**Ingenta plc**
**(the 'Group' or the 'Company')**

# Final Audited Results

Ingenta plc (AIM: ING) a leading provider of software and services to the global publishing industry, announces its final audited results for the year ended 31 December 2021.

## Financial Key Points

- Revenues stable at £10.1m (2020: £10.2m) reflecting a focus on core software offerings.
- Annual Recurring Revenue (ARR)* of £8.9m representing 88% of total revenue (2020: £8.7m, 86%).
- Operating cash inflows of £2.0m in the year (2020: £0.8m).
- Cash balances at year end of £3.0m (2020: £2.3m).
- Adjusted EBITDA** of £1.5m (2020: £1.2m).
- Net profit of £1.8m*** (2020: £0.4m).
- Proposed final dividend of 2 pence per share, subject to shareholder approval at the 2022 AGM (2021: 1.5 pence).
- Earnings per share of 10.93 pence (2020: 2.67 pence).

## Operational Key Points

- First music customer won and deployed onto our conChord IP management platform, leading to increasing interest from other music publishers within this substantial target market.
- 4 customer go-lives across the product portfolio during the year.
- Completion of internal infrastructure plan with improved resilience and operational flexibility.

## Current trading

- Strong trading in 2022 generating growth in revenues and profit over the prior period.
- Growth driven by existing customer base with extended sales cycles persisting for sales to new customers.
- Whilst cognisant of deteriorating economic conditions, the Board believe the results for the year ended 31 December 2022 will be comfortably in line with market expectations.

* ARR – Revenue generated and recognised in the year from annually recurring software support contracts, hosting services and managed services.
**Adjusted EBITDA – EBITDA before impairment, gain / loss on disposal of fixed assets, foreign exchange gain / loss and exceptional non-recurring costs. See note 2 for details.
***Net profit in 2021 includes a £1.2m deferred tax credit.

**Scott Winner, Chief Executive Officer, commented:**

"The 2021 results announced today demonstrate the completion of Ingenta's turn around, delivering stabilised revenue, strong efficiency gains, higher margins and improved cashflow. This has been achieved by delivering a broader array of services to existing customers.

Strategically, we continue to focus on our Intellectual Property management solutions and web-based content platforms which we anticipate will deliver revenue growth. In that respect, I'm pleased to report we have signed and deployed our first music customer onto our conChord product in 2021. This is an exciting development for the Group and validates that our expertise in IP management is applicable in verticals outside of the traditional publishing sector.

In our web-based digital content distribution business, we delivered 3 successful go lives on our Edify platform. These implementations included 2 more prestigious NGO customers and we look to further enhance our business in this sector."

*Certain of the information contained within this announcement is deemed by the Company to constitute 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.*

**For further information please contact:**

**Ingenta plc**

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## Chairman's statement

### Overview

I'm pleased to report on the Group's continued progress in 2021 and in particular, the actions taken to improve operational efficiency as we strive to generate improved margins, profitability and cashflow. With sound fundamentals in place, the Group is well positioned to broaden its reach beyond the traditional publishing sphere of Intellectual Property management and into a variety of adjacent vertical markets. As previously announced, the first target for expansion is within the music sector and the Group won and successfully deployed its first customer onto its multitenancy music IP management platform, which has been designed to meet the ever-increasing challenges faced by those operating in this sector.

Elsewhere, our web-based content platform business has also performed well, and we successfully deployed 3 new customers to our Edify solution. Encouragingly, 2 of these go lives were for prestigious NGO's which represents a growing opportunity for the Group and a diversification away from scholarly content providers.

As outlined above, the main success story for the year was the improved margin and profitability driven from our loyal customer base. To a large extent this is due to the expansion of our service offering which has been designed, in part, as a solution for customers who do not want to manage the peripheral or technology related requirements of running and maintaining a software package. In addition to the widened service offering, the Group has maintained a close focus on internal processes to ensure all services are designed, contracted and delivered in an efficient fashion. Our utilisation levels for professional service staff have been on an upward trend in 2021 and this remains a key focus going forwards.

Ingenta has a wealth of experience in both technology and its use within content delivery and IP management, providing a foundation for growth in an increasingly complicated environment where customers are continually searching for new and improved ways of managing their business processes.

### Operational flexibility

It has been over 2 years since Covid impacted on us all and I'm proud of the resilience, flexibility and dedication of all the teams at Ingenta. In rapid time, the whole Group successfully migrated to remote working whilst continuing to service our loyal customer base, many of whom experienced additional support requirements as they adapted their own business processes. However, whilst this initial change was enforced, the Group has taken the initiative and looked to fundamentally adapt and remodel our infrastructure within physical premises, IT or internal working processes. Everyone should be proud of their contributions to this, the new and agile Ingenta.

### Shareholders' returns and dividends

During the year, the Company completed a share buyback programme and repurchased a further 440,826 ordinary shares. At the year end, the Company had 16,919,609 ordinary shares in issue, with a total of 587,930 shares held in treasury.

The Directors declare their intention to pay a dividend in 2022 of 2 pence per share (2021: 1.5 pence) subject to approval at the forthcoming AGM.

### Outlook

The Group's core Commercial and Content software solutions provide a mission critical service enabling publishers to run their business and manage their IP assets. With our newly established operating fundamentals firmly in place and generating returns, the Group can look forward with optimism to the next stage of its development – generating revenue growth and leveraging our expertise in the wider IP management arena. The Group has taken its first step into the music IP sector and will look to expand on this whilst continuing to drive growth in our existing core markets.

M C Rose
Chairman
24 June 2022

## Financial review

### Business Strategy

Ingenta is a provider of mission critical software and services to the publishing sector, with growth aspirations in adjacent industries. Operationally, the Group has moved to a product agnostic services architecture enabling it to offer an integrated approach to servicing customers whereby service levels and software are standardised, and as a result, resources are utilised more efficiently. The Group's focus is to accelerate growth in recurring revenue via the sale of software as a service wherever possible.

### Product review

### Ingenta Commercial

Ingenta Commercial provides a variety of modular publishing management systems for both print and digital products. A core area of expertise is within Intellectual Property and the Group is looking to leverage its existing expertise in contracts, rights and royalties management by expanding into adjacent verticals. conChord, a solution designed for the music industry, has already been released and successfully deployed and we believe there are further opportunities in other verticals where IP management is an increasing concern for customers.

Reported revenues increased marginally to £6.7m (2020: £6.6m) with the Group remaining focussed on driving recurring revenues by offering ongoing peripheral services in addition to the standard software support. In this respect, the hosted service offering has been well received and has helped increase managed services revenues in the division. The revenues reported in the year that are recurring in nature increased from £5.4m to £6.1m. Reported earnings before interest, tax, depreciation and amortisation (EBITDA) declined slightly from £0.85m to £0.78m and was largely the result of enhanced post go live support on a number of customers as they transition from implementation to normalised support.

### Ingenta Content

The Ingenta Content suite of products enable publishers of any size, discipline or technical proficiency to convert, store, deliver and monetise digital content on the web.

Annual revenue increased from £2.3m to £2.4m helped by three new customer go lives on the Edify platform during the year and an active base of customer change request work. Importantly, the Group continues to successfully diversify into new markets with the addition of 2 further NGO customers. Divisional EBITDA increased from £0.32m to £0.52m and was driven by the efficient deployment of the new customers sites which moved onto support during the year.

### Ingenta Advertising

Ingenta Advertising provides a complete browser-based multimedia advertising, CRM and sales management platform for content providers.

The business anticipates that the Group's Advertising offering will become a component of the larger Commercial and Content Products divisions and, in time, its revenues will be less clearly distinguished as a separate CGU. Reported revenue remained stable at £0.8m (2020: £0.8m). Segmental EBITDA for the advertising division increased marginally from £0.2m to £0.24m, largely as a result of improved support efficiency plus additional project work undertaken in the year.

### PCG

The PCG consulting arm provides a range of non-software services designed to support and drive a business's sales strategy. Strategically, the team's skills are being increasingly used to drive sales pipeline for the wider Group in addition to their own customer portfolio work.

Annual revenue declined slightly to £0.3m (2020: £0.4m) and was a result of a challenging sales market. Part of the divisions business is driven from sales commission and activity was somewhat depressed as buyers held off making purchases during Covid restrictions. Segmental EBITDA improved from a loss of £0.2m to a loss of £0.1m driven by the Group's policy of reallocating PCG resources to the wider Group marketing function in order to improve sales pipeline growth across the business.

Going forward, it is envisaged that PCG and Advertising will no longer be reported as separate divisions.

### Financial Performance

Group revenue was stable at £10.1m (2020: £10.2m) but encouragingly, the recurring revenue base has been expanded slightly to £8.9m or 88% of the reported total (2020: £8.7m and 86%). This increase in recurring revenues is due to the uptake of ongoing managed services where the business is
expanding its offering.

Although revenue was stable, the Group's cost of sales declined from £5.7m to £5.5m as the previous actions taken to streamline operational efficiency begin to take hold. Consequently, gross profit increased to £4.7m (2020: £4.4m). Further operational efficiencies have been generated within administration overheads helping yield profit from operations of £0.8m (2020: £0.5m).

Sales and marketing spend was stable at £0.7m but it masks a conscious switch in tactics as the Group looks to embrace digital marketing strategies rather than traditional in person event attendance. These efforts are starting to build a broader pipeline of opportunities that the Group is looking to exploit going forward. Administrative costs have declined from £3.3m to £3.2m again largely as a result of the previously reported efficiency drive including removal of operational silos and a change in infrastructure mix within the business.

No tax charge is anticipated for 2021 as the Group continues to utilise brought forward tax losses.

**Financial Position**

Non-current assets include goodwill and intangibles recognised on historic acquisitions. In 2021, Goodwill relates solely to the core Content platform software which will be used to drive growth in the future. Goodwill relating to historic acquisitions is tested for impairment each year using discounted cashflows. No impairment was identified in 2021. Property, plant and equipment reductions are a direct result of the Group's infrastructure strategy which has seen us move IT and personnel out of physical business premises.

Current assets have increased from £4.5m to £4.8m which is the result of improved profitability driving cash generation. Additionally, throughout the Covid pandemic there have been very few instances of bad debt as the Group's customer base remains relatively shielded in an operational sense from the impacts of social restriction and the Groups services remain business critical to end users.

Total liabilities have declined from £4.8 to £4.6m as prior year finance lease commitments undertaken for our hosting infrastructure are paid down.

**Cashflow**

The Group generated a cash inflow from operations of £2.0m compared to £0.8m in 2020. Critically, the Groups restructuring has improved efficiency and margins which flows through to cash generation as all research and development efforts are expensed. Outside of normal operational activity, the Group has paid dividends of £0.4m (2020: £0.3m) and completed a share buyback programme which amounted to an outflow of £0.3m (2020: £0.1m). Closing cash balances were £3.0m (2020: £2.3m)

**Key Performance Indicators**

The Board and senior management review a number of KPI's continually throughout the year, all of which form part of the monthly management accounts process and include:

- Revenue versus budget and monthly reforecast
- Adjusted EBITDA (see note 2 for calculation) versus budget
- Group cashflow versus budget
- Sales pipeline growth and conversion analysis
- Time utilisation statistics

Any deviations or anomalies are investigated, and corrective action taken where appropriate.

Full year revenues were below budget largely because of shortfalls on new sales targets as the Covid pandemic restricted activity. As has been widely publicised elsewhere, the pandemic has slowed sales cycles and occasionally delayed implementations. However, interest for our products and services remains high.

Adjusted EBITDA was higher than budget driven by acceleration of certain planned savings in infrastructure, delayed hiring of staff and restricted marketing activity.

Year-end cash balances were £0.7m above budget reflecting increased profitability and timing of receipts around year end.

The Group monitor sales activity with reference to monthly sales pipeline reports. These reports detail sales opportunities by product with metrics around expected project timelines and revenue recognition estimates so that management can deploy resources adequately to ensure the best chance of success in the bidding process. When any items are removed from the pipeline due to either a successful sale or a lost opportunity, management carry out a detailed analysis to ensure the reasons are understood and any actions required are taken.

The business monitors time utilisation at a contract level to enable accurate pricing decisions to be made ensuring profitable service delivery. Internal development costs are also reviewed to ensure the appropriate effort is spent supporting the products and deliver an effective product roadmap.

**Going concern**
The core fundamentals of the Group remain strong with cash reserves of £3m and no debt beyond leasing arrangements. In addition, further cost saving opportunities have been identified as the Group look to reduce their physical premises cost and associated overheads as leases naturally expire over the coming years. Management are satisfied that cash is sufficient for the needs of the business based on the cash flow forecast. The going concern review covered the period to the end of June 2023.

The Covid outbreak continues to add some uncertainty to financial forecasting and modelling. However, at an operating profit level, the Group's results for the first quarter of 2022 have been better than budget. New sales activity remains subdued with the timing of any uplift difficult to predict. The Group continues to embrace established remote working practices without any significant impact to services. Any ongoing implementations and professional services can also be delivered remotely by Ingenta personnel. The internal business infrastructure is contracted with large multinational corporations and remains resilient. The Group has modelled various downside scenarios and consider it appropriate to use the going concern basis to compile these financial statements. Further details on going concern are included in the accounting policies section of the financial statements.

**Outlook**
Ingenta achieved a key milestone in 2021 by successfully deploying its first music customer onto conChord which significantly provides us with a referenceable client and independent validation that our IP engine is flexible enough to step into adjacent verticals. Our marketing effort is now targeted on enhancing the messaging in this sector in order to build momentum and boost sales pipeline growth.

The Group is also actively exploring further opportunities to drive expansion of the newly invigorated managed services division which is a key offering that provides real value to customers who no longer wish to be encumbered with peripheral activities as they relate to software infrastructure.

Pleasingly, 2022 has started well, with reported profits ahead of budget and the prior year, giving the Board optimism for the future.

J R Sheffield
Chief Financial Officer
24 June 2022

## Group Statement of Comprehensive Income

For the year ended 31 December 2021

| | note | Year ended 31 Dec 21 £'000 | Restated Year ended 31 Dec 20 £'000 |
|---|---|---|---|
| Group revenue | | 10,145 | 10,177 |
| Cost of sales | | (5,487) | (5,741) |
| Gross profit | | 4,658 | 4,436 |
| Sales and marketing expenses | | (690) | (671) |
| Administrative expenses | | (3,214) | (3,301) |
| Profit from operations | 2 | 754 | 464 |
| Finance costs | | (27) | (22) |
| Profit before income tax | | 727 | 442 |
| Income tax | 3 | 1,074 | 7 |
| Profit for the year attributable to equity holders of the parent | | 1,801 | 449 |
| Other comprehensive expenses which will be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | 56 | (137) |
| Total comprehensive profit for the year attributable to equity holders of the parent | | 1,857 | 312 |
| Basic profit per share (pence) | 4 | 10.93 | 2.67 |
| Dilutive profit per share (pence) | 4 | 10.50 | 2.56 |

See note 5 for further details on the prior period adjustment

All activities are classified as continuing

## Group Statement of Financial Position

As at 31 December 2021

| | 31 Dec 21 £'000 | Restated 31 Dec 20 £'000 | Restated 31 Dec 19 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 2,661 | 2,661 | 2,661 |
| Other intangible assets | - | 58 | 158 |
| Property, plant and equipment | 665 | 1,119 | 473 |
| Deferred tax asset | 1,163 | - | - |
| | 4,489 | 3,838 | 3,292 |
| **Current assets** | | | |
| Trade and other receivables | 1,810 | 2,226 | 3,219 |
| Cash and cash equivalents | 3,006 | 2,323 | 2,600 |
| | 4,816 | 4,549 | 5,819 |
| **Total assets** | 9,305 | 8,387 | 9,111 |
| **Equity** | | | |
| Share capital | 1,692 | 1,692 | 1,692 |
| Merger reserve | 11,055 | 11,055 | 11,055 |
| Reverse acquisition reserve | (5,228) | (5,228) | (5,228) |
| Share option reserve | 88 | 61 | 23 |
| Translation reserve | (605) | (661) | (524) |
| Retained earnings | (2,278) | (3,353) | (3,487) |
| Total equity | 4,724 | 3,566 | 3,531 |
| **Non-current liabilities** | | | |
| Deferred tax liability | 88 | 12 | 32 |
| Leases | 192 | 430 | 206 |
| | 280 | 442 | 238 |
| **Current liabilities** | | | |
| Trade and other payables | 1,991 | 2,061 | 2,459 |
| Deferred income | 2,310 | 2,318 | 2,883 |
| | 4,301 | 4,379 | 5,342 |
| **Total liabilities** | 4,581 | 4,821 | 5,580 |
| **Total equity and liabilities** | 9,305 | 8,387 | 9,111 |

See note 5 for further details on the prior period adjustment

## Group Statement of Changes in Equity

For the year ended 31 December 2021

| | Share capital £'000 | Merger reserve £'000 | Reverse acquisition reserve £'000 | Translation reserve £'000 | Retained earnings £'000 | Share option reserve £'000 | Total attributable to owners of parent £'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2021 on prior basis | 1,692 | 11,055 | (5,228) | (839) | (3,175) | 61 | 3,566 |
| Impact of restatement (note 5) | - | - | - | 178 | (178) | - | - |
| Restated balance at 1 January 2021 | 1,692 | 11,055 | (5,228) | (661) | (3,353) | 61 | 3,566 |
| Dividends paid | - | - | - | - | (410) | - | (410) |
| Shares bought back into treasury | - | - | - | - | (316) | - | (316) |
| Share options granted in the year | - | - | - | - | - | 27 | 27 |
| Transactions with owners | - | - | - | - | (726) | 27 | (699) |
| Profit for the year | - | - | - | - | 1,801 | - | 1,801 |
| Foreign exchange differences on translation | - | - | - | 56 | - | - | 56 |
| Total comprehensive income for the year | - | - | - | 56 | 1,801 | - | 1,857 |
| Balance at 31 December 2021 | 1,692 | 11,055 | (5,228) | (605) | (2,278) | 88 | 4,724 |

For the year ended 31 December 2020

| | Share capital £'000 | Merger reserve £'000 | Reverse acquisition reserve £'000 | Translation reserve £'000 | Retained earnings £'000 | Share option reserve £'000 | Total attributable to owners of parent £'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2020 on prior basis | 1,692 | 11,055 | (5,228) | (880) | (3,131) | 23 | 3,531 |
| Impact of restatement (note 5) | - | - | - | 356 | (356) | - | - |
| Restated balance at 1 January 2020 | 1,692 | 11,055 | (5,228) | (524) | (3,487) | 23 | 3,531 |
| Dividends paid | - | - | - | - | (252) | - | (252) |
| Shares bought back into treasury | - | - | - | - | (63) | - | (63) |
| Share options granted in the year | - | - | - | - | - | 38 | 38 |
| Transactions with owners | - | - | - | - | (315) | 38 | (277) |
| Profit for the year | - | - | - | - | 449 | - | 449 |
| Foreign exchange differences on translation | - | - | - | (137) | - | - | (137) |
| Total comprehensive income for the year | - | - | - | (137) | 449 | - | 312 |
| Balance at 31 December 2020 | 1,692 | 11,055 | (5,228) | (661) | (3,353) | 61 | 3,566 |

**Group Statement of Cash Flows**
For the year ended 31 December 2021

| | Year ended 31 Dec 21 £'000 | Restated Year ended 31 Dec 20 £'000 |
|---|---|---|
| Profit before taxation | 727 | 442 |
| **Adjustments for** | | |
| Depreciation | 632 | 439 |
| Profit on disposal of fixed assets | - | (2) |
| Interest expense | 27 | 22 |
| Unrealised foreign exchange differences | 56 | (137) |
| Share based payment charge | 27 | 39 |
| Decrease in trade and other receivables | 416 | 954 |
| Increase / (decrease) in trade and other payables and deferred income | 131 | (953) |
| **Cash inflow from operations** | 2,016 | 804 |
| Tax paid | (13) | (13) |
| **Net cash inflow from operating activities** | 2,003 | 791 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (119) | (200) |
| **Net cash used in investing activities** | (119) | (200) |
| **Cash flows from financing activities** | | |
| Interest paid | (21) | (5) |
| Payment of lease liabilities | (453) | (550) |
| Dividend paid | (410) | (252) |
| Costs of buy back of shares into treasury | (316) | (63) |
| **Net cash used in financing activities** | (1,200) | (870) |
| **Net increase / (decrease) in cash and cash equivalents** | 684 | (279) |
| Cash and cash equivalents at the beginning of the year | 2,323 | 2,600 |
| Exchange differences on cash and cash equivalents | (1) | 2 |
| **Cash and cash equivalents at the end of the year** | 3,006 | 2,323 |

See note 5 for further details on the prior period adjustment

**1. Basis of preparation**

The financial information of the Group set out above does not constitute statutory accounts for the purposes of Section 435 of the Companies Act 2006. The financial information for the year ended 31 December 2021 has been extracted from the Group's audited financial statements which were approved by the Board of directors on 24 June 2022.

The financial information for the year ended 31 December 2021 has been extracted from the Group's financial statements for that period. The report of the auditor on the 2021 financial statements was unqualified, did not include any 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) or Section 498(3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with UK adopted international accounting standards ("IASs") in conformity with the requirements of the Companies Act 2006, the International Financial Reporting Interpretations Committee ("IFRIC"), interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and adopted as at the time of preparing these financial statements, and in accordance with the provisions of the Companies Act 2006 that are relevant to companies that report under UK adopted IASs, this announcement does not itself contain sufficient information to comply with those IASs. This financial information has been prepared in accordance with the accounting policies set out in the 2020 Report and Accounts and updated for new standards adopted in the current year.

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in UK sterling (£), which is the Group's presentational currency.

The Company is a public limited company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by the London Stock Exchange.

The principal activity of Ingenta plc and its subsidiaries is the sale of software and ancillary services.

**2. Profit from operations**

Profit from operations has been arrived at after charging:

| | Year ended 31 Dec 21 £'000 | Restated Year ended 31 Dec 20 £'000 |
|---|---|---|
| Research and development costs | 1,009 | 1,409 |
| Net foreign exchange (gain) / loss | 61 | (138) |
| Depreciation of property, plant and equipment | | |
| - owned assets | 179 | 110 |
| - leasehold property | 133 | 122 |
| - assets under leases | 262 | 107 |
| Amortisation | 58 | 100 |
| Auditor's remuneration | | |
| - audit fees | 74 | 71 |
| - taxation services | 12 | 12 |
| Exceptional non-recurring costs | 5 | 447 |

An analysis reconciling the profit from operations to adjusted EBITDA is provided below.

| | Year ended 31 Dec 21 £'000 | Restated Year ended 31 Dec 20 £'000 |
|---|---|---|
| Profit from operations | 754 | 464 |
| Add back: | | |
| Depreciation and amortisation | 632 | 439 |
| Gain on disposal of fixed assets | - | (2) |
| Exceptional non-recurring costs | 5 | 447 |
| Foreign exchange loss / (gain) | 61 | (138) |
| EBITDA before impairment, amortisation, gain / loss on disposal of fixed assets, foreign exchange gain / loss and exceptional non-recurring costs | 1,452 | 1,210 |

Exceptional non-recurring costs include restructuring costs, premises exit costs, non-recurring professional fees and debt write offs.

**3. Tax**

| | Year ended 31 Dec 21 £'000 | Year ended 31 Dec 20 £'000 |
|---|---|---|
| Analysis of (charge) / credit in the year | | |
| Current tax: | | |
| Current year State tax – US | (10) | (10) |
| Adjustment to prior year charge - UK | (3) | (3) |
| Deferred tax credit | 1,087 | 20 |
| Taxation | 1,074 | 7 |

The Group has unutilised tax losses at 31 December 2021 in the UK and the USA of £16.3m (2020: £15.6m) and \$11.2m (2020: \$14.2m) respectively. These losses have been agreed with the tax authorities in the UK and USA. The Board intends to make use of all losses wherever possible.

Some of the US tax losses are restricted to \$491K per annum as a result of change of control legislation. Losses carried forward from the change of control in April 2008 are restricted and must be used within 20 years. The Board believes the Group will be able to make use of \$7.4m (2020: \$7.7m) of the total unutilised losses at 31 December 2021.

No deferred tax has been recognised in accordance with advice from US tax accountants on the basis that the US losses are restricted and there is uncertainty on the value of losses which will be able to be used.

From 1 April 2023, the corporation tax rate applicable to companies with taxable profits above £250,000 will be 25 per cent. Companies with profits below £50,000 will, however, continue to pay tax at the current rate of 19 per cent. Those with taxable profits between £50,000 and £250,000 will benefit from marginal relief, similar to that which applied before the previous incarnation of the small companies' rate of corporation tax was abolished with effect from 1 April 2015.

The differences are explained below:

| Reconciliation of tax expense | Year ended 31 Dec 21 £'000 | Restated Year ended 31 Dec 20 £'000 |
|---|---|---|
| Profit on ordinary activities before tax | 727 | 442 |
| Tax at the UK corporation tax rate of 19% (2019: 19%) | 138 | 84 |
| Income / expenses not allowable for tax purposes | (16) | 14 |
| Unrelieved losses carried forward | 354 | 245 |
| Utilisation of losses | (529) | (213) |
| Difference in timing of allowances | 56 | (129) |
| Deferred tax movement | (1,087) | - |
| Adjustment to tax charge in respect of prior years | 10 | (8) |
| Total taxation | (1,074) | (7) |

United Kingdom Corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**4. Earnings per share**

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

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary share options. Management estimate 681,000 ordinary shares will be issued (2020: 681,000) in respect of share options. In the current year, this calculation would have an antidilutive effect on earnings per share so has been ignored.

| | Year ended 31 Dec 2021 £'000 | Restated Year ended 31 Dec 2020 £'000 |
|---|---|---|
| Attributable profit | 1,801 | 449 |
| Weighted average number of ordinary shares used in basic earnings per share ('000) | 16,481 | 16,834 |
| Shares deemed to be issued in respect of share-based payments | 670 | 681 |
| Weighted average number of ordinary shares used in dilutive earnings per share ('000) | 17,151 | 17,515 |
| Basic profit per share arising from both total and continuing operations | 10.93p | 2.67p |
| Dilutive profit per share arising from both total and continuing operations | 10.50p | 2.56p |

**Dividends**

On 9th August 2021 the Company paid a final dividend of 1.5 pence per share for the year ended 31 December 2020. On 29th October 2021 an interim dividend of 1 pence per share was paid in respect of the year ended 31 December 2021.

After the year end, the Directors declared their intention to pay a final dividend of 2p for the year ended 31 December 2021, subject to approval at the forthcoming Annual General Meeting.

**5. Prior period adjustment**

An adjustment has been made to the treatment of foreign exchange gains and losses on intercompany balance translation at year end. Previously all intercompany balances were treated as a net investment and on consolidation any exchange gains and losses were recorded in other comprehensive income and recognised in the currency translation reserve in equity. Some of these intercompany balances have subsequently been reclassified as trading balances on the basis that transactions occur between trading entities. The summarised corrections are shown below:

| | Administration expenses £'000 | Retained Earnings £'000 | Translation Reserve £'000 |
|---|---|---|---|
| Prior to 1 January 2020 | | 356 | (356) |
| Year ended 31 December 2020 | (178) | (178) | 178 |

Prior to 1 January 2020, £356K of foreign exchange losses have been reclassified from the translation reserve to retained earnings within equity. For the year ended 31 December 2020, £178K of foreign exchange gains have been reclassified from the translation reserve in equity and recognised in the Statement of Comprehensive Income within administration expenses.

These adjustments have also impacted on the Statement of Cash Flows. The cash and cash equivalents balances remain the same, however, changes are reflected within the profit before taxation and movements in unrealised foreign exchange differences.

The Statement of Changes in Equity has also been restated for the profit in the year and the foreign exchange differences on translation of foreign operations.

The impact on reported basic and diluted earnings per share for the year ended 31 December 2020 was an increase of 1.06p and 1.02p respectively.

**6. Publication of non-statutory accounts**

The financial information set out in this announcement does not constitute statutory accounts as defined in the Companies Act 2006.

The Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity, Group Statement of Cash Flows and associated notes have been extracted from the Group's 2021 statutory financial statements upon which the auditor's opinion is unqualified and which do not include any statement under section 498 of the Companies Act 2006.

Those financial statements will be delivered to the Registrar of Companies following the release of this announcement.

This announcement and the annual report and accounts, including the Notice of Annual General Meeting, are available on the Company's website www.ingenta.com. A copy of the report and accounts will be sent to shareholders who have elected to receive a printed copy with details of the annual general meeting in due course.