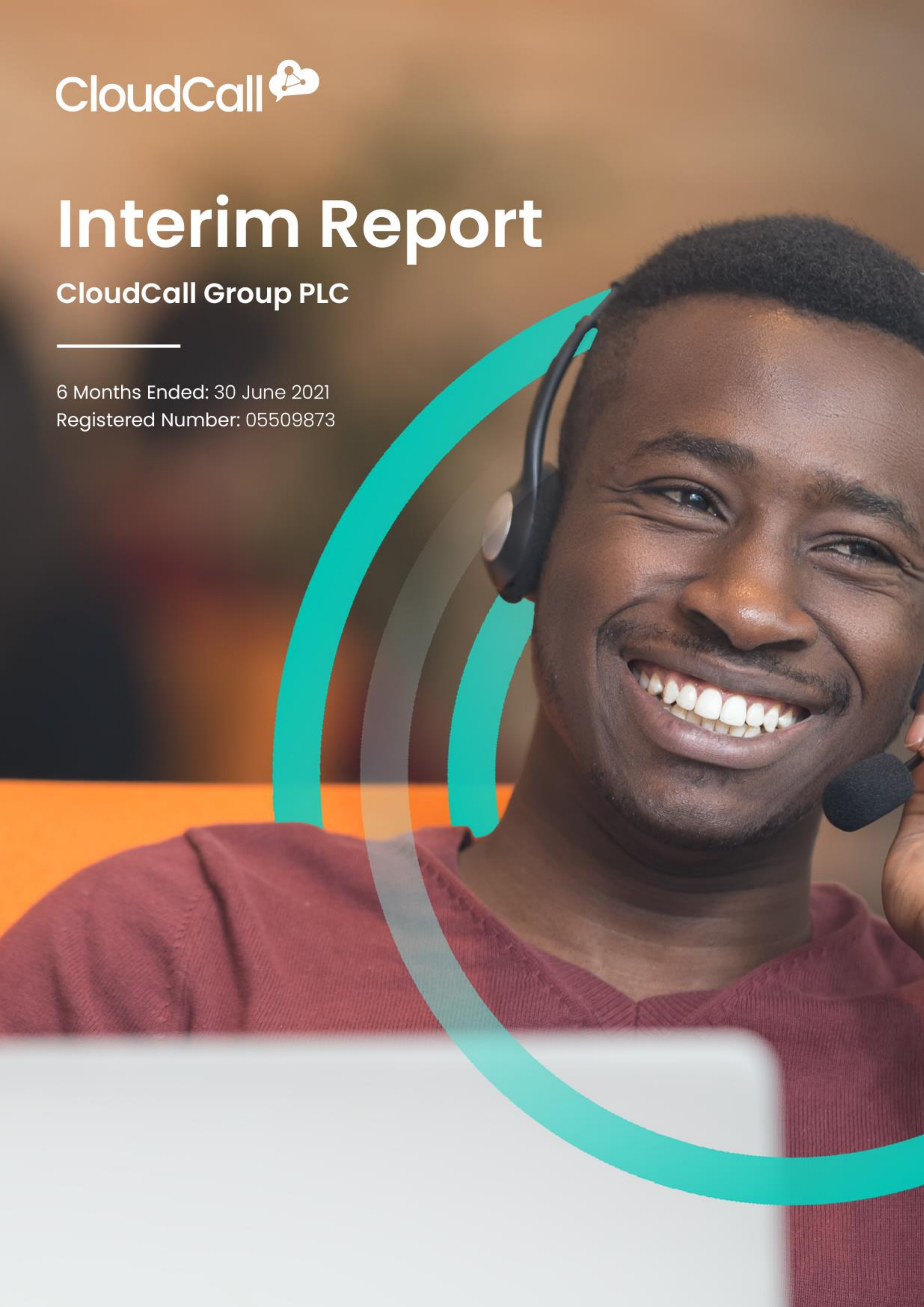


Interim Report

CloudCall Group PLC

6 Months Ended: 30 June 2021
Registered Number: 05509873

Contents

Financial highlights

- Total revenues up 13.4% on a constant currency basis[1] (10.4% FX adjusted) with recurring and repeating revenues representing 93.9% of total revenues[2] (H1 2020: 95.4%)
- Closing annualised run-rate revenue[2] increased by 20% to £13.4m (H1 2020: £11.2m)
- Total reported H1 revenues £6.4m (H1 2020: £5.8m)
- Total customer numbers up 21% to 1,591 (H1 2020: 1,317)
- Gross margin increased to 81% (H1 2020: 80%)
- Net retention rate 100% (1H 2020: 85%)
- Gross cash of £8.4m with a further £2m available via the Group's existing debt facility with Shawbrook Bank and £1m expected from R&D tax credits in the coming weeks
- Adjusted EBITDA[3] loss of £2.56m (H1 2020: loss of £1.69m) as the Group continued its' strategy to invest in those areas that will drive future revenue growth
- Revenue growth now starting to overtake cost growth establishing an accelerating pattern to push the business to break-even

Operational highlights

- A number of CRM integrations planned for release in Q4 2021 effectively doubling the Group's addressable market from sweet spot CRMs
- Strong recovery in Recruitment industry driving new business sales acceleration across the period and a strong sales pipeline for the remainder of the year
- SaaS metrics improving and continuing to demonstrate the effectiveness of the CRM-based go-to-market strategy:
    - LTV:CAC > 5x
    - Lead to demo conversion rate of 30%[3] | Demo to close ratio of 61%[3]
- Continuing investment in product features and development with automated SMS, call transcription functionality and a significantly enhanced mobile-app in the pipeline
- Investment in internal systems and processes now delivering efficiencies within the sales, customer onboarding and account management departments

(1) Constant currency revenue has been calculated by applying a fixed USD:GBP exchange rate of 1.3 and AUD:GBP exchange rate of 1.92 to both 1H 2020 and 1H 2021 revenues.

(2) Recurring revenue is that related to contracted subscription-based products. Repeating revenue is related to pay-as-you-go (PAYG) telephony and SMS revenue which, whilst not directly contracted, has a high degree of visibility and predictability. Annualised run-rate revenue (ARR) = total monthly revenues multiplied by 12 months. To account for normal monthly and seasonal fluctuations, both the non-recurring revenue (NRR) and PAYG income have been calculated on a rolling 6-month average for the purposes of calculating ARR.

(3) Adjusted EBITDA represents earnings before interest, tax, depreciation, amortisation and share based payment expenses.

(4) As measured against leads which were generated in 2020 but closed in 2021. This is considered to provide a more accurate representation of conversion rates as a larger proportion of 2021 leads will still be within the sales cycle.

Chief Executive's review

Introduction and operational highlights

2020 was a challenging year for CloudCall and many of our customers, however, I am pleased to say that this seems firmly behind us, and the business is once again thriving. What is more, the Group has now reached an inflection point with revenue growth running in excess of growth in operating costs thus underpinning our drive towards EBITDA break-even and future profitability.

The recruitment sector, which represents over 50% of our revenues, has bounced back at an astonishing rate and sales to new customers have been accelerating throughout Q1 and Q2. In addition to this, we have also witnessed considerable growth from our existing customer base who have been increasing the services they buy from us. Many of our KPI's are now running well above pre-COVID-19 levels which demonstrates the effectiveness of the Group's CRM based go-to-market strategy and the relevance of the Group's product offering in today's distributed working environment.

I remain as passionate as ever about the value of CloudCall's services to our customers and the efficient way we reach those customers. The strong lead conversion rates and other compelling SaaS metrics we are consistently achieving only increases my belief that we are in the right market with the right product at the right time. With a strong growth strategy centred on increasing our addressable market, delivering new product features and increasing internal efficiencies and scalability, I remain hugely excited for what CloudCall can achieve.

Our growth strategy

CloudCall's growth strategy is very simple. We know from our current performance that our unique CRM-based product and partner-led go-to-market strategy is effective, as evidenced from our strong lead conversion metrics. Delivering strong revenue growth and ultimately profitability is a matter of 3 things.

Firstly, increasing our addressable market by launching more CRM integrations and working with our new CRM partners to generate good quality lead-flow from their customers.

Secondly, continuing to deliver exciting and relevant new product enhancements that continue to bring tangible benefits to our customers, allowing us to increase existing customer revenues and continue to deepen our penetration with existing partners.

Finally, improving our internal systems and processes to enable us to scale up and deliver strong revenue growth without having to increase operating costs accordingly. These efficiencies are vital to enable us to deliver strong revenue growth with much lower levels of cost growth.

More CRM partners = more addressable market = more customers

CRM systems continue to be at the centre of everything that we do as it is our belief that communications are significantly more effective when driven by the data a business holds about its customers and prospects. We believe that this approach is a key differentiator for the Group as our software provides customers with both an integrated communications solution and a powerful tool for extracting more value from their CRM systems. An integrated multi-channel communications system such as CloudCall can utilise data stored in the CRM to improve communications workflows, as well as providing reporting and analytical capabilities to drive efficiencies and generate insights for improving performance. Identifying key information from within these communications and then pulling that back into the CRM in the right places enables customer knowledge to be captured that might otherwise have been lost.

The deep focus on CRM integrations and the strengthening of relationships with CRM partners underlies the Group's go-to-market strategy and this continues to deliver strong lead to demo and demo to close ratios. A key element of the Group's growth strategy is therefore focused on increasing the number of CRM partner relationships. There is a vast and ever-growing number of CRM systems in global circulation and the business is continually assessing them in order to identify those CRMs and vendors which meet CloudCall's criteria for providing a successful partnership. We refer to these as our "sweet spot" CRM partners. I am pleased to report that excellent progress has been made on this front with a number of new sweet spot CRM integrations planned for release in Q4 2021, effectively doubling the Group's addressable market of users from sweet spot CRMs. Given the Group's track record of strong lead conversion from these CRMs, this increase in addressable market is anticipated to drive a further uplift in sales volumes thus supporting FY 2022 growth targets.

Product development drives upsell opportunities, increases revenue per customer and improves retention rates

During 2021 so far, the Group has continued to invest in its underlying product offering with significant development being undertaken to enhance existing functionality as well as generating new features which will ultimately provide upsell opportunities.

Since launching our SMS messaging service, take-up has consistently increased with usage growth increasing by 250% in 2021 alone. Messaging is becoming an increasingly important part of any communications mix and the business has dedicated a large amount of resource into developing and improving our SMS product.

Going forward, our recently launched SMS automation features will provide customers with even greater opportunities for efficiency and improved customer engagement that can only come from harnessing the intelligence held within the CRM and communications. Now CloudCall users can set rules and events that will automatically trigger SMS messaging according to filed values in their CRM, and this opens up a raft of compelling use cases, not only for companies in recruitment and property sectors, but all our customers. Due to CloudCall's unique architecture, we will be able to quickly deploy this new functionality across the majority of our CRM integrations in due course.

Finally, we anticipate that our new mobile-app will be launched in Q4 of this year providing an enhanced service and greater functionality for our customers, including the ability for users to access much more of CloudCall's CRM integrated capability directly from their mobile phone.

Efficiency gains provide a pathway to more profitable growth and EBITDA break-even

As well as investing within our external product offering, the business has continued with its programme to overhaul and improve internal systems and processes. I am pleased to report that this investment is now starting to pay off with planned efficiency savings in sales, onboarding and account management processes starting to feed through. As time-consuming processes become more automated, the teams can focus more of their time on customer relationships and sales opportunities thus driving revenue generation without an associated uplift in costs. In addition to this, development work is being undertaken to support reduced touch customer onboarding which will increase the Group's ability to provision a greater volume of new customers for any given size of provisioning team.

These internal solutions provide cost-efficient scalability allowing the Group to grow revenues whilst minimising associated operating costs growth.

People

I was saddened to see the recent departure of Paul Clark as CTO. Having come in and made a significant contribution to CloudCall during the last 18 months, Paul has departed to pursue a once-in-a-lifetime opportunity with one of the large US investment banks. However, due to the quality of the team Paul has built and the quality of the work already underway we are delighted to announce that Paul's replacement(s) are in-house promotions, with Diogo Coutinho stepping up to the role of Chief Product Officer and Klaas Ardinois stepping into the CTO role alongside him. The Company is delighted with this outcome, and we are very excited to see Diogo and Klaas pick up the mantel from Paul.

Once again, I would like to take this opportunity to thank all our staff for their extraordinary work and ongoing commitment.

Revenue, customer growth and retention rates

The relative strength of the dollar compared to the same period last year has adversely impacted the ~40% of Group revenues generated in that currency when converting back to reporting currency (GBP). When looking at revenue growth on a constant currency basis, total revenues are 13.4% higher than the same period last year and recurring and repeating revenues grew by 11.6% over the same period.

Total reported revenues for the six-month period were £6.4 million, representing an increase of 10.4% against H1 2020, whereas recurring and repeating revenue grew by 8.7%, to £6.0m, when compared to the same period. The lower relative increase in recurring revenue is indicative of increased new business sales with corresponding one-off fees for set-up etc. We are also seeing an increase in SMS and telecoms traffic whose income is classed as 'repeating revenue'.

Improving economic conditions, and in particular the strong bounce back of the recruitment sector, has led to a significant acceleration in new business sales with customer numbers growing by 21% from H1 2020. New business sales in Q2 were 30% higher than Q1 and sales to the existing customer base followed the same trend with Q2 upsells 57% higher than Q1. This increased sales activity is expected to feed through to revenue across H2 and into FY 2022 as these services go live. Overall, sales with a year one value of over £2.5m were booked in H1 2021, up 66% on H1 2020. This strong performance has seen annualised run-rate revenue increase to £13.4m as at the end of H1 2021 representing growth of 25% on a constant currency basis or 20% on an actual basis.

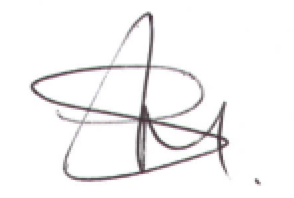
Historically, net retention rates have run at over 100%. The temporary relief given to customers during 2020 depressed this number, however, I am pleased to report that net retention rates have now recovered to just over 100%. As the Group continues to invest in new product features and internal customer management systems, we are fully focused on driving up retention rates and maximising revenues from our existing customer base.

Cash

Having raised gross proceeds of £7.5m via a share placing and secured an updated £5.0m debt facility with Shawbrook in March 2021, the Group reports £8.4m of gross cash at the end of the half-year (Net cash excluding lease liabilities of £5.5m), with a further £2.0m available through its' existing £5.0m debt facility. A further £1m is expected from R&D tax credits in the coming weeks.

Outlook

The Group remains in a strong position with a positive first half of the year and excellent future growth prospects. The Board is therefore confident in delivering its underlying revenue guidance for FY 2021 and FY 2022, albeit, reported revenue is likely to be impacted by the ongoing USD:GBP headwind which continues to impact us in 2021. The Board is also pleased to announce that, whilst the Group has continued to invest within its overall growth strategy, expenditure has been carefully controlled and thus it is anticipated that operating expenditure and the overall EBITDA loss for FY 2021 will be slightly lower than previous guidance. The Board reiterates its' intention to reach monthly EBITDA break-even by mid-2023.



Simon Cleaver
Chief Executive Officer
CloudCall Group plc

14 September 2021

Key performance indicators

Following the review of published KPIs announced earlier this year, the Company has decided to remove its user-based KPIs from external reporting and replace them with customer-based KPIs.

Customers often have a mixture of VoIP accounts, SMS accounts, campaign accounts, automated communication accounts, plus an increasing proliferation of home, mobile and work accounts as remote working patterns have changed. As a consequence, we have been steadily moving away from the principal that a typical CloudCall 'user' account is a direct match to a human being or a 'bum on a seat'. Reporting on numbers of customers rather than users is simpler, removes any possible confusion and will not be affected by potential further 'user' growth as the product evolves towards more automation and reseller channel-driven revenues.

Our 'users' KPIs have also always included any signed users waiting to go live which can become distortive if larger customers delay their roll out plans. For simplicity and clarity, future reporting of customer numbers will exclude any awaiting go-live and will only include customers that are already billing.

This means that 'number of customers' multiplied by 'annualised revenue (ARR) per customer' should closely approximate to our reported 'annualised run-rate'.

In the interests of transparency, user numbers as calculated under the previous method would have been 51,966 as of 30 June 2021, an increase of 19% compared to the same point last year. Recurring revenue per user (RRPU) for H1 2021 was £26.20, which is in-line with the same period last year.

Key Performance Indicators (KPIs)				
KPI	**Link to strategic goals**	**6 months to 30 Jun 2021**	**6 months to 30 Jun 2020**	**Growth vs H1 2020**
Revenue	Growth in revenues, and particularly recurring revenues, demonstrates effective and targeted new customer acquisition and greater upsell and retention from existing customers. Quality and focus within key account and relationship management, service delivery and customer support, drives more efficient implementation, reduces churn and improves customer satisfaction, all of which are revenue enhancing.	**£6.41m**	£5.81m	**10.4%**
Gross Margin	High gross margins within the Group's operating units are indicative of focus on multiple drivers, including: - delivering higher value implementation services - an effective mix of pre-paid vs pay-as-you-go telephony - effective partner management - effective discount management - additional chargeable features and services and - better procurement from upstream telecoms partners.	**81.2%**	80.2%	**1.0%**
EBITDA Loss (Loss from operating activities before depreciation, amortisation and share-based payment charges)	For a SaaS business that is investing in new product, sales and marketing infrastructure, and other improvements to enable it to scale up, periods of investment in the business will take operating expenses higher from the point which that investment takes place until revenue returns begin to come through. The Group is continuing to focus on revenue growth initiatives during 2021 and it should be noted that H1 2020 EBITDA benefited from a number of COVID-19 related cost savings and grant receipts.	**(£2.56m)**	(£1.69m)	**(51.3%)**
Net Loss after Tax	Losses and ultimately profits are reflective of policies focused on revenue growth, cost of sales efficiencies and operating expenditure containment or expansion depending on whether the Group is investing for growth or managing itself towards profitability. Depreciation, amortisation, share-based payments, financing costs, taxation and other one-time non-operating costs will also impact bottom-line profitability.	**(£3.50m)**	(£2.14m)	**(63.1%)**

KPIs (continued)

KPI	Link to strategic goals	6 months to 30 Jun 2021	6 months to 30 Jun 2020	Growth vs H1 2020
Net Cash outflow from Operating Activities	Cash outflow from operating activities typically reduces as revenues outgrow operating costs. However, it should be noted that periods of investment to facilitate further growth will temporarily increase cash burn until revenue growth catches up. The Group has now reached an inflection point and thus cash outflows are anticipated to start reducing as revenue growth feeds through.	**(£3.13m)**	(£1.33m)	**(136%)**
Cash and Cash Equivalents	The Group needs to ensure that it has enough cash reserves to support its operations through to break-even at which point it becomes cash generative and self-funding. Cash balances need to be considered in the context of any debt that may mature in future periods.	**£8.45m**	£8.32m	**£0.13m**
Customer numbers	Customer numbers exclude any awaiting go-live and thus only include customers that are already billing. Growth in customer numbers is indicative of strong sales activity and successful customer retention.	**1,591**	1,317	**20.8%**
Closing monthly recurring revenue (MRR)	The initial shock waves of the global COVID-19 pandemic materially slowed sales to larger prospects and increased churn levels. This significantly impacted closing MRR in H1 2020. During 2021, sales levels have materially increased resulting in strong MRR growth.	**£970k**	£799k	**21.4%**
Annualised run-rate revenue (ARR)	Annualised run-rate revenue (ARR) is calculated as total closing monthly revenues multiplied by 12 months. In order to account for normal monthly and seasonal fluctuations, both the non-recurring revenue (NRR) and pay-as-you-go communications (PAYG) income are calculated on a rolling 6-month average.	**£13.37m**	£11.18m	**19.5%**

KPIs (continued)

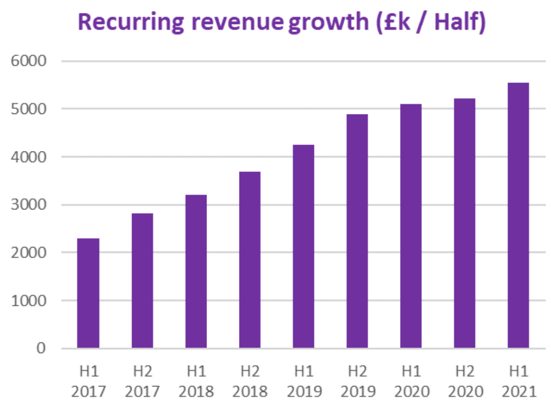
KPI	Link to strategic goals	6 months to 30 Jun 2021	6 months to 30 Jun 2020	Growth vs H1 2020
Annualised revenue (ARR) per customer	Growth in annualised revenue per customer is indicative of both the Group's strategy to focus on acquisition of larger customers and increasing upsells to existing customers. The weakness of the dollar compared to the same period last year has adversely impacted this KPI. On a constant currency basis, ARR per customer has actually increased by 3.5% compared to H1 2020.	**£8,401**	£8,490	**(1.0%)**
% of recurring or repeating revenue	Whilst non-recurring sales streams still constitute an important part of overall revenue, a high % of recurring and repeating revenue is key for the Group as, when combined with strong net retention rates, it provides management and stakeholders with strong visibility and confidence over future revenue performance.	**93.9%**	95.4%	**(1.5%)**
Net retention rate (NRR)	Net retention rate is the rate at which customers are renewing and expanding. Improving net renewal rates and minimising customer churn is key to long term success in an annuity revenue business and the Group continues to focus on providing the highest standards of customer service and support to increase customer satisfaction levels and potential upsell opportunities. The onset of COVID-19 significantly impacted this metric in H1 2020 as it led to delayed investment from existing customers and a spike in churn as some customers encountered financial difficulties. As economic conditions have improved, the net renewal rate has steadily recovered and is now back to pre-COVID levels.	**100.2%**	85.1%	**15.1%**
Lifetime value: customer acquisition costs (LTV:CAC)	The LTV:CAC ratio measures the relationship between the lifetime value of a customer, and the cost of acquiring that customer. The metric is a signal of customer profitability, and of sales and marketing efficiency. The H1 2020 comparative was significantly impacted by the onset of the COVID-19 pandemic as temporary billing relief was offered to customers. During 2021, the Group has continued to invest within its sales & marketing divisions and has maintained a strong LTV:CAC ratio which is reflective of the efficient go to market strategy.	**5.3**	1.5	**246.7%**

Financial review

Revenue

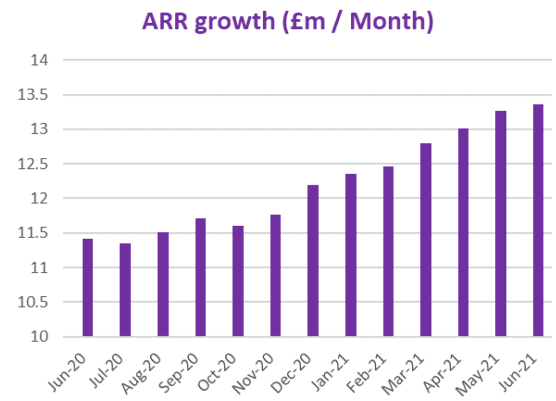
Revenues grew by 10.4% from £5.8m to £6.4m in H1 2021

The Group started the year well with a strong sales pipeline and significant momentum generated from the "V-shaped" COVID recovery in H2 2020. As anticipated, the bounce back in the recruitment sector saw an acceleration in new business sales with customer numbers at the period-end now 21% higher than H1 2020. New business sales in Q2 were 30% higher than in Q1 and sales to the existing customer base followed the same trend with Q2 upsells 57% higher than Q1. This increased sales activity is expected to feed through to revenue across H2 and into FY 2022 as these services go live.



Whilst total revenue and recurring revenue has grown by 10.4% and 8.8% respectively compared to H1 2020, reported revenue for the period was significantly impacted by the weakening of the US dollar against the Group's reporting currency (GBP). The relative strength of the dollar compared to the same period last year has adversely impacted the ~40% of Group revenues generated in that currency, and when looking at revenue growth on a constant currency basis, total revenues are actually 13.4% higher than the same period last year and recurring and repeating revenues grew by 11.6%.

Over the full six-month period, an average of 19 net new customers was added each month taking the total number of customers to 1,591 (an increase of 21% against H1 2020). This growth in customer numbers, when combined with strong upsells to the existing customer base, has driven growth in the Group's annualised run-rate revenue with ARR reaching £13.4m at the period-end (An increase of 20% compared to H1 2020). With net retention rates having recovered to 100%+, the Group expects to see a continued expansion in ARR during H2 2021 creating significant future value.



Gross margin

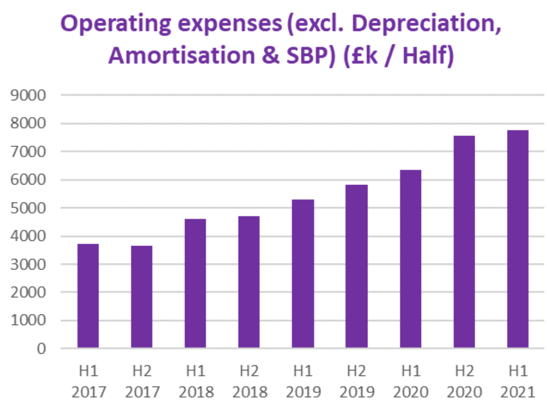
Gross margin increased from 80.2% for the corresponding period in 2020 to 81.2% in H1 2021

Gross margin increased in H1 2021 mainly due to the lower proportion of hardware sales as a percentage of overall revenue. Non-recurring revenue from hardware reselling is highly competitive and thus attracts significantly lower margins than the Group's other revenue streams.

Operating costs (excluding depreciation, amortisation and share-based payments)

Operating costs grew from £6.4m in H1 2020 to £7.8m in H1 2021

Whilst operating costs have grown as expected by 22% compared to the same period last year, this should be viewed within the context of the significant COVID related savings which were made in H1 2020. In H1 2020, when the impact of the growing COVID-19 pandemic became clear, management implemented a number of temporary cost-cutting measures with the Group also benefiting from both UK and US grant funding. These savings meant that H1 2020 costs were circa £0.6m lower than would otherwise have been the case. Within this context, growth in underlying operating costs is more akin to 12% as the Group continued to invest in sales, marketing and development to support future growth.



We are now starting to see the benefits of these growth initiatives with the Group reaching an inflection point where revenue growth has started to exceed growth in operating costs thus underpinning our drive towards EBITDA break-even and future profitability.

Research and development expenditure is shown in the financial statements net of the amount qualifying for re-classification to the statement of financial position under IAS 38 (Capitalisation of Software Development Costs). In H1 2021 this amounted to £1,321k (H1 2020: £750k).

Losses from operating activities before depreciation, amortisation and share-based payments were (£2.56m), up 51% from (£1.69m) in H1 2020.

Research and development costs

Development costs capitalised in H1 2021 £1.32m (H1 2020: £0.75m)

The Group is committed to developing relevant new products, services and features to ensure that current and future customers can benefit from an exceptional value-adding experience. To that end, the Group continues to invest in product development and continued to adopt the accounting treatment set out in IAS 38 (Intangible Assets) for the ongoing capitalisation of research and development costs through H1 2021. Further to the adoption of IAS 38, the Group confirms that, as a result of new products coming into service since the adoption of the policy, IAS 38 related amortisation charged in H1 2021 was £790k (H1 2020: £240k).

Debt and financing expenses

The Group had outstanding debt, including IFRS 16 lease liabilities, of £5.3m as at 30 June 2021 (H1 2020: £3.0m) and a net financing expense of £179k (H1 2020: £114k).

In April 2021 the Group replaced its previous loan facility with Shawbrook Bank with a new £5.0m facility. The Group drew down an initial balance of £3.0m having repaid the previous facility in March 2021. The £2.0m undrawn element is available for draw down before April 2022 subject to covenants adherence. Interest is charged at 9.75% plus the higher of either LIBOR (In the future SOFR) or 0.5% per annum.

Other borrowings constitute the Group's lease liabilities accounted for in accordance with IFRS 16. In order to support the growth of US operations, in June 2021, the Group replaced its office premises in Boston (USA) entering into a new 4-year and 4 months lease. This transaction has resulted in the recognition of a lease liability of £1,009k and a right of use asset of £1,061k.

Cash and working capital

The Group had £8.4m cash at the end of the period (H1 2020: £8.3m).

The Group's balance sheet includes an R&D tax credit receivable of £1.63m (H1 2020: £0.45m) with £1.04m expected to be received within the coming weeks.

Share capital

Total issued share capital at the period-end comprised 48,029,216 ordinary shares of 20 pence each.

On 26 March 2021, the company allotted and issued 5,521,472 ordinary shares under an EIS/VCT share placing at a price of 81.5 pence per share. On 29 March, a further 3,680,981 ordinary shares were allotted and issued under a share placing at a price of 81.5 pence per share. The total monies raised of £7.5m before costs will allow the Group to strengthen its balance sheet and pursue the Growth Strategy.

Earnings per share and dividends

Loss per share for the half year period was 8.0 pence (H1 2020: 5.5 pence)

By order of the board

Simon Cleaver
Chief Executive Officer

Paul Williams
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the 6 months ended 30 June 2021

	Notes	Unaudited Six months ended 30 June 2021 £000	Unaudited Six months ended 30 June 2020 £000	Audited Year ended 31 December 2020 £000
Revenue		**6,412**	5,807	11,820
Cost of sales		**(1,206)**	(1,149)	(2,279)
Gross profit		**5,206**	4,658	9,541
Sales & marketing expenses		**(2,150)**	(1,754)	(3,769)
Administrative expenses		**(4,643)**	(3,641)	(8,552)
Research & development expenses		**(976)**	(957)	(1,578)
Operating loss before depreciation, amortisation and share-based payment charges		**(2,563)**	(1,694)	(4,358)
Depreciation and amortisation		**(1,245)**	(671)	(1,649)
Share-based payment charges		**(120)**	(161)	(412)
Operating loss		**(3,928)**	(2,526)	(6,419)
Finance expense		**(179)**	(114)	(325)
Loss before tax		**(4,107)**	(2,640)	(6,744)
Taxation	3	**611**	497	998
Loss for the period attributable to owners of the parent		**(3,496)**	(2,143)	(5,746)
Other comprehensive income Items that may be subsequently reclassified to profit or loss: Exchange differences on translation of foreign operations		**36**	(65)	(34)
Other comprehensive income		**36**	(65)	(34)
Total comprehensive income for the period attributable to owners of the parent		**(3,460)**	(2,208)	(5,780)
Loss per share	5	**Pence**	Pence	Pence
Basic and fully diluted loss per share	5	**(8.0)**	(5.5)	(14.8)

Consolidated Statement of Financial Position

At 30 June 2021

	Notes	Unaudited Six months ended 30 June 2021 £000	Unaudited Six months ended 30 June 2020 £000	Audited Year ended 31 December 2020 £000
Non-current assets				
Property, plant and equipment		**3,070**	2,776	2,274
Goodwill	4	**339**	339	339
Other intangible assets	4	**4,607**	3,502	4,076
		8,016	6,617	6,689
Current assets				
Trade and other receivables		**3,248**	2,847	2,779
Research and development tax credit receivable		**1,625**	450	1,000
Cash and cash equivalents		**8,449**	8,319	5,676
		13,322	11,616	9,455
Total assets		**21,338**	18,233	16,144
Current liabilities				
Borrowings		**(1,289)**	(642)	(1,044)
Trade and other payables		**(2,240)**	(1,980)	(2,388)
		(3,529)	(2,622)	(3,432)
Non-current liabilities				
Borrowings		**(4,028)**	(2,383)	(2,696)
Provisions for liabilities		**(144)**	-	(91)
Total liabilities		**(7,701)**	(5,005)	(6,219)
Net assets		**13,637**	13,228	9,925
Equity attributable to shareholders				
Share capital		**9,606**	7,754	7,763
Share premium		**82,310**	77,092	77,101
Translation reserve		**40**	(27)	4
Warrant reserve		**29**	29	29
Retained earnings		**(78,348)**	(71,620)	(74,972)
Total equity attributable to shareholders		**13,637**	13,228	9,925

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share capital £000	Share premium account £000	Translation reserve £000	Warrant reserve £000	Retained earnings £000	Total equity attributable to shareholders £000
Balance at 1 January 2020	7,751	77,085	38	29	(69,638)	15,265
Loss for the period	-	-	-	-	(2,143)	(2,143)
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	(65)	-	-	(65)
Total comprehensive income for the period	-	-	(65)	-	(2,143)	(2,208)
Transactions with owners recognised in equity:						
Equity settled share-based payments	-	-	-	-	161	161
Issue of equity shares	3	7	-	-	-	10
Issue costs of equity shares	-	-	-	-	-	-
Total transactions with owners recognised in equity	3	7	-	-	161	171
Balance at 30 June 2020	7,754	77,092	(27)	29	(71,620)	13,228

	Share capital £000	Share premium account £000	Translation reserve £000	Warrant reserve £000	Retained earnings £000	Total equity attributable to shareholders £000
Balance at 1 July 2020	7,754	77,092	(27)	29	(71,620)	13,228
Loss for the period	-	-	-	-	(3,603)	(3,603)
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	31	-	-	31
Total comprehensive income for the period	-	-	31	-	(3,603)	(3,572)
Transactions with owners recognised in equity:						
Equity settled share-based payments	-	-	-	-	251	251
Issue of equity shares	9	19	-	-	-	28
Issue costs of equity shares	-	(10)	-	-	-	(10)
Total transactions with owners recognised in equity	9	9	-	-	251	269
Balance at 31 December 2020	7,763	77,101	4	29	(74,972)	9,925

	Share capital £000	Share premium account £000	Translation reserve £000	Warrant reserve £000	Retained earnings £000	Total equity attributable to shareholders £000
Balance at 1 January 2021	7,763	77,101	4	29	(74,972)	9,925
Loss for the period	-	-	-	-	(3,496)	(3,496)
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	36	-	-	36
Total comprehensive income for the period	-	-	36	-	(3,496)	(3,460)
Transactions with owners recognised in equity:						
Equity settled share-based payments	-	-	-	-	120	120
Issue of equity shares	1,843	5,672	-	-	-	7,515
Issue costs of equity shares	-	(463)	-	-	-	(463)
Total transactions with owners recognised in equity	1,843	5,209	-	-	120	7,172
Balance at 30 June 2021	9,606	82,310	40	29	(78,348)	13,637

Consolidated Cash Flow Statement

For the 6 months ended 30 June 2021

	Unaudited Six months ended 30 June 2021 £000	Unaudited Six months ended 30 June 2020 £000	Audited Year ended 31 December 2020 £000
Cash flows from operating activities			
Loss for the period after tax	**(3,496)**	(2,143)	(5,746)
Adjustments for:			
Depreciation and amortisation	**1,245**	671	1,649
Foreign exchange losses/(gains) on operating activities	**102**	(191)	8
Financial expenses	**179**	114	325
Equity settled share-based payment expenses	**120**	161	412
Taxation	**(611)**	(497)	(998)
Operating loss before changes in working capital	**(2,461)**	(1,885)	(4,350)
(Increase)/decrease in trade and other receivables	**(441)**	41	17
(Decrease)/increase in trade and other payables	**(215)**	(289)	202
Cash outflow from operations	**(3,117)**	(2,133)	(4,131)
Tax (paid)/received	**(14)**	807	811
Net cash outflow from operating activities	**(3,131)**	(1,326)	(3,320)
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(173)**	(474)	(663)
Development expenditure capitalised	**(1,321)**	(750)	(1,850)
Net cash outflow from investing activities	**(1,494)**	(1,224)	(2,513)
Cash flows from financing activities			
Repayment of lease liability	**(329)**	(266)	(542)
Interest paid	**(114)**	(36)	(161)
Net proceeds from the issue of share capital	**7,052**	10	28
Proceeds from new loans	**3,031**	109	1,609
Repayment of loans	**(2,286)**	(80)	(441)
Net cash inflow/(outflow) from financing activities	**7,354**	(263)	493
Net increase/(decrease) in cash and cash equivalents	**2,729**	(2,813)	(5,340)
Cash and cash equivalents at start of the period	**5,676**	11,101	11,101
Effect of exchange rate fluctuations on cash held	**44**	31	(85)
Cash and cash equivalents at end of period	**8,449**	8,319	5,676

Consolidated Movement in Net Cash/(Debt)

For the 6 months ended 30 June 2021

Group	At 1 January 2020 £'000	Cash flow £'000	Interest on lease liabilities £'000	New lease liabilities £'000	Exchange and other non-cash movements £'000	At 30 June 2020 £'000
Cash and cash equivalents	11,101	(2,813)	-	-	31	**8,319**
Bank loans	(973)	(30)	-	-	-	**(1,003)**
Lease liabilities	(1,406)	266	(78)	(775)	(29)	**(2,022)**
Net cash at end of period	8,722	(2,637)	(78)	(775)	2	**5,294**

Group	At 30 June 2020 £'000	Cash flow £'000	Interest on lease liabilities £'000	New lease liabilities £'000	Exchange and other non-cash movements £'000	At 31 December 2020 £'000
Cash and cash equivalents	8,319	(2,527)	-	-	(116)	**5,676**
Bank loans	(1,003)	(1,151)	-	-	-	**(2,154)**
Lease liabilities	(2,022)	276	(74)	-	233	**(1,587)**
Net cash at end of period	5,294	(3,402)	(74)	-	117	**1,935**

Group	At 1 January 2021 £'000	Cash flow £'000	Interest on lease liabilities £'000	New lease liabilities £'000	Exchange and other non-cash movements £'000	At 30 June 2021 £'000
Cash and cash equivalents	5.676	2,729	-	-	44	**8,449**
Bank loans	(2,154)	(747)	-	-	-	**(2,901)**
Lease liabilities	(1,587)	329	(65)	(1,009)	(84)	**(2,416)**
Net cash at end of period	1,935	2,311	(65)	(1,009)	(40)	**3,132**

Notes to the Financial Statement

1. Accounting policies and basis for preparation

The condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with the presentation, recognition and measurement requirements of applicable International Financial Reporting Standards adopted by the European Union ('IFRS') except that the Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups listed on AIM.

The financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2020 which are prepared in accordance with UK-adopted International Accounting Standards.

The accounting policies applied in the condensed consolidated interim financial information for the six months ended 30 June 2021 are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020.

The Group's 2020 annual report provides full details of significant judgements and estimates used in the application of the Group's accounting policies. There have been no significant changes to these judgements and estimates during the period.

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2020 are the Group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Going concern

The Group made a loss of £3,496k in the six months ended 30 June 2021 and, as at 30 June 2021, had net cash reserves excluding lease liabilities of £5,548k.

The Directors have prepared detailed cashflow projections covering the period up to December 2024. Such forward looking projections are inevitably subjective and sensitive to changes in the underlying assumptions and the Directors have sensitised these projections accordingly, in particular to factor in a delay in the growth of revenue. These projections, as sensitised, indicate that, based on the assumptions underlying the projections, additional equity funding within the next 12 months and continued support from the Group's lenders will be required in order to ensure the long-term future of the business. Given the Group's strong track record of successful fund raises and the continuing positive relationship it enjoys with its lenders, the Directors are highly confident that the Group will be able to secure the necessary funds.

Accordingly, the Directors have a reasonable expectation that the Group will have access to adequate resources to continue in operational existence for the foreseeable future and thus have adopted the going concern basis of accounting in preparing these interim financial statements.

3. Taxation

Recognised in the Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June 2021 £000	Unaudited Six months ended 30 June 2020 £000	Audited Year ended 31 December 2020 £000
Current income tax			
Overseas income tax charge for the current year	**(14)**	(4)	(3)
Current year research and development tax credit	**625**	450	1,000
Adjustments in respect of prior periods	**-**	51	1
	611	497	998
Total tax credit recognised in the current period	**611**	497	998

4. Intangible assets

	Goodwill £'000	Patents & trademarks £'000	Acquired IPR £'000	Software development costs £'000	Total £'000
Cost					
Balance at 1 January 2020	339	12	1,448	3,641	5,440
Additions	-	-	-	750	750
Balance at 30 June 2020	339	12	1,448	4,391	6,190
Additions	-	-	-	1,100	1,100
Balance at 31 December 2020	339	12	1,448	5,491	7,290
Additions	**-**	**-**	**-**	1,321	1,321
Balance at 30 June 2021	**339**	**12**	**1,448**	**6,812**	**8,611**
Amortisation					
Balance at 1 January 2020	-	(12)	(1,448)	(649)	(2,109)
Amortisation for the period	-	-	-	(240)	(240)
Balance at 30 June 2020	-	(12)	(1,448)	(889)	(2,349)
Amortisation for the period	-	-	-	(526)	(526)
Balance at 31 December 2020	-	(12)	(1,448)	(1,415)	(2,875)
Amortisation for the period	**-**	**-**	**-**	(790)	(790)
Balance at 30 June 2021	**-**	**(12)**	**(1,448)**	**(2,205)**	**(3,665)**
Net Book Value					
At 30 June 2020	339	-	-	3,502	3,841
At 31 December 2020	339	-	-	4,076	4,415
At 30 June 2021	**339**	**-**	**-**	**4,607**	**4,946**

5. Loss per share

	Unaudited Six months ended 30 June 2021 000's	Unaudited Six months ended 30 June 2020 000's	Audited Year ended 31 December 2020 000's
Issued ordinary shares at start of period	**38,811**	38,756	38,756
Issued for cash	**4,908**	-	-
Issued in respect of warrants and options	**15**	12	19
Weighted average number of ordinary shares	**43,734**	38,768	38,775
	£000	£000	£000
Loss attributable to ordinary shareholders (£000)	**(3,496)**	(2,143)	(5,746)
	Pence	Pence	Pence
Loss per share			
Basic and fully diluted loss per share	**(8.0)**	(5.5)	(14.8)

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