

## **Crimson Tide plc**

### **Preliminary Announcement of Results to 31 December 2015**

Crimson Tide plc ("Crimson Tide" or "the Company"), a leading service provider of mobility solutions for business, is pleased to announce its unaudited preliminary results for the year ended 31 December 2015.

#### **Financial Highlights**

- Profit Before Tax increased by 100 per cent. and above expectations at £168k (2014: £84k)
- EBITDA up 30% to £431k (2014: £330k)
- All KPIs at record levels

#### **Operational Highlights**

- Contracted subscribers and subscriber revenues at record levels
- Landmark supermarket agreement
- Exploration of healthcare and geographic opportunities
- Equipment purchases funded by new debt facilities

#### **Barrie Whipp, Executive Chairman of Crimson Tide, commented:**

"Crimson Tide had an excellent year by all measures in 2015. The contract for a leading supermarket that we had been working on for years came to fruition and we delivered ahead of schedule. We believe that mpro5 has become the de facto mobility service in facilities management and we continue to make strides in logistics, healthcare and other industries. We are very well placed for future growth."

#### **About the Company**

Founded in 1996 and quoted on AIM since 2006, Crimson Tide plc is the provider of mpro5 – Smart Mobility as a Service (SMaaS). mpro5 is delivered on smartphones, tablets and PDAs, and enables companies to transform their businesses and strengthen their workforces.

Crimson Tide offers a global service, working with some of the world's leading companies, tailoring mpro5 to suit customer needs. Developed over 10 years by its world-class team, mpro5 is the smart choice for organisations large and small that want to improve productivity and save money.

mpro5 is a platform-agnostic mobility suite fully hosted on Microsoft Azure, so customers are quickly up and running and the service is scalable and robust. It is provided on subscription, so clients can immediately see a return on their investment.

mpro5 not only helps people improve their day-to-day working methods while saving employers money, it also saves lives, by enabling haemophilia patients to verify the safety of their medication before use. mpro5 clients come from a diverse range of industries allowing the Company to listen, share and find the best solution for all mobility needs.

An updated presentation is available in the investor section of the company's website [www.crimsontide.co.uk](http://www.crimsontide.co.uk).

Enquiries:

Crimson Tide plc  
Barrie Whipp, Executive  
Chairman

01892 542444

020 7220 1666

W.H. Ireland Limited  
James Joyce / James Bavister

Allerton Communications  
Peter Curtain

020 3137 2500

[peter.curtain@allertoncomms.co.uk](mailto:peter.curtain@allertoncomms.co.uk)

## **Chairman's Statement**

All of our key metrics for the business were exceeded in 2015. Turnover grew by 16%, Profit Before (and after) Tax by 100% and we grew our subscriber numbers and contracted revenues to record numbers.

Technically, the mpro5 service has undergone another sea change in 2015. Developments for our clients are incorporated for all users of the platform and this has seen the addition of items such as temperature recording in food handling, enhancements to global deliveries, attachments of documents to jobs and many more. From the point of view of web development, we have added significantly enhanced dashboards and reports and further enhanced the look and feel. There are always ongoing developments to the system based upon feedback and these improvements benefit all customers.

In facilities management, we have become the de facto mobility service for the significant industry players. Two of the largest organisations rely on mpro5 in their retail, public services and transportation environments. Having developed this business over a number of years, we are extremely confident of continued growth. If one travels down a typical high street, mpro5 will be being used in many retail stores. It is used in some form or other in the majority of the major supermarkets and is used for security and delivery of newspapers.

In logistics, we are only held back by the speed that our clients can roll out, and this is on an international basis. We believe we have a strong offering that can be rolled out exponentially, especially as mpro5 is available worldwide and used in an increasing number of languages in food delivery as well as for cooking oil and bread.

In healthcare, we have progressed with a number of transactions and hope to report on further progress in 2016. Some of the applications of mpro5 in healthcare are extremely interesting and, in some cases ground-breaking. mpro5 is used by people with haemophilia and people with autism. The system is also used to track prosthetics around hospitals and we are working on further data collection models in virus and pharmacovigilance.

One of the keys to our business model is the ability to finance smartphones, tablets and PDAs for a number of our contracts. During the year we extended our relationship with Lombard Technical Services, so we can secure business knowing that the capital requirement is financed. We are confident that Lombard will continue to support our efforts.

Cash generation was strong. We have no long term debt other than the Lombard facilities that match our long term contracts and a small loan in Ireland. At the year end cash balances were around £500k.

During the year we decided to undergo a capital reconstruction to allow the Company, if appropriate, to pay dividends in the future. This process was completed in the first quarter of 2016 and the Balance Sheet is now well set for the future.

In summary, 2015 was an excellent year for Crimson Tide and provides a platform to take the business further. 2016 will be a year of investment towards further growth, technically and financially and the Directors look forward with optimism.

Our staff count has grown significantly from a modest base. One of our biggest successes is hiring smart graduates and moulding them in the Crimson Tide way. I am very proud of our staff and it is their commitment and dedication that is the bedrock of the Company. I thank them for their efforts. In addition, we have received steadfast support from our major shareholders and again I extend my thanks for their continued commitment to our efforts.

**Barrie R. J. Whipp**  
**Executive Chairman**  
**20 April 2016**

## **Operating and Financial Review**

I am very pleased to report on our results for the year to 31 December 2015 and review our performance during this period.

### Operating Review

During 2015, we continued to make significant investments in our mpro5 software to ensure existing customers benefit from continuing improvements in technology, as well as new functionality which we regularly incorporate into the product. This strategy has ensured that subscription agreements are often renewed at the end of the initial contract term, usually 36 months, and frequently earlier, when for example additional subscribers are added. In a number of cases, we have become the solution of choice for some larger entities who incorporate our solution across a range of their customers.

The strategy has also made mpro5 the optimum solution for a growing number of new customers in a range of industries including logistics, facilities maintenance, field operations and healthcare activities. We are able to set up customers quickly and implement the solution in short timescales so that the productivity gains that result are immediately realised. A number of related announcements were made during 2015 and can be found on our website.

Early in the year we repaid the remaining balance on the term loan from HSBC Bank and concluded financing arrangements with Lombard for the smartphone and ruggedised devices we supply to some customers. We have sought debt funding for this expenditure for some time as repayments are matched by customers' subscription receipts, and so are very pleased with the Lombard relationship. The asset funding has allowed us to invest more of our operating cashflows in additional sales resources, new sales channels and marketing activities. We will continue to focus on these areas in the months ahead to accelerate growth in revenues and contracted incomes.

As our revenues have increased, our costs have remained proportionately low. This operational gearing is another of the key ingredients for an increasingly profitable future. The Crimson Tide team increased to 14 employees by the 2015 year end and is now 17. All have performed magnificently over the year, rising to a number of challenges. Their dedication and teamwork have allowed us to attract blue-chip customers and achieve a well-earned reputation for delivering a valuable product of leading edge software integrated with enterprise class systems.

### Financial Review

Turnover in 2015 totalled £1.4m (2014: £1.2m), comprising mostly longer-term subscription income (over 80%) arising from contracts that typically cover an initial three year term. Contracted income for future periods is not recognised in the accounts and therefore any new deals closed in 2015 have a greater positive impact in following periods.

Gross margin at over 92% in 2015 (2014: 86%) and operating margin before depreciation at 31% in 2015 (2014: 27%) both continue to improve, positively impacting operating profit before depreciation, amortisation and interest which amounted to £431k in 2015, up 30% from £330k in 2014.

After depreciation, amortisation and interest, the Company achieved a profit before tax of £168k, double the £84k reported for 2014.

Net cash generated from operations once again increased year on year. In 2015, cash from operations totalled £521k (2014: £433k) of which capital expenditure of £222k net of additional borrowings was mostly invested in the mpro5 software and devices for customers resulting in increased cash balances of £299k (2014: £107k). Net cash at bank at the end of 2015 totalled £538k (2014: £239k).

#### Future prospects

The outlook for Crimson Tide looks more positive than ever before. There is a much greater understanding in the market of the significant benefits that mobilising the workforce can realise and an increasing urgency to utilise technology to achieve these aims. Crimson Tide's mpro5 solution, offered on a subscription basis and therefore avoiding the need for capital expenditure, is ideally placed to satisfy this growing demand. Our reputation continues to be enhanced by the contracts we are winning and the results we are delivering for our customers. The Board remains extremely positive that the growth and success of the Company will continue.

**Stephen Goodwin**  
**Finance Director**  
**20 April 2016**

## Crimson Tide plc

### Unaudited Consolidated Income Statement

	<b>Group</b>	
	<b>Year ended December 2015 £000</b>	<b>Year ended December 2014 £000</b>
Revenue	1,402	1,210
Cost of Sales	(104)	(166)
Gross Profit	1,298	1,044
Administration expenses	(867)	(714)
<b>Earnings before interest, tax, depreciation &amp; amortisation</b>	<b>431</b>	<b>330</b>
Depreciation & amortisation	(246)	(238)
Profit from operations	185	92
Interest income	-	-
Finance costs	(17)	(8)
<b>Profit before taxation</b>	<b>168</b>	<b>84</b>
Tax (note B)	-	-
Profit for the year attributable to equity holders of the parent	168	84
<b>Earnings per share (note C)</b>		
Basic and diluted earnings per Ordinary share (pence)	0.04	0.02

### Unaudited Consolidated Statement of Comprehensive Income

	<b>Group</b>	
	<b>Year ended December 2015 £000</b>	<b>Year ended December 2014 £000</b>
Profit for the year	168	84
Other comprehensive income/(loss) for the year:		
Exchange differences on translating foreign operations	(5)	(9)
Total comprehensive profit for the year	163	75

**Crimson Tide plc****Unaudited Statement of Financial Position**

	<b>Group</b>	
	<b>As at 31 December 2015 £000</b>	<b>As at 31 December 2014 £000</b>
<b>Fixed Assets</b>		
Intangible assets	1,373	1,260
Equipment, fixtures & fittings	527	339
	<u>1,900</u>	<u>1,599</u>
<b>Current Assets</b>		
Inventories	15	30
Trade and other receivables	634	563
Cash and cash equivalents	539	239
	<u>1,188</u>	<u>832</u>
<b>Total Assets</b>	<u>3,088</u>	<u>2,431</u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	7,335	7,335
Capital redemption reserve	49	49
Share premium	1,090	1,090
Other reserves	421	426
Reverse acquisition reserve	(5,244)	(5,244)
Retained earnings	(1,618)	(1,786)
	<u>2,033</u>	<u>1,870</u>
<b>Liabilities</b>		
Amounts falling due within one year	806	561
Amounts falling due after more than one year	249	-
<b>Total liabilities</b>	<u>1,055</u>	<u>561</u>
<b>Total equity and liabilities</b>	<u>3,088</u>	<u>2,431</u>

## Crimson Tide plc

### Unaudited Statement Of Changes In Equity

<b>Group</b>	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Reverse acquisition reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 1 January 2014	7,335	49	1,090	435	(5,244)	(1,870)	1,795
Profit for the year						84	84
Translation movement				(9)			(9)
Balance as at 31 December 2014	7,335	49	1,090	426	(5,244)	(1,786)	1,870
Profit for the year						168	168
Translation movement				(5)			(5)
Balance as at 31 December 2015	7,335	49	1,090	421	(5,244)	(1,618)	2,033

## Crimson Tide plc

### Unaudited Consolidated Cash Flow Statement

	<b>Group</b>	
	<b>Year ended 31 December 2015 £000</b>	<b>Year ended 31 December 2014 £000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	168	84
Add back:		
Amortisation of intangible assets	90	83
Depreciation of equipment, fixtures and fittings	155	154
Profit on sale of assets	-	(6)
Interest expense	17	8
	<hr/>	<hr/>
Operating cash flows before movements in working capital	430	323
Decrease in inventories	15	18
Increase in trade and other receivables	(71)	(67)
Increase in trade and other payables	147	159
	<hr/>	<hr/>
Cash generated from operating activities	521	433
Taxes paid	-	-
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>521</b>	<b>433</b>
	<hr/>	<hr/>
<b>Cash flows used in investing activities</b>		
Purchases of fixed assets	(552)	(218)
Sales of fixed assets	-	19
Interest received	-	-
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(552)</b>	<b>(199)</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Interest paid	(17)	(8)
Net increase/(decrease) in borrowings	347	(119)
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>330</b>	<b>(127)</b>
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>299</b>	<b>107</b>
	<hr/>	<hr/>
Net cash and cash equivalents at beginning of period	239	132
	<hr/>	<hr/>
<b>Net cash and cash equivalents at end of period</b>	<b>538</b>	<b>239</b>
	<hr/> <hr/>	<hr/> <hr/>

## Crimson Tide plc

	<b>Group</b>	
	<b>Year ended 31 December 2015 £000</b>	<b>Year ended 31 December 2014 £000</b>
<b>Analysis of net funds:</b>		
Cash and cash equivalents	539	239
Bank overdraft	(1)	-
	<hr/> <b>538</b>	<hr/> <b>239</b>
Other borrowing due within one year	(157)	(59)
Borrowings due after one year	(249)	-
	<hr/> <b>132</b>	<hr/> <b>180</b>
<b>Net funds</b>	<hr/> <b>132</b>	<hr/> <b>180</b>

## Notes to the Consolidated Financial Statements for the year ended 31 December 2015

### A) Significant accounting policies

#### a. Basis of preparation

The preliminary results for the period to 31 December 2015 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. Changes in accounting policy

No changes in accounting policies, including new or amended IFRSs, are expected to have an impact on the Company's financial results.

d. Revenue recognition

Subscription income and support income is credited to turnover in equal monthly instalments over the period of the agreement. There is no recognition in the Consolidated Income Statement of the contracted value of future revenues.

## B) Taxation

No corporation tax charges have been included in the consolidated accounts for the periods ended 31 December 2015 and 31 December 2014 due to the availability of tax losses.

## C) Earnings per share

	<b>Group</b>	
	<b>Year ended 31 December 2015</b>	<b>Year ended 31 December 2014</b>
<b>Basic and Diluted Earnings per share</b>		
Reported profit (£000)	168	84
Reported earnings per share (pence)	0.04	0.02

The earnings per share has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue calculated as follows:

	<b>Year ended 31 December 2015 No.</b>	<b>Year ended 31 December 2014 No.</b>
<b>Weighted average number of ordinary shares:</b>		
Opening balance	445,486,234	445,486,234
Effect of share placing during the year	-	-
Weighted average number of ordinary shares	<u>445,486,234</u>	<u>445,486,234</u>

## D) Post Balance Sheet Event

At the Company's General Meeting on 26 January 2016 shareholders approved plans to undertake a capital reconstruction, the purpose of which was to create positive retained earnings in the Balance Sheet to allow the Company to, if appropriate, pay dividends in the future. Shareholders also approved future share buy-backs. Following a court hearing on 24 February 2016 the court confirmed the reduction of capital of the Company. The nominal value of each Ordinary Share in the Company reduced from one penny to 0.1 pence per share and the Company's Deferred Shares

of 19 pence each, Share Premium Account and Capital Redemption Reserve were cancelled. Trading in the shares with a nominal value of 0.1 pence commenced on 25 February 2016.

The table below shows how the Statement of Equity as at 31 December 2015 would have looked had the capital re-organisation been effective on that date.

**Crimson Tide plc**

**Unaudited Statement Of Changes In Equity (restated)**

<b>Group</b>	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Reverse acquisition reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance as at 31 December 2015	7,335	49	1,090	421	(5,244)	(1,618)	2,033
Reduction in capital	(6,890)	(49)	(1,090)			8,029	-
Re-stated balance as at 31 December 2015	445	-	-	421	(5,244)	6,411	2,033

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 31 December 2014. Statutory accounts for 2014, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors have reported on the 2014 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 2015 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 statutory accounts will be published on the Company's website [www.crimsontide.co.uk](http://www.crimsontide.co.uk) by the end of May 2016.