

26 January 2023

**Idox plc**  
**('Idox' or the 'Group' or the 'Company')**  
**FY22 Results**

**"A solid performance, with strong recurring revenue and margin expansion"**

Idox plc (AIM: IDOX), a leading supplier of specialist information management software and solutions to the public and asset intensive sectors, is pleased to report its financial results for the year ended 31 October 2022.

**Financial highlights**

Reconciliations between adjusted and statutory earnings are contained at the end of this announcement.

*Revenue*

- Revenue increased by 6% to £66.2m (2021: £62.2m), driven by growth in Public Sector Software.
- Recurring revenue<sup>1</sup> increased by 12% to £40.5m (2021: £36.3m), and now account for 61% of the Group's total revenue (2021: 58%).

*Profit*

- Adjusted<sup>2</sup> EBITDA increased by 15% to £22.5m (2021: £19.5m).
- Adjusted<sup>2</sup> EBITDA margin improved to 34% (2021: 31%), driven by operational improvements, acquisitions, and business mix.
- Statutory operating profit increased by 13% to £8.7m (2021: £7.6m).
- Statutory operating profit margin improved to 13% (2021: 12%).
- Statutory profit before tax £6.6m (2021: £7.3m).
- Adjusted<sup>3</sup> diluted EPS increased by 7% to 2.44p (2021: 2.27p).
- Statutory diluted EPS decreased to 1.24p (2020: 1.34p).

*Cash and debt*

- Net debt<sup>4</sup> at 31 October 2022 reduced by 18% to £6.7m (2021: £8.1m).
- Free cashflow<sup>5</sup> generation of £7.2m (2021: £9.7m).
- Acquisition of LandHawk in the year for £1.1m.

*Dividend*

- Final dividend of 0.5p per share (2021: 0.4p) declared, reflecting continuing growth opportunities, our strong financial position and our confidence in the future.

**Operational highlights**

Idox has delivered a resilient performance in a year of economic uncertainty and maintained good progress against the Group's strategic goals:

- Record full year order intake up 19% on FY21 to £74m, with good wins across the Group, providing good visibility into FY23.
- Good growth of revenue and profit in Public Sector Software (PSS) buoyed by FY21 acquisitions; stable performance in Engineering Information Management (EIM) despite difficult market conditions.
- Contract wins and extensions which increase average tenure across both our PSS and EIM businesses.
- Further enhancement of the Group's geographic information system mapping (GIS) capabilities with the acquisition of LandHawk, following on from the three FY21 acquisitions of Aligned Assets, thinkWhere and exeGesIS.
- Continued upscaling of the Pune, India, centre of excellence to increase capacity, efficiency, capability, and knowledge sharing.
- Clear focus on innovation and consolidation of our product portfolio, including our continuing journey to transition to cloud across the portfolio.

## **Current trading and outlook**

- The Group has enjoyed an encouraging start to FY23, with trading in line with the Board's expectations.
- High levels of recurring revenue, contract renewals, orderbook and pipeline, providing good visibility which leaves us well placed in our aim to grow the business by double digits in FY23.
- We continue to target further acquisitions to leverage our platform.

## **David Meaden, Chief Executive of Idox said:**

"We have continued to make strong progress in line with both expectations and our strategic plan, despite a high inflationary environment and a period of political uncertainty across the markets in which we operate.

By refocusing Idox as a software business, we have been largely insulated from the broader issues affecting the economy and by adopting market leadership positions in a small number of clearly defined areas, we have also been able to substantially improve the overall quality of our proposition. Over the past 12 months we have significantly increased our recurring revenue and sales order intake, providing greater visibility of future revenues. Looking forward, we are well placed to continue our organic growth.

With a strong balance sheet, we will look to add further capabilities and capacity through our selective and accretive acquisition strategy. We believe that by leveraging the scale of our sales and marketing, software development and overall operations we can improve the performance of acquired businesses and add real value to our clients. The level of activity has been high in the year, and we anticipate we will reap the benefit of this hard work moving forward.

We have started the new financial year encouragingly, with trading in line with our expectations, and we are confident about the outlook for the year as a whole."

***There will be a webcast at 9:30am UK time today for analysts and investors. To register for the webcast please contact MHP Communications at [idox@mhpgroup.com](mailto:idox@mhpgroup.com)***

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## **About Idox plc**

For more information see [www.idoxplc.com](http://www.idoxplc.com) @Idoxgroup

## *Alternative Performance Measures*

The Group uses these APMs, which are not defined or specified under International Financial Reporting Standards, as this is in line with the

management information requested and presented to the decision makers in our business; and is consistent with how the business is assessed by our debt and equity providers.

<sup>1</sup> Recurring revenue is defined as revenues recognised from support and maintenance fees, managed service fees (including for hosting) and Software-as-a-Service subscription fees.

<sup>2</sup> Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, financing costs and share option costs. Share option costs are excluded from Adjusted EBITDA as this is a standard measure in the industry and how management and our shareholders track performance.

<sup>3</sup> Adjusted EPS excludes amortisation on acquired intangibles, restructuring, financing, impairment, share option and acquisition costs.

<sup>4</sup> Net debt is defined as the aggregation of cash, bank borrowings and long-term bond.

<sup>5</sup> Free cashflow is defined as net cashflow from operating activities after taxation less capital expenditure and lease payments.

## **Annual financial report announcement**

The extracts below are from the Annual Financial Report 2022. Note references refer to notes included in this Annual Financial Report Announcement 2022.

### **Chair's statement**

#### **Introduction**

I am pleased to report a good set of results to all of our shareholders and other stakeholders for the financial year ending 31 October 2022. The business has maintained its trajectory of improving revenue, profit and net debt that has been established over the past few years. This year we have seen the benefits of our focused acquisitions contribution to the strong base that the business has established, and it is pleasing to note the solid growth in our levels of recurring revenue that are being delivered through our continued focus on long-term repeatable revenues.

During the year, there was a role change on our Board of Directors, as we appointed Anoop Kang to the position of Chief Financial Officer in place of Rob Grubb. We were delighted to welcome Anoop, who brings a good and complementary set of experiences to both the Board and the management team. We are fortunate that Rob sought to be part of the ongoing success of the business and is heading up our acquisition programme, as M&A Director, which we see as an important part of future value creation for the business. He has also been able to help Anoop get off to a fast start with understanding the business and has mitigated the risk associated with such an important leadership change.

As I reported last year, in 2021 we made a number of significant strategic changes through our disposal and acquisition programmes. The programme has continued, with the acquisition of LandHawk Software Services Limited, a land mapping and GIS data business, which fits very well with our core local authority and property business. FY22 has seen a significant focus on the integration of the acquisitions of Aligned Assets Limited, thinkWhere Limited and exeGesIS Spatial Data Management Ltd. These integrations have gone very well, with a complete transfer of our new colleagues onto Idox terms and conditions, and integration with the core operating systems and processes that have been established over the past four years.

One of the clearest demonstrations of our successful acquisition programme is seen in the significant growth in customers and revenues for our Idox Cloud offering, based on the cloud platform that came with the acquisition of Tascomi in 2019. Their annual recurring revenues are up 16% in FY22, and the Group was able to secure 15 new Idox Cloud Customers.

We had set ourselves a target of generating over 35% Adjusted EBITDA margin sustained over the medium term by investing in improving our core back-office systems and processes. I am pleased to say that we are well on track to achieving that target with a Group Adjusted EBITDA margin of 34% this year. This is a good performance from a mature, well managed business.

As we move into the new financial year, we can expect to see continued growth in our core businesses enhanced by the acquisitions we have already made. We will also continue to target further acquisitions to allow us to continue to leverage the platform that we have created through our operational investments.

Whilst the Covid-19 pandemic is now behind us, the longer lasting effects in changes to working patterns remains. We strive to make sure that we have the right blend of home and office work, and essential and non-essential travel

drive to make sure that we have the right blend of home and office work, and essential and non-essential travel. Employers need to work hard and creatively to enable appropriate new ways of working that meet all these new requirements without allowing a drop in the most important thing, excellent customer service. I have been impressed by the continuing positive attitudes and behaviours of all our colleagues at Idox, which has enabled this ongoing strong performance. We will continue to work to ensure that we maintain the right blend of work experience that meets our colleagues needs whilst also ensuring the continuous development of our skills and capabilities.

Building a strong and thriving culture enables us to build value for all our stakeholders. Each day we see our people living our DRIVE values by being dynamic, owning our commitments, doing the right thing, valuing those around them and being passionate about quality. It is with these values in mind that we continue to develop talent within the business creating an environment where growth and innovation is the ambition we work towards collectively.

### **Group Strategy**

The Group continued its focus on providing digital solutions and services to the public sector in the United Kingdom, complemented by our Engineering Information Management (EIM) business servicing customers across the world. The key to our success is to ensure we deliver better user results and productivity improvements for customers through focusing on usability, functionality and application of integrated digital and increasingly cloud-based technologies and solutions. The identification of acquisition opportunities and the integration of completed acquisitions is a key part of management focus and effort.

### **Board**

There has been one change to the Board in FY22, as reported above. As in the previous year, we carried out a formal Board Effectiveness review during the year, and there were some good points raised which we will be incorporating in the coming year.

I am satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence, and knowledge to the Group, however, I intend to keep this balance under review and continued assessment.

### **Corporate governance**

We are cognisant of the important responsibilities we have in respect of corporate governance and shaping our culture to be consistent with our objectives, strategy, and business model which we set out in our Strategic Report and our description of Principal Risks and Uncertainties. The Group is committed to conducting its business fairly, impartially, in an ethical and proper manner, and in full compliance with all laws and regulations. In conducting our business, integrity is the foundation of all Company relationships, including those with customers, suppliers, communities, and employees.

### **Corporate simplification**

As highlighted above, during the financial year we completed the integration of three new companies, Aligned Assets, thinkWhere and exeGesIS, by hiving their trade and assets in to Idox Software Limited. This process is underway for our latest acquisition, LandHawk. All of these businesses are enhancing our core public sector software offering.

### **Dividends**

The Board has proposed a final dividend of 0.5p (2021: 0.4p) for FY22, bringing the total for the year to 0.5p (2021: 0.4p). Subject to approval at the AGM, the final dividend will be paid on 14 April 2023 to shareholders on the register as at 31 March 2023. This decision was reached after a full consideration of the continuing growth opportunities before the business, our strong financial position and our confidence in the future.

### **Summary and outlook**

The financial results of the last year reflect the increasing quality of the Idox business. We operate in good markets, with strong market positions and insights, and we have every confidence that we can continue the excellent progress we have seen in FY22. The changes that we have made in the last few years, to the team, our structure, systems, and processes have delivered a step-change improvement in our financial performance. We can now point to an improved stability in performance and confidence for the future, based on strongly improving orderbooks and levels of recurring revenue. I am delighted to have had the opportunity to work with all my Idox colleagues during a period of such tremendous improvement and I look forward to continuing that work in delivering growing value to all our stakeholders.

Idox stakeholders are fortunate that such a talented group of people, including our recently joined colleagues from our acquisition programme, have chosen Idox as a place they want to work. Their expertise and diligence have continued to deliver the support and value that our customers expect, and I am pleased to extend my thanks to all of them.

**Chris Stone**

Chairman

## **Chief Executive's review**

### **Strong progress**

We have continued to make strong progress in line with our strategic plan, despite a backdrop of high inflation and a period of political uncertainty.

By refocussing Idox as a software business, we have been largely insulated from the broader issues affecting the wider economy. Our market leading positions in our chosen markets means we have also been able to substantially improve the overall quality of our business. This clear focus has delivered improved margins and cash generated by operations, lower debt, and a stronger balance sheet.

We aim to be a 'rule of 40' business, where the combination of growth rate plus EBITDA equates to forty per cent. Through the adoption of our 4 Pillars (Revenue, Margins, Simplification, Communication), we have continued to improve our business and automate our processes. These continuous marginal improvements to our customer engagement and operating models have allowed us to improve EBITDA margins materially in the year from 31% to 34%.

### **Growth**

Looking forward, we are well placed to continue to grow organically. Over the past 12 months we have significantly increased our recurring revenue and sales order intake, providing greater visibility of future revenues.

The local authority sector continues to be robust, and client retention across our core markets remains very high. We continue to be a partner to each of our local authority customers, helping them achieve better efficiencies, and we drive forward innovations that improve the quality and frequency of their engagement with citizens.

Whilst Public Sector markets have pressure on their budgets, there is a clear need to improve the way services are delivered to an increasing and complex system of stakeholders. This is especially true in land and property where we are focusing more of our ongoing investment on products that connect the wider eco-system of local authorities, planners, private developers, land agents, construction companies, estate agents, conveyancers and others who need to access the same consistent data and processes. We believe there are opportunities to improve the way the broader system operates and communicates to the benefit of all parties, in particular there also remains a significant opportunity to broaden our product offering with existing public sector clients.

This move to embrace digitisation requires greater accuracy of data and in particular geo spatial data, which is an area where we have improved our capabilities with the acquisitions of thinkWhere, LandHawk, Aligned Assets and exeGesIS over the last 24 months.

With the well documented skills shortages, clients are finding it challenging to retain and develop key skills, particularly in IT and data. As a trusted partner, Idox can often fill these gaps, with additional software solutions, hosting options or professional services.

### **Scaling the business**

With our strong balance sheet, we will look to follow the success to date of adding further capabilities and capacity through a selective and accretive acquisition strategy. We believe that by leveraging the scale of our sales and marketing, software development and overall operations we can improve the performance of acquired businesses and add real value to our clients. The level of activity has been high in the year, and we anticipate we will reap the benefit of this hard work moving forward.

We have good headroom in our facilities to fund further M&A opportunities, with a £35m revolving credit facility and £10m accordion. We continue to pursue a number of acquisition opportunities but remain focused on ensuring strategic alignment whilst maintaining a disciplined approach to valuation.

### **Operations**

We continue to optimise our operations across the Group. In our development team, following an internal recruitment process, we are pleased to have appointed Rick Hassard to the new role of Director of Engineering, and continued to grow our presence in Pune, India.

Should you have any questions regarding the information contained in this document, please contact the person named below.

Shortly after the end of the financial year, we implemented a new divisional structure that will allow us to delegate more authority to those closest to our markets, products, and customers and to seek out ways to deliver more value as part of our 'Fly' stage. Scott Goodwin, Chris Evans, and Steve Bruce now head up the Land and Property, Communities and Assets operations respectively.

## **People**

Growth requires that we have flexibility in our organisational model and that we have talent that can rise to the opportunities presented. Over the last two years we have put approximately 100 people through the Idox Leadership Programme, Leading Together, and we are pleased that the recent set of senior appointments in the business have all been graduates of that programme.

While we work on maintaining and growing a positive culture, we continue to review and track our rewards and benefits to ensure that our colleagues are fairly compensated.

We continue to focus heavily on employee engagement, and the importance of culture and values throughout our business. The Groupwide CEO broadcasts continue to be very well attended and we were delighted with the response from our teams to our 'Dare to be Different' survey, aimed at making Idox an inclusive workplace allowing everyone to be their best selves.

## **Outlook**

We have made an encouraging start to FY23, and we continue to trade in line with the Board's expectations. We will continue to invest selectively to grow our capabilities and support our customers. The business has a strong foundation in property and asset-based solutions and this, along with our focus on digital transformation and Cloud provision, will underpin our future strategy and growth. We are well placed in our aim to grow organically by double digits, given our increase in sales order intake and recurring revenue, providing greater visibility of future revenues.

We continue to have financial resources at our disposal for accretive and enhancing acquisitions and, having shown that this can be delivered successfully, we look forward to driving shareholder value moving forward. We remain confident about the outlook for the year as a whole

## **David Meaden**

Chief Executive Officer

## **Chief Operating Officer's review**

### **Overview**

I am pleased to provide an operational update and to report successful progress across the year at Idox. We continue to evolve our operational structures to deliver better services, more effectively, whilst maintaining our performance levels and high standards.

Across the Group, colleagues have shown great resilience and determination in the delivery of critical software and national infrastructure solutions into our growing customer base.

We are successfully operating in a hybrid working model, with colleagues working from both office locations and home where roles allow. This continued flexibility provides colleagues with a balanced approach and works well with our customer requirements which continue, on the whole, to necessitate remote working, with only limited onsite presence requested.

Across the Group, our Four Pillars continue to drive our operating model at both a tactical deployment and strategic level. This approach embodies a clear methodology and culture for all colleagues when making key decisions within the business.

### **Revenue**

To provide a more targeted focus on the markets that we serve, and to ensure our solutions help our customers deliver better services, for FY23 we have implemented a divisional structure that consolidates Business Units delivering comparable technical solutions or serving similar markets: Land and Property, Communities and Assets.

The Divisional structure has been designed to create a direct focus for sales, products, and customer engagement. Aimed at delivering great customer outcomes and aligning product roadmaps and innovation investment more dynamically to their respective market requirements, these changes will help drive high quality, long-term sustainable revenue growth across the Group. Our operating model continues to leverage the overall scale of the Group across horizontal functions including,

Software Development, Professional Services, Customer Support and Infrastructure.

We retain strong business controls and governance to ensure that revenue is of high quality, and we continue to adopt and implement solutions that help improve our annually recurring revenues and long-term value.

Focussing on long-term sustainable growth has helped deliver a growth rate of over 12% for Annual Recurring Revenues across the Group.

We continue to invest in our sales stratification strategy, improving efficiencies, reducing our overall cost of sales and enhancing the customer experience. This year we welcomed 190 new customers to Idox and saw our order intake grow to over £74m (+19% YoY) which was significantly ahead of our revenues in-year, building momentum into future revenues and orderbook.

We continue to lead the way in the provision of digital SaaS platforms for the Built Environment and Public Protection, Public Sector market through our Idox Cloud solutions, winning 15 new customers to the platform. New customers included North Warwickshire Borough Council and Rother District Council. Our cloud conversion strategy saw continued successes this year with more customers committing to long-term agreements with Idox, including both Shropshire County Council and London Borough of Brent moving to the Idox Cloud solution. We also saw significant successes in the Local Authority customer base particularly in the provision of private cloud services; successes included Aberdeenshire Council, North Lanarkshire Council, Sunderland City Council and Newport City Council.

In Aligned Assets we continued to win new business throughout 2022, providing an address management service to the largest police force in the country, the Metropolitan Police. Our solution delivers critical information and property intelligence directly to investigating officers. This is a solution that is fundamental to the emergency dispatch of officers for the whole of Greater London and the Royal estates, so accuracy, speed and resilience are vital components of the solution.

In Social Care we saw new wins with Oldham Council, Isle of Wight and Cambridgeshire County Council. In our Sexual Health Solutions, we saw an important win with Solution4Health and long-term commitments from Virgin Care Services, Central London Community Health NHS Trust and Berkshire Healthcare NHS Foundation Trust.

In Elections we saw new clients for both Elections Management Software and PVMS (Print & Managed Services), these included Oxford City Council, Somerset Council, and Scottish Borders Council. Our Databases business continued to attract additional customers, where we secured over 120 new customers to our GrantFinder and ResearchConnect SaaS solutions.

In our EIM division we welcomed 15 new customers across a number of different industries, this included a five-year contract for Lummus Technology LLC, TransAlta Energy Corporation and Adani-Ambuja Cements Ltd. We also saw continued commitment and large projects from existing customers including Canadian Natural Resource Limited (CNRL), Oxy Inc, and PSEG.

### **Margins**

We have seen an overall improvement in Adjusted EBITDA to 34% (2021: 31%) in our continuing business performance over the last 12-months. We recorded a statutory profit before tax of £6.6m (2021: £7.3m) representing a statutory profit margin of 10% (2021: 12%).

Across the Group we continue to invest in our people, technology and operational initiatives to help drive improvements in margin performance. Leading Together and other development programmes have created many opportunities for colleagues from within the business to take on new roles and promotions.

We have doubled the size of our India operation in Pune and extended our capabilities to include all aspects of our back-office functions, including Finance and HR. We have also expanded our development capacity and included technical consultancy and services resources; this continues to be a key strategic development area for Idox.

Our operational structure combines the focus of a targeted divisional go-to-market team focussed on product innovation, revenue and customer growth with the scale of the entire Group for Engineering, Professional Services, Customer Support and other back-office functions, this combination maximises our cost base and resources.

### **Simplification**

We continue with our efforts to operate the Group as a simple and efficient business, leveraging the scale of the

organisation with continued Group wide operational functions for Professional Services, Engineering, Customer Helpdesk/Support functions as well as IT, People services and Finance.

A divisional structure provides the leadership required to directly drive revenue growth and strategic product alignment through bringing the appropriate market knowledge and domain expertise.

We continue to invest in technology, process improvement and organisational design across the Group which includes the implementation of Financial Force as a Professional Services Automation (PSA) tool bringing greater project and financial controls, better deployment of resources, improved utilisation, and has allowed Idox to improve the overall Customer Experience.

As we look to maximise our investment in our CRM tools implemented over the previous years, we have included additional capabilities for forecasting and deployed pricing automation tools to the portfolio, improving consistency, efficiency and revenue visibility.

We have also implemented technology to assist Product Management and Engineering areas; helping to align strategic product objectives with our corporate objectives. These tools help us drive best practice and execute delivery across the organisation in a consistent and effective way. A key initiative of the investment is the provision of a dynamic communication gateway for customers; improving feedback, delivering release notes, providing articles for consultation and generating active product roadmaps are all features of the gateway. This improves the overall collaboration with our customers and is helping us drive our investments and development efforts into the areas that really matter for our customers.

We have maintained our commitment to high quality processes by renewing our ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 45001 (Occupational Health & Safety) and ISO 27001 (Information Security Management) accreditations as well as achieving certification for ISO 22301 (Business Continuity). I am also pleased to report that during the year, Idox was fully accredited with Cyber Essential Plus, demonstrating our ongoing commitment to cyber security and protection protocols).

### **Communication**

This year we have continued to improve the way we work and communicate with our customers, leveraging technologies previously mentioned to help create more meaningful engagement and increasing touch points. Additionally, we have communicated directly through our extensive account management teams, these are further supported through our internal sales support and our project management office.

We also work with specific areas of government and industry groups directly linked to the markets that we serve. This provides access and knowledge of the latest strategies, requirements and trends enabling Idox to participate in these discussions and take advantage of these opinions and points of view within development plans.

We operate a wide and varied communication strategy across all our teams and look to address issues and challenges identified with openness and transparency. We aim to reflect our own people's desire for Idox to be a socially responsible and sustainable business, providing colleagues with time and resources to support charities and local good causes. Our employee initiatives, such as Workplace Wellbeing, provide support to our colleagues and create communities where support and connection is created. We also look to encourage colleagues to initiate and drive engagement across the business through shared interest, these have included photography groups, pets, cycling, knitting and other hobbies and pastimes. We believe that these are all good signs of a healthy and vibrant business with actively engages colleagues where all opinions are aired and heard.

FY23 has started well and with our new divisional structure, focussing our efforts on specific market challenges and aligning our investments into key revenue opportunities, we are already seeing a positive impact.

### **Jonathan Legdon**

Chief Operating Officer

### **Financial review**

FY22 has seen a robust set of results against challenging market conditions. The Group delivered increased revenues and improved levels of EBITDA and margin along with improvements in its net debt position at 31 October 2022. In addition, the Group continued to progress its M&A strategy and completed the acquisition of LandHawk in October 2022.



The Idox Content businesses are classified as discontinued operations following their disposal in FY21. As a result of the disposal there have been no revenues or EBITDA attributable to this division in the year, however, there have been finalisation costs associated with the disposal of £0.6m.

The following table sets out the revenues and Adjusted EBITDA for each of the Group's segments from its continuing and discontinued activities:

	<b>FY22</b>	<b>FY21</b>	<b>Variance</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
<b>Revenue</b>				
- Public Sector Software	58,283	54,114	4,169	8%
- Engineering Information Management	7,901	8,071	(170)	(2%)
- Idox Software	66,184	62,185	3,999	6%
- Idox Content (discontinued)	-	3,897	(3,897)	(100%)
- Total	66,184	66,082	102	(0%)
<b>Revenue split</b>				
- Public Sector Software	88%	82%		
- Engineering Information Management	12%	12%		
- Idox Software	100%	94%		
- Idox Content (discontinued)	-	6%		
<b>Adjusted EBITDA*</b>				
- Public Sector Software	20,974	17,969	3,005	17%
- Engineering Information Management	1,535	1,550	(15)	(1%)
- Idox Software	22,509	19,519	2,990	15%
- Idox Content (discontinued)	-	276	(276)	(100%)
- Total	22,509	19,795	2,714	14%
<b>Adjusted EBITDA margin split</b>				
- Public Sector Software	36%	33%		
- Engineering Information Management	19%	19%		
- Idox Software	34%	31%		
- Idox Content (discontinued)	-	7%		
- Total	34%	30%		

\* Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, financing costs and share option costs.

#### Continuing operations - PSS and EIM

	<b>FY22</b>	<b>FY21</b>	<b>Variance</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
<b>Continuing revenues</b>				
- Recurring (PSS)	34,557	30,111	4,446	15%
- Recurring (EIM)	5,989	6,139	(150)	(2%)
- Total recurring	40,546	36,250	4,296	12%
- Non-recurring (PSS)	23,726	24,003	(277)	(1%)
- Non-recurring (EIM)	1,912	1,932	(20)	(1%)
- Total non-recurring	25,638	25,935	(297)	(1%)
- Total continuing revenue	66,184	62,185	3,999	6%
- Recurring*	61%	58%		
- Non-recurring**	39%	42%		

\* Recurring revenue is defined as revenues associated with access to a specific ongoing service, with invoicing that typically recurs on an annual basis and underpinned by either a multi-year or rolling contract. These services include Support & Maintenance, SaaS fees, Hosting services, and some Managed Service arrangements which involve a fixed fee irrespective of consumption.

\*\* Non-Recurring revenue is defined as revenues without any formal commitment from the customer to recur on an annual basis.

Revenue from continuing operations for the Group increased 6% in the year to £66.2m (2021: £62.2m). PSS was up 8% for the year at £58.3m (2021: £54.1m) and EIM has remained broadly flat with revenue of £7.9m (2021: £8.1m). Taking account of revenues from discontinued businesses in 2021 of £3.9m total Group revenue is slightly up in the year.

Recurring revenues for the year increased 12% from £36.3m to £40.5m and represented 61% (2021: 58%) of the total continuing revenue. Within PSS, recurring revenue increased 15% to £34.6m (2021: £30.1m). Good growth in recurring revenue in the Group's Local Authority and Grants businesses was supported by new wins and a full year impact from Aligned Assets, exeGesIS, and thinkWhere. The recurring revenues in EIM remained stable at £6.0m (2021: £6.1m).

Non-recurring revenues for the year were marginally lower at £25.6m (2021: £25.9m). PSS recorded a small reduction of £0.3m resulting in revenue of £23.7m (2021: £24.0m) with strong contributions from the Local Authority and Elections businesses. EIM remained stable at £1.9m (2021: £1.9m).

Adjusted EBITDA increased by 15% to £22.5m (2021: £19.5m), delivering an improved Adjusted EBITDA margin of 34% (2021: 31%). The margin improvement has been driven by a combination of operational efficiencies, changes in mix and pricing.

We continue with our efforts to improve efficiencies through marginal gains across our sales, development, professional services and support activities, and leverage our common resources to drive higher margins through improved economies of scale.

#### Discontinued operations - Content

The Group divested of its Content division during March and April 2021 and therefore has not recorded any revenues in the year. The table below is included to provide the comparative figures for FY21.

	<b>FY22</b>	<b>FY21</b>	<b>Variance</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
<b>Idox Content revenues</b>				
- Recurring	-	604	(604)	(100%)
- Non-recurring	-	3,293	(3,293)	(100%)
- Recurring	-	3,897	(3,897)	(100%)
- Non-recurring	-	15%		
				85%

#### Profit before taxation

The statutory profit before tax was £6.6m (2021: £7.3m). The reasons for the improved adjusted EBITDA are set out above, and the reasons for the movements in all other constituent parts of profit before tax are set out below. The following table provides a reconciliation between adjusted EBITDA and statutory profit before taxation for continuing operations.

	<b>FY22</b>	<b>FY21</b>	<b>Variance</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>
Adjusted EBITDA	22,509	19,519	2,990	15%
Depreciation	(1,597)	(1,581)	(16)	1%
Amortisation - software licences and R&D	(5,317)	(5,062)	(255)	5%
Amortisation - acquired intangibles	(3,670)	(3,561)	(109)	3%
Restructuring costs	(470)	90	(560)	(622%)
Acquisition costs	(183)	134	(317)	(237%)
Financing costs	(30)	(110)	80	(73%)
Share option costs	(2,584)	(1,789)	(795)	44%
Net finance costs	(2,056)	(372)	(1,684)	453%
Profit before taxation	6,602	7,268	(666)	(9%)

Restructuring costs were £0.5m (2021: £0.1m gain). The restructuring costs in the year are associated with further simplifications of the Group structure as we look to remove historical dormant companies associated with previous acquisitions.

Acquisition costs of £0.2m (2021: £0.1m gain) relates to the acquisition of LandHawk in the year and finalisation fees associated with the acquisition of Aligned Assets, thinkWhere and exeGesIS in the prior year. The prior year is in relation to the acquisition of Aligned Assets, thinkWhere and exeGesIS.

Financing costs of £30k (2021: £0.1m) relate to the annual fee incurred as part of the loan facility agreement. The prior year costs were incurred as part of the loan extension and transition to SONIA from LIBOR in October 2021.

Share option costs of £2.6m (2021: £1.8m) relate to the accounting charge for awards made under the Group's Long-term Incentive Plan. The increase in the year is driven by the full year impact of awards made in the prior year coupled with additional awards made in FY22.

Net finance costs have increased to £2.1m (2021: £0.4m) due the impact of a £1.0m adverse foreign exchange movement (non-cash) on the Euro denominated bond and a £0.7m adverse impact of an effective interest rate accounting adjustment on drawn loan balances (also non-cash).

The Group continues to invest in developing innovative technology solutions across the Idox Software portfolio and has capitalised development costs of £6.6m (2021: £4.6m). The increase in the year is primarily due to the full year impact of the FY21 acquisitions (£1.5m), with the remaining £0.5m being driven by an increase in our development and other outsourced costs.

#### Taxation

The effective tax rate (ETR) for the year was 16.4% (2021: 9.4%) for total operations. The ETR for the year for

The effective tax rate (ETR) for the year was 16.4% (2021: 9.4%) for total operations. The ETR for the year for continuing operations was 16.4% (2021: 17.0%).

The main factors for the reduction in the volatility in the ETR on the profit before tax position were the disposals in FY21 which resulted in income not subject to tax, meaning permanent and other differences giving rise to ETR effects were proportionately lower in the current period. These differences included routine non-allowable amounts, losses utilised in the period in addition to international losses not recognised in the period and higher overseas tax rates.

The difference between the statutory rate of 19% and the ETR of 16.42% is due to tax losses utilised in the year, the impact of overseas tax rates and international losses arising in the period and not recognised.

There are substantial carried-forward losses not recognised for deferred tax purposes to date, owing to adoption of a prudent loss recognition position. The gross value of these losses not recognised to date totals £13m, split across Malta (£10.9m) and France (£2.1m). The Board is hopeful that the Group will benefit from these unrecognised tax losses, with the exception of Malta, in the future and these will be recognised at the point where utilisation becomes more certain.

### Earnings per share and dividends

Basic earnings per share for continuing and discontinued operations decreased to 1.14p (2021: 2.71p) as a result of the profit for FY21 benefitting from the £6.29m gain on disposal of the Content businesses. Diluted earnings per share decreased to 1.11p (2021: 2.65p).

Adjusted basic earnings per share for continuing operations increased 6% to 2.48p (2021: 2.33p) and adjusted diluted earnings per share increased 7% to 2.44p (2021: 2.27p). The difference between the increase in adjusted EBITDA of 15% and the adjusted basic earnings per share of 8% is driven by the increase in finance costs in the year.

The Board proposes a final dividend of 0.5p per share (2021: 0.4p), which represents a total dividend for the year of 0.5p per share (2021: 0.4p), at a total cost of £2.3m (2021: £1.8m).

### Balance sheet and cash flows

The Group's net assets have increased to £67.4m compared to £60.8m as at 31 October 2021. The constituent movements are detailed in the Group's consolidated Statement of Changes in Equity: which are summarised as follows:

	<b>12 months to 31 October 2022 £000</b>
Total Equity as per FY21 Financial Report	60,810
Share option movements	2,542
Fair value of deferred consideration shares on purchase of subsidiary	376
Equity dividends paid	(1,784)
Profit for the year	5,044
Exchange gains on translation of foreign operations	428
Total Equity as per FY22 Financial Report	<u>67,416</u>

The increase in the Group's net assets is principally due to the profit for the year, with an improvement in net debt in the year as the Group continued to target cash generative revenues and margins across its business. This is bolstered by the increase of intangible assets due to the purchase of LandHawk in the year, which was offset by the reduction in the right-of-use-assets. The Group settled VAT deferrals from the previous year of £1.0m and the historic provision associated with our exited London office.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 81% (2021: 84%). This decrease was due primarily to the VAT liability deferrals the Group took advantage of as part of its early Covid-19 pandemic defensive actions in FY20 which were fully settled in FY22. The Group generally continues to have high levels of adjusted EBITDA to cash conversion.

Free cashflow for the year was £7.2m (2021: £9.7m). Free cashflow has decreased in the year due to the VAT effect referred to above coupled with an increased investment in capex in the year.

	<b>FY22 £000</b>	<b>FY21 £000</b>
Net cashflow from operating activities after taxation	15,647	16,554
Capex	(7,558)	(5,747)
Lease payments	(927)	(1,154)

Free cashflow

	2022	2021
	7,162	9,653

The Group ended the year with net debt of £6.7m (2021: £8.1m), an 18% improvement on the 2021 net debt position. Net debt comprised cash of £13.9m less bank borrowings of £9.2m and the Maltese listed bond of £11.3m, which is due in June 2025. We ended the year with a net debt to Adjusted EBITDA ratio of 0.3 (2021: 0.42).

The Group retains significant liquidity with cash and available committed bank facilities and has strong headroom against financial covenants. The Group's total available facilities at 31 October 2022 consisted of a revolving credit facility of £35m and £10m accordion which continue to June 2024.

**Anoop Kang**

Chief Financial Officer

	Note	2022 £000	2021 £000
<b>Continuing operations</b>			
Revenue	3	66,184	62,185
Cost of sales		<u>(15,050)</u>	<u>(17,130)</u>
<b>Gross profit</b>		<b>51,134</b>	<b>45,055</b>
Administrative expenses		<u>(42,476)</u>	<u>(37,415)</u>
<b>Operating profit</b>		<b>8,658</b>	<b>7,640</b>
<b>Analysed as:</b>			
<b>Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs</b>			
	3	<b>22,509</b>	<b>19,519</b>
Depreciation		(1,597)	(1,581)
Amortisation		(8,987)	(8,623)
Restructuring costs		(470)	90
Acquisition costs		(183)	134
Financing costs		(30)	(110)
Share option costs		<u>(2,584)</u>	<u>(1,789)</u>
Finance income		97	818
Finance costs		<u>(2,153)</u>	<u>(1,190)</u>
<b>Profit before taxation</b>		<b>6,602</b>	<b>7,268</b>
Income tax charge		(991)	(1,237)
<b>Profit for the year from continuing operations</b>		<u>5,611</u>	<u>6,031</u>
<b>Discontinued operations</b>			
(Loss) / profit for the year from discontinued operations	4	(567)	5,918
<b>Profit for the year attributable to the owners of the parent</b>		5,044	11,949
<b>Other comprehensive income / (loss) for the year</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange movements on translation of foreign operations net of tax		428	(108)
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<u>428</u>	<u>(108)</u>
<b>Total comprehensive income for the year</b>		<u><b>5,472</b></u>	<u><b>11,841</b></u>
<b>Total comprehensive income for the year attributable to owners of the parent</b>		<u><b>5,472</b></u>	<u><b>11,841</b></u>
<b>Earnings per share attributable to owners of the parent during the year</b>			
From continuing operations			
Basic	5	1.27p	1.37p
Diluted	5	1.24p	1.34p
From continuing and discontinued operations			
Basic	5	1.14p	2.71p
Diluted	5	1.11p	2.65p

The accompanying accounting policies and notes form an integral part of these financial statements.



costs	-	-	-	-	1,894	-	-	-	-	-	<b>1,894</b>
Exercise / lapses of share options	-	-	-	27	(550)	-	-	-	-	535	<b>12</b>
ESOP trust	-	-	-	-	-	-	(44)	-	-	-	<b>(44)</b>
Fair value of deferred consideration shares on purchase of subsidiary	-	-	-	-	-	1,261	-	-	-	-	<b>1,261</b>
Equity dividends paid	-	-	-	-	-	-	-	-	-	(1,331)	<b>(1,331)</b>
<b>Transactions with owners</b>	<b>19</b>	<b>-</b>	<b>200</b>	<b>27</b>	<b>1,344</b>	<b>1,261</b>	<b>(44)</b>	<b>-</b>	<b>-</b>	<b>(796)</b>	<b>2,011</b>
Profit for the year	-	-	-	-	-	-	-	-	-	11,949	<b>11,949</b>
<b>Other comprehensive loss</b>											
Recycled exchange movements on disposal of subsidiaries	-	-	-	-	-	-	-	80	(80)	-	-
Exchange movement on translation of foreign operations	-	-	-	-	-	-	-	(108)	-	-	<b>(108)</b>
<b>Total comprehensive (loss) / income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28)</b>	<b>-</b>	<b>11,869</b>	<b>11,841</b>
<b>Balance at 31 October 2021</b>	<b>4,469</b>	<b>1,112</b>	<b>41,556</b>	<b>(594)</b>	<b>3,962</b>	<b>8,789</b>	<b>(417)</b>	<b>(189)</b>	<b>-</b>	<b>2,122</b>	<b>60,810</b>
Issue of share capital	56	-	-	-	-	-	-	-	-	-	<b>56</b>
Share option costs	-	-	-	-	2,535	-	-	-	-	-	<b>2,535</b>
Exercise / lapses of share options	-	-	-	-	(1,681)	-	-	-	-	1,681	-
ESOP trust	-	-	-	-	-	-	(49)	-	-	-	<b>(49)</b>
Exercise of deferred consideration shares	-	-	-	-	-	(420)	-	-	-	420	-
Fair value of deferred consideration shares on purchase of subsidiary	-	-	-	-	-	376	-	-	-	-	<b>376</b>
Equity dividends paid	-	-	-	-	-	-	-	-	-	(1,784)	<b>(1,784)</b>
<b>Transactions with owners</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>854</b>	<b>(44)</b>	<b>(49)</b>	<b>-</b>	<b>-</b>	<b>317</b>	<b>1,134</b>
Profit for the year	-	-	-	-	-	-	-	-	-	5,044	<b>5,044</b>
<b>Other comprehensive income</b>											
Exchange movement on translation of foreign operations	-	-	-	-	-	-	-	428	-	-	<b>428</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>428</b>	<b>-</b>	<b>5,044</b>	<b>5,472</b>
<b>Balance at 31 October 2022</b>	<b>4,525</b>	<b>1,112</b>	<b>41,556</b>	<b>(594)</b>	<b>4,816</b>	<b>8,745</b>	<b>(466)</b>	<b>239</b>	<b>-</b>	<b>7,483</b>	<b>67,416</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

#### Consolidated cashflow statement

	Note	2022 £000	2021 £000
<b>Cash flows from operating activities</b>			
Profit for the year before taxation		6,035	13,186
Adjustments for:			
Depreciation of property, plant and equipment		848	801
Depreciation of right-of-use assets		749	1,021
Amortisation of intangible assets		8,987	8,835
Loss / (gain) on disposal / purchase of subsidiary		657	(6,679)

Finance income	(73)	(800)
Finance costs	2,034	1,060
Debt issue costs amortisation	119	144
Research and development tax credit	(449)	(267)
Share option costs	2,584	1,908
Profit on disposal of fixed assets	(15)	-
Movement in receivables	(1,316)	3,086
Movement in payables	(1,896)	(5,947)
<b>Cash generated by operations</b>	<b>18,264</b>	<b>16,348</b>
(Tax paid) / tax refunded	(2,617)	206
<b>Net cash from operating activities</b>	<b>15,647</b>	<b>16,554</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	(2,219)	(10,530)
Disposal of subsidiaries	(146)	10,669
Proceeds on sale of fixed assets	15	-
Purchase of property, plant and equipment	(911)	(1,110)
Purchase of intangible assets	(6,647)	(4,637)
Finance income	73	66
<b>Net cash used in investing activities</b>	<b>(9,835)</b>	<b>(5,542)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(997)	(967)
Loan drawdowns	2,500	15,600
Loan related costs	(183)	(292)
Loan repayments	(9,100)	(35,000)
Principal lease payments	(927)	(1,154)
Equity dividends paid	(1,784)	(1,331)
Issue of own shares	(133)	64
<b>Net cash outflows from financing activities</b>	<b>(10,624)</b>	<b>(23,080)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(4,812)</b>	<b>(12,068)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>18,283</b>	<b>30,812</b>
Exchange gains / (losses) on cash and cash equivalents	393	(461)
<b>Cash and cash equivalents at the end of the year</b>	<b>13,864</b>	<b>18,283</b>

The accompanying accounting policies and notes form an integral part of these financial statements.

## Notes to the condensed financial statements

### 1 BASIS OF PREPARATION

The financial information contained in these condensed financial statements does not constitute the Group's statutory accounts within the meaning of the Companies Act 2006.

Statutory accounts for the year ended 31 October 2021 and 31 October 2022 have been reported on, with an unqualified opinion.

Whilst the financial information included in this Annual Financial Report Announcement has been computed in accordance with International Financial Reporting Standards (IFRS) this announcement, due to its condensed nature, does not itself contain sufficient information to comply with IFRS.

This Annual Financial Report Announcement includes note references that refer to notes in this Annual Financial Report Announcement 2022.

Statutory accounts for the year ended 31 October 2021 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 October 2022, prepared under IFRS, are available on the Group's website: <https://www.idoxgroup.com/investors/financial-reporting/> and will be delivered to the Registrar in due course. The Group's principal accounting policies as set out in the 2021 statutory accounts have been applied consistently in all material respects.

### Going Concern

The Directors, having made suitable enquiries and analysis of the accounts, consider that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered the Group's budget, cash flow forecasts, available banking facility with appropriate headroom in

have considered the Group's budget, cash flow forecasts, available banking facility with appropriate headroom in facilities and financial covenants, and levels of recurring revenue.

In December 2019 the Group had refinanced with the National Westminster Bank plc, Silicon Valley Bank and Santander UK plc. The facilities, which comprise a revolving credit facility of £35,000,000, were extended during FY21 and are committed until June 2024.

As part of the preparation of our FY22 results, the Group has performed detailed financial forecasting, as well as severe stress-testing in our financial modelling, but have not identified any credible scenarios that would cast doubt on our ability to continue as a going concern.

The Group has performed sensitivity analysis of financial modelling to identify what circumstances could lead to liquidity challenges. This forecasting has demonstrated that the Group would only breach its banking covenants in the most severe of circumstances which are not considered credible. Under this sensitivity analysis, recurring revenues renewals were assumed to be 27% lower than plan and non-recurring revenues won and delivered lower by 55%, with no corresponding action on costs to address these shortfalls. Under this scenario, the Group would likely be in breach of its banking covenants during FY24, albeit liquidity even in this extreme scenario remains strong. This scenario is not considered credible given the growth the Group has experienced in FY20 to FY22 in recurring and non-recurring revenues despite the impact of the Covid-19 pandemic.

Therefore, this supports the going concern assessment for the business.

The Annual Financial Report Announcement was approved by the Board of Directors on 25 January 2023 and signed on its behalf by David Meaden and Anoop Kang.

## **2 RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES**

The Directors confirm that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The name and function of each of the Directors for the year ended 31 October 2022 are set out in the Annual Financial Report 2022.

## **3 SEGMENTAL ANALYSIS**

During the year ended 31 October 2022, the Group was organised into two operating segments, which are detailed below.

Financial information is reported to the chief operating decision maker, which comprises the Chief Executive Officer and the Chief Financial Officer, monthly on a business unit basis with revenue and operating profits split by business unit. Each business unit is deemed an operating segment as each offers different products and services.

- Public Sector Software (PSS) - delivering specialist information management solutions and services to the public sector.
- Engineering Information Management (EIM) - delivering engineering document management and control solutions to asset intensive industry sectors.

During the year ended 31 October 2021, the Contract (CNT) segment was sold. As Contract was a separate



During the year ended 31 October 2021 the Content (CONT) segment was sold. As Content was a separately identifiable segment, the results for the comparative year have been classed as a discontinued operation.

Segment revenue comprises sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the Board represents the profit earned by each segment before the allocation of taxation, Group interest payments and Group acquisition costs. The assets and liabilities of the Group are not reviewed by the chief operating decision maker on a segment basis. The Group does not place reliance on any specific customer and has no individual customer that generates 10% or more of its total Group revenue.

To provide a more targeted focus on the markets that we serve, and to ensure our solutions help our customers deliver better services, from 1 November 2022, we have implemented a divisional structure that consolidates Business Units delivering comparable technical solutions or serving similar markets: Land, Property & Public Protection, Communities and Assets.

The Divisional structure has been designed to create a direct focus for sales, products, and customer engagement. Aimed at delivering great customer outcomes and aligning product roadmaps and innovation investment more dynamically to their respective market requirements, these changes will help drive high quality, long-term sustainable revenue growth across the Group. Our operating model continues to leverage the overall scale of the Group across horizontal functions including, Software Development, Professional Services, Customer Support and Infrastructure.

Information provided to the chief operating decision maker in FY23 will be revised in line with the new operating structure and therefore the segmental disclosures will be aligned accordingly.

The segment revenues by geographic location are as follows:

	<b>Continuing £000</b>	<b>Discontinued £000</b>	<b>Total Group £000</b>
<b>2022: Revenues from external customers</b>			
United Kingdom	58,053	-	58,053
USA	4,834	-	4,834
Europe	2,781	-	2,781
Rest of World	516	-	516
	<u>66,184</u>	<u>-</u>	<u>66,184</u>
	<b>Continuing £000</b>	<b>Discontinued £000</b>	<b>Total Group £000</b>
<b>2021: Revenues from external customers</b>			
United Kingdom	52,038	46	52,084
USA	5,181	27	5,208
Europe	4,275	3,824	8,099
Rest of World	691	-	691
	<u>62,185</u>	<u>3,897</u>	<u>66,082</u>

Revenues are attributed to individual countries on the basis of the location of the customer.

The segment revenues by type are as follows:

	<b>Continuing £000</b>	<b>Discontinued £000</b>	<b>Total Group £000</b>
<b>2022: Revenues by type</b>			
Recurring revenues - PSS	34,557	-	34,557
Recurring revenues - EIM	5,989	-	5,989
Recurring revenues	<u>40,546</u>	<u>-</u>	<u>40,546</u>
Non-recurring revenues - PSS	23,726	-	23,726
Non-recurring revenues - EIM	1,912	-	1,912
Non-recurring revenues	<u>25,638</u>	<u>-</u>	<u>25,638</u>
	<u>66,184</u>	<u>-</u>	<u>66,184</u>
Revenue from sale of goods	41,023	-	41,023
Revenue from rendering of services	25,161	-	25,161
	<u>66,184</u>	<u>-</u>	<u>66,184</u>

The methodology for calculating the split between revenue from sale of goods and rendering of services has changed in the current year with the revenues from support and maintenance being allocated to sale of goods rather than rendering of services as was the case in FY21. This more aligns with the nature of the revenue as it relates to the ongoing access of software updates and is consistent with how it is categorised in the wider market.

	Continuing £000	Discontinued £000	Total Group £000
<b>2021: Revenues by type</b>			
Recurring revenues - PSS	30,111	-	30,111
Recurring revenues - EIM	6,139	-	6,139
Recurring revenues - Content	-	604	604
Recurring revenues	<u>36,250</u>	<u>604</u>	<u>36,854</u>
Non-recurring revenues - PSS	24,003	-	24,003
Non-recurring revenues - EIM	1,932	-	1,932
Non-recurring revenues - Content	-	3,293	3,293
Non-recurring revenues	<u>25,935</u>	<u>3,293</u>	<u>29,228</u>
	<u>62,185</u>	<u>3,897</u>	<u>66,082</u>
Revenue from sale of goods	23,940	1,220	25,160
Revenue from rendering of services	<u>38,245</u>	<u>2,677</u>	<u>40,922</u>
	<u>62,185</u>	<u>3,897</u>	<u>66,082</u>

Recurring revenue is income generated from customers on an annual contractual basis. Recurring revenue amounts to approximately 61% (2021: 58%) of continuing revenue, which is revenue generated annually from sales to existing customers.

All revenues are recognised over the period of the contract, unless the only performance obligation is to licence or re-licence a customer's existing user without any further obligations, in which case the revenue is recognised upon completion of the obligation.

All contracts are issued with commercial payment terms without any unusual financial or deferred arrangements and do not include any amounts of variable consideration that are constrained.

The Group's total outstanding contracted performance obligations at 31 October 2022 was £70,347,000 and it is anticipated that 52% of this will be recognised as revenue in FY23 and 27% in FY24.

The segment results by business unit for the year ended 31 October 2022:

	PSS £000	EIM £000	Continuing Operations Total £000	Discontinued Operations CONTENT £000	Total £000
Revenue	58,283	7,901	<b>66,184</b>	-	<b>66,184</b>
Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	20,974	1,535	<b>22,509</b>	-	<b>22,509</b>
Depreciation	(688)	(160)	<b>(848)</b>	-	<b>(848)</b>
Depreciation - right-of-use-assets	(663)	(86)	<b>(749)</b>	-	<b>(749)</b>
Amortisation - software licences and R&D	(4,431)	(886)	<b>(5,317)</b>	-	<b>(5,317)</b>
Amortisation - acquired intangibles	(3,604)	(66)	<b>(3,670)</b>	-	<b>(3,670)</b>
Restructuring costs	(72)	(398)	<b>(470)</b>	-	<b>(470)</b>
Acquisition costs	(183)	-	<b>(183)</b>	-	<b>(183)</b>
Share option costs	(2,246)	(338)	<b>(2,584)</b>	-	<b>(2,584)</b>
Segment operating profit / (loss)	<u>9,087</u>	<u>(399)</u>	<b>8,688</b>	-	<b>8,688</b>
Financing costs			<b>(30)</b>	-	<b>(30)</b>
Operating profit			<b>8,658</b>	-	<b>8,658</b>
Loss from sale of discontinued operations			-	(567)	<b>(567)</b>
Finance income			<b>97</b>	-	<b>97</b>
Finance costs			<b>(2,153)</b>	-	<b>(2,153)</b>
Profit before taxation			<b>6,602</b>	(567)	<b>6,035</b>

The corporate recharge to the business unit EBITDA is allocated on a head count basis.

The segment results by business unit for the year ended 31 October 2021:

	PSS £000	EIM £000	Continuing Operations Total £000	Discontinued Operations CONTENT £000	Total £000
Revenue	54,114	8,071	<b>62,185</b>	3,897	<b>66,082</b>

Earnings before depreciation,

amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	17,969	1,550	<b>19,519</b>	276	<b>19,795</b>
Depreciation	(751)	(36)	<b>(787)</b>	(14)	<b>(801)</b>
Depreciation - right-of-use-assets	(709)	(85)	<b>(794)</b>	(227)	<b>(1,021)</b>
Amortisation - software licences and R&D	(4,193)	(869)	<b>(5,062)</b>	(46)	<b>(5,108)</b>
Amortisation - acquired intangibles	(3,210)	(351)	<b>(3,561)</b>	(166)	<b>(3,727)</b>
Restructuring costs	98	(8)	<b>90</b>	(11)	<b>79</b>
Acquisition costs	134	-	<b>134</b>	-	<b>134</b>
Share option costs	(1,760)	(29)	<b>(1,789)</b>	(119)	<b>(1,908)</b>
Segment operating profit / (loss)	7,578	172	<b>7,750</b>	(307)	<b>7,443</b>
Financing costs			<b>(110)</b>	-	<b>(110)</b>
Operating profit / (loss)			<b>7,640</b>	(307)	<b>7,333</b>
Gain from sale of discontinued operations			-	6,239	<b>6,239</b>
Finance income			<b>818</b>	-	<b>818</b>
Finance costs			<b>(1,190)</b>	(14)	<b>(1,204)</b>
Profit before taxation			<b>7,268</b>	5,918	<b>13,186</b>

The corporate recharge to the business unit EBITDA is allocated on a head count basis with the exception of Content, which has had corporate costs reduced to avoid stranded costs.

#### 4 DISCONTINUED OPERATIONS

During the first six months of the year ended 31 October 2021, the Group received separate offers to acquire its Continental Compliance operations, and its Netherlands Grants Consultancy operations. These operations collectively comprised the Idox Content division of the Group. These offers were at an acceptable valuation and given the Group's desire to prioritise capital on its Idox Software operation, these disposals were completed in the year.

The Continental Compliance operations were disposed on 12 March 2021 and the Netherlands Grants Consultancy operations were disposed on 6 April 2021. These dates represent the point the control and legal ownership of these operations passed to the acquirers.

The results of the discontinued operations, which have been excluded in the consolidated income statement, were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Revenue	-	3,897
Expenses	-	(4,218)
(Loss) / gain on Disposal	(567)	6,239
Profit before tax	(567)	5,918
Attributable tax expense	-	-
Net profit attributable to discontinued operations	(567)	5,918

Loss on disposal in the current year are related to finalisation costs associated with the disposal of the Content businesses in FY21.

During the year, Content contributed £0.1m (2021: £2.7m) to the Group's net operating cash flows and incurred £0.1m (2021: £10.7m contributed) in respect of investing and financing activities.

#### 5 EARNINGS PER SHARE

The earnings per ordinary share is calculated by reference to the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during each period, as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit for the year	5,611	6,031
<b>Basic earnings per share</b>		
Weighted average number of shares in issue	443,413,006	440,376,576

Basic earnings per share	1.27p	1.37p
Weighted average number of shares in issue	443,413,006	440,376,576
Add back:		
Dilutive share options	8,636,936	10,749,077
Weighted average allotted, called up and fully paid share capital	452,049,942	451,125,653
<b>Diluted earnings per share</b>		
Diluted earnings per share	1.24p	1.34p
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Adjusted earnings per share</b>		
Profit for the year	5,611	6,031
Add back:		
Amortisation on acquired intangibles	3,670	3,561
Acquisition costs	183	(134)
Restructuring costs	470	(90)
Financing costs	30	110
Share option costs	2,584	1,789
Tax rate changes	-	826
Tax effect	(1,533)	(1,841)
Adjusted profit for year	11,015	10,252
Weighted average number of shares in issue - basic	443,413,006	440,376,576
Weighted average number of shares in issue - diluted	452,049,942	451,125,653
Adjusted earnings per share	2.48p	2.33p
Adjusted diluted earnings per share	2.44p	2.27p
<b>Discontinued Operations</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit for the year	(567)	5,918
<b>Basic earnings per share</b>		
Weighted average number of shares in issue	443,413,006	440,376,576
Basic earnings per share	(0.13)p	1.34p
Weighted average number of shares in issue	443,413,006	440,376,576
Add back:		
Dilutive share options	8,636,936	10,749,077
Weighted average allotted, called up and fully paid share capital	452,049,942	451,125,653
<b>Diluted earnings per share</b>		
Diluted earnings per share	(0.13)p	1.31p
<b>Total Operations</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit for the year	5,044	11,949
<b>Basic earnings per share</b>		
Weighted average number of shares in issue	443,413,006	440,376,576
Basic earnings per share	1.14p	2.71p
Weighted average number of shares in issue	443,413,006	440,376,576
Add back:		
Dilutive share options	8,636,936	10,749,077
Weighted average allotted, called up and fully paid share capital	452,049,942	451,125,653
<b>Diluted earnings per share</b>		
Diluted earnings per share	1.11p	2.65p
	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Adjusted earnings per share</b>		
Profit for the year	5,044	11,949
Add back:		
Amortisation on acquired intangibles	3,670	3,727
Acquisition costs	183	(134)
Restructuring costs	1,037	(6,318)
Financing costs	30	110
Share option costs	2,584	1,908
Tax rate changes	-	826
Tax effect	(1,533)	(1,911)
Adjusted profit for year	11,015	10,157
Weighted average number of shares in issue - basic	443,413,006	440,376,576
Weighted average number of shares in issue - diluted	452,049,942	451,125,653
Adjusted earnings per share	2.48p	2.31p
Adjusted diluted earnings per share	2.44p	2.25p

**6 INTANGIBLE ASSETS**

	Goodwill £000	Customer relation- Ships £000	Trade names £000	Software £000	Develop- ment costs £000	Order backlog £000	Customer lists £000	Total £000
<b>Cost</b>								
At 1 November 2020	79,728	31,958	12,593	23,058	23,987	312	278	<b>171,914</b>
Foreign exchange	-	-	-	(1)	(88)	(10)	(18)	<b>(117)</b>
Additions	-	-	-	56	4,588	-	-	<b>4,644</b>
Additions on acquisition	7,775	5,808	-	6,192	422	-	-	<b>20,197</b>
Disposals	(4,893)	(2,920)	(877)	(906)	(870)	-	(260)	<b>(10,726)</b>
<b>At 31 October 2021</b>	<b>82,610</b>	<b>34,846</b>	<b>11,716</b>	<b>28,399</b>	<b>28,039</b>	<b>302</b>	<b>-</b>	<b>185,912</b>
Foreign exchange	-	-	-	-	11	31	-	<b>42</b>
Additions	-	-	-	144	6,503	-	-	<b>6,647</b>
Additions on acquisition	756	-	-	987	-	-	-	<b>1,743</b>
Fair value adjustment	982	-	-	-	-	-	-	<b>982</b>
<b>At 31 October 2022</b>	<b>84,348</b>	<b>34,846</b>	<b>11,716</b>	<b>29,530</b>	<b>34,553</b>	<b>333</b>	<b>-</b>	<b>195,326</b>
<b>Amortisation</b>								
At 1 November 2020	31,709	20,827	9,240	15,554	12,342	312	278	<b>90,262</b>
Foreign exchange	-	-	-	(1)	(78)	(10)	(18)	<b>(107)</b>
Amortisation for the year	-	1,321	612	2,676	4,226	-	-	<b>8,835</b>
Disposals	-	(2,530)	(762)	(775)	(776)	-	(260)	<b>(5,103)</b>
At 31 October 2021	31,709	19,618	9,090	17,454	15,714	302	-	<b>93,887</b>
Foreign exchange	-	-	-	-	11	31	-	<b>42</b>
Amortisation for the year	-	1,513	423	2,285	4,766	-	-	<b>8,987</b>
<b>At 31 October 2022</b>	<b>31,709</b>	<b>21,131</b>	<b>9,513</b>	<b>19,739</b>	<b>20,491</b>	<b>333</b>	<b>-</b>	<b>102,916</b>
<b>Carrying amount at 31 October 2022</b>	<b>52,639</b>	<b>13,715</b>	<b>2,203</b>	<b>9,791</b>	<b>14,062</b>	<b>-</b>	<b>-</b>	<b>92,410</b>
Carrying amount at 31 October 2021	50,901	15,228	2,626	10,945	12,325	-	-	92,025
<b>Average remaining amortisation period (years)</b>								
<b>31 October 2022</b>	<b>n/a</b>	<b>9.1</b>	<b>5.2</b>	<b>4.3</b>	<b>3.0</b>	<b>-</b>	<b>-</b>	
31 October 2021	n/a	12.0	4.3	3.8	2.9	-	-	

During the year, goodwill and intangibles were reviewed for impairment in accordance with IAS 36, 'Impairment of Assets'. An impairment charge of £Nil (2021: £Nil) was processed in the year.

Fair value adjustments are in relation to the finalisation of acquisition accounting in respect of exeGesIS Spatial Data Management Ltd.

**Impairment test for goodwill**

For this review, goodwill was allocated to individual Cash Generating Units (CGUs) on the basis of the Group's operations as disclosed in the segmental analysis. As the Board reviews results on a segmental level, the Group monitors goodwill on the same basis.

The carrying value of goodwill by each CGU is as follows:

Cash Generating Units	2022 £000	2021 £000
Public Sector Software (PSS)	42,665	40,927
Engineering Information Management (EIM)	9,974	9,974
	<u>52,639</u>	<u>50,901</u>

The recoverable amount of all CGUs has been determined using value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering the next five financial years. The key assumptions used in the financial budgets relate to revenue and EBITDA growth targets. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. Growth rates are reviewed in line with historic actuals to ensure reasonableness and are based on an increase in market share.

For value-in-use calculations, the growth rates and margins used to estimate future performance are based on financial year 2023 budgets (as approved by the Board) which is management's best estimate of short-term performance based on an assessment of market opportunities and macro-economic conditions. In the year to 31 October 2022, the Weighted Average Cost of Capital for each CGU has been used as an appropriate discount rate to apply to cash flows. The same basis was used in the year to 31 October 2021.

The assumptions used for the value-in-use calculations are as follows and are considered appropriate for each of

the risk profiles of the respective CGUs:

<b>Cash Generating Units</b>	<b>Discount rate Current year</b>	<b>Compound Annual Growth Rate</b>	<b>Long term growth rate Current year</b>	<b>Discount rate Prior year</b>	<b>Growth rate Prior year</b>
PSS	15.9%	14.8%	2.2%	12.4%	1.7%
EIM	16.9%	11.7%	2.2%	13.5%	1.7%

Individual Weighted Average Costs of Capital were calculated for each CGU and adjusted for the market's assessment of the risks attaching to each CGUs cash flows. The Weighted Average Cost of Capital is recalculated at each period end.

Management considered the level of intangible assets within the Group in comparison to the future budgets and have processed an impairment charge of £Nil within the year (2021: £Nil).

Management have specifically considered the past financial performance of the EIM CGU which has seen revenue decreases following market challenges in the Oil and Gas sectors. Reported EIM revenues have also been impacted by the non-renewal of some existing customers in the first half of the year. However, the business closed some new contracts in the second half of the year which did not have a significant impact in year but FY23 will benefit from the full year impact. Management anticipates a return to revenue growth in FY23 as a result of the high levels of recurring revenue going into the year and a strong pipeline. In the event the EIM CGU does not achieve revenue growth in FY23 as anticipated, this may give rise to an impairment in the carrying value of the EIM CGU assets.

The Group has conducted sensitivity analysis on the impairment test of each CGU and the group of units carrying value. Sensitivities have been run on the discount rate applied and management are satisfied that a reasonable increase in the discount rate used would not lead to the carrying amount of each CGU exceeding the recoverable amount.

Sensitivities have been conducted on cash flow forecasts for all CGUs EBITDA by 10%. Management are satisfied that this change would not lead to the carrying amount of each CGU exceeding the recoverable amount. Sensitivities have also been conducted on cash flow forecasts for all CGUs reducing the growth rate to 0%. Management are satisfied that this change would not lead to the carrying amount of each CGU exceeding the recoverable amount.

In relation to EIM, in the event a combination of all the sensitivities occur, this would give rise to an impairment if the scenarios gave rise to a 21% reduction in our forecast projections; however, the Directors have concluded the likelihood of this is remote.

Management have further considered the CGUs for which prior period impairments were recorded to reduce the value-in-use of those CGUs to their recoverable amount, and how such carrying values are subject to the current year sensitivities noted above.

Whilst the current year impairment reviews and sensitivities have not provided any indicators of further impairment on these assets, management have considered whether a reversal of the prior period impairment is required and concluded this is not appropriate at this time due to the ongoing transformation and improvement of those businesses.

## **7 ACQUISITIONS**

### **LandHawk**

On 1 October 2022, the Group acquired the entire share capital of LandHawk Software Services Limited.

LandHawk allows clients to identify off-market land opportunities effectively and efficiently by bringing together geospatial intelligence in a user-friendly cloud-native software solution. Whilst allowing clients to complete development feasibility studies, LandHawk also provides GIS data directly to clients for use in their own applications, alongside a managed service to support clients in sourcing off-market land. This customer base provides new market opportunities for Idox and is a complimentary extension of its existing local authority land and property base.

Goodwill arising on the acquisition of LandHawk has been capitalised and consists largely of the value of the synergies and economies of scale expected from combining the operations of LandHawk with Idox. None of the goodwill recognised is expected to be deductible for income tax purposes. The purchase of LandHawk has been accounted for using the acquisition method of accounting.

	<b>Book value £000</b>	<b>Fair value £000</b>
Trade receivables	13	13
Other receivables	7	7
Cash at bank	25	25
Total Assets	<u>45</u>	<u>45</u>
Trade payables	(16)	(7)
Other liabilities	(48)	(48)
Contract liabilities	(10)	(10)
Social security and other taxes	(50)	(50)
Deferred tax liability	(247)	(247)
Total Liabilities	<u>(371)</u>	<u>(362)</u>
Net Assets		<u>(317)</u>
Goodwill arising on acquisition		756
Purchased software capitalised		987
<b>Total consideration</b>		<u><u>1,426</u></u>
<b>Satisfied by:</b>		
Cash to vendor		1,050
Earnout consideration		376
		<u><u>1,426</u></u>

The revenue included in the consolidated statement of comprehensive income since 1 October 2021 contributed by LandHawk was £4,000. LandHawk also made a loss after tax of £14,000 for the same period. If LandHawk had been included from 1 November 2021, it would have contributed £71,000 to Group revenue and a profit after tax of £11,000.

Acquisition costs of £56,000 have been written off in the consolidated statement of comprehensive income.

#### **exeGesIS**

During the year there has been further fair value adjustment in respect of the acquisition of exeGesIS Spatial Data Management Limited. The adjustment totalled £982,000.

Adjustments were processed to ensure pre-acquisition related costs were recognised in the correct period. This resulted in an adjustment of (£33,000) in respect of working capital movements and £1,015,000 in respect of tax adjustments.

#### **8 POST BALANCE SHEET EVENTS**

There have been no post balance sheet events which had a material impact on the Group.

#### **9 ADDITIONAL INFORMATION**

##### *Related Party Transactions*

No related party transactions have taken place during the year that have materially affected the financial position or performance of the Company.

##### *Principal Risks and Uncertainties*

The principal risk and uncertainties facing the Group together with the actions being taken to mitigate them and future potential items for consideration are set out in the Strategic Report section of the Annual Financial Report 2022.

#### **10 ALTERNATIVE PERFORMANCE MEASURES**

Within these financial statements, the Group makes reference to Alternative Performance Measures (APMs) which are not defined or specified under International Financial Reporting Standards. The Group uses these APMs as this is in line with the management information requested and presented to the decision makers in our

business; and is consistent with how the business is assessed by our debt and equity providers. Details are included within the financial review section of the Strategic Report.

The following table reconciles these APMs to statutory equivalents for continuing operations:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Adjusted EBITDA:</b>		
Profit before taxation	6,602	7,268
Depreciation and Amortisation	10,584	10,204
Restructuring costs	470	(90)
Acquisition costs	183	(134)
Financing costs	30	110
Share option costs	2,584	1,789
Net finance costs	2,056	372
Adjusted EBITDA	<u>22,509</u>	<u>19,519</u>
<b>Free cashflow:</b>		
Net cashflow from operating activities after taxation	15,647	16,554
Capex	(7,558)	(5,747)
Lease payments	(927)	(1,154)
Free cashflow	<u>7,162</u>	<u>9,653</u>
<b>Net debt:</b>		
Cash	(13,864)	(18,283)
Bank borrowings	9,201	15,394
Bonds in issue	11,325	10,998
Net Debt	<u>6,662</u>	<u>8,109</u>
<b>Adjusted profit for the year and adjusted earnings per share:</b>		
Profit for the year	5,611	6,031
Add back:		
Amortisation on acquired intangibles	3,670	3,561
Acquisition costs	183	(134)
Restructuring costs	470	(90)
Financing costs	30	110
Share option costs	2,584	1,789
Tax rate changes	-	826
Tax effect	(1,533)	(1,841)
Adjusted profit for year	<u>11,015</u>	<u>10,252</u>
Weighted average number of shares in issue - basic	443,413,006	440,376,576
Weighted average number of shares in issue - diluted	452,049,942	451,125,653
Adjusted earnings per share	2.48p	2.33p
Adjusted diluted earnings per share	2.44p	2.27p

The following table reconciles these APMs to statutory equivalents for total operations:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Adjusted EBITDA:</b>		
Profit before taxation	6,035	13,186
Depreciation and Amortisation	10,584	10,657
Restructuring costs	1,037	(6,318)
Acquisition costs	183	(134)
Financing costs	30	110
Share option costs	2,584	1,908
Net finance costs	2,056	386
Adjusted EBITDA	<u>22,509</u>	<u>19,795</u>
<b>Free cashflow:</b>		
Net cashflow from operating activities after taxation	15,647	16,554
Capex	(7,558)	(5,747)
Lease payments	(927)	(1,154)
Free cashflow	<u>7,162</u>	<u>9,653</u>
<b>Net debt:</b>		
Cash	(13,864)	(18,283)
Bank borrowings	9,201	15,394
Bonds in issue	11,325	10,998
Net Debt	<u>6,662</u>	<u>8,109</u>
<b>Adjusted profit for the year and adjusted earnings per share:</b>		
Profit for the year	5,044	11,949
Add back:		
Amortisation on acquired intangibles	3,670	3,727
Acquisition costs	183	(134)
Restructuring costs	1,037	(6,318)
Financing costs	30	110
Share option costs	2,584	1,908
Tax rate changes	-	826



Tax rate changes	-	820
Tax effect	(1,533)	(1,911)
Adjusted profit for year	<u>11,015</u>	<u>10,157</u>
Weighted average number of shares in issue - basic	443,413,006	440,376,576
Weighted average number of shares in issue - diluted	452,049,942	451,125,653
Adjusted earnings per share	2.48p	2.31p
Adjusted diluted earnings per share	2.44p	2.25p

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