Date: 26 April 2017
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 2017

PROACTIS Holdings PLC, a global Spend Control and eProcurement solution provider, today announces its interim results for the six month period ended 31 January 2017.

Trading performance

- Deal activity buoyant: 27 new name deals (31 January 2016: 23)
- Favourable revenue shift toward multi-year SaaS deals: 22 new names (31 January 2016: 14)
- Increased volumes from existing customers: 59 deals in the period (31 January 2016: 45)
- Early adopter programme for Supplier Commerce has progressed well during the period and overall supplier opportunity extended

Financial performance

- Reported revenue increased 35.6% to £11.8m (31 January 2016: £8.7m)
- Underlying revenue growth (excluding the benefit of acquisitions) was 13.4% (31 January 2016: 3.6%)
- Adjusted EBITDA[1] increased 25% to £3.0m (31 January 2016: £2.4m)
- Strong balance sheet with net debt at £2.7m (31 July 2016: £0.5m)

Revenue visibility

- Order book[2] was £27.1m (31 July 2016: £26.1m)
- Annualised[3] contracted revenue increased to £22.9m (31 July 2016: £17.6m)

M&A

- Acquired Millstream Associates Limited ("Millstream") for £15.5m, a provider of tender information services to suppliers and a provider of eProcurement systems to buyers
- Post-acquisition performance of Millstream is in line with management's expectations with revenues for the ten week post acquisition period of £1.05m and EBITDA of £0.42m

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 to 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

Tim Sykes, Chief Executive Officer Designate, commented:

"The Group has once again illustrated its ability to drive growth, both organically and by acquisition. The core business has delivered significant growth and this has been bolstered by the contributions from recent acquisitions, which are performing in line with expectations.

"We have continued to execute on our M&A strategy in the period with the acquisition of Millstream, a business that complements the four acquisitions made since 2014. We are committed to further M&A activity and have established a robust platform for further acquisitions.

"Alongside the significant levels of new names signed during the period, the Group's customer retention and increased deal flow from existing customers demonstrates the strength of the Group's proposition and ability to successfully address the growing Spend and Procurement marketplace.

"We look forward to the coming period and are confident in our ability to drive further growth and continue to deliver against our ambitious strategy."

For further information, please contact:

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The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

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 in line with 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 names 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 targeted 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 continues to grow strongly with the Group's acquisitions performing in line with expected levels.

Revenue increased 36.3% to £11.8m (31 January 2016: £8.7m), benefitting from the contribution of two acquisitions, neither of which businesses contributed to the comparative period revenues. The underlying business (excluding the benefit of acquisitions) performed strongly with 13.4% revenue growth (2016: 3.6%).

The Group secured 27 new names (31 January 2016: 23) in the period of which 22 (31 January 2016: 14) were multi-year subscription or managed service deals and 5 (31 January 2016: 9) were perpetual licence deals.

Following a strategic decision to increase focus on the commercial opportunity in the Group's existing customer base alongside its efforts to win new names, the Group's performance was strong with 59 deals (31 January 2016: 45).

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. Annualised contracted revenue increased to £22.9m (31 July 2016: £17.6m).

The Group's rate of profitability was maintained, despite significant investment in account management and in the Supplier Commerce opportunities, with a reported EBITDA (before share based payment charges and non-recurring administrative expenses) of £3.0m (31 January 2016: £2.4m). The statutory operating profit remained flat at £1.0m (31 January 2016: £1.0m).

The Group remains in a strong financial position with gross cash balances of £4.9m (31 July 2016: £4.6m). Net debt was £2.7m (31 July 2016: £0.5m).

M&A activity

On 16 November 2016, the Group acquired Millstream, a provider of tender information services to suppliers and a provider of eProcurement systems to buyers. The acquisition broadens both the product offering and the customer base on the buy side of the procurement process whilst also bringing scale of operation to the strategically important supply side of the procurement process. Millstream is a clear complementary fit to the Group and provides potential upside with cross-selling opportunities into both the PROACTIS and Millstream customer bases.

The gross cash consideration payable at completion was £15.5m on a cash free/debt free and normalised working capital basis, which the Group funded through a placing of 9,259,260 new ordinary shares at a placing price of 135 pence raising £12.5m (the "Placing") and through bank debt drawn against its new facility of £15.2m provided by HSBC Bank plc. It was particularly encouraging that the Placing was oversubscribed and well supported by both existing and new shareholders.

The acquisition of Millstream complements the four acquisitions made since 2014; EGS Group Limited, Intesource Inc, Intelligent Capture Limited and Due North Limited. These businesses are performing as expected without adverse disruption to business performance in the immediate post acquisition period. The Group is now focused on multiple commercial synergies and the convergence of products and technologies.

The Group remains committed to further M&A activity and has established a robust platform for further acquisitions.

Supplier Commerce opportunity
The Group has a strategic objective, with the support of its customers, to access, provide benefits and deliver value added services to a new customer grouping, the suppliers of its 800 customers. The Group has identified additional scope for these value added services during the period and the Group has progressed its strategy with three themes:

- The acquisition of Millstream (described above) is already delivering supplier side revenues and the complementary nature of Millstream's Tenders Direct product provides an excellent cross-sell opportunity to be realised in the coming years;
- The Group is rolling out its offer for suppliers to its US managed service business customers. The annual subscription business model should contribute to revenues during this financial year; and
- The Group is working alongside three customers in an early adopter programme to deliver increased levels of electronic trading, which is generally still poorly adopted in the economic environment, and create efficiencies within the transaction process. These efficiencies will be realised by suppliers through a greater level of convenience and automation in the trading relationship with their customers, significantly reducing costs whilst also creating new commercial opportunities. These benefits and efficiencies will be charged through an annual, non-tariff based, de minimis subscription. In addition, the Group intends to offer an accelerated payment service to suppliers to facilitate growth or working capital benefits in return for a small discount. The early adopter programme, is progressing well and is providing informative data together with commercial and operational know-how that will be invaluable as the concept evolves to product and the early adopter customers become referenceable.

The Directors estimate that these opportunities could increase the revenue per customer significantly from level which is currently being achieved. The Group has more than 800 customers with an estimated spend of more than £100bn with over 1m suppliers.

Financial overview
Reported revenues increased to £11.8m (31 January 2016: £8.7m). The Group's headline revenue growth was 36.3%, benefitting from the contribution of both Due North Limited (acquired 2 February 2016) and Millstream Associates Limited (acquired 16 November 2016). Neither of these businesses contributed to the comparative period revenues.

Underlying revenue growth (excluding the benefit of acquisitions) was substantial at 13.4% (31 January 2016: 3.6%) as the Group benefited from revenues from the exceptionally strong level of business signed during the year ended 31 July 2016.

The Group has signed 27 new deals (31 January 2016: 23) of which 22 were subscription based (31 January 2016: 14). Total Initial Contract Value sold was £1.8m (31 January 2016: £3.7m). Further, the Group made 59 upsell deals (31 January 2016: 45) in the period.

This revenue shift toward multi-year SaaS subscription and 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. The revenue from those deals signed in prior periods has been recognised in this period which has the impact of consuming order book. Despite that, the order book has still grown, principally as a result of the acquisition of Millstream, to £27.1m at 31 January 2017 (31 July 2016: £26.1m). This order book will be recognised in future periods of up to five years.

Annualised contracted revenue increased to £22.9m (31 July 2016: £17.6m).

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 Supplier commerce and Accelerated Payment Facility opportunities and cross selling capability, overhead increased by an equivalent amount. The Group maintained strong levels of profitability with an increased adjusted EBITDA of £3.0m (31 January 2016: £2.4m), adjusted operating profit of £1.9m (31 January 2016: £1.4m) and statutory operating profit of £1.0m (31 January 2016: £1.0m).

Net operating cash inflow in the period since 31 July 2016 was £1.9m before a cash outflow from investing activities (excluding the acquisition of Millstream) of £1.1m and a dividend payment of £0.6m. The total net new funding raised to support the Millstream acquisition was £15.7m and the net cash outflow from the acquisition was £14.7m,

The Group's financial position is strong with net debt of only £2.7m (31 July 2016: £0.5m).

Summary and Outlook

The rate of organic growth is strong and is the foundation of the Group's robust performance in the period. High levels of deal activity and a favourable new name shift toward multi-year SaaS deals illustrates the Group's ability to drive further organic growth. Underpinning this, high levels of customer retention and increased deal activity within the existing customer base both demonstrate the strength of the Group's proposition to its customers.

The M&A activity in this and the prior period has further bolstered the Group's growth. The acquisition of Millstream Associates Limited in the period broadens both the product offering and the customer base on the buy side of the procurement process whilst also bringing scale of operation on the strategically important supply side of the procurement process. Millstream is a clear complementary fit to the Group and provides some potential upside with cross-selling opportunities into both the PROACTIS and Millstream customer bases.

The Group's M&A pipeline remains strong as it seeks further acquisition opportunities.

The commitments from customers to the early adopter programme for the Group's Supplier commerce 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 is working hard to realise this opportunity as it moves the solution from concept to product.

The Group has a clear and ambitious strategy in place, enabling it to exploit the growing Spend and Procurement marketplace. There is a significant opportunity both for the Group's core business and also its strategic initiatives.

Alan Aubrey
Chairman
26 April 2017

Tim Sykes
Chief Executive Officer Designate

Condensed consolidated income statement
for the six months ended 31 January 2017

	Unaudited 6 months to 31 January 2017 £000	Unaudited 6 months to 31 January 2016 £000	Audited Year ended 31 July 2016 £000
Revenue	**11,795**	8,655	19,374
Cost of sales	**(1,759)**	(1,531)	(3,401)
Staff costs	**(5,406)**	(3,973)	(8,877)
Other operating expenses	**(2,247)**	(850)	(2,495)
Depreciation of property, plant and equipment	**(128)**	(105)	(224)
Amortisation of intangible assets	**(1,301)**	(1,222)	(2,495)
Operating profit before non-recurring items, amortisation of customer related intangibles and share based payment charges	**1,926**	1,435	3,227
Non-recurring administrative expenses	**(589)**	(158)	(579)
Amortisation of customer related intangibles	**(321)**	(292)	(648)
Share based payment charges	**(62)**	(11)	(118)
Operating profit	**954**	974	1,882
Finance income	**1**	4	6
Finance expenses	**(77)**	(28)	(87)
Profit before taxation	**878**	950	1,801
Income tax credit	**203**	30	684
Profit	**1,081**	980	2,485
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Share base payment charges	**62**	11	118
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences	**168**	(444)	(792)
Other comprehensive income, net of tax	**230**	(433)	(674)
Total comprehensive income	**1,311**	547	1,811
Earnings per ordinary share :			
- Basic	**2.5p**	2.5p	6.3p
- Diluted	**2.4p**	2.3p	5.9p

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 2017

	Unaudited Share capital £000	Unaudited Share premium £000	Unaudited Merger reserve £000	Unaudited Capital reserve £000	Unaudited Foreign exchange reserve £000	Unaudited Retained earnings £000
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
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At 31 January 2016	3,964	5,898	556	449	(725)	1,382
Shares issued during the period	19	64	-	-	-	-
Arising during the period	-	-	-	-	(348)	-
Result for the period	-	-	-	-	-	1,606
Share based payment charges	-	-	-	-	-	107
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At 1 August 2016	3,983	5,962	556	449	(1,073)	3,095
Shares issued during the period	1,034	11,604	-	-	-	(3)
Arising during the period	-	-	-	-	168	-
Result for the period	-	-	-	-	-	1,081
Dividend	-	-	-	-	-	(638)
Share based payment charges	-	-	-	-	-	62
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At 31 January 2017	5,017	17,566	556	449	(905)	3,597
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Condensed consolidated balance sheet
as at 31 January 2017

	Unaudited As at 31 January 2016 £000	Unaudited As at 31 January 2016 £000	Audited As at 31 July 2016 £000
Non-current assets			
Property, plant & equipment	**371**	353	391
Intangible assets	**38,136**	16,465	21,613
Deferred tax asset	**440**	170	500
	-------------	-------------	-------------
	38,947	16,988	22,504

Current assets			
Trade and other receivables	**5,193**	3,575	4,182
Cash and cash equivalents	**4,920**	4,573	3,595
	10,113	8,148	7,777
Total assets	**49,060**	25,136	30,281
Current liabilities			
Trade and other payables	**2,582**	1,844	2,769
Deferred income	**9,644**	7,031	7,929
Income taxes	**515**	295	270
Borrowings	**4,809**	650	1,393
	17,550	9,820	12,361
Non-current liabilities			
Deferred income	**684**	581	473
Deferred tax liabilities	**1,746**	2,273	1,819
Borrowings	**2,800**	938	2,656
	5,230	3,792	4,948
Total liabilities	**22,780**	13,612	17,309
Net assets	**26,280**	11,524	12,972
Equity attributable to equity holders of the Company			
Called up share capital	**5,017**	3,964	3,983
Share premium account	**17,566**	5,898	5,962
Merger reserve	**556**	556	556
Capital reserve	**449**	449	449
Foreign exchange reserve	**(905)**	(725)	(1,073)
Retained earnings	**3,597**	1,382	3,095
Total equity	**26,280**	11,524	12,972

Total equity is wholly attributable to equity holders of the parent Company.

Condensed consolidated cash flow statement
for the six months ended 31 January 2017

	Unaudited 6 months to 31 January 2017	Unaudited 6 months to 31 January 2016	Audited Year ended 31 July 2016
	£000	£000	£000

Operating activities			
Profit for the period	**1,081**	880	2,485
Amortisation of intangible assets	**1,301**	1,222	2,495
Depreciation	**128**	105	224
Net finance expense	**76**	32	81
Income tax credit	**(203)**	(31)	(684)
Share based payment charges	**62**	11	118
	-------------	-------------	-------------
Operating cash flow before changes in working capital	**2,445**	2,219	4,719
Movement in trade and other receivables	**645**	(211)	(530)
Movement in trade and other payables and deferred income	**(1,066)**	1,023	1,229
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Operating cash flow from operations	**2,024**	3,031	5,418
Finance income	**1**	4	6
Finance expense	**(77)**	(36)	(87)
Income tax (paid)/received	**-**	-	(145)
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Net cash flow from operating activities	**1,948**	2,999	5,192
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Investing activities			
Purchase of plant and equipment	**(53)**	(88)	(169)
Purchase of intangible assets	**-**	-	(304)
Payments to acquire subsidiary undertakings	**(14,680)**	-	(4,370)
Development expenditure capitalised	**(1,034)**	(1,076)	(2,075)
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Net cash flow from investing activities	**(15,767)**	(1,164)	(6,918)
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Financing activities			
Proceeds from issue of new shares	**12,187**	81	164
Receipts from bank borrowings	**4,235**	-	3,000
Repayment of bank borrowings	**(700)**	(325)	(864)
Finance lease payments	**-**	(1)	-
Dividend payment	**(638)**	(476)	(475)
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Net cash flow from financing activities	**15,084**	(721)	1,825
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Effects of currency translation on cash and cash equivalents	**60**	35	72
Net increase/(decrease) in cash and cash equivalents	**1,265**	1,149	99
Cash and cash equivalents at the beginning of the period	**3,595**	3,424	3,424
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Cash and cash equivalents at the end of the period	**4,920**	4,573	3,595
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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 25 April 2017.
The interim financial information for the six months ended 31 January 2017, 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 2016.

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 2016 Annual Report
The financial figures for the year ended 31 July 2016, 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 2016 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.

By Order of the Board

Rod Jones	Tim Sykes
Chief Executive Officer	Chief Executive Officer Designate

26 April 2017