22 September 2020

Cambridge Cognition Holdings plc
("Cambridge Cognition", the "Company" or the "Group")

Interim Results for the six months ended 30 June 2020

Cambridge Cognition Holdings plc (AIM: COG), which develops and markets digital solutions to assess brain health, announces its unaudited interim results for the six months ended 30 June 2020.

The first half of 2020 saw strong progress in executing the Company's strategy of an increased focus on commercialisation. This was demonstrated by £4.93 million of contract wins in the first half of 2020, an increase of 87% on the same period in 2019. Further contracts have been secured post period end with orders from 1 January 2020 to 31 August 2020 now standing at £8.36 million. The spread of contracts won across the product portfolio demonstrates that the Company's product strategy is delivering with revenues increasing materially over H1 2019 and losses cut significantly. While a number of contracted clinical trials have been delayed by COVID-19, this was offset by the commencement of new contracts as the business showed resilience in the period due to the strength and diversity of the product offering.

Financial Highlights

- Revenues up 39% to £3.01 million (H1 2019: £2.17 million)
- Administrative expenses reduced by 18% to £2.90 million (H1 2019: £3.54 million)
- Loss before tax reduced by 75% to £0.43 million (H1 2019: £1.74 million loss)
- Loss per share of 1.5 pence per share (H1 2019: loss of 7.7 pence per share)
- Operational cash outflow reduced by over 85% to £0.16 million (H1 2019: £1.23 million)
- Cash balance of £1.96 million at 30 June 2020 (31 December 2019: £0.90 million)
- Raised £1.28 million after costs in an equity fundraising in March 2020

Operational Highlights

- New orders confirmed in the period increased 87% to £4.93 million (H1 2019: £2.64 million)
- Contracted order backlog up 30% since the end of 2019 to £7.38 million at 30 June 2020 (31 December 2019: £5.69 million, 30 June 2019: £6.34 million)
- Major contract wins across all product families and at all stages of clinical development
- Operational delivery slowed by the COVID-19 pandemic, but financial impact offset by revenue from increased order backlog
- Cut operating expenses in line with commitments set at the beginning of the year
- R&D spend of £0.77 million (H1 2019: £0.89 million) and two significant grant awards notified totalling £0.48 million, the majority of which will be recognised over three years

Commenting on the results Matthew Stork, Chief Executive Officer of Cambridge Cognition, said:
"The first half of 2020 has seen a strong performance as we have executed our strategy, albeit in difficult circumstances, given the COVID-19 pandemic. Our team adapted quickly to working remotely and has maintained a high level of customer service and interaction. Orders increased significantly in the period: we matched the full year order intake for 2019 in the first half of 2020 and have continued to win new business since period end. Although a number of clinical trials were delayed because of COVID-19, the financial impact was more than compensated for by the new contract wins. Together with the equity fundraising in March, the order growth has enabled us to improve our cash position and we are well placed to continue to grow through the rest of the year and on towards profitability."

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

CHIEF EXECUTIVE OFFICER'S REVIEW

The Company has had a strong performance in H1 2020, particularly when taken against the backdrop of the COVID-19 pandemic. We have continued to execute our strategy with the aim of:

- smoothing our revenues by winning large, longer-term contracts;
- building a diversified product mix based on CANTAB™, electronic Clinical Outcome Assessments (eCOA) and digital and voice solutions;
- focusing on the commercialisation of existing products as a priority over R&D investment;
- building partnerships to access wider opportunities and geographies; and
- reducing investment in non-strategic areas.

Orders received in the period totalled £4.93 million, compared to £2.64 million in the first half of 2019. This success has continued post period end, with orders received from 1 January 2020 to 31 August 2020 standing at £8.36 million. These contract wins included significant wins across our CANTAB™ software, eCOA and digital solutions offerings, the three areas of strategic focus. This contributed to a growth in the contracted order backlog to £7.38 million at 30 June 2020 from £5.69 million at 31 December 2019.

This growth has been supported by an equity fundraise to raise net proceeds of £1.28 million in March 2020, which has enabled us to further invest in both commercialisation plans and research and development, despite the uncertain trading environment due to the COVID-19 pandemic. We are grateful to our investors for providing this financial platform for growth.

Revenues, recognised as our software and associated services are used, have grown in line with our forecasts and are up 39% on 2019 levels to £3.01 million (H1 2019: £2.17 million). This is a major achievement following a difficult year in 2019 and with COVID-19 as a backdrop.

Revenue growth could have been even stronger but for the COVID-19 pandemic. During the peak period of the COVID-19 outbreak, a number of customers temporarily delayed the start of new clinical trials and a small number of ongoing trials were slowed. We have actively enabled some customers to continue with clinical trials during the period, transitioning four to be virtual clinical trials and this is likely to represent a longer term strategic opportunity post pandemic. As lockdown restrictions were lifted, clinical trial sites have resumed working and, at this time, the impact of COVID-19 on the clinical trials that we are working on is minor.

A strategic shift in the market because of COVID-19 is expected to have a longer-term positive impact on our business. There has been a considerable step-up in interest in virtual clinical trials and we have taken orders for several new virtual trials over the period. We can expect that segment of the market to grow and, with the success we have had in remote clinical testing, we are well placed to take advantage of this trend.

R&D remains important to continue to position the Company at the forefront of the sector, though we have been able to reduce R&D spending as we have been completing developments and launching new products. To support the R&D programmes, we continue to apply for grants and this year has already seen the award of an Innovative Medicines Initiative grant and the notification of the intended award of a grant to help develop the digital phenotyping product from Innovate UK, the UK's innovation agency, subject to their routine checks. The income from these grants totals £0.48 million and the majority will be recognised over the next three years. R&D spending has been reduced by 12.5% compared to the first half of 2019.

The operational efficiencies made during 2019 and early in 2020 contributed to the greatly reduced loss of £0.43 million in the first half of 2020 compared to the first half of 2019 (H1 2019: £1.74 million). Operational efficiencies have been made across the Company, though particularly by merging our science and operations teams in late 2019.

At the start of the COVID-19 pandemic, we made careful plans to ensure the safety of our staff and to minimise the impact we could have within the local environment and on our customers and suppliers. Our staff quickly moved to working from home and all our systems can be operated remotely. Operational delivery was not affected by the COVID-19 pandemic and no redundancies were made. We continue to monitor the situation closely and have contingency plans in place in case there is another outbreak that reduces access to clinical trial sites.

Financial Results

As noted above, although revenue was impacted by the COVID-19 pandemic, it still represents a significant improvement compared to the same period in the prior year. Comparison to H1 2019 is as follows:

Revenue	**H1 2020 £m**	**H1 2019 £m**	**Change £m**	**Increase**
Software	1.31	1.20	0.11	9.2%
Services	1.58	0.93	0.65	69.9%
Total Software & Services	**2.89**	**2.13**	**0.76**	**35.7%**
Hardware	0.12	0.04	0.08	200.0%
Total Revenues	**3.01**	**2.17**	**0.84**	**38.7%**

Notwithstanding certain clinical trial delays due to COVID-19, software revenue increased by 9.2% on the prior year period due to the increased number and value of contracts being delivered. Software revenue is recognised in line with customers' usage of the product and so the slowdown in clinical trial activity due to COVID-19 in the period had an impact on the rate of revenue recognition.

Services revenue has been less impacted by COVID-19 and has benefitted from more bespoke work contracted and delivered in the period. As noted above, our ability to service our customers has been unaffected by the COVID-19 pandemic and with a growth in demand for digital applications we have successfully grown this revenue stream in the first half of 2020.

Hardware revenues continue to be a small part of our business. However, as noted previously, an increasing number of major customers are asking us to supply and validate hardware for their studies, often as they wish us to act as sole provider of all aspects of a project. These projects often relate to the development of our digital products. We will continue to consider these projects on the basis of standalone profitability and product development opportunities, whilst ensuring that any dilutive impact on our gross margin is fully explained.

Cost of sales increased to £0.56 million, in line with the increase in revenue (H1 2019: £0.38 million). The gross margin for the period was 81.4%, which is similar to the prior year (H1 2019: 82.9%).

Total administrative costs for the period (incorporating sales and marketing, clinical operations, R&D and general administration) decreased by 18.1% to £2.90 million (H1 2019: £3.54 million). Within this, R&D costs decreased by £0.12 million. Savings have been made across the business, with focus on costs further sharpened due to the COVID-19 pandemic. Savings on travel and conference attendance will be temporary, and we expect a gradual increase to pre-COVID-19 levels only when business travel becomes commonplace again.

The increase in revenues and decreased spend combined to give an improved EBITDA performance. Reported EBITDA was a loss of £0.35 million (H1 2019: £1.66 million loss). Losses before tax were £0.43 million (H1 2019: £1.74 million loss). The reported loss per share is 1.5p (H1 2019: 7.7p loss).

Net cash outflow from operations during the period was £0.16 million, a sharp decrease from the outflow of £1.23 million in the first half of 2019. The cash outflow is less than the loss for the period due to the timing of billings and collection generally being ahead of revenue recognition, as well as the effect of excluding the non-cash items of depreciation and the share-based payment charge. The equity fundraising completed in March 2020 raised £1.28 million net of costs.

On the balance sheet, current assets (excluding cash) have increased by £0.82 million and current liabilities increased by £1.06m. These movements are principally driven by advance billing, where bills are raised, but then held in deferred revenue until revenue is recognised. Share capital and share premium have increased by £1.28 million combined following the equity fundraising.

Operational Review

There has been an increase in the value of our contracted order backlog which stood at £7.38 million as at 30 June 2020 and subsequently increased to £9.96 million as at 31 August 2020, in comparison to £5.69 million as at 31 December 2019. The contracted order backlog represents confirmed orders that are not yet recognised as revenue.

We are delighted that our efforts in two areas of strategic focus, eCOA and digital health, are resulting in a significant increase in order intake. We announced large contract wins in each of these sectors during the first half. No less pleasing is that orders taken for the core range of CANTAB™ assessments for clinical trials has also grown. This is a result of the focused commercial activities in this area, with an increase in targeted marketing and a consistent attention from all managers in the Company to winning orders, supported by the new Chief Commercial Officer who joined in February 2020.

We launched the upgraded eCOA solution in 2019 with the goal of cross-selling to existing customers and that is proving successful. We have seen a considerable increase in orders where customers use two or even three of our portfolio of products, for example using CANTAB™, digital and an eCOA solution. Over the course of the first half of 2020, we have won several eCOA only orders, including one large order for a non-CNS clinical trial from an existing client. Over the course of the first half of 2020, we have configured more new eCOA instruments for clients under contract and we plan to continue developing new instruments through H2 2020 and beyond.

Cambridge Cognition continues to make major advances in the digital health arena, emphasising that this is a substantial long-term opportunity for the Company's technology in this field. The need and desire to conduct virtual clinical trials and near-patient testing has increased further due to the COVID-19 pandemic. Additionally, use of daily assessments to assess drug efficacy in clinical trials or to provide patients with better care with digital aids continues to grow. Each digital solution typically comprises a short-form, quick cognitive assessment together with other modules, such as medication reminders or a diary for noting symptoms. Over the course of the first half of 2020, we delivered three such digital apps to clients, building a number of new modules that we now have available for future clients.

Our Neurovocalix™ voice-based assessment solution continues to be the primary development project of the R&D team. Neurovocalix™ is a platform that can administer automated voice-based health assessments and conducts machine learning analysis of the results. We have demonstrated the ability to conduct large studies and also that we can use our AI system to measure cognitive load from voice samples. Proof-of-concept clinical trials that we started in 2019 using our prototype solution, which are funded by pharmaceutical companies, are going well and we are currently developing a production version of the system. There continues to be a high degree of interest in NeuroVocalix™ at scientific conferences and our team presents regularly on its capabilities and advancements.

The digital phenotyping programme, using electronic visual cognitive tests to identify sub-populations of patients who should respond well to specific drug classes, has also progressed well, albeit being considerably delayed due to the COVID-19 pandemic. As noted above, the programme has recently received notification of a substantial Innovate UK grant to conduct initial work in this area. The Company continues to support this venture at its early stage while actively seeking investment from venture partners with the intention of spinning out the programme into a new business to further reduce R&D costs.

We have remained at the forefront of scientific development in the field, being part of a successful consortium of 46 leading industry and academic partners awarded a prestigious Innovative Medicines Initiative grant. It is a strong endorsement as we are the sole provider of cognitive assessments for the project and we are also gaining insights in assessing fatigue and sleep disturbances using wearable and portable digital technology.

We are also delighted to be involved in two ground-breaking collaborations. The first is measuring stress recovery in frontline healthcare workers caring for COVID-19 patients and is to be done virtually. This will assess levels of stress and hence potential impacts on mental and physical health, and potentially even susceptibility to COVID-19 itself. The second is the inclusion of CANTAB™ in the Brain Health Registry, a self-enrolment platform collecting longitudinal information on brain health that is run by the University of California, San Francisco.

Outlook

As stated, the Company's contracted order backlog has strengthened considerably since 30 June 2020 to stand at £9.96 million as at 31 August 2020. Of the total contracted orders received to 31 August 2020, £3.46 million is expected to be recognised in the second half of 2020 and £4.10 million is expected to be recognised in 2021. The actual date this revenue is recognised will depend on clinical trials completing on schedule. While the risk of further major global outbreaks of COVID-19 infections continues, we remain cautious but demand for the Company's products is strong even if there are subsequent delays in delivery.

We continue to focus on commercialising our technology, driving new lead generation which has led to a strong qualified orders pipeline for the rest of 2020 and into early 2021. As evidenced by the contracts won in the first half, there is strong demand for our technology in the market and we are well placed to deliver further revenue growth.

We have reduced our cost base over the past 12 months, though we will continue to monitor our resource needs closely and costs will need to be increased in certain areas as more contracts are being supported. We expect to meet our previously stated aim to breakeven in Q4 2020.

The strong H1 2020 performance and fund raising in March has strengthened the Company's cash position and the Board believes that the Company has sufficient cash reserves to drive the business to profitability even if there is a resurgence in the COVID-19 pandemic. Of course, if there is a major resurgence of COVID-19, there is the risk of a further financial impact, but we are well placed to withstand that scenario.

As we progress the commercialisation of our portfolio and platforms, we look forward to growing our body of knowledge and experience which will allow us to expand and scale up our eCOA capability, digital solutions and our voice-based clinical trial platform; all of which are in important areas of growth. Plans to expand our sales and marketing capacity are being executed. Though there remains some uncertainty in our markets and the broader economy, we look forward to continued growth in H2 2020 and on into 2021.

Matthew Stork

Chief Executive Officer

22 September 2020

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
For the six months ended 30 June 2020

	Note	**6 months to 30 June 2020**	**6 months to 30 June 2019**	**Year to 31 December 2019**
		Unaudited	Unaudited	Audited
		£'000	**£'000**	**£'000**
Revenue	5	**3,010**	2,174	5,042
Cost of sales		**(559)**	(378)	(1,149)
Gross Profit		**2,451**	1,796	3,893
Administrative expenses		**(2,900)**	(3,540)	(7,011)
Other income		**26**	3	5
Finance costs		**(5)**	(1)	(4)
Loss before tax		**(428)**	(1,742)	(3,117)
Income tax		**4**	(1)	216
Loss for the period		**(424)**	**(1,743)**	**(2,901)**
Earnings per share (pence)	6			
Basic and diluted		**(1.5)**	(7.7)	(12.4)

All amounts are attributable to equity holders in the parent

Loss for the period	**(424)**	**(1,743)**	**(2,901)**
Other comprehensive income - items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(153)	(3)	87
Total comprehensive income for the period	**(577)**	**(1,746)**	**(2,814)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2020

	At 30 June 2020 Unaudited £'000	At 30 June 2019 Unaudited £'000	At 31 December 2019 Audited £'000
Assets			
Non-current assets			
Intangible assets	**382**	398	385
Property, plant and equipment	**69**	195	117
Total non-current assets	**451**	583	502
Current assets			
Inventories	**47**	53	53
Trade and other receivables	**2,529**	1,506	1,703
Cash and cash equivalents	**1,959**	2,057	901
Total current assets	**4,535**	3,616	2,657
Total assets	**4,986**	**4,199**	**3,159**
Liabilities			
Current liabilities			
Trade and other payables	**5,163**	4,082	4,103
Non-current liabilities			
Other non-current payables	**-**	40	-
Total liabilities	**5,163**	**4,122**	**4,103**
Equity			
Share capital	**312**	242	242
Share premium account	**11,151**	9,943	9,943
Other reserves	**5,865**	5,928	6,018
Own shares	**(81)**	(94)	(81)
Retained earnings	**(17,424)**	(15,942)	(17,066)
Total equity	**(177)**	**77**	**(944)**
Total liabilities and equity	**4,986**	**4,199**	**3,159**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Other reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019	**207**	**7,707**	**5,931**	**(94)**	**(14,277)**	**(526)**
(Loss) for the period	-	-	-	-	(1,743)	(1,743)
Other comprehensive income	-	-	(3)	-	-	(3)
Total comprehensive income for the period	-	-	(3)	-	(1,743)	(1,746)
Issue of new share capital	35	2,465	-	-	-	2,500
Share issue costs	-	(229)	-	-	-	(229)
Credit to equity for share based payments	-	-	-	-	78	78
Transactions with owners	35	2,236	-	-	78	2,349
Balance at 30 June 2019	**242**	**9,943**	**5,928**	**(94)**	**(15,942)**	**77**
Balance at 1 July 2019	**242**	**9,943**	**5,928**	**(94)**	**(15,942)**	**77**
Profit for the period	-	-	-	-	(1,158)	(1,158)
Other comprehensive income	-	-	90	-	-	90
Total comprehensive income for the period	-	-	90	-	(1,158)	(1,068)
Transfer on allocation of shares held in trust	-	-	-	13	(13)	-
Credit to equity for share based payments	-	-	-	-	47	47
Transactions with owners	-	-	-	13	34	47
Balance at 31 December 2019	**242**	**9,943**	**6,018**	**(81)**	**(17,066)**	**(944)**
Balance at 1 January 2020	**242**	**9,943**	**6,018**	**(81)**	**(17,066)**	**(944)**
(Loss) for the period	-	-	-	-	(424)	(424)
Other comprehensive income	-	-	(153)	-	-	(153)
Total comprehensive income for the period	-	-	(153)	-	(424)	(577)
Issue of new share capital	70	1,330	-	-	-	1,400
Share issue costs	-	(122)	-	-	-	(122)
Credit to equity for share based payments	-	-	-	-	66	66
Transactions with owners	70	1,208	-	-	66	1,344
Balance at 30 June 2020	**312**	**11,151**	**5,865**	**(81)**	**(17,424)**	**(177)**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months ended 30 June 2020

	Note	6 months to 30 June 2020 Unaudited £'000	6 months to 30 June 2019 Unaudited £'000	Year to 31 December 2019 Audited £'000
Net cash flows from operating activities	7	**(163)**	(1,228)	(2,320)
Investing activities				
Interest on bank deposits		**2**	3	5
Purchase of intangible assets		**-**	(40)	(40)
Purchase of property, plant and equipment		**(22)**	(14)	(15)
Net cash flow used in investing activities		**(20)**	(51)	(50)
Financing activities				
Proceeds from the issue of share capital net of costs		**1,278**	2,271	2,271
Finance lease payments		**(57)**	(57)	(113)
Net cash flows from financing activities		**1,221**	2,214	2,158
Net (decrease)/ increase in cash and cash equivalents		**1,038**	935	(212)
Cash and cash equivalents at start of period		**901**	1,110	1,110
Exchange differences on cash and cash equivalents		**20**	12	3
Cash and cash equivalents at end of period		**1,959**	2,057	901

NOTES TO THE INTERIM FINANCIAL STATEMENT

1. General information

Cambridge Cognition Holdings plc ('the Company') and its subsidiaries (together, 'the Group') develops and markets digital solutions to assess brain health for sale worldwide, principally in the UK, the US and Europe.

The Company is a public limited company listed on the Alternative Investment Market ('AIM') of the London Stock Exchange (symbol COG) and is incorporated and domiciled in the UK. The address of its registered office is Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU.

The condensed consolidated interim financial statements were approved by the Board of Directors for issue on 21 September 2020. The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

Statutory accounts of the Group for the year ended 31 December 2019 were approved by the Board of Directors on 29 June 2020 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 condensed consolidated interim financial statements together with the comparative information for the six months ended 30 June 2019 have not been audited.

2. Basis of preparation

Going concern basis

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. The Directors also believe that the Group is able to survive the consequences of reasonably forecastable impacts of a resurgence of the COVID-19 pandemic. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies.

Revenue recognition
Judgements may be required in recognising revenue and cost. These judgements include

- The extent to which, and the way in which, contracts are separated into their component parts and the values attributed to those parts;
- Whether software licences are granted to allow the customer the benefit of use of our intellectual property over a period of time (including benefitting from future maintenance and improvements) or whether that right is given as the intellectual property exists at the point of time the licence is granted. In the case of the former, software is recognised over the period of use, for the latter revenue is recognised when the licence commences and the customer is able to use the software;
- The adoption of the portfolio approach for lower value sales and the recognition criteria applied;
- Where performance obligations are satisfied over time, the length of time remaining for performance, and whether this needs revising over time; and
- The length of time for performance also dictates the initial deferral and subsequent recognition of commissions in cost of sales.

Goodwill
The Group reviews the carrying value of its goodwill balances by carrying out impairment tests at least on an annual basis. These tests require estimates to be made of the value in use of its CGUs which are dependent on estimates of future cash flows and long-term growth rates of the CGUs.

Capitalisation of development costs
The point at which development costs meet the criteria for capitalisation is critically dependent on management judgment of the probability of future economic benefits.

Recovery of deferred tax assets
Deferred tax assets have not been recognised for deductible temporary differences, share options and tax losses as management considers that there is not sufficient certainty that future taxable profits will be available to utilise those temporary differences and tax losses.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either a Black-Scholes model or a Binomial Option model. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit and loss and equity.

5. Segmental information

The analysis of revenue by product type is as follows:

	6 months to 30 June 2020	**6 months to 30 June 2019**	**Year to 31 December 2019**
	£'000	**£'000**	**£'000**
Software	**1,310**	1,203	2,526
Services	**1,583**	936	2,339
Hardware	**117**	35	177
	3,010	2,174	5,042

6. Earnings per share

Calculation of loss per share is based on the following loss and numbers of shares:

	6 months to 30 June 2020 £'000	6 months to 30 June 2019 £'000	Year to 31 December 2019 £'000
Earnings			
Earnings for the purposes of basic and diluted earnings per share being net loss attributable to owners of the Company	**(424)**	(1,743)	(2,901)
	'000	**'000**	**'000**
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS	**28,429**	22,717	23,414
Weighted average number of ordinary shares for the purposes of diluted EPS	**28,429**	22,717	23,414

The basic weighted average number of shares excludes shares held by an Employee Benefit Trust. Fully diluted earnings per share is calculated after showing the effect of outstanding options in issue. For all of the periods presented, the effect of the options would be to reduce the loss per share, and hence the diluted loss per share is the same as the basic loss per share.

The number of shares in issue at 30 June 2020 was 31,170,903 (31 December 2019: 24,170,903).

7. Reconciliation of operating result to operating cash flows

	6 months to 30 June 2020 £'000	6 months to 30 June 2019 £'000	Year to 31 December 2019 £'000
Loss before tax	**(428)**	(1,742)	(3,117)
Adjustments for:			
Depreciation of property plant and equipment	**70**	78	157
Amortisation of software licences	**3**	3	5
Share-based payments charge	**66**	78	125
Finance costs	**5**	1	4
Interest received	**(2)**	(3)	(5)
Operating cash flows before working capital movements	**(286)**	(1,585)	(2,831)
Change in inventories	**6**	(28)	(27)
Change in trade and other receivables	**(917)**	286	148
Change in trade and other payables	**1,027**	31	110
Cash used by operations	**(170)**	(1,296)	(2,600)
Taxation received	**7**	68	280
Net cash flows from operations	**(163)**	(1,228)	(2,320)

8. Copies of interim financial statements

Copies of the interim financial statements are available from the Company at its registered office at Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU. The interim financial information document will also be available on the Company's website www.cambridgecognition.com.