The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

21 December 2023

Jaywing plc

("Jaywing" or "the Company")

Interim Results September 2023

Jaywing plc (AIM: JWNG), the Data Science and Marketing business, with operations in the UK and Australia, today announces its interim results for the six months ended 30 September 2023 ("H1").

Financial highlights

	6 months to 30 September 2023 £'000	6 months to 30 September 2022 £'000	Change %
Revenue	**11,107**	**11,161**	**(0.5%)**
Underlying Adjusted EBITDA[(1)]	**1,311**	**942**	**39.2%**
Loss after tax for the period	(1,688)	(208)	
Cash Generated from Operations	(123)	(134)	
Net Debt (excluding IFRS 16) [(2)]	(11,925)	(10,381)	

Reconciliation of Operating Profit with Adjusted EBITDA

	6 months to 30 September 2023 £'000	6 months to 30 September 2022 £'000
Operating (Loss)/Profit	**(537)**	**580**
Add Back:		
Depreciation	119	117
Depreciation of right of use assets	313	310
Amortisation of intangibles	227	30
EBITDA	**122**	**1,037**
Restructuring charges	1,189	131
Acquisition & related costs	-	192
Legal income	-	(418)
Underlying Adjusted EBITDA[(1)]	**1,311**	**942**
Underlying Adjusted EBITDA margin	**11.8%**	**8.4%**

	6 months to 30 September 2023 £'000	6 months to 30 September 2022 £'000	Change %	Change % at constant exchange rates* %
Revenue				
United Kingdom	7,690	8,426	(8.7%)	(8.7%)
Australia	3,417	2,735	24.9%	36.7%
Group total	**11,107**	**11,161**	**(0.5%)**	2.4 %
Underlying Adjusted EBITDA[(1)]				
United Kingdom	810	801	1.1%	1.1%
Australia	501	141	255.3%	288.3 %
Group total	**1,311**	**942**	**39.2%**	44.1 **%**

[(1)] Underlying Adjusted EBITDA represents EBITDA before restructuring charges arising from headcount reduction and other cost saving actions taken in Q1 of FY24, acquisition and related costs in FY23 and legal recoveries in FY23
[(2)] Including accrued interest
* At constant exchange rates applicable to the 6 months ended 30 September 2022

Operational Highlights

- Underlying Adjusted Group EBITDA up by 39.2% at £1,311k, on 0.5% lower revenues
- Australia ("AUS") underlying profitability improved with Adjusted EBITDA up 255.3% due to strong AUS revenue growth.
- AUD:GBP FX rate adversely impacted results. Under constant exchange rates Group revenues were up by 2.4% and Group Adjusted EBITDA up by 44.1%.
- UK cost and efficiency improvements resulted in a 1.1% increase in Adjusted EBITDA on an 8.7% reduction in revenue.
- Encouraging new business pipeline
- UK Marketing sector continues to be affected by current economic conditions.
- Decision (our AI-based PPC automation tool) is performing well with 12 clients now on Decision, including our first client in Australia.

Commenting on the results, Andrew Fryatt, CEO of Jaywing plc, said:

I am pleased to report a strong improvement in our profitability, with Group underlying Adjusted EBITDA up 39% to £1,311k on net revenues which were down by 0.5%. I am especially pleased as we have found ourselves operating against a backdrop of continuing challenging economic conditions and in a marketing sector impacted by a widespread slowdown in client spend.

In the first quarter of this financial year we could see the risk of a slowdown in UK revenues, and we took early action to reduce our cost base to ensure that we were in the right shape for the balance of the year. With the support of our employees we were able to remove around 14% of UK headcount, resulting in a significant improvement in UK profitability in the second quarter of this financial year (July 23 to September 23). Following this exercise, Group headcount is 245 across the UK and Australia.

Australia

Jaywing Australia has seen accelerating revenue growth since the integration of our two businesses in Sydney. Revenue was up by 25% in the first half (up by 37% at constant exchange rates), supported by continuing new client wins. Additional business has been won with OES and New Balance and we have recently opened a new notable account with Crocs .

Jaywing Australia's' heritage was previously focused on performance marketing and website design & build. Now, the expanded proposition includes Creative and Data Science components, partially supported out of the UK, building a more integrated proposition for our clients.

Revenue gains have been delivered whilst maintaining tight control of costs, and the momentum is expected to continue into the second half of the financial year.

UK Risk Consulting sector

Early in the year we won a significant new contract for modelling work with Virgin Media O2, and more recent wins include model validation contracts with Hampshire Trust Bank and also with ITV. Together these have driven a 23% growth in half year Risk Consulting revenues and a 77% growth at contribution level.

The strength of our performance in Risk Consulting has sustained profitability despite the slowdown in Marketing revenues in the UK, and we have an encouraging pipeline of further Consulting opportunities. Our risk consultants and analysts continue to provide a fast-paced, flexible and high-quality service that competes strongly in this sector.

UK Agency sector

The weakness of the UK marketing sector has been widely reported, and we saw a delay in client commitments from April 2023 onwards. As mentioned above, we took decisive action in May 2023 to ensure our UK Agency cost base was "right-sized" for subdued revenues, and refocused our efforts on the growth areas of the sector. We have reaped the benefits of this from July onwards, with Q2 contribution stepping up markedly compared to a slow Q1, a result of the restructuring, and currently building a promising pipeline of new client opportunities.

Our focus on an integrated marketing proposition, using our data science and creative resources to deliver demonstrably superior results, continues to resonate with existing and potential clients. The continued acceleration of the move towards digital has reinforced the need to understand marketing effectiveness, and we have been able to deliver both outstanding results and insight to our clients. We have had 10 new clients commence billing in the first half, including DUSK.com, Subaru Europe, and

Lowell Financial, and we have seen some clients returning and restarting spend, including, for example HSBC.

Following the headcount reductions, UK Agency revenue per head in the first half was up 9% to £42k.

We are continuing to build the client base for our suite of award-winning AI-based tools, including Decision (our AI-based PPC automation tool) and Archetype (our AI modelling tool that helps to predict customer behaviour). In our Risk Consulting business, we also have Echelon (our commercial scoring tool) and Horizon (AI-based modelling software we use with our IFRS 9 clients).

Decision is used both as a standalone application and also as part of an integrated solution, and monthly billings are now up 60% year-on-year.

We continue to develop our automation and AI capabilities across both our Agency and Risk Consulting divisions to enhance the effectiveness of our client-focused solutions.

Net Debt and Cash Flow

Net debt increased by £1,544k to £11,925k as at 30 September 2023, due to the impact of the restructuring exercise, the funding of the Midisi acquisition in 2022, and interest charges now accruing at a higher rate.

Working capital continues to be closely managed with debtor days for the Group dropping from 51 days at the year end, to 47 days.

People

Jaywing has an extraordinarily committed and collaborative group of employees in both the UK and Australia, which is a key factor in enabling us to work through this challenging period. I would like to thank all our employees for their continuing contribution and support.

Outlook

The actions taken to optimise our cost base, coupled with the strong growth of Australia and our Risk Consulting business in the UK, have helped us to offset the impact of the weaker UK Agency sector in H1. Our new business pipeline and strengthened integrated marketing proposition give us confidence for the second half, although we remain cautious given the backdrop of ongoing economic and geopolitical uncertainty.

Enquiries:

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Consolidated statement of comprehensive income

	Note	**Unaudited Six months ended 30 Sept 2023 £'000**	Unaudited Six months ended 30 Sept 2022 £'000	Audited year ended 31 March 2023 £'000
Revenue	*4*	**11,107**	11,161	22,062
Other operating income		**9**	423	507
Operating expenses		**(11,653)**	(11,004)	(33,909)
Operating (Loss) / Profit		**(537)**	580	(11,340)
Finance costs		**(859)**	(372)	(1,195)
(Loss) / Profit before tax		**(1,396)**	208	(12,535)
Tax charge		**(292)**	(416)	(291)
Loss after tax for the period		**(1,688)**	(208)	(12,826)
Loss for the period is attributable to:				
Owners of the parent		**(1,688)**	(208)	(12,826)
		(1,688)	(208)	(12,826)
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss				
Exchange differences on retranslation of foreign operations		**16**	(68)	(368)
Total comprehensive loss for the period		**(1,672)**	(276)	(13,194)
Total comprehensive loss is attributable to:				
Owners of the parent		**(1,672)**	(276)	(13,194)
		(1,672)	(276)	(13,194)
Loss per share	*5*			
Basic loss per share		**(1.81p)**	(0.22p)	(13.73p)
Diluted loss per share		**(1.81p)**	(0.22p)	(13.73p)

Consolidated balance sheet

		Unaudited 30 Sept 2023 £'000	Unaudited 30 Sept 2022* £'000	Audited 31 March 2023 £'000
Assets				
Non-current assets				
Property, plant and equipment	*6*	3,647	4,010	4,023
Goodwill		10,602	21,705	10,602
Deferred tax asset		620	557	620
Other intangible assets	*7*	1,983	3,331	2,125
		16,852	**29,603**	**17,370**
Current assets				
Trade and other receivables		5,013	5,246	4,418
Contract assets		826	887	352
Cash and cash equivalents		211	490	1,089
		6,050	**6,623**	**5,859**
Total assets		**22,902**	**36,226**	**23,229**
Liabilities				
Current liabilities				
Borrowings	*8*	12,136	10,871	11,435
Trade and other payables		6,321	6,839	5,810
Contract liabilities		959	788	983
Lease liabilities		394	486	380
Tax liabilities		185	25	20
Provisions	*9*	552	-	-
		20,547	**19,009**	**18,628**
Non-current liabilities				
Lease liabilities		2,379	3,206	2,638
Provisions	*9*	570	-	570
Deferred tax liability		592	-	592
Trade and other payables		1,706	2,373	2,021
		5,247	**5,579**	**5,821**
Total liabilities		**25,794**	**24,588**	**24,449**
Net (liabilities) / assets		**(2,892)**	**11,638**	**(1,220)**
Equity				
Capital and reserves attributable to equity holders of the company				
Share capital	*10*	34,992	34,992	34,992
Share premium		10,088	10,088	10,088
Capital redemption reserve		125	125	125
Shares purchased for treasury		(25)	(25)	(25)
Foreign currency translation reserve		(234)	50	(250)
Retained earnings		(47,838)	(33,592)	(46,150)
Total equity		**(2,892)**	**11,638**	**(1,220)**

*The comparative information has been restated due to misstatements in the prior period as discussed in the Annual Report and Accounts for the year ended 31 March 2023

Consolidated cash flow statement

	Unaudited Six months ended 30 Sept 2023 £'000	Unaudited Six months ended 30 Sept 2022 £'000	Audited year ended 31 March 2023 £'000
Cash flow from operating activities			
Loss after tax for the period	**(1,688)**	(208)	(12,826)
Adjustment for:			
Impairment of goodwill	**-**	-	12,095
Depreciation of property, plant, and equipment	**119**	117	245
Depreciation and impairment of right of use assets	**313**	310	641
Amortisation of intangibles	**227**	30	320
Financial costs	**859**	372	1,195
Taxation expense	**292**	416	291
Operating cash flow before changes in working capital	**122**	1,037	1,961
Operating cash flow before changes in working capital			
(Increase)/Decrease in trade and other receivables	**(1,139)**	735	1,986
Increase/(Decrease) in trade and other payables	**894**	(1,906)	(2,654)
Cash generated from operations	**(123)**	(134)	1,293
Interest paid	**-**	(15)	-
Tax paid	**(101)**	(44)	(21)
Net cash flow from operating activities	**(224)**	(193)	1,272
Cash flows from investing activities			
Payment of deferred and contingent consideration	**(187)**	(668)	(818)
Acquisition of subsidiary	**-**	(400)	(400)
Capitalised development costs	**(85)**	-	-
Acquisition of property, plant, and equipment	**(56)**	(150)	(483)
Net cash outflow from investing activities	**(328)**	(1,218)	(1,701)
Cash flows from financing activities			
Increase in borrowings	**-**	1,500	1,500
Repayment of Lease Liabilities (IFRS 16)	**(326)**	(313)	(696)
Net cash (outflow)/inflow from financing activities	**(326)**	1,187	804
Net decrease in cash, cash equivalents and bank overdrafts	**(878)**	(224)	375
Cash and cash equivalents at beginning of period	**1,089**	714	714
Cash and cash equivalents at end of period	**211**	490	1,089
Cash and cash equivalents comprise:			
Cash at bank and in hand	**211**	490	1,089

Consolidated statement of changes in equity

	Share capital	Share premium account	Capital redemption reserve	Treasury Shares	Foreign currency translation reserve	Retained earnings*	**Total equity**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Balance at 31 March 2022 (audited)	**34,992**	**10,088**	**125**	**(25)**	**118**	**(33,071)**	**12,227**
Prior year adjustment (audited)	**-**	**-**	**-**	**-**	**-**	**(253)**	**(253)**
Restated balance at 31 March 2022 (audited)	**34,992**	**10,088**	**125**	**(25)**	**118**	**(33,324)**	**11,974**
Loss for the period	-	-	-	-	-	(12,826)	(12,826)
Retranslation of foreign currency	-	-	-	-	(368)	-	(368)
Total comprehensive income for the period	-	-	-	-	(368)	(12,826)	(13,194)
Balance at 31 March 2023 (audited)	**34,992**	**10,088**	**125**	**(25)**	**(250)**	**(46,150)**	**(1,220)**
Loss for the period	-	-	-	-	-	(1,688)	(1,688)
Retranslation of foreign currency	-	-	-	-	16	-	16
Total comprehensive income for the period	-	-	-	-	16	(1,688)	(1,672)
Balance at 30 September 2023 (unaudited)	**34,992**	**10,088**	**125**	**(25)**	**(234)**	**(47,838)**	**(2,892)**

*The comparative information has been restated due to misstatements in the prior period as discussed in the Annual Report and Accounts for the year ended 31 March 2023

1. General Information

Jaywing plc (the "Company") is incorporated and domiciled in the United Kingdom. The Company is listed on the AIM market of the London Stock Exchange. The registered address is Albert Works, Sidney Street, Sheffield, S1 4RG.

The interim financial information was approved for issue on 30 November 2023.

2. Basis of preparation

The consolidated interim financial statements for the six months ended 30 September 2023, which are unaudited, have been prepared in accordance with applicable accounting standards and under the historical cost convention except for certain financial instruments that are carried at fair value.

The financial information for the year ended 31 March 2023 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2023 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which have been prepared and approved by the Directors in accordance with UK-adopted International accounting standards in conformity with the Companies Act 2006. The Consolidated Financial Statements have been prepared under the historical cost convention, except for revaluation of any assets and liabilities carried at fair value.

The Board continually assesses and monitors the key risks of the business. The Board continues to consider the Group's profit and cash flow plans for at least the next 12 months and runs forecasts and downside stress test scenarios. These risks have not significantly changed from those set out in the Company's Annual Report for the period ended 31 March 2023.

Based on the Group's cash flow forecasts and projections, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. In considering their position the Directors have also had regard to letters of support in respect of the secured debt received from each of the holders of that debt. The Group has continued to adopt the going concern basis of accounting in preparing these interim financial statements.

3. Accounting policies

The principal accounting policies of Jaywing plc and its subsidiaries ("the Group") are consistent with those set out in the Group's 2023 annual report and financial statements other than the new policies included below.

There were no new relevant Standards or Interpretations to be adopted for the six months ended 30 September 2023.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.2 Share-based payment transactions

The fair value of the CSOP & LTIP options have been taken as the market price as at the grant date. The charge to profit or loss takes account of the estimated number of shares that will vest. Where the options do not have any market conditions attached, the number expected to vest is reassessed at each reporting period. All share-based remuneration is equity-settled. Provision is made for National Insurance when the Group is committed to settle this liability. The charge to profit or loss takes account of the options expected to vest, is deemed to arise over the vesting period, and is discounted.

4. Segment information

The Group reported its operations based on location of business (United Kingdom & Australia).

Revenue, Contribution and Adjusted EBITDA by operating segments

	Unaudited six months ended 30 Sept 2023 £'000	Unaudited six months ended 30 Sept 2022 £'000
Revenue		
United Kingdom	**7,690**	8,426
Australia	**3,417**	2,735
	11,107	11,161
Contribution (1)		
United Kingdom	**2,595**	3,012
Australia	**1,178**	792
	3,773	3,804
Underlying Adjusted EBITDA (2)		
United Kingdom	**810**	801
Australia	**501**	141
	1,311	942

(1) Contribution is defined as Revenue less Direct Costs comprise staff and other costs directly attributable to the revenues of the respective operating segments.
(2) Underlying Adjusted EBITDA represents Earnings Before Interest Tax, Depreciation & Amortisation ('EBITDA') before restructuring costs, acquisition and related costs and legal recoveries.

5. Loss per share

	Unaudited Six months ended 30 Sept 2023 Pence per share	Unaudited Six months ended 30 Sept 2022 Pence per share	Audited year ended 31 March 2023 Pence per Share
Basic loss per share	**(1.81p)**	(0.22p)	(13.73p)
Diluted loss per share	**(1.81p)**	(0.22p)	(13.73p)

6. Property, plant and equipment

	Unaudited 30 Sept 2023	Unaudited 30 Sept 2022	Audited 31 March 2023
	£'000	£'000	£'000
Buildings	**3,085**	3,462	3,325
Leasehold improvements	**202**	216	147
Office equipment	**360**	332	551
	3,647	4,010	4,023

7. Other intangible assets

	Unaudited 30 Sept 2023	Unaudited 30 Sept 2022	Audited 31 March 2023
	£'000	£'000	£'000
Development costs	**97**	39	29
Intellectual property	**1,886**	3,292	2,099
	1,983	3,331	2,125

8. Borrowings

Summary	Unaudited 30 Sept 2023	Unaudited 30 Sept 2022*	Audited 31 March 2023
	£'000	£'000	£'000
Borrowings	**12,136**	10,871	11,435
	12,136	10,871	11,435
Borrowings are repayable as follows:			
Within 1 year			
Borrowings	**12,136**	10,871	11,435
Total due within 1 year	**12,136**	10,871	11,435
In more than one year but less than two years	**-**	-	-
Total amount due	**12,136**	10,871	11,435
Average interest rates at the balance sheet date were:	**%**	%	%
Term loan	**9.77**	5.60	8.57

*The comparative information has been restated due to misstatements in the prior period as discussed in the Annual Report and Accounts for the year ended 31 March 2023

As the loans are at variable market rates their carrying amount is equivalent to their fair value.

The borrowings are repayable on demand and interest is calculated at 3-month LIBOR plus a margin. Borrowings includes accrued interest.

The borrowings are secured by charges over all the assets of Jaywing and guarantees and charges over all the assets of the various subsidiaries (Jaywing UK Limited, Alphanumeric Limited, Gasbox Limited, Jaywing Central Limited, Jaywing Innovation limited, Bloom Media (UK) Limited, Epiphany Solutions Limited, Jaywing Pty Limited, Frank Digital Pty Limited).

Reconciliation of net debt**	**Cash and cash equivalents**	**Borrowings**	**Net debt**
	£'000	£'000	£'000
30 September 2023 (Unaudited)*	**211**	**(12,136)**	**(11,925)**
31 March 2023 (Audited)*	1,089	(11,435)	(10,346)
30 September 2022 (Unaudited)	**490**	**(10,871)**	**(10,381)**

*The comparative information has been restated due to misstatements in the prior period as discussed in the Annual Report and Accounts for the year ended 31 March 2023
**Excluding lease liabilities and deferred consideration

9. Provisions (unaudited)

	Unaudited 30 Sept 2023	Unaudited 30 Sept 2022	Audited 31 March 2023
	£'000	£'000	£'000
Due in less than one year:			
Restructuring provision	**552**	-	-
Due in greater than one year:			
Dilapidations provision	**570**	-	570

The dilapidations provision of £570k has been recognised across the three offices in the UK and Australia. The dilapidations provision will be settled at the end of the lease period for the three offices, which is greater than one year for all.

The restructuring provision of £552k has been recognised for the constructive obligation of expenditure confirmed as part of the current year UK headcount reduction process.

10. Share capital (unaudited)

Allotted, issued and fully paid

	45p deferred shares	5p ordinary shares	
	Number	Number	£'000
Issued share capital at 31 March 2023 and 30 September 2023 and 30 September 2022	67,378,520	93,432,217	34,992

11. Related party transactions (unaudited)

There were no other significant changes in the nature and size of related party transactions for the period from those disclosed in the Annual Report for the year ended 31 March 2023.

12. Employee benefits (unaudited)

On 13 April 2023, the Company granted 1,142,000 LTIP (Long Term Incentive Plan) share options to Andrew Fryatt (CEO) and 4,640,000 CSOP (Company Share Option Plan) options to certain senior employees of the Group. The total number of Shares that can be acquired pursuant to options granted under the LTIP and CSOP amounts to 5,782,000 Shares.

LTIP Options

The LTIP Options granted to Andrew Fryatt are subject to a minimum vesting price of 10.0 pence per Share and an exercise price of 5.0 pence per Share. The performance period for LTIP Options granted under the LTIP will typically be four years commencing from the date of grant of the relevant LTIP Option. However, in the case of Andrew Fryatt, in recognition of his service to the Company since March 2020, 50% of the LTIP Options will vest and be exercisable on or after the second anniversary of the date of grant, subject to and to the extent that the performance conditions are met.

Except in the event of a change of control of the Company and in certain 'good leaver' scenarios, LTIP Options may only be exercised after the expiry of the performance period and to the extent that the relevant performance criterion is met. Shares acquired on exercise of LTIP Options shall be subject to a two-year holding period, during which time they cannot be sold, except in certain circumstances including, but not limited to, the sale of Shares to meet any tax liabilities arising upon exercise of the LTIP Options.

Charge to the statement of comprehensive income

Under IFRS 2, the Group is required to recognise an expense in the financial statements. The expense is apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant.

Based on the market conditions at grant date, we have assessed the fair value of these options to be £nil at the interim date. This will be monitored across the vesting period and will be updated accordingly, at subsequent reporting dates.

CSOP Options

The market value CSOP Options were granted over a total of 4,640,000 Shares with an exercise price of 5.0 pence per Share. The vesting period of the CSOP Options shall be three years from the date of grant. Except in the event of a change of control of the Company and in certain 'good leaver' scenarios, no CSOP Options may be exercised prior to the expiry of the vesting period. Shares acquired on exercise of the CSOP Options shall be subject to a holding period of one year, during which time they cannot be sold, except in certain circumstances including, but not limited to, the sale of Shares to cover the exercise price payable upon exercise of the CSOP Options. No performance conditions attach to the exercise of the CSOP Options.

Charge to the statement of comprehensive income

Under IFRS 2, the Group is required to recognise an expense in the financial statements. The expense is apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant. Due to their being no performance conditions attached to the options, all of these are expected to vest.

Based on the fair value of 4.5 pence per share, the calculated charge for the period to Sep-23 is £32k. Due to the amount being immaterial we have not included this in our interim results.

13. Post balance sheet event (unaudited)

There are no post balance sheet events that require disclosure.