

14 November 2018

Dods Group plc
(“Dods” or “the Group”)

Unaudited Interim Results

Dods, a market leading business intelligence, data, events, media and training company, announces its unaudited interim results for the six months ended 30 September 2018. The Group continues to reposition the business as a leading provider of Augmented Intelligence with a strengthened Board and Senior Management Team.

Financial Highlights

	FY 2019 H1	FY 2018 H1
	30 Sept 18	30 Sept 17
Total revenue (£)	10.7m	10.0m
Gross margin (%)	42%	43%
Adjusted EBITDA (£) ^{1,2}	1.5m	1.7m
Adjusted EBIT (£) ³	0.9m	1.1m
Adjusted basic EPS before tax (pence)	0.30p	0.38p
Cash at bank (£) ^{4,5}	8.3m	9.5m
Total assets (£)	39.5m	37.9m
Debtor days	31	31

1. Adjusted EBITDA is calculated as earnings before interest, tax, depreciation, amortisation of intangible assets, share based payments and non-recurring items.

2. Marketing and Board costs have increased by £200k on a like-for-like basis.

3. Adjusted EBIT is calculated as operating profit plus non-recurring costs.

4. After major cash outflow relating to investments of £2.4m in the 12 months from 01 Oct 2017.

5. Includes restricted cash of £1.3 million (H1 FY2018: £1.3 million) supporting the lease agreement for the London premises of the Group.

Statutory results – continuing operations

	FY 2019 H1	FY 2018 H1
	30 Sept 18	30 Sept 17
Total revenue (£)	10.7m	10.0m
Profit before tax (£)	0.4m	0.9m
Adjusted basic EPS (Pence)	0.30p	0.38p
Basic EPS (Pence)	0.11p	0.27p

Operational Highlights

- Secured a number of new contracts with KPMG, EY, Teva, Roche and HSE (Health and Safety Executive)
- Extended contract with NHS England to provide the NHS Health & Care Innovation Expo in 2019
- The Group is nearing completion of a programme of restructuring designed to support planned growth

- Restructuring reflected in necessary increases in investment relating to board changes and non-recurring expenses, plus increased marketing costs to increase sales effectiveness
- Dods' go-to-market strategy is now enabled by marketing automation, bringing targeted customer acquisition, on-boarding and retention with a renewed focus on priority sectors
- An ambitious plan has been developed for the Group, which is aimed at driving further organic improvements, as well as growth through targeted acquisitions which meet the Group's key criteria.

Board Changes in H1 2019

- New Chief Executive Officer Simon Presswell joined the Board on 9 July 2018
- Cheryl Jones Non-Executive Chairman stepped down from the Board on 1 August 2018
- David Hammond was appointed Non-Executive Chairman following the Company's Annual General Meeting on 2 August 2018
- Richard Boon was appointed as a Non-Executive Director on 14 August 2018

Simon Presswell, Chief Executive of Dods Group plc, commented:

"Since joining the business in July, I have been able to explore our current operations, meet a large number of our customers and see how our staff deliver the excellent service that Dods is known for. With such tremendous heritage across our business and a portfolio of existing and new brands, Dods is well positioned to continue to grow our product offering both organically and through acquisitions."

For further information, please contact:

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Business and Operational Review

With a recently strengthened Board and senior management team in place, Dods is now nearing completion of a significant business transformation. Leveraging the Group's experience in the political and policy markets has helped to develop an ambitious growth plan, which is aimed at further embedding our products and services into our customers' workflows, as well as providing the opportunity for the business to serve new industries.

Through the period, the operational priorities were:

- finalise the restructuring of the business;
- support the planned growth in revenue in the events and engagement portfolio;
- maintain focus on improving the retention of recurring revenues;
- continue to invest in data management, marketing automation and the Group's sales effectiveness;
- develop and invest in digital products to continue to drive recurring revenue; and
- enhance the talent within the Group by investing in the appointment of new key personnel.

During the period the Group secured a number of notable contracts with KPMG, EY, Teva, Roche and HSE and extended a contract with NHS England to provide the NHS Health & Care Innovation Expo in September 2019. Our Training division continued to win international contracts and deliver various programmes across the globe including 10 different Caribbean governments, the European Central Bank and over 220 training workshops to the UK Government.

Holyrood launched the inaugural Holyrood Garden Party and Political awards in June of this year and the Editor won the UK columnist of the year award at the PPA magazine awards in London. PoliticsHome has continued to enjoy strong growth in readership, with page views up 18% on the same period to 5.2m (H1 FY2018 4.4m) and unique visitors up 14% to 3.2m (H1 FY2018 2.8m).

The Group continues to pursue potential acquisitions and has defined a set of acquisition criteria from which the key attributes required can quickly be identified. In so doing, we believe the Group is able to move at speed to identify further opportunities to create additional shareholder value by both bringing scale to existing products and services, whilst entering new end markets and addressing new customers.

We are increasingly focussed on enriching the points of contact within our customer base, expanding beyond public affairs and into the Chief Risk, Innovation and Marketing Officers' agenda as we seek to help customers manage risk and find competitive advantage in the markets within which they operate.

We do this by providing scalable solutions that enable actionable insights for business-critical decisions, not just in political and policy areas, but increasingly in the fields of business risk and in pursuit of competitive advantage across new and existing regulated markets. As the complexity of the world's commercial and political markets increases, this creates pressure to perform and customers are seeking more time critical and relevant solutions. Dods offers this by combining the products and services in our portfolio into bespoke, yet scalable, evolved end-to-end solutions.

Outlook

The Board is confident in the long-term prospects of the Group. The quality and loyalty of the existing customer base provide the opportunity for strong scalable organic growth as we now move to execute our ambitious growth plans.

Simon Presswell
Chief Executive Officer

Financial Review

Income Statement

The Group's revenue from continuing operations increased by 7% to £10.7 million (H1 FY2018: £10.0 million) and gross profit increased by 4.7% to £4.5 million (H1 FY2018: £4.3 million).

Gross margin decreased from 43% to 42% in the period. The decrease in gross margin was due to increased cost on delivery of events and change in the product mix sold in the period. Administration costs increased by 11% to £3.0 million (H1 FY2018: £2.7 million) reflecting the increase in business rates of £100k, increased marketing spend of £150k and £50k due to Board changes mentioned earlier.

Adjusted EBITDA decreased by 12% to £1.5 million (H1 FY2018: £1.7 million). Operating profit was £0.4 million (H1 FY2018: £1.0 million), after an amortisation charge of £0.2 million (H1 FY2018: £0.2 million) for business combinations and a charge of £0.3 million (H1 FY2018: £0.2 million) for intangible assets. The depreciation charge in the period remained flat at £0.2 million (H1 FY2018: £0.2 million).

During the period, the Group incurred £0.5 million of non-recurring costs (H1 FY2018: £0.1 million). The largest expense of £0.3 million (H1 FY2018: £nil) related to costs incurred for departing executives. In addition, the Group incurred talent costs of £0.1 million (H1 FY2018: £nil) reflecting Board changes in the period and addition of new talent in content and sales delivery.

The taxation charge for the period was £nil (H1 FY2018: £nil) and is based on the use of accumulated tax losses.

Adjusted earnings per share, both basic and diluted, from continuing operations in the period were 0.30 pence (H1 FY2018: 0.38 pence) and were based on the adjusted profit for the period of £1.1 million (H1 FY2018: £1.3 million) with a weighted average number of shares in issue during the period of 341,524,286 (H1 FY2018: 340,840,953).

Earnings per share, both basic and diluted, from continuing operations in the period were 0.11 pence (H1 FY2018: 0.27 pence) and were based on the net profit for the period of £0.4 million (H1 FY2018: £0.9 million).

The main impact on the basic earnings per share has been the increased costs of marketing, board changes and non-recurring expenses on a like-for-like basis. The increase in these costs was £0.53 million compared to the prior period.

Dividend

The Board is not proposing a dividend at this time (H1 FY2018: £nil).

Statement of Financial Position

Assets

Non-current assets consisted of goodwill of £13.3 million (H1 FY2018: £13.3 million), intangible assets of £8.0 million (H1 FY2018: £8.5 million) and tangible fixed assets of £2.2 million (H1 FY2018: £2.3 million). The Group, since February 2017, has held a 40% stake in the issued share capital of Sans Frontières Associates (SFA) and has loaned SFA £0.7 million (H1 FY2018: £0.7 million) at the period end. The loan is unsecured and carries no interest charge. Additionally, the Group has held a 30% stake in Social 360 since November 2017 for £1.7 million (H1 FY2018: £nil).

Trade and other receivables increased by £1.6 million to £5.2 million (H1 FY2018: £3.6 million), largely because of increases in prepayments and other receivables. The increase in prepayments comprise of event venue deposits and prepaid related direct costs of £0.7 million, rent and rates of £0.24 million and £0.2 million for out sourced services being delivered in the second half of the year. The Group had a cash balance of £8.3 million (H1 FY2018: £9.5 million) and had no borrowings at the year end.

Current liabilities increased by £0.8 million to £9.7 million (H1 FY2018: £8.9 million) due to increases in trade payables, accruals and deferred income in the year. There was no change in the deferred tax liability of £0.8 million (H1 FY2018: £0.8 million).

Total assets of the Group were £39.4 million (H1 FY2018: £37.9 million) with the main movements being the investments in associates and prepayments. Total equity increased by £0.7 million to £28.9 million (H1 FY2018: £28.2 million), mainly reflecting the increase in retained profit for the year.

Liquidity and capital resources

Net interest and finance income during the period amounted to £4,000 (H1 FY2018: expense of £22,000).

The Group had a cash balance of £8.3 million (H1 FY2018: £9.5 million). The cash movement reflects a net working capital increase mainly due to prepayments of £1.0 million (H1 FY2018: £0.4 million).

Nitil Patel
Chief Financial Officer

DODS GROUP PLC
CONSOLIDATED INCOME STATEMENT
for the six months ended 30 September 2018

	Unaudited Six months ended 30 Sept 18	Unaudited Six months ended 30 Sept 17	Audited Year ended 31 Mar 18
	Note	£'000	£'000
Revenue	2	10,702	10,002
Cost of sales		(6,241)	(5,658)
Gross Profit		4,461	4,344
Administrative expenses		(2,958)	(2,658)
Other Income		-	444
Adjusted EBITDA		1,503	1,686
Depreciation		(185)	(178)
Amortisation of intangible assets acquired via		(198)	(204)
Amortisation of intangible assets		(267)	(217)
Non-recurring items	3	(461)	(128)
Operating profit		392	959
Net finance costs		4	(22)
Share of loss of associate		(18)	-
Profit before tax		378	937
Tax		-	(182)
Profit for the period		378	937

Earnings per share

Basic	4	0.11p	0.27p	0.33p
Diluted	4	0.11p	0.27p	0.33p

DODS GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2018

	Unaudited Six months ended 30 Sept 18	Unaudited Six months ended 30 Sept 17	Audited Year ended 31 Mar 18
	£'000	£'000	£'000
Profit for the period	378	937	1,129
Items that will be subsequently re-classified to profit and loss			
Exchange differences on translation of foreign operations	-	-	95
Other comprehensive loss for the period	-	-	95
Attributable to equity holders of parent company	378	937	1,224

DODS GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2018

		Unaudited As at 30 Sept 18 £'000	Unaudited As at 30 Sept 17 £'000	Audited As at 31 Mar 18 £'000
Goodwill		13,282	13,282	13,282
Intangible assets	5	8,035	8,457	8,308
Investments		1,666	-	1,684
Property, plant and equipment	6	2,209	2,254	2,327
Long term loan		700	700	700
Total non-current assets		25,892	24,693	26,301
Inventories		34	50	12
Trade and other receivables		5,169	3,612	3,469
Cash and cash equivalents	7	7,062	8,232	7,491
Restricted cash	7	1,266	1,266	1,266
Total current assets		13,531	13,160	12,238
Total assets		39,424	37,853	38,539
Capital and reserves				
Issued capital		17,096	17,088	17,096
Share premium		8,142	8,105	8,142
Merger reserves		409	409	409
Retained profit		3,291	2,721	2,913
Share option reserve		44	36	44
Translation reserve		(59)	(154)	(59)
Total equity		28,923	28,205	28,545
Trade and other payables		9,738	8,885	9,231
Total current liabilities		9,738	8,885	9,231
Deferred tax liability		763	763	763
Total non-current liabilities		763	763	763
Total equity and liabilities		39,424	37,853	38,539

DODS GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY for the six months ended 30 September 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Translation reserve £'000	Share option reserve £'000	Total shareholders' funds £'000
At 1 April 2017	17,088	8,105	409	1,784	(154)	36	27,268
Total comprehensive loss							
Profit for the year	-	-	-	1,129	-	-	1,129
Other comprehensive loss							
Currency translation differences	-	-	-	-	95	-	95
Share based payment						8	8
Issue of ordinary shares	8	37	-	-	-	-	45
At 1 April 2018	17,096	8,142	409	2,913	(59)	44	28,545
Total comprehensive profit							
Profit for the period	-	-	-	378	-	-	378
At 30 September 2018	17,096	8,142	409	3,291	(59)	44	28,923

DODS GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 September 2018

	Unaudited Six months ended 30 Sept 18 £'000	Unaudited Six months ended 30 Sept 17 £'000	Audited Year ended 31 Mar 18 £'000
Cash flows from operating activities			
Profit for the period	378	937	1,129
Depreciation of property, plant and equipment	185	178	357
Amortisation of intangible assets acquired through business combinations	198	204	408
Amortisation of other intangible assets	267	217	466
Share based payments credit	-	-	8
Other gains	1	22	21
Non-recurring acquisition research costs and professional fees	-	-	557
Income tax credit	-	-	182
Operating cash flows before movements in working capital	1,029	1,558	3,128
Change in inventories	(22)	(15)	23
Change in receivables	(1,497)	(807)	(664)
Change in payables	506	412	671
Net cash generated by operations	16	1,148	3,158
Income tax paid	-	-	(43)
Net cash from operating activities	16	1,148	3,115
Cash flows from investing activities			
Interest and similar income received	-	-	2
Non-recurring acquisition research costs and professional fees	(185)	-	(557)
Investment in associate	-	-	(1,650)
Addition to property, plant and equipment	(68)	(9)	(261)
Additions to Intangible assets	(191)	(174)	(471)
Long term loan	-	(500)	(500)
Net cash used in investing activities	(444)	(683)	(3,437)
Cash flows from financing activities			
Proceeds from issue of share capital	-	-	45
Net cash from financing activities	-	-	45
Net increase/(decrease) in cash and cash equivalents	(428)	465	(277)
Opening cash and cash equivalents	8,757	9,033	9,033
Effect of exchange rate fluctuations on cash held	(1)	-	1
Closing cash at bank	8,328	9,498	8,757
Cash and cash equivalents	7,062	8,232	7,491
Restricted cash held in deposit account	1,266	1,266	1,266
Closing cash at bank	8,238	9,498	8,757

1 Statement of Accounting Policies

Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34: Interim Financial Reporting as adopted by the EU. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by AIM Rules, the condensed set of financial statements has been prepared, and applying accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year-ended 31 March 2018.

The comparative figures for the year ended 31 March 2018 have been extracted from the Group's statutory accounts for that financial period. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The taxation charge for the six months ended 30 September 2018 is based on the assumed use of accumulated tax losses.

The condensed set of interim financial statements have been prepared on a going concern basis and were approved by the Board on 13 November 2018.

2 Segmental information

The Group considers that it has one operating business segment. It monitors revenue by product and activity to determine the overall performance of the segment.

Principal activities are as follows:

The Group's principal activity is the curation and aggregation of high quality information and data, and the provision of services through a combination of online information and digital services, training courses, conferences and events publications, and other media. The Group operates primarily in the UK, Belgium and France and has market-leading positions in much of its portfolio. These products and services can be paired and bundled to provide comprehensive solutions.

No client accounted for more than 10% of total revenue. The following table provides an analysis of the Group's performance by geographical market.

	Unaudited Six months ended 30 Sept 18 £'000	Unaudited Six months ended 30 Sept 17 £'000	Audited Year ended 31 Mar 18 £'000
Revenue			
United Kingdom	8,753	8,002	16,469
Continental Europe and rest of the world	1,949	2,000	4,117
	10,702	10,002	20,586

3 Non-recurring items

	Unaudited Six months ended 30 Sept 2018	Unaudited Six months ended 30 Sept 2017	Audited Year ended 31 Mar 2018
	£'000	£'000	£'000
Non-Recurring acquisition research costs and professional fees	-	90	557
Talent Costs	83	-	110
Other			
Redundancy and people related expense	232	38	275
Legacy IT related costs	-	-	-
Office relocation	-	-	-
Other	146	-	33
	461	128	975

4 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of Ordinary shares in issue during the period.

An adjusted earnings per share is calculated by dividing the adjusted profit attributable to shareholders (detailed below) by the weighted average number of Ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares, assuming conversion of all dilutive share options to Ordinary shares

	Unaudited Six months ended 30 Sept 2018	Unaudited Six months ended 30-Sep-2017	Audited Year ended 31 Mar 2018
	£'000	£'000	£'000
Profit attributable to shareholders	378	937	1,129
Add: non-trading items net of tax	461	128	975
Add: amortisation of intangible assets acquired through business combinations	198	204	408
(Deduct)/Add: net finance (income)/charge	(4)	22	23
Add: share based payment charge	-	-	8
Adjusted profit on continuing operations	1,033	1,291	2,543

	Unaudited Six months ended 30 Sept 2018	Unaudited Six months ended 30-Sep- 2017	Audited Year ended 31 Mar 2018
	Ordinary shares	Ordinary shares	Ordinary shares
Weighted average number of shares			
In issue during the period - basic	341,524,286	340,840,953	341,524,286
Share options	250,000	1,250,000	250,000
Weighted average number of shares for diluted earnings per share	341,774,286	342,090,953	341,774,286

Earnings per share – ordinary shares	0.11p	0.27p	0.33p
Adjusted earnings per ordinary share (as defined above)	0.30p	0.38p	0.74p
Earnings per share on continuing operations			
Profit per ordinary share - basic	0.11p	0.27p	0.33p
Profit per ordinary share - diluted	0.11p	0.27p	0.33p

5 Intangible assets

	Assets acquired through business combinations £'000	Software £'000	Total £'000
Cost			
At 1 April 2017	24,215	2,436	26,651
Additions –internally generated	-	471	471
At 1 April 2018	24,215	2,907	27,122
Additions –internally generated	1	191	191
At 30 September 2018	24,216	3,098	27,313
Amortisation			
At 1 April 2017	16,951	989	17,940
Charged in year	408	466	874
At 1 April 2018	17,359	1,455	18,814
Charged in period	198	267	465
At 30 September 2018	17,557	1,722	19,279
Net Book Value			
At 1 April 2017	7,264	1,447	8,711
At 1 April 2018	6,856	1,452	8,308
At 30 September 2018	6,659	1,376	8,035

6 Property, plant and equipment

	Leasehold improvements £'000	Equipment and fixtures and fittings £'000	Total £'000
Cost			
At 1 April 2017	1,728	1,090	2,818
Additions	216	45	261
Disposals	-	(63)	(63)
At 1 April 2018	1,944	1,072	3,016
Additions	54	14	68
At 30 September 2018	1,998	1,086	3,084
Depreciation			
At 1 April 2017	106	289	395
Reclassified from intangible assets			
Charged in year	173	184	357
Disposals	-	(62)	(62)
At 1 April 2018	279	411	690
Charged in period	98	87	185

At 30 September 2018	377	498	875
Net Book Value			
At 1 April 2017	1,622	801	2,423
At 1 April 2018	1,665	662	2,327
At 30 September 2018	1,621	588	2,209

7 Cash and Cash Equivalents

	Unaudited Six months ended 30 Sept 2018	Unaudited Six months ended 30 Sep 2017	Audited Year ended 31 Mar 2018
	£'000	£'000	£'000
Cash and cash equivalents	7,062	8,232	7,491
Restricted cash held in deposit account	1,266	1,266	1,266
	8,328	9,498	8,757

Included in the cash balance is a cash deposit of £1.27m (2018: £1.27m) in relation to a lease for the London premises of the Group. Once the Group obtain certain adjusted EBIDTA performance then the deposit held by the Landlord becomes unrestricted.