

20 November 2018



Nakama Group plc
(“Nakama” or the “Group”)

UNAUDITED HALF YEAR RESULTS AND BOARD APPOINTMENT

Nakama Group plc (AIM: NAK), the AIM quoted recruitment consultancy working across UK, Europe and Asia, providing recruitment services for the web, interactive, digital media, IT and business change sectors, announces its half year report for the six months ended 30 September 2018.

Highlights

- Progress made towards long term profitability and focus on core markets
- Net fee income (“NFI”) of £2.7million (2017: £2.7million)
- Permanent placement revenue remained flat at £1.7 million (2017: £1.7 million)
- Contractor revenue reduced slightly to £6.3 million (2017: £6.5 million)
- Overall headcount reduced by 23% to 57, improving the cost base
- H1 Group performance was a significant improvement on H1 2017
- Profit before tax of £186,000 (2017: loss of £437,000)

Andrea Williams, CEO of Nakama Group, commented:

“As the first phase of our turnaround plan starts to bear fruit, we are very pleased with the results of the first half of this financial year. As we have committed to focusing our efforts on core markets, we have had to implement changes across most of our business units, early results are promising.”

“Whilst the NFI has not seen any significant changes from the same period last year we have created a more focused and lean operation and are pleased to show a return to profitability in H1 2018. Having posted a loss before tax of £437,000 in H1 2017, I am pleased with the improvement seen this year to date.”

“Overall headcount has decreased and whilst we expect this to reduce further in the short term, as we move into the next phases of our turn-around plan, we expect to see headcount increase as we progress through H2 and into the next financial year.”

“This is a positive start to our turn-around plan and I would like to thank all my colleagues for their hard work and commitment to the business. I would also like to thank our candidates and clients for their continued support across our key markets and to our supportive shareholders.”

Enquiries:

Nakama Group plc

Andrea Williams, CEO

Tim Sheffield, Chairman

www.nakamaglobal.com

00 44 75 2559 5100

00 44 20 7236 2400

Allenby Capital Limited (Nominated Adviser & Broker)

Nick Naylor / Nicholas Chambers

www.allenbycapital.com

00 44 20 3328 5656

About Nakama Group plc:

Nakama Group plc (AIM: NAK) is a recruitment consultancy which places people into specialist and management positions in the digital, data, creative, media, marketing and technology disciplines with offices in the UK and Asia. The UK also specialises in the insurance and wealth management sectors, specifically in business change and IT, through the brand Highams Recruitment.

The Group's speciality is finding excellent career opportunities and assignments for digital, IT, business change and professional services talent. The team at Nakama seek to develop their relationships and networks to ensure the Group obtains the best available positions for such talent, whilst ensuring that the skills and personalities of its staff are compatible with the needs of its clients.

Notes to Editors:

Nakama Group plc is a recruitment group of two branded solutions placing people into specialist and management positions;

- Nakama operates in the digital, creative, media, marketing and technology sectors all over the world from offices in the UK and Asia.
- The Highams brand specialises in the Financial Services sector, specifically Business Change and IT in Insurance and Wealth Management currently in the UK and Europe.

Nakama Group plc was created in October 2011 through the acquisition of Nakama Ltd UK and its subsidiaries in Hong Kong, Singapore and Sydney by AIM listed Highams Systems Services Group plc.

CEO Review

I present the unaudited results of Nakama Group plc for the first six months to 30 September 2018. Group revenue for the first six months of the year was £8.0 million (2017: £8.3 million) and profit before tax was £186,000 compared with a loss before tax of £437,000 for the same period in 2017.

The results of the first six months of this financial year demonstrate the positive impact of the changes being made across the group. We aim to continue on this journey in order to create a more balanced Group showing profitable reporting periods in each business unit.

Difficult decisions have had to be made during this reporting period and it was announced in the Annual Report that we will be focusing on core markets where we believe we can gain maximum impact in the shortest amount of time. As part of this, we reported the closure of the Melbourne office and subsequently have made the decision to cease trading in Sydney also. This gives us far more focus and clarity on the markets where we have been able to realise most gain since the start of this financial year.

The Hong Kong business has performed well to date and we look forward to supporting its growth as we progress through the second half of the financial year and into the next financial year. The Singapore office has performed solidly too, with further support and further opportunities for growth, we expect these results to continue to improve.

In the UK, the London Nakama business unit has been through some significant change and we are pleased that we have secured a new leader for this team. Contracting revenues are strong in London and we expect revenues generated through permanent recruitment activities to increase. The

Highams business continues to deliver positive results and again, we look forward to implementing new growth strategies for this business unit where its longevity and consistency has been an important part of the overall results of the Group.

Outlook

It is expected that the cost-cutting activities completed in the first half will continue to deliver better returns and we are now focused on 'owning' the markets in which we operate. To achieve this, we must continue to be focused and highly specialised in our competitive markets, in addition to driving revenue per head figures in each location to improve overall cashflow. This will create a strong platform for us to move into our growth phase where we will be able to support an increase in headcount in each business unit and to deliver more consistent profitable results to shareholders.

Overall, I am pleased with the progress made to date, however, I am conscious that we are only part way through this business improvement strategy. We are already monitoring revenues per head in each location and are seeing some pleasing early results. I look forward to the second half of this financial year as I believe we have a strong team in place to deliver the results we have set out to achieve. I would like to thank everybody involved for their efforts and continued support.

Board updates

On 26 July 2018, we announced that Michael Clelland was appointed to the Board as Non-Executive Director. Michael's international and financial background is already proving to be of great value to the Board.

Additionally, we are today pleased to announce the appointment of Patrick Meehan, ACCA, to the board as Finance Director. Patrick is an experienced finance director who has worked both inside and outside the recruitment industry. He is currently the finance director of Sheffield Haworth Limited ("Sheffield Haworth") and previously worked in the finance team at an AIM company. Following the detailed review of the Group's finance function, Patrick has been serving as interim finance director on a part-time basis and has been working closely with the board in driving the cost saving programme. The Board have now taken the decision to appoint Patrick to the Board. Patrick's services will continue to be supplied to Nakama by Sheffield Haworth pursuant to the secondment agreement on a part-time basis.

Andrea Williams, CEO of Nakama, said: "I am delighted that Patrick is joining the board. He has been instrumental in developing and delivering our cost saving programme and I look forward to working with him in the coming years as we grow Nakama's business."

Regulatory Disclosures

In accordance with Rule 17 and Schedule 2(g) of the AIM Rules for Companies, Patrick Thomas Meehan, aged 37, is, or has been within the last five years, a director or partner in the following companies and partnerships:

Current directorships and partnerships

Gillespie Morrison Holdings Limited
Gillespie Morrison Limited
SH Support Services Limited

Past directorships and partnerships held within the last five years

n/a

There is no other information required to be disclosed under the AIM Rules for Companies.

Andrea Williams
Chief Executive Officer

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

For the six months to 30 September 2018	6 Months to 30 Sep 2018	6 Months to 30 Sep 2017
	£'000	£'000
Revenue	8,031	8,255
Cost of sales	(5,366)	(5,538)
Net Fee Income	2,665	2,717
	33.2%	32.9%
Administrative cost	(2,454)	(3,135)
Operating profit /(loss)	211	(418)
Finance costs	(25)	(19)
Profit/(loss) on ordinary activities before taxation	186	(437)
Tax expense/credit	-	-
Profit for the period attributable to equity shareholders	186	(437)
Profit per share		
Basic and diluted profit per share from continuing operations	0.16p	(0.36)p

**CONSOLIDATED STATEMENT OF RECOGNISED INCOME
AND EXPENSE**

For the six months to 30 September 2018

	6 Months to 30 Sep 2018	6 Months to 30 Sep 2017
	£'000	£'000
Profit/(loss) for the period	162	(437)
Foreign currency translation difference	24	(107)
Total recognised income and expense for the period attributable to equity shareholders	186	(544)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Employee share benefit reserve £'000	Currency reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2017	1,602	2,580	90	(61)	26	(2,823)	1,414
Loss for the year						(1,514)	(1,514)
Other comprehensive Loss					(39)		(39)
Total Comprehensive loss for the year					(39)	(1,514)	(1,553)
At 1 April 2018	1,602	2,580	90	(61)	(13)	(4,337)	(139)
Profit for the 6 months						186	186
Other comprehensive Income					56		56
Total Comprehensive profit for the 6 months					56	186	242
At 30 September 2018	1,602	2,580	90	(61)	43	(4,151)	103

CONSOLIDATED BALANCE SHEET
As at 30 September 2018

	6 months to 30 Sept 2018	6 months to 30 Sep 2017
	£'000	£'000
Assets		
Non-current Assets		
Property, plant and equipment	19	62
Goodwill		487
Deferred Tax asset	56	85
Total	75	634
Current assets		
Trade and other receivables	2,387	2,816
Cash and cash equivalents	183	236
Total	2,570	3,052
Total assets	2,645	3,686
Liabilities		
Current Liabilities		
Trade and other payables	(1,871)	(1,816)
Borrowings	(671)	(1,000)
Total	(2,542)	(2,816)
Net assets/(liabilities)	103	870
Equity		
Ordinary shares	1,602	1,602
Share premium	2,580	2,580
Merger reserve	90	90
Employee share benefit trust reserve	(61)	(61)
Currency reserve	56	(81)
Retained earnings	(4,164)	(3,260)
Total equity	103	870

CONSOLIDATED STATEMENT OF CASH FLOWS**For the six months to 30****September 2018****6 months to
30 Sep 2018****6 months to
30 Sept 2017****£'000****£'000****Cash flows from operating activities**

Profit/(loss) before taxation	186	(437)
Depreciation of property, plant and equipment	18	33
Impairment and amortisation of intangible assets	-	37
Net finance costs	25	19
Decrease in trade and other receivables	483	1,068
Decrease in trade and other payables	(154)	(137)

Net cash generated by operating activities**558****583****Cash flows from investing activities**

Purchase of property plant and equipment	-	(9)
--	---	-----

Net cash outflow from investing activities**-****(9)****Financing activities**

Decrease in borrowings	(546)	(471)
Finance cost paid	(25)	(19)

Net cash outflow from financing activities**(571)****(490)**

Net changes in cash and cash equivalents	(13)	84
Cash and cash equivalents, beginning of year	141	259
Effect of foreign exchange rate movements	55	(107)
Cash and cash equivalents at end of period	183	236

Notes to the Interim Report

1. Basis of Preparation

This unaudited consolidated interim financial information has been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements (“FRS100”) and Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). It does not constitute the Group's statutory financial statements for those periods. The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ending 31 March 2019. The comparative financial information for the half year ended 30 September 2017 has not been audited. A copy of the full year audited statutory financial statements for the year ending 31 March 2018 has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-498(3) of the Companies Act 2006.

The financial information in the Interim Report is presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

2. Loss per share

	6 months to 30 Sep 2018			6 months to 30 Sep 2017		
	<u>Profit</u> <u>£'000</u>	<u>Weighted</u> <u>average</u> <u>number of</u> <u>shares</u> <u>£'000</u>	<u>Earnings</u> <u>per share</u> <u>p</u>	<u>Loss</u> <u>£'000</u>	<u>Weighted</u> <u>Average</u> <u>number of</u> <u>shares</u> <u>'000</u>	<u>Loss</u> <u>per share</u> <u>p</u>
Basic and diluted earnings/(loss) per share	186	117,791	0.16	(437)	117,791	(0.36)

3. Segmental Analysis

The Group has two main reportable segments based on the location from which revenue is derived:

Asia Pacific – This segment includes Hong Kong and Singapore.

UK - The UK Segment includes candidates placed in the UK.

The Group has discontinued operation in the USA in the year ending 31 March 2018.

The Group has also discontinued operation in Australia in the current financial year.

These segments are monitored by the Board of Directors.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that, although supplying very similar service offering, operate in distinct markets and are therefore managed on a day to day basis by separate teams.

Measurement of operating segment profit or loss, assets and liabilities

The Group evaluates performance on the basis of profit or loss from operations before tax, head office costs and amortisation.

The Board does not review assets and liabilities by segment.

	Asia Pacific 30 Sep 18 £'000	UK 30 Sep 18 £'000	USA 30 Sep 18 £'000	Total 30 Sep18 £'000
Revenue from external customers	2,239	5,792	-	8,031
Segment loss before tax	190	37	-	227

	Asia Pacific 30 Sept 17 £'000	UK 30 Sept 17 £'000	USA 30 Sept 17 £'000	Total 30 Sept 17 £'000
Revenue from external customers	3,055	5,196	4	8,255
Segment profit/(loss) before tax	(257)	(28)	(32)	(317)