



Press Release

9 February 2017

**BrainJuicer Group PLC**  
("BrainJuicer" or "the Group" or "the Company")

**Unaudited financial results for the twelve months ended 31 December 2016**

BrainJuicer Group PLC (AIM: BJU), the international marketing and market research agency, today announces its results for the twelve months ended 31 December 2016.

**Highlights**

- 24% revenue growth to £31.24m (2015: £25.18m), 15% in constant currency
- 27% gross profit growth to £25.64m (2015: £20.25m), 15% in constant currency
- 38% increase in profit before tax to £6.20m (2015: £4.50m)
- 31% increase in profit after tax to £3.97m (2015: £3.03m)
- 33% increase in fully diluted earnings per share to 30.3p (2015: 22.7p)
- Cash inflow before financing of £6.34m (160% of profit after tax)
- £7.75m cash at year-end (31 December 2015: £6.37m) and no debt
- £5.25m returned to shareholders by way of dividends and share buy-backs during year

Commenting on the Company's results, John Kearon, Founder and Chief Executive Officer of BrainJuicer, said: "Our double-digit growth is testament to the strength of our pioneering System 1 research methods and the hard work of a fantastic team. We were delighted with the successful launch of our Advertising agency, 'System1' and are looking forward to further growth in our core-four research products in the year to come."

The Company can be found at [www.brainjuicer.com](http://www.brainjuicer.com).

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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Simon Bridges  
Emma Gabriel

## **BUSINESS REVIEW**

The Group's strong performance in the first half of 2016 continued over the second six months. For the 12 months as a whole, revenue grew 24% (15% in constant currency) and gross profit, our main top line indicator, by 27% (15% in constant currency). In spite of continued investment in new services, particularly investment in setting up our Advertising Agency business, overheads grew by less than revenue. Margins improved accordingly, and profit before tax increased by 38%. Cash flow was again strong, and we finished the period with cash of £7.75m at 31 December 2016 and no debt (31 December 2015: £6.37m and no debt) after having returned £5.25m to shareholders by way of dividends and share buy-backs.

This return to double digit revenue growth followed a two-year period of flat revenues while our Juice Generation qualitative business and Behavioural Consultancy services were being de-emphasised. These services are no longer material to the Group and revenue is now predominantly generated by our faster growing core quantitative products.

Ad Testing and Brand Tracking performed particularly well, with gross profit increasing by 81%. These products represented 39% of our business over the year, and much of this business is ongoing in nature (as opposed to ad hoc). These products have delivered strong growth over a number of years now, with 40% compound annual growth in gross profit over the last five years (using 2011 as the base). We introduced a new framework for successful brand-building last year ("Fame, Feeling & Fluency"), and this has helped propel the growth.

Gross profit from our innovation services (Predictive Markets and Concept Testing) grew by 18%. Predictive Markets, our largest single product (32% of our business in 2016) grew 12%. This was achieved despite pricing pressure, which we have been addressing with a lower cost and cheaper-to-deliver "express" version of the product. We have also developed a "Fluent Innovation" framework to better express the value of Predictive Markets in guiding innovation.

In terms of geography, gross profit in the US business grew 40% (22% in constant currency), and that after several years of double digit growth. The US is now our largest market by a significant margin, making up 42% of our total gross profit in 2016. In Continental Europe we grew gross profit by 64% (44% in constant currency), rebounding strongly after a decline in 2015. Our Brazilian business grew gross profit by 12% (4% in constant currency). This is a relatively small part of our business but nevertheless an important one, working closely with our US Miami office in serving clients across the LATAM region. In the UK, our second largest market, gross profit declined by 7% due to sharp declines in two large clients for specific reasons associated with those two clients. In one of these, for example, a large multi-year programme of work had come to a natural end. The UK business supports our smaller offices, and in 2016, provided the resources for our entry into the Australian market where we have made an encouraging start. Gross profit in our Singapore and China region grew 16% (3% in constant currency). We have shut down our small Indian operation due to lack of scale, the small project sizes inherent in that market, and the bigger opportunities identified in our other markets.

In early 2016 we launched our new creative Advertising Agency, System1, and have invested £0.31m to date in the form of operating losses, in line with what we had planned. Potential clients have given positive feedback, and we remain hopeful that this will generate a new business stream for us over the long term, and further strengthen our Ad Testing and Brand Tracking market research services.

## BUSINESS REVIEW

Underlying overheads (i.e. overheads before bonus, System1 Advertising Agency start-up costs, other one-off costs, and share-based payments) grew 6%, and total overheads grew 24%.

	2016	2015	growth
Underlying overheads	£16.05m	£15.12m	6%
Bonus	£2.40m	£0.06	
System1 Advertising Agency overheads	£0.41m	-	
Share-based payments	£0.55m	£0.20m	
One-off costs (due diligence and office move costs in 2015)	-	£0.32m	
Total overheads	£19.41m	£15.70m	24%

The biggest cause of the increase in total overheads was our employee bonus which increased from a negligible amount last year to £2.40m this year. Bonuses for 2016 range from a maximum of 20% of salary for most of our employees up to a maximum of 50% of salary for the management team. The main determinant of bonuses is the Company's operating profit, and for this reason we have started labelling bonuses "Profit Share" internally, and shall start to do-so externally also.

System1 Advertising Agency overheads were £0.41m. This new business generated £0.10m of gross profit, leaving the £0.31m operating loss, mentioned above. Share based payments increased from £0.20m in 2015 to £0.55m in 2016 due to anticipated vesting of the current Executive Director LTIP. There were no other particularly large or unusual costs this year.

Our effective tax rate increased from 33% to 36% due to the higher proportion of profit from the US and Continental Europe where corporation tax rates are higher than the UK. This dampened growth of profit after tax to 31%. The Company repurchased 646,306 shares (plus a further 245,818 of option shares) during the year, and this has helped our earnings per share. Diluted earnings per share grew 33% to 30.3p per share.

Cash flow continues to be strong, with operating cash flow (before financing) of £6.34m, up from £2.70m in 2015. As always, cash conversion was strong, and particularly so this year due to the negligible bonus relating to 2015 (and paid in 2016).

The Company paid dividends of £2.05m and repurchased £3.20m of shares and option shares (net of exercise price) in the year, and intends to continue to return surplus cash to shareholders via a mix of dividends and share buy backs, depending on our share price. In addition to nearly £8m of cash and no debt, the Company has a £2m unused, committed bank facility.

As previously announced we are changing our year end from 31 December to 31 March. We shall report our audited results for the 15 months to 31 March 2017 during June 2017. At this time we shall also announce a proposed final dividend payment.

## **BUSINESS REVIEW**

### **Outlook**

We had six macro objectives for 2016: continue the momentum in the US business; grow in our other regions as we have done in the US; grow gross profit by more than headcount; major on core products (and continue to de-emphasise non-core services); set up System1 Advertising Agency; experiment with Zappistore (which is a low cost “do-it-yourself” means for clients to buy our products via the Zappistore website). Apart from our experiment with Zappistore, which is still in its infancy, we are pleased with performance against each of the other objectives.

Our objectives over the next financial year are similar. In particular, we are looking to roll out the business development processes which we have implemented successfully in the US, across our other regions, particularly the UK. In that regard, we have promoted the head of our Americas business, Alex Hunt, to lead our market research account management function globally. To reflect the importance of this position, we will be appointing him to our board of directors with effect from 1st April 2017.

We will continue to focus on our core products, particularly Ad Testing and Brand Tracking where we are beginning to get a foothold in large clients. These products are comparatively easy to grow and scale, and they also provide more revenue visibility than our other products. Nevertheless, our business still remains predominantly ad hoc, with limited revenue visibility, and as always we need to acknowledge that we cannot predict with very much certainty how revenue growth will unfold over the coming financial year. Having said that, we are pleased with the continued progress across the business and remain confident in its long-term potential.

As we think about the longer term, we are planning on a re-branding of the business to present a unified theme across our market research and advertising agency businesses and to reflect our behavioural science prominence. We view this as the start of a new chapter in the life of the Company, as we seek to guide clients more pro-actively towards profitable marketing and building their brands.

John Kearon  
Chief Executive Officer

James Geddes  
Chief Financial Officer

## 5 YEAR SUMMARY

(£000s unless specified otherwise)

Year to 31 December	2016	2015	2014	2013	2012
Revenue	31,236	25,184	24,645	24,457	20,822
<i>growth</i>	24%	2%	1%	17%	-
Gross profit	25,643	20,250	19,410	19,087	16,068
<i>growth</i>	27%	4%	2%	19%	-
Operating profit	6,229	4,546	4,301	3,550	1,513
<i>growth</i>	37%	6%	21%	135%	-45%
Pre-tax profit	6,200	4,501	4,286	3,556	1,515
<i>growth</i>	38%	5%	21%	135%	-45%
Post-tax profit	3,968	3,032	2,897	2,435	1,038
<i>growth</i>	31%	5%	19%	135%	-44%
EPS – diluted	30.3p	22.7p	21.3p	18.7p	7.9p
<i>growth</i>	33%	7%	14%	137%	-44%
Cash flow pre financing	6,337	2,696	3,157	4,466	866
Cash balance (no debt)	7,754	6,365	5,347	6,188	3,755
Dividend per share (interim and final)	4.6p	4.5p	4.3p	3.9p	3.1p
<i>growth</i>	2%	5%	10%	26%	3%
Special dividend per share	12.0p	-	12.0p	12.0p	-
Share buy-backs (net of stock option proceeds)*	3,195	948	1,938	71	408
Number of clients	223	243	235	224	217
<i>growth</i>	-8%	3%	5%	3%	9%
Average headcount	157	158	152	138	148
<i>growth</i>	-1%	4%	10%	-7%	19%

\*2014 includes £1,239,000 for the cash-settling of part of the Company's long-term incentive plan

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
 for the six months ended 31 December 2016

	Note	Six months ended 31 Dec		Year ended 31 Dec	
		2016 Unaudited	2015 Unaudited	2016 Unaudited	2015 Audited
		£'000	£'000	£'000	£'000
<b>Revenue</b>	4	<b>18,193</b>	13,574	<b>31,236</b>	25,184
Cost of sales		<b>(3,235)</b>	(2,578)	<b>(5,593)</b>	(4,934)
<b>Gross profit</b>	4	<b>14,958</b>	10,996	<b>25,643</b>	20,250
Administrative expenses		<b>(10,396)</b>	(7,624)	<b>(19,414)</b>	(15,704)
<b>Operating profit</b>	4	<b>4,562</b>	3,372	<b>6,229</b>	4,546
Finance costs		<b>(12)</b>	(10)	<b>(29)</b>	(45)
<b>Profit before taxation</b>	4	<b>4,550</b>	3,362	<b>6,200</b>	4,501
Income tax expense		<b>(1,636)</b>	(1,093)	<b>(2,232)</b>	(1,469)
<b>Profit for the financial period</b>		<b>2,914</b>	2,269	<b>3,968</b>	3,032
<b>Attributable to the equity holders of the Company</b>		<b>2,914</b>	2,269	<b>3,968</b>	3,032

**Earnings per share attributable to equity holders of the Company**

Basic earnings per share	5	<b>23.7p</b>	17.9p	<b>31.9p</b>	23.9p
Diluted earnings per share	5	<b>22.4p</b>	17.1p	<b>30.3p</b>	22.7p

All of the activities of the Group are classified as continuing.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 for the six months ended 31 December 2016

	Six months ended 31 Dec		Year ended 31 Dec	
	2016 Unaudited	2015 Unaudited	2016 Unaudited	2015 Audited
	£'000	£'000	£'000	£'000
<b>Profit for the financial period</b>	<b>2,920</b>	2,269	<b>3,968</b>	3,032
<b>Other comprehensive income:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Exchange differences on translating foreign operations	158	20	565	(88)
Other comprehensive income for the period, net of tax	158	20	565	(88)
Total comprehensive income for the period attributable to equity holders	<b>3,078</b>	2,289	<b>4,533</b>	2,944

**CONDENSED CONSOLIDATED BALANCE SHEET**  
 as at 31 December 2016

	Note	As at 31 Dec	
		2016 Unaudited £'000	2015 Audited £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		309	304
Intangible assets		251	519
Deferred tax asset		730	589
		<b>1,290</b>	1,412
<b>Current assets</b>			
Inventories		137	90
Trade and other receivables		9,316	6,595
Cash and cash equivalents		7,754	6,365
		<b>17,207</b>	13,050
<b>Total assets</b>		<b>18,497</b>	14,462
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	8	132	132
Share premium account		1,601	1,599
Merger reserve		477	477
Foreign currency translation reserve		413	(152)
Retained earnings		6,639	7,184
<b>Total equity</b>		<b>9,262</b>	9,240
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions		490	469
		<b>490</b>	469
<b>Current liabilities</b>			
Provisions		260	263
Trade and other payables		8,095	4,161
Current income tax liabilities		390	329
		<b>8,745</b>	4,753
<b>Total liabilities</b>		<b>9,235</b>	5,222
<b>Total equity and liabilities</b>		<b>18,497</b>	14,462

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
 for the year ended 31 December 2016

	Note	Year ended 31 Dec	
		2016 Unaudited	2015 Audited
		£'000	£'000
<b>Net cash generated from operations</b>	7	<b>8,358</b>	4,137
Tax paid		(1,845)	(1,119)
<b>Net cash generated from operating activities</b>		<b>6,513</b>	3,018
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(165)	(291)
Purchase of intangible assets		(11)	(31)
<b>Net cash used by investing activities</b>		<b>(176)</b>	(322)
<b>Net cash flow before financing activities</b>		<b>6,337</b>	2,696
<b>Cash flows from financing activities</b>			
Interest		(29)	(45)
Issue of shares		2	20
Proceeds from sale of treasury shares		339	211
Purchase of own shares		(3,536)	(1,159)
Dividends paid to owners		(2,052)	(544)
<b>Net cash used by financing activities</b>		<b>(5,276)</b>	(1,517)
<b>Net increase in cash and cash equivalents</b>		<b>1,061</b>	1,179
<b>Cash and cash equivalents at beginning of year</b>		<b>6,365</b>	5,347
Exchange gains/(losses) on cash and cash equivalents		328	(161)
<b>Cash and cash equivalents at end of year</b>		<b>7,754</b>	6,365

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2016

	Note	Share capital	Share premium account	Merger reserve	Foreign currency translation reserve	Retained earnings	Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2015</b>		<b>131</b>	<b>1,580</b>	<b>477</b>	<b>(64)</b>	<b>5,581</b>	<b>7,705</b>
<b>Profit for the financial year</b>		-	-	-	-	3,032	3,032
Other comprehensive income:							
- currency translation differences		-	-	-	(88)	-	(88)
<b>Total comprehensive income</b>		-	-	-	(88)	3,032	2,944
Transactions with owners:							
Employee share options scheme:							
- exercise of share options		1	19	-	-	-	20
- value of employee services		-	-	-	-	112	112
- current tax credited to equity		-	-	-	-	169	169
- deferred tax debited to equity		-	-	-	-	(218)	(218)
Dividends paid to owners		-	-	-	-	(544)	(544)
Sale of treasury shares		-	-	-	-	211	211
Purchase of own shares		-	-	-	-	(1,159)	(1,159)
		1	19	-	-	(1,429)	(1,409)
<b>At 31 December 2015</b>		<b>132</b>	<b>1,599</b>	<b>477</b>	<b>(152)</b>	<b>7,184</b>	<b>9,240</b>
<b>Profit for the financial year</b>		-	-	-	-	3,968	3,968
Other comprehensive income:							
- currency translation differences		-	-	-	565	-	565
<b>Total comprehensive income</b>		-	-	-	565	3,968	4,533
Transactions with owners:							
Employee share options scheme:							
- exercise of share options	8	-	2	-	-	-	2
- value of employee services		-	-	-	-	270	270
- current tax credited to equity		-	-	-	-	207	207
- deferred tax credited to equity		-	-	-	-	259	259
Dividends paid to owners	6	-	-	-	-	(2,052)	(2,052)
Sale of treasury shares	8	-	-	-	-	339	339
Purchase of own shares	8	-	-	-	-	(3,536)	(3,536)
		-	2	-	-	(4,513)	(4,511)
<b>At 31 December 2016</b>		<b>132</b>	<b>1,601</b>	<b>477</b>	<b>413</b>	<b>6,639</b>	<b>9,262</b>

## **1. General information**

BrainJuicer Group PLC (“the Company”) is United Kingdom resident, and its subsidiaries (together “the Group”) provide marketing and market research consultancy services. The Company’s shares are listed on the Alternative Investment Market of the London Stock Exchange (“AIM”). The address of the Company’s registered office is Russell Square House, 10-12 Russell Square, London WC1B 5EH.

The Board of Directors approved this condensed consolidated interim financial information for issue on 9 February 2017.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and is unaudited. The Group’s latest statutory financial statements were for the year ended 31 December 2015 and these have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

## **2. Basis of Preparation**

This condensed consolidated interim financial information has been prepared in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union. This financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRSs as adopted by the European Union.

## **3. Principal accounting policies**

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

## **4. Segment information**

Management review the following key segmental information: gross profit and operating profit before allocation of central overheads of the Group’s geographic operating units (“Reportable Segments”); and the split of business by type of research solution.

#### 4. Segment information (continued)

Financial performance of Reportable Segments:	Year ended 31 Dec 2016			Year ended 31 Dec 2015		
	Revenue	Gross profit	Operating profit	Revenue	Gross profit	Operating Profit
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Research Business</b>						
US	12,484	10,894	6,294	9,273	7,758	4,419
United Kingdom	7,872	6,229	3,684	8,445	6,733	4,527
Continental Europe	6,561	5,131	3,071	4,088	3,125	1,623
Asia	1,925	1,496	721	1,884	1,489	563
Brazil	1,562	1,277	629	1,494	1,145	622
Australia	579	507	324	-	-	-
	30,983	25,534	14,723	25,184	20,250	11,754
<b>Advertising Agency Business</b>						
United Kingdom	253	109	(306)	-	-	-
	31,236	25,643	14,417	25,184	20,250	11,754

Revenue and gross profit by research solution:	Year ended 31 Dec 2016		Year ended 31 Dec 2015	
	Revenue	Gross Profit	Revenue	Gross Profit
	£'000	£'000	£'000	£'000
<b>Research Business</b>				
Ad Testing	8,213	7,162	5,034	4,313
Brand Tracking	3,745	2,766	1,732	1,186
Communications products	11,958	9,928	6,766	5,499
Predictive Markets	9,286	8,229	8,396	7,339
Concept Testing	3,971	3,283	3,034	2,454
Innovation products	13,257	11,512	11,430	9,793
Total core products	25,215	21,440	18,196	15,292
Other services	5,768	4,094	6,988	4,958
	30,983	25,534	25,184	20,250
<b>Advertising Agency Business</b>	253	109	-	-
	31,236	25,643	25,184	20,250

Segmental revenue is revenue generated from external customers and so excludes intercompany revenue and is attributable to geographical areas based upon the location in which the service is delivered.

Segmental operating profit excludes costs relating to central services provided by our Operations, IT, Marketing, HR and Finance teams and our Board of Directors.

#### 4. Segment information (continued)

A reconciliation of total operating profit for Reportable Segments to total profit before income tax is set out below:

	Year ended 31 Dec	
	2016	2015
	£'000	£'000
<b>Operating profit for reportable segments</b>	<b>14,417</b>	11,754
Central overheads	(8,188)	(7,208)
<b>Operating profit</b>	<b>6,229</b>	4,546
Finance costs	(29)	(45)
<b>Profit before income tax</b>	<b>6,200</b>	4,501

#### 5. Earnings per share

##### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year.

	Year ended 31 Dec	
	2016	2015
<b>Profit attributable to equity holders of the Company (£'000)</b>	<b>3,968</b>	3,032
Weighted average number of Ordinary Shares in issue	<b>12,426,582</b>	12,684,787
<b>Basic earnings per share</b>	<b>31.9p</b>	23.9p

##### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive share options to Ordinary Shares.

	Year ended 31 Dec	
	2016	2015
<b>Profit attributable to equity holders of the Company and profit used to determine diluted earnings per share (£'000)</b>	<b>3,968</b>	3,032
Weighted average number of Ordinary Shares in issue	<b>12,426,582</b>	12,684,787
Share options	<b>681,439</b>	642,941
Weighted average number of Ordinary Shares for diluted earnings per share	<b>13,108,021</b>	13,327,728
<b>Diluted earnings per share</b>	<b>30.3p</b>	22.7p

## 6. Dividends

On 11 May 2016 the Company paid a final dividend of 3.5 pence per share, amounting to £445,000 in respect of the year ended 31 December 2015. On 20 October 2016, the Company paid an interim dividend of 1.1 pence per share, amounting to £135,000, in respect of the year ended 31 December 2016 and a special dividend of 12 pence per share amounting to £1,472,000.

## 7. Net cash generated from operations

	Year ended 31 Dec	
	2016	2015
	£'000	£'000
Profit before taxation	6,200	4,501
Depreciation	167	150
Amortisation	279	309
Interest paid	29	45
Share-based payment expense	270	112
(increase)/decrease in inventory	(47)	105
(Increase)/decrease in receivables	(2,721)	129
Increase/(decrease) in payables	3,951	(1,287)
Exchange differences on operating items	230	73
Net cash generated from operations	8,358	4,137

## 8. Share capital

During the year the Company issued 3,011 Ordinary Shares ("shares") on the exercise of employee share options for cash consideration of £1,875 of which £1,845 was credited to share premium and £30 to share capital. The Company transferred 391,896 shares out of treasury to satisfy the exercise of employee share options at a weighted average exercise price of 86.5 pence per share for total consideration of £339,000. The weighted average share price at exercise date was 430.8 pence per share. During the year the Company repurchased 892,124 shares at a weighted average price of 394.9 pence per share. The total consideration payable on repurchase, including commission, amounted to £3,536,000.

At 31 December 2016, the Company had 13,226,773 shares in issue (31 Dec 2015: 13,223,762) of which 1,009,496 were held in treasury (31 Dec 2015: 509,268) and the Company had 967,177 share options outstanding of which 376,057 were fully vested at the end of the year.

## 9. Related party transactions

Dividends paid to directors during the year were as follows:

	Year ended 31 Dec	
	2016	2015
	£	£
John Kearon	575,259	165,980
James Geddes	30,736	6,808
Alex Batchelor	21,204	4,380
Ken Ford	3,320	860
Robert Brand	4,980	1,290
Graham Blashill	830	215
	<b>636,329</b>	<b>179,533</b>