

The logo consists of a series of white, overlapping geometric shapes (triangles and hexagons) that form a stylized, abstract representation of a molecular or crystalline structure. It is positioned in the upper left corner of the slide.

microgen

# INTERIM RESULTS

Six months ended June 2016  
**18 July 2016**



## GROUP OVERVIEW

Across its two operating businesses Microgen develops, implements and supports business-critical software and related services



Aptitude Technology Platform  
and Specialised Financial  
Applications

**microgen**<sup>®</sup>  
Financial Systems

Trust & Fund Administration,  
Payments and Application  
Management

## STRATEGIC FOCUS

- Aptitude Software:
  - Acceleration of organic growth by focusing resources on the deployment of specialised financial applications developed in the Aptitude technology platform
  - Applications are highly competitive in situations where rapid processing of transactions, calculations or complex detailed accounting is required
- Microgen Financial Systems:
  - Transition to a business which is focused on the Trust & Fund Administration ('T&FA') market through both organic and inorganic growth
  - T&FA market is benefitting from increased regulatory environment which increases requirements for technology solutions

## GROUP HIGHLIGHTS

- Continued good progress towards strategic objectives
- Revenue growth of 23%, adjusted operating profit increased by 16%
- Strong organic growth by Aptitude Software driven by demand for its specialised financial applications
- Microgen Financial Systems' transition to a T&FA focused business continues with both organic growth in this sector and a further add-on acquisition
- High level of recurring revenue and clear strategic focus give confidence for H2



# FINANCIAL REVIEW – H1 2016 RESULTS

Six months ended June 2016

July 2016

## INTERIM RESULTS 2016

Revenue

£19.5m

↑23%

(H1 2015: £15.8m)

Adjusted  
operating profit

£4.6m

↑16%

(H1 2015: £3.9m)

Adjusted  
EPS

5.9p

↑37%

(H1 2015: 4.3p)

Interim  
dividend

1.5p

↑7%

(H1 2015: 1.4p)

## STRONG PROGRESS IN BOTH BUSINESSES

Aptitude Software revenue

£11.4m

↑ 34%

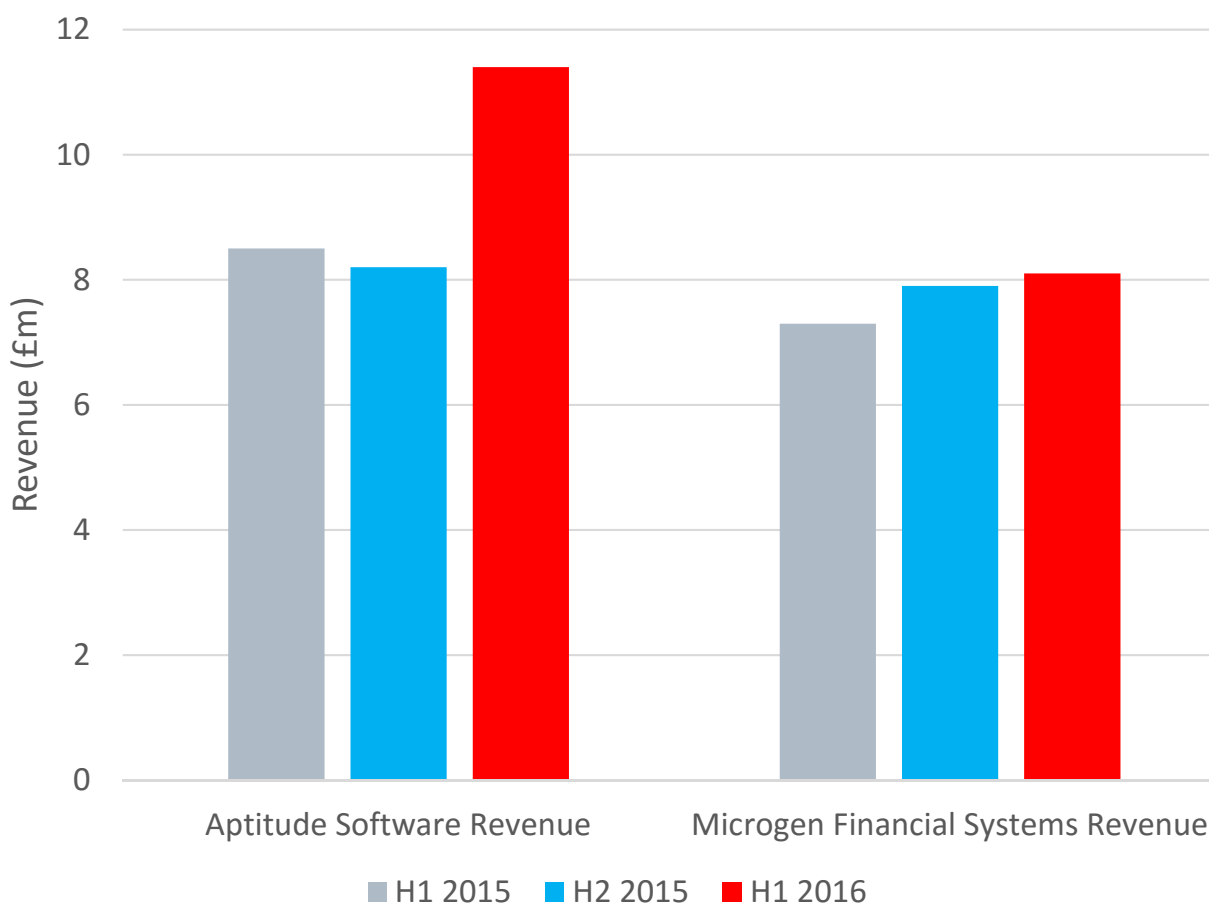
(H1 2015: £8.5m)

Microgen Financial Systems  
revenue

£8.1m

↑ 11%

(H1 2015: 7.3m)



# INCOME STATEMENT

	H1 2016 £'000	H1 2015 £'000	FY 2015 £'000
Aptitude Software Revenue	11,435	8,546	16,730
Microgen Financial Systems Revenue	8,058	7,256	15,228
<b>Total Revenue</b>	<b>19,493</b>	<b>15,802</b>	<b>31,958</b>
Aptitude Software Adjusted Operating Profit	1,746	1,048	1,664
Microgen Financial Systems Adjusted Operating Profit	3,600	3,560	7,247
Group Costs	(787)	(672)	(1,322)
<b>Adjusted Operating Profit</b>	<b>4,559</b>	<b>3,936</b>	<b>7,589</b>
Non-Underlying Items	(604)	(65)	(2,316)
<b>Statutory Operating Profit</b>	<b>3,955</b>	<b>3,871</b>	<b>5,273</b>
Net Interest	(167)	(184)	(388)
<b>Profit Before Tax</b>	<b>3,788</b>	<b>3,687</b>	<b>4,885</b>
Taxation	(20.0%) (758)	(20.0%) (738)	(23.6%) (1,151)
<b>Profit After Tax</b>	<b>3,030</b>	<b>2,949</b>	<b>3,734</b>

# BALANCE SHEET

	H1 2016 £'000	H1 2015 £'000	FY 2015 £'000
Goodwill and intangible assets	49,528	43,245	47,708
Property, plant and equipment	1,272	4,637	928
Trade and other current assets	8,511	5,347	5,225
Cash and cash equivalents	12,722	15,618	18,600
Assets classified as held for sale	-	-	2,350
<b>Total Assets</b>	<b>72,033</b>	<b>68,847</b>	<b>74,811</b>
Bank loan	(11,750)	(14,750)	(13,250)
Trade and other liabilities	(17,796)	(15,558)	(21,460)
Taxation	(361)	(848)	(448)
Deferred taxation	(1,446)	-	(1,082)
<b>Total Liabilities</b>	<b>(31,353)</b>	<b>(31,156)</b>	<b>(36,240)</b>
<b>NET ASSETS</b>	<b>40,680</b>	<b>37,691</b>	<b>38,571</b>

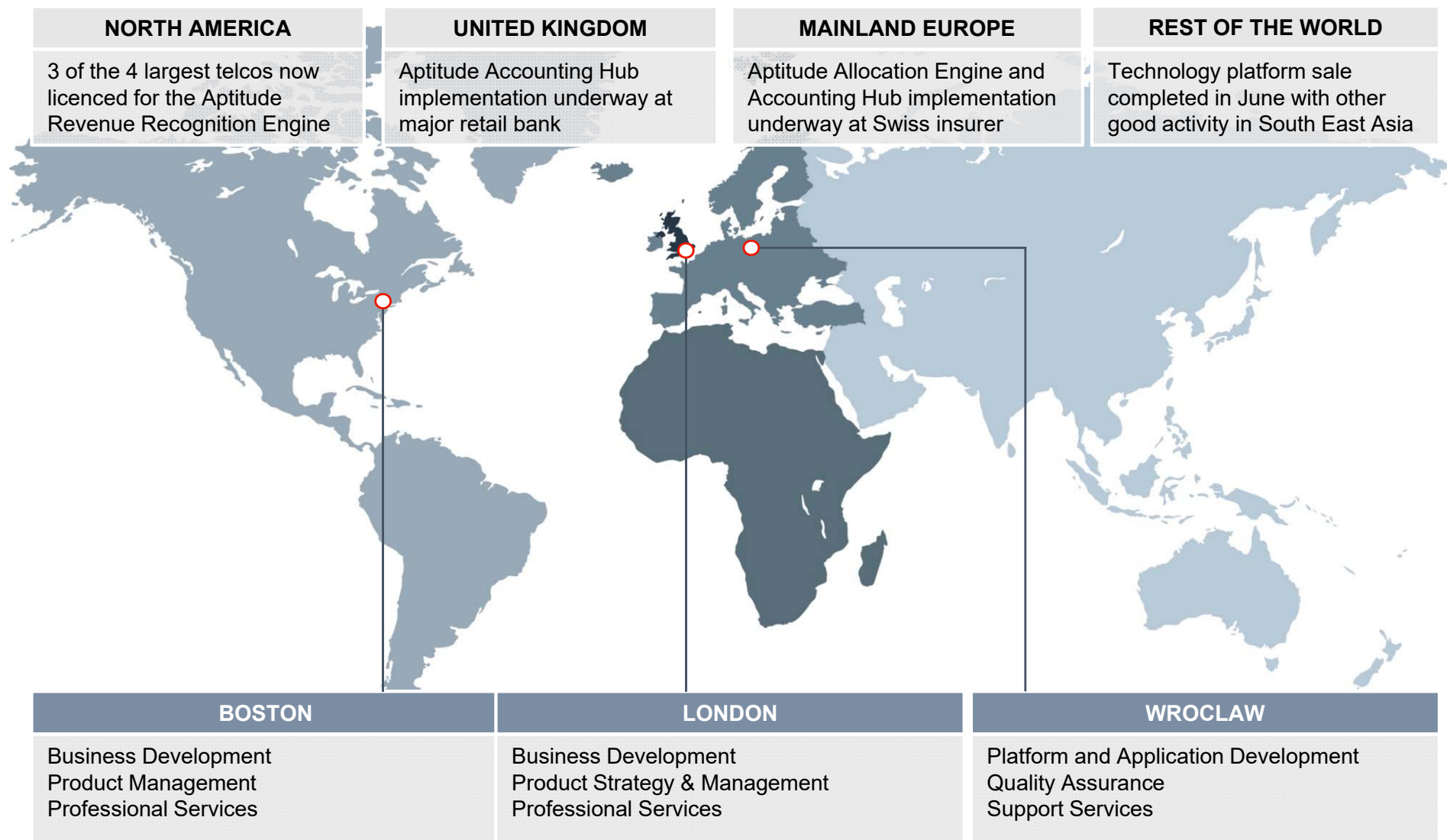
# CASH FLOW STATEMENT

	H1 2016 £'000	H1 2015 £'000	FY 2015 £'000
Cash generated from operations	(2,403)	(1,522)	7,495
Interest and tax paid	(1,136)	(622)	(1,681)
<b>Cash flows (used in)/generated from operating activities</b>	<b>(3,539)</b>	<b>(2,144)</b>	<b>5,814</b>
Purchase of property, plant and equipment	(556)	(103)	(524)
Proceeds from sale of fixed assets	2,350	12	13
Acquisition of subsidiary, net of cash	(1,396)	(16)	(2,863)
Interest received	41	75	108
Net proceeds from issue of ordinary share capital	10	-	536
Dividends paid	(1,654)	(1,277)	(2,089)
Repayments of loan	(1,500)	(1,500)	(3,000)
Return of value to shareholders	-	(20,319)	(20,319)
<b>Net cash used in investing/financing activities</b>	<b>(2,705)</b>	<b>(23,128)</b>	<b>(28,138)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(6,244)</b>	<b>(25,272)</b>	<b>(22,324)</b>



## PRODUCT SUITE

- Enterprise level application platform to help global organisations deliver business-critical finance solutions amid growing regulation and new accounting standards
- Enables high speed processing, calculation and accounting of high volume, complex transactions and events
- Capabilities of Aptitude platform technology have enabled us to develop a series of high performance specialised finance applications:
  - Aptitude Accounting Hub
  - Aptitude Revenue Recognition Engine
  - Aptitude Allocation Engine
- Strong presence in telecommunications and financial services



## H1 2016 FINANCIAL HIGHLIGHTS

Organic revenue  
growth

£11.4m

↑34%

(H1 2015: £8.5m)

Operating profit  
growth

£1.7m

↑67%

(H1 2015: £1.0m)

Recurring revenue  
base growth

£10.6m

(H1 2015: £7.9m)

# H1 2016 FINANCIAL HIGHLIGHTS

Recurring software  
revenue growth

£5.2m

↑27%

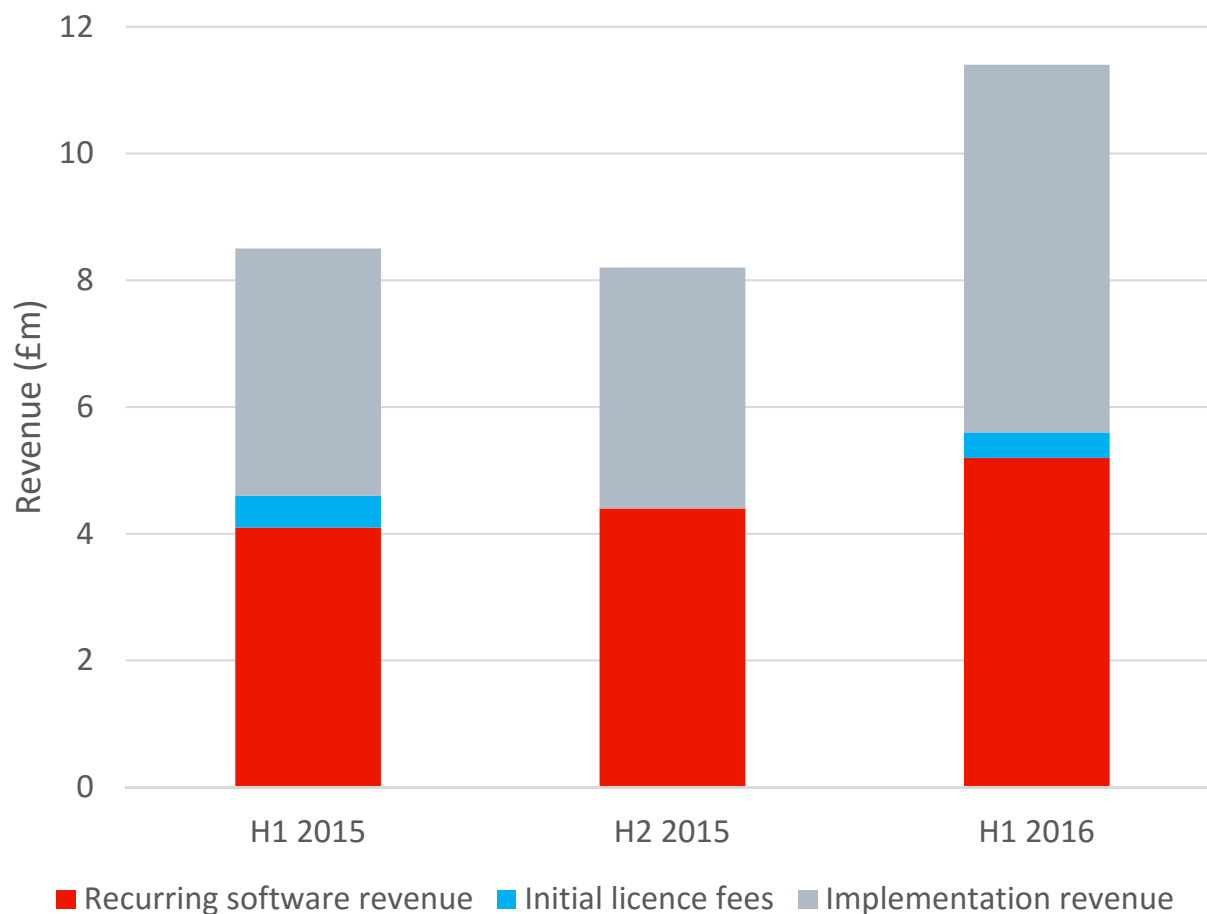
(H1 2015: £4.1m)

Implementation revenue  
growth

£5.8m

↑49%

(H1 2015: £3.9m)



## CASE STUDY

### US TELECOMMUNICATIONS COMPANY

#### APTITUDE REVENUE RECOGNITION ENGINE & ACCOUNTING HUB



Enables a 60 million subscriber operator to achieve compliance with complex new revenue recognition accounting requirements. Provides an integrated revenue management platform to support complex accounting with our revenue sub-ledger to support new business models and products

3 of the 4 largest US telcos now licenced for the Aptitude Revenue Recognition Engine

# 60M

Subscriber operator

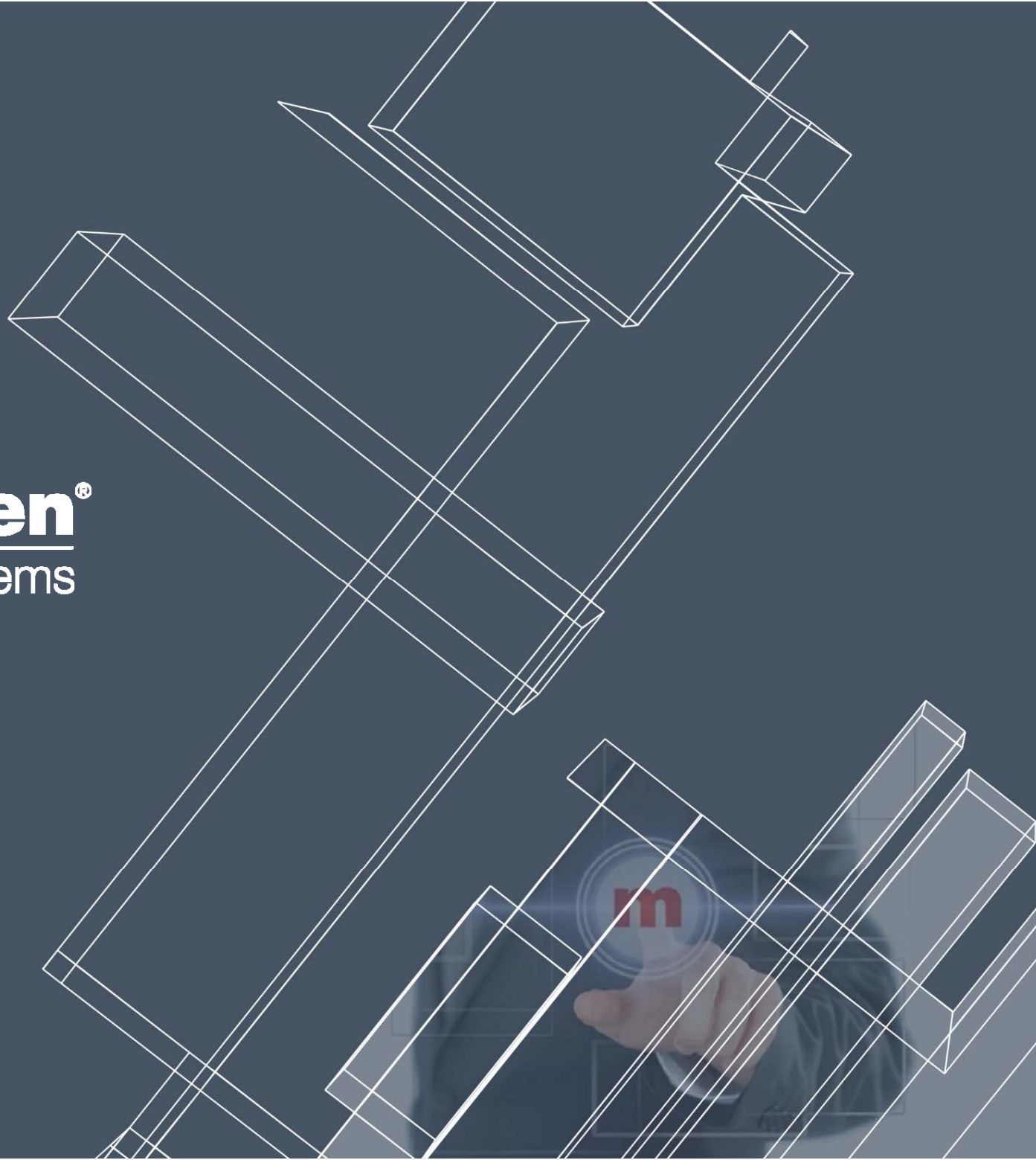
Integrated revenue  
management

High volume complex  
accounting

## STRATEGY AND OUTLOOK

- Aptitude is benefiting from focus on the deployment of its specialised finance applications
- Sales opportunities are being progressed including strategic opportunities to open up new sectors and/or geographies with existing applications
- Assessment continues of new markets and opportunities which might benefit from development of new applications
- Investment continues in infrastructure and people to deliver new projects
- Strong sales performance in 2015 has continued into 2016 providing the Aptitude Software business with good visibility and confidence for the future

**microgen<sup>®</sup>**  
Financial Systems



## PRODUCT SUITE

- Building an increasingly strong presence in the Trust & Fund Administration ('T&FA') sector with in excess of 350 customers in over 30 countries
- Over 50% of revenues now from T&FA sector. Payments and Application Management businesses continue in line with expectations
- The Microgen 5Series product addresses the core operational requirements of organisations in the T&FA market
- Software is principally used by trust administrators, fiduciary companies and corporate services providers – either independent organisations or divisions of larger financial services companies
- Software is also used by fund administrators, family offices and law firms

Over 350 T&FA customers in over 30 countries

#### UK & CHANNEL ISLANDS

New business sales together with a number of upgrades to Microgen 5Series from acquired products

#### EUROPE

Acquisition of Infoscreen and its predominantly Cypriot client base, a market with increasing regulation – a key driver of technology adoption

#### REST OF WORLD

New business contract secured with multi-office T&FA organisation to roll out Microgen 5Series through its global network



Main office locations include the United Kingdom, the Channel Islands and Cyprus

## H1 2016 FINANCIAL HIGHLIGHTS

Revenue

£8.1m

↑11%

(H1 2015: £7.3m)

Adjusted operating  
profit

£3.6m

(H1 2015: £3.6m)

T&FA proportion of  
revenue increasing

51%

(H1 2015: 37%)

Recurring revenue  
proportion

81%

(H1 2015: 84%)

## H1 2016 FINANCIAL HIGHLIGHTS

T&FA revenue  
growth

£4.1m

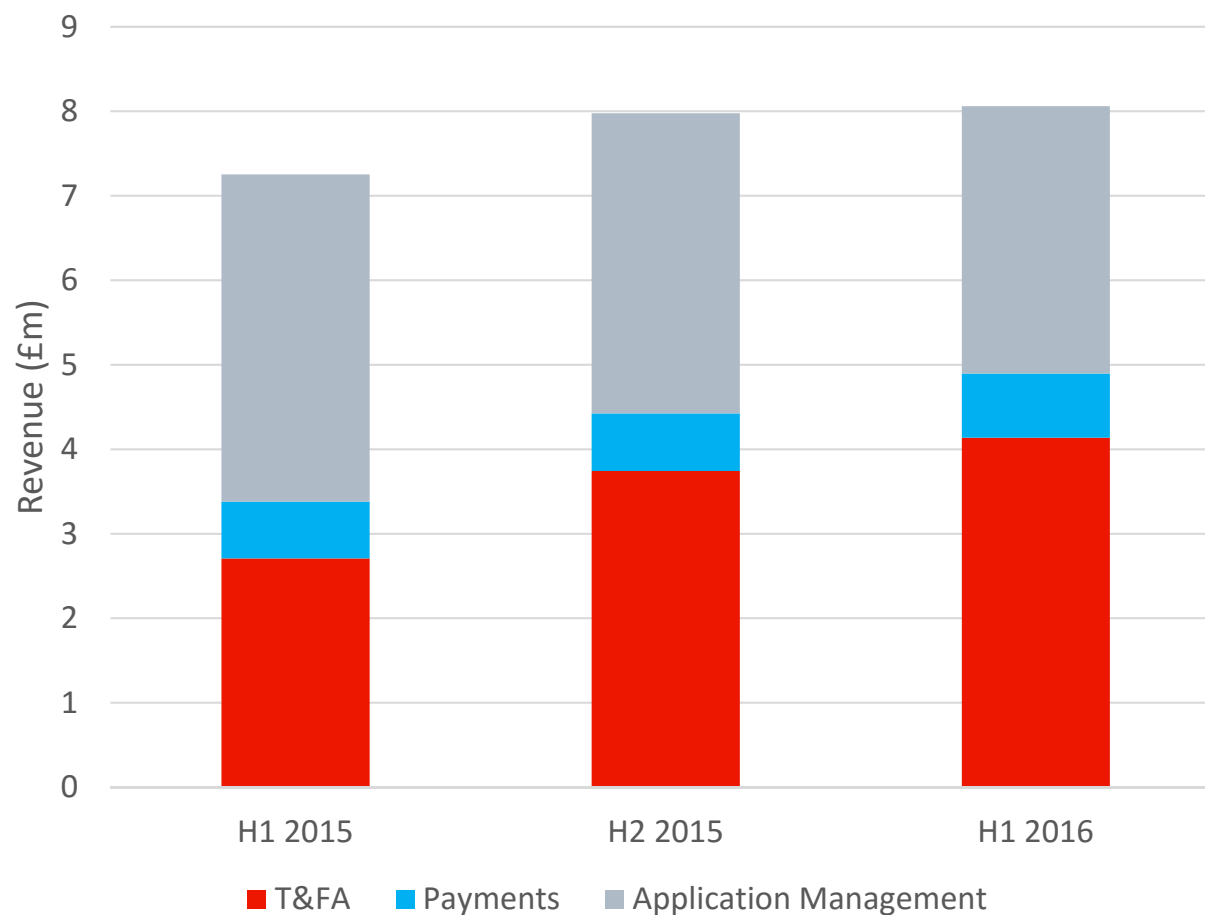
↑52%

(H1 2015: £2.7m)

Non-core revenue  
managed decline

£4.0m

(H1 2015: £4.6m)



## ACQUISITION OVERVIEW

- Four acquisitions completed since December 2014, further discussions continuing
- Key element of acquisition strategy is the ability to secure both services and licence uplift fees if customers choose to migrate to Microgen 5Series from the acquired T&FA products in order to benefit from its enhanced functionality and modern technology
- Infoscreen acquired in May 2016 for consideration of €1.8 million, plus settlement of vendor debt of €0.3 million
  - Revenue of €1.0 million, predominantly recurring in nature
  - Operating profit of €0.1 million
  - Net liabilities of €0.4 million
  - Integration progressing in line with expectations

## T&FA GROWTH

- Revenue increased 52% to £4.1 million (H1, 2015: £2.7 million)
- Microgen 5Series revenues within T&FA have increased to £3.1 million (H1, 2015: £2.4 million) benefitting from both new name customer wins and conversions to Microgen 5Series from the T&FA acquisitions completed since December 2014
- Incremental services and licence uplift fees contributed 63% of the £0.4 million Microgen 5Series revenue (H1, 2015: £nil) generated from customers converting from acquired products
- Remaining £1.0 million of T&FA revenue (H1, 2015: £0.3 million) generated from customers that to date remain on acquired products

## CASE STUDY

PROVIDER OF ENTITY  
ADMINISTRATION SERVICES

MICROGEN 5SERIES



Microgen 5Series will be deployed across the customer's 40+ global offices as the key business system for its trust and corporate services administration activities – increasing its operational efficiency, enabling it to be fully compliant with applicable regulations, and providing Management with high levels of business information.

40+  
global offices

One of the ten largest  
trust and corporate  
services providers in  
the world

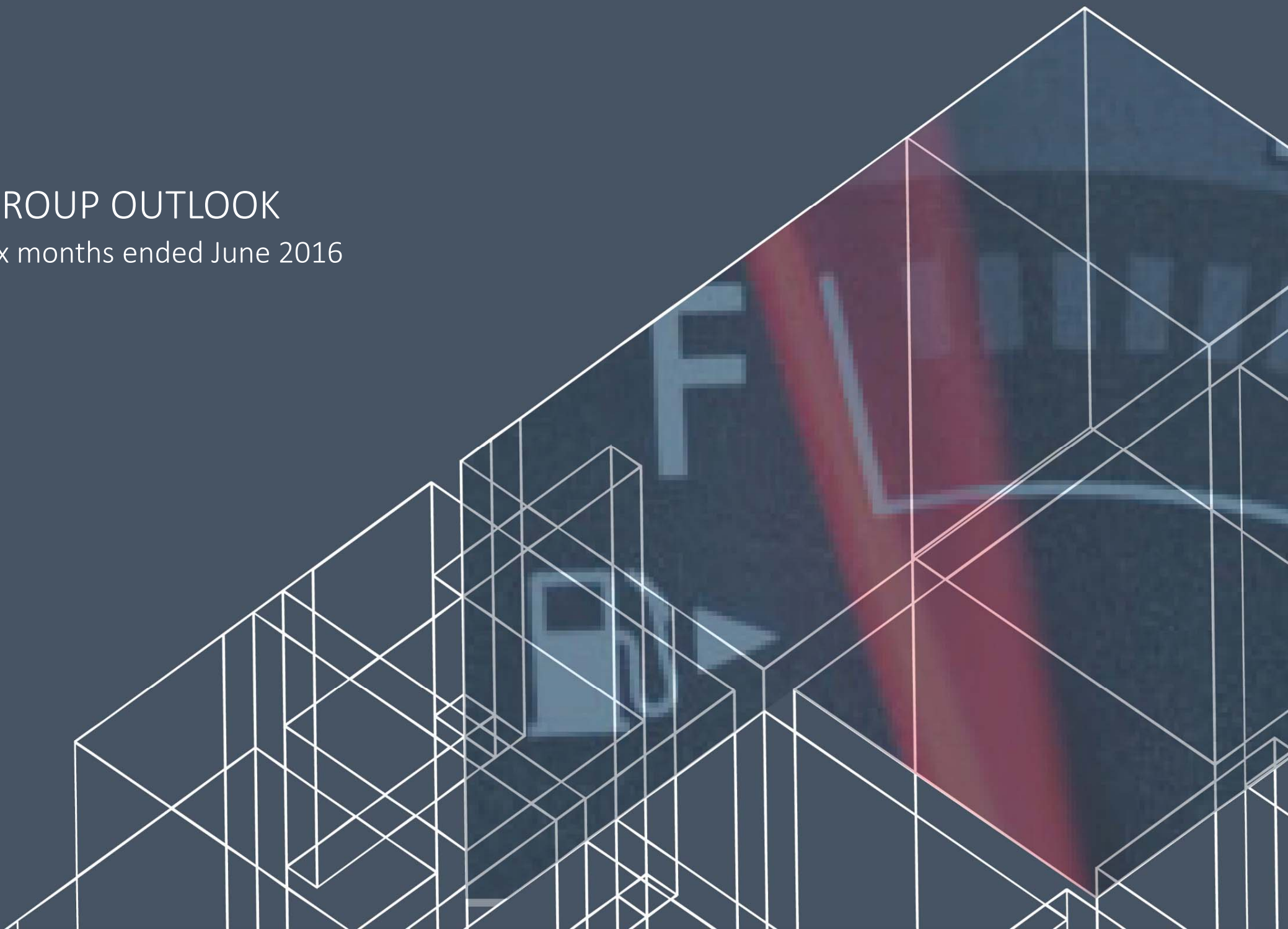
Additional module  
upsell opportunity

## STRATEGY AND OUTLOOK

- Transition to a business which is focused on the Trust & Fund Administration ('T&FA') market through both organic and inorganic growth
- Combination of organic and inorganic growth is further enhancing our already strong market positioning in T&FA sector
- Benefits from add-on acquisitions are being progressively received as integration continues
- Further acquisitions and add-on opportunities continue to be evaluated within T&FA where there is potential to leverage Microgen 5Series' capability
- With recurring revenue accounting for 81% the business has excellent future visibility

# GROUP OUTLOOK

Six months ended June 2016



## GROUP OUTLOOK

- Strong progress in H1 2016 for both businesses, successfully executing on strategic plans
- Good forward visibility and robust balance sheet
- Microgen well positioned as the Group enters the second half of 2016