

Interim Results
GLANTUS HOLDINGS PLC
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Glantus Holdings PLC
28 September 2022

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 WHICH IS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

Glantus (AIM: GLAN), a certified provider of software as a service ("SaaS") solution, capturing data for automation, visualisation and advanced analytics to the Accounts Payable ("AP") function is pleased to announce its interim results for the six months to 30 June 2022 ("H1 2022").

Highlights:

- Revenue of €6.6m up by 54% (H1 2021: €4.3m) as a result of the combined effect of the acquiring additional customer bases, and both cross selling and upselling to existing clients
- Recurring revenue of €6.4m up by 70% (H1 2021: €3.8m) and Gross Profit of €4.8m up by 40% (H1 2021: €3.4m)
- Adjusted EBITDA of €0.7m down by 39% (H1 2021: €1.2m) reflecting acquisition related integration costs and a full period of plc costs
- Continued to migrate and consolidate all clients onto the one Glantus platform
- Improved margins of acquisitions through adopting the Glantus technology suite
- Focused on product enhancements and functionality to deliver improved tools to our clients to automate and analyse their AP function and improve their accounts payable function
- Aligned our operational infrastructure to support our global business and drive scale
- Made the strategic decision during the period to commence the relocation of the AP audit function of the business to a global shared services centre in Costa Rica. The ongoing relocation of the AP audit function of the business to Costa Rica is expected to deliver more productive and technology-led automated audits
- The Costa Rica relocation has resulted in associated set up costs being incurred in the period and further restructuring and relocation costs will be incurred in H2 2022 as the transition is implemented



Other Post-Period End Highlights

- Investments in revamped product naming and marketing to promote the breadth of offering and additional modules to improve the Go to Market strategy
- Beta Testing of technology platform for new buyer led Supply Chain Finance product in planning
- As announced on 22 July 2022, the Company refinanced with Beach Point Capital at an improved rate and an additional €2m additional working capital facility

Outlook

- Glantus expects continued revenue growth through 2022, however, the relocation to Costa Rica has meant delays to the start of a number of audit mandates which will directly impact the timing of some transactional revenues which were anticipated in the second half of 2022
- Also, the Company anticipates that it will incur additional operational expenses in H2 2022 due to restructuring, refinancing and one time redundancy costs associated with the Costa Rica relocation
- Accordingly, as a result of the above, and a weaker outlook for the full year due to current global macroeconomic challenges, the Board now expects revenue and EBITDA to be significantly below market expectations for the full year
- In order to ensure that the Company is in a financial position to continue with its growth and restructuring initiatives and given it expects significant client payments to be received by the end of the financial year, it is in advanced negotiations regarding a €1.5m short-term working capital facility with its current lender Beach Point Capital. Beach Point Capital continues to be very supportive of the company and its strategy
- The Board is confident the relocation and restructuring costs being incurred will provide a robust global infrastructure fit for future growth, scale and improved productivity in 2023
- In addition, the Company expects to announce a new geographic expansion in due course and is working on being in a position to announce a financing partner for the Supply Chain Finance Product in preparation for launch in 2023
- Looking further ahead, the Board remains confident in the Group's strategy and in its medium-term growth prospects, underpinned by the Group's compelling product offering and current investment in growth initiatives

Maurice Healy, CEO, commented:

“ H1 of 2022 has been a very productive period for Glantus with our company profile, brand recognition and product offering making clear headway as we seek to become one of the dominant players in the AP SaaS marketplace.

With our improved product suite and functionality, expanded client base, and a focus on operational efficiency, we are primed for the next phase. Combining these attributes with our investment into a global shared services centre and the new product offerings heralds a strong future for our Company.

We have taken the strategic decision to execute the AP audit function relocation to Costa Rica to deliver more productive and technology-led automated audits. Whilst the relocation has been more challenging than anticipated it will be more productive for the Company in the long term and we expect it to improve profitability going forward.

We are also conscious of the current macroeconomic conditions which are increasingly challenging, but the Board remains confident in the Group's strategy and in its medium-term growth prospects, underpinned by the Group's compelling product offering and current investment in growth initiatives. ”

A copy of these interim financial statements will be made available on the investor section of the Glantus website at www.glantus.com

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Chief Executive Officer's Review

Executive Summary

I am pleased to report our results for the six-month period 1 Jan 2022 to 30 June 2022. Demand continues to grow for Accounts Payable solutions. As a leading provider of SaaS solutions that help global corporations analyse, automate and digitise their Accounts Payable function to expose and recover lost working capital, Glantus is capitalising on this demand.

The Company delivered a pleasing performance in H1 and in line with its ambitious growth plans, with revenue growing by 54% to €6.6m and reoccurring income up 70%. However along with the positives and the benefits to come from the restructuring of operations which have been more challenging than anticipated, our outlook for full year 2022 has become more cautious.

2022 will be a year when we get the infrastructure in place to make our Company robust and well-positioned to scale.

We have some great Tailwinds

- Strong revenue growth of 54% and recurring income up by 70%. This is driven by two successful acquisitions and ongoing organic growth.
- Investments of €771k in product development pave the way to sustainable growth and a broader product suite Glantus is continually investing in our technology and product suite to ensure we stand out in the AP marketplace
- Glantus reputation is growing as a leading vendor in the Accounts Payable and Spend Analysis space ranking 7th out of 62 in the G2 recent research paper.

The Headwinds we are experiencing in 2022

- The Macro environment with economic, inflationary pressures and currency risk is continually under scrutiny by the Executive leadership team and has resulted in a more cautious view of the remainder of 2022.
- Revenue growth for the full year is lower than previously anticipated, the relocation to Costa Rica has meant delays to the start of a number of audit mandates which will directly impact the timing of some transactional revenues which were anticipated in the second half of 2022.

We continue to focus on our strategic priorities: product development and expanding globally to drive revenue growth and profitability.

Enhancing our existing product suite

- We have consolidated the branding of our product portfolio of 4 products to form a simplified offering
- During the second quarter, we continued to build upon our cohesive suite of products across channels
- Expanding Globally
- We improved product and client relationships in several of our newest markets during the second quarter by launching a newly reorganised sales organisation

Financial Review

Revenues

Total revenue increased by 54% to €6.6m (H1 2021: €4.3m) with growth in recurring revenue.

	Six months to 30 June	Six months to 30 June	Year ended 31 December
	2022	2021	2021
	€ '000	€ '000	€ '000
Recurring Revenue	6,367	3,776	9,050
Non-recurring revenue	190	486	1,473
Reported revenue	6,557	4,262	10,523

Recurring revenue is the revenue that annually repeats either under contractual subscription or predictable transactional billing. Subscription revenue of €2.5m is continuing to grow demonstrating a sustainable growth trend underpinning future revenue forecasts. Total subscription contracted value is €5.0m (H1 2021: €4.9m). Subscription churn remains low at 3% (H1 2021: 4%).

Gross Profit

Gross profit increased by 40% to €4.8m (H1 2021: €3.4m) which reflects the integration of the 2 new acquisitions of Technology Insight Corporation and Meridian Cost Benefit acquired in H2 2021.

Adjusted EBITDA

Management has presented the performance measure 'adjusted EBITDA' as it monitors this performance measure at a consolidated level, and the Board considers that this metric provides the best measure of assessing underlying trading performances.

Adjusted EBITDA is calculated by adjusting profit before taxation to exclude impact of net finance costs, depreciation, amortisation, share based payment charges and exceptional items.

	Six months to 30 June	Six months to 30 June	Year ended 31 December
	2022	2021	2021
	€ '000	€ '000	€ '000
Operating loss	(919)	(1,111)	(1,296)
Amortisation	1,099	318	1,229
Depreciation	63	100	198
Exceptional items	449	1,883	2,948
Share based payments	32	-	24
Adjusted EBITDA	724	1,190	3,103
Adjusted EBITDA % of revenue	11.0%	27.9%	29.5%

Adjusted EBITDA decreased by 39% to €0.7m (H1 2021: €1.2m) resulting from increased salary costs, investment, full period of plc costs, marketing initiatives, acquisition costs and FX movements.

The exceptional items include restructuring costs (see Note 5).

Earnings per Share

Basic earnings per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Six months to 30 June	Six months to 30 June	Year ended 31 December
	2022	2021	2021
Adjusted Earnings	724	1,190	3,103
	Number	Number	Number
	'000	'000	'000
Weighted average number of ordinary shares	37,833	29,038	33,168
	Cent	Cent	Cent
Adjusted Basic EPS	1.91	4.10	9.36

Net Debt

As at the 30 June 2022, the Net debt position of the company was €12.27m and cash was €391k. This further increased post 30 June 2022 by an additional €2m working capital facility as announced on 22 July 2022. As explained earlier in the statement, the Group is in advanced negotiations regarding a further €1.5m short term working capital facility which would be expected to be repaid in short order from cash generated from trading.

Conclusion

The Group is experiencing a number of headwinds currently as set out above, accordingly, the Group expects full year revenue and EBITDA to be significantly below market expectations.

Despite this, with an expanding customer base, a growing acquisition pipeline and market-ready products, management views the longer-term outlook for Glantus with increased optimism and excitement despite the immediate short-term and macro headwinds.

Maurice Healy

Chief Executive Officer

27 September 2022

Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months to 30 June 2022 Unaudited € '000	Six months to 30 June 2021 Unaudited € '000	Year ended 31 December 2021 Audited € '000
	Note			
Revenue	3	6,557	4,262	10,523
Cost of sales		(1,784)	(850)	(2,178)
Gross Profit		4,773	3,412	8,345
Administrative expenses		4,051	(2,222)	(5,458)
Exceptional Items	5	(449)	(1,883)	(2,948)
Share Based Payments		(33)	-	(24)
Amortisation		(1,099)	(318)	(1,229)
Depreciation		(63)	(100)	(198)
Other income		3	-	217
Operating loss		(919)	(1,111)	(1,296)
Finance costs		(631)	(345)	(967)
Loss on ordinary activities before taxation		(1,550)	(1,456)	(2,285)
Income tax		11	7	(22)
Loss for the financial period		(1,549)	(1,449)	(2,285)
Other comprehensive income for the period		47	-	126
Total comprehensive loss for the period attributable to the owners of the group		(1,502)	(1,449)	(2,159)
Loss per share - basic and diluted (cent)	6	(4.09)	(4.99)	(6.89)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Six months to 30 June 2022 Unaudited € '000	Six months to 30 June 2021 Unaudited € '000	Year ended 31 December 2021 Audited € '000
	Note			
ASSETS				
NON-CURRENT ASSETS				
Intangible assets		17,181	7,354	17,509
Property, plant and equipment		220	251	240
		17,401	7,605	17,749
CURRENT ASSETS				
Trade and other receivables		7,864	4,313	6,751
Cash and cash equivalents		391	8,764	2,353
		8,255	13,077	9,104
TOTAL ASSETS		25,656	20,682	26,853
EQUITY AND LIABILITIES				
EQUITY				
Called up share capital presented as equity		38	36	38
Share premium		12,083	10,629	12,083
Reorganisation reserve		656	656	656
Foreign exchange reserve		3	(103)	(44)
Share option reserve		147	91	115
Retained earnings		(4,340)	(1,930)	(2,791)
TOTAL EQUITY		8,587	9,379	10,057
CURRENT LIABILITIES				
Trade and other payables		9,138	5,497	6,268
NON-CURRENT LIABILITIES				
Long term liabilities		7,931	5,806	10,528
TOTAL LIABILITIES		17,069	11,303	16,796
TOTAL LIABILITIES		25,656	20,682	26,853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Called up share capital presented as equity 2022	Share Premium account 2021	Reorganisation Reserve 2021	Foreign exchange reserves arising on translation 2021
	Note	Unaudited € '000	Unaudited € '000	Audited € '000	Audited € '000
		1	1,000	656	(170)
Reorganisation for AIM Listing	7	25	(1,000)		
Issue of shares	7	10	10,629		
Total comprehensive loss for the Year					67
At 30 June 2021		36	10,629	656	(103)
At 1 July 2021		36	10,629	656	(103)
Share based payment charge					
Reorganisation for AIM Listing	7				
Issue of shares	7	2	1,454		
Total comprehensive loss for the Year					59
At 31 December 2021		38	12,083	656	(44)
At 1 January 2022		38	12,083	656	(44)
Share based payment charge					
Total comprehensive loss for the Year					47
At 30 June 2022		38	12,083	656	3

CONSOLIDATED STATEMENT OF CASHFLOWS

	Six months to 30 June 2022 Unaudited € '000	Six months to 30 June 2021 Unaudited € '000	Year ended 31 December 2021 Audited € '000
Cash flows from operating activities			
Group loss after tax	(1,549)	(1,449)	(2,285)
Adjusted for:			
Interest payable	631	345	967
R&D tax credit income	-	-	(71)
Income tax expense	(1)	(7)	22
Depreciation	63	100	198
Amortisation	1,099	318	1,229
Movement in trade and other receivables	(1,180)	(870)	(2,339)
Movement in trade and other payables	274	1,545	1,795
Loss on disposal of tangible assets	5	-	17
Net tax received	0	-	(4)
R&D refund received	0	-	(71)
Share-based payment expense	32	-	24
Effects of movement in exchange rates	47	67	126
Net cash flows (used in)/generated from operating activities	(579)	(49)	(392)
Cash flows from investing activities			
Purchase of property, plant and equipment	(48)	(65)	(38)
Payment for acquisition of subsidiaries, net of cash acquired	-	-	(6,853)
Payment of deferred consideration	-	(1,185)	(2,363)
Payment for software development asset	(771)	(422)	(1,189)
Net cash (used in) investing activities	(819)	(1,672)	(10,443)
Cash flow from financing activities			
Loans received	67	60	4,537
Interest payable	(631)	(345)	(967)
PO - Exceptional Costs	-	(1,883)	(2,948)
Equity (Proceeds from issue of shares)	-	11,601	11,613
Equity (IPO costs against Share premium)	-	(937)	(938)
Net cash (used in)/generated from financing activities	(564)	8,496	11,297
Net (decrease)/increase in cash and cash equivalents	(1,962)	6,873	462
Cash and cash equivalents at the beginning of the period	2,353	1,891	1,891
Cash and cash equivalents at the end of the period	391	8,764	2,353

NOTES TO THE UNAUDITED INTERIM STATEMENTS

1. General Information

Glantus Holdings Plc ("the Company" or the "Group") is a public limited company incorporated in the Republic of Ireland. The registered office is Marina House, Eastpoint Business Park, Dublin 3.

The principal activity of the Group is the specialist provision of next generation and world class software platforms focused on manufacturing, distribution and related industries.

2. Accounting Policies

Basis of preparation

These interim financial statements are non-statutory general-purpose financial statements for the six-month period ended 30 June 2022. These financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and the Companies Act 2014. They do not include all of the information required in annual financial statements in accordance with IFRS as adopted by the European Union. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial information for the year ended 31 December 2021 included in the Annual Report.

The interim financial statements for the six-month period ended 30 June 2022 should be read in conjunction with the consolidated results for the year ended 31 December 2021 included in the Annual Report, and any public announcements made by the company during the interim reporting period.

The interim financial statements have been prepared on the historical cost basis. The interim financial statements of the Group are presented in Euro ("€") which is also the functional currency of the Company.

The Group's accounting policies are set out in the Company's Annual Report.

NOTES TO THE UNAUDITED INTERIM STATEMENTS

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may subsequently differ from those estimates. In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated results for the year ended 31 December 2021 included in the Annual Report.

Going concern

At the time of approving these interim accounts, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the interim financial statements.

The interim financial statements are unaudited and were approved by the Board of Directors on [27/09/22].

3. Segmental Reporting

Segmental information is presented in respect of the group's geographical regions and operating segments in accordance with IFRS 8 'Operating Segments'. The Board considers that there is one identifiable business segment being the provision of enterprise software solutions.

Recurring revenue is the revenue that annually repeats either under contractual subscription or predicable transactional billing.

	Six months to 30 June 2022 Unaudited € '000	Six months to 30 June 2021 Unaudited € '000	Year ended 31 December 2021 Audited € '000
Amount of revenue by class of activity:			
Recurring annual subscriptions	2,473	1,402	3,857
Recurring recovery services	3,894	2,374	5,193
Non-recurring professional services & licences	190	486	1,473
Reported revenue	6,557	4,262	10,523

NOTES TO THE UNAUDITED INTERIM STATEMENTS

The group operates in three principal geographical regions being Republic of Ireland, the United Kingdom and the United States of America. The group also has customers in other countries such as Singapore, Australia, Spain, Switzerland, Canada, Mexico and the Netherlands, which are not material for separate identification.

	Six months to 30 June 2022 Unaudited € '000	Six months to 30 June 2021 Unaudited € '000	Year ended 31 December 2021 Audited € '000
Amount of revenue by region:			
Republic of Ireland	722	1,510	2,478
United Kingdom	2,336	1,630	3,878
United States of America	2,998	1,122	3,679
Others	502	-	488
Reported revenue	6,557	4,262	10,523

4. Adjusted EBITDA

Management has presented adjusted EBITDA as it monitors this performance measure at a consolidated level, and the Board considers that this metric provides the best measure of assessing underlying trading performance.

Adjusted EBITDA is calculated by adjusting profit or loss before taxation to exclude the impact of net finance costs, depreciation, amortisation, share based payment charges and exceptional items.

	Six months to 30 June 2022 Unaudited € '000	Six months to 30 June 2021 Unaudited € '000	Year ended 31 December 2021 Audited € '000
Operating (Loss)/profit	(920)	(1,111)	(1,296)
Amortisation	1,099	318	1,229
Depreciation	63	100	198
Exceptional Items	449	1,883	2,948
Share Based payments	33	-	24
Adjusted EBITDA	724	1,190	3,103

NOTES TO THE UNAUDITED INTERIM STATEMENTS

5. Exceptional Items

The exceptional items include termination costs as part of restructuring.

	Six months to 30 June 2022 Unaudited € '000	Six months to 30 June 2021 Unaudited € '000	Year ended 31 December 2021 2021 Audited € '000
Acquisition costs	-	-	1,015
Restructuring costs	449	-	489
AIM Admission costs	-	902	902
Sale Fee to Beachpoint Capital on IPO admission	-	1,000	1,000
Other exceptional (income)/costs	-	(19)	(458)
Total exceptional items	449	1,883	2,948

6. Earnings per share

Basic earnings per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The basic earnings per share calculation is the same as for the fully diluted earnings per share position.

	Six months to 30 June 2022 Unaudited € '000	Six months to 30 June 2021 Unaudited € '000	Year ended 31 December 2021 2021 Audited € '000
Earnings			
Loss for the period	(1,549)	(1,449)	(2,285)
Taxation	(1)	(7)	22
Amortisation	1,099	318	1,229
Depreciation	63	100	198
Exceptional Items	449	1,883	2,948
Share Based payments	33	-	24
Finance costs	631	345	967
Adjusted Earnings	724	1,190	3,103

NOTES TO THE UNAUDITED INTERIM STATEMENTS

	Six months to 30 June 2022 Number '000	Six months to 30 June 2021 Number '000	Year ended 31 December 2021 Number '000
Weighted average number of ordinary shares			
Total shares in issue (weighted)	37,833	29,038	33,168
Total diluted shares (weighted)	40,046	31,251	35,548
EPS	Cent	Cent	Cent
Basic and diluted EPS	(4.09)	(4.99)	(6.89)
Adjusted basic EPS	1.91	4.10	9.36

Adjusted EPS is not a defined performance measure in IFRS. The Group's definition of adjusted EPS may not be comparable with similarly titled performance measures disclosures by other entities.

7. Share Capital

	Ordinary Shares Number @ €0.001 each	Share Capital €	Share Premium €
At 1 January 2022	37,833,316	37,833	12,082,712
At 30 June 2022	37,833,316	37,833	12,082,712

There has been no activity in relation to the share capital during the year 2022 to date.

8.Events after the reporting period

On 22 July 2022, the Company restructured its senior debt with Beach Point Capital. The revised facilities key terms comprise:

- Interest rate reduction to 10% from existing 12%
- Deferring capital repayments for 12 months
- Additional working capital facility of €2m to invest in further product development
- Maturity of loans remains unchanged at August 2023 and July 2025
- Exit Fee Structure has been improved by reducing the increase in the exit fee which was set out in the previous agreement