Ingenta plc
(the ‘Group’ or the ‘Company’)

Final Audited Results

Ingenta plc (AIM: ING) a leading software and services provider to the publishing and media industries, announces its final audited results for the year ended 31 December 2023.

Positive Financial Performance

- Revenue increased 3% to £10.8m (2022: £10.5m).
- Annual Recurring Revenue (ARR)* of £8.7m, representing 80% of total revenue (2022: £9.0m, 86%). New customer implementations in 2023 expected to yield approximately £0.5m of ARR in 2024.
- Adjusted EBITDA** £2.2m (2022: £2.3m****). The 2022 adjusted EBITDA figure was previously reported as £2m. This has been impacted by a prior period adjustment which has reduced direct costs by £0.3m and increased reported profitability by £0.3m.
- Net profit of £2.3m (2022: £1.8m****).
- Adjusted earnings per share of 12.77 pence*** (2022: 11.30 pence****).
- Reported earnings per share of 15.82 pence (2022: 10.88 pence****).
- Full year dividend increased 19% to 4.1 pence (2022: 3.45 pence), with proposed final dividend of 2.6 pence per share (2022: 2.25 pence), reflecting the Board’s confidence in the Group’s prospects.

Strong Balance Sheet Reinforced by Recurring Cash Flows

- Operating cash inflows of £1.1m (2022: £2.5m). The Group maintains an element of annual billing in advance and more invoices were raised and more cash received upfront at the end of 2022 than at the end of 2023.
- All significant lease obligations now repaid.
- Cash balances at year end of £2.7m (2022: £2.4m).

Encouraging Operational Delivery Leveraging New Group Structure

- Ingenta Content had one of its most successful years yet, winning prestigious new customers and expanding into its target markets, with new customers in the US and the NGO sector.
- Two Ingenta Content customer go-lives in the year plus four further projects due to complete in 2024, with these deals expected to add approximately £0.5m to ARR.
- Ingenta Commercial has continued to broaden its reach, demonstrating our product’s capabilities for IP management in a rapidly evolving global market.
- Three new customers added onto the Ingenta Commercial IP management platform. These deals are for music and media partners across the globe and further increase conChord’s breadth and reach.
- Customers continue to value Ingenta’s expertise and support during their wider technology and infrastructure changes, with Group consultancy revenues up £0.6m, driven by implementation and consultancy work across the product portfolio.

Current Trading

- Ongoing implementations on track, with two further Ingenta Content go lives in Q1 2024.

- Strong pipeline of project work being built for later in the year.

- Trading in line with expectations with our focus on delivering sales growth.

Dividend Timetable

Subject to approval at the forthcoming AGM, the Company is pleased to announce a final dividend of 2.6 pence per share will be paid on 19 July 2024. The ex-dividend date is 13 June 2024 and the associated record date for the final dividend is 14 June 2024.

* ARR – revenue generated and recognised in the year from annually recurring software support contracts, hosting services and managed services.
**Adjusted EBITDA – EBITDA before gain / loss on disposal of fixed assets and foreign exchange gain / loss. See note 3 for details.
***Adjusted earnings per share – earnings before tax and foreign exchange gain / loss
**** Comparative restated. See note 8.

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Scott Winner, Chief Executive Officer, commented:

"It is pleasing to see the Company continuing its progression on an upward trajectory. The expansion of our web-based content platform has been critical to driving growth, and the continued expansion of our IP product into new markets which is now in use in five countries has demonstrated the offering and the adaptability of our Commercial product to meet new markets.

Continued growth and expansion of our customer base will be the primary focus in 2024. Having won a number of key new customer accounts, and demonstrated that with our streamlined operating structure we can deliver new business more profitably, we are expecting any new future revenues to make a substantial contribution to our profits and cash flows."

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

Ingenta provides mission-critical software and services to the publishing sector, with growth aspirations in adjacent industries. Our strategic focus is to accelerate growth in annual recurring revenue, via the sale of software as a service (SaaS) wherever possible. This allows us to leverage our new operational structure, following our move to a product-agnostic services architecture. We now have an integrated approach to serving our customers, with standardised software and service levels allowing us to utilise our resources more efficiently.

We continue to see the benefits of the changes mentioned above and I am extremely encouraged by the results presented here. Our Content business has had one of its best years yet, picking up prestigious new customers and expanding into its target markets. Likewise, our SaaS based Commercial product has widened its reach, proving its ability to handle the intricacies of IP management in a rapidly evolving global market.

In 2022, the Content division successfully established an efficient upgrade path, allowing customers to migrate up our product hierarchy to take full advantage of the breadth of functionality on offer. This proved popular again in 2023, with two customers following suit and I am delighted to say we also added some significant new customers to our platform. One of our key strategies is to exploit the US market and expand our reach into the NGO sector and we were successful on both counts. Both projects are significant in value and with active partners, who can open doors to further business.

The Commercial division has been busy on two fronts, providing consultancy services to customers as they enhance their existing infrastructure, and rolling out our SaaS-based IP management solution. We provide a range of services that allow customers to focus on their core business, without the distractions of running and maintaining their wider technology estate. In this respect, we have helped clients with key hardware migrations and system enhancements, so they can now operate as they see fit rather than being held back by historical decisions. The Group’s IP management software continues to build its presence, with three new deals signed with partners in North America and Asia. The diversity of the geographies that we now operate in is encouraging for the product’s future, as we look to accelerate growth.

Financial Performance and Dividends

The Board remains committed to generating shareholder value and the Group reports earnings per share for 2023 of 15.82 pence (2022 restated: 10.88 pence), driven in part by the tender offer to repurchase 1.8m shares at the end of 2022. In further support of shareholder value, the Board has maintained its progressive dividend policy and the Group paid an interim dividend of 1.5 pence per share (2022: 1.2 pence). We have proposed a final dividend of 2.6 pence per share (2022: 2.25 pence) subject to approval at the forthcoming AGM.

Outlook

The Group moves into 2024 with renewed vigour, after a second year of revenue growth. The core product offerings have an established customer base built up over a broad spectrum of target markets, which should allow significant opportunities for further organic growth. The Board will also consider future earnings accretive acquisitions to accelerate growth in new or existing verticals.

Martyn Rose
Chairman

Financial review

Segmental Reporting
As outlined in the prior year, the Group has moved away from a product orientated reporting structure and now operates as one segment with two core revenue types that deal with similar operational concepts. Our core revenue groupings are Ingenta Commercial and Ingenta Content. The key changes over the prior year are that Ingenta Content now incorporates PCG, our sales and marketing consultancy for publishers, and Ingenta Commercial includes the Ingenta Advertising business, which helps customers to sell and track digital and print advertising.

Ingenta Commercial
Ingenta Commercial provides a variety of modular publishing management systems for both print and digital products. Its core area of expertise is Intellectual Property management, including the associated contracts, rights and royalties, and we are looking to leverage this expertise by expanding into adjacent verticals. For example, we have already deployed our conChord solution, which is designed for the music industry, and we see further opportunities in other verticals where IP management is an increasing concern for customers.

Commercial revenues were £7.6m (2022: £7.9m) with the decrease driven mainly by the expected attrition within advertising which contributed £0.4m of revenue (2022: £0.6m). Consultancy revenues were strong as customers pushed ahead with project work to further embed Ingenta systems into their processes and to modernise back-end IT infrastructure. As in prior years, the first half of the year was more active in this area as customers utilised their budgets, with their focus in the second half switching to planning for the following year. The pipeline for these projects remains encouraging into 2024.

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 increased strongly from £2.6m to £3.2m, driven by £0.5m of new customer implementation revenues. Of the implementation work, two customers went live in the year with the remainder scheduled for 2024. These projects are anticipated to yield ongoing annual recurring revenues of £0.5m.

Financial Performance
Group revenue increased to £10.8m (2022: £10.5m). This was marginally below budget mainly because of delays to new project work in the second half of the year, as customers rescheduled their plans. These projects are now being progressed for 2024.

Annual recurring revenue (see note 2) was £8.7m or 80% of total revenue (2022: £9.0m and 86% respectively). Although annual recurring revenue declined year on year due primarily to a decline in heritage Commercial revenues, the new sales achieved will support annual recurring revenue growth into 2024 by approximately £0.5m.

Sales and marketing spend increased from £0.7m to £0.8m, as we started to invest in sales and marketing efforts to support these early signs of growth. Administrative costs declined by £0.6m to £2.6m (2022: £3.2m) driven mainly by reduced depreciation and a movement from a net foreign exchange loss to a net foreign exchange gain in 2023.

Adjusted EBITDA was £2.2m (2022 restated: £2.3m), which was higher than budget as we delayed staff hiring because of the difficulty of finding suitable candidates, particularly in sales. Our current plan is to engage third-party consultants, especially for strategic sales positions. The 2022 adjusted EBITDA figure has been impacted by a prior period adjustment which has increased previously reported profitability by £0.3m. The adjustment reflects the release of development provisions relating to software as a service revenues where the underlying software asset is owned by the Group. IFRS15 and IAS37 require these costs to be expensed as incurred rather than accrued in advance.

Profit from operations improved by £0.5m to £2.0m (2022 restated: £1.5m) as disclosed in the statement of comprehensive income.

No significant tax charge is anticipated for 2023, as the Group continues to utilise brought forward tax losses. Going forward, we estimate that we will be able to use £12.9m and $6.3m of the available tax losses in the UK and US. Additionally, our assessment of our deferred tax asset relating to these losses increased, generating a tax credit in the year of £0.3m (see note 5 for further details).

Financial Position
Non-current assets include goodwill related solely to the core Content platform software, which will be used to drive growth in the future. We test goodwill for impairment each year using discounted cashflows and did not identify

any impairment in the year. Reductions in property, plant and equipment are a direct result of our infrastructure strategy, which has seen us leverage more Cloud-based services and reduce our business premises. The deferred tax asset increased, based on our current assessment of trading performance and utilisation of available tax losses.

Current assets increased from £4.3m to £4.9m driven by improved trading performance generating additional cash and near-cash debtor balances, which will be received in early 2024.

Total liabilities decreased from £4.6m (restated) to £3.6m, as we cleared our leasing obligations and transitioned to a more SaaS-based billing structure, which entails lower contract liabilities (deferred income).

Cashflow

The Group generated £1.1m of operating cashflow in the year (2022: £2.5m). Although we are embracing a SaaS model for new business, a significant element on upfront annual billing remains and the timing of these cash receipts is uncertain. Comparatively, we raised more invoices and received more cash upfront at the end of 2022 than at the end of 2023. However, this is purely a timing issue and the Group has no experience of significant bad debt or non-payment. The Group continues to reduce its ongoing capital expenditure and has completed repayment on all significant leasing commitments.

The Group continues its progressive dividend policy and paid out £0.5m in the year (2022: £0.5m). The full year dividend for 2023 is expected to increase by 19% to 4.1 pence per share (2022: 3.45 pence).

Closing cash balances were £2.7m (2022: £2.4m). Year-end cash balances were above budget as potential capital expenditure for significant new projects was not required, as the work pushed out into 2024.

Going concern

The core fundamentals of the Group remain strong, with cash reserves at the end of March 2024 of over £2.9m and no debt on the balance sheet. The new business structure is firmly in place allowing profitable operations to continue, whilst also generating improved new sales momentum particularly within Ingenta Content. The Directors have prepared detailed cashflow projections, including sensitivity analysis, to the end of June 2025. Management is satisfied that cash is sufficient for the needs of the business and accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Outlook

The performance in 2023, particularly within Ingenta Content, has increased our optimism for 2024. We have added to our growing base of NGO customers and made significant inroads into the North American market with a prestigious, globally recognised scientific publisher with whom we anticipate an active pipeline of future business. Ingenta Commercial is also building momentum as we continue to welcome more customers from across the globe onto our conChord music IP platform. To further exploit opportunities as they arise, the Group will aim to increase investment into its sales and marketing efforts, to accelerate revenue growth in 2024.

Jon Sheffield
Chief Financial Officer

Group Statement of Comprehensive Income

	note	Year ended 31 Dec 23 £'000	Restated Year ended 31 Dec 22 £'000
Group revenue	2	10,825	10,451
Cost of sales		(5,429)	(5,048)
Gross profit		5,396	5,403
Sales and marketing expenses		(757)	(707)
Administrative expenses		(2,590)	(3,176)
Profit from operations	3	2,049	1,520
Finance costs		(17)	(21)
Profit before income tax		2,032	1,499
Income tax	5	267	260
Profit for the year attributable to equity holders of the parent		2,299	1,759
Other comprehensive expenses which will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(190)	307
Total comprehensive profit for the year attributable to equity holders of the parent		2,109	2,066
Basic profit per share (pence)	6	15.82	10.88
Dilutive profit per share (pence)	6	15.50	10.40

All activities are classified as continuing

Group Statement of Financial Position

	Note	31 Dec 23 £'000	Restated 31 Dec 22 £'000
Non-current assets			
Goodwill		2,661	2,661
Property, plant and equipment		93	302
Deferred tax asset		1,622	1,384
		4,376	4,347
Current assets			
Trade and other receivables		2,185	1,910
Cash and cash equivalents		2,676	2,376
		4,861	4,286
Total assets		9,237	8,633
Equity			
Share capital	7	1,512	1,512
Capital redemption reserve		180	180
Merger reserve		11,055	11,055
Reverse acquisition reserve		(5,228)	(5,228)
Share option reserve		140	117
Translation reserve		(488)	(298)
Retained earnings		(1,510)	(3,264)
Total equity		5,661	4,074
Non-current liabilities			
Deferred tax liability		-	37
		-	37
Current liabilities			
Trade and other payables		1,218	1,699
Provisions		307	139
Contract liabilities		2,051	2,684
		3,576	4,522
Total liabilities		3,576	4,559
Total equity and liabilities		9,237	8,633

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
Balance at 1 January 2022	1,692	-	11,055	(5,228)	(605)	(2,278)	88	4,724
Dividends paid	-	-	-	-	-	(523)	-	(523)
Shares repurchased and cancelled	(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 restated	-	-	-	-	-	1,759	-	1,759
Foreign exchange differences on translation	-	-	-	-	307	-	-	307
Total comprehensive income for the year	-	-	-	-	307	1,759	-	2,066
Restated balance at 31 December 2022	1,512	180	11,055	(5,228)	(298)	(3,264)	117	4,074
Dividends paid	-	-	-	-	-	(545)	-	(545)
Share options granted in the year	-	-	-	-	-	-	23	23
Transactions with owners	-	-	-	-	-	(545)	23	(522)
Profit for the year	-	-	-	-	-	2,299	-	2,299
Foreign exchange differences on translation	-	-	-	-	(190)	-	-	(190)
Total comprehensive income for the year	-	-	-	-	(190)	2,299	-	2,109
Balance at 31 December 2023	1,512	180	11,055	(5,228)	(488)	(1,510)	140	5,661

Group Statement of Cash Flows

	Note	Year ended 31 Dec 23 £'000	Restated Year ended 31 Dec 22 £'000
Profit before taxation		2,032	1,499
Adjustments for			
Depreciation		288	412
Profit on disposal of fixed assets		-	(4)
Interest expense		17	21
Share based payment charge		23	29
Increase in trade and other receivables		(276)	(100)
(Decrease) / increase in trade and other payables and contract liabilities		(1,112)	455
Increase in provisions		168	139
Cash inflow from operations		1,140	2,451
Tax paid		(7)	(8)
Net cash inflow from operating activities		1,133	2,443
Cash flows from investing activities			
Purchase of property, plant and equipment		(80)	(45)
Net cash used in investing activities		(80)	(45)
Cash flows from financing activities			
Interest paid		(17)	(21)
Payment of lease liabilities		(192)	(258)
Dividend paid		(545)	(523)
Costs of share repurchase		-	(2,222)
Net cash used in financing activities		(754)	(3,024)
Net increase / (decrease) in cash and cash equivalents		299	(626)
Cash and cash equivalents at the beginning of the year		2,376	3,006
Exchange differences on cash and cash equivalents		1	(4)
Cash and cash equivalents at the end of the year		2,676	2,376

1. Basis of preparation

The financial information of the Group set out above does not constitute statutory accounts for the purposes of Section 435 of the Companies Act 2006. The financial information for the year ended 31 December 2023 has been extracted from the Group's audited financial statements which were approved by the Board of directors on 24 May 2024.

The financial information for the year ended 31 December 2023 has been extracted from the Group's financial statements for that period. The report of the auditor on the 2023 financial statements was unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has 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, and in accordance with the provisions of the Companies Act 2006 that are relevant to companies that report under UK adopted IASs, this announcement does not itself contain sufficient information to comply with those IASs. This financial information has been prepared in accordance with the accounting policies set out in the 2022 Report and Accounts and updated for new standards adopted in the current year.

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in UK sterling (£), which is the Group's presentational currency.

The Company is a public limited company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by the London Stock Exchange.

The principal activity of Ingenta plc and its subsidiaries is the sale of software and ancillary services.

2. Revenue

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

	Year ended 31 Dec 23 £'000	Year ended 31 Dec 22 £'000
Licences	24	49
Consulting Services	2,087	1,398
Non-recurring revenue	2,111	1,447
Hosted Services	3,509	3,549
Managed Services	2,668	2,961
Support and upgrade	2,197	2,198
PCG	340	296
Annual recurring revenue	8,714	9,004
	10,825	10,451

An analysis of the Group's revenue by product type is detailed below:

	Year ended 31 Dec 23 £'000	Year ended 31 Dec 22 £'000
Commercial product division	7,646	7,895
Content product division	3,179	2,556
	10,825	10,451

A geographical analysis of the Group's revenue is detailed below:

	Year ended 31 Dec 23 £'000	Year ended 31 Dec 22 £'000
UK	5,266	5,729
USA	4,418	3,612
Netherlands	345	417
France	208	219
Rest of the World	588	474
	10,825	10,451

Two customers each contributed more than 10% of revenue (2022: two) and this amounted to £3,578K (2022: £3,886K).

3. Profit from operations

Profit from operations has been arrived at after charging:

	Year ended 31 Dec 23 £'000	Year ended 31 Dec 22 £'000
Research and development costs	1,176	1,091
Net foreign exchange (gain) / loss	(168)	328
Depreciation of property, plant and equipment		
- owned assets	94	129
- leasehold property	-	21
- assets under leases	194	262
Auditor's remuneration	140	141

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

	Year ended 31 Dec 23 £'000	Restated Year ended 31 Dec 22 £'000
Profit from operations	2,049	1,520
Add back:		
Depreciation and amortisation	288	412
Gain on disposal of fixed assets	-	(4)
Foreign exchange (gain) / loss	(168)	328
EBITDA before gain / loss on disposal of fixed assets and foreign exchange gain / loss	2,169	2,256

4. Operating segments

Management provides information reported to the Chief Operating Decision Maker (CODM) for the purpose of assessing performance and allocating resources. The CODM is the Chief Executive Officer.

The CODM monitors revenue on a product basis. Costs are Incurred by a product agnostic central support function which services all products and revenue streams. Operating profit is only monitored at Group level therefore Management have determined there is only one operating segment.

Significant product types are: Ingenta Commercial products and Ingenta Content products.

Ingenta Commercial products are back end enterprise level publishing and Intellectual property (IP) management systems. Ingenta Content products help content providers distribute their content online.

The Group derives revenue from the revenue streams reported in the revenue analysis in note 2.

5. Tax

	Year ended 31 Dec 23 £'000	Year ended 31 Dec 22 £'000
Analysis of (charge) / credit in the year		
Current tax:		
Current year State tax – US	(5)	(9)
Adjustment to prior year charge - UK	(3)	(3)
Deferred tax credit	275	272
Taxation	267	260

The Group has unutilised tax losses at 31 December 2023 in the UK and the USA of £13.9m (2022: £15.1m) and $7.0m (2022: $8.2m) 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.

Management have utilised £6.4m of UK losses to recognise a £1.6m (2022: £1.3m) deferred tax asset at year end which is based on expected UK taxable profits over the next 5 years. Management do not believe they have adequate information to make an assessment of utilisation beyond 5 years. No US deferred tax asset has been recognised in accordance with advice from 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.

At year end there are unutilised tax losses of £7.5m and $7m in the UK and US respectively. From 1 April 2023, the corporation tax rate applicable to companies with taxable profits above £250,000 is 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 expense	Year ended 31 Dec 23 £'000	Restated Year ended 31 Dec 22 £'000
Profit on ordinary activities before tax	2,032	1,499
Tax at the UK corporation tax rate of 23.5% (2022: 19%)	477	285
Income / expenses not allowable for tax purposes	(22)	44
Unrelieved losses carried forward	31	58
Utilisation of losses	(525)	(443)
Difference in timing of allowances	42	59
Deferred tax movement	(275)	(272)
Adjustment to tax charge in respect of prior years	5	9
Total taxation	(267)	(260)

United Kingdom Corporation tax is calculated at 23.5% (2022: 19%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. 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 there are a further 297,097 ordinary shares (2022: 145,535) in respect of share options.

	Year ended 31 Dec 2023 £'000	Restated Year ended 31 Dec 2022 £'000
Attributable profit	2,299	1,759
Weighted average number of ordinary shares used in basic earnings per share ('000)	14,535	16,169
Shares deemed to be issued in respect of share-based payments	297	146
Weighted average number of ordinary shares used in dilutive earnings per share ('000)	14,832	16,315
Basic profit per share arising from both total and continuing operations	15.82p	10.88p
Dilutive profit per share arising from both total and continuing operations	15.50p	10.78p

Dividends

On 14 August 2023 the Company paid a final dividend of 2.25 pence per share for the year ended 31 December 2022. On 23 October 2023 an interim dividend of 1.5 pence per share was paid in respect of the year ended 31 December 2023.

After the year end, the Directors declared their intention to pay a final dividend of 2.6p for the year ended 31 December 2023.

7. Share capital

	Year ended 31 Dec 2023 £'000	Year ended 31 Dec 2022 £'000
Issued and fully paid:		
15,123,125 (2022: 15,123,125, 2021: 16,919,609) ordinary shares of 10p each	1,512	1,512

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. Prior period adjustment

In the prior year, the Group recorded software provisions of £439K within accruals which related to development work required to ensure older software products could easily migrate to newer versions of hardware and also integrate with necessary third party software integrations. These amounts had previously been reported within accruals but should have been disclosed separately on the face of the statement of financial position as a provision. Additionally, £300K of the previously reported £439K software development provision was connected to software as a service revenues where the underlying software asset is owned by the Group. IFRS15 and IAS37 do not allow the recognition of a provision in these circumstances and dictate that these development costs should be expensed as incurred rather than accrued in advance. Therefore, this £300K component of provisions has been credited to the 2022 statement of comprehensive income as a prior period adjustment.

The error has been corrected by restating each of the affected financial statement line items as follows:

	Year ended 31 Dec 22 £'000	Change	Restated Year ended 31 Dec 22 £'000
Group statement of comprehensive income extract			
Cost of sales	(5,348)	300	(5,048)
Gross profit	5,103	300	5,403
Profit from operations	1,220	300	1,520
Profit before income tax	1,199	300	1,499
Profit for the year attributable to equity holders of the parent	1,459	300	1,759
Total comprehensive profit for the year attributable to equity holders of the parent	1,766	300	2,066
Group statement of financial position extract			
Trade and other payables	2,138	(439)	1,699
Provisions	-	139	139
Total liabilities	4,859	(300)	4,559
Retained earnings	(3,564)	300	(3,264)
Total equity	3,774	300	4,074
Group statement of changes in equity extract			
Profit for the year	1,459	300	1,759
Retained earnings	(3,564)	300	(3,264)
Group statement of cashflows extract			
Increase in trade and other payables and contract liabilities	894	(439)	455
Increase in provisions	-	139	139
Other changes			
Basic profit per share (pence)	9.02	1.86	10.88
Diluted profit per share (pence)	8.94	1.46	10.40

9. 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 2023 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 receive a printed copy with details of the annual general meeting in due course.