

RNS Number : 6571X  
D4T4 Solutions PLC  
28 November 2017

**D4t4 Solutions Plc**  
(the "Company, "Group" or "D4t4")

**'ALL ABOUT THE DATA'**

**Half-Year results for the six months ended 30 September 2017**

*"As experienced in some previous years a higher proportion of our business is expected to close and be delivered in H2 2017. Despite a lower first half due primarily to a change in the timing of contract awards by comparison to the same period last year, the Board remains confident of achieving management expectations for the full year based on recent business wins and the depth and quality of the prospects pipeline."*

Tuesday, 28 November 2017: Specialists in Data solutions, D4t4 Solutions Plc (AIM: D4T4) announces its unaudited half-year results for the six months ended 30 September 2017.

<b>Key highlights:</b>	Six months ended 30 September	
	<b>2017</b>	<b>2016</b>
Ø Group revenue	<b>£4.75m</b>	<b>£10.02m</b>
Ø Gross profit	<b>£2.08m</b>	<b>£5.26m</b>
Ø <i>Gross profit margin</i>	<b>43.76%</b>	<b>52.50%</b>
Ø Group adjusted pre-tax (loss) / profit *	<b>£(0.38)m</b>	<b>£2.12m</b>
Ø Adjusted* EPS	<b>(0.57)p</b>	<b>5.44p</b>
Ø +13% uplift in the interim dividend	<b>0.625p</b>	<b>0.55p</b>
Ø Net cash position	<b>£3.92m</b>	<b>£0.73m</b>
Ø Net current assets	<b>£4.48m</b>	<b>£3.33m</b>

\*Adjusted for amortisation of acquired intangibles, share based payment charges and foreign exchange gains

- Ø The first half loss is primarily due to the timing of client contracts during 2017. The balance of business intake during the period has been similar to that experienced by us previously in FY2014-15, in that a large proportion of our business is expected to close and be delivered in H2 2017.
- Ø Many of the contracts currently in negotiation (>80% by value) are with existing clients, who wish to increase either the footprint of our software or extend the use of our managed private cloud environments.
- Ø Data and analytics recurring income has continued to grow and, we are currently in contractual negotiations with 14+ companies across the software licence sales, private cloud and analytical platform modernisation project areas of our business
- Ø With the existing customer contracts forecast to close before the year end, recent new business wins and the depth and quality of prospects identified for both projects and software licence sales, the Board remain confident that the business will achieve a solid finish to the financial year which will be in line with management's expectations
- Ø We continue to have a strong balance sheet with half year net cash standing at £3.9m (31/03/17: £5.1m)

The half year report will shortly be made available on the Company's website:  
[www.d4t4solutions.com/investor-relations/](http://www.d4t4solutions.com/investor-relations/)

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014.

## **ENQUIRIES**

### **D4t4 Solutions Plc**

Peter Kear, Chief Executive Officer  
Carmel Warren, Chief Financial Officer  
Tel: +44 (0) 1932 893333  
email: [moreinfo@d4t4solutions.com](mailto:moreinfo@d4t4solutions.com)

### **finnCap** (Nominated Adviser & Broker)

Ed Frisby/Emily Watts - Corporate Finance  
Stephen Norcross/Sultan Awan - Corporate Broking  
Tel: +44 (0) 20 7220 0500

### **TooleyStreet Communications** (IR & Media Relations)

Fiona Tooley:  
Tel: +44 (0) 7785 703523  
email: [fiona@tooleystreet.com](mailto:fiona@tooleystreet.com)

## **EDITOR'S NOTE**

### **'ALL ABOUT THE DATA'**

D4t4 Solutions Plc

We operate within Asia, Europe and North America, employing 125 staff and servicing clients in over 21 countries and, our data collection software is running on, more than 25,000 websites.

Our people and intellectual property combine to create four core capabilities:

- v Data collection software (Celebrus) and skills
- v Data Management based facilities and skills
- v Data Analytics capabilities, solutions and skills
- v Data Solutions that are on premise or in the cloud and combine hardware, software and services.

At D4t4, we are energetically focused on solutions that enable clients who operate from within the financial services, retail, travel & transport, telco, insurance and automotive sectors to get the most from their data. From collection, through to management and analysis, we provide comprehensive products and services that drive value from our clients' information assets.

We are accredited to ISO27001: Information Security Management Standard and PCI Data Security Standard. To find out more, visit [www.d4t4solutions.com](http://www.d4t4solutions.com)

## **Introduction**

Three revenue streams generate D4t4 Solutions business income: *projects*, *software licence sales* and *recurring revenue* - derived from our managed private cloud and software licence maintenance services. The Company's focus is on selling via partners that have global reach and penetration in our target market sectors comprising financial services, retail, travel & transport, telco, insurance and automotive.

## **Trading performance**

A comparison of our three revenue streams to the previous year shows that recurring revenues performed well in the first half whereas the software licence sales and project work areas show a drop in revenue due to a change in the timing of contract closure when compared to the previous year. Major contracts in the software licence sales and project work areas were delivered in the first half of 2016 whereas more similar sized contracts will be delivered in the second half of this financial year.

Due to this change in contract closure timing, revenue in the first half compared to HY 2016-17 was down by 53% to £4.7 million (HY 2016-17: £10.0m) and we recorded an Operating loss of £563k compared to an Operating profit of £1,943k in HY2016-17. The Post-tax loss was £383k versus a 2016-17 first half Post-tax profit of £1,817k. Adjusted fully diluted loss per share was 0.57p against earnings per share of 5.44p in the

comparable 2016-17 period. Net cash at the half-year stood at £3.9m (HY 2016-17: £0.7m)

#### Recurring revenue

Recurring revenue continued to perform well at £2.39m (HY2016-17 £2.36m). The underlying growth rate of our new data and analytics business recurring revenues was 42% which was masked by a decrease in our deemphasised business recurring revenues.

During the period we signed a new five-year contract with a European Insurance industry body to provide a private cloud based managed analytical platform. This contract is expected to deliver significant revenues during the second half of this year and beyond.

#### Software licence sales

As reported above, we experienced lower software licence revenues of £0.88m (HY2016-17 £1.46m) during the first half due to a change in timing of contract closure. Since the half year we have secured several POV (Proof of Value) contracts which, whilst being revenue generating business in their own right, are expected to lead to longer term contracts some of which will benefit the last quarter of the current financial year as well as next year and beyond.

The negotiations currently underway on several contracts lead us to be confident of growing this area of the business for the full year.

#### Projects

A similar change to the timing of contract closure in project work led to lower revenues of £1.49m (HY2016-17 £6.2m) which we are confident will be rebalanced in the second half of the year.

Within the projects area we are in the final stages of negotiations for the delivery of several major private cloud and analytics platform modernisation projects which are anticipated to close in this third quarter. This significantly enhances the opportunity for strong second half revenue which underpins our confidence of achieving management's expectations for the full year.

#### Outlook and current trading

Since the start of the second half of the financial year, we are pleased to report that we have secured several new contracts including one with a leading US Financial services company and one with a major European bank in the private cloud based project and software licence sales areas of the business. New business opportunities continue to develop well on a global basis and in particular we are seeing opportunities grow fastest in the Americas and across EMEA.

The launch of our new Celebrus GDPR compliant data collection platform is receiving significant interest from both existing clients and prospects; this, combined with our new relationship with Microsoft, (where they can resell our Celebrus software platform) bodes well for the future.

As mentioned above we are currently in contractual negotiations with 14+ companies across the software licence sales and private cloud based project areas of our business and these coupled with our growing recurring revenues leaves us positioned to meet management's full year expectations.

More than 80% in value of these contracts are with existing clients, who wish to increase either the footprint of our software or extend the use of our managed private cloud and analytical platform modernisation environments.

#### Dividend

As a Company, we are committed to a progressive dividend policy and rewarding our shareholders whilst at the same time balancing our investment in the business for future growth.

The Directors remain confident in the Group's prospects and future performance and, as such, based on our confidence we are pleased to declare an interim dividend of 0.625p per share, a 13.6% increase over the comparative period last year. This will be paid on Thursday 11th January 2018 to Members on the Register as at 8th December 2017. The shares will become ex-dividend on 7th December 2017.

#### Summary

Despite the change in weighting of our business intake from first half to second half by comparison to FY2016-2017, overall trading is now improving. Based on this backdrop and, combined with recent business wins and the depth and quality of the prospects pipeline for software licence sales and the number of private cloud and analytical platform modernisation projects close to fruition, the Board remain confident that the Company will achieve results for the full year that will be in line with management's expectations.

The Company focus on Celebrus data collection, private cloud based services and the delivery of data and analytics platform modernisation continues, and we are pleased to report that the number of new opportunities in these areas is at a new high as we move towards the final quarter of the year.

## Consolidated statement of comprehensive income for the six months ended 30 September 2017

	Six months ended 30 September (unaudited)		Year ended 31 March (audited)
	2017	2016	2017
	£'000	£'000	£'000
<b>Continuing operations</b>			
Revenue	4,749	10,024	17,670
Cost of sales	(2,671)	(4,763)	(7,806)
<b>Gross Profit</b>	<b>2,078</b>	<b>5,261</b>	<b>9,864</b>
Distribution costs	(1,611)	(1,951)	(3,797)
Administration expenses	(1,068)	(1,407)	(1,834)
Other operating income	38	40	55
<b>(Loss)/profit from operations</b>	<b>(563)</b>	<b>1,943</b>	<b>4,288</b>
Investment income	-	-	1
Finance costs	(18)	(23)	(46)
<b>(Loss)/profit before tax</b>	<b>(581)</b>	<b>1,920</b>	<b>4,243</b>
Tax	198	(103)	(340)
<b>(Loss)/profit for the year attributable to owners of the parent</b>	<b>(383)</b>	<b>1,817</b>	<b>3,903</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gains on property revaluation	-	-	47
<b>Total comprehensive income for the year attributable to owners of the parent</b>	<b>(383)</b>	<b>1,817</b>	<b>3,950</b>
<b>Earnings per share</b>			
Basic	(1.01)p	4.95p	10.49p
Diluted	(1.01)p	4.67p	10.02p

## Consolidated statement of changes in equity for the six months ended 30 September 2017

	Six months ended 30 September (unaudited)		Year ended 31 March (audited)
	2017	2016	2017
	£'000	£'000	£'000
<b>(Loss)/profit for the period</b>	<b>(383)</b>	<b>1,817</b>	<b>3,903</b>
<b>Other comprehensive income:</b>			
Gains on property revaluation	-	-	47
<b>Total comprehensive income</b>	<b>(383)</b>	<b>1,817</b>	<b>3,950</b>
<b>Transactions with owners</b>			
Dividends paid	(645)	(574)	(753)
Purchase of own shares	-	(158)	(175)
Sale of own shares	117	(79)	(12)
Issue of contingent shares	-	28	-
Share-based payments	38	41	86
<b>Total transactions with owners</b>	<b>(490)</b>	<b>(742)</b>	<b>(854)</b>
Rate change on deferred tax	-	-	(15)

Deferred tax on outstanding share options	33	(67)	(177)
<b>Change in shareholders' equity for the period</b>	<b>(840)</b>	<b>1,008</b>	<b>2,904</b>
Shareholders' equity at start of period	17,549	14,645	14,645
<b>Shareholders' equity at end of period</b>	<b>16,709</b>	<b>15,653</b>	<b>17,549</b>

## Consolidated Statement of Financial Position as at 30 September 2017

	30 September (unaudited)		31 March (audited)
	2017	2016	2017
	£'000	£'000	£'000
<b>Non-current assets</b>			
Goodwill	8,696	8,696	8,696
Other intangible assets	1,384	1,630	1,507
Property, plant and equipment	2,684	2,608	2,595
Deferred tax assets	268	727	230
	<b>13,032</b>	<b>13,661</b>	<b>13,028</b>
<b>Current assets</b>			
Trade and other receivables	2,469	6,968	4,269
Inventories	348	-	341
Cash and cash equivalents	4,907	1,454	6,290
	<b>7,724</b>	<b>8,422</b>	<b>10,900</b>
<b>Total assets</b>	<b>20,756</b>	<b>22,083</b>	<b>23,928</b>
<b>Current liabilities</b>			
Trade and other payables	(2,821)	(4,601)	(4,922)
Tax liabilities	-	(97)	-
Borrowings	(428)	(397)	(421)
	<b>(3,249)</b>	<b>(5,095)</b>	<b>(5,343)</b>
<b>Non-current liabilities</b>			
Borrowings	(563)	(984)	(780)
Deferred tax liabilities	(235)	(351)	(256)
	<b>(798)</b>	<b>(1,335)</b>	<b>(1,036)</b>
<b>Total liabilities</b>	<b>(4,047)</b>	<b>(6,430)</b>	<b>(6,379)</b>
<b>Net assets</b>	<b>16,709</b>	<b>15,653</b>	<b>17,549</b>
<b>Equity</b>			
Share capital	765	749	759
Share premium account	7,889	7,522	7,727
Revaluation reserve	323	276	323
Treasury shares reserve	(6)	(2)	(6)
Equity reserve	156	457	242
Retained earnings	7,582	6,651	8,504
<b>Attributable to owners of the parent</b>	<b>16,709</b>	<b>15,653</b>	<b>17,549</b>

## Consolidated cash flow statement for the six months ended 30 September 2017

	Six months ended 30 September (unaudited)		Year ended 31 March (audited)
	2017	2016	2017
	£'000	£'000	£'000
<b>Operating activities</b>			
Profit for the year	<b>(383)</b>	<b>1,817</b>	<b>3,903</b>

<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	116	79	221
Amortisation of intangible assets	123	157	247
Finance income	-	-	(1)
Finance expense	18	23	46
Share-based payments	42	41	86
Gain on sale of property, plant and equipment	-	-	(1)
Exchange losses / (gains) on cash and cash equivalents	70	(200)	(305)
Income tax (credit) / expense	(198)	103	340
<b>Operating cash flows before movements in working capital</b>	<b>(212)</b>	<b>2,020</b>	<b>4,536</b>
Decrease /(Increase) in receivables	2,040	(4,211)	(1,512)
Increase in inventories	(7)	-	(341)
Decrease in payables	(2,133)	(444)	(123)
<b>Cash (absorbed in) / derived from operations</b>	<b>(312)</b>	<b>(2,635)</b>	<b>2,560</b>
Income taxes paid	(40)	(5)	(26)
<b>Net cash (used in) / derived from operating activities</b>	<b>(352)</b>	<b>(2,640)</b>	<b>2,534</b>
<b>Investing activities</b>			
Interest received	-	-	1
Purchase of property, plant and equipment	(205)	(107)	(162)
<b>Net cash used in investing activities</b>	<b>(205)</b>	<b>(107)</b>	<b>(161)</b>
<b>Financing activities</b>			
Dividends paid	(645)	(547)	(753)
Repayment of borrowings	(206)	(195)	(403)
Interest paid	(18)	(23)	(46)
Payments to finance lease creditors	(4)	(4)	(8)
Purchase of own shares	117	(237)	(400)
Sale of own shares	-	-	215
<b>Net cash used in financing activities</b>	<b>(756)</b>	<b>(1,006)</b>	<b>(1,395)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,313)</b>	<b>(3,753)</b>	<b>978</b>
Cash and cash equivalents at start of year	6,290	5,007	5,007
Exchange gains on cash and cash equivalents	(70)	200	305
<b>Cash and cash equivalents at end of period</b>	<b>4,907</b>	<b>1,454</b>	<b>6,290</b>

## Notes to the interim financial statements for the six months ended 30 September 2017

### 1. Basis of preparation

The interim financial information for the six months ended 30 September 2017 (HY2017-18) and comparative interim figures for 2016 (HY 2016-17) do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and have neither been audited nor reviewed by the Group's auditors. The financial information for the year ended 31 March 2017 has been extracted from the statutory accounts for that period which have been filed with the Registrar of Companies and which contain an unmodified audit opinion and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim financial information has been prepared on the basis of the accounting policies and on a consistent basis with the latest published annual accounts. Those financial statements were prepared in accordance with International Financial Reporting Standards, incorporating International Accounting Standards (IAS's) and Interpretations (collectively IFRS).

### 2. Business and geographical segments

#### Business Segments

The reporting under IFRS8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the

chief operating decision maker to allocate resources to the segments and assess their performance.

The information presented is focused on the type of product sold and is consistent with that provided to the Chief Executive. The principal activity of the Group is split into three categories of product and services sold as shown below. No allocation of other income and costs to these categories is made because the Directors consider that any such allocation would be arbitrary, as would be any allocation of assets and liabilities.

<b>Continuing operations HY2017</b>	<b>Licence Sales</b>	<b>Project Work</b>	<b>Recurring revenues</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
External sales	875	1,486	2,507	4,868
Adjustment for agency basis	-	-	(119)	(119)
<b>Reported revenue</b>	<b>875</b>	<b>1,486</b>	<b>2,388</b>	<b>4,749</b>
<b>Segment result (gross profit)</b>	<b>568</b>	<b>253</b>	<b>1,257</b>	<b>2,078</b>
Other operating costs and income				(2,641)
Investing and financing activities				(18)
<b>(Loss)/profit before tax</b>				<b>(581)</b>

  

<b>Continuing operations HY2016</b>	<b>Licence Sales</b>	<b>Project Work</b>	<b>Recurring revenues</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
External sales	1,455	6,212	2,502	10,169
Adjustment for agency basis	-	-	(145)	(145)
<b>Reported revenue</b>	<b>1,455</b>	<b>6,212</b>	<b>2,357</b>	<b>10,024</b>
<b>Segment result (gross profit)</b>	<b>916</b>	<b>3,042</b>	<b>1,303</b>	<b>5,261</b>
Other operating costs and income				(3,318)
Investing and financing activities				(23)
<b>Profit before tax</b>				<b>1,920</b>

  

<b>Continuing operations FY2016 (year ended 31/3/17)</b>	<b>Licence Sales</b>	<b>Project Work</b>	<b>Recurring revenues</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
External sales	3,716	9,467	4,825	18,008
Adjustment for agency basis	-	-	(338)	(338)
<b>Reported revenue</b>	<b>3,716</b>	<b>9,467</b>	<b>4,487</b>	<b>17,670</b>
<b>Segment result (gross profit)</b>	<b>3,179</b>	<b>4,339</b>	<b>2,346</b>	<b>9,864</b>
Other operating costs and income				(5,576)
Investing and financing activities				(45)
<b>Profit before tax</b>				<b>4,243</b>

### Geographical Segments

The geographical revenue segment is determined by the domicile of the external customer. Non-current assets are wholly attributable to the Company's country of domicile.

	Six months ended 30 September (unaudited)		Year ended 31 March (audited)
	<b>2017</b>	<b>2016</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
United Kingdom	2,050	1,407	2,012
Europe	1,247	1,897	4,021

United States of America	905	6,242	10,947
Others	547	478	690
	<b>4,749</b>	<b>10,024</b>	<b>17,670</b>

### 3. Earnings per share

	Six months ended 30 September (unaudited) <b>2017</b>	2016	Year ended 31 March (audited) 2017
Earnings, being the net (loss)/profit attributable to equity holders of the parent (£'000)	<b>(383)</b>	<b>1,817</b>	<b>3,903</b>
	Number	Number	Number
Weighted average number of shares in issue	38,043,632	36,793,918	37,224,250
Weighted average of own shares	(3,399)	(58,505)	(31,132)
Weighted average number of shares for the purpose of basic earnings per share	<b>38,040,233</b>	<b>36,735,413</b>	<b>37,193,118</b>
Effect of dilutive share options	1,626,439	2,197,325	1,767,183
Weighted average number of shares for the purpose of diluted earnings per share*	<b>38,040,233</b>	<b>38,932,738</b>	<b>38,960,301</b>

he group made a loss for H1 2017. As a result, the potentially dilutive effect of the share options for the period ended 30 September 2017 has not been included in the calculation of the weighted average number of shares for the purpose of diluted earnings per share as the effect is anti-dilutive in that period.

### 4. Dividends

	Six months ended 30 September (unaudited) <b>2017</b> <b>£'000</b>	2016 <b>£'000</b>	Year ended 31 March (audited) 2017 <b>£'000</b>
Amounts recognised as distributions to equity holders			
Final dividend for the year ended 31 March 2017 of 1.70p (2016: 1.5p)	645	-	-
Final dividend for the year ended 31 March 2016 of 1.50p (2015: 0.56p)		574	574
Interim dividend for the year ended 31 March 2017 of 0.55p (31 March 2016: 0.50p)			206
	<b>645</b>	<b>574</b>	<b>780</b>

An interim dividend of 0.625p per share will be paid on 11<sup>th</sup> January 2018 to Members on the Register as at 8<sup>th</sup> December 2017. The shares will become ex-dividend on 7<sup>th</sup> December 2017.

This information is provided by RNS  
The company news service from the London Stock Exchange

END