

22 November 2022

INTERCEDE GROUP plc
 ('Intercede', the 'Company' or the 'Group')

Interim Results for the Six Months Ended 30 September 2022

Intercede, a cybersecurity software company specialising in digital identities, today announces its interim results for the six months ended 30 September 2022.

Financial Highlights

	H1 FY22 £ million	H1 FY21 £ million	% Change
Revenue	6.1	4.9	24%
Gross profit	5.6	4.8	17%
Profit before Tax	0.62	0.12	417%
Net Profit	1.21	0.54	124%
EPS - basic	2.1p	0.9p	
EPS - diluted	2.0p	0.9p	
Gross Margin	93%	98%	(5)%
Net Margin	20%	11%	82%
Cash and cash equivalents	10.0	8.5	18%
Deferred revenue	4.4	3.7	19%
Total Assets	14.0	11.3	24%
Total Equity	6.9	5.2	33%

Revenue highlights for the period include:

- Revenues for the six months ended 30 September 2022 (H1) totalling £6.1 million are approximately 23% higher than last year on a constant currency basis and 24% higher on a reported basis (2021: £4.9 million)
- Multiple MyID PIV licence orders from the US Department of State (DoS) for its Identity Management System (IDMS) solution totalling \$1.6 million. The same agency also placed Services orders with a value totalling \$0.3 million. Linked to this sale is a third party embedded product which marginally impacted gross profit in the period
- Several major customers have chosen to upgrade their existing MyID deployments including, but not limited to, a major global aerospace and defence manufacturer, a UK Government department, a US central bank and a major US government agency
- A \$0.1 million follow-on order of professional services for a prestigious independent US Federal Agency that was won at the end of the last financial year. The deployment will leverage Intercede's technology partnership with Microsoft, by delivering PKI credentials into Microsoft Intune managed smartphones enabling sensitive data protection and secure access to agency systems
- A follow-on MyID Enterprise order from a US Federal agency tasked with intelligence and security services. Orders have been received to date for 75,000 device licences
- Various cross and upsell of licences into existing client base totalling £0.2 million in the period.

Operating Highlights

- Post-period end acquisition of Authlogics Ltd a UK based company with annual recurring revenues (ARR) of £0.5 million. It brings Multi Factor Authentication (MFA) and Password Security Management (PSM) capabilities to the Intercede Group

- Phase 2 of the Intercede turnaround plan is on track to push scalability and accelerate revenue growth
- The M&A programme continues, focussed on targets that add recurring revenues and have a strong industry logic.

Board Changes

During the period Andrew Walker retired from the Board with the appointment of Nitil Patel as his successor and new Chief Financial Officer of Intercede. Royston Hoggarth, Non-Executive Director of the Company succeeded Chuck Pol as the Group's Chairman. Tina Whitley was appointed as an Independent Non-Executive Director, bringing over 30 years' experience across the information technology sector.

Royston Hoggarth, Chairman, said:

"I would like to take this opportunity to thank our colleagues for their hard work during what has undoubtedly been a busy six months, driving strong double-digit revenue growth and working towards the completion of Intercede's first M&A deal. The acquisition of Authlogics enables Intercede to deliver on its strategic vision of addressing the entire authentication pyramid from Passwords to PKI.

The Board is pleased to see such a focussed start to Phase 2 of the turnaround plan to push scalability and accelerate revenue growth. While the Board is cognisant of volatility in the current global macroeconomic environment, we remain confident in the Group's execution of the '6C strategy' and that the outlook for the second half of FY23 remains in line with management's expectations."

ENQUIRIES

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About Intercede

Intercede is a cybersecurity software company specialising in digital identities, and its innovative solutions enable organisations to protect themselves against the number one cause of data breach: compromised user credentials.

The Intercede suite of products allows customers to choose the level of security that best fits their needs, from Secure Registration and ID Verification to Password Security Management, One-Time Passwords, FIDO and PKI. Uniquely, Intercede provides the entire set of authentication options from Passwords to PKI, supporting customers on their journey to passwordless and stronger authentication environments. In addition to developing and supporting Intercede software, the Group offers professional services and custom development capabilities as well as managing the world's largest password breach database.

For over 20 years, global customers in government, aerospace and defence, financial services, healthcare, telecommunications, cloud services and information technology have trusted Intercede solutions and expertise in protecting their mission critical data and systems at the highest level of assurance.

For more information visit: www.intercede.com

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

Introduction

Intercede's FY22 Annual Report noted that the Group continued to drive organic growth despite global volatility, starting with Covid-19 restrictions and ending with war in Europe. It would appear that FY23 is going to be just as volatile and it is therefore testament to the resilience of the Group in delivering accelerated revenue growth in the first six months of this new financial year. Almost as important is the completion of its first acquisition as it embarks on Phase 2 of its turnaround to achieve scalability and consistent revenue growth.

Market Opportunity and Growth Strategy

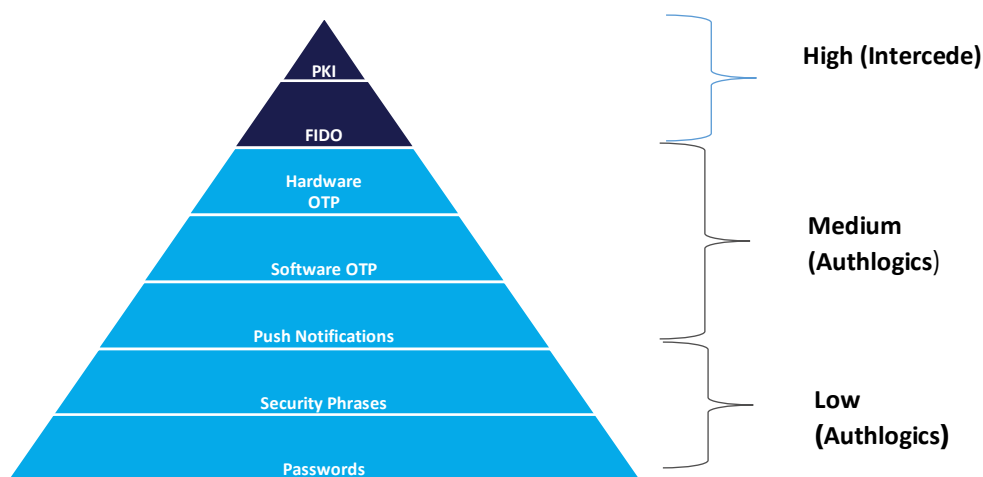
Intercede's MyID platform is a leading credential management system (CMS) and ID&V solution that integrates and manages a broad range of PKI (Public Key Infrastructure) and FIDO (Faster Identity Online) technologies. These are very attractive, but niche, market segments which meet the needs of Aerospace & Defence contractors and governments who are prepared to pay for military grade security and can cope with the complex infrastructure. For Intercede this is both a blessing, due to the potential for large initial one-off licence orders and steady recurring Support & Maintenance, but it can also present a challenge as the timing of contract awards which is invariably outside of Intercede's control.

The FY22 Annual Report noted that while the lack of a significant licence deal was felt acutely in the comparison of FY22 revenue to FY21, the substantial increase in new deployment wins was clear evidence of underlying momentum. This is now evident by the double-digit revenue growth for the six months ended 30 September 2022. However, for this level of growth to be sustainable Intercede needs to expand faster and broaden MyID's functionality as it moves down the authentication pyramid and increase its addressable market. This lies at the heart of Phase 2 of the turnaround plan.

After considering options such as partnering and further internal development, the Board decided that a buy approach would accelerate time to market as well as leveraging new IP for existing clients and partners and extending the target account market. On 10 October Intercede was pleased to announce the acquisition of Authlogics, a Multi Factor Authentication ('MFA') and Password Security Management ('PSM') software vendor which enables the Group to offer its customers and prospects solutions that span the entire authentication pyramid as outlined below.

What Authlogics Brings to the Intercede Group

The acquisition of Authlogics brings MFA and PSM capabilities to the Intercede Group enabling it to deliver on the strategic vision of addressing the entire authentication pyramid and offer software solutions from Passwords to PKI



Strong strategic logic for combination

- Acquisition of IP and reference customers that accelerates our entry into these markets, which would have taken at least 3 years organically even if the resource could be made available
- Will enable the Group to quickly meet some of the new requirements of FIPS 201-3 for our US defence and Federal customer base
- Allows Intercede to address migration to a 'No Password' environment:
 - This acquisition expands our addressable market more than 10-fold
 - Whereas PKI is complex and involves long sales & integration cycles, the MFA and PSM markets are characterised by much simpler sales and less complicated integration cycles

Strategy

Intercede continues to focus on its '6C strategy', centred around Colleagues, Customers, Channels, Code, Cash and more recently, Corporate Development. In the Phase 2 of its turnaround, the Group will actively explore buy-side M&A, taking time to ensure the right strategic fit(s) to ensure scalability and accelerated revenue growth.

1. Colleagues

The employment market, particularly in the cybersecurity sector, has certainly been volatility largely due to the hangover from the Covid-19 pandemic, which brings opportunities and threats to Intercede's most valuable asset: its staff. As stated in previous reports, Intercede's innovation roadmap is able to leverage many years of internal development expertise and the Group therefore places a high degree of focus on its colleague strategy as it strives for market-leading staff retention.

Over the six months to 30 September 2022, staff numbers stayed broadly flat at 81 (2021: 82), while the average number of employees and contractors during the period was 85 (2021: 84). The attrition rate (average number of leavers over the year as a ratio of average headcount over the year) rose to 11% compared to 7% in the prior period. The increase in attrition was not unexpected and was factored into the Group's hiring strategy and pay and bonus policy. Intercede and its Board understands the issues everyone is facing with the cost of living crisis, has listened to the Employee Working Group (EWG) and taken onboard feedback from its more recent Employee Satisfaction Survey.

2. Customers

In the FY22 Annual Report Intercede was pleased to announce sixteen new deployments were signed up during the year, which was double the number signed up during FY21. Due to a combination of timing, and understandable general customer caution around global uncertainty, these wins did not quite convert into a significant licence deal in FY22.

However, the wins generated momentum towards the end of FY22 that has carried into FY23 and resulted in revenue for the six months ended 30 September 2022 that is 24% higher than the prior period on a reported basis. In particular, follow-on licence orders from existing customers (more details in the 'Financial Results' review section below) has driven the growth. Although only one new customer was signed up during the period (compared to eight in the prior period) the level of attrition remains very low with renewal rates of 99% compared to 98% in the prior period.

3. Channels

Intercede continues to invest in its Connect Partner Programme which deals with resellers as well as technology partners. Over the period relationships were further strengthened which resulted in new pipeline opportunities, partner campaigns and most importantly driving the strong H1 revenue growth. As reported in the Customers section above, licence sales have driven the overall revenue growth compared to the prior period. Partner relationships play an increasing role in these license sales and generated 89% of all licence sales in the six months ended 30 September 2022 (2021: 71%).

Our technology partners have confidence that as security standards change, and new technologies become available, MyID is designed to cope with these changes both in order to support newer devices and systems, but also to aid the transition between them ensuring the ongoing security of system access as technology changes are implemented.

Whilst the resellers are focused on delivering complete end to end solutions to their clients, it is paramount that MyID has a rich eco system of proven technology partners and integrations which enables an out-of-the-box approach to many complex use cases.

The addition of Authlogics's partner and channel footprint, with no overlap with Intercede, further enhances the Group's geographic reach as well as providing new cross and upsell opportunities.

4. Code

Intercede has continued to invest in the MyID platform and in September released v12.4.1, which continues to address the Group's core development principles:

- **Create and maintain a modern platform based upon market leading technology** – v12.4.1 contains enhancements for the MyID Operator Client, which is now the primary user interface for operation and administration of MyID. New REST APIs have been added to enable customisation of the Operator Client to allow helpdesk and monitoring applications;
- **Broaden the addressable market with new functionality** - MyID has been updated to help customers adapt to the revised US Government PIV standard, FIPS-201-3, and contains integration updates for the latest external third party PKI components; and
- **Meet constantly evolving Customer and Partner needs** – MyID Installation Assistant is a new utility that is designed to help customers and partners prepare their MyID server environment and guide them through each step of the installation process.

From a strategic perspective, the second principle above has received a lot of focus as Intercede commences Phase 2 of its turnaround and the acquisition of Authlogics represents a leap forward in this regard.

It is Intercede's intention to sell the acquired products standalone and create a product portfolio offering customers high, medium and low authentication depending on their needs and circumstances. During H2, the development teams will decide on the best way to integrate the products so that a customer can manage any form of authentication they need used under a 'single pane of glass' or migrate users from one form of authentication to another.

5. Cash

Treasury and cash management is a significant pillar and crucial asset for the Group. It operates a tight working capital model and aims to maintain sufficient head room to ensure operations can continue in potentially difficult global macroeconomic environments.

The Group's DSO has improved from 68 days (H1 2021) to 47 days (H1 2022) which has resulted in a positive cash inflow during the period.

The Group had gross cash balances of £10.0 million as at 30 September 2022 compared to £7.8 million held at 31 March 2022. Following the acquisition of Authlogics on the 7 October 2022 for an initial consideration of £2.0 million, after adjusting for net debt and working capital movements), the Group had gross cash balances of £7.9million ,000 and no long-term debt or external financing.

6. Corporate Development

Corporate Development is a key strategic component to drive incremental revenue growth, IP acceleration as well as market access. Following an intensive market assessment over the last 12 months as well as the strategic intent of "moving down the authentication pyramid", the Group was pleased to report its first acquisition, Authlogics as announced on 10 October 2022.

In the section '4. Code' above the acquisition of Authlogics was described as enabling the Group to address the entire authentication pyramid by giving customer access to a portfolio of products depending on whether their users need high, medium or low authentication. Depending on a client's specific use case, Intercede can now offer an end to end solution, from Passwords to PKI.

Whilst the immediate operational activities are now focused on a seamless integration of Authlogics, the corporate development activity has firmly maintained its pace and further targets are being assessed. The Group will maintain business as usual and diligent in its approach whilst the M&A pipeline remains firmly on the agenda.

Financial Review - Income Statement

Revenue and operating results

The Group's revenue from continuing operations increased by 24% to £6.1 million (2021: £4.9 million) and gross profit increased by 17% to £5.6 million (2021: £4.8 million). Gross margin decreased from 98% to 93% as a third party product were part of a licence sale in the period.

The Group's operating profit was £0.6 million (2021: £0.2 million), after non-cash depreciation charge for property, plant and equipment in the period of £0.03 million (2021: £0.03 million) and a right-of-use depreciation charge of £0.1 million (2021: £0.1 million). Acquisition costs for the period were £0.25 million (2021: £nil). Operating expenses increased by 10% to £5.1m (2021: £4.6m). When one-off acquisition costs are excluded the growth in the remaining operating expenses is 4%.

Underlying costs are very consistent and reflect continued tight control over all areas of expenditure, while the Group continues to recognise the achievements of its staff with pay rises and performance-related rewards. Staff costs continue to represent the main area of expense representing 86% of total operating costs (2021: 85%). Intercede had 81 employees and contractors as at 30 September 2022 (2021: 82). The average number of employees and contractors during the period was 85 (2021: 84).

The statutory profit before tax for the period was £0.6 million (2021: £0.1million) and profit for the period was £1.2 million (2021: £0.5 million).

Taxation

The Group has a tax credit of £0.6 million for the period due to amounts receivable from HMRC in respect of R&D claims and US corporation tax payable. (2021: tax credit of £0.4 million). The Group brought forward unused tax losses of £6.4 million (2021: £6.4 million). The Group assessed the deferred tax impact in the period and did not recognise any assets or liabilities.

Earnings per share

Earnings per share from continuing operations in the period was 2.1 pence for basic and 2.0 pence for diluted (2021: 0.9 pence for both basic and diluted) and were based on the profit for the period of £1.2 million (2021: £0.5 million) with a basic weighted average number of shares in issue during the period of 57,648,980 (2021: 57,107,449 shares). For diluted the weighted average number was 58,943,357 (2021: 59,760, 815).

Adjusted earnings per share, both basic and diluted, from continuing operations in the period were 1.93 pence (2021: loss of 2.74 pence) and were based on the profit after tax for the period of £0.4 million (2021: loss of £0.6 million).

Dividend

The Board is not proposing a dividend (2021: £nil).

Financial Position

Assets

Non-current assets of £0.4 million comprise property, plant and equipment of £0.1 million (2021: £0.1 million) and IFRS 16 right of use assets of £0.3 million (2021: £0.6 million).

Trade and other receivables increased by £1.4 million to £3.6 million (2021: £2.2 million) reflecting increased revenue in the period.

Liabilities

Current liabilities increased by £1.4 million to £6.8 million (2021: £5.3 million) reflecting higher cost of sales and increased deferred revenue at the period end.

Non-Current liabilities fell by £0.4 million to £0.4 million (2021: £0.8 million). Key change in the period was a reduction in lease liabilities of £0.3 million.

Capital and Reserves

Total equity increased by £1.6 million to £6.9 million (2021: £5.3 million), reflecting the profit for the period, shares issuance in September 2022.

Liquidity and capital resources

The Group remains in a good financial position, with gross cash balances of £9,999,000 as at 30 September 2022 compared to £7,787,000 held at 31 March 2022. Following the acquisition of Authlogics on the 7 October 2022 for an initial consideration of £2.5 million (adjusted to approximately £2.0 million after net debt and working capital adjustments), the Group had gross cash balances of £7,865,000 and no long-term debt or external financing

During the period there has been a net cash inflow from operating activities of £2.1 million (2021: £0.8 million) which reflects cash received from significant licence orders received both during the period and prior to the end of FY22.

Outlook

Intercede has recorded strong double-digit revenue growth in the first half of FY23 which was underpinned by increased recurring Support & Maintenance revenue, encouraging licence growth as well as solid Professional Services revenues. At the same time, the Group made its first acquisition on 7th October 2022.

The post-period acquisition and integration of Authlogics brings MFA and PSM to the Intercede software suite enabling the Group to deliver on the strategic vision of addressing the entire authentication pyramid from Passwords to PKI. This is an encouraging start to Phase 2 of Intercede's turnaround of achieving scalability and sustainable revenue growth.

The Board therefore remains positive about the medium and long-term prospects for Intercede. As such, whilst there is caution of the effects of the current global macroeconomic environment, the Board can confirm that the outlook for the second half of FY23 continues to remain in line with management's expectations.

By order of the Board

Klaas van der Leest
Chief Executive Officer

Nitil Patel
Chief Financial Officer

21 November 2022

**Consolidated Statement of Comprehensive
Income- unaudited**

	6 months ended 30 September 2022	6 months ended 30 September 2021	Year ended 31 March 2022
	£'000	£'000	£'000
Continuing operations			
Revenue	6,065	4,855	9,925
Cost of sales	(417)	(95)	(198)
Gross profit	<u>5,648</u>	<u>4,760</u>	<u>9,727</u>
Operating expenses	(5,051)	(4,589)	(9,337)
Operating profit	<u>597</u>	<u>171</u>	<u>390</u>
Finance income	41	5	16
Finance costs	(21)	(53)	(83)
Profit before tax	<u>617</u>	<u>123</u>	<u>323</u>
Taxation	590	416	400
Profit for the period	<u>1,207</u>	<u>539</u>	<u>723</u>
Total comprehensive income attributable to owners of the parent company	<u>1,207</u>	<u>539</u>	<u>723</u>
Earnings per share (pence)			
- basic	2.1p	0.9p	1.3p
- diluted	<u>2.0p</u>	<u>0.9p</u>	<u>1.2p</u>

Consolidated Financial Position – unaudited

	As at 30 September 2022	As at 30 September 2021	As at 31 March 2022
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	98	134	117
Right of use assets	309	553	431
	<u>407</u>	<u>687</u>	<u>548</u>
Current assets			
Trade and other receivables	3,609	2,187	4,598
Cash and cash equivalents	9,999	8,491	7,787
	<u>13,608</u>	<u>10,678</u>	<u>12,385</u>
Total assets	<u>14,015</u>	<u>11,365</u>	<u>12,933</u>
Equity			
Share capital	584	572	577
Share premium	5,430	5,138	5,268
Merger reserve	1,508	1,508	1,508
Accumulated deficit	(640)	(1,989)	(1,842)
Total equity	<u>6,882</u>	<u>5,229</u>	<u>5,511</u>
Non-current liabilities			
Lease liabilities	278	566	388
Deferred revenue	121	240	233
	<u>399</u>	<u>806</u>	<u>621</u>
Current liabilities			
Lease liabilities	336	352	368
Trade and other payables	2,166	1,444	1,464
Deferred revenue	4,232	3,534	4,969
	<u>6,734</u>	<u>5,330</u>	<u>6,801</u>
Total liabilities	<u>7,133</u>	<u>6,136</u>	<u>7,422</u>
Total equity and liabilities	<u>14,015</u>	<u>11,365</u>	<u>12,933</u>

**Consolidated Statement of Changes in
Equity- unaudited**

	Share capital	Share premium	Merger reserve	Accumulated deficit	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 April 2022	577	5,268	1,508	(1,842)	5,511
Purchase of own shares				(27)	(27)
Issue of new shares	7	162	-	-	169
Employee share incentive plan charge	-	-	-	22	22
Profit for the period and total comprehensive income	-	-	-	1,207	1,207
At 30 September 2022	<u>584</u>	<u>5,430</u>	<u>1,508</u>	<u>(640)</u>	<u>6,882</u>
At 1 April 2021	571	5,138	1,508	(2,471)	4,746
Purchase of own shares	-	-	-	(128)	(128)
Issue of new shares	1	-	-	-	1
Employee share option plan charge	-	-	-	58	58
Employee share incentive plan charge	-	-	-	13	13
Profit for the period and total comprehensive income	-	-	-	539	539
At 30 September 2021	<u>572</u>	<u>5,138</u>	<u>1,508</u>	<u>(1,989)</u>	<u>5,229</u>
At 1 April 2021	571	5,138	1,508	(2,471)	4,746
Purchase of own shares	-	-	-	(187)	(187)
Issue of new shares	6	130	-	-	136
Employee share option plan charge	-	-	-	67	67
Employee share incentive plan charge	-	-	-	26	26
Profit for the period and total comprehensive income	-	-	-	723	723
At 31 March 2022	<u>577</u>	<u>5,268</u>	<u>1,508</u>	<u>(1,842)</u>	<u>5,511</u>

Consolidated Cash Flow Statement- unaudited

	6 months ended 30 September 2022	6 months ended 30 September 2021	Year ended 31 March 2022
	£'000	£'000	£'000
Cash flows from operating activities			
Profit for the period	1,207	539	723
Taxation	(590)	(416)	(400)
Finance income	(41)	(5)	(16)
Finance costs	21	53	83
Depreciation of property, plant & equipment	31	35	70
Depreciation of right of use assets	122	115	237
Exchange losses on foreign currency lease liabilities	59	10	22
Employee share option plan charge	-	58	67
Employee share incentive plan charge	22	13	26
Employee unit incentive plan charge	(60)	24	9
Decrease / (increase) in trade and other receivables	1,439	2,313	(550)
Increase / (decrease) in trade and other payables	762	(500)	(465)
Decrease in deferred revenue	(849)	(1,454)	(26)
Cash generated from operations	2,123	785	(220)
Finance income	30	8	13
Finance costs on leases	(21)	(32)	(83)
Tax (paid) / received	(14)	(17)	400
Net cash generated from operating activities	2,118	744	110
Investing activities			
Purchases of property, plant and equipment	(12)	(15)	(33)
Cash used in from investing activities	(12)	(15)	(33)
Financing activities			
Purchase of own shares	(27)	(128)	(187)
Proceeds from issue of ordinary share capital	169	-	136
Principal elements of lease payments	(201)	(168)	(321)
Cash used in financing activities	(59)	(296)	(372)
Net increase / (decrease) in cash and cash equivalents	2,047	433	(295)
Cash and cash equivalents at the beginning of the period	7,787	8,029	8,029
Exchange gain / (loss) on cash and cash equivalents	165	29	53
Cash and cash equivalents at the end of the period	9,999	8,491	7,787

Notes to the Consolidated Accounts
For the period ended 30 September 2022

1 Preparation of the interim financial statements

These interim financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS).

The basis of preparation and accounting policies used in preparation of these interim financial statements have been prepared in accordance with the same accounting policies set out in the Group's Annual Report for the year ended 31 March 2022, which 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 which included an assessment that the going concern basis continues to be appropriate in preparing the interim financial statements.

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 2022 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.

2 Revenue

All of the Group's revenue, operating profits and net assets 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 2022 £'000	6 months ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
UK	95	69	119
Rest of Europe	414	503	992
Americas	5,221	3,872	7,801
Rest of World	335	411	1,013
	<u>6,065</u>	<u>4,855</u>	<u>9,925</u>

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 2022 £'000	6 months ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Profit for the period	<u>1,207</u>	<u>539</u>	<u>723</u>
	Number	Number	Number
Weighted average number of shares			
– basic	57,648,980	57,107,449	57,265,739
– diluted	<u>58,943,357</u>	<u>59,760,815</u>	<u>59,413,261</u>
	Pence	Pence	Pence
Earnings per share			
– basic	2.1p	0.9p	1.3p
– diluted	<u>2.0p</u>	<u>0.9p</u>	<u>1.2p</u>

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 2022 Number	6 months ended 30 September 2020 Number	Year ended 31 March 2022 Number
Issued ordinary shares at start of period	57,743,357	57,143,357	57,143,357
Effect of treasury shares	(131,645)	(93,285)	(112,412)
Effect of issue of ordinary share capital	<u>37,268</u>	<u>57,377</u>	<u>234,794</u>
Weighted average number of shares			
– basic	<u>57,648,980</u>	<u>57,107,449</u>	<u>57,265,739</u>
Add back effect of treasury shares	131,645	93,285	112,412
Effect of share options in issue	<u>1,162,732</u>	<u>2,560,081</u>	<u>2,035,110</u>
Weighted average number of shares			
– diluted	<u>58,943,357</u>	<u>59,760,815</u>	<u>59,413,261</u>

5 Dividend

The Directors do not recommend the payment of a dividend.

6 Post-balance sheet events

On 7 October 2022 Intercede acquired the entire share capital of Authlogics Ltd. Authlogics is a UK headquartered business based in Bracknell and was founded in June 2015. A Multi Factor Authentication ('MFA') and Password Security Management ('PSM') software vendor, Authlogics is the only business to cover all three key authentication segments (password security management, password breach database and multi factor authentication) with a seamless integrated solution.

The initial consideration of £2.5 million (adjusted to approximately £2.0 million after net debt and working capital adjustments) was settled in cash from existing reserves post-period end. The combined consideration includes a further deferred conditional and staged earnout payment of up to £3 million and comprises of intangible assets and goodwill as the balance sheet of Authlogics Ltd is in a net liability position.