14 December 2021

GRC International Group PLC

Unaudited interim results for the six months ended 30 September 2021

Strong organic revenue growth with improved margins and positive EBITDA

GRC International Group PLC (AIM: GRC), an integrated cyber security and privacy solutions business, announces its unaudited interim results for the six months ended 30 September 2021.

Financial highlights

- Revenue up 22% to £6.6m (H1 FY21: £5.4m).
- Recurring and contracted revenue billings[2] up 33% to £4.0m (H1 FY21: £3.0m).
- Total billings[1] up 27% to £7.1m (H1 FY21: £5.6m).
- Gross margin 58% (H1 FY21: 50%). The improvement of 800 basis points was due to operational gearing from subscription services, overall revenue growth and improved utilisation rates.
- EBITDA[2] of £0.4m (H1 FY21: £0.8m loss).
- Substantial 67% reduction in loss before tax of £0.5m (H1 FY21: £1.5m loss).
- Net cash at period end of £0.1m (H1 FY21: £0.2m). Borrowings (excluding lease obligations) of £1.3m (H1 FY21: £1.2m).

Operational highlights

- Surge in customer satisfaction, with significant increase in NPSs (Net Promoter Scores).
- On 30 November 2021, the Group achieved the important milestone of more than 5,000 active subscribers to online subscription products and services. The first online subscription service was launched two years ago on 1 December 2019.
- Website visits up by 21% to more than 2.0m (H1 FY21: 1.7m).
- 57% of transactions in the period were from returning existing customers, with the remainder from new customers.
- Services division continued to increase contracted and recurring revenue internationally, with high-profile clients and in key sectors.

[1] Billings equate to the total value (net of VAT) of invoices raised and cash sales through the Group's websites. This figure does not take account of accrued or deferred income adjustments that are required to comply with UK-adopted International Financial Reporting Standards ("IFRS") but is considered to provide useful information to the users of the Group's financial information. Billings is considered by the Board to be a key metric for managing the business due to its direct relationship with cash flow. Cash receipts are driven by billings achieved each month rather than revenue recognised in accordance with IFRS.

[2] EBITDA is defined in the Financial Review within this announcement.

Commenting on the results, Alan Calder, Chief Executive Officer, said:

"We have seen notably strong revenue and billings growth across the business in the first half. This has resulted in our first H1 positive EBITDA since our Admission to AIM in 2018 and strong positive cash flow. Importantly, 55% of our billings are now recurring.

"We operate in fragmented and rapidly growing international markets, and through our one-stop approach provide peace of mind to our customers: 'Our expertise – your peace of mind' resonates strongly with customers in today's cyber risk environment.

"We now have momentum as well as growing forward visibility, and a comprehensive suite of products and services, and are well positioned to execute on our strategy to grow organically and by acquisition."

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 (as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018).

About GRC International Group PLC ("GRC" or "the Group")

GRC provides a comprehensive suite of practical and unique cyber security and privacy solutions.

GRC has a portfolio of proprietary market-leading brands. The Group's one-stop integrated capability and complementary range of products and services provide peace of mind – 'Our expertise – your peace of mind' – to its international and domestic corporate customers across all industrial sectors.

GRC's three operating divisions – Software as a Service (SaaS), e-Commerce and Services – offer a wide range of products and services encompassing: IT governance, risk management, compliance with data protection and cyber security regulation, online and in-person training and staff awareness, consultancy, online publishing and distribution as well as software. The Group's capabilities also include products and services to enable corporates to address wider governance issues such as money laundering and bribery.

In addition to its UK business, GRC has operations in the EU and the US.

Chief Executive Review

Strategic overview
The cyber security market is forecast to grow to £353 billion by 2025, at a 14.5% CAGR[1], with sophisticated cyber criminals and nation-state bad actors outperforming their targets. The attack surface has expanded dramatically with millions more insecure network endpoints being exploited due to factors including the increasingly widespread use of IoT (Internet of Things) and the rapid growth of remote/hybrid working.

Digital transformation and hybrid working initiatives, which are also priorities for most organisations, bring new and different risks that, combined with customer and supply chain pressure to improve security and privacy, and proliferating national and international data protection regulations, have made cyber and privacy risk a critical agenda item for many boards.

Our clients recognise that cyber security and privacy are two sides of the same coin. In this environment, GRC is uniquely positioned to meet the rapidly growing, international demand from organisations of all sizes to protect critical digital assets and comply with an increasingly complex web of laws and regulations.

There is at the same time a global shortage in qualified security and privacy professionals.[2] It is increasingly difficult, therefore, for most organisations to resource appropriate responses. That leads them to look for external expertise and our 'one-stop' offering is uniquely positioned to help them deal with current and future challenges. We provide peace of mind to our customers: 'Our expertise – your peace of mind'.

Against this backdrop, GRC had a very strong first half to FY22. We continued to build on the growth we achieved in the second half of the previous financial year. Our first-half billings were up 26% against the comparative period, and notably our recurring and contracted billings are up by 33%. All our divisions saw jumps in revenue with, in particular, Software as a Service revenues up 34% and e-Commerce revenues up 60%. Group gross margin improved by 800 basis points from 50% to 58%.

In an increasingly digital business world, our ongoing investment in e-Commerce and Software as a Service is clearly a competitive advantage. It has driven the increases in Group billings, in contracted and recurring revenues, and in gross margins. That front-end investment, combined with ongoing automation of our back-office processes and control of overhead, resulted in our first H1 positive EBITDA, £400,000, since we were admitted to trading on AIM in 2018.

Our initial two acquisitions (GDPR.co.uk, a SaaS platform for the UK schools sector, and DQM GRC, a privacy solutions business) both made useful contributions to our overall result.

Our strategy is to grow organically and by acquisition. We have a blue chip and wide customer base and a portfolio of income streams. Our continuing investment in building and improving our online subscription services is driving continual improvements in customer retention and forward revenue visibility, which will widen our gross margin due to the inherent operational gearing in the business.

In fragmented markets, we are also looking to enhance our capabilities by acquiring products and services both domestically and internationally.

Current trading and outlook
On 7 December 2021, we announced that by 30 November 2021 we had signed up more than 5,000 active, paying subscribers to 6 lines of the Group's online products and services. The first online subscription service was launched two years ago on 1 December 2019, with others added during the COVID-19 pandemic.

Our marketing team continues to ensure that customers readily find us on the web, which drives the increases in web traffic and, with assistance from our sales teams, the increases in billings. While COVID-19 and geopolitics may have a destabilising impact on the economy, those two factors also increase cyber and privacy risk.

GRC, after a strong H1, has good momentum and growing forward visibility, and is well positioned to execute on its strategy to grow organically and by acquisition.

The Group has now seen 18 months of period-on-period trading improvement and we expect this to continue into H2 FY22. We look with optimism to the second half and to next year.

Operational review
Software as a Service
Our Software as a Service division achieved a revenue increase against H1 FY21 of 34% and continues to deliver a 90% gross margin. The increasing complexity of cyber threats and privacy requirements is pushing organisations to look for robust platforms that can support their compliance and staff awareness training initiatives.

We have grown the number of subscription customers from 3,600 in March 2021 to 5,000 by November 2021, a 39% increase.

[1] Cybersecurity Market Trends, Size| Industry Growth 2021 to 2026 With COVID Impact – Mordor Intelligence
[2] Cybersecurity Jobs Report: 3.5 Million Openings In 2025 – cybersecurityventures.com

We added vulnerability and PCI DSS (Payment Card Industry Data Security Standard) scanning services to our subscription product range during the period and are working on a series of initiatives to:

- Make the most of our subscription services available through the Group's IT Governance one-stop shop websites in the EU and the US;
- Improve the customer experience, improve retention and increase cross-selling; and
- Build out the ecosystems and partner networks for each of our platforms.

e-Commerce
Our e-Commerce division achieved a revenue increase against H1 FY21 of 60% and continues to deliver a gross margin of 64%. The revenue increase reflects the global professional skills shortage and the continued resurgence in demand – after the pandemic-induced retraction that we saw in Q1 of FY21 – for professional qualifications.

Our technology-enabled 'Learn from Anywhere' delivery model facilitated a significant improvement in classroom training course attendance. Our ongoing investment in making training courses available in an on-demand, distance-learning format helps us reach wider markets and more distant time zones.

Our publishing business, IT Governance Publishing, is successfully expanding its portfolio from cyber security and privacy across technology, risk and compliance, into related governance areas such as anti-bribery management and ESG. Audiobooks are also a key growth format for us.

Increasingly effective content management – reusing content across multiple platforms and services – is core to the service integration our clients expect from us. This is also being enhanced by the speed with which we are able to launch new product ranges to meet new regulations and changing customer demand.

Services
A key focus in our Services division this year has been on improving the gross margin by concentrating on pricing, delivery effectiveness and utilisation. We succeeded in raising the divisional gross margin from 27% to 38%, while also achieving a 5% revenue increase against H1 FY21.

The other key focus for us is increasing the percentage of our Services revenue that is contracted forward on a multi-month/multi-year basis. Approximately 80% of our business in GRCI Law and DQM GRC, and across the IT Governance brands approaching 60% of our business, is signed on this basis.

Our Services division is increasingly important in driving customer uptake of our Software as a Service and e-Commerce offerings. The traditional 'land and expand' business model should, in our case, enable us to drive significant increases in customer lifetime value. This will in future become a key performance indicator for the Group.

Quality management
Alongside multiple third-party product and service accreditations, the Group has over the past 18 months made customer feedback a key driver of product improvement. NPS (net promoter score) results pushing into 'World Class' are increasingly a feature of offerings such as our classroom training, our online staff awareness offering and our CyberComply platform.

Quality and expertise enable the Group to deliver customer peace of mind.

Alan Calder
Chief Executive Officer

Financial Review

Revenue
Revenue for the six months ended 30 September 2021 was up 22% to £6.6m (H1 FY21: £5.4m). The comparative period was particularly impacted by the effects of the early months of COVID-19. Revenue was up 3% on the previous six months (H2 FY21: £6.4m), despite continuing uncertainty in the wider economy over the ongoing impact of COVID-19.

Recurring and contracted revenue billings (before accrued and deferred income adjustments) are up 33% on the comparative period to £4.0m (H1 FY21: £3.0). This accounts for 56% of total billings (H1 FY21: 56%). Total billings were £7.1m (H1 FY21: £5.6m).

The most significant revenue growth was in the e-Commerce division, which includes sales of public training courses and documentation toolkits. These were hardest hit during the pandemic. The growth in the Software as a Service division reflects the Group's focus on and investment in developing its high margin and highly scalable recuring revenue.

£'m	Services	Software as a Service (SaaS)	e-Commerce	Total
H1 FY22	3.2	1.6	1.8	6.6
H1 FY21	3.1	1.2	1.1	5.4
FY FY21	6.7	2.7	2.4	11.8

Period-on-period %	Services	Software as a Service (SaaS)	e-Commerce	Total
H1 FY22 vs H1 FY21	3%	33%	64%	22%

International revenue was up 40% to £1.4m (H1 FY21: £1m), representing 23% of total Group revenue. The Group saw growth in both its US and European revenues, notwithstanding the differing rates of general economic recovery from the pandemic around the world.

Gross profit
Gross profit was up 41% to £3.8m (H1 FY21: £2.7m), with gross margin also up by 800 basis points to 58% (H1 FY21: 50%).

The majority of the Group's direct cost base relates to headcount for consultants and client delivery staff. The COVID-19-related sudden and dramatic revenue drop in the early part of the comparative period meant that sales revenue was temporarily out of alignment with the Group's costs. Where possible, the Group focused on retaining the staff it needed to deliver the expected strong growth and client delivery coming out of the pandemic, resulting in better consultant utilisation rates and therefore better margins in the Services division as revenue recovered. This, along with the Group's focus on higher-margin subscription services, has driven the overall improvement in margin.

Notably, the Group's two fastest-growing revenue divisions, SaaS and e-Commerce, have the highest gross margin:

Division	H1 FY21			Revenue increase	H1 FY22		
	Revenue	Gross profit		%	Revenue	Gross profit	
	£	£	%		£	£	%
Services	3.1	0.9	29%	3%	3.2	1.2	38%
SaaS	1.2	1.1	92%	33%	1.6	1.5	94%
e-Commerce	1.1	0.7	64%	64%	1.8	1.1	61%
Total	5.4	2.7	50%	22%	6.6	3.8	58%

Administrative expenses
Compared with revenue increasing by 22%, administrative expenses increased by only £0.3m (7%) to £4.4m (H1 FY21: £4.1m).

The increase in administrative expenses is mostly due to staff costs and related expenses, with only a small increase in headcount required to support the growth in revenue. The Group's investment in automation and focus on SaaS revenue lines means that top-line growth is achievable without proportionate increases in staff. This is expected to result in a continued widening of margins.

EBITDA
Although EBITDA (earnings before interest, tax, depreciation and amortisation) is not a statutory measure, it is considered by the Board an important key performance indicator that is helpful to investors as a more accurate measure of underlying business performance as it removes the impact of non-cash accounting adjustments.

EBITDA was £0.4m (H1 FY21: £0.8m loss). The Group reported in its 2021 year-end results that it had achieved positive EBITDA for Q4 FY21. That positive performance continued through each of the months in H1 FY22, delivering the Group's first positive EBITDA six-month trading period reported since its first set of results after admission to AIM in 2018.

£'000	HY1 FY22	HY2 FY21	HY1 FY21
Revenue	6,633	6,347	5,413
Operating loss	(385)	(1,161)	(1,427)
Depreciation	137	193	157
Amortisation	668	605	502
EBITDA	420	(363)	(768)
EBITDA as % revenue	6%	(6)%	(14)%

Finance expense
The net finance expense of £0.1m (H1 FY21: £0.1m) relates to interest on the Group's borrowings and leases accounted for under IFRS 16.

Loss before tax
Loss before tax was £0.5m (H1 FY21: £1.5m loss).

Taxation
No provision for tax has been made in the period (H1 FY21: £Nil). The tax credit of £19k recognised relates to the unwinding of deferred tax on the acquisition of DQM GRC.

Earnings per share
Loss per share was 0.47 pence (H1 FY21: 1.53 pence loss per share).

Dividend
The Group is not paying a dividend.

Cash flow and cash/debt
The Group's closing cash position net of a bank overdraft was £0.1m (30 September 2020: £0.2m).

Borrowings (excluding lease obligations) at period end were £1.3m (31 March 2021: £1.4m, 30 September 2020: £1.2m).

The Group has banking facilities to provide adequate headroom for unforeseen working capital requirements by way of an invoice discounting facility that was inherited as part of the acquisition of DQM GRC in 2019.

In addition, the unsecured loan facility provided by Andrew Brode for the amount of £700,000 at an interest rate of 5% above the Bank of England base rate to provide additional working capital is available to the Company until at least 31 December 2022 and shall automatically renew for a further 12 months unless terminated by either party. As at the period end and the date of this report, £350,000 remained available to be drawn down.

Further information on Going Concern is provided in the Financial Statements Note 2 (Basis of preparation) of the half-year report.

Statement of financial position
Net assets were £6.4m (31 March 2021: £6.9m, 30 September 2020: £7.9m).

Net current liabilities at period end were up by £0.4m during the six months to £5.6m (31 March 2021: £5.2m, 30 September 2020: £4.4m).

The main factors in the overall increase in net current liabilities of £0.4m are the reduction in trade receivables of £0.2m and the increase in trade and other payables of £0.2m. The reduction in trade receivables is a normal seasonal trend as certain types of the Group's customer base seek to spend remaining budget at the end of March. The trade and other payables balance includes a deferred income balance of £1.6m (31 March 2021: £1.1m, 30 September 2020: £1.0m), relating to training and consultancy projects due to be delivered after the statement of financial position date. The increase in this balance signifies improving revenue trends and provides some visibility of income to be recognised in H2.

Intangible assets
The Group's accounting policy is that only directly attributable staff costs of the technical teams developing the assets are capitalised. No management time is capitalised, and neither is any proportion of overheads or borrowing costs.

Additions of £0.6m (H1 FY21: £0.5m) relate to software, website development and the development of courseware.

Capital structure
The issued share capital at 30 September 2021 was 99,931,509 (31 March 2021: 99,931,509, 30 September 2020: 99,931,509) ordinary shares of £0.001 each.

There were no share options granted in the period to 30 September 2021.

Risks and uncertainties
The Board continually assesses and monitors the key risks of the business. The key risks that could affect the Group's performance, and the factors that mitigate these risks, have not significantly changed from those set out on pages 22 to 23 of the Group's Annual Report for 2021 (a copy of which is available from our website, **www.grci.group**).

Chris Hartshorne
Finance Director

Unaudited Consolidated Income Statement for the six months ended 30 September 2021

	Notes	6 months to 30 September 2021 unaudited £'000	12 months to 31 March 2021 audited £'000	6 months to 30 September 2020 unaudited £'000
Revenue	3	6,633	11,760	5,413
Cost of sales		(2,813)	(5,614)	(2,761)
Gross profit		3,820	6,146	2,652
Administrative expenses		(4,369)	(8,882)	(4,101)
Other operating income		164	148	19
Operating loss		(385)	(2,588)	(1,430)
Net financing costs		(107)	(247)	(111)
Loss before taxation		(492)	(2,835)	(1,541)
Taxation		19	264	19
Loss for the financial period		(473)	(2,571)	(1,522)
Loss for the financial period attributable to:				
The Group's equity shareholders		(473)	(2,571)	(1,522)
Basic loss per share (pence)	4	(0.47)	(2.58)	(1.53)
Diluted loss per share (pence)	4	(0.47)	(2.58)	(1.53)

All the Group's loss relates to continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

Unaudited Consolidated Statement of Comprehensive Income for the six months ended 30 September 2021

	6 months to 30 September 2021 unaudited £'000	12 months to 31 March 2021 audited £'000	6 months to 30 September 2020 unaudited £'000
Loss for the financial period	(473)	(2,571)	(1,522)
Other comprehensive profit/(loss) – items that may subsequently be reclassified to profit/loss:			
Exchange differences on translation of foreign operations	(2)	4	(6)
Other comprehensive loss for the financial period, net of tax	(2)	4	(6)
Total comprehensive income for the financial period	(475)	(2,567)	(1,528)
Total comprehensive loss attributable to equity shareholders of the parent	(475)	(2,567)	(1,528)

The accompanying accounting policies and notes form an integral part of these financial statements.

Unaudited Consolidated Statement of Financial Position as at 30 September 2021

	Notes	6 months to 30 September 2021 unaudited £'000	12 months to 31 March 2021 audited £'000	6 months to 30 September 2020 unaudited £'000
Assets				
Non-current assets				
Goodwill		6,804	6,804	6,804
Intangible assets	5	5,699	5,765	5,752
Property, plant and equipment		301	426	654
Investments accounted for using the equity method		20	7	7
Deferred tax		-	-	148
		12,824	13,002	13,365
Current assets				
Inventories		31	33	63
Trade and other receivables		1,535	1,694	1,408
Cash at bank		147	233	217
		1,713	1,960	1,688
Current liabilities				
Trade and other payables		(6,188)	(5,986)	(4,832)
Borrowings		(879)	(863)	(886)
Contingent consideration		-	-	(50)
Lease obligations		(122)	(197)	(255)
Current tax		(129)	(127)	(108)
		(7,318)	(7,173)	(6,131)
Net current liabilities		(5,605)	(5,213)	(4,443)
Non-current liabilities				
Borrowings		(412)	(460)	(302)
Lease obligations		(52)	(83)	(154)
Deferred tax liability		(324)	(340)	(566)
		(788)	(883)	(1,022)
Net assets		6,431	6,906	7,900
Equity				
Share capital	6	100	100	100
Share premium		13,227	13,227	13,227
Merger reserve		4,276	4,276	4,276
Share-based payment reserve		126	126	126
Translation reserve		(10)	(8)	(18)
Accumulated deficit		(11,288)	(10,815)	(9,811)
Total equity		6,431	6,906	7,900

Unaudited Consolidated Statement of Changes in Equity for the six months ended 30 September 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Translation reserve £'000	Total £'000
Balance at 1 April 2020 (audited)	100	13,182	4,276	171	(8,289)	(12)	9,428
Loss for the period	-	-	-	-	(1,522)	-	(1,522)
Foreign exchange difference on consolidation	-	-	-	-	-	(6)	(6)
Total comprehensive loss for the period	-	-	-	-	(1,522)	(6)	(1,528)
Shares issued	-	45	-	(45)	-	-	-
Transactions with owners	-	45	-	(45)	-	-	-
At 30 September 2020 (unaudited)	100	13,227	4,276	126	(9,811)	(18)	7,900

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Translation reserve £'000	Total £'000
Balance at 1 April 2020 (audited)	100	13,182	4,276	171	(8,289)	(12)	9,428
Loss for the period	-	-	-	-	(2,571)	-	(2,571)
Foreign exchange difference on consolidation	-	-	-	-	-	4	4
Total comprehensive loss for the period	-	-	-	-	(2,571)	4	(2,567)
Shares issued	-	45	-	(45)	45	-	45
Transactions with owners	-	45	-	(45)	45	-	45
At 31 March 2021 (audited)	100	13,227	4,276	126	(10,815)	(8)	6,906
Loss for the period	-	-	-	-	(473)	-	(473)
Foreign exchange difference on consolidation	-	-	-	-	-	(2)	(2)
Total comprehensive loss for the period	-	-	-	-	(473)	(2)	(475)
At 30 September 2021 (unaudited)	100	13,227	4,276	126	(11,288)	(10)	6,431

The accompanying accounting policies and notes form an integral part of these financial statements.

Unaudited Consolidated Statement of Cash Flows for the six months ended 30 September 2021

	Notes	6 months to 30 September 2021 unaudited £'000	12 months to 31 March 2021 audited £'000	6 months to 30 September 2020 unaudited £'000
Cash flow from operating activities				
Loss before tax		(492)	(2,835)	(1,541)
Depreciation		137	350	157
Amortisation	**5**	668	1,107	502
Loss on disposal of fixed assets		-	4	-
Foreign exchange gains/(losses)		10	(22)	18
Finance costs		107	247	111
Operating cash flows before changes in working capital		430	(1,149)	(753)
Taxation refund		-	187	186
Decrease/(Increase) in inventories		2	28	(2)
Decrease in trade and other receivables		161	588	838
Increase in trade and other payables		191	2,560	1,173
Net cash outflow from operating activities		784	2,214	1,442
Cash flow from investing activities				
Purchase of intangible assets		(602)	(1,168)	(547)
Acquisition of joint venture investment		(13)	-	-
Purchase of plant and equipment		(11)	(35)	(27)
Net cash outflow in operating activities		(626)	(1,203)	(574)
Net cash flow from financing activities				
Repayment of acquired consideration liability		-	(100)	(50)
Proceeds from borrowings		276	710	70
Repayment of borrowings		(316)	(1,249)	(728)
Interest paid		(85)	(186)	(90)
Interest on lease liability on right of use asset		(13)	(43)	(21)
Payment of lease liabilities on right of use assets		(107)	(168)	(78)
Net cash outflow from financing liabilities		(245)	(1,036)	(897)
Net decrease in cash and cash equivalents		(87)	(25)	(29)
Cash and cash equivalents at beginning of financial period		233	245	245
Effects of exchange rate changes		1	13	1
Cash and cash equivalents at end of financial period		147	233	217
Comprising				
Cash at bank		147	233	217

The accompanying accounting policies and notes form an integral part of these financial statements.

1. Nature of operations and general information

GRC International Group PLC ('GRC International Group' or 'the Company') is a public limited company limited by shares, incorporated and domiciled in England and Wales. The registered company number is 11036180 and the registered office is Unit 3 Clive Court, Bartholomew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire, CB7 4EA.

The principal activities of GRC International Group and its subsidiary companies are as a one-stop shop for IT Governance including books, tools, learning and consultancy services.

The interim financial statements have not been audited or reviewed by the auditors.

2. Basis of preparation of half-year report

The condensed consolidated interim financial report for the half-year reporting period ended 30 September 2021 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The results include the results of GRC International Group PLC and its subsidiaries.

A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns.

Income and expenses of subsidiaries acquired during the year are included in the Consolidated Income Statement from the effective date of control. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2021 and any public announcements made by GRC International Group PLC during the interim period.

Half-yearly (interim) reports

The comparative financial information for the year ended 31 March 2021 in this interim report does not constitute statutory accounts for that year.

The statutory accounts for the year ended 31 March 2021 have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006, but drew attention to a material uncertainty related to going concern by way of emphasis.

Going concern

The Group has recorded a loss for the period of £0.5m (H1 FY21: £1.5m loss) and at 30 September 2021 its current liabilities exceeded its current assets by £5.6m. Notwithstanding this, the Directors consider it appropriate to prepare the financial statements on a going concern basis. The key considerations relating to this judgement are described below.

Trading in the prior year (FY21) was significantly impacted by the pandemic. As previously reported in the Annual Report for 2021, monthly performance began to notably improve from late November 2020 and the Group saw strong positive momentum through the rest of the year, delivering an EBITDA positive Q4. The Group has maintained that strong positive momentum throughout H1 FY22, delivering an EBITDA positive set of half-year results The Board remains encouraged by current trading.

As previously reported, in response to the pandemic from Spring 2020, the Board increased the regularity of its short- and medium-term cash flow planning, implemented a number of key cost-reduction measures and took advantage of government initiatives in the geographies that the Group operates in order to preserve liquidity, supplemented by deferring the payment of payroll tax liabilities to HMRC, which amounted to approximately £1.6m. Additionally, in March 2021, certain subsidiaries of the Group joined the HMRC VAT deferral scheme to defer repayment of VAT liabilities totalling £0.4m falling due in FY21 until FY22. During the six-months period to 30 September 2021, the cash generated through trading has been sufficient to reduce the deferred payroll tax liabilities to approximately £0.9m at the balance sheet date, and the deferred VAT liability to approximately £0.3m, in line with the VAT deferral scheme payment plan.

Notwithstanding the easing of trading conditions and subsequent improvement in performance since the outbreak of the global pandemic reached the United Kingdom (which represents around 82% of the Group's revenue in FY21), the Directors acknowledge that trading conditions will remain uncertain for the foreseeable future. Those uncertainties include:

- The possibility of further local or national restrictions;
- The lack of visibility over future levels of revenue in the context of weakened demand for the Group's products and services;

– Should the Group need to further reduce its scalable cost base, its ability to make those adjustments and realise the benefits from doing that on a timely basis;

– The continued availability of existing financing, including HMRC arrangements (summarised above), existing borrowings and flexibility allowed by suppliers; and

– The ability to access new financing, including further government support in its various forms, sufficient to fund any further cash requirement over the foreseeable future.

Based on the forecasts, the Directors have identified that they have a reasonable expectation of being able to reduce costs sufficiently in the required time frame should revenue levels cause this to be necessary, and that the Group will remain within its currently available facility levels, none of which has any financial covenant compliance requirements. Central to those facilities is the £700,000 unsecured loan facility provided by Andrew Brode, which is at present 50% utilised, and which remains in place until at least 31 December 2022. Additionally, the Group has access to additional liquidity through its uncommitted invoice discounting facility.

The Directors have reviewed the Group's forecasts and projections to 31 March 2023, which, taking account of reasonably possible changes in trading performance, show that the Group is able to generate sufficient liquidity to continue in operational existence for the foreseeable future. On this basis, the Directors believe that the Group will be able to generate sufficient cash through its normal business trading to enable it to continue its operations, and continue to meet, as and when they fall due, its planned and committed liabilities for at least the next 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in the preparation of these unaudited interim results.

However, should the Group not be able to generate cash inflows sufficient to meet its current operational obligations and legacy deferred obligations as they fall due, it would need to secure additional funding, with no guarantee such funding would be secured.

The interim results do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

3. Revenue

Revenue is all derived from continuing operations. The analysis of revenue by category:

	6 months to 30 September 2021 unaudited £'000	12 months to 31 March 2021 audited £'000	6 months to 30 September 2020 unaudited £'000
Sale of goods	436	740	355
Provision of services	6,197	11,020	5,058
	6,633	11,760	5,413
Other income	164	148	19
Total revenue	6,797	11,908	5,432

4. Earnings per share

Basic earnings per share is based on the (loss)/profit after tax for the year and the weighted average number of shares in issue during each year.

	6 months to 30 September 2021 unaudited	12 months to 31 March 2021 audited	6 months to 30 September 2020 unaudited
Loss attributable to equity holders of the Group £'000	(473)	(2,571)	(1,522)
Weighted average number of shares in issue	99,754,064	99,754,064	99,579,523
Basic loss per share (pence)	(0.47)	(2.58)	(1.53)

Diluted earnings per share is calculated by adjusting the average number of shares in issue during the year to assume conversion of all dilutive potential ordinary shares.

Taking the Group's share options into consideration in respect of the Group's weighted average number of ordinary shares for the purposes of diluted earnings per share, is as follows:

	6 months to 30 September 2021 unaudited	12 months to 31 March 2021 audited	6 months to 30 September 2020 unaudited
Number of shares	99,754,064	99,754,064	99,579,523
Dilutive (potential dilutive) effect of share options	-	-	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	99,754,064	99,754,064	99,579,523
Diluted loss per share (pence)	(0.47)	(2.58)	(1.53)

For the purpose of diluted earnings per share, in a loss-making situation, options are not dilutive.

5. Intangible assets

	Marketing tools £'000	Publishing products £'000	Consultancy products and courseware £'000	Software and website costs £'000	Trademarks £'000	Customer relationships £'000	Total £'000
Cost							
At 1 April 2020 (audited)	63	333	881	5,234	466	1,843	8,820
Additions	-	67	158	943	-	-	1,168
Foreign exchange movement	-	-	(3)	-	-	-	(3)
At 31 March 2021	63	400	1,036	6,177	466	1,843	9,985
Additions	-	26	82	494	-	-	602
Foreign exchange movement	-	-	-	-	-	-	-
At 30 September 2021	63	426	1,118	6,671	466	1,843	10,58 7
Accumulated depreciation							
At 1 April 2020 (audited)	61	234	325	2,274	54	166	3,114
Charge for year	2	32	90	783	46	154	1,107
Foreign exchange movement	-	-	(1)	-	-	-	(1)
At 31 March 2021	63	266	414	3,057	100	320	4,220
Charge for period	-	26	53	488	24	77	668
Foreign exchange movement	-	-	-	-	-	-	-
At 30 September 2021	63	292	467	3,545	124	397	4,888
Net book value							
At 30 September 2021	**-**	**134**	**651**	**3,126**	**342**	**1,446**	**5,699**
At 31 March 2021	-	134	622	3,120	366	1,523	5,765

Amortisation is included within administrative expenses.

6. Authorised, allotted, issued and fully paid

		6 months to 30 September 2021 unaudited		12 months to 31 March 2021 audited		6 months to 30 September 2020 unaudited
	Number	£'000	Number	£'000	Number	£'000
Ordinary shares of £0.001 each	99,931,509	100	99,931,509	100	99,931,509	100
	99,931,509	100	99,931,509	100	99,931,509	100

7. Events after the reporting period

There have been no events that require disclosure in accordance with IAS10, 'Events after the balance sheet date'.