03 December 2021

Mind Gym PLC

(“Mind Gym”, the “Group” or the “Company”)

Half year results for the six months ended 30 September 2021

Strong increase in digitally enabled revenues and gross margin compared to pre-COVID

Mind Gym (AIM: MIND), the global provider of human capital and business improvement solutions, announces its half year results for the six months ended 30 September 2021.

Key Financials

	6 months to 30 Sept 2021 (H1 FY22)	**6 months to 30 Sept 2020 (H1 FY21)**	**6 months to 30 Sept 2019 (H1 FY20)**	**12 months to 31 Mar 2021 (FY21)**	***Change (H1 FY22 v H1 FY21)***	***Change (H1 FY22 v H1 FY20)***
Revenue	£24.1m	£14.5m	£23.9m	£39.4m	+67%	+1%
Digitally enabled[1] revenue	£19.5m	£10.3m	£7.1m	£30.5m	+89%	+175%
Gross profit margin	85.9%	88.3%	78.8%	87.4%	-2.4 pps	+7.1pps
Adjusted PBT[2,3]	£17k	£(1.3m)	£3.9m	£0.3m	n/a	n/a
Adjusted EBITDA	£0.7m	£(0.8m)	£4.2m	£1.6m	n/a	-152%
Statutory (loss)/profit before tax	£0m	£(2.0m)	£3.9m	£(0.4m)	n/a	n/a
Diluted EPS	(0.01p)	(1.58p)	3.06p	(0.23p)	n/a	n/a
Adjusted[2,3] Diluted EPS	(0.01p)	(1.04p)	3.06p	0.30p	n/a	n/a
Total Dividend per share[4]	-	-	0.9p	-	n/a	n/a
Cash at bank	£12.0m	£14.5m	£10.7m	£16.8m	-17%	+12%
Cash used in/ generated from operations	£(1.2m)	£1.1m	£4.3m	£5.9m	n/a	-128%
Capital Expenditure	£2.8m	£1.4m	£0.1m	£3.2m	+100%	+270%

[1]*Digitally enabled revenue comprises revenue from our digital products and revenue from delivery of virtual sessions.*
[2]*Adjustments include restructuring costs in FY21. A reconciliation of these adjustments is shown in Note 6.*
[3] *Adjustments have been updated to exclude share-based payments, in line with the presentation of FY21 results. As a result, the adjusted figures for the six months ended 30 September 2019 have been restated to provide a direct comparative.*
[4]*FY20 dividend of 0.9p reflects interim dividend only and no final dividend.*
[5] *Adjusted EBITDA cash conversion defined as Adjusted cash generated from operations/Adjusted EBITDA*.

Overview

- Revenue bounced back to ahead of pre-COVID levels at £24.1m, up by 67% (76% in constant currency) on prior year and 1% (7% on a constant currency basis) on the same period two years ago.
- Digitally-enabled revenue increased 175% on pre-COVID levels to £19.5m, (H1 FY20: £7.1m) to represent 81% of total revenue (H1 FY20: 30%), reflecting growth in both digital products and live virtual deliveries:

    - Existing on demand digital product revenue grew by 44% to £2.7m (£1.9m) to represent 11% of total revenue (H1 FY20: 8%).
    - Live virtual deliveries grew by 224% to £15.9m, whilst face to face delivery has been limited by COVID restrictions H1 FY20: £4.9m)
    - Strong feedback reflected in a 2% increase in participants rating courses as "Excellent" to 54% (H1 FY 20: 52%).
- Our new digital 1:1 coaching platform "Performa", which delivers high impact, precision coaching at scale using a proprietary methodology, will launch in the New Year, with a first client already signed up and with strong prospective interest. Our second new digital product, DXP (Digital Content Experience) will launch in FY23, as we focussed resource on Performa whilst actively seeking to recruit further digital expertise.
- Innovation investments include:
    - Our new DEI white paper "The Inclusion Solution" and associated products launched in H1 FY22, with DEI accounting for 35% of revenues (H1 FY21: 19%, H1 FY20: 13%).
    - Hybrid working webinars with supporting products available in H2 FY22.
    - Our new point of view on leadership development was launched at the recent CHRO summit to critical acclaim.
    - Our new point of view on wellness is on track to launch in H2 FY22.
    - Academic Board boosted with new members; Tessa West, PhD, and Dr Jay Van Bavel.
- Repeat revenue[6] represented 92% of Group revenue, returning to pre-COVID levels (H1 FY21: 87%, H1 FY20: 92%).
- Gross margin increased by 7.1 percentage points from H1 FY20 to 85.9% due to higher digital and virtual revenues.
- Adjusted[2] profit before tax of £17k (H1 FY20: £3.9m) in line with full year expectations as we continue to reinvest,
- Cash balance remains strong at £12.0 million (H1 FY21: £14.5m) due to continued working capital improvements, supporting a further £2.8m of capital investment, of which £2.4m related to new digital products in H1 FY22.
- In line with our strategy to focus on investing in digital for future growth, no interim dividend will be paid.

[6]Repeat revenue is defined as revenue from clients that have purchased products during a comparative period in one or more of the previous three years.

Separately announced today

Mind Gym is also pleased to announce the appointment of Dominic Neary to the Board with effect from today and that he will assume the role of Chief Financial Officer of the Company from 1 January 2022. Dominic will be replacing Richard Steele who has been the Chief Financial Officer of Mind Gym since before its IPO in 2018. Dominic brings a wealth of relevant experience gained from senior finance roles at high growth digital and international companies. The Board wishes to express its gratitude and appreciation to Richard for the significant role he has played in the Company's growth and development and wishes him all the best for the future.

Current Trading & Outlook

The second half of the year has continued to see growth on FY20. We expect revenues to continue to increase on pre-COVID levels as we maintain our investment strategy to deliver long-term, sustainable growth with our first new digital product, Performa launching in Q4 FY22 and our new digital platform, DXP, which is in the middle of Beta trials, to be launched in FY23. We face uncertainty as we enter Q4 with an increase in reported rates of COVID infections and the possible impact of the Omicron variant which may affect client decision making. Nonetheless, Mind Gym has demonstrated significant adaptability and resilience to date and remains focused on the delivery of its leading client solutions. Our expectations for the full year therefore remain broadly unchanged.

Octavius Black, Chief Executive Officer of Mind Gym, said:

"I am delighted to see the bounce back of revenue ahead of pre-COVID levels. Our digital strategy remains on track and our clients' responses to the first of our new digital products, Performa, are extremely positive. COVID still presents challenges which may impact buying including the "Great Resignation", a potential return to lockdown which has already begun in some European countries and inflationary pressure. However, we have demonstrated our ability to continue to grow revenues in a virtual world with a strong digitally enabled proposition, and Mind Gym remains well placed to adapt and prosper in the vast, growing and rapidly evolving corporate change, learning and wellness market."

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About Mind Gym

Mind Gym is a company that delivers business improvement solutions using scalable, proprietary products which are based on behavioural science. The Group operates in three global markets: business transformation, human capital management and learning & development.

Mind Gym is quoted on the London Stock Exchange Alternative Investment Market (ticker: MIND) and headquartered in London. The business has offices in London, New York and Singapore.

Further information is available at www.themindgym.com

Half Yearly report

Business overview

As H1 FY21 was impacted by COVID-19, performance is mainly compared to H1 FY20

Revenues in the first six months to 30 September 2021 increased 7% in constant currency on pre-COVID levels compared to the same period two years ago. The strengthening of sterling meant the actual reported revenue increase was 1%. There was a greater recovery in the US (+12%) where the leadership and other investments are more advanced than in EMEA where revenues increased 1%.

Repeat revenue remained strong at 92% (H1 FY20: 92%) and we continued to be well diversified across many sectors, led by technology, financial services and pharma.

Revenue from the Group's top 25 clients contributed 47% of revenue which was in line with the 46% seen for the same period in FY20 as we returned to delivering larger sized projects.

Digitally-enabled revenue increased 175% on pre-COVID levels to £19.5m, (H1 FY20: £7.1m) to represent 81% of total revenue (H1 FY20: 30%). Existing on demand digital product revenue grew by 44% to £2.7m (£1.9m) to represent 11% of total revenue (H1 FY20: 8%). Live virtual deliveries grew by 224% to £15.9m with only 3% returning to face to face delivery. Our feedback scores continue to give comfort that participants' experience of virtual can be as good, if not better, than face to face. There was a 2% increase in participants rating courses as "Excellent" to 54% during the period (H1 FY 20: 52%). We have taken steps to protect our gross profit margin should clients choose to switch a proportion of deliveries back to face to face by increasing face to face prices.

We continue to invest in new digital products. “Performa” is a 1:1 coaching platform that delivers high impact, precision coaching at scale using a proprietary methodology and will launch in the New Year. It builds on the expertise the Group has developed over 20 years in delivering live sessions to multi-participant audiences and harnesses the latest technology. Our second new digital product DXP (Digital Content Experience) will launch in FY23, as we focussed resource on Performa whilst actively seeking to recruit further digital expertise.

Innovation has accelerated following increased investment. Our new DEI point of view “The Inclusion Solution” and associated products has supported revenues from DEI of 35% of total revenues in the period (H1 FY20: 13%), increasing 175% on H1 FY20 revenues. During H1 FY22 we held webinars on hybrid working and are developing new products that will be available in H2 FY22. Our new point of view on leadership development was very well received at our recent in person CHRO event in London to over 60 senior HR professionals. Our new point of view on wellness at work will launch in H2 FY22. Our Academic Board comprises of an eminent range of behavioural science specialists who help select and validate our points of view. The Board has been further strengthened by the appointment of Tessa West Ph.D, Associate Professor of Psychology at New York University and Dr Jay Van Bavel, Associate Professor of Psychology and Neural Science with an affiliation at the Stern School of Business in Management at New York University.

The gross profit generated from the revenues was reinvested back into the business as intended to support future growth. Overheads of £20.6m in the six months to 30 September 2021 increased 38% (H1 FY20: £15.0m). The majority of the additional operational investment is in people costs as we expand and upgrade our commercial team, innovation, marketing and operations teams. Our marketing investment also saw the completion of our rebranding during the period including the website relaunch.

Financial Performance

Revenue for the six months to 30 September 2021 increased 1% (7% on a constant currency basis) on pre-COVID levels to £24.1m (H1 FY20: £23.9m). Actual reported revenues were adversely impacted by the strengthening of sterling against the US dollar to a period average of 1.38 (H1 FY20: 1.25). Revenue from the top 25 clients increased to 47% of regional revenue (H1 FY20: 46%).

In EMEA, revenue increased by 1% to £10.3m (H1 FY20: £10.2m), representing 43% of total revenue. Revenue from the top 25 clients decreased to 66% of regional revenue (H1 FY20: 70%).

In the US, revenue increased by 1% (12% on a constant currency basis) to £13.9m (H1 FY20: £13.7m), representing 57% of total revenue. Revenue from the top 25 clients increased to 56% of regional revenue (H1 FY20: 55%).

Revenue from digital products in H1 FY22 increased by 44% (at constant currency) to £2.7mn (H1 FY20: £1.9m), representing 11% of total revenue (H1 FY20: 8%). Digitally-enabled revenue (including workouts delivered virtually) increased by 175% to £19.5m (H1 FY20: £7.1m), representing 81% of total revenue (H1 FY20: 30%), following the significant shift to virtual deliveries driven by our response to COVID.

Gross profit increased by 7.1 percentage points to 85.9% (H1 FY20: 78.8%) in the period and reflects the higher mix of digital and digitally-enabled revenues in the period. Prices for face to face deliveries have been increased to help mitigate any impact on gross profit margin should clients decide to return to this offer.

Adjusted overheads of £20.6m in the period increased by 38% (H1 FY20: £15.0m) as we continue to invest in our commercial team, innovation, marketing and operations. This will support future growth of our existing revenue streams and prepare for the launch of our new digital products. Excluding digital heads that are capitalised, salary costs increased 34% with average headcount increasing 19% to 281 (H1 FY20: 234) and average salaries increased 13% on H1 FY20. Share based payments were £0.3m in the period (H1 FY20: £0.1m). Awards to management were granted at 31 March 2021 with performance conditions agreed in July 2021.

Adjusted profit before tax in the period was £17k (H1 FY20: £3.9m) as gross profit was reinvested to support future growth.

Basic earnings per share in the period was -0.01 pence (H1 FY20: earnings of 3.07 pence). Adjusted diluted loss per share was -0.01 pence (H1 FY20: 3.06 pence).

The Group continued to invest in its new digital products with £2.4m (H1 FY21: £1.2m) capitalised during the period, which meets the definition of development costs under IAS 38, "Intangible assets". Total intangible assets were valued at £5.2m at 31 September 2021. A further £0.4m was capitalised in tangible assets in the period relating to IT equipment and office fixtures and fittings.

The balance sheet remains strong with no bank debt and cash at bank at 30 September was £12.0m, a reduction of £4.8m from the year-end balance at 31 March 2021 of £16.8m. This was due predominantly to £2.8m capital expenditure and a £2.5m decrease in payables and provisions. The strong recovery in performance in H2 FY21 led to higher payments of commissions and reductions in deferred income during H1 FY22. The Group continues to manage working capital tightly: overdue debt has fallen to 10% of trade debtors at 30 September 2021 compared to 14% at the same time a year ago and 24% two years ago.

The Group secured a £10m debt facility (£6m RCF, £4m accordion) on 30 September 2021 which matures after 3 years, providing additional flexibility if required. The facility remains undrawn as at 3 December 2021.

Overall net assets increased by £0.4m to £17.9m in the six months to 30 September 2021.

Dividend

In line with our strategy to focus on investing in digital for future growth, no interim dividend will be paid.

Board

As announced on 11 June 2021, the Board welcomed the appointment of Ruby McGregor-Smith CBE as Board Chair effective 15 July 2021, with Joanne Cash stepping down and remaining as a non-executive on the Board.

As announced on 11 June 2021, Trevor Phillips has replaced Ruby McGregor-Smith CBE as Chair of the Remuneration Committee, effective 15 July 2021.

As announced today, Dominic Neary will be appointed to the Board with effect from today and he will assume the role of Chief Financial Officer of the Company from 1 January 2022. Dominic brings a wealth of relevant experience gained from senior finance roles at high growth digital and international companies. Dominic will be replacing Richard Steele who has been the Chief Financial Officer of Mind Gym since before its IPO in 2018. Richard will stand down from the Board, and as Chief Financial Officer, on 31 December 2021 after a handover period to ensure the smooth transition of the role. The Board wishes to express its gratitude and appreciation to Richard for the significant role he has played in the Company's growth and development and wishes him all the best for the future. We look forward to working with Dominic to deliver our digital transformation and establish Mind Gym as the go-to partner for delivering cultural change.

Outlook

The second half of the year has continued to see growth on FY20. We expect revenues to continue to increase on pre-COVID levels as we maintain our investment strategy to deliver long-term, sustainable growth with our first new digital product, Performa launching in Q4 FY22 and our new digital platform, DXP, which is in the middle of Beta trials, to be launched in FY23. We face uncertainty as we enter Q4 with an increase in reported rates of COVID infections and the possible impact of the Omicron variant which may affect client decision making. Nonetheless, Mind Gym has demonstrated significant adaptability and resilience to date and remains focused on the delivery of its leading client solutions. Our expectations for the full year therefore remain broadly unchanged.

Ruby McGregor-Smith
Chair

Octavius Black
Chief Executive Officer

Richard Steele
Chief Financial Officer

MIND GYM PLC CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months to 30 Sept 2021 (Unaudited)	6 months to 30 Sept 2020 (Unaudited)	Year to 31 March 2021 (Audited)
		£'000	£'000	£'000
Continuing operations				
Revenue	3	24,142	14,468	39,383
Cost of sales		(3,418)	(1,687)	(4,967)
Gross profit		20,724	12,781	34,416
Administrative expenses		(20,645)	(14,699)	(34,635)
Operating profit/(loss)		79	(1,918)	(219)
Finance income	5	9	8	30
Finance costs	5	(71)	(82)	(167)
Profit/(loss) before taxation		17	(1,992)	(356)
Adjusted profit/(loss) before tax		17	(1,330)	306
Restructuring costs	6	-	(662)	(662)
Total adjustments	6	-	(662)	(662)
Profit/(loss) before tax		17	(1,992)	(356)
Tax on profit/(loss)	7	(30)	424	124
(Loss) for the financial period from continuing operations attributable to owners of the parent		(13)	(1,568)	(232)
Items that may be reclassified subsequently to profit or loss				
Exchange translation differences on consolidation		63	(116)	(281)
Other comprehensive income for the period attributable to the owners of the parent		63	(116)	(281)
Total comprehensive income for the period attributable to the owners of the parent		50	(1,684)	(513)
Earnings per share (pence)				
Basic	8	(0.01)p	(1.58)p	(0.23)p
Diluted	8	(0.01)p	(1.58)p	(0.23)p
Adjusted earnings per share (pence)				
Basic	8	(0.01)p	(1.04)p	0.30p
Diluted	8	(0.01)p	(1.04)p	0.30p

MIND GYM PLC   CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2021 (Unaudited) £'000	30 September 2020 (Unaudited) £'000	31 March 2021 (Audited) £'000
Non-current assets				
Intangible assets	10	5,204	1,306	2,877
Property, plant and equipment		3,287	3,904	3,406
Deferred tax assets		472	520	230
Other receivables		212	507	339
		9,175	6,237	6,852
Current assets				
Trade and other receivables	11	10,521	6,176	10,620
Current tax receivable		280	176	280
Cash and cash equivalents		11,972	14,549	16,833
		22,773	20,901	27,733
Total assets		31,948	27,138	34,585
Current liabilities				
Trade and other payables	12	11,250	7,083	13,813
Lease liability		1,106	889	1,085
Redeemable preference shares		50	50	50
Current tax payable		18	52	104
		12,424	8,074	15,052
Non-current liabilities				
Lease liability		1,614	3,004	2,081
Total liabilities		14,038	11,078	17,133
Net assets		17,910	16,060	17,452
Equity				
Share capital	14	1	1	1
Share premium		213	112	157
Share option reserve		603	871	674
Retained earnings		17,093	15,076	16,620
Equity attributable to owners of the parent Company		17,910	16,060	17,452

The Board of Directors approved these condensed interim financial statements on 3 December 2021.

MIND GYM PLC CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2020		**1**	**112**	**684**	**16,760**	**17,557**
Loss for the period		-	-	-	(1,568)	(1,568)
Other comprehensive income:						
Exchange translation differences on consolidation		-	-	-	(116)	(116)
Total comprehensive income for the period			**-**	**-**	**(1,684)**	**(1,684)**
Credit to equity for share based payments	15	-	-	187	-	187
At 30 September 2020		**1**	**112**	**871**	**15,076**	**16,060**
Profit for the period		-	-	-	1,336	1,336
Other comprehensive income:						
Exchange translation differences on consolidation		-	-	-	(165)	(165)
Total comprehensive income for the period		**-**	**-**	**-**	**1,171**	**1,171**
Exercise of options		-	45	(308)	308	45
Credit to equity for share based payments	15	-	-	111	-	111
Tax relating to share-based payments		-	-	-	65	65
At 31 March 2021		**1**	**157**	**674**	**16,620**	**17,452**
Loss for the period		-	-	-	(13)	(13)
Other comprehensive income:						
Exchange translation differences on consolidation		-	-	-	63	63
Total comprehensive income for the period		**-**	**-**	**-**	**50**	**50**
Exercise of options		-	56	(407)	407	56
Credit to equity for share based payments	15	-	-	336	-	336
Tax relating to share-based payments		-	-	-	16	16
At 30 September 2021		**1**	**213**	**603**	**17,093**	**17,910**

MIND GYM PLC CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months to 30 Sept 2021 (Unaudited) £'000	6 months to 30 Sept 2020 (Unaudited) £'000	Year to 31 March 2021 (Audited) £'000
Cash flows from operating activities				
(Loss)/profit for the financial period		(13)	(1,568)	(232)
Adjustments for:				
Amortisation of intangible assets		34	26	52
Depreciation of tangible assets		591	546	1,084
Profit on disposal of property, plant and equipment		-	-	(2)
Net finance costs		62	74	137
Taxation charge/(credit)		30	(424)	(124)
Decrease in inventories		-	73	73
Decrease/(increase) in trade and other receivables		238	4,003	(246)
(Decrease)/increase in payables and provisions		(2,524)	(1,838)	4,892
Share based payment charge	15	336	187	298
Cash generated from operations		(1,246)	1,079	5,932
Net tax (paid)		(329)	(517)	(521)
Net cash generated from operating activities		(1,576)	562	5,411
Cash flows from investing activities				
Purchase of intangible assets		(2,361)	(1,237)	(2,834)
Purchase of property, plant and equipment		(423)	(187)	(388)
Proceeds from sale of property, plant and equipment		-	-	10
Interest received		5	8	15
Net cash used in investing activities		(2,779)	(1,416)	(3,197)
Cash flows from financing activities				
Cash repayment of lease liabilities		(603)	(444)	(1,075)
Issuance of ordinary shares		56	-	45
Dividends paid	8	-	-	-
Net cash used in financing activities		(547)	(444)	(1,030)
Net (decrease)/increase in cash and cash equivalents		(4,902)	(1,298)	1,184
Cash and cash equivalents at beginning of period		16,833	15,952	15,952
Effect of foreign exchange rate changes		41	(105)	(303)
Cash and cash equivalents at the end of period		**11,972**	**14,549**	**16,833**
Cash and cash equivalents at the end of period comprise:				
Cash at bank and in hand		11,972	14,549	16,833

MIND GYM PLC   NOTES TO THE GROUP FINANCIAL STATEMENTS

1. General information

Mind Gym plc ("the Company") is a public limited company incorporated in England & Wales and its ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange ("AIM"). The address of the registered office is 160 Kensington High Street, London W8 7RG. The group consists of Mind Gym plc and its subsidiaries, Mind Gym (USA) Inc., Mind Gym Performance (Asia) Pte. Ltd and Mind Gym (Canada) Inc. (together "the Group").

The principal activity of the Group is to apply behavioural science to transform the performance of companies and the lives of the people who work in them. The Group does this primarily through research, strategic advice, management and employee development, employee communication, and related services.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, including interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and with the Companies Act 2006 applicable to companies reporting under IFRS. The unaudited interim financial information does not constitute statutory accounts within the meaning of the Companies Act 2006. This interim report, which has neither been audited nor reviewed by independent auditors, was approved by the board of directors on 3 December 2021.

Statutory accounts for the year ended 31 March 2021 were approved by the Board of Directors on 10 June 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The interim financial statements have been prepared on a going concern basis under the historical cost convention.

The interim financial statements are presented in pounds sterling. All values are rounded to £1,000 except where otherwise indicated.

The accounting policies used in preparing the interim results are the same as those applied to the latest audited annual financial statements.

3. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the business. The chief operating decision maker has been identified as the Board. The Group has two operating segments: EMEA (comprising the United Kingdom and Singapore) and America (comprising the United States and Canada).

Both segments derive their revenue from a single business activity, the provision of human capital and business improvement solutions.

The Group's business is not highly seasonal and the Group's customer base is diversified with no individually significant customer.

Segment results for the 6 months ended 30 September 2021 (Unaudited)

Segment result

	EMEA	America	Total
	£'000	£'000	£'000
Revenue	10,255	13,887	24,142
Cost of sales	(1,459)	(1,959)	(3,418)
Administrative expenses	(11,541)	(9,104)	(20,645)
Profit before inter-segment charges	(2,745)	2,824	79
Inter-segment charges	1,785	(1,785)	-
Operating (loss)/profit – segment result	(960)	1,039	79
Finance income			9
Finance costs			(71)
Profit before tax			17

The mix of revenue for the six months ended 30 September 2021 is set out below.

	EMEA	America	Group
Delivery	64.6%	70.6%	68.1%
Design	11.2%	6.3%	8.3%
Digital	11.5%	11.3%	11.4%
Licensing and certification	4.4%	5.5%	5.0%
Other	6.4%	5.1%	5.7%
Advisory	1.9%	1.2%	1.5%

Segment results for the 6 months ended 30 September 2020 (Unaudited)

Segment result

	EMEA	America	Total
	£'000	£'000	£'000
Revenue	5,764	8,704	14,468
Cost of sales	(747)	(940)	(1,687)
Administrative expenses	(7,776)	(6,923)	(14,699)
Profit/(loss) before inter-segment charges	(2,759)	841	(1,918)
Inter-segment charges	1,228	(1,228)	-
Operating loss – segment result	(1,531)	(387)	(1,918)
Finance income			8
Finance costs			(82)
Loss before taxation			(1,992)

Adjusted profit before tax

	EMEA	America	Total
	£'000	£'000	£'000
Operating loss – segment result	(1,531)	(387)	(1,918)
Restructuring costs	587	75	662
Adjusted EBIT	(944)	(312)	(1,256)
Finance income			8
Finance costs			(82)
Adjusted loss before taxation			(1,330)

The mix of revenue for the six months ended 30 September 2020 is set out below.

	EMEA	America	Group
Delivery	59.6%	55.8%	57.2%
Design	13.0%	12.1%	12.5%
Digital	12.6%	16.0%	14.6%
Licensing and certification	8.7%	10.0%	9.5%
Other	3.1%	5.0%	4.3%
Advisory	3.0%	1.1%	1.9%

Segment results for the year ended 31 March 2021 (Audited)

Segment result

	EMEA	America	Total
	£'000	£'000	£'000
Revenue	17,241	22,142	39,383
Cost of sales	(2,237)	(2,730)	(4,967)
Administrative expenses	(18,349)	(16,286)	(34,635)
(Loss)/profit before inter-segment charges	(3,345)	3,126	(219)
Inter-segment charges	2,258	(2,258)	-
Operating (loss)/profit – segment result	(1,087)	868	(219)
Finance income			30
Finance costs			(167)
Loss before tax			(356)

Adjusted profit before tax

	EMEA	America	Total
	£'000	£'000	£'000
Operating (loss)/profit – segment result	(1,087)	868	(219)
Restructuring costs	587	75	662
Adjusted EBIT	(500)	943	443
Finance income			30
Finance costs			(167)
Adjusted profit before tax			306

The mix of revenue for the year ended 31 March 2021 is set out below.

	EMEA	America	Group
Delivery	59.7%	52.5%	55.6%
Design	12.7%	13.3%	13.0%
Digital	15.3%	16.8%	16.2%
Licensing and certification	6.3%	9.0%	7.8%
Other	4.2%	6.9%	5.7%
Advisory	1.8%	1.5%	1.7%

4. Employees

Staff costs were as follows:

	6 months to 30 Sept 2021 (Unaudited) £'000	6 months to 30 Sept 2020 (Unaudited) £'000	Year to 31 March 2021 (Audited) £'000
Wages and salaries	13,839	9,181	22,464
Social security costs	1,477	897	2,249
Pension costs – defined contribution plans	498	415	897
Share-based payments	336	187	298
Restructuring payroll costs included in adjusted items	-	583	583
	16,150	11,263	26,491

The average number of Group's employees by function was:

	6 months to 30 Sept 2021 (Unaudited)	6 months to 30 Sept 2020 (Unaudited)	Year to 31 March 2021 (Audited)
Delivery	190	170	170
Support	80	63	61
Digital	49	11	20
	319	245	251

The period end number of Group's employees by function was:

	6 months to 30 Sept 2021 (Unaudited)	6 months to 30 Sept 2020 (Unaudited)	Year to 31 March 2021 (Audited)
Delivery	194	162	174
Support	90	59	67
Digital	62	19	35
	346	240	276

5. Net finance costs

	6 months to 30 Sept 2021 (Unaudited) £'000	6 months to 30 Sept 2020 (Unaudited) £'000	Year to 31 March 2021 (Audited) £'000
Finance income			
Bank interest receivable	5	8	15
Finance lease income	4	-	15
Finance costs			
Lease interest (IFRS 16)	(71)	(82)	(167)
	(63)	(74)	(137)

6. Adjustments

	6 months to 30 Sept 2021 (Unaudited)	6 months to 30 Sept 2020 (Unaudited)	Year to 31 March 2021 (Audited)
	£'000	£'000	£'000
Restructuring costs	-	662	662
	-	662	662

Restructuring costs in the six months ended 30 September 2020 include redundancy costs related to the headcount reduction exercise undertaken in response to the COVID-19 impact on the business.

7. Tax

The statutory tax charge of £30,000 (six months ended 30 September 2020: credit of £424,000; year ended 31 March 2021: charge of £1,493,000) represents an effective tax rate on profit before tax of 176.5% (six months ended 30 September 2020: 21.3%; year ended 31 March 2021: 20.2%).

No adjustments to Profit before tax and therefore no adjustments no associated tax adjustments have been recorded in the six months ended 30 September 2021 (six months ended 30 September 2020: adjusted charge of £292,000; year ended 31 March 2021: credit of £124,000 represents an effective tax rate on adjusted loss before tax of 21.9% for the six months ended 30 September 2020; year ended 31 March 2021: 21.4%).

8. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year. The Company has potentially dilutive shares in respect of the share-based payment plans (see Note 14). Adjusted earnings per share removes the effect of restructuring and employee option surrender cost (see Note 6).

	30 Sept 2021 (Unaudited)	**30 Sept 2020 (Unaudited)**	**31 March 2021 (Audited)**
Weighted average number of shares in issue	99,914,842	99,532,575	99,660,395
Potentially dilutive shares (weighted average) *	-	-	587,629
Fully diluted number of shares (weighted average)	99,914,842	99,532,575	100,248,024

*For 30 September 2021 and September 2020 dilutive potential ordinary shares have no effect on the calculation of diluted EPS as their conversion into ordinary shares cannot increase the loss per share. Potentially dilutive shares disclosed for 31 March 2021 adjusted earnings per share only.

	6 months to 30 Sept 2021 (Unaudited) pence	**6 months to 30 Sept 2020 (Unaudited) pence**	**Year to 31 March 2021 (Audited) pence**
Basic earnings per share	(0.01)	(1.58)	(0.23)
Diluted earnings per share	(0.01)	(1.58)	(0.23)
Adjusted basic earnings per share	(0.01)	(1.04)	0.30
Adjusted diluted earnings per share	(0.01)	(1.04)	0.30

The reconciliation of statutory profit to adjusted profit for the financial period is as follows:

	6 months to 30 Sept 2021 (Unaudited) £'000	**6 months to 30 Sept 2020 (Unaudited) £'000**	**Year to 31 March 2021 (Audited) £'000**
(Loss)/profit attributable to owners of the parent	(13)	(1,568)	(232)
Adjusted items	-	662	662
Tax on adjusted items	-	(132)	(133)
Adjusted profit attributable to owners of the parent	(13)	(1,038)	297

9. Dividends

The Board did not propose a final dividend for the year ended 31 March 2021. No interim dividend is proposed for the period to 30 September 2021.

10. Intangible assets

	Patents	Development costs	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 April 2021	**63**	**4,761**	**4,824**
Additions	-	2,361	2,361
At 30 September 2021	**63**	**7,122**	**7,185**
Amortisation			
At 1 April 2021	**63**	**1,884**	**1,947**
Amortisation charge	-	34	34
At 30 September 2021	**63**	**1,918**	**1,981**
Net book value			
At 31 March 2021	-	2,877	2,877
At 30 September 2021	-	5,204	5,204

Development cost additions in the six months ended 30 September 2021 includes software development costs directly incurred in the creation of new digital assets.

11. Trade and other receivables

	30 Sept 2021 (Unaudited)	30 Sept 2020 (Unaudited)	31 March 2021 (Audited)
	£'000	£'000	£'000
Trade receivables	8,455	4,775	9,138
Less provision for impairment	(227)	(218)	(227)
Net trade receivables	8,228	4,557	8,911
Net investment in sub-lease	169	155	172
Other receivables	159	258	143
Prepayments	870	632	688
Accrued income	1,095	574	706
	10,521	6,176	10,620

Non-current assets includes £212,000 (30 September 2020: £230,000; 31 March 2021: £79,000) of prepayments in respect of property deposits.

The net investment in sublease will be recovered in less than one year's time and is classified as current. (Non-current 30 September 2020: £277,000; 31 March 2021: £260,000).

Trade receivables have been aged with respect to the payment terms as follows:

	30 Sept 2021 (Unaudited) £'000	30 Sept 2020 (Unaudited) £'000	31 March 2021 (Audited) £'000
Not past due	7,650	4,098	8,128
Past due 0-30 days	533	506	530
Past due 31-60 days	121	68	185
Past due 61-90 days	146	50	22
Past due more than 90 days	5	53	273
	8,455	4,775	9,138

12. Trade and other payables

	30 Sept 2021 (Unaudited) £'000	30 Sept 2020 (Unaudited) £'000	31 March 2021 (Audited) £'000
Trade payables	1,199	1,348	2,514
Other taxation and social security	733	471	549
Other payables	598	931	536
Accruals	4,734	2,537	5,578
Deferred income	3,986	1,796	4,636
	11,250	7,083	13,813

12.19. Borrowings

The Group entered into a £10 million debt facility (£6m RCF, £4m accordion) on 30 September 2021 which matures after 3 years. The facility remains undrawn as at 3 December 2021.

13. Share capital

	30 Sept 2021 Number	30 Sept 2021 Cost £'000	30 Sept 2020 Number	30 Sept 2020 Cost £'000	31 March 2021 Number	31 March 2021 Cost £'000
Ordinary shares of £0.0001 At 1 April	99,791,784	1	99,493,210	1	99,493,210	1
Issue of shares to satisfy options	313,876	-	248,405	-	298,574	-
Ordinary shares of £0.00001 at period end	100,105,660	1	99,741,615	1	99,791,784	1

14. Share based payments

The Group awards options to selected employees under a Long-Term Incentive Share Option Plan ("LTIP"). The options granted to date vest subject only to remaining employed up to the vesting date. Unexercised options do not entitle the holder to dividends or to voting rights. The awards granted during the six months to 30 September 2021 are subject to performance conditions based on revenue, adjusted earnings per share and total shareholder return.

The Group operates the Mind Gym plc Share Incentive Plan (SIP). An initial award of £1,000 of free shares was granted in October 2018 to all employees at the IPO price of 146 pence. The shares are held in an employee benefit trust and vest after three years subject only to remaining employed up to the vesting date. The holder is entitled to dividends over the vesting period. These shares vested in October 2021.

On the 30th September 2019 the Group launched an annual Save As You Earn Scheme and an Employee Share Purchase Plan for all eligible employees in the UK and USA respectively.

The total share-based payments expense was:

	6 months to 30 Sept 2021 (Unaudited) £'000	6 months to 30 Sept 2020 (Unaudited) £'000	Year to 31 March 2021 (Audited) £'000
Equity settled share-based payments	336	187	298