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Crimson Tide PLC
25 September 2023

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Crimson Tide plc

Interim results for the six months ended 30 June 2023

Crimson Tide plc ("Crimson Tide" or "the Company"), the provider of the mpro5 solution is pleased to announce its unaudited interim results for the six months ended 30 June 2023.

Financial headlines

- Revenue increase of 30.9% to £3.0m (H1 2022: £2.3m)
- Annual recurring revenue (ARR) increase of 35.1% to £5.9m (H1 2022: £4.4m)
- Gross margin of 84.3% (H1 2022: 84.5%)
- EBITDA profit of £0.1m (H1 2022: loss of £0.3m)

Operational highlights

- Consistent growth in core recurring revenue
- Resilient and high gross margins
- Return to EBITDA profitability
- Continued investment in product development and US
- Substantial progress on partnership strategy

Barrie Whipp, Founder and Chairman, commented,

"Progress in the first half of the year has been positive. We have experienced strong revenue growth, and we have returned to EBITDA profitability as planned. Annual Recurring Revenue has increased significantly, and our pipeline has some very exciting opportunities. "

About the Company

mpro5 from Crimson Tide is a leading B2B app which facilitates enhanced compliance, auditing and processes in any industry.

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Chairman's Statement

The first half of the year has demonstrated very good progress. Revenue and ARR growth both exceeded 30%, and our cash balance remains healthy. These metrics were achieved in the light of an enterprise customer going into administration, which will temper our second-half growth; however, we still expect to achieve circa 20%. As planned, we have returned to profitability at the EBITDA level following our growth investment phase, and we retain a healthy cash balance, with no debt. Our gross margin remains robust.

Notable revenue increases included a significant Internet of Things ("IoT") implementation for an NHS Trust, while further revenue has come from our 'land and expand' strategy. IoT is a major focus area; we have sensor-driven opportunities in the public and private sectors as well as in the US.

This period has been significant in terms of the mpro5 product. Our Saturn release is ready to ship to our largest clients and represents a significant upgrade in our core technologies. This significant upgrade to a single repository codebase, using the latest Ionic framework, is expected to match our previous platform's technology longevity (five years). The second half will see further rollouts of Saturn and the development of our project to implement a new version of our automation technology. With the focus on mpro5 and its strong growth, we have deprioritised development and marketing of the Beepro app. We will target a new B2C focused app, incorporating our other individual user apps at a later date, however we have prudently removed Beepro figures from our forecasts for the time being. We intend to undertake a consolidation of our share capital in the coming months, as our business should benefit from a more representative profile and lower bid-offer spread.

We have strengthened our Executive team by appointing a new Chief Marketing Officer and Chief Operating Officer, and their focus is on continuing to optimise our processes and enhance our partner marketing strategy. Our pipeline is strong. We have returned, as planned, to operating Profit, and with a strengthened management team, we look forward to the future with confidence.

Barrie Whipp
Founder and Chairman
25 September 2023

Chief Executive's Statement

Crimson Tide's performance during the first half of 2023 signalled the beginning of our enterprising scaling plans. The unparalleled growth in revenue during the period has been the early result of investment in more targeted marketing and sales approaches, the organisation of an engaged and customer-focused team and our continued technology roadmap implementation.

Capital expenditure on our mobile platform has continued through the first half of this year, and the new mobile product is being rolled out across our customers, with the first customers currently going live. Initial feedback from users has been overwhelmingly positive, and we believe the new platform represents a world-leading mobile workflow experience. This fresh and contemporary mobile application suite has provided a step change in the quality and power of the user experience available to our customers.

Investment in the product to date has been transformative in how we develop the platform going forward, increasing the velocity and scope for new features. In the second half of the year, we will be focusing on the automation part of the product and will be making a similar paradigm shift, transforming both the software, service and operational sides of the business and how customers are able to use more of mpro5's powerful features.

Because of external market conditions, Beepro development and marketing was paused. In addition, there has been some natural churn of smaller historic contracts where businesses have been unable to grow. Because of these factors our focus will be on profitability, emphasising and prioritising customer success. The successful development of the partner ecosystem, initiated in the US and now being implemented throughout the organisation will mean revenue can continue to grow.

Jacqueline Daniell
Group CEO
25 September 2022

Financial Review

Financial indicator	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Revenue	3,043	2,324	5,351
Gross Profit	2,566	1,964	4,468
EBITDA	106	(344)	(406)
(Loss)/Profit before tax	(471)	(860)	(1,688)
Annual recurring revenue (ARR)	5,900	4,368	5,750
Cash	2,865	3,731	3,618
Churn rate	5.5%	1.0%	3.8%

Revenue

Revenue increased by 30.9% compared to the corresponding period of 2022, while Annual Recurring Revenue (ARR) increased by 35.1% to £5.9m. Contracted long-term revenue exceeded 90% of total revenue and revenue churn was 5.5%. MRR per customer has increased, reflecting our focus on higher value customers. The geographic split of revenue remains consistent with the prior year, with a UK weighting of 92% of revenue (H1 2022: 91%).

Cashflow and liquidity

Cash at the period-end was £2.9m (H1 2022: £3.7m). Operating cash flows before movements in working capital for the period was an inflow of £28k (H1 2022: £813k outflow). The inflow relates to efficient use of working capital underpinned by strong operating cashflow.

Lease liabilities

The Company entered into a new office lease agreement at the beginning of 2022. The lease liability is currently valued at £871k (H1 2022: £883k) and the related Right-of-Use asset recognised under IFRS16. The lease liability will be settled, and the related asset depreciated, over a 5-year period.

Intangible assets

Software development costs of £501k (H1 2022: £771k) were capitalised during the period under review, while amortisation amounted to £260k (H1 2022: £203k). H1 2022 marked significant investment in the Beepro platform which is on pause. The value of the capitalised software intangible asset at period-end was £3.0m (H1 2022: £2.8m). Other intangible assets related to goodwill, website development costs and incremental contract costs. We continue to invest in the core mpro5 product with some exciting enhancements planned for H2.

Loss before taxation

The Company made a loss before taxation of £512k (H1: 2022 £860k loss). The loss was in line with management expectations and arose due to the additional amortisation associated with increased investment in the software platform.

Earnings per share

Basic and diluted loss per share was 0.07p (H1 2022: 0.13p loss per share) during the period under review. 15.1 million share options outstanding were not included in the calculation of diluted earnings per share because they are anti-dilutive in terms of IAS 33.

Crimson Tide plc
Condensed Consolidated Statement of Profit or Loss
for the 6 months to 30 June 2023

	Unaudited 6 Months ended 30 June 2023 £000	Unaudited 6 Months ended 30 June 2022 £000	Audited 12 Months ended 31 December 2022 £000
Revenue	3,043	2,324	5,351
Cost of Sales	(477)	(360)	(883)
Gross Profit	2,566	1,964	4,468
Other income	(8)	5	-
Operating expenses	(2,452)	(2,313)	(4,887)
Operating (loss)/profit	106	(344)	(419)
Finance costs	(38)	(21)	(54)
Depreciation	(168)	(194)	(261)
Amortisation	(371)	(301)	(954)
(Loss)/Profit before taxation	(471)	(860)	(1,688)
Taxation	200	-	445
(Loss)/Profit for the period attributable to equity holders of the parent	(271)	(860)	(1,243)

(Loss)/Earnings per share	Unaudited 6 Months ended 30 June 2023	Unaudited 6 Months ended 30 June 2022	Audited 12 Months ended 31 December 2022
Basic (pence)	(0.07)	(0.13)	(0.19)
Diluted (pence)	(0.07)	(0.13)	(0.19)

Condensed Consolidated Statement of Comprehensive Income
for the 6 months to 30 June 2023

	Unaudited 6 Months ended 30 June 2023 £000	Unaudited 6 Months ended 30 June 2022 £000	Audited 12 Months ended 31 December 2022 £000
(Loss)/Profit for the period	(271)	(860)	(1,243)
Other comprehensive income/(loss) for period:			
Exchange differences on translating foreign operations	(18)	(14)	(39)
Total comprehensive (loss)/Profit recognised in the period and attributable to equity holders of parent	(289)	(874)	(1,282)

Condensed Consolidated Statement of Financial Position at 30 June 2023

	Unaudited As at 30 June 2023 £000	Unaudited As at 30 June 2022 £000	Audited As at 31 December 2022 £000
ASSETS			
Non-current assets			
Intangible assets	4,072	3,928	3,812
Property, plant & equipment	263	260	264
Right-of-use asset	740	795	703
Total non-current assets	5,075	4,983	4,779

Current assets			
Trade and other receivables	2,102	1,406	1,646
Cash and cash equivalents	2,865	3,731	3,618
Total current assets	4,967	5,137	5,264
Total assets	10,042	10,120	10,043
LIABILITIES			
Current liabilities			
Trade and other payables	1,669	1,071	1,460
Borrowings	-	1	-
Lease liabilities	194	136	170
Total current liabilities	1,863	1,208	1,630
Non-current liabilities			
Lease liabilities	677	749	607
Total non-current liabilities	677	749	-
Total liabilities	2,540	1,957	2,237
Net assets	**7,502**	**8,163**	**7,806**
EQUITY			
Share capital	657	657	657
Share premium	5,590	5,590	5,590
Other reserves	460	467	493
Reverse acquisition reserve	(5,244)	(5,244)	(5,244)
Retained earnings	6,039	6,693	6,310
Total equity	**7,502**	**8,163**	**7,806**

Condensed Consolidated Statement of Changes in Equity

Six-month period ended 30 June 2023 (Unaudited)

	Share capital £000	**Share premium £000**	**Other reserves £000**	**Reverse acquisi-tion reserve £000**	**Retained earnings £000**	**Total £000**
Balance at 31 December 2022	657	5,590	493	(5,244)	6,310	7,806
Loss for the period	-	-	-	-	(271)	(271)
Cancelled share options			(43)			(43)
Share options expense	-	-	28	-	-	28
Translation movement	-	-	(18)	-	-	(18)

Balance at 30 June 2023	657	5,590	460	(5,244)	6,039	7,502

Six-month period ended 30 June 2022 (Unaudited)

	Share capital £000	Share premium £000	Other reserves £000	Reverse acquisi-tion reserve £000	Retained earnings £000	Total £000
Balance at 31 December 2021	657	5,590	481	(5,244)	7,553	9,037
Loss for the period	-	-	-	-	(860)	(860)
Translation movement	-	-	(14)	-	-	(14)
Balance at 30 June 2022	657	5,590	467	(5,244)	6,693	8,163

Condensed Consolidated Statement of Changes in Equity

Year ended 31 December 2022 (Audited)

	Share capital £000	Share premium £000	Other reserves £000	Reverse acquisi-tion reserve £000	Retained earnings £000	Total £000
Balance at 1 January 2022	657	5,590	481	(5,244)	7,553	9.037
Loss for the period	-	-	-	-	(1,243)	(1,243)
Share options expense	-	-	51	-	-	51
Translation movement	-	-	(39)	-	-	(39)
Balance at 31 December 2022	657	5,590	493	(5,244)	6,310	7,806

Condensed Consolidated Statement of Cash flows

For the 6 months to 30 June 2023

	Unaudited 6 Months ended 30 June 2023	Unaudited 6 Months ended 30 June 2022	Audited 12 Months ended 31 December 2022

	£000	£000	£000
Cash flows from operating activities			
Loss before tax	(471)	(860)	(1,688)
Adjustments for:			
Amortisation of Intangible Assets	371	301	954
Depreciation of property, plant and equipment	35	103	149
Depreciation of right-of-use assets	133	91	112
Unrealised currency translation movement	(18)	(14)	(39)
Interest Paid	38	3	54
Cancelled share options	(43)	-	-
Share option expense	28	-	51
Operating cash flows before movement in working capital and provisions	73	(376)	(407)
Decrease in inventories	-	-	-
Increase in trade and other receivables *	(256)	(327)	(567)
Increase/(Decrease) in trade and other payables	209	(89)	300
Cash generated/(utilised) by operations	26	(792)	(674)
Finance costs	2	(21)	(54)
Income taxes received	-	-	445
Net cash (used in)/ generated from operating activities	**28**	**(813)**	**(283)**
Cash flows from investing activities			
Purchases of property, plant and equipment	(34)	(196)	(246)
Purchases of other intangible assets **	(300)	(176)	(218)
Development expenditure capitalised	(501)	(771)	(1,266)
Net cash used in investing activities	**(835)**	**(1,143)**	**(1,730)**
Cash flows from financing activities			
Repayments of borrowings	-	(4)	(5)
Additions to/(Repayments of) lease liability	54	(45)	(100)
Net cash (used in)/ from financing activities	**54**	**(49)**	**(105)**
Net movement in cash and cash equivalents	**(753)**	**(2,005)**	**(2118)**
Net cash and cash equivalents at beginning of period	3,618	5,736	5,736
Net cash and cash equivalents at end of period	**2,865**	**3,731**	**3,618**

** R&D tax claim accrual of £200k is non-cash and therefore not included in the movement of trade and other receivables.*

*** Includes ROU asset*

Crimson Tide Plc

Notes to the Unaudited Interim Results for the 6 months ended 30 June 2023

1. General information and basis of preparation

Crimson Tide plc is a public company, limited by shares, and incorporated and domiciled in the United Kingdom. The Company's shares are publicly traded on the London Stock Exchange's AIM market. The address of its registered office is Brockbourne House, 77 Mt. Ephraim, Tunbridge Wells, Kent, TN4 8BS.

Basis of preparation

The condensed consolidated interim financial statements ("interim financial statements") have been prepared using accounting policies that are consistent with those applied in the previously published financial

statements for the year ended 31 December 2022, which have been prepared in accordance with UK-Adopted International Accounting Standards.

The information for the period ended 30 June 2023 has neither been audited nor reviewed and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006.

The interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies and is available on the Company's website. The auditor's report on those accounts was unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Key estimates and judgements used in the preparation of the interim financial statements remain unchanged from those noted in the published financial statements for the year ended 31 December 2022.

Going concern

The interim financial statements are prepared on the going concern basis. The financial position of the Company, its cash flows and liquidity position are described in the interim financial statement and notes. The Company has the financial resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report.

2. Revenue and operating segments

The Group has three main regional centres of operation; one in the UK, the others in Ireland and the United States but the Group's resources, including capital, human and non-current assets are utilised across the Group irrespective of where they are based or originate from. The Board is the chief operating decision maker ("CODM"). The CODM allocates these resources based on revenue generation, which due to its high margin nature and the Group's reasonably fixed overheads, in turn drives profitability and cashflow generation. The Board consider it most meaningful to monitor financial results and KPIs for the consolidated Group, and decisions are made by the Board accordingly.

In due consideration of the requirements of IFRS 8 Operating Segments, the Board consider segmental reporting by (i) business activity, by turnover, and (ii) region, by turnover to be appropriate. Business activity is best split between (i) the strategic focus of the business, i.e. mobility solutions and the resulting development services that emanate from that and (ii) non-core software solutions, including reselling third party software and related development and support services.

Segment information for the reporting periods is as follows:

	Unaudited 6 Months ended 30 June 2023 £000	Unaudited 6 Months ended 30 June 2022 £000	Audited 12 Months ended 31 December 2022 £000
Revenue by business activity			

Mobility solutions and related development	2,985	2,109	4,854
Software consultancy	58	215	497
	3,043	2,324	5,351

Revenue can be further analysed by geographic reason as follows:

	Unaudited 6 Months ended 30 June 2023 £000	Unaudited 6 Months ended 30 June 2022 £000	Audited 12 Months ended 31 December 2023 £000
Revenue by geographic region			
UK	2,780	2,123	4,891
Ireland	205	201	442
US	58	-	18
	3,043	2,324	5,351

3. Intangible assets

	Enterprise development expenditure £000	Consumer focused development expenditure £000	Website develop-ment costs £000	Incremental contract costs £000	Goodwill £000	Total £000
Cost						
At 1 January 2023	3,658	1,024	91	887	799	6,459
Additions	501	-	-	130	-	631
At 30 June 2023	4,159	1,024	91	1,017	799	7,090

	Enterprise development expenditure £000	Consumer focused development expenditure £000	Website develop-ment costs £000	Incremental contract costs £000	Goodwill £000	Total £000
Amortisation and impairment						
At 1 January 2023	(1,893)	(47)	(26)	(681)	-	(2,647)
Charge for the period	(185)	(74)	(15)	(97)	-	(371)
At 30 June 2023	(2,078)	(121)	(41)	(778)	-	3,018

Carrying amount at 30 June 2023	2,081	903	50	239	799	4,072
Carrying amount at 30 June 2022	1,861	926	82	260	799	3,928

4. Earnings per share

The calculation of the basic earnings per share is based on the Profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share is based on the Profit per share attributable to ordinary shareholders and the weighted average number of ordinary shares that would be in issue, assuming conversion of all dilutive potential ordinary shares into ordinary shares.

Reconciliations of the Profit and weighted average number of ordinary shares used in the calculation are set out below:

	Unaudited 6 Months ended 30 June 2023	**Unaudited 6 Months ended 30 June 2022**	**Audited 12 Months ended 31 December 2022**
Earnings per share			
Reported loss (£000)	(471)	(860)	(1,243)
Reported basic earnings per share (pence)	(0.07)	(0.13)	(0.19)
Reported diluted earnings per share (pence)	(0.07)	(0.13)	(0.19)

	Unaudited 6 Months ended 30 June 2023	**Unaudited 6 Months ended 30 June 2022**	**Audited 12 Months ended 31 December 2022**
	No. '000	**No. '000**	**No. '000**
Weighted average number of ordinary shares			
Shares in issue at start of period	657,486	657,486	657,486
Effect of shares issued during the period	-	-	-
Weighted average number of ordinary shares for basic EPS	657,486	657,486	657,486
Effect of share options outstanding	-	-	-
Weighted average number of ordinary shares for diluted EPS	657,486	657,486	657,486

At 30 June 2023 there were 15,100,000 (30 June 2022: 16,700,000; 31 December 2022: 24,300,000) share options outstanding. These share options were not included in the calculation of diluted earnings per share because they are antidilutive in terms of IAS 33. The reduction in share options relates to the resignation of certain employees who held options, and as a result, in accordance with the terms of the share option agreements, the options were cancelled.

5. Related party transactions

Other than the interests of Directors, being in shares, share options and remuneration, no transactions with related parties were undertaken such as are required to be disclosed under International Accounting Standard 24.

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