

30 March 2020

Mobile Streams plc ("Mobile Streams" or the "Company") (AIM: MOS)

Interim Results

Mobile Streams announces its unaudited interim results for the six months ended 31 December 2019.

Highlights

- Unaudited revenues were £0.3m (31 December 2018: £0.9m). All revenue is from continuing operations.
- £0.2m of cash and cash equivalents at 31 December 2019 (£0.55m as at 31 December 2018), with no debt.

Post-period end update

- £0.1m of cash and cash equivalents as at 27 March 2020, with no debt.
- Firm Placing of £78,750 and Conditional Placing of £146,250 announced on 30 March, the latter subject to shareholder approval at the Annual General Meeting on 30 April 2020.
- Streams, the Company's B2B (business to business) data insight and intelligence platform launched.

Commenting, Nigel Burton, Chairman of Mobile Streams said: The Group's principal business remains the generation of revenues through relationships with mobile operators and content aggregators and retailing directly to the consumer, and the Board expects that in the current financial year the majority of revenues are again likely to be generated in Latin America.

The Company is developing, through its licensing of the Krunch Data platform, a new data insight and intelligence offering that will utilise and enable the monetisation of the 15 years and approximately 2 billion 'data sets' built up by the Company's consumer content business.

The traditional content delivery side of the business still brings in ongoing revenue and therefore will be continued, however the majority of investment will be in growing the new data insight and intelligence business.

The Directors have considered the impact of the Covid-19 pandemic on the business, and at the time of writing revenues have not been affected. All our staff work from home, and the online nature of the existing business, both in terms of content delivery and revenue collection, means that we do not envisage any disruption to the business unless a prolonged economic downturn results in a rise in cancellations. Marketing of the Krunch Data platform is also largely remote, although in the short term demand could be affected as clients themselves respond to the emerging situation.

OPERATING REVIEW

During the period, both the Group's Mobile Internet revenues and its Mobile Operator revenues decreased. This was primarily due to increased regulation in the Indian telecom market. Devaluation of both the Argentine Peso and Indian Rupee against the British Pound was an additional factor in this decrease. On a like-for-like basis, revenues from Argentina during the period were ARS\$15.4m (6 months ended 31 December 2018: ARS\$20.8m) with India generating revenue of INR\$2.1m (6 months ended 31 December 2018: INR\$ 38.8m).

Mobile internet

Mobile Streams' Mobile Internet sales during the six months ended 31 December 2019 were primarily in India. During the period, Mobile Streams continued with its strategy to develop a content offering direct to consumers across a wide range of mobile devices.

Mobile operator sales

In India, the revenue stream has significantly reduced as consumer preference has moved from the operator branded stores to other third party channels such as iTunes, Google Play and our own service mobilegaming.com.

FINANCIAL REVIEW

Group revenue for the six months ended 31 December 2019 was £0.3m, a decrease of 70% from the comparative period's figure of £0.92m. The gross profit was £0.1m which decreased by 71% during the period (2018: £0.41m). The gross profit margin decreased from 44.2% to 42.3% as a result of increased marketing (direct to consumer) costs related to the Mobile Internet division.

The Group recorded a loss after tax of £363k for the 6 months ended 31 December 2019 (2018: loss £317k), generating a loss per share of 0.23 pence per share (2018: 0.32 pence loss per share).

Adjusted loss per share (excluding depreciation, amortisation, impairments and share compensation expense) was 0.23 pence per share (2018: 0.32 pence adjusted loss per share).

Cash and cash equivalents

During the period, the Argentine Peso depreciated by approximately 31% against Sterling. Cash balances as at 27 March 2020 were £0.1m.

OUTLOOK

The Board believes that the new data offering is the largest opportunity for the Company to deliver growth to shareholders via newly developed products, leveraging the years of data it has collected on consumer content purchases to drive a significant new revenue stream for the business. The new platform will be launched in early April 2020 and the Company will be updating its website in phases, phase one to start immediately, in order to reflect the evolving nature of the business. The main focus for the year will be in growing and developing the product and sales pipeline.

CONSOLIDATED INCOME STATEMENT

	Unaudited 6 months ended 31 December 2019 £000's	Unaudited 6 months ended 31 December 2018 £000's	Audited 12 months ended 30 June 2019 £000's
Revenue	271	919	1,335
Cost of sales	(156)	(513)	(834)
Gross profit	115	406	501
Selling and marketing costs	(54)	(198)	(239)
Administrative expenses **	(424)	(570)	(936)
Operating Loss	(363)	(362)	(674)
Finance income	-	63	113
Finance expense	-	-	(4)
Loss before tax	(363)	(299)	(565)
Tax expense	-	(18)	151
Loss for the period	(363)	(317)	(414)
Attributable to:			
Attributable to equity shareholders of Mobile Streams plc	(363)	(317)	(414)

Earning Per Share

	Pence per share	Pence per share	Pence per share
Basic loss per share	(0.233)	(0.324)	(0.368)
Diluted loss per share	(0.233)	(0.324)	(0.368)

* *Administrative expenses include depreciation, amortisation, impairment and share based compensation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

	Unaudited 6 months ended 31 December 2019 £000's	Unaudited 6 months ended 31 December 2018 £000's	Audited 12 months ended 30 June 2019 £000's
Loss for the period	(363)	(317)	(414)
Exchange differences on translating foreign operations	-	(168)	(219)
Total comprehensive loss for the period	(363)	(485)	(633)
Total comprehensive loss for the period attributable to:			
Equity shareholders of Mobile Streams plc	(363)	(485)	(633)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months ended	Unaudited 6 months ended 31 December 2018	Audited 12 months ended 30 June 2019
	£000's	£000's	£000's
Assets			
Non- Current			
Goodwill	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	-	4	-
Deferred tax asset	-	74	-
	-	78	-
Current			
Trade and other receivables	179	852	347
Cash and cash equivalents	171	554	115
	350	1,406	462
Total assets	350	1,484	462
Equity			
Equity attributable to equity holders of Mobile Streams plc			
Called up share capital	531	200	280
Share Premium	12,610	12,550	12,610
Translation reserve	(4,005)	(3,954)	(4,005)
Retained earnings	(9,334)	(8,878)	(8,974)
Total equity	(198)	(82)	(89)
Trade and other payables	548	1,384	551
Current tax liabilities	-	182	-
	548	1,566	551
Total liabilities	548	1,566	551
Total equity and liabilities	350	1,484	462

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Share premium	Translation reserve	Retained earnings	Total Equity
	£000's	£000's	£000's	£000's	£000's
Balance at 1 July 2018	200	12,550	(3,786)	(8,563)	401
Credit for share based payments	-	-	-	3	3
Transactions with owners	-	-	-	3	3
Loss for the 6 months ended 31 December 2018	-	-	-	(317)	(317)
Exchange differences on translating foreign operations	-	-	(168)	-	(168)
Total comprehensive income for the period	-	-	(168)	(317)	(485)
Balance at 31 December 2018	200	12,550	(3,954)	(8,878)	(82)
Balance at 1 January 2019	200	12,550	(3,954)	(8,878)	(82)
Credit for share based payments	-	-	-	3	3
New equity	80	60	-	-	140
Transactions with owners	80	60	-	3	143
Loss for the 6 months ended 30 June 2019	-	-	-	(100)	(100)
Exchange differences on translating foreign operations	-	-	(51)	-	(51)
Total comprehensive income for the period	-	-	(51)	(100)	(151)

Balance at 30 June 2019	280	12,610	(4,005)	(8,974)	(89)
Balance at 1 July 2019	280	12,610	(4,005)	(8,974)	(89)
Credit for share based payments	-	-	-	3	3
New equity	251	-	-	-	251
Transactions with owners	251	-	-	3	254
Loss for the 6 months ended 31 December 2019	-	-	-	(363)	(363)
Exchange differences on translating foreign operations	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(363)	(363)
Balance at 31 December 2019	531	12,610	(4,005)	(9,334)	(198)

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 6 months ended 31 December 2019	Unaudited 6 months ended 31 December 2018	Audited 12 months ended 30 June 2019
	£000's	£000's	£000's
Operating activities			
Profit before taxation	(363)	(568)	(565)
Adjustments:			
Shared based payments	3	4	3
Depreciation	-	3	3
Interest received	-	(82)	(113)
Changes in Trade and other receivables	168	310	4
Changes in Trade and other payables	(3)	(133)	557
Tax Paid	-	(228)	(859)
Interest paid	-	2	(62)
Exchange losses	-	-	(141)
Total cash utilised in operating activities	(195)	(692)	(1,173)
Investing Activities			
Additions to property, plant and equipment	-	4	-
Interest received	-	82	113
Interest paid	-	(2)	(4)
Net Cash generated from investing activities	-	84	109
Issue of share capital (net of expenses paid)	-	-	140
Net Cash generated from financing activities	-	-	140
Net change in cash and cash equivalents	(195)	(608)	(924)
Cash and cash equivalents at beginning of period	115	2,260	1,039
Exchange (loss)/ gain on cash and cash equivalents	251	(186)	
Cash and cash equivalents, end of period	171	1,466	115

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim results of Mobile Streams plc are prepared in accordance with the requirements of IAS 34 Interim Financial Reporting as adopted by the EU and prepared in accordance with the accounting policies set out in the last financial statements for the 12 months ended 30 June 2019.

The interim results, which are not audited, do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The comparative financial information for the twelve months ended 30 June 2019 has been extracted from the statutory accounts for that period. In addition, the financial information for the 6 months ended 31 December 2018 has been extracted from the unaudited Interim results. The full audited accounts of the Group for the 12 months ended 30 June 2019 were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and have been delivered to the Registrar of Companies.

The auditor’s report on these financial statements was unqualified and did not contain statements under S498 (2) or S498 (3) of the Companies Act 2006.

2. SEGMENT REPORTING

As at 31 December 2019, the Group was organised into four geographical segments: Europe, North America, Latin America, and Asia Pacific. Revenues were from external customers only and generated from three principal business activities: the sale of mobile content through MNOs (Mobile Operator sales), the sale of mobile content over the internet (Mobile Internet sales) and the provision of consulting and technical services (Other Service Fees).

All operations are continuing and all inter-segment transfers are priced and carried out at arm’s length.

The segmental results for the 6 months ended 31 December 2019 were as follows:

£000's	Europe	Asia Pacific	North America	Latin America	Group
Mobile operator sales	-	-	-	-	-
Mobile internet sales	-	-	-	-	-
Other service fees	-	23	2	246	271
Total Revenue	-	23	2	246	271
Cost of sales	-	(13)	-	(144)	(156)
Gross profit	-	10	1	105	115
Operating expenses	(144)	(19)	(9)	(302)	(474)
EBITDA*	(144)	(8)	(8)	(199)	(360)
Depreciation, amortisation	-	-	-	-	-
Share based compensation	(3)	-	-	-	(3)
Finance income	-	-	-	-	-
Profit/(Loss) before tax	(147)	(8)	(8)	(199)	(363)
Income tax expense	-	-	-	-	-
Profit/(Loss) after tax	(147)	(8)	(8)	(199)	(363)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The segmental results for the 6 months ended 31 December 2018 were as follows:

£000's	Europe	Asia	North America	Latin America	Group
Mobile operator sales	1	(1)	6	-	6
Mobile internet sales	-	422	-	491	913
Other service fees	-	-	-	-	-
Total Revenue	1	421	6	491	919
Cost of sales	-	(197)	(3)	(313)	(513)
Gross profit	1	224	3	178	406
Operating expenses	(302)	(210)	(21)	(232)	(765)
EBITDA*	(301)	14	(18)	(54)	(359)
Depreciation, amortisation	-	-	-	(1)	(1)
Share based compensation	(3)	-	-	-	(3)
Revenue/expense intercompany	-	-	-	-	-
Finance income	-	-	-	63	63
Profit/(Loss) before tax	(304)	14	(18)	8	(300)
Income tax expense	-	-	-	(18)	(18)
Profit/(Loss) after tax	(304)	14	(18)	(10)	(318)
Segmental assets	46	398	101	965	1,510
Segmental liabilities	122	322	118	1,003	1,565

*Calculated as profit before tax, interest, amortization, depreciation, share compensation expense and impairment of assets.

The segmental results for the 6 months ended 30 June 2019 were as follows:

£000's	Europe	Asia Pacific	North America	Latin America	Group
Mobile Operator Services	3	423	9	900	1,335
Mobile Internet Services	-	-	-	-	-
Other Service fees	-	-	-	-	-
Total Revenue	3	423	9	900	1,335
	0	0	0	0	
Cost of sales	-	(173)	(3)	(658)	(834)
Gross profit	3	250	6	242	501
Selling, marketing and administration expenses	1,152	409	(1,098)	(1,630)	(1,167)
Trading EBITDA*	1,155	659	(1,092)	(1,388)	(666)
Depreciation, amortisation and impairment	-	-	-	(3)	(3)
Share based compensation	(5)	-	-	-	(5)
Finance income	-	-	-	113	113
Finance expense	(38)	-	35	(1)	(4)
Loss before tax	1,112	659	(1,057)	(1,279)	(565)
Taxation	-	-	-	151	151
Loss after tax	1,112	659	(1,057)	(1,128)	(414)
Segmental assets	34	27	18	383	462
Segmental liabilities	187	117	3	244	551

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. EARNINGS PER SHARE

Earnings per share

Earnings per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited 6 months ended 31 December 2019	Unaudited 6 months ended 31 December 2018	Audited 12 months ended 30 June 2019
Loss for the period (£000's)	(363)	(317)	(414)
Loss earnings per share (pence):			
Basic	(0.233)	(0.324)	(0.368)
Diluted	(0.233)	(0.324)	(0.368)

Adjusted earnings per share

Adjusted earnings per share is calculated to reflect the underlying profitability of the business by excluding non-cash charges for depreciation, amortisation, impairments and share compensation charges.

	6 months ended 31 December 2019 £000's	6 months ended 31 December 2018 £000's	12 months ended 30 June 2019 £000's
Loss for the period	(363)	(317)	(414)
Add back: share compensation expense	3	3	3
Add back: depreciation and amortisation	-	1	3
Adjusted Loss for the period	(360)	(312)	(408)
	Pence per share	Pence per share	Pence per share
Adjusted loss per share	(0.231)	(0.320)	(0.362)
Adjusted diluted loss per share	(0.231)	(0.320)	(0.362)

Weighted average number of shares

	6 months ended 31 December 2019	6 months ended 31 December 2018	12 months ended 30 June 2019
Basic	156,015,886	97,992,286	112,588,149
Exercisable share options	-	-	-
Diluted	156,015,886	40,507,910	112,588,149

Diluted (loss)/earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of ordinary shares.

The adjusted EPS has been calculated to reflect the underlying profitability of the business by excluding non-cash charges for depreciation, amortisation, impairments and share compensation charges.

4. GOING CONCERN

The financial statements have been prepared on a going concern basis. Following the successful placing and Board changes in November 2019, the Directors have reduced costs further, and intend to launch a new data insight and intelligence platform, called Streams, later this month which will be focused on the B2B (business to business) market and will target customers in the US, LATAM and Europe. The Directors believe that the new data offering is the largest opportunity for the Company to deliver growth to shareholders via newly developed products, leveraging the years of data it has collected on consumer content purchases to drive a significant new revenue stream for the business.

The Directors have prepared a cashflow forecast which indicates that, in addition to existing resources, the amount raised in the Placing and Conditional Placing announced on 30 March 2020, is expected to cover the Company's working capital requirements for the foreseeable future.

The Directors believe, that based on these developments and the forecasts and projections prepared, that sufficient liquid resources will be available for the Company to continue to operate as a going concern for the foreseeable future, and that the Company will be able to access adequate capital to operate successfully.

5. FOREIGN CURRENCY TRANSLATION

(a) Presentational currency

The consolidated financial statements are presented in British Pounds, which is also the functional currency of the parent entity.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date the transaction occurs. Any exchange gains or losses resulting from these transactions and from the translation of monetary assets and liabilities at the balance sheet date are reported in the income statement except when these represent a net investment in a subsidiary when they are charged or credited to equity. Foreign currency balances are translated at the balance sheet date using exchange rates prevailing at the period end.

(c) Group companies

The financial results and position of all group entities that have a functional currency different from the presentational currency of the Group are translated into the presentational currency as follows:

- (i) assets and liabilities for each balance sheet are translated at the closing exchange rate at the date of the balance sheet
- (ii) income and expenses for each income statement are translated at average exchange rates (unless it is not a reasonable approximation to the exchange rate at the date of transaction)
- (iii) all resulting exchange differences are recognised as a separate component of equity (translation reserve)

The exchange rates used in respect of Argentinean Pesos are the official published exchange rates.