



Tuesday, 29 November 2016

D4t4 Solutions Plc

(the "Company, "Group" or "D4t4")

'ALL ABOUT THE DATA'

Half-Year results for the six months ended 30 September 2016

"Strong organic growth and continued US-dollar based international expansion providing a solid platform for growth"

Tuesday, 29 November 2016: Specialists in Data solutions, **D4t4 Solutions Plc** (AIM: D4T4) announces half-year results for the six months ended 30 September 2016.

Key highlights:	Six months ended 30 September	
	2016	2015
➤ +18% growth in Group revenue - 78% of sales US dollar based - Celebrus sales up >44% - Return on sales*	£10.02m	£8.47m
	21.1%	20.0%
➤ Gross profit up 32% - Gross profit margin	£5.26m 52.50%	£3.96m 46.75%
➤ +25% growth in the Group's adjusted pre-tax profit **	£2.12m	£1.69m
➤ +44% growth in adjusted EPS	5.44p	3.78p
➤ +10% uplift in the interim dividend	0.55p	0.50p
➤ Net cash position	£0.07m	£0.31m
➤ Net current assets	£3.33m	£1.01m

* adjusted pre-tax profit** as a percentage of sales

** adjusted for amortisation of intangibles and share based payments charges.

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

ENQUIRIES

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D4t4 Solutions Plc is "ALL ABOUT THE DATA." We are energetically focused on solutions that enable clients 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 in ISO27001: Information Security Management and PCI Data Security Standard. To find out more, visit www.d4t4solutions.com.

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.

Statement by the Chairman, Peter Simmonds

Introduction

During this first six months of the current financial year, our Company has continued to flourish on the sound foundations established by the *Data* and *Analytics* business that has been created over the previous five years.

Our people have worked hard this year to continue the process of transformation in our business, and in July, following approval from shareholders the Company formally changed its name to **D4t4 Solutions Plc**. Our focus and motivation to be '**ALL ABOUT THE DATA**' will continue to drive value for our clients, enabling them to create advantage from their data for profit and growth which, in turn, drives stakeholder value.

Our ongoing focus on *Data* and *Analytics* continues to reap rewards and this has in turn delivered strong organic growth (approximately 85% of Group income coming from this area of our business) while, our focus on working with partners that have global reach has further strengthened our US dollar-based sales expansion. The percentage of our business derived from US dollar based sales continues strongly and represented approximately 78% of Group revenue. This reduces the impact of any adverse currency movements due to the weaker sterling exchange rate.

With market research from Forrester showing that the BI and Analytics market growth is accelerating and now expected to grow by some 12% compound through to 2020, our Company has a solid base from which to continue to build its profile and earnings both domestically and internationally.

Trading performance

Business income is generated by three streams: *projects*, *recurring income from our managed private cloud and software licence maintenance services* ("*recurring income stream*") and *software licence sales*.

During the period under review, we achieved revenue of £10.02m of which, £6.21m came through *projects*, £2.36m generated from our *recurring income* and the balance of £1.45m from *software licence sales*. This is a strong performance by D4t4 Solutions delivering an 18.3% growth in revenue over the same period in 2015. Looking at the individual income streams we are very pleased to have achieved growth across our business streams over the same time last year of +30% in *projects*, +5% in *recurring income stream* and a marginal increase in *software licence sales*.

Whilst Celebrus software licence sales grew by over 25%, our deemphasised business of reselling certain vendors' third-party software licences dropped to zero with the result that our software licence business remained flat overall, however, due to the change in mix it has resulted in an increase in the gross profit margin of 14% (HY2016:63% v HY2015:49%).

Gross profit contribution from the business streams was as follows: *projects* work delivered £3.04m (HY2015: £2.14m), while our *recurring income stream* and *software licence sales* reported £1.30m and £0.92m respectively (HY2015: £1.12m and £0.7m). This gives an overall gross profit of £5.26m, an adjusted profit before tax of £2.12m* and a return on sales of 21.1% up from 20.0% for HY2015.

Our main focus in selling Celebrus software into more verticals via an increasing number of channel partners continues, in parallel we are continually extending the Celebrus data collection capabilities and product functionality which enables us to extend into new product areas. This has contributed to a strong Celebrus sales performance in the first half year and produced an uplift in sales in excess of 25% over the same period in 2015.

Our Private cloud and remote managed services offerings have equally been in demand due to those companies who do not want to place their customer data in a public cloud environment. Also during this period our 'Big Data' and 'Data Platform' modernisation focus has taken us into more multinational accounts than ever before and allowed us to cross-sell our full portfolio of software and services to a wider audience. This has led to strong overall organic growth across the Group and resulted in the Data and Analytics portion of the business now exceeding 85% of total revenues (2015: 72%).

Contract wins

We are pleased to report that during the first half of the financial year we secured five major multi-year contracts with existing and new customers from within the financial services, electronics and telecommunications sectors.

These contracts vary in size and duration, however, over the course of the current financial year these contracts are expected to contribute approximately £5.1 million in contracted revenue to the company and approximately £490,000 per annum of recurring revenue in subsequent years.

Investment and people

In total, we employ 122 staff across our operations. Once again, the Board would like to thank our staff for their continued hard work and professionalism; we continue to receive positive feedback from clients on both the quality and dedication of our people working with them across all aspects of our business.

Within D4t4 Solutions our Indian based development and support team continues to grow enabling us to offer extended time-zone coverage, increased flexibility and high quality levels of service from a lower cost base.

During the second half of this financial year we will be further extending our US presence enabling us to better support our growing number of new and existing US-based clients, also during 2017 calendar year we will be increasing our investment in sales and marketing capabilities with a focus on extending our global reach via additional channel partnerships.

As part of our succession planning, we have seen an orderly change at Senior Management level and Main Board. I am delighted to welcome new faces to the existing talent we already have within the business and it is encouraging to report that these skill sets combine to further enhance the team's capabilities to deliver our strategic goals into the future.

Dividend

As a Company, we are committed to a progressive dividend policy and rewarding our stakeholders 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 0.55p per share, a 10% increase over last year. This will be paid on Tuesday, 10th January 2017 to Members on the Register as at 9th December 2016. The shares will become ex-dividend on 8th December 2016. The dividend is covered 9 times by earnings.

Outlook and trading

Since 2014 we have successfully remodelled the Group, creating a more balanced business with strong higher margin licence sales and progressively greater project and recurring revenues. Today, over 85% of Group revenue is derived from the *Data* and *Analytics* portion of our business, we expect this level to be maintained for the foreseeable future.

D4t4 Solutions trading remains strong and, since the start of the second half of the financial year, we are pleased to report that we have secured a number of additional contracts including one with a leading US retailer and one with a UK based insurance company.

In summary, on the back of a strong first half performance coupled with continuing demand from our existing customers and a growing new business pipeline, the Board remain confident of being able to deliver further strong growth. Therefore, notwithstanding any unforeseen economic impact of Brexit and the recent US elections, the Company expects to deliver trading results for the year ending 31 March 2017 in line with current market expectations.

** adjusted for amortisation of intangibles and share based payments charges.*



Peter Simmonds, Chairman
29 November 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2016

	Six months ended		Year ended
	30 September		31 March
	(unaudited)		(audited)
	2016	2015	2016
	£'000	£'000	£'000
Continuing operations			
Revenue	10,024	8,470	18,609
Cost of sales	(4,763)	(4,508)	(9,395)
Gross profit	5,261	3,962	9,214
Distribution costs	(1,951)	(1,313)	(3,958)
Administration expenses	(1,407)	(1,102)	(1,985)
Other operating income	40	22	22
Profit from operations	1,943	1,569	3,293
Investment income	–	–	1
Finance costs	(23)	(32)	(76)
Profit before tax	1,920	1,537	3,218
Tax	(103)	(289)	(278)
Profit for the period	1,817	1,248	2,940
Other comprehensive income			
Gains on property revaluation	–	–	48
Total comprehensive income for the period attributable to equity holders of the parent	1,817	1,248	2,988
Earnings per share			
Basic	4.95 p	3.51 p	8.17 p
Diluted	4.67 p	3.36 p	7.64 p

Consolidated statement of changes in equity

	Six months ended		Year ended
	30 September		31 March
	(unaudited)		(audited)
	2016	2015	2016
	£'000	£'000	£'000
Profit for the period	1,817	1,248	2,940
Other comprehensive income			
Items that will be reclassified to profit and loss			
Gains on property revaluation	–	–	48
Total comprehensive income	1,817	1,248	2,988
Transactions with owners			
Purchase of own shares	(158)	–	(291)
Sale of own shares	(79)	3	51
Share-based payments	41	1	38
Issue of share capital	421	572	572
Contingent shares	(393)	(606)	(606)
Deferred tax on outstanding share options	(67)	30	361
Amortisation	–	–	49
Dividends paid	(574)	(198)	(380)
Total transactions with owners	(809)	(198)	(206)
Change in shareholders' equity for the period	1,008	1,050	2,782
Shareholders' equity at start of period	14,645	11,863	11,863
Shareholders' equity at end of period	15,653	12,913	14,645

D4t4 Solutions Plc
Consolidated balance sheet
as at 30 September 2016

	At 30 September (unaudited)		At 31 March (audited)
	2016 £'000	2015 £'000	2016 £'000
Non-current assets			
Goodwill	8,696	8,696	8,696
Other intangible assets	1,630	1,882	1,754
Property, plant and equipment	2,608	2,382	2,615
Deferred tax assets	727	728	792
	13,661	13,688	13,857
Current assets			
Trade and other receivables	6,968	2,702	2,757
Cash and cash equivalents	1,454	2,090	5,007
	8,422	4,792	7,764
Total assets	22,083	18,480	21,621
Current liabilities			
Trade and other payables	(4,601)	(3,089)	(5,045)
Tax liabilities	(97)	(294)	–
Borrowings	(397)	(403)	(397)
	(5,095)	(3,786)	(5,442)
Non-current liabilities			
Borrowings	(984)	(1,381)	(1,183)
Deferred tax liabilities	(351)	(400)	(351)
	(1,335)	(1,781)	(1,534)
Total liabilities	(6,430)	(5,567)	(6,976)
Net assets	15,653	12,913	14,645
Equity			
Share capital	749	732	732
Share premium account	7,522	7,118	7,118
Revaluation reserve	276	228	276
Own shares	(2)	(76)	(23)
Equity reserve	457	803	940
Retained earnings	6,651	4,108	5,602
Attributable to equity holders of the parent	15,653	12,913	14,645

D4t4 Solutions Plc
Consolidated cash flow statement
for the six months ended 30 September 2016

	Six months ended		Year ended
	30 September		31 March
	2016	2015	2016
	£'000	£'000	£'000
Operating activities			
Profit from operations	1,943	1,569	3,293
Adjustments for:			
Depreciation of property, plant and equipment	79	54	178
Loss on disposal of property, plant and equipment	–	–	–
Amortisation of intangible assets	157	155	260
Share-based payments	41	1	38
Operating cash flows before movements in working capital	2,220	1,779	3,769
Decrease/(Increase) in receivables	(4,211)	2,121	2,032
(Decrease)/increase in payables	(444)	(1,338)	618
Cash generated by/ (used in) operations	(2,435)	2,562	6,419
Income taxes paid	(5)	(54)	(69)
Net cash from/ (used in) operating activities	(2,440)	2,508	6,350
Investing activities			
Interest received	–	–	1
Interest paid	(23)	(32)	(76)
Purchase of property, plant and equipment	(115)	(45)	(332)
Proceeds on disposal of property, plant and equipment	8	–	–
Net cash used in investing activities	(130)	(77)	(407)
Financing activities			
Equity reserve	–	(35)	–
Dividends paid	(547)	(198)	(380)
Repayment of borrowings	(199)	(207)	(411)
Purchase of own shares (net)	(237)	4	(240)
Net cash (used in)/from financing activities	(983)	(436)	(1,031)
Net movement in cash and cash equivalents	(3,553)	1,995	4,912
Cash and cash equivalents at start of period	5,007	95	95
Cash and cash equivalents at end of period	1,454	2,090	5,007

Notes to the interim financial statements
for the six months ended 30 September 2016

1 Basis of preparation

The interim financial information for the six months ended 30 September 2016 (HY2016) and comparative interim figures for 2015 (HY2015) 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 2016 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

The Group has one reportable business segment.

The information presented to the Chief Executive for the purpose of resource allocation and assessment of segment performance is focused on the type of product 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.

Continuing operations including Celebrus Technologies HY2016	Product	Project work	Recurring revenues	Total £'000
External sales	1,455	6,212	2,502	10,169
Adjustment for agency basis	–	–	(145)	(145)
Reported revenue	1,455	6,212	2,357	10,024
Segment result (gross profit)	916	3,042	1,303	5,261
Other operating costs and income				(3,318)
Investing and financing activities				(23)
Profit before tax				1,920
Continuing operations HY2015	Product	Project work	Recurring revenues	Total £'000
External sales	1,448	4,768	2,444	8,660
Adjustment for agency basis	–	–	(190)	(190)
Reported revenue	1,448	4,768	2,254	8,470
Segment result (gross profit)	709	2,137	1,116	3,962
Other operating costs and income				(2,393)
Investing and financing activities				(32)
Profit before tax				1,537
Continuing operations FY2015 (year ended 31/3/2016)	Product	Project work	Recurring revenues	Total £'000
External sales	2,974	10,666	5,443	19,083
Adjustment for agency basis	–	–	(474)	(474)
Reported revenue	2,974	10,666	4,969	18,609
Segment result (gross profit)	2,076	4,584	2,554	9,214
Other operating costs and income				(5,921)
Investing and financing activities				(75)
Profit before tax				3,218

Geographical segments

The Group's reportable business segment operates within the UK.

3 Earnings per share

	Six months ended		Year ended
	30/09/2016	30/09/2015	31/03/2016
Earnings attributable to equity holders of the parent	£1,817,000	£1,248,000	£2,940,000
Weighted average of ordinary shares in issue	36,793,918	35,657,048	36,118,443
Weighted average of own shares	(58,505)	(101,161)	(125,237)
Weighted average for calculating basic EPS	36,735,413	35,555,887	35,993,206
Effective dilutive share options	2,197,325	1,590,683	2,512,249
Weighted average for calculating diluted EPS	38,932,738	37,146,570	38,505,455

4 Dividends

	Six months ended		Year ended
	30/09/2016	30/09/2015	31/03/2016
	£'000s	£'000s	£'000s
Amounts recognised as distributions to equity holders			
Final dividend for the year ended 31 March 2016 of 1.5p (2015: 0.56p)	574	–	–
Interim dividend for the year ended 31 March 2016 of 0.50p (31 March 2015: Nil)	–	–	182
Final dividend for the year ended 31 March 2015 of 0.56p (2013: 1.12p)	–	198	198
	574	198	380

An interim dividend of 0.55p per share will be paid on Tuesday, 10th January 2017 to Members on the Register as at 9th December 2016. The shares will become ex-dividend on 8th December 2016.

29 November 2016