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IDOX PLC
25 January 2024

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Idox plc

('Idox' or the 'Group' or the 'Company')

FY23 Results

"A strong financial performance in line with expectations"

Idox plc (AIM: IDOX), a leading supplier of specialist information management software and geospatial data solutions to the public and asset intensive sectors, is pleased to report its financial results for the year ended 31 October 2023.

Financial highlights

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

Revenue

- Revenue increased by 11% to £73.3m (2022: £66.2m), driven by growth in Land, Property & Public Protection (LPPP).
- Recurring revenue[1] increased by 8% to £43.6m (2022: £40.5m), accounting for 60% of the Group's total revenue (2022: 61%).

Profit

- Adjusted[2] EBITDA increased by 9% to £24.5m (2022: £22.5m).
- Adjusted[2] EBITDA margin stable at 33% (2022: 34%).
- Statutory operating profit increased by 8% to £9.3m (2022: £8.7m).
- Statutory operating profit margin unchanged at 13% (2022: 13%).
- Statutory profit before tax increased by 18% to £7.8m (2022: £6.6m).
- Adjusted[3] diluted EPS increased by 7% to 2.62p (2022: 2.44p).
- Statutory diluted EPS decreased by 1% to 1.23p (2022: 1.24p).

Cash and debt

- Net debt[4] at 31 October 2023 was £14.7m (2022: £6.7m), following payment of the initial cash consideration (£14.8m) for the Emapsite acquisition in August 2023.
- Cash generated from operating activities before taxation represented 82% of Adjusted EBITDA (2022: 81%).
- Free cashflow[5] generation of £9.1m (2022: £7.2m).
- Refinancing completed in October 2023 for a £75m revolving credit facility and £45m accordion, providing the Group with significantly increased resources to fund strategic M&A ambitions.

Dividend

- Proposed final dividend increased by 20% to 0.6p per share (2022: 0.5p), reflecting our strong financial position and our confidence in the future.

Operational highlights

Another strong performance in line with expectations despite the backdrop of continued geo-political and macro-economic uncertainty:

- Record full year order intake up 10% on FY22 to £82m, reflecting our high-quality customer base and, providing good visibility into FY24.
- New divisional structure has created a much better focus for our customer engagement, product strategy and marketing, delivering an improved sales performance.
- Idox's Geospatial capabilities were further enhanced with the acquisition of Emapsite and the continued development of thinkWhere & Landhawk which have continued to onboard new projects and customers.
- Upscaling and embedding our India operations across the business continued throughout the year, with colleague growth in India up over 20% as we build upon our strong capabilities and future development plan.
- Customer engagement and communication has been a key part of our work in 2023 focussing on our strong customer relationships and market position.

Current trading and outlook

- With a strong foundation in property and asset-based solutions and data services we will continue to invest selectively to enhance and grow our capabilities, building on the Group's already strong recurring revenues.
- Attractive M&A pipeline with significant financial resources for larger, accretive and enhancing acquisitions at appropriate valuations.
- Encouraging start to FY24, with trading in line with the Board's expectations and we remain confident about the outlook for the year.

David Meaden, Chief Executive of Idox said:

"We are pleased that Idox has delivered double-digit revenue growth and seen an increase in recurring revenue and order intake this year. Our work in previous years, refocusing Idox as a software business and improving the quality of the Group, has created a fly-wheel effect where we continue to deliver consistently strong margins and cash generation.

The acquisition of Emapsite has strengthened our geospatial offering, providing opportunities to cross sell our existing capabilities to new markets and deliver high quality data services to our existing clients.

We have made an encouraging start to FY24, trading in line with the Board's expectations. We will continue to invest selectively to grow our capabilities and support our customers.

We have increased financial resources at our disposal for accretive and enhancing acquisitions and have shown that this can be delivered successfully. Whilst recognising this is likely to be an election year, we remain confident about the outlook for the year ahead."

There will be a webcast at 11:00am UK time today for analysts and investors. To

register for the webcast please contact MHP Communications at idox@mhpgroup.com

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About Idox plc

For more information see 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.

[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 (earnings before interest, tax, depreciation and amortisation) 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 commonly used measure in the industry and how management and our shareholders track performance.

[3] Adjusted EPS excludes amortisation on acquired intangibles, restructuring, financing, impairment, share option and acquisition costs.

[4] Net debt is defined as the aggregation of cash, bank borrowings and long-term bond. This differs from a similar measure under IFRS, which would also include lease liabilities as debt. The definition used is consistent with that used within the Group's banking arrangements.

[5] 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 2023. Note references refer to notes included in this Annual Financial Report Announcement 2023.

Chair's statement

Introduction

I am very pleased to be able to report another positive set of results to all of our shareholders and other stakeholders for the financial year ending 31 October 2023. This is the 5th year in a row that we have grown revenues and Adjusted EBITDA, with very good cash generation. This is an excellent track record delivered by the whole Idox team. The business has maintained its trajectory of improving our core, organic metrics whilst continuing with a very focused acquisition programme. All the acquisitions that we have made have grown our addressable market so that we can continue to find new growth opportunities whilst continuing to benefit from the solid foundations of our strong core market positions. This strength is evidenced through our recurring revenue, our margins, and cash generation.

This has been a year of stability in the Boardroom, with no changes to our Executive and Non-Executive Directors. However, we continue to enjoy a healthy level of challenge and debate. We have made sure that the other Non-Executive Directors (NEDs) and I engage directly with shareholders on a regular basis, taking on board their feedback and ensuring that their views are reflected in the direction of the business. We have also engaged independent external advisors to review our Board practices and our remuneration policies.

2023 has been a quieter year in the number of acquisitions that we have completed, but we were pleased to be able to complete the acquisition of Emapsite in August. Emapsite is an excellent business, and their offerings dovetail well with those of our previous acquisitions and our original capabilities in the geospatial data management space. The acquisitions of Aligned Assets, thinkWhere, exeGesIS, LandHawk and now Emapsite put Idox in a very strong position to build exciting new revenue streams around our core assets in property data management. The market opportunity created by the combination of these capabilities is large, and it will be a major focus of investment for the Group in the years to come.

It was also pleasing to see the continuing impact of our earlier acquisitions, with our Cloud solution, built on the Tascomi platform that we acquired in 2019 delivering 18 new customer wins and enabling the migration of eight existing customers from an on-premise solution to our Cloud offering.

Performance towards achieving our internal goal of 35% Adjusted EBITDA margin was stable at 33%. We still have some improvements to come in that area through the benefits of the integration of our previous acquisitions, which are not yet fully realised. However, revenue growth of 11%, with recurring revenue up 8% over the period, delivering a 9% increase in full year Adjusted EBITDA is a pleasing set of results. To be able to deliver such a strong core performance whilst at the same time increasing the addressable market opportunity is an excellent performance. 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.

Like nearly every business, Idox is continuing to work on finding the optimal working pattern for our colleagues in the post-covid world. We have to make sure that we have the right blend of home and office work, and essential and non-essential travel, that allows our colleagues to be efficient but also continue to benefit from the lifelong development and learning opportunities that are an important part of corporate, office life. 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 have 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.

Cultural development is an essential part of this value. It is not only important for the employees themselves that we create a strong and thriving culture, where all of our colleagues feel valued and appreciated, but it is also an essential component in delivering value to our customers. It is clear to me that customers know when they are supported by an organisation that has a strong and positive culture, and indeed cultural alignment can be a very strong driver of customer satisfaction. Idox has a very clear set of shared values, that hold quality, customer value, owning commitments and "doing the right thing" as essential and non-negotiable elements of the Idox experience. It is with these values in mind that we continue to develop talent within the business creating an environment where growth and innovation is a natural output of our work together.

Group Strategy

The Group continued its focus on providing digital solutions and services to the LPPP public sector customers in the United Kingdom, complemented by our Assets & Communities sectors servicing customers across the world. However, we are increasingly focused on the broader geospatial data market. 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 attractive acquisition opportunities that can enhance the Group's scale and capabilities, and the integration of completed acquisitions, is a key part of management focus and effort.

Board

There has been no change to the Board in FY23, as reported above. I consider the effectiveness of the Board, which includes the contributions of the individual board members, throughout the annual governance cycle. The current Board members continue to collectively function in an efficient and productive manner.

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.

Dividends

The Board has proposed an increased final dividend of 0.6p (2022: 0.5p) for FY23. Subject to approval at the AGM, the final dividend will be paid on 12 April 2024 to shareholders on the register as at 2 April 2024. 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 attractive markets, with strong market positions and insights, and we have every confidence that we can continue the excellent progress we have seen in FY23. The changes that we have made in the last few years, to the team, our structure, systems, and processes have delivered a major improvement in our financial performance. As a result, we have enjoyed improved stability in performance and confidence for the future, based on strongly improving orderbooks and levels of recurring revenue. On top of this, we can now point to exciting growth opportunities in the geospatial data markets. 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 Emapsite, 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

Chair

Chief Executive's review

Continuing progress

The Chair has reported on the significant progress at Idox over the past five years. This has been delivered through a well-defined strategy, articulated through our Four Pillars and Walk, Run, Fly phases.

By refocussing Idox as a software business, with leading positions in our chosen markets, we have substantially improved the overall quality of our business. This clear focus has delivered strong margins and cash generated by operations, and a stronger balance sheet.

From this position, it seems obvious that we would have achieved this substantially improved performance, but of course, this achievement was not a given. It has required discipline and years of continuous improvements and perseverance to create a fly wheel effect, delivering the positive momentum we now have.

The credit for this improvement should be given to the teams across Idox that have committed themselves to the journey and for the high quality of work and service that they provide each day. In turn, we have supported a powerful leadership and mentoring programme, alongside a wide range of development and common interest-based programmes suggested by our teams, which have focussed on building affinity groups and supportive allies across the business who are passionate about championing inclusion and belonging for all our colleagues.

When I first arrived as CEO, I could see a tremendous amount of work being undertaken across the business, but the results did not reflect the dedication or efforts of our teams. Today, I feel that our efforts are being reflected in our operational and financial performance and I am grateful to all our teams that have contributed so positively to our ongoing success.

We continue to be a 'rule of 40' business, where the combination of revenue growth rate plus Adjusted EBITDA margin equates to forty per cent, or more, and I am pleased that we continued to deliver against this goal with revenue growth at 11% and Adjusted EBITDA margin at 33%.

We are now at the natural conclusion of the walk, run and fly strategy and we are excited for the future, based upon the strong foundations we have established. We look forward to fortifying the foundations we have built and cultivating our future trajectory.

Fortifying the foundations: focus on the future

Over the past 12 months we have significantly increased our recurring revenue (8%) and sales order intake (10%), providing greater visibility of future revenues.

We should acknowledge that the conditions surrounding several of the markets in which we operate have been challenging. The higher inflationary environment, along with the continued uncertainty and disruption from global conflicts and higher interest rates have impacted confidence and created some uncertainty over long-term Government taxation and spending plans.

Several local authorities have signalled they are finding it more difficult to run operations with a balanced budget and we have seen a small number of Councils issue Section 114 notices, indicating their need to restructure operations and temporarily restrict spending on new projects. However, faced with these challenges, our clients look to software and technology solutions to improve automation, insight, and efficiency in their operations. We take great pride in providing the software engines that drive our local authority clients forward and we are delighted that they continue to build their future software and data strategies around them. As long-term partners in our markets, retention across all our solutions and clients remains very high.

In addition to our core markets, we are focussed on delivering against new software and data opportunities in associated addressable markets. Despite the current economic challenges, we believe the next decade will bring significant opportunities for geospatial software and data as well as for software and data 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 land and property data and processes.

As such, we were delighted to acquire the Emapsite business and to welcome the team to Idox where they add to our substantial geospatial capabilities built through the acquisition of thinkWhere, LandHawk, Aligned Assets and exeGesIS. Importantly, the acquisition of Emapsite provides us with the opportunity to cross sell our existing capabilities to new markets and deliver high quality data services to our existing clients.

Cultivating our future trajectory: supporting growth

During the year, we increased the capital available to the Group for M&A by entering a new, larger revolving credit facility and accordion of £75m and £45m respectively. Following a rigorous process, we are pleased to continue the positive relationship with our banking partners, HSBC Innovation Bank, NatWest and Santander. We invest our time in these relationships and feel that the engagement has helped them understand our strategic intent, while allowing us to access their knowledge pools more effectively to the benefit of all parties. We are grateful for their continued support.

Further scale in our operations would provide more scope for increasing growth rates and for further margin improvement, leveraging our sales and marketing, software development and operations to add real value to shareholders and the markets we serve. We continue to pursue several acquisition opportunities that would contribute greater scale and capabilities to the Group, always mindful of their alignment with our strategy and at the same time, maintaining a disciplined approach to valuation.

People

We endeavour to make Idox a great place to work and a place where team members can meet their career aspirations. Our collective ambition also demands that we are an attractive business for new talent that can raise the bar on what can be expected and delivered. As such, we prioritise communication and engagement across the Group. The CEO Broadcasts are a significant part of that pillar and are well attended. Our 'Dare to be Different' survey, aimed at making Idox an inclusive workplace allowing everyone to be their best selves has also been well supported and shaped much of our thinking in areas such as work support and recruitment practice. Alongside our Workplace Wellbeing team and Idox Elevate, the networks that have come together to support Pride@Idox and Neurodiversity@Idox are designed to raise awareness of the issues faced by these communities, share learning and understanding of how to be inclusive to those that identify as such, and to provide a safe space for colleagues to converse confidentially.

Outlook

We have made an encouraging start to FY24, trading in line with the Board's expectations. We will continue to invest selectively to grow our capabilities and support our customers.

We have increased financial resources at our disposal for larger, accretive and enhancing acquisitions and have shown that this can be delivered successfully. We remain confident about the outlook for the year ahead.

David Meaden

Chief Executive Officer

Chief Operating Officer's review

Overview

I am pleased to provide an operational update and to report a successful year of progress at Idox.

The divisional structure announced last year has delivered a focussed platform for clear commercial and strategic ownership for business units. Within each division we now have strong leadership and a clear market focus, with responsibility for all sales, marketing, product strategy & customer engagement. The appointed Divisional Directors have exceptional domain expertise and experience in each of the operating areas and have helped provide a focus for the business throughout the year whilst also building long term strategies to meet our future growth aspirations.

We have scaled the Group operationally across service horizontals too, including engineering, customer success & our offshore operations in India. This has improved our performance, utilisation levels and access to shared technologies and resources which is leading to better outcomes for our customers and improving our overall customer experience and effectiveness.

At Idox, we have successfully maintained an operating model with colleagues working in a hybrid capacity which sees our colleagues working from both office locations and home where roles allow. We also recognise the significant benefits of working closely with both colleagues and customers face-to-face, which we have seen much more of throughout the last 12-month period.

We continue to champion our Four Pillars strategy to underpin our ongoing operations; it ensures that our decision making remains correctly balanced when making key decisions within the business.

Revenue

We continue to focus on long-term sustainable growth across the business.

The divisional structure has ensured that we operate with a targeted emphasis on the quality of revenues, and we have strategic alignment of product strategy with the needs and requirements of our customers helping to drive this.

We operate with strong and robust processes and business controls to ensure that order intake and subsequent revenues are not only appropriate and in line with our policy and core values but also build solutions and commercial approaches to strengthen on our annually recurring revenues and long-term value.

This approach has helped deliver a growth rate of 8% for annual recurring revenues across the Group.

This year we welcomed 177 new organic customers to the Group and saw our overall order intake grow to over £82m (+10%), which is ahead of our revenues for FY23; building orderbook and securing future revenues.

In the Land, Property & Public Sector Division, we lead the market in the provision of SaaS platforms for the built environment & public protection (including Licencing and Trading Standards) through our Idox Cloud solution, securing 18 New Customers to our service. New customers to the platform included Harrow Council, Conwy County Borough Council and Blackburn with Darwen Borough Council. We have also experienced strong and continued conversion from Idox legacy platforms, with some long standing customers converting to Idox Cloud including Rushmoor Borough Council, Royal Borough of Windsor & Maidenhead and Dorset Council. This all made for a pleasing performance for Idox Cloud in FY23, with sales order intake up 25%, revenue up 26% and recurring revenue up over 30% when compared to FY22.

The provision of cloud services to our existing customer base also performed strongly in FY23 with many taking advantage of our private cloud facilities to provide a secure service for existing platforms, including East Lothian Council and Norwich City Council.

Other areas of the Land, Property & Public Protection Division performed well too. Address Management order intake was up over 29% by securing key deals across several markets, including Cadent Gas in the utilities sector. In our specialist Countryside Access Management solution we saw key wins with Snowdonia National Park Authority and some significant projects with Natural England and the National Trust where our specialist solutions and knowledge are bringing together complex data and GIS capabilities.

In our Geospatial offering, the acquisition of Emapsite significantly extended our sales capabilities and market reach, including a significant customer base. This acquisition also improved our access data and software experience, adding to our already growing knowledge and Geospatial expertise.

Progress and sales have remained strong in Emapsite over the last 10-weeks of the year, with our largest customer for geospatial data services, CityFibre, agreeing new contracts for the development of its fibre network planning insights programme and support for their statutory roadwork management obligations. We also saw new agreements for Scottish Power Renewables, Realyse and Wales & West Utilities, who are leveraging our unique Ordinance Survey data, mapping and addressing insights.

thinkWhere continued to provide Geospatial services throughout the year for some of the most complex and demanding projects, underpinned by our GIS solution Ground Mapper. This included new and exciting projects at Tillhill Forestry, Eurogeographics & National Collection of Ariel Photography.

thinkWhere revenues and order intake were up significantly on the previous year, with a number of new projects secured. In addition to the continued maintenance of its long-term relationships with Savills, British Library and other customers, this helped build momentum throughout FY23, growing recurring revenue YoY by 21% and building a strong orderbook for FY24.

Our Communities Division saw good progress in our Social Care solutions and services with revenues up on prior years performance by 15%. New wins to the solutions included City of Bradford Metropolitan Borough Council and Doncaster Metropolitan Borough Council as well as strong customer retention. This strong performance was continued in our Sexual Health solution 'Lilie', with recurring revenue up 10% on the prior year, through our partnership work with providers, Virgin Care Service, Brook and Cambridge Community Services.

In Elections, with the lack of any major events or elections, we saw our overall revenues reduce by 26%, however, our customer renewal and re-sign strategy was strong, with order intake up 30% compared to the previous year. We continued to deliver on our strong relationship with Department for Levelling Up Housing and Communities (DLUHC) too, for changes to the overall election management systems, in accordance with legislative changes. We also saw some strong improvement in the quality of earnings across the revenues resulting in an increase in margin despite the lower overall revenue performance.

Our Databases solutions continued to attract new customers, particularly in higher education where our ResearchConnect solution provides services, this led to Idox securing over 136 new customers up 10% on the prior year and SaaS revenues growing by over 14% across the databases business.

The formation of the Assets division has provided a great opportunity for shared technologies and cross-sell between platforms. EIM revenues were up 4% on the previous year, and new business sales were up over 16%, with 17 new customers and the EIM orderbook is up significantly (17%) going into FY24. New names included impressive projects with Elecnor, VME Process Inc. and Port Praski, as well as continued support from long-term customers, Wood Group, Duke Energy Corporation and SNCF. Our partnership programs in the Middle East, North Africa and parts of Europe have delivered new customers and programmes which we expect to continue in FY24.

Late FY23 saw the launch of several programmes into the NHS markets for specific benefit cases for the iAssets tracking solution: using the latest technologies, incorporating IOT, Bluetooth and 4G tracking and targeting specific equipment. Revenues for iFit were up 6% and recurring revenue improved 8% on the prior year, helped through a strong retention strategy, with renewals and re-signs up 9% on FY22.

Despite some of the economic pressures of the Facilities Management markets as businesses rationalise their property portfolios, we have seen small but continued progress with the CAFM solution, with recurring revenue growing at 3% in FY23. There are high expectations for the impending release of the new CAFM version 12 with advanced orders already in the orderbook for completion in the new year.

Margins

In FY23 the Adjusted EBITDA margin remained similar to the previous year at 33% (2022: 34%) and we recorded a statutory profit before tax of £7.8m (2022: £6.6m) up 18% on the prior year and representing a statutory profit margin of 11% (2022: 10%).

We continue to invest in our people and technology at Idox, to help drive improvements in margin and overall operational performance. We have driven several initiatives throughout FY23 which have helped improve our productivity and creative output, with more technology developed and released than in any of the previous years.

It has been very pleasing to see that many colleagues who had previously attended our Leading Together development programmes and mentoring have gone on to take up new roles and positions across the business; this development of our own internal talent pool and succession strategy continues to create value for Idox through retention of our valuable resources.

We continue to invest in our India operations in Pune and our team now represents over 11% of Group colleagues. We also maintain our strategy of extending our capabilities in India to include all aspects of our back-office functions.

Our new operational structure ensures that we are leveraging the entire scale of the Group for engineering, QA, professional services, customer support and other back-office functions. This combination maximises value of our cost base and resources and ensures that we have access to best practice and technology throughout the Group.

Simplification

We continue with our efforts to operate the Group as a simple and efficient business, investing in technology to facilitate automation and streamline processes.

The divisional structure provides the leadership required to directly drive revenue growth and strategic product alignment through bringing the appropriate market knowledge and domain expertise. This creates an intimacy and important understanding of the markets that we serve and ensures that the solutions we are bringing to market meet the operational needs of our customers, both now and in the future.

Improving and enhancing our overall customer experience is one of our strategic goals. We have brought together aspects of our delivery teams to ensure we have a seamless customer experience from onboarding into our SaaS platforms to ongoing maintenance and service delivery.

Internal systems are maintained to help provide automation and enablement, improving our delivery, consistency, efficiency and revenue predictability.

Collaboration between teams is promoted and encouraged; this is working well from product inception, through to development, QA, documentation and delivery. Technology is used throughout this collaboration to stimulate and enhance the experience for colleagues and customers alike.

We have maintained our ongoing 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 Idox remains fully accredited with Cyber Essential Plus, demonstrating our ongoing commitment to cyber security and protection protocols.

Communication

We operate a communication strategy across all our teams that takes consideration for the individuality and needs of our colleagues to ensure that we have an approach that embraces and reaches everyone. We communicate with openness and transparency and always look to address any issues and challenges with understanding and integrity.

We believe an open communication strategy is a key contributor to a healthy and vibrant business which actively engages colleagues and where all opinions are aired and heard. Our CEO broadcasts have continued on a regular basis this year, with support from other members of the Executive Team, providing updates on programmes and progress as well as an open engagement through Q&A.

Internal technology led "show & tell" sessions have been well attended across the business, providing insights and updates on the very latest technical knowhow, including AI, Cyber Security and UX/UI evolution. We have also led communication programmes across the divisional structure, engaging and focussing on product strategy, market analysis and customer successes stories.

We provide all colleagues with time and resources to support charities and good causes, which we believe allows people to reflect their own interests whilst supporting Idox values to be a socially responsible and sustainable business. Initiatives, though our Workplace Wellbeing programme, provide support to our colleagues and help create support and connectivity, we also encourage colleagues to initiate and drive engagement across the business through shared interest. These have continued to be very popular with colleagues again in FY23 and have included photography groups, walking, cycling, knitting and other hobbies and pastimes.

Customer engagement and communication has been a key part of our work in 2023 focussing on our strong customer relationships and market position. We use technology to streamline our information about product strategies and software roadmap and we have leveraged AI technologies to improve learning and training services for our solutions. We continue to invest in our direct people engagement and communication strategy through our customer success and account management teams, which we believe adds significant value to our overall customer relationships.

Given our market position we are regularly engaged with specific Government and industry groups, where we can influence, inform and actively engage in future changes and developments; this participation provides good early insights and an advanced understanding of changes affecting the industry and our customers.

The start to the new year has progressed as expected and we see good opportunities for our continued growth throughout FY24.

Jonathan Legdon
Chief Operating Officer

Financial review

In FY23 the Group delivered a strong performance with double digit revenue growth coupled with solid adjusted EBITDA growth and cash generation.

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.

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

	2023 £000	2022 £000	Variance £000	%
Revenue				
- LPPP	43,413	35,073	8,340	24%
- Assets	14,845	14,835	10	0%
- Communities	15,019	16,276	(1,257)	(8%)
- Total	73,277	66,184	7,093	11%
Revenue split				
- LPPP	59%	53%		
- Assets	20%	22%		
- Communities	21%	25%		
- Total	100%	100%		
Adjusted EBITDA*				
- LPPP	13,885	13,235	650	5%
- Assets	4,199	4,450	(251)	(6%)
- Communities	6,366	4,824	1,542	32%
- Total	24,450	22,509	1,941	9%
Adjusted EBITDA margin split				
- LPPP	32%	38%		
- Assets	28%	30%		
- Communities	42%	30%		
- Total	33%	34%		

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

Revenues

	2023 £000	2022 £000	Variance £000	%
Revenues				
- Recurring (LPPP)	24,305	21,918	2,387	11%
- Recurring (Assets)	9,692	9,730	(38)	0%
- Recurring (Communities)	9,622	8,898	724	8%
- Total recurring	43,619	40,546	3,073	8%
- Non-recurring (LPPP)	19,108	13,155	5,953	45%
- Non-recurring (Assets)	5,153	5,105	48	1%
- Non-recurring (Communities)	5,397	7,378	(1,981)	(27%)
- Total non-recurring	29,658	25,638	4,020	16%
- Total continuing revenue	73,277	66,184	7,093	11%
- Recurring*	60%	61%		
- Non-recurring**	40%	39%		

* 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 11% in the year to £73.3m (2022: £66.2m). LPPP was up 24% for the year at £43.4m (2022: £35.1m), Assets has remained broadly flat with revenue of £14.8m (2022: £14.8m) and Communities has decreased 8% to £15.0m (2022: £16.3m) as a result of the cyclical nature of Elections related revenue.

Recurring revenues for the year increased 8% from £40.5m to £43.6m and represented 60% (2022: 61%) of the total continuing revenue. Within LPPP, recurring revenue increased 11% to £24.3m (2022: £21.9m). Good growth in recurring revenue across all areas was supported by a combination of new customers, new services to existing customers and the impact of inflation across Idox legacy platforms, cloud transitions and address management solutions. The recurring revenues in Assets remained stable at £9.7m (2022: £9.7m) with growth in our facilities management and asset tracking solutions offsetting a small reduction in our EIM solutions. Recurring revenues in Communities improved 8% to £9.6m (2022: £8.9m), driven by growth in the Databases solution.

Non-recurring revenues for the year increased 16% to £29.7m (2022: £25.6m). Non-recurring revenue in LPPP increased by 45% to £19.1m (2022: £13.2m), primarily driven by a strong in year customer contract renewals and cloud transitions in the year. In Assets, non-recurring revenue was up 1% to £5.2m (2022: £5.1m) where growth in EIM solutions was offset by a reduction in transport revenue. As expected, non-recurring revenue in Communities was down 27% to £5.4m (2022: £7.4m) and driven by the absence of any major election events in the UK and Malta in 2023.

Adjusted EBITDA increased by 9% to £24.5m (2022: £22.5m), delivering a stable Adjusted EBITDA margin of 33% (2022: 34%), despite the impact of a high inflationary environment throughout 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.

Profit before taxation

The statutory profit before tax was £7.8m (2022: £6.6m). The following table provides a reconciliation between Adjusted EBITDA and statutory profit before taxation for continuing operations.

	2023 £000	**2022 £000**	**Variance £000**	**%**
Adjusted EBITDA	24,450	22,509	1,941	9%
Depreciation	(1,636)	(1,597)	(39)	2%

Amortisation - software licences and R&D	(5,697)	(5,317)	(380)	7%
Amortisation - acquired intangibles	(3,622)	(3,670)	48	(1%)
Restructuring costs	(378)	(470)	92	(20%)
Acquisition costs	(746)	(183)	(563)	308%
Financing costs	(396)	(30)	(366)	1,220%
Share option costs	(2,631)	(2,584)	(47)	2%
Net finance costs	(1,524)	(2,056)	532	(26%)
Profit before taxation	7,820	6,602	1,218	18%

Restructuring costs were £0.4m (2022: £0.5m). The restructuring costs in the year are associated with further simplifications of the Group structure and office rationalisation initiatives.

Acquisition costs of £0.7m (2022: £0.2m) relates to the acquisition of Emapsite during the year and finalisation fees associated with the acquisition of Aligned Assets and exeGesIS, with all payments associated with the acquisitions now having been completed. The prior year were in relation to the acquisition of LandHawk and finalisation fees associated with the acquisition of Aligned Assets, thinkWhere and exeGesIS.

Financing costs of £396k (2022: £30k) relate to the refinancing of the Group's revolving credit facility (RCF). The prior year costs incurred were in relation to annuals fee incurred as part of the RCF.

Share option costs of £2.6m (2022: £2.6m) relate to the accounting charge for awards made under the Group's Long-term Incentive Plan, in accordance with IFRS 2 - Share-based Payments.

Net finance costs have decreased to £1.5m (2022: £2.1m). Increased bank interest payable due to an increased interest environment was more than offset by the impact of a £0.3m positive foreign exchange movement (non-cash) on the Euro denominated bond and other non-cash movements.

The Group continues to invest in developing innovative technology solutions across the portfolio and has capitalised development costs of £7.6m (2022: £6.6m). The increase in the year is due to the full year impact of the FY22 acquisitions (£0.2m), with the remaining £0.8m being driven by an increase in development work across the portfolio.

Taxation

The effective tax rate (ETR) on a statutory basis for the year was 28.6% (2022: 16.4%).

Following the change in the statutory corporation tax rate from April 2023 to 25%, the rate applicable to the Group in FY23 was 22.5% due to the change occurring during the financial year. The difference between the statutory rate of 22.5% and the ETR of 28.6% is due to international losses arising in the period and not recognised and expenses not deductible for tax purposes. As a result, the ETR on an adjusted basis moved from 22.5% to 24.4%.

Earnings per share and dividends

Adjusted basic earnings per share for continuing operations increased 7% to 2.65p (2022:

2.48p) and adjusted diluted earnings per share increased 7% to 2.62p (2022: 2.44p). Basic earnings per share for the year was down 2% at 1.24p (FY22: 1.27p) and diluted earnings per share was down 1% at 1.23p (FY22: 1.24p).

The Board proposes a final dividend of 0.6p per share (2022: 0.5p), which represents a total dividend for the year of 0.6p per share (2022: 0.5p), at a total cost of £2.7m (2022: £2.3m).

Balance sheet and cash flows

The Group's net assets have increased to £73.3m compared to £67.4m as at 31 October 2022. The constituent movements are detailed in the Group's consolidated Statement of Changes in Equity: which are summarised as follows:

	12 months to 31 October 2023 £000
Total Equity as per FY22 Financial Report	67,416
Share option movements	2,592
Equity dividends paid	(2,268)
Profit for the year	5,582
Exchange gains on translation of foreign operations	(45)
Total Equity as per FY23 Financial Report	73,277

The Group continued to have good cash generation in the year. Cash generated from operating activities before taxation was £20.1m (FY22: £18.3m) and as a percentage of Adjusted EBITDA was 82% (2022: 81%). The Group generally continues to have high levels of adjusted EBITDA to cash conversion.

Free cashflow for the year was £9.1m (2022: £7.2m). Free cashflow has increased in the year due to the improved profitability.

	2023 £000	**2022 £000**
Net cashflow from operating activities after taxation	18,599	15,647
Capitalisation and purchase of tangible and intangible assets	(8,522)	(7,558)
Lease payments	(936)	(927)
Free cashflow	9,141	7,162

The Group ended the year with net debt of £14.7m (2022: £6.7m), following payment of the initial consideration of £14.8m in connection with the Emapsite acquisition. Net debt comprised cash of £14.8m less bank borrowings of £18.3m and the Maltese listed bond of £11.2m, which is due in June 2025. We ended the year with a net debt to Adjusted EBITDA ratio of 0.6 times (2022: 0.3 times) with significant headroom against the Group's financial covenants.

In October 2023 the Group refinanced with the National Westminster Bank plc, HSBC Innovation Bank Limited and Santander UK plc. The facility comprises a revolving credit facility of £75m and a £45m accordion and is committed until October 2026, and represents a significant increase on the previous facilities which consisted of a revolving credit facility of £35m and £10m accordion, respectively. The new facilities, which are on improved terms, are for a three-year period with two extension options of one year each. The Group retains significant liquidity with cash and available committed bank facilities and significant financial resources to pursue its M&A strategy.

Anoop Kang

Chief Financial Officer

	Note	2023 £000	2022 £000
Continuing operations			
Revenue	3	73,277	66,184
Cost of sales		(16,036)	(15,050)
Gross profit		**57,241**	**51,134**
Administrative expenses		(47,897)	(42,476)
Operating profit		**9,344**	**8,658**
Analysed as:			
Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	3	**24,450**	**22,509**
Depreciation		(1,636)	(1,597)
Amortisation		(9,319)	(8,987)
Restructuring costs		(378)	(470)
Acquisition costs		(746)	(183)
Financing costs		(396)	(30)
Share option costs		(2,631)	(2,584)
Finance income		219	97
Finance costs		(1,743)	(2,153)
Profit before taxation		**7,820**	**6,602**
Income tax charge		(2,238)	(991)
Profit for the year from continuing operations		5,582	5,611
Discontinued operations			
Loss for the year from discontinued operations		-	(567)
Profit for the year attributable to the owners of the parent		5,582	5,044
Other comprehensive (loss) / income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange movements on translation of foreign operations net of tax		(45)	428
Other comprehensive (loss) / income for the year, net of tax		(45)	428
Total comprehensive income for the year		**5,537**	**5,472**
Total comprehensive income for the year attributable to owners of the parent		**5,537**	**5,472**
Earnings per share attributable to owners of the parent during the year			
From continuing operations			
Basic	4	1.24p	1.27p
Diluted	4	1.23p	1.24p
From continuing and discontinued operations			

Basic	4	1.24p	1.14p
Diluted	4	1.23p	1.11p

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

	Note	2023 £000	2022 £000
ASSETS			
Non-current assets			
Property, plant and equipment		1,339	1,380
Intangible assets	5	108,785	92,410
Right-of-use-assets		1,333	1,782
Deferred tax assets		2,541	2,679
Other receivables		1,201	-
Total non-current assets		115,199	98,251
Current assets			
Trade and other receivables		21,451	17,912
Cash and cash equivalents		14,824	13,864
Total current assets		36,275	31,776
Total assets		151,474	130,027
LIABILITIES			
Current liabilities			
Trade and other payables		8,058	6,811
Deferred consideration		869	2,271
Current tax payable		1,422	165
Other liabilities		26,828	23,451
Provisions		589	453
Lease liabilities		220	545
Total current liabilities		37,986	33,696
Non-current liabilities			
Deferred tax liabilities		7,519	6,086
Lease liabilities		958	1,265
Other liabilities		2,236	1,038
Bonds in issue		11,207	11,325
Borrowings		18,291	9,201
Total non-current liabilities		40,211	28,915
Total liabilities		78,197	62,611
Net assets		73,277	67,416
EQUITY			
Called up share capital		4,562	4,525
Capital redemption reserve		1,112	1,112
Share premium account		41,558	41,556
Treasury reserve		-	(594)
Share option reserve		5,841	4,816
Other reserves		9,165	8,745
ESOP trust		(526)	(466)
Foreign currency translation reserve		194	239
Retained earnings		11,371	7,483
Total equity attributable to the owners of the parent		73,277	67,416

The financial statements were approved by the Board of Directors and authorised for issue on 24 January 2024 and are signed on its behalf by:

David Meaden **Anoop Kang**

Chief Executive Officer **Chief Financial**

Officer

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

Company name: Idox plc Company number: 03984070

Consolidated statement of changes in equity

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000	Share option reserve £000	Other reserves £000	ESOP trust £000	Foreign currency translation reserve £000	Retained earnings £000	Total £000
Balance at 1 November 2021	**4,469**	**1,112**	**41,556**	**(594)**	**3,962**	**8,789**	**(417)**	**(189)**	**2,122**	**60,810**
Issue of share capital	56	-	-	-	-	-	-	-	-	**56**
Share option costs	-	-	-	-	2,535	-	-	-	-	**2,535**
Exercise / lapses of share options	-	-	-	-	(1,681)	-	-	-	1,681	**-**
ESOP trust	-	-	-	-	-	-	(49)	-	-	**(49)**
Exercise of deferred consideration shares	-	-	-	-	-	(420)	-	-	420	**-**
Fair value of deferred consideration shares on purchase of subsidiary	-	-	-	-	-	376	-	-	-	**376**
Equity dividends paid	-	-	-	-	-	-	-	-	(1,784)	**(1,784)**
Transactions with owners	**56**	**-**	**-**	**-**	**854**	**(44)**	**(49)**	**-**	**317**	**1,134**
Profit for the year	-	-	-	-	-	-	-	-	5,044	**5,044**
Other comprehensive income										
Exchange movement on translation of foreign operations	-	-	-	-	-	-	-	428	-	**428**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**428**	**5,044**	**5,472**
Balance at 31 October 2022	**4,525**	**1,112**	**41,556**	**(594)**	**4,816**	**8,745**	**(466)**	**239**	**7,483**	**67,416**
Issue of share capital	37	-	2	-		-	-	-	-	**39**
Share option costs	-	-	-	-	2,611	-	-	-	-	**2,611**
Exercise / lapses of share options	-	-	-	594	(1,586)	-	-	-	994	**2**
ESOP trust	-	-	-	-	-	-	(60)	-	-	**(60)**
Reallocation of deferred consideration share exercise costs	-	-	-	-	-	420	-	-	(420)	**-**
Equity dividends paid	-	-	-	-	-	-	-	-	(2,268)	**(2,268)**
Transactions with owners	**37**	**-**	**2**	**594**	**1,025**	**420**	**(60)**	**-**	**(1,694)**	**324**
Profit for the year	-	-	-	-	-	-	-	-	5,582	**5,582**
Other comprehensive loss										
Exchange movement on translation of foreign operations	-	-	-	-	-	-	-	(45)	-	**(45)**
Total comprehensive (loss) / income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(45)**	**5,582**	**5,537**
Balance at 31 October 2023	**4,562**	**1,112**	**41,558**	**-**	**5,841**	**9,165**	**(526)**	**194**	**11,371**	**73,277**

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

Consolidated cashflow statement

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year before taxation		7,820	6,035
Adjustments for:			
Depreciation of property, plant and equipment		957	848

Depreciation of right-of-use assets	679	749
Amortisation of intangible assets	9,319	8,987
Acquisition / disposal finalisation costs	379	657
Finance income	(216)	(73)
Finance costs	1,532	2,034
Movement on debt issue costs	(238)	119
Research and development tax credit	(522)	(449)
Share option costs	2,631	2,584
Profit on disposal of fixed assets	-	(15)
Increase in receivables	(3,325)	(1,316)
Increase / (decrease) in payables	1,048	(1,896)
Cash generated by operations	20,064	18,264
Tax paid	(1,465)	(2,617)
Net cash from operating activities	18,599	15,647
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	(14,105)	(2,219)
Disposal of subsidiaries	-	(146)
Proceeds on sale of fixed assets	-	15
Purchase of property, plant and equipment	(895)	(911)
Purchase / capitalisation of intangible assets	(7,627)	(6,647)
Finance income	80	73
Net cash used in investing activities	(22,547)	(9,835)
Cash flows from financing activities		
Interest paid	(1,439)	(997)
Loan drawdowns	39,706	2,500
Loan related costs	(169)	(183)
Loan repayments	(30,000)	(9,100)
Principal lease payments	(936)	(927)
Equity dividends paid	(2,268)	(1,784)
Issue of own shares	(185)	(133)
Net cash inflows / (outflows) from financing activities	4,709	(10,624)
Net movement in cash and cash equivalents	761	(4,812)
Cash and cash equivalents at the beginning of the year	13,864	18,283
Exchange gains on cash and cash equivalents	199	393
Cash and cash equivalents at the end of the year	14,824	13,864

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 2022 and 31 October 2023 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 2023.

Statutory accounts for the year ended 31 October 2022 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 October 2023, 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 2022 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 facilities and financial covenants, and levels of recurring revenue.

In October 2023 the Group refinanced with the National Westminster Bank plc, HSBC Innovation Bank Limited and Santander UK plc. The facilities comprise a revolving credit facility of £75m and a £45m accordion and are committed until October 2026. The Group retains significant liquidity with cash and available committed bank facilities and has strong headroom against financial covenants.

As part of the preparation of our FY23 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.

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

The Annual Financial Report Announcement was approved by the Board of Directors on 24 January 2024 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 2023 are set out in the Annual Financial Report 2023.

3 SEGMENTAL ANALYSIS

During the year ended 31 October 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.

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.

With the continued expansion of our Geospatial offering, from 1 November 2023 we have split this out of the LPPP segment and will be reporting it as a fourth operating segment in FY24.

The segment revenues by geographic location are as follows:

	2023 **£000**	**2022** **£000**
Revenues from external customers		
United Kingdom	64,905	58,053
USA	4,926	4,834
Rest of Europe	2,481	2,781
Rest of World	965	516
	73,277	66,184

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

The segment revenues by type are as follows:

	2023 **£000**	**2022** **£000**
Revenues by type		
Recurring revenues - LPPP	24,305	21,918
Recurring revenues - Assets	9,692	9,730
Recurring revenues - Communities	9,622	8,898
Recurring revenues	43,619	40,546
Non-recurring revenues - LPPP	19,108	13,155
Non-recurring revenues - Assets	5,153	5,105
Non-recurring revenues - Communities	5,397	7,378
Non-recurring revenues	29,658	25,638
	73,277	66,184
Revenue from sale of goods	43,190	41,023
Revenue from rendering of services	30,087	25,161
	73,277	66,184

Recurring revenue is income generated from customers on an annual contractual basis. Recurring revenue amounts to 60% (2022: 61%) of revenue from continued operations, 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 2023 was £68,198,000 and it is anticipated that 65% of this will be recognised as revenue in FY24 and 23% in FY25.

The segment results by business unit for the year ended 31 October 2023:

	LPPP £000	Assets £000	Communities £000	Total £000
Revenue	43,413	14,845	15,019	**73,277**
Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	13,885	4,199	6,366	**24,450**
Depreciation	(574)	(191)	(192)	**(957)**
Depreciation - right-of-use-assets	(394)	(153)	(132)	**(679)**
Amortisation - software licences and R&D	(3,353)	(1,218)	(1,126)	**(5,697)**
Amortisation - acquired intangibles	(2,699)	(252)	(671)	**(3,622)**
Restructuring costs	(142)	(192)	(44)	**(378)**
Acquisition costs	(712)	(16)	(18)	**(746)**
Share option costs	(1,637)	(397)	(597)	**(2,631)**
Segment operating profit	4,374	1,780	3,586	**9,740**
Financing costs				**(396)**
Operating profit				**9,344**
Finance income				**219**
Finance costs				**(1,743)**
Profit before taxation				**7,820**

The corporate recharge to the business unit EBITDA 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 segment results by business unit for the year ended 31 October 2022:

	LPPP £000	Assets £000	Communities £000	Continuing Operations Total £000	Discontinued Operations Content £000	Total £000
Revenue	35,073	14,835	16,276	**66,184**	-	**66,184**
Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	13,235	4,450	4,824	**22,509**	-	**22,509**
Depreciation	(457)	(172)	(2199)	**(848)**	-	**(848)**
Depreciation - right-of-use-assets	(391)	(170)	(188)	**(749)**	-	**(749)**
Amortisation - software licences and R&D	(2,494)	(1,529)	(1,294)	**(5,317)**	-	**(5,317)**
Amortisation - acquired intangibles	(2,374)	(117)	(1,179)	**(3,670)**	-	**(3,670)**
Restructuring costs	(39)	(412)	(19)	**(470)**	-	**(470)**
Acquisition costs	(183)	-	-	**(183)**	-	**(183)**
Share option costs	(1,501)	(467)	(616)	**(2,584)**	-	**(2,584)**
Segment operating profit / (loss)	5,796	1,583	1,309	**8,688**	-	**8,688**
Financing costs				**(30)**	-	**(30)**
Operating profit				**8,658**	-	**8,658**
Loss from sale of discontinued operations				**-**	(567)	**(567)**
Finance income				**97**	-	**97**
Finance costs				**(2,153)**	-	**(2,153)**
Profit before taxation				**6,602**	(567)	**6,035**

THE CORPORATE RECHARGE TO THE BUSINESS UNIT EBITDA IS ALLOCATED ON A

HEAD COUNT BASIS.

4 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:

Continuing Operations	**2023 £000**	**2022 £000**
Profit for the year	5,582	5,611
Basic earnings per share		
Weighted average number of shares in issue	449,016,841	443,413,006
Basic earnings per share	1.24p	1.27p
Weighted average number of shares in issue	449,016,841	443,413,006
Add back:		
Dilutive share options	6,563,834	8,636,936
Weighted average allotted, called up and fully paid share capital	455,580,675	452,049,942
Diluted earnings per share		
Diluted earnings per share	1.23p	1.24p

Adjusted earnings per share	**2023 £000**	**2022 £000**
Profit for the year	5,582	5,611
Add back:		
Amortisation on acquired intangibles	3,622	3,670
Impairment	168	-
Acquisition costs	746	183
Restructuring costs	378	470
Financing costs	396	30
Share option costs	2,631	2,584
Tax effect	(1,606)	(1,533)
Adjusted profit for year	11,917	11,015
Weighted average number of shares in issue - basic	449,016,841	443,413,006
Weighted average number of shares in issue - diluted	455,580,675	452,049,942
Adjusted earnings per share	2.65p	2.48p
Adjusted diluted earnings per share	2.62p	2.44p

Total Operations	**2023 £000**	**2022 £000**
Profit for the year	5,582	5,044
Basic earnings per share		
Weighted average number of shares in issue	449,016,841	443,413,006
Basic earnings per share	1.24p	1.14p
Weighted average number of shares in issue	449,016,841	443,413,006
Add back:		
Dilutive share options	6,563,834	8,636,936
Weighted average allotted, called up and fully paid share capital	455,580,675	452,049,942
Diluted earnings per share		
Diluted earnings per share	1.23p	1.11p

5 INTANGIBLE ASSETS

	Goodwill £000	**Customer relation-Ships £000**	**Trade names £000**	**Software £000**	**Develop-ment costs £000**	**Order backlog £000**	**Total £000**
Cost							
At 1 November 2021	82,610	34,846	11,716	28,399	28,039	302	**185,912**

Foreign exchange	-	-	-	-	11	31	**42**
Additions	-	-	-	144	6,503	-	**6,647**
Additions on acquisition	756	-	-	987	-	-	**1,743**
Fair value adjustment	982	-	-	-	-	-	**982**
At 31 October 2022	84,348	34,846	11,716	29,530	34,553	333	**195,326**
Foreign exchange	-	-	-	-	(5)	(14)	**(19)**
Additions	-	-	-	12	7,616	-	**7,628**
Additions on acquisition	8,894	7,650	-	1,500	-	-	**18,044**
Impairment	-	-	-	-	(667)	-	**(667)**
Fair value adjustment	22	-	-	-	-	-	**22**
At 31 October 2023	93,264	42,496	11,716	31,042	41,497	319	**220,334**
Amortisation							
At 1 November 2021	31,709	19,618	9,090	17,454	15,714	302	**93,887**
Foreign exchange	-	-	-	-	11	31	**42**
Amortisation for the year	-	1,513	423	2,285	4,766	-	**8,987**
At 31 October 2022	31,709	21,131	9,513	19,739	20,491	333	**102,916**
Foreign exchange	-	-	-	-	(5)	(14)	**(19)**
Amortisation for the year	-	1,673	363	1,702	5,413	-	**9,151**
Impairment	-	-	-	-	(499)	-	**(499)**
At 31 October 2023	31,709	22,804	9,876	21,441	25,400	319	**111,549**
Carrying amount at 31 October 2023	**61,555**	**19,692**	**1,840**	**9,601**	**16,097**	**-**	**108,785**
Carrying amount at 31 October 2022	52,639	13,715	2,203	9,791	14,062	-	92,410
Average remaining amortisation period (years)							
31 October 2023	**n/a**	**11.8**	**5.1**	**5.6**	**2.9**	**-**	
31 October 2022	n/a	9.1	5.2	4.3	3.0	-	

During the year, goodwill and intangibles were reviewed for impairment in accordance with IAS 36, 'Impairment of Assets'. An impairment charge of £168,000 (2022: £Nil) was processed in the year and is included in the amortisation line of the statement of comprehensive income.

Fair value adjustments are in relation to the finalisation of acquisition accounting in respect of LandHawk Software Services Limited.

Impairment test for goodwill

For this review, goodwill was allocated to the Group's divisional business units on the basis of the Group's operations which represent the Group's operating segments 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 operating segment is as follows:

Operating segments	**2023 £000**	**2022 £000**
Land, Property & Public Protection (LPPP)	39,091	30,175
Assets	14,196	14,196
Communities	8,268	8,268
	61,555	52,639

The recoverable amount of goodwill in each operating segment 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 three financial years. The key assumptions used in the financial budgets relate to revenue and Adjusted 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 forecasts (as described above) 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 2023, the Weighted Average Cost of Capital for each operating segment has been used as an appropriate discount rate to apply to cash flows. The same basis was used in the year to 31 October 2022.

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 operating segment:

Operating segments	**Discount rate current year**	**Annualised EBITDA growth rate over three years**	**Long term growth rate current year**	**Discount rate prior year**	**Growth rate prior year**
LPPP	16.1%	15.7%	3.0%	15.9%	2.2%
Assets	16.7%	6.5%	3.0%	16.9%	2.2%
Communities	16.1%	3.3%	3.0%	15.9%	2.2%

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

Management considered the carrying value of goodwill within the Group in comparison to the future budgets and have processed an impairment charge of £Nil within the year in relation to the Group's goodwill (2022: £Nil).

The Group has conducted sensitivity analysis on the impairment test of each operating segments 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 operating segment exceeding the recoverable amount.

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

Management have not identified any individual assumption within the estimate where a reasonably possibly change in estimate could result in all goodwill headroom being eroded.

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

6 ACQUISITIONS

Emapsite

On 18 August 2023, the Group acquired the entire share capital of Emapsite.com Limited.

Emapsite is a successful provider of Geospatial data to the UK market for customers associated with land and property across a wide range of vertical industries including energy, infrastructure, environmental, telecommunications, and construction sectors. Emapsite will add significant scale and data capabilities to the existing Idox Geospatial offering.

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

	Book value £000	**Fair value £000**
Property, plant and equipment	31	31
Trade receivables	1,282	1,282
Other receivables	237	237
Cash at bank	3,329	3,329
Total Assets	4,879	4,879
Trade payables	(787)	(787)
Other liabilities	(2,098)	(3,829)
Contract liabilities	(324)	(324)
Social security and other taxes	(309)	(269)
Deferred tax liability	(9)	(2,095)
Total Liabilities	(3,527)	(7,304)
Net Assets		(2,425)
Goodwill arising on acquisition		8,894
Purchased customer relationships capitalised		7,650
Purchased software capitalised		1,500
Total consideration		15,619
Satisfied by:		
Cash to vendor		14,750
Deferred consideration		869
		15,619

The revenue included in the consolidated statement of comprehensive income since 18 August 2023 contributed by Emapsite was £2.7m. Emapsite also made a profit after tax of £0.2m for the same period. If Emapsite had been included from 1

November 2022, it would have contributed £13.0m to Group revenue and a profit after tax of £1.1m.

Acquisition costs of £264,000 have been written off in the consolidated statement of comprehensive income.

LandHawk

During the year there has been further fair value adjustment in respect of the acquisition of LandHawk Software Services Limited. The adjustment totalled £22,000.

Adjustments were processed to ensure pre-acquisition related costs were recognised in the correct period. This resulted in a decrease of £22,000 in respect of working capital movements.

Acquisition of subsidiaries net of cash acquired

	£000
Acquisition of subsidiaries net of cash acquired per cashflow statement	(14,105)
Deferred consideration payment made in relation to exeGesIS	1,650
Deferred consideration payment made in relation to Aligned Assets	1,000
LandHawk consideration completion adjustment	34
Cash acquired as part of the Emapsite acquisition	(3,329)
	(14,750)
Cash to vendor per Emapsite acquisition note	14,750

7 POST BALANCE SHEET EVENTS

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

8 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 2023.

9 ALTERNATIVE PERFORMANCE MEASURES

Following the issuance of the Guidelines on Alternative Performance Measures (APMs) by the European Securities and Markets Authority (ESMA) in June 2015, the

Group has included this section in its Annual Report and Accounts with the aim of providing transparency and clarity on the measures adopted internally to assess performance. Throughout this report, the Group has presented financial performance measures which are considered most relevant to Idox and are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as these measures provide relevant information on the Group's past or future performance, position, or cash flows. The APMs, which are not defined or specified under International Financial Reporting Standards, adopted by the Group are also commonly used in the sectors it operates in and therefore serve as a useful aid for investors to compare Idox's performance to its peers. The Board believes that disclosing these performance measures enhances investors' ability to evaluate and assess the underlying financial performance of the Group's operations and the related key business drivers. These financial performance measures are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. They are also 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.

We believe that these measures provide a user of the accounts with important additional information. The following table reconciles these APMs to statutory equivalents for continuing operations:

	2023 £000	**2022 £000**
Adjusted EBITDA:		
Profit before taxation	7,820	6,602
Depreciation and Amortisation	10,955	10,584
Restructuring costs	378	470
Acquisition costs	746	183
Financing costs	396	30
Share option costs	2,631	2,584
Net finance costs	1,524	2,056
Adjusted EBITDA	24,450	22,509
Free cashflow:		
Net cashflow from operating activities after taxation	18,599	15,647
Capex	(8,522)	(7,558)
Lease payments	(936)	(927)
Free cashflow	9,141	7,162
Net debt:		
Cash	(14,824)	(13,864)
Bank borrowings	18,291	9,201
Bonds in issue	11,207	11,325
Net Debt	14,674	6,662
Adjusted profit for the year and adjusted earnings per share:		
Profit for the year	5,582	5,611
Add back:		
Amortisation on acquired intangibles	3,622	3,670
Impairment	168	-
Acquisition costs	746	183
Restructuring costs	378	470
Financing costs	396	30
Share option costs	2,631	2,584
Tax effect	(1,606)	(1,533)
Adjusted profit for year	11,917	11,015
Weighted average number of shares in issue - basic	449,016,841	443,413,006
Weighted average number of shares in issue - diluted	455,580,675	452,049,942
Adjusted earnings per share	2.65p	2.48p
Adjusted diluted earnings per share	2.62p	2.44p

The Group adjusts for certain non-underlying items which the Board believes assists in understanding the performance achieved by the Group. These are non-underlying items as they do not relate to the underlying performance of the Group. 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 underlying performance of the Group 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 does not 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 provides users of the Annual Report and 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. Readers of the Annual Report and Accounts are encouraged to review the financial statements in their entirety.

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