

Grafenia plc

Half-year Report

RNS Number : 7591U
 Grafenia plc
 27 November 2019

The information contained within this announcement is 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 via a Regulatory Information Service, this inside information is now considered to be in the public domain.

27 November 2019

Grafenia plc
 ("Grafenia", "the Group" or "the Company")

Unaudited Interim Results for the period ended 30 September 2019

Financial highlights

	Six months to 30 September 2019	Six months to 30 September 2018
Turnover	£8.41m	£8.31m
EBITDA*	£0.02m	£(0.44)m
Operating Loss	£(1.01)m	£(1.36)m
Loss before Tax	£(1.20)m	£(1.44)m
Tax	£0.12m	£0.18m
Total Comprehensive Loss	£(1.08)m	£(1.26)m
EPS	(1.17)p	(1.75)p
Capital Expenditure (excluding acquisitions and IFRS 16 adjustments)	£0.65m	£0.22m
Bank Cash	£2.54m	£1.62m
Net Debt**	£(0.25)m	£(1.06)m

*Earnings before interest, tax, depreciation and amortisation

**Net debt is the net of cash and cash equivalents less other interest-bearing loans and borrowings, excluding the impact of IFRS 16 on finance lease liabilities of £2.18m

Operational highlights

- Nettl network reaches 235 locations around the world
- Nettl Company Stores revenue grows by 20%
- Successful consolidation of two factories into one
- New printing press generating operational savings
- Placing of £4.01m completed to support sign roll-up strategy

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Interim Statement

It's been three brief months since we published our annual report. In that time, we've continued to execute the strategy we said we would. To build, buy and licence.

We're rolling-up sign businesses and building performance in our company-owned Nettl stores. We're launching new services, developing new products and licencing our brands and systems to others. During the interim period, revenues have grown in all of those parts of our business and our confidence increases that we have the right strategy. It's far from an easy time to be in business. We sell B2B and it's difficult to think of a more uncertain time for our clients, particularly how the current political environment is messing with their day-to-day decision-making.

Nevertheless, we've continued to invest in the future. During the first half we've completed significant heavy-lifting in our main production hub. That's an investment in future cost-savings and available capacity. Whilst it's had some positive impact in the first half, we expect to see the bulk of the benefit in the second half and in future years.

Trading Results and Cash

Turnover during the six-month period increased to **£8.41m** (2018: £8.31m). Gross profit was flat at **£4.35m** (2018: £4.35m). Whilst this slightly decreased as a percentage of sales to **51.8%** (2018: 52.4%), it doesn't tell the full story. Print margins continue to erode, as input costs have risen and trade prices pursue their race to the bottom. However, services, subscription and licence income has increased, which masks a greater fall in other parts of the business.

EBITDA, which is profit before interest, tax, depreciation and amortisation, increased. It was just above breakeven at **£0.02m** (2018: loss £0.44m). We've got IFRS 16 to thank for some of that, as **£0.22m** of lease payments moved out of operational costs and were replaced with **£0.19m** of depreciation and **£0.07m** of interest charges. Our loss after tax reduced to **£1.08m** compared with **£1.26m** for the same period last year.

Our overheads decreased to **£4.32m** compared to **£4.76m** in the same period last year. Within overheads, staff costs increased to **£2.92m** (2018: £2.70m) as they now include a full six months of salaries for the three businesses we acquired part-way through the comparative period.

Non-recurring income was **£0.29m**. This included a gain on disposal of a legacy printing press, which we sold in April 2019. It also includes the reversal of a provision against deferred consideration for the

purchase of Image Group. As previously announced, we no longer made a payment of £0.22m to one of the vendors of Image Group.

At 30 September 2019, the Company had cash of **£2.54m** (2018: £1.62m) and debt of **£4.97m** (2018: £2.67m), consisting of £2.39m of asset finance, £2.18m of lease liabilities related to assets capitalised under IFRS 16, and £0.40m of other borrowings. Our operating activities utilised £0.79m of cash (2018: utilised £0.71m) and, during the period, working capital decreased by £0.38m (2018: decreased by £0.28m).

Capital expenditure was **£0.65m** (2018: £0.39m), including building works to consolidate two factories into one. The total also includes £0.33m (2018: £0.35m) which was invested in the ongoing development of our platform which underpins our operations and is licensed to our Partners.

It's worth repeating that some of our investments might show as costs in our profit and loss statement. Others show as capital expenditure or M&A consideration in our cash-flow statement. To the Board, they are all compared on the same basis. It doesn't matter if we invest in opening a new country operation for Nettl, buying a machine or increasing our sales teams. We focus on what we hope will get us an attractive cash-payback. This may distort our earnings figures temporarily. For example, the launch of a new Nettl country (as discussed in "Nettl of America" below) creates substantial start-up costs. However, we clearly view this as an investment for the future - but one that has to be booked in our profit and loss statement as a cost.

We previously announced in July 2019 that we had raised £4.01m, after expenses, at 14p per share to execute our signs roll-up strategy and develop Nettl of America.

Trading Review

We manufacture signs, printing and displays in our own factories. We sell services like website design, search engine optimisation and graphics installation. The kind of things that businesses need to help them grow. We also print banners, business cards, fabric stands, window and vehicle graphics, and other types of marketing, those same businesses use every day.

Our clients come in all sizes, from cafes to castles (*yes, that big one*). Stadiums to solicitors. Fitness instructors to financial consultants. We love them all equally. We have different sales channels and ways of reaching clients. Through our company-owned Nettl stores and key account managers. Indirectly via resellers, who buy online. And via third party Nettl and printing.com partners, who co-brand their business with ours. They pay us subscription and licence fees to use our brands and systems.

Shareholders recently asked what's included in each of our revenue segments, so we thought it useful to explain each in a little more detail than usual.

Building our Nettl Company Stores

We own and operate Nettl stores in Manchester, Birmingham, Liverpool, Exeter and Dublin. We interact with our clients in a way that suits them. That could be online, offline or more commonly a mixture of the two. These stores are our beacons. They range from 2,000 sq ft to 7,500 sq ft. They're a place to show off displays, signs and printing. A place for clients to be inspired. For them to gather and meet with other businesses. And a place for partners and team members to learn and be trained in new skills. Some stores even have dragon taps in the bathrooms. Why? Because little things like that provoke clients' imagination. It helps them think about ways to make their own workspaces, shops and places, better. *The water comes out of the dragon's mouth.*

Our Superstores in Liverpool and Exeter also manufacture signs and our charming installation teams are based there. Both Superstores were born by acquiring sign businesses, combining them with local Nettl partners and relocating the blended families to new trade counter type premises. They're on trading estates, where *white-van-person* picks up their screws and timber. And might just be tempted to become *multi-colour-wrapped-van-person*. We're looking for more superstore locations, as well as opportunities to roll-in other businesses to current Nettl stores. More about that later.

In our Company Stores segment, we include sales of printing, signs, displays, design, branding, websites,

hosting, domain names and search engine optimisation subscriptions. In fact, everything a Nettl store invoices to end clients.

Sales in our **Company Stores** grew by 20% to **£1.44m** (2018: £1.20m) in the half year. Over the past two years, a lot has changed across our store network. We rolled in three other businesses during part of the prior year and closed a loss-making 'first generation' store this year. So, if like-for-likes are *your thing*, we should exclude any stores or parts of the businesses which weren't trading in *both* years, and like-for-like would have increased by 3%.

Licencing Nettl and our brands

As well as our own company stores, we licence Nettl to other graphic professionals. People like print shops, graphic designers, sign businesses, marketing agencies and web designers. They 'bolt-on' a Nettl licence to their existing business. We only partner with established businesses, famous in their neighbourhood. We call them "*Brand Partners*" because our brands are exposed to their own clients.

Partners pay an initial licence fee of typically £2,000. Then they pay a monthly subscription fee. The fee is scaled based on the size of the exclusive territory they'd like. That starts at £299 per month for a Neighbourhood tier, rising to £999 for a larger postcode with higher business density. Their subscription grants them access to a library of marketing collateral. There's a wide range of digital campaigns, brochures, point-of-sale and marketing available. It's all intended to help explain web, print and signs to new and existing clients. Partners join Nettl "*Because more customers, old bean*" as we like to say. Every business needs new customers to grow. And Nettl partners don't have to think up new campaigns for themselves each month. We do it for them.

After classroom training and graduation, they become "*Nettl of Their-town*". They're listed on nettl.com and use our back-office software system, called 'w3p', to manage efficiently their studio. The Nettl Method makes it easy to handle multiple print, sign and display orders at once. And juggle the demands of building websites, ecommerce shops and online booking systems. To begin with, they co-brand Nettl with their existing name. Over time, as they are slowly seduced by the breadth, depth and frequency of Nettl marketing, many fully adopt Nettl as their sole brand. How much Nettl marketing a partner uses is a critical success factor. The more they use centralised mailing and digital marketing we organise on their behalf, the more likely they are to win new business. And the more value they get from their Nettl partnership. *And the less likely they are to leave.* Marketing engagement makes up part of a partner's *Metascore*, which we automatically track. Our performance team uses that to focus and prioritise support.

In the early days of Nettl, partners would commit for a minimum 12-month term. Now, the minimum term is five years with an option to break on the 24th month. As partners reach their minimum term, we've been encouraging them to lock-in their rate and territory for longer contracts. We're pleased many do and some have committed for as long as ten years. Retaining partners is clearly important.

There are **235** Nettl locations in the world (2018: 210). 177 in the UK and Ireland, 22 in the Netherlands, 12 in France, 10 in the USA, 7 in Belgium, 4 in New Zealand and 3 in Australia. In Europe and America, we support and acquire partners directly. New Zealand and Australia operate under master licence and partners are supported locally.

We also licence our printing.com brand in the UK and Ireland. There are currently **77** printing.com subscribers (2018: 100). We have experienced a greater churn from printing.com partners than in previous years. It's getting tougher for businesses to survive by reselling print alone and we continue to encourage partners to follow the trail others have done, to diversify and upgrade to Nettl.

Income from **Subscriptions and licence fees** increased to **£1.04m** (2018: £0.90m). This segment includes initial licence fees, system usage fees, click charges and monthly licence fees. It also includes the wholesale value of search engine optimisation subscriptions, website hosting, website deployment royalties and stock photography licences where the end client paid one of our partners.

Nettl and printing.com partners are hooked into our supply chain. They buy print, displays and signage under a service level agreement. In Europe, we manufacture and distribute product from our

Manchester Hub. In other countries, product is mostly manufactured locally under licence.

Sales of print and products to **Brand Partners** was **£1.90m** (2018: £2.08m). This segment includes the wholesale price of printing, fabric displays, signage and similar physical products. Trade print prices continue downward, as sector overcapacity results in heavy discounting. Whilst volume from Nettl partners has held steady, revenue from printing.com partners has decreased over time.

Nettl of America

Just before the start of the half year we launched Nettl of America. Federal law required us to licence Nettl as a franchise. In other countries, partners sign a simple licence agreement. In the US, prospective franchisees have to agree to read a 200+ page franchise disclosure document and sign to say they received it. And then there are strict waiting times before they can sign a franchise agreement. We expected this would slow down the gestation period, which it has. However, we think the opportunity is worth the effort.

Our original franchise acquisition approach didn't behave quite like it has in other countries. Although we've added 10 franchisees so far, we've been testing alternative marketing methods. We've also reset our 'boots on the ground' and trained new acquisition executives. With recent marketing activity completed, we're pleased with our pipeline of potential franchisees and expect to add more founding franchisees in the second half.

Other channels

As smaller sign businesses are converted into Nettl Business Superstores, they move to our Company Stores segment. Businesses yet to be rebranded, or those which retain their identity, appear in our **Signs** revenue segment. In the half year, that segment features just Image Group. Sales were broadly flat at **£2.60m** (2018: £2.68m). Now we've completed the relocation, we have reorganised the sales teams to focus on growth.

Finally, we sell to graphic professionals via online websites. This is a very competitive sector, serviced by much larger players. We redeployed people to other areas last year and sales in our **Online and Trade** segment have held steady at **£1.43m** (2018: £1.45m). In the half year, our Marqetspace.com channel was the first printer in the world to offer interest-free 'Buy Now, Pay Later' credit facilities, provided by Klarna Bank. Marqetspace remains an important part of our partner acquisition funnel. We get to meet potential partners this way and build their trust. Then we explain Nettl. And then we invite them to become Nettl. And many have. And we expect more will.

Our factory move and press investment

In December 2018, we began the process of decommissioning three old printing presses. As we waved them *proshchay* to their new lives in Russia, we also said *konnichi wa* to a new high-end press, delivered from Japan just in time for Christmas. One old press remained until April, just as we switched full production to the new one. As with most technology, there's a learning curve, while operators figure out how to harness their new beast.

We talked about our reasons for investing in a new press in the annual report. Six months in, it's worth explaining one of the important metrics in our decision. With each batch of jobs, our team needs to perform a press changeover. This involves the press running with paper to measure and adjust ink settings, to reach the right colour. Our legacy presses took around 400 sheets to 'make-ready', to produce as few as 500 'good' sellable sheets. That paper would be recycled, but truly was a waste of money. When making our press investment decision, we expected to substantially reduce the amount of paper wasted. That's turned out to be the case and now we use less than 100 sheets per change. The team is working on reducing that further. Tweak by tweak, *week by week*.

With those old presses gone, they freed up quite a bit of space in our Manchester hub. Ice rink. Basketball court. Dance classroom. All ideas we discounted. Instead, we decided to relocate Image Group's main factory. Despite much eye-squinting, lip-pursing and tutting, we realised there wasn't quite enough space to fit the whole factory in. So, during the summer of 2019 we did some building work to make the impossible, possible. By the end of July, we'd relocated machines and teams. The old factory was vacated and property leases ended in October 2019, so no benefit in H1. We'll feel the full

financial benefits in the second half. As well as significant savings on rent, rates and other occupation costs, we are enjoying operational improvements of having everyone in the same building.

Acquiring other businesses

As we said in our Annual Report, we continue to look for businesses to roll into Grafenia. In the signs sector, we're looking for larger businesses to convert into regional hubs, or Nettle Works. That's our priority. We're also talking to smaller businesses, with the aim of rolling them into an existing store or converting them into Nettle Business Superstores, like Liverpool and Exeter.

In the first half we've met lots of potential acquisition candidates. Some we have quickly discounted as poor cultural fits (*the ones who don't like dragon taps*). Some have price expectations well beyond our investment criteria (*the cheeky, greedy ones*). We've started due diligence on some and discovered things that made us walk away (*the mysterious, enigmatic ones*). And, finally, there are others whom we're getting to know better (*the ones we like*).

Outlook

After the interim period ended, trading has been mostly positive. Some parts of our business have set new sales records. Other legacy parts are performing behind last year. The efforts our team have made to reduce overheads and increase profitability are expected to be weighted to the second half and beyond. And this isn't a finished project. We're relentlessly automating things done manually, or stupidly. And looking for new ways to help clients to get more for their budget.

We're still looking for M&A opportunities in our sector. They'd change the size and structure of the Group materially, if they were to progress. But we're not rushing to do deals, so we can say we've done a deal. No deal is... well, you've heard that before.

Which is a suitable note to end on. Given the political and economic situation, we still remain cautious on quantifying the outlook. But our goal for the second half is EBITDA breakeven on a monthly run-rate basis and our mid-term goal remains to reach an EBITDA margin of 10-15%.

Jan Mohr
Chairman
26 November 2019

Peter Gunning
Chief Executive Officer

Unaudited Interim Results for the period ended 30 September 2019

Consolidated Statement of Comprehensive Income for the six months ended 30 September 2019

		Unaudited Six months to 30 September 2019 £000	Unaudited Six months to 30 September 2018 £000	Audited Year ended 31 March 2019 £000
Continuing Operations	Note			
Revenue	3	8,410	8,309	15,962
Raw materials and consumables used		(4,056)	(3,957)	(7,417)
Gross profit		4,354	4,352	8,545
Staff costs		(2,922)	(2,709)	(6,077)

Other operating charges		(1,395)	(2,054)	(3,533)
Share based payments		(14)	(26)	(47)
Earnings before interest, tax depreciation and amortisation		23	(437)	(1,112)
Depreciation and amortisation		(1,031)	(918)	(1,875)
Operating loss		(1,008)	(1,355)	(2,987)
Financial income		7	-	7
Financial expenses		(195)	(82)	(186)
Net financing (expense)		(188)	(82)	(179)
Loss before tax		(1,196)	(1,437)	(3,166)
Taxation		119	181	343
Loss for the period		(1,077)	(1,256)	(2,823)
Total comprehensive expense for the period		(1,077)	(1,256)	(2,823)
Loss per share	8	(1.17)p	(1.75)p	(3.79)p

**Consolidated Statement of Financial Position
at 30 September 2019**

	Note	Unaudited 30 September 2019 £000	Unaudited 30 September 2018 £000	Audited 31 March 2019 £000
Non-current assets				
Property, plant and equipment		5,978	1,949	4,060
Intangible assets		4,104	4,614	4,371
Deferred tax assets		11	-	10
Total non-current assets		10,093	6,563	8,441
Current assets				
Inventories		395	466	455
Trade receivables	4	2,969	2,958	2,573
Other receivables		85	107	154
Prepayments		257	240	548
Current tax receivable		269	159	281
Cash and cash equivalents		2,536	1,616	1,354
Total current assets		6,511	5,546	5,365
Total assets		16,604	12,109	13,806
Current liabilities				
Other interest-bearing loans and borrowings	6	734	1,395	1,695
Deferred consideration		315	37	366
Trade payables	5	1,200	1,201	1,488
Other payables and accruals	5	1,217	1,200	1,344
Deferred income	5	64	205	256

Total current liabilities		3,530	4,038	5,149
Non-current liabilities				
Other interest-bearing loans and borrowings	6	3,919	692	2,180
Deferred consideration		-	550	229
Deferred income	5	88	-	36
Deferred tax liabilities		530	584	576
Total non-current liabilities		4,537	1,826	3,021
Total liabilities		8,067	5,864	8,170
Net assets		8,537	6,245	5,636
Equity				
Share capital	7	1,135	768	847
Share premium account		7,801	3,151	4,125
Merger reserve		838	838	838
Retained earnings		(1,298)	1,462	(221)
Share Option reserve		61	26	47
Total equity		8,537	6,245	5,636

**Consolidated Statement of Changes in Shareholders Equity
for the six months ended 30 September 2019 (unaudited)**

	Share Capital	Share Premium	Merger Reserve	Retained earnings	Share based payment reserve	Total
	£000	£000	£000	£000	£000	£000
Opening shareholders' funds at 1 April 2018	475	-	838	2,672	-	3,985
Shares issued in the period	293	3,218	-	-	-	3,511
Costs associated with share issue	-	(67)	-	-	-	(67)
Loss and total comprehensive income for the period	-	-	-	(1,256)	-	(1,256)
Share option reserve	-	-	-	-	26	26
Exchange difference	-	-	-	46	-	46
Closing shareholders' funds at 30 September 2018	768	3,151	838	1,462	26	6,245
Opening shareholders' funds at 1 October 2018	768	3,151	838	1,462	26	6,245
Shares issued in the period	79	984	-	-	-	1,063

Costs associated with share issue	-	(10)	-	-	-	(10)
Loss and total comprehensive income for the period	-	-	-	(1,567)	-	(1,567)
Share option reserve	-	-	-	-	21	21
Exchange difference	-	-	-	(116)	-	(116)
Closing shareholders' funds at 31 March 2019	847	4,125	838	(221)	47	5,636
Opening shareholders' funds at 1 April 2019	847	4,125	838	(221)	47	5,636
Shares issued in the period	288	3,738	-	-	-	4,026
Costs associated with share issue	-	(62)	-	-	-	(62)
Loss and total comprehensive income for the period	-	-	-	(1,077)	-	(1,077)
Share option reserve	-	-	-	-	14	14
Closing shareholders' funds at 30 September 2019	1,135	7,801	838	(1,298)	61	8,537

**Consolidated Statement of Cash Flows
for the six months ended 30 September 2019**

	Unaudited Six months to 30 September 2019 £000	Unaudited Six months to 30 September 2018 £000	Audited Year ended 31 March 2019 £000
Cash flows from operating activities			
Loss for the period	(1,077)	(1,256)	(2,823)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	1,031	918	1,876
Profit on sale of plant and equipment	(101)	(105)	(105)
Release of deferred profit on sale of plant and equipment	(29)	-	(218)
Release of Deferred consideration	(220)	-	-
Share based payments	14	26	47
Net finance expense	188	82	179
Foreign exchange loss	-	46	(70)
Tax income	(119)	(181)	(343)
Operating cash flow before changes in working capital and provisions	(313)	(470)	(1,457)
Change in trade and other receivables	(36)	32	(154)
Change in inventories	60	6	439
Change in trade and other payables	(399)	(314)	214
Cash utilised by operations	(688)	(746)	(958)
Interest paid	(188)	(82)	(179)

Tax received	84	123	97
Net cash outflow from operating activities	(792)	(705)	(1,040)
Cash flows from investing activities			
Proceeds from sale of plant and equipment	265	-	265
Acquisition of plant and equipment	(317)	(42)	(480)
Capitalised development expenditure	(174)	(164)	(375)
Acquisition of other intangible assets	(158)	(186)	(325)
Acquisition of subsidiary net of cash	-	(100)	(134)
Net cash used in investing activities	(384)	(492)	(1,049)
Cash flows from financing activities			
Proceeds from share issue	3,964	3,444	4,497
Repayment of invoice finance	(987)	(423)	(1)
Net change on vendor loan notes	-	184	-
Payment of loan notes	(211)	(297)	(634)
Payment of deferred consideration	(60)	37	(29)
Payment of finance leases	(348)	(316)	(561)
Net cash inflow from financing activities	2,358	2,629	3,272
Net increase in cash and cash equivalents	1,182	1,432	1,183
Cash acquired on acquisition	-	13	-
Cash and cash equivalents at start of period	1,354	171	171
Cash and cash equivalents at end of period	2,536	1,616	1,354

Notes

(forming part of the interim financial statements)

1 Basis of preparation

Grafenia plc (the "Company") is a company incorporated and domiciled in the UK.

These financial statements do not include all information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 March 2019.

The comparative figures for the year ended 31 March 2019 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was: (i) unqualified; (ii) did not include a reference to any matters to which the auditors 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 Directors review a two-year forecast when approving the interim financial statements to ensure that adequate cash resources are in operational existence to support trading for the foreseeable future.

These condensed consolidated interim financial statements were approved by the Board of Directors

on 26 November 2019.

2 Significant accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its consolidated financial statements for the year ended 31 March 2019 with the addition of IFRS 16, Leases.

IFRS 16, Leases, has been implemented under the Cumulative Catch Up Approach, and therefore the comparative figures continue to be reported under IAS 17.

The impact on the financial statements on 1 April 2019 has been to recognise a right of use asset within property, plant and equipment and equivalent finance lease liability of £2,325,907. These leases were previously reported as operating leases within administrative expenses. Interest charged on the finance leases for the period ended 30 September 2019 amounted to £74,429 and is included within finance expenditure. Depreciation charged on the right of use assets amounted to £186,828 for the period.

3 Segmental information

The Company's primary operating segments are geographic being UK & Ireland, Europe and others. The secondary segmental analysis is by nature of sales channel and service.

This disclosure correlates with the information which is presented to the Chief Operating Decision Maker, the Chief Executive (CEO), who reviews revenue (which is considered to be the primary growth indicator) by segment. The Company's costs, finance income, tax charges, non-current liabilities, net assets and capital expenditure are only reviewed by the CEO at a consolidated level and therefore have not been allocated between segments.

Analysis by location of sales

	UK & Ireland			Europe	Other	Total
	£000	£000	£000	£000	£000	£000
Six months ended 30 September 2019	8,033	205	172			8,410
Six months ended 30 September 2018	7,897	244	168	8,309		
Year ended 31 March 2019	15,163	447	352	15,962		

Revenue generated outside the UK is attributable to partners in Australia, Belgium, France, New Zealand, The Netherlands and the USA. No single customer provided the Group with over 6% of its revenue.

DISAGGREGATION OF REVENUE

The disaggregation of revenue from contracts with customers is as follows:

	Subscriptions & Licence Fees £000	Company Studios £000	Brand Partners £000	Signs £000	Online & Trade £000	Total £000
Six months ended 30 September 2019	1,036	1,445	1,895	2,600	1,434	8,410
Six months ended 30 September 2018	901	1,202	2,080	2,676	1,450	8,309
Year ended 31 March 2019	1,975	2,629	3,577	4,910	2,871	15,962

4 Trade and other receivables

	Unaudited Six months to 30 September 2019 £000	Unaudited Six months to 30 September 2018 £000	Audited Year ended 31 March 2019 £000
Trade receivables	3,430	3,320	2,985
Less provision for trade receivables	(461)	(362)	(412)
Trade receivables net	2,969	2,958	2,573
Total financial assets other than cash and cash equivalents classified at amortised cost	2,969	2,958	2,573
Corporation tax	269	159	281
Other taxes	-	-	154
Other receivables	85	347	-
Total Other receivables	354	506	435
Total trade and other receivables	3,323	3,464	3,008

5 Trade and other payables

	Unaudited Six months to 30 September 2019 £000	Unaudited Six months to 30 September 2018 £000	Audited Year ended 31 March 2019 £000
Current liabilities			
Trade payables	1,200	1,201	1,488
Accruals	816	817	925
Other liabilities	401	383	419
Total financial liabilities, excluding 'non-current' loans and borrowings classified as financial liabilities measured at amortised cost	2,417	2,401	2,832
Deferred Income	64	205	256
Total trade and other payables	2,481	2,606	3,088
Non-current liabilities			
Deferred income	88	-	36
Total non-current liabilities	88	-	36

6 Borrowings

	Unaudited Six months to 30 September 2019 £000	Unaudited Six months to 30 September 2018 £000	Audited Year ended 31 March 2019 £000
Current liabilities			
Bank overdraft	-	15	-
Invoice financing	81	654	1,075
Finance lease	653	239	409
Vendor loan notes	-	487	211
	734	1,395	1,695
Deferred consideration	315	37	366
Non-current liabilities			
Finance lease	3,919	723	2,180
Vendor loan notes	-	519	-
	3,919	1,242	2,180
Deferred consideration	-	-	229

7 Share Capital

On 3 May 2018 the company issued 29,258,331 ordinary shares of £0.01 each at an issue price of £0.12. The difference between the issue price and the nominal value being taken into the share premium account.

On 25 March 2019 the company issued 7,868,517 ordinary shares of £0.01 each at an issue price of £0.135. The difference between the issue price and the nominal value being taken into the share premium account.

On 12 August 2019 the company issued 28,653,569 ordinary shares of £0.01 each at an issue price of £0.14. The difference between the issue price and the nominal value being taken into the share premium account.

On 26 September 2019 an employee, who was a good leaver, exercised options over 187,094 ordinary shares of £0.01 each at an issue price of £0.0775. The difference between the issue price and the nominal value being taken to the share premium account.

	Number of Ordinary Shares	£000
At 31 March 2018	47,557,835	475
Shares Issued on 3 May 2018	29,258,331	293
At 30 September 2018	76,816,166	768

Shares Issued on 25 March 2019	7,868,517	79
At 31 March 2019	84,684,683	847
Shares Issued on 12 August 2019	28,653,569	286
SAYE shares Issued on 26 September 2019	187,094	2
At 30 September 2019	113,525,346	1,135

8 Earnings per share

The calculation of the basic earnings per share is based on the loss after taxation divided by the weighted average number of shares in issue, being 92,403,217 for the six months to 30 September 2019 (for the six months to 30 September 2018: 71,671,884; year ended 31 March 2019: 74,504,359).

	Unaudited Six months to 30 September 2019 £000	Unaudited Six months to 30 September 2018 £000	Audited Year ended 31 March 2019 £000
Loss after taxation for the period	(1,077)	(1,256)	(2,823)
Weighted average number of shares in issue	92,403,217	71,671,884	74,504,359
Basic earnings per share	(1.17)p	(1.75)p	(3.79)p

Share options had no dilutive effect on the weighted average number of shares and therefore no diluted earnings per share have been stated.

9. Dividend

The Directors are not declaring an Interim Dividend (2018: Nil).

The Company's half yearly report will shortly be sent to shareholders and will be made available on the Company's website www.grafenian.com.

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