



# Focus on growth



EMIS Group plc  
Half year results 2021

# The UK leader in connected healthcare software and systems

---

## GROWTH

EMIS Group is returning to business as usual following the challenges of the pandemic during 2020 and has maintained investment in, and focus on, growth.

## STRATEGIC FOCUS

EMIS Group's connected care strategy positively reflects the needs of the healthcare market as it emerges from Covid-19, with an increased focus on data capabilities.

---

## Overview

- 02 Highlights
- 03 Chief Executive Officer's overview
- 05 Operational review
- 07 Financial review

## Financial statements

- 09 Independent review report to EMIS Group plc
- 10 Group statement of comprehensive income
- 11 Group balance sheet
- 12 Group statement of cash flows
- 13 Group statement of changes in equity
- 14 Notes to the half year financial statements
- 19 Appendix: Alternative performance measures (APMs)
- 21 Shareholder information

Visit our website at  
[www.emisgroupplc.com](http://www.emisgroupplc.com)



## Highlights

**H1 results – slightly ahead of the Board’s expectations**

- A positive H1 with revenue and adjusted operating profit ahead of both 2020 H1 and 2019 H1’s results
- Building solid foundations for the future with recurring revenue increasing by 4%, representing 79% of total revenue
- Cash flow reduced by one-off working capital factors, including the repayment of £7.3m VAT deferred from 2020 H1
- Good performance from sales, account management and delivery teams, returning to business as usual
- EMIS Enterprise boosted by use of the - Outcomes4Health solution to support the Covid-19 vaccination roll-out in England
- Dividend growth returns to pre-Covid-19 levels of 10%

**Operational highlights – focus on growth**

- EMIS Group is engaged with senior NHS and enterprise business leaders on the future of the healthcare market post Covid-19
- Well positioned to meet the emerging integrated care systems’ (ICSs’) needs through the investments made in technology, especially analytics, data integration and interoperability capabilities
- Continued focus on improving customer experience with good progress in the period, particularly with respect to the success of digital support channels
- On track to complete the next stage of EMIS-X through deployment of the fast healthcare interoperability resource (FHIR) layer as planned

**Group outlook – confidence in future performance**

- A clear line of sight to meet Board expectations for the second half of the year
- The Group’s connected care strategy positively reflects the needs of the market both now and post Covid-19, working closely with customers to develop the capabilities they require
- Focussed on consistent growth in the next stage of the Group’s evolution organically, with strategic partners, as well as through targeted M&A

**Financial**

Total revenue

**£83.5m** +7%

Reported operating profit

**£16.3m** -2%

Reported cash generated from operations

**£17.0m** -53%

Reported EPS

**20.8p** -9%Net cash<sup>1</sup>**£48.0m** +9%Recurring revenue<sup>1</sup>**£65.8m** +4%Adjusted operating profit<sup>1</sup>**£20.0m** +13%Adjusted cash generated from operations<sup>1</sup>**£14.9m** -56%Adjusted EPS<sup>1</sup>**25.6p** +11%

Interim dividend

**17.6p** +10%

<sup>1</sup> For an explanation of the alternative performance measures used in this report, please refer to the appendix.

“We have a clear line of sight to meet Board expectations for the second half of the year.”

**Andy Thorburn**  
Chief Executive Officer

# A positive first half of the year

Good performance from the business, particularly in the sales, account management and delivery teams in both EMIS Health and EMIS Enterprise.

EMIS Group has had a positive first half of the year. Trading for the period has been slightly ahead of the Board's expectations and recurring revenue continues to grow. We have seen operational activities return to business as usual despite the continuing challenges of Covid-19, whilst maintaining a strong market share in our key business areas and continuing investment for future growth. Both revenue and adjusted operating profit were ahead of the comparative period last year and 2019. Reported operating profit was slightly lower than the comparative period.

The EMIS Health segment reported small increases in both recurring and non-recurring revenues. The business continues to deliver the requirements of the GP IT Futures contract to its core primary care market, meeting the immediate needs of NHS Digital (NHSD), aligning with GP users' needs for now and the future and continuing to support the national Covid-19 programme of work.

The EMIS Enterprise segment reported strong growth in both recurring and non-recurring revenue. This performance was boosted by a positive contribution from the Pinnacle business (acquired in March 2020) supporting the Covid-19 vaccination roll-out in England. The business continues to focus on growth in patient-facing digital services, analytics and pharmacy and through the partner programme.

## Connected care strategy

The future of the healthcare sector is connected care. We anticipate that the focus on integrated care systems (ICSs) will develop over the next few years as policies begin to take shape at both central and local NHS level.

Initial discussions indicate that data management will be at the heart of the NHS ICS strategy, which aligns with our investments in EMIS-X Analytics, fast healthcare interoperability resources (FHIR) and our connected care capabilities. We also continue to invest in connecting up our digital, pharmacy and life sciences capabilities to drive future growth.

The Group's development roadmap continues at pace. We have detailed development plans for all of our product areas, utilising an agile development approach to bring new applications and product enhancements to market more quickly with a combination of in-house development and partner technology in a composite model. Updated product roadmaps will be released across all key market settings during the second half of 2021.

We are on track to complete the next stage of EMIS-X this year through deployment of the national standard interoperability layer, FHIR, as planned.

During the first half of 2021 we completed Patient's transition into the matrix structure of EMIS Group. This enables us to continue moving forward as one joined-up organisation, reflecting our connected care strategy in alignment with NHS policy.

## Focussed on growth

The Group is focussed on delivering consistent growth in the coming years. EMIS Health is formally approved on 15 NHS frameworks, meaning we are well placed to serve the requirements of ICSs for interoperable technology systems that not only serve frontline clinicians but are capable of supporting healthcare analytics at scale for risk stratification, resource planning and machine learning to support clinical decision making. Data management will be at the heart of this and our investments in EMIS-X Analytics and EMIS-X interoperability capabilities position us well for the emerging ICS market.

In EMIS Enterprise we are focussed on four key areas for growth:

- increasing our digital patient-facing services;
- expanding the partner programme;
- growth and investment into pharmacy; and
- developing the life sciences market with EMIS-X Analytics.



## Chief Executive Officer's overview continued

### Focussed on growth continued

There are opportunities in community pharmacy as this sector takes on increased responsibility for frontline care under the patient group directions (PGD) initiative, which will see an increasing range of healthcare services provided in a pharmacy setting. This will lead to growth in the number and breadth of patient-facing services that are available to book via Patient Access. The EMIS partner programme is expected to drive growth through the creation of a complete technology ecosystem for customers.

### Working effectively during the pandemic

I continue to be impressed by the dedication and commitment of our employees in the UK and India, particularly during successive lockdowns. Our people are passionate about supporting the NHS in its delivery of patient care, and we continued to see our high-performing teams fulfil this despite the challenges of the pandemic. In recognition of the exceptional efforts to support our customers through the pandemic, we rewarded all team members with a one-off cash bonus in the first half of this year.

We continued to make employee wellbeing a priority during the first half of 2021, with a focus on internal communications and on promoting our established mental health first aider programme. We encourage a strong ethos of supporting each other and this is a cornerstone of EMIS's flexible working culture. An employee survey in June 2021 showed that 86% agree or strongly agree that as part of a remote workforce they feel engaged with the business.

Another important focus for the first half of 2021 has been developing our environmental, social and governance (ESG) proposition, drawing together a number of existing initiatives already underway in the Group. The Board has approved the plan and we will shortly create a formal committee to strengthen and develop our ESG strategy.

### Summary and outlook

EMIS Group continues to be well positioned for growth, with rapidly evolving technology and data platforms that are aligned with the evolution of the healthcare market.

With our connected care strategy and focus on the areas of analytics, data integration and interoperability, we are well positioned to deliver the connected care solutions that will be required by the emerging ICSs.

The Pinnacle acquisition in 2020 has strengthened our community pharmacy proposition; we will continue to grow the Group organically through and with partners and, additionally, with targeted acquisitions.

EMIS Group continues to increase its strong recurring revenue as a foundation for investment for growth. We are engaged with senior NHS and enterprise business leaders on the future of the healthcare market following the pandemic. Our clinical systems have been central to the UK's testing and vaccination programmes and, just as we are able to deliver the NHS's digital requirements for the national Covid-19 programme of work, our strategic roadmap aims to do the same for the NHS's long-term modernisation agenda.

EMIS Group retains significant cash resources and bank facilities to consider further acquisitions to build both the scale and capabilities of the Group in existing and adjacent markets.

We have a clear line of sight to meet Board expectations for the second half of the year and look forward to the future with confidence.

**Andy Thorburn**  
Chief Executive Officer

9 September 2021

“We are well positioned to deliver the connected care solutions that will be required by the emerging ICSs.”

**Andy Thorburn**  
Chief Executive Officer



## Operational review

# EMIS Health

The EMIS Health segment comprises business areas where revenue is generated from NHS organisations. This includes the primary, community and emergency care markets as well as specialist ICT infrastructure, hardware and engineering services and non-clinical software. There have been no material changes to market shares in key markets.

### Supporting NHS Digital

The Group is working in close partnership with NHSD as it continues to develop its national interoperability strategy, with EMIS enabling the technical delivery of plans. The clinical coding standard, SNOMED CT, is now aligned to international standards under NHSD's direction and EMIS is an early phase partner for new GP Connect capabilities, focussed on the FHIR standard for exchanging healthcare information.

As well as delivering against the GP IT Futures framework, the business continued to support NHSD with Covid-19-related projects. Its online test results system, Keystone, was scaled up to manage the transmission of up to 10 million test results per day into GP records through interoperability. EMIS released new technology to support GPs through the vaccination programme and supported NHS England with its daily Covid-19 reporting requirements.

### Regional update

EMIS Health continues to compete successfully across its estate. The Group is well placed for the framework mini-tender processes that are anticipated to occur through the coming years in both Scotland and England.

In Scotland, as an approved supplier on the NHS National Services Scotland (NSS) framework, EMIS Health continues to work closely with NSS to deliver the technology to support its health and care strategy.

In Northern Ireland, EMIS Health continues to supply EMIS Web to GP customers, who are now benefiting from GP2GP functionality, which allows patients' electronic health records to be transferred securely and quickly between their old and new practices when they change GPs.

EMIS Health continues to support its customers in Wales, pending the outcome of the new Digital Health and Care Wales primary care framework tender process. No end users have moved away from EMIS systems since the framework altered in early 2018.

### Strong performance in support and service

EMIS continues to prioritise customer experience and has dedicated teams working to take the performance to the next level. The use of digital support channels continued to increase, with 70% of tickets received and resolved digitally (2020: 50%), following the Group's 2019 investment into ServiceNow.

During the period the Group accelerated the pace of end user software update releases, to deploy new functionality to customers in a faster timeframe. The business also began to use the advanced data science technology of EMIS-X Analytics to analyse reporting trends and spot potential problems at an early stage, to be able to speed up resolving or preventing unexpected issues.

10 million

Covid-19 test results per day can be sent to GP records

70%

of support tickets are received and resolved digitally

66 million

Covid-19 vaccinations have been recorded using EMIS Group software

13 million

registered users of Patient Access

## Operational review continued

# EMIS Enterprise

The EMIS Enterprise segment comprises business areas where revenue is predominantly from private sector sources, including medicines management across both community and hospital pharmacies, life sciences, the partner programme and patient-facing digital services.

There have been no material changes in the market shares of any key markets in which EMIS Enterprise operates.

## Supporting the Covid-19 vaccination programme

In late 2020 EMIS adapted the Outcomes4Health system (acquired with the Pinnacle business) to build a national vaccination system at an unprecedented pace.

During the first half of the year, Outcomes4Health was the only point of care system able to record vaccinations in a non-hospital setting. To date, 66 million vaccinations have been recorded in Outcomes4Health, transferred through interoperability to the National Immunisation Management System (NIMS) and then into GP clinical systems the next day. This enables crucial vaccination status information to be shared with GP records and patients via the NHS App or Patient Access.

Continued use of the platform is expected as the UK moves into the next phases of the vaccination programme, with developments planned to support the delivery of both flu and Covid-19 vaccinations.

## Community pharmacy

The community pharmacy area of the business continued to perform well during the first half of 2021.

The NHS Long Term Plan, published in January 2019, outlined the intention for a greater range of clinical services to be provided in a community pharmacy setting to alleviate pressure on primary care. Secure exchange of data between systems will be key and EMIS has boosted its capacity to develop and deliver interoperability features into its pharmacy systems.

EMIS continues to integrate Pinnacle systems with its flagship clinical systems for GPs and community pharmacies. This includes functionality to support the NHS GP Community Pharmacist Consultation Service (GP CPCS), supporting triage from primary care into community pharmacy for minor illnesses.

The business also launched a new solution to support the national Discharge Medicines Service (DMS) across England, supporting secure transfer of clinical information at the point of patient discharge from hospital clinical systems to their chosen community pharmacy.

## Moving forwards with digital patient-facing services

Patient Access remains the number one app for primary care patient-facing services in England and increased its registered users to 13.0 million during the period (31 December 2020: 11.7 million). Patients continue to utilise digital solutions to access primary care services, with 11.5 million repeat prescriptions ordered in the first half of 2021, in line with the comparative period (2020: 11.7 million).

Patient Access is evolving from its strong foundations as the leading provider of primary care digital services into a healthcare ecosystem app with a broader range of services. This includes a new opt-in service for personalised healthcare content to support medication compliance through increased knowledge. Smart Pharmacy, a new pilot service, enables patients to order, track and opt for home delivery of their medications from their local pharmacy.

Community pharmacy appointment booking continues to develop, with the service now live in 1,600 branches of 248 pharmacy organisations. The business continues to expand the range of bookable services

through the Patient Access marketplace, including blood and Covid-19 testing, and to increase the network of service providers.

## The evolution of the partner programme

To offer customers a greater range of functionality, the business continues to proactively seek third party partners to add new and different capabilities to the overall ecosystem.

As a focus area of growth, EMIS has evolved the programme into two different types of partner relationships. Elite partners will bring strategically important core capabilities such as document management, video consulting and referral functionality to "plug into" in-house technology and provide the fully rounded EMIS solution.

Resale partners continue to offer a wide range of products and services that interoperate and exchange data seamlessly with EMIS clinical systems, including clinical devices such as spirometry and ECG monitors. The partner programme will continue to grow in line with end user requirements and NHS strategy, to drive business growth and promote core customer retention.

## EMIS-X Analytics

We believe that the future of preventative healthcare will be driven through analysis of data. National and local strategy will be informed by proactively identifying patients most at risk, to focus resources where they are most needed.

EMIS-X Analytics technology generates insights from data, which can be integrated back into the clinical workflow, to build in artificial intelligence (AI) that can help improve patient outcomes on both a national level and at the point of care.

EMIS continues to work on a pilot programme with one of the top five global pharmaceutical companies to implement AI into EMIS Web via EMIS-X Analytics technology. The collaboration aids early detection of atrial fibrillation to reduce occurrence of strokes across the UK population and is an example of how EMIS-X Analytics technology can identify conditions that have not yet been detected.

EMIS's strategy for EMIS-X Analytics is in alignment with policy: two recently released policy papers from the Department of Health and Social Care and the Department for Business, Energy and Industrial Strategy highlight the requirement for the integration of clinical research into the healthcare industry and provision of secure access for healthcare professionals.

The positive customer response to EMIS-X Analytics continues since its launch in October 2020. Following completion of a successful six-month pilot, many pilot customers have moved to the next stage of adopting the technology, ranging from simplified access to data for population health to appointment planning during the pandemic. We have closed two EMIS-X Analytics deals in the first half of 2021 and we expect more to follow.

## Supporting research into Covid-19 with EMIS-X Analytics technology

A collaboration between EMIS and the national open-source research platform OpenSAFELY is delivering important new insights into Covid-19, including findings on the under-reporting of Long Covid. EMIS and OpenSAFELY have created a secure, trusted research environment within EMIS-X Analytics to support this.

Other research projects in this collaboration are investigating the uptake of the UK Covid-19 vaccination programme, including analysis of regional and demographic coverage.

# Improved momentum maintained

The Group's revenue, recurring revenue, adjusted operating profit and margin were all higher compared to both the comparative period and 2019 H1.

It was pleasing to see the improved momentum of the latter part of 2020 maintained into the first half of 2021, despite the further lockdown in the early months of this year. The Group's revenue, recurring revenue, adjusted operating profit and margin were all higher compared to both the comparative period and 2019 H1. As expected, reported operating profit and margin were slightly lower and cash flow was less strong than the comparative period as Covid-19-related VAT deferrals unwound and investment in the business to deliver future growth was maintained.

Group revenue increased by 7% to £83.5m (2020 H1: £78.1m), including revenue of £3.3m (2020 H1: £0.7m) from the March 2020 Pinnacle acquisition. Recurring revenue grew by 4% to £65.8m (2020 H1: £63.5m), representing 79% (2020 H1: 81%) of the Group's total revenue.

Adjusted operating profit for the period was £20.0m (2020 H1: £17.8m), with increases in both recurring and non-recurring revenue and a more normalised gross margin sales mix partly offset by higher staff costs and increased operating expenses. With a lower level of development costs capitalised, reported operating profit reduced to £16.3m (2020 H1: £16.6m).

## Segmental performance

In EMIS Health, revenue reflected a more normalised trading period for the segment with the comparative period having included higher than usual hardware sales. Overall revenue was marginally higher at £54.3m (2020 H1: £54.0m) but within this recurring revenue increased by 3%. This higher quality revenue mix resulted in an increased adjusted operating profit of £12.5m (2020 H1: £11.9m), delivered while continuing to invest in developing the strategic roadmap. Conversely, reported divisional operating profit was lower at £10.6m (2021 H1: £13.1m) due to a reduction in the level of capitalised development costs.

In EMIS Enterprise, revenue increased by 21% to £29.3m (2020 H1: £24.1m) and recurring revenue increased by 6%, reflecting an improved market and a relatively weak comparative period which was affected by the first lockdown. With the segment focussed on executing in the areas of patient-facing services, analytics and pharmacy, including supporting the NHS Covid-19 vaccination programme through its Pinnacle software, adjusted operating profit increased by 28% to £8.4m (2020 H1: £6.5m) and reported operating profit also increased to £6.6m (2020 H1: £4.2m).

## Revenue

The analysis of revenue is summarised below with full segmental revenue analysis set out in note 9.

- **software subscription and support** revenue increased to £50.9m (2020 H1: £48.9m), reflecting higher revenue from the Group's existing customers;
- **interface and connectivity charges** increased to £12.1m (2020 H1: £9.7m), as a result of increased on-boarding within the partner programme;
- **other services** revenue was higher at £7.9m (2020 H1: £6.7m), principally due to increased activity in digitisation projects and growth in analytics;
- **hardware and related services** revenue reduced to a more normal level at £6.4m (2020 H1: £9.6m), after the pandemic had driven higher short-term demand in the primary care market in the comparative period; and
- **perpetual licences, training, consultancy and implementation** revenue was higher at £6.2m (2020 H1: £3.2m), with an increasing level of project work across the business including one-off revenues in relation to the NHS Covid-19 vaccination programme.





## Financial review continued

### Profitability and dividend

Adjusted operating profit increased by 13% to £20.0m (2020 H1: £17.8m) with the adjusted operating margin increasing to 24.0% (2020 H1: 22.8%), reflecting the stronger sales mix.

The Group employed 1,515 staff at 30 June 2021, with the decrease from 1,591 at 31 December 2020 principally as a result of vacancies in the Indian development team which are expected to be filled in the second half of the year. Average staff costs increased with the timing and quantum of bonus and share scheme charges. Other operating expenses increased with additional costs associated with the technology transformation programme, including Microsoft and AWS.

With a lower level of capitalisation of development costs due to teams focussing more on improving customer experience, and with amortisation overall remaining broadly consistent, reported operating profit was lower at £16.3m (2020 H1: £16.6m).

The tax charge for the period was £3.3m (2020 H1: £3.4m), including £0.3m resulting from the recalculation of deferred tax at the increased future rate of 25%. The tax charge represented an effective rate of tax before the deferred tax rate change, other income and share of result of joint venture and associate of 19.1% (2020 H1: 19.2%).

Adjusted basic and diluted EPS increased by 11% and 10% to 25.6p and 25.3p respectively (2020 H1: 23.1p and 22.9p). The reported basic and diluted EPS were both lower at 20.8p and 20.6p respectively (2020 H1: 22.9p and 22.8p).

The Board has carefully considered the more encouraging trading environment experienced in 2021, together with the consistent underlying growth of the Group and its future prospects, and has declared a 10% increase in the interim dividend to 17.6p per share (2020 H1: 16.0p), payable on 4 November 2021 to shareholders on the register at the close of business on 8 October 2021.

### Cash flow, net cash and financing

Cash generated from operations was £17.0m (2020 H1: £36.6m), with the decrease due principally to working capital movements. In particular, this reflected the repayment of £7.3m of VAT, the deferral of which had benefited the comparative period, and also some short-term delayed debtor payments which were received in early July. Adjusted cash from operations, stated after deducting capitalised development costs and adjusting for the cash impact of any exceptional items where appropriate, decreased to £14.9m (2020 H1: £33.8m).

Gross capital expenditure on property, plant and equipment and purchased software excluding capitalised development costs remained tightly controlled at £1.6m (2020 H1: £0.9m).

The Group paid £2.0m of deferred consideration in respect of the 2020 acquisition of the Pinnacle business and £2.4m to acquire shares to satisfy future requirements of employee share schemes, partially offset by £0.6m received for shares transferred to employees.

After finance costs, lease payments, tax, and dividends, the Group ended the period with net cash of £48.0m (31 December 2020: £53.0m; 2020 H1: £44.1m).

As at 30 June 2021, the Group had available undrawn bank facilities of £15.0m in place until 30 June 2022. An accordion arrangement is in place to increase the quantum up to £30.0m if required.

**Peter Southby**  
**Chief Financial Officer**  
 9 September 2021

“Adjusted operating profit for the period was £20.0m, with increases in both recurring and non-recurring revenue.”

**Peter Southby**  
 Chief Financial Officer

# Independent review report to EMIS Group plc

## Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2021 which comprises the Group statement of comprehensive income, Group balance sheet, Group statement of cash flows, Group statement of changes in equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the AIM Rules.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

## The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

## Frances Simpson for and on behalf of KPMG LLP Chartered Accountants

1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
8 September 2021

## Group statement of comprehensive income

for the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 Unaudited £'000	Six months ended 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
<b>Revenue</b>	9	<b>83,512</b>	78,118	159,453
<b>Costs:</b>				
Changes in inventories		51	940	(47)
Cost of goods and services		(8,159)	(12,426)	(20,288)
Staff costs		(36,864)	(29,680)	(63,374)
Other operating expenses		(13,662)	(12,002)	(22,628)
Depreciation of property, plant and equipment		(2,173)	(2,601)	(5,089)
Amortisation of intangible assets		(6,391)	(5,718)	(12,251)
<b>Adjusted operating profit</b>		<b>20,011</b>	17,772	39,266
Development costs capitalised		2,112	4,096	6,590
Amortisation of intangible assets <sup>1</sup>		(5,809)	(5,237)	(11,100)
Release of contingent acquisition consideration		–	–	1,020
<b>Operating profit</b>		<b>16,314</b>	16,631	35,776
Finance income		11	201	89
Finance costs		(241)	(322)	(590)
Share of result of joint venture and associate		361	424	858
Other income <sup>2</sup>		–	782	782
<b>Profit before taxation</b>		<b>16,445</b>	17,716	36,915
Income tax expense	10	(3,335)	(3,384)	(6,794)
<b>Profit for the period</b>		<b>13,110</b>	14,332	30,121
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss:</b>				
Currency translation differences		(120)	76	(41)
<b>Other comprehensive income</b>		<b>(120)</b>	76	(41)
<b>Total comprehensive income for the period</b>		<b>12,990</b>	14,408	30,080
<b>Attributable to:</b>				
– equity holders of the parent		12,990	14,479	30,207
– non-controlling interest in subsidiary company		–	(71)	(127)
<b>Total comprehensive income for the period</b>		<b>12,990</b>	14,408	30,080
<b>Earnings per share attributable to equity holders of the parent</b>		<b>Pence</b>	Pence	Pence
Basic	11	20.8	22.9	48.1
Basic diluted	11	20.6	22.8	47.6
Adjusted	11	25.6	23.1	51.0
Adjusted diluted	11	25.3	22.9	50.4

1 Excluding amortisation of computer software used internally of £582,000 (2020 H1: £481,000; 2020 FY: £1,151,000).

2 During the prior period the Group received £782,000 of previously unrecognised additional consideration in relation to the 2019 disposal of the Specialist & Care business.

## Group balance sheet

as at 30 June 2021

	Notes	30 June 2021 Unaudited £'000	30 June 2020 Unaudited £'000	31 December 2020 Audited £'000
<b>Non-current assets</b>				
Goodwill		52,177	52,146	52,177
Other intangible assets	13	28,914	36,801	33,118
Property, plant and equipment		18,959	20,591	19,870
Investment in joint venture and associate		714	769	353
		<b>100,764</b>	110,307	105,518
<b>Current assets</b>				
Inventories		664	1,600	613
Current tax assets		3,274	247	3,556
Trade and other receivables		45,343	32,414	29,993
Cash and cash equivalents		48,044	44,122	53,008
		<b>97,325</b>	78,383	87,170
<b>Total assets</b>		<b>198,089</b>	188,690	192,688
<b>Current liabilities</b>				
Trade and other payables		(26,810)	(26,050)	(31,219)
Deferred income		(39,836)	(37,017)	(29,161)
Other financial liabilities	14	(2,000)	(2,480)	(2,000)
Lease liabilities	15	(867)	(973)	(990)
		<b>(69,513)</b>	(66,520)	(63,370)
<b>Non-current liabilities</b>				
Deferred tax liability		(2,245)	(1,711)	(2,289)
Other financial liabilities	14	–	(5,268)	(2,000)
Lease liabilities	15	(5,398)	(6,307)	(5,891)
		<b>(7,643)</b>	(13,286)	(10,180)
<b>Total liabilities</b>		<b>(77,156)</b>	(79,806)	(73,550)
<b>Net assets</b>		<b>120,933</b>	108,884	119,138
<b>Equity</b>				
Ordinary share capital		633	633	633
Share premium		51,045	51,045	51,045
Own shares held in trust		(5,434)	(4,810)	(3,594)
Retained earnings		73,015	61,948	69,260
Other reserve		1,674	(137)	1,794
<b>Equity attributable to owners of the parent</b>		<b>120,933</b>	108,679	119,138
Non-controlling interest		–	205	–
<b>Total equity</b>		<b>120,933</b>	108,884	119,138

## Group statement of cash flows

for the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 Unaudited £'000	Six months ended 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Profit before taxation		16,445	17,716	36,915
Finance income		(11)	(201)	(89)
Finance costs		241	322	590
Share of result of joint venture		(361)	(424)	(858)
Other income		—	(782)	(782)
Operating profit		16,314	16,631	35,776
<b>Adjustment for non-cash items:</b>				
Amortisation of intangible assets		6,391	5,718	12,251
Depreciation of property, plant and equipment		2,173	2,601	5,089
(Profit)/loss on disposal of property, plant and equipment		(7)	32	43
Share-based payments		824	230	1,440
Operating cash flow before changes in working capital		25,695	25,212	53,579
<b>Changes in working capital:</b>				
(Increase)/decrease in inventory		(51)	(940)	47
(Increase)/decrease in trade and other receivables		(13,857)	2,619	3,197
(Decrease)/increase in trade and other payables		(4,407)	2,508	7,751
Increase/(decrease) in deferred income		9,637	7,169	(436)
<b>Adjusted cash generated from operations</b>		14,905	33,775	58,851
Development costs capitalised		2,112	4,096	6,590
Cash costs of exceptional items		—	(1,303)	(1,303)
<b>Cash generated from operations</b>		17,017	36,568	64,138
Finance costs		(42)	(82)	(141)
Finance income		10	86	87
Tax paid		(3,789)	(7,723)	(11,684)
<b>Net cash generated from operating activities</b>		13,196	28,849	52,400
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(1,501)	(850)	(2,449)
Proceeds from sale of property, plant and equipment		7	2,478	2,500
Development costs capitalised		(2,112)	(4,096)	(6,590)
Purchase of software		(75)	(96)	(452)
Dividends received		—	—	850
Business combination		—	(2,880)	(2,880)
Disposal of discontinued operation, net of cash disposed of		—	782	782
<b>Net cash used in investing activities</b>		(3,681)	(4,662)	(8,239)
<b>Cash flows from financing activities</b>				
Transactions in own shares held in trust		(1,840)	211	474
Payment of lease liabilities	15	(573)	(777)	(1,511)
Contingent consideration		(2,000)	(800)	(800)
Dividends paid	12	(10,066)	(9,798)	(19,860)
Acquisition of non-controlling interest		—	—	(555)
<b>Net cash used in financing activities</b>		(14,479)	(11,164)	(22,252)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(4,964)	13,023	21,909
Cash and cash equivalents at beginning of period		53,008	31,099	31,099
<b>Cash and cash equivalents at end of period</b>		48,044	44,122	53,008



## Group statement of changes in equity

for the six months ended 30 June 2021

	Notes	Share capital £'000	Share premium £'000	Own shares held in trust £'000	Retained earnings £'000	Other reserve £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2020		633	51,045	(5,021)	57,118	147	276	104,198
Profit for the period		—	—	—	14,403	—	(71)	14,332
<b>Transactions with owners</b>								
Share acquisitions less sales		—	—	211	—	—	—	211
Share-based payments		—	—	—	230	—	—	230
Deferred tax in relation to share-based payments		—	—	—	(5)	—	—	(5)
Dividends paid		—	—	—	(9,798)	—	—	(9,798)
Contingent acquisition consideration		—	—	—	—	(320)	—	(320)
Option over non-controlling interest		—	—	—	—	(40)	—	(40)
<b>Other comprehensive income</b>								
Currency translation differences		—	—	—	—	76	—	76
At 30 June 2020		633	51,045	(4,810)	61,948	(137)	205	108,884
Profit for the period		—	—	—	15,845	—	(56)	15,789
<b>Changes in ownership interest</b>								
Non-controlling interest acquisition		—	—	—	(406)	—	(149)	(555)
<b>Transactions with owners</b>								
Share acquisitions less sales		—	—	1,216	—	—	—	1,216
Share-based payments		—	—	—	1,210	—	—	1,210
Deferred tax in relation to share-based payments		—	—	—	45	—	—	45
Dividends paid	12	—	—	—	(10,062)	—	—	(10,062)
Contingent acquisition consideration		—	—	—	680	(680)	—	—
Option over non-controlling interest		—	—	—	—	2,728	—	2,728
<b>Other comprehensive income</b>								
Currency translation differences		—	—	—	—	(117)	—	(117)
At 31 December 2020		633	51,045	(3,594)	69,260	1,794	—	119,138
Profit for the period		—	—	—	13,110	—	—	13,110
<b>Transactions with owners</b>								
Share acquisitions less sales		—	—	(1,840)	—	—	—	(1,840)
Share-based payments		—	—	—	824	—	—	824
Deferred tax in relation to share-based payments		—	—	—	(113)	—	—	(113)
Dividends paid	12	—	—	—	(10,066)	—	—	(10,066)
<b>Other comprehensive income</b>								
Currency translation differences		—	—	—	—	(120)	—	(120)
<b>At 30 June 2021</b>		<b>633</b>	<b>51,045</b>	<b>(5,434)</b>	<b>73,015</b>	<b>1,674</b>	<b>—</b>	<b>120,933</b>

## Notes to the half year financial statements

### 1. General information

The financial statements for the six months ended 30 June 2021 and the six months ended 30 June 2020 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 were approved by the Board of Directors on 17 March 2021 and delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

These condensed half year financial statements were approved for issue by the Board of Directors on 8 September 2021.

### 2. Basis of preparation

These condensed half year financial statements for the half year ended 30 June 2021 have been prepared in accordance with the AIM Rules for Companies, comply with IAS 34 Interim Financial Reporting and should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRS").

The financial information is presented in sterling, which is the functional currency of EMIS Group. All financial information presented has been rounded to the nearest thousand.

#### Going concern

The Group is profitable and cash generative and it is anticipated that this will continue. There is a high and continuing level of recurring revenue and high cash conversion.

The Directors have prepared cash flow forecasts covering a period of at least twelve months from the date of approval of these condensed half year financial statements. These forecasts, including consideration of reasonably possible downside scenarios linked to the principal risks and uncertainties set out in the strategic report of the Group's annual report and accounts for the year ended 31 December 2020, show that the Group will continue to operate with significant cash reserves and would not need to utilise the facility in place under any of the scenarios considered. Based on this assessment the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for at least twelve months from the date of approval of these half year financial statements and therefore continue to adopt the going concern basis of accounting in preparing these condensed half year financial statements.

### 3. Accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's annual report and accounts for the year ended 31 December 2020.

Current taxes on income in the half year period are accrued using the tax rates that would be applicable to expected total annual profits. Deferred taxes on income are calculated based on the standard rates that are enacted as at the balance sheet date.

### 4. Critical accounting judgements and key sources of estimation uncertainty

In preparing the 2021 half year financial statements no significant judgements have been made in the process of applying the Group's accounting policies, and no significant estimations have been made that could have a material effect on the amounts recognised in the financial statements.

### 5. Principal risks and uncertainties

The 2020 Group annual report and accounts describes the principal risks and uncertainties that could impact the Group's performance. These risks relate to healthcare structure and procurement changes, software (product) development, people and culture, information governance and cyber security, and clinical safety. These remain unchanged since the annual report was published and are not expected to change for the remaining six months of the financial year. The Group operates a structured risk management process, which identifies and evaluates risks and uncertainties and reviews mitigation activity.

Covid-19 was described as an emerging risk in the 2020 Group annual report; however, the Board no longer regards this as an emerging risk which could materially impact the business, as the Group has proven its ability to continue to operate normally over an extended period of time including homeworking and video conferencing.

### 6. Financial risk management

The Group's activities expose it to financial risks including credit risk, liquidity risk, interest rate risk and price risk.

These condensed half year financial statements do not include all financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the 2020 Group annual report and accounts.

## Notes to the half year financial statements continued

**7. Forward-looking statements**

Certain statements in this half year report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

**8. Segmental reporting**

IFRS 8 Operating Segments provides for segmental information disclosure on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that this role is performed by the main Board.

The Directors have presented segmental information to reflect the Group's structure, activities and the markets being served. The Group has two operating and reportable segments, both involved with the supply and support of connected healthcare software and systems:

- EMIS Health; and
- EMIS Enterprise.

Each operating segment is assessed by the Board based on an adjusted measure of operating profit, as defined in the appendix. Group operating expenses, finance income and costs, cash and cash equivalents, and current and deferred taxes are not allocated to segments, as income tax, Group and financing activities are not segment specific.

	Six months ended 30 June 2021 Unaudited			Six months ended 30 June 2020 Unaudited		
	EMIS Health £'000	EMIS Enterprise £'000	Total £'000	EMIS Health £'000	EMIS Enterprise £'000	Total £'000
<b>Revenue</b>	<b>54,254</b>	<b>29,258</b>	<b>83,512</b>	54,003	24,115	78,118
<b>Segmental operating profit as reported internally</b>	<b>12,484</b>	<b>8,367</b>	<b>20,851</b>	11,929	6,521	18,450
Development costs capitalised	1,286	826	2,112	3,737	359	4,096
Amortisation of development costs	(1,555)	(991)	(2,546)	(844)	(880)	(1,724)
Amortisation of acquired intangible assets	(1,633)	(1,630)	(3,263)	(1,717)	(1,796)	(3,513)
<b>Segmental operating profit</b>	<b>10,582</b>	<b>6,572</b>	<b>17,154</b>	13,105	4,204	17,309
Group operating expenses			(840)			(678)
<b>Operating profit</b>			<b>16,314</b>			16,631
Net finance costs			(230)			(121)
Share of result of joint venture and associate			361			424
Other income			—			782
<b>Profit before taxation</b>			<b>16,445</b>			17,716

Revenue excludes intra-group transactions on normal commercial terms from the EMIS Health segment to the EMIS Enterprise segment totalling £1,185,000 (2020 H1: £1,399,000).

Revenue of £54,173,000 (2020 H1: £55,826,000) is derived from the NHS and related bodies. Revenue of £1,765,000 (2020 H1: £1,861,000) is derived from customers outside the United Kingdom.

**9. Revenue analysis**

Revenue is analysed as follows:

	Six months ended 30 June 2021 Unaudited			Six months ended 30 June 2020 Unaudited		
	EMIS Health £'000	EMIS Enterprise £'000	Total £'000	EMIS Health £'000	EMIS Enterprise £'000	Total £'000
Software subscription and support	38,909	11,975	50,884	38,075	10,794	48,869
Interface and connectivity charges	3,007	9,088	12,095	2,234	7,483	9,717
Other services	5,124	2,788	7,912	4,168	2,582	6,750
Hardware and related services	3,693	2,692	6,385	7,607	2,013	9,620
Perpetual licences, training, consultancy and implementation	3,521	2,715	6,236	1,919	1,243	3,162
	<b>54,254</b>	<b>29,258</b>	<b>83,512</b>	54,003	24,115	78,118

## Notes to the half year financial statements continued

**10. Income tax expense**

The tax expense recognised reflects management estimates of the tax charge for the period and has been calculated using the estimated average tax rate of UK corporation tax for the financial year of 19% (2020: 19%). In March 2021 the UK government announced that the UK corporation tax rate for large companies would rise to 25% from 1 April 2023. This resulted in a one-off deferred tax charge of £261,000 in the period, with a corresponding increase in the Group's net deferred tax liability.

**11. Earnings per share (EPS)**

The calculation of basic and diluted EPS is based on the following earnings and numbers of shares:

	Six months ended 30 June 2021 Unaudited £'000	Six months ended 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
<b>Earnings</b>			
Profit for the period	13,110	14,332	30,121
Total comprehensive income attributable to non-controlling interest	—	71	127
Basic earnings attributable to equity holders	13,110	14,403	30,248
Development costs capitalised	(2,112)	(4,096)	(6,590)
Amortisation of development costs and acquired intangible assets	5,809	5,237	11,100
Release of contingent acquisition consideration	—	—	(1,020)
Other income	—	(782)	(782)
Tax and non-controlling interest effect of above items	(703)	(258)	(925)
Adjusted earnings attributable to equity holders	16,104	14,504	32,031
<b>Weighted average number of ordinary shares</b>			
	Number '000	Number '000	Number '000
Total shares in issue	63,311	63,311	63,311
Shares held by Employee Benefit Trust	(346)	(479)	(447)
For basic EPS calculations	62,965	62,832	62,864
Effect of potentially dilutive share options	582	368	634
For diluted EPS calculations	63,547	63,200	63,498
<b>EPS</b>			
	Six months ended 30 June 2021 Unaudited Pence	Six months ended 30 June 2020 Unaudited Pence	Year ended 31 December 2020 Audited Pence
Basic	20.8	22.9	48.1
Basic diluted	20.6	22.8	47.6
Adjusted	25.6	23.1	51.0
Adjusted diluted	25.3	22.9	50.4

**12. Dividends**

In relation to the 2020 financial year, an interim dividend of 16.0p was paid on 5 November 2020 amounting to £10,062,000, followed by a final dividend of 16.0p on 14 May 2021 amounting to £10,066,000.

For the 2021 financial year, the Directors are proposing an interim dividend of 17.6p, which will be payable on 4 November 2021 to shareholders on the register at 8 October 2021. This interim dividend, which will amount to approximately £11,085,000, has not been recognised as a liability in these half year financial statements.

## Notes to the half year financial statements continued

## 13. Other intangible assets

	Computer software used internally £'000	Computer software developed for external sale £'000	Computer software acquired on business combinations £'000	Customer relationships £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	7,798	58,098	40,341	30,984	137,221
Additions	96	4,096	–	–	4,192
Acquisition of business	–	–	2,989	962	3,951
At 30 June 2020	7,894	62,194	43,330	31,946	145,364
Additions	356	2,494	–	–	2,850
At 31 December 2020	8,250	64,688	43,330	31,946	148,214
Additions	75	2,112	–	–	2,187
<b>At 30 June 2021</b>	<b>8,325</b>	<b>66,800</b>	<b>43,330</b>	<b>31,946</b>	<b>150,401</b>
<b>Accumulated amortisation and impairment</b>					
At 1 January 2020	5,167	43,676	31,281	22,721	102,845
Charged in period	481	1,724	2,202	1,311	5,718
At 30 June 2020	5,648	45,400	33,483	24,032	108,563
Charged in period	670	2,552	2,210	1,101	6,533
At 31 December 2020	6,318	47,952	35,693	25,133	115,096
Charged in period	582	2,546	2,210	1,053	6,391
<b>At 30 June 2021</b>	<b>6,900</b>	<b>50,498</b>	<b>37,903</b>	<b>26,186</b>	<b>121,487</b>
<b>Net book value</b>					
<b>At 30 June 2021</b>	<b>1,425</b>	<b>16,302</b>	<b>5,427</b>	<b>5,760</b>	<b>28,914</b>
At 31 December 2020	1,932	16,736	7,637	6,813	33,118
At 30 June 2020	2,246	16,794	9,847	7,914	36,801
At 1 January 2020	2,631	14,422	9,060	8,263	34,376



## Notes to the half year financial statements continued

## 14. Other financial liabilities

	Six months ended 30 June 2021 Unaudited £'000	Six months ended 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
<b>Current</b>			
Contingent acquisition consideration – Pinnacle	2,000	2,000	2,000
Contingent acquisition consideration – Dovetail	–	480	–
<b>Total</b>	<b>2,000</b>	<b>2,480</b>	<b>2,000</b>
<b>Non-current</b>			
Contingent acquisition consideration – Pinnacle	–	2,000	2,000
Contingent acquisition consideration – Dovetail	–	540	–
Option over non-controlling interest	–	2,728	–
<b>Total</b>	<b>–</b>	<b>5,268</b>	<b>2,000</b>

In respect of the Pinnacle contingent acquisition consideration, a payment of £2,000,000 was made during the period, and a liability of £2,000,000 was reclassified from non-current to current liabilities.

## 15. Leases

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets				Lease liabilities
	Land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000	£'000
As at 1 January 2020	2,639	46	886	3,571	(3,934)
Additions	3,391	–	389	3,780	(3,780)
Acquisition of business	151	–	–	151	(156)
Depreciation expense	(367)	(16)	(294)	(677)	–
Interest expense	–	–	–	–	(191)
Payments	–	–	–	–	777
Effect of movements in exchange rates	(6)	–	–	(6)	4
As at 30 June 2020	5,808	30	981	6,819	(7,280)
Additions	31	–	270	301	(301)
Depreciation expense	(491)	(16)	(269)	(776)	–
Interest expense	–	–	–	–	(195)
Payments	–	–	–	–	731
Effect of movements in exchange rates	(134)	–	–	(134)	164
As at 31 December 2020	5,214	14	982	6,210	(6,881)
Additions	–	–	10	10	(10)
Remeasurement of lease asset and liability	–	–	(154)	(154)	154
Depreciation expense	(315)	(14)	(198)	(527)	–
Interest expense	–	–	–	–	(180)
Payments	–	–	–	–	573
Effect of movements in exchange rates	(66)	–	–	(66)	79
<b>As at 30 June 2021</b>	<b>4,833</b>	<b>–</b>	<b>640</b>	<b>5,473</b>	<b>(6,265)</b>

## Appendix: Alternative performance measures (APMs)

This report contains certain financial measures (APMs) that are not defined or recognised under IFRS but are presented to provide readers with additional financial information that is evaluated by management and investors in assessing the performance of the Group.

This additional information presented is not uniformly defined by all companies and may not be comparable with similarly titled measures and disclosures by other companies. These measures are unaudited and should not be viewed in isolation or as an alternative to those measures that are derived in accordance with IFRS.

**Recurring revenue**

Recurring revenue is the revenue that annually repeats either under contractual arrangement or by predictable customer habit. It highlights how much of the Group's total revenue is secured and anticipated to repeat in future periods, providing a measure of the financial strength of the Group. It is a measure that is well understood by the Group's investor and analyst community and is used for internal performance reporting.

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Reported revenue	83,512	78,118	159,453
Non-recurring revenue	(17,690)	(14,640)	(29,410)
<b>Recurring revenue</b>	<b>65,822</b>	63,478	130,043

**Adjusted operating profit, adjusted operating margin, and adjusted earnings per share**

Adjusted operating profit is operating profit from continuing operations excluding exceptional items, the effect of capitalisation and amortisation of development costs, and the amortisation of acquired intangible assets. The same adjustments are also made in determining the adjusted operating margin of the Group and its segments and in determining adjusted earnings per share (EPS). The EPS calculation further adjusts for the profit impacts of discontinued operations and the related tax and non-controlling interest impacts of the operating profit adjustments.

The Board considers this adjusted measure of operating profit to provide the best metric of assessing underlying performance, as:

- it excludes exceptional items (items are only classified as exceptional due to their nature or size);
- it excludes any one-off goodwill impairment;
- by expensing capitalised development costs (and also not amortising these costs) it reflects the underlying in-year cash cost of development of software for external sale, as development is considered to be a core ongoing operating function of the business; and
- it excludes the amortisation of acquired intangibles arising from business combinations which varies year on year dependent on the timing and size of any acquisitions. This is consistent with the presentation of the amortisation of the Group's own software intangibles.

These metrics are used internally for reporting business unit performance and in determining management and executive remuneration. They are commonly used by other software companies, and are also well understood by the Group's investor and analyst community.

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Reported operating profit	16,314	16,631	35,776
Development costs capitalised	(2,112)	(4,096)	(6,590)
Amortisation of computer software developed for external sale	2,546	1,724	4,276
Release of exceptional contingent acquisition consideration	—	—	(1,020)
Amortisation of intangible assets arising on business combinations	3,263	3,513	6,824
<b>Adjusted operating profit</b>	<b>20,011</b>	17,772	39,266

## Appendix: Alternative performance measures (APMs) continued

**Adjusted operating profit, adjusted operating margin, and adjusted earnings per share** continued

A reconciliation of adjusted earnings used in the adjusted EPS calculations is shown below:

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Profit attributable to equity holders	13,110	14,403	30,248
Development costs capitalised	(2,112)	(4,096)	(6,590)
Amortisation of computer software developed for external sale	2,546	1,724	4,276
Amortisation of intangible assets arising on business combinations	3,263	3,513	6,824
Exceptional release of contingent acquisition consideration	—	—	(1,020)
Other income	—	(782)	(782)
Tax and non-controlling interest effect of above items	(703)	(258)	(925)
<b>Adjusted profit attributable to equity holders</b>	<b>16,104</b>	14,504	32,031

**Adjusted cash generated from operations**

The Group's adjusted cash generated from operations adjusts for capitalised development cost expenditure and the cash costs of exceptional items, consistent with the adjusted operating profit metric used by the Group. This provides a meaningful metric for the underlying cash the Group generates having accounted for the cash cost of all development expenditure and adding back the cash cost of non-recurring exceptional items.

	Six months ended 30 June 2021 £'000	Six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Reported cash generated from operations	17,017	36,568	64,138
Development costs capitalised	(2,112)	(4,096)	(6,590)
Cash cost of exceptional items	—	1,303	1,303
<b>Adjusted cash generated from operations</b>	<b>14,905</b>	33,775	58,851

**Net cash/(debt)**

The Group uses net cash/(debt), defined as cash and cash equivalents less total borrowings (excluding IFRS 16 lease liabilities), as a supplementary measure in evaluating its liquidity, as it indicates the level of cash available to the Group and provides an indicator of the overall balance sheet strength. It is used in the calculation of the leverage ratio under its bank facility arrangements. For the six months ended 30 June 2021 the Group was in a net cash position, with no borrowings.

## Shareholder information

### Internet

The Group's investor page can be found at [www.emisgroupplc.com/investors](http://www.emisgroupplc.com/investors). This site is regularly updated to provide information about the Group. In particular, the share price and all of the Group's press releases and announcements can be found on the site. Both the annual report and accounts and the half year report are published on [www.emisgroupplc.com/investors/financial-reporting-and-presentations](http://www.emisgroupplc.com/investors/financial-reporting-and-presentations). The maintenance and integrity of the website is the responsibility of the Directors. The auditor does not consider these matters.

### Registrar

Any enquiries concerning your shareholding should be addressed to the Company's registrar. The registrar should be notified promptly of any change in a shareholder's address or other details at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. Tel. 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The registrar is open between 9:00am and 5:30pm, Monday to Friday excluding public holidays in England and Wales. The registrar's website is [www.signalshares.com](http://www.signalshares.com). This will give you access to your personal shareholding by means of your investor code which is printed on your share certificate or statement of holding.

### Shareholder security

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. Details of any share dealing facilities that the Company endorses will be included in Company mailings or on the website. More detailed information can be found at [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk).

You can find out more information about investment scams, how to protect yourself and report any suspicious telephone calls to the Financial Conduct Authority (FCA) by visiting their website ([www.fca.org.uk/scamsmart/resources](http://www.fca.org.uk/scamsmart/resources)) or contacting the FCA on 0800 111 6768.

### Payment of dividends

Shareholders may find it more convenient to make arrangements to have dividends paid directly into their bank account. The advantages of this are that the dividend is credited to a shareholder's bank account on the payment date, there is no need to present cheques for payment and there is no risk of cheques being lost in the post. To set up a dividend mandate or to change an existing mandate, please contact Link Group, whose details are opposite.

### Share dealing services

The sale or purchase of shares must be done through a stockbroker or share dealing service provider. The London Stock Exchange provides a "Locate a broker" facility on its website which gives details of a number of companies offering share dealing services. For more information, please visit the private investors section at [www.londonstockexchange.com](http://www.londonstockexchange.com). Please note that the Directors of the Company are not seeking to encourage shareholders to either buy or to sell shares. Shareholders in any doubt about what action to take are recommended to seek financial advice from an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

### Share price information

The latest information on the share price is available at [www.emisgroupplc.com/investors/investor-toolkit/share-price/](http://www.emisgroupplc.com/investors/investor-toolkit/share-price/).

## Shareholder information continued

### Board

#### Executive Directors

Andy Thorburn  
Chief Executive Officer

Peter Southby  
Chief Financial Officer

#### Non-executive Directors

Patrick De Smedt  
Chair

Andy McKeon  
Senior Independent Non-executive Director

Kevin Boyd  
Independent Non-executive Director

Jen Byrne  
Independent Non-executive Director

JP Rangaswami  
Independent Non-executive Director

#### Company Secretary

Christine Benson

#### Company number

06553923 (England and Wales)

#### Registered Office

Fulford Grange  
Micklefield Lane  
Rawdon  
Leeds LS19 6BA

#### Auditor

##### KPMG LLP

1 Sovereign Square  
Sovereign Street  
Leeds LS1 4DA

#### Nominated adviser and broker

##### Numis Securities Limited

45 Gresham Street  
London EC2V 7BF

#### Registrar

##### Link Group

10th Floor, Central Square  
29 Wellington Street  
Leeds LS1 4DL

#### Financial PR

##### MHP Communications

60 Great Portland Street  
London W1W 7RT

#### Tax adviser

##### Deloitte LLP

1 City Square  
Leeds LS1 2AL

#### Remuneration adviser

##### Mercer Limited

1 Tower Place West  
Tower Place  
London EC3R 5BU

#### Legal advisers to the Company

##### Pinsent Masons LLP

1 Park Row  
Leeds LS1 5AB

##### Schofield Sweeney LLP

Church Bank  
Bradford  
BD1 4DY

##### DAC Beachcroft LLP

St Pauls House  
23 Park Square South  
Leeds LS1 2ND



EMIS Group plc

Registered Office  
Fulford Grange  
Micklefield Lane  
Rawdon  
Leeds LS19 6BA

Tel: 0330 024 1269  
www.emisgroupplc.com

Produced by

**design**portfolio