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Crimson Tide PLC
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Crimson Tide plc

("Crimson Tide" or "the Company")

Preliminary Announcement of Results to 31 December 2023

Crimson Tide plc ("TIDE"), the provider of mpro5, the process management app, is pleased to announce its unaudited preliminary results for the year ended 31 December 2023.

Financial Highlights

- Revenue growth of 15% to £6.2m (2022: £5.4m)
- Operating profit increased by £0.8m to £0.4m (2022: £0.4m loss) returning to operational profitability
- Annual Recurring Revenue (ARR) stable at £5.8m, despite unavoidable churn
- Cash at year-end amounted to £3.3m (2022: £3.6m)

Operational Highlights

- Sensor-driven IoT contracts in US and NHS
- Expansion into utilities sector
- Significant technology upgrade completed
- Upsells and extensions strong
- Share consolidation

Barrie Whipp, Executive Chairman of Crimson Tide, commented:

"In a year with some unexpected challenges, our robust long-term contracted revenue and high margin helped us grow by 15% and return to operating profitability. We are well positioned to leverage top line growth with a steady operating base and mpro5 is in great shape to present to our pipeline and partners."

About the Company

Crimson Tide plc is the provider of mpro5, the process management app. mpro5 is delivered on all modern devices and enables organisations to digitally 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 can immediately experience a return on their investment.

Crimson Tide's Annual Recurring Revenue (ARR) contracts are typically on an initial 36-month subscription basis, with many extending and expanding significantly beyond the initial contracted date. For further information, see mpro5.com and on Crimson Tide plc, crimsontide.co.uk.

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Chairman's Statement

The financial year to 31 December 2023 saw our robust long-term contracted revenue support us in a year that presented some unexpected financial challenges. Our mpro5 app has been significantly enhanced and is ready for further upgrade in the first half of 2024, whilst we have committed more to marketing and expanded our pipeline, alongside the implementation of a partner acquisition strategy.

Dealing first with the unexpected challenges, a large retail customer went into administration costing us some £360k in ARR. Secondly, a contract with a rail organisation came to an unexpected conclusion through a commercial cost-cutting exercise that we could not avoid. This led to churn being completely outside our norm of less than 5% and dented our ARR. The impact on full-year revenue was c£0.5m and there has been some impact on our forecasts. Despite this, the company increased revenue by some 15%, a creditable performance, and we returned to operating profitability, as planned. Cash was strong, ending the year at £3.3m and we have decided to invest approximately £1.25m in additional marketing and our mpro5 product within this year, with the goal of growing ARR, revenues and operating profit alike. We have seen a significant increase in our marketing "share of voice" already with leads being generated from this strategy for the first time.

mpro5 now has an upgraded front- and back-end, which should complete their rollout in Q3, 2024. We believe that our back-end investment will result in a more efficient use of data and compute time which should lower hosting costs and improve gross margin.

One significant element of mpro5's evolution has come with the contract with Cadent, one of the UK's largest utilities companies which, with a significant SAP integration, has taken 6 months to implement. The benefit of this is twofold; we can now access the utilities sector with a lighthouse client and our ability to offer full SAP integration has significant market opportunity. A contract win in the NHS has yet to be rolled out, however as a major user of sensor devices and with a complex array of internal process we believe this could provide a rich seam for us and highly additive to our existing healthcare proposition.

We were pleased to be able to announce our first client win by our US office during the year though the US operation remains in its infancy. Our focus on partner acquisition gives us optimism that our careful investment in the US will be rewarded. We have relationships with Meraki and Cisco, who have global footprints, and we are able to sell into their ecosystem through their partner channel.

To me, 2023 felt like a very frustrating year; however, growth in revenue by 15%, preservation of cash, and turning a £0.4m loss at the operating level into a £0.4m profit is a testament to how robust our revenue is, despite unavoidable churn. We continue to work hard and 2024 should see software upgrades that make mpro5 more saleable and efficient. We have enhanced our Board and intend to appoint COO Phil Meyers to the role of Group CEO shortly. Having been involved with process management and IoT at Inmarsat, Phil is committed to driving the business forward in the coming years.

Barrie RJ Whipp
Founder & Chairman

Chief Executive Officer's Statement

The performance of Crimson Tide throughout 2023 has been the manifestation of the strong foundations built for sustainable growth. The continued growth in revenue is a result of the long-term commitment that we made to invest in the mpro5 product and delight customers.

In parallel, the sales and marketing team has been reorganised and rejuvenated to execute a more focused strategy based on the sectors where we have experience. Customer success plans and operations have been redefined under Phil Meyers' stewardship and this has elevated the "stickiness" of mpro5. The improvement in revenue and a return to operating profit have validated our investment and allowed us to structure the team more efficiently with more objective-based outcomes. An increase in net revenue retention from 100% to 101% exemplifies our commitment to our current customer base and our strategy of land-and-expand growth.

mpro5 is now a faster, more responsive mobile app with a rationalised technology stack behind it. The result is an operational cost saving together with an intuitive, flexible and accessible user experience. The next phase of capital expenditure enables wider integration, enhanced usability and the inclusion of limited AI to enable customers to benefit from additional automated scheduling and notification.

With an enhanced and restructured sales team, including a new Head of Partner Channel, we have been able to structure a partner channel including OEMs, MSPs and VARs to be able to firstly introduce their clients with a view to progressing to a channel-first strategy. In the future, specific

packaged versions of mpro5 with self-serve onboarding will remove barriers to entry and streamline our route to market as well as shorten our sales cycle.

With an ever-growing pipeline, well-qualified deals, and products focused on key capabilities and markets with realigned management teams, Crimson Tide is now set on a very firm footing to achieve its growth targets.

Jacqueline Daniell
CEO

Financial Review

Financial indicator	Year ended December 2023	Year ended December 2022
	£'m	£'m
Revenue	6.2	5.4
Gross profit margin	86.2%	83.5%
Operating profit/(loss)	0.4	(0.4)
Loss before tax	(0.7)	(1.7)
Annual recurring revenue (ARR)	5.8	5.8
Cash	3.3	3.6

Revenue

The Company's sustained focus on delivering long-term revenue at a high margin contributed to revenue growth of 15% (2022: 30%) of which 91% was recurring contracted revenue. Revenue churn of 16% (2022: 3.8%) was exceptional, primarily due to McColls falling into administration. This led to Annual Recurring Revenue (ARR) of £5.8m remaining flat when compared to the prior year. We expect churn to normalise in 2024. Gross profit margin of 86.2% (2023: 83.5%) remained well above the Board's 80% target rate and correlates with its focus on cost efficiency.

Cashflow and liquidity

Cash at year-end amounted to £3.3m (2022: £3.6m). Operational software efficiencies, a focus on working capital optimisation and streamlining of people and processes led to operating cash generation of £0.8m (2022: £0.7m cash outflow). This outlines management's commitment to creating a lean and efficient cost base.

Trade receivables

Trade receivables at year-end amounted to £0.9m (2022: £1.2m). The Group has a high-quality customer base with normally low delinquencies.

Debt and finance costs

Finance leases decreased to £0.7m (2022: £0.8m) in respect of the 5-year office lease in Tunbridge Wells. Finance charges of £52k (2022: £54k) primarily relate to the IFRS 16 recognition requirements of this lease.

Capitalisation of intangible asset

Software development costs of £1.0m (2022: £1.3m) were capitalised during the year. Software amortisation during 2023 amounted to £0.6m (2022: £0.8m). The amortisation period of the mpro5 intangible asset was reduced from 10 to 7 years in 2022. The value of the capitalised software intangible asset at year-end was £3.1m (2021: £2.7m).

Tax

No corporation tax charge has been included (2022: £nil) due to the tax loss for the year. The Company received an R&D tax rebate of £0.4m (2022: £0.4m).

Earnings per share

The average number of ordinary shares in issue during the year was 6,574,863 after a 100:1 share consolidation exercise in November 2023. Basic and diluted loss per share was 4.49p (2022: 18.91p).

Crimson Tide plc

Unaudited Consolidated Statement of Profit or Loss
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Revenue		**6,155**	**5,351**
Cost of Sales		(849)	(883)
Gross Profit		**5,306**	**4,468**
Administrative expenses	2	(5,932)	(5,838)
Impairment of intangible asset	2	-	(264)
Finance costs	2	(52)	(54)
Loss before income tax expense		**(678)**	**(1,688)**
Income tax expense	3	383	445
Loss after income tax		**(295)**	**(1,243)**
Loss per share			
Basic (pence)	4	(4.49)	(18.91)
Diluted (pence)	4	(4.49)	(18.91)

Unaudited Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Loss for the year	(295)	(1,243)
Items that may be classified subsequently to profit and loss		
Exchange differences on translating foreign operations	3	(39)
Total comprehensive income/(loss) for the year	**(292)**	**(1,282)**

Unaudited Consolidated Statement of Financial Position
AT 31 DECEMBER 2023

	2023 £000	2022 £000
Assets		
Non-current assets		
Intangible Assets	4,289	3,812
Property, plant and equipment	237	264
Right-of-use asset	571	703
Total non-current assets	**5,097**	**4,779**
Current assets		
Trade and other receivables	1,250	1,646
Cash and cash equivalents	3,254	3,618
Total current assets	**4,504**	**5,264**
Total assets	**9,601**	**10,043**
Liabilities		
Current liabilities		
Trade and other payables	1,398	1,460
Lease liabilities	199	170
Total current liabilities	**1,597**	**1,630**
Non-current liabilities		
Lease liabilities	468	607
Total non-current liabilities	**468**	**607**
Total liabilities	**2,065**	**2,237**
Net assets	**7,536**	**7,806**
Equity		
Issued capital	657	657
Share premium	5,590	5,590
Other reserves	462	493
Reverse acquisition reserve	(5,244)	(5,244)
Retained profits	6,071	6,310
Total equity	**7,536**	**7,806**

Unaudited Consolidated Statement of Changes in Equity
AT 31 DECEMBER 2023

	Issued capital £000	Share premium £000	Other reserves £000	Reverse acquisition reserve £000	Retained earnings £000	Total £000
Consolidated						
Balance as at 1 January 2022	657	5,590	481	(5,244)	7,553	9.037
Profit for the year					(1,243)	(1,243)
Share options expense			51			51
Translation movement			(39)			(39)
Balance as at 31 December 2022	657	5,590	493	(5,244)	6,310	7,806
Loss for the year					(295)	(295)
Share options cancelled			(69)		69	-
Share options expense			22			22
Translation movement			16		(13)	3
Balance as at 31 December 2023	**657**	**5,590**	**462**	**(5,244)**	**6,071**	**7,536**

Unaudited Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £000	2022 £000
Proft/(loss) before taxation	**(678)**	**(1,688)**
Adjustments for:		
Amortisation of intangibles	753	954
Depreciation of property, plant and equipment	74	149
Depreciation of right-of-use assets	206	112
Unrealised currency translation gains/(losses)	3	(39)
Interest paid	52	54
Share option expense	22	51
Operating cash flows before movements in working capital	**432**	**(407)**
Increase in trade and other receivables	396	(567)
Increase in trade and other payables	(62)	300
Cash generated by operations	**766**	**(674)**
Income taxes received	383	445
Interest paid in cash	(52)	(54)

Net cash from operating activities	**1,097**	**(283)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(47)	(246)
Purchases of other intangible assets	(194)	(218)
Development of expenditure capitalised	(1,036)	(1,266)
Net cash used in investing activities	**(1,277)**	**(1,730)**
Cash flows from financing activities		
Repayments of borrowings	-	(5)
Repayments of lease liability	(184)	(100)
Net cash used in financing activities	**(184)**	**(105)**
Net increase/(decrease) in cash and cash equivalents	**(364)**	**(2,118)**
Cash and cash equivalents at the beginning of the financial year	3,618	5,736
Cash and cash equivalents at the end of the financial year	**3,254**	**3,618**

Notes to the Consolidated Financial Statements for the year ended 31 December 2023

1) Significant accounting policies

i. Basis of preparation

The preliminary results for the period to 31 December 2023 are unaudited. The consolidated financial statements of Crimson Tide plc will be prepared and approved by the Directors in accordance with applicable law and UK adopted International Accounting Standards.

ii. Basis of consolidation

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

iii. 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. Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

2) Expenses

Loss before income tax includes the following specific expenses:

	2023 £000	2022 £000
Depreciation		
Equipment, fixtures and fittings	74	149
Buildings right-of-use assets	206	112
Total depreciation	280	261

	2023 £000	2022 £000
Amortisation		
Development software	587	505
Development software - impairment	-	264
Incremental contract costs	166	185
Total amortisation	753	954
Research & Development		
Development software	62	62
Total Research & Development	62	62
Finance costs		
Interest and finance costs paid on lease liabilities	52	54
	52	54
Auditors remuneration for:		
Audit services	50	45
Total Audit fees	50	45

3) Taxation

The Group received an R&D tax credit of £407,123 during the year (2022: £445,534) and paid Corporation tax in Ireland of £11,350 and PSA tax in the UK of £12,890.

4) Loss per share

The basic loss 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 loss 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 2023	**Year ended 31 December 2022**
Loss per share		
Reported loss for the year (£000)	(295)	(1,243)
Reported basic loss per share (pence)	(4.49)	(18.91)
Reported diluted loss per share (pence)	(4.49)	(18.91)

	Year ended 31 December 2023 No.	**Year ended 31 December 2022 No.**
Weighted average number of ordinary shares:		
Opening balance	6,574,863	6,574,863
Weighted average number of ordinary shares for basic EPS	6,574,863	6,574,863
Dilutive effect of options outstanding	-	-
Weighted average number of ordinary shares for diluted EPS	6,574,863	6,574,863

On 31 October 2023 the Company completed a 100:1 share consolidation exercise. Basic and diluted EPS were retrospectively adjusted in terms of the requirements of IAS 33 to achieve comparability.

At 31 December 2023 there were 131,000 (2022: 243,000) share options outstanding. These share options were not included in the calculation of diluted earnings per share because they are anti-dilutive in terms of IAS 33.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2023. The auditors have reported on the 2022 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 2022 which are prepared in accordance with International Financial Reporting Standards 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 June 2024.

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