ingenta

Annual Report
For the year ended 31st Dec 2022

Registered number 00837205

The Directors submit to the members their report and accounts of the Group for the year ended 31 December 2022.

Directors and Advisors

Executive Directors
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J R Sheffield, Chief Financial Officer

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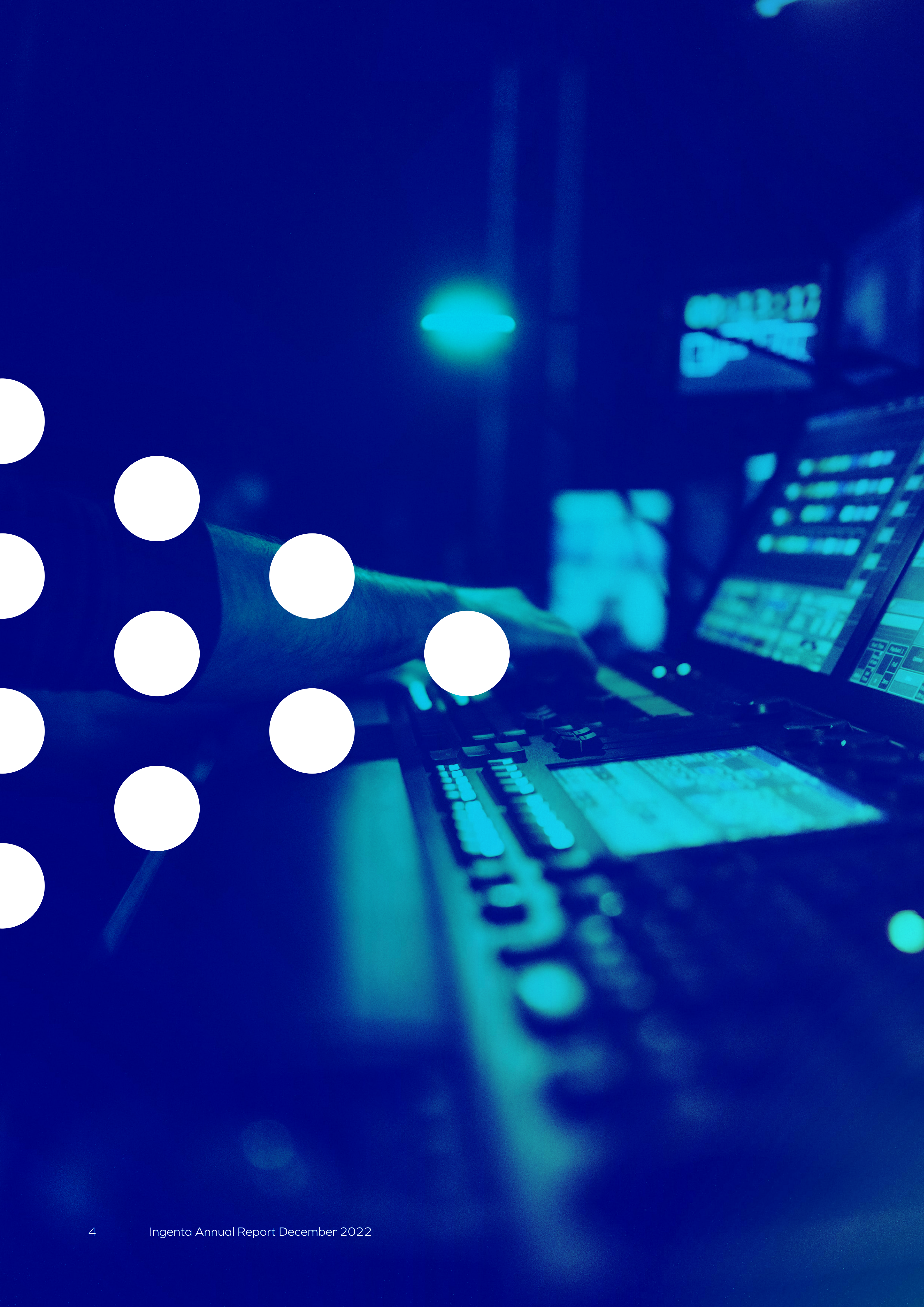


Contents

Born from the publishing industry, Ingenta provides mission critical software and service solutions which enable content and media providers to make the most of their intellectual property.

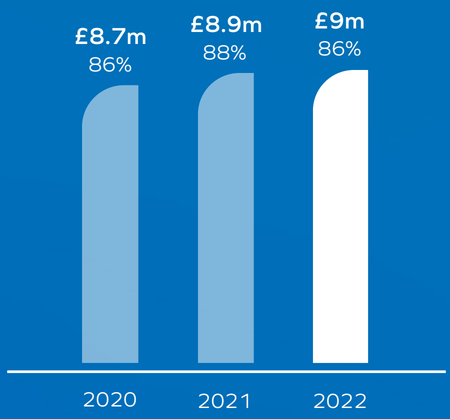
Ingenta build and support websites to distribute and control online content along with back-end software to handle the complexities of Intellectual Property rights and royalty management.

We support a full spectrum of clients ranging from global publishing giants to academic and trade publications, right through to prestigious NGO's and established music record and media labels.

Whether through our back-end management systems or front-end website delivery platforms, our technology is format agnostic, enhances discoverability through metadata best practices or semantic enrichment, and enables new opportunities to monetise intellectual property - from full rights management and acquisition to content fragmenting and bundling.

We understand our clients' business and the demands of their industries, and work with them to implement solutions to their problems. Our software and services are designed to harness evolving technology and exploit future opportunities, which when combined with our extensive industry knowledge, makes Ingenta the complete business partner.

Highlights

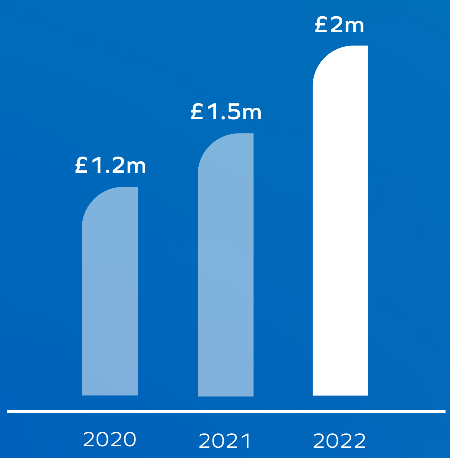


Annual Recurring Revenue

Annual Recurring Revenue (ARR)* of **£9m** representing

86% of total revenue

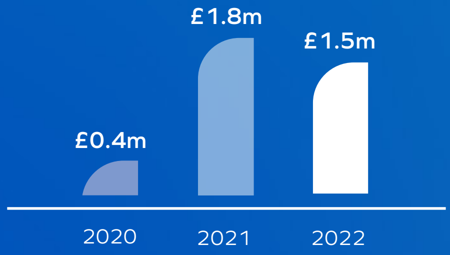
(2021: £8.9m, 88% 2020: £8.7m, 86%)



Adjusted EBITDA

Adjusted EBITDA** of **£2.0m**

(2021: £1.5m 2020: £1.2m)



Profit for the year

Profit for the year*** of £**1.5m**

(2021: £1.8m 2020: £0.4m)

Operational Key Points

Revenues

Revenues **increased 4%** to **£10.5m** (2021: £10.1m 2020: £10.2m) reflecting a focus on core software offerings

Operating cash

Operating cash inflows **increased 25%** to **£2.5m** (2021: £2.0m 2020: £0.8m)

Cash balance

Cash balances at year end of **£2.4m.** The adjusted cash balance prior to share purchase costs was **£4.6m** (2021: £3.3m 2020: £2.4m)

Dividend

Full year dividend **increased 15% to 3.45 pence** (2021: 3 pence 2020: 3 pence)

Earnings per share

Earnings per share of **9.02 pence** (2021: 10.93 pence 2020: 2.67 pence). The earnings per share has been impacted by a tax credit of **£0.3m** in the year (2021: £1.1m 2020: nil)

Upgrade path

Two significant customers transitioned along a defined upgrade path from Ingenta Connect to Edify. The product upgrade path allows customers to add functionality to their software as they grow and evolve over time.

Service expansion

Expertise and success in offering managed and hosting services in our Commercial unit is now available throughout the business. These services incorporate a wider remit over a customer's technology environment and management of their Ingenta application.

Business Development

Expansion of sales and marketing efforts with a focus on leveraging revenue gains made in 2022. The Group will be adding key skills and experience to the existing teams in order to improve sales conversion rates in strategic markets.

* 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. A calculation is provided in note 5 to the accounts. Adjusted EBITDA is a key performance measure included within published broker forecasts.
*** Profit for the year in 2022 includes a £0.3m deferred tax credit (2021: £1.1m)

Ingenta products - designed to manage your intellectual property

Ingenta Commercial

The Ingenta Commercial framework provides a range of applications designed to manage your intellectual property assets and published content. Combining the best business solutions for both print and digital products, including full management of IP assets, Ingenta Commercial allows businesses to control how their assets get to market .

- Rights Management – contracts and sub rights
- Royalty calculation
- Product management
- Online Sales & Marketing
- Digital & Print Distribution
- Subscription Management

Ingenta Content

Our Ingenta suite of content distribution platforms enable publishers of any size, discipline or technical proficiency to convert, store, deliver and monetise digital content.

- Online Platforms
- Semantic Enrichment
- Mobile
- E-commerce
- Access Entitlement

Ingenta Advertising

Our advertising solution is a complete, browser-based multimedia advertising, CRM and sales management platform for content providers. With the ability to sell and track digital and print ads in a single system, maximise the value of your audience with streamlined ad sales, packaged ad buys and multi-channel campaigns, generating new revenues from previously untapped sources.

- Multimedia bookings
- Packages and bundles
- Inventory management
- Finance/credit control
- CRM

Publishers Communication Group

Publishers Communication Group (PCG), is an internationally recognised sales and marketing consulting firm providing a range of services designed to support and drive clients' sales strategy. PCG has advocated for scholarly publications and digital content around the world for over a quarter of a century.

The Ingenta Commercial suite is an ERP solution which supports any product or item of intellectual property from ideation, contract management and rights acquisition through to final sale.

The Ingenta Commercial solution is configurable to specific industry requirements be that book publishing, music or wider film and media applications.

The Commercial product family includes the following modules and functionality:

Product Management

This module helps manage product processes and control workflow. It provides a central repository in which core product data, associated assets and rights can be stored and organised.

Rights acquisition and management

Managing electronic rights, sub rights, fragments and permissions, the rights element ensures that content owners get the most from their assets, no matter the size, format, or fine details of the transaction. Functionality includes:

- Real-time visibility of rights inventory
- Complete tracking of expiration, publication, and sales histories
- Support for chapter, image, and fragment sales
- Full downstream management of rights income

In addition, the module manages the full IP lifecycle, ensuring legal issues, from territorial rights and marketing obligations to supply chain management and insurance, are properly considered and consistently administered. Rights management underpins the system and enables consistency and compliance across your organisation, to avoid potentially costly disputes.

Royalties management

The royalties module enables customers to calculate complex royalties quickly, easily and with confidence, and provides authors with a self-service interface. This allows customers to better serve their authors, musicians, contributors, artists and any other rights owners from initial contract to final payment. The royalties module handles the complexities and nuances of today's most creative deals across many different industries including, but not limited to, publishing, music and film.

Order to Cash

The Order to Cash application allows customers to package, market, sell and deliver intellectual property in a multitude of formats with extensive data tracking and integration capabilities.

Ingenta Aperture

Ingenta Aperture allows user friendly access to data which can be accessed on demand, regardless of where the information is stored. Access rights can be set to make sure sensitive information is shared on a 'need to know' basis. This allows business to share insights, securely, on their own terms. Typical uses include:

- Intellectual property owners accessing royalty statements
- Detailed product, pricing, bundling and order information; on demand for bookstores
- Metadata access for project contributors
- On-the-go access for representatives

Vista

An enterprise level product family designed specifically for larger publishers which provides a range of applications enabling Book Fulfilment, Subscription Management, Third Party Distribution and Royalties Management.

Our Content distribution products deliver over 700 million page views and data requests per year, providing our customers with the means to distribute their published content to consumers under the commercial charging model that suits them.

Working closely with a number of organisations including Google Scholar, we are able to make sure the content is distributed as widely as possible.

The Ingenta Content products are used by organisations ranging from small academic journal publications through to prestigious non-governmental organisations, These products enable publishers of any size, discipline, or technical proficiency to convert, store, deliver, and monetise digital content.

Ingenta Edify

The Ingenta Edify platform is a custom hosting solution that supports and delivers all the information a data provider will publish. The solution has been built from the ground up using a powerful combination of industry standard architecture and semantic web technologies. Ingenta Edify maximises the visibility, usage, and value of publishers' content via semantic enrichment while optimising content licensing around flexible E-commerce and access controls regardless of format or type.

- Provides seamless access to all content in all its formats
- Harnesses semantic discovery and drives usage with intuitive routes into research
- Allows content to be repackaged easily to experiment with new business models
- Delivers content via desktop, tablet, or smartphone
- Uses sophisticated access control

Ingenta Connect

Ingenta Connect hosts content for around 140 publishers and is the home of scholarly research. Academics and students from over 25,000 registered institutions around the world have access to tens of thousands of publications, leading to an average of 32 million page views per year, delivering over 200,000 downloads per month. Our multi tenancy e-publishing package is a turn-key platform solution and a proven channel to get content online quickly, easily and affordably. Users of Ingenta Connect leverage the breadth and scale the platform has built in terms of audience and archived content.

On Ingenta Connect, there is a broad spectrum of cost-effective services to choose from, whether a publisher is taking content online for the first time, looking to increase revenues through online activity or thinking of creating a custom-branded website.

- Data conversion & enhancement
- Secure web hosting
- Flexible E-commerce
- Linking and distribution
- Ahead-of-publication solutions
- Continuous publishing models
- Collection bundling and Virtual Publication creation
- Archival Digitisation and delivery

Ingenta Connect Unity

The Ingenta Connect Unity option provides publishers with a branded view of Ingenta Connect. It is ideal for publishers wanting to utilise all the features the Ingenta Connect platform offers through their own website.

Ingenta Advertising is used by a variety of consumer, broadcast and media customers to manage and control their advertising activities.

Ingenta ad DEPOT

Ingenta ad DEPOT is a complete, browser-based multimedia advertising, CRM and sales management platform for content providers. With the ability to sell and track digital and print ads in a single system, publishers can maximise the value of their audience with streamlined ad sales, packaged ad buys and multi-channel campaigns, generating new revenues from previously untapped sources.

Ingenta ad DEPOT manages:

- CRM
- Multimedia bookings
- Packages and bundles
- Inventory management
- Traffic
- Finance/credit control

Ingenta Market Place

Ingenta Market Place provides a means for suppliers to book advertising space(s) on a retailer's website. This enables the retailer to easily view, select and confirm optimum suppliers' product(s) for each position, to maximise revenues. One of our customers, J Sainsbury plc, is successfully using this platform.

PCG has advocated for scholarly publications and digital content around the world for over a quarter of a century.

Publishers Communication Group (PCG), an Ingenta company, is an internationally recognised sales and marketing consulting firm providing a range of services designed to support and drive clients' sales strategy.

Experience

Now in its fourth decade, PCG has helped publishers launch sales and marketing efforts in new regions, shore up existing business, conduct market research and analysis, and negotiate lucrative consortia deals. Our established network of faculty, library selectors, consortia leaders and end-users, paired with our seasoned, multilingual sales teams makes us an ideal partner for a publisher of any size.

Connections

PCG team members have held positions at academic and medical libraries, subscription agents and publishers including, Wiley, Mango Languages, OCLC, Ingram, Lyrasis, LexisNexis, the MIT Press, Elsevier, Cengage, NEJM, JBJS, Forrester Research, Sage, and Taylor & Francis, resulting in over 200 years of collective industry experience. Their extensive global network includes tens of thousands of library selectors from academic, corporate, medical libraries and consortia worldwide.

Trusted Partner

PCG clients include commercial publishers, non-profit associations and electronic services providers. Publishers trust that we will promote their content to the right people and in the most impartial manner possible by providing measurable results and explicit data to help justify marketing expenditure.

Global Reach

PCG's multilingual team consistently develops new relationships with key decision-makers across the world.

2022 has been a significant year for the Group, in that it layers revenue growth onto the previously reported successes made in streamlining and optimising operations to drive efficiency.

These results are enormously encouraging given the uplift in all our key profitability measures and give a hint of the potential for the business going forward. The revenue growth demonstrates the resonance of our offering with customers and provides further insight into future opportunities.

Within the Commercial business, growth has been driven by our wrap around service offering which is designed to take technology and resourcing concerns away from customers and allow them to concentrate on their core activities. Examples of this include our expertise in deploying tailored hosting environments for our software solutions. This has been a real success story and has been taken up by several key customers, and we hope more will follow. Furthermore, we have also supplied additional recurring managed services resource to take on peripheral technology routines and services to support the customer's chosen deployment. Looking forward, although some of these activities are already prevalent in the Content business, we have identified opportunities to cross sell the managed service offering to target specific data management and reporting routines customers seek to outsource.

The Content business had a slightly different flavour of success in 2022. Here, we industrialised the upgrade path of our solutions and successfully migrated two significant Ingenta Connect customers onto our enterprise focussed Edify solution. This is an important opportunity for the Group as it allows our customers to grow with us, adding features and functionality at a time that suits them. In addition to these upgrades, the Content business also added a new US customer within the wider trade organisation space and this diversification away from traditional publishing markets towards trade associations and NGOs remains a strategic objective for the Group.

Shareholders' returns and dividends

Ingenta successfully returned £2.07m of cash to shareholders by way of a tender offer completed in November 2022. A total of 1,796,484 Ordinary shares were repurchased and cancelled at a fixed price of 115 pence. The Group also paid an interim dividend of 1.2 pence per share (2021: 1 pence) and the Directors declared their intention to pay a final dividend of 2.25 pence per share (2022: 2 pence) subject to approval at the forthcoming AGM. The Board remains committed to generating shareholder value by a combination of capital appreciation, share buybacks and dividend payments.

Outlook

The results for 2022 has demonstrated the Group's ability to leverage its sound fundamentals and drive returns for all stakeholders. In that respect, I'm pleased to report that the business has stepped up its activities in business development and is enhancing its sales and marketing teams to build on 2022's growth. The Group believe this growth will be driven by its Content and Commercial business units which offer a broad spectrum of products and services which are applicable to both new and existing customers. Additionally, the target markets are widening as an increasing number of organisations look to better manage their intellectual property and our sales pipeline activity fully reflects this.

M C Rose
Chairman
10 May 2023

Ingenta is a provider of mission critical software and services to the publishing sector, with growth aspirations in adjacent industries.

Business Strategy

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. The Group's conChord solution is designed for the music industry and has already been deployed and we believe there are further opportunities in other verticals where IP management is an increasing concern for customers.

Reported revenues increased by £0.6m to £7.3m (2021: £6.7m) driven by the increased uptake of hosting consultancy services and the Group's managed service revenue stream which aims to provide peripheral support for customers wishing to outsource internal IT activities. As anticipated, this increased the proportion of revenues that are recurring in nature from £6.1m to £6.4m. Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA - see note 4) increased from £0.78m to £1.62m. This marked improvement has been achieved via a number of factors. Firstly, operations have been optimised so that activities can be completed as efficiently as possible. Furthermore, improvements have been made to reduce the support burden which had been evident in prior years. Also, as mentioned in the Ingenta Content section below, there was a review and reallocation of group costs relating to each business units consumption of cloud based infrastructure.

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 decreased slightly from £2.4m to £2.3m largely as a result of new sales taking longer to convert in 2022. Two of the three new implementation projects only started earning revenue in Q4 although this will add to reported revenue in 2023. Importantly, two of the new implementations were upgrade projects for existing customers wanting to migrate from Ingenta Connect to Edify which ensures the Group can accommodate its customers as they grow. Adjusted EBITDA (see note 4) decreased from £0.5m to £0.2m and was a result of the lower new sales and a reallocation of group costs relating to shared cloud infrastructure.

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. Revenue declined to £0.6m (2021: £0.8m) as project work was restricted in the year as customers held back on system enhancements due to economic uncertainty. Adjusted EBITDA for the advertising division (note 4) decreased marginally from £0.24m to £0.16m, largely as a result of declining revenue.

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 was stable at £0.3m (2021: £0.3m). The divisions business is driven from sales commission and retainer fees both of which remained consistent over the periods. As expected, adjusted EBITDA (note 4) was stable at a loss of £0.1m. The Group's policy is to make use of PCG resources to enhance 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 business units and will fold into Ingenta Content and Ingenta Commercial.

Financial Performance

Group revenue increased to £10.5m (2021: £10.1m) with the recurring element calculated at £9.0m or 86% (2021: £8.9m and 88%). Although revenue has increased, the Group's cost of sales declined from £5.5m to £5.3m as the previous actions taken to streamline operational efficiency became fully functional. Consequently, gross profit increased to £5.1m (2021: £4.7m).

Sales and marketing spend was stable at £0.7m but is expected to increase in 2023 as the Group seeks to build on the sales momentum achieved this year. Administrative costs have also remained broadly stable at £3.2m helping deliver profit from operations of £1.2m (2021: £0.8m).

No significant tax charge is anticipated for 2022 as the Group continues to utilise brought forward tax losses. Going forward, the Group estimate they will be able to use £15.4m and $6.7m of the available tax losses in the UK and US (see note 8 for further details). Additionally, the Groups assessment of its deferred tax asset relating to these losses increased, generating a tax credit in the year of £0.3m (see note 18 for further details).

Financial Position

Non-current assets include goodwill and intangibles recognised on historic acquisitions. In 2022, 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 2022. Property, plant and equipment reductions are a direct result of the Group's infrastructure strategy which has seen the Group leverage more Cloud based services and reduce its physical business premises. The Group's deferred tax asset has also been recalculated and increased based on the current assessment of trading performance and utilisation of available tax losses.

Current assets have decreased from £4.8m to £4.2m. This reduction in current assets is due to lower year end cash balances after using approximately £2.2m on the tender offer which partially offset strong operating cash inflows of £2.5m.

Total liabilities have increased from £4.6 to £4.9m driven by increased deferred revenue in the year. Deferred revenue increases relate to additional invoiced Ingenta Commercial project work which will be recognised in 2023.

Cashflow

The Group performed strongly generating a cash inflow from operations of £2.5m compared to £2.0m in 2021. The Group restructuring has improved efficiency and margins which flows through to cash generation. Additionally, significant historic leasing commitments are nearing completion which benefited cashflow, and will have further incremental benefits in 2023. Outside of normal operational activity, the Group has paid dividends of £0.5m (2021: £0.4m) and completed a share repurchase which amounted to an outflow of £2.2m (2021: £0.3m). Closing cash balances were £2.4m (2021: £3.0m)

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 5 for calculation) versus budget
- Group cashflow versus budget
- Sales pipeline growth and conversion analysis
- Time utilisation statistics

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

Full year revenues were below budget because of delays in delivering new sales. To try and rectify this, the Group have revisited the sales and marketing plans to strengthen the teams in certain areas and align skills and activity to the opportunities existing in the sales pipeline.

Adjusted EBITDA was higher than budget as the Group delayed staff hiring activity whilst it reappraised its sales and marketing strategy. These plans were firmed up later in the year but execution will not be fully complete until later in 2023.

Year-end cash balances were £0.5m below budget reflecting the unplanned tender offer expenditure only being partially offset by strong operating performance.

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 at the end of March 2023 of over £1.7m and no debt beyond leasing arrangements. The new business structure is now firmly in place allowing profitable operations to continue whilst offering capacity to grow. 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 2024.

Although the threat of Covid has receded, there remains an element of caution in the wider economy that adds uncertainty to financial forecasting and modelling. These cautionary factors include conflict in Ukraine and a pessimistic view of economic activity in the UK. However, at an operating profit level, the Group's results so far in 2023 have been better than budget. In addition, sales pipeline activity is strong and although timing of new sales wins is inherently uncertain, the Board are confident targets are achievable. The Group continues to embrace established flexible working practices which have been successful in mitigating Covid restrictions without any significant impact to services. The Group have no direct customer or supplier relationships in Ukraine or Russia but remain vigilant of any wider impact on the business. 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

After a period of transition, Ingenta has successfully combined revenue growth with operational efficiency. We believe this growth to be sustainable and now spans a broader range of customers in both traditional and adjacent markets. Combined with a fully referenceable product set, and investment in our sales and marketing teams, the Group is increasingly confident that it has the necessary structure in place to capitalise on a growing pipeline of sales opportunities.

On behalf of the Board.

J Sheffield
Chief Financial Officer
10 May 2023

The Directors continually monitor the operations of the business and take decisions to promote the success of the Group for the benefit of all its members.

As described in the Business Strategy section of the Financial Review, the Directors have selected a business model and operational structure designed to maximise the effectiveness of the business for all stakeholders. The likely consequences of any decisions are modelled to provide assurance that they are in the long-term interest of stakeholders and, as detailed in the Corporate Governance Report included in the 2022 Annual Report, risk management and internal controls are a key oversight to ensure objectives are met. The Group have also adopted the QCA Corporate Governance code which is designed to foster strong relations with all stakeholders and details are included on the Group's website. In addition to our shareholders, the Board considers the employees, customers and suppliers to be critical to the long-term success of the business.

Shareholder engagement

The Board is committed to maintaining active dialogue with its shareholders to ensure that its strategy, business model and performance are understood. The AGM is the main forum for dialogue between retail shareholders and the Board. The notice of the AGM is sent at least 21 days before the meeting which is held at the Group's Head Office and all Board members routinely attend. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. During the meeting, the Board members are available to answer any questions raised by shareholders. The results of the AGM are subsequently published via a Regulatory Information Service and on the Company's corporate website. The Chief Executive Officer and Chief Financial Officer are primarily responsible for shareholder liaison and can be contacted on 01865 397 800. The executive management make presentations to institutional and retail shareholders and analysts each year following the release of full year and half year results. Conversations, when requested, are also held at other points in the year. The corporate website also includes details of recent annual and interim results and all of the Group's RNS and

RNS Reach announcements. The Board and Executive management team have shareholdings and share options in the Group which are designed to align the goals and decisions made on behalf of all shareholders. Dividend policy and strategies to increase shareholder value are key considerations.

Employee engagement

Staff are invited to Companywide meetings where the Executive Team share information and updates on strategy and recent news. At these meetings, there is also a forum where all members of staff can ask questions. Ingenta also retain an independent HR resource to ensure all HR issues are dealt with in accordance with best practice and all rules and regulations are adhered to. Decisions made which affect staff are opened up to feedback. An example of this being the return-to-work policy after Covid restrictions which promoted a consideration of individual circumstances and requests.

Customer engagement

The Group has many customers of differing sizes and complexity with a variety of requirements. To best service them, the business has rolled out a new operating model to standardise its approach to all customers and provide a consistent level of service and support. The business also keeps regular contact with customers via account managers and user groups where demand exists so that our customers can feed back any issues, share experiences and help shape the development of our products. Each quarter software releases are made available and the Group considers the impact on customers by scheduling in convenient times for upgrades and also allowing change requests where appropriate. To ensure the business is keeping abreast of wider industry challenges, we actively participate in a variety of annual trade events.

Supplier engagement

The Group makes every effort to ensure our suppliers are treated fairly and paid on time and on average they are paid within 27 days. Ingenta opposes modern slavery in all its forms and endeavours to make sure any concerns raised are investigated. Where offshore resourcing is used, the business meets the suppliers prior to contract signing to satisfy itself that they are operating in a responsible manner. Where appropriate, the Group have contracts in place which ensure clarity over the terms of the engagement.

Company culture

The Board and senior management expect everyone in the company to act in a responsible and ethical manner because the reputation of the business is key to our success. The Group does not let cost concerns override its ethics and behaviour. For example, we only contract with offshore resourcing entities who commit to fair working practices. The Company is committed to minimising negative environmental impact in terms of energy usage at our offices, digitising our content and using responsible methods to dispose of electrical equipment. The Company and staff are also active in the local community supporting charities and sponsoring good causes. Feedback from all stakeholders allow the Board to monitor the Company's culture, as well as the ethical values and behaviours within the business.

The Group's new operating structure has fostered teams with interchangeable skills across the product offerings and technology stacks which, along with remote working, provides a more flexible staffing model better equipped to deal with illness and absence.

Economic and political uncertainty

The current global and domestic UK economic environment adds uncertainty to future projections and planning. From a Group revenue perspective, this adds uncertainty because customers may delay or cancel decisions on new and discretionary spend until there is greater clarity. High inflation rates in the UK put pressure on input prices for goods and services which do not always align with the timing of the Group's revenue renewal cycle meaning margins can be impacted. To mitigate input price inflation, the Group has streamlined its infrastructure and related energy consumption requirements. Additionally, bulk buying and pre purchasing options can be taken to obtain better prices for ongoing services. The Group has no debt beyond fixed interest leasing arrangements, therefore interest rate increases are not currently an issue.

The conflict in Ukraine and political unrest has not been identified as a key risk. The Group have no customers in Ukraine and Russia and current sanctions are not unduly affecting direct supplies of goods or services. Inflation resulting from the conflict, as mentioned above, is having some impact but is being monitored and mitigated wherever possible.

The Group has modelled various potential future scenarios including restrictions in new sales activity, reduced customer discretionary spend and higher inflation and predict the business will continue to operate profitably with sufficient working capital headroom.

Sales risk

The major risks for future trading are converting sales of the Ingenta Content and Commercial product suite. Most of the business costs are fixed in the medium-term, being people and premises costs, and therefore there is a risk to Group profitability when budgeted revenue is not delivered as cost reductions will lag behind revenue reductions. To mitigate against this, management have reduced the fixed cost elements of the business by streamlining physical location costs. Management also undertakes detailed monthly revenue forecasting and assesses risk on an ongoing basis. Customer procurement processes remain difficult to predict, and any delays during contract negotiation will impact on the timing of project commencement and the level of revenue that can be recognised in the year. This is considered a principal risk for the business.

Project risk

There are two principal project risks: risk of fixed priced projects running over and the risk on all projects where there is development required that we are unable to deliver to the specification agreed.

Fixed price project risk relates to the accuracy of project estimates and the time it will take to complete the tasks as specified in the customer contract. Management mitigate this risk by hiring the best staff who are able to estimate projects accurately and by building in a contingency to fixed priced contracts. Management also closely monitor contracts to ensure all work performed is in accordance with the agreement and any new requests are separately contracted for. Management further mitigate the risk by taking on new projects on a time and materials basis wherever possible. Projects requiring bespoke development also carry the risk that the development will not be able to be delivered in the way envisaged at the time of contract. Management take care to fully scope these development projects and use developers who understand the products and the complexities of building bespoke elements. This is considered a principal risk for the business.

IT risk

Internal IT services are deployed onto fault tolerant platforms and spread over multiple locations including the Group's offices, co-location facilities, Infrastructure as a Service (IAAS) and Office365. Regular backups and securing of data offer multiple restore points in the event of a critical failure outside of the scope of the in-built resilience. E-mail is a cloud-based deployment that staff can access from any working PC/smart phone. Staff have access to cloud-based storage (OneDrive) in addition to co-location deployed file servers where data cannot be stored in e-mail. Key staff have mobile phones and access to resilient telephony services for the purposes of contacting each other and customers. Through remote working staff can access their data and customer sites in the event that it was not possible to gain access to our offices.

Customer facing services are monitored for both stability and performance and wherever possible proactive maintenance is undertaken to avoid performance problems and/or downtime. All customer deployments are done to fault tolerant hardware either in one of our co-location facilities or to a cloud-based service, both offering high levels of resiliency and multiple, redundant access. Cyber security and data protection are considered within the Group's IT risk. A rolling quarterly cyber security training program has been rolled out to all employees making them aware of current threats and guiding them on the correct actions to take. Data protection considerations are built into the IT infrastructure with internal data held securely and access restricted as necessary. For customer deployment risks, where Ingenta host data, the Group build in standard protection which can be further tailored for individual customer requirements. The Group's business continuity plan is available from multiple locations and is regularly updated to cover new services and deployments.

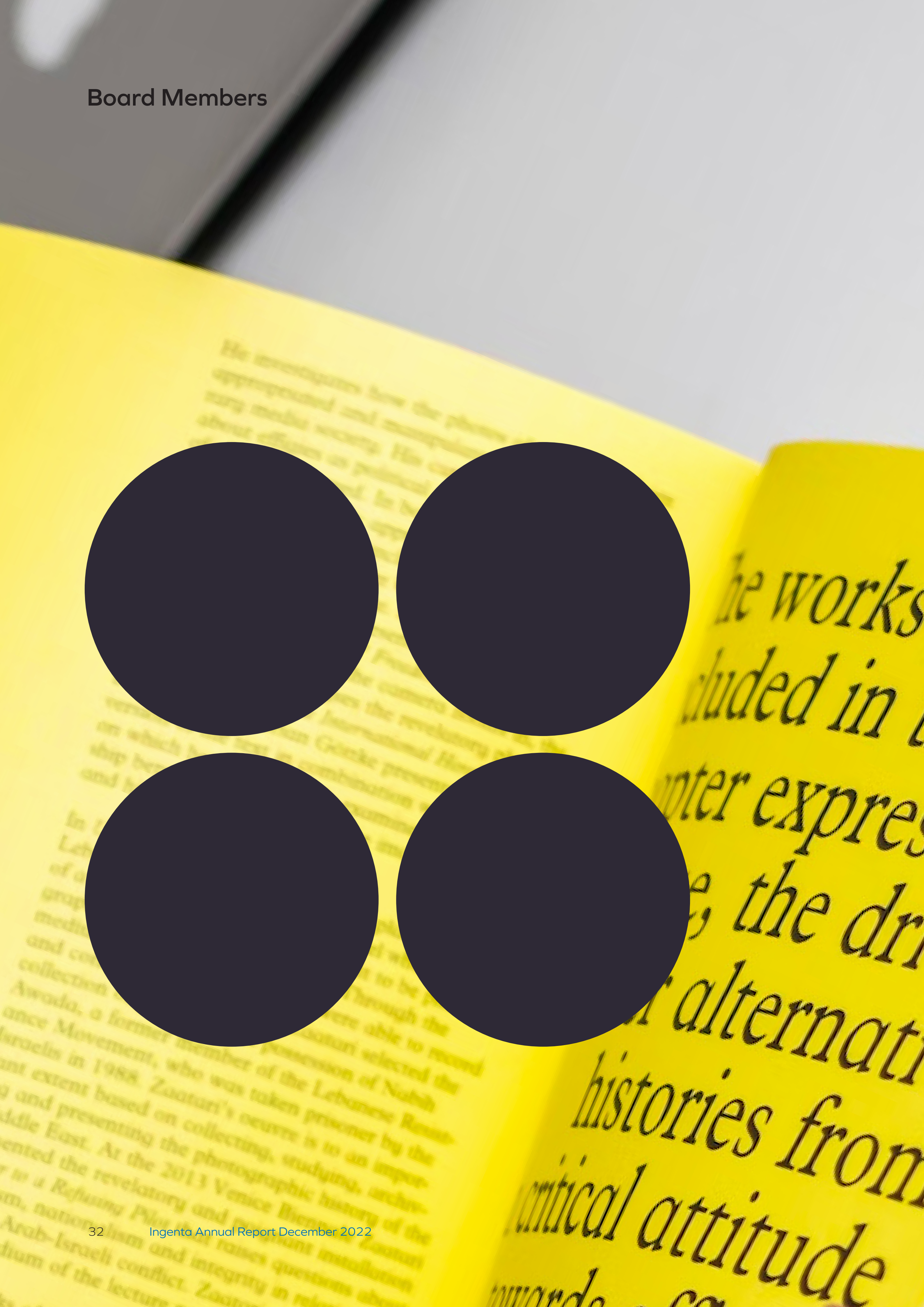
Foreign exchange risk

The Group operates internationally creating an exposure to changes in foreign currency exchange rates. The risk is mitigated by matching of foreign currency receipts and payments wherever possible.

HR risk

In a company with a high proportion of people-based revenue there is a risk of key staff leaving or being absent through sickness. This is mitigated by having appropriate notice periods built into employee contracts and ensuring there is adequate coverage for all staff roles with no individual solely responsible for significant revenue generation. Further, the Group now embraces a flexible working policy designed to augment basic pay and conditions which is seen as an important retention incentive.

Board Members



Scott Winner

Chief Executive Officer

As CEO, Scott Winner builds and drives the organisation to deliver successfully across all areas of Professional Services, Research and Development, Customer Service and Service Delivery. Scott is responsible for overseeing and evolving how Ingenta creates and delivers new products, for deploying its innovations to customers and managing the overall operational execution, all with a strong metrics and analytics driven approach. Prior to his role as COO, Scott was EVP, Global Projects for Ingenta, but has previously held roles managing product line P&L, driving product development efforts and building successful organisations to deliver. He has worked across several different industries, including educational publishing, manufacturing and financial services, and has held roles at Pearson Education, Amplify Learning, McGraw-Hill and the Fireman's Fund insurance company.

Jonathan Sheffield

Chief Financial Officer and Company Secretary

As Chief Financial Officer, Jon is responsible for the financial well-being and stability of the organisation, as well as communicating with the investor community. Jon leads the Enterprise Services division of Ingenta with responsibility for HR, Facilities and Technology Infrastructure. Prior to his appointment as CFO, as Group Financial Controller, Jon managed the Ingenta Finance function, including all aspects of compliance, forecasting and reporting.
An ACA qualified accountant, Jon spent the early part of his career in practice, latterly at PricewaterhouseCoopers LLP, managing audits and compliance over a broad range of companies and market sectors. Prior to joining Ingenta, he held similar finance roles in the IT and Retail industry. Jon qualified as a chartered accountant in 2001 before joining Ingenta in 2010.

Martyn Rose

Chairman

Martyn Rose is an entrepreneur specialising in refinancing and restructuring smaller companies and Chairman and a non-executive director of Ingenta. Martyn has helped steer the company toward its continued growth, stability and success since 1999 before the merger of Ingenta and VISTA International Limited to become Ingenta in 2007. Martyn is also a qualified barrister and became Chairman of his first publicly listed company at the age of 34. Since that time, he has been Chairman of over twenty five public and private companies with a present involvement in publishing software, online academic research, financial services, manufacturing, recruitment and commercial radio. In addition to his other commercial interests, Martyn has been a trustee of the Cystic Fibrosis Trust since 2000, a school governor and co-chaired the National Citizen Service.

Mark Rowse

Non-executive Director

Mark Rowse is a media and publishing entrepreneur who specialises in creating and developing businesses where content meets the internet, particularly in the areas of digital publishing and online television. After graduation from the University of Cambridge with a first-class honours degree in Law, Mark worked at investment bank NM Rothschild & Sons Limited in mergers and acquisitions. Following this he entered the media industry and since the mid 1990's Mark has principally worked in the areas of the internet and digital television, pioneering digital interactive TV on airlines, co-founding Yes TV, now one of the major operators of on-demand TV in Asia, and launching Luxury Life, an international digital satellite TV channel. In 1998 he founded Ingenta plc, taking the company to a £120m flotation in 2000 and is now a non-executive director of Ingenta as a result of the merger of Ingenta and VISTA International Limited in 2007.

Neil Kirton

Non-executive Director

Neil Kirton was formerly a Managing Director and Head of Business Intelligence in the London office of Kroll, a global leader in corporate investigations and risk consultancy. Prior to joining Kroll he was a Group Board Director at The Arbuthnot Banking Group plc having been Head of Corporate Finance and Chief Executive Officer of its securities business. Previously he held a range of senior equity market positions with Bridgewell Securities and ABN AMRO Hoare Govett Limited (now known as RBS HG (UK) Limited) where he was Deputy Chief Executive and Global Head of Equity Sales.

Sebastian White

Non-executive Director

Sebastian is an Investment Director at Kestrel Partners. Prior to joining Kestrel, he had 14 years as head of corporate development at UK AIM listed Alternative Networks plc, a communications and hosting provider to the mid-market. Sebastian's responsibilities included business planning, M&A process management, commercial due diligence and acquisition integration.

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors

The Directors of the Company who held office during the year were:

Executive Directors

G S Winner, Chief Executive Officer

J R Sheffield, Chief Financial Officer

Non-Executive Directors

M C Rose, Chairman

M A Rowse

N W Kirton

S J G White

The interests of Directors in the shares of the Company at 31 December 2022 are disclosed in the Directors' remuneration report.

Corporate governance

Details of corporate governance for the year to 31 December 2022 are disclosed in the corporate governance statement. The Directors of the company pay particular attention to maintain good working relationships with the Group's shareholders, customers, employees and suppliers. Further details are included on the Company website. The Directors continue to refine and embed the new Group structure and flexible operating practices which has the benefit of reducing risk within the business ensuring a stable foundation is in place for the benefit of all stakeholders.

Research and development activities

The Group carries out research and development activities in connection with administration systems, web delivery, access control and linking technologies. All costs relating to these activities are charged to profit and loss within the Group Statement of Comprehensive Income as incurred. The charge to the Group Statement of Comprehensive Income was £1.1m (2021: £1.0m) in the year to 31 December 2022.

Substantial shareholdings

At the latest shareholder register update for the quarter ended March 2023, the Company had been notified of the following shareholders who are interested, directly or indirectly, in three percent or more of the issued share capital of the Company:

Name	Number of ordinary 10p shares	Percentage of issued ordinary share capital
M C Rose	4,134,417	28.44%
Kestrel Partners LLP	3,363,864	23.14%
Criseren Investments Limited	827,785	5.70%
Canaccord Genuity Wealth Management	1,543,207	10.62%
Emslie Family	679,250	4.67%
Premier Miton Group plc	580,416	3.99%

Financial risk management

Details of the Group's financial risks are given in note 24.

Employment policy

Group employees are regularly consulted by Management and kept informed of matters affecting them and the overall development of the Group. The Group's policy is to give disabled people full and fair consideration for job vacancies, having due regard for their abilities and the safety of the individual. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and appropriate training is arranged.

Directors' and officers' liability insurance

The Group, as permitted by sections 234 and 235 of the Companies Act 2006, maintains insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Future developments

The business is looking to leverage its expertise in rights and royalty's management into other adjacent vertical markets. The Group's first venture is into the music industry with its conChord product. If this proves successful, then other verticals will also be explored.

Strategic report

Disclosures have been made in relation to section 172 on page 26, Principal risks on page 28 and key performance indicators within the Financial review on page 20.

Going concern

The Directors have prepared the financial statements on the going concern basis. In assessing whether this assumption is appropriate, management have taken into account all relevant available information about the future including a revenue, profit and cash forecast, and management's ability to affect costs and revenues. Management regularly forecast profit, financial position and cash flows for the Group and a rolling forecast is updated monthly. Revenue is forecast in detail with all revenue items categorised as being contractual, variable fees, other or forecasted new sales. Management have reviewed forecast costs for reasonableness against prior years in light of known changes and have concluded that forecast costs are robust. Additionally, Management have modelled downside scenarios deemed to be reasonably possible to ensure the going concern assessment is robust. Further details on going concern are included within note 1 to the accounts (principal accounting policies).

Auditor

Grant Thornton UK LLP, offer themselves for re-appointment as auditor. A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board.

Scott Winner

G S Winner
Director
10 May 2023

Corporate governance statement

The Board of Ingenta plc have adopted the Quoted Companies Alliance Corporate Governance Code (the QCA Code).

It is the Board's responsibility to ensure that the Ingenta Group is managed in the long-term interests of all shareholders and stakeholders in the business. The Board believes a strong and effective corporate governance culture is critical in this respect as we endeavour to grow a resilient and sustainable business for the benefit of our shareholders, customers, people and suppliers.

The QCA code is constructed around 10 broad principles which are detailed in full on the Company's website.

Strategy and business model

Ingenta seeks to solve the unique problems faced by information providers. We tailor our suite of industry-specific technology products to create robust solutions to manage our customers' IP, content and advertising requirements.

Our business model is to deliver profitable services enabling us to invest in the development of software solutions that help our customers manage and monetise their Intellectual Property and content. We generate revenue via professional service fees for implementing our solutions, providing ongoing licence, hosting and support services plus a range of ancillary consulting services. We then reinvest some of these profits into our products and the development of next generation solutions to ensure we have the required product capabilities to deliver revenue and profit into the future.

The Group financial review provides further information on the results of the business.

Risk management

The Board of Directors acknowledges its responsibility for the Group's system of risk management and internal control, including suitable monitoring procedures. There are inherent limitations in any system of risk management and internal control and accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets. The Group's control environment is the responsibility of the Group's Directors and managers at all levels.

The Directors and management have considered the risks facing the business with the key items discussed in the Group Risks and uncertainties section of the financial statements. These are assessed on an ongoing basis. Other risks which come under the direct control of the Directors include treasury management, capital expenditure, insurance, health and safety and regulatory compliance. Risk assessment includes the review of potential mitigations.

The Company has an established framework of internal controls covering the following areas:

- The Board reviews and approves company strategy and the associated annual budgets.
- Monthly management information packs are produced which report performance to the Board and management team. These include income statements, balance sheets and cash flows. Actual results are reported against budget, latest forecast and prior year with an updated forecast for the expected full year outcome.
- Any new business goes through a deal review meeting to determine expected profitability and identify any risks and how they can be mitigated in the contract. New contracts must be signed by a member of the Board and where material they are reviewed by the Company's advisors.
- A Company-wide timesheet system is in place to enable management to effectively monitor projects, both internal and external, and report on profitability throughout the duration of the work.
- A clear organisational structure with defined levels of authority and approval.
- Close supervision of the daily operations by the Executive Directors and management team.
- Central control over banking facilities with defined authority limits.
- The Audit Committee reviews the independent audit findings report each year to ensure compliance with financial reporting regulations and that its internal control procedures are being adhered to and remain effective.

The Group continues to review its internal controls and will be including further key performance indicators into the monthly reporting cycle to assist management and the Board in understanding the performance of the business. The Board considered the usefulness of appointing a dedicated legal counsel and internal audit function but decided in view of the size of the Group it was not effective to do so. This will be kept under review.

Further detail on the key risks faced by the business are set out in the Group risk and uncertainties section of the financial statements.

Management framework

Ultimate responsibility for corporate governance lies with the Chairman of the Board. At present the Board comprises the Non-Executive Chairman, three Non-Executive Directors and two Executive Directors. N W Kirton is deemed to be an independent Board member.

The Board is satisfied that it has the right mix of skills covering finance, investor relations, technology and industry experience to enable it to discharge its duties and responsibilities effectively and is supported by an Audit and a Remuneration Committee which meet separately through the year. Any conflicts of interest at Board level are reviewed regularly through the year and disclosed at the Board meeting as appropriate.

There are normally eleven Board meetings scheduled as standard through the year with further meetings set up as required. In the year to 31 December 2022 there were 12 Board meetings held with attendance records below:

Name	Attendance
G S Winner	12 out of 12
J R Sheffield	12 out of 12
M C Rose	11 out of 12
M A Rowse	11 out of 12
N W Kirton	10 out of 12
S J G White	11 out of 12

Each month the Board is supplied with a comprehensive management information pack covering financial performance for the month and forecast for the full year. The management team also provide an in-depth commentary on the divisional operations of the business to ensure the Board is kept abreast of the latest developments.

Board of Directors

Between them, the Board members provide skills in finance and reporting, public markets, investor relations, technology and the publishing industry. These skills are kept up to date via training courses and current on the job experience. The Company's Nomad strengthens the Board's professional development by providing guidance and updates on corporate governance and regulatory matters as required.

The Board composition is under regular review and has widened over recent years to include specialists in public markets and technology where the Board felt there was a need for additional expertise. All Directors can take independent professional advice in order that they can effectively carry out their duties and have access to the services of the Company secretary as required.

Each board member's biography is available on the Company's website and in the financial statements where it details their skills, experience and capabilities.

The Company secretary is responsible for guiding the Chairman and Board on their responsibilities and how those responsibilities should be discharged. This includes ensuring good information flows within the Board and its committees and also between senior management. Other responsibilities include shareholder relations, administration of the Company's records and ensuring compliance with legal and statutory requirements.

Board performance

The Chairman continually monitors performance of the Board at the regular board meetings. The Executive Director roles of Chief Executive Officer and Chief Financial Officer are clearly defined with performance targets relating to Revenue, EBITDA, Earnings per share and cash balances set each year. The Company's auditor provides an annual finding report which is used as a tool to identify any areas of improvement for the Board, and these are reviewed and acted upon as appropriate. Where further training requirements have been identified, the Company then ensures that these are carried out.

In terms of succession planning, the Board are encouraged to maintain dialogue regarding individual member's future plans to enable the Company to complete an orderly transition. The succession process involves a thorough review of potential internal and external candidates to ensure the best person is selected. While no formal nomination committee has been established, board and other senior management appointments are regularly considered at a board level.

Corporate culture

The Board and senior management expect everyone in the company to act in a responsible and ethical manner because the reputation of the business is key to our success. The company does not let cost concerns override its ethics and behaviour. For example, we only contract with offshore resourcing entities who commit to fair working practices. The Company is committed to minimising negative environmental impact in terms of energy usage at our offices, digitising our content and using responsible methods to dispose of electrical equipment.

The Company and staff are also active in the local community supporting charities and sponsoring good causes. Feedback from all stakeholders, as described in further detail on the Company's website, allow the Board to monitor the Company's culture, as well as the ethical values and behaviours within the business.

Remuneration Committee

The Remuneration Committee is composed of three Non-Executive Directors: M C Rose (Chairman), M A Rowse and N W Kirton. It is responsible for the terms, conditions and remuneration of the Executive Directors and senior management. The Remuneration Committee may consult external agencies when ascertaining market salaries. The Chairman of the Remuneration Committee will be available at the AGM to answer any shareholder questions.

Relations with shareholders

The Group gives high priority to its communication with shareholders. This is achieved through the Group's website, correspondence and extensive corporate information. In addition, the Group visits its main institutional investors on an ongoing basis and makes available to all shareholders, free of charge, its Interim and Annual Reports online, from the Group's head office or via the Financial Times Annual Report Service. At the AGM the shareholders are given the opportunity to question members of the Board. The notice of the AGM is sent to shareholders at least 21 business days before the meeting.

Statement of Directors' responsibilities

The directors are responsible for preparing the Group Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with UK adopted international accounting standards (IASs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IASs as adopted by the UK have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.

M C Rose
Chairman of the Audit Committee
10 May 2023

Audit Committee report

Role and composition of the Audit Committee

The Audit Committee has responsibility to monitor the integrity of the financial statements of the Group, review the adequacy of internal control and risk management systems and oversee the relationship with the external auditor. The Committee makes recommendations to the Board on any appropriate changes to the existing systems and processes as deemed necessary.

In compliance with the QCA Corporate Governance Code, the Audit Committee is comprised of three Non-Executive Directors for the year ended 31 December 2022:

Martyn Rose (Chairman)
Mark Rowse
Neil Kirton

Responsibilities

The main responsibilities of the Audit Committee are:

- to review accounting policies and the integrity and content of the financial statements
- to monitor the Group's internal controls
- to consider the adequacy and scope of the external audit
- to review significant issues identified by the external auditor in relation to the financial statements and determine how they are addressed
- to review and approve the statements to be included in the Annual Report

Activities during the year

The Audit Committee met with both the external auditor and key internal management during the year and discussed the following matters:

- The presentation of the Group's audited results for the year ended 31 December 2022 and the unaudited interim results for 30 June 2022
- The Group's revenue recognition policies applied during the year
- The carrying values of the Companies investment and intercompany receivables balances
- The external auditors report on any deficiencies in the internal controls of the Group identified during the audit. The Group does not have an internal audit function and believes that, given the size of the business, this remains appropriate
- An assessment of the independence of the external auditor including a review of the non-audit services provided. In 2022 this included UK tax advisory and compliance services as disclosed in note 5 of the financial statements. The Audit Committee is satisfied there are no issues arising that impact on the external auditor's independence.

Directors' remuneration report

The AIM Rules for Companies require the disclosure of certain information regarding the remuneration earned by each director. The Remuneration Committee comprises M C Rose (Chairman), M A Rowse and N W Kirton who are Non-Executive Directors. The Remuneration Committee decides the remuneration policy that applies to Executive Directors and senior management. The Remuneration Committee meets regularly in order to consider and set the annual remuneration for the Executive Directors, having regard to personal performance and industry remuneration rates.

In determining that policy, it considers a number of factors including:

- the basic salaries and benefits available to Executive Directors of comparable companies,
- the need to attract and retain Directors of an appropriate caliber, and
- the need to ensure Directors' commitment to the success of the Group.

Non-Executive Directors are appointed on a contract with a three-month notice period and may be awarded fees in relation to the Board and committee meetings attended. Any fee awards to Non-Executive Directors are determined by the Board. Non-Executive Directors do not participate in the Company's share option scheme and do not receive the benefit of pension contributions.

The Group made contributions to externally administered defined contribution pension schemes for two Executive Directors.

The interests of the Directors on 31 December 2022 in the shares of the Company were as follows:

	Number of ordinary shares of 10p in Ingenta plc 31 December 2022	Number of ordinary shares of 10p in Ingenta plc 31 December 2021
M C Rose	4,134,417	4,645,412
M A Rowse	391,847	440,277
N W Kirton	44,250	44,250
S J G White	3,363,864	4,635,273
G S Winner	22,000	22,000
J R Sheffield	13,872	13,872

S J G White is a member of Kestrel Partners LLP

Directors' interests

The Directors at 31 December 2022 had an interest in 880,884 options over the ordinary shares. The Directors had no post-employment benefits, other long-term benefits, termination benefits or share-based payments in the year.

The market price of the Company's shares at the end of the year was 112.5p and the price ranged in the year between 71.5p and 132.5p.

Directors' remuneration

Name	Salary and fees £'000	Benefits £'000	Sums paid to a third-party for Directors' services £'000	Pension contribution £'000	Total remuneration £'000	Group National Insurance costs £'000	2022 Total cost of employment £'000	2021 Total remuneration £'000	2021 Total cost of employment £'000
G S Winner	268	14	-	4	286	14	300	268	286
J R Sheffield	163	-	-	39	202	23	225	184	199
M C Rose	36	-	48	-	84	4	88	84	88
M A Rowse	30	-	-	-	30	3	33	30	32
N W Kirton	30	-	-	-	30	3	33	30	33
S J G White	-	-	30	-	30	-	30	30	30
B H Holmström	-	-	-	-	-	-	-	22	22
	527	14	78	43	662	47	709	648	690

B H Holmström resigned in 2021.

On behalf of the Remuneration Committee.

M C Rose, Chairman
10 May 2023

Independent auditor's report to the members of Ingenta plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Ingenta plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group statement of comprehensive income, the Group statement of financial position, the Group statement of changes in equity, the Group statement of cash flows, the Company statement of financial position, the Company statement of changes in equity and notes to each of the Group and Company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls over management's going concern models, including those over inputs and assumptions used in the models;

- obtaining management's going concern assessment for the period to June 2024, which included a base case forecast, and a sensitised forecast, and obtaining an understanding of how these forecasts were compiled;
- assessing the accuracy of management's past forecasting by comparing management's future forecasts modelled in the two prior financial years to the actual results for those years and considering the impact on the going concern models;
- assessing the reasonableness of the key assumptions used in management's forecasts approved by the board, which included the quantum and timing of cashflows associated with revenue forecasts and determining whether these had been applied appropriately. We also considered whether these assumptions were consistent with our understanding of the business and current external economic factors; performing sensitivity analyses on the key assumptions and estimates to determine the impact of reasonably possible movements;
- evaluating events that occurred post balance sheet date and challenging management as to whether these have been correctly reflected in the forecasts prepared; and
- assessing the adequacy of the going concern disclosures included within the strategic report and accounting policies for compliance with the requirements of IAS 1 'Presentation of financial statements' (IAS 1).

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and the Parent Company's business model including the effects of macroeconomic uncertainties such as rising costs and inflation. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and the Parent Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £261,000, which is approximately 2.5% of the Group's revenue.

Parent Company: £149,000, which is approximately 2% of the Parent Company's total assets.

Key audit matters were identified as:

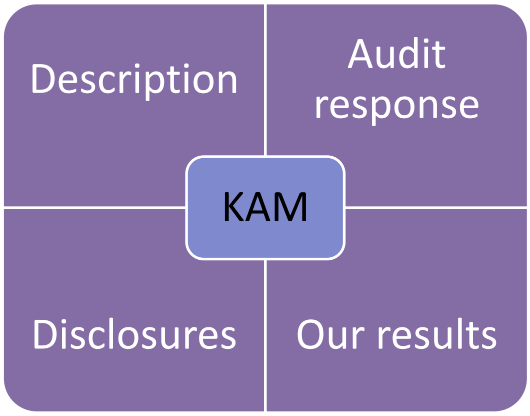
- The revenue cycle includes fraudulent transactions (occurrence of revenue) (same as previous year); and
- Valuation of investments in subsidiary undertakings and intercompany receivables (Parent Company only) (valuation of investments same as previous year, valuation of intercompany receivables not included in the previous year).

Our auditor's report for the year ended 31 December 2021 included no key audit matters that have not been reported as key audit matters in our current year's report.

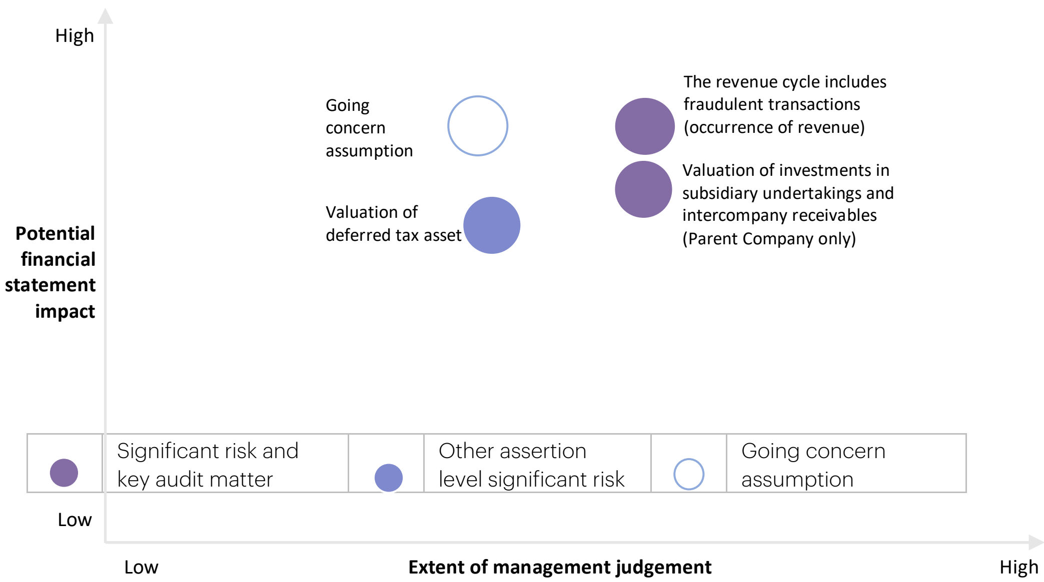
	We have performed a full scope audit of the financial information of each of the Parent Company, Ingenta plc, and Ingenta UK Limited, using component materiality. We performed specific-scope audit procedures on the financial information of Ingenta Inc. We performed analytical procedures on the financial information of the remaining Group components. Our full scope and specific-scope audit procedures provided coverage of 97% of the Group's revenue and 99% of the Group's total assets.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, the other assertion level significant risk and the risk of the going concern assumption being inappropriate. We also identified a significant financial statement level risk due to management override of controls.



Key Audit Matter – Group	How our scope addressed the matter – Group
The revenue cycle includes fraudulent transactions (occurrence of revenue) We identified the risk that the revenue cycle includes fraudulent transactions as one of the most significant assessed risks of material misstatement due to fraud. Under ISA (UK) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', there is a presumed risk that there are risks of fraud in recognition of revenue. Revenue is the most significant item in the Group statement of comprehensive income and impacts several key performance indicators and key strategic indicators, as set out in the Strategic Report. Group revenue of £10.45m has been recognised in the year ended 31 December 2022, arising substantially from the provision of services. The application of International Financial Reporting Standard ('IFRS') 15 'Revenue from Contracts with Customers' is an area requiring judgement by management. We have determined that, due to pressure to meet market expectations, there is a significant risk that management may record revenue fictitiously or in advance of the criteria for revenue recognition being satisfied. For revenue recognised in material revenue streams, being those as described in this paragraph, the significant risk has been identified based on two groupings. In relation to Hosted Services, Managed Services, Support and upgrade, PCG and Consulting services delivered at a point in time ("Time-Based") the significant risk has been assigned to transactions which do not follow the standard pattern observed for revenue ('outliers') from these services as identified by our data analytics software. For revenue earned from Consulting services delivered over time ("Consulting") and Licenses we have assessed the significant risk of material misstatement to be over the full revenue population, where material to the Group, due to increased opportunity of fraud as a result of the level of management judgement involved in estimating the stage of completion of work on open jobs.	In responding to the key audit matter, we performed the following audit procedures: • obtaining and documenting an understanding, and evaluating the design and implementation, of the relevant controls that management have implemented over the process for evaluating the occurrence of revenue; • assessing whether the accounting policies adopted by the directors are in accordance with the requirements of IFRS 15, and whether management are accounting for revenue in accordance with the stated accounting policies; • performing analytical procedures by comparing revenue earned in the year to the prior year, corroborating management's explanation for significant or unusual variances outside of our expectation; • using data analytics software to determine 'outliers' in the Hosted Services, Managed Services, Support and upgrade, PCG and Time-Based revenue populations and agreeing all 'outliers' identified to supporting documentation such as third-party transaction reports; • performing substantive testing across material revenue streams by agreeing a sample of transactions to supporting documentation such as signed contracts, invoices, timesheet data, customer confirmation of time spent and receipt of funds and confirming whether revenue has been appropriately recognised, including the reperformance of management's calculation of contract liabilities and unbilled receivables where the contract type indicates this is relevant; • obtaining an understanding of the manual journals posted to revenue identified by data analytics software to confirm revenue recognised was appropriate in the context of supporting documentation and the business rationale described; and • obtaining an understanding of credit notes raised post year end and confirming that the associated revenue was appropriately recognised.

Key Audit Matter – Group	How our scope addressed the matter – Group
Relevant disclosures in the Annual Report	Our results
• Audit Committee report: Page 43 • Financial statements: Note 2, Revenue	Based on the procedures performed, we have not identified material misstatements relating to the occurrence of revenue.

Key Audit Matter – Parent Company	How our scope addressed the matter– Parent Company
Valuation of investments in subsidiary undertakings and intercompany receivables We identified the valuation of investments in subsidiary undertakings and intercompany receivables as one of the most significant assessed risks of material misstatement due to error. Investments in subsidiaries are carried at cost less necessary impairments and valued on an individual basis. The investments in subsidiaries are included within the company only statement of financial position of Ingenta Plc and recorded at £nil as they are fully impaired. Intercompany receivables amount to £12.7m of which £10.1m relates to Ingenta UK and £2.3m relates to Ingenta Inc, with other, smaller balances noted. Management perform an annual assessment to determine whether there are indicators that either the investment in subsidiary undertakings and/or intercompany receivables balances may be impaired. The determination of whether there are indicators of impairment and subsequent calculation of the required impairment amount under International Accounting Standard ('IAS') 36 'Impairment of assets' and the calculation of expected credit losses in accordance with IFRS 9 'Financial Instruments' includes significant judgements and estimates to be applied including the consideration of internal and external factors such as changes in technology; below expected economic performance; a consideration of the carrying amount of the investment or intercompany receivables compared with the subsidiaries' assets; and future cash flows of the subsidiary.	In responding to the key audit matter, we performed the following audit procedures: • obtaining and documenting an understanding, and evaluating the design and implementation, of the relevant controls that management has implemented over the process for determining the valuation of investments in subsidiary undertakings and intercompany receivables; • obtaining and challenging management's assessment of whether impairment indicators exist for investments in accordance with IAS 36 and the calculation of expected credit losses in accordance with the requirements of IFRS 9; • where indicators of potential impairment were noted, or where management have based their primary consideration of impairment indicators on an assessment of future economic performance, obtaining and challenging management's impairment calculation, discounted cash flows, and key assumptions supporting the carrying value of investments in subsidiary undertakings and intercompany receivables; • performing a sensitivity analysis in respect of understanding how changes to the key assumptions impact on the level of headroom in management's calculation of impairment; • considering management's historic forecasts against actual results, to obtain an indicator of the reliability and reasonability of management's forecasts; and • assessing the adequacy of the accounting disclosures made in the financial statements to determine compliance with the requirements of IAS 36 and IFRS 9.
Relevant disclosures in the Annual Report	Our results
• Audit Committee report: Page 43 • Parent Company Financial statements: Note 4, Investments	Based on the procedures performed we have not identified material misstatements relating to the valuation of investments in subsidiary undertakings or intercompany receivables.

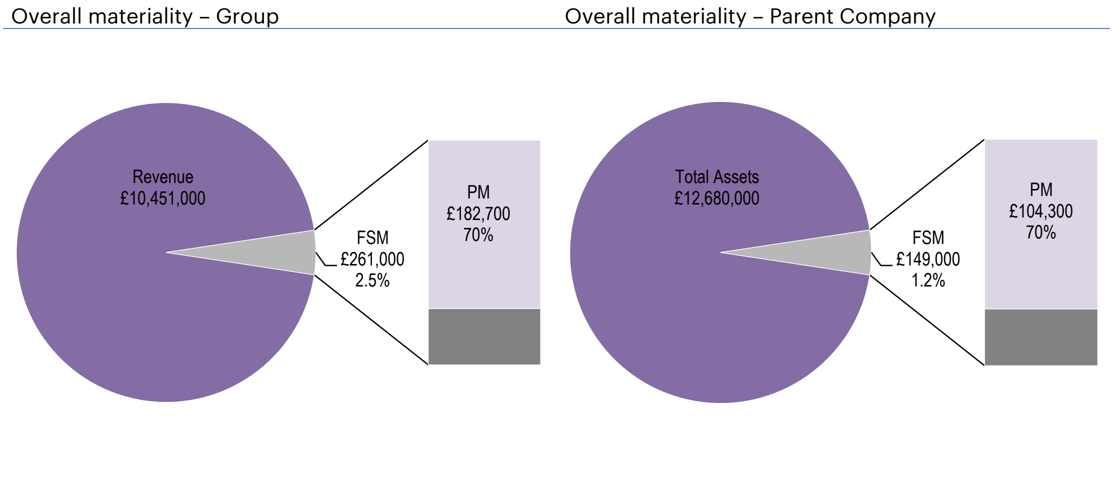
Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. Materiality was determined as follows:

Materiality measure	Group	Parent Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£261,000, which is approximately 2.5% of the Group's revenue.	£149,000, which is approximately 2% of the Parent Company's total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: • We determined revenue to be the most appropriate benchmark for the Group because revenue is a key performance indicator for the Group and there is volatility in profit before tax. • We consider 2.5% to be an appropriate benchmark percentage as this is a listed Group with no external debt. Materiality for the current year uses the same benchmark as the previous year. Materiality is higher than the level that we determined for the year ended 31 December 2021 to reflect an increase in revenue generated.	In determining materiality, we made the following significant judgements: • We determined total assets to be the most appropriate benchmark because the Parent Company is a holding company with the intention of realising its assets through the underlying performance of investments held. • We deem 2% to be an appropriate benchmark percentage as this is a listed company with no external debt. Materiality for the current year uses the same benchmark as the previous year. Materiality is lower than the level that we determined for the year ended 31 December 2021 due to reductions in the Parent Company's total assets, most notably due to a decrease in intercompany receivable balances.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£182,700, which is 70% of financial statement materiality.	£104,300, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we considered the following significant matters in forming our judgements:	• In determining performance materiality, we considered the following significant matters in forming our judgements: • whether there were any significant adjustments made to

Materiality measure	Group	Parent Company
	• whether there were any significant adjustments made to the financial statements in prior years; • whether there were any significant control deficiencies identified in prior years; and • whether there were any significant changes in business objectives and strategy	the financial statements in prior years; • whether there were any significant control deficiencies identified in prior years; and • whether there were any significant changes in business objectives and strategy.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • related party transactions outside of the normal course of the business.	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • related party transactions outside of the normal course of the business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£13,050 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£7,450 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality.



FSM: Financial statements materiality, PM: Performance materiality

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business and in particular matters related to:

Understanding the Group, Parent Company, its components, and their environments, including group-wide controls

- Our audit approach was a risk-based approach founded on a thorough understanding of the Group's and Parent Company's business, its environment and risk profile. The Group's accounting process is primarily resourced through its central group finance function in the UK, with a local finance function in the US. The US local finance function reports into the central group finance function based at the Group's head office in the UK.
- The engagement team obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level.
- We obtained and documented an understanding of the design and implementation of relevant controls that management have over the process for evaluating the areas of significant risks and performed walkthrough testing of these controls to confirm that understanding.

Identifying significant components

- We determined the scope of the Group audit based on our understanding of the Group structure, materiality and the relative contribution of revenue, profit before tax and total assets of each component to the Group.
- We have performed a full scope audit of the financial information using component materiality for the Parent Company, Ingenta plc, and of the financial information of Ingenta UK Limited, which were considered to be significant components. Other components were not considered to be significant components within the scope of our audit.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- We identified the risk of fraud in the revenue cycle (occurrence of revenue) and the valuation of investments in subsidiary undertakings and intercompany receivables (Parent Company only) as the key audit matters and a description of the procedures performed in respect of these have been included in the key audit matters section of our report. Based on our assessment of the Group as above, we focused our Group audit scope primarily on the components assessed as significant, performing a full scope audit on these components.

- We performed specific-scope audit procedures on the financial information of Ingenta Inc.
- At Group level, we also tested the consolidation process and carried out analytical procedures on the financial information of the remaining Group components to confirm our conclusion that there were no significant risks of material misstatement to the Group financial statements arising from those components.

Performance of our audit

- Due to the remote working patterns of the Group and Parent Company's finance team, the Group engagement team was unable to visit any of the locations and therefore the audit procedures were performed remotely.
- Our full-scope and specific-scope audit procedures provided coverage of 97% of the group's revenue and 99% of the group's total assets.
- No separate component auditors were used, with the Group engagement team undertaking all audit work to support the Group audit opinion.

Audit approach	No. of components	% coverage Total assets	% coverage Revenue
Full-scope audit	2	88%	77%
Specific-scope audit procedures	1	11%	20%
Analytical procedures	14	1%	3%

Changes in approach from previous period

The scope of the current year audit was similar to that in the prior year other than the changes resulting from including the valuation of intercompany receivables within the Key Audit Matter (Parent Company only) associated with the valuation of investments in subsidiary undertakings as discussed above.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 41, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

- Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Parent Company and the Group and sector in which they operate through our commercial and sector experience, making enquiries of management and those charged with governance; and inspection of the Parent Company's and the Group's key external correspondence. We corroborated our enquiries through our inspection of board minutes and other information obtained during the course of the audit.

- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks, including United Kingdom Generally Accepted Accounting Practice (the Parent Company), UK-adopted international accounting standards (the Group); AIM Rules for Companies; the Companies Act 2006 and the relevant taxation regulations in the jurisdictions in which the Parent Company and Group operates.

- We assessed the susceptibility of the Parent Company's and the Group's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks where management override of controls, including potential management bias, could result in fraud were in relation to the estimated and judgemental areas of the financial statements, including revenue occurrence and through the use of journal entries.

- Our audit procedures included:

  - Gaining an understanding of the controls that management has in place to prevent and detect fraud;
  - Journal entry testing, with a focus on journals indicating large or unusual transactions or account combinations based on our understanding of the business;
  - Gaining an understanding of and testing significant identified related party transactions; and
  - Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

  - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - Knowledge of the industry in which the Parent Company and the Group operates; and
  - Understanding of the legal and regulatory requirements specific to the Parent Company and the Group, including the provisions of the applicable legislation and the applicable statutory provisions.

- Communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the areas of the financial statements where estimation and judgement, including potential management bias, is applied in the occurrence of revenue and management override of controls in the preparation of the financial statements. The risk that the revenue cycle includes fraudulent transactions (occurrence of revenue) is also reported as a key audit matter in the key audit matter section of our report where the matter is explained in more detail and the specific procedures we performed in response to the key audit matter are described in more detail.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Holland BSc BFP FCA
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, Reading, 10 May 2023

Group statement of comprehensive income

	Note	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Group revenue	2	10,451	10,145
Cost of sales		(5,348)	(5,487)
Gross profit		5,103	4,658
Sales and marketing expenses		(707)	(690)
Administrative expenses		(3,176)	(3,214)
Profit from operations	5	1,220	754
Finance costs	7	(21)	(27)
Profit before income tax		1,199	727
Income tax	8	260	1,074
Profit for the year attributable to equity holders of the parent		1,459	1,801
Other comprehensive expenses which will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		307	56
Total comprehensive profit for the year attributable to equity holders of the parent		1,766	1,857
Basic profit per share (pence)	9	9.02	10.93
Diluted profit per share (pence)	9	8.94	10.50

All activities are classified as continuing.

The accompanying notes form part of these financial statements.

Group statement of financial position

	Note	31 Dec 22 £'000	31 Dec 21 £'000
Non-current assets			
Goodwill	10	2,661	2,661
Other intangible assets	11	-	-
Property, plant and equipment	12	302	665
Deferred tax asset	18	1,384	1,163
		4,347	4,489
Current assets			
Trade and other receivables	13	1,910	1,810
Cash and cash equivalents	15	2,376	3,006
		4,286	4,816
Total assets		8,633	9,305
Equity			
Share capital	20	1,512	1,692
Capital redemption reserve		180	-
Merger reserve		11,055	11,055
Reverse acquisition reserve		(5,228)	(5,228)
Share option reserve		117	88
Translation reserve		(298)	(605)
Retained earnings		(3,564)	(2,278)
Total equity		3,774	4,724
Non-current liabilities			
Deferred tax liability	18	37	88
Leases	19	-	192
		37	280
Current liabilities			
Trade and other payables	16	2,138	1,991
Contract liabilities		2,684	2,310
		4,822	4,301
Total liabilities		4,859	4,581
Total equity and liabilities		8,633	9,305

The financial statements were approved by the Board of Directors and authorised for issue on 10 May 2023 and were signed on its behalf by:

J R Sheffield, Director

G S Winner, Director

Registered number: 00837205. The accompanying notes form part of these financial statements.

Group statement of changes in equity

	Share capital £'000	Capital redemption reserve £'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
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 foreign operations	-	-	-	-	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
Dividends paid	-	-	-	-	-	(523)	-	(523)
Shares repurchased and cancelled in the year	(180)	180	-	-	-	(2,222)	-	(2,222)
Share options granted in the year	-	-	-	-	-	-	29	29
Transactions with owners	(180)	180	-	-	-	(2,745)	29	(2,716)
Profit for the year	-	-	-	-	-	1,459	-	1,459
Foreign exchange differences on translation foreign operations	-	-	-	-	307	-	-	307
Total comprehensive income for the year	-	-	-	-	307	1,459	-	1,766
Balance at 31 December 2022	1,512	180	11,055	(5,228)	(298)	(3,564)	117	3,774

Group statement of cash flows

	Note	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Profit before taxation		1,199	727
Adjustments for			
Depreciation and amortisation		412	632
Profit on disposal of fixed assets		(4)	-
Interest expense		21	27
Share based payment charge		29	27
(Increase) / decrease in trade and other receivables		(100)	416
Increase in trade and other payables and contract liabilities		894	187
Cash inflow from operations		2,451	2,016
Tax paid		(8)	(13)
Net cash inflow from operating activities		2,443	2,003
Cash flow from investing activities			
Purchase of property, plant and equipment		(45)	(119)
Net cash used in investing activities		(45)	(119)
Cash flows from financing activities			
Interest paid		(21)	(21)
Payment of lease liabilities		(258)	(453)
Dividends paid		(523)	(410)
Cost of shares repurchased and cancelled in the year		(2,222)	-
Costs of buy back of shares into treasury		-	(316)
Net cash used in financing activities		(3,024)	(1,200)
Net (decrease) / increase in cash and cash equivalents		(626)	684
Cash and cash equivalents at the beginning of the year	15	3,006	2,323
Exchange difference on cash and cash equivalents		(4)	(1)
Cash and cash equivalents at the end of the year	15, 22	2,376	3,006

The accompanying notes form part of these financial statements.

Notes to the Group financial statements

For the year ended 31 December 2022

General information and nature of operations

Ingenta plc (the 'Company') and its subsidiaries (together the 'Group') is a provider of content management, advertising and Commercial enterprise solutions and services to publishers, information providers, academic libraries and institutions. The nature of the Group's operations and its principal activities are set out in the Chairman's statement and Group Strategic report.

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, Parkway Court, John Smith Drive, Oxford, OX4 2JY. The consolidated financial statements were authorised by the Board of Directors for issue on 10 May 2023.

1. Principal accounting policies

New Standards adopted as at 1 January 2022

There are no accounting standards that are not yet effective that would be expected to have a material impact on the Group.

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including revenue, profit and cash forecast and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group. The rolling annual forecast is normally updated monthly.

Revenue streams are forecast in detail by product and customer with all items categorised as being contractual, variable fees, other or forecasted new sales. All expense Items are forecast at the transactional level. The Group forecasting model provides a monthly view of the Income Statement, Statement of Financial Position and Cash Flow Statement allowing further insight into expected patterns and trends.

As part of the review, management stress tested the forecast model for alternative potential scenarios. These scenarios including higher inflation impacting on key cost drivers of the business namely salary inflation of 15%. Management believes they have adequate visibility over prices of other IT related inputs. On the revenue side, the scenarios included restricted consultancy project work and making no sales to new customers. Management believes these risks can be managed by using mitigating actions such as limiting hiring of new employees and reducing discretionary spend in marketing and capital expenditure. As a result, Management have satisfied themselves that the identified risks do not impact on the going concern assessment.

Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements and concluded that forecast costs are robust.

As at 31 December 2022 the Group had net current liabilities of £0.5m (2021: £0.5m asset), of which £2.7m (2021: £2.3m) relates to contract liabilities which will be recognised in the year ending 31 December 2023.

The Group has positive cash balances of £2.4m as at 31 December 2022 (2021: £3.0m). Management have assured themselves that cash is sufficient for the needs of the business based on the cash flow forecast.

The major risks for future trading are the uptake of new generation products within the Ingenta Content and the Commercial product suite, which to some extent is reliant on the macro-economy and the willingness of data providers to commit to capital expenditure projects.

Although the threat of Covid has receded, there remains an element of caution in the wider economy that adds uncertainty to financial forecasting and modelling. These cautionary factors include conflict in Ukraine and a pessimistic view of economic activity in the UK. However, at an operating profit level, the Group's results so far in 2023 have been better than budget. In addition, sales pipeline activity is strong and although timing of new sales wins is inherently uncertain, the Board are confident targets are achievable. The Group continues to embrace established flexible working practices which have been successful in mitigating Covid restrictions without any significant impact to services. The Group have no direct customer or supplier relationships in Ukraine or Russia but remain vigilant of any wider impact on the business. The Group has modelled various downside scenarios and consider it appropriate to use the going concern basis to compile these financial statements.

Basis of preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

The accounting policies applied have been applied consistently throughout the Ingenta Group. The financial statements have been prepared under the historical cost convention.

Statement of compliance

The consolidated financial statements have 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.

Significant accounting estimates and judgements

When preparing the financial statements management make estimates, judgements and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Accounting estimates

Consulting service revenue

Please refer to the Revenue section of the accounting policies note for detailed disclosure. The area where significant management judgement is applied is in estimating project percentage complete assessments for any fixed price elements of work.

Deferred tax assets

The assessment of the probability of future taxable income against which deferred tax assets can be utilised is based on the Group's latest approved forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. In line with goodwill impairment testing detailed in note 10, management believe a 5 year forecast period is suitable to assess deferred tax. The 5 year forecast horizon is reasonable based on past experience, contracted terms and the long lead times required for transition off software platforms. Sensitivity analysis was performed on the forecast and management believe that profitability levels can be reasonably controlled given the contract terms and associated notice periods. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances.

Accounting judgement

Research and development expenditure

Research and development expenditure is fully written off to the Group Statement of Comprehensive Income as costs are incurred. The Board have taken into account the inherent risks in all research and development expenditure and specifically the expenditure being incurred by the business in the year and have concluded that the requirements of IAS 38 to capitalise development expenditure have not been met.

Basis of consolidation

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 December 2022. All subsidiaries have a reporting date of 31 December 2022.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. The acquisition cost is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer and excludes any transaction costs. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Investments in Joint Ventures are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Group's share in the Joint Venture is not recognised separately and is included in the amount recognised as investment in Joint Ventures. The carrying amount of the investment in Joint Ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the Joint Venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Property, plant and equipment

Cost

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is calculated using the straight – line method to allocate the cost of assets less their estimated residual value over their estimated useful lives, as follows:

Office building – over the term of the lease
Leasehold Improvements – over the term of the lease
Computer equipment – 3 years
Fixtures, fittings and equipment – 5 years

The residual value and the useful life of each asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate.

Disposal of assets

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within profit or loss within the Group Statement of Comprehensive Income.

Intangible assets

Goodwill

The Group operates with distinct business units or operating segments (see note 4) based on the product and its associated revenue streams. These segments are reported on as separate cash generating unit. Goodwill is allocated to a cash generating unit based on its revenue. Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are recognised immediately in the income statement and are not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and at least annually thereafter.

On disposal of a cash generating unit, the attributable net book value of goodwill is included in the determination of the profit or loss on disposal.

Technology based intellectual property

Intangible assets relating to the technology acquired from business combinations that qualify for separate recognition are recognised as intangible assets at their fair value. The assets are valued using a discounted cash flow model for the revenues they will generate over the next 5 years.

The asset is amortised on a straight-line basis over a 5 year period. Residual values and useful lives are reviewed at each reporting date. Amortisation is included within depreciation, amortisation and impairment of non-financial assets.

Impairment of intangibles and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related goodwill.

Goodwill, other individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described herein.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified as at amortised cost. In the periods presented the corporation does not have any financial assets categorised as fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as fair value through profit or loss (FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Trade receivables

Trade receivables are recognised initially at transaction price in accordance with IFRS 15 and subsequently reviewed for expected credit losses in line with IFRS 9. In measuring the expected credit losses, the trade receivables have been assessed on an individual basis. Where trade receivables were found to be individually impaired an allowance for credit losses has been recorded within "sales and marketing" in the Group Statement of Comprehensive Income. This allowance has been determined by reference to expected receipts after considering historical experience, readily available external indicators and forward-looking information. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 6 months from the invoice date, failure to engage with the Group on alternative future payment arrangements and bankruptcy or administration of the customer are indicators of a potential expected credit loss. The Group has a stable customer base with strong relationships built up over time allowing it to make reasonable assessments of recoverability. Most trade receivables relate to customers ongoing ability to function and past experience indicates the balances are recoverable subject to any future information that becomes available. Where an expected credit loss is recognised it will be significantly influenced by additional forward-looking information such as industry discussion papers, repayment plan reasonableness and direct account management negotiation. When a trade receivable is uncollectible, it is written off against the credit loss provision. Subsequent recoveries of amounts previously provided for are credited against 'Sales and marketing expenses' in the Group Statement of Comprehensive Income.

Financial liabilities

The Group's financial liabilities include lease liabilities and trade and other payables.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Leased assets

The Group as a lessee

For any contracts entered into the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include bank overdrafts as they are repayable on demand and form an integral part of the Group's cash management. The Group's banking facility is all with one bank (HSBC Bank plc) and the accounts are linked such that any facility limit is based on the net balance of all accounts.

Equity

Share capital represents the nominal value of shares that have been issued.

The translation reserve within equity relates to foreign currency translation differences arising on the translation of the Group's foreign entities.

Retained earnings include all current and prior year retained profits and losses.

Reverse acquisition reserve and merger reserve represent balances arising on the acquisition of Ingenta plc in 2007. The IFRS 3 acquisition adjustment reflects the entries required under reverse acquisition accounting, whereby consolidated shareholders' funds comprise the capital structure of the legal parent combined with the reserves of the legal subsidiary and the post-acquisition reserves of the parent.

The share option reserve relates to a cumulative charge made in respect of share options granted by the Company to the Group's employees under its employee share option plans.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effect, is included in equity attributable to the Company's equity holders.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts after eliminating sales within the Group.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products and services, for example for the delivery of licences, consulting services, hosting services, managed services and support and upgrade services.

These services and performance obligations are separately identifiable and contracted for allowing a reasonable allocation of price to each component.Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Where certain products are sold as multi element arrangements, the Group evaluates the separability of the goods or services based on whether they are distinct. A good or service is distinct if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

Recognition of Ingenta Connect Revenue (within the Content products division):
Ingenta Connect revenues comprise 'Hosted services' and 'Consulting Services' revenue.

Hosted services:
Hosted services include annual fees for hosting publishers' content on the Ingenta Connect platform and revenues from document delivery under pay-per-view access, clearance and digitisation services.

Hosting revenue is recognised over time with reference to the contracted period. The performance obligation of hosting customers content on servers does not materially change over time and is recognised evenly over the contract period.

Pay per view revenue is recognised at a point in time when the documents are delivered to a customer. The performance obligation is to deliver content to an end user and facilitate a transfer of money for the purchase.

Consulting Services:
Consulting services includes revenues from the processing of e-journal content and ongoing services.

The consulting fees are based on a per article charge and are recognised at a point in time when the article is processed. The performance obligation is to convert a specified piece of content into a format suitable for ingestion onto the Ingenta Connect platform.

Recognition of Ingenta Commercial products, Ingenta Edify (within the Content products division), and Ingenta Advertising:
Revenues from these divisions comprise 'Licences', 'Consulting Services', Hosted Services', 'Managed Services' and 'Support and Upgrade' revenue.

Licences:
Licences can be sold as perpetual or under a software as a service (SaaS) agreement.

Perpetual software licence revenues are recognised at a point in time if there are no associated implementation requirements. This will only be the case where an existing customer purchases additional licences to increase the number of users on an existing installed software system.

Where perpetual software licences require consulting services to make the licences usable, the licence revenue is linked to the consulting services and is recognised over the period of the associated consulting services on a percentage complete basis. The software is deployed immediately onto the customer network and consulting services are used to perform integration work which enhances the software's functionality. The customer has benefit from the software over the implementation and gains increased benefit as the functionality extends. The percentage complete assessment is made by reference to the estimated project days in the project planning documentation, amended for project change requests and the days worked on the project to the year end.

For SaaS licence arrangements, licences are deemed to be a right to access and revenue is recognised over time and taken in equal instalments over the period of the contract from the point the software is functional.

Consulting Services:
Revenue recognition from long term contracts within consulting services depends on the contractual terms.

Fixed price consulting contracts are recognised over time on the percentage of completion method. This is assessed by reference to the estimated project days in the project planning documentation, amended for project change requests and the days worked on the project to the year end. The performance obligation is to provide time based services to deliver a specified level of functionality within the software. The customer has access to the software throughout the consulting phase and gets benefit from the consulting work as functionality is expanded over time.

Other consulting services contracts are on a time and materials basis and revenue is recognised over time as work is performed. The amount of revenue is calculated by the number of days worked at the contracted day rate. As under a fixed price contract, the customer has access to the software during the implementation phase and gets benefit from the consulting services as functionality is expanded over time.

Consulting services for a software implementation normally last for less than 12 months and payment terms are always in instalments during the period. As such, the Group does not adjust the receivable amounts for the effects of financing.

Hosted Services, Managed Services and Support and Upgrade:
Revenues collected or billed in advance for hosted services, managed services and support and upgrade revenue are recorded as contract liabilities and recognised evenly over the period to which the service relates. In all cases, the performance obligation is to provide a service evenly over a contracted period of time.

Recognition of PCG Revenues:
Ingenta's PCG division earns revenue from providing services to publishers and content providers. The PCG revenue can be further analysed as follows:

A proportion of the revenues are charged as a retainer for services provided throughout the period. These revenues are recognised over time as the performance obligation is to provide a dedicated sales representative over a contracted period.

Some revenues are earned on a commission basis associated with selling publishers' content. This revenue is recognised at a point in time when commission is earned which contractually is when PCG's publishing customer invoices the end user for the services sold by PCG. In some cases, PCG invoices the end user on behalf of the customer for the services sold by PCG and records PCG's commission when the invoice is issued as agreed in the contract. Where any sales representation and cash collection services are incorporated into the contract the work involved is minimal and does not affect recognition of commission.

Some further revenues are based on performing surveys for publishers. These revenues are based on a fixed number of calls at an agreed rate per call. Revenue is recognised at a point in time on a per call completed basis in the period the calls were made.

Employee benefits

Pension obligations
The Group operates various pension schemes which are by nature defined contribution plans. A defined contribution plan is a pension plan under which the Group pays a fixed contribution into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group does not operate a defined benefit plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Operating expenses

Operating expenses are recognised within profit or loss within the Group Statement of Comprehensive Income upon utilisation of the service or at the date of their origin.

Finance costs

Financing costs comprise interest payable, the amortisation of the costs of acquiring finance and the unwinding of discounts that are recognised within profit or loss within the Group Statement of Comprehensive Income. Interest payable is recognised in the Group Statement of Comprehensive Income as it accrues, using the effective interest method.

Income taxes

The tax expense recognised within profit or loss within the Group Statement of Comprehensive Income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries and Joint Ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third-party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognised in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Foreign currency

The consolidated financial statements are presented in Sterling (GBP), which is also the functional currency of the parent Company.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using a monthly estimated rate set at the beginning of each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Sterling are translated into Sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period. On consolidation, assets and liabilities have been translated into Sterling at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at an approximation of the average rate over the reporting period.

Exchange differences are recognised in the Consolidated Income Statement in the period in which they arise.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are charged / credited to other comprehensive income and recognised within equity in the translation reserve.

On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Sterling at the closing rate.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Board, at which level strategic decisions are made.

IFRS 8 "Operating segments" requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes and reported in a manner which is more consistent with internal reporting provided to the chief operating decision-maker.

2. Revenue

An analysis of the Group's revenue is detailed below by activity across the Group's operating units:

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Licences	49	45
Consulting Services	1,398	1,319
Hosted Services	3,549	3,627
Managed Services	2,961	2,811
Support and upgrade	2,198	2,069
PCG	296	274
	10,451	10,145

An analysis of the Group's revenue by business division is as follows:

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Commercial product division	7,316	6,658
Content products division	2,260	2,409
PCG	296	274
Advertising	579	804
	10,451	10,145

A geographical analysis of the Group's revenue is as follows:

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
UK	5,729	5,490
USA	3,612	3,374
Netherlands	417	383
France	219	282
Rest of the World	474	616
	10,451	10,145

Revenue is allocated to geographical locations based on the location of the customer. All business divisions are active in each of the geographic areas.

An analysis of the timing of revenue recognition is shown as follows:

	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Year ended 31 Dec 22 £'000
Revenue transferred over time	6,259	1,782	-	488	8,529
Revenue transferred at a point in time	1,057	478	296	91	1,922
	7,316	2,260	296	579	10,451

	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Year ended 31 Dec 21 £'000
Revenue transferred over time	5,940	1,741	-	635	8,316
Revenue transferred at a point in time	718	668	274	169	1,829
	6,658	2,409	274	804	10,145

The following aggregated amounts of transaction prices relate to performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2022:

	Year ended 31 Dec 23 £'000	Year ended 31 Dec 24 £'000
Revenue expected to be recognised	2,684	-

3. Joint Venture / Investment

The Group holds a 49% voting and equity interest in Beijing Ingenta Digital Publishing Technology Limited (BIDPT) which was purchased during the year to 31 December 2012.

BIDPT has a reporting date of 31 December. The shares are not publicly listed on a stock exchange and hence published price quotes are not available. Dividends are subject to the approval of at least 51% of all shareholders of BIDPT. The Group has received no dividends.

In the 2017 financial statements, the Group outlined it has been actively engaged in discussions to sell or dispose of its shareholding in the Chinese Joint Venture and had reclassified it as an asset held for sale. The Board does not believe a deal is imminent and in 2018 reclassified the Group's holding in the Joint Venture as an investment. Given the inherent uncertainty around valuing a Chinese non-listed, minority shareholding combined with flat earnings and an increasingly uncertain mechanism to repatriate funds, the Group fully impaired the investment. The Group has no commitment to fund any losses incurred by the joint venture and therefore has not recorded a liability for any share of losses. The Group's strategy going forward is to concentrate on its core product set and given the lack of control it exerts over the Joint Venture; it does not consolidate results into the Group.

4. Operating segments

The following segment information has been prepared in accordance with IFRS 8, "Operating Segments", which defines the requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 follows the management approach, which is the basis for decision making within the Group.

The Board consider the Group on a business division basis. Reports by business division are used by the chief decision-maker in the Group. Significant operating segments are: Ingenta Commercial products; Ingenta Content products; PCG and Ingenta Advertising. This split of business segments is based on the products and services each offer. The segmental analysis is under review given the business is changing its operating model away from a product siloed structure and is beginning to blend its offerings together making them less discrete.

Ingenta Commercial products are enterprise level publishing management systems. Ingenta Content products help content providers sell their content online. PCG provides consultancy services in sales and marketing to publishers. Ingenta Advertising provides a complete browser-based multimedia advertising, CRM and sales management platform for content providers.

The reported operating segments derive their revenues from the revenue streams reported in the revenue analysis in note 2. A further discussion of revenue streams within each division is included on pages 10 to 17. All revenues are derived from trade with external parties.

Property, plant and equipment held in the UK totals £260K (2021: £602K) and the USA £42K (2021: £42K).

Two customers each contributed more than 10% of revenue (2021: two) and this amounted to £3,886K (2021: £3,819K). The Group's operations are located in the United Kingdom, North America, Brazil, Mexico, India, China and Australia. Any transactions between business divisions are on normal commercial terms and conditions.

Segment information by business unit is presented below.

Year to 31 December 2022	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Consolidated £'000
External sales	7,316	2,260	296	579	10,451
Segment result (adjusted EBITDA, see note 5)	1,624	226	(56)	162	1,956
Depreciation and amortisation	(295)	(91)	(3)	(23)	(412)
Unallocated corporate expense					4
Restructuring & exceptional costs					-
Foreign exchange gain					(328)
Impairment of intangibles & investments					-
Operating profit					1,220
Finance costs					(21)
Profit before tax					1,199
Tax					260
Profit after tax					1,459

Other information	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Consolidated £'000
Statement of Financial Position					
Assets					
Attributable Goodwill and intangibles	-	2,661	-	-	2,661
Property, plant and equipment	180	83	2	37	302
Segment assets	2,537	1,162	58	529	4,286
Unallocated corporate assets					1,384
Consolidated total assets					8,633
Liabilities					
Segment liabilities	2,883	1,322	54	600	4,859
Unallocated corporate liabilities					-
Consolidated total liabilities					4,859
Total equity and liabilities					8,633

Year to 31 December 2021	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Consolidated £'000
External sales	6,658	2,409	274	804	10,145
Segment result (adjusted EBITDA, see note 5)	775	521	(88)	244	1,452
Depreciation and amortisation	(425)	(154)	(2)	(51)	(632)
Unallocated corporate expense					-
Restructuring					(5)
Foreign exchange gain					(61)
Impairment of intangibles & investments					-
Operating profit					754
Finance costs					(27)
Profit before tax					727
Tax					1,074
Profit after tax					1,801

Other information	Commercial products £'000	Content products £'000	PCG £'000	Advertising £'000	Consolidated £'000
Statement of Financial Position					
Assets					
Attributable Goodwill and intangibles	-	2,661	-	-	2,661
Property, plant and equipment	396	181	5	83	665
Segment assets	2,851	1,306	65	594	4,816
Unallocated corporate assets					1,163
Consolidated total assets					9,305
Liabilities					
Segment liabilities	2,683	1,231	108	559	4,581
Unallocated corporate liabilities					1
Consolidated total liabilities					4,582
Total equity and liabilities					9,305

Refer to note 10 and 11 for the estimates used in valuation of cash generating units.

In 2021 & 2022 there were no bank overdrafts. Social security and other taxation liabilities have been allocated to the relevant segments of the business.

5. Profit from operations

Profit from operations has been arrived at after charging:

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Research and development costs	1,091	1,009
Net foreign exchange (gain) / loss	328	61
Depreciation of property, plant and equipment:		
- owned assets	129	179
- leasehold property	21	133
- assets under leases	262	262
Amortisation	-	58
Auditor's remuneration	141	86
Exceptional non-recurring costs	-	5

An analysis of expenses by type within the statement of comprehensive income is as follows:

	Cost of sales £'000	Sales and marketing £'000	Administration £'000	Year ended 31 Dec 22 £'000
IT and software costs	1,045	-	316	1,361
Staff costs (note 6)	3,200	669	1,416	5,285
Contractors	849	3	83	935
Other HR costs	-	-	80	80
Premises costs	-	-	67	67
Insurance costs	-	-	77	77
Legal and professional fees	13	4	376	393
Provisions	150	-	-	150
Depreciation	-	-	412	412
Foreign exchange	-	-	328	328
Other	91	31	21	143
	5,348	707	3,176	9,231

	Cost of sales £'000	Sales and marketing £'000	Administration £'000	Year ended 31 Dec 21 £'000
IT and software costs	821	-	412	1,233
Staff costs (note 6)	3,583	628	1,323	5,534
Contractors	751	20	112	883
Other HR costs	-	-	93	93
Premises costs	-	-	183	183
Insurance costs	-	-	83	83
Legal and professional fees	6	2	276	284
Provisions	330	-	-	330
Depreciation	-	-	631	631
Foreign exchange	-	-	61	61
Other	(4)	40	40	76
	5,487	690	3,214	9,391

A more detailed analysis of auditor's remuneration on a worldwide basis is provided below.

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Fees payable to the Group's auditor for:		
Fees payable to the company's auditor for the audit of the company's annual accounts	20	20
Fees payable to the company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	109	54
Other assurance services	-	-
Tax compliance services	12	12
	141	86

A description of the work of the Audit Committee is set out on page 43 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

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

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Profit from operations	1,220	754
Add back:		
Depreciation and amortisation	412	632
Gain on disposal of fixed assets	(4)	-
Exceptional non-recurring costs	-	5
Foreign exchange loss	328	61
EBITDA before impairment, gain / loss on disposal of fixed assets, foreign exchange gain / loss and exceptional non-recurring costs	1,956	1,452

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

6. Staff numbers and costs

	Year ended 31 Dec 22 Average number	Year ended 31 Dec 21 Average number
Staff numbers:		
Operations	50	59
Sales and marketing	16	15
Administration	5	6
	71	80

Staff numbers exclude contractors

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Their aggregate remuneration comprised:		
Wages and salaries	4,425	4,629
Social security costs	496	519
Contribution to defined contribution plans	223	246
Health insurance	111	102
Share based payments	22	27
Other staff costs	8	11
Total staff costs	5,285	5,534
Remuneration in respect of Directors was as follows:		
Non-Executive	174	196
Executive Directors' emoluments	445	384
Company pension contributions to money purchase schemes	43	68
	662	648

Remuneration of the highest paid Director (aggregate emoluments):		
Salaries	268	251
Other Benefits	14	13
Contribution to defined contribution plans	4	4
	286	268

Further unaudited information on Directors' remuneration is provided in the Directors' remuneration report. Key management personnel within the business are considered to be the Board of Directors. Pension contributions of £4K were paid in respect of the highest paid Director (2021: £4K). There were two (2021: two) Directors in a money purchase pension scheme.

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The total cost charged to income of £223K (2021: £246K) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 December 2022, contributions of £24K (2021: £26K) due in respect of the current reporting period were included in the Group Statement of Financial Position for payment in January 2023.

The Group operates an Unapproved EMI Share Option plan. A charge in the year of £29K (2021: £27K) has been recognised in the income statement during the year. Further details on share options are included in note 21.

7. Finance costs

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Interest payable:		
Interest on Right of Use lease	19	25
Interest on other loans	2	2
	21	27

8. Tax

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Analysis of (charge) / credit in the year		
Current tax:		
Current year State tax – US	(9)	(10)
Adjustment to prior year charge – UK	(3)	(3)
Deferred tax credit	272	1,087
Taxation	260	1,074

The Group has unutilised tax losses at 31 December 2022 in the UK and the USA of £15.4m (2021: £16.3m) and $8.2m (2021: $11.2m) 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 $6.7m (2021: $7.4m) of the total unutilised losses at 31 December 2022.

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 charge / (credit)	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Profit on ordinary activities before tax	1,199	727
Tax at the UK corporation tax rate of 19% (2020: 19%)	228	138
Income / expenses not allowable for tax purposes	44	(16)
Unrelieved losses carried forward	58	354
Utilisation of losses	(386)	(529)
Difference in timing of allowances	59	56
Deferred tax movement	(272)	(1,087)
Adjustment to tax charge in respect of prior years	9	10
Total taxation	(260)	(1,074)

United Kingdom Corporation tax is calculated at 19% (2021: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. Earnings per share and dividends

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. There are a further 145,535 ordinary shares (2021: 669,578) in respect of share options.

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Attributable profit	1,459	1,801
Weighted average number of ordinary shares used in basic earnings per share ('000)	16,169	16,481
Shares deemed to be issued in respect of share-based payments ('000)	146	670
Weighted average number of ordinary shares used in dilutive earnings per share ('000)	16,315	17,151
Basic profit per share arising from both total and continuing operations	9.02 p	10.93 p
Diluted profit per share arising from both total and continuing operations	8.94 p	10.50 p

Dividends

On 30th August 2022 the Company paid a final dividend of 2 pence per share for the year ended 31 December 2021. On 4th November 2022 an interim dividend of 1.2 pence per share was paid in respect of the year ended 31 December 2022.

After the year end, the Directors declared their intention to pay a final dividend of 2.25p for the year ended 31 December 2022.

10. Goodwill

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Gross carrying amount		
Content Products division	2,661	2,661
Total goodwill	2,661	2,661

Goodwill has been recognised on historic acquisitions and is reviewed at the end of each financial period for impairment.

For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units (CGUs), which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

At the year end, management carried out an impairment review of goodwill attached to each business unit. Following that review, management are of the opinion that no impairment needs to be recognised against the goodwill.

The recoverable amounts of the cash generating units were determined based on value in use calculations for the next five years which management believe they have reasonable knowledge in predicting and will benefit from the resulting cash generation. The 5 year forecast horizon is reasonable based on past experience, contracted terms and the long lead times required for transition off software platforms. Where applicable, management have assumed a forecast growth rate of 1-3.5% (2021: 1-3.5%).

Details are shown below.

	Content Division %
Content sales revenue growth	3.5
Hosting revenue growth	1-3.5
Time-based service revenue growth	0-1
Cost base growth	2-3

	Content Division £000
Carrying amount	2,661
Value of intangibles	-
Total goodwill and intangibles	2,661
Recoverable amount	6,433
5-year gross profit reduction for fair value to equal carrying amount	4,975

Management assumptions include stable profit margins based on past experience in this market which the management see as the best available information for the market. Management consider a pre-tax discount factor of 10% will reflect the CGU's cost of capital during the review period (2021: 10%) and that this is applicable to all cash-generating units.

The key assumption in the recoverable amount calculations is gross profit. This item can reasonably be expected to change, and the table above shows the total 5-year reduction in gross profit that would be required for the recoverable amount to be equal to the carrying amount. This reduction represents a 58% decrease in gross profit over the 5 years.

11. Other intangibles

	Acquired Software Technology £'000
Cost	
At 31 December 2021	500
At 31 December 2022	500
Accumulated amortisation and impairment	
At 1 January 2021	442
Amortisation	58
At 31 December 2021	500
Amortisation	-
At 31 December 2022	500
Carrying amount	
At 31 December 2020	58
At 31 December 2021	-
At 31 December 2022	-

The cost of the acquired software was calculated by discounting expected cashflows from the acquired advertising software business over a 5 year period. Management expect a minimum of 5 years useful life from the product as current customers are on long term contracts and any customer migrations are very protracted in nature.

The discount rates used in the calculation of intangibles was 10%.

Amortisation has been charged on a straight-line basis from date of acquisition. All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

12. Property, plant and equipment

	Office building £'000	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 January 2021	853	18	87	2,766	3,724
Additions	32	-	-	101	133
Disposals	-	(18)	(82)	(893)	(993)
Transfers in	-	-	-	-	-
Exchange differences	-	-	-	3	3
At 31 December 2021	885	-	5	1,977	2,867
Additions	-	-	-	47	47
Disposals	(857)	-	-	(2)	(859)
Transfers in	-	-	-	-	-
Exchange differences	-	-	-	28	28
At 31 December 2022	28	-	5	2,050	2,083
Accumulated depreciation and impairment					
At 1 January 2021	731	18	85	1,771	2,605
Charge for the year	133	-	1	440	574
Disposals	-	(18)	(81)	(880)	(979)
Exchange differences	-	-	-	2	2
At 31 December 2021	864	-	5	1,333	2,202
Charge for the year	21	-	-	391	412
Disposals	(857)	-	-	-	(857)
Exchange differences	-	-	-	24	24
At 31 December 2022	28	-	5	1,748	1,781
Carrying amount					
At 31 December 2022	-	-	-	302	302
At 31 December 2021	21	-	-	644	665
At 1 January 2021	122	-	2	995	1,119

The Office Building category consists of a single right-of-use asset.

Right of Use Assets held under leases with a net book value of £194K (2021: £456K) are included under computer equipment in property, plant and equipment and £262K (2021: £262K) of depreciation was charged on these assets in the year, see note 19 for further details.

13. Trade and other receivables

Trade and other receivables comprise the following:

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Trade receivables - gross	1,629	1,539
Allowance for credit losses	(83)	(98)
Trade receivables - net	1,546	1,441
Other receivables	4	64
Unbilled receivables	21	29
Financial assets at amortised cost	1,571	1,534
Prepayments	339	276
Non-financial assets	339	276
Trade and other receivables	1,910	1,810

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables at the reporting date comprise amounts receivable from the sale of goods and services of £1.6m (2021: £1.5m, 2020: £1.8m). The average credit period taken on sales of goods is 47 days (2021: 44 days, 2020: 53 days).

In measuring the expected credit losses, the trade receivables have been assessed on an individual basis. Certain trade receivables were found to be individually impaired and an allowance for credit losses of £83K (2021: £98K, 2020: £143K) has been recorded within "sales and marketing" in the Group Statement of Comprehensive Income. This allowance has been determined by reference to expected receipts after considering historical experience, readily available external indicators and forward-looking information. Trade receivables are written off (i.e., derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 6 months from the invoice date, failure to engage with the Group on alternative future payment arrangements and bankruptcy or administration of the customer are considered to be indicators of a potential expected credit loss. The Group has a stable customer base with strong relationships built up over time allowing it to make reasonable assessments of recoverability. The majority of trade receivables relate to customers ongoing ability to function, and past experience indicates the balances are recoverable subject to any future information that becomes available. Where an expected credit loss is recognised, it will be significantly influenced by additional forward looking information such as industry discussion papers, repayment plan reasonableness and direct account management negotiation.

On the above basis the expected credit loss for trade receivables is as follows:

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Balance as at 1 January	98	143
Amounts collected	(63)	(109)
Additional allowance in year	48	64
Balance as at 31 December	83	98

Ageing of past due but not impaired trade receivables:

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Neither past due nor impaired	1,077	908
Past due but not impaired:		
0 to 60 days overdue	430	412
More than 60 days overdue	39	121
Total	1,546	1,441

14. Investments classified as held for sale

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
49% investment held in BIDPT	320	320
Impairment	(320)	(320)
Balance as at 31 December	-	-

In the 2017 financial statements, the Group outlined it has been actively engaged in discussions to sell or dispose of its shareholding in the Chinese Joint Venture and had reclassified it as an asset held for sale. The Board does not believe a deal is imminent and in 2018 reclassified the Group's holding in the Joint Venture as an investment. Given the inherent uncertainty around valuing a Chinese non-listed, minority shareholding combined with flat earnings and an increasingly uncertain mechanism to repatriate funds, the Group fully impaired the investment. The Group's strategy going forward is to concentrate on its core product set and given the lack of control it exerts over the Joint Venture, it does not consolidate results into the Group.

15. Cash and cash equivalents

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Cash at bank and in hand:		
Cash at bank:		
- GBP	1,947	2,554
- USD	409	425
- EUR	20	27
Net cash and cash equivalents	2,376	3,006

Net cash and cash equivalents' is used for the Group Statement of Cash Flows. The net carrying value of cash and cash equivalents is considered a reasonable approximation of fair value.

16. Trade and other payables

Trade payables and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 27 days (2021: 26 days, 2020: 29 days).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Payables falling due within one year:

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Trade payables	374	267
Accruals	997	858
Lease obligations	192	258
Other payables	268	283
Financial liabilities at amortised cost	1,831	1,666
Social security and other taxes	307	325
Non-financial liabilities	307	325
Trade and other payables	2,138	1,991

Included within accruals are the following provisions:

	Software development provision £000
Provision at 1 January 2022	-
Additions in year	439
Provision at 31 December 2022	439

The software development provision relates to functionality that the Group has committed to deliver in the base product. This functionality includes the ability for software to operate on evolving hardware technology and also integrate with new applications as they become mainstream. The developments are expected to complete within 12 months. The Group regularly provide updates to software and the internal processes are established and reliable.

17. Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Balance at 1 January	450	872
New leases entered into during the year	-	31
Repayments made during the year	(277)	(474)
Finance charges	19	21
Balance at 31 December	192	450
Presented as:		
Lease liability payable within 1 year	192	258
Lease liability payable in more than 1 year	-	192
Balance at 31 December	192	450

18. Deferred tax

The movement in deferred tax within the Group Statement of Financial Position is as follows:

	Deferred tax liability		Deferred tax asset	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Balance as at 1 January	(88)	(12)	1,163	-
Charged to Group Statement of Comprehensive income (note 8)	51	(76)	221	1,163
Balance at 31 December	(37)	(88)	1,384	1,163

The components of deferred tax included in the Group Statement of Financial Position are as follows:

	Property, plant and equipment £'000	Tax losses £'000	Other temporary differences £'000	Total £'000
Balance as at 1 January 2021	-	-	(12)	(12)
(Charged) / credited to Group Statement of Comprehensive income (note 8)	(88)	1,163	12	1,087
Balance at 31 December 2021	(88)	1,163	-	1,075
Credited to Group Statement of Comprehensive income (note 8)	51	221	-	272
Balance at 31 December 2022	(37)	1,384	-	1,347

Deferred tax is provided for at tax rates of 19% and 25% as applicable to each future accounting period. For further details see note 8.

19. Lease arrangements

The Group as lessee

Elements of the Group's equipment are held under lease arrangements. As at 31 December 2022, the net carrying amount of equipment under lease arrangements was £194K (2021: £456K). Lease liabilities are secured by the related assets. Future minimum lease payments are as follows:

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Balance at 1 January	450	872
New leases entered into during the year	-	31
Repayments made during the year	(277)	(474)
Finance charges	19	21
Balance at 31 December	192	450
Presented as:		
Lease liability payable within 1 year	192	258
Lease liability payable in more than 1 year	-	192
Balance at 31 December	192	450

The lease agreements include fixed payments and a purchase option at the end of the lease. The agreement is non-cancellable and does not contain any further restrictions.

The table below describes the nature of the Group's leasing activities:

Right of use (ROU) asset	No. of ROU assets	Range of remaining term	Average remaining term	No. of leases with extension options	No. of leases with option to purchase	No. of leases with variable payments	No. of leases with termination options
IT equipment	3	<1 year	<1 year	-	3	-	-

The Group has elected to apply the practical expedient permitted under IFRS16 to not recognise a right of use asset and lease liability due to a short term or immaterial nature. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of lease liability is as follows:

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Short term leases	30	8
Leases of low value assets	-	-
Variable lease payments	-	-

The Group's future aggregate minimum lease payments are as follows:

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Short term leases	23	22
Leases of low value assets	-	-
Variable lease payments	-	-

The Group's lease agreements do not contain any contingent rent clauses. None of the lease agreements contain escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

20. Share capital

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Issued and fully paid:		
15,123,125 (2021: 16,919,609, 2020: 16,919,609) ordinary shares of 10p each	1,512	1,692

There is one class of ordinary shares and holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

Share transactions

During the year, the Company purchased 1,796,484 shares at a tender price of 115 pence. The shares were subsequently cancelled (2021: The Company purchased 440,826 shares for £315,771 which were retained as treasury shares). There were no shares issued during the year (2021: None).

21. Share options

The Group have an unapproved Executive Management Incentive (EMI) share option scheme. Further details are detailed below.

Unapproved EMI scheme

This scheme is part of the remuneration package of the Group's senior management. Options will vest if certain conditions, as defined in the scheme, are met. These conditions have Included Group performance compared to budget over a 3 year period and one third of the options will vest in each of the 3 reporting periods if the performance targets are met in that period. Participating employees have to be employed at the end of each period to which the options relate. Upon vesting, each option allows the holder to purchase ordinary shares at the market price on date of grant.

Share options and weighted average exercise prices are as follows:

	Number of shares	Weighted average exercise price per share (£'s)
Outstanding at 1 January 2021	681,245	0.79
Granted	-	-
Lapsed	(11,667)	1.27
Outstanding at 31 December 2021	669,578	0.79
Granted	410,000	0.81
Lapsed	(78,027)	0.75
Outstanding at 31 December 2022	1,001,551	0.80

Further details on share options are detailed below:

	As at 31 Dec 22	As at 31 Dec 21
Weighted average remaining contractual life	93 months	89 months
Weighted average exercise price	80 pence	79 pence
Range of exercise prices	73.5-156 pence	73.5-156 pence
Number of options exercisable	601,551	57,333

The fair value of options granted were determined using the Black Scholes method. The following principal assumptions were used in the valuation:

Grant date	Jan 2016	Feb 2016	Aug 2016	Sept 2017	Sept 2019	July 2022
Vesting period ends	31 Dec 16	31 Dec 16	31 Dec 16	31 Dec 18	31 Dec 22	31Dec 25
	31 Dec 17	31 Dec 17	31 Dec 17	31 Dec 19		
	31 Dec 18	31 Dec 18	31 Dec 18	31 Dec 20		
Share price at grant	£1.27	£1.27	£1.30	£1.56	£0.74	£0.81
Volatility	26%	26%	16%	16%	27%	27%
Risk free investment rate	5%	5%	5%	5%	5%	5%
Fair value of option – 31 Dec 2016 vesting period	18p	18p	9p	-	-	-
Fair value of option – 31 Dec 2017 vesting period	26p	26p	17p	-	-	-
Fair value of option – 31 Dec 2018 vesting period	32p	32p	23p	16p	-	-
Fair value of option – 31 Dec 2019 vesting period	-	-	-	24p	-	-
Fair value of option – 31 Dec 2020 vesting period	-	-	-	31p	-	-
Fair value of option – 31 Dec 2022 vesting period	-	-	-	-	18p	-
Fair value of option – 31 Dec 2025 vesting period	-	-	-	-	-	20p

The underlying volatility was determined with reference to the historical data of the Company's share price. In total £29K (2021: £27K) of employee remuneration expense and has been included in the profit for the year.

22. Notes to the cash flow statement

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. Refer to note 15 'cash and cash equivalents'. The initial recognition of lease liabilities are non-cash transactions excluded from the statement of cash flows.

Net debt reconciliation	Leases £'000	Bank £'000	Total £'000
Net debt at 1 January 2021	(871)	2,323	1,452
New leases	(32)	-	(32)
Financing cashflows	453	684	1,137
Interest payment	25	-	25
Other charges:			
Interest charge	(25)	-	(25)
Foreign exchange adjustments	-	(1)	(1)
Net debt at 31 December 2021	(450)	3,006	2,556
New leases	-	-	-
Financing cashflows	258	(626)	(368)
Interest payment	18	-	18
Other charges:			
Interest charge	(18)	-	(18)
Foreign exchange adjustments	-	(4)	(4)
Net debt at 31 December 2022	(192)	2,376	2,184

23. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on page 44.

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Short term employee benefits	709	690

Directors' transactions

The amounts outstanding as at 31 December 2022 relate to amounts due from Ingenta plc to Directors in connection with invoiced Non-Executive fees.

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Amounts outstanding with Directors	3	8

Joint Venture transactions

The Joint Venture loan amounts to £149K (2021: £149K). The loan balance has no defined terms including any details on repayment terms or interest.

24. Financial risk management

The Group is exposed to various risks in relation to financial assets and liabilities. The main types of risk are foreign currency risk, interest rate risk, market risk, credit risk and liquidity risk.

The Group's risk management is closely controlled by the Board and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not actively trade in financial assets for speculative purposes nor does it write options. The most significant financial risks are currency risk and certain price risks.

Foreign currency sensitivity

The Group trades in Sterling (GBP), US Dollars (USD) and Euros (EUR). Most of the Group's transactions are carried out in Sterling and US Dollars. Exposure to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily in USD, through the trading divisions in the USA (Ingenta Inc. and Publishers Communication Group Inc.). The Group does not borrow or invest in USD other than an intercompany loan denominated in USD between Vista International Ltd and Vista North America Holdings Ltd, the currency movement on which offsets within the Group Statement of Comprehensive Income.

In order to mitigate the Group's foreign currency risk, non-GBP cash flows are monitored and excess USD and EUR not required for foreign currency expenditure are translated into GBP on an on-going basis. The Group is a net importer of USD being cash flow positive by approximately $2.0m per annum. No further hedging activity is undertaken. The Group does not enter into forward exchange contracts.

Foreign currency denominated financial assets and liabilities, translated into GBP at the closing rate, are as follows:

	Short-term exposure USD £'000	Long-term exposure USD £'000
31 December 2022		
Financial assets	965	-
Financial liabilities	(159)	-
Total exposure	806	-
31 December 2021		
Financial assets	684	-
Financial liabilities	(162)	-
Total exposure	522	-

The following table illustrates the sensitivity of profit and equity with regard to the Group's financial assets and financial liabilities and the USD / GBP exchange rate "all other things being equal". Transactions in EUR are immaterial and therefore movements of the EUR / GBP exchange rate have not been analysed.

It assumes a + / - 10% change of the USD / GBP exchange rate for the year ended 31 December 2022 (2021: 10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group foreign currency financial instruments held at each reporting date.

If GBP had strengthened against USD by 10% (2021: 10%) then this would have had the following impact:

	Loss for the year USD £'000	Equity USD £'000
31 December 2022	(45)	(91)
31 December 2021	(46)	(68)

If GBP had weakened against USD by 10% (2021: 10%) then this would have had the following impact:

	Profit for the year USD £'000	Equity USD £'000
31 December 2022	55	111
31 December 2021	56	83

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long term financing. Long term borrowings are therefore usually at fixed rates. At 31 December 2022 and 31 December 2021, the Group had no exposure to borrowings on variable interest terms and hence no sensitivity of profit or equity to changes in interest rates.

Credit risk analysis

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2022 £'000	2021 £'000
Cash and cash equivalents (note 15)	2,376	3,006
Trade receivables - net (note 13)	1,546	1,441
Other receivables (note 13)	4	64
Unbilled receivables (note 13)	21	29
	3,947	4,540

The credit risk in respect of cash and cash equivalents is considered negligible as they are held with major reputable financial institutions only.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group's management considers that the financial assets above, that are not impaired or past due for each of the reporting dates under review, are of good credit quality.

The Group continuously monitors defaults of customers and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and reports on customers are used and the Group's policy is only to deal with creditworthy customers. The credit terms range between 30 and 75 days and support and maintenance customers are required to pay the annual amount upfront, mitigating the credit risk. The ongoing credit risk is managed through regular review of ageing analysis. Some of the unimpaired trade receivables are past due at the reporting date.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk from any single customer or group of customers having the same characteristics. Trade receivables consist of a large number of customers in different sectors of the market and geographical locations.

The carrying amount of financial assets whose terms have been renegotiated, that would otherwise be past due or impaired is £Nil (2021 & 2020: £Nil). Details of trade receivables that have not been settled by the contractual due date but are not considered to be Impaired are Included In note 13.

Liquidity risk analysis

The Group manages its liquidity needs by monitoring scheduled debt repayments for long term financial liabilities as well as forecast cash flows due in day-to-day business. Liquidity needs are monitored in various time bands. Short term cash flow is monitored daily using known daily inflows and outflows for cash within 8 to 12 weeks. Medium term cash flows within 12 months are monitored using monthly rolling forecast data. Longer term cash flows are monitored using higher level management strategy documents. Net cash requirements are compared to cash balances and forecast in order to determine headroom or any shortfalls. This analysis shows if available cash is expected to be sufficient over the lookout period of 15 months to March 2024.

The Group maintains sufficient cash balances and enters into lease arrangements to meet its liquidity requirements for the medium-term forecast period (1 year).

As at 31 December 2022, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

		Current £'000		Non-current £'000
31 December 2022:	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Lease obligations	115	77	-	-
Trade and other payables (note 16)	1,639	-	-	-
Total	1,754	77	-	-

This compares to the Group's financial liabilities in the previous reporting period as follows:

		Current £'000		Non-current £'000
31 December 2021:	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Lease obligations	142	135	206	-
Trade and other payables (note 16)	1,408	-	-	-
Total	1,550	135	206	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying value of the liabilities at the reporting date.

Where the customer has a choice of when an amount is paid the liability has been included on the earliest date on which payment can be required.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities.

An analysis of the Group's financial assets is set out below:

			As at 31 December 2022			As at 31 December 2021
	Amortised cost £'000	FVTPL £'000	Total £'000	Amortised cost £'000	FVTPL £'000	Total £'000
Trade and other receivables	1,571	-	1,571	1,534	-	1,534
Cash and cash equivalents	2,376	-	2,376	3,006	-	3,006
Total financial assets	3,947	-	3,947	4,540	-	4,540

An analysis of the Group's financial liabilities is set out below:

	As at 31 December 2022			As at 31 December 2021		
	Other liabilities (amortised cost) £'000	Other liabilities at FVTPL £'000	Total £'000	Other liabilities (amortised cost) £'000	Other liabilities at FVTPL £'000	Total £'000
Non-current lease obligations	-	-	-	192	-	192
Current lease obligations	192	-	192	258	-	258
Trade and other payables	1,639	-	1,639	1,408	-	1,408
Total financial liabilities	1,831	-	1,831	1,858	-	1,858

25. Capital management policies and procedures

The Group's capital management objectives are:

To ensure the Group's ability to continue as a going concern and provide an adequate return to shareholders

The Group monitors capital on the basis of the carrying amount of equity plus any loan notes less cash and cash equivalents. The Group's goal in capital management is a capital to overall financing ratio of 1:6 to 1:4.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities other than loan notes. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	2022 £'000	2021 £'000
Total equity	3,774	4,724
Loan notes	-	-
Short term loans	-	-
Cash and cash equivalents	(2,376)	(3,006)
Capital	1,398	1,718
Total equity	3,774	4,724
Borrowings	-	-
Overall financing	3,774	4,724
Capital to overall financing ratio	0.37	0.36

26. Post balance sheet events

There are no post balance sheet events.

Company statement of financial position

	note	31 Dec 22 £'000	Restated 31 Dec 21 £'000
Non-current assets			
Investments	4	-	-
Current assets			
Trade and other receivables	5	12,676	10,795
Cash and cash equivalents		4	5
		12,680	10,800
Total assets		12,680	10,800
Equity			
Called up share capital	7	1,512	1,692
Capital redemption reserve		180	-
Share option reserve		117	88
Retained earnings		10,053	7,773
Total Equity		11,862	9,553
Current liabilities			
Trade and other payables	6	818	1,247
Non-current liabilities			
Total liabilities		818	1,247
Total equity and liabilities		12,680	10,800

The profit recognised in the year was £5,025K (2021: loss £439K).

The financial statements were approved by the Board of Directors and authorised for issue on 10 May 2023 and were signed on its behalf by:

J R Sheffield,Director

G S Winner, Director

Registered number: 00837205

The accompanying notes form part of these financial statements.

Company statement of changes in equity

	Share capital £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2021	1,692	-	61	6,635	8,388
Impact of restatement (see note 10)	-	-	-	2,303	2,303
Restated balance at 1 January 2021	1,692	-	61	8,938	10,691
Dividends paid	-	-	-	(410)	(410)
Shares bought into treasury	-	-	-	(316)	(316)
Share options granted	-	-	27	-	27
Transaction with owners	-	-	27	(726)	(699)
Loss for the year	-	-	-	(439)	(439)
Total comprehensive income / (expense) for year	-	-	-	(439)	(439)
Balance at 31 December 2021	1,692	-	88	7,773	9,553
Dividends paid	-	-	-	(523)	(523)
Shares repurchased and cancelled	(180)	180	-	(2,222)	(2,222)
Share options granted	-	-	29	-	29
Transaction with owners	(180)	180	29	(2,745)	(2,716)
Profit for the year	-	-	-	5,025	5,025
Total comprehensive income / (expense) for year	-	-	-	5,025	5,025
Balance at 31 December 2022	1,512	180	117	10,053	11,862

Notes to the Company financial statements

1. Accounting Policies

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and management are required to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 45(b) and 46 to 52 of IFRS 2 'Share based payment' including details of the number and weighted average exercise prices of share options and how the fair value of goods or services received was determined.
- IFRS 7 'Financial instruments' disclosures
- Paragraph 91 to 99 of IFRS 13 'Fair value measurement' disclosures relating to valuation techniques and inputs used for fair value measurement of assets and liabilities.
- The following paragraphs of IAS 1 'Presentation of financial statements':
- 10(d) statement of cashflows
- 16 statement of compliance with all IFRS
- 38A requirement for a minimum of two primary statements, including cashflow statements
- 38B-D additional comparative information
- 111 Statement of cashflow information
- 134-136 Capital management disclosures
- IAS 7 'Statement of cashflows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' and the requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.
- Paragraph 17 of IAS 24 'Related party disclosures' and the requirement to present key management compensation
- IAS 24 'Related party disclosures' and the requirement to disclose related party transactions entered into between two or more members of a group.

Accounting policies

A summary of the principal Company accounting policies, which have been applied consistently, is set out below.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value. The Directors have impaired the investments as appropriate based on the findings of the wider impairment review detailed in note 10 of the Company accounts.

Going concern

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management have taken into account all relevant available information about the future including a profit and cash forecast, the continued support of the shareholders and Directors, banking facilities and management's ability to affect costs and revenues.

Management regularly forecast profit, financial position and cash flows for the Group. The rolling annual forecast is normally updated monthly.

Having reviewed the latest forecast, management regard the forecast to be robust. Revenue streams are forecast in detail with all recurring revenue contracts individually listed and ranked by firmness from firm to prospect. Management have reviewed forecast costs for reasonableness against prior years and with knowledge of expected movements and concluded that forecast costs are robust (refer to the going concern section of the Financial Review and the Group accounting policies).

Share options
Please refer to the Group accounting policies note for full details. Within the parent company accounts, share based payments are recorded as an increase to investments and credited to the share option reserve within equity.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date.

Transactions in foreign currencies during the year are recorded at a monthly estimated rate set at the beginning of each month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and not subsequently retranslated.

Deferred taxation
Provision is made for deferred taxation, using the full provision method, on all taxable temporary differences. Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Significant accounting estimates and judgements
When preparing the financial statements management make estimates, judgements and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Intercompany receivables
The Company assesses the carrying value of its intercompany receivables using a time to pay repayment model. The receivables are repayable on demand and non-interest bearing and management believe a repayment plan will provide the best recovery solution. The repayment calculation includes estimates about future financial performance over a 5 year repayment period and includes sensitivity analysis for downside scenarios.

Subsidiary investments
The Company assesses the carrying value of its subsidiary investment balances in conjunction with its assessment of Intercompany receivables. The same repayment plan model is used to assess the combined balance and any identified impairment will be applied to the investment balance first and

then the intercompany receivable balance if appropriate. The investments relate to current trading entities or business units which are the value drivers of the Group.

2. Profit for the financial year

The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The parent Company's profit for the year was £5,025K (2021: loss £439K), impairment for intercompany debtors was a credit to the income statement of £3,932K (2021: debit of £967K) and impairment of investments was a charge of £29K (2021: £27K). An audit fee of £20K was paid in respect of the parent Company audit (2021: £20K).

Tax fees for the Group of £1K (2021: £1K) have been borne by the subsidiary companies.

The Company employed two Executive Directors (2021: two), three Non-Executive Directors (2021: three) and the Non-Executive Chairman. The costs of these employees and the fees for the other Non-Executive Directors were borne by the subsidiaries.

3. Staff Numbers and Costs

	Year ended 31 Dec 22 Average number	Year ended 31 Dec 21 Average number
Staff numbers:		
Operations	6	6

	Year ended 31 Dec 22 £'000	Year ended 31 Dec 21 £'000
Their aggregate remuneration comprised:		
Wages and salaries	174	196
Other staff costs	10	9
Total staff costs	184	205

4. Investments

	As at 31 Dec 22 £'000	Restated As at 31 Dec 21 £'000
Cost		
At 1 January	4,347	4,320
Share options issued to employees of subsidiaries	29	27
At 31 December	4,376	4,347
Impairment		
At 1 January	4,347	4,320
Charge for the year	29	27
At 31 December	4,376	4,347
Carry amount		
At 31 December	-	-

Investments are investments in subsidiary and Joint Venture undertakings.

Details of subsidiary undertakings, in which the Company holds majority shareholdings and investments in which the Company holds significant interest and which have been consolidated and disclosed respectively in the Group financial statements, are as follows:

Company	Country of registration	Registered address	Holding	Proportion held	Nature of the business
Catchword Limited	England	UK*	Ordinary shares	100%	Dormant
			Preference shares	100%	
Ingenta Holdings Limited	England	UK*	Ordinary shares	100%	Dormant
Ingenta US Holdings Inc.	USA	US*	Ordinary shares	100%	Holding Company
Publishers Communication Group Inc	USA	US*	Ordinary shares	100%	Marketing and Sales Consultancy
Ingenta UK Limited	England	UK*	Ordinary shares	100%	Publishing Software and Services
Ingenta Inc	USA	US*	Ordinary shares	100%	Publishing Software and Services
Publishing Technology do Brasil LTDA	Brazil	BRA*	Ordinary shares	100%	Publishing Software and Services
Publishing Technology Australia Pty Ltd	Australia	AUS*	Ordinary shares	100%	Publishing Software and Services
Vista Computer Services Limited	England	UK*	Ordinary shares	100%	Dormant
Vista Computer Services LLC	USA	US*	Ordinary shares	100%	Dormant
Vista Holdings Limited	England	UK*	Ordinary shares	100%	Dormant
Vista International Limited	England	UK*	Ordinary shares	100%	Holding Company
Vista North America Holdings Limited	England	UK*	Ordinary shares	100%	Non-Trading Holding Company
Uncover Inc	USA	US*	Ordinary shares	100%	Dormant
Beijing Ingenta Digital Publishing Technology Limited	China	CHI*	Ordinary shares	49%	Publishing Software and Services
5 Fifteen Limited	England	UK*	Ordinary shares	100%	Digital Advertising Solutions
5 Fifteen Inc.	USA	US*	Ordinary shares	100%	Digital Advertising Solutions

UK* Suite 2, Whichford House, Parkway Court, John Smith Drive, Oxford, OX4 2JY, UK
US* 317 George Street, New Brunswick, NJ 08901, USA
CHI* Room 2227, Building D33 No.99, Kechuang 14th Street, Beijing Economic and Technological Development Zone, China
AUS* Suite 2, Ground Floor, 5 Alexander Street, Crows Nest, NSW 2065, Australia
BRA* Edificio Esplanada Park, Rua Jeronimo da Veiga, 164, 16C-16 andar, Itaim Bibi, 04536-000, Brazil

5. Trade and other receivables

Amounts falling due within one year	As at 31 Dec 22 £'000	Restated As at 31 Dec 21 £'000
Other debtors:		
Amounts due from subsidiary undertakings	21,655	21,832
Provision for intercompany debtors	(8,979)	(11,037)
	12,676	10,795

Balances recorded for subsidiary undertakings are not governed by formal loan agreements and are repayable on demand with no interest charged.

6. Trade and other payables

Amounts falling due within one year	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Other creditors:		
Amounts due to subsidiary undertakings	669	1,098
Accruals	149	149
	818	1,247

7. Share Capital

	As at 31 Dec 22 £'000	As at 31 Dec 21 £'000
Issued and fully paid:		
15,123,125 (2021: 16,919,609) ordinary shares of 10p each	1,512	1,692

Share transactions

During the year, the Company purchased 1,796,484 shares at a tender price of 115 pence. The shares were subsequently cancelled (2021: The Company purchased 440,826 shares for £315,771 which were retained as treasury shares). There were no shares issued during the year (2021: None).

There is one class of ordinary shares and holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

8. Related party transactions

Please refer to note 23 of the Group financial statements for related party transactions.

9. Financial assets and liabilities

An analysis of the company's assets is set out below:

	As at 31 December 2022		Restated As at 31 December 2021	
	Loans and receivables £'000	Total for financial position heading £'000	Loans and receivables £'000	Total for financial position heading £'000
Other receivables	12,676	12,676	10,795	10,795
Cash and cash equivalents	4	4	5	5
	12,680	12,680	10,800	10,800

	As at 31 December 2022		As at 31 December 2021	
	Financial liabilities at amortised cost £'000	Total for financial position heading £'000	Financial liabilities at amortised cost £'000	Total for financial position heading £'000
Other payables	669	669	1,098	1,098
Other creditors	149	149	149	149
	818	818	1,247	1,247

10. Prior period adjustment

Adjustments have been made to the carrying values of Company investments and intercompany receivables. In prior periods, the time to repay modelling of recoverability of intercompany receivables implied there were indicators of impairment. Impairments were subsequently applied to these intercompany receivables, but the same time to pay cash flows were not used in the assessment of associated investment balances. Resulting impairments should have been applied to the investment balances first then the intercompany receivables.

The adjustments to opening reserves at 1 January 2021 was an increase of £2,303K as shown in the statement of changes in equity. In the year ended 31 December 2021 the following changes were made. Investments balances previously stated at £3,323 have decreased to nil as they have now been fully impaired. The carrying value of intercompany balances has increased by £4,630K from £6,165K as previously stated to £10,795K. The impact on profit in the year ended 31 December 2021 was a decrease of £996K from £557K as previously stated to a loss of £439K and the impact on net assets was an increase of £1,307K from £8,246K as previously stated to £9,553K.

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