

17 August 2017

Idox plc

("Idox", the "Company" or the "Group")

Acquisition of Halarose Holdings Ltd

Positions Idox as UK's second largest supplier of electoral back office software and services

Idox plc (AIM: IDOX), a leading supplier of specialist information management solutions and services, is pleased to announce that it has acquired the entire issued share capital of Halarose Holdings Ltd ("Halarose") (the "Acquisition"), a supplier of electoral back office software and services to UK local authorities, for £5.0 million, comprising £3.5 million in cash and £1.5 million in shares.

Highlights of the Acquisition

- The acquisition is in line with Idox's strategic focus on, and investment in, the public sector and will be fully integrated into Idox's existing elections business unit, Idox Elections
- Creates a larger, more effective and focussed Idox Elections business capable of accelerating its growth and increasing its market share through cross selling initiatives to existing and new customers in the UK and Europe
- Revenue and cost synergies are expected to enhance Idox's earnings in the first full year of ownership

Description of Halarose

Halarose, originally established in 1978 and based in Oxfordshire, develops, markets, sells and supports a range of electoral back office software and services to UK local authorities. It enables its customers to be more efficient both in the production and management of the electoral register and in the running of elections and referenda.

Halarose's 76 clients include some of the largest local authorities in the UK including Birmingham, Leeds, Lothian and Lanarkshire. The senior management team of Halarose will remain with the business post-acquisition for a minimum of two years.

Reasons for and benefits of the Acquisition

The Acquisition is in line with Idox's strategic focus on, and investment in, the public sector. Following the Acquisition, Idox will significantly enhance its market position in electoral back office software and services and will become the second largest supplier in the UK. The Acquisition is expected to accelerate Idox Elections' organic growth and increase its market share. This will be achieved by offering the combined, enhanced suite of products and services to both existing and new customers, whilst

also providing a platform for further European expansion.

In line with Idox's strong acquisition integration track record, the enlarged business will be combined, trading as Idox Elections, part of the Group's Public Sector Software segment. The Group expects to derive significant synergies from the integration of office locations, support functions and a single suite of products.

Financial impact of the Acquisition

For the financial year ended 31 May 2017, Halarose generated revenue of £3.3 million - with recurring revenues accounting for c.50% of annual revenues - and EBITDA of £1.1 million. Net assets were approximately £4.8m (all numbers unaudited). Halarose, which is being acquired debt-free and cash free, has been consistently profitable, delivering double digit annual organic revenue growth last year. For the 12 months ended 31 May 2017, the combined Idox Elections business had pro forma unaudited revenues of £7.5m. The Acquisition is expected to be earnings enhancing in the first full year of ownership.

Terms of the Acquisition

The consideration of £5.0 million comprises £3.5 million in cash, funded from the Group's existing debt facilities, and £1.5 million in new ordinary shares of the Company ("Ordinary Shares" and "Consideration Shares"). The new Ordinary Shares are being issued to the vendors at 61.5 pence per Ordinary Share, being the mid market closing price on 15 August 2017. The vendors have undertaken to the Company that, subject to certain limited exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in the Consideration Shares at any time during the period of 12 months from 16 August 2017, following which certain orderly market provisions will apply.

Admission of the new Ordinary Shares and Total Voting Rights

Application will be made to the London Stock Exchange for the 2,439,024 new Ordinary Shares, which will rank pari passu with the existing Ordinary Shares in issue, to be admitted to trading on AIM and admission is expected to become effective on or around 23 August 2017.

Following the issue of these shares, the Company's total issued share capital is 410,631,216 Ordinary Shares. The Company holds 1,491,219 Ordinary Shares in treasury. Therefore the total number of Ordinary Shares in issue excluding shares held in treasury is 409,139,997. The above figure of 409,139,997 Ordinary Shares may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

Andrew Riley, Chief Executive of Idox, commented:

"The acquisition of Halarose, which has a strong product offering, team and track record, presents Idox with the opportunity to significantly expand its existing presence in the elections market. It is expected to be earnings enhancing in the first full year of ownership and supports our strategy of focusing on and investing in the wider public sector in the UK and abroad."

MAR

This announcement is released by Idox plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"), encompassing information relating to the Acquisition described herein, and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Jane Mackie, Chief Financial Officer.

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About Idox plc

Idox plc is a supplier of specialist information management solutions to the public sector and to highly regulated asset intensive industries around the world in the wider corporate sector.

Idox is the leading applications provider to UK local government for core functions relating to land, people and property, such as its market leading planning systems and election management software. Over 90% of UK local authorities are now customers. Idox provides public sector organisations with tools to manage information and knowledge, documents, content, business processes and workflow as well as connecting directly with the citizen via the web, and providing elections management solutions. It also supplies in the UK and internationally, decision support content such as grants and planning policy information and corporates compliance services. Idox delivers engineering document control, project collaboration and facility management applications to many leading companies in industries such as oil & gas, architecture and construction, mining, utilities, pharmaceuticals and transportation in North America and around the world.

The Group employs approximately 900 staff located in the UK, North America, Europe, India and Australia.

For more information see www.idoxplc.com

This information is provided by RNS
The company news service from the London Stock Exchange

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