

**Imaginatik plc**  
("Imaginatik" or "the Company")

**Interim Results**

Imaginatik plc (AIM: IMTK.L), the innovation company, is pleased to announce its unaudited results for the six months ended 30 September 2015.

With its combination of unique proprietary technology and consulting expertise, Imaginatik enables organisations to build actual solutions and actionable plans to allow them to develop a sustainable and enterprise-wide innovation strategy in order to compete in the rapidly changing, information-rich 21<sup>st</sup> century.

**Highlights**

- Secured contracts with some of the world's leading companies, pitching against global management consultancy and technology firms
- Total recognised revenue for the six months to 30 September 2015 increased 33% to £1.96m (2014: £1.47m)
- Loss after tax reduced by 41% to £0.41m (2014: £0.70m)
- Gross bookings in the period were almost double at £1.97m (2014: £1.0m at constant currency\*)
- Good level of renewals, with 14 out of 17 contracts that came up for renewal successfully secured on extensions (2014: 4 out of 6)
- Annualised value of renewals now at £2.79m (2014: £2.78m at constant currency\*)
- Deferred revenue as a result of the large number of renewals in period increased 11% to £2.88m at 30 September 2015 (30 September 2014: £2.59m)
- Two significant contract renewals secured post period end

\* At constant currency, US\$ to £ exchange rate of 1.5164.

**Matt Cooper, Non-Executive Chairman, commented:** *"We are pleased with the progress Imaginatik is making. Our increasing level of revenue and enviable customer base are evidence that our unique ability to deliver innovation programmes through a combination of our technology and consulting expertise is a powerful differentiator for us. The quality of the client base is outstanding for a company of our size and we are seeing pleasing growth in new innovation consulting opportunities. We have closed two large renewals post period end and we have a rich pipeline of additional opportunities."*

**For further information please contact:**

**Imaginatik plc**

Matt Cooper Non-Executive Chairman  
Ralph Welborn, CEO  
Shawn Taylor, CFO

Tel: 01329 243 243

**finnCap Ltd**

Jonny Franklin-Adams/Giles Rolls

Tel: 020 7220 0500

**Alma PR**

Hilary Buchanan  
Caroline Forde

Tel: 020 7796 9085

## **About Imaginatik**

Imaginatik provides a range of Innovation solutions comprised of consultancy, enterprise software and program management to deliver innovation results to companies such as The World Bank, The Chubb Group of Insurance Companies, Exxon Mobil, Altria, Shell, Mayo Clinic, Goodyear, the Yorkshire Building Society, Caterpillar and Cargill. Few companies possess the internal capability to consistently generate fresh ideas, identify those worth pursuing and reliably transform them into real, value-enhancing assets. Imaginatik's mission is to help these companies build sustainable innovation competencies.

Imaginatik is a public company whose shares are traded on the AIM market of the London Stock Exchange (LSE: IMTK.L) with offices in Boston, MA, and Fareham, UK. For more information visit [www.imaginatik.com](http://www.imaginatik.com).

## Introduction

The first half of the year has seen us grow revenues, reduce losses and deliver on many of our strategic objectives. While there is still work to do, we have seen concrete evidence that our strategy to focus on both consultancy and technology is working. Recognised revenues increased by 33% to £1.96m (2014: £1.47m) and losses reduced to £0.41m (2014: £0.70m). The high level of gross bookings, which increased 91% to £1.97m (2014: £1.03m at constant currency), has been driven by the high level of renewals secured in the period.

We have seen three key areas of progress. Firstly, the winning of contracts with some of the world's leading companies against well known global management consultancy and technology firms. Our unique ability to provide consultancy services but also deliver programmes through our software is a powerful differentiator for us, enabling us to win contracts against far larger organisations. We are seeing growing evidence that our ability in this area places us at the forefront of the innovation industry. New customers in the period include a global pharmaceutical company, a large US aviation company, a leader in radiation safety, as well as a global leader in athletic footwear. Importantly, within these companies our customers are now increasingly at a more senior level, whether that be the CEO, the CTO, or the lead partner, increasing our importance within our customers' operations.

Secondly, we continue to see high levels of renewals with our existing customers, extending our relationships with them into additional areas of their business providing a strong foundation for future growth. We renewed 14 out of the 17 contracts available for renewal and secured 87% of the available renewal revenues in the period.

And finally, we have continued to invest in the expansion of our offerings, providing us with additional selling points into customers, while also strengthening our competitive positioning. Our newly developed suite of algorithm-based analytics tools are a valuable example of this. These tools are now in use at some of the world's most successful businesses, from which we expect to flow additional technology and consultancy work in future periods.

## Financial Review

Total recognised revenue for the six months to 30 September 2015 showed an increase of 33% to £1.96m (2014: £1.47m). This growth was driven by a higher number of renewals, the flow through of revenues against contracts signed in the second half of the prior year, and a solid growth in consulting revenues delivered in the period. Revenues recognised from the US in the period accounted for approximately 86% of the total (2014: 75%) with the balance derived from 'Rest of World', primarily the European market. Revenues recognised from Consultancy services grew from approximately 20% in the first half of 2014 to 23% in the period under review, with the remainder derived from Technology.

Gross bookings in the period were significantly higher at £1.97m (2014: £1.0m at constant currency). In the period under review, 50% of bookings were from up-selling our software and consultancy services into existing customers, 4% from selling into new customers, and 46% from renewals business (2014: 40%: 43%: 17% respectively).

Renewal bookings amounted to £0.93m (2014: £0.15m), arising from a number of multi-year contract renewal dates falling during the period. As a result, deferred revenues increased to £2.88m at 30 September 2015 (30 September 2014: £2.59m). Of the 17 contracts that came up for renewal, 14 were successfully secured on extensions (2014: 4 secured out of 6 possible renewals). We have approximately 52% of our customer base now on multi-year contracts (2014: 58%). There are a significant number of multi-year contracts set for renewal in the second half of the year and the Company is working diligently to achieve a similar or better result than that achieved in the first half year. We are pleased to report that the two largest of these renewals by value, one with a large US insurance company and the other with a multi-national oil and gas corporation, have been successfully closed post period end.

We secured 6 consultancy-only projects in the period (2014: 3), 3 of these with brand new businesses, providing an initial footprint into these organisations from which we hope to expand with other technology and consulting services. No new customers were added on an

annualised or multi-year basis (2014: 5), reflecting the volatility of timing we sometimes see with selling into our large enterprise, blue-chip addressable market. However we are encouraged by the tangible new customer opportunities in the pipeline. The annualised value of our renewals stood at £2.79m at period end (2014: £2.78m), and we look forward to growing this further as we progress through the second half of the year.

Capitalised internal development costs amounted to £0.14m (2014: £0.08m) as we continue to invest in our new software offerings, including Discovery Labs (formerly Discovery Central), a new Portal and an array of decision-making analytic tools. These capitalised costs also include payments to third parties of £0.06m (2014: nil) related to the development of our analytics and portfolio tools.

Once again we have been successful in securing an R&D tax credit from HMRC amounting to £0.16m (2014: £0.12m), reflecting the ongoing pioneering nature of certain elements of our R&D efforts in building out our software platform.

Administrative expenses increased to £2.40m (2014: £2.16m), largely reflective of having a full time CEO for the entire period as well as third party costs incurred in the delivery of certain consulting engagements.

Losses after tax on ordinary activities for the period decreased considerably compared to the prior year at £0.41m (2014: £0.70m), with losses funded through two placings in May 2015 and June 2015, which generated aggregate net proceeds of £0.61m.

During the period the Company's Chairman, Matt Cooper, advanced the Company \$110,000 as a short term loan, of which \$50,000 has now been repaid. The balance of this loan together with the balance of the \$250,000 loan advanced in January 2015 plus associated interest is scheduled to be repaid over the coming months. Further announcements will be made in due course.

Cash outflows from operating activities showed a marked reduction to £0.56m (2014: £1.08 million). As stated in previous announcements, as a small company with relatively few high value contracts, the management of cash resources can at times be a challenge. The Company is making use of various factoring invoice facilities and during the period entered into a debenture with the provider to enable some more beneficial factoring to occur. The Company will continue to carefully manage its cash reserves and will be considering its various funding options to ensure that the business maintains sufficient levels of investment during this growth phase.

## **Operational Review**

### **Consultancy**

We are pleased to report continued progress in the Consulting division, including successfully growing our footprint with several existing customers and expanding the range of our consultancy engagements to include portfolio valuation work, the creation of long term strategy for creating deep innovation capabilities as well as our more traditional consulting support work with our various technology offerings.

Examples of customer engagements successfully delivered in the first half of the year include:

#### *A major global petrochemical company: Discovery Project*

Imaginatik was asked to identify growth opportunities and market gaps in the highly-regulated and risk-averse Building & Construction Industry where the client currently has no significant footprint.

We were engaged to design a discovery journey by identifying key players, and their interrelationships, from a lifecycle perspective from sourcing all the way to decommissioning and recycling. This included examining the role of government agencies and regulators, as well as looking into the future by conducting industry trend tours and field visits to

manufacturing facilities, design & architecture firms, research labs and universities across North America. We leveraged Imaginatik's Discovery Central platform to capture and creatively combine learnings using our visual analytics tools, thereby helping the client make unbiased decisions.

As a result of this work, we helped the client discover 8 breakthrough science concepts from which they are targeting in excess of \$100M in new revenues.

#### One of the US's largest power utilities: A 'Scale Up' project

Imaginatik helped the client complete a project which focused on how they could deepen and expand their internal innovation capabilities, in which they had two primary objectives. First, to increase the likelihood of actionable innovation taking place – whether across business units within the organisation or with external customers. Second, to accelerate that level of uptake and therefore increase the return on their innovation investment. Imaginatik's deliverables on this project consisted of creating a reusable methodology, a “scale-up” framework and a prototype of a scale-up “app” that could be used within the business to clarify key activities to perform in order to “scale-up” innovations.

#### A major US pharmaceutical company: Analytics Project

The client was exploring ways to resolve the conflict between being a geographically diverse and siloed workforce, with the need for making quick connections between internal experts to drive collaboration and innovation. Previously these connections were made opportunistically and without structure, and as a result, wasting time and losing out on a high impact related projects. Imaginatik's goal was to find a way to make these connections stable and repeatable in order to drive value.

Imaginatik and the client collaboratively structured an experimental approach to solving this issue. Using our analytics tools and Innovation Central platform, Imaginatik was able to expose the connections between people and projects within a single system, allowing the client's employees a reliable way to consistently find valuable innovation connections across the enterprise.

## **Technology**

### *Analytics*

As an organisation's innovation programme gains traction, it can sometimes risk becoming a victim of its own success. The growing volume of participation, and the large volume of resulting ideas, can easily overwhelm innovation managers and executives. Imaginatik's response to this problem is the development of its suite of analytics tool, Innovation Analytics, that leverage powerful algorithms to help innovation leaders drive their innovation programme and make smart decisions. During the period, we have expanded this suite of offerings, which now includes portfolio visualisation.

Several of our largest customers have used our analytics tools in the period to enable sophisticated filtering and executive decision-making on very large data volumes and social collaboration activity. Below is an example of its use at one of the world's best known footwear brands.

#### A major Fortune 50 company: Innovation portfolio project

This Global CPG company, one of the most admired in the world, has a portfolio of breakthrough opportunities. The company was seeking to evaluate this portfolio of innovation projects, including how it might realise value under different market conditions, how they might accelerate the realisation of value, and what the appropriate shape and mix of the portfolio might be to meet strategic objectives.

Over a period of three months, Imaginatik provided a set of advisory and analytic services to address these objectives, resulting in helping the executive team create a new language around their portfolio to understand all the different types of value to be created, such as carbon emissions, brand equity, and customer satisfaction. Imaginatik built visualisations and simulation capabilities of the portfolio – helping clarify critical dependencies across projects within the portfolio.

As a result of this work, the client now has the ability to make sense of and take action on its innovation portfolio and has decided to extend this capability across their other portfolios.

### **Outlook**

We are pleased with the progress Imaginatik is making. Our increasing level of revenue and enviable customer base are evidence that our unique ability to deliver innovation programmes through a combination of our technology and consulting expertise is a powerful differentiator for us. The quality of the client base is outstanding for a company of our size and we are seeing pleasing growth in new innovation consulting opportunities. We have closed two large renewals post period end and we have a rich pipeline of additional opportunities.

**Imaginatik Plc**  
**Condensed Unaudited Consolidated Interim Statement of Comprehensive Income**  
**For the six months ended 30 September 2015**

	<i>Note</i>	Unaudited 6 months to 30 Sept 2015 £'000	Unaudited 6 months to 30 Sept 2014 £'000	Audited year to 31 March 2015 £'000
<b>Revenue</b>	4	1,960	1,472	3,336
Cost of sales		(131)	(133)	(265)
<b>Gross profit</b>		1,829	1,339	3,071
Administrative expenses before share issue costs		(2,366)	(2,147)	(4,557)
<b>Operating loss before share issue costs, before financing and taxation</b>		(537)	(808)	(1,486)
Share issue costs		-	-	(68)
<b>Operating loss after share issue costs, before financing and taxation</b>		(537)	(808)	(1,554)
Operating loss before share option costs		(492)	(760)	(1,445)
Share option costs		(45)	(48)	(109)
Finance income/(costs)		(35)	(10)	(28)
<b>Loss on ordinary activities before taxation</b>		(572)	(818)	(1,582)
Taxation		165	119	119
<b>Loss on ordinary activities for the period</b>		(407)	(699)	(1,463)
Basic and diluted loss per share (p)	3	(0.51)	(1.24)	(2.46)

All amounts are attributable to equity holders of the parent, and all arise from continuing operations. No amounts were recognised directly in equity, and therefore no separate statement of comprehensive income has been presented.

**Imaginatik Plc**  
**Condensed Unaudited Consolidated Interim Statement of Financial Position**  
**As at 30 September 2015**

		Unaudited 30 Sept 2015 £'000	Unaudited 30 Sept 2014 £'000	Audited 31 March 2015 £'000
	<i>Note</i>			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		26	43	35
Intangible assets		459	325	392
Trade & other receivables		547	221	330
		<u>1,032</u>	<u>589</u>	<u>757</u>
<b>Current assets</b>				
Trade and other receivables		1,846	1,697	1,666
Cash and cash equivalents		38	123	125
		<u>1,884</u>	<u>1,820</u>	<u>1,791</u>
<b>Total assets</b>		<u>2,916</u>	<u>2,409</u>	<u>2,548</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Issued capital	5	3,784	3,087	3,154
Share premium	5	6,500	6,472	6,480
Share option reserve	5	1,122	1,015	1,076
Retained earnings	5	(12,279)	(11,108)	(11,872)
<b>Total equity attributable to equity holders of the parent</b>		<u>(873)</u>	<u>(534)</u>	<u>(1,162)</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Other payables		1,105	531	851
<b>Total non-current liabilities</b>		<u>1,105</u>	<u>531</u>	<u>851</u>
<b>Current liabilities</b>				
Trade and other payables		2,684	2,412	2,859
		<u>2,684</u>	<u>2,412</u>	<u>2,859</u>
<b>Total liabilities</b>		<u>3,789</u>	<u>2,943</u>	<u>3,710</u>
<b>Total equity and liabilities</b>		<u>2,916</u>	<u>2,409</u>	<u>2,548</u>

**Imaginatik Plc**  
**Condensed Unaudited Consolidated Interim Statement of Cash Flows**  
**For the six months ended 30 September 2015**

	<b>Note</b>	<b>Unaudited 6 months to 30 Sept 2015 £'000</b>	<b>Unaudited 6 months to 30 Sept 2014 £'000</b>	<b>Audited Year to 31 March 2015 £'000</b>
<b>Cash outflows from operating activities</b>	6	(558)	(1,077)	(1,027)
<b>Investing activities</b>				
Acquisition of property, plant and equipment		-	(27)	(29)
Acquisition of intangible assets		(141)	(81)	(202)
<b>Net cash used in investing activities</b>		(141)	(108)	(231)
<b>Net cash flow before financing activities</b>		(699)	(1,185)	(1,258)
<b>Financing activities</b>				
Net proceeds from the issue of share capital		612	1,214	1,289
<b>Net cash generated from financing activities</b>		612	1,214	1,289
<b>Net (decrease)/increase in cash and cash equivalents</b>		(87)	29	31
Cash and cash equivalents at start of period		125	94	94
<b>Cash and cash equivalents at end of period</b>		38	123	125

**Imaginatik Plc**  
**Condensed Unaudited Consolidated Interim Statement of Changes in Equity**  
**For the six months ended 30 September 2015**

	Share capital £'000	Share premium £'000	Share option reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 April 2014</b>	1,940	6,405	967	(10,409)	(1,097)
Loss for the period	-	-	-	(699)	(699)
Share option costs	-	-	48	-	48
Shares issued	1,147	67	-	-	1,214
	1,147	67	48	(699)	563
<b>Balance at 30 September 2014</b>	3,087	6,472	1,015	(11,108)	(534)
Loss for the period	-	-	-	(764)	(764)
Share option costs	-	-	61	-	61
Shares issued	67	8	-	-	75
	67	8	61	(764)	(628)
<b>Balance at 31 March 2015</b>	3,154	6,480	1,076	(11,872)	(1,162)
Loss for the period	-	-	-	(407)	(407)
Share option costs	-	-	46	-	46
Shares issued	630	20	-	-	650
	630	20	46	(407)	289
<b>Balance at 30 September 2015</b>	3,784	6,500	1,122	(12,279)	(873)

**Imaginatik Plc**  
**Notes to the Condensed Unaudited Consolidated Interim Financial Statements**  
**For the six months ended 30 September 2015**

**1. Background**

Imaginatik plc (the "Company") is a company domiciled in the United Kingdom. The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 September 2015 comprise the Company and its subsidiary (together referred to as the "Group").

The condensed consolidated interim financial statements were authorised for issuance on 10 December 2015.

The interim financial statements are not statutory accounts for the purposes of S435 of the Companies Act 2006. The comparative figures for the year ended 31 March 2015 are not the Company's statutory accounts for that financial year. The financial information for the year ended 31 March 2015 is based on the statutory accounts for the financial year ended 31 March 2015. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

**2. Basis of preparation**

The financial statements are presented in pounds sterling, rounded to the nearest thousand, unless stated otherwise. They are prepared on the historical cost basis.

These interim financial statements have been prepared using accounting policies based on IFRS as adopted by the European Union (including IAS and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC")) that are expected to be applicable for the full reporting year in 2015. These remain subject to ongoing amendment and/or interpretation and are therefore subject to possible change. Consequently, information contained in these interim financial statements may need updating for any subsequent amendments to IFRS, or for any new standards that the Group may elect to adopt early.

The accounting policies have been applied consistently throughout the Group for purposes of these condensed unaudited consolidated interim financial statements.

**3. Loss per share**

*Basic loss per share*

The calculation of basic loss per share for the period ended 30 September 2015 was based on the loss attributable to ordinary shareholders of £407,000 (period ended 30 September 2014: £699,000; year ended 31 March 2015: £1,463,000) and a weighted average number of ordinary shares outstanding during the period ended 30 September 2015 of 78,898,129 (period ended 30 September 2014: 56,288,463; year ended 31 March 2015: 59,547,244).

*Diluted loss per share*

The options in place during the periods ended 30 September 2015 and 30 September 2014 and during the year ended 31 March 2015 are considered to have an anti-dilutive effect. Therefore, basic and diluted loss per share is the same for each of the three periods.

**4. Segmental reporting**

Management currently identifies the Group's two revenue streams as its operating segments. These operating segments are monitored by the Group's chief operating decision maker. For these operating segments only revenues are reported to the Group's chief operating decision maker as results, other costs and assets and liabilities cannot be reliably allocated to the operating segments.

	<b>Unaudited 6 months to 30 Sept 2015 £'000</b>	<b>Unaudited 6 months to 30 Sept 2014 £'000</b>	<b>Audited Year to 31 March 2015 £'000</b>
<b>Segmental revenue</b>			
Technology	1,503	1,172	2,465
Consultancy	457	300	871
	<u>1,960</u>	<u>1,472</u>	<u>3,336</u>

All other information presented to the chief operating decision maker is the same as is reported in these financial statements.

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	<b>Unaudited 6 months to 30 Sept 2015 £'000</b>	<b>Unaudited 6 months to 30 Sept 2014 £'000</b>	<b>Audited Year to 31 March 2015 £'000</b>
<b>Segmental revenue</b>			
United States of America	1,682	1,100	2,383
Rest of the world	278	372	953
	<u>1,960</u>	<u>1,472</u>	<u>3,336</u>
<b>Segmental non-current assets</b>			
United States of America	493	59	314
Rest of the world	539	530	443
	<u>1,032</u>	<u>589</u>	<u>757</u>

Revenues from external customers have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

The Group has one customer (2014: one customer), who accounted for revenues of £227,000 (2014: £171,000), which amounted to more than 10% of Group revenues. These revenues arose in the Consultancy segment.

## 5. Share Capital and Reserves

	<b>Unaudited 6 months to 30 Sept 2015 £'000</b>	<b>Unaudited 6 months to 30 Sept 2014 £'000</b>	<b>Audited Year to 31 March 2015 £'000</b>
<b>Share Capital</b>			
At the beginning of the period	3,154	1,940	1,940
Shares issued	630	1,147	1,214
<b>At the end of the period</b>	<u>3,784</u>	<u>3,087</u>	<u>3,154</u>
<b>Share premium</b>			
At the beginning of the period	6,480	6,405	6,405
Shares issued in the period, net of expenses	20	67	75

<b>At the end of the period</b>	6,500	6,472	6,480
<b>Share option reserve</b>			
At the beginning of the period	1,076	967	967
Share-based payments	46	48	109
<b>At the end of the period</b>	1,122	1,015	1,076
<b>Retained earnings</b>			
At the beginning of the period	(11,872)	(10,409)	(10,409)
Loss for the period	(407)	(699)	(1,463)
<b>At the end of the period</b>	(12,279)	(11,108)	(11,872)

## 6. Cash flows from operating activities

	<b>Unaudited 6 months to 30 Sept 2015 £'000</b>	<b>Unaudited 6 months to 30 Sept 2014 £'000</b>	<b>Audited Year to 31 March 2015 £'000</b>
<b>Operating loss</b>	(537)	(808)	(1,554)
Depreciation of tangible fixed assets	10	10	20
Amortisation of intangible fixed assets	74	47	101
Share-based payment expense	45	48	109
<b>Operating cash flows before movements in working capital</b>	(408)	(703)	(1,324)
(Increase) / decrease in trade and other receivables	(359)	24	(53)
Increase / (decrease) in payables	79	(507)	259
<b>Net movement in working capital</b>	(280)	(483)	206
<b>Cash used by operations</b>	(688)	(1,186)	(1,118)
Corporation tax received	165	119	119
Net interest expense	(35)	(10)	(28)
<b>Net cash from operating activities</b>	(558)	(1,077)	(1,027)

## 7. Availability of announcement

Copies of this announcement will be available from the Company's offices at Carnac Cottage, Cams Hall Estate, Fareham, Hampshire, PO16 8UU and from its website, [www.imaginatik.com](http://www.imaginatik.com).