Intercede Group plc

Interim Report

2019

Introducing an extended MyID software platform

MyiD

- Professional
- Enterprise
- PIV

From deployments of 500 up to millions, the extended MyID® software platform meets the growing demand for strong authentication from mid-market enterprises up to national ID projects.

Proven scalability that is making it simpler for organisations large and small to step up to the strongest form of multi-factor authentication across the technology they want to use.

Mobile to USB token, smart card to virtual smart card, MyID is the proven credential management solution.

INTERCEDE GROUP plc

Interim Results for the Six Months Ended 30 September 2019

Interim Management Review

Introduction

As noted in the Annual Report for the year ended 31 March 2019, action has been taken by the new management team to refocus the Group's strategy towards sustainable revenue growth and profitability. Evidence of this turnaround has been visible inside the business for some time and is now increasingly evident in the financial performance. Revenues for the six months ended 30 September 2019 are 5% higher when compared to the same period last year. There has been a 9% fall in operating expenses versus the same period last year and it is pleasing to note that cash balances have increased from £3.6m to £5.2m over the past year. The return to a first half operating profit, the first time this has been achieved in six years, is an important milestone and validates the new strategy and its execution.

Strategy

In the 2019 Annual Report we also talked about an outlook that focuses on organic growth through the execution of a strategy centred around colleagues, customers, channels and cash. Actually, this 4C strategy is missing a fifth 'C', which is 'code'. Intercede takes great pride in having colleagues who are able to write the best code in the industry to satisfy some of the most demanding customers in the world, including industry majors as well as governments, the military and banks.

1 Colleagues

Staff motivation remains a priority and an Employee Working Group has been established to follow up on regular periodic employee surveys and turn suggestions for improvement into actions. We continue to provide support to colleagues wherever it is needed to ensure a good work/life balance and to empower them to continue to deliver strong results. We appreciate and continue to be impressed by the considerable achievements of our colleagues.

Over the period, progress has been made in strengthening specific areas of the business, particularly the sales team with new additions in the UK and US offices. We are also pleased to welcome Rob Chandhok back to the Intercede Board as an independent Non-Executive Director. Rob served as a Non-Executive Director between April 2015 and January 2017 and brings more than 20 years of experience and expertise in software and embedded systems.

2 Customers

As outlined below in the Financial Results section, we have received some significant follow on orders from existing customers, which provides tangible evidence our secure credential management software continues to deliver measurable business value.

We have sold three new deployments to the US Navy, US Airforce and one of the largest US wireless network operators. All of these deals were for our traditional smartcard solution although it should also be noted that we are continuing to see orders, along with strong interest and bid activity, for Derived PIV solutions. Derived PIV is effectively mobile PIV and enables a cryptographic credential to be passed into the secure area of a mobile device, instead of a traditional smartcard. With Derived PIV, US Federal government and military personnel have the flexibility to use their mobile devices as an alternative factor of strong authentication in a NIST SP800-157 and FIPS 201-2 compliant manner.

3 Channels

The establishment and further development of partner relationships is critical for the Group's future growth prospects. MyID is a Credential Management System (CMS) that forms part of a wider identity ecosystem, so technology partnerships are crucial to ensure that MyID works with the devices and technology our customers want to use.

Intercede also utilises its global network of reseller partners to provide the global footprint to locally deliver the cyber security solutions our customers need. As part of the strengthening of the sales function we have hired a new partner manager who is tasked with enhancing our partner program. This will be designed to engage, enable and reward partners for their commitment to expanding our reach into targeted markets. It will include core product training, joint marketing support and the establishment of a partner portal (for online support) and a partner advisory board to better inform the MyID product roadmap.

Good progress has been made in the past six months working closely with technology as well as channel partners on new opportunity generation in our chosen markets.

4 Code

Innovation is in Intercede's DNA and recently we launched the Innovation Hub, an internal team tasked with two primary goals:

1. To guide the future architecture and functionality of Intercede products.
2. To improve how we develop and deliver software and services.

The prementioned US identification standards for Federal employees and contractors (NIST SP800-157 and FIPS 201-2) are set to evolve further with the forthcoming FIPS 201-3 update, which proposes the expansion of Derived PIV credentials onto a wider range of devices. FIPS 201 compliance has been of strategic importance to Intercede since it was created and the Innovation Hub team are looking at FIDO authentication, which is likely to be included as an option under FIPS 201-3. The FIDO Alliance is made up of hundreds of global technology leaders who are focused on providing open and free authentication standards to help reduce the world's reliance on passwords and SMS OTPs (one-time passwords).

The Innovation Hub is also looking at changing MyID's architecture to use REACT and REST to create a more intuitive web user interface and enhance our mobile capabilities. This is important for the future of large-scale mobile credential opportunities, such as national ID deployments, as one of the benefits REACT/REST will provide a faster more reliable credential issuance process at high volumes.

In order to address the requirements for channels as well as end users, MyID Professional has been developed and was recently launched in September 2019 further underlining Intercede's ability to innovate and deliver.

5 Cash

The Group's financial stability, control environment and management information have been significantly improved since action was taken to deliver sustainable revenue growth and profitability. This improved operational performance is reflected in the level of cash generated from operations totalling £1,841,000 (2018: £739,000). Cash continues to be king; not only in the sense that it is required to meet upcoming financial obligations but also because it is required for strategic investment in the other 4C's.

Financial Results

Revenue in the period totalled £4,364,000, a 5% increase compared to the corresponding period last year. This reflects a strong end to the half with second quarter total orders exceeding first quarter total orders by a ratio of almost 4:1. This trend of increasing orders over the period is promising and indeed some of the second quarter orders will generate revenue over the next 12 months. It is also pleasing to note the longer-term trend of Intercede's revenue. Revenue for the six months ended 30 September 2016 was £2,828,000 and the growth from this starting point represents compound average growth of 16% over the three corresponding periods to 30 September 2019.

Revenue highlights for the period include:

- Follow-on MyID license sales to an existing US Federal agency customer, totalling 75,000 devices, spread across two different deployments. One of these deployments will enable users to issue Derived PIV credentials to a mobile device using their original PIV card.
- The same US Federal agency customer has also ordered professional and development services in excess of $0.5m, to implement a 35,000 device deployment purchased in the corresponding period last year.

- An additional 35,000 licenses sold to a government in the Middle East operating an e-Government services portal.
- A follow-on MyID license sale for 20,000 devices to one of the world's largest Aerospace & Defence contractors.
- A new MyID license sale to provide a traditional smartcard deployment for one of the largest US wireless network operators.
- A new MyID license sale to a US Navy force providing surveillance systems.
- A new MyID deployment sale to an existing US Airforce customer for a forward deployment based in the Middle East.

All of these wins are expected to generate incremental revenue over the next 12 months from a combination of support & maintenance plus professional services, development and/or follow-on license sales.

Compared to the corresponding period last year, operating expenses have been reduced by 9% to £4,329,000 (2018: £4,768,000). This reflects staff cost savings and continued tight control over all areas of expenditure. Staff costs continue to represent the main area of expense, representing 87% of total operating costs (2018: 83%). Intercede had 82 employees and contractors as at 30 September 2019 (30 September 2018: 85). The average number of employees and contractors during the period was 82 (2018: 89). It should be noted that this 8% year on year reduction in employees and contractors reflects efficiency improvements in operational delivery and has not impacted upon Intercede's ability to deliver MyID solutions or to implement the 5C strategy.

A £447,000 taxation credit for the period (2018: £993,000 taxation credit) primarily reflects the 2019 Research & Development ("R&D") claim which results from the Group's strategic investment activities. The Group is a beneficiary of the UK Government's efforts to encourage innovation by allowing 130% of qualifying R&D expenditure to be offset against taxable profits and allowing 14.5% of the lower of R&D losses or taxable losses to be paid as tax credits. In recent years, the tax credit has been unrestricted due to taxable losses exceeding R&D losses, although this was not the case for the 2019 claim. Had the 2019 claim been unrestricted, the amount claimed would have been £717,000 which is a fairer reflection of the Group's continued level of strategic investment activities.

The increase in revenue combined with the reduction in operating expenses has resulted in a return to operating profit of £25,000 (2018: £609,000 operating loss), the first time this has been achieved since the corresponding period six years ago. A profit for the period of £184,000 (2018: £89,000) resulted in a basic profit per share of 0.4p and a fully diluted profit per share of 0.3p (2018: basic and fully diluted profit per share of 0.2p).

Cash balances as at 30 September 2019 totalled £5,156,000 which compares with £3,623,000 as at 31 March 2019 and £3,228,000 as at 30 September 2018. The increase in cash balances is primarily driven by £1,841,000 of cash generated from operations (2018: £739,000) and also reflects the benefit of £422,000 proceeds from the disposal of a UK office (2018: £nil). It is also worth noting that the 2019 R&D tax claim totalling £460,000 was received shortly after the period end and does not form part of the cash balances as at 30 September 2019 (2018: R&D claim totalling £993,000 received prior to period end and included in the 30 September cash balances).

The Group adopted IFRS 16 Leases with effect from 1 April 2019 using the full retrospective method. This has resulted in the Group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. Instead of recognising an operating expense for its operating lease payments, the Group will instead depreciate its right of use assets and recognise interest on its lease liabilities. The impact on each line of the Consolidated Financial Statements is explained in Notes 1 and 6.

Operational Review

Intercede is trusted by governments and large enterprises throughout the world. Where protecting data really matters, you will find MyID. The security, reliability and interoperability of MyID software sets it apart and is why we are proud to help many leading organisations around the world manage the secure digital identities they issue to citizens and employees. In addition to offering MyID as a market-leading credential management commercial off-the-shelf product, Intercede supplies MyID as a platform providing service providers with a range of software and service tools enabling them to embed digital identity into their own solutions.

For over 20 years Intercede has delivered solutions that truly test the interoperability of MyID because governments and large enterprises typically have complicated PKI (public key infrastructure). But we recognise that there are enterprises who are happy to follow best practice and just want a simple, pre-configured solution that protects their networks, systems and cloud-based resources with the most secure method of authenticating employees. We are therefore pleased to announce the release of MyID Professional, an easy to use and deploy software solution that enables enterprises to replace insecure passwords with the strongest form of multi-factor user authentication.

MYID Professional includes:

- MyID Professional server software
- Connectors to Microsoft Active Directory and Microsoft Certificate Services
- Connectors with a wide range of leading smart cards and USB tokens
- Connectors with hardware security modules, used to secure keys and sensitive data
- Operator desktop for system administration and helpdesk operators
- End-user client for simple self-service operations
- Documentation covering installation, configuration and use

MYID Professional can be used to:

- Secure Windows and network logon
- Secure VPN and remote access
- Protect cloud resources such as Microsoft Office 365
- Sign and encrypt emails, protecting against spear-phishing attacks
- Deploy PKI credentials for strong two-factor authentication to smart cards and USB keys
- Enable simple self-service credential management at the user's own desktop, thereby reducing help desk costs

The establishment and further development of a simplified version of MyID will be more scalable and is therefore important for the Group's future growth prospects. By combining predefined business processes and out-of-the-box integration with common infrastructure components, MyID Professional will enable smaller organisations to step up to the strongest form of user authentication with least cost and risk. MyID Professional is available on a subscription basis via Intercede channel partners.

MyID is now available in three product lines, thereby reflecting a growing product portfolio for an expanding addressable market ie:

1. MyID Enterprise;
2. MyID PIV; and
3. MyID Professional.

Outlook

The actions taken to refocus the Group's strategy continue to drive improvements throughout the business. As in previous years, revenue is expected to be weighted towards the second half of the year. Whilst the nature of Intercede's business and customer profile is such that the precise timing of orders is difficult to predict, the current sales pipeline and levels of bid activity continue to support management's revenue and profitability targets.

Klaas van der Leest
Chief Executive Officer
25 November 2019

Andrew Walker
Finance Director
25 November 2019

Consolidated Statement of Comprehensive Income

For the period ended 30 September 2019

	6 months ended 30 September 2019 £'000	6 months ended 30 September 2018 Restated £'000	Year ended 31 March 2019 Restated £'000
Continuing operations			
Revenue	**4,364**	4,174	10,108
Cost of sales	**(10)**	(15)	(24)
Gross profit	**4,354**	4,159	10,084
Operating expenses	**(4,329)**	(4,768)	(10,025)
Operating profit/(loss)	**25**	(609)	59
Finance income	**9**	5	11
Finance costs	**(297)**	(300)	(600)
Loss before tax	**(263)**	(904)	(530)
Taxation	**447**	993	979
Profit for the period	**184**	89	449
Total comprehensive income attributable to owners of the parent company	**184**	89	449

Profit per share (pence)			
- basic	**0.4p**	0.2p	0.9p
- diluted	**0.3p**	0.2p	0.8p

The Consolidated Statements of Comprehensive Income for the periods ending 30 September 2018 and 31 March 2019 have been restated to reflect the impact of IFRS 16 Leases (see Notes 1 and 6).

Consolidated Balance Sheet

As at 30 September 2019

	As at 30 September 2019 £'000	As at 30 September 2018 Restated £'000	As at 31 March 2019 Restated £'000
Non-current assets			
Property, plant and equipment	151	207	154
Right of use assets	1,021	1,249	1,135
	1,172	1,456	1,289
Current assets			
Assets held for sale	—	373	373
Trade and other receivables	3,188	2,355	4,797
Cash and cash equivalents	5,156	3,623	3,228
	8,344	6,351	8,398
Total assets	9,516	7,807	9,687
Equity			
Share capital	505	505	505
Share premium	673	673	673
Equity reserve	66	66	66
Merger reserve	1,508	1,508	1,508
Accumulated deficit	(5,076)	(5,905)	(5,420)
Total equity	(2,324)	(3,153)	(2,668)
Non-current liabilities			
Convertible loan notes	4,790	4,708	4,747
Lease liabilities	1,301	1,531	1,404
Deferred revenue	311	221	166
	6,402	6,460	6,317
Current liabilities			
Lease liabilities	284	242	253
Trade and other payables	1,955	1,406	1,899
Deferred revenue	3,199	2,852	3,886
	5,438	4,500	6,038
Total liabilities	11,840	10,960	12,355
Total equity and liabilities	9,516	7,807	9,687

The Consolidated Balance Sheets for the periods ending 30 September 2018 and 31 March 2019 have been restated to reflect the impact of IFRS 16 Leases (see Notes 1 and 6).

Consolidated Statement of Changes in Equity

For the period ended 30 September 2019

	Share capital £'000	Share premium £'000	Equity reserve £'000	Merger reserve £'000	Accum -ulated deficit £'000	Total £'000
At 1 April 2019 (Original)	505	673	66	1,508	(4,898)	(2,146)
Change in accounting policy	—	—	—	—	(522)	(522)
At 1 April 2019 (Restated)	505	673	66	1,508	(5,420)	(2,668)
Proceeds from recycling of own shares	—	—	—	—	17	17
Employee share option plan charge	—	—	—	—	54	54
Employee share incentive plan charge	—	—	—	—	89	89
Profit for the period and total comprehensive income	—	—	—	—	184	184
At 30 September 2019	**505**	**673**	**66**	**1,508**	**(5,076)**	**(2,324)**
At 1 April 2018 (Original)	505	673	66	1,508	(5,719)	(2,967)
Change in accounting policy	—	—	—	—	(443)	(443)
At 1 April 2018 (Restated)	505	673	66	1,508	(6,162)	(3,410)
Proceeds from recycling of own shares	—	—	—	—	12	12
Employee share option plan credit	—	—	—	—	(1)	(1)
Employee share incentive plan charge	—	—	—	—	157	157
Profit for the period and total comprehensive income (Restated)	—	—	—	—	89	89
At 30 September 2018 (Restated)	505	673	66	1,508	(5,905)	(3,153)
At 1 April 2018 (Original)	505	673	66	1,508	(5,719)	(2,967)
Change in accounting policy	—	—	—	—	(443)	(443)
At 1 April 2018 (Restated)	505	673	66	1,508	(6,162)	(3,410)
Proceeds from recycling of own shares	—	—	—	—	27	27
Employee share option plan charge	—	—	—	—	17	17
Employee share incentive plan charge	—	—	—	—	249	249
Profit for the period and total comprehensive income (Restated)	—	—	—	—	449	449
At 31 March 2019 (Restated)	505	673	66	1,508	(5,420)	(2,668)

The Consolidated Statements of Changes in Equity for the periods ending 30 September 2018 and 31 March 2019 have been restated to reflect the impact of IFRS 16 Leases (see Notes 1 and 6).

Consolidated Cash Flow Statement

For the period ended 30 September 2019

	6 months ended 30 September 2019 £'000	6 months ended 30 September 2018 Restated £'000	Year ended 31 March 2019 Restated £'000
Cash flows from operating activities			
Operating profit/(loss)	25	(609)	59
Depreciation	157	177	344
Profit on disposal of property, plant and equipment	(50)	—	—
Employee share option plan charge/(credit)	54	(1)	17
Employee share incentive plan charge	89	157	249
Employee unit incentive plan charge	14	6	5
Employee unit incentive plan payment	—	—	(7)
Decrease/(increase) in trade and other receivables	2,009	2,312	(131)
Increase/(decrease) in trade and other payables	41	(460)	44
(Decrease)/increase in deferred revenue	(542)	(916)	63
Increase in lease liabilities	44	73	63
Cash generated from operations	1,841	739	706
Finance income	7	3	9
Finance costs on convertible loan notes	(199)	(199)	(400)
Finance costs on leases	(54)	(61)	(122)
Taxation	(13)	993	979
Net cash generated from operating activities	1,582	1,475	1,172
Investing activities			
Proceeds on disposal of property, plant and equipment	422	—	—
Purchases of property, plant and equipment	(39)	(75)	(75)
Cash generated from/(used in) investing activities	383	(75)	(75)
Financing activities			
Proceeds from recycling of own shares	17	12	27
Principal elements of lease payments	(116)	(106)	(212)
Cash used in financing activities	(99)	(94)	(185)
Net increase in cash and cash equivalents	1,866	1,306	912
Cash and cash equivalents at the beginning of the period	3,228	2,272	2,272
Exchange gains on cash and cash equivalents	62	45	44
Cash and cash equivalents at the end of the period	5,156	3,623	3,228

The Consolidated Cash Flow Statements for the periods ending 30 September 2018 and 31 March 2019 have been restated to reflect the impact of IFRS 16 Leases (see Notes 1 and 6).

Notes to the Consolidated Accounts

For the period ended 30 September 2019

1 Preparation of the interim financial statements

These interim financial statements have been prepared under IFRS as adopted by the European Union and on the basis of the accounting policies set out in the Group's Annual Report for the year ended 31 March 2019.

The Group applies, for the first time, IFRS 16 Leases and the nature and effect of this change is disclosed below. Several other amendments and interpretations are effective for reporting periods beginning on or after 1 January 2019. These have been applied but do not have an impact on the interim consolidated financial statements of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not effective.

These interim financial statements have not been audited and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2019 have been delivered to the Registrar of Companies. The Auditors' Report on those accounts was unqualified and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

The Interim Report will be mailed to shareholders within the next few weeks and copies will be available on the website (www.intercede.com) and at the registered office: Intercede Group plc, Lutterworth Hall, St Mary's Road, Lutterworth, Leicestershire, LE17 4PS.

Revised accounting policy for IFRS 16 (replacing 'Leased assets' policy)

At the inception of a contract the Group assesses whether the contract is, or contains, a lease. A lease is present where the contract conveys, over a period of time, the right to control the use of an identified asset in exchange for consideration. Where a lease is identified the Group recognises a right of use asset and a corresponding lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The lease liability is initially measured at the present value of the future lease payments, which are discounted at the Group's incremental borrowing rate (8%). The lease liability is re-measured for modifications to lease payments due to changes in an index or rate or where the lease contract is modified and is not accounted for as a separate lease. When the lease liability is re-measured an equivalent adjustment is made to the right of use asset. Where the lease liability is denominated in a foreign currency it is retranslated at the Balance Sheet date and gains or losses are included in the Statement of Comprehensive Income.

A right of use asset comprises the initial measurement of the corresponding lease liability and is subsequently measured at cost less accumulated depreciation. Right of use assets are depreciated over the lease term.

2 Revenue

All of the Group's revenue, operating profits/(losses) and net liabilities originate from operations in the UK. The Directors consider that the activities of the Group constitute a single business segment.

The split of revenue by geographical destination of the end customer can be analysed as follows:

	6 months ended 30 September 2019 £'000	6 months ended 30 September 2018 £'000	Year ended 31 March 2019 £'000
UK	39	201	331
Rest of Europe	578	827	1,738
North America	3,041	2,814	6,981
Rest of World	706	332	1,058
	4,364	4,174	10,108

3 Taxation

Taxation represents the net effect of amounts receivable from HMRC in respect of R&D claims and US corporation tax payable.

4 Earnings per share

The calculations of earnings per ordinary share are based on the profit for the period and the weighted average number of ordinary shares in issue during each period.

	6 months ended 30 September 2019 £'000	6 months ended 30 September 2018 Restated £'000	Year ended 31 March 2019 Restated £'000
Profit for the period	184	89	449

	Number	Number	Number
Weighted average number of shares – basic	50,482,281	50,482,281	50,482,281
– diluted	60,552,436	58,562,299	59,214,607

	Pence	Pence	Pence
Earnings per share – basic	0.4p	0.2p	0.9p
– diluted	0.3p	0.2p	0.8p

The weighted average number of shares used in the calculation of basic and diluted earnings per share for each period were calculated as follows:

	6 months ended 30 September 2019 Number	6 months ended 30 September 2018 Number	Year ended 31 March 2019 Number
Issued ordinary shares at start of period	50,523,926	50,523,926	50,523,926
Effect of treasury shares	(41,645)	(41,645)	(41,645)
Weighted average number of shares – basic	50,482,281	50,482,281	50,482,281
Add back effect of treasury shares	41,645	41,645	41,645
Effect of share options in issue	2,755,123	764,986	1,417,294
Effect of convertible loan notes in issue	7,273,387	7,273,387	7,273,387
Weighted average number of shares – diluted	60,552,436	58,562,299	59,214,607

5 Dividend

The Directors do not recommend the payment of a dividend.

6 IFRS 16 transition note

The Group has applied IFRS 16 retrospectively and the tables below show the adjustments ("Adj") recognised for each line item at 30 September 2019, 30 September 2018 and 31 March 2019. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated Statement of Comprehensive Income (extract)

	6 months ended 30 September 2019			6 months ended 30 September 2018			Year ended 31 March 2019		
	Original £'000	Adj £'000	Restated £'000	Original £'000	Adj £'000	Restated £'000	Original £'000	Adj £'000	Restated £'000
Operating expenses	(4,341)	12	(4,329)	(4,748)	(20)	(4,768)	(10,068)	43	(10,025)
Operating profit/(loss)	13	12	25	(589)	(20)	(609)	16	43	59
Finance costs	(243)	(54)	(297)	(239)	(61)	(300)	(478)	(122)	(600)
Loss before tax	(221)	(42)	(263)	(823)	(81)	(904)	(451)	(79)	(530)

Consolidated Balance Sheet (extract)

	6 months ended 30 September 2019			6 months ended 30 September 2018			Year ended 31 March 2019		
	Original £'000	Adj £'000	Restated £'000	Original £'000	Adj £'000	Restated £'000	Original £'000	Adj £'000	Restated £'000
Non-current assets									
Right of use assets	—	1,021	1,021	—	1,249	1,249	—	1,135	1,135
Total assets	8,495	1,021	9,516	6,558	1,249	7,807	8,552	1,135	9,687
Equity									
Accumulated deficit	(4,512)	(564)	(5,076)	(5,381)	(524)	(5,905)	(4,898)	(522)	(5,420)
Total equity	(1,760)	(564)	(2,324)	(2,629)	(524)	(3,153)	(2,146)	(522)	(2,668)
Non-current liabilities									
Lease liabilities	—	1,301	1,301	—	1,531	1,531	—	1,404	1,404
Current liabilities									
Lease liabilities	—	284	284	—	242	242	—	253	253
Total liabilities	10,255	1,585	11,840	9,187	1,773	10,960	10,698	1,657	12,355
Total equity and liabilities	8,495	1,021	9,516	6,558	1,249	7,807	8,552	1,135	9687

Consolidated Cash Flow Statement (extract)

	6 months ended 30 September 2019			6 months ended 30 September 2018			Year ended 31 March 2019		
	Original	Adj	Restated	Original	Adj	Restated	Original	Adj	Restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operating profit/(loss)	13	12	25	(589)	(20)	(609)	16	43	59
Depreciation	43	114	157	63	114	177	116	228	344
Increase in lease liabilities	—	44	44	—	73	73	—	63	63
Cash generated from operations	1,671	170	1,841	572	167	739	372	334	706
Finance costs on leases	—	(54)	(54)	—	(61)	(61)	—	(122)	(122)
Net cash generated from operating activities	1,466	116	1,582	1,369	106	1,475	960	212	1,172
Principal elements of lease payments	—	(116)	(116)	—	(106)	(106)	—	(212)	(212)
Cash generated from/(used in) financing activities	17	(116)	(99)	12	(106)	(94)	27	(212)	(185)
Net increase in cash and cash equivalents	1,866	—	1,866	1,306	—	1,306	912	—	912

Ready to scale up Intercede's global channel network, the Connect Partner Programme will go live in January 2020, presenting partners with the opportunity to offer proven strong authentication identity management with unrivalled connectivity across multiple technology providers.

A programme backed with the training, support materials and product to meet the growing demand for strong authentication - from deployments of 500 to millions. A tiered programme that rewards partner engagement.

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