recognised when the amount paid for a share is in excess of the nominal value.

The Group and Company's opening and closing share capital and share premium reserves are:

	Group and Company		
	Ordinary shares	**Share capital**	**Share premium**
	Number	**£000**	**£000**
Authorised, issued and fully paid			
At 30 September 2020	47,091,292	471	84,499
Share options exercised	878,229	9	303
At 31 March 2021	**47,969,521**	**480**	**84,802**

<u>Exercise of share options</u>
During the period, the following share options were exercised:

	Key management personnel	**Other Employees**	**Total**	**Exercise price**	**Value**
Date of exercise	**Shares**	**Shares**	**Shares**	**Pence**	**£000**
7 January 2021	-	10,039	10,039	49.0	5
7 January 2021	-	25,098	25,098	30.5	8
7 January 2021	-	10,039	10,039	36.5	4
5 February 2021	112,942	-	112,942	30.5	34
5 February 2021	43,529	-	43,529	34.0	15
4 March 2021	676,582	-	676,582	36.5	246
Total	**833,053**	**45,176**	**878,229**	**-**	**312**

This resulted in an increase in share capital of £8,782 and an increase in share premium of £303,656.

5. Share-based payments

Certain Directors and employees of the Group hold options to subscribe for shares in the Company under share option schemes. There are 2 distinct structures to the share options in operation in the Group (2020: 2). Both structures relate to a single scheme outlined in the EMI Share Option Plan 2014.

The scheme is open, by invitation, to both Executive Directors and employees. Participants are granted share options in the Company which contain vesting conditions. These are subject to the achievement of individual employee and Group performance criteria as determined by the Board. The vesting period varies by award and the conditions approved by the Board. Options are usually forfeited if the employee leaves the Group before the options vest.

Total share options outstanding have a range of exercise prices from £0.01 to £0.70 per option and the weighted average contractual life is 3.1 years (2020: 4.1 years). The total charge for each period relating to employee share-based payment plans for continuing operations is £107,000 (2020: £101,000).

Details of the share options under the scheme outstanding during the period are as follows:

	As at 31 March 2021		As at 30 September 2020	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at start of the period	4,438,511	£0.17	3,690,572	£0.18
Granted	-	-	1,990,000	£0.17
Exercised	(878,229)	£0.36	(188,998)	£0.34
Lapsed	-	-	(1,053,063)	£0.17
Outstanding at end of the period	**3,560,282**	**£0.13**	**4,438,511**	**£0.17**
Exercisable at end of the period	**277,852**	**£0.36**	**1,118,581**	**£0.36**