



**Crimson Tide PLC** - TIDE Preliminary Results  
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Crimson Tide PLC  
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## **Crimson Tide plc**

### **Preliminary Announcement of Results to 31 December 2016**

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 2016.

#### **Financial Highlights**

- Profit Before Tax increased by over 100 per cent. for the year to £352k (2015: £168k)
- Turnover up 33% to £1.86m (2015: £1.40m)
- Contracted revenue and other KPIs again at record levels

#### **Operational Highlights**

- mpro5 in use in over 100,000 locations
- Further expansion into healthcare and medicine
- Progress made in new overseas markets

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

"We have had a tremendous year, with progress in all areas of the business. Perhaps the most exciting thing is that we have invested, and will continue to invest in our expansion activities, which are being financed by our existing profitability and cash. The Directors are convinced that the future success of the Company will exceed their previous expectations, both domestically and internationally".

#### **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).

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### **Chairman's Statement**

Crimson Tide performed extremely well in 2016 across all areas of the business and I am delighted to report on this period and the future plans for the Company.

2016 was the 20<sup>th</sup> anniversary of Crimson Tide's formation and saw the 10<sup>th</sup> anniversary of our flotation on the AiM market of The London Stock Exchange.

We recorded another doubling of profitability at the pre-tax level and continued to generate cash, as well as increasing our contracted revenues substantially. Our financial model continues to transition towards a greater focus on enterprise level agreements rather than smaller subscriber based transactions and, as such, our client base now includes a greater number of companies and organisations of substantial scale.

The Company's signature solution, mpro5, is now employed in over 100,000 individual locations in the UK & Ireland to deliver an increasingly wide array of end solutions. The ability to adapt the system to meet the specific needs of any mobile workforce is enabling us to sell it both into new customers and also to increase the subscriber base in existing customers and is the reason why mpro5 is now commonly used in supermarkets, retail outlets, pubs and hotels as well as the London Underground. It is becoming increasingly well known in the facilities management, logistics, retail operations and property industries as it continues to be deployed more widely. A relevant case study is where a customer in commercial cleaning that first entered into a subscription agreement with us over seven years ago has been acquired by one of the largest fm companies in the country. Mpro5 is now used by the larger group in compliance auditing, proof of presence and incident capture and alerting.

One area that I would like to highlight this year is the advances that we have made in the fields of healthcare and medicine. Crimson Tide has a strong history in this field having first developed a solution to improve the recording of data from patients with haemophilia, an area where it is still making a real difference today. Since then it has been adapted to meet the various clinical needs of a disparate range of end users, including:

- Giving people with autism an application to help emergency services understand their needs
- Tracking the use of new medicines for a major US pharma company
- Verifying serialized medicines in The Philippines for APEC
- Seeking counterfeit drugs in Tanzania for one of the world's most significant health organizations
- Tracking prosthetics around hospitals for a division of a major US headquartered medical company

We are committed to helping organizations to ensure that end users are receiving the medicines they need and protecting them from potentially harmful products. Coupled with our use of mpro5 drug trial data capture we are becoming well known as a provider of innovative solutions in this burgeoning, and very rewarding, field. I am proud to say that we have staff members who are committed to this field not just for commercial reasons but for very human ones.

Technically, the decision was taken to upgrade the mobile application element of mpro5 during the year and much progress has been made on our path to converting the application to one of the most modern, scalable and flexible mobile platforms. Angular 2.0 is one of the most exciting platforms available and builds upon five years of mobile app framework development, allowing us to utilise the most up to date developments in web components. The use of Angular and the ionic mobile framework will give us greater speed and improved operability, coupled with a much better look and feel for the user. In short, the new mpro5 app will be faster, more powerful and aesthetically better than anything we have produced to date. It will also allow us to consolidate other mpro applications which were built on the Windows embedded platform for specific users. The new Angular/Ionic version of mpro5 should be released to users in Q2, 2017.

We have also made strides with our Internet of Things (IoT) strategy and are currently focusing on temperature control, both at the handheld level (Bluetooth probes), and the room level (wall sensors). The tracking of temperature, and later humidity, will become an increasingly important tool across many industries and particularly in the medical and healthcare fields and Crimson Tide is well placed to meet demand.

Given the excellent progress made during the year to date, the stable platform which has been built and the strong pipeline of opportunities, the Board took the decision, in the second half of the year, to invest appropriately in the next stage of the Company's growth.

Whilst international expansion can present challenges, we decided to be quite tactical in our investments. Specifically, we are making strides in our relationship with Vodafone in Ireland and have employed a Business Development Executive in The Netherlands, who is building an increasing pipeline of European sales opportunities. We also recently signed a partnership agreement with Mobilise IT in Melbourne, Australia and have developed a strong relationship with Rx360, an international pharma consortium in the United States focused on patient safety. RX 360 members include many of the largest pharma companies in the world, and at their annual conference in Washington DC, I was struck by how many uses there are for mpro5 in this arena. . Finally, in Dubai, we have entered into an agreement with British Centres for Business, an organisation developed by the Department for International Trade. Our early experiences across these geographies are demonstrating that the opportunities for mpro5 are abundant, and we hope to be in a position to provide an update on our international operations in the near future.

We started to absorb some of the costs of our expansion strategy at the end of 2016. Staff count increased from 14 to 26 and we are in the process of enhancing our legal agreements, further protecting our IP and moving to larger premises. Meanwhile, our investment in marketing continues to grow. These investments, whilst having an impact upon our financial results for 2016, position the Company well to take advantage of significant growth opportunities where markets are perfectly suited to adopting our mpro5 service. The

Company has a strong balance sheet, underpinned by our cash balance as well as the support of NatWest and Lombard.

The majority of the increased expenditure will be incurred in this current financial year and will therefore impact the bottom line performance of the group for 2017. However, the Board is firmly of the opinion that these measures will enable us to scale significantly in the coming years. In summary, the Company has performed very well in its home markets for a number of years now and it is time for us to leverage the power of mpro5 in wider geographies.

Finally, the success of Crimson Tide is in our people. As part of our 20<sup>th</sup> anniversary celebrations we presented long term service pins to around half of the staff who have served the Company faithfully for many years. The new members have added to our team ethic and the group is excited, particularly with our new software and expansion plans. I was delighted to appoint Luke Jeffrey, our Technical Director, to the position of Deputy CEO during the year. This appointment ensures stability in our existing operation whilst allowing us to pursue our growth plans.

I should also like to take this opportunity to thank our shareholders, bankers and advisers for their counsel and support.

2016 was a great year for Crimson Tide. I am delighted with our progress and firmly believe that the decision to accelerate and take advantage of opportunities in front of us will prove to be an excellent one. The Directors look forward with great confidence.

**Barrie R. J. Whipp**  
**Executive Chairman**  
**30 March 2017**

### **Operating and Financial Review**

I am very pleased to comment on our results for the year to 31 December 2016 and review our operations during this period.

### **Operating Review**

We started the year on a very positive note following the earlier than expected full rollout of the Company's mpro5 solution with one of the country's leading supermarket retailers. The year ended in a similar positive manner with a sooner than expected further deployment with another large supermarket retailer following their successful pilot. On both occasions the Crimson Tide team were able to quickly install the solution so that in total, nearly 900 stores are now profiting from its mpro5 service to ensure store safety, cleanliness and security. Other benefits include incident capture as well as providing dynamic audits and bespoke management dashboards to improve efficiency and productivity.

These and other contracts secured during the year, are typically for terms of three or more years. This provides excellent revenue visibility for 2017 and beyond. Furthermore, we remain very pleased with our contract renewal rate with many of our older customers renewing their initial agreements, signing up for extended terms, and often adding more users at the same time. In effect, once operational, our mpro5 solution forms an integral part of our customers' business processes. You will have read in the Chairman's statement the technical advances we made during the year and we continue to make. As we enhance and develop additional functionality, our customers continue to gain from using a leading mobility solution which we are adapting to their ever increasing requirements.

It is important to stress that these developments are taking place within a highly controlled operational environment. Early in 2016, we achieved the internationally recognised ISO 27001 certification which demonstrates the Company's commitment to customer service, quality in delivery and its commitment to continuous improvement. ISO 27001 is designed help establish and maintain an effective information management system and security of information, using a continual improvement approach.

These principles particularly resonate in the healthcare and pharma industries. During the year the Company renewed an agreement to provide patients with hereditary coagulation disorders with a solution to manage their use of prescribed pharmaceutical products. The Company believes revenues from these markets will continue to increase as it progresses a number of pilot projects and significant related opportunities for mpro5.

These and many other positive developments, together with the strong performance of the business over the year, give the Board the confidence to continue to invest in further growth and accelerate plans to expand geographically. Over the course of 2016, headcount has been increased to enable this expansion to take place while ensuring no detrimental effect on the underlying operations. There is no doubting the considerable market opportunity for our proven mpro5 mobility solution. An upgraded sales and marketing team has already started to validate opportunities outside the UK and Ireland. Whilst this and other growth related investment has increased the cost base, the Board firmly believes that the responsible course is to accelerate these activities to generate higher revenues and greater returns for shareholders.

### **Financial Review**

Turnover for the twelve months to 31 December 2016 totalled £1.86m, an increase of 33% on the same period in 2015 (2015: £1.40m). Gross profit margin remains over 91% and our operating margin before depreciation, amortisation and interest of 37%, up from 31% in 2015, reflects our high operational gearing.

After depreciation, amortisation and interest costs, the Group achieved a profit before tax of £352k, more than double the previous year (2015: £168k) which in turn was double the previous year.

Crimson Tide's balance sheet has improved significantly following the capital reconstruction in February 2016 referred to financial statements below. The Company now has positive retained earnings to allow it to, if appropriate, pay dividends in the future. Shareholders also approved future share buy-backs, again if thought by the directors to be appropriate. Positive cashflows generated the since the year end, have further improved the position.

There have been no changes to Crimson Tide's accounting policies which can be found in the notes to the published 2015 Consolidated Financial Statements available on our website, [www.crimsontide.co.uk](http://www.crimsontide.co.uk).

### **Future Prospects**

The Chairman's statement gives an excellent picture of the outlook for the business over the short to medium term. We are most certainly at a very exciting stage of Crimson Tide's development. We have an established track record with our shareholders and an excellent reputation for providing a quality solution to our customers. We continue to work hard on behalf of both to ensure our success is maintained.

**Stephen Goodwin**  
**Finance Director**  
**30 March 2017**

## **Crimson Tide plc**

### **Unaudited Consolidated Income Statement**

	<b>Group</b>	
	<b>Year ended December 2016 £000</b>	<b>Year ended December 2015 £000</b>
Revenue	1,860	1,402
Cost of Sales	(159)	(104)

Gross Profit	1,701	1,298
Administration expenses	(1,009)	(867)
<b>Earnings before interest, tax, depreciation &amp; amortisation</b>	<b>692</b>	<b>431</b>
Depreciation & amortisation	(303)	(246)
Profit from operations	389	185
Interest income	-	-
Finance costs	(37)	(17)
<b>Profit before taxation</b>	<b>352</b>	<b>168</b>
Tax (note B)	(4)	-
Profit for the year attributable to equity holders of the parent	348	168
<b>Earnings per share</b> (note C)		
Basic and diluted earnings per Ordinary share (pence)	0.08	0.04

#### Unaudited Consolidated Statement of Comprehensive Income

	Group	
	Year ended December 2016 £000	Year ended December 2015 £000
Profit for the year	348	168
Other comprehensive income/(loss) for the year:		
Exchange differences on translating foreign operations	1	(5)
Total comprehensive profit for the year	349	163

#### Crimson Tide plc

#### Unaudited Statement of Financial Position

	Group	
	As at 31 December 2016 £000	As at 31 December 2015 £000
<b>Fixed Assets</b>		
Intangible assets	1,522	1,373
Equipment, fixtures & fittings	750	527
	<u>2,272</u>	<u>1,900</u>
<b>Current Assets</b>		
Inventories	7	15
Trade and other receivables	636	634
Cash and cash equivalents	878	539
	<u>1,521</u>	<u>1,188</u>

<b>Total Assets</b>	<u>3,793</u>	<u>3,088</u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	453	7,335
Capital redemption reserve	-	49
Share premium	112	1,090
Other reserves	422	421
Reverse acquisition reserve	(5,244)	(5,244)
Retained earnings	6,759	(1,618)
	<u>2,502</u>	<u>2,033</u>
<b>Liabilities</b>		
Amounts falling due within one year	769	806
Amounts falling due after more than one year	522	249
<b>Total liabilities</b>	<u>1,291</u>	<u>1,055</u>
<b>Total equity and liabilities</b>	<u>3,793</u>	<u>3,088</u>

### Crimson Tide plc

#### Unaudited Statement Of Changes In Equity

Group	Share capital	Capital redemption reserve	Share premium	Other reserves	Reverse acquisition reserve	Retained earnings	Total
	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 January 2015	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
Profit for the year						348	348
Capital reconstruction (*)	(6,890)	(49)	(1,090)			8,029	-
Share options exercised	8		112				120
Translation movement				1			1
Balance as at 31 December 2016	453	-	112	422	(5,244)	6,759	2,502

(\*) 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.

## Crimson Tide plc

### Unaudited Consolidated Cash Flow Statement

	Group	
	Year ended 31 December 2016 £000	Year ended 31 December 2015 £000
<b>Cash flows from operating activities</b>		
Profit before taxation	352	168
Add back:		
Amortisation of intangible assets	105	90
Depreciation of equipment, fixtures and fittings	198	155
Profit on sale of assets	-	-
Interest expense	37	17
Operating cash flows before movements in working capital	692	430
Decrease in inventories	8	15
Increase in trade and other receivables	(2)	(71)
(Decrease)/increase in trade and other payables	(203)	147
Cash generated from operating activities	495	521
Taxes paid	(4)	-
<b>Net cash generated from operating activities</b>	<b>491</b>	<b>521</b>
<b>Cash flows used in investing activities</b>		
Purchases of fixed assets	(675)	(552)
Sales of fixed assets	-	-
<b>Net cash used in investing activities</b>	<b>(675)</b>	<b>(552)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from share issues	120	-
Interest paid	(37)	(17)
Net increase in borrowings	422	347
<b>Net cash from financing activities</b>	<b>505</b>	<b>330</b>
<b>Net increase in cash and cash equivalents</b>	<b>321</b>	<b>299</b>
Net cash and cash equivalents at beginning of period	538	239
<b>Net cash and cash equivalents at end of period</b>	<b>859</b>	<b>538</b>
<b>Crimson Tide plc</b>		
	<b>Group</b>	
	<b>Year ended</b>	<b>Year ended</b>



	<b>31 December 2016 £000</b>	<b>31 December 2015 £000</b>
<b>Analysis of net funds:</b>		
Cash and cash equivalents	878	539
Bank overdraft	(19)	(1)
	<hr/>	<hr/>
	<b>859</b>	<b>538</b>
Other borrowing due within one year	(306)	(157)
Borrowings due after one year	(522)	(249)
	<hr/>	<hr/>
<b>Net funds</b>	<b>31</b>	<b>132</b>
	<hr/>	<hr/>

## Notes to the Consolidated Financial Statements for the year ended 31 December 2016

### A) Significant accounting policies

#### a. Basis of preparation

The preliminary results for the period to 31 December 2016 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

A reduced corporation tax charge of £4,000 (2015: nil) has been included in the consolidated accounts for the period ended 31 December 2016 due to the availability of tax losses.

### C) Earnings per share

	<b>Group</b>	
	<b>Year ended 31 December 2016</b>	<b>Year ended 31 December 2015</b>
<b>Basic and Diluted Earnings per share</b>		
Reported profit after tax (£000)	348	168
Reported earnings per share (pence)	0.08	0.04

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 2016 No.</b>	<b>Year ended 31 December 2015 No.</b>
<b>Weighted average number of ordinary shares:</b>		
Opening balance	445,486,234	445,486,234
Effect of 8m share options issued during the year	1,945,205	-
Weighted average number of ordinary shares	<u>447,431,439</u>	<u>445,486,234</u>

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2016 or 31 December 2015. Statutory accounts for 2015, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors have reported on the 2015 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 2016 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.crimsonside.co.uk](http://www.crimsonside.co.uk) by the end of April 2017.

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