

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

Unaudited Interim Results
for the six months ended 30 September 2017

Financial Highlights

	H1 2017	H1 2016	Actual Increase
Revenue	£10.0m	£9.7m	3.1%
Gross Profit	£4.3m	£3.7m	16.2%
Gross Profit Margin	43%	38%	5 ppts
Profit Before Tax	£0.9m	£0.8m	12.5%
Adjusted EBITDA*	£1.7m	£1.5m	13.3%
Cash at bank	£9.5m	£7.9m	20.3%
Basic EPS	0.27p	0.24p	12.5%
Adjusted Basic EPS	0.38p	0.34p	11.8%

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

Operational Highlights

- At the half year, recurring revenue as a percentage of total revenue is 85% and client retention is 94%
- Specific first-half product innovation highlights include the expansion of the Dods People app including UK and EU parliaments, the expansion of series-based events, the introduction of new EU focussed quarterly magazine and the development of Dods People data integration with a global CRM provider
- The Group continues to focus on its strategic approach to sales and marketing, client services and product innovation
- Planned investment in key personnel will continue in the second half of the financial year.

Post Period-end

- The Group also announced today it has acquired and subscribed for 30% of the enlarged issued share capital of Social360 Limited (www.social360monitoring.com) for £1.65 million in cash. The acquisition gives Dods an opportunity to create a competitive advantage and expand its bundled services around political monitoring, business intelligence and consultative services to existing clients and new markets.

Cheryl Jones, Chairman of Dods Group PLC, commented:

“The Group’s financial performance is on track for the full fiscal year. Moreover, the increase in margin and profit is a reflection of high client retention and efficiency levels that have been achieved in the business.

The Group has now moved to the next stage in its development, re-invigorating its sales and marketing to attract new customers whilst also exploring new products to cross sell into its existing base. We have a clear strategy to be a leading provider of high quality information, engagement and digital services and are confident that we will be able to achieve long term growth, both organically and through acquisitions.”

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Business and Operational Review

The Group's revenues grew by 3% to £10.0 million (2016: £9.7 million). Gross margins improved from 38% to 43%. Adjusted EBITDA has improved from £1.5 million to £1.7 million, an increase of 13.3%. Profit before tax of £0.9 million (2016: £0.8 million).

As part of its strategy, Dods is focussed on bringing innovative products and flexible solutions to the marketplace. This strategy combined with the high-calibre level of our political and business consulting teams, our strategic sales efforts and our investment in technology infrastructure, has resulted in a 94% retention level in our subscriber base.

Through the period, the operational priorities were:

- support the planned growth in revenue in the events and engagement portfolio;
- maintain focus on improving the retention of recurring subscriber revenues;
- continue to develop and invest in our digital products whilst maintaining our print media market share resulting in 89% recurring revenues as at 30 September 2017;
- on-going client stakeholder mapping to optimise competitive positioning; and
- increase our training revenues via internal investment in key personnel.

The Group is actively pursuing acquisitions and strategic investments that will expand core competencies into new markets, offer product innovation and bring scale to existing products and services.

Dods provides tailored solutions that enable actionable insights for critical decision making in an increasingly fast-paced commercial landscape. As the pressure to perform increases, clients are seeking more bespoke offerings with evolved solutions. This creates demand for providers to recombine products and to offer creative service bundles rather than going to market with traditionally more narrowly defined products. These market dynamics underpin the Group's strategy.

Outlook

The Board is confident in the long-term growth prospects for the Group. The quality and loyalty of the existing customer base provides the opportunity for strong organic growth as we continue to add to our range of services.

By Order of the Board

Key Financial Information

Half Year Summary

(£'000s unless specified otherwise)	Six months ended 30 September 2017	Six months ended 30 September 2016
Revenue	10,002	9,740
Gross Profit Margin %	43%	38%
Adjusted EBITDA	1,686	1,531
Depreciation	(178)	(124)
Amortisation of intangible assets and assets acquired through business combinations	(204)	(292)
Amortisation of software intangible assets	(217)	(172)
Adjusted EBIT	1,087	943
Non-recurring items	(128)	(42)
Net finance costs	(22)	(83)
Earnings before tax	937	818
EPS (pence)	0.27	0.24
Adjusted EPS (pence)	0.38	0.34
Cash flow from operations	1,148	1,404
Cash at bank	9,498	7,888

FINANCIAL REVIEW

Income Statement

The Group's revenue from continuing operations increased by 3% to £10.0 million (2016: £9.7 million) and gross profit increased by 17% to £4.3 million (2016: £3.7 million).

Gross margin increased from 38% to 43% in the period. The increase in gross margin was due to an ongoing focus on the quality of revenue across the Group and more efficient management of internal resources. Administration costs increased by 22% to £2.7 million (2016: £2.2 million) reflecting the increase in building costs of £0.4 million as the Group moved in to its new London premises in the second half of last year.

Adjusted EBITDA increased by 10% to £1.7 million (2016: £1.5 million). Operating profit was £1.0 million (2016: £0.9 million), after an amortisation charge of £0.2 million (2016: £0.3 million) for business combinations and a charge of £0.2 million (2016: £0.2 million) for intangible assets. The depreciation charge in the period was £0.2 million (2016: £0.1 million) reflecting the increase in fixed assets related to the new London premises.

The taxation charge for the period is £Nil (2016: £Nil) and is based on the expected annual tax rate and the assumed use of accumulated tax losses and other mitigating factors.

Adjusted earnings per share, both basic and diluted, from continuing operations in the period were 0.38 pence (2016: 0.34 pence) and were based on the adjusted profit for the period of £1.3 million (2016: £1.2 million) with a weighted average number of shares in issue during the period of 340,840,953 (2016: 340,840,953). Earnings per share, both basic and diluted, from continuing operations in the period were 0.27 pence (2016: 0.24 pence) and were based on the profit for the period of £0.9 million (2016: £0.8 million).

Dividend

The Board is not proposing a dividend at this time.

Statement of Financial Position

Assets

Non-current assets consisted of goodwill of £13.3 million (2016: £13.3 million), intangible assets of £8.5 million (2016: £9.0 million) and tangible fixed assets of £2.3 million (2016: £2.5 million). The Group holds a 40% stake in the issued share capital of Sans Frontières Associates (SFA) which it has loaned £0.7 million (2016: £Nil) at the period end. The loan is unsecured and carries no interest charge.

The Group had a cash balance of £9.5 million as at 30 September 2017 (2016: £7.9 million). The cash balance is after the expenditure of £0.8 million in investing activities and includes a deposit of £1.3 million (2016: £1.3 million) being held in the Group's name with its bankers.

Equity and Liabilities

Retained profits as at 30 September 2017 were £2.7 million (2016: £1.0 million) and total shareholders' equity at that date was £28.2 million (2016: £26.6 million).

Non-current deferred tax liability was £0.7 million as at 30 September 2017 (£0.8 million as at 30 September 2016).

Cash flows

During the period, the Group generated £1.2 million from operations (2016: £1.4 million). In addition, the Group expended £0.8 million in investing activities (2016: £2.6 million) and as a result, net cash and cash equivalents increased by £0.4 million to £9.5 million.

Nitil Patel
Chief Financial Officer

DODS GROUP PLC
CONSOLIDATED INCOME STATEMENT
for the six months ended 30 September 2017

		Unaudited Six months ended 30 September 2017 £'000	Unaudited Six months ended 30 September 2016 £'000	Audited Year ended 31 March 2017 £'000
Revenue	2	10,002	9,740	19,965
Cost of sales		(5,658)	(6,017)	(11,729)
Gross Profit		4,344	3,722	8,236
Administrative expenses		(2,658)	(2,191)	(4,835)
Adjusted EBITDA		1,686	1,531	3,401
Depreciation		(178)	(124)	(301)
Amortisation of intangible assets acquired via combinations		(204)	(292)	(584)
Amortisation of intangible assets		(217)	(172)	(368)
Non-recurring items	3	(128)	(42)	(221)
Operating profit		959	901	1,927
Net finance costs		(22)	(83)	(380)
Profit before tax		937	818	1,547
Tax		-	-	16
Profit for the period		937	818	1,563
 Earnings per share				
Basic	4	0.27p	0.24p	0.46p
Diluted	4	0.27p	0.24p	0.46p

DODS GROUP PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2017

	Unaudited Six months ended 30 September 2017 £'000	Unaudited Six months ended 30 September 2016 £'000	Audited Year ended 31 March 2017 £'000
Profit for the period	937	818	1,563
Items that will be subsequently reclassified to profit and loss			
Exchange differences on translation of foreign operations	-	(2)	(86)
Other comprehensive loss for the period	-	(2)	(86)
Attributable to equity holders of parent company	937	816	1,477

DODS GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 September 2017

		Unaudited As at 30 September 2017 £'000	Unaudited As at 30 September 2016 £'000	Audited As at 31 March 2017 £'000
Goodwill		13,282	13,282	13,282
Intangible assets	5	8,457	8,926	8,711
Property, plant and equipment	6	2,254	2,516	2,423
Long term loan		700	-	200
Total non-current assets		24,693	24,724	24,616
Inventories		50	67	35
Trade and other receivables		3,612	2,287	2,805
Cash and cash equivalents	7	8,232	6,622	7,767
Restricted cash held in deposit account	7	1,266	1,266	1,266
Total current assets		13,160	10,242	11,873
Total assets		37,853	34,966	36,489
Capital and reserves				
Issued capital		17,088	17,088	17,088
Share premium		8,105	8,105	8,105
Merger reserves		409	409	409
Retained profit		2,721	1,039	1,784
Share option reserve		36	27	36
Translation reserve		(154)	(66)	(154)
Total equity		28,205	26,602	27,268
Trade and other payables		8,885	7,525	8,458
Total current liabilities		8,885	7,525	7,474
Deferred tax liability		763	839	763
Total non-current liabilities		763	839	763
Total equity and liabilities		37,853	34,966	36,489

DODS GROUP PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2017

	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 2016	17,083	8,057	409	221	(68)	27	25,729
Total comprehensive loss							
Profit for the year	-	-	-	1,563	-	-	1,563
Other comprehensive loss							
Currency translation differences	-	-	-	-	(86)	-	(86)
Transactions with owners							
Exercise of share options	-	-	-	-	-	9	9
Lapsed option transfer	-	-	-	-	-	-	-
Share based payment	5	48	-	-	-	-	53
At 1 April 2017	17,088	8,105	409	1,784	(154)	36	27,268
Total comprehensive profit							
Profit for the period	-	-	-	937	-	-	937
Transactions with owners							
Exercise of share options	-	-	-	-	-	-	-
Lapsed option transfer	-	-	-	-	-	-	-
Other comprehensive profit							
Currency translation differences	-	-	-	-	-	-	-
At 30 September 2017	17,088	8,105	409	2,721	(154)	36	28,205

DODS GROUP PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 September 2017

	Unaudited Six months ended 30 September 2017 £'000	Unaudited Six months ended 30 September 2016 £'000	Audited Year ended 31 March 2017 £'000
Cash flows from operating activities			
Profit for the period	937	818	1,563
Depreciation of property, plant and equipment	178	124	301
Amortisation of intangible assets acquired through business combinations	204	292	584
Amortisation of other intangible assets	217	172	368
Share based payments credit	-	-	9
Other gains	22	81	380
Income tax credit	-	-	(16)
Operating cash flows before movements in working capital	1,558	1,487	3,189
Change in inventories	(15)	(26)	6
Change in receivables	(807)	(96)	(615)
Change in payables	412	39	897
Net cash generated by operations	1,148	1,404	3,477
Income tax paid	-	-	(60)
Net cash from operating activities	1,148	1,404	3,417
Cash flows from investing activities			
Interest and similar income received	-	18	19
Addition to property, plant and equipment	(9)	(2,435)	(2,530)
Additions to Intangible assets	(174)	(137)	(411)
Long term loan	(500)	-	(200)
Net cash used in investing activities	(683)	(2,553)	(3,122)
Cash flows from financing activities			
Proceeds from issue of share capital	-	53	53
Foreign exchange forward contracts	-	(90)	(399)
Interest and similar expenses paid	-	(9)	-
Net cash from financing activities	-	(46)	(346)
Net increase/(decrease) in cash and cash equivalents	465	(1,195)	(51)
Opening cash and cash equivalents	9,033	9,083	9,083
Effect of exchange rate fluctuations on cash held	-	-	1
Closing cash at bank	9,498	7,888	9,033
Cash and cash equivalents	8,232	7,888	9,033
Restricted cash held in deposit account	1,266	-	-
Closing cash at bank	9,498	7,888	9,033

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 2017.

The comparative figures for the year ended 31 March 2017 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 2017 is based on the expected annual tax rate, and the assumed use of accumulated tax losses and other mitigating factors.

The condensed set of interim financial statements have been prepared on a going concern basis and were approved by the Board on 15 November 2017.

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 September 2017 £'000	Unaudited Six months ended 30 September 2016 £'000	Audited Year ended 31 March 2017 £'000
Revenue			
United Kingdom	8,002	7,823	15,972
Continental Europe and rest of the world	2,000	1,917	3,993
	10,002	9,740	19,965

3 Non-recurring items

	Unaudited Six months ended 30 Sept 2017	Unaudited Six months ended 30 Sep 2016	Audited Year ended 31 Mar 2017
	£'000	£'000	£'000
Redundancy and people related expense	38	33	76
Legacy IT related costs	8	-	106
Acquisition related expense	82	-	28
London office move	-	9	11
	128	42	221

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 2017	Unaudited Six months ended 30 Sep 2016	Audited Year ended 31 Mar 2017
	£'000	£'000	£'000
Profit attributable to shareholders	937	818	1,563
Add: non-trading items net of tax	128	42	221
Add: amortisation of intangible assets acquired through business combinations	204	292	584
Add: net exchange losses	22	-	331
Add: share based payment charge	-	-	9
Adjusted profit on continuing operations	1,291	1,152	2,708

	Unaudited Six months ended 30 Sept 2017	Unaudited Six months ended 30 Sep 2016	Audited Year ended 31 Mar 2017
	Ordinary shares	Ordinary shares	Ordinary shares
Weighted average number of shares			
In issue during the period - basic	340,840,953	340,840,953	340,840,953
Share options	1,250,000	1,250,000	1,250,000
Weighted average number of shares for diluted earnings per share	342,090,953	342,090,953	342,090,953
Earnings per share – ordinary shares	0.27p	0.24p	0.46p
Adjusted earnings per ordinary share (as defined above)	0.38p	0.34p	0.79p
Earnings per share on continuing operations			
Profit per ordinary share - basic	0.27p	0.24p	0.46p
Profit per ordinary share - diluted	0.27p	0.24p	0.46p

5 Intangible assets

	Assets acquired through business combinations	Software	Total
	£'000	£'000	£'000
Cost			
At 1 April 2016	24,215	4,058	28,273
Reclassified to property, plant and equipment	-	(79)	(79)
Additions –externally purchased	-	39	39
Additions –internally generated	-	372	372
Disposals	-	(1,954)	(1,954)
At 1 April 2017	24,215	2,436	26,651
Additions –internally generated	-	167	167
At 30 September 2017	24,215	2,603	26,818
Amortisation			
At 1 April 2016	16,367	2,646	19,013
Reclassified to property, plant and equipment	-	(71)	(71)
Charged in year	584	368	952
At 1 April 2017	16,951	989	17,940
Charged in period	204	217	421
At 30 September 2017	17,155	1,206	18,361
Net Book Value			
At 1 April 2016	7,848	1,412	9,260
At 1 April 2017	7,264	1,447	8,711
At 30 September 2017	7,060	1,397	8,457

6 Property, plant and equipment

	Leasehold improvements	Equipment and fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
At 1 April 2016	642	615	1,257
Reclassified from intangible assets	-	79	79
Additions	1,709	821	2,530
Disposals	(623)	(425)	(1,048)
At 1 April 2017	1,728	1,090	2,818
Rebate of bought forward assets	(23)	-	(23)
Additions	-	32	32
At 30 September 2017	1,705	1,122	2,827
Depreciation			
At 1 April 2016	542	529	1,071
Reclassified from intangible assets	27	44	71
Charged in year	160	141	301
Disposals	(623)	(425)	(1,048)
At 1 April 2017	106	289	395
Charged in period	83	95	178
At 30 September 2017	189	384	574
Net Book Value			
At 1 April 2016	100	86	186
At 1 April 2017	1,622	801	2,423
At 30 September 2017	1,516	738	2,254

7 Cash and Cash Equivalents

	Unaudited Six months ended 30 Sept 2017	Unaudited Six months ended 30 Sep 2016	Audited Year ended 31 Mar 2017
	£'000	£'000	£'000
Cash at bank and in hand	9,498	7,888	9,033
	9,498	7,888	9,033

Included in the cash balance is a cash deposit held in the Group's name with its bankers of £1.27m (2016: £1.27m) in relation to the new premises of the Group.