RNS Number : 4815O
Vianet Group PLC
03 December 2024

Vianet Group plc

("Vianet", "the Company" or "the Group")

Interim Results for the half year ended 30 September 2024

Momentum building and on track to deliver sustained growth in line with management expectations.

Re-instatement of interim dividend

Vianet Group plc (AIM: VNET), a leading international provider of actionable data and business insights to the hospitality, unattended retail vending, and remote asset management sectors, is pleased to present its unaudited results for the six months ended 30 September 2024.

Financial highlights

- **Revenue Growth**: H1 2025 revenue increased 7% to **£7.69m**, up from **£7.19m** in H1 2024 showcasing strong upward trajectory.
- **Strong Recurring Revenue**: Recurring revenue accounted for **84% of total income** at **£6.45m** (H1 2024: 87%) highlighting stability of our business model.
- **Robust Gross Margin**: Gross margin remained strong at **67%** (H1 2024: 69%) despite higher proportion of lower margin hardware sales
- **Increased Operating Profit**: Adjusted operating profit rose **10.1%** to **£1.43m** (H1 2024: £1.30m), testament to effective cost management strategies.
- **EBITDA Growth**: EBITDA grew **26.6%** to **£1.55m** (H1 2024: £1.22m), reflecting lower exceptional costs and the operational gearing of the business.
- **Return to Profitability**: Pre-tax profit of **£0.018m** (H1 2024: loss of £0.171m), marks a significant turnaround of the business.
- **Strong Cash Generation**: Operational cash generation of **£1.92m**, approximately **124% of EBITDA** (H1 2024: £1.28m), supporting financial health of the Company.
- **Reduction in Net Debt**: Net debt reduced to **£1.00m** (H1 2024: £2.09m), complemented by cash reserves of **£2.25m**, enhancing our financial stability.
- **Dividend Resumed**: Interim dividend of **0.3p per share** declared (H1 2024: Nil), reflecting our confidence in future growth.

(a) Adjusted operating profit is profit before exceptional costs, amortisation, interest, and share-based payments(b) EBITDA is earnings before interest, tax, depreciation, and amortisation

We are pleased to report another period of solid growth amid evolving market conditions. During the period the Group has traded in line with management expectations and demonstrated significant year-on-year improvements across key performance indicators, and we have line of sight on the activity required to deliver management expectations for the second half.

In hospitality, the successful integration of Beverage Metrics has enhanced our product portfolio, enabling us to make considerable progress towards securing substantial rollouts in the UK and US managed markets. The proven value of our solutions enabling operators to not only reduce costs but improve efficiency is continually validated by the UK leased and tenanted sector.

In the unattended retail division, we maintain a strong and secure market position. Our engagement with the vending operators instils great confidence that the currently gradual but accelerating transition from 3G to 4G will yield significant benefits for the division. We have a very robust and growing pipeline with good visibility on significant opportunities in the upcoming periods.

Collaborations in both the US and UK are opening new opportunities and expanding our market reach and revenue potential in unattended retail, fuel forecourt and the broader hospitality sectors. We are constantly seeking new partners, new avenues of growth and the collaborations that we have taken years to cultivate are proving to be highly productive.

Our financial position continues to strengthen, with net debt reduced by over £1 million and cash reserves rising to £2.25 million. This solid foundation allows us to resume an interim dividend, confidently invest in future growth and reward our shareholders.

While the recent budget presents challenges, particularly for the hospitality sector, it highlights the increasing relevance of our solutions and our confidence in these together with the current trading and momentum we are seeing in the business has underpinned the Board's decision to reinstate the interim dividend. By reducing waste, enhancing productivity, and improving sales, we empower our customers to achieve more with less.

Divisional Highlights

Unattended Retail:

- **Notable 16.5% Increase in Like-for-Like Sales**: 3,659 new units sold (H1 2024: 3,141), in addition to upgrade of 1,057 3G devices to new 4G devices
- **Revenue Growth:** Turnover increased by **6.2%** to **£3.24m** (H1 2024: £3.05m), reflecting our strong market presence and effective sales strategies.
- **Divisional Operating Profit**: Adjusted operating profit of **£0.98 million** (H1 2024: £1.05million), reflecting lower hardware margin for 3G upgrades and further strengthening of our sales team.

- **Estate Expansion**: Our net operational estate has grown by an impressive **7.5%**, now totalling over **37,000 units** (H1 2024: 34,500)
- **Major Contracts Secured**: 48 new 3-5-year agreements signed compared to 37 in H1 2024, benefitting from competitor withdrawals in the market and therefore solidifying our position in the industry.
- **Forecourt Sector Expansion**: Successfully completed the installation of over **1,900 units** with Rontec and Wilcomatic, marking a significant milestone in our expansion into the forecourt sector.
- **Contactless Payment Units**: Delivered **2,654 new contactless payment units** (H1 2024: 2,123), further consolidating our strong market position.

Hospitality:

- **Revenue Growth**: Turnover increased **7.3%** to **£4.45m** (H1 2024: £4.08m) underlining the effectiveness of our strategies.
- **Divisional Operating Profit**: Adjusted operating profit rose 12.2% to **£2.2million** (H1 2024: £1.96 million, as management work to drive profitability further.
- **BMI Integration Success**: Fully integrated the Beverage Metrics platform, significantly enhancing UK and US market position.
- **New Products**: We launched **Enersave beer cooling system energy management solution**, completing 20 installations and building a promising pipeline for future growth.
- **Contract Wins**: We secured three new long-term agreements, including a 5-year renewal with Heineken's Star Pubs & Bars, plus a post-period renewal for 5 years with Greene King, further solidifying client relationships and helping to underpin meeting management's expectations for the full year.
- These achievements highlight our dedication to growth and innovation in the hospitality sector, positioning us for continued success.

Mark Foster, CFO, commented:
"Our operational cash generation remains a highlight, with £1.92m generated after working capital adjustments, representing 124% of EBITDA. This strong cash conversion, coupled with reduced net debt underpins our robust financial position.

Exceptional costs decreased to £0.11m, reflecting lower restructuring and acquisition expenses compared to H1 2024. Our improved banking facilities have enhanced our financial flexibility, supporting ongoing operations and growth initiatives.

Looking ahead, we are confident that our investments in technology, strategic acquisitions, and new market opportunities will continue to deliver strong financial results."

James Dickson, Chairman and CEO, commented:

"I am personally delighted with this set of financial metrics. It is a testament to the dedication and work ethic of the entire team. Our performance continues to build momentum and is supported by a strong sales pipeline and exciting commercial opportunities across the business which enable me to feel very confident about the Group's future performance. This confidence is also manifested in the Board's decision to re-instate the interim dividend. As cost pressures rise across the board for our customers, our solutions become increasingly valuable by helping them reduce costs, enhance efficiency, and drive growth.

With a dynamic team, an innovative product range, strong recurring income streams, and a robust sales pipeline, we are well-positioned to deliver sustained growth and execute our long-term strategic vision. My confidence in the group's prospects has never been stronger.

- Ends -

James Dickson, Chairman & CEO, and Mark Foster, CFO, will provide a live presentation relating to results for the six months ending 30 September 2024 via the Investor Meet Company platform today at 10:30 am GMT.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard until 9 am the day before or during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Vianet Group via:

https://www.investormeetcompany.com/vianet-group-plc/register-investor

Investors who follow Vianet Group plc on the Investor Meet Company platform will automatically be invited.

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About Vianet

Vianet has established itself as an industry leader with its award-winning, proprietary suite of solutions. Our offerings encompass telemetry, connectivity, payment solutions, inventory management, ERP software platforms, energy-saving solutions, and a comprehensive business insights and market data portal. These innovative solutions empower businesses in hospitality, unattended retail, and the fuel forecourt sectors to optimise costs, boost sales, and enhance profitability and cash flow while significantly reducing their carbon footprint.

Vianet clients, typically engaged in 3-5-year contracts, benefit from our services by receiving operational alerts, performance dashboards and critical business insights. These tools are instrumental in transforming their operational efficiency and become even more vital during periods of economic downturns and uncertainty.

Chairman and Chief Executive Officer's Statement

The Group has delivered strong year-on-year growth across its core divisions, achieving a 10.1% increase in adjusted operating profit to £1.43m. This performance was achieved despite challenges posed by the economic environment and the gradual but accelerating progress in mobile operators' shutdown of the 3G network.

Performance

Group revenue increased by 6.85% to £7.69m, up from £7.19m in H1 2024, with recurring revenue from long-term contracts reaching £6.45m, which accounts for c 84% of total revenue. Adjusted operating profit rose to £1.43m, an improvement from £1.30m in the previous period. Pre-tax profit stood at £0.018m, compared to a loss of £0.17m in H1 2024, even after accounting for £0.11m in exceptional costs primarily related to restructuring and acquisitions. The Group's earnings per share increased to 0.06p, reversing a loss of 0.58p in H1 2024.

Unattended Retail

In the Unattended Retail segment, the Group grew both unit sales and revenue. Sales of new telemetry and contactless payment units, along with upgrades from 3G to 4G LTE, resulted in the deployment of 4,716 units, compared to 3,141 in the previous year. Turnover increased by £0.19m to £3.24m. Adjusted operating profit decreased slightly to £0.98m due to lower margins on hardware upgrades and additional investments in the sales team to secure long-term contracts and build a robust recurring income pipeline. During the period, 48 new contracts were secured, with four renewals, primarily spanning three to five years. While the 3G transition continues to influence the timing of pipeline conversion, progress remains steady, with significant progress in the UK fuel forecourt sector, including the installation of 1,900 devices.

During this period, we have focused on positioning SmartVend as a dedicated device and machine management platform rather than a comprehensive ERP solution, prioritising an improved experience for end users. Simultaneously, we are transitioning to integrate our industry leading SmartVend data pipeline to seamlessly support multiple third-party ERP suppliers and customer ERP systems, enabling greater flexibility and enhanced functionality.

This strategic adjustment allows us to help customers optimise both free vending machine connectivity and contactless payment solutions. Our offering is strengthened by our award-winning hardware, competitive transaction rates, commitment to exceptional customer service and growing reputation as a trusted advisor.

Additionally, by deploying 1,900 devices in collaboration with Rontec and Wilcomatic, we have made significant strides in expanding our footprint in the UK fuel forecourt sector.

Hospitality

Our UK hospitality business achieved a 7.3% increase in turnover during the period, reaching £4.45m (H1 2024: £4.08m), while adjusted operating profit rose by an impressive 12% to £2.20m (H1 2024: £1.97m). The acquisition of BMI in May 2023 has been fully integrated, combining the Fast Scan bar inventory platform with our draught monitoring system to deliver a comprehensive beverage management solution. This integration has significantly enhanced our market presence and engagement in both the UK and US hospitality sectors, with negotiations on material rollouts now in advanced stages.

Vianet Americas, which now includes the fully integrated BMI acquisition, reported a loss of £0.25m for the six-month period. This is consistent with the £0.25m loss in H1 2024, which accounted for only two months of operations.

During this period, we launched Enersave, an energy-saving solution for glycol beer chilling units. Strong customer interest has already resulted in 20 installations and we have a promising pipeline for the second half of the year.

UK pub closures within our installation base remained relatively stable, with a net decrease of just 132 contracted sites. This brings the total number of UK sites to 9,453 (H1 2024: approximately 9,600).

Despite challenges posed by recent budget pressures on the hospitality sector, we are confident in the growth potential of our hospitality division. This optimism is driven by several factors:

- Hospitality operators face increasing cost pressures and reduced pricing flexibility, prompting a greater need for efficiency. Our solutions address these needs by focusing on waste reduction, shrinkage elimination, quality assurance, enhanced customer experience, productivity improvements through automation and optimum working capital.
- The leased and tenanted pub sector has shown remarkable resilience, underpinned by quality operators personally invested in their businesses. These operators are financially and emotionally committed, often viewing their pubs as both a livelihood and a home. As the cost threshold for managed pubs rises, some venues are transitioning back to the leased and tenanted model, further supporting recurring revenues.
- The successful integration of BMI has bolstered our offering, providing UK and US operators with advanced beverage management and energy-saving solutions that deliver a return on investment within four to seven months. Our collaboration with Fintech in the US has further strengthened our position, and we are making good progress towards agreements for material rollouts in managed chains across both markets.

Dividend

Robust trading and increasing momentum together with improved banking facilities and prudent cash management have enabled the Group to reduce net debt to £1.00m, compared to £2.09m in H1 2024, and re-instate an interim dividend. An interim dividend, for the period ended 30 September 2024, of 0.3p per ordinary share will be payable on 29 January 2025 to shareholders who are registered as such at the close of business on the record date of 13 December 2024.

Outlook

Our strategic investments in technology, our commercial team, and customer-focused solutions, combined with the strategic entry into the forecourt sector and the full integration of BMI, have established a strong foundation for sustained growth heading into the second half of 2025.

Collaborative efforts with partners, customers, and suppliers are unlocking excellent opportunities in remote asset management, contactless payments, beverage management and market data insights. The integration of BMI and expansion into the forecourt sector are proving to be significant growth accelerators.

The Board is enthusiastic and optimistic about the growing importance of our products, which we believe will continue to drive growth, generate high-quality recurring income, and improve cash flow. We have continued to build on the momentum generated in H1 as we have entered the second half of the year. and the Group continues to trade in line with our expectations for the full year. We are well-positioned to deliver sustainable growth for our shareholders while also effectively addressing new strategic opportunities and look forward to the future with increased confidence.

James Dickson

Chairman & CEO

3 December 2024

Chief Financial Officer's Review

Our operational cash generation before working capital adjustments reached £1.61m (H1 2024: £1.26m), reflecting a continued strong cash conversion rate of approximately 104% of EBITDA. After working capital adjustments of £0.31m, cash generation increased to £1.92m (H1 2024: £1.28m, excluding a one-off tax rebate), equating to over 124% of EBITDA and 134% of adjusted operating profit. This positive cash performance was primarily driven by unwinding stock levels and a reduction in trade debts, maintaining the strong profit-to-cash conversion trends characteristic of our business.

Despite ongoing economic uncertainties, the combination of commercial progress and robust cash generation, supported by improved banking facilities, provides a strong cash flow trajectory to underpin our operations. Net debt improved significantly to £1.00m (H1 2024: £2.09m), reflecting strong trading performance and the benefits of enhanced banking arrangements. Gross debt decreased slightly to £3.25m (H1 2024: £3.42m), while gross cash improved to £2.25m (H1 2024: £1.32m), reinforcing our financial resilience.

Exceptional costs for the period totaled £0.11m (H1 2024: £0.33m), primarily related to restructuring and acquisition activities. Looking ahead, we expect these positive trends in cash generation and debt reduction to continue, strengthening our ability to support future growth.

Un-attended Retail

Turnover was £3.24m (H1 2024: £3.05m). Recurring revenue remained strong at c70% (H1 2024: c77%) even amidst the network operators' transition from 3G and ongoing refinement of their vending estates by customers.

Hospitality

Our core draught beer monitoring operations in the UK and USA delivered a combined turnover of £4.45m (H1 2024: £4.14m), reflecting a resilient performance. Recurring revenue accounted for over 94% of the total (H1 2024: 95%), demonstrating the strength of this revenue base.

In the UK, pre-exceptional profit rose to £2.20m (H1 2024: £1.97m), a growth of around 12%. When including US operations and factoring in BMI's full integration costs, the Smart Zones division reported an overall profit of £1.95m (H1 2024: £1.71m) for the first half of the year.

Carbon Reduction

Whilst we continue to evaluate ways of reducing our carbon footprint, we have already made good progress in achieving a 63% reduction in energy consumption for our office-based operations.

Looking Forward

Despite economic uncertainties and the challenges associated with transitioning from 3G to 4G during H1, the Group delivered solid year-on-year growth. This performance has been driven by strong cash generation and a reduction in net debt. These results, along with expanding commercial opportunities in both established and new sectors and enhanced flexibility in banking facilities, reinforce confidence in the Group's growth strategy moving forward.

Mark H Foster

Chief Financial Officer

Chief Financial Officer

3 December 2024

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2024

	Note	**Before Exceptional 6 months** Ended 30 Sept 2024 £'000	**Total Unaudited 6 months** Ended 30 Sept 2024 £'000	**Before Exceptional 6 months** Ended 30 Sept 2023 £'000	**Total Unaudited 6 months** Ended 30 Sept 2023 £'000	**Audited Year** Ended 31 March 2024 £'000
Continuing operations						
Revenue	3	7,687	7,687	7,194	7,194	15,176
Cost of sales		(2,568)	(2,568)	(2,203)	(2,203)	(4,745)
Gross profit		5,119	5,119	4,991	4,991	10,431
Administration and other operating expenses	4	(3,691)	(3,804)	(3,694)	(4,024)	(7,107)
Operating profit pre amortisation and share based payments	3	**1,428**	**1,315**	**1,297**	**967**	**3,324**
Intangible asset amortisation		(1,107)	(1,107)	(1,042)	(1,042)	(2,164)
Share based payments		(40)	(40)	(20)	(20)	(100)
Operating profit/(loss) post amortisation and share based payments		**281**	**168**	**235**	**(95)**	**1,060**
Net finance costs		(150)	(150)	(76)	(76)	(276)
Profit/(loss) from continuing operations before tax		**131**	**18**	**159**	**(171)**	**784**
Income tax credit	5	-	-	-	-	17
Profit/(Loss) and other comprehensive income for the year	3	**131**	**18**	**159**	**(171)**	**801**
Loss/earnings per share						
Continuing Operations						
- Basic	6		0.06p		(0.58p)	2.76p
- Diluted	6		0.06p		(0.58p)	2.69p

Consolidated Balance Sheet

At 30 September 2024

	Unaudited As at 30 Sept 2024 £'000	Unaudited As at 30 Sept 2023 £'000	Audited As at 31 March 2024 £'000
Assets			
Non-current assets			
Intangible assets	**23,358**	23,495	23,740
Property, plant and equipment	**3,308**	3,249	3,327
Deferred Tax asset	**-**	-	-
Total non-current assets	**26,666**	26,744	27,067
Current assets			
Inventories	**1,886**	2,371	2,185
Trade and other receivables	**3,409**	3,295	3,873
Cash and cash equivalents	**2,248**	1,323	1,822
	7,543	6,989	7,880
Total assets	**34,209**	33,733	34,947
Equity and liabilities			
Liabilities			

Current liabilities

Current liabilities			
Trade and other payables	**2,644**	2,892	3,061
Borrowings	**179**	206	177
Leases	**125**	50	123
	2,948	3,148	3,361
Non-current liabilities			
Deferred tax liability	**810**	827	810
Borrowings	**3,072**	3,209	3,159
Leases	**94**	124	157
Contingent Consideration	**230**	-	268
	4,206	4,160	4,394
Equity attributable to owners of the parent			
Share capital	**2,943**	2,955	2,940
Share premium account	**11,770**	12,245	11,748
Capital redemption	**32**	15	32
Share based payment reserve	**623**	583	583
Merger reserve	**818**	310	818
Retained profit	**10,869**	10,317	11,071
Total equity	**27,055**	26,425	27,192
Total equity and liabilities	**34,209**	33,733	34,947

Summarised Consolidated Cash Flow Statement

For the six months ended 30 September 2024

	Unaudited 6 months Ended 30 Sept 2024 £'000	Unaudited 6 months Ended 30 Sept 2023 £'000	Audited Year Ended 31 March 2024 £'000
Cash flows from operating activities			
Profit/(loss) for the period	**18**	(171)	801
Adjustments for			
Net Interest payable	**150**	76	276
Income tax credit	**-**	-	(17)
Amortisation of intangible assets	**1,107**	1,042	2,164
Depreciation	**270**	273	544
Loss on sale of property, plant and equipment	**23**	23	61
Share-based payments expense	**40**	20	100
Operating profit before changes in working capital and provisions	**1,608**	1,263	3,929
Change in inventories	**299**	(96)	91
Change in receivables	**464**	(436)	(996)
Change in payables	**(455)**	544	646
	308	12	(259)
Net cash from operating activities	**1,916**	1,275	3,670
Income tax refund	**-**	922	922
Net cash from operating activities	**1,916**	2,197	4,592
Purchases of property, plant and equipment	**(274)**	(175)	(577)
Purchase of intangible assets	**(724)**	(695)	(1,724)
Purchase of subsidiary	**-**	(563)	-
Purchases of other intangible assets	**-**	-	(8)
Net cash used in investing activities	**(998)**	(1,433)	(2,309)
Cash flows used in financing activities			
Net Interest payable	**(150)**	(76)	(276)
Issue of share capital	**25**	609	44
New leases	**-**	31	190
Repayment of leases	**(62)**	(49)	(84)
New borrowings	**-**	3,440	3,440
Repayments of borrowings	**(85)**	(2,297)	(2,378)
Dividends paid	**(220)**	-	(148)
Shares repurchased and cancelled	**-**	-	(150)
Net cash used in financing activities	**(492)**	1,658	638
Net increase in cash and cash equivalents	**426**	2,422	2,921
Cash and cash equivalents at beginning of period	**1,822**	(1,099)	(1,099)

Cash and cash equivalents at end of period	**2,248**	1,323	1,822
Reconciliation to the cash balance in the Consolidated Balance Sheet			
Cash balance as per consolidated balance sheet	**2,248**	1,323	1,822
Bank overdrafts	**-**	-	-
Balance per statement of cash flows	**2,248**	1,323	1,822

Statement of changes in equity

Six months ended 30 September 2024

	Share capital	**Share premium account**	**Share based payment reserve**	**Merger reserve**	**Capital Redemption**	**Retained profit**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2024	2,940	11,748	583	818	32	11,071	27,192
Share based payment	-	-	40	-	-	-	40
Dividends paid	-	-	-	-	-	(220)	(220)
Issue of share capital	3	22	-	-	-	-	25
Transactions with owners	3	22	40	-	-	(220)	(155)
Profit and total comprehensive income for the period	-	-	-	-	-	18	18
Total comprehensive income less owners transactions	3	22	40	-	-	(202)	(137)
At 30 September 2024	2,943	11,770	623	818	32	10,869	27,055

Six months ended 30 September 2023

	Share capital	Share premium account	Share based payment reserve	Merger reserve	Capital Redemption	Retained profit	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2023	2,880	11,711	563	310	15	10,488	25,967
Share based payment	-	-	20	-	-	-	20
Issue of share capital	75	534	-	-	-	-	609
Transactions with owners	75	534	20	-	-	-	629
Loss and total comprehensive income for the period	-	-	-	-	-	(171)	(171)
Total comprehensive income less owners transactions	75	534	20	-	-	(171)	458
At 30 September 2023	2,955	12,245	583	310	15	10,317	26,425

12 months ended 31 March 2024

	Share capital	Share premium account	Share based payment reserve	Merger reserve	Capital Redemption	Retained profit	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2023	2,880	11,711	563	310	15	10,488	25,967
Dividends	-	-	-	-	-	(148)	(148)
Issue of shares	77	37	-	508	-	-	622
Cancellation of shares	(17)	-	-		17	(150)	(150)
Share option forfeitures	-	-	(80)	-	-	80	-
Share based payment	-	-	100	-	-	-	100
Transactions with owners	60	37	20	508	17	(218)	424
Profit and total comprehensive income for the year	-	-	-	-	-	801	801
Total comprehensive income less owners transactions	60	37	20	508	17	583	1,225
At 31 March 2024	2,940	11,748	583	818	32	11,071	27,192

Notes to the interim report

1. Statutory information

The interim financial statements are neither audited nor reviewed and do not constitute statutory accounts

The interim financial statements are neither audited nor reviewed and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The financial information for the year ended 31 March 2024 has been derived from the published statutory accounts. A copy of the full accounts for that period, on which the auditor issued an unmodified report that did not contain statements under 498(2) or (3) of the Companies Act 2006, has been delivered to the Registrar of Companies.

These interim financial statements will be posted to all shareholders and are available from the registered office at One Surtees Way, Surtees Business Park, Stockton on Tees, TS18 3HR or from our website at www.vianetplc.com/investors.

2. Accounting policies

The interim financial statements have been prepared in accordance with the AIM Rules for Companies and on a basis consistent with the accounting policies and methods of computation as published by the Group in its Annual Report for the year ended 31 March 2024, which is available on the Group's website.
The Group has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing these interim financial statements and therefore the Interim financial information is not in full compliance with International Financial Reporting Standards.

Having considered current trading performance and more flexible bank facilities following the refinance of August 2023, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Financial forecasts and projections, taking account of reasonably possible changes and sensitivities in future trading performance and the market value of the Group's assets, have been prepared and show that the Group is expected to be able to operate within the level of cash and existing banking facilities.

The Directors are confident that the Company will be able to meet its liabilities as they fall due over the next 12 months and beyond. As a result, this financial information has been prepared on a going concern basis.

3. Segmental information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The segment operating results are regularly reviewed by the Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance. Vianet Group is analysed into to two trading segments (defined below) being Smart Zones (mainly adopted in the leisure sector, including USA (particularly in pubs and bars)) and Smart Machines (mainly adopted in the vending sector (particularly in unattended retail vending machines)) supported by Corporate/Technology & Stores costs.

The products/services offered by each operating segment are:

- Smart Zones: Data insight & actionable data services, design, product development, sale and rental of fluid monitoring equipment.

- Smart Machines: Data insight & actionable data services, design product development, sale and rental of machine monitoring and contactless payment equipment and services.

- Corporate/Technology: Centralised Group overheads along with technology and stores related costs for the Group

The inter-segment sales are immaterial. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets and liabilities comprise items such as cash and cash equivalents, certain intangible assets, taxation, and borrowings. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

The segmental results for the six months ended 30 September 2024 are as follows:

Continuing Operations	**Smart Zones £'000**	**Smart Machines £'000**	**Corporate/Technology £'000**	**Total £'000**
Total revenue	**4,447**	**3,240**	**-**	**7,687**
Profit/(loss) before amortisation, share based payments and exceptional costs	**1,949**	**976**	**(1,497)**	**1,428**
Pre-exceptional segment result	1,538	764	(2,021)	281
Exceptional costs	(5)	(7)	(101)	(113)
Post exceptional segment result	1,533	757	(2,122)	168
Finance income	-	-	-	-
Finance costs	(150)	-	-	(150)
Profit/(loss) before taxation	1,383	757	(2,122)	18
Taxation				-
Profit for the year from continuing operations				18

	Smart Zones £'000	**Smart Machines £'000**	**Corporate/Technology £'000**	**Total £'000**
Segment assets	29,366	4,083	760	34,209
Unallocated assets	-	-	-	-
Total assets	29,366	4,083	760	34,209
Segment liabilities	6,219	-	125	6,344
Unallocated assets	-	-	810	810
Total liabilities	6,219	-	935	7,154

The segmental results for the six months ended 30 September 2023 are as follows:

Continuing Operations	**Smart Zones £'000**	**Smart Machines £'000**	**Corporate/Technology £'000**	**Total £'000**
Total revenue	**4,144**	**3,050**	**-**	**7,194**
Profit/(loss) before amortisation, share based payments and exceptional costs	**1,711**	**1,048**	**(1,462)**	**1,297**
Pre-exceptional segment result	1,384	866	(2,015)	235
Exceptional costs	(155)	-	(175)	(330)
Post exceptional segment result	1,229	866	(2,190)	(95)
Finance income	-	-	-	-
Finance costs	(76)	-	-	(76)
Profit/(loss) before taxation	1,153	866	(2,190)	(171)
Taxation				-
Loss for the year from continuing operations				(171)

	Smart Zones	Smart Machines	Corporate/Technology	Total
	£'000	£'000	£'000	£'000
Segment assets	29,552	4,083	98	33,733
Unallocated assets	-	-	-	-
Total assets	29,552	4,083	98	33,733
Segment liabilities	6,290	-	191	6,481
Unallocated assets	-	-	827	827
Total liabilities	6,290	-	1,018	7,308

Notes to the interim report (continued)

The segmental results for the 12 months ended 31 March 2024 are as follows:

Continuing Operations	Smart Zones	Smart Machines	Corporate/ Technology	Total
	£'000	£'000	£'000	£'000
Total revenue	**8,615**	**6,561**	**-**	**15,176**
Profit/(loss) before amortisation, share based payments and exceptional costs	**3,214**	**2,070**	**(4,079)**	**1,205**
Pre-exceptional segment result	3,214	2,070	(4,079)	1,205
Exceptional costs	(181)	325	(289)	(145)
Post exceptional segment result	3,033	2,395	(4,368)	1,060
Finance costs	(276)	-	-	(276)
Profit/(loss) before taxation	2,757	2,395	(4,368)	784
Taxation				17
Profit for the year from continuing operations				801

	Smart Zones	Smart Machines	Corporate/ Technology	Total
	£'000	£'000	£'000	£'000
Segment assets	30,730	4,083	134	34,947
Unallocated assets	-	-	-	-
Total assets	30,730	4,083	134	34,947
Segment liabilities	6,619	-	335	6,954
Unallocated assets	-	-	801	801
Total liabilities	6,619	-	1,136	7,755

Notes to the interim report (continued)

4. Exceptional items

	6 months Ended	6 months Ended	Year Ended

	30 Sept 2024 £'000	30 Sept 2023 £'000	31 March 2024 £'000
Corporate activity and Acquisition costs	**59**	254	346
Corporate restructuring and transitional costs	**49**	26	65
Bank facility restructure	**-**	50	59
3G Project		-	25
	11		
Recovered Corporate costs	**(6)**	-	(350)
	113	330	145

Corporate activity and acquisition costs relate to corporate review costs. Corporate restructuring and transitional costs relate to the transition of people and management to ensure we have the succession and calibre of people on board to deliver the strategic aims and aspirations of the Group.

5. Tax

The credit for tax is based on the loss for the period and comprises:

	6 months Ended 30 Sept 2024 £'000	6 months Ended 30 Sept 2023 £'000	Year Ended 31 March 2024 £'000
United Kingdom corporation tax	**-**	-	17

No tax charge provision is made given the tax losses brought forward and the immaterial likely deferred tax position. The tax credit for March 2024 reflects the utilisation of brought forward trading losses, which had previously been recognised as a deferred tax asset, against the taxable profit for the period within Vianet Limited.

6. Earnings/(loss) per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders (profit of £18k) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated on the basis of profit for the period after tax (H1 2023: loss for the period) divided by the weighted average number of shares in issue in the year plus the weighted average number of shares which would be issued if all the options granted were exercised.

The table below shows the earnings per share result.

	30 September 2024			**30 September 2023**		
	Profit £000	**Basic profit per share**	**Diluted profit per share**	**(Loss) £000**	**Basic (loss) per share**	**Diluted (loss) per share**
Post-tax profit/(loss) attributable to equity shareholders	18	0.06p	0.06p	(171)	(0.58p)	(0.58p)
Operating profit	1,428	-	-	1,297	-	-

	30 Sept 2024 Number	**30 Sept 2023 Number**
Weighted average number of ordinary shares	29,437,290	29,353,449
Dilutive effect of share options	659,636	-
Diluted weighted average number of ordinary shares	30,096,926	29,353,449

The diluted earnings per share for H1 2025 is also 0.06p. No comparative for H1 2024 due to it being a loss in that period.

INDEPENDENT REVIEW REPORT TO VIANET GROUP PLC

For H1 2024, we have chosen not to undertake an independent audit review which is an agreed standard approach.