

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF
ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014

7 November 2019

PRELIMINARY ANNOUNCEMENT OF THE AUDITED RESULTS OF

OLEEO PLC

Chairman's Statement

I am pleased to present the preliminary statement of Oleeo Plc ("Oleeo" or the "Company"), which show the results of the Company for the year to 31 July 2019.

Financial and Operating review

The Directors present their strategic report with the audited consolidated and parent company financial statements for the year ended 31 July 2019.

Principal activity

The principal activity of the Oleeo PLC group of companies (the "Group") is the provision of internet based recruitment software for the tracking and selection of applicants.

Financial and operating review

Revenues for the year were £10,683,086 up 7% on the £9,981,563 reported in the previous year while like-for-like Operating Profit of £546,453 compared with the £472,728 achieved last year. However, the adoption of IFRS15 has increased our reported Operating Profit to £592,142. As IFRS 15 has been adopted on a modified retrospective basis, the prior year comparatives have not been restated.

IFRS 15 is a new accounting standard on revenue recognition which replaced IAS18 and for which this was the first year of recognition for the Group.

The increase in finance income to £75,114, compared with £17,776 in the previous year, results from a decision to move our cash deposits from "on call" to fixed-term durations.

These two factors are reflected in the increase in the profits before tax of £667,256 compared with £490,504 last year.

Shortly before our 2018 year end we submitted claims for Research and Development expenditure incurred in the two years to 31 July 2016 and 2017 which have been accepted by HM Revenue & Customs and resulted in a refund of £308,838. The credit in our 2019 Consolidated Income Statement of £199,390 is, therefore, the net impact of the prior year refund less the tax payable on the profit for the year to 31 July 2019 of £109,448.

Whilst we intend to make further Research and Development claims in respect of the two years to 31 July 2018 and 2019 we anticipate that they will be for lower figures than the claims reflected in this year's accounts. We have not recognised any associated tax asset as, at the year end, we do not have reasonable assurance that any such claim will meet the relevant conditions and that such claim will be received.

The changes in Key Performance Indicators between the financial years 2018/2019 and 2017/2018 were as follows:

	2018/19	2017/18
	£	£
Sales per employee	£95,385	£86,796
Operating profit per employee	£5,287	£4,111

The increase in revenues reflects growth in new and ongoing contracts offset by known terminations, supplemented by higher change requests and online test revenues.

Meanwhile costs increased as we pursued our strategy of product innovation and putting customers at the heart of our business. This included an increase in product development costs and the first trials of our machine learning based solution. At the same time, we continued to focus on looking after and delighting our customers. Ongoing efforts to continually improve service, were augmented by the re-deployment of resources into customer focused teams and the growth of our customer success resources. As a result, during the year we saw an increase in customer satisfaction measured by our net promoter score.

Our focus remains on innovation, growth and the success of our customers and we expect to continue to invest particularly in product development resources and marketing. As a result, costs are expected to grow putting continued downward pressure on profitability. The new business team are buoyed by some new business success at the turn of the new financial year and positive prospects for the first half, however known reductions and an extremely competitive environment mean that the outlook for both sales and profits remain uncertain.

Principal risks and uncertainties

Commercial and operational risk

Competitive pressure and economic instability are continuing and growing risks for the Company. The Company manages this risk by developing leading edge products capable of driving significant transformation and value within our clients, through high levels of customer service, by managing resource levels and pursuing opportunities for continuous improvement.

The business is dependent upon clients' ability to safely access data held on our servers and satisfy data protection legislation. In order to ensure that service availability is not affected by a breakdown in power supplies or by other physical hazards our servers are housed offsite in secure facilities on the premises of a specialist provider of such facilities. Third party security experts are also regularly engaged to advise on data security and to ensure the Company has appropriate defences against "hacking". In addition, we maintain a rigorous, ISO27001 accredited, security management system.

Financial risk

The main risk arising from the Company's activities is currency risk. This is monitored by the Board of directors and was not considered to be significant at the balance sheet date of 31 July 2019.

Dividends and Share Buybacks

The Directors are pleased to recommend the payment of a dividend of 3.5p per share, which is the same as that paid in respect of the previous year. This dividend will be subject to the approval of shareholders at the Annual General Meeting to be held at 5-7 Bridgeworks, The Crescent, London SW19 8DR at 10.30 am on 3 December 2019 and, if approved, will be payable on 6 December 2019 to shareholders on the register as at 15 November 2019.

The Board will be seeking at the Annual General Meeting the extension of the authority granted last year to make purchases of ordinary shares. In assessing whether in practice to use this authority, the Board will take into account all relevant factors including the effect on earnings per share and assets per share ratios and other benefits to shareholders. In the year ended 31 July 2019, 16,500 ordinary shares were purchased.

Our Team

I am very fortunate to have an extremely dedicated team who apply a huge depth of domain expertise and a fantastic commitment to our customers. I would like to thank everyone for their tenacity, skill and support.

This strategic report was approved on 7 November 2019 by the Board.

Charles EH Hipps
Chairman, Oleo Plc

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 July 2019

	2019 £	2018 £
Revenue	10,683,086	9,981,563
Total administrative expenses	(10,090,944)	(9,508,835)
Operating profit	592,142	472,728
Finance income	75,114	17,776
Profit on ordinary activities before taxation	667,256	490,504
Income tax credit / (charge)	199,390	(98,233)
Profit for the year	866,646	392,271
Earnings per share		
Basic	11.37p	5.16p
Diluted	11.30p	5.10p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	11	235,325	200,619
Trade and other receivables	12	46,515	-
Total non-current assets		281,840	200,619
Current assets			
Trade and other receivables	12	2,620,588	1,712,532
Short term investments	19	7,650,000	7,750,000
Cash and cash equivalents	13	4,022,470	3,503,758
Total current assets		14,293,058	12,966,290
Total assets		14,574,898	13,166,909
Equity			
Issued capital	15	7,628	7,620
Share premium	16	1,713,256	1,690,158
Capital redemption reserve	16	725	708
Translation reserve	16	16,660	6,409
Retained earnings	16	8,639,924	8,414,702
Total equity		10,378,193	10,119,597
Liabilities			
Non-current liabilities			
Deferred tax	8	38,007	30,148
Liabilities			
Current liabilities			
Trade and other payables	14	4,136,486	2,977,024
Corporation tax		22,212	40,140
Total current liabilities		4,158,698	3,017,164
Total liabilities		4,196,705	3,047,312
Total equity and liabilities		14,574,898	13,166,909

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 July 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the year	866,646	392,271
Adjusted for:		
Depreciation	128,064	112,570
Foreign exchange on revaluation of fixed assets	946	-
Share based payments	16,510	13,951
(Increase) in receivables	(682,491)	(258,425)
Increase / (decrease) in payables	522,550	(206,543)
Finance income	(75,114)	(17,776)
Corporation tax (income) / expense	(199,390)	98,233
Loss on disposal of fixed assets	-	10,637
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Taxation received / (paid)	577,721 189,321	144,918 (170,501)
	<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities	767,042	(25,583)
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Cash flows from investing activities		
Interest received	75,114	17,776
Purchase of property, plant and equipment	(163,716)	(152,978)
Short term investments	100,000	(7,750,000)
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Net cash inflow / (outflow) from investing activities	11,398	(7,885,202)
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Cash flows from financing activities		
Proceeds from issue of shares	23,123	41,168
Purchase of own shares	(26,400)	-
Equity dividends paid	(266,702)	(265,510)
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Net cash outflow from financing activities	(269,979)	(224,342)
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Exchange differences on translation of foreign operations	10,251	7,598
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Increase / (decrease) in cash in the year	518,712	(8,127,529)
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Cash and cash equivalents at beginning of year	3,503,758	11,631,287
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Cash and cash equivalents at end of year	4,022,470	3,503,758
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Notes

1. The income statement incorporates the consolidated results of Oleeo Plc and its subsidiary for the year ended 31 July 2019. The Company has adopted IFRS 15 and IFRS 9 with effect from 1 August 2018. Other than these two new Accounting standards, the accounting policies used in the preparation of these audited results are unchanged from those adopted by the Company in previously published annual financial statements.

2. Earnings per share

Basic earnings per share

This is calculated by dividing the profit of £866,646 (2018 - £392,271) by the weighted average number of ordinary shares in issue throughout the year of 7,624,054 (2018 - 7,603,029).

Diluted earnings per share

The weighted average number of shares for 2019 for this calculation was 7,667,957 (2018 - 7,688,598). This is calculated based on the weighted average number of ordinary shares adjusted by 43,903 (2018 - 85,569) to recognise the effect of the potential issue of further ordinary shares as a result of the exercise of share options.

3. The directors are recommending the payment of a dividend of 3.5p per share which will be subject to the approval of shareholders at the Annual General Meeting to be held at 5-7 Bridgeworks, The Crescent, London SW19 8DR at 10.30 am on 3 December 2019 and, if approved, will be payable on 6 December 2019 to shareholders on the register as at 15 November 2019.
4. The preliminary announcement was approved by the board on 7 November 2019. The Company's annual accounts are expected to be sent to shareholders on or around 8 November 2019 and copies will be available from the Company's office at 5-7 Bridgeworks, The Crescent, London SW19 8DR and on the Company's website at www.oleeo.co.uk.
5. The financial information does not constitute the Company's statutory accounts, within the meaning of Section 435 of the Companies Act 2006, for the years ended 31 July 2019 or 2018 but is derived from those accounts. Statutory accounts for 2018 have been delivered to the Registrar of Companies and those for 2019 will be delivered following the Company's forthcoming annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 2006, s498(2) or (3).

Enquiries

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