DCD Media Plc

("DCD Media", the "Company" or the "Group")

Unaudited Interim Results for the Six Months Ended 30 September 2021

DCD Media, the independent TV distribution and production group, is pleased to report unaudited interim results for the six months ended 30 September 2021.

Financial highlights

• Revenue	£5,613k (2020: £5,790k)
• Gross profit	£1,171k (2020: £1,051k)
• Operating profit	£263k (2020: £244k)
• Unadjusted profit before tax	£262k (2020: £240k)
• Adjusted EBITDA	£415k (2020: £324k)
• Adjusted profit before tax	£402k (2020: £240k)
• Cash & cash equivalents	£3,287k (31 March 2021: £4,146k)
• Adjusted basic earnings per share	16p (2020: 8p)

Operational highlights

- DCD Rights acquired the international rights to a second season of hit drama, ***The Secrets She Keeps***, and confirmed two major pre-sales to the BBC UK and Sundance Now in the US, making up a large part of the finance for the new series.
- DCD Rights agreed a partnership with US company, Runtime Media, to launch a UK advertiser-based channel dedicated to the long-running September Films franchise, ***Bridezillas***. With over 200 episodes, the channel launched in August and is growing audiences steadily.
- The seventh series part 2, consisting of a further 13 episodes of ***Penn & Teller: Fool Us in Vegas*** was delivered in the period for transmission from November. The highly successful series is a co-production between 1/17 Productions and September Films for The CW Network in the USA.
- DCD Rights announced a slate of new series for global sales for its growing line up of factual programming including new franchise, ***Outback Car Hunters***, which was quickly sold to Channel 9 Australia.
- DCD Rights' scripted franchises continued to sell well in the period with ***The Frankie Drake Mysteries***, ***My Life is Murder*** and ***The Secrets She Keeps*** all selling to multiple territories in period.
- ***Aussie Gold Hunters*** season 6 was acquired by Viasat World, Discovery Benelux and RMC Decouvert France amongst multiple other territories to reinforce the durability of this long running franchise.

Post period highlights

- The Company sold its subsidiaries to international distributor and funder, 108 Media Limited for a consideration of £4.7m in cash as announced on 16 November 2021 and completed 10 December 2021.

David Craven, Executive Chairman, commented:

"We can report that the underlying performance of the Group was consistent with the first half in the previous financial period and in line with our expectations. Despite market headwinds as a consequence of Covid and economic disruption, the DCD Rights sales team continued with very positive engagement in the sales market and looks forward to a successful outturn for the financial year, in spite of the stated challenges presented by the COVID-19 pandemic.

“While the Board was confident of the continued momentum in the business and following a period of sustained sales growth, the shareholders have taken the opportunity presented by global distributor and funder 108 Media to divest themselves of DCD Rights and its related entities after the period end in a sale to 108 Media Limited, announced on 16 November 2021 and approved by shareholders on 2 December 2021.

“It is worth noting that while Back Catalogue Distribution independent programming fund indicated informally that its investors may seek to exit from the fund at some stage in the future, it continues to support and fund programming advances at the same historic levels we have experienced in the last 5 years.

“The Board therefore believes the immediate horizon continues to look promising for DCD Rights and its associated businesses and in the mid to long-term, the sale to 108 Media will be a catalyst for delivering deeper funding arrangements to support the continued growth being driven by the DCD Rights’ senior management team.

“During the period, the Group’s trading performance was in line with management forecasts with revenue for the first six months of the trading period at £5,613k (2020: £5,790k), adjusted EBITDA was some 28% ahead at £415k (2020: £324k) and the Group reports an adjusted profit before tax in the period of £402k (2020: £240k) which was a 67% increase.

“As in previous periods, the acquisition team continued to acquire high quality TV content across a range of genres in the first half of the year. As the business acquired higher profile drama titles in particular, attractiveness in the catalogue improved leading to more active buyer engagement, particularly so given the strong performance and re-commissioning of previous acquisitions in the drama genre.

“The Board is thus confident that the catalogue remains attractive to its network of buyers, particularly with the strength of new, exciting titles which have been added during the period.”

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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Executive Chairman's Statement

This announcement presents the unaudited interim results for the Group for the six months ended 30 September 2021.

DCD Rights has continued to acquire quality content to augment the existing deep library. The Board remains confident that the underlying business, in the immediate term, remains strong and the catalogue remains commercially attractive to buyers in the global TV rights markets.

The Back Catalogue Distribution (BCD) independent programming fund remains active and advances continue to be made in the post period.

We are pleased to report a number of notable content achievements in the period:

- The DCD Rights acquisition team were pleased to agree terms to distribute the second season of the successful drama, ***The Secrets She Keeps,*** and confirmed two significant pre-sales to the BBC UK and Sundance Now in the US.

- A series order for the highly successful ***Penn & Teller: Fool Us in Vegas*** was extended for a further 13 episodes for delivery at the end of the year with transmission from November. The highly successful series is a co-production between 1/17 Productions and September Films for The CW Network in the USA.

- DCD Rights initiated a major digital development programme when it agreed a partnership with US Company Runtime Media, to launch a UK advertiser-based channel dedicated to the long running September Films franchise, ***Bridezillas***. With over 200 episodes the channel launched in August and is growing audiences steadily.

- We were pleased to report that ***Aussie Gold Hunters*** season 6 was acquired by Viasat World, Discovery Benelux and RMC Decouvert France amongst multiple other territories to reinforcing the durability of this long running franchise.

- DCD Rights also announced a slate of new series for global sales for its growing line up of factual programming including new franchise, ***Outback Car Hunters***, which was licenced to Channel 9 Australia.

We are obviously delighted that our current landmark drama productions continue to be well-received in the marketplace. We anticipate strong uptake of sales continuing the good work from the sales team across this genre.

As in previous periods, we are delighted to report a new series of ***Penn & Teller: Fool Us in Vegas*** continued to perform well and the series order was extended for a further 13 episodes for delivery at the end of the year and subsequent transmission. As a reminder, DCD Rights is also the distribution partner for the back catalogue of ***Penn & Teller: Fool Us in Vegas*.** The series is a result of a successful partnership with US based 1/17 Productions and we are actively working with the team there to explore other format opportunities.

Strong trading was also driven by some specific high-level sales such as a major licensing deal for ***The Secrets She Keeps*** with the confirmed pre-sales to the BBC UK and Sundance Now in the US. This drama was scheduled in primetime on BBC One in its first season and was a high-profile production in the DCD Rights catalogue.

We are pleased that the DCD Rights team has performed particularly well throughout the COVID-19 pandemic by successfully operating remotely and managing their stakeholder relationships with continuous conference calls and video meetings. This together with some successful acquisition work undertaken in the previous year, has set DCD Rights on a strong course for the remainder of FY22.

We believe DCD Rights is now in a growth phase and continuing to take market-share from other small independent distributors who have not benefitted from long-term development arrangements with emerging production companies.

The Board believes the business is well positioned to deliver strong performance in the future supported by its new owners, 108 Media.

1. Profit and Loss Review

Revenues for the six-months to 30 September 2021 were £5,613k (2020: £5,790k). Revenues have decreased slightly in the six months to 30 September 2021 in comparison to the six months to 30 September 2020.

Adjusted profit before tax was £402k (2020: £240k), resulting in an adjusted gain per share for the period of 16p (2020: 8p). The Group's statutory profit after tax was £262k (2020: £215k).

Adjusted profit or loss before tax (PBT) is the measure used by the Group to indicate operating performance and aims to reflect normalised trading before exceptional, restructuring items and non-cash impairment charges, but after net finance costs.

A reconciliation of the Group's operating profit to Adjusted Profit before Tax and Earnings before Interest Tax Depreciation and Amortisation (EBITDA) is shown below:

	Unaudited 6 months ended 30 September 2021 £'000	**Unaudited 6 months ended 30 September 2020 £'000**
Operating profit per accounts	**263**	**244**
Add: Depreciation	12	80
EBITDA	**275**	**324**
Restructuring costs *	140	-
Adjusted EBITDA	**415**	**324**
Less: Net financial expense	(1)	(4)
Less: Depreciation	(12)	(80)
Adjusted PBT	**402**	**240**

*Restructuring costs relate to expenses the Group has incurred in the period relating to an internal restructure and then to the disposal of the subsidiaries that was completed post period end.

2. Balance Sheet Review

Intangible assets at 30 September 2021 remained unchanged at £1,017k (2020: £1,017k). There has been no movement in the balance since 2017 with carrying values fully justified through the proceeds of the sale of the subsidiaries to 108 Media.

Trade and other receivables and trade and other payables at £7,461k (2020: £9,461k) and £8,586k (2020: £10,446k) respectively. Both are down mainly due to timing of receipts from broadcasters and payments to producers.

Cash on hand at the period end stood at £3,287k (2020: £2,762k). The majority of the Group's cash balances represent working capital commitment in relation to programme making and cash held in DCD Rights' client accounts and therefore is not all considered to be free cash.

During the period, the Group was recharged £7k (2021: £13k) for director and managerial services from Ultimate Finance Group Ltd, a company under common ownership.

The amounts recoverable from HMRC in relation to VAT and social security stood at £39k (2020: £119k). The Group had taken advantage of payment holidays as a result of the COVID-19 outbreak with regards to PAYE and NIC as they assessed the impact it had made on the Company's trading. However, at 30 September 2021, amounts due to HMRC under COVID-19 arrangements were £nil (2020: £146k).

Called up share capital has not changed, being £12.3m at 30 September 2021, 31 March 2021 and 30 September 2020.

No interim dividend is proposed for the period. Adjusted earnings per share are disclosed in note 3 to the interim financial statements.

3. Substantial shareholdings

As at 22 December 2021, the following notifications had been made by holders of beneficial interests in 3% or more of the Company's issued ordinary share capital as follows:

	No. of £1 ordinary shares	%
Timeweave Ltd	1,818,377	71.55
Lombard Odier Investment Managers	664,328	26.14

4. Review of operational activities

The Group consists of a rights and licencing division that generates a significant majority of the revenue of the business and also production division. However, the latter no longer actively seeks new productions, instead focussing on key franchises that continue to be a success for the Group.

Rights and Licensing

The nature of the DCD Rights sales model continued to evolve during the period, as producers continued to look to distributors to bridge ever widening gaps in finance, as the broadcasters drew back from full commissioning and investment.

DCD Rights worked with the producers of hit series, ***The Secrets She Keeps***, starring Laura Carmichael, in order to develop a second series for international sales. The division also acquired the international rights and engineered a good part of the finance along with Channel Ten Australia and Screen Australia, contracting two major pre-sales to the BBC in the UK and Sundance Now, part of the AMC Group of Channels, in the USA. The series went into production in November later this year, and DCD Rights are now negotiating further sales prior to delivery in June 2022.

There was increasing demand for long running factual series as well as transmission ready new drama series, and DCD Rights benefited in the period from a well-stocked library as well as new drama deliveries from Australia, New Zealand and Canada where producers have managed to navigate the Covid restrictions to produce and delivery safely.

The Frankie Drake Mysteries season 4 was sold to Ovation in the US for a second run license following PBS, as well as Seven Network Australia, Walt Disney for the Balkans, YLE Finland and Sky New Zealand. ***My Life is Murder 2*** sold to UK TV's Alibi Channel, as well as the Walt Disney Channel in Spain and Portugal, and Acorn TV in Latin America and the Netherlands.

DCD's factual library was boosted by the delivery of new franchise, ***Outback Car Hunters***, which quickly sold to Nine Network Australia, ViaSat for Scandinavia and Eastern Europe and RMC Decouvert in France. Also from Australia, a new series of ***Aussie Bull Catchers*** was launched and acquired by ViaSat for the same territories.

The second series of double Emmy nominated factual series, ***Disasters Engineered***, was sold to AMC Hungary, Czech Republic and Slovakia and to the National Geographic Channel for a raft of territories across Europe.

6. Outlook

DCD Media completed an agreement to sell its subsidiaries to 108 Media, for a total consideration of £4.7 million in cash, resulting in the divestment of substantially all of the Company's existing business, assets and trade liabilities, announced on 16 November and approved by shareholders at a General Meeting held on 2 December 2021.

When Timeweave, the major shareholder in the Group with a 71.55% controlling interest, took control of DCD Media almost ten years ago, there were broad synergies with other media interests within the Timeweave investment group. Those synergies no longer exist and DCD Media does not form part of the strategic landscape for Timeweave. In addition, Timeweave had indicated that it did not wish to provide further TV programme funding to DCD Media.

The Board concluded that the sale presented an attractive opportunity for the Company to realise value and secure an owner for the Company's business in 108 Media that is expected to provide support allowing the business to grow. More information about the sale can be found on the Company's website www.dcdmedia.co.uk.

Following completion, the Board is considering the best way to maximise Shareholder value which is likely to include returning a proportion of the cash to Shareholders together with considering alternative acquisitions as provided under AIM Rule 15. The timing and method of any distribution or other return of capital remains to be confirmed and will be notified to Shareholders. The quantum of any distribution or return of capital will take into account the investment and/or acquisition opportunities identified by the Company during the Rule 15 Period.

David Craven
Executive Chairman
23 December 2021

Consolidated income statement (unaudited)
for the 6 months ended 30 September 2021

	Note	**Unaudited 6 months to 30 September 2021 £'000**	**Unaudited 6 months to 30 September 2020 £'000**	Audited Year to 31 March 2021 £'000
Revenue		**5,613**	5,790	11,327
Cost of sales		**(4,442)**	(4,739)	(9,163)
Gross profit		**1,171**	1,051	2,164
Administration expenses		**(908)**	(807)	(1,660)
Operating profit		**263**	244	504
Finance costs		**(1)**	(4)	(8)
Profit before taxation		**262**	240	496
Taxation – current	2	**-**	(25)	(27)
Profit for the period/year		**262**	215	469
Profit attributable to:				
Owners of the parent		**262**	215	469
		262	215	469

Earnings per share attributable to the equity holders of the Company during the period (expressed as pence per share)

Total basic profit/(loss) per share	**10p**	8p	18p
Total diluted profit/(loss) per share	**10p**	8p	18p

Consolidated statement of comprehensive income (unaudited)
for the 6 months to 30 September 2021

	Unaudited 6 months to 30 September 2021 £'000	Unaudited 6 months to 30 September 2020 £'000	Audited 12 Month Period to 31 March 2021 £'000
Profit	**262**	215	469
Total comprehensive income	**262**	215	469
Total comprehensive income attributable to:			
Owners of the parent	**262**	215	469
	262	215	469

Consolidated statement of financial position (unaudited) at 30 September 2021

	Unaudited 30 September 2021 £'000	Unaudited 30 September 2020 £'000 (as restated)	Audited 31 March 2021 £'000
Assets			
Non-current			
Goodwill	**1,017**	1,017	1,017
Property, plant and equipment	**23**	14	14
Right of use assets	**21**	71	26
Trade and other receivables	**404**	152	238
	1,465	1,254	1,295
Current assets			
Trade and other receivables	**7,057**	9,309	6,617
Cash and cash equivalents	**3,287**	2,762	4,146
	10,344	12,071	10,763
Liabilities			
Current liabilities			
Trade and other payables	**(8,586)**	(10,446)	(9,060)
Lease liabilities	**(19)**	(73)	(23)
Taxation and social security	**(26)**	(144)	(59)
	(8,631)	(10,663)	(9,142)
Net assets	**3,178**	2,662	2,916
Equity			
Called up share capital	**12,272**	12,272	12,272
Share premium account	**51,215**	51,215	51,215
Own shares held	**(37)**	(37)	(37)
Retained earnings	**(60,272)**	(60,788)	(60,534)
Equity attributable to owners of the parent	**3,178**	2,662	2,916
Total equity	**3,178**	2,662	2,916

Consolidated statement of cash flows (unaudited)
for the 6 months ended 30 September 2021

Cash flow from operating activities including discontinued operations	**Unaudited 6 months ended 30 September 2021 £'000**	Unaudited 6 months ended 30 September 2020 £'000	Audited 12 months to 31 March 2021 £'000
Net profit before taxation	**262**	240	496
Adjustments for:			
Depreciation of tangible assets	**17**	80	161
Tax charge for period	**-**	(25)	8
Net bank and other interest charges	**-**	4	42
Corporation tax	-	-	(27)
Net cash flows before changes in working capital	**279**	299	680
(Increase)/decrease in trade and other receivables	**(606)**	(945)	1,434
(Decrease)/increase in trade and other payables	**(478)**	752	(534)
Cash from continuing operations	**(805)**	106	1,580
Interest paid	**-**	(4)	(8)
Net cash flows from operating activities	**(805)**	102	1,572
Investing activities			
Purchase of property, plant and equipment	**(21)**	(2)	(7)
Net cash flows used in investing activities	**(21)**	(2)	(7)
Financing activities			
Repayment of finance leases	**(33)**	(73)	(154)
Net cash flows from financing activities	**(33)**	(73)	(154)
Net (decrease)/increase in cash	**(859)**	27	1,411
Cash and cash equivalents at beginning of period	**4,146**	2,735	2,735
Cash and cash equivalents at end of period	**3,287**	2,762	4,146

Statement of changes in equity (unaudited)

	Share capital	Share premium	Own Shares Held	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2019 (as previously reported)	**12,272**	**51,215**	**(37)**	**(60,430)**	**3,020**
Prior period adjustment (note 1)	-	-	-	(256)	(256)
Balance at 30 June 2019 (as restated)	**12,272**	**51,215**	**(37)**	**(60,686)**	**2,764**
Loss and total comprehensive income for the period	**-**	**-**	**-**	(317)	(317)
Balance at 31 March 2020	**12,272**	**51,215**	**(37)**	**(61,003)**	**2,447**
Profit and total comprehensive income for the period	-	-	-	215	215
Balance at 30 September 2020	**12,272**	**51,215**	**(37)**	**(60,788)**	**2,662**
Profit and total comprehensive income for the period	**-**	**-**	**-**	254	254
Balance at 31 March 2021	**12,272**	**51,215**	**(37)**	**(60,534)**	**2,916**
Profit and total comprehensive income for the period	**-**	**-**	**-**	262	262
Balance at 30 September 2021	**12,272**	**51,215**	**(37)**	**(60,272)**	**3,178**

Notes to the interim financial statements (unaudited)

Nature of operations and general information

During the period, the principal activity of DCD Media Plc and subsidiaries (the Group) was the worldwide distribution of programmes for television and other media; the Group also distributes programmes on behalf of other independent producers.

DCD Media Plc is the Group's ultimate parent company, and it is incorporated and registered in England and Wales. The address of DCD Media Plc's registered office is 20 Primrose Street, London, England, EC2A 2EW, and its principal place of business is London. DCD Media Plc's shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

DCD Media Plc's condensed consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 23 December 2021.

The financial information in the half yearly report has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the half yearly report are those the Group expects to apply in its financial statements for the year ending 31 March 2022 and are unchanged from those disclosed in the Group's Directors' Report and consolidated financial statements for the year ended 31 March 2021. This interim report has neither been audited nor reviewed pursuant to guidance issued by the Audit Practice Board.

The financial information for the six months ended 30 September 2021 and the six months ended 30 June 2020 is unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the year ended 31 March 2021 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified.

While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

1. Basis of preparation

These interim condensed consolidated financial statements (the Interim Financial Statements) are for the six months ended 30 September 2021. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2021.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements and remain unchanged form those set out in the previous audited consolidated financial statements.

Basis of preparation – Going Concern

As noted in the Executive Chairman's Statement, on 10 December 2021, DCD Media completed an agreement to sell its subsidiaries to 108 Media resulting in the divestment of substantially all of the Company's existing business, assets and trade liabilities for a total consideration of £4.7 million in cash payable over a period of eighteen months in four agreed instalments with the initial instalment due on Completion.

In the event that 108 Media fails to pay an instalment of the consideration when due or is otherwise found to be in material breach of its undertakings set out in the sale agreement whilst any consideration remains outstanding, 108 Media has granted the Company an irrevocable option to re-acquire the subsidiaries for consideration of £1. In the event that this option is exercised by the Company, any consideration already paid by 108 Media shall remain property of the Company and not be repayable to 108 Media.

The Directors are considering the best way to maximise shareholder value which is likely to include returning cash to shareholders together with considering alternative acquisitions.

The Directors, after making enquiries and considering the Company's cash position and forecasts, have a reasonable expectation that the Company will have adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes to the interim financial statements (unaudited) (continued)

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Prior period adjustment

During the year to 31 March 2021, the Directors identified that the balance for accruals included within trade and other payables in previous periods had been misstated. Comparative figures have been restated accordingly. The effect of the adjustment on the consolidated financial statements is to increase accruals by £255,773 and to decrease retained earnings brought forward by the same amount.

2. Tax

There is a tax charge of £nil (2020: £25k) recognised in the period. No deferred tax asset has been recognised in relation to brought forward losses within group companies.

3. Profit per share

The calculation of the basic profit per share is based on the profit attributable to ordinary shareholders divided by the average number of shares in issue during the period.

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000
Profit attributable to ordinary shareholders:		
Basic	262	215
Adjusted basic profit	402	215
	No.	No.
Weighted average number of shares in issue:		
Basic	2,541,419	2,541,419
Profit per share (pence):		
Basic	10	8
Adjusted basic	16	8

4. Dividends

The Directors do not propose to recommend the payment of a dividend.

5. Publication of non-statutory accounts

Copies of the Interim Financial Statements are available from the registered office of DCD Media Plc or from the website – www.dcdmedia.co.uk. The address of the registered office is: 20 Primrose Street, London, England, EC2A 2EW.