

21 September 2022

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 2022.

Financial Key Points

- Group revenues of £5.3m (2021: £5.1m)
- 89% of Group revenues recurring in nature (2021: 85%)
- Gross profit margin 53% (2021: 47%)
- Adjusted EBITDA* up 67% to £1.3m (2021: £0.7m)
- Cash from operations up 26% to £1.6m (2021: £1.3m)
- Cash balances increased to £4.4m (31 December 2021: £3.1m)
- Cash generation of £1.4m (2021: £0.8m)
- Earnings per share of 3.23 pence (2021: 2.25 pence)
- Progressive dividend policy with an interim dividend of 1.2 pence per share (2021: 1 pence)

Operational Key Points

- Two Vista upgrade projects in progress with completion due in second half of 2022
- Edify implementation project commenced and substantially completed in the first half of 2022 vindicating the fast-track deployment model

*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 13 September 2022, Ingenta will be presenting via the Investor Meet Company platform on 21 September 2022 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>.

Dividend Timetable

The Company is pleased to confirm that an interim dividend of 1.2 pence per share will be paid on 4 November 2022. The ex-dividend date is 6 October 2022 and the associated record date for the interim dividend is 7 October 2022.

Martyn Rose, Chairman of Ingenta plc, commented:

"I am pleased to announce not only an increase in revenues in the first half of 2022, but also a continuation of the operational efficiency gains outlined in prior periods. Revenue growth has been delivered by our Commercial division, which has successfully expanded the Vista as a service offering through the customer base. This is an encouraging trend as we look to forge closer alliances with our customers by removing their technology administration overhead allowing them to focus on their core activities.

The Content division has also refined its fast-track deployment of the Edify content distribution platform which we believe is a valuable differentiator in this market. A project can now be rolled out in under 3 months, which we hope to leverage in future sales opportunities.

The Group aims to sustain revenue growth by increasing the uptake of our service offering to existing customers within the core Commercial and Content divisions. In combination with this, there is an active pipeline of sales opportunities in both traditional and adjacent vertical markets. Given these successes, and reflecting our progressive dividend policy, the Board proposes to pay an interim dividend of 1.2 pence per share and continues to explore other opportunities to return value to shareholders."

Scott Winner, CEO commented:

"The first six months of 2022 have been hugely positive for Ingenta, as we reap the rewards of the revised strategic direction put in place several years ago. In particular, our focus on providing more comprehensive services to our Vista customers has increased the value we provide to them, leading to our first period of revenue growth since I became CEO.

Another important achievement was our decision to expand our offering to better cover the full breadth of customers in our markets. With the delivery of our web-based multi-tenancy solutions, we are able to serve customers from the very small, alongside our comprehensive solutions for very large customers in a cost-appropriate way. This expands our ability to serve current verticals, broadening our addressable market while also positioning us for inroads into adjacent verticals.

Our sales and marketing team now have the ability to pursue a broader range of customers allowing us to establish partnerships with customers at an early stage. As they mature, they can grow into our comprehensive offerings targeted at larger businesses."

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.

For further information please contact:

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Centos Securities plc

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Nicholas Wells / Katy Birkin / Dan Hodgkinson

Financial Review

The 2022 financial year is the first period when all the Group's planned efficiency savings came to fruition. In combination with this, the Group has also reported increased revenues compared to the same period last year. This revenue growth has been generated from the Commercial arm of the Group, specifically within the existing Vista customer base, as they take up more recurring services.

Statement of Comprehensive Income

Group revenue increased by 3% to £5.3m (2021: £5.1m) driven by the increased uptake of the Vista service offering mentioned above. As a result, the Group's recurring revenue percentage now stands at 89% (2021: 85%). Gross profit percentages have also improved to 53% (2021: 47%) as the previously reported operational efficiency initiatives take full effect. Administrative expenses include £0.5m of unrealised foreign exchange losses relating to the Group's intercompany balances which are trading in nature. In the prior period interim results, these exchange gains and losses were not included within administration expenses but were offset and included within 'exchange differences on translating foreign operations'. Adjusted EBITDA, after accounting for these exchange differences, increased by 68% to £1.3m (2021: £0.7m).

Total comprehensive income for the period was £1m (2021: £0.4m) which incorporated a net £0.018m foreign exchange translation loss (2021: £0.012m loss).

Statement of Cash Flows and Financial Position

The efficiency gains noted above have flowed through to cash generation and the Group reported operating cash inflows of £1.6m (2021: £1.3m). The Group's balance sheet remains strong, with no debt other than leases, and cash balances of £4.4m (2021: £3.1m).

Outlook

The first half of the year is seasonally stronger and more predictable as customers work through committed projects and annual budgetary spend allocations. Although we expect such work to continue, the timing and extent is less certain in the second half of the year as customers look to align budgets and strategy for the following year. Nevertheless, we remain optimistic about the prospects for this year and beyond, and the Board anticipates that results for the year ended 31 December 2022 will be ahead of current market expectations, taking into account the positive effect of a number of smaller non-recurring items. Looking ahead to 2023, the Board remains cautiously optimistic that the underlying positive momentum of the Group will be maintained.

Jon Sheffield
Chief Financial Officer

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

| | | Unaudited Six months ended 30 June 2022 £'000 | Unaudited Six months ended 30 June 2021 £'000 |
|---|------|---|---|
| | Note | | |
| Revenue | | 5,271 | 5,106 |
| Cost of sales | | (2,497) | (2,692) |
| Gross profit | | 2,774 | 2,414 |
| Sales and marketing expenses | | (367) | (353) |
| Administrative expenses | | (1,861) | (1,673) |
| Profit from operations | | 546 | 388 |
| Finance costs | | (10) | (14) |
| Profit before tax | | 536 | 374 |
| Tax | | (8) | - |
| Retained profit for the period | | 528 | 374 |
| Other comprehensive expenses which will be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations | | 478 | 2 |
| Total comprehensive profit for the period | | 1,006 | 376 |
| Basic profit per share – pence | 4 | 3.23 | 2.25 |
| Diluted profit per share – pence | 4 | 3.12 | 2.16 |

Analysis of profit from operations:

| | | | |
|--|--|-------|-------|
| Profit before net finance costs, tax, depreciation and amortisation, restructuring costs and foreign exchange gains and losses (adjusted EBITDA) | | 1,255 | 748 |
| Depreciation | | (213) | (293) |
| Amortisation | | - | (50) |
| Foreign exchange gain / (loss) | | (496) | (14) |
| Restructuring costs | | - | (3) |
| Profit from operations | | 546 | 388 |

Unaudited Condensed Consolidated Interim Statement of Financial Position

| | Note | Unaudited 30 June 2022 £'000 | Unaudited 30 June 2021 £'000 |
|------------------------------|------|------------------------------------|------------------------------------|
| Non-current assets | | | |
| Goodwill | 3 | 2,661 | 2,661 |
| Other intangible assets | 3 | - | 8 |
| Property, plant & equipment | | 500 | 889 |
| Deferred tax | | 1,163 | - |
| | | <hr/> 4,324 | <hr/> 3,558 |
| Current assets | | | |
| Trade and other receivables | 5 | 1,150 | 1,434 |
| Cash and cash equivalents | | 4,413 | 3,102 |
| | | <hr/> 5,563 | <hr/> 4,536 |
| Total assets | | <hr/> 9,887 | <hr/> 8,094 |
| Equity | | | |
| Share capital | | 1,692 | 1,692 |
| Merger reserve | | 11,055 | 11,055 |
| Reverse acquisition reserve | | (5,228) | (5,228) |
| Translation reserve | | (127) | (837) |
| Share option reserve | | 107 | 80 |
| Retained earnings | | (1,750) | (2,982) |
| | | <hr/> 5,749 | <hr/> 3,780 |
| Non-current liabilities | | | |
| Deferred tax liability | | 88 | 2 |
| Leases | | 77 | 336 |
| | | <hr/> 165 | <hr/> 338 |
| Current liabilities | | | |
| Trade and other payables | 6 | 1,856 | 1,817 |
| Deferred income | | 2,117 | 2,159 |
| | | <hr/> 3,973 | <hr/> 3,976 |
| Total equity and liabilities | | <hr/> 9,887 | <hr/> 8,094 |

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

| | Share capital | Merger reserve | Reverse acquisition reserve | Translation reserve | Share option reserve | Retained earnings | Total |
|---|---------------|----------------|-----------------------------|---------------------|----------------------|-------------------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 January 2022 | 1,692 | 11,055 | (5,228) | (605) | 88 | (2,278) | 4,724 |
| Share based payment expense | - | - | - | - | 19 | - | 19 |
| Transactions with owners | - | - | - | - | 19 | - | 19 |
| Profit for the period | - | - | - | - | - | 528 | 528 |
| Other comprehensive income: | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | 478 | - | - | 478 |
| Total comprehensive income / (expense) for the period | - | - | - | 478 | - | 528 | 1,006 |
| Balance at 30 June 2022 | 1,692 | 11,055 | (5,228) | (127) | 107 | (1,750) | 5,749 |

| | Share capital | Merger reserve | Reverse acquisition reserve | Translation reserve | Share option reserve | Retained earnings | Total |
|---|---------------|----------------|-----------------------------|---------------------|----------------------|-------------------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 January 2021 | 1,692 | 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 | - | - | - | - | 19 | (181) | (162) |
| 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 | - | - | - | 2 | - | 374 | 376 |
| Balance at 30 June 2021 | 1,692 | 11,055 | (5,228) | (837) | 80 | (2,982) | 3,780 |

Unaudited Condensed Consolidated Interim Statement of Cash Flows

| | Unaudited Six months ended 30 June 2022 | Unaudited Six months ended 30 June 2021 |
|--|--|--|
| | £'000 | £'000 |
| Profit before tax | 536 | 374 |
| Adjustments for: | | |
| Depreciation and amortisation | 213 | 343 |
| Share based payment expense | 19 | 19 |
| Interest expense | 10 | 14 |
| Unrealised foreign exchange differences | 478 | 2 |
| Decrease in trade and other receivables | 660 | 784 |
| Decrease in trade and other payables | (308) | (260) |
| Cash inflow from operations | 1,608 | 1,276 |
| Tax Paid | (8) | - |
| Net cash inflow from operating activities | 1,600 | 1,276 |
| <u>Cash flows from financing activities</u> | | |
| Shares bought back into treasury | - | (181) |
| Payment of leases | (135) | (239) |
| Interest paid | (10) | (14) |
| Net cash used in financing activities | (145) | (434) |
| <u>Cash flows from investing activities</u> | | |
| Purchase of property, plant and equipment | (48) | (63) |
| Net cash used in investing activities | (48) | (63) |
| Net increase in cash and cash equivalents | 1,407 | 779 |
| Cash and cash equivalents at beginning of period | 3,006 | 2,323 |
| Cash & cash equivalents at end of period | 4,413 | 3,102 |

Notes to the Unaudited Interim Report for the six months ended 30 June 2022

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 Suite 2, Whichford House, Oxford OX4 2JY. The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 21 September 2022.

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 2021, 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 2022. They have been prepared following the recognition and measurement principles of UK adopted international accounting standards 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 2021.

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 2021.

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 2021.

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 2022 | Six months ended 30 June 2021 |
|---|--|--|
| Attributable profit (£'000) | 528 | 374 |
| Weighted average number of ordinary basic shares (basic) | 16,331,679 | 16,625,214 |
| Weighted average number of ordinary shares (diluted) | 16,933,230 | 17,306,459 |
| Profit per share (basic) arising from both total and continuing operations | 3.23p | 2.25p |
| Profit per share (dilutive) arising from both total and continuing operations | 3.12p | 2.16p |

5. Trade and other receivables

Trade and other receivables comprise the following:

| | 30 June 2022 £'000 | 30 June 2021 £'000 |
|---|-------------------------------|-------------------------------|
| Trade receivables – gross | 834 | 1,148 |
| Less: provision for impairment of trade receivables | (101) | (142) |
| Trade receivables – net | 733 | 1,006 |
| Other receivables | 4 | 76 |
| Prepayments and accrued income | 413 | 352 |
| | <u>1,150</u> | <u>1,434</u> |

6. Trade and other payables

Trade payables comprise the following:

| | 30 June 2022 | 30 June 2021 |
|---------------------------------|---------------------|---------------------|
| | £'000 | £'000 |
| Trade payables | 299 | 211 |
| Social security and other taxes | 337 | 383 |
| Other payables | 522 | 631 |
| Accruals | 698 | 592 |
| | <hr/> | <hr/> |
| | 1,856 | 1,817 |
| | <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.