

Specialists in  
**Data Platforms**

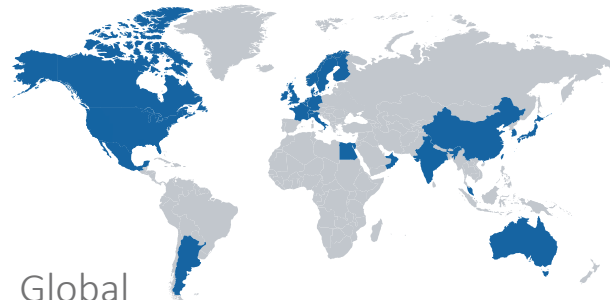
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2020-21 Interim results

For the 6 months ended 30 September 2020



# Introduction



Global sales and delivery in 26 countries

## celebrus

from D4t4 Solutions

World class, multi patented, real-time, enterprise **Customer Data Platform** and **Customer Data Management** software

Listed on the **London Stock Exchange** since 1997  
Stock code: D4T4



2019/20 Celebrus product family now accounts for **80%** of total sales



### Recurring revenue

H1 ARR **£10.1m** (2019: £7.9m) 27.4% increase

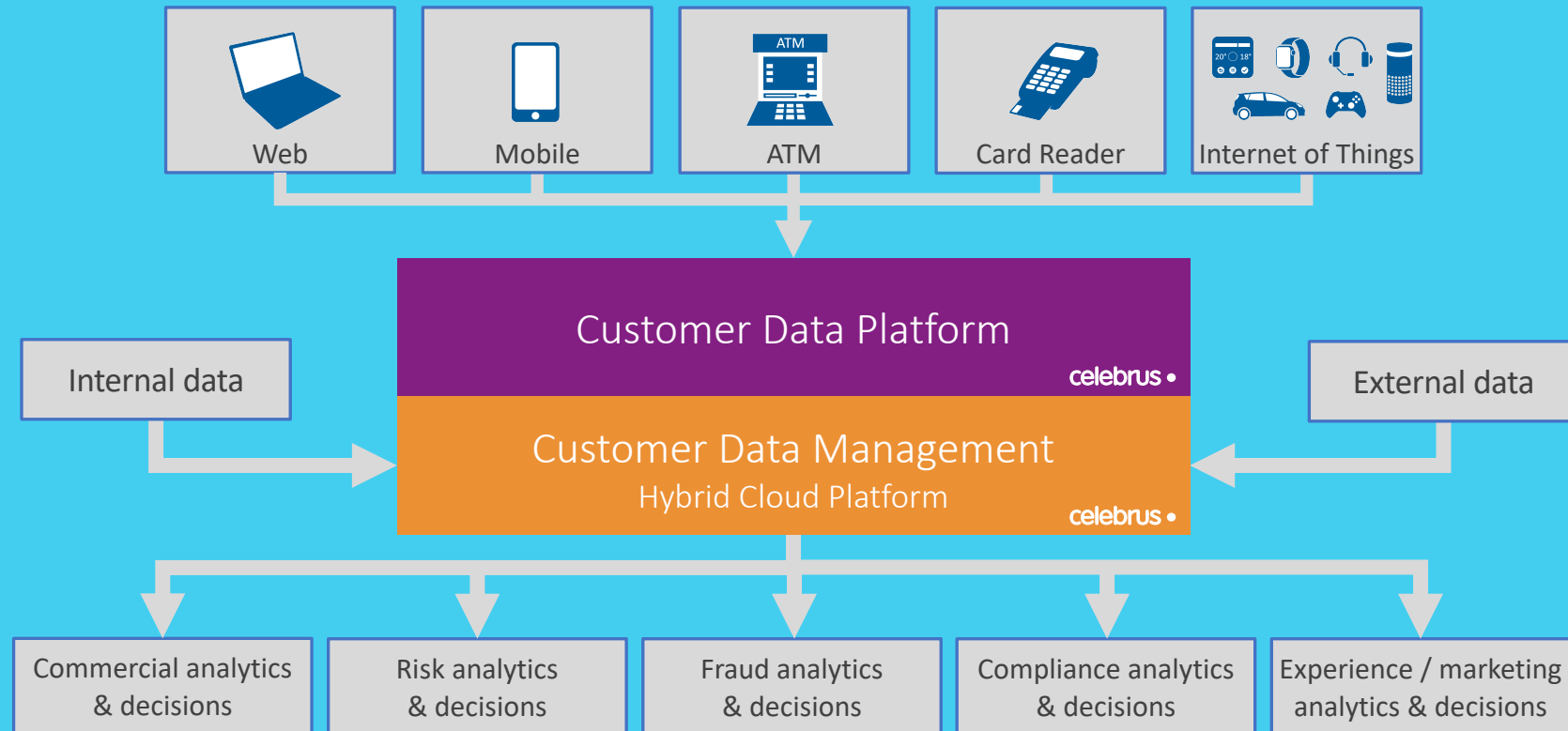


World class major partners in Adobe, Dell EMC, Microsoft, Pegasystems, SAS, Teradata

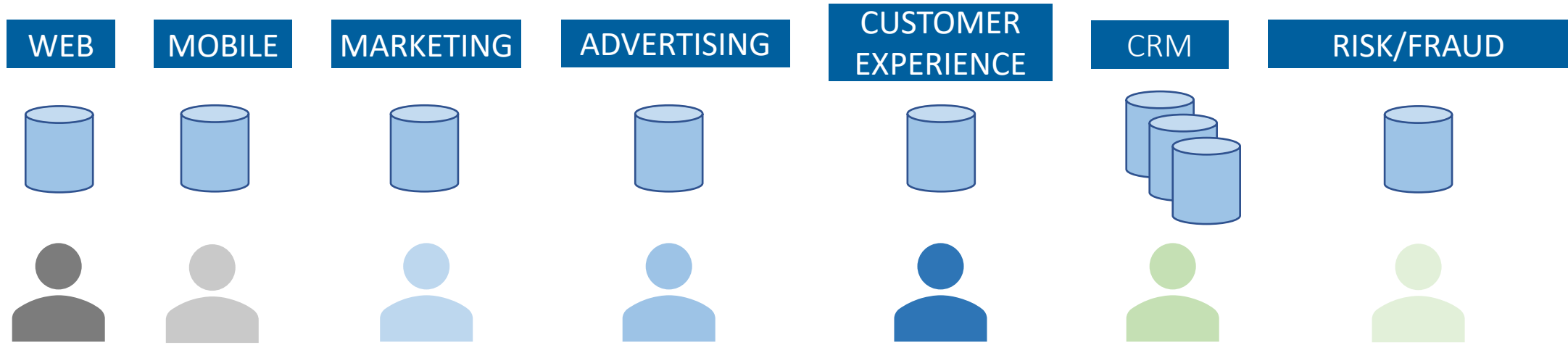


# D4t4 Solutions is a specialist in data platforms

that large enterprises need to complete their digital transformation



# Increased number of use cases for our 100% compliant, contextualised, first party, real time digital data



- Collect once, use many
- Single, most complete view of the digital consumer
- Instantly combined with other customer data to build a 360-degree view of the customer



# Highlights

- Group revenue and adjusted profit in line with management expectations
- Revenue of £5.09m (H1 2019-20: £8.84m)
- Annual recurring revenue (ARR) increased 27.4% to £10.09m (H1 2019-20: £7.92m)
- Adjusted loss before tax £0.92m (H1 2019-20: profit £0.74m)
- Adjusted EPS of -1.57p (H1 2019-20: 1.76p)
- Net cash position of £12.08m (FY 2019-20: £11.24m) with no debt
- Interim dividend of 0.81p per share, up 5% (H1 2019-20: 0.77p)
- No claims required from any government COVID-19 business support schemes
- Four new contract wins announced on 5 November add c. £5.5m revenue in 2020-21

- New customer contracts in South America, mainland Europe and North America across financial services, healthcare and consumer organisations
- Extended relationship with range of existing clients globally with sales of increased capacity
- Continued to promote and enhance relationships with Teradata, SAS, Pegasystems and Adobe both directly and via their partners
- Teradata “Vantage Ignite” programme
- Celebrus software products and services now make up 80% of total revenue (2019: 71%)
- Recently launched Celebrus 9.2 with embedded machine learning and Natural Language Processing (NLP) capabilities. Customer take-up is proceeding well
- New patent grants in US and Europe



# Market opportunity

Our opportunity for growth in the Customer Data Platform and Customer Data Management markets is being amplified by the increased pressure on enterprises to accelerate their digital transformation

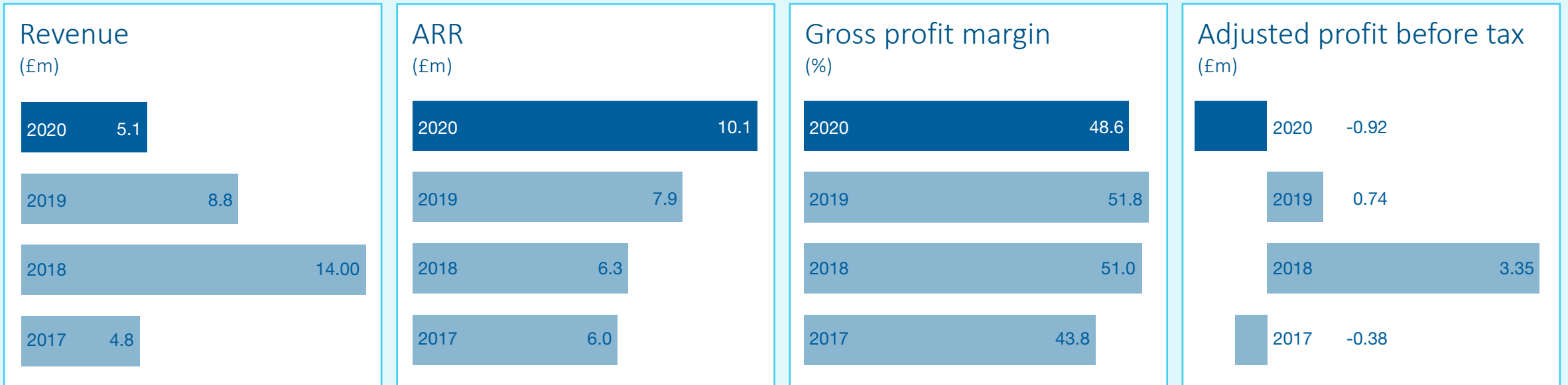
- Recent data from MarketsandMarkets suggests the global CDP - Customer Data Platform market is to grow from \$2.4bn in 2020 to \$10.3bn by 2025
- This is a Compound Annual Growth Rate of 34%
- Market Research inc. reports on the size of the CDM - Customer Data Management market as growing by 17% compound from 2020 - 2027

<https://www.marketsandmarkets.com/Market-Reports/customer-data-platform-market-94223554.html>

# Strategic direction

- Transition to an annual recurring revenue model by 2022-23
- Expand sales reach via global enterprise partners
- Continued investment for growth - grow international footprint
- Drive product innovation - new patents in US and Europe
- Extend product family capabilities to include:
  - Celebrus for Customer experience
  - Celebrus for Risk
  - Celebrus for Fraud
- Introduction of new KPI - ARR

# Key Financials



- Sales and therefore profits down due to delay in contracts closing
- c. £5.5m additional 2020-21 revenues due from contracts announced early November
- Margins broadly in line with prior H1
- Admin Expenses reduced by £0.4m due to
  - COVID-19 impact on travel and marketing spend
  - Reduced sales commissions

	2020	2019
	£'M	£'M
<i>Products - Own IP</i>	0.3	1.8
<i>Products - 3rd party</i>	0.3	2.2
<i>Delivery services</i>	1.3	1.8
<i>Support &amp; maintenance</i>	3.2	3.0
<b>Revenue</b>	<b>5.1</b>	<b>8.8</b>
Cost of sales	(2.6)	(4.3)
<b>Gross Profit</b>	<b>2.5</b>	<b>4.5</b>
	49%	51%
<i>Admin expenses / other</i>	(3.4)	(3.8)
<b>Adjusted PBT</b>	<b>(0.9)</b>	<b>0.7</b>
Tax	0.3	(0.0)
<b>Adjusted PAT</b>	<b>(0.6)</b>	<b>0.7</b>
 <b>Adjusted fully diluted EPS</b>	 <b>(1.57p)</b>	 <b>1.76p</b>

*Admin expenses and resulting Tax/Profit adjusted for amortisation of intangibles, share based payment charges, FX and one-off restructuring expense*

- Balance Sheet remains strong
- Year-end receivables & payables unwound (net £1.8m increase in cash including tax refund)
- £12.1m cash and no borrowings
- Lease financing being arranged for equipment on upcoming PaaS deals

	Sep-20	Mar-20
<u>Balance Sheet</u>	<u>£'M</u>	<u>£'M</u>
Non-current assets	14.3	14.0
Receivables	3.2	10.8
Inventory	1.6	1.3
Cash	12.1	12.8
<b>Total Assets</b>	<b>31.2</b>	<b>38.9</b>
Current liabilities	(3.6)	(9.4)
Non-current liabilities	(0.2)	(0.2)
<b>Total Liabilities</b>	<b>(3.8)</b>	<b>(9.6)</b>
<b>Net Assets / Equity</b>	<b><u>27.4</u></b>	<b><u>29.3</u></b>

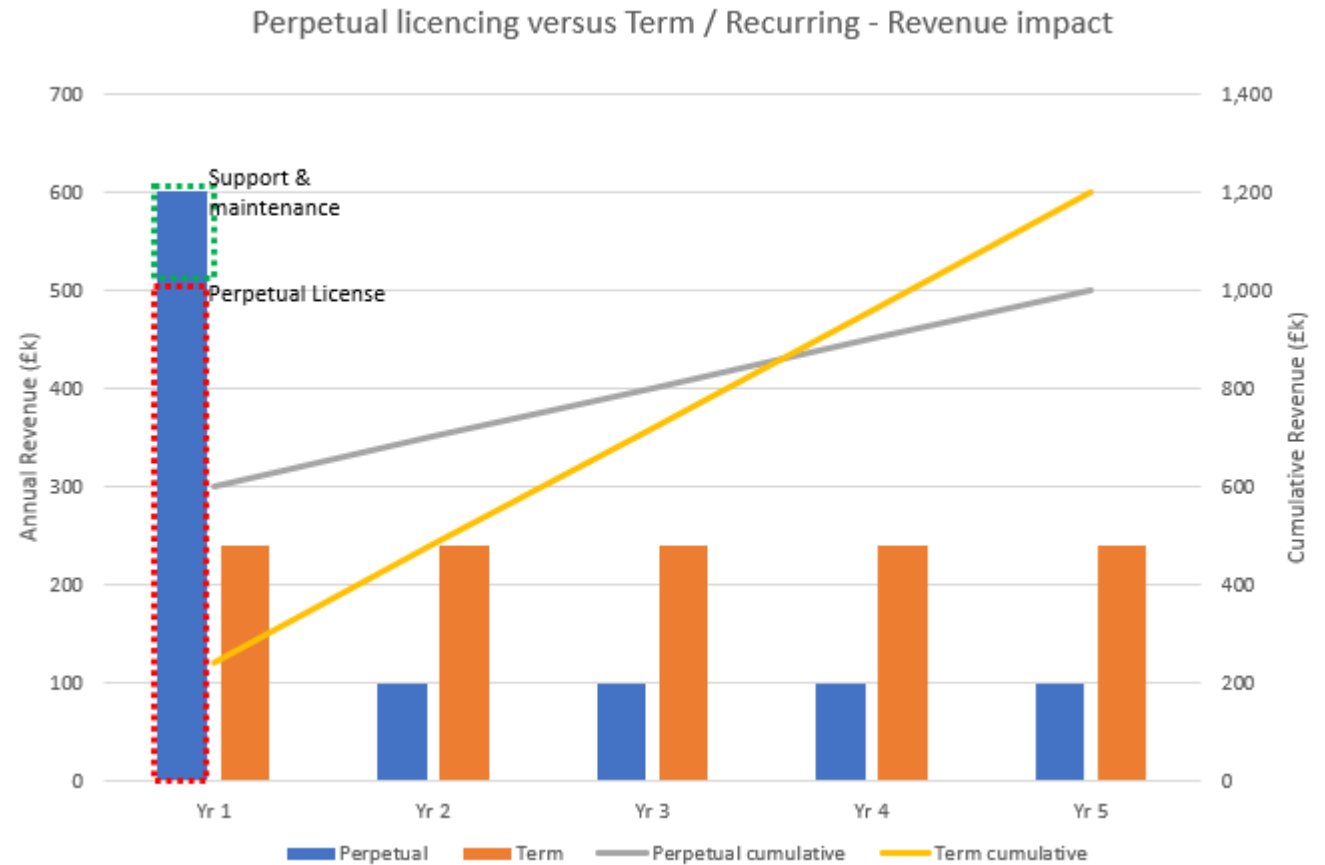


- Net Cash balance +£0.9m versus Sep-19 at £12.1m
- Operating loss more than offset by unwinding of Year-end working capital
- £0.8m final dividend paid for 2019/20

<u>Cash Flow</u>	2020 £'M	2019 £'M
<b>Opening cash</b>	<b>12.8</b>	<b>11.0</b>
Operating cash before WC	(1.0)	1.2
WC movements	1.2	(0.9)
Taxes refunded / (paid)	0.2	(0.2)
<b>Net cash from operations</b>	<b>0.4</b>	<b>0.1</b>
Investments	(0.1)	(0.0)
Financing	(1.0)	0.1
<b>Closing cash</b>	<b>12.1</b>	<b>11.2</b>

# Recurring Revenue transition update

- ARR now £10.1m (Mar-20: £9.6m, Sep-19: £7.9m)
- H2 weighting remains due to revenue recognition (IFRS 15)
- Some customers resistant to move to recurring which may slow transition slightly
- For imminent PaaS deals, there will likely be some material capex & lease financing in H2
- Cash matches revenues where client buys annual licences



- ✓ Transition to recurring revenue continues
  - ARR up 27% versus September 2019 at £10.1m
  - Known trade-off being short term impact to Sales & profit
- ✓ Operating expenses down but investment in US & APAC continues
- ✓ Balance Sheet remains strong
- ✓ Shortfall in revenues & profit in H1 due to COVID-19 delaying some contracts
- ✓ These now signed and due to deliver c. £5.5m in H2
- ✓ Very good visibility of H2 revenues – combination of new & existing pipeline and recurring licence sales

# Our business and growth drivers

**celebrus** ●

from D4t4 Solutions

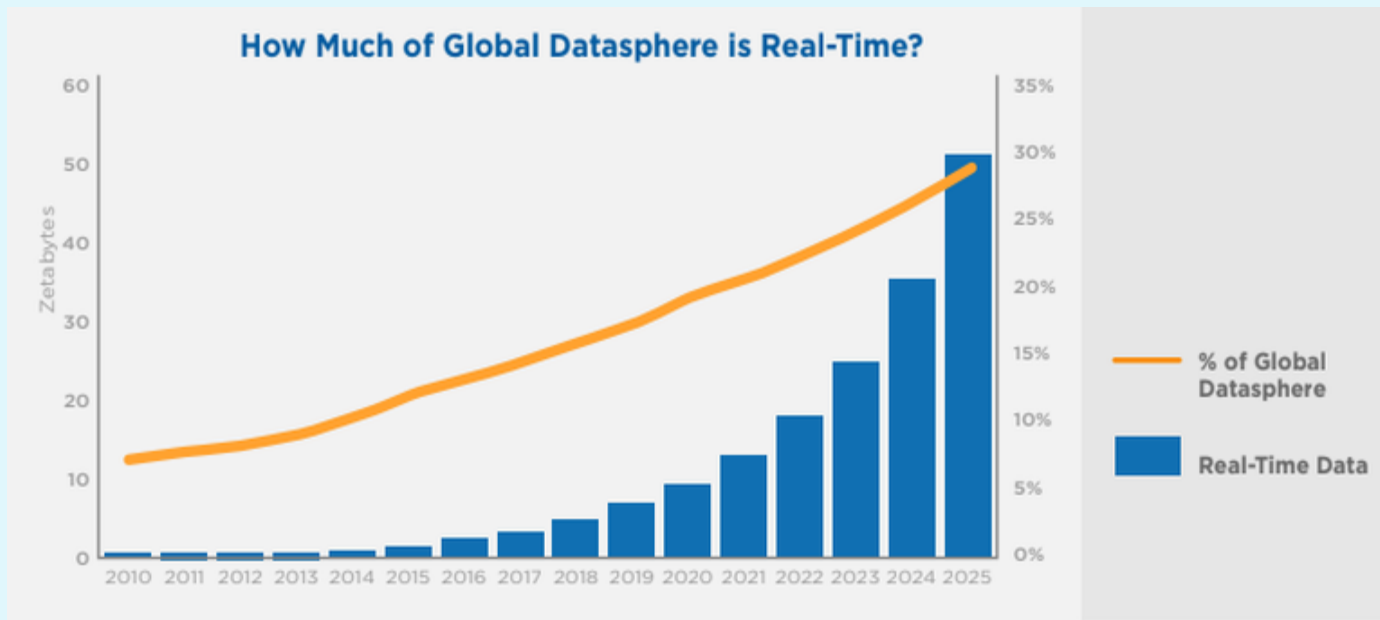
- Celebrus Product family includes:
  - Real time data collection
  - Real time data migration and synchronisation
  - Real time data monitoring and management
- Celebrus product sales now account for 80% of revenues
  - Includes Celebrus software licences, delivery services and support and maintenance

# First party real time behavioural data



“First party real time behavioural data is finding more uses within organisations making it more valuable and increasingly critical to business operations”

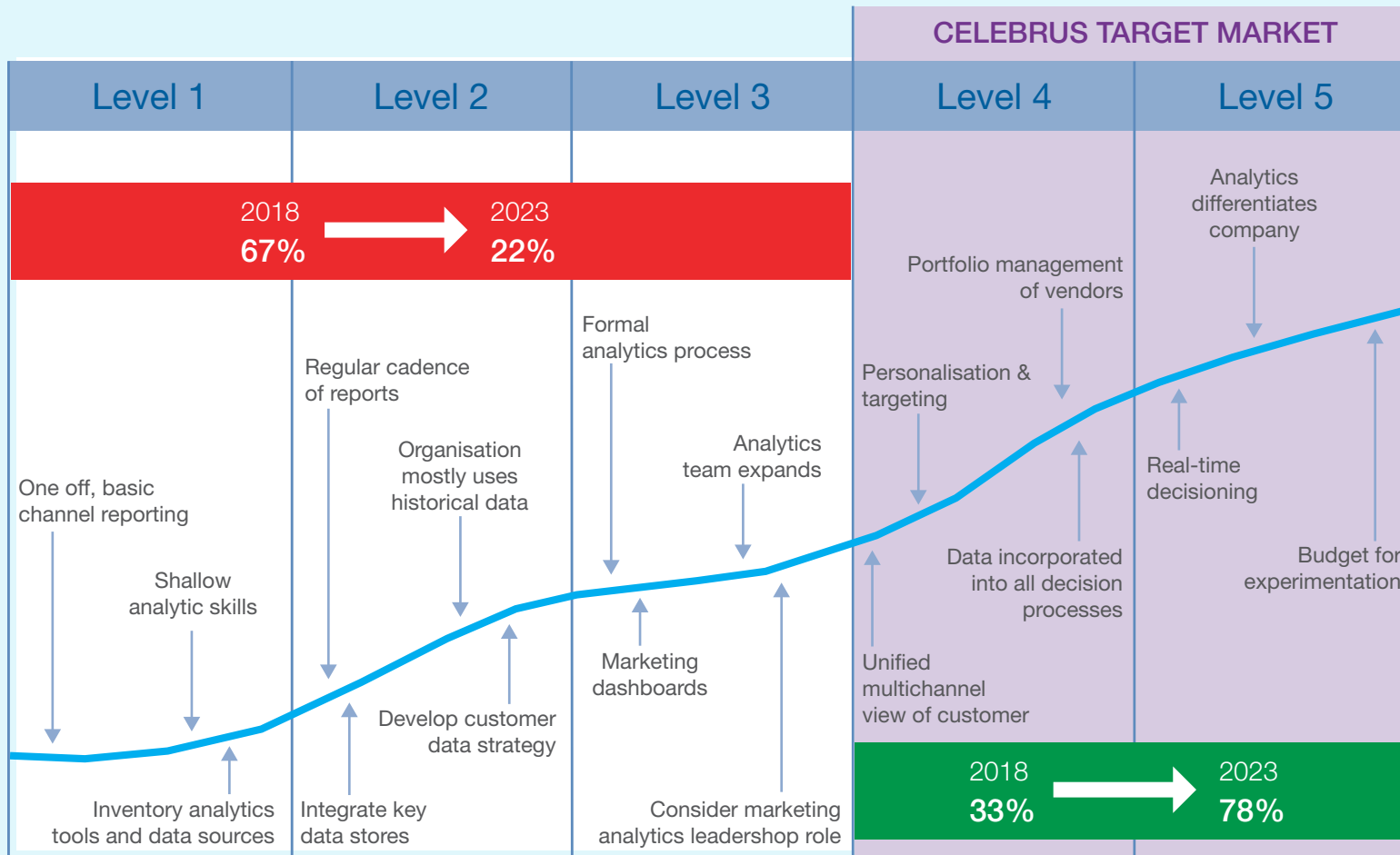
# Real-time data production and usage growing quickly



Nearly 30% of all data generated will be consumed in real-time by 2025

Source: IDC

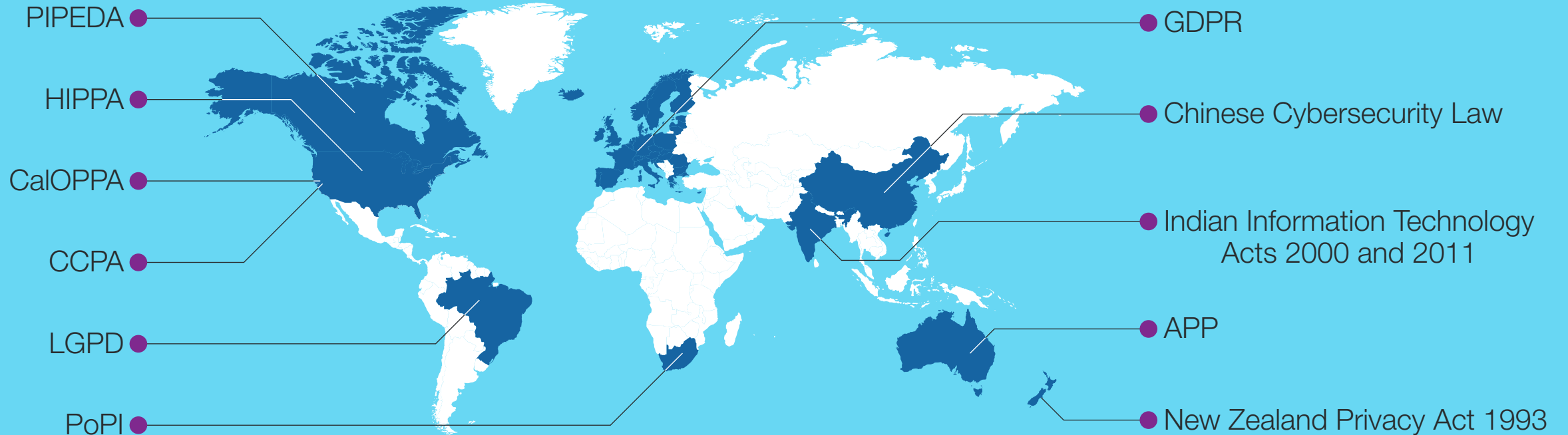
# Maturing clients are expanding the market



- Celebrus is bought by organisations striving for level 4 maturity or above
- Today this is approx. 43% of large enterprises, growing to 78% within 3-4 years
- 19% annual growth in potential market for organisations that are looking for richer & faster data over the five years
- Driven by the increased number of use cases that require real time data



# Regulations impacting enterprise clients



# Celebrus is now regularly recognised and covered by major industry analysts - 35+ notes published in last year

Including reports and articles from:

- Gartner
- Forrester
- CDP Institute
- Real Story Group
- Quadrant
- CDP Resource



# Partners enable our business to scale

## Technology Partners



Technology partners enable our sales with joint propositions

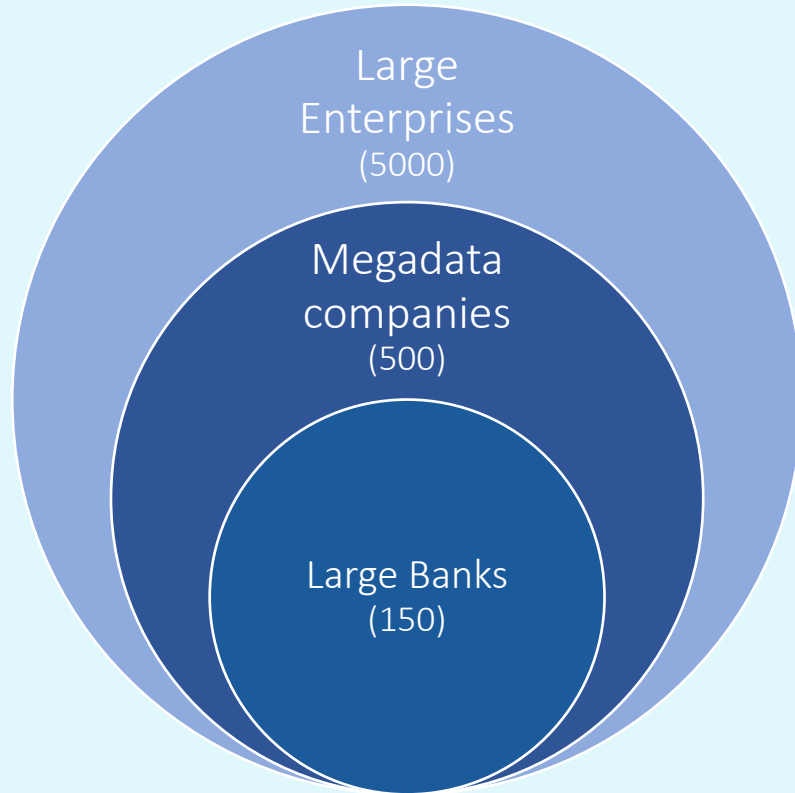
## Service Partners



Service partners provide the people to deliver our technology

Strategy for growth...

# Clear growth strategy leads to a sustainable data platforms business and predictable revenues



- Highly focussed data centric product development
- Influence industry analysts & opinion formers
- Partner with, and sell alongside, complimentary technology companies around the world
- Execute account-based marketing to target clients
- Ensure client success by strong customer support

- North American investment continues
- Continued annual recurring revenue increase to drive more stable growth
- Partner relationships continue to strengthen
- Moving clients onto Celebrus V9
- Technology advantage continues to grow with ML and NLP
  - CX – Fraud – Risk
- Asia Pac growth – driven by Teradata Vantage CX ignite programme
- M&A

# Outlook

- Largely unaffected by COVID-19
- High level of customer retention and increasing annual recurring revenue has mitigated any material impact
- Transition to annual recurring revenue model continues
- The year is progressing well and in line with our expectations with exceptional revenue visibility for the 2<sup>nd</sup> half
- Confidence in delivering a strong finish underpinned by:
  - New contract wins recently announced
  - High level of annual recurring revenue
  - Significant pipeline of business under negotiation



Questions?

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MARKETING	CUSTOMER EXPERIENCE	BUSINESS ANALYTICS	COMPLIANCE	FRAUD
Marketing Attribution	Call Centre Root Cause Analysis	Demand Forecasting	Sales Compliance	Digital Marketing Fraud
Predictive Analytics	Digital Experience Optimization	Product Analytics	Insider Threat	Commercial IP Fraud
Sales Analytics	Web Performance Analytics	Agent Analytics/Activation	Real Time Risk Analytics/Decisions	Quote Fraud
Visitor Retargeting	Web Chat Analytics	Capture Everything Once	GDPR Consent Management	APP Fraud
Real Time Decisioning	Channel Orchestration	Individual Pricing	Information Security	Identity Theft Detection