

20 September 2021

Ingenta plc

Interim Results

Ingenta plc (AIM: ING), (“Ingenta”, the “Company” or the “Group”) a leading provider of world-class software and services to the global publishing industry, is pleased to announce its unaudited interim results for the six months to 30 June 2021.

Financial Key Points

- Group revenues £5.1m (2020: £5.2m)
- 85% of Group revenues recurring in nature (2020: 82%)
- Gross profit margin 47% (2020: 44%)
- Adjusted EBITDA* up 34% to £0.7m (2020: £0.6m)
- Cash from operations up 10% to £1.3m (2020: £1.2m)
- Cash balances increased to £3.1m (31 December 2020: £2.3m)
- Cash generation of £0.8m (2020: £0.9m)
- Earnings per share of 2.26 pence (2020: 2.10 pence)
- 0.235m shares repurchased under share buy-back programme
- Introduction of a progressive dividend policy with an interim 1p per share payment

Operational Key Points

- 2 Edify deployments completed in the period
- 2 IP Management deployments in the period
- Major infrastructure project completed to improve the resilience of hosting services
- Company profile substantially de-risked with an ongoing annual cost base of £9.5m

*Earnings before Interest, Tax, Depreciation and Amortisation is calculated before foreign exchange differences and restructuring costs. See Statement of Comprehensive Income for reconciliation

As previously announced on 15 September 2021, Ingenta will be presenting via the Investor Meet Company platform on 23 September 2021 at 15.30 (BST). To sign up to the Ingenta presentation for free via Investor Meet Company please click the following link:

<https://www.investormeetcompany.com/ingenta-plc/register-investor>.

Martyn Rose, Chairman of Ingenta plc, commented:

“The results for the first half of the year have been solid with an underlying theme of improved operational efficiency. The Group has embraced a flexible working model and invested in the necessary infrastructure to further improve resiliency and the breadth of our service offering. In tandem, a new sales and marketing approach is being rolled out to widen our reach and improve penetration into adjacent vertical markets. The current economic climate has somewhat dampened results in this area, but we remain optimistic that deals can be concluded in the coming months.

“Additionally, the recurring revenue base of the Group continues to improve and is the result of a reinvigorated focus on project delivery along with customer uptake of a broad layer of service options that are increasingly relevant to businesses changing needs.

“Financially, I’m pleased to report the Group has continued to deliver strong operating cash inflows of £1.3m (2020: £1.2m) which has enabled us to invest in forward looking infrastructure to deliver our services whilst also facilitating a share buyback programme. Given our consistent levels of cash generation and balance sheet strength, we are aiming to instigate a dividend policy which pays out 50%

of normalised annual free cashflows. Consequently, we intend to pay an interim dividend of 1p per share for the 2021 financial year with a final dividend to be communicated in due course.

Certain information contained in this announcement would have been deemed inside information as stipulated under the UK version of the EU Market Abuse Regulation (2014/596) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time, until the release of this announcement.

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Financial Review

The Group continues to focus on operational enhancements which have increased profitability in the first half of the year. Recurring revenue percentages remain strong at 85% and are being driven by the efficient implementation of projects plus the continued uptake of Vista as a Service.

Statement of Comprehensive Income

Although Group revenue remained flat at £5.1m (2020: £5.2m), efficiency gains have delivered improved profitability with growth in our reported gross profit of £2.4m (2020: £2.3m). Sales and marketing expenses were also stable but there has been a change in strategy as the Group focus on more digital campaigns in light of Covid restrictions. Administrative expenses increased slightly to £1.7m (2020: £1.6m) and reflect the investment in a Head of Professional Services but also include a £150,000 uplift in depreciation. The depreciation increase represents the investments made in infrastructure to support and grow the Group's hosting capabilities which further boosts recurring revenues.

Profit from operations remained at £0.4m (2020: £0.4m) and, with negligible interest, taxation and exchange costs, the Group delivered earnings per share of 2.26 pence (2020: 2.10 pence).

Statement of Cash Flows and Financial Position

The Group's cash inflow from operations improved during the period and amounted to £1.3m (2020: £1.2m). Other significant expenditure included £0.2m of lease payments on equipment to bolster the hosting infrastructure as mentioned above. As previously announced, the Group has continued to exercise its share buyback authority and purchased a further 235,000 shares for a combined consideration of £0.2m (2020: nil). Closing cash balances amounted to £3.1m (2020: £3.5m).

Outlook

The Group will continue its strategy of driving efficiency gains and we anticipate further benefits as we renegotiate infrastructure contracts and look to leverage offshore resources. Recurring revenue remains strong and is being driven by a streamlined implementation methodology, which was successfully rolled out in our Content business and is now being deployed across Commercial projects. Whilst new sales activity remains difficult to predict, we have a pipeline of new opportunities from both existing and new customers which we look forward to converting in the coming months.

Jon Sheffield
Chief Financial Officer

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

	Note	Unaudited Six months ended 30 June 2021 £'000	Unaudited Six months ended 30 June 2020 £'000
Revenue		5,106	5,208
Cost of sales		(2,692)	(2,923)
Gross profit		2,414	2,285
Sales and marketing expenses		(353)	(328)
Administrative expenses		(1,673)	(1,587)
Profit from operations		388	370
Finance costs		(14)	(8)
Profit before tax		374	362
Tax		-	9
Retained profit for the period		374	371
Other comprehensive expenses which will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		2	(17)
Total comprehensive profit for the period		376	354
Basic profit per share – pence	4	2.26	2.10
Diluted profit per share – pence	4	2.18	2.02

Analysis of profit from operations:

Profit before net finance costs, tax, depreciation and amortisation, restructuring costs and foreign exchange gains and losses (adjusted EBITDA)		748	560
Depreciation		(293)	(139)
Amortisation		(50)	(50)
Foreign exchange gain / (loss)		(14)	32
Restructuring costs		(3)	(33)
Profit from operations		388	370

Unaudited Condensed Consolidated Interim Statement of Financial Position

	Note	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000
Non-current assets			
Goodwill	3	2,661	2,661
Other intangible assets	3	8	108
Property, plant & equipment		889	465
		<hr/>	<hr/>
		3,558	3,234
Current assets			
Trade and other receivables	5	1,434	1,650
Cash and cash equivalents		3,102	3,537
		<hr/>	<hr/>
		4,536	5,187
Total assets		<hr/>	<hr/>
		8,094	8,421
Equity			
Share capital		1,692	1,692
Merger reserve		11,055	11,055
Reverse acquisition reserve		(5,228)	(5,228)
Translation reserve		(837)	(897)
Share option reserve		80	42
Retained earnings		(2,982)	(2,760)
		<hr/>	<hr/>
		3,780	3,904
Non-current liabilities			
Deferred tax liability		2	22
Leases		336	75
		<hr/>	<hr/>
		338	97
Current liabilities			
Trade and other payables	6	1,817	1,997
Deferred income		2,159	2,423
		<hr/>	<hr/>
		3,976	4,420
Total equity and liabilities		<hr/>	<hr/>
		8,094	8,421

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

	Share capital	Share premium	Merger reserve	Reverse acquisition reserve	Translation reserve	Share option reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	1,692	0	11,055	(5,228)	-839	61	(3,175)	3,566
Shares bought back into treasury	-	-	-	-	-	-	(181)	(181)
Share based payment expense	-	-	-	-	-	19	-	19
Transactions with owners	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19</u>	<u>-181</u>	<u>-162</u>
Profit for the period	-	-	-	-	-	-	374	374
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	2	-	-	2
Total comprehensive income / (expense) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>374</u>	<u>376</u>
Balance at 30 June 2021	<u>1,692</u>	<u>-</u>	<u>11,055</u>	<u>-5,228</u>	<u>(837)</u>	<u>80</u>	<u>(2,982)</u>	<u>3,780</u>

	Share capital	Share premium	Merger reserve	Reverse acquisition reserve	Translation reserve	Share option reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	1,692	-	11,055	(5,228)	(880)	23	(3,131)	3,531
Share based payment expense	-	-	-	-	-	19	-	19
Transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>
Profit for the period	-	-	-	-	-	-	371	371
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	(17)	-	-	(17)
Total comprehensive income / (expense) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17)</u>	<u>-</u>	<u>371</u>	<u>354</u>
Balance at 30 June 2020	<u>1,692</u>	<u>-</u>	<u>11,055</u>	<u>(5,228)</u>	<u>(897)</u>	<u>42</u>	<u>(2,760)</u>	<u>3,904</u>

Unaudited Condensed Consolidated Interim Statement of Cash Flows

	Note	Unaudited Six months ended 30 June 2021	Unaudited Six months ended 30 June 2020
		£'000	£'000
Profit before tax		374	362
Adjustments for:			
Depreciation and amortisation		343	189
Share based payment expense		19	19
Interest expense		14	8
Unrealised foreign exchange differences		2	(17)
Decrease in trade and other receivables		784	1,560
Decrease in trade and other payables		(260)	(961)
Cash inflow from operations		1,276	1,160
Tax Paid		-	-
Net cash inflow from operating activities		1,276	1,160
<u>Cash flows from financing activities</u>			
Shares bought back into treasury		(181)	-
Payment of leases		(239)	(151)
Interest paid		(14)	(8)
Net cash used in financing activities		(434)	(159)
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment		(63)	(65)
Net cash used in investing activities		(63)	(65)
Net increase in cash and cash equivalents		779	936
Cash and cash equivalents at beginning of period		2,323	2,601
Cash & cash equivalents at end of period		3,102	3,537

Notes to the Unaudited Interim Report for the six months ended 30 June 2021

1. Nature of operations and general information

Ingenta plc (the “Company”) and its subsidiaries (together “the Group”) is a provider of technology and supporting services to content providers and publishers. The nature of the Group’s operations and its principal activities are set out in the full annual financial statements.

The Company is incorporated in the United Kingdom under the Companies Act 2006. The Company’s registration number is 00837205 and its registered office is 8100 Alec Issigonis Way, Oxford OX4 2HU. The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 20 September 2021.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 404 of the Companies Act 2006. The Group’s statutory financial statements for the year ended 31 December 2020, prepared under IFRS as adopted by the European Union, have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain a statement under section 498 (2) or section 498 (3) of the Companies Act 2006.

2. Basis of preparation

These unaudited condensed consolidated interim financial statements are for the six months ended 30 June 2021. They have been prepared following the recognition and measurement principles of IFRS in conformity with the requirements of the Companies Act 2006. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

These condensed consolidated interim financial statements have been prepared on the going concern basis under the historical cost convention and have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2020.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements.

A detailed set of accounting policies can be found in the annual accounts available on our website, www.ingenta.com or by writing to the Company Secretary at the registered office as above.

3. Goodwill and Intangibles

Full details of the Group’s policies on Goodwill and Intangibles is presented in the financial statements for the year ended 31 December 2020.

4. Profit per share

Basic profit per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For diluted profit per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	Six months ended 30 June 2021	Six months ended 30 June 2020
Attributable profit (£'000)	376	354
Weighted average number of ordinary basic shares (basic)	16,625,214	16,853,505
Weighted average number of ordinary shares (diluted)	17,306,459	17,534,750
Profit per share (basic) arising from both total and continuing operations	2.26p	2.10p
Profit per share (dilutive) arising from both total and continuing operations	2.18p	2.02p

5. Trade and other receivables

Trade and other receivables comprise the following:

	30 June 2021 £'000	30 June 2020 £'000
Trade receivables – gross	1,148	1,318
Less: provision for impairment of trade receivables	(142)	(161)
Trade receivables – net	1,006	1,157
Other receivables	76	69
Prepayments and accrued income	352	424
	<u>1,434</u>	<u>1,650</u>

6. Trade and other payables

Trade payables comprise the following:

	30 June 2021	30 June 2020
	£'000	£'000
Trade payables	211	470
Social security and other taxes	383	374
Other payables	631	660
Accruals	592	493
	<hr/>	<hr/>
	1,817	1,997
	<hr/>	<hr/>

7. Contingencies and commitments

There were no contingencies or commitments at the end of this or the comparative period.

8. Post balance sheet events

There were no material events subsequent to the end of the interim reporting period that have not been reflected in the interim financial statements.

9. Copies of the Interim Financial Statements

A copy of the interim statement is available on the Company's website, www.ingenta.com, and from the Company's registered office, 8100 Alec Issigonis Way, Oxford OX4 2HU.