

23 August 2019

STILO INTERNATIONAL PLC

UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2019

Stilo International plc ("Stilo", the "Group" or the "Company") today announces its unaudited Interim Results for the six months ended 30 June 2019. The Company provides software tools and cloud services that help organisations create and process structured content in XML format, so that it can be more easily stored, managed, re-used, translated and published to multiple print and digital channels.

FINANCIAL HIGHLIGHTS

- Reduction in sales revenues to £638,000 (2018: £707,000)
- Operating costs remain level £656,000 (2018: £657,000), excluding capitalised development costs for AuthorBridge of £110,000 (2018: £99,000)
- Loss before tax for the period of £29,000 (2018: £42,000 profit)
- Total comprehensive income for the period remained positive at £14,000 (2018: £5,000) subsequent to favourable foreign currency translation differences
- Cash of £1,096,000 as at 30 June 2019 (2018: £1,442,000)
- No interim dividend declared

BUSINESS HIGHLIGHTS

- Migrate customers for the period include Mastercard, ARRIS/CommScope, Applied Materials, Visa, GE Healthcare and Deltek.
- AuthorBridge customers in the US include IBM, Kaplan Professional Education and the Nuclear Regulatory Commission. A major release of AuthorBridge shipped in June 2019 and it is not expected to further capitalise AuthorBridge development costs beyond this date.
- OmniMark sales include European Parliament, Qantas and Embraer.

David Ashman, Chairman, commenting on the Company's performance, stated:

In our Trading Update of 23 May 2019 we indicated that sales were slower than planned and that a loss was expected for the half-year period.

We are currently expecting trading to continue slowly for the remainder of 2019 and need to take measures to reduce our operating costs wherever possible. Of primary importance is the proposal to delist from AIM and re-register as a private limited company, subject to shareholders' approval. This is the subject of an associated announcement issued immediately following the release of these interim results and is expected to generate potential annualised cost savings of over £120,000. Additional cost-reduction activities include organisational and management changes that are currently underway.

The Company continues to develop high-quality software tools used by leading organisations around the world. With a reduced cost base and increased sales to be driven by the recruitment to the newly created role of VP Sales & Marketing, it is our intention to generate steady ongoing profits and resume the payment of dividends to shareholders as soon as possible.

ENQUIRIES

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**Unaudited Group Income Statement
for the six months ended 30 June 2019**

	Six months to 30 June 2019 Unaudited £'000	Six months to 30 June 2018 Unaudited £'000	Year to 31 December 2018 Audited £'000
Revenue – Continuing Operations	638	707	1,487
Cost of sales	(4)	(4)	(16)
Gross profit	----- 634	----- 703	----- 1,471
Operating costs	(656)	(657)	(1,342)
Amortisation of intangible assets	-	-	-
Operating (loss) / profit	----- (22)	----- 46	----- 129
Finance income	6	5	10
Finance expense	(8)	-	-
(Loss) / profit before tax	----- (24)	----- 51	----- 139
Income tax	(5)	(9)	38
(Loss) / profit for the period attributable to the equity shareholders of the parent company	----- (29)	----- 42	----- 177
(Loss) / earnings per share	=====	=====	=====
- basic (note 4)	(0.03p)	0.04p	0.16p
- diluted (note 4)	(0.02p)	0.04p	0.15p
Dividends paid per share	-----	-----	-----
- Interim current period	Nil	Nil	0.06p
- Final prior period	0.06p	0.05p	0.05p
	-----	-----	-----

**Unaudited Group Statement of Comprehensive Income
for the six months ended 30 June 2019**

	Six months to 30 June 2019 Unaudited £'000	Six months to 30 June 2018 Unaudited £'000	Year to 31 December 2018 Audited £'000
(Loss)/profit for the period	(29)	42	177
	-----	-----	-----
Other comprehensive income Items that may subsequently be reclassified to profit and loss			
Foreign currency translation differences	43	(37)	(39)
	-----	-----	-----
Total other comprehensive income	43	(37)	(39)
	-----	-----	-----
Total comprehensive income relating to the period	14	5	138
	-----	-----	-----

All comprehensive income is attributable to equity shareholders of the parent company.

**Unaudited Group Statement of Financial Position
as at 30 June 2019**

	As at 30 June 2019 Unaudited £'000	As at 30 June 2018 Unaudited £'000	As at 31 December 2018 Audited £'000
Non-current assets:			
Goodwill	1,633	1,660	1,633
Other intangible assets	1,033	771	882
Plant and equipment	12	18	14
Right-of-use asset	327	-	-
Deferred tax assets	50	50	50
	-----	-----	-----
	3,055	2,499	2,579
Current assets:			
Trade and other receivables	644	209	259
Income tax asset	58	53	56
Cash and cash equivalents	1,096	1,442	1,271
	-----	-----	-----
	1,798	1,704	1,586
	-----	-----	-----
Total Assets	4,853	4,203	4,165
	=====	=====	=====
Current liabilities:			
Trade and other payables	865	472	436
Non-current liabilities:			
Other payables	317	71	4
	-----	-----	-----
Total liabilities	1,182	543	440
Equity attributable to equity shareholders of the parent company			
Called up share capital	1,139	1,139	1,139
Share premium	29	29	29
Merger reserve	658	658	658
Retained earnings	1,845	1,834	1,899
	-----	-----	-----
Total equity	3,671	3,660	3,725
	-----	-----	-----
Total Equity and Liabilities	4,853	4,203	4,165
	=====	=====	=====

Unaudited Group Statement of Changes in Equity
for the six months ended 30 June 2019

	Attributable to equity shareholders of the parent company				
	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018 (audited)	1,139	29	658	1,885	3,711
Comprehensive income					
Profit for the period	-	-	-	42	(42)
Other comprehensive loss					
Exchange adjustments – may recycle to profit and loss account	-	-	-	(37)	(37)
Total comprehensive income	-	-	-	5	5
Transactions with owners					
Shared based transactions	-	-	-	1	1
Dividend paid	-	-	-	(57)	(57)
Total transactions with owners	-	-	-	(56)	(56)
Balance at 30 June 2018 (unaudited)	1,139	29	658	1,834	3,660
Comprehensive income					
Profit for the period	-	-	-	135	135
Other comprehensive loss					
Exchange adjustments – may recycle to profit and loss account	-	-	-	(3)	(3)
Total comprehensive income	-	-	-	132	132
Transactions with owners					
Share based transactions	-	-	-	1	1
Dividend paid	-	-	-	(68)	(68)
Total transactions with owners	-	-	-	(67)	(67)
Balance at 31 December 2018 (audited)	1,139	29	658	1,899	3,725
Comprehensive income					
Loss for the period	-	-	-	(29)	(29)
Other comprehensive income					
Exchange adjustments – may recycle to profit and loss account	-	-	-	43	43
Total comprehensive income	-	-	-	14	14
Transactions with owners					
Dividend paid	-	-	-	(68)	(68)
Total transactions with owners	-	-	-	(68)	(68)
Balance at 30 June 2019 (unaudited)	1,139	29	658	1,845	3,671

**Unaudited Group Cash Flow Statement
for the six months ended 30 June 2019**

	Six months to 30 June 2019 Unaudited £'000	Six months to 30 June 2018 Unaudited £'000	Year to 31 December 2018 Audited £'000
Cash flows from operating activities			
(Loss)/profit before taxation	(24)	51	139
Adjustment for depreciation and amortisation	26	5	11
Adjustment for impairment and write off of goodwill	-	-	27
Adjustment for investment income	(6)	(5)	(10)
Adjustment for interest expense	8	-	-
Adjustment for share based payments	1	1	2
Adjustment for foreign exchange differences	-	(13)	-
	-----	-----	-----
Operating cash flows before movements in working capital	5	39	169
(Increase) in trade and other receivables	(398)	(39)	(86)
Increase/(decrease) in trade and other payables	374	1	(112)
	-----	-----	-----
Cash used in operations	(19)	1	(29)
Tax paid	(61)	(60)	(16)
Tax credit received	56	52	53
	-----	-----	-----
Net cash used (in)/from operating activities	(24)	(7)	8
Cash flows from investing activities			
Finance income	6	5	11
Development costs capitalised	(110)	(99)	(213)
Purchase of plant and equipment	(1)	(11)	(13)
	-----	-----	-----
Net cash used (in) investing activities	(105)	(105)	(215)
Financing Activities			
Dividends paid	(68)	(57)	(125)
Issue of ordinary share capital	-	-	-
	-----	-----	-----
Net cash used in financing activities	(68)	(57)	(125)
	-----	-----	-----
Net (decrease) in cash and cash equivalents	(197)	(169)	(332)
Cash and cash equivalents at beginning of period	1,271	1,621	1,621
Exchange losses on cash and cash equivalents	22	(10)	(18)
	-----	-----	-----
Cash and cash equivalents at end of period	1,096	1,442	1,271
	=====	=====	=====

**Notes to the Interim Results
for the six months ended 30 June 2019**

1. The interim results (approved by the Board of Directors and authorised for issue on 23 August 2019) are neither audited nor reviewed and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the full preceding year is extracted from the statutory accounts for the financial year ended 31 December 2018. Those accounts, upon which the auditors issued an unqualified opinion, and did not contain a statement under Section 498 (2) and (3) of the Companies Act 2006, have been delivered to the Registrar of Companies. As permitted, this interim report has been prepared in accordance with UK AIM listing rules and not in accordance with IAS 34 'Interim Financial Reporting', therefore it is not fully in compliance with IFRS.
2. Stilo International plc is a public limited company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its ordinary shares are traded on the AIM market of the London Stock Exchange plc. Stilo provides specialist software and professional services.

The consolidated interim results have been prepared in accordance with the recognition and measurement principles of IFRS including standards and interpretations issued by the International Accounting Standards Board, as adopted by the European Union. They have been prepared using the historical cost convention.

The preparation of the interim results requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. If in the future such estimates and assumptions, which are based on management's best judgement at the reporting date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. The interim results are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The interim results of the Group for the period ended 30 June 2019 have been prepared in accordance with the accounting policies expected to apply in respect of the financial statements for the year ending 31 December 2019.

3. The financial position and performance of the group was particularly affected by the adoption of the new revenue standard IFRS 16 *Leases* as from 1 January 2018. In accordance with the transition provisions in IFRS 16, the Group has adopted the new rules retrospectively with the cumulative effect of initially applying the standard recognised at the date of the initial application. The impact of the adoption as at 1 January 2019 was to recognise a right-of-use asset and a lease liability of £335,000.
4. The basic earnings per share is calculated on the weighted average number of shares in issue during the period. The fully diluted earnings per share takes account of outstanding options. The weighted average number of ordinary shares in issue for the six months to 30 June 2019 was 113,930,470 shares (30 June 2018: 113,930,470 and 31 December 2018: 113,930,470 shares). The weighted average number of ordinary shares in issue for the six months to 30 June 2019, for the fully diluted earnings per share, taking account of outstanding options was 117,380,214 (30 June 2018: 116,615,746, 31 December 2018: 115,944,901).
5. Copies of this report will be available to download from the investor relations section of the Company's website www.stilo.com.