



V I T E S S E M E D I A

The events and digital media specialist

Bringing business leaders and investors together

Final Results 2014/15

July 2015

Financial highlights

- Improved financial performance driven by increase in revenues and cost controls
- Revenues up 7%; loss reduced by 84% to £28k
- EBITDA positive £22k
- Revenues in the Tech and Events divisions up 40% and 5% respectively
- Direct costs reduced by 9%

Performance during 2014/15

- Economic environment remained challenging
- Focus for the year was on revenue generation
- Events now comprise 43% of company revenues
- User numbers for the three major websites showed significant increases during the year – 830,000 extra visitors to the sites, up 30%
- Office move – savings of £40k per year

Consolidated statement of comprehensive income for the year ended 31 January 2015

	2015 £	2014 £
Revenue	2,259,768	2,109,690
Cost of sales	(736,071)	(571,588)
Gross profit	<u>1,523,697</u>	<u>1,538,102</u>
Administrative expenses	(1,532,752)	(1,705,907)
Share-based payments	(11,234)	(1,975)
Operating loss	<u>(20,289)</u>	<u>(169,780)</u>
Finance costs	(7,767)	(7,728)
Loss before tax	<u>(28,056)</u>	<u>(177,508)</u>
Tax expense	-	-
Loss for the year and total comprehensive income for the year attributable to owners of the parent	<u>(28,056)</u>	<u>(177,508)</u>
Loss per share attributable to the owners of the parent		
Basic and diluted	(0.06p)	(0.47p)

Consolidated statement of financial position for the year ended 31 January 2015

	2015 £	2014 £
NON-CURRENT ASSETS		
Goodwill	739,332	729,332
Other intangible assets	1,465,184	1,367,007
Property, plant and equipment	3,648	3,286
	<u>2,208,164</u>	<u>2,099,625</u>
CURRENT ASSETS		
Inventories	15,533	16,216
Trade and other receivables	555,600	318,214
Cash and cash equivalents	27,368	227,479
	<u>598,501</u>	<u>561,909</u>
TOTAL ASSETS	<u><u>2,806,665</u></u>	<u><u>2,661,534</u></u>
EQUITY		
Share capital	2,811,068	2,778,994
Share premium account	3,257,810	3,209,166
Share option reserve	101,127	132,516
Other reserves	103,904	103,904
Retained earnings	(4,662,393)	(4,676,960)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>1,611,516</u>	<u>1,547,620</u>
CURRENT LIABILITIES		
Trade and other payables	797,618	815,583
Borrowings	287,531	188,331
	<u>1,085,149</u>	<u>1,003,914</u>
NON-CURRENT LIABILITIES		
Borrowings	110,000	110,000
TOTAL LIABILITIES	<u>1,195,149</u>	<u>1,113,914</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,806,665</u></u>	<u><u>2,661,534</u></u>

Consolidated statement of cash flows for the year ended 31 January 2015

	2015 £	2014 £
CASH FLOWS USED IN OPERATIONS	(197,076)	(46,074)
Interest paid	(7,767)	(7,728)
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NET CASH USED IN OPERATING ACTIVITIES	(204,843)	(53,802)
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INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,013)	(3,557)
Purchases of intangible assets	(149,673)	(28,046)
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NET CASH USED IN INVESTING ACTIVITIES	(150,686)	(31,603)
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FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	56,218	208,848
Other loans (2014: Bank loans)	90,000	55,000
Payment/(Repayment) of invoice discounting facility and bank loan	9,200	(35,437)
Proceeds from long-term borrowings	-	110,000
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NET CASH GENERATED FROM FINANCING ACTIVITIES	155,418	338,411
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NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(200,111)	253,006
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	227,479	(25,527)
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>27,368</u>	<u>227,479</u>

Divisions – Events

- Events comprises 43% of company revenues
- 19% of new revenue came from Events – WIT; Tech Invest North; SDX Symposium
- Decision taken to reduce third-party event management contracts to focus on growing own events which deliver better gross margins
- Three new events planned for 2015
- Climate for face-to-face events continues to improve

Divisions – Technology

- Technology division, based around Information Age, saw a 40% increase in revenues
- 42% of revenues from events, compared with 10% in 2013/14
- Two new events planned for 2015/16 – Tomorrow's Women and the Data 50 Awards
- Revenues from lead generation up substantially on previous year
- Web traffic building, Information Age up 30%
- Launching new advertising formats across mobile and desktop
- New revenue streams through contextual advertising and content recommendation platform
- Management confident that the Technology division will continue to deliver positive growing contributions

Divisions – Investment

- Revenues down by 3% in the year reported due to declining print revenues; however, other/special projects revenues up 34% on previous year, albeit from a small base
- Significant increase in web traffic – 93%
- Selling of bespoke special projects working well
- Women in Investment Awards planned for January 2016
- Launching new advertising formats across mobile and desktop
- New revenue streams through contextual advertising and content recommendation platform

Divisions – SME

- Revenues down 7% compared with 2013/14
- SmallBusiness.co.uk projects/lead generation 6% of new revenues
- Decline in revenues (8%) across GrowthBusiness.co.uk as key clients focused their advertising spend towards the micro/SOHO marketplace, e.g. (SmallBusiness.co.uk)
- Traffic to SME sites up – SmallBusiness.co.uk by 25% and GrowthBusiness.co.uk by 18%
- Launched ‘SmallBusiness UK’ html app, available on Apple Newsstand
- Launching new advertising formats across mobile and desktop
- New revenue streams through contextual advertising and content recommendation platform
- Combined SME user numbers of over 2 million targeted for 2015/16 financial year
- Management confident that the SME division will get back to delivering growing revenue in 2015/16

Crowdfunding

- Crowdfunding is still a very large, interesting marketplace and, as mentioned in our RNS, we are reviewing how we enter it as over the past 18 months the market – and the cost to enter it – has changed significantly. This has become apparent after many discussions with people in the marketplace.

Technology platform

- Work in its final stages to deliver a unified digital publishing platform and IT infrastructure
- Business will be more integrated, automated and agile while being able to deliver new revenue streams
- In testing, due to go live after the summer
- Will deliver cross-title awareness within the Vitesse Media offerings

A selection of clients that Vitesse works with



Operational strategy

- Continue to launch new events across all three sectors of the business like WIT
- Increase traffic and content – delivering additional digital revenues
- Build larger qualified databases
- Grow lead generation revenues
- Launch complementary brand extensions – research; special projects; bespoke client events
- Ensure that our cost control/budget management for the business continues to produce cost savings

Overarching goal

To bring the company to profitability/stability so that we can:

- Raise money if necessary to acquire new products
- Sell/merge the company

Outlook for the Group

- Sales for the first six months will show a decline over 2014/15 due to the decision to reduce third-party event management contracts from which the gross margins are very small
- Stability has been achieved in underperforming divisions
- Positive growth in high-quality events delivered by the Group
- The Board is confident that the Group can deliver its full revenue and profit potential