

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

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Chairman's statement

Overview

During a year of significant disruption, Ingenta's strategic focus remained the generation of recurring revenue by selling rapidly deployable, productised offerings with a clear upgrade path to future enhancements. This strategy is firmly in place within our Ingenta Content business where we won 3 new contracts in the second half of the year with 2 of them subsequently going live before the year end. The next stage is to replicate this strategy fully in the Commercial product portfolio where historically, implementations have included a significant element of bespoke development work.

On an operational front, we also went live with 3 Commercial customers during the year and have transitioned them to support which further supplements recurring revenue. In addition, our hosted services offering has also been taken up by several customers, most notably under the guise of Vista as a Service which allows our partners to concentrate

infrastructure to support the growing service offering.

Current assets have decreased compared to 2019 mainly driven by reduced debtors as the business transitions away from upfront annual billing to a more even software as a service model with monthly invoicing.

Total liabilities have also declined compared to 2019 in part because of less upfront annual billing which reduces deferred income. Further, significant creditor balances were aligned with the terminated PCG contract and these were all paid off during the year.

Cashflow

The Group generated a cash inflow from operations of £0.8m compared to £1.7m in 2019. Timing of renewal receipts is a key factor and with a transition towards software as a service, there will be less upfront annual receipts. The unwinding of the PCG contract mentioned above also yielded a net repayment of cash as Ingenta acted as the sales

Risks and uncertainties

COVID-19

The COVID-19 pandemic continues to be considered a principal risk to the business bringing with it many significant uncertainties although to date they have been successfully mitigated. The Group has analysed the potential impacts and tailored its business

FX risk

The risk associated with generating revenue and suffering costs in a currency other than sterling is mitigated naturally within Ingenta plc as revenues and associated costs are generally denominated in the same currency. Overall, the Group is a net generator of USD.

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. The new product agnostic operational structure has also accelerated knowledge sharing within groups.

Brexit

Management continue to monitor the UK's exit from the EU and its implications for the business. It is not anticipated the UK's exit from the EU will affect software sales and the majority of its revenue is within the UK and US markets. At present, the main risks identified are currency fluctuations which have been reviewed above.

On behalf of the Board.

Group Statement of Comprehensive Income
For the year ended 31 December 2020

1. Basis of preparation

The financial information of the Group set out above does not

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Profit / (loss) from operations	286	(1,248)
Add back:		
Depreciation and amortisation	439	372
Impairment of intangibles and investments	-	1,663
(Gain) / loss on disposal of fixed assets	(2)	2
Foreign exchange losses	40	37
Exceptional non-recurring costs	447	513
EBITDA before impairment, amortisation, gain / loss on disposal of fixed assets, foreign exchange gain / loss and exceptional non-recurring costs	1,210	1,339

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

3. Tax

	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Analysis of (charge) / credit in the year		
Current tax:		
Current research and development tax credit - UK	-	-
Current year State tax – US	(10)	(49)
Adjustment to prior year charge - UK	(3)	(54)
Deferred tax credit	20	20
Taxation	7	

The differences are explained below:

Reconciliation of tax expense	Year ended 31 Dec 20 £'000	Year ended 31 Dec 19 £'000
Profit / (loss) on ordinary activities before tax	264	(1,266)
Tax at the UK corporation tax rate of 19% (2019: 19%)	50	(241)
Expenses not deductible for tax purposes	14	297
Unrelieved UK losses carried forward	245	149
Utilisation of UK losses	(102)	(110)
Utilisation of US losses	(77)	(103)
Difference in timing of allowances	(129)	(13)
Adjustment to tax charge in respect of prior years	(8)	104
Total taxation	(7)	83

United Kingdom Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

4. Earnings per share

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

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary share options. Management estimate 681,000 ordinary shares will be issued (2019: 685,000) in respect of share options. In the current year, this calculation would have an antidilutive effect on earnings per share so has been ignored.

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Attributable profit / (loss)	271	(1,349)
Weighted average number of ordinary shares used in basic earnings per share ('000)	16,834	16,908

5. Publication of non-statutory accounts

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

The Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity, Group Statement of Cash Flows and associated notes have been extracted from the Group's 2020 statutory financial statements upon which the auditor's opinion is unqualified and which do not include any statement under section 498 of the Companies Act 2006.

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

This announcement and the annual report and accounts, including the Notice of Annual General Meeting, are available on the Company's website www.ingenta.com. A copy of the report and accounts will be sent to shareholders who have elected to