Ingenta plc
(the Group ¶or the Company ¶)

Final Audited Results

Ingenta plc (AIM: ING) the leading provider of software and services to the global publishing industry, announces its final audited results for the year ended 31 December 2016.

Highlights

- Revenues up 9% to £15.2m (2015: £13.9m).
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- Adjusted EBITDA profit of £1.3m (2015: loss of £0.8m).
- Successful integration of the acquired 5 Fifteen business now branded as Ingenta Advertising.
- Gross profit is calculated after Research & Development spend of £2.2m (2015: £2.5m).
- Profit from operations is calculated after restructuring costs of £0.6m (2015: £0.4m).
- Basic earnings per share of 6.03p (2015: loss of 11.28p).
- Net cash at year end of £2.0m (2015: £2.1m).
- Cash outflow from operations £0.5m (2015: £2.6m).
- Maiden dividend of 1p per share proposed.

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2016 developments

The major development in the year was the acquisition of the UK advertising software company 5 Fifteen at the end

Financial Position

Non-current assets within the Group have increased by £1.8m. The main contributor to this increase was the goodwill and intangibles created because of the acquisition of 5 Fifteen. The intangibles relate to the software technology acquired and were valued at £0.5m using a discounted cashflow model. These are being amortised over 5 years. £1.1m of goodwill was also recognised on consolidation of the 5 Fifteen business. This was tested for impairment using discounted cashflows.

&XUUHQW DVVHWV KDYH GHFUHDVHG FRPSDUHG WR 7KH NH\ IDFWRU LQ WKLV overdrafts. In prior years, large positive cash balances were offset by substantial overdraft positions which were reported in current liabilities. The reduction in the R&D tax debtor has arisen because of the improved trading performance in the year ±current year losses in prior years augmented the value of the credit. Trade debtors were also higher at the end of 2016 as several project milestones were met allowing invoices to be raised. In addition, year-end accrued revenue balances were also higher than in prior years because of the acquisition of 5 Fifteen and its associated balances.

During the year, 600,000 shares were issued at £1.30 per share. This has resulted in the Share capital and Share premium increases in 2016.

As noted above, the Group paid down its overdrafts in the year and this has reduced reported borrowings in 2016. Trade and other payables includes additional accruals at the end of 2016 for contingent payments on the acquisition of 5 Fifteen.

Cashflow

$W \HDU HQG WKH *URXS¶V FDVK EDODQFHV KDYH U £1.0m. Cash inflows from HPDLQHG VWHDG\ FORVLQJ Z operations have improved by £2.2m compared to 2015. The key factor behind this improvement is the profitable trading in the year. Elsewhere, the business successfully raised £780K from a share issue in the year and £460K of this was spent on the acquisition of 5 Fifteen (net of acquired cash balances). Another important development in 2016 was the substantial reduction in interest costs which were down from £425K in 2015 to £33K in 2016. The R&D tax credit of £390K was received in the year and the estimate for 2016 is a further £150K although this is subject to HMRC approval.

Business Unit Review

Ingenta Commercial

Ingenta Commercial provide enterprise level publishing management systems for both print and digital products.

2016 has been a year of significant progress. The team have 3 go-lives planned for 2017, two in the first half of 2017 and another early in the second half. The first of these go lives signals the completion of the last major product RIIHULQJ RI WKH &RPPHUFLDO GLYLVLRQ ³RUGHU WR FDVK´ 7KLV LV D UHIHUHQF ent which we believe will open future sales opportunities. In addition to this, the onerous contract disclosed in prior years was successfully resolved in 2016. All provisions made in prior years were sufficient and have been fully released. There is no longer a burden on the business going forward into 2017.

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.

The Content team have won 5 new customers in 2016 and this success has been augmented by the widened product offering which now includes a full Content Management Solution (CMS) solution as well as a simpler GO! offering. The first sale of GO! was in South Africa where Ingenta has no local presence and the implementation was performed remotely. This has proven that GO! can be sold and deployed to a much wider audience which dramatically extends our addressable market. This deployment was also cloud based, meaning the solution is not reliant on our UK and USA hosting centres, which further enhances the market reach of the product.

Ingenta Advertising

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

The 5 Fifteen business was acquired at the end of July 2016 and formed the new Ingenta Advertising division. The division contributed £700K to reported Group revenues and has a strong pipeline with most new prospects purchasing the software as a service

Group Statement of Comprehensive Income

Group Statement of Financial Position
As at 31 December 2016

	note	31 Dec 16 … ¶	31 Dec 15 … ¶	31 Dec 14 … ¶
Non-current assets				
Goodwill and other intangible assets		4,900	3,737	3,737
Other intangible assets		458	-	-

Group Statement of Changes in Equity
For the year ended 31 December 2016

For the year ended 31 December 2015

Group Statement of Cash Flows
For the year ended 31 December 2016

	Year ended 31 Dec 16 … ¶	Year ended 31 Dec 15 … ¶
Profit / (loss) before taxation	861	(1,904)
Adjustments for		
Share of (profit) / loss from joint venture	(170)	100
Depreciation	234	233
(Profit) / loss on disposal	(1)	3
Interest expense	25	288
Unrealised foreign exchange differences	16	16
(Increase) / Decrease in trade and other receivables	(650)	143

1. Basis of preparation

The principal accounting policie V R I W K H * U R X S D U H V H W 5 R X W L Q W K H * U R X S ¶ V Annual Report and Financial statements. These remain unchanged for the year ended 31 December 2016.

2. Profit from operations

Profit from operations has been arrived at after charging:

	Year ended 31 Dec 16 ... ¶	Year ended 31 Dec 15 ... ¶
Research and development costs	2,208	2,535
Net foreign exchange (profit) / loss	(288)	42
Depreciation of property, plant and equipment		
- owned assets	94	74
- assets under finance leases	139	159
Operating lease rentals:	osnc0 G [(Dep)-5576.58 Tm(u)-3(n)-4(a)7(c)-6tne	
- land and buildings	303	316
- other	61	

3. Joint venture

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

This investment is accounted for under the equity method. BIDPT has a reporting date of 31 December. The shares

4. Tax

5. Earnings per share

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

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary share options. Management estimate 134,000 ordinary shares will be issued (2015: none) in respect of share options. There were none in 2015 because the Group held enough unallocated shares ZLWKLQ WKH (PSOR\HH 6KDUH 2ZQHUVKLS 7UXVW µ(627¶ to fulfil their exercise. For the year ended 31 December 2015, almost all outstanding options had an exercise price in excess of the average market price in the year, therefore there is no material dilutive impact from options granted and the basic and diluted earnings per share figures are the same.

	Year ended 31 Dec 2016 … ¶	Year ended 31 Dec 2015 … ¶
Attributable profit / (loss)	999	(1,432)
Weighted average number of		

6. Acquisitions

On 28th July 2016, the Group acquired 100% of the issued share capital of UK based advertising software company 5 Fifteen Limited, thereby obtaining control. The purchase will allow Ingenta to strengthen its product portfolio and strategically build on its existing plans to diversify its client base, extending its offering into the wider media industry as well as trade and academic publishers.

Details of the business combination are as follows:

	Year ended 31 Dec 2016
	… ¶
Fair value of consideration transferred	

Approved scheme

The Group had an approved option scheme, which was an HM Revenue and Customs approved scheme, available to eligible Directors and employees. As at 31 December 2016, no options are outstanding which have been granted