11 September 2023

Ingenta plc
("Ingenta", the "Company" or the "Group")

Interim Results

Ingenta plc (AIM: ING), a leading provider of world-class software and services to the global publishing industry, is pleased to announce its unaudited interim results for the six months to 30 June 2023.

Financial Key Points

- Group revenues increased by 9% to £5.74m (2022: £5.27m)
- 80% of Group revenues recurring in nature (2022: 89%) with reduction due to growth of consultancy services
- Gross profit margin increased to 55% (2022: 53%)
- Adjusted EBITDA* increased by 26% to £1.58m (2022: £1.26m)
- Cash from operations of £0.38m (2022: £1.61m) impacted by timing of annual renewal cash receipts for 2023 being received at the end of 2022
- Cash balances of £2.59m (31 December 2022: £2.38m)
- Adjusted earnings per share** of 9.40 pence (2022: 6.27 pence)
- Interim dividend of 1.5 pence per share (2022: 1.2 pence) reflecting the Group's progressive dividend policy

Operational Key Points

- Three key contracts signed amounting to approximately £2m over the next 5 years with revenue due to commence in the second half of the year
- Content revenue increased by 19% to £1.25m (2022: £1.07m) driven by efficient and rapid customer deployments and associated recurring revenue
- Commercial revenue increased by 9% to £4.09m (2022: £3.77m) as a result of a strong order book for change control work
- Sales and marketing teams expanded with strategic focus on new customer wins

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

** Adjusted earnings per share is calculated before foreign exchange differences. See note 4 for reconciliation

Dividend Timetable

The Company is pleased to confirm that an interim dividend of 1.5 pence per share will be paid on 23 October 2023. The ex-dividend date is 21 September 2023 and the associated record date for the interim dividend is 22 September 2023.

Martyn Rose, Chairman of Ingenta plc, commented:

“The Group has had a strong start to 2023 driven by our comprehensive range of services that have been carefully developed over the preceding years. It is pleasing to note that both of our core divisions, Commercial and Content, were key drivers in the reported revenue increase.

Revenue growth in the period has been generated by additional software consultancy fees for our existing customer deployments plus further exploratory work as we scope out potential customer requirements for future service expansion. It is extremely encouraging to see that we are building on our reputation as a trusted partner for some very successful businesses.

Previously, we reported on improvements being made to our sales and marketing efforts to win new business and I am delighted to say that we have achieved some early success with three key contract wins. These deals are for our content distribution platform and have associated revenues of £2m over the next 5 years. The implementation revenues for these deals will commence in the second half of the year and have secured a significant proportion of the Group’s new sales targets for 2023.

In recognition of these successes, and in line with our progressive dividend policy, the Board proposes to pay an interim dividend of 1.5 pence per share.”

Scott Winner, CEO, commenting on the contract wins:

“The Group has made significant progress in signing new business and these wins demonstrate the focus in driving the business forward. With the new wins we are both growing our targets of NGO’s and scientific publishers, as well as adding scholarly magazines, in addition to the media wins in IP management that we reported earlier. These wins will leverage our quick implementations to drive ongoing recurring revenues and long-term customer partnerships.”

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

For further information please contact:

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Scott Winner / Jon Sheffield

Cenkos Securities plc **Tel: 0207 397 8900**

Katy Birkin / Callum Davidson

Financial Review

As previously reported, the Group has successfully restructured its operational base and can now leverage those efficiency gains as new business is taken on.

Statement of Comprehensive Income

Group revenue increased by 9% to £5.74m (2022: £5.27m) driven by time-based consultancy work enhancing customer deployments and project work scoping out potential extensions to ongoing recurring revenue streams. Encouragingly, this growth has come from both the Commercial and Content divisions which remain our key focus.

As a result of the operational enhancements, any new revenue can be efficiently serviced by the Group and this has helped increase gross profit margins to 55% (2022: 53%). Although sales and marketing expenditure has been stable, the activity and focus has been refined, hires made, and there will be additional investments made in the second half of the year as the Group targets further revenue growth.

Administrative expenses include unrealised foreign exchange gains on revaluation of intercompany balances of £0.14m (2022: £0.50m loss). After adjusting for this movement, expenditure is broadly consistent with the prior period. EBITDA adjusted for unrealised foreign exchange differences on intercompany balances increased by 26% to £1.58m (2022: £1.26m).

Earnings per share have increased substantially to 10.37 pence (2022: 3.23p) and reflect the increased profitability of the Group, unrealised exchange gains on intercompany balances, and also the effect of the £2.2m tender offer to repurchase 1,796,484 Ordinary shares in the second half of 2022. After adjusting for the effects of foreign exchange gains and losses, the adjusted earnings per share increased by 50% to 9.40p (2022: 6.27p).

Statement of Cash Flows and Financial Position

Cash inflow from operations was £0.38m (2022: £1.61m) which was lower than the prior period due to the acceleration of receipts which normally fall at the beginning of the financial year being received at the end of 2022. This had the effect of inflating the 31 December 2022 year end cash balance and reducing cash generation in the current period. Cash generation around the year end will remain sensitive to the timing of large receipts from annual billings and the Group's closing cash balances were £2.59m (31 December 2022: £2.38m).

The Statement of Financial position remains strong, with no debt other than leases and a significant deferred tax asset of £1.38m (2022: £1.16m) relating to the valuation of brought forward tax losses over the coming 5 years. The comparative reduction in share capital from £1,69m to £1.51m reflects the tender offer mentioned above.

Outlook

Traditionally, the first half of the year is seasonally stronger as customers commit to their annual budget plans. Whilst we expect progress to continue in the second half of the year, it is often less predictable as spending plans can be delayed until the next budgetary cycle. In addition to the 3 new sales announced in the first half of the year, the Group won another contract in August for its content distribution platform with initial fees of £0.45m over the next 6 years. All these new contracts will commence implementation in the second half of the year and go a long way to securing revenue targets for 2023. On balance, the Board remain confident in the outlook for the year and expects that EBITDA for the year ended 31 December 2023 will be ahead of market expectations.

Jon Sheffield
Chief Financial Officer

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

	Note	Unaudited Six months ended 30 June 2023 £'000	Unaudited Six months ended 30 June 2022 £'000	Audited Year ended 31 Dec 2022 £'000
Revenue		5,743	5,271	10,451
Cost of sales		(2,583)	(2,497)	(5,348)
Gross profit		3,160	2,774	5,103
Sales and marketing expenses		(345)	(367)	(707)
Administrative expenses		(1,275)	(1,861)	(3,176)
Profit from operations		1,540	546	1,220
Finance costs		(10)	(10)	(21)
Profit before tax		1,530	536	1,199
Tax		(22)	(8)	260
Retained profit for the period		1,508	528	1,459
Other comprehensive expenses which will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		(165)	478	307
Total comprehensive profit for the period		1,343	1,006	1,766
Basic profit per share – pence	4	10.37	3.23	9.02
Diluted profit per share – pence	4	10.20	3.12	8.94

Adjusted EBITDA reconciliation:			
Profit from operations	1,540	546	1,220
Depreciation	182	213	412
Foreign exchange (gain) / loss	(142)	496	328
Gain on disposal of fixed assets	-	-	(4)
EBITDA before foreign exchange gains / losses	1,580	1,255	1,956

Unaudited Condensed Consolidated Interim Statement of Financial Position

	Note	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 Dec 2022 £'000
Non-current assets				
Goodwill	3	2,661	2,661	2,661
Other intangible assets	3	-	-	-
Property, plant & equipment		136	500	302
Deferred tax		1,384	1,163	1,384
		4,181	4,324	4,347
Current assets				
Trade and other receivables	5	2,365	1,150	1,910
Cash and cash equivalents		2,594	4,413	2,376
		4,959	5,563	4,286
Total assets		9,140	9,887	8,633
Equity				
Share capital		1,512	1,692	1,512
Capital redemption reserve		180	-	180
Merger reserve		11,055	11,055	11,055
Reverse acquisition reserve		(5,228)	(5,228)	(5,228)
Translation reserve		(463)	(127)	(298)
Share option reserve		131	107	117
Retained earnings		(2,056)	(1,750)	(3,564)
		5,131	5,749	3,774
Non-current liabilities				
Deferred tax liability		37	88	37
Leases		-	77	-
		37	165	37
Current liabilities				
Trade and other payables	6	1,814	1,856	2,138
Contract liabilities		2,158	2,117	2,684
		3,972	3,973	4,822
Total equity and liabilities		9,140	9,887	8,633

Unaudited Condensed Consolidated Interim Statement of Changes in Equity

	Share capital £'000	Capital redemption reserve £'000	Merger reserve £'000	Reverse acquisition reserve £'000	Translation reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2023	1,512	180	11,055	(5,228)	(298)	117	(3,564)	**3,774**
Share based payment expense	-	-	-	-	-	14	-	**14**
Transactions with owners	-	-	-	-	-	14	-	**14**
Profit for the period	-	-	-	-	-	-	1,508	**1,508**
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	-	(165)	-	-	**(165)**
Total comprehensive income / (expense) for the period	-	-	-	-	(165)	-	1,508	**1,343**
Balance at 30 June 2023	**1,512**	**180**	**11,055**	**(5,228)**	**(463)**	**131**	**(2,056)**	**5,131**

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

Unaudited Condensed Consolidated Interim Statement of Cash Flows

	Unaudited Six months ended 30 June 2023	Unaudited Six months ended 30 June 2022	Audited Year ended 31 Dec 2022
	£'000	£'000	£'000
Profit before tax	1,530	536	1,199
Adjustments for:			
Depreciation and amortisation	182	213	412
Profit on disposal of fixed assets	-	-	(4)
Share based payment expense	14	19	29
Interest expense	10	10	21
(Increase) / Decrease in trade and other receivables	(454)	660	(100)
(Decrease) / increase in trade and other payables	(901)	170	894
Cash inflow from operations	381	1,608	2,451
Tax Paid	(22)	(8)	(8)
Net cash inflow from operating activities	359	1,600	2,443
<u>Cash flows from financing activities</u>			
Dividend paid	-	-	(523)
Payment of leases	(115)	(135)	(258)
Interest paid	(10)	(10)	(21)
Costs of share repurchase	-	-	(2,222)
Net cash used in financing activities	(125)	(145)	(3,024)
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	(16)	(48)	(45)
Net cash used in investing activities	(16)	(48)	(45)
Net increase / (decrease) in cash and cash equivalents	218	1,407	(626)
Cash and cash equivalents at beginning of period	2,376	3,006	3,006
Exchange differences on cash and cash equivalents	-	-	(4)
Cash & cash equivalents at end of period	2,594	4,413	2,376

Notes to the Unaudited Interim Report for the six months ended 30 June 2023

1. Nature of operations and general information

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

The Company is incorporated in the United Kingdom under the Companies Act 2006. The Company's registration number is 00837205 and its registered office is Suite 2, Whichford House, Oxford OX4 2JY. The condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 11 September 2023.

The financial information set out in this interim report does not constitute statutory accounts as defined in section 404 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2022, prepared under IFRS as adopted by the European Union, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or section 498 (3) of the Companies Act 2006.

2. Basis of preparation

These unaudited condensed consolidated interim financial statements are for the six months ended 30 June 2023. They have been prepared following the recognition and measurement principles of UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022.

These condensed consolidated interim financial statements have been prepared on the going concern basis under the historical cost convention and have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2022.

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

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

3. Goodwill and Intangibles

Full details of the Group's policies on Goodwill and Intangibles is presented in the financial statements for the year ended 31 December 2022.

4. Profit per share

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

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

	Six months ended 30 June 2023	**Six months ended 30 June 2022**
Attributable profit (£'000)	1,508	528
Less foreign exchange (gain) / loss (£'000)	(142)	496
Adjusted attributable profit (£'000)	1,366	1,024
Weighted average number of ordinary basic shares (basic)	14,535,195	16,331,679
Weighted average number of ordinary shares (diluted)	14,784,197	16,933,230
Profit per share (basic) arising from both total and continuing operations	10.37p	3.23p
Profit per share (dilutive) arising from both total and continuing operations	10.20p	3.12p
Adjusted profit per share (basic) arising from both total and continuing operations	9.40p	6.27p

5. Trade and other receivables

Trade and other receivables comprise the following:

	30 June 2023 £'000	**30 June 2022 £'000**
Trade receivables – gross	1,920	834
Less: provision for impairment of trade receivables	(48)	(101)
Trade receivables – net	1,872	733
Other receivables	4	4
Prepayments and unbilled receivables	489	413
	2,365	1,150

6. Trade and other payables

Trade payables comprise the following:

	30 June 2023 £'000	30 June 2022 £'000
Trade payables	274	299
Social security and other taxes	245	337
Other payables	332	522
Accruals	963	698
	1,814	1,856

7. Contingencies and commitments

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

8. Post balance sheet events

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