

Idox plc
("Idox" or "the Group")
Annual General Meeting Trading Update and 2016 Prior Year
Adjustment

Idox plc (AIM: IDOX), a leading supplier of specialist information management solutions and services, will be holding its Annual General Meeting at 10.30am today. At the meeting, the Chairman will make the following statement:

Trading and Business Update

We are making good progress with our strategy to move the Group to a more stable footing and build shareholder value. The Board remains confident in the prospects for the business and is pleased to confirm that the Group continues to trade in line with market expectations..

We continue to make financial and operational governance improvements and have made good progress across a number of fronts as set out below. As part of this ongoing process we have recently identified 2016 year end contract documentation irregularities that will necessitate a modest adjustment to prior year brought forward balances as set out in the section headed 'Prior year adjustment'.

We are pleased to advise on our progress across the Group in the following areas:

- 'The 4 Pillars' programme. Improving the quality of Revenue, EBITDA, Cashflow together with the simplification of the organisation, including:
 - o implementing appropriate revenue recognition policies, practices and understanding throughout the organisation to ensure our revenues match our performance obligations;
 - o establishing visibility over our data and information to understand more fully the financial risks and opportunities throughout our Group; and
 - o closer integration of previous acquisitions across the business;
- Selling. Reassessing our selling methodologies, improving governance through the appointment of a Chief Process and Transformation officer, implementing sales governance, establishing robust pricing models and stratifying our sales resources to match the profiles of our customer base;
- Product. Investing in product strategy with the appointment of a new Product Director, co-ordinating development activity, and co-ordinating and reviewing existing third-party licensing arrangements;
- Services. Addressing historical challenges of low levels of chargeability for professional services and maximising services revenue opportunities generally;
- Infrastructure. Creating more resilient and cost-effective IT infrastructure that underpins both our Corporate and customer activities. Improving engagement of our back-office activities with wider operational activities;
- Employees. Establishing an employee engagement programme to improve communication and work practices throughout the

organisation; and

· KPIs. Identifying and monitoring appropriate KPI's throughout the organisation and challenging existing operating models using those KPIs as a guide.

2016 prior year adjustment

As part of our more stringent approach to contract monitoring and execution, we have recently identified a number of irregularities in historic customer contracts, signed and recognised in the year ended 31 October 2016 ("FY16"), that had been inappropriately amended by a small number of employees. The effect of these contract irregularities is that revenue and profit of approximately £4.5 million to £5.5 million was recognised in FY16, the majority of which should have been recognised in later periods. Those employees still with the company have been suspended pending an investigation into their conduct. Having thoroughly assessed the financial impact, the Board has concluded that this issue is historical in nature and will have no impact on the Group's cash balances or its current year financial performance although a small adjustment to the opening net assets will be required, as described below.

Whilst we continue to work through the detail of this issue to understand the full effect on the previously reported FY16 results, the expected Group net assets will be adjusted from the opening balance of £49.8m at 1 November 2018 by approximately £0.75m. We anticipate correcting this historical overstatement by way of a prior year adjustment to the opening 2018 balance sheet in the Interim and Final accounts for the year ending 31 October 2019.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014.

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About Idox plc

For more information see www.idoxplc.com @Idoxgroup

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