

Interim Results

Released : 10/07/18 07:00

RNS Number : 0811U
Access Intelligence PLC
10 July 2018

10 July 2018

Access Intelligence plc

("Access Intelligence" or the "Company")

INTERIM RESULTS

Access Intelligence Plc (AIM: ACC, "Access Intelligence" or the "Group"), a leading supplier of Software-as-a-Service (SaaS) solutions for communications and reputation management, announces its unaudited half year results for the six months ended 31 May 2018.

Highlights:

- Revenue increased by £0.41 million (10.3%) year-on-year (2017 restated: decrease of £0.92 million).
- Annual Contract Value ("ACV") base increased to £8.9 million (2017: £7.9 million):
 - Increase in net ACV of £0.36 million during H1 (H1 2017: £0.15 million).
- Adjusted EBITDA loss of £55,000 (2017: loss £218,000).
- Balance Sheet significantly strengthened:
 - £2.35 million of convertible loan notes converted into equity.
 - Raised £2.64 million (net of expenses) to fund investment in Vuelio platform.
- At 31 May 2018, cash balance £3.06 million (H1 2017: £0.49 million) with net assets of £4.25 million (H1 2017: £0.93 million).
- Increasing momentum in new business wins, including a number of blue-chip enterprises and large public-sector bodies.
- Continued investment in Vuelio platform, with product management and development teams executing on Group's first key deliverables in mobile and GDPR.
- Christopher Satterthwaite CBE appointed non-executive Chairman with effect from 1 September 2018. Michael Jackson to step down but will remain as non-executive director - see separate announcement.

Michael Jackson, non-executive Chairman, commented:

"In the first six months of the year, the business has benefited from the increasing complexity of reputation management in the UK media and political markets. More and more communicators want to use the Vuelio platform to gain workflow efficiencies and ensure they get essential intelligence and information from all sectors, including the media, social media and public affairs.

"Having launched our enterprise sales team only 12 months ago, the business has continued to secure an enviable list of clients including winning in H1: Carlsberg, Dyson, The Football Association, Honda and Qatar Airways.

"After 10 years as Chairman of the Group, I will be moving into a non-executive director role and look forward to welcoming Christopher as non-executive Chairman. He is perfectly placed to steer Access Intelligence's strategy as we look to capitalise on further disruption in the communications and reputation management market."

For further information:

Access Intelligence plc 0203 426 4070

Joanna Arnold (CEO) / Mark Fautley (CFO)

Allenby Capital Limited 0203 328 5656

David Worlidge / Nicholas Chambers

Instinctif Partners 0207 457 2077

Kay Larsen / Adrian Duffield

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

Chairman's statement

I am pleased to announce our unaudited interim results for the six months ended 31 May 2018.

The Group has benefited in this half year period from having a single brand and platform as well as being differentiated clearly from other vendors in the market by its capability to deliver the transformational and disruptive technology needed by communicators to succeed in modern PR and communications.

With the continued digital disruption of the communications landscape, the Group sees communications professionals requiring real time, actionable, information on all debates and issues relevant to their specific sectors. In addition, there is a crucial need for integrated campaign planning tools which is driving demand for our platform and the true collaboration it enables.

Stakeholder management is becoming more and more important, as is the rise of issue-driven PR and reputation management. There is clearly a need for a broader view of intelligence, which covers all sectors, including public affairs, media and social media, and clients are clearly interested in Vuelio's platform and the new and highly effective portfolio of tools it provides.

Vuelio was swift to capitalise on the advent of data protection regulation, which came into force on 25 May 2018, launching a General Data Protection Regulation ("GDPR") module within the Vuelio platform to support users with a robust solution to ensure their communications activity is compliant. GDPR is another factor contributing to the increasing complexity of modern media and communications, rendering traditional manual operations ineffective.

In the development of the Vuelio platform, Artificial Intelligence ("AI") sits at the heart of the solution as a powerful way of contextualising and filtering excessive unstructured data. It enables communicators to react faster to existing issues, find influential stakeholders aligning with strategic topics quickly and help them identify emerging topics and future opportunities and challenges through correlating events and patterns.

Ultimately, this will drive more effective strategic decision-making and give Vuelio's clients the potential to create effective and targeted PR and stakeholder strategies.

In line with our strategy to build a global platform for communications and reputation management, Access Intelligence signed a reseller partnership in the Middle East during H1. This follows the Group's successful partnership with a reseller in Australia and New Zealand.

Results for the half year

One of the key financial metrics monitored by the Board is the change in the ACV base year-on-year. This metric reflects the annual value of new business won, plus upsell into its existing customer base, less any customer losses. It is an important metric for the Group as it is a leading indicator of future revenue.

Total ACV growth over the year from 1 June 2017 was £0.95 million (12.0%) with the Group having an ACV base of £8.9 million at 31 May 2018. During the first six months of the year, the Group's ACV base grew by £0.36 million compared to growth of £0.15 million for the equivalent period in 2017.

Revenue from continuing operations for the period grew by 10.3% to £4,346,000 (H1 2017 restated: £3,938,000). The year-on-year increase was primarily driven by the growth in ACV delivered by the business in the second half of the 2017 financial year. Recurring revenue comprised 99% of total revenue (H1 2017 restated: 99%).

Gross profit from continuing operations increased by 12% year-on-year to £2,831,000 (H1 2017 restated: £2,521,000) whilst gross margin was 65% (H1 2017 restated: 64%).

Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") loss was reduced to £55,000 compared to a loss of £218,000 in H1 2017. Adjusted EBITDA excludes certain non-recurring items totalling £99,000 for the period (H1 2017 restated: £472,000) in addition to the Group's share of loss of an associate of £130,000 (H1 2017 restated: £173,000).

Non-recurring items included restructuring costs of £39,000 (H1 2017 restated: £101,000) and non-recurring hosting and migration costs of £60,000 (H1 2017 restated: £371,000).

The Group increased its investment in the Vuelio platform with identifiable new product development activity being capitalised. The Group had capitalised development costs of £377,000 (H1 2017: £Nil), with a further £310,000 (H1 2017: £579,000) being expensed through profit and loss.

EBITDA loss from continuing operations was reduced to £284,000 (H1 2017 restated: loss of £872,000).

The Group's operating loss from continuing operations was £773,000 (H1 2017 restated: loss £1,331,000). The Group incurred £489,000 of depreciation and amortisation charges (H1 2017 restated: £459,000).

The basic loss per share from continuing operations was 0.23p (H1 2017 restated: loss 0.47p).

The Group had cash at the end of the period of £3,056,000 (H1 2017: £494,000).

Disposal of A.I. Talent Limited

The sale of A.I. Talent Limited ("A.I. Talent") was completed on 9 May 2018. A.I. Talent is a provider of SaaS learning management systems but was considered non-core to the Group's strategic focus on the corporate communications and reputation management sector. The Group left A.I. Talent with what was considered to be an appropriate level of working capital and, as such, the net cash outflow for the Group after costs was £147,000. The divestment resulted in a Group loss on disposal of £29,000.

Subsequent events

On 1 June 2018, the Group retained its 20% shareholding in Track Record Holdings Limited ("Track Record") by investing a further £260,000 as its share of a £1,300,000 fundraising completed by the company. The Group sees excellent opportunities for this business.

Board changes

After 10 years as Chairman, I have led the business through a period of change and, with a new strategy in place, I feel the time is right for me to move into a non-executive director position. Accordingly, I am delighted that we welcome Christopher Satterthwaite as the Group's new non-executive Chairman with effect from 1 September 2018.

I look forward to working with Christopher, CEO Joanna Arnold, and the wider Access Intelligence team, as disruption in the media, reputation management and communications markets opens up further opportunity for the business to grow.

Current trading and outlook

Access Intelligence is building a global platform for communications and reputation management. The Group aims to further develop its scale and market position through organic growth, partnerships and carefully targeted acquisitions that will enhance its capabilities and/or geographic reach.

The Group continues to trade in line with the Board's expectations for the current financial year.

**Consolidated Statement of Comprehensive Income
for the six months ended 31 May 2018**

	Unaudited 6 months ended 31-May-18 £'000	Unaudited and restated * 6 months ended 31-May-17 £'000	Audited Year ended 30-Nov-17 £'000
Continuing operations			
Revenue	4,346	3,938	8,063
Cost of sales	(1,515)	(1,417)	(2,823)
Gross profit	2,831	2,521	5,240
Administrative expenses	(2,886)	(2,739)	(6,604)
Adjusted EBITDA	(55)	(218)	(1,364)
Non-recurring items	(99)	(472)	(854)
Share of loss of associate	(130)	(173)	(254)
Share-based payments	-	(9)	-
EBITDA	(284)	(872)	(2,472)
Depreciation of tangible fixed assets	(36)	(36)	(71)
Amortisation of intangible assets acquired through business combination	(279)	(249)	(558)
Amortisation of software and development intangible assets	(174)	(174)	(349)
Operating loss	(773)	(1,331)	(3,450)
Financial expense	(166)	(172)	(343)
Loss before tax	(939)	(1,503)	(3,793)
Taxation credit	-	-	458
Loss for the period from continuing operations	(939)	(1,503)	(3,335)
(Loss)/Profit for the period from discontinued operations	(120)	344	558
Loss for the period	(1,059)	(1,159)	(2,777)
Other comprehensive income	-	-	-
Total comprehensive loss for the period attributable to the owners of parent company	(1,059)	(1,159)	(2,777)
Earnings per share:			
Continuing and discontinued operations			
Basic loss per share	(0.26)p	(0.37)p	(0.84)p
Diluted loss per share	(0.26)p	(0.37)p	(0.84)p
Continuing operations			
Basic loss per share	(0.23)p	(0.47)p	(1.01)p
Diluted loss per share	(0.23)p	(0.47)p	(1.01)p

* Prior period comparatives have been restated to disclose the results of A.I. Talent Limited as discontinued activities.

Consolidated Statement of Financial Position at 31 May 2018

	Unaudited As at 31-May-18 £'000	Unaudited As at 31-May-17 £'000	Audited As at 30-Nov-17 £'000
Non-current assets			

Intangible assets	6,155	6,675	6,231
Investments in associates	150	361	280
Property, plant and equipment	148	81	146
Deferred tax asset	206	230	206
Total non-current assets	6,659	7,347	6,863
Current assets			
Trade and other receivables	3,081	3,416	2,968
Current tax receivables	458	333	458
Cash and cash equivalents	3,056	494	673
Assets classed as held for sale	-	-	270
Total current assets	6,595	4,243	4,369
TOTAL ASSETS	13,254	11,590	11,232
Current liabilities			
Trade and other payables	1,590	1,558	1,558
Accruals	1,404	969	1,149
Provisions	-	118	-
Deferred revenue	4,541	4,226	4,137
Interest bearing loans and borrowings	135	1,374	2,489
Liabilities classed as held for sale	-	-	260
Total current liabilities	7,670	8,245	9,593
Non-current liabilities			
Provisions	256	264	226
Interest bearing loans and borrowings	869	1,919	884
Deferred tax liabilities	206	230	206
Total non-current liabilities	1,331	2,413	1,316
TOTAL LIABILITIES	9,001	10,658	10,909
NET ASSETS	4,253	932	323
Equity			
Share capital	2,433	1,586	1,743
Treasury shares	(148)	(148)	(148)
Share premium	6,906	1,491	2,352
Capital redemption reserve	191	191	191
Share option valuation reserve	348	386	348
Equity reserve	-	255	255
Retained earnings	(5,477)	(2,829)	(4,418)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	4,253	932	323

Consolidated Statement of Changes in Equity for the six months ended 31 May 2018

	Share capital	Treasury Shares	Share premium account	Capital redemption reserve	Share option valuation reserve	Equity reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 December 2016	1,580	(148)	1,458	191	377	255	(1,670)	2,043
Issue of share capital	6	-	33	-	-	-	-	39
Total comprehensive income for the period	-	-	-	-	-	-	(1,159)	(1,159)
Share-based payments	-	-	-	-	9	-	-	9

At 31 May 2017	1,586	(148)	1,491	191	386	255	(2,829)	932
Issue of share capital	157	-	861	-	-	-	-	1,018
Total comprehensive income for the period	-	-	-	-	-	-	(1,618)	(1,618)
Share-based payments	-	-	-	-	(38)	-	29	(9)
At 30 November 2017	1,743	(148)	2,352	191	348	255	(4,418)	323
Issue of share capital	350	-	2,293	-	-	-	-	2,643
Conversion of Convertible Loan Notes	340	-	2,261	-	-	(255)	-	2,346
Total comprehensive income for the period	-	-	-	-	-	-	(1,059)	(1,059)
At 31 May 2018	2,433	(148)	6,906	191	348	-	(5,477)	4,253

Consolidated Statement of Cash Flow for the six months ended 31 May 2018

	Unaudited 6 months ended 31-May-18 £'000	Unaudited 6 months ended 31-May-17 £'000	Audited Year ended 30-Nov-17 £'000
Loss for the year attributable to shareholders	(1,059)	(1,159)	(2,777)
Adjustments for:			
Taxation	-	-	(458)
Depreciation and amortisation	489	464	978
Share option charge	-	9	-
Share of loss of associate	130	173	254
Financial expense	166	172	343
Loss on sale of A.I. Talent	29	-	-
Profit on sale of AIControlPoint	-	(584)	(592)
Operating cash outflow before working capital changes	(245)	(925)	(2,252)
Increase in trade and other receivables	(21)	(734)	(576)
Increase in trade and other payables	729	446	731
Net cash inflow/(outflow) from operations	463	(1,213)	(2,097)
Tax received	-	103	436
Net cash inflow/(outflow) from operating activities	463	(1,110)	(1,661)
Investing			
Acquisition of PPE	(37)	(17)	(118)
Acquisition of software licences	-	(38)	(79)
Cost of software development	(377)	-	-
Disposal of A.I. Talent Limited	(5)	-	-
Less: cash and cash equivalents disposed of	(142)	-	-
Disposal of AIControlPoint	-	607	615
Moved to Held for Sale - A.I. Talent Limited	-	-	(5)
Net cash (outflow)/inflow from investing activities	(561)	552	413

Financing

Interest paid	(162)	(149)	(298)
Issue of shares	2,643	-	1,017
Exercise of share options	-	39	40
Net cash inflow/(outflow) from financing activities	2,481	(110)	759
Net increase/(decrease) in cash	2,383	(668)	(489)
Opening cash and cash equivalents	673	1,162	1,162
Closing cash and cash equivalents	3,056	494	673

Notes

1. Unaudited notes

Basis of preparation and accounting policies

The financial information for the six months to 31 May 2018 is unaudited and was approved by the Board of Directors on 9 July 2018.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 30 November 2017.

The interim financial information for the six months ended 31 May 2018, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts, and in accordance with International Financial Reporting Standards ("IFRS").

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may subsequently differ from those estimates.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 30 November 2017.

The Group has elected to present comprehensive income in one statement.

Going concern assumption

The Group manages its cash requirements through a combination of operating cash flows and long-term borrowings in the form of non-convertible loan notes.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its existing cash deposits and loan facilities.

Consequently, after making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

Information extracted from the Group's 2017 Annual Report

The financial figures for the year ended 30 November 2017, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 30 November 2017 were prepared under IFRS and have been delivered to the Registrar of Companies. The auditors reported on those accounts. Their report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Earnings per share

The calculation of earnings per share is based upon the loss after tax for the respective period, for continuing operations only. The weighted average number of ordinary shares used in the calculation of basic earnings per share is based upon the number of ordinary shares in issue in each respective period.

The impact of both share options granted under the company's share option schemes and convertible loan notes are anti-dilutive due to the Group being in a loss-making position, so the weighted average number of ordinary shares used in the calculation of diluted earnings per share is the same as for basic earnings per share.

This has been computed as follows:

	6 months ended	6 months ended	6 months ended	6 months ended	Year ended	Year ended
	31-May-18	31-May-18	31-May-17	31-May-17	30-Nov-17	30-Nov-17
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Continuing and discontinued operations						
Loss after tax (£'000)	(1,059)	(1,059)	(1,159)	(1,159)	(2,777)	(2,777)
Number of shares	402,115,290	402,115,290	316,783,619	316,783,619	328,645,382	328,645,382
Loss per share (pence)	(0.26)	(0.26)	(0.37)	(0.37)	(0.84)	(0.84)
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Continuing operations						
Loss after tax (£'000)	(939)	(939)	(1,503)	(1,503)	(3,335)	(3,335)
Number of shares	402,115,290	402,115,290	316,783,619	316,783,619	328,645,382	328,645,382
Loss per share (pence)	(0.23)	(0.23)	(0.47)	(0.47)	(1.01)	(1.01)

3. Disposal of A.I. Talent Limited

On 9 May 2018, Access Intelligence disposed of 100% of the issued share capital of A.I. Talent Limited for a consideration totalling £1.

The net liabilities of A.I. Talent Limited at the date of disposal were £81,000, with an intercompany balance of £105,000 owed by A.I. Talent Limited to Access Intelligence Plc being written off on disposal. Transaction costs totalled £5,000, with resulting Group loss on disposal of the subsidiary being £29,000.

Cash and cash equivalents divested with the business totalled £142,000, with net cash outflow arising on the disposal, including transaction costs, totalling £147,000.

4. Availability of interim results

The interim results will not be sent to shareholders but will be available at the Company's registered office at Longbow House, 20 Chiswell Street, London EC1Y 4TW and on the Company's website: www.accessintelligence.com.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

IR LLFLDDSAIIT