

Interim Results

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ACCESS INTELLIGENCE PLC

("Access Intelligence", the "Company" or the "Group")

INTERIM RESULTS

Access Intelligence Plc (AIM: ACC), 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 2019.

Highlights:

- First half revenue increased by approximately 42% to £6.2 million (H1 2018: £4.3 million).
- Annual Contract Value ("ACV") base increased by approximately 45% year on year to £12.9 million (H1 2018: £8.9 million):
 - ACV base increased by £0.45 million during H1 (H1 2018: £0.36 million).
- The Company delivered an Adjusted EBITDA* profit in the period of £379,000 (H1 2018: loss £55,000).
- At 31 May 2019, cash balance was £1.76 million (H1 2018: £3.06 million).
- ResponseSource Ltd ("ResponseSource") integration activity progressing in line with expectations, with customers to be migrated onto upgraded systems during Q3 2019.
- 92% of the expected £700,000 annualised synergy savings pursuant to the acquisition already achieved.
- Continued investment in product development with new functionality added to support a range of artificial intelligence led insights alongside advanced data management that allows customers to manage sensitive data in accordance with increasingly stringent privacy law.

Christopher Satterthwaite, non-executive Chairman, commented:

"In this half year period, the Group delivered increased revenue and an Adjusted EBITDA profit of £379,000, driven by the acquisition of ResponseSource in 2018 and encouraging organic growth. We are pleased with the progress made which reflects the strength of the organisation and the value of its subscription-based revenue model. As the integration of ResponseSource with the Vuelio platform nears completion, we expect growth to accelerate due to the new services available to customers. We are progressing well on our journey to creating the market leading, intelligence platform set to transform reputation management."

* Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and adjusted for share based payments, share of losses of an associate and non-recurring expenses primarily relating to the acquisition and integration of ResponseSource

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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 2019.

In this half year period, the Group delivered increased revenue and an Adjusted EBITDA profit driven by the acquisition of ResponseSource in 2018 and encouraging organic growth. This demonstrates the progress made and reflects the strength of the organisation and its revenue model.

The Group's Vuelio brand provides a software as a service ("SaaS") platform where revenues are underpinned by a growing, recurring base of subscriptions on annual or multi-year contracts. In the first half of 2019, approximately 98% of revenue was generated by customers on SaaS contracts, with the vast majority of these billed annually in advance.

Into the future, the Vuelio platform presents significant growth potential because it provides the insight and tools organisations need in a fast-changing communications landscape. Trends from digital disruption to political fragmentation make it imperative for organisations to be able to access real time, actionable, information on the debates and issues relevant to their specific needs.

As the integration of ResponseSource functionality with the Vuelio platform nears completion, growth is expected to accelerate as new benefits become available to both Vuelio and ResponseSource customers. It will unlock upsell opportunities from an expanded product suite that will allow customers to combine media monitoring with political insight and influencer analysis. This is integrated with a stakeholder management tool that provides customers with flexible workflow capabilities that improve overall effectiveness and productivity. The developments are fundamental to creating the market leading, intuitive, intelligence platform that will transform reputation management.

While supporting expansion of the Vuelio product suite, the integration of ResponseSource also adds depth to the Access Intelligence media and influencer network with over 1,500 new customers. These include household brand names from L'Oreal and Panasonic to Pizza Express; professional services firms Accenture, Deloitte and KPMG; and the majority of the UK's top 150 PR agencies. The Access Intelligence customer portfolio now contains more than 3,000 organisations.

The Directors remain confident about the ongoing growth opportunity for the remainder of the current financial year and beyond. Ongoing product development will deliver enhancements that are expected to improve retention, provide cost synergies and enhance margin. Bringing together the functionality of ResponseSource with the Vuelio platform will unlock value inherent in the vast store of media data built up across both organisations.

We will sustain the Company's growth by continuing to invest in the Access Intelligence network, expanding the potential of the platform and the benefit to the communications and marketing industries. To support our growth today and into the future, we have invested in expanded new premises for the London HQ, entering into an agreement for a new leasehold property in July 2019. This will provide capacity for the Group to finalise the ResponseSource integration by co-locating all employees in a single office with the move expected to be completed by the end of the current financial year.

Results for the half year

A key financial metric monitored by the Board is the growth in the ACV base year-on-year. This reflects the annual value of new business won, together with upsell into the Company's existing customer base as it delivers against its land and expand strategy, 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 2018 was 45% year on year with the Group having an ACV base of £12.9 million at 31 May 2019. £3.3m of the growth reflects the benefits of the ResponseSource acquisition, with the remaining £0.7m of growth being achieved organically. In the first half of 2019, the enlarged Group's ACV base grew by £0.45 million.

Revenue from continuing operations for the period grew by 42% to £6,159,000 (H1 2018: £4,346,000). The year-on-year increase was primarily driven by the ResponseSource acquisition, plus the growth in ACV delivered by Vuelio during the second half of the 2018 financial year and the first half of 2019. £4,465,000 of revenue in the period related to Vuelio and £1,694,000 related to ResponseSource. Recurring revenue comprised 98% of total revenue (H1 2018: 99%).

Gross profit from continuing operations increased by 51% year-on-year to £4,263,000 (H1 2018: £2,831,000) with gross margin increasing to 69% (H1 2018: 65%).

Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") were £379,000 compared to a loss of £55,000 in H1 2018. Adjusted EBITDA excludes certain non-recurring items totalling £662,000 for the period (H1 2018: £99,000), in addition to the Group's share of loss of an associate of £92,000 (H1 2018: £130,000) and a share-based payments charge of £21,000 (H1 2018: £Nil).

Non-recurring items in the period included transition and migration costs in respect of ResponseSource of £662,000 (H1 2018: £Nil). It is not anticipated that the transition and migration costs in respect of ResponseSource will continue into the financial year ended 30 November 2020. Reported EBITDA loss from continuing operations was £396,000 (H1 2018: loss of £284,000).

The Group increased its investment in the Vuelio platform with identifiable new product development activity being capitalised. The Group capitalised development costs of £1,048,000 for the period (H1 2018: £377,000), with a further £408,000 (H1 2018: £310,000) being expensed through profit and loss.

The Group's operating loss from continuing operations was £1,383,000 (H1 2018: loss £773,000). The Group incurred £987,000 of depreciation and amortisation charges (H1 2018: £489,000).

The basic loss per share from continuing operations was 2.25p (H1 2018 restated: loss 2.34p). H1 2018 earnings per share information has been restated to reflect the one-for-ten share consolidation completed in November 2018.

The Group held cash at the end of the period of £1,762,000 (H1 2018: £3,056,000). Of the £2,343,000 cash outflow from operating activities for the six months to 31 May 2018, £1,854,000 related to deferred consideration for ResponseSource, reflecting the free cash in the business at the date of completion. This deferred consideration payment represents the majority of the £1,876,000 reduction in trade and other payables between 30 November 2018 and 31 May 2019.

Current trading and outlook

In summary, the Group continues to trade in line with the Board's expectations for the current financial year. We are well into our journey to build the market leading platform for reputation management. Our technology led approach provides customers with the real time insights and intelligence they need to stay ahead in the constantly changing communications landscape. We will capitalise on this opportunity through continued investment and our product development strategy. We remain focussed on continued growth in scale and market position through a combination of organic growth, partnerships and acquisitions that will enhance the Group's capabilities and/or geographic reach. The opportunities created by this approach together with the undoubted progress we have made following the acquisition of ResponseSource gives us confidence in Access Intelligence's future growth potential.

Christopher
Satterthwaite
Non-executive
Chairman

Access Intelligence Plc Consolidated Statement of Comprehensive Income for the six months ended 31 May 2019

	Unaudited	Unaudited	Audited
	6 months ended	6 months ended	Year ended

	31-May-19	31-May-18	30-Nov-18
	£'000	£'000	£'000
Continuing operations			
Revenue	6,159	4,346	8,888
Cost of sales	(1,896)	(1,515)	(3,083)
Gross profit	4,263	2,831	5,805
Recurring administrative expenses	(3,884)	(2,886)	(5,771)
Adjusted EBITDA	379	(55)	34
Non-recurring administrative expenses	(662)	(99)	(473)
Share of loss of associate	(92)	(130)	(222)
Share-based payments	(21)	-	-
EBITDA	(396)	(284)	(661)
Depreciation of tangible fixed assets	(47)	(36)	(78)
Amortisation of intangible assets	(940)	(453)	(818)
Operating loss	(1,383)	(773)	(1,557)
Financial expense	(58)	(166)	(160)
Loss before tax	(1,441)	(939)	(1,717)
Taxation credit	-	-	362
Loss for the period from continuing operations	(1,441)	(939)	(1,355)
Loss for the period from discontinued operations	-	(120)	(155)
Loss for the period	(1,441)	(1,059)	(1,510)
Other comprehensive income	-	-	-
Total comprehensive loss for the period attributable to the owners of parent company	(1,441)	(1,059)	(1,510)
Earnings per share:			
Continuing and discontinued operations			
Basic loss per share	(2.25)p	(2.63)p	(3.32)p
Diluted loss per share	(2.25)p	(2.63)p	(3.32)p
Continuing operations			
Basic loss per share	(2.25)p	(2.34)p	(2.98)p
Diluted loss per share	(2.25)p	(2.34)p	(2.98)p

* 31 May 2018 earnings per share information has been restated to reflect the one-for-ten share consolidation completed in November 2018.

Access Intelligence Plc Consolidated Statement of Financial Position at 31 May 2019

	Unaudited As at 31-May-19 £'000	Unaudited As at 31-May-18 £'000	Audited As at 30-Nov-18 £'000
Non-current assets			
Intangible assets	14,188	6,155	14,033
Investments in associates	226	150	318
Property, plant and equipment	170	148	167
Deferred tax asset	37	206	37
Total non-current assets	14,621	6,659	14,555
Current assets			
Trade and other receivables	4,344	3,081	3,640
Current tax receivables	362	458	362

Cash and cash equivalents	1,762	3,056	5,300
Total current assets	6,468	6,595	9,302
TOTAL ASSETS	21,089	13,254	23,857
Current liabilities			
Trade and other payables	2,037	1,590	3,913
Accruals	1,162	1,404	1,006
Provisions	171	-	75
Deferred revenue	6,749	4,541	6,354
Interest bearing loans and borrowings	139	135	210
Total current liabilities	10,258	7,670	11,558
Non-current liabilities			
Provisions	-	256	96
Interest bearing loans and borrowings	840	869	867
Deferred tax liabilities	609	206	609
Total non-current liabilities	1,449	1,331	1,572
TOTAL LIABILITIES	11,707	9,001	13,130
NET ASSETS	9,382	4,253	10,727
Equity			
Share capital	3,204	2,433	3,189
Treasury shares	(148)	(148)	(148)
Share premium	13,135	6,906	13,075
Capital redemption reserve	191	191	191
Share option valuation reserve	369	348	348
Equity reserve	-	-	-
Retained earnings	(7,369)	(5,477)	(5,928)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	9,382	4,253	10,727

Access Intelligence Plc
Consolidated Statement of Changes in Equity
for the six months ended 31 May 2019

	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 2017	1,743	(148)	2,352	191	348	255	(4,418)	323
Total comprehensive income for the period	-	-	-	-	-	-	(1,059)	(1,059)
Issue of share capital	350	-	2,361	-	-	-	-	2,711
Conversion of Convertible Loan Notes	340	-	2,193	-	-	(255)	-	2,278

At 31 May 2018	2,433	(148)	6,906	191	348	-	(5,477)	4,253
Total comprehensive income for the period	-	-	-	-	-	-	(451)	(451)
Issue of share capital	756	-	6,169	-	-	-	-	6,925
At 30 November 2018	3,189	(148)	13,075	191	348	-	(5,928)	10,727
Total comprehensive income for the period	-	-	-	-	-	-	(1,441)	(1,441)
Exercise of share options	15	-	60	-	-	-	-	75
Share-based payments	-	-	-	-	21	-	-	21
At 31 May 2019	3,204	(148)	13,135	191	369	-	(7,369)	9,382

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

	Unaudited 6 months ended 31-May-19 £'000	Unaudited 6 months ended 31-May-18 £'000	Audited Year ended 30-Nov-18 £'000
Loss for the year attributable to shareholders	(1,441)	(1,059)	(1,510)
Adjustments for:			
Taxation	-	-	(362)
Depreciation and amortisation	987	489	896
Share option charge	21	-	-
Share of loss of associate	92	130	222
Financial expense	58	166	160
Loss on sale of A.I. Talent	-	29	64
Operating cash outflow before working capital changes	(283)	(245)	(530)
(Increase)/decrease in trade and other receivables	(698)	(21)	174
(Decrease)/increase in trade and other payables	(1,362)	729	2,414
Net cash (outflow)/inflow from operations	(2,343)	463	2,058
Tax received	-	-	458
Net cash (outflow)/inflow from operating activities	(2,343)	463	2,516
Investing			
Acquisition of PPE	(49)	(37)	(78)
Acquisition of software licences	(48)	-	(36)
Cost of software development	(1,048)	(377)	(1,344)

Disposal of A.I. Talent Limited	-	(5)	(5)
Less: cash and cash equivalents disposed of	-	(142)	(142)
Investment in associate	-	-	(260)
Acquisition of ResponseSource Ltd	-	-	(5,000)
Net cash outflow from investing activities	(1,145)	(561)	(6,865)
Financing			
Interest paid	(125)	(162)	(160)
Issue of shares	-	2,643	9,136
Exercise of share options	75	-	-
Net cash (outflow)/inflow from financing activities	(50)	2,481	8,976
Net (decrease)/increase in cash	(3,538)	2,383	4,627
Opening cash and cash equivalents	5,300	673	673
Closing cash and cash equivalents	1,762	3,056	5,300

Notes

1. Unaudited notes

Basis of preparation and accounting policies

The financial information for the six months to 31 May 2019 is unaudited and was approved by the Board of Directors on 12 July 2019.

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 2018.

The interim financial information for the six months ended 31 May 2019, 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 2018.

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.

The financial figures for the year ended 30 November 2018, 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 2018 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 share options granted under the company's share option 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	Restated 6 months ended	Restated 6 months ended	Year ended	Year ended
	31-May-19	31-May-19	31-May-18	31-May-18	30-Nov-18	30-Nov-18
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Continuing and discontinued operations						
Loss after tax (£'000)	(1,441)	(1,441)	(1,059)	(1,059)	(1,510)	(1,510)
Number of shares ('000)*	63,945	63,945	40,212	40,212	45,523	45,523
Loss per share (pence)	(2.25)	(2.25)	(2.63)	(2.63)	(3.32)	(3.32)
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Continuing operations						
Loss after tax (£'000)	(1,441)	(1,441)	(939)	(939)	(1,355)	(1,355)
Number of shares ('000)	63,945	63,945	40,212	40,212	45,523	45,523
Loss per share (pence)	(2.25)	(2.25)	(2.34)	(2.34)	(2.98)	(2.98)

* 31 May 2018 earnings per share information has been restated to reflect the one-for-ten share consolidation completed in November 2018.

3. Events after the Balance Sheet date

On 8 July 2019, the Group entered into an agreement for a new leasehold property for a term of 10 years with an option to determine the lease after five years. It has also served notice on its existing leasehold property.

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.

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