6 September 2022

Quixant plc

("Quixant" or the "Group")

Interim Results

First half triple-digit profit growth supports recent full year upgrade

Quixant (AIM: QXT), a leading provider of innovative, highly engineered technology products principally for the global gaming and broadcast industries, is pleased to announce its unaudited interim results for the six months ended 30 June 2022.

	Six months to 30 June 2022 ($m)	Six months to 30 June 2021 ($m)	Change
Group revenue	53.3	36.5	46%
Gaming revenue	*31.4*	*18.4*	*71%*
Densitron revenue	*21.9*	*18.1*	*21%*
Group gross profit	16.8	11.1	52%
Adjusted Group profit before tax[1]	3.5	1.3	163%
Group profit before tax	2.8	0.8	251%
Adjusted diluted earnings per share[1]	$0.0405	$0.0167	142%
Diluted earnings per share	$0.0331	$0.0106	214%
Net cash from operating activities	(3.6)	1.1	nm
Net cash	12.0	15.0	(20%)

[1]*For details on adjusted measures refer to note 1 and note 4 of the condensed consolidated financial statements*

FINANCIAL HIGHLIGHTS:

- Significant growth in Gaming and Densitron revenues driven by buoyant customer demand, enhanced customer penetration and proactive management of supply chains.
- Densitron achieved highest revenue since acquisition including double-digit growth from the Broadcast sector.
- Recovery in gross margins driven by a levelling off in component prices allowing the sale price increases to benefit the P&L combined with the higher production volumes driving operational leverage.
- Triple-digit profit growth and improved profit margins despite increased operating expenses due to inflationary pressures and strategic investment in people to support future growth.
- Net cash of $12.0m, decreased from 2021 year-end balance of $17.6m, reflecting strategic working capital investment to secure key components.
- Balance sheet remains strong, positioning the group for future organic and acquisitive growth.

OPERATIONAL HIGHLIGHTS

- Ongoing strong demand with order intake ahead of first half revenues and prior year order bookings, providing good visibility of H2 2022 and into H1 2023.
- First production orders received from a new customer in Q3 2022 for turnkey Gaming cabinet solutions which are expected to be delivered during the fourth quarter of 2022 and into 2023.
- Supply chain risks mitigated through robust management and strategic stock purchase programme, ensuring customer retention and reduced impact of price inflation.
- Progression of long-term strategic objective to diversify revenue across sectors and customers.
- Demand remains buoyant underpinning our confidence in achieving full year market expectations[1] which were upgraded in July.

Jon Jayal, CEO of Quixant commented:

"I am delighted to report on continued excellent trading momentum across all business units, reflecting the widespread demand for our products, the depth and resilience of our customer relationships and our success in navigating the challenging supply environment. The strength of trading in the first half, combined with ongoing healthy order intake gave us confidence to upgrade our full year expectations for 2022 in July.

These trading results support the decision to commit capital to the strategic stock purchase programme in January 2021, which we believe continues to give us a competitive advantage, despite resulting in a cash outflow during the first half.

A strong start to the second half combined with our strength of order coverage gives us a high degree of confidence in meeting the upgraded full year market expectations and we continue to see compelling opportunities for long-term growth in the business through disciplined execution of our strategy."

Investor Presentation

Quixant is hosting an online presentation open to all investors tomorrow, 7 September, at 4.30pm BST. Anyone wishing to connect should register here: https://www.investormeetcompany.com/quixant-plc/register-investor.

[1] The current range of forecasts for the year ended 31 December 2022 is revenue of between $109.0m and $110.0m with a consensus of $109.5m and adjusted profit before tax of $8.8m.

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About Quixant

Quixant, founded in 2005, designs and manufactures highly optimised computing solutions and monitors principally for the global gaming and broadcast industries. The Company is headquartered in Cambridge in the UK, with offices throughout Europe, North America and Asia. Quixant has its own manufacturing and engineering operation based in Taiwan and software engineering and customer support teams based in Italy and Slovenia. All the specialised products software and manufacturing are produced in-house and Quixant owns all its own IP, some of which is protected by patents and design rights.

In November 2015 Quixant acquired Densitron Technologies plc. Densitron has a strong heritage in the sale of electronic display solutions to global industrial markets. Through Densitron's experienced sales team, Quixant has a robust platform to build its business into wider industrial markets. In-depth information on the Company's products, markets, activities and history can be found on the corporate website at www.quixant.com.

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

Chief Executive's Report

The Group has made excellent progress in the first half of 2022. Alongside the exceptional growth in revenues and profits during the period, we have continued to drive new business conversion and diversification across customers and sectors, underpinning future growth with high-quality revenue. This is a key focus for the Board as the Group evolves into a multi-sector specialist technology business.

Order intake has continued to be healthy across both divisions through the first half of the year. Demand from our Gaming customers continued to grow from the strong 2021 base, with order intake significantly ahead of H1 2021 and above H1 2022 revenues. Densitron continued to build on the record performance achieved in 2021, enjoying robust demand across all its subsectors. The strategically important Broadcast sector within Densitron has continued to deliver double-digit growth building on the performance in 2021 with enhanced gross margin performance.

The electronic component market shortages which have been experienced by all businesses globally over the last 18 months, are now expected to persist until at least the end of the first half of 2023. However, we have demonstrated the business' resilience against these through the expertise of our Far Eastern procurement operation, coupled with the proactive strategic stock purchase programme and close collaboration with our customers. Our working capital investment during the first half of the year was essential in underpinning supply chain security to ensure we meet customer demand and has given us a competitive advantage as we continue to manage through the challenging supply environment.

Steps taken to manage the volatility in component prices are also delivering a positive impact. We effected multiple price increases to customers through 2021, passing on the impact of increased cost prices from our suppliers. As component cost prices have started to level off, the impact of these price increases on the income statement is driving improved margins. We are also benefitting from operational leverage through increased production volumes. We expect to see the gross margin recovery trend continuing over the coming months and remain confident that structurally the business' long-term gross margins are intact.

We have made investments into Gaming Cabinets and Broadcast, particularly around product development to drive growth in these new revenue segments. We are also seeing cost inflation in operating expenses, particularly in wage costs. We are balancing the need to retain talent with elevated wage costs by increasing the use of variable pay structures and long-term share-based incentive schemes.

Group Strategy

The Board's growth strategy focuses on identifying and investing in vertical markets which are undergoing a technology change which brings about a requirement for new, optimised solutions which are not met by standard technology. Having identified these markets we develop bespoke products, using our global engineering teams, which provide an outsource option for our customers. We continually enhance this offering to increase the value proposition and become more closely integrated into the value-chain. From time to time we may complement organic growth with acquisitions to accelerate progress.

The Casino Gaming market is the Group's largest source of revenues, however it is a strategic focus for the Board to diversify the business into more sectors, which it achieves through the Densitron business. Densitron is exposed to a wide variety of industrial sectors through the display components it supplies and through this business we have identified Broadcast as our second focus market.

Gaming Business Review

Quixant's Gaming products offer electronic gaming machine manufacturers an outsource option for their computer platforms, enabling them to focus their efforts on all aspects of the player experience, most importantly the game software. Many gaming machine manufacturers have selected Quixant to supply their computer platforms and we have seen this trend accelerating over the last year. Increased scrutiny by manufacturers on improving their operational efficiency, necessitated by the rebuilding of their businesses after the casino closures during the pandemic and more recent inflationary pressures, has driven enhanced opportunities for Quixant. In addition, the severe electronic component market shortages have made reliable supply of hardware products ever more difficult to achieve.

The Gaming division saw the highest six-month revenue performance since H2 2019 and matched the revenue in H1 2018. Gaming order intake during the first half was significantly ahead of H1 2021 and higher than H1 2022 revenues. The experience gained in dealing with supply chain challenges over the last two years has led to a more resilient Gaming division and positions us well to achieve a strong second half trading performance.

Customers in the US gaming market represent the greatest contribution to Gaming business revenue. This market saw a V-shaped recovery after a pandemic inflicted low in Q2 2020 and has since continued to report positive trading momentum. After 2021 saw record gross gaming revenues in the US commercial casino market, 2022 has seen a continuation of this trend with Q2 2022 being a record quarter for land-based slot and table games in US commercial casinos. European markets, which lagged the recovery of the US in 2021, have seen building demand during 2022 with Asia, and in particular, the Macau market, remaining weak due to ongoing COVID restrictions.

We are building on our reputation as a trusted outsource partner for gaming computer platforms by offering complete gaming cabinet solutions which are designed to meet the requirements of regulated gaming markets. These incorporate our computer platforms and gaming monitors into a turnkey gaming cabinet product, enabling customers to outsource their entire hardware development and supply to Quixant.

In Q3 2022 we secured our first production orders for our gaming cabinets from a new customer, valued at $4m, driving new category revenue for the Gaming business and progressing the Group's strategic objective to increase our share of the customer wallet. We expect the first production units, which our customers will be installing in the North American market, to ship during the fourth quarter of 2022 and into 2023.

Densitron Business Review

Densitron is a global specialist in Human Machine Interaction, bringing innovative displays, control surfaces and control systems to a wide range of global industrial markets, with the Broadcast sector being a particular market of focus. Densitron revolutionises the control of electronic equipment with tactile touchscreen displays and user-friendly graphical interfaces driven by flexible embedded computer options.

Since acquiring Densitron in 2015, we have been implementing a transformation programme leading to restructure and rejuvenation across this business. The overall aim of these changes has been as follows:

- Bolster and protect our core display component business, while driving operational efficiency to enhance profitability; and
- Identify and invest into specific market sectors where we can develop intellectual property and specialised product offerings to find new high-margin growth streams.

After achieving record post-acquisition six-month revenues in H2 2021, the Densitron business exceeded this figure during the first half of 2022. Based on the strength of order book, we expect the second half of 2022 to be another strong trading period and this trend to continue into 2023.

Display Components Business

Densitron's Display Component products, which have been the bedrock of Densitron's business since it was founded in 1970, are sold globally to a broad range of sectors. This diverse customer base creates exceptional business resilience, as proven most recently during the pandemic, where in 2020 revenues declined by only 7%.

The Display Components business delivered robust trading performance in the first half of 2022, which was enabled by four key elements:

- Centralisation of the business' supply chain management and procurement in Taiwan and streamlining operations. This allowed us to manage supply chain very closely through the pandemic, while allowing our local market teams to focus on delivering excellent customer service and growing sales;
- Re-organisation of our regional teams to focus on sales growth. A simplified operating structure with three regions replacing a country-based structure has been implemented, which we reinvigorated further with a rejuvenated leadership and sales team all incentivised on growth-focused commission and bonus schemes;
- Termination of non-performing business units and product offerings; and
- Implementing improved, simplified KPIs and supporting systems to enable better management through consistent data globally.

Our ability to manage the supply chain and ensure availability of product has given us a competitive advantage in the crowded display components marketplace and, together with the operational improvements above, is driving ongoing broad sector growth in this business.

Broadcast Business
We identified the Broadcast sector as the Group's second focus market after Gaming. Broadcast equipment manufacturers have been increasingly adopting more modern Human Machine Interaction solutions (HMIs) to control their devices, which are used in broadcast studios, outside broadcast trucks, theatres, auditoriums and houses of worship amongst a myriad of other venues. These new HMI solutions, which we call Control Surfaces, are based on touch screen technology and graphical user interfaces (GUIs) instead of the mechanical buttons, rotary elements and faders historically used to control the devices. To drive these new HMI solutions, it is essential to have a low-powered computer and software stack which was not required with the mechanical controls they replace. Densitron has launched a bespoke range of Control Surfaces which also introduce patent pending tactile technology so users can not only see the GUI elements on screen but also feel them. We also acquired a product range called IDS in 2019, which is Control System software widely used in high profile broadcast corporations such as the BBC, CNN and Al Jazeera. We see significant opportunities to convert new Broadcast customers and upsell existing Broadcast Display Component customers to these newer higher value products.

Densitron's Broadcast sector business has delivered two consecutive years of double-digit growth in 2020 and 2021 and we have seen revenues in the first half of 2022 growing 43% year on year to $3.1m (H1 2021: $2.1m). Margins within Broadcast are enhanced compared to the other parts of the Densitron division. We have therefore made further investments into this business unit which we believe long-term will be a significant component of Densitron and Group revenues.

Group Financial Review

Group revenues were up 46% year on year to $53.3m (H1 2021: $36.5m), with Quixant Gaming growing 71% to $31.4m (H1 2021: $18.4m) and Densitron growing 21% to $21.9m (H1 2021: $18.1m). The top 10 customers represented 53% of revenue in the first half of 2022 (H1 2021: 50%), with the increased concentration driven by significant Gaming revenue growth, although still at lower than pre-pandemic levels.

The increase in Gaming revenues was due to elevated demand from our customer base, with 22,500 Gaming platforms shipped in the first half, an increase of 45% on H1 2021. Increased sales prices to address cost price inflation have also driven higher revenues and we estimate this represented around 10% of overall revenue growth. Densitron saw continued strong demand for its products across all sectors and achieved the highest six-month revenue performance since acquisition in 2015. The Broadcast sector continued its impressive performance, with growth ahead of the Densitron overall average.

Gross margin in H1 2022 was 31.6%, up from the 30.3% achieved in H1 2021. The increase is in part driven by the higher proportion of Gaming revenues in overall Group revenues, operational leverage gained from higher production volumes and initial signs that customer price rises effected during 2021 and 2022 are taking effect on mitigating component price inflation.

Operating expenses increased by $3.8m or 38% to $13.9m (H1 2021: $10.1m). The increase in operating expenses is primarily driven by increased headcount costs, as the Group has invested in its people to support the growth of the business. The Group has also seen an increase in travel and marketing costs as trade shows recommence and global travel is again possible following the pandemic.

Adjusted Profit before tax in the first half was $3.5m, a significant improvement on the $1.3m reported in H1 2021. Statutory profit before tax was $2.8m (H1 2021: $0.8m). The adjustments to statutory profit before tax of $0.7m (H1 2021: $0.5m) comprised a share-based payments expense of $0.2m (H1 2021: $0.1m) and amortisation of acquired intangibles of $0.5m (H1 2021: $0.5m).

Finance expense decreased to $0.1m (H1 2021: $0.2m) due to lower borrowing levels.

The tax charge on adjusted profit before tax was $0.8m (H1 2021: $0.2m), an effective tax rate of 23% (H1 2021: 16%), driven by the mix of profit across our regions in the first half. We expect the full year tax rate to be within a range of 21-24%. The tax charge on reported profit was $0.6m (H1 2021: $0.1m).

Adjusted diluted earnings per share was $0.0405, an increase of 142% on H1 2021 ($0.0167 per share). Diluted earnings per share was $0.0331, an increase of 214% on H1 2021 ($0.0106 per share).

Net cash was $12.0m at 30 June 2022, compared with $17.6m at 31 December 2021. The decrease in net cash is largely due to the cash outflow from operations of $3.6m, primarily due to increased working capital. Through the first half of the year the Group continued its investment in raw materials to secure critical components, which has supported the revenue shipments in the first half. The Group also continued to invest in the development of new products, and capitalised development costs of $1.2m (H1 2021: $1.0m) in the first half.

Current Trading and Outlook

The resilience in our business model has been tested over the last three years and despite challenging trading periods, we have seen a strong recovery in demand and new business opportunities which have only been tempered by the market-wide supply challenges. We believe the strength of our product offering and brand continues to be highly respected and is the key driver behind increased customer momentum.

As we approach the fourth quarter of the year, despite macro-economic uncertainty leading to volatility in margins and component availability, we are confident in growing demand across the business. Trading over the first few months of the second half has been robust and, supported by a strong order book, we are very confident in achieving the recently upgraded 2022 market expectations for revenue and profit.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND 30 JUNE 2021

	Note	**Unaudited 30 June 2022 $000**	Unaudited 30 June 2021 $000
Revenue	3	**53,288**	36,543
Cost of sales		**(36,446)**	(25,466)
Gross profit		**16,842**	11,077
Operating expenses		**(13,940)**	(10,075)
Operating profit		**2,902**	1,002
Finance expense		**(61)**	(192)
Profit before tax	1	**2,841**	810
Taxation		**(625)**	(108)
Profit for the period		**2,216**	702
Other comprehensive (expense)/income for the period			
Foreign currency translation differences		**(1,860)**	208
Total comprehensive income for the period		**356**	910
Basic earnings per share	4	**$0.0334**	$0.0106
Diluted earnings per share	4	**$0.0331**	$0.0106

The above condensed consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022 AND AT 31 DECEMBER 2021

	Unaudited 30 June 2022 $000	31 December 2021 $000
Non-current assets		
Property, plant and equipment	**5,657**	5,874
Right-of-use assets	**1,491**	1,924
Intangible assets	**15,975**	16,027
Investment property	**-**	-
Deferred tax assets	**192**	116
Trade and other receivables	**1,121**	336
	24,436	24,277
Current assets		
Inventories	**34,331**	29,085
Trade and other receivables	**23,557**	22,960
Cash and cash equivalents	**12,607**	18,347
	70,495	70,392
Total assets	**94,931**	94,669
Current liabilities		
Loans and borrowings	**(92)**	(99)
Trade and other payables	**(26,230)**	(25,510)
Current income tax liabilities	**(1,366)**	(1,756)
Lease liabilities	**(420)**	(609)
	(28,108)	(27,974)
Non-current liabilities		
Loans and borrowings	**(534)**	(621)
Provisions	**(326)**	(335)
Deferred tax liabilities	**(243)**	(302)
Lease liabilities	**(1,085)**	(1,360)
	(2,188)	(2,618)
Total liabilities	**(30,296)**	(30,592)
Net assets	**64,635**	64,077
Equity attributable to equity holders of the parent		
Share capital	**106**	106
Share premium	**6,708**	6,708
Share based payments reserve	**414**	212
Retained earnings	**59,156**	56,940
Translation reserve	**(1,749)**	111
Total equity	**64,635**	64,077

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022, 31 DECEMBER 2021 AND 30 JUNE 2021

	Share capital	Share premium	Translation reserve	Share based payments	Retained earnings	Total equity
	$000	$000	$000	$000	$000	$000
Balance at 1 January 2021	106	6,708	882	1,571	54,086	63,353
Total comprehensive income for the period						
Profit for the period	-	-	-	-	702	702
Other comprehensive income	-	-	208	-	-	208
Total comprehensive income for the period	-	-	208	-	702	910
Transactions with owners, recorded directly in equity						
Share based payments	-	-	-	60	-	60
Dividend paid	-	-	-	-	(1,848)	(1,848)
Total contributions by and distributions to owners	-	-	-	60	(1,848)	(1,788)
Unaudited balance at 30 June 2021	106	6,708	1,090	1,631	52,940	62,475
Unaudited balance at 1 July 2021	106	6,708	1,090	1,631	52,940	62,475
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,862	2,862
Other comprehensive expense	-	-	(979)	-	-	(979)
Total comprehensive income for the period	-	-	(979)	-	2,862	1,883
Transactions with owners, recorded directly in equity						
Share based payments	-	-	-	(281)	-	(281)
Reserve transfer	-	-	-	(1,138)	1,138	-
Total contributions by and distributions to owners	-	-	-	(1,419)	1,138	(281)
Balance at 31 December 2021	106	6,708	111	212	56,940	64,077
Balance at 1 January 2022	106	6,708	111	212	56,940	64,077
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,216	2,216
Other comprehensive expense	-	-	(1,860)	-	-	(1,860)
Total comprehensive income for the period	-	-	(1,860)	-	2,216	356
Transactions with owners, recorded directly in equity						
Share based payments	-	-	-	202	-	202
Total contributions by and distributions to owners	-	-	-	202	-	202
Unaudited balance at 30 June 2022	106	6,708	(1,749)	414	59,156	64,635

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND 30 JUNE 2021

	Unaudited 30 June 2022 $000	Unaudited 30 June 2021 $000
Cash flows from operating activities		
Profit for the period	**2,216**	702
Adjustments for:		
Depreciation and amortisation	**1,322**	1,332
Impairment losses on intangible assets	**267**	-
Depreciation of leased assets	**318**	628
Movement in provisions	**28**	17
Taxation expense	**625**	108
Finance expense	**61**	192
Exchange rate losses	**700**	-
Share-based payment expense	**202**	60
Loan forgiven from prior year	**-**	(117)
	5,739	2,922
Increase in trade and other receivables	**(1,716)**	(1,848)
Increase in inventories	**(6,806)**	(3,003)
Increase in trade and other payables	**408**	3,470
	(2,375)	1,541
Interest paid	**(15)**	(54)
Lease liability interest paid	**(46)**	(138)
Income tax paid	**(1,167)**	(288)
Net cash (used in)/provided by operating activities	**(3,603)**	1,061
Cash flows from investing activities		
Additions to development costs	**(1,246)**	(953)
Additions to property, plant and equipment	**(236)**	(99)
Additions to computer software	**(89)**	(31)
Net cash used in investing activities	**(1,571)**	(1,083)
Cash flows from financing activities		
Proceeds from borrowings	**1,619**	672
Repayment of borrowings	**(1,667)**	(813)
Principal payment of lease liabilities	**(349)**	(612)
Dividends paid	**-**	(1,848)
Net cash used in financing activities	**(397)**	(2,601)
Net decrease in cash and cash equivalents	**(5,571)**	(2,623)
Cash and cash equivalents at 1 January	**18,347**	18,804
Foreign exchange rate movements	**(169)**	(61)
Cash and cash equivalents at period end	**12,607**	16,120

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

1. Basis of preparation and accounting policies

As is permitted by the AIM rules for Companies, the Directors have not adopted the requirements of IAS34 'Interim Financial Reporting' in preparing the interim financial statements. The financial information shown for the year ended 31 December 2021 in the interim financial information does not constitute full statutory financial statements as defined in Section 434 of the Companies Act 2006 and has been extracted from the Company's annual report and accounts. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by Quixant Plc during the interim reporting period. The annual financial statements of the Group were prepared in accordance with UK adopted international accounting standards and the Auditor's Report on the annual report and accounts was unqualified.

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021. The reporting currency adopted by the Group is the US Dollar as this is the trading currency of the Group.

The condensed consolidated interim financial information is neither audited nor reviewed and the results of operations for the six months ended 30 June 2022 are not necessarily indicative of the operating results for future operating periods.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial report.

This condensed consolidated interim financial report was approved by the Board of Directors on 5 September 2022.

Reconciliation of adjusted measures

The Group presents adjusted profit before tax by adjusting for costs and profits, which management believes to be significant by virtue of their size, nature or incidence or which have a distortive effect on current year earnings. Such items may include but are not limited to share-based payments expense, restructuring charges, acquisition related costs and amortisation of intangible assets arising from business combinations.

In addition, the Group presents an adjusted profit after tax measure by adjusting for certain tax charges and credits, which management believes to be significant by virtue of their size, nature or incidence or which have a distortive effect.

The Group uses these adjusted measures to evaluate performance and as a method to provide shareholders with clear and consistent reporting. See below for a reconciliation of profit before tax to adjusted profit before tax and a reconciliation of profit after tax to adjusted profit after tax.

	Six months ended 30 June 2022 $000	Six months ended 30 June 2021 $000
Profit before tax	**2,841**	810
Adjustments:		
Amortisation of customer relationships, technology and order backlog[1]	**460**	460
Share-based payments expense[2]	**202**	60
Adjusted Profit before tax	**3,503**	1,330

[1] The amortisation of customer relationships, technology and order backlog has been excluded as it is not a cash expense to the Group.

[2] Share-based payments expense has been excluded as they are not a cash-based expense.

Profit after tax	**2,216**	702
Adjustments:		
Amortisation of customer relationships, technology and order backlog	**460**	460
Share-based payments expense	**202**	60
Non-recurring tax expense[1]	**(166)**	(108)
Adjusted Profit after tax	**2,712**	1,114

[1]Tax on adjusted items relating to amortisation of customer relationships, technology and order backlog of $0.5m (H1 2021: $0.5m) and share-based payments expense of $0.2m (H1 2021: $0.1m)

2. Business and geographical segments

The Chief Operating Decision Maker (CODM) in the organisation is an executive management committee comprising the Board of Directors. The segmental information is presented in a consistent format with management information. The Group assesses the performance of the segments based on a measure of revenue and profit before tax. The segmental split of the balance sheet is not reviewed by the CODM, and they do not look at assets/liabilities of each division separately but combined as a group. Therefore, this split for assets has not been included.

The operating segments applicable to the Group are as follows:

- Gaming – Design, development and manufacturing of gaming platforms and display solutions for the casino gaming and slot machine industry.
- Densitron – Sale of electronic display products to global industrial markets. IDS is included in the Densitron reporting segment, due to the nature of IDS business, the products that are sold and the market that the business operates in are all consistent with that segment.

Reconciliation of segment results to profit after tax:

	Six months ended 30 June 2022 $000	Six months ended 30 June 2021 $000
Gaming	**7,673**	3,683
Densitron	**2,030**	2,363
Segment results	**9,703**	6,046
Corporate cost	**(6,801)**	(5,044)
Operating profit	**2,902**	1,002
Finance expense	**(61)**	(192)
Profit before tax	**2,841**	810
Taxation	**(625)**	(108)
Profit after tax	**2,216**	702

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	$000	**$000**	**$000**	$000	$000	$000
	Gaming	**Densitron**	**Total**	Gaming	Densitron	Total
Other information						
Depreciation of owned assets	**48**	**3**	**51**	50	2	52
Amortisation of intangible assets	**382**	**145**	**527**	359	92	451
	430	**148**	**578**	409	94	503

3. Analysis of turnover

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	$000	**$000**	**$000**	$000	$000	$000
	Gaming	**Densitron**	**Total**	Gaming	Densitron	Total
By primary geographical market						
Asia	**1,772**	**4,667**	**6,439**	934	3,582	4,516
Australia	**2,003**	**34**	**2,037**	3,050	31	3,081
UK	**1,797**	**1,443**	**3,240**	301	1,230	1,531
Europe excl. UK	**6,464**	**6,182**	**12,646**	2,942	6,569	9,511
North America	**19,186**	**7,269**	**26,818**	11,147	6,237	17,384
Other	**159**	**1,949**	**2,108**	25	495	520
	31,381	**21,907**	**53,288**	18,399	18,144	36,543

4. Earnings per share

	Six months ended 30 June 2022 $000	Six months ended 30 June 2021 $000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity shareholders	**2,216**	702
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS	**66,450,060**	66,450,060
Effect of dilutive potential ordinary shares:		
Share options	**486,962**	89,971
Weighted number of ordinary shares for the purposes of diluted EPS	**66,937,022**	66,540,031
Basic earnings per share	**$0.0334**	$0.0106
Diluted earnings per share	**$0.0331**	$0.0106

Calculation of adjusted diluted earnings per share:	**Six months ended 30 June 2022 $000**	Six months ended 30 June 2021 $000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity shareholders	**2,216**	702
Adjustments:		
Amortisation of customer relationships, technology and order backlog	**460**	460
Share based payments expense	**202**	60
Tax effect of adjustments	**(166)**	(108)
Adjusted earnings	**2,712**	1,114
Adjusted diluted earnings per share	**$0.0405**	$0.0167

5. Related party transactions

During the period, the Group paid €15,600 (H1 2021: €15,600) for administrative services to Francesca Marzilli, the wife of Nicholas Jarmany. There were no other related party transactions, other than transactions with key management personnel, who are the Directors of the Company.