



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

Bringing business leaders and investors together

Preliminary Final Results 2013/14

July 2014

Financial highlights

- Improved financial performance driven by increase in revenues and cost controls
- Revenues up 2%; losses more than halved
- Revenues in the Events and SME divisions both ahead 20% on prior year
- Placing completed in January to develop crowdfunding platform and modernise the Group's technical platform

Performance during 2013/14

- Economic environment remained challenging
- User numbers for the three major websites showed significant increases during the year – nearly 600,000 extra visitors to the sites, up 36%
- Events revenues up 20%, including a 23% increase in table sales
- Appointment of Derek Stewart to strengthen team and lead development of crowdfunding platform

Consolidated statement of comprehensive income for the year ended 31 January 2014

	2014 £	2013 £
Revenue	2,109,690	2,064,667
Cost of sales	(571,588)	(593,904)
Gross profit	<u>1,538,102</u>	<u>1,470,763</u>
Administrative expenses	(1,705,907)	(1,808,067)
Share-based payments	(1,975)	(26,582)
Impairment of goodwill and other intangible assets	-	(130,917)
Operating (loss)/profit	<u>(169,780)</u>	<u>(494,803)</u>
Finance costs	(7,728)	(7,296)
Finance income	-	41
(Loss)/profit before tax	<u>(177,508)</u>	<u>(502,058)</u>
Tax expense	-	-
(Loss)/profit for the year attributable to owners of the parent	<u>(177,508)</u>	<u>(502,058)</u>
Total comprehensive income for the year attributable to owners of the parent	(177,508)	(502,058)
Earnings per share		
Basic and diluted	(0.47p)	(1.44p)

Consolidated statement of financial position for the year ended 31 January 2014

	2014 £	2013 £
NON-CURRENT ASSETS		
Goodwill	729,332	729,332
Other intangible assets	1,367,007	1,391,333
Property, plant and equipment	3,286	3,535
Trade and other receivables	-	21,139
	<u>2,099,625</u>	<u>2,145,339</u>
CURRENT ASSETS		
Inventories	16,216	19,504
Trade and other receivables	318,214	332,908
Cash and cash equivalents	227,479	-
	<u>561,909</u>	<u>352,412</u>
TOTAL ASSETS	<u><u>2,661,534</u></u>	<u><u>2,497,751</u></u>
EQUITY		
Share capital	2,778,994	2,684,063
Share premium account	3,209,166	3,095,249
Share option reserve	132,516	132,120
Other reserves	103,904	103,904
Retained earnings	(4,676,960)	(4,501,031)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>1,547,620</u>	<u>1,514,305</u>
CURRENT LIABILITIES		
Trade and other payables	815,583	789,151
Borrowings	188,331	194,295
	<u>1,003,914</u>	<u>983,446</u>
NON-CURRENT LIABILITIES		
Borrowings	110,000	-
TOTAL LIABILITIES	<u>1,113,914</u>	<u>983,446</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,661,534</u></u>	<u><u>2,497,751</u></u>

Consolidated statement of cash flows for the year ended 31 January 2014

	2014 £	2013 £
CASH FLOWS USED IN OPERATING ACTIVITIES	(46,074)	(144,541)
Interest received	-	41
Interest paid	(7,728)	(7,296)
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NET CASH USED IN OPERATING ACTIVITIES	(53,802)	(151,796)
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(3,557)	(959)
Purchases of intangible assets	(28,046)	(61,096)
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NET CASH USED IN INVESTING ACTIVITIES	(31,603)	(62,055)
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FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	208,848	350,000
Share issue costs	-	(12,590)
Bank loan received	55,000	-
Repayment of invoice discounting facility and bank loan	(35,437)	(119,623)
Proceeds from long-term borrowings	110,000	-
	<hr/>	<hr/>
NET CASH GENERATED FROM FINANCING ACTIVITIES	338,411	217,787
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NET INCREASE IN CASH AND CASH EQUIVALENTS	253,006	3,936
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(25,527)	(29,463)
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CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>227,479</u>	<u>(25,527)</u>

Divisions – Events

- Contribution from the events increased by over 50%
- Contracts won for management of new events, for financial year 2014/15
- The M&A Awards and the New Energy Awards being relaunched to include research on the industry
- Three new events being launched in 2014/15
- Climate for face-to-face events continued to improve

Divisions – Technology

- Technology division, based around Information Age, saw a 20% fall in revenues
- Steps to turn this around fully implemented by year-end
- Management changed and costs reduced
- White paper platform for lead generation launched
- Redesign of the magazine completed and new events introduced
- Web traffic building, Information Age up 34%
- Management confident that the Technology division will continue to deliver positive growing contributions

Divisions – Investment

- Revenues down by 9% in the year reported
- Significant increase in web traffic since Retail Distribution Review
- Improved environment for What Investment post-Budget
- Planned integration of a lead generation platform
- Peer-to-Peer & Crowdfunding Awards event planned for February 2015
- Increased online revenues for the first four months of 2014/15, albeit from a low base

Divisions – SME

- Revenues up 21% compared with 2012/13
- Integrated sponsorships and digital guides for blue-chip clients – Microsoft, HSBC, Sage, AXA, Lloyds, FedEx, Amex, Google and Hewlett-Packard
- Traffic to SME sites SmallBusiness.co.uk and GrowthBusiness.co.uk up over 25%
- Post-year-end launch of Small Business Profit Club
- White paper and business guide service launched
- Maiden event launch for 2015: The Festival of Small Business

Technology platform overhaul

- Investment in technology will make all sites mobile responsive and refresh the user interface/functionality
- Fit for the Future will deliver both cost savings and growing revenues
- The Group will be more integrated, automated and agile, critically allowing it to adapt to change faster
- Visibility across the business to our entrepreneurial and investor audience will be improved

A selection of clients that Vitesse works with



The growth of crowdfunding and peer-to-peer finance

- Crowdfunding and peer-to-peer finance is predicted to raise £1.6 billion in 2014.
- £955 million was raised by peer-to-peer finance and crowdfunding between 2011 and 2013.
- Between 2011 and 2013, 5,032 UK SMEs were supported by peer-to-peer finance or crowdfunding (excluding rewards-based crowdfunding schemes), the number growing rapidly from 550 in 2011 to 3,706 in 2013.
- UK peer-to-peer lending alone surpassed the £1.5 billion mark in May 2014. It has grown particularly fast this year, with the £1 billion threshold reached as recently as December 2013.
- HM Treasury plans to allow crowdfunding and peer-to-peer lending to form part of an individual's ISA allowance.
- Santander has recently announced that it will be referring small businesses it turns down for loans to peer-to-peer finance platform Funding Circle.

Sources: NESTA and AltFi

Crowdfunding platform development

- A Board review of opportunities for the business prioritised entry to the fast-growing crowdfunding sector
- Crowdfunding draws on the Group's strengths with SMEs, high-net-worths and intermediaries and can be incorporated into the Group's activities in a cost-effective manner
- Entry to this fast-growing sector, which is up 50% year to date*, will add a complementary layer of revenue
- Two or three players currently dominate an otherwise highly fragmented market
- Vitesse's current network comprises more than 2 million SMEs, investors and intermediaries, providing an immediate and strong market presence
- Our rapid deployment is expected to develop barriers to further entrants
- From several proposals to the board, management selected a plan from a group of investors, led by experienced investment professionals who invested £265,000 of new equity and a loan of £80,000
- The platform has been specified and is currently being built
- Launch scheduled for the end of the year

* According to AltFi Data, which tracks the alternative finance market, P2P lending in the UK has risen 50% since the start of the year to £1.5bn

Crowdfunding platform deployment

- Crowdfunding platform to provide both debt and equity finance
- Focus on the top end of the SME market, attracting funds from VHNWs
- Minimum size of fundraising and individual investment
- Build on our extremely strong relationships with small-cap, AIM and SME intermediaries
- Targeting in person through regular Group contact, our events and through the websites

What Vitesse brings to crowdfunding

- We stand at the centre of communities of high-level investors, businesses and advisers
- Our brands and their experienced editors are trusted by our audience
- We understand how to reach, talk to and influence both those looking for finance and those seeking an investment return

Examples...



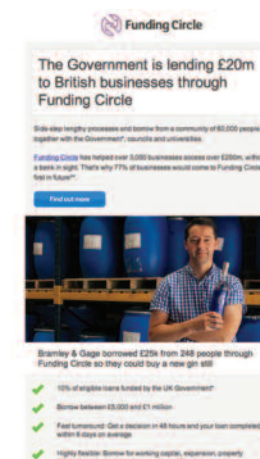
How to be an Angel:
Making money by investing in smaller companies (Digital Guide)



Crowdpower:
Using equity crowdfunding to finance business growth (Digital Guide)



WhatInvestment.co.uk:
Crowdfunding articles



Solus emails

Outlook for the Group

- Trading to May has continued to show improvement in sales, similar to that achieved in the reported financial year
- Sales for the first six months will show further growth over the corresponding period of 2013/14
- Management is turning around the fortunes of the Group
- Stability has been achieved in underperforming divisions
- Encouraging growth in events, with revenues up
- Launch of the crowdfunding platform into a rapidly growing market planned
- The Board is confident that the Group can deliver its full revenue and profit potential