Date: 27 April 2016
On behalf of: PROACTIS Holdings PLC ('PROACTIS', the 'Company' or the 'Group')
Embargoed until: 0700hrs

PROACTIS Holdings PLC

Interim results for the six months ended 31 January 2016

PROACTIS Holdings PLC, a global Spend Control and eProcurement solution provider, today announces its interim results for the six month period ended 31 January 2016.

Trading performance

- Deal activity is buoyant with 23 new name deals (31 January 2015: 20)
- Total Initial Contract Value signed on new deals was £3.7m (31 January 2015: £2.6m) with £0.4m recognised in the period (31 January 2015: £0.5m)
- Favourable revenue shift toward multi-year SaaS deals - 14 new customers (31 January 2015: 11)
- Continued strong customer commitment with 45 upsell and cross sell deals in the period (31 January 2015: 43)
- Significant investment on Supplier Network and Accelerated Payment Facility opportunities and enlarged account management functions

Financial performance

- Reported revenue increased to £8.7m (31 January 2015: £8.4m)
- Adjusted EBITDA[1] increased to £2.4m (31 January 2015: £2.3m)
- Reported statutory PBT increased to £1.0m (31 January 2015: £0.9m)
- Strong balance sheet with gross cash balances increasing to £4.6m (31 July 2015: £3.4m)

Revenue visibility

- Order book[2] significantly increased to £23.7m (31 July 2015: £19.7m)
- Annualised[3] contracted revenue increased to £14.5m (31 July 2015: £14.3m)

Post period highlights

- Successful completion of the Due North Limited acquisition, adding more than 300 UK public sector customers with substantial cross-sell and operational synergy opportunities
- Agreement with Flintshire County Council for the provision of Supplier Network ("SN") and Accelerated Payment Facility ("APF") over an extended five year term

1 - Adjusted EBITDA is stated before non-recurring administrative expenses, amortisation of customer related intangible assets and share based payment charges
2 - Order Book is the Group's current contracted revenue that is required o be recognised in future accounting periods
3 - Annualised contracted revenue is the Group's estimate of the annualised value of revenue of customers currently contracted with the Group

Rod Jones, Chief Executive Officer, commented:

"I am delighted with the Group's trading performance with significant increases in year on year deal numbers and order intake. Most of these deals were SaaS based contracts which deliver revenue visibility, a more predictable cash flow and enhanced customer value for the long term.

"We continue to invest ahead of the curve in several areas, especially Supplier Network, Accelerated Payment Facility and an enlarged account management effort whilst retaining good levels of profitability.

"The acquisitions of EGS Group Limited, Intesource Inc and Intelligent Capture Limited are trading at expected levels and are well integrated into the Group. We are starting to see the benefits of the enhanced solution portfolio with cross selling adding to our continued high rate of up selling. The longer term aspects of the integration, product alignment and development, are now underway.

"Post-period we completed the acquisition of Due North Limited, which brings over 300 new contracted customers and will be immediately earnings enhancing. In addition, we have a substantial opportunity to build account value through an enhanced customer experience. M&A activity remains a core element of the Group's growth strategy and there are a number of potentially attractive opportunities in the pipeline.

"The Group's commercialisation of the Supplier Network and Accelerated Payment Facility opportunities has already shown traction with Screwfix and Flintshire County Council both committing to the programmes. The scale of the opportunity has the potential to be transformational for the Group. We look forward to announcing further early adopter commitments in the coming months along with a substantial contribution to revenues anticipated for the next financial year.

"I have many reasons to be confident in the growth opportunities that the Group has available to it and I am confident that the Group will deliver against its ambitious plans."

For further information, please contact:

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Notes to editors:

PROACTIS creates, sells and maintains specialist software which enables organisations to streamline, control and monitor all internal and external expenditure, other than payroll. PROACTIS is already used in approximately 800 organisations around the world from the commercial, public and not-for-profit sectors. It is the largest independent eProcurement solution provider to the UK Public Sector.

PROACTIS is head quartered in Wetherby, West Yorkshire. It develops its own software using an in-house team of developers and sells through both direct and indirect channels via a number of Accredited Channel Partners.

PROACTIS floated on the AIM market of the London Stock Exchange in June 2006.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

I am delighted to report that the Group has maintained its momentum and delivered further substantial progress toward its ambitious plans.

Strategy

The Board continues to execute on its well established growth strategy, leveraged from a solid commercial, operational and financial platform.

The initial steps were taken several years ago with a shift from a perpetual software license only model to a blended model also offering multi-year subscription based software as service ("SaaS") licenses. This shift was designed to meet the commercial need at the time, whilst also providing investors with a business capable of delivering:

- High revenue growth rates;
- Security through absolute scale and high levels of recurring and contracted income;
- Profitability; and
- Yield through a dividend policy.

The Group's growth strategy is as follows:

- Delivery of new logos through best in class procurement solutions;
- Retention and a broadening of relationships with existing customers through high levels of support and service offerings and an energetic approach to the upselling and cross selling of the Group's widening range of solutions;
- Undertake M&A based activity with a focus on complementary customer bases, solutions and technology allied with similar business model characteristics to the Group's own; and
- Access a vast new opportunity through the provision of benefits and value added services to a new customer grouping, our customers' supplier networks.

Performance overview

The core business is growing strongly and the Group's acquisitions are all contributing in line with expected levels. Trading is like for like in that all the Group's businesses have contributed for the whole of this and the comparative reporting periods. The Group is progressing toward ever tighter integration through the convergence of products and technologies.

The Group secured 23 new logos (31 January 2015: 20) in the period of which 14 (31 January 2015: 11) were multi-year subscription or managed service deals and 9 (31 January 2015: 9) were perpetual deals. Total Initial Contract Value sold was £3.7m (31 January 2015: £2.6m) of which £3.3m (31 January 2015: £2.1m) was required to be deferred to be recognised in future periods.

In addition, the Group sold 43 upsell deals (31 January 2015: 43) to existing clients and 2 cross sell deals (31 January 2015: Nil). The cross sell deals are particularly encouraging as the Group starts to make headway with the wider solutions now available to it through the acquisitions of EGS Group Limited, Intesource Inc and Intelligent Capture Limited.

This revenue shift toward multi-year subscription or managed service deals has the impact of deferring revenue to be recognised in future periods rather than in the period in which the deal is signed. Accordingly, reported revenues for the period increased to £8.7m (31 January 2015: £8.4m) and there was a compensating very strong increase in order book of contracted revenue to £23.7m at 31 January 2015 (31 July 2015: £19.7m) which will be recognised in future periods of up to five years.

Whilst the volume and value of new business are good indicators of market traction and performance, the renewal of subscription deals sold in prior years is of critical importance to the Group's strategy. It is very encouraging that the majority of customers continue to renew, albeit slightly below our normal levels of performance due to the single US customer having been acquired. Annualised contracted revenue increased to £14.5m (31 July 2015: £14.3m).

The Group's rate of profitability was maintained, despite significant investment in account management and in the SN and APF opportunities, with a reported EBITDA (before share based payment charges and non-recurring administrative expenses) of £2.4m (31 January 2015: £2.3m). The statutory operating profit increased to £1.0m (31 January 2015: £0.9m).

The Group remains in a strong financial position with gross cash balances of £4.6m (31 July 2015: £3.4m). Net cash increased to £3.0m (31 July 2015: £1.5m).

M&A activity

On 2 February 2016, post period end, the Group acquired Due North Limited. Due North is a provider of eProcurement systems with more than 300 clients, principally in the UK Public sector. Due North's customers use its hosted software to control an estimated £100 billion of spend through approximately 200,000 active suppliers by approximately 20,000 procurement professionals.

The gross cash consideration payable at completion was £4.5 million, which the Group funded through a combination of bank debt and its own cash resources. The bank debt was provided by HSBC Bank plc, by way of a term loan of£3.0 million repayable over four years at an interest rate of 1.85% per annum over LIBOR.

The acquisition of Due North complements the three acquisitions made during 2014; EGS Group Limited, Intesource Inc and Intelligent Capture Limited. Each of these businesses is performing as expected and, having established solid and efficient ways of working together without disruption to business performance in the immediate post acquisition period, the Group is moving into a new phase of integration with the convergence of products and technologies.

The Group remains committed to further M&A activity and is in an excellent position to form a platform for further complementary bolt-on acquisitions.

Supplier Network and Accelerated Payment Facility opportunity

The Group has a strategic objective, with the support of its customers, to access and provide benefits and value added services to a new customer grouping, the suppliers of its 800 customers. Screwfix and Flintshire County Council have now committed and are "in project" and there is a further small pipeline to progress over the coming months as part of an early adopter programme. The opportunity is substantial and could accelerate the Group's rate of growth well beyond that available through its current business model.

The Group has historically only charged customers on the buy side of the buyer/supplier relationship. There are, however, many mutual benefits that both the buyer and supplier can realise through the Group's innovative technology, including:

- e-Procurement;
- Near paperless trading;
- Improvement of efficiencies in the administration of supplier records;
- Transparency of the status of a purchase invoice in the approval and payment cycle; and
- Accelerated payments.

The Group's focus is to facilitate all of the above benefits between its customer base and their suppliers. This will encourage electronic trading, which is currently poorly adopted, and create efficiencies within the buy/sell transaction process. These efficiencies will be realised by the suppliers through a greater level of convenience in the trading relationship with their customers and significantly reduced costs whilst also creating new commercial opportunities. These benefits and efficiencies will be charged through a non-tariff based, de minimis software support fee of £50 per supplier per annum.

The Group's technology also delivers increased transparency of the buyer's invoice processing cycle by providing visibility of invoice status to suppliers as the invoices flow through the approval and payment cycle. This creates an opportunity for a supplier to access an accelerated payment to support its own growth or to cover short-term working capital requirements without disruption of, or detriment to, the buyer's operations.

The Directors estimate that these opportunities could increase the revenue per customer by a factor of up to ten times that level which is currently being achieved. Screwfix and Flintshire County Council together spend more than £0.6 billion with approximately 7,000 suppliers. The current pipeline of additional early adopters spend more than £0.7 billion with approximately 19,000 suppliers. The Group has more than 800 customers with an estimated spend of more than £100 billion with over 1 million suppliers.

Financial overview

The Group has signed 23 new deals (31 January 2015: 20) of which 14 were subscription based (31 January 2015: 11). Further, the Group made 43 upsell deals (31 January 2015: 43) and 2 cross sell deals (31 January 2015: Nil) in the period.

This revenue shift toward multi-year subscription revenues in the period means that reported revenue growth slowed to 4% against the comparative period (18% growth) and revenues increased to £8.7m (31 January 2015: £8.4m). This growth is like for like and Due North did not contribute to the result.

A beneficial consequence of the transition toward a multi-year subscription based revenue model is the security of an increased level of contracted revenue to be recognised in future periods. This gives the Group greater visibility of forward revenue and a more predictable cash flow profile. Of the £3.7m (31 January 2015: £2.6m) of Initial Contract Value signed during the period, £3.3m (31 January 2015: £2.1m) has been deferred to future financial periods and the order book (the total value of contracted forward revenue) increased to £23.7m (31 July 2015: £19.7m). Annualised contracted revenue increased to £14.5m (31 July 2015: £14.3m).

In the period, the mix of revenue from new and upsell deals shifted toward higher margin direct deals. With a significant investment to support the development of the Group's SN and APF opportunities and cross selling capability, overhead increased by an equivalent amount. The Group maintained strong levels of profitability with an increased adjusted EBITDA of £2.4m (31 January 2015: £2.3m), adjusted operating profit of £1.4m (31 January 2015: £1.4m) and statutory operating profit of £1.0m (31 January 2015: £0.9m).

Net operating cash inflow in the period since 31 July 2015 was £3.0m before a cash outflow from investing activities of £1.2m and a dividend payment of £0.5m.

The Group's financial position is strong with £4.6m cash on the balance sheet. The Group's gross debt was £1.6m as at 31 January 2015.

Post period end, the Group's acquisition of Due North created a new funding requirement of approximately £4.5m which was satisfied by a further termed loant facility of £3.0m and cash from the Group's own balance sheet.

Outlook

PROACTIS continues to deliver against its ambitious growth strategy. The rate of organic growth is strong with a greater number of new logos with higher average Initial Contract Values signed in the period. Reported revenue continues to grow and the contracted forward order book has increased substantially. In addition, retention rates are good and the Group has increased its product footprint with continued high levels of upsell and initial cross selling activity. Profitability has been maintained at a high level.

Post period end, the Group has completed the acquisition of Due North Limited. This acquisition offers the Group an excellent opportunity to improve the experience of more than 300 new customers and to realise operational synergies. Further, it has completed the initial phase of integration of its previous acquisitions without disruption to financial performance. In addition, the Group's M&A pipeline remains strong as it seeks further complementary acquisition opportunities.

The commitments from Screwfix and Flintshire County Council to the Group's Supplier Network and Accelerated Payment Facility technology opens up a very exciting new opportunity that could deliver growth rates that are substantially beyond the capability of its core business.

The Group has further strengthened its position and will continue to exploit the growing Spend and Procurement marketplace and the evolving strategic growth opportunities.

Alan Aubrey
Chairman
27 April 2016

Rod Jones
Chief Executive Officer

Condensed consolidated income statement
for the six months ended 31 January 2016

	Unaudited 6 months to 31 January 2016 £000	Unaudited 6 months to 31 January 2015 £000	Audited Year ended 31 July 2015 £000
Revenue			
Continuing	**8,655**	8,371	17,219
Cost of sales	**(1,531)**	(1,762)	(3,378)
Gross profit	**7,124**	6,609	13,841
Administrative costs	**(6,150)**	(5,676)	(12,259)
Operating profit before non-recurring items, amortisation of customer related intangibles and share based payment charges	**1,435**	1,393	2,866
Non-recurring administrative expenses	**(158)**	(118)	(520)
Amortisation of customer related intangibles	**(292)**	(281)	(618)
Share based payment charges	**(11)**	(61)	(146)
Operating profit	**974**	933	1,582
Finance income	**4**	6	11
Finance expenses	**(28)**	(41)	(72)
Profit before taxation	**950**	898	1,521
Income tax credit	**30**	194	495
Profit	**980**	1,092	2,016

Other comprehensive income			
Items that will never be reclassified to profit or loss			
Share base payment charges	**11**	61	146
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences	**(444)**	(278)	(258)
Other comprehensive income, net of tax	**(433)**	(217)	(112)
Total comprehensive income	**547**	875	1,904
Earnings per ordinary share :			
- Basic	**2.5p**	2.8p	5.2p
- Diluted	**2.3p**	2.7p	4.9p

The profit for the period is wholly attributable to equity holders of the parent Company.

All results arise from continuing operations.

Condensed consolidated statement of changes in equity
as at 31 January 2016

	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	Share capital £000	**Share premium £000**	**Merger reserve £000**	**Capital reserve £000**	**Foreign exchange reserve £000**	**Retained earnings £000**
At 1 August 2014	3,825	5,477	556	449	(23)	(766)
Shares issued during the period	77	300	-	-	-	(1)
Arising during the period	-	-	-	-	(278)	-
Result for the period	-	-	-	-	-	1,092
Dividend	-	-	-	-	-	(428)
Share based payment charges	-	-	-	-	-	61
At 31 January 2015	3,902	5,777	556	449	(301)	(42)
Shares issued during the period	39	63	-	-	-	-
Arising during the period	-	-	-	-	20	-
Result for the period	-	-	-	-	-	924
Share based payment charges	-	-	-	-	-	85
At 1 August 2015	3,941	5,840	556	449	(281)	967
Shares issued during the period	23	58	-	-	-	-
Arising during the period	-	-	-	-	(444)	-
Result for the period	-	-	-	-	-	880
Dividend	-	-	-	-	-	(476)

Share based payment charges	-	-	-	-	-	11
At 31 January 2016	3,964	5,898	556	449	(725)	1,382

Condensed consolidated balance sheet
as at 31 January 2016

	Unaudited As at 31 January 2016 £000	Unaudited As at 31 January 2015 £000	Audited As at 31 July 2015 £000
Non-current assets			
Property, plant & equipment	**353**	286	364
Intangible assets	**16,465**	16,562	16,613
Deferred tax asset	**170**	160	154
	16,988	17,008	17,131
Current assets			
Trade and other receivables	**3,575**	2,839	3,274
Cash and cash equivalents	**4,573**	3,082	3,424
	8,148	5,921	6,698
Total assets	**25,136**	22,929	23,829
Current liabilities			
Trade and other payables	**1,844**	1,090	2,087
Deferred income	**7,031**	6,151	5,533
Income taxes	**295**	51	295
Borrowings	**650**	650	650
	9,820	7,942	8,565
Non-current liabilities			
Deferred income	**581**	450	225
Deferred tax liabilities	**2,273**	2,608	2,304
Borrowings	**938**	1,588	1,263
	3,792	4,646	3,792
Total liabilities	**13,612**	12,588	12,357

Net assets	**11,524**	10,341	11,472
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Equity attributable to equity holders of the Company			
Called up share capital	**3,964**	3,902	3,941
Share premium account	**5,898**	5,777	5,840
Merger reserve	**556**	556	556
Capital reserve	**449**	449	449
Foreign exchange reserve	**(725)**	(301)	(281)
Retained earnings	**1,382**	(42)	967
	------------	------------	------------
Total equity	**11,524**	10,341	11,472
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Total equity is wholly attributable to equity holders of the parent Company.

Condensed consolidated cash flow statement
for the six months ended 31 January 2016

	Unaudited 6 months to 31 January 2016	Unaudited 6 months to 31 January 2015	Audited Year ended 31 July 2015
	£000	£000	£000
Operating activities			
Profit for the period	**880**	1,092	2,016
Amortisation of intangible assets	**1,222**	1,115	2,288
Depreciation	**105**	75	153
Net finance expense	**32**	35	61
Income tax credit	**(31)**	(194)	(495)
Share based payment charges	**11**	61	146
	------------	------------	------------
Operating cash flow before changes in working capital	**2,219**	2,184	4,169
Movement in trade and other receivables	**(211)**	(250)	(678)
Movement in trade and other payables and deferred income	**1,023**	(376)	(141)
	------------	------------	------------
Operating cash flow from operations	**3,031**	1,558	3,350
Finance income	**4**	6	11
Finance expense	**(36)**	(41)	(72)
Income tax received	**-**	92	120
	------------	------------	------------
Net cash flow from operating activities	**2,999**	1,615	3,409
	------------	------------	------------
Investing activities			
Purchase of plant and equipment	**(88)**	(70)	(220)
Payments to acquire subsidiary undertakings	**-**	(1,101)	(1,101)
Development expenditure capitalised	**(1,076)**	(956)	(1,985)
	------------	------------	------------
Net cash flow from investing activities	**(1,164)**	(2,127)	(3,306)
	------------	------------	------------
Financing activities			
Proceeds from issue of new shares	**81**	77	179
Receipts from bank borrowings	**-**	1,000	1,000

Repayment of bank borrowings	**(325)**	(262)	(588)
Finance lease payments	**(1)**	-	(17)
Dividend payment	**(476)**	(428)	(429)
Net cash flow from financing activities	**(721)**	387	145
Effects of currency translation on cash and cash equivalents	**35**	83	52
Net increase/(decrease) in cash and cash equivalents	**1,149**	(125)	300
Cash and cash equivalents at the beginning of the period	**3,424**	3,124	3,124
Cash and cash equivalents at the end of the period	**4,573**	3,082	3,424

Unaudited notes

Basis of preparation and accounting policies

PROACTIS Holdings PLC is a company incorporated in England and Wales under the Companies Act 2006.

The condensed financial statements are unaudited and were approved by the Board of Directors on 26 April 2016.
The interim financial information for the six months ended 31 January 2016, including comparative financial information, has been prepared on the basis of the accounting policies set out in the last annual report and accounts, with the exception of the amendment to IAS 1 (Presentation of Financial Statements) referred to below, and in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 (Interim Financial Reporting), as issued by the International Accounting Standards Board and adopted by the European Union.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may subsequently differ from those estimates.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same, in all material respects, as those applied to the consolidated financial statements for the year ended 31 July 2015.

There is a choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income. The Group has elected to present comprehensive income in two statements.

Going concern assumption
The Group manages its cash requirements through a combination of operating cash flows and long term borrowings.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current lending facilities.

Consequently, after making enquires, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

Information extracted from 2015 Annual Report
The financial figures for the year ended 31 July 2015, as set out in this report, do not constitute statutory accounts but are derived from the statutory accounts for that financial year.

The statutory accounts for the year ended 31 July 2015 were prepared under IFRS and have been delivered to the Registrar of Companies. The auditors reported on those accounts. Their report was unqualified, did not draw attention to any matters by way of emphasis and did not include a statement under Section 498(2) or 498(3) of the Companies Act 2006.

The Board confirms that to the best of its knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS34 'Interim Financial Reporting' as adopted by the EU;
- The interim management report includes a fair review of the information required by :
    - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

- DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Adoption of FRS 101 for the year ended 31 July 2016

In 2012, the FRC, being the standard setting body in the UK, published FRS 101 'Reduced Disclosure Framework'. This outlines a reduced disclosure framework available to qualifying entities and all UK companies will be required to adopt this or an alternative standard for accounting periods commencing on or after 1 January 2015. PROACTIS Holdings PLC intends to prepare its accounts under FRS 101 for the year ending 31 July 2016 and to take advantage of the permitted disclosure exemptions allowed. Following adoption of FRS 101, the financial position of the parent company, and the related disclosures after taking the possible exemptions permitted under FRS 101, are expected to be the same as, or follow closely, those reported under previous UK GAAP. The consolidated accounts for the Group will continue to be prepared under full IFRS and are unaffected by this new accounting framework.

The Board considers that it is in the best interests of the Group for PROACTIS Holdings PLC to adopt FRS 101 'Reduced Disclosure Framework' and the Company's decision to adopt FRS 101 for its parent company's financial statements does not require shareholder approval. However, a shareholder or shareholders holding in aggregate five per cent or more of the total allotted shares in PROACTIS Holdings PLC may serve objections to the use of the disclosure exemptions on PROACTIS Holdings PLC, in writing, to its registered office (Riverview Court, Castle Gate, Wetherby LS22 6LE) not later than 25 May 2016 and, if so received, PROACTIS Holdings PLC may not use these disclosure exemptions.

By Order of the Board

Rod Jones	Tim Sykes
Chief Executive Officer	Chief Financial Officer

27 April 2016