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Idox plc

Half Year results for the six months ended 30 April 2023

Good first half performance, with encouraging organic growth and continued cash generation

Idox plc (AIM: IDOX, 'Idox', 'the Company' or 'the Group'), a leading supplier of specialist information management software and solutions to the public and asset intensive sectors, is pleased to announce its unaudited half year results for the six months ended 30 April 2023 ('H1 FY23').

Financial highlights

Revenue

- Increased by 8% to £35.8m (H1 FY22: £33.2m).
- Recurring revenues[1] increased by 7% to £21.2m (H1 FY22: £19.8m), accounting for 59% of the Group's total revenue (H1 FY22: 60%).

Profit

- Adjusted[2] EBITDA increased by 10% to £12.1m (H1 FY22: £11.0m).
- Operating profit increased by 16% to £4.9m (H1 FY22: £4.3m).
- Adjusted[2] EBITDA margin improvement at 34% (H1 FY22: 33%).
- Statutory operating profit margin improvement to 14% (H1 FY22: 13%).
- Statutory profit before tax increased 13% to £4.1m (H1 FY22: £3.6m).
- Adjusted[3] diluted EPS for continuing operations increased by 10% to 1.33p (H1 FY22: 1.21p).
- Statutory diluted EPS for continuing operations increased by 7% to 0.73p (H1 FY22: 0.68p).

Cash

- Net cash[4] at the end of the period of £1.1m (31 October 2022: net debt of £6.7m; 30 April 2022: net debt of £3.8m).
- Cash generated from operating activities before taxation as a percentage of Adjusted EBITDA for total operations was 148% (H1 FY22: 122%).
- Free cashflow[5] generation up 84% at £12.9m (H1 FY22: £7.0m).
- Significant resources in place to fund M&A, including £35m revolving credit facility and £10m accordion.

Operational highlights

- Order intake of £52m, up 23% from H1 FY22.
- New divisional structure fully embedded providing better market focus, customer service and sharper sales execution:
    - Land, Property & Public Protection (LPPP);
    - Assets; and
    - Communities.
- Further innovation, development and rationalisation of the Group's product portfolio including the transition to Cloud.
- Good progress on developing the Group's geospatial capabilities.
- M&A pipeline remains attractive with positive leads on a number of complementary and accretive targets.

Current trading and outlook

- Combination of strong recurring revenue and growing orderbook, provides good revenue visibility for the remainder of FY23 and into FY24.
- The business continues to perform well and in line with the Board's expectations.

Intention to pay a final dividend in line with the Group's stated dividend policy

David Meaden, Chief Executive Officer of Idox said:

"The Group has delivered a good performance with double digit profit growth in a challenging macro-economic environment.

We have continued to secure both new clients and new contracts with key customers, which has resulted in significantly higher order intake, providing good visibility for the remainder of this year and going into next year.

Having ended the period with net cash, compared to net debt at the year end, we have the financial resources to continue to pursue complementary, value enhancing acquisition targets.

Overall, our current full year financial performance is expected to be in line with the Board's expectations reflecting our strong order intake and consistent operational execution."

There will be a webcast at 10:00am UK time today for analysts and investors. To register for the webcast please contact MHP at idox@mhpgroup.com

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About Idox plc

For more information see www.idoxgroup.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.

[1] 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.

[2] 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 (see note 11 for reconciliation).

[3] Adjusted EPS excludes amortisation on acquired intangibles, restructuring, financing, impairment, share option and acquisition costs (see note 11 for reconciliation).

[4] Net cash / debt is defined as the aggregation of cash, bank borrowings and the long-term bond (see note 11 for reconciliation).

[5]

[5] Free cash flow is defined as net cash flow from operating activities after taxation less capital expenditure and lease payments (see note 11 for reconciliation).

Chair's statement

Introduction

I am pleased to introduce a strong set of results from Idox for the first half of the financial year. Building on the Four Pillars strategy and the three phases of Walk, Run, Fly, the business has focussed its activities on software and has delivered encouraging organic growth in the first half of the year against what continues to be a challenging macro-economic and geopolitical backdrop.

During the period, revenues grew by 8% and Adjusted EBITDA by 10%. The Group has continued to be focussed on cash generating activities, with cash generated from operating activities, before tax, being £18.0m, a conversion rate of 148% against an Adjusted EBITDA for the period of £12.1m. The period ended with the business eliminating its net debt position and returning to a positive cash position of £1.1m.

Effective from the beginning of the period, the business re-organised its activities around three divisions, Land, Property & Public Protection (LPPP), Assets and Communities. This has allowed for a clearer focus on growth, and it is a notable that each of the leaders in these areas, along with the appointed Head of Engineering have been graduates of the Idox Leading Together programme.

The Group is well placed to execute on our growth strategy. We are confident in the momentum being built in the business and this is supported by an increase in order intake over the period of 23%, with a strong pipeline underpinning our confidence in the medium term.

Where clients are extending their software engagements, we have seen an increased demand across our portfolio to provide technical support and managed services related to software that help overcome the challenges of staff recruitment and provide high availability services. The markets in which we operate have continued to evolve and we see demand for high quality software supporting complex business processes. We are also seeing ongoing interest in the surfacing of data held within systems to improve business processes and to inform strategic decision-making across supply eco-systems. The organisational changes I referenced are allowing us to assess and explore these opportunities more readily and we are ready to support future growth options with appropriate investment as may be required.

We continue to look for accretive, synergistic opportunities that support the long-term focus on software and complement the existing portfolio. We are confident that there are a range of opportunities that fit the key criteria we have defined, and whilst it is incumbent on the Board to exercise the necessary patience to ensure that we are delivering in the best long-term interests of shareholders, we look forward to adding further assets in due course. In support of our growth strategy, the focus on cash and paying down existing debt has put the business in a strong position and we have over £45m of available resources for selective acquisitions at the half year.

During the reporting period, we have undertaken work to report our progress in matters relating to ESG and enhanced our reporting on matters relating to diversity, equality, and inclusivity. In each of these areas our reporting is now illustrative of the attention the management team place upon these matters and the culture within the business that seeks to ensure that all stakeholders, foremost amongst these our employees, can be proud of the Company's work in this area. The Chief Executive's statement includes further information on our ESG related activities.

We are grateful to our clients for continuing to have confidence in Idox as a partner and to our colleagues for their hard work and dedication in making Idox the business it is today. We appreciate that they choose to spend their time and talents building our business and without their engagement and contributions these results would not be possible.

Dividend

As previously announced, the Group paid a dividend of 0.5p per share in April 2023 in respect of the year ending 31 October 2022. Our current policy is to only declare a final dividend and therefore, no interim dividend is proposed in respect of H1 FY23 (H1 FY22: £Nil). We will keep the level of future dividends under review in consideration of our financial position and our confidence in the future.

Board

There have been no changes to the Board in the period. 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.

Summary

The Group has made good progress in the period, with the implementation of the new divisional structure facilitating double digit Adjusted EBITDA growth. We are well positioned to increase our portfolio through strategic M&A activity. The business continues to perform well and in line with the Board's expectations.

Chris Stone

Chair of the Board

Chief Executive's statement

I am pleased to report on another period of strong performance as we continue to focus on software businesses that deliver great value to customers in our areas of expertise. Our solutions provide our customers with the ability to seamlessly manage complex operational, legislative, and regulatory issues.

Our 'Four Pillars' of Revenue expansion, Margin enhancement, Simplification and Communication are the foundation on which we continue to grow and operate the business.

A new divisional structure has been implemented in H1 FY23, providing better market focus, customer service and sharper sales execution. We are already seeing the benefits of cross-sell expansion within the customer base, through leveraging a single sales structure for complementary solutions from across the divisional portfolio, as evidenced by delivering encouraging organic revenue growth.

Our financial position remains strong and supports the addition of market expansion through the acquisition of complementary technology and recurring revenue, through carefully selected M&A, further extending Idox's position in our chosen markets.

Strong progress

During this reporting period, we have seen growth in Group revenues of 8%, with accompanying Adjusted EBITDA improving by 10% from £11.0m to £12.1m. Following strong cash generation, we have moved from a net debt position at 30 April 2022 of £3.8m to a net cash position of £1.1m at 30 April 2023.

Our strong operational cadence and financial position leaves Idox well placed for continued investment in our software operations and provides a secure position from which to accelerate growth.

Divisional performance

Land, Property & Public Protection

Sales order intake in Local Authority continued to rise, up 50% on the same period last year; this included a mix of new services and large contract extensions, securing future long-term revenues, including contracts with The City of Edinburgh Council & City of Wolverhampton Council - extending contracts for six & five years respectively and East Lothian Council & Harborough District Council, both choosing a provisioned hosting service for their existing software platforms.

Revenues in Idox Cloud were up in H1 FY23 by 40%, with order intake continuing to improve - up 28% on the same period last year, welcoming new customers like Conwy County Borough Council, Blaenau Gwent County Borough Council and Harrow Council.

Our recent acquisitions have continued to perform well; revenues in Exegesis were up 19% on a year over year basis, with the delivery of a number of large projects utilising our specialist geospatial expertise in land and conservation software. Aligned Assets order intake was also significantly up, 31% on H1 FY22, with significant wins with the Metropolitan Police Service and Cadent Gas, as our specialist address management tools gained further traction in near adjacent markets to our traditional public sector position.

Assets

Engineering Information Management (EIM) had a solid start to the FY23 campaign, with revenues up 15% when compared to the same period in FY22. New Fusion Live sales included KNPC through our partners in the Middle East, Ebla and VME Process Inc and Elecnor, as well as significant new work within the existing customer base.

CAFM (the Group's computer aided facilities management software) saw the launch of version 12, which helped increase sales order intake in the first half of FY23 to over 17% compared to the same period last year; revenues were also up in CAFM by 6% in H1.

The good performance in EIM and CAFM was partially offset by lower than anticipated revenues in Transport and iFit.

Communities
With no major elections events, across the UK or Malta, in the first half of FY23, Elections revenues and order intake were down on the previous period. However, this was a busy development period for work with the Department for Levelling Up, Housing and Communities ('DLUHC') and Central Government and an opportunity to prepare for what looks like a very busy FY24, which will include the introduction of Idox Elections Cloud Services, during an election year.

Revenue and order intake for our sexual health solution, Lilie, were up in H1 - 6% and 25% respectively, including a number of significant contracts extensions.

In the Database subscription businesses GrantFinder and ResearchConnect, revenues were up over 12% on the same period last year. Whilst GrantFinder order intake was down slightly, as pressure on discretionary spend came under pressure particularly in the Public Sector, ResearchConnect, which operates in the International Higher Education markets, had a very good H1. Following the launch of the new product version last year, order intake was up over 100% on the same period last year and we welcomed 14 new customers, mainly from across Northern Europe.

We also continued support for charities and organisations with incomes of less than £30,000 through the "My Funding Central" solution, providing free access to grants and funding information following the withdrawal of these services by the National Council Voluntary Organisation. We expect subscribers to these services to reach over 3,500 by the end of the financial year.

Social Care continued to show good growth throughout H1, particularly in our directory services solutions, with revenues up 15% for the period and order intake up 12%.

The 'Four Pillars' programme
Revenue expansion
During the period we demonstrated high resilience as a business and our core areas performed well. Our strong market positions allowed us to continue to sell more solutions and services to existing clients, in addition to welcoming new client accounts across the Divisions. Performance overall has been increased through improved sales execution and better integration across the Group, which in turn has delivered consistent margins and improved bottom-line performance.

Order intake across the Group for the six months ended 30 April 2023 continued to grow, helping to support the in-year revenue growth and build the future orderbook. In the period we secured c.£52m of total contract value, which increased by 23% when compared to same period last year.

Margin enhancement
As evidenced by our strong EBITDA performance we have continued to drive improved margin. Improved operational performance is driven through the Group organisational set-up including development, professional services and technical teams, working together creating scale and efficiencies. This approach provides opportunities for shared learning, improved technical capabilities and pooled resources providing additional support and scale across the Group.

Notably, during the period we continued to improve and increase our operations in India. Overall, we remain focussed on creating further opportunities for expansion and improved margin performance.

Simplification
We continue to invest in our internal processes and systems, this includes the improved integration of data across all aspects of the business bringing a consolidated view of all customers and activities.

Utilisation of the expanded sales capabilities has improved communications and the process of renewals and re-signs. This has created efficiencies in the organisation and improves the overall customer experience of working with Idox.

We continue to invest in improving and simplifying the process of data migration across all Idox solutions, simplifying the transition of on-premise legacy platforms to our latest cloud provisioned services. This provides quicker and more cost-effective transitions for all customers onboarding from both existing Idox legacy platforms as well as new customers to

Idox.

Communication
As we operate in the modern world of hybrid working, we are working hard to provide an engaging and open environment for everyone. We have encouraged more regular face to face activities, where we feel that this encourages and improves collaborations particularly in areas of creativity and development.

We have a regular and open communication strategy with all colleagues across the business delivered through a variety of media and channels.

CEO broadcasts underpin our open communication approach and various colleagues from across the business contribute to providing a broad range of insights, opinions, and inputs, and always includes an opportunity for colleagues to ask open questions of the panel. Participation and contribution levels from colleagues remain very high for this type of engagement.

Personally, contributing to the selection and onboarding of new team members enables me to outline our culture and work at Idox and what our expectation levels are for each other. This approach helps to ensure that we maintain our culture and authenticity and our ambitions for both the business and individuals are fully aligned from the outset.

Responsible
Conducting business responsibly is core to Idox's business model and long-term strategic goals. The Board recognises the importance of our environmental and societal responsibilities, as we build a sustainable business which grows the value that our services and solutions, and lasting commercial relationships, and the positive benefits that these bring to the communities in which we operate. Our commitment is focused in four areas: our people, our communities, our environment, and our organisational responsibilities. These focus areas address the seven United Nations Sustainable Development Goals most relevant to Idox.

Our ESG steering committee (formed in FY21) has continued with its core responsibility of understanding and implementing our sustainable business practices a according to the material issues of our stakeholders, whilst monitoring its effectiveness and maintaining proper governance. This committee has sponsored further initiatives during the first half of FY23, maintaining our focus on Diversity, Equality and Inclusivity and the growing use of 'Employee Lounges' - small, cross business virtual meetings to discuss how these improvements should be made in the most effective way. The ESG steering committee has also supported a number of employee-led initiatives to raise funds in support of various charities and we continue to use our community days scheme to support good causes in our local communities. The payroll giving scheme continues to maximise the impact of employee's contributions. The workplace wellbeing sessions also continue to be very well received by members of the Idox team.

During the first half of FY23 we entered several social value partnerships with clients allied to the delivery of our products and services. We are delighted that these arrangements enable us to make a very real and direct contribution in the clients' local community.

Idox recognises the importance of environmental protection and is committed to operating its business responsibly. We operate an Environmental Management System accredited to BS EN ISO 14001:2015, participating in the Energy Saving Opportunities Scheme ('ESOS') and meeting the requirements of the Streamlined Energy and Carbon Reporting ('SECR') regulations. In FY22 we further improved our reporting of our Scope 1, 2 and 3 emissions disclosures within the Task Force on Climate-related Financial Disclosures ('TCFD') framework and for FY23 we will also report in line with the Financial Reporting Council's Thematic review of TCFD disclosures and climate in the financial statements.

In the first half of FY23 we have continued to drive initiatives such as introducing a scheme to incentivise employees to obtain an electric vehicle, when purchasing a new car. The ESG steering committee also monitors our ongoing carbon reduction initiatives to ensure we are meeting our targets, including maintaining disciplines on avoiding unnecessary travel by continuing to take advantage of virtual meetings and delivery of many of our services.

Outlook
Through the new divisional structure, we have outlined a clearer market focus and a clearer connection of future software development to the needs of customers. This has helped build sales order intake growth in H1 which underpins future growth and revenue security. Our Group operations across development, onboarding and customer engagement continue to leverage the scale of the Group and support our improving margin performance, which we believe will drive significant stakeholder value. The structure also provides a strong basis for the integration of the businesses that we acquire as part of our M&A strategy.

Our long-term strategy of providing software solutions both in the cloud and / or provisioned through our data centre services remains unchanged, this is built upon a commitment to deliver the transformational needs and requirements of the markets that we serve whilst growing recurring revenues.

We have a solid balance sheet and good cash generation, which provides a strong foundation to continue to pursue attractive acquisition opportunities that will be complementary to our existing portfolio of solutions. Overall, our current full year financial performance is expected to be in line with Board expectations reflecting our strong order book and consistent operational execution.

David Meaden
Chief Executive Officer

Chief Financial Officer's review

The Group established a new divisional structure, effective from 1 November 2022. The new structure comprising, Land, Property & Public Protection (LPPP), Assets and Communities provides better market focus, customer service and sharper sales execution. In accordance with IFRS 8 Operating Segments, information is provided to the chief operating decision maker, the Board of Directors, on this basis. Accordingly, the Group has prepared its segmental disclosures in the same manner. In addition, the Group has re-presented comparative information in line with the new divisional structure. Revenue has increased 8% in the period to £35.8m (H1 FY22: £33.2m) with double-digit growth of 10% in Adjusted EBITDA to £12.1m (H1 FY22: £11.0m).

The following table sets out the Revenue and Adjusted EBITDA for each of the Group's segments.

	H1 FY23	H1 FY22	Variance	
	£000	£000	£000	%
Revenue				
LPPP	21,458	17,540	3,918	22%
Assets	7,177	6,819	358	5%
Communities	7,146	8,847	(1,701)	(19%)
Total	35,781	33,206	2,575	8%
Revenue Split				
LPPP	60%	53%		
Assets	20%	20%		
Communities	20%	27%		
Total	100%	100%		
Adjusted EBITDA[1]				
LPPP	7,735	6,217	1,518	24%
Assets	1,811	2,053	(242)	(12%)
Communities	2,557	2,720	(163)	(6%)
Total	12,103	10,990	1,113	10%
Adjusted EBITDA Margin Split				
LPPP	36%	35%		
Assets	25%	30%		
Communities	36%	31%		
- Total	34%	33%		

[1] Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, financing costs and share option costs. See note 11 for reconciliations of the alternative performance measures.

Adjusted EBITDA increased by 10% to £12.1m (H1 FY22: £11.0m), delivering a slightly improved Adjusted EBITDA margin of 34% (H1 FY22: 33%). The improvement in Adjusted EBITDA benefitted from increased profitability in Local Authority and Cloud within LPPP which was up 24% as a whole. This was partially offset by a 12% reduction in Adjusted EBITDA in Assets, where improved profitability in EIM was more than offset by reductions in Transport and iFit. In addition, there was a 6% reduction in Adjusted EBITDA in Communities where improvements in Databases, Social Care and Lilie were more than offset by the anticipated reduction in Elections due to no significant elections in the first half of 2023.

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.

Revenues

	H1 FY23	H1 FY22	Variance	
	£000	**£000**	**£000**	**%**
Revenues				
- Recurring (LPPP)	11,689	10,636	1,053	10%
- Recurring (Assets)	4,788	4,810	(22)	(0%)
- Recurring (Communities)	4,674	4,384	290	7%
	21,151	19,830	1,321	7%
- Non-Recurring (LPPP)	9,769	6,904	2,865	41%
- Non-Recurring (Assets)	2,389	2,009	380	19%
- Non-Recurring (Communities)	2,472	4,463	(1,991)	(45%)
	14,630	13,376	1,254	9%
	35,781	33,206	2,575	8%
- Recurring[1]	59%	60%		
- Non-Recurring[2]	41%	40%		

[1] 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.

[2] Non-recurring revenue is defined as revenues without any formal commitment from the customer to recur on an annual basis.

Total recurring revenue increased by 7% in the period to £21.2m and remained stable at 59% of the Group's total revenue (H1 FY22: 60%). LPPP has seen an increase of 10% in recurring revenues to £11.7m driven by the core Local Authority and Cloud businesses as well as continued growth in the FY21 acquisitions. Recurring revenue within the Assets division has remained stable at £4.8m with growth in CAFM and iFit offset by modest reductions in EIM and Transport. Communities has improved by 7% driven by a good performance in Databases.

Non-recurring revenues have improved by 9% to £14.6m for the period and account for 41% of the Group's revenue. LPPP has benefitted from significant increases year on year in the Local Authority and Cloud businesses. EIM has seen an increase in non-recurring revenue, which has led to an increase in both the overall EIM and Assets positions and has offset a reduction in non-recurring revenue in both Transport and iFit. With no significant elections held in the period there has been a large, anticipated decrease in the Communities non-recurring revenue in the period, though this is partially offset within the other businesses in the division.

The Group's order intake for the period was up 23% on last year to £52m which provides good levels of revenue visibility for the remainder of the year and into FY24.

Profit before taxation

The following table provides a reconciliation between Adjusted EBITDA and statutory profit before taxation for continuing operations.

	H1 FY23	H1 FY22	Variance	
	£000	**£000**	**£000**	**%**
Adjusted EBITDA	12,103	10,990	1,113	10%
Depreciation & Amortisation	(5,288)	(5,328)	40	(1%)
Restructuring costs	(329)	(119)	(210)	176%
Acquisition costs	(340)	(11)	(329)	2,991%
Financing costs	(28)	(30)	2	(7%)
Share option costs	(1,200)	(1,249)	49	(4%)
Net finance costs	(840)	(651)	(189)	29%
Profit before taxation	4,078	3,602	476	13%

The reported profit before tax for continuing operations was £4,078,000 (H1 FY22: £3,602,000).

Restructuring costs of £329,000 (H1 FY23: £119,000) relate to internal corporate restructuring, property related costs and redundancies.

Acquisition costs of £340,000 (H1 FY22: £11,000) relate to the final settlements in relation to the acquisition of LandHawk in FY22 and deferred consideration arrangements associated with the acquisitions of Aligned Assets and exeGesIS (acquired in FY21). A final £0.5m is due to be paid in connection with the Aligned Assets acquisition in June 23. This will conclude the cash payments associated with our previous acquisitions.

Financing costs of £28,000 (H1 FY22: £30,000) relate to professional fees incurred as part of the ongoing bank facility agreement.

Share option costs of £1.2m (H1 FY22: £1.2m) relate to the accounting charge for awards in the current and prior years under the Group's Long-term Incentive Plan.

Net finance costs are broadly in line with the prior year at £0.8m (H1 FY22: £0.7m).

The Group continues to invest in developing innovative technology solutions across the portfolio and has capitalised £3.4m of development costs during the period (H1 FY22: £3.1m). The increase in the period is primarily due to the impact of the FY22 acquisition (£0.1m), with the remaining £0.5m being driven by an increase in development work across the portfolio.

Taxation

The effective tax rate (ETR) for the period was 18% (H1 FY22: 17%) for total operations.

The main factors contributing to the difference between the statutory rate of 20% (blended rate: 19% from 01/11/2022 to 31/03/2023, and 25% from 01/04/2023 to 30/04/2023) and the ETR of 18% is due to tax relief on share options and research and development costs, partially offset by the impact of overseas tax rates and disallowable losses arising in the period.

Earnings per share and dividends

Basic earnings per share for continuing operations improved 7% to 0.75p (H1 FY22: 0.70p). Whilst the profit for the period is up 9%, the growth in the basic earnings per share is slightly lower due to a higher number of weighted average shares in issue compared to April 2022. Diluted earnings per share for continuing operations improved 7% to 0.73p (H1 FY22: 0.68p).

Adjusted basic earnings per share for continuing operations increased 10% to 1.36p (H1 FY22: 1.24p). Adjusted diluted earnings per share for continuing operations increased 10% to 1.33p (H1 FY22: 1.21p).

In line with H1 FY22 the Board does not propose an interim dividend in respect of the six months ended 30 April 2023. It will keep the level of future dividends under review in consideration of the Group's performance, financial position and overall confidence in the future, and expects to pay a final dividend.

Balance sheet and cashflow

The Group's net assets have increased to £69.5m compared to £67.4m at 31 October 2022. The constituent movements are detailed in the Group's consolidated Statement of Changes in Equity, which are summarised as follows:

	6 months to 30 April 2023 £000
Total Equity as per FY22 Financial Report	67,416
Share option movements	1,173
Equity dividends paid	(2,268)
Profit for the period	3,338
Exchange losses on translation of foreign operations	(162)
Total Equity as per H1 FY23 Financial Report	69,497

The Group continued to have good cash generation in the period. Cash generated from operating activities before taxation was £18.0m, and as a percentage of Adjusted EBITDA was 148% (H1 FY22: 122%). The Group typically operates on a negative working capital cycle. A significant part of the Group's contracts renew and re-sign during the first half of the year. As a result, billings and cash collections typically tend to be annually in advance in the first half of the year.

	H1 FY23 £000	**H1 FY22 £000**
Net cashflow from operating activities after taxation	17,136	11,127
Capex	(3,785)	(3,588)
Lease payments	(423)	(509)
Free cashflow[1]	12,928	7,030

[1] Free cash flow is defined as net cash flow from operating activities after taxation less capital expenditure and lease payments (see note 11 for reconciliation).

Given the strong cash collection during the first half of the year, the Group ended the period with net cash of £1.1m compared to a net debt position of £6.7m at 31 October 2022. Net cash comprised cash of £23.7m less bank borrowings of £11.2m and the Maltese listed bond of £11.4m.

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 30 April 2023 consisted of a revolving credit facility of £35m and £10m accordion which continue to 18 June 2024, providing scope for select acquisitions. Refinancing of the Group's facilities is underway and expected to conclude well in advance of the end of the financial year.

Anoop Kang

Chief Financial Officer

Consolidated interim statement of comprehensive income

	Note	6 months to 30 April 2023 (unaudited) £000	6 months to 30 April 2022 (unaudited) £000	12 months to 31 October 2022 (audited) £000
Continuing operations				
Revenue	3	35,781	33,206	66,184
Cost of sales		(7,717)	(8,389)	(15,050)
Gross profit		**28,064**	**24,817**	**51,134**
Administrative expenses		(23,146)	(20,564)	(42,476)
Operating profit		**4,918**	**4,253**	**8,658**
Analysed as:				
Adjusted EBITDA	11	**12,103**	**10,990**	**22,509**
Depreciation & Amortisation		(5,288)	(5,328)	(10,584)
Restructuring costs		(329)	(119)	(470)
Acquisition costs		(340)	(11)	(183)
Financing costs		(28)	(30)	(30)
Share option costs		(1,200)	(1,249)	(2,584)
Finance income		61	219	97
Finance costs		(901)	(870)	(2,153)
Profit before taxation		**4,078**	**3,602**	**6,602**
Income tax charge	5	(740)	(527)	(991)
Profit for the period from continuing operations		3,338	3,075	5,611
Discontinued operations				
Loss for the period from discontinued operations	6	-	(567)	(567)
Profit for the period attributable to the owners of the parent		3,338	2,508	5,044
Other comprehensive (loss) / income for the period				
Items that will be reclassified subsequently to profit or loss:				
Exchange movement on translation of foreign operations net of tax		(162)	310	428
Other comprehensive (loss) / income for the period, net of tax		(162)	310	428
Total comprehensive income for the period attributable to owners of the parent		**3,176**	**2,818**	**5,472**
Earnings per share attributable to owners of the parent during the period				
From continuing operations				
Basic	7	0.75p	0.70p	1.27p
Diluted	7	0.73p	0.68p	1.24p
From continuing and discontinued operations				
Basic	7	0.75p	0.57p	1.14p
Diluted	7	0.73p	0.56p	1.11p

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

Consolidated interim balance sheet

	Note	At 30 April 2023 (unaudited) £000	At 30 April 2022 (unaudited) £000	At 31 October 2022 (audited) £000
Assets				
Non-current assets				

	Note			
Non-current assets				
Property, plant and equipment		1,275	1,341	1,380
Intangible assets	8	91,368	91,530	92,410
Right-of-use-assets		1,628	2,000	1,782
Deferred tax assets		2,804	2,133	2,679
Total non-current assets		97,075	97,004	98,251
Current assets				
Trade and other receivables		23,734	20,966	17,912
Current tax receivable		-	725	-
Cash and cash equivalents		23,722	21,560	13,864
Total current assets		47,456	43,251	31,776
Total assets		144,531	140,255	130,027
Liabilities				
Current liabilities				
Trade and other payables		8,070	8,404	6,811
Deferred consideration		420	2,691	2,271
Current tax payable		365	-	165
Other liabilities		34,691	30,928	23,451
Provisions		555	853	453
Lease liabilities		473	563	545
Total current liabilities		44,574	43,439	33,696
Non-current liabilities				
Deferred tax liabilities		5,673	6,256	6,086
Lease liabilities		1,145	1,454	1,265
Other liabilities		1,035	727	1,038
Bonds in issue		11,362	10,848	11,325
Borrowings		11,245	14,466	9,201
Total non-current liabilities		30,460	33,751	28,915
Total liabilities		75,034	77,190	62,611
Net assets		69,497	63,065	67,416
Equity				
Called up share capital		4,535	4,511	4,525
Capital redemption reserve		1,112	1,112	1,112
Share premium account		41,558	41,556	41,556
Treasury reserve		-	(594)	(594)
Share option reserve		5,469	3,673	4,816
Other reserves		9,165	8,789	8,745
ESOP trust		(505)	(445)	(466)
Foreign currency translation reserve		77	121	239
Retained earnings		8,086	4,342	7,483
Equity attributable to the owners of the parent		69,497	63,065	67,416

The financial statements were approved by the Board of Directors and authorised for issue and are signed on its behalf by:

David Meaden
Chief Executive Officer

Anoop Kang
Chief Financial Officer

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

Consolidated interim statement of changes in equity

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000	Share options reserve £000	Other reserves* £000	ESOP trust £000	Foreign currency translation reserve £000	Retained earnings £000	Total £000
Balance at 1 November 2021 (audited)	**4,469**	**1,112**	**41,556**	**(594)**	**3,962**	**8,789**	**(417)**	**(189)**	**2,122**	**60,810**
Issue of share capital	42	-	-	-	-	-	-	-	-	**42**
Share option costs	-	-	-	-	1,207	-	-	-	-	**1,207**
Exercise / lapses of share options	-	-	-	-	(1,496)	-	-	-	1,496	**-**
ESOP trust	-	-	-	-	-	-	(28)	-	-	**(28)**
Equity dividends paid	-	-	-	-	-	-	-	-	(1,784)	**(1,784)**
Transactions with owners	**42**	**-**	**-**	**-**	**(289)**	**-**	**(28)**	**-**	**(288)**	**(563)**
Profit for the period	-	-	-	-	-	-	-	-	2,508	**2,508**
Other comprehensive income										
Exchange movement on translation of foreign operations	-	-	-	-	-	-	-	310	-	**310**

operations										
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**310**	**2,508**	**2,818**
At 30 April 2022 (unaudited)	**4,511**	**1,112**	**41,556**	**(594)**	**3,673**	**8,789**	**(445)**	**121**	**4,342**	**63,065**
Issue of share capital	14	-	-	-	-	-	-	-	-	**14**
Share options costs	-	-	-	-	1,328	-	-	-	-	**1,328**
Exercise / lapses of share options	-	-	-	-	(185)	-	-	-	185	**-**
ESOP trust	-	-	-	-	-	-	(21)	-	-	**(21)**
Exercise of deferred consideration shares	-	-	-	-	-	(420)	-	-	420	**-**
Fair value of deferred consideration shares on purchase of subsidiary	-	-	-	-	-	376	-	-	-	**376**
Transactions with owners	**14**	**-**	**-**	**-**	**1,143**	**(44)**	**(21)**	**-**	**605**	**1,697**
Profit for the period	-	-	-	-	-	-	-	-	2,536	**2,536**
Other comprehensive income										
Exchange movement on translation of foreign operations	-	-	-	-	-	-	-	118	-	**118**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**118**	**2,536**	**2,654**
Balance at 31 October 2022 (audited)	**4,525**	**1,112**	**41,556**	**(594)**	**4,816**	**8,745**	**(466)**	**239**	**7,483**	**67,416**
Issue of share capital	10	-	2	-	-	-	-	-	-	**12**
Share option costs	-	-	-	-	1,198	-	-	-	-	**1,198**
Exercise / lapses of share options	-	-	-	594	(545)	-	-	-	(47)	**2**
ESOP trust	-	-	-	-	-	-	(39)	-	-	**(39)**
Reallocation of deferred consideration share exercise costs	-	-	-	-	-	420	-	-	(420)	**-**
Equity dividends paid	-	-	-	-	-	-	-	-	(2,268)	**(2,268)**
Transactions with owners	**10**	**-**	**2**	**594**	**653**	**420**	**(39)**	**-**	**(2,735)**	**(1,095)**
Profit for the period	-	-	-	-	-	-	-	-	3,338	**3,338**
Other comprehensive loss										
Exchange movement on translation of foreign operations	-	-	-	-	-	-	-	(162)	-	**(162)**
Total comprehensive (loss) / income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(162)**	**3,338**	**3,176**
At 30 April 2023 (unaudited)	**4,535**	**1,112**	**41,558**	**-**	**5,469**	**9,165**	**(505)**	**77**	**8,086**	**69,497**

*Other reserves includes merger relief reserve of £1.6m.

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

Consolidated interim cash flow statement

	Note	6 months to 30 April 2023 (unaudited) £000	6 months to 30 April 2022 (unaudited) £000	12 months to 31 October 2022 (audited) £000
Cash flows from operating activities				
Profit for the period before taxation		4,078	3,035	6,035
Adjustments for:				
Depreciation of property, plant and equipment		480	371	848
Depreciation of right-of-use assets		346	363	749
Amortisation of intangible assets	8	4,462	4,594	8,987
Loss on disposal / purchase of subsidiary		299	567	657
Finance income		(8)	(199)	(73)
Finance costs		840	810	2,034
Debt issue costs amortisation		60	60	119
Research and development tax credit		(258)	(161)	(449)
Share option costs	9	1,200	1,249	2,584
Profit on disposal of fixed assets		-	-	(15)
Movement in receivables		(5,821)	(4,428)	(1,316)
Movement in payables		12,285	7,177	(1,896)
Cash generated by operations		17,963	13,438	18,264
Tax paid		(827)	(2,311)	(2,617)
Net cash from operating activities		17,136	11,127	15,647
Cash flows from investing activities				
Acquisition of subsidiaries net of cash acquired*		(2,184)	(651)	(2,219)
Disposal of subsidiaries		-	(148)	(146)
Proceeds on sale of fixed assets		-	11	15
Purchase of property, plant and equipment		(387)	(404)	(911)
Purchase / capitalisation of intangible assets	8	(3,398)	(3,184)	(6,647)
Finance income		36	37	73
Net cash used in investing activities		(5,933)	(4,339)	(9,835)
Cash flows from financing activities				
Interest paid		(325)	(227)	(997)
Loan drawdowns		5,000	2,500	2,500
Loan related costs		(77)	(76)	(183)
Loan repayments		(3,000)	(3,600)	(9,100)
Principal lease payments		(433)	(500)	(937)

Principal lease payments		(423)	(509)	(927)
Equity dividends paid	4	(2,268)	(1,784)	(1,784)
Issue of own shares		(106)	(51)	(133)
Net cash outflows from financing activities		(1,199)	(3,747)	(10,624)
Net movement in cash and cash equivalents		10,004	3,041	(4,812)
Cash and cash equivalents at the beginning of the period		13,864	18,283	18,283
Exchange (losses) / gains on cash and cash equivalents		(146)	236	393
Cash and cash equivalents at the end of the period		23,722	21,560	13,864

*The £2.2m acquisition of subsidiaries balance relates to the settlement of deferred consideration balances on Aligned Assets and exeGesIS in the period.

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

Notes to the interim accounts

1 General information

Idox plc is a leading supplier of software and services for the management of Local Government and other organisations. The Company is a public limited company, limited by shares, which is listed on the AIM Market of the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is 2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. The registered number of the Company is 03984070. There is no ultimate controlling party.

The financial statements are prepared in pounds sterling.

2 Basis of preparation

The financial information for the period ended 30 April 2023 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 October 2022 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified.

This interim report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The report should not be relied on by any other party or for any other purpose.

The report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report, but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The interim financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 31 October 2023. The Group financial statements for the year ended 31 October 2022 were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB. The Group has not applied IAS 34 'Interim Financial Reporting', which is not mandatory for AIM companies, in the preparation of these interim financial statements.

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, taken to be a period of at least 12 months from the approval of these interim financial statements. In making this assessment, the Directors 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 in October 2021 and are committed until 18 June 2024. In addition to this the Group can draw down on a further £10,000,000 via an accordion facility. Refinancing of the Group's facilities is progressing and expected to be completed well in advance of the 2023 year-end.

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 financial forecasting and stress testing assumptions remain valid at 30 April 2023.

Recent developments regarding Silicon Valley Bank have had no impact on the Group's financial position and operations.

On the basis of the above considerations, the Directors have a reasonable expectation that the Group will have adequate resources to continue in business for the foreseeable future and therefore continue to adopt the going concern basis in preparing the interim financial statements.

3 Segmental analysis

During the period ended 30 April 2023, the Group was organised into three operating segments which are detailed below.

To provide a more targeted focus on the markets that we serve, and to ensure closer alignment to our customers, effective from 1 November 2022, the Group have implemented a divisional structure that consolidates Business Units delivering comparable technical solutions or serving similar markets: Land, Property & Public Protection, Communities and Assets. Each business unit is deemed an operating segment. Operating segments with similar economic characteristics have grouped into three reportable segments as set out below.

IFRS 8 Operating Segments requires the disclosure of reported segments in accordance with internal reports provided to the Group's chief operating decision maker. The Group considers its Board of Directors to be the chief operating decision maker and therefore has aligned the segmental disclosures with the monthly reports provided to the Board of Directors.

- Land Property & Public Protection (LPPP) - delivering specialist information management solutions and services to the public sector.
- Assets - delivering engineering document management and control solutions to asset intensive industry sectors.
- Communities (COMM) - delivering software solutions to clients with social value running through their core.

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.

The segment results for the six months to 30 April 2023 were:

	LPPP £000	Assets £000	COMM £000	Total £000
Revenue	21,458	7,177	7,146	**35,781**
Adjusted EBITDA (note 11)	7,735	1,811	2,557	**12,103**
Depreciation & Amortisation	(3,032)	(1,010)	(1,246)	**(5,288)**
Restructuring costs	(121)	(166)	(42)	**(329)**
Acquisition costs	(340)	-	-	**(340)**
Share option costs	(741)	(210)	(249)	**(1,200)**
Segment operating profit	3,501	425	1,020	**4,946**
Financing costs				**(28)**
Operating profit				**4,918**
Finance income				**61**
Finance costs				**(901)**
Profit before tax				**4,078**

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

Following the establishment of the new divisional structure from 1 November 2022 as described above, the re-presented segmental information for the six months to 30 April 2022 were:

	LPPP £000	Assets £000	COMM £000	Continuing operations total £000	Discontinued operations Content £000	Total £000
Revenue	17,540	6,819	8,847	**33,206**	-	**33,206**
Adjusted EBITDA (note 11)	6,217	2,053	2,720	**10,990**	-	**10,990**
Depreciation & Amortisation	(2,833)	(991)	(1,504)	**(5,328)**	-	**(5,328)**
Restructuring costs	(24)	(84)	(11)	**(119)**	-	**(119)**
Acquisition costs	(11)	-	-	**(11)**	-	**(11)**
Share option costs	(643)	(274)	(332)	**(1,249)**	-	**(1,249)**
Segment operating profit	2,706	704	873	**4,283**	-	**4,283**
Financing costs				**(30)**	-	**(30)**
Operating profit				**4,253**	-	**4,253**
Loss from sale of discontinued operations				**-**	(567)	**(567)**
Finance income				**219**	-	**219**
Finance costs				**(870)**	-	**(870)**
Profit before tax				**3,602**	(567)	**3,035**

The segment revenues by geographic location were as follows:

	H1 FY23 £000	H1 FY22 £000
Revenues from external customers:		
United Kingdom	31,727	29,546
North America	2,421	2,008
Europe	1,123	1,407
Rest of World	510	245
	35,781	33,206

4 Dividends

During the period a dividend was paid in respect of the year ended 31 October 2022 of 0.5p per ordinary share at a total cost of £2,268,000 (H1 FY22: 0.4p per ordinary share at a total cost of £1,784,000).

The directors do not propose a dividend in respect of the interim period ended 30 April 2023 (H1 FY22: £Nil).

5 Tax on profit on ordinary activities

The tax charge is made up as follows:

	6 months to 30 April 2023 (unaudited) £000	6 months to 30 April 2022 (unaudited) £000	12 months to 31 October 2022 (audited) £000
Current tax			
UK corporation tax on profit for the year	1,308	361	2,022
(Over) / under provision in respect of prior periods	(20)	43	(181)
Total current tax	1,288	404	1,841
Deferred tax			
Origination and reversal of timing differences	(525)	11	(775)
Adjustment for rate change	(31)	(12)	(141)
Adjustments in respect of prior periods	8	124	66
Total deferred tax	(548)	123	(850)
Total tax charge	740	527	991

Unrelieved trading losses of £749,890 (H1 FY22: £1,217,000) remain available to offset against future taxable trading profits (excluding unrecognised losses of £58,806 (H1 FY22: £549,249) in the UK and £14,433,730 (H1 FY22: £11,480,717) overseas).

6 Discontinued operations

There were no discontinued operations during the six months ended 30 April 2023. In 2021, the Group disposed of its continental compliance business and Netherlands Grant consultancy operations. The loss on disposal reported in the prior periods relates to the finalisation of balances in connection with these disposals.

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

	6 months to 30 April 2023 (unaudited) £000	6 months to 30 April 2022 (unaudited) £000	12 months to 31 October 2022 (audited) £000
Revenue	-	-	-
Expenses	-	-	-
Loss on disposal	-	(567)	(567)
Profit before tax	-	(567)	(567)
Attributable tax expense	-	-	-
Net (loss) / profit attributable to discontinued operations	-	(567)	(567)

During the period, Content contributed £Nil (H1 FY22: £0.1m) to the Group's net operating cash flows and incurred £Nil (H1 FY22: £0.1m) in respect of investing and financing activities.

7 Earnings per share

The earnings per 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:

Continuing operations	6 months to 30 April 2023 (unaudited)	6 months to 30 April 2022 (unaudited)	12 months to 31 October 2022 (audited)
Profit for the period (£000)	3,338	3,075	5,611
Basic earnings per share			
Weighted average number of shares in issue	447,942,345	441,605,209	443,413,006
Basic earnings per share	0.75p	0.70p	1.27p
Weighted average number of shares in issue	447,942,345	441,605,209	443,413,006
Add back:			
Dilutive share options	7,150,750	10,214,904	8,636,936
Weighted average allotted, called up and fully paid share capital	455,093,095	451,820,113	452,049,942
Diluted earnings per share			
Diluted earnings per share	0.73p	0.68p	1.24p

Adjusted earnings per share	6 months to 30 April 2023 (unaudited)	6 months to 30 April 2022 (unaudited)	12 months to 31 October 2022 (audited)
Adjusted profit for the period (£000) (see note 11)	6,075	5,483	11,015
Weighted average number of shares in issue - basic	447,942,345	441,605,209	443,413,006
Weighted average number of shares in issue - diluted	455,093,095	451,820,113	452,049,942
Adjusted basic earnings per share	1.36p	1.24p	2.48p
Adjusted diluted earnings per share	1.33p	1.21p	2.44p

Total operations	6 months to 30 April 2023 (unaudited)	6 months to 30 April 2022 (unaudited)	12 months to 31 October 2022 (audited)
Profit for the period (£000)	3,338	2,508	5,044
Basic earnings per share			
Weighted average number of shares in issue	447,942,345	441,605,209	443,413,006
Basic earnings per share	0.75p	0.57p	1.14p
Weighted average number of shares in issue	447,942,345	441,605,209	443,413,006
Add back:			
Dilutive share options	7,150,750	10,214,904	8,636,936
Weighted average allotted, called up and fully paid share capital	455,093,095	451,820,113	452,049,942
Diluted earnings per share			
Diluted earnings per share	0.73p	0.56p	1.11p

8 Intangibles

8 Intangibles

	Goodwill £000	Customer relationships £000	Trade names £000	Software £000	Development costs £000	Total £000
At 31 October 2022	52,639	13,715	2,203	9,791	14,062	**92,410**
Additions	-	-	-	-	3,398	**3,398**
Fair Value Adjustment	22	-	-	-	-	**22**
Amortisation	-	(757)	(188)	(904)	(2,613)	**(4,462)**
At 30 April 2023	52,661	12,958	2,015	8,887	14,847	**91,368**

No impairment charge was incurred during H1 FY23 (H1 FY22: £Nil).

9 Long-term incentive plan (LTIP)

During the period, no options were granted under the LTIP.

The Group recognised a total charge of £1,200,000 (H1 FY22: £1,249,000) for equity-settled share-based payment transactions related to the LTIP during the period. The total cost was in relation to outstanding share options and share options granted in the year.

The number of options in the LTIP scheme is as follows:

	30 April 2023 No.	30 April 2022 No.	31 October 2022 No.
Outstanding at the beginning of the period	16,978,852	15,557,052	15,557,052
Granted	-	5,462,258	6,460,939
Forfeited	-	-	(194,375)
Exercised	(1,626,974)	(4,182,312)	(4,844,764)
Outstanding at the end of the period	15,351,878	16,836,998	16,978,852
Exercisable at the end of the period	3,473,759	4,722,051	6,034,065

10 Post balance sheet events

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

11 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.

We believe that these measures provide a user of the accounts with important additional information. The following tables set out the Alternative Performance Measures in respect of continuing operations:

Continuing operations	6 months to 30 April 2023 (unaudited) £000	6 months to 30 April 2022 (unaudited) £000	12 months to 31 October 2022 £000
Adjusted EBITDA:			
Profit before taxation	4,078	3,602	6,602
Depreciation & Amortisation	5,288	5,328	10,584
Restructuring costs	329	119	470
Acquisition costs	340	11	183
Financing costs	28	30	30
Share option costs	1,200	1,249	2,584
Net finance costs	840	651	2,056
Adjusted EBITDA	12,103	10,990	22,509
Free cashflow:			
Net cashflow from operating activities after taxation	17,136	11,127	15,647
Capex	(3,785)	(3,588)	(7,558)
Lease payments	(423)	(509)	(927)
Free cashflow	12,928	7,030	7,162
Net (cash) / debt:			
Cash	(23,722)	(21,560)	(13,864)
Bank borrowings	11,245	14,466	9,201
Bonds in issue	11,362	10,848	11,325
Net (cash) / debt	(1,115)	3,754	6,662

Adjusted profit for the period and adjusted earnings per share:			
Profit for the period	3,338	3,075	5,611
Add back:			
Amortisation from acquired intangibles	1,769	1,881	3,670
Restructuring costs	329	119	183
Acquisition costs	340	11	470
Financing costs	28	30	30
Share option costs	1,200	1,249	2,584
Tax effect	(929)	(882)	(1,533)
Adjusted profit for the period	6,075	5,483	11,015
Weighted average number of shares in issue - basic	447,942,345	441,605,209	443,413,006
Weighted average number of shares in issue - diluted	455,019,425	451,820,113	452,049,942
Adjusted basic earnings per share	1.36p	1.24p	2.48p
Adjusted diluted earnings per share	1.33p	1.21p	2.44p

Profit before taxation is adjusted for depreciation, amortisation, restructuring costs, acquisition costs, financing costs, share option costs and net finance costs to calculate a figure for EBITDA which is commonly quoted by our peer group and allows users to compare our performance with those of our peers. This also provides the users of the accounts with a view of the trading picture which is comparable year on year.

Depreciation and amortisation are omitted as they relate to assets acquired by the Group which may be subject to differing treatment within the peer group and so this allows meaningful comparisons to be made.

Amortisation on acquired intangibles omitted in order to improve the comparability between acquired and organic operations as the latter cannot recognise internally generated intangible assets. Adjusting for amortisation provides a more consistent basis for comparison between the two.

Restructuring costs, acquisition costs, financing costs and net finance costs are omitted as they are considered to be one off in nature or do not represent the underlying trade of the Group. The items within these categories are assessed on a regular basis to ensure that they do not contain items which would be deemed to represent the underlying trade of the business.

Share option costs are excluded as they do not represent the underlying trade of the business and fluctuate subject to external market conditions and number of shares. This would distort year on year comparison of the figures.

Profit after taxation is adjusted for amortisation from acquired intangibles, restructuring costs, acquisition costs, financing costs and share option costs, as well as considering the tax impact of these items. To exclude the items without excluding the tax impact would not give the complete picture. This enables the user of the accounts to compare the core operational performance of the Group. Adjusted earnings per share takes into account all of the factors above and gives the user of the accounts information on the performance of the business that management is more directly able to influence and on a comparable basis for year to year.

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