RNS Number : 3310U
Crimson Tide PLC
01 April 2021

Crimson Tide plc

Preliminary Announcement of Results to 31 December 2020

Crimson Tide plc ("Crimson Tide" or "the Company"), the provider of the mpro5 solution, is pleased to announce its unaudited preliminary results for the year ended 31 December 2020.

Financial Highlights

- Revenue increased by 21% to £3,542k (2019: £2,921k)
- EBITDA increased by 22% to £946k (2019: £775k)
- Profit before tax increased by 51% to £532k (2019: £352k)
- Cash at year-end increased to £1.175m (2019: £320k)

Operational Highlights

- Secured additional long term, contracted subscriber agreements with new and existing clients
- Contribution from Partner programme underpinning confidence in strategic direction
- IoT and machine automation capability gaining traction and increasing pipeline of opportunities
- Continued investment in people and functionality to maximise opportunity
- Completed migration to new ERP system to enable scale

Barrie Whipp, Executive Chairman of Crimson Tide, commented:

"Crimson Tide has once again delivered a very good year of progress across all of our key metrics and invested in more staff and innovation to continue to drive the business forward. We have clear opportunities in terms of the mpro5 product, upsell to our existing clients and expansion of the partner channel. Add to this international opportunities and enhancement of our healthcare and IoT capabilities and we can clearly see that the Company has significant momentum to take us to the next level"

About the Company

Crimson Tide plc is the provider of the full service mobility platform mpro5 - #notjustanapp. mpro5 is delivered on smartphones, tablets and PDAs, and enables organisations to transform their business and strengthen their workforce by smart mobile working. mpro5 is hosted in the cloud on Microsoft Azure. The Company's contracts are provided on a long term, contracted subscription basis and clients immediately experience a return on their investment.

mpro5 is used in over 260,000 sites in logistics, transportation, healthcare & retail.

Enquiries:

Crimson Tide plc +441892 542444
Barrie Whipp / Luke Jeffrey

finnCap Ltd (Nominated Adviser and Broker) +4420 7220 0500
Julian Blunt / James Thompson - Corporate Finance
Andrew Burdis - Corporate Broking

Alma PR (Financial PR) +44 7780 901979
Josh Royston

Chairman's Statement

The investments that we have made over many years from our own resources resulted in a very pleasing year for our Company in 2020 in circumstances that none of us could have foreseen. The long term contracted subscription revenues that we added, extended and enhanced gives us a very solid platform to become more expansive in our ambitions, given the significant market opportunity we can clearly see.

The onset of the pandemic displayed our ability to seamlessly extend our already flexible working structure and our cloud-based services were uninterrupted and more relevant than ever before. We expect our staff to be agile and they displayed superbly their ability to react to circumstances that affected our clients. We experienced very limited take up of an offer of payment holidays to our clients and also gained new ones because of our positive response to challenges that all organisations faced and continue to face.

2020 saw our executive board really excel in their duties. We are busy across all areas of the business and our internal systems and management information show that our client satisfaction is high, that we are innovating to help our clients take their businesses to new levels of compliance, reporting and key performance metrics.

Our partner channel has grown not only in number, but in attributable revenues and it is this strategy that will enable us to grow domestically and internationally. We expanded our footprint in the Middle East, Europe and North America and whilst these markets contribute only a modicum of income, they are demonstrating real demand for mpro5 and the benefits it can bring.

We continue to innovate in IoT (the internet of things) and have been working hard on pilots to demonstrate the benefits of machine information to our clients. There is pent up demand for IoT and we feel that we are at a key point, where the only delays are a result of clients needing to review their own strategies before committing to this exciting technology. mpro5 is very well placed to take advantage of this technology.

Looking ahead, I see clear opportunities for Crimson Tide, particularly in IoT, healthcare and international markets. Our partner first marketing strategy showed its first significant

benefits in 2020 and we are going to be working hard to expand the channel.

With a committed team, clear market opportunity and with mpro5 being in the most advanced state ever, I am extremely confident in our future. In a difficult year for many, our staff have been absolutely excellent and are fundamental to our success. I thank every one of them for their sterling efforts. I would particularly like to thank Robert Todd, who resigned as a Non-Executive Director to focus on his own business. Following the year end we welcomed Jacqueline Daniell to the Board as a Non-Executive Director and look forward to benefitting from Jacqui's excellent counsel in the future.

Barrie RJ Whipp
Founder & Chairman

Chief Executive Officer's Statement

Introduction

I am delighted with the progress that the business has made during the course of the year. The unforeseeable circumstances of the global pandemic have proven the resilience of Crimson Tide's business model and highlighted the strength of our focus on building long term, contracted subscriber revenue. Furthermore, the shift away from office based working has increased the need for the kind of agile automation and analytics tools on which mpro5 has built its reputation and we have seen engagement levels increase and sales cycles shorten.

Results

Revenues increased by 21% to £3.54 million (FY19: £2.92 million), which is a reflection of new client wins as well as expanding our reach within existing clients. The majority of our client base is enterprise grade and delivery continued unabated through the pandemic. Some of our smaller clients were affected and we were proud to support them with payment holidays where appropriate. In total, customer churn of less than 5% was an excellent performance and in line with the high standards that we set ourselves. Our client contracts are typically long term in nature and we have renewed a number over the course of the year which gives us further strength in future visibility. EBITDA improved by 22% to £946k (FY19: £775k) despite the ongoing investments being made, a reflection of our strong financial discipline. Cash at the year end was particularly strong at £1.17 million (FY19: £320k).

There is no doubt that recognition of mpro5 is growing within the marketplace and leading to ever greater adoption. To date, marketing efforts have been centred around those business areas in which we have strong reference clients, we aim to strengthen our marketing capabilities in the coming year. With our new partner first model, we have had considerable success over the course of the year in the rail and retail sectors. In rail we are increasingly being seen as a disruptor to outdated ways of working and we have been able to create and adapt solutions which have transformed the way in which organisations operate. Similarly, in the retail sector we have been able to expand our offering within one of the UK's leading supermarket chains whilst also securing a five year contract with one of Britain's leading neigbourhood retailers.

Our reach continues to broaden as mpro5's reputation continues to grow along with the recognition that our platform is truly industry agnostic. During the financial year we were pleased to welcome Cadent, who handle Britich Gas infrastructure management, Student Roost, a student accommodation firm and Capita, a multi service group, as new clients.

Operational Developments

We have continued to invest across all aspects of our business as we strive to remain the most innovative, configurable and agile digital transformation platform available. Investments made in prior years in IoT capabilities are continuing and this year we have deployed more sensors than in any prior period, providing an ever greater number of data points which can be used to benefit our clients in a variety of ways. A multitude of sensors supply temperature, humidity, motion and other data directly into mpro5. We have also introduced new capabilities into our rules engine to allow for powerful job scheduling, and leveraged machine learning for automated anomaly detection in real-time. We are already seeing a considerable uptake of our IoT offering, as evidenced by the agreement signed with Incentive QAS for the purposes of IoT-driven cleaning compliance at London's CityPoint skyscraper.

Further technological improvements include enhancements made to the mpro5 web client, including the launch of the customer portal which enables our clients' customers to use mpro5. As well as providing another layer of functionality for our clients and embedding us deeper within their organisation, it also helps to introduce our technology to a wider audience. Similarly, we have continued development of a solution specifically designed for use in healthcare applications. mpro5 is already used for various healthcare scenarios and our reach has broadened with a pilot project with the World Federation of Haemophilia which is currently in the process of being rolled out. This award gives us further confidence that, with ongoing investment, we can make a real difference in delivering greater patient outcomes. Internally, we completed our transition to a new ERP system which will prove highly beneficial as we scale.

The Company has also invested in people, strengthening the technical teams to help deliver the ongoing improvements already described, as well as strengthening marketing as we look to continue to grow our partner programmes and take full advantage of the opportunity they represent. One of the most pleasing aspects of the year has been the progress of our partnerships. We have a much greater understanding of how we can work together with partners and the benefits that each party can bring, with their ability to introduce our market leading solutions to enterprise level organisations significantly shortening the sales cycle. The revenue contribution this year was pleasing and endorses our strategy, with the potential to add significant scale in domestic and international markets.

Outlook

The current financial year has started in line with our expectations. We continue to see a healthy pipeline of opportunities and we have a number of pilot projects underway which we hope to convert into ongoing agreements. As more and more industries continue along the path of digital transformation and as mpro5 continues its focus on adding exceptional functionality we expect to add incremental long term, contracted, subscriber revenues through both existing and new engagements, directly and increasingly through our growing partner programme. We maintain great confidence in the future.

Luke Jeffrey
CEO

Financial Review

The financial results for 2020 reflect another year of strong growth for Crimson Tide with solid performances across all of the Company's financial KPI's.

Financial indicator	Year ended December 2020	Year ended December 2019	Increase
	£'000	£'000	%
Revenue	3,542	2,921	21%
Gross profit	2,865	2,546	13%
EBITDA	946	775	22%
Profit before tax	532	352	51%
Cash from Operations	1,387	358	287%

Revenue
The Company's focus on growing its partner channel contributed to revenue growth of 21%. Annual recurring revenue (ARR) as at 31 December 2020 was £3.06 million (2019: £2.36 million). The Total Contract Value (TCV) at this date was £7.17 million (2019: £6.1 million). Revenue churn remained low at 4.9% (2019: 7.5%). While the gross profit margin has reduced slightly, the Board is confident that it will remain above its 80% target rate.

The interim results for 2020 included one-off hardware revenue of approximately £170k that was recognised due to the requirements of IFRS15. As part of growing its partner channel strategy, the Board has decided that the Company will no longer offer hardware on long-term subscriptions. IoT sensors and other hardware that interface with the mpro5 platform will be supplied by specialist partners.

Cashflow and liquidity
Cash at year-end increased by £855k to £1.17m (2019: £320k). An R&D tax credit contributed £202k (2019: £nil) to this increase. The Company made use of HMRC's VAT deferral option during the first half of 2020. VAT of £138k was deferred and will be repaid in instalments in terms of HMRC's VAT deferral payment scheme.

Trade receivables
Trade receivables at year-end amounted to £452k (2019: £649k). The Company did not experience a noticeable increase in trade receivables or bad debt related to the pandemic. The recognition requirements of IFRS15 referred to above caused an increase of £102k to accrued income at year-end.

Debt and finance costs
Loans and leases decreased to £288k (2019: £433k). This amount includes lease liabilities amounting to £96k (2019: £152k) related to right-of-use assets in respect of office rental capitalised in terms of IFRS16.

Capitalisation of intangible asset
Software development costs of £539k (2019: £385k) were capitalised during the year, while amortisation during 2020 amounted to £216k (2019: £171k). The value of the capitalised software intangible asset at year-end was £1.64m (2019: £1.32m).

Tax

An R&D tax credit of £202k (2019: £nil) has been recognised in the Consolidated Statement of Profit or Loss. No other corporation tax charge has been included (2019: £nil) due to the availability of historic tax losses.

Earnings per share

The average number of ordinary shares in issue during the year was 457.5m (2019 457.5m). Basic and diluted earnings per share was 0.16p (2019: 0.08p).

Crimson Tide plc

Unaudited Consolidated Statement of Profit or Loss

	Year ended December 2020 £000	Year ended December 2019 £000
Revenue	3,542	2,921
Cost of Sales	(677)	(375)
Gross Profit	2,865	2,546
Administrative expenses	(2,309)	(2,285)
Profit from operations	556	261
Other income	5	135
Finance costs	(29)	(44)
Profit before taxation	**532**	**352**
Taxation	202	-
Profit for the year	734	352
Earnings per share		
Basic (pence)	0.16	0.08
Diluted (pence)	0.16	0.08

Unaudited Consolidated Statement of Comprehensive Income

	Year ended December 2020 £000	Year ended December 2019 £000
Profit for the year	734	352
Other comprehensive income/(loss) for the year:		
Exchange differences on translating foreign operations	4	(3)

Total comprehensive profit for the year	738	349

Unaudited Consolidated Statement of Financial Position

	As at 31 December 2020 £000	As at 31 December 2019 £000
Non-current assets		
Capitalised development costs	1,642	1,319
Other intangible assets	799	799
Equipment, fixtures & fittings	235	325
Right-of-use asset	92	149
Deferred tax asset	32	32
	2,800	2,624
Current assets		
Inventories	6	12
Trade and other receivables	1,221	1,220
Cash and cash equivalents	1,175	320
	2,402	1,552
Total assets	5,202	4,176
Current liabilities		
Trade and other payables	907	474
Borrowings	8	31
Lease liabilities	181	228
	1,096	733
Non-current liabilities		
Borrowings	5	9
Lease liabilities	94	165
	99	174
Total liabilities	1,195	907
Net assets	4,007	3,269
Equity		
Share capital	457	457
Share premium	148	148
Other reserves	479	475
Reverse acquisition reserve	(5,244)	(5,244)
Retained earnings	8,167	7,433
Total equity	4,007	3,269

Crimson Tide plc

Unaudited Consolidated Statement Of Changes In Equity

Group	Share capital	Share premium	Other reserves	Reverse acquisition reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000
Balance as at 1 January 2019	457	148	478	(5,244)	7,081	2,920
Profit for the year					352	352
Translation movement			(3)			(3)
Balance as at 31 December 2019	457	148	475	(5,244)	7,433	3,269
Profit for the year					734	734
Translation movement			4			4
Balance as at 31 December 2020	457	148	479	(5,244)	8,167	4,007

Crimson Tide plc

Unaudited Consolidated Statement of Cash Flows

	Group	
	Year ended 31 December 2020	Year ended 31 December 2019
	£000	£000
Cash flows from operating activities		
Profit before taxation	532	352
Adjustments for:		
Amortisation of intangible assets	216	171
Depreciation of property, plant and equipment	111	148
Depreciation of right-of-use assets	57	58
Unrealised currency translation gains	4	(3)
Finance costs	29	44
Operating cash flows before movements in working capital	949	770
Decrease in inventories	6	3
Increase in trade and other receivables	(1)	(317)
Increase/(decrease) in trade and other payables	433	(98)
Cash generated from operating activities	1,387	358
Taxes received	202	-
Net cash generated from operating activities	**1,589**	**358**

Cash flows used in investing activities		
Purchases of fixed assets	(21)	(72)
Development expenditure capitalised	(539)	(385)
Interest paid in cash	(21)	(34)
Net cash used in investing activities	**(581)**	**(491)**
Cash flows from financing activities		
Repayments of borrowings	(27)	(34)
Repayments of lease liability	(60)	(61)
Repayment of lease liability (IFRS16)	(66)	(65)
Net cash from financing activities	**(153)**	**(160)**
Net increase/(decrease) in cash and cash equivalents	**855**	**(293)**
Net cash and cash equivalents at beginning of period	320	613
Net cash and cash equivalents at end of period	**1,175**	**320**

Crimson Tide plc

	Group	
	Year ended 31 December 2020	**Year ended 31 December 2019**
	£000	**£000**
Analysis of net funds:		
Cash and cash equivalents	1,175	320
Borrowings and leases due within one year	(189)	(259)
Borrowings and leases due after one year	(99)	(174)
Net funds	**887**	**(113)**

In addition to net funds, the Group has an overdraft facility of £250,000 in place.

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

1) Significant accounting policies

a. Basis of preparation

The preliminary results for the period to 31 December 2020 are unaudited. The consolidated financial statements of Crimson Tide plc will be prepared and approved by the Directors in accordance with applicable law and International Financial Reporting Standards, incorporating International Accounting Standards (IAS) and Interpretations (collectively IFRSs) as endorsed by the European Union.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiaries.

On an acquisition, fair values are attributed to the Group's share of net assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill, which is capitalised and subjected to annual impairment reviews. The results of acquired companies are brought in from the date of their acquisition.

c. Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

2) Taxation

A research and development tax credit of £201,908 (2019: £nil) has been recognised in the Consolidated Statement of Profit or Loss. No other corporation tax charge has been included in the consolidated accounts for the period ended 31 December 2020 (2019: £nil) due to the availability of tax losses.

3) Earnings per share

The basic earnings per share has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue during the period.

The diluted earnings per share has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares that would be in issue, assuming conversion of all dilutive potential ordinary shares into ordinary shares.

Reconciliation of the weighted average number of shares used in the calculations are set out below.

	Group	
	Year ended 31 December 2020	**Year ended 31 December 2019**
Earnings per share		
Reported profit for the year (£000)	734	352
Reported basic earnings per share (pence)	0.16	0.08
Reported diluted earnings per share (pence)	0.16	0.08

	Year ended 31 December 2020 No.	**Year ended 31 December 2019 No.**
Weighted average number of ordinary shares:		
Opening balance	457,486,234	457,486,234
Weighted average number of ordinary shares for basic EPS	457,486,234	457,486,234
Dilutive effect of options outstanding	2,938,478	7,427,083
Weighted average number of ordinary shares for diluted EPS	460,424,712	464,913,317

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2020 or 31 December 2019. Statutory accounts for 2019, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors have reported on the 2019 accounts; their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The statutory accounts for 2020 which are prepared under accounting standards adopted by the EU will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's annual general meeting. The audited statutory accounts will be published on the Company's website www.crimsontide.co.uk in May 2021.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

FR BFLFBFZLZBBL