21 March 2018

accesso® Technology Group plc

(“accesso” or the “Group”)

Unaudited PRELIMINARY RESULTS
for the year ended 31 December 2017

accesso Technology Group plc (**AIM: ACSO**), the premier technology solutions provider to leisure, entertainment hospitality, attractions and cultural markets, announces unaudited preliminary results for the year ended 31 December 2017. These results reflect another year of excellent performance, where our evolved technology platform, strong relationships and growing scale have driven revenue and profit growth across the business.

Financial Highlights	**Year ended 31 Dec 17 (unaudited) $m**	Year ended 31 Dec 16 (audited) $m	Change
Revenue	**133.4**	102.5	+30.1%
Operating profit	**9.2**	10.5	-12.4%
Adjusted operating profit *	**19.1**	15.7	+21.7%
Adjusted EBITDA*	**24.6**	19.1	+28.8%
Cash generated from operations	**33.1**	18.6	+78.0%
Adjusted cash generated from operations**	**21.2**	18.6	+14.0%
Underlying cash conversion***	**86.2%**	97.4%	
Net cash/ (debt) ****	**12.5**	(3.4)	$15.9m
Earnings per share – basic (cents)	**40.83**	33.95	+20.3%
Adjusted Earnings per share – basic (cents) *****	**56.73**	51.48	+10.2%

** Adjusted operating measures are based on reported profit numbers excluding acquisition expenses, amortization of acquired intangibles, charges relating to any contingent element of acquisition consideration, and share based payments. (note 2)*
*** Cash generated from operations, less specific cash balances. (Explained in Chief Executive’s Statement)*
**** Adjusted cash generated from operations as a percentage of Adjusted EBITDA*
***** Cash less Borrowings (note 2)*
****** Adjusted for acquisition expenses, amortization of acquired intangibles, charges relating to any contingent element of acquisition consideration, share based payments, net of tax effect, and the revaluation of US deferred tax assets and liabilities (note 6)*

Operational Highlights – Broadening our horizons

- Strong performance continues with new business wins, renewed partnerships, geographic expansion and new acquisitions driving growth from our evolved offering
- *accesso* extends leadership in traditional verticals through product innovation, while applying expertise to greenfield opportunities with similar guest-management challenges
- Acquisitions of Ingresso and *The Experience Engine* (*TE2)* broaden our reach, enhance our technology offering and help us impact more of the digital guest journey

Strength at our core, innovating for the future in our Established Verticals (Theme Parks, Water Parks)

- Installed *accesso Prism* as the backbone of the world’s first 100% virtual queuing based water park, winning the IAAPA award for most impactful new product across the industry
- Total *accesso Passport* volumes up 37% reflecting, in part, the continued Merlin rollout

- Key new customer win in geography of growing importance with Village Roadshow Theme Parks, Queensland (*accesso Passport*)

Growing scale and expanding globally in our Adjacent Verticals (ski resorts, cultural attractions, tours and live event ticketing)

- 55 new customers for *accesso ShoWare* during the year including ski resorts, walking destinations, sports clubs and museums
- Real-time interface between *accesso ShoWare* and Ingresso completed, allowing *accesso ShoWare* customers to list and sell their tickets on numerous eCommerce platforms, expanding reach and driving revenue
- Event tickets sold for concerts given by Bruno Mars, Ed Sheeran, John Mayer, Green Day and Jack Johnson among others
- *accesso Siriusware* continues its global expansion with customer wins now including Watercourse Distillery Limited in Ireland and Experiencias Xcaret in Mexico, rolling out 400 *accesso Siriusware* salespoints across its 6 popular ecotourism venues

Expanding our impact on the digital guest journey across a number of Greenfield Opportunities

- *TE2*, acquired in July 2017, extending *accesso's* offer with digitalisation and personalisation software
- Mobile technology allows operators to reach out to their guests and offer seamless, integrated experiences using data-driven insights to understand and act on preferences
- Impressive early performance opening up new verticals including healthcare with the announcement of Henry Ford Health Systems partnership post period end
- Ingresso, acquired in March 2017, helps ticket-sellers find new routes to market via third party channels
- Volume growth of 67% year-on-year reflects customer wins including Ticketmaster UK, opening up access to West End theatres in London

Commenting on the results, Tom Burnet, Executive Chairman of *accesso*, said:

"This has been another strong year. We continue to execute on our strategy with precision and focus, and we are continuing to see the rewards.

Our financial performance was ahead of our expectations, and our resilience as a global business is becoming more evident. Our clients are increasingly seeing the benefit we bring to their customers, and in turn their own profitability. This is evidenced by today's results with another profitable period for our own growth at Accesso.

We have pushed boundaries this year as we continued to focus on investment, building and improving our business, and finding new ways to support the digital customer journey. Two important strategic acquisitions present us with many more opportunities, and we are excited about the new markets they open up for us as well as how they can support our existing customer base.

I am excited by where we are as an organisation, and I see enormous growth opportunities in our future."

Commenting on the results, Steve Brown, Chief Executive Officer of *accesso*, said:

"These results speak to the quality of our technology and our ability to create innovative solutions for our customers. Ensuring the quality of our product offering in terms of both functionality and security remains a key part of our ongoing plan and we will invest behind our platform to make certain of our continued leadership in this area.

The acquisitions we made in 2017 have both broadened and strengthened our offering, and our approach to M&A reflects our continued ambition to bring the best technology, people and ideas to Accesso.

Having decided to step down from my role as CEO, I know I am leaving the Group in fantastic hands. Accesso has an extremely bright future ahead with Paul Noland at the helm."

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement, this inside information is now considered to be in the public domain

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Chairman's Statement

Redefining the guest journey
2017 was another year of growth and expansion for *accesso* as we integrated new acquisitions, rolled-out market-leading technology and won new business across the world. At the heart of our success remains our focus on the digital guest journey: helping our customers improve their guests' experience and in turn driving increased revenues. From the initial online research and buying decision to arrival and at the attraction itself, to the feedback and follow-up processes operators use to better understand their customers, *accesso's* technology continues to help clients upgrade the experiences they can offer. Our ambition to support the largest operators has taken our business to every corner of the globe and it is pleasing to see that our solutions are as applicable in different geographies as they are across a number of vertical markets is being proven as we expand.

The year's financial results reflect the progress being made across the business. During the year we delivered revenue of $133.4m up from $102.5m last year, and while operating profit was $9.2m in 2017, from $10.5m in 2016, as the income statement absorbed the acquisition expenses of the two acquisitions made in the period and ongoing non-cash charges related to the acquisition strategy that the Group has followed over recent years. More importantly, adjusted EBITDA was $24.6m up from $19.1m, which is more representative of the Group's underlying performance. These revenue and adjusted EBITDA numbers translate into 30.1% and 28.8% growth respectively, indicating our ability to deliver meaningful profit from our revenue despite ongoing investment in R&D to ensure our product remains the best in our industry. We are proud to have now delivered a 7-year revenue CAGR of 23.9% and a 7-year adjusted EBITDA CAGR of 32.2%.

Broad thinking focused on solutions
At a*ccesso* we think in terms of solutions rather than individual product lines. Over the past years, we have evolved our offering to include a range of complementary technologies designed to meet a wide range of client needs, and we engage with existing and prospective customers on this basis. We continue to increase the number of combined deployments of *accesso* technologies, with the addition of Ingresso and *TE2* strengthening our hand still further.

Looking through a different lens
The range and flexibility of our solutions also makes *accesso* particularly well placed to expand into new and exciting industry verticals. We are increasingly establishing ourselves beyond our traditional theme and water park markets, making particular progress in ski and snow sports, cultural attractions, museums, sports stadiums, live music events and many more areas where we see the opportunity to expand. Gradually, we have come to see our business progress more in terms of these established, adjacent and greenfield areas than we have in terms of our individual products in isolation. This review of our 2017 results reflects that evolution in our thinking, and lays out how *accesso* technology is helping operators in each of these three areas meet the challenges that mean the most to them.

One Team
accesso's people are the bedrock of the Company's success. Our culture of self-improvement and passionate innovation delivers results for our customers year after year, and it is our nearly 500 dedicated employees that translate the spirit of that idea into action. On behalf of the Board, I thank them all wholeheartedly for their efforts.

Opening 2018
accesso has started 2018 with a number of new business wins, a significant contract extension with our long-term partner Cedar Fair and an exciting new partnership with the Henry Ford Health System, *accesso*'s initial step into a material Greenfield opportunity, Healthcare. We have also announced that Steve Brown will be stepping down as *accesso's* CEO in April 2018 to be replaced by Paul Noland. Steve has made an outstanding contribution to the Group since 2012 and we wish him all the very best for the future. We are delighted to be welcoming Paul to *accesso*. He brings a wealth of industry experience from heading up IAAPA, the largest international trade association for amusement facilities and attractions worldwide, to a range of senior executive roles with Walt Disney Parks and Resorts during a 16-year tenure and at Marriott. I am confident he is exactly the right leader for the next phase of development for our company and along with the rest of the Board, I'm very much looking forward to working with him.

Tom Burnet
Executive Chairman

Chief Executive's Statement

Operational Review

accesso has once again made significant strides in 2017. We continue to win a range of business across the Group and geographic expansion continues at a good pace. New clients of varying size have deployed accesso technology for this first time this year, while on a geographic view, deployments have also gone live for the first time in India, Singapore, Thailand, Ireland, Portugal and New Zealand.

We also continue to progress well with the rollout of technology related to our agreement with Merlin Entertainments Group Ltd ("Merlin"). With the majority of the initial investment required to deliver on that project now behind us, we are well placed to begin benefiting from the longer-term international expansion opportunities that we always envisaged would be available as a result of enhancing our global technology offering, establishing regional support networks and integrating with local payment and regulatory systems.

We have also spent part of the year ensuring the smooth integration of Ingresso and *TE2* into the *accesso* family. These acquisitions have improved both the breadth and impact of our offering and are already being set to work with our existing products to improve the range of solutions we can offer our customers.

People

We are acutely aware that our ability to attract and retain the best available talent across our organisation is vital to our ongoing success, and during the year we have introduced a number of initiatives with this goal in mind. We continue to expand our workforce to meet the growing demands of our scaling business and, our year end non-seasonal employee count, including those who joined as part of the acquisitions, totaled nearly 500 at the end of the year, up from 362 in 2016. To better integrate our functional teams we are currently combining three of our US East Coast offices into our largest office in Lake Mary, Florida, and we have also launched a substantial computer-based training initiative available for all staff. I want to thank the whole team for its commitment and endeavour during 2017, and we look forward to welcoming many more new faces in 2018.

Established Verticals

accesso sees its traditional verticals as theme and water park operators. We are proud to have many of the largest operators in this area as clients, deploying multiple product offerings across what remains a vital and growing part of our business.

During 2017 we saw a number of positive developments in these verticals, with none more important than the continued roll out of *accesso Prism*, our state-of-the-art in-park wearable device. In May, *accesso Prism* was successfully installed as the backbone of the world's first 100% queueless water park, bringing to life a long-held company ambition that has the potential to redefine our industry with long queue lines remaining the single greatest dissatisfaction metric amongst theme park attendees worldwide. The device has been well received across the board and was recognised as the most impactful new product globally by IAAPA at its Attractions Expo event in Florida in November. During the period *accesso Prism* also proved its ability to act as a replacement for our *Qbot* device in a number of successful trials, and we expect the device to be rolled out across large parts of our existing *accesso LoQueue* customer base over the next 12 to 24 months. We are excited about the opportunities that this should present to enhance revenue within our existing estate.

Another important dynamic in these markets is the growing desire among some operators to move substantial parts of their guest bases to pre-committed season pass arrangements. Supported by *accesso Passport*, their ability to utilise monthly payment plans accelerated the trend. While the adjustment has led to certain changes in guest visitation behaviour, the strength and versatility of *accesso Prism's* commercial model opens up a range of new in-park revenue opportunities.

In addition to the continued deployment of our technology to Merlin, we were delighted to secure an agreement with Village Roadshow Theme Parks in Queensland, Australia, with four of their attractions now live with *accesso Passport* for ticketing, eCommerce and point-of-sale. This installation also included Ingresso to support the client's third-party ticket distribution efforts, underscoring the value of our combined solution offering. Wins like these are particularly important as we seek to broaden our reach in the Asia-Pacific region, which is now supported by offices and technology infrastructure in the region and provides a good example of our ability to add incremental new business on the back of global investments undertaken in recent years. The proportion of our queuing revenues coming from Europe also continues to increase and we have secured a commitment to add the *Qsmart* mobile app to three European properties, ensuring that all of our European queueing clients can now access our services through their mobile device.

Adjacent Verticals

The acquisitions of *accesso Siriusware* and *accesso ShoWare* supported both our technology offering within our established vertical and provided the impetus for *accesso* to break out beyond its traditional markets into new verticals including ski resorts, cultural attractions, tours and live event ticketing. Our ambition is to increase penetration in these areas and we were able to make excellent progress against this aim during 2017.

accesso ShoWare continued to make excellent strides adding 55 new customers during the period, with 38 coming from North America and 17 coming from Latin America. Among these new customers were Welk Resorts, a collection of premiere destination and travel resorts in California; SLS Las Vegas, a luxury boutique hotel and Casino; Charleston Battery, a football club from South Carolina; and Museo Anahuacalli, a museum in Coyocan, Mexico. Also in Mexico, *accesso Siriusware* secured its largest ever agreement with Experiencias Xcaret, which is rolling out 400 salespoints across its 6 luxury ecotourism venues. *accesso Siriusware* also won its second European contract during the period with Watercourse Distillery Limited in Ireland, which owns the Jameson whiskey brand. This represented a joint win with *accesso Passport*, which also is now used by the NFL Experience in Times Square, New York and The CNN Studio Tour in Atlanta, Georgia.

Within *accesso ShoWare* we continue to make good progress in the live event ticketing space, supporting concerts given by Ed Sheeran, Bruno Mars, John Mayer, Green Day and Jack Johnson among others during the period. We also rolled out our complete solution for Toluca FC and its new 31,000 seat football stadium.

Greenfield Opportunities

Last year's acquisitions of Ingresso and *TE2* have brought a range of new capability to *accesso* and, in addition to supporting our product offerings in our existing verticals, have enabled the Group to make its first steps into a new set of entirely greenfield areas including London's West End Theatre market and the Healthcare space.

With Ingresso as part of our offering, we are now able to tap in to the vast third-party distribution market, helping our clients find new routes to buyers for their tickets while increasing the platform's ability to serve its existing clients by significantly enhancing the range of inventory it can access. We have established connectivity between Ingresso and pre-existing *accesso* systems and the initial *accesso* clients' inventory is now available via Ingresso's global distribution system. This acquisition has also helped us reach further into London's fragmented West End Theatre market and will, over time, allow *accesso* to exploit the significant inefficiencies that exist within the travel and leisure industry.

Ingresso delivered calendar year-on-year growth of 67%, achieved with a strong showing across all its major channels and we continue to invest in their distribution technology paying particular attention to its high-volume, high-speed sale capabilities. Whilst our distribution partner, Amazon, announced post-period end that they are discontinuing their ticketing distribution business, we have been delighted to welcome major customer wins from Ticketmaster UK and Superbreak.com, a major UK tour operator. We see broader future opportunity with the focus we have made on integrating with our other *accesso* offerings and facilitating access to the wide range of third-party distribution channels that are important to our customers. As the distribution landscape continues to evolve and modernise, a key part of our strategy is to underpin our core ticketing technologies with multi-point distribution capabilities and Ingresso provides that critical infrastructure and know-how.

The July acquisition of *TE2* enables *accesso* to offer highly personalised user experiences to our customers, leveraging data-led insights to capture, model and anticipate guest behaviour and preferences. As previously reported, *TE2* has performed well ahead of its business plan since acquisition, generating greater than expected levels of non-recurring services revenue and operating with lower costs than expected. We have made significant progress with the integration of our HR, payroll and sales & marketing teams and have focused on a range of product integrations initially with *accesso Passport*. We expect to see tangible signs of progress on this combined offering later in 2018.

After the period end we also announced a significant win for *TE2* with the Henry Ford Health System (HFHS), a six-hospital system in Detroit, Michigan. HFHS will leverage *TE2* to digitalise and personalise the entire patient journey, using its technology to build unique patient profiles which can be easily integrated with existing electronic medical records. This process will enable healthcare providers to offer convenient and frictionless experiences in real-time, with features such as wayfinding support, concierge services, smartphone bill-payments and patient feedback and communication. This groundbreaking partnership will begin with technology pilots in Autumn 2018, in preparation for full launch to coincide with the grand opening of the Brigitte Harris Cancer Pavilion, the new home of the Henry Ford Cancer Institute, expected in 2020.

This agreement marks a bold new step for *accesso* beyond the leisure, entertainment and cultural markets that has been its home, and provides a significant endorsement of the versatility and range of technology within the Group's portfolio.

Investing in technology

accesso aspires to be the premier technology solutions provider to the verticals it serves. To maintain this position, we continue to invest heavily to expand the functionality, effectiveness and robustness of our technology across our full range of offerings. In addition to development work carried out during the period on *accesso Prism* and a range of longer-term initiatives to support our growth into the future, 2017 saw a host of significant enhancements to our platforms.

In particular, we continue to invest in readying our products for the international expansion driving our growth. During the year we introduced localised user-interface elements that now allows for distribution of *accesso Passport* in 20 languages, and added enhanced support for Global Sales Tax configuration including tax tiers, tax percentages and GL code linking. We also expanded our support of alternative payment solutions, added true-multi-language support for *accesso Siriusware* and opened a new datacentre in Sydney.

In *accesso Passport* we launched Passport Exchange: our new platform enabling fully integrated third-party ticket sales, and introduced a full-featured API for clients desiring more direct integration. Through a new booking portal, we also now offer service management of date and time-based tickets helping to mitigate risk for whose operations may be impacted by cancellations due to weather or other external factors.

We also continued to improve our *accesso ShoWare* product, enhancing our dynamic pricing capability, completing an important PayPal integration including PayPal Credits, improving event messaging technology and seatmap wizards.

Information Security

Another increasingly important element of our business relates to information security, which is at the heart of all development decisions. The business continues to focus increasing levels of resource and technology on initiatives to ensure data minimization, more robust monitoring of our applications, enhanced response capabilities and increased staff training across the whole business.

The start of 2018

accesso is pleased to report that the Group is showing good momentum at the start of 2018. We look forward to a promising year ahead.

Financial Review

accesso continues to deliver strong financial performance as a result of our increasingly global revenue base and diversified product portfolio. Our business continues to be driven forward by long term transaction-based agreements with several of the world's leading operators that deliver high-quality and highly-visible revenue underpinned by long-term relationships.

Alternative Performance Measures

The Board utilises consistent alternative performance measures ("APMs") in evaluating and presenting the results of the business. APMs include adjusted EBITDA, adjusted operating profit, adjusted administrative expenses, adjusted net debt, and adjusted cash from operations. A reconciliation of these measures from IFRS is provided below.

The Board views these APMs as more representative of the Group's performance as they remove certain items which are not reflective of the underlying business, including acquisition expenses, amortisation related to acquired intangibles, deferred and contingent payments related to acquisitions, changes to earn-out considerations and share-based payments. The APMs help ensure the Group is focused on translating sales growth into profit. By making these adjustments, the Group is more readily comparable against a business that does not have the same acquisition history and share-based payment policy. Additionally, these are the measures commonly used by the Group's investor base.

Key Financial Metrics

Revenue for the year ended 31 December 2017 was $133.4m, an increase of 30.1% on the previous year's result of $102.5m, benefitting from our increased global footprint, the broader range of markets we now serve and the acquisition of Ingresso at the end of March and *TE2* in July. This growth was delivered despite challenging weather events impacting certain clients, an earthquake in Mexico City, unprecedented forest fires in California and to a lesser extent, European terror-related incidents. The impact of foreign exchange movements on revenue, or costs, was not material.

accesso tracks a number of specific operational metrics that influence Group revenue as follows:

- Total transactional ticket sales, including Ingresso distribution, increased 20.2%, with like for like increasing 14.8%
- Total ticket volumes, processed via our hosted solutions, increased 30.9%, exceeding 100m for the first time. On a like for like basis the increase was 28.0%
- North America now accounts for 70% of eCommerce ticket volume (2016: 89%), with Europe accelerating to 25% (2016: 9%)
- 42% of eCommerce volume now takes place via a mobile device (2016: 35%)
- *accesso LoQueue* like for like attendance data was broadly flat

The gross profit margin in 2017 was 55.0%, compared to 54.0% in 2016, reflecting the improvement in our mix of revenue towards higher margin offerings and a higher level of non-recurring services revenues than in the comparative period.

We estimate that for the full year 81% (2016: 91%) of Group revenue is repeatable in nature. This represents the proportion of Group revenue that is derived on a transactional basis plus annual support and annual license revenue. The decrease from 2016 is largely driven by the acquisition of *TE2*, which currently derives the majority of its revenues from professional services, but remains at a level that gives the Board the continued confidence to innovate to extend our product leadership and provides the opportunity to outperform revenue expectations through winning new business.

Adjusted EBITDA and operating profit

Adjusted EBITDA of $24.6m was up from $19.1m, an increase of 28.8%. Operating Profit for 2017 was $9.2m (2016: $10.5m), while adjusted operating profit, which the Board considers a key underlying metric, was $19.1m in 2017, equating to 21.7% growth when compared to 2016 ($15.7m). Our adjusted operating margin was 14.3% for 2017 (2016: 15.3%) but as previously identified, the Board maintains its view that there is potential for future improvement in this metric as the Group benefits from the step-down in investment across the business to support the global rollout.

The tables below set out a reconciliation between Operating profit and adjusted EBITDA:

	2017	2016
	$000	$000
Operating profit	**9,241**	10,512
Add: Acquisition expenses	**1,249**	-
Add: Deferred and contingent payments	**2,131**	-
Add: Amortisation related to acquired intangibles	**8,591**	4,227
Less: Profit recognised on reduction of earn out -liability	**(3,228)**	-
Add: Share based payments	**1,089**	987
Adjusted Operating Profit	**19,073**	15,726
Add: Amortisation and depreciation (excluding acquired intangibles)	**5,531**	3,387
Adjusted EBITDA	**24,604**	19,113

Administrative expenses were up 43.3% to $64.2m (2016: $44.8m). Adjusted administrative expenses reflect the adjusting items shown in the table above were $48.9m, representing an increase of 35.1% on 2016 ($36.2m) and driven primarily by a continued increase in headcount and operational infrastructure to support our short and medium term growth, and by the acquisition of Ingresso and *TE2* in March and July respectively.

The table below sets out a reconciliation between the statutory and adjusted measure:

	2017	2016
	$000	$000
Administrative expenses	**64,204**	44,813
Net adjustments detailed above	**(15,363)**	(8,601)
Adjusted administrative expenses	**48,841**	36,212

Profit before tax of $7.2m was down from $10.1m in 2016 as the income statement absorbed the increase in non-cash charges related to the acquisition strategy that the Group has followed over recent years, together with the acquisition expenses incurred in the period.

Profit after tax of $9.9m (2016: $7.5m) is after a tax credit for the year ended 31 December 2017 of $2.8m. Tax is covered in more detail below and within note 5.

As a result, earnings per share (basic) were 40.83 cents for 2017, an increase of 20.3% on 2016 (33.95 cents). Adjusted earnings per share, were 56.73 cents for 2017, an increase of 10.2% on 2016 (51.48 cents).

These results reflect a well-optimised and efficient group capable of delivering sustainable profit expansion while continuing to execute on its shorter-term commitments and heavily investing in its future. As time goes on, *accesso* expects earnings expansion ahead of top line growth as the business benefits from improving operating leverage as a result of investments made in products, including *accesso Prism.*

Total R&D expenditure during 2017 of $20.0m, (2016: $17.9m) represents 15.0% of revenues (2016: 17.5%). The slight step down in this percentage from 2016, reflects the heavy initial investment in *accesso Prism* in 2016 and leads us on a track towards what we expect will be a normalised rate on an ongoing basis. Capitalised development expenditure was $12.4m (2016: $11.7m) representing 62.0% (2016: 65.4%) of total R&D expenditure. The net benefit of development capitalisation less related amortisation, fell to $8.2m from $9.8m in 2016.

Net debt and cash flow

Our closing net cash balance of $12.5m (2016 net debt: $3.4m), includes balances of approximately $5.5m in respect of cash paid back to the Group by the sellers of TE2 to make payments to employees in lieu of a pre-acquisition option scheme over a three year period. In addition, cash balances totaling approximately $11.0m are held by the Group to make near term settlements to venue operators in respect of the Ingresso platform.

These balances are beneficially owned by the Group but, while there are no restrictions on their use, they have been excluded from our current definition of net debt. Adjusting for these items offers an adjusted net debt position of $4.0m at 31 December 2017.

Cash generated from operations of $33.1m (2016: $18.6) includes the benefit of these *TE2* and Ingresso balances, and is after acquisition related expenses. Adjusted cash generated from operations was $21.2m for the year ended 31 December 2017, per the table below, and was 14.0% better than in 2016 ($18.6m). This represents an underlying cash conversion from adjusted EBITDA of 86.2% (2016: 97.4%). This cash conversion percentage remains an indication of a business with a sustainable and strong cash conversion cycle.

	2017	2016
	$000	$000
Cash flow from operating activities	**33,097**	18,632
Add: Acquisition related expenses (including debt arrangement)	**1,249**	-
Less: TE2 option cash	**(5,500)**	-
Less: Increase in Ingresso near term settlement cash since acquisition	**(7,600)**	-
Adjusted cash from operations	**21,246**	18,632

Financing costs included interest of $0.7m (2016: $0.2m) and an arrangement fee of $0.4m relating to the extension of the Group's borrowing facility.

Financing and investing activities

During the year, the Group extended its borrowing facilities, and undertook a share placing in order to fund the acquisitions of Ingresso and *TE2*.

The acquisition of Ingresso Group Limited in March 2017 was funded via an initial cash investment (net of cash acquired) of $18.7m.

To allow for sufficient headroom, the Group extended its borrowing facility with Lloyds Bank plc. The extended Facility provides the Group with the ability to draw down a total of $60m, denominated in either US dollars, GB Pound Sterling or Euros, and has a term of four years, with an option to extend by a further twelve months at the end of the first year. The facility is at an agreed rate of 140 basis points above LIBOR at a borrowing to EBITDA ratio of less than 1.5 times, rising to a maximum 190 basis points if the borrowing to EBITDA ratio is greater than 2.25 times. It provides an additional accordion mechanism allowing for a further $10m relating to future acquisitions, and includes a commitment interest on undrawn funds of 35% of the relevant interest rates above. The total available for drawdown is subject to a reduction of US$10m on each of the first, second and third anniversaries of the Extended Facility. The Facility had an arrangement fee of $0.4m.

In July 2017, the Group announced the acquisition of Blazer and Flip Flops Inc *(TE2)*. The cash element of the acquisition costs (net of cash acquired) was $69.2m and was funded via an underwritten vendor and cash placing, raising gross proceeds of $75.6m.

Cash balances at 31 December 2017 totaled $28.7m (including the $16.5m of 'excluded cash' referenced above), while borrowings at 31 December 2017 totaled $16.1m, versus the facility of $60m.

The Board believes that the Group remains in a strong financial position at the period end, with good access to debt finance on attractive terms.

Taxation

On a statutory basis, the Group had a tax credit of $2.7m (2016: tax expense $2.6m). This includes an initial beneficial impact to the Group of changes to the US tax code that were introduced via The Tax Cuts and Jobs Act of 2017 resulting in a revaluation of US deferred tax assets and liabilities to incorporate the reduction in the headline federal tax rates. This resulted in a one-off credit to 2017 earnings of $5.1m.

On an adjusted basis, which excludes the US tax code benefit, the Group's effective tax rate on its underlying earnings, was 24%.

The Group has for a number of years focused on tax planning that lowers its effective rate. Taking into account the relative taxable territories in which the Group operates, and its growth in the relative territories, together with the benefit of the reduced US income tax rates introduced by The Tax Cuts and Jobs Act of 2017, the Group expects the tax rate on its adjusted earnings to be between 21% and 23% in the short term.

Dividend

The Board maintains its consistent view that the payment of a dividend is unlikely in the short to medium term with cash more efficiently invested in product development and complementary M&A.

Summary and Outlook

This year has been one of significant progress at *accesso*, and these results reflect a business pleasing its customers, thinking about the future and translating its potential into financial results. While 2018 has only just begun, the Board remains confident in its expectations for the full year and is focused fully on delivering its growth plan. After joining the *accesso* Board in 2012, I will formally step down in April and hand the baton to Paul Noland who I have known, trusted and worked with for more than 20 years. I can think of no one better suited to lead *accesso* through its next exciting stage of growth.

Steve Brown
Chief Executive Officer

Consolidated statement of comprehensive income
for the financial year ended 31 December 2017

	Notes	**2017** **$000**	2016 $000
Revenue		**133,429**	102,511
Cost of sales		**(59,984)**	(47,186)
Gross profit		**73,445**	55,325
Administrative expenses (including credit of $3,228 ($'000) (2016: $nil) related to reversal of Ingresso earn out liability – see note 7)		**(64,204)**	(44,813)
Operating profit		**9,241**	10,512
Finance expense		**(2,099)**	(414)
Finance income		**24**	4
Profit before tax		**7,166**	10,102
Income tax benefit / (expense)	5	**2,735**	(2,576)
Profit for the period		**9,901**	7,526
Other comprehensive income			
Items that will be reclassified to income statement			
Exchange differences on translating foreign operations		**166**	(1,579)
Total comprehensive income		**10,067**	5,947
All profit and comprehensive income is attributable to the owners of the parent			
Earnings per share expressed in cents per share:			
Basic	6	**40.83**	33.95
Diluted	6	**38.70**	32.02

Consolidated statement of financial position
as at 31 December 2017

	31 December 2017 $000	31 December 2016 $000
Assets		
Non-current assets		
Intangible assets	**198,298**	81,612
Property, plant and equipment	**3,400**	3,494
Deferred tax assets	**8,937**	6,008
	210,635	91,114
Current assets		
Inventories	**506**	491
Trade and other receivables	**19,761**	10,232
Income tax receivable	**-**	681
Cash and cash equivalents	**28,668**	5,866
	48,935	17,270
Liabilities		
Current liabilities		
Trade and other payables	**51,188**	11,242
Finance lease liabilities	**9**	54
Income tax payable	**613**	-
	51,810	11,296
Net current (liabilities) / assets	**(2,875)**	5,974
Non-current liabilities		
Deferred tax liabilities	**14,629**	9,990
Finance lease liabilities	**-**	9
Other non-current liabilities	**3,024**	-
Borrowings	**16,140**	9,298
	33,793	19,297
Total liabilities	**85,603**	30,593
Net assets	**173,967**	77,791
Shareholders' equity		
Called up share capital	**411**	357
Share premium	**105,207**	28,150
Own shares held in trust	**(1,163)**	(1,163)
Other reserves	**13,139**	9,242
Retained earnings	**39,820**	29,919
Merger relief reserve	**19,641**	14,540
Translation reserve	**(3,088)**	(3,254)
Total shareholders’ equity	**173,967**	77,791

Consolidated statement of cash flow
for the financial year ended 31 December 2017

	2017 $000	2016 $000
Cash flows from operations		
Profit for the period	**9,901**	7,526
Adjustments for:		
Depreciation	**1,321**	1,393
Amortisation on acquired intangibles	**8,591**	4,227
Amortisation on development costs	**4,166**	1,927
Amortization on other intangibles	**44**	67
Share based payment	**1,089**	987
Finance expense	**2,099**	414
Finance income	**(24)**	(4)
Loss on disposal of fixed assets	**12**	5
Foreign exchange gain	**(241)**	(1,465)
Income tax (benefit) / expense	**(2,735)**	2,576
	24,223	17,653
(Increase) / decrease in inventories	**(15)**	70
Increase in trade and other receivables	**(2,792)**	(1,152)
Increase in trade and other payables	**11,681**	2,061
Cash generated from operations	**33,097**	18,632
Tax paid	**(224)**	(810)
Net cash inflow from operating activities	**32,873**	17,822
Cash flows from investing activities		
Purchase of subsidiary, net of cash acquired	**(78,074)**	-
Purchase of intangible fixed assets	**-**	(84)
Capitalised internal development costs	**(12,395)**	(11,591)
Purchase of property, plant and equipment	**(936)**	(1,948)
Interest received	**24**	4
Net cash used in investing activities	**(91,381)**	(13,619)
Cash flows from financing activities		
Share issue	**77,112**	1,313
Sale of shares held in trust	**-**	1,240
Interest paid	**(741)**	(414)
Payments to finance lease creditors	**(54)**	(51)
Cash paid to refinance	**(410)**	(184)
Proceeds from borrowings	**31,376**	5,550
Repayments of borrowings	**(26,037)**	(10,825)
Net cash generated from / (used) in financing activities	**81,246**	(3,371)
Increase in cash and cash equivalents	**22,738**	832
Cash and cash equivalents at beginning of year	**5,866**	5,307
Exchange gain / (loss) on cash and cash equivalents	**64**	(273)
Cash and cash equivalents at end of year	**28,668**	5,866

Consolidated statement of changes in equity
for the financial year ended 31 December 2017

	Share capital	Share premium	Retained earnings	Merger relief reserve	Other reserves	Own shares held in trust	Translation reserve	Attributable to equity holders	Non-controlling interest	Total
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 31 December 2016	**357**	**28,150**	**29,919**	**14,540**	**9,242**	**(1,163)**	**(3,254)**	**77,791**	**-**	**77,791**
Comprehensive income for the year										
Profit for period	-	-	9,901	-	-	-	-	**9,900**	-	**9,900**
Other comprehensive income	-	-	-	-	-	-	166	**166**	-	**166**
Total comprehensive income for the year	-	-	9,901	-	-	-	166	**10,067**	-	**10,067**
Contributions by and distributions to owners										
Issue of share capital	54	77,057	-	5,101	-	-	-	**82,212**	-	**82,212**
Share based payments	-	-	-	-	1,089	-	-	**1,089**	-	**1,089**
Change in tax rates	-	-	-	-	(2,213)	-	-	**(2,213)**	-	**(2,213)**
Share option tax credit	-	-	-	-	5,021	-	-	**5,021**	-	**5,021**
Total contributions by and distributions by owners	54	77,057	-	5,101	3,897	-	-	**86,109**	-	**86,109**
Balance at 31 December 2017	**411**	**105,207**	**39,820**	**19,641**	**13,139**	**(1,163)**	**(3,088)**	**173,967**	**-**	**173,967**
Balance at 31 December 2015	353	26,841	22,169	14,540	3,470	(2,136)	(1,675)	63,562	2	63,564
Comprehensive income for the year										
Profit for period	-	-	7,526	-	-	-	-	7,526	-	7,526
Other comprehensive income	-	-	-	-	-	-	(1,579)	(1,579)	-	(1,579)
Total comprehensive income for the year	-	-	7,526	-	-	-	(1,579)	5,947	-	5,947
Contributions by and distributions to owners										
Issue of share capital	4	1,309	-	-	-	-	-	1,313	-	1,313
Share based payments	-	-	-	-	987	-	-	987	-	987
Reduction of shares held in trust	-	-	222	-	-	973	-	1,195		1,195
Removal of NCI	-	-	2	-	-	-	-	2	(2)	-
Change in tax rates	-	-	-	-	(11)	-	-	(11)	-	(11)
Share option tax credit	-	-	-	-	4,796	-	-	4,796	-	4,796
Total contributions by and distributions by owners	4	1,309	224	-	5,772	973	-	8,282	(2)	8,280
Balance at 31 December 2016	357	28,150	29,919	14,540	9,242	(1,163)	(3,254)	77,791	-	77,791

1. Reporting entity

accesso Technology Group plc is a public limited company incorporated in the United Kingdom, whose shares are publicly traded on the AIM market. The company is domiciled in the United Kingdom and its registered address is Unit 5, The Pavilions, Ruscombe Park, Twyford, Berkshire RG10 9NN. These consolidated financial statements comprise the company and its subsidiaries (together referred to as the "Group").

The Group's principal activities are the development and application of ticketing, mobile and eCommerce technologies, and licensing and operation of virtual queuing solutions for the attractions and leisure industry. The eCommerce technologies are generally licensed to operators of venues, enabling the online sale of tickets, guest management, and point-of-sale ("POS") transactions. The virtual queuing solutions are installed by the Group at a venue, and managed and operated by the Group directly or licensed to the operator for their operation.

2. Key performance indicators and alternative performance measures

Key performance indicators are used to measure and control both financial and operational performance. Ticket volumes, revenues, margins, costs, cash and sales pipeline are trended to ensure plans are on track and corrective actions taken where necessary. See the Chief Executive's Statement on for a discussion of the metrics. Product development performance is also monitored and tracked through measurement against agreed milestones. In addition, further key performance indicators include the proportion of business that is delivered via mobile technology and the sales mix of services offered.

The Board utilizes consistent alternative performance measures ("APMs") in evaluating and presenting the results of the business, including adjusted EBITDA, adjusting operating profit and repeatable revenue. A reconciliation of these measures from IFRS, along with their definition, is provided below.

The Board views these APMs as more representative of the Group's performance as they remove certain items which are not reflective of the underlying business, including acquisition expenses, amortisation related to acquired intangibles, deferred and contingent payments related to acquisitions, changes to earn-out considerations and share-based payments. The APMs help ensure the Group is focused on translating sales growth into profit. By making these adjustments, the Group is more readily comparable against a business that does not have the same acquisition history and share-based payment policy. Additionally, these are the measures commonly used by the Group's investor base.

Reconciliation of APMs

	2017	2016
Adjusted operating profit and adjusted EBITDA	**$000**	$000
Operating profit	**9,241**	10,512
Add: Acquisition expenses	**1,249**	-
Add: Deferred and contingent payments	**2,131**	-
Add: Amortisation related to acquired intangibles	**8,591**	4,227
Less: Profit recognised on reduction of earn out -liability	**(3,228)**	-
Add: Share-based payments	**1,089**	987
Adjusted operating Profit	**19,073**	15,726
Add: Amortisation and depreciation (excluding acquired intangibles)	**5,531**	3,387
Adjusted EBITDA	**24,604**	19,113
Net cash/ (debt) and adjusted net cash/ (debt)		
Cash and cash equivalents	**28,668**	5,866
Less: Borrowings	**(16,140)**	(9,298)
Net cash/ (debt)	**12,528**	(3,432)
Less: TE2 option cash	**(5,500)**	-
Less: Ingresso near term settlements treated as non-cash	**(11,000)**	-
Adjusted net cash/ (debt)	**(3,972)**	(3,432)
Adjusted cash from operations		
Cash flow from operating activities	**33,097**	18.6
Add: Acquisition related expenses (including debt arrangement)	**1,249**	-
Less: TE2 option cash	**(5,500)**	-
Less: Increase in Ingresso near term settlement cash since acquisition	**(7,600)**	-
Adjusted cash from operations	**21,246**	18.6

Definitions of APMs

Adjusted operating profit: operating profit before the deduction of amortisation related to acquisitions, acquisition costs, deferred and contingent payments, profit recognised on the reduction of the earn-out liability, and costs related to share based payments

Adjusted EBITDA: operating profit before the deduction of amortisation, depreciation, acquisition costs, deferred and contingent payments, profit recognised on the reduction of the earn-out liability, and costs related to share-based payments

Adjusted cash from operations: cash generated from operations, less specific balances for TE2 option cash and the increase in Ingresso near term settlement cash since acquisition

Repeatable revenue: transactional revenue that the Group would expect to occur every year from a current customer without a new customer being acquired; for example, ecommerce income

Adjusted EPS: earnings per share after adjusting for amortisation on acquired intangibles, deferred and contingent payments, profit recognised on the reduction of the earn-out liability, acquisition costs, finance charges relating to refinance for acquisition purposes and share based payments, net of tax at the effective rate for the period (see note 6)

3. Significant accounting policies

Basis of accounting

The financial information set out in this release does not constitute the company's statutory accounts for the year ended 31 December 2017 for the purposes of section 435 of the Companies Act 2006. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 are expected to be delivered after the forthcoming AGM. The auditors have reported on the 2016 accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

While the unaudited financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish full financial results for the year ended 31 December 2017 that comply with IFRS in May 2018.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("adopted IFRSs").

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

New standards that have been adopted during the period

- Annual improvements to IFRSs
- IAS 16 and 38: Amendments to Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27: Amendments related to Equity Method in Separate Financial Statements
- IAS 11: Amendments relating to Acquisitions of Interest in Joint Operations
- IAS 7: Amendments related to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above has not had a material impact on the financial statements during the period ended 31 December 2017.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are not effective for 2017, and therefore have not been applied in preparing these accounts. The effective dates shown are for periods commencing on the date quoted.

- IFRS 15 Revenue from Contracts with Customers (effective for year ending 31 December 2018)
- IFRS 9 Financial Instruments (effective for year ending 31 December 2018)

- IFRS 16 Leases (effective for year ending 31 December 2019)
- Annual improvements to IFRSs

Management have been considering the impact IFRS 15 and IFRS 9 will have on the Group's financial statements in the period of initial application, and its review is still in process.

Management is currently starting its assessment of the impact of IFRS 16 on the Group's financial statements, but has not yet completed its assessment of the impact on the financial statements. The assessment is ongoing.
IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, and IAS 11 *Construction Contracts.*

The following areas are those management anticipate may have the greatest impact or are the most judgemental under the new standard:

Queuing revenue
The Group has developed virtual queuing technology which enables guests to virtually queue using proprietary software and hardware. The technology is installed in theme parks under agreement with the theme park operator. Revenue is earned as guests use the product while visiting the park, and is recognised on either a gross or net basis, when the Group is acting as the principal or agent, respectively.

Currently where revenue is recognised on a gross basis, the group recognise the entire fee payable by the park guest and recognises costs payable to the theme park operator. Where revenue is recognised on a net basis the group recognises only a portion of the fee payable by the park guest representing the services provided by the group to the theme park operator

The factors in determining whether the Group is acting as principal or agent in the transaction are different under IFRS 15 than current guidance, and reflect who has control over the good or service prior to delivery to the end customer.

In some agreements, management considers that the technology, hardware, and virtual queue provided to the end customer are controlled by the Group prior to transfer to the end customer. Effectively, the Group has purchased the right to operate and control the virtual queue, and accepts responsibility for staffing the sales office and operation, maintaining the concession from which the product is sold, and ensuring guest satisfaction.

In other agreements, management considers that the Group has passed control of the technology, hardware, and virtual queue to the park operator, and has minimal responsibility for the operation. The Group will be responsible for maintenance and support of the technology, but not take part in daily operating decisions. These agreements generally take the form of a licensing contract.

Management is still assessing the impact on the Group. Regardless of the outcome of its review, it will not result in an impact to net profit, as only the classification of revenue and cost of sales are impacted.

Software licenses and maintenance and technical support
The Group sells software licenses for its guest management and POS software, which requires a large initial investment and yearly maintenance and technical support. Additionally, it licenses its on-site ticketing system, requiring an annual payment.

In regard to the guest management and POS software, the customer is required to purchase the yearly maintenance and technical support to maintain an active license. The fees are typically higher in the first year, with an upfront license fee payable, than in subsequent years, when only the annual support fee is payable.

Under IFRS 15, these types of agreements are treated as containing an option for a renewal at a discounted price – the cost of the yearly support – after the initial up-front purchase of the license. Accordingly, the Group will defer revenue on the initial license sale and recognize a portion of the up-front license payment at the time of the subsequent annual renewal. Where no term is agreed, the contract renews perpetually until the customer declines the yearly support, or the Group terminates the contract. In these circumstances, the initial fee will be spread over 5 years, which is in line with the expected useful life of software.

For on-site ticketing licenses, the customer generally agrees to a fixed term over which it is required to pay annual instalments if the agreement is longer than one year. As the customer has control of the license upon delivery by the Group, the total amount of revenue related to the license, for the term of the agreement, will be recognized at the point of delivery. This will create a receivable which future annual instalment payments will be applied against. Revenue related to maintenance and support of the license, such as updates and technical support, will be spread over the contract term.

Contract costs
The Group pays commission on certain contracts and currently expenses the cost when incurred, unless there is a clawback provision. IFRS 15 requires incremental costs associated with obtaining a contract, such as commissions, be capitalised and amortised over the life of the contract. Accordingly, commissions will become an asset on the consolidated statement of financial position and tested annually for impairment.

Transition
The Group plans to adopt IFRS 15 using the retrospective method, using the practical expedient in paragraph C5(c) of the standard, allowing non-disclosure of the amount of the transaction price allocated to the remaining performance obligations or an explanation of when the Group expects to recognize that amount as revenue for all reporting periods presented before the date of initial application – i.e. 1 January 2018.

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

Management's assessment of the impact on the financial statements is still ongoing.

Functional and presentation currency

The presentation currency of the Group is US dollars (USD). Items included in the financial statements of each of the Group's entities are measured in the functional currency of each entity. The Group used the local currency as the functional currency including the parent company, where the functional currency is sterling.

Basis of consolidation

The consolidated financial statements incorporate the results of accesso Technology Group plc and all of its subsidiary undertakings as at 31 December 2017 using the acquisition method. Subsidiaries are all entities over which the Group has the ability to affect the returns of the entity, and has the rights to variable returns from its involvement with the entity. The results of subsidiary undertakings are included from the date of acquisition.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are written off to the Group income statement in the period incurred. The acquiree's identifiable assets, liabilities, and contingent liabilities that meet the conditions under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities recognised.

Investments, including the shares in subsidiary companies held as fixed assets, are stated at cost less any provision for impairment in value. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Lo-Q (Trustees) Limited, a subsidiary company that holds an employee benefit trust on behalf of accesso Technology Group plc, is under control of the Board of directors and hence has been consolidated into the Group results.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the rates ruling when the transactions occur.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign operations
The assets and liabilities of foreign operations, including goodwill, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the rates ruling when the transactions occur, or appropriate averages.

Foreign currency differences on translating the opening net assets at an opening rate and the results of operations at actual rates are recognised in OCI, and accumulated in the translation reserve. Retranslation differences recognised in other comprehensive income will be reclassified to profit or loss in the event of a disposal of the business, or the Group no longer has control or significant influence.

Revenue recognition

Revenue primarily arises from the operation and licensing of virtual queuing solutions, the development and application eCommerce ticketing, professional services, and license sales in relation to point of sale and guest management software and related hardware.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, the amount of revenue can be reliably estimated, and recovery of consideration is probable. Revenue is measured net of discounts and service credits.

In relation to virtual queuing, the Group contracts with theme park operators to offer the technology and service to park guests and share the profit or revenue generated by purchases by park guests. The Group's contracts are either a profit-share, where the Group and the park split the profit of the operation, or a revenue-share, where the Group receives a percentage of revenue of sales at the park. Under both types of contracts, revenue is recognised when the guest utilises the technology.

Where the contract is a profit-share, revenue represents the total payment by the park guest, net of sales taxes, to utilise the technology. The park's share is deducted in cost of sales within the statement of comprehensive income. Typically in these agreements, the Group accepts responsibility for the operation within the park, including sales, operation, maintenance of the equipment and facility, and guest relations.

In a revenue-share contract, only the Group's share of the revenue generated by the technology, as per the customer agreement, is recognised as revenue. Any costs incurred by the Group are deducted within cost of sales within the statement of comprehensive income. The Group generally does not influence operation of the product, sales, maintenance, guest relations, or employees.

Ticketing revenue is generated from owners or operators of venues utilising the Group's technology, and is earned either by a per-ticket fee or as a percent of the total transaction of ticket purchases by guests or visitors of the venue. It is recognised at the time of the sale to the guest or visitor, and the fee collected for the sale of the ticket is not refundable to the customer.

The Group provides implementation, support, and customisation services (collectively, "professional services") in relation to its products. Professional services revenue is either earned on a time and materials basis as the services are provided to the customer, or on a percentage of completion method when it's a fixed price contract.

Revenue in relation to point of sale and guest management software licences is earned via installing software onto a customer's owned-hardware and giving the customer the ability to use the software. While installations often occur over a period of time, no revenue is recognized until installation is complete and accepted by the customer. The revenue related to the license fee for the software purchased by the customer is recognized at the time installation is complete, as at the time of the installation the Group has fulfilled its obligation to provide the customer the software, and there is no recourse for revenue to be refunded. Any revenue relating to an on-going support obligation is deferred and recognised over the period of such obligation.

Customers of point-of-sale and guest management software are also charged an annual maintenance and support fee, calculated as a percentage of the original cost of the software, each year they remain a customer. This revenue is recognized rateably over the support term, which is generally 12 months. If the customer cancels during the term, the Group is entitled to retain the full amount of the consideration.

Interest expense recognition

Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

Employee benefits

Share-based payment arrangements

The Group issues equity-settled share-based payments to full time employees. Equity-settled share-based payments are measured at the fair value at the date of grant, with the expense recognized over the vesting period, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the Group's estimate of shares that will eventually vest, such that the amount recognised is based on the number of awards that meet the service and non-market performance conditions at the vesting date.

The fair value of Enterprise Management Incentive (EMI) and unapproved share options is measured by use of a Black-Scholes model, and share options issued under the Long Term Incentive Plan (LTIP) are measured using the Monte Carlo method, due to the market-based conditions upon which vesting is dependent. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The LTIP awards contain market-based vesting conditions. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Pension costs

Contributions to the Group's defined contribution pension schemes are charged to the Consolidated statement of comprehensive income in the period in which they become due.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of assets, less residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Plant, machinery, and office equipment	20 - 33.3% of the original costs each year
Installed systems	25 - 33.3%, or life of contract, of the original costs each year
Furniture and fixtures	20% of the original costs each year
Leasehold Improvements	Shorter of useful life of the asset or time remaining within the lease contract of the original costs each year

Inventories

The Group’s inventories consist of parts used in the manufacture and maintenance of its virtual queuing product, along with peripheral items that enable the product to function within a park.

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Inventories are calculated on a first in, first out basis.

Park installations are valued on the basis of the cost of inventory items and labour plus attributable overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Consolidated and Company statements of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities / (assets) are settled / (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Current income tax

The tax expense or benefit for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Goodwill and intangible assets

Goodwill is carried at cost less any provision for impairment. Intangible assets are valued at cost less amortisation and any provision for impairment.

Goodwill arising on business combinations (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised, and its subsequent measurement is based on annual impairment reviews, with any impairment losses recognised immediately in the income statement. Direct costs of acquisition are recognised immediately in the income statement as an expense.

Externally acquired intangible assets

Intangible assets are capitalised at cost and amortised to nil by equal instalments over their estimated useful economic life.

Intangible assets are recognised on business combinations if they are separable from the acquired entity. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. The significant intangibles recognised by the Group and their useful economic lives are as follows:

- Trademarks over 3 years
- Patents over 20 years
- Customer relationships and supplier contracts over 1 to 15 years
- Intellectual property over 5 to 7 years

Internally generated intangible assets and research and development

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Group is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

In accordance with IAS 38 'Intangible Assets', expenditure incurred on research and development is distinguished as either to a research phase or to a development phase. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects is recognised in the Consolidated income statement as incurred.

Development expenditure is capitalised and amortised within administrative expenses on a straight-line basis over its useful economic life, which is considered to be up to a maximum of 5 years. The amortisation expense is included within administrative expenses in the Consolidated income statement.
All advanced research phase expenditure is charged to the income statement. For development expenditure, this is capitalised as an internally generated intangible asset, only if it meets criteria noted above.

The Group has contractual commitments for development costs of $nil (2016: $nil).

Intellectual property rights and patents

Intellectual property rights comprise assets acquired, being external costs, relating to know how, patents, and licences. These assets have been capitalised at the fair value of the assets acquired and are amortised within administrative expenses on a straight-line basis over their estimated useful economic life of 5 to 9 years.

Financial assets

The Group classifies all its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

- *Trade and loan receivables:* Trade receivables are initially recognised by the Group and carried at original invoice amount less an allowance for any uncollectible or impaired amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts are written off when they are identified as being uncollectible. Other receivables are recognised at fair value. Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. Impairment of a financial asset is recognised if there is objective evidence that the balance will not be recovered.

- *Cash and cash equivalents* in the statement of financial position comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated statement of cash flow.

Financial liabilities

The Group treats its financial liabilities in accordance with the following accounting policy:

- *Trade payables and other short-term monetary* liabilities are recognised at fair value and subsequently at amortised cost.

- *Bank borrowings and finance leases* are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. "Interest expense" in this context includes initial transaction costs and premiums payable on redemption, as well as any interest payable while the liability is outstanding.

Employee benefit trust (EBT)

As the company is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The EBT's assets (other than investments in the company's shares), liabilities, income, and expenses are included on a line-by-line basis in the consolidated financial statements. The EBT's investment in the company's shares is deducted from equity in the Consolidated statement of financial position as if they were treasury shares.

4. Critical judgments and key sources of estimation uncertainty

In preparing these consolidated financial statements, the Group makes judgements, estimates and assumptions concerning the future that impact the application of policies and reported amounts of assets, liabilities, income and expenses.

The resulting accounting estimates calculated using these judgements and assumptions are based on historical experience and expectations of future events, and may not equal the actual results. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognised prospectively.

The judgements and key sources of assumptions and estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these consolidated financial statements are below:

Capitalised development costs

The Group capitalises development costs in line with IAS 38, *Intangible Assets*. Management applies judgement in determining if the costs meet the criteria, and are therefore eligible for capitalisation. Significant judgements include the technical feasibility of the development, recoverability of the costs incurred, and economic viability of the product and potential market available considering its current and future customers. See Internally generated intangible assets and research and development within note 2 for details on the Group's capitalisation and amortisation policies.

Agent versus principal

As identified in note 2, revenue in respect of the Group's queuing contracts is recognised on either a gross or net basis. When analysing whether the Group is acting as a principal or agent in a given arrangement, this requires management to consider several judgemental factors. These factors include whether the Group has the ability to influence operating hours, employees, and prices, whether it bears significant credit and inventory risk, and whether it has primary responsibility for providing the goods or services to the ultimate customer (the park guest or venue).

When revenue is recognised on a gross basis, management has determined that the Group is operating the product with enough autonomy and control over the outcome that is bears significant risk and responsibility such that it is acting as the principal. The Group is generally responsible for the operation within the attraction, including sales, operation, employee management (including hiring), maintenance of the equipment and facility, and guest relations.

When revenue is recognised on a net basis, management does not view the Group's participation in the operation as significant enough to influence the factors noted above, including operation of the product, sales, maintenance, guest relations, or employee management. Revenue is generally recognised on a net basis in a revenue-share contract, as the Group's responsibility would not extend significantly beyond initial installation of the system and annual upkeep.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments in the following year are:

Determination of fair values of intangible assets acquired in business combinations

Intangible assets acquired in business combinations are important to the revenue generating capacity of the Group. The recognition of intangible assets requires management to apply judgement, and may require management to contract with specialists to assist when it deems necessary. The recognition of goodwill in a business combination results from assets which do not qualify for separate recognition, such as an assembled workforce, and buyer-specific synergies.

The fair values are based on a market participant's ability to utilise the assets, determined using a method appropriate to the specific intangible asset, and reflect assumptions and estimates that have a material effect on the carrying value of the asset.

Key assumptions and estimates made in valuing the acquired intangible assets include:

- Cash flow forecasts prepared at the time of acquisition, which involve estimating future business volumes;
- The discount rate applied to the forecasted future cash flows; and
- The costs to recreate the asset.

The nature and inherent uncertainty relating to these assumptions and estimates means that the actual cash flow may be materially different from the forecast, and would therefore have led to a different asset value. See note 2 for the useful lives and amortisation policies regarding intangible assets acquired in business combinations.

Impairment of non-financial assets (excluding inventories and deferred tax assets)
Impairment tests on goodwill are subject to annual review. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill. As the Group's CGUs have become more interrelated, and acquisitions are made with the intention of platform integration, the allocation of goodwill is monitored across the CGUs.

Management must make estimates of the pre-tax discount rate, operating margin, and terminal growth rate when testing for impairment. These inputs are based upon historical data and estimates of future events which can be difficult to predict, and actual results could vary from the estimate.

5. Tax

The table below provides an analysis of the tax charge for the periods ended 31 December 2017 and 31 December 2016:

	2017	2016
	$000	$000
UK corporation tax		
Current tax on income for the period	**1,012**	179
Adjustment in respect of prior periods	**154**	(113)
	1,166	66
Overseas tax		
Current tax on income for the period	**1,289**	1,432
Adjustment in respect of prior periods	**(707)**	129
	582	1,561
Total current taxation	**1,748**	1,627
Deferred taxation		
Original and reversal of temporary difference - for the current period	**382**	831
Impact on deferred tax of US rate change	**(5,094)**	-
Original and reversal of temporary difference - for the prior period	**229**	118
	(4,483)	949
Total taxation (benefit) / charge	**(2,735)**	2,576

The differences between the actual tax charge for the period and the theoretical amount that would arise using the applicable weighted average tax rate are as follows:

	2017	2016
	$000	$000
Profit on ordinary activities before tax	**7,166**	10,102

Tax at United States tax rate of 40% (2016: 40.0%)	**2,866**	4,041
Effects of:		
Expenses not deductible for tax purposes	**1,380**	60
Additional deduction for patent box	**(175)**	(104)
Additional deduction for R&D expenditure – current period	**(130)**	(200)
Profit subject to foreign taxes at a lower marginal rate	**(1,050)**	(1,197)
Adjustment in respect of prior period – income statement	**(324)**	134
Deferred tax not recognized	**1**	70
Impact of US tax rate change	**(5,094)**	-
Other including impact of rate differential	**(209)**	(228)
Total tax (benefit) / charge	**(2,735)**	2,576

Tax rates in the UK will reduce from 19% to 17% with effect from 1 April 2020. Tax rates in the US will reduce from 35% to 21%, before state taxes, with effect from 1 January 2018. As both rate changes have been substantively enacted at the balance sheet date, deferred tax assets and liabilities have been measured at a rate of 17% and 21% plus state taxes in the UK and US, respectively (2016: 17% and 40%, respectively). The significant reduction in the US corporate rate will also reduce the Group's effective tax rate in future periods. There are no material unrecognized deferred tax assets.

Taxation and transfer pricing

The Group is an international technology business and, as such, transfer pricing arrangements are in place to cover funding arrangements, management costs and the exploitation of IP between Group companies. Transfer prices and the policies applied directly affect the allocation of Group-wide taxable income across a number of tax jurisdictions. While transfer pricing entries between legal entities are on an arm's length basis, there is increasing scrutiny from tax authorities on transfer pricing arrangements. This could result in the creation of uncertain tax positions.

The Group provides for anticipated risks, based on reasonable estimates, for tax risks in the respective countries in which it operates. The amount of such provisions can be based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible authority. Uncertainties exist with respect to the evolution of the Group following international acquisitions holding significant IP assets, interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income.

Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Uncertainties in relation to tax liabilities are provided for within income tax payable to the extent that it is considered probable that the Group may be required to settle a tax liability in the future. Settlement of tax provisions could potentially result in future cash tax payments; however, these are not expected to result in an increased tax charge as they have been fully provided for in accordance with management's best estimates of the most likely outcomes.

Ongoing tax assessments and related tax risks

The Group has undertaken a review of potential tax risks and current tax assessments, and whilst it is not possible to predict the outcome of any current or future tax enquiries, adequate provisions are considered to have been included in the Group accounts to cover any expected estimated future settlements.

In common with many international groups operating across multiple jurisdictions, certain tax positions taken by the Group are based on industry practice and external tax advice, or are based on assumptions and involve a significant degree of judgement. It is considered possible that tax enquiries on such tax positions could give rise to material changes in the Group's tax provisions.

The Group is consequently, from time to time, subject to tax enquiries by local tax authorities and certain tax positions related to intercompany transactions may be subject to challenge by the relevant tax authority.

The Group has recognised provisions where it is not probable that tax positions taken will be accepted, totalling \$0.6 million in relation to transfer pricing risks and \$0.4 million in relation to availability of tax losses and international R&D claims.

6. **Earnings per share**

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders, after adjustments for instruments that dilute basic earnings per share, by the weighted average of ordinary shares outstanding during the period (adjusted for the effects of dilutive instruments).

Earnings for adjusted earnings per share, a non-GAAP measure, are defined as profit before tax before the deduction of amortisation related to acquisitions, acquisition costs, deferred and contingent consideration, credits to the income statement from the reversal of the earn-out liability, and costs related to share based payments, less tax at the effective rate.

The table on the following page reflects the income and share data used in the total basic, diluted, and adjusted earnings per share computations.

	2017	2016
Profit attributable to ordinary shareholders ($000)	**9,901**	7,526
Basic EPS		
Denominator		
Weighted average number of shares used in basic EPS	**24,250**	22,169
Basic earnings per share (cents)	**40.83**	33.95
Diluted EPS		
Denominator		
Weighted average number of shares used in basic EPS	**24,250**	22,169
Effect of dilutive securities		
Options	**1,337**	1,332
Weighted average number of shares used in diluted EPS	**25,587**	23,501
Diluted earnings per share (cents)	**38.70**	32.02
Adjusted EPS		
Profit attributable to ordinary shareholders ($000)	**9,901**	7,526
Adjustments for the period related to:		
Amortisation relating to acquired intangibles from acquisitions	**8,591**	4,227
Interest expense associated with deferred and contingent liabilities	**1,131**	-
Acquisition expenses (including debt arrangement fees)	**1,474**	-
Deferred and contingent payments	**2,131**	-
Profit recognised on reduction of earn out -liability	**(3,228)**	-
Share-based compensation and social security costs on unapproved options	**1,089**	987
US tax code – tax credit from revaluation of US deferred balances	**(4,450)**	-
	16,639	12,740
Net tax related to the above adjustments (2017: 24.0%, 2016: 25.5%):	**(2,880)**	(1,330)
Adjusted profit attributable to ordinary shareholders ($000)	**13,759**	11,410
Adjusted basic EPS		
Denominator		
Weighted average number of shares used in basic EPS	**24,250**	22,169
Adjusted basic earnings per share (cents)	**56.73**	51.48
Adjusted diluted EPS		
Denominator		
Weighted average number of shares used in diluted EPS	**25,587**	23,501
Adjusted diluted earnings per share (cents)	**53.77**	48.55

7. Acquisitions

Acquisition of Ingresso Group Limited

On 30 March 2017, the Group acquired 100% of the voting equity of Ingresso Group Limited, a provider of live access to ticketed events worldwide across multiple platforms, languages and currencies, for initial cash consideration of £14.8m ($18.5m), plus a potential earn out payment, capped at £10.5m ($13.1m). The total aggregate consideration was capped at £28.0m ($35.0m), assuming the earn out was achieved in full. A true-up of working capital brought the total cash investment to $18.7m.

The acquisition of Ingresso is expected to further deepen the Group's ability to help its customers drive efficiency and realise greater value from their ticketing operations. Additionally, it will open up a significantly larger global distribution channel through which existing Group customers can seek to sell their event and attraction tickets, along with providing Ingresso with a significant opportunity to grow its business via access to the Group's expansive ticket inventory, eCommerce expertise, infrastructure and global relationships. Finally, Ingresso allows the Group to address significant inefficiencies it has identified within the travel and leisure industry, and help clients generate more revenue from third party distribution channels

The earn out, payable in 2018, is based on the financial performance of Ingresso for the year ended 31 December 2017 exceeding its financial performance in 2016. It is payable in cash and secured by a floating charge on the assets of Ingresso.

The full earn out was not achieved, resulting in a credit to the Consolidated and company statement of comprehensive income of $3.2m. The Group's statement of financial position includes a liability in relation to the earn out of $9.1m. Under IFRS 3, consideration payable to employees of the acquired company is compensation expense, rather than deferred consideration. The Group's income statement contains $1.0m of compensation expense due to this treatment, and $0.2m of interest.

To fund the acquisition, the Group entered into an amendment and restatement agreement in relation to its Lloyds Bank facility dated 14 March 2016, extending the facility to allow for the ability to draw down $60m, denominated in US dollars, GB Pound Sterling, or Euros. The agreement has a four-year term, with a $10m reduction in the total available for drawdown on the first, second and third anniversaries of the restatement. There is an option to extend the agreement for a further 12 months at the end of the first year, and an accordion mechanism allowing for a further $10m related to future acquisitions.

The drawdown rate is 140 basis points above LIBOR at a borrowing to EBITDA ratio of less than 1.5 times, rising to 190 basis points if the borrowing to EBITDA ratio is greater than 2.25 times. Commitment interest on the undrawn funds is 35% of margin.

Acquisition related costs of $0.7m were incurred in relation to this acquisition, excluding capitalised finance costs ($0.4m), and are included within administrative expenses within the Statement of comprehensive income for the period. Finance costs are amortised over the life of the agreement, and presented netted against bank loans within borrowings in the statement of financial position.

If Ingresso had been a member of the Group for the full year, it would have contributed $19.7m to revenue, and $1m to profit before tax.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration, and goodwill are below as of the acquisition date:

	Book value $000	Adjustment $000	Fair value $000
Identifiable intangible assets			
Internally developed technology	514	9,835	10,349
Customer relationships	-	674	674

Supplier contracts	-	931	931
Trademarks	-	1,349	1,349
Property, plant and equipment	49	-	49
Receivables and other debtors	3,129	-	3,129
Payables and other liabilities	(11,630)	-	(11,630)
Cash	5,744	-	5,743
Deferred tax asset	582	-	582
Deferred tax liability	(20)	(2,406)	(2,426)
Total net assets	(1,632)	10,382	8,750
Cash paid at completion	18,528	-	18,528
Contingent consideration	9,553	-	9,553
Working capital true-up	208	-	208
Total consideration	28,289	-	28,289
Goodwill on acquisition			19,539

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as the assembled workforce of the acquired entity and the expected synergies of the enlarged Group, which do not qualify for separate recognition, including the ability to integrate into the Group's current product mix and enable increased sales through third party channels, unavailable to other market participants without its contracts.

The net cash outflow in respect of the acquisition comprised:

	Total $000
Cash paid	(18,736)
Net cash acquired	5,744
Total cash outflow in respect of acquisition	(12,992)

Acquisition of Blazer and Flip Flops Inc DBA The Experience Engine ("TE2")

On 20 July 2017, the Group acquired 100% of the voting equity of Blazer and Flip Flops, Inc, a privately-owned developer of software solutions which enables leading enterprises to offer a highly-personalised guest experience to their customers, primarily in the leisure, hospitality, entertainment and retail sectors. The acquisition was for an enterprise value of $80 million, and was funded by the issue of $14.4 million in new Ordinary shares of the Group to the Vendors, and an underwritten vendor and cash placing of $75.6 million.

Management believe that TE2's cloud based solution offers market-leading personalisation capabilities and data orchestration technologies which capture, model and anticipate guest behaviour and preferences not only pre- and post-visit online, but in the physical in-venue environment. The acquisition of TE2 will greatly complement and enhance the Group's existing offerings, which help its enterprise customers both improve and monetise their customers' experiences.

Using the Group's greater scale, customer relationships, sales and delivery capability, established reputation and capital resources will help accelerate adoption of TE2's solution among new and existing customers.

Acquisition related costs of $0.5m were incurred in relation to this acquisition, and are included within administrative expenses within the Statement of comprehensive income for the period.

If TE2 had been a member of the Group for the full year, it would have contributed $24.3m to revenue, and $6.6m to profit before tax.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are below:

	Book value **$000**	**Adjustment** **$000**	**Fair value** **$000**
Identifiable intangible assets			
Internally developed technology	-	22,173	22,173
Customer relationships	-	4,981	4,981
Customer relationships - backlog	-	1,460	1,460

Property, plant and equipment	195		-	195
Receivables and other debtors	3,608		-	3,608
Payables and other liabilities	(7,676)		-	(7,676)
Cash	4,108		-	4,108
Deferred tax liability	(80)		(11,446)	(11,526)
Deferred tax asset	4,565		-	4,565
Total net assets	4,719		17,168	21,888
Cash paid at completion	69,753		-	69,753
Equity instruments (245,128 ordinary shares)	5,101	(1)	-	5,101
Working capital true-up	(563)		-	(563)
Total consideration	74,291		-	74,291
Goodwill on acquisition				52,403

(1) In accordance with IFRS 3 Business Combinations, the consideration paid in shares is based on the share price at the date on which the company obtained control of TE2. The price determined in the Purchase Agreement for calculating the number of shares to be issued to the vendors is based on an average price of $20.81. The amount is booked to the Merger Relief Reserve within the Consolidated statement of financial position. Shares are subject to certain lock-up restrictions, namely that one third is fully restricted until twelve months after the completion date; a further one third is fully restricted until 24 months after the completion date; and the final one third is released from restrictions rateably over 12 months until 36 months after the completion date.

The main factors leading to the recognition of goodwill are the presence of certain intangible assets, such as the assembled workforce of the acquired entity and the expected synergies of the enlarged Group, which do not qualify for separate recognition. Expected synergies include the ability to drive increased sales via additional data collection on users of the Group's current products, and enhanced relationships with current customers.

The net cash outflow in respect of the acquisition comprised:

	Total $000
Cash paid	69,190
Net cash acquired	(4,108)
Total cash outflow in respect of acquisition	65,082