Idox plc

2021 Interim Results

Positioned for growth

“We have made good progress as we pursue our strategy of focussing on software businesses that deliver exceptional value to customers and which engender long-term patronage through their excellence in managing challenging operational, legislative, and regulatory issues.

Operationally, the business continues to perform strongly within our ‘Four Pillars’ framework, and we have encouraged a culture of openness and leadership throughout our business. I am particularly pleased with the progress from the investment in our leadership groups, the changes in sales and marketing, and with the many simplification programmes across our organisation. All of this has helped deliver much improved quality of revenue, at higher margins with strong cash generation.

It has been a busy time with regards corporate activity, as we completed two disposals and managed an approach for the Group that ultimately did not proceed to a formal offer. We have also continued our efforts in sourcing credible acquisitions and were delighted to complete the acquisition of Aligned Assets in early June.

The outlook for the business is promising as we continue to build momentum and improving operational performance. We are now focussed on our ‘fly phase’ which we believe will drive exceptional value for customers, our people, and shareholders.

David Meaden
Chief Executive Officer

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For further investor information:
www.idoxgroup.com/investors/

Financial and operational highlights

Strong performance and advancing strategy to focus on software businesses

Revenue

£31.1m

(FY20 H1: £30.0m)

Recurring revenues

£17.6m

(FY20 H1: £17.8m)

Adjusted EBITDA**

£10.1m

(FY20 H1: £8.7m)

Adjusted EPS

1.13p

(FY20 H1: 0.57p)

Idox plc (AIM: IDOX), a leading supplier of specialist information management software and solutions to the public and asset intensive sectors, is pleased to announce its unaudited half year results for the six months ended 30 April 2021 (FY21 H1).

Financial highlights

Continuing operations (excluding disposed Idox content businesses):

Revenue

- Increased by 4% to £31.1m (FY20 H1: £30.0m);
- Recurring revenues* decreased by 1% to £17.6m (FY20 H1: £17.8m), comprising:
  - Growth of 1% in Public Sector Software ('PSS') to £14.5m, or 2% like-for-like growth when excluding the contribution from 6PM Malta, exited in FY20 H1;
  - A decline of 11% in Engineering Information Management ('EIM') to £3.1m, due to on-going impact from COVID-19 pandemic on some key asset-heavy sectors;
- Orderbook for contracted non-recurring software and services increased by 9% to £12.5m (FY20 H1: £11.5m).

Profit

- Adjusted** EBITDA increased by 17% to £10.1m (FY20 H1: £8.7m).
- Adjusted** EBITDA margin increased to 33% (FY20 H1: 29%).
- Adjusted** Profit before tax increased by 45% to £6.4m (FY20 H1: £4.4m).
- Adjusted** EPS increased by 98% to 1.13p (FY20 H1: 0.57p).

Cash

- Net cash*** at 30 April 2021 of £7.6m (30 April 2020: net debt £14.3m, 31 October 2020: net debt £16.1m), a significant improvement following continued strong cash generation in the period and net cash inflow of £10.7m from the disposal of our Content business.
- Net cash available at 30 April 2021 of £19.0m (FY20 H1: net bank debt £2.6m) excluding the 6PM bond of £11.4m (FY20 H1: £11.7m).
- The Group has a bank revolving credit facility of £35m.

Total Operations (including disposed Idox Content businesses):

- Group revenue decreased slightly by 0.3% to £35.0m (FY20 H1: £35.1m) and Group Adjusted** EBITDA increased by 8% to £10.4m (FY20 H1: £9.6m).
- Group statutory profit before tax of £7.9m (FY20 H1: £0.3m).

Operational highlights

The first half of FY21 has seen continued strategic delivery following the transformation across the Group over the previous two financial years.

- The disposal of our Content businesses in line with our strategy to focus on pure software businesses.
- Good progress with our sales and marketing initiatives initiated, directly increasing levels of customer engagement. We are seeing improved revenues as a direct consequence of these efforts.
- Ongoing improvements to margins through higher quality revenues, improved operational efficiencies and corporate simplification.
- Continued progress on prospecting for acquisitions, with active conversations with further potential targets.
- High levels of colleague engagement with increased focus on our collective environmental, social and governance projects.
- Idox is now firmly in the 'Fly' phase of its 'Walk, Run, Fly' strategy.

Current trading and outlook:

- Enter second half with good momentum and benefit of acquisition of Aligned Assets.
- Well placed to continue organic growth and add complementary businesses to our portfolio.
- Full year financial performance is expected to be slightly ahead of management previous expectations.

* Recurring revenue is defined as existing, contracted annuity revenues that have a high expectation of renewal for a minimum of twelve months.

* Where relevant, adjusted measures of profit have been used alongside statutory definitions. The items that are added back to statutory profit are: amortisation from acquired intangible assets, impairment, restructuring costs, acquisition and financing costs and share option costs. This is in line with management information requested and presented to the decision makers in our business; and is consistent with how the business is assessed by our providers of capital. See note 11 for further details. There have been no adjustments to any of our reporting metrics for any impact of the COVID-19 pandemic.

*** Net cash / (debt) is defined as the aggregation of cash, bank borrowings and long-term bond.

Our company at a glance

Our focus on digital transformation and cloud provision, will underpin our future strategy and growth

Our specialist software solutions, built on insight, power the performance of government and industry, driving productivity and a better experience for everyone.

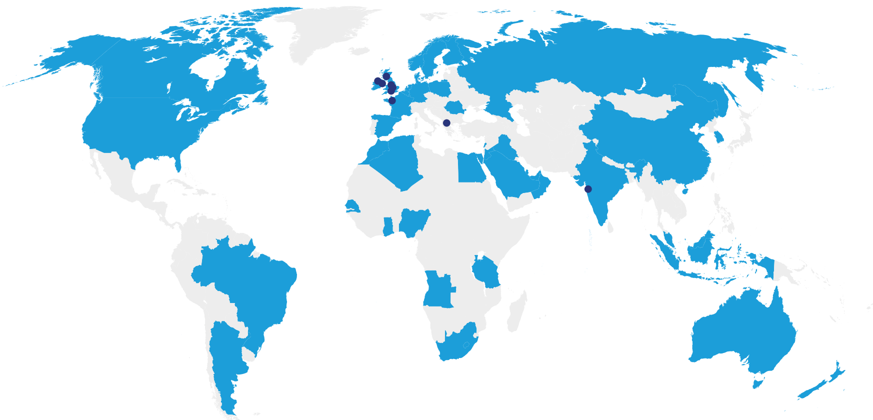
Built around the user and designed in collaboration with experts who have worked through every detail of every process from end-to-end, our hard-working process engines deliver exceptional functionality and embed workflows that drive efficiency and best practice, giving our customers greater command over their work.

As a plc with a long-term commitment to our markets, our technology roadmap is backed by a comprehensive programme of investment, ensuring our customers benefit from innovation as technology evolves. The scalability of our technology means customers can scale-up as their operations evolve, without any limitations – on–premise, managed services or in the cloud. Our teams invest time getting to know our customers and understanding their processes to develop the right solution and with over 30 years' working in regulated environments, we are experts in providing solutions that accommodate highly complex rules, regulations, adapting to and anticipating legislative changes. We will facilitate set-up and integration of our solutions and provide training to ensure our customers gain maximum benefit from the full functionality of our software.

Through the automation of tasks, simplification of complex operations, and more effective management of information for a more responsive service to end users, we can help our customers to harness the power of digital, so they can do more.

511
Employees

9
Offices worldwide



Office locations

United Kingdom
Glasgow, UK
Manchester, UK
Barton-under-Needwood, UK
Theale, UK
Hillsborough, UK
Derry, UK

Europe
Rennes, France
Skopje, North Macedonia

Rest of the world
Pune, India

Chairman's statement

Introduction

It is a great pleasure to be able to present these strong results. The first six months of this financial year have seen a lot of activity in corporate matters, and the continuing complications of managing through lockdown and social distancing, but this has not distracted the management team from building on the strong performance of FY20 and achieving a number of new highs for the business.

At the headline level, reported Group revenues showed a slight decline, as this included the performance of our Content businesses for the full period in FY20 H1, but only 5 months in FY21 H1. However, on a continuing basis, adjusting for this disposal, the business grew by 4% in revenue, and 17% for adjusted EBITDA; our main reporting measure. This is a really good performance and fed through to a very strong period of cash generation. Cash balances were helped by the proceeds of the two Idox Content division disposals, which together generated initial net proceeds of £10.7m, with more to come from deferred payments and vendor loan notes. As a result of both good trading and the disposals, we closed out the period with a net cash balance of £7.6m, compared to a net debt position of £14.3m at 30 April 2020.

Looking forward, continued growth in our order book gives us confidence that this growth trend can be maintained. In particular, we are seeing high levels of customer engagement in our Public Sector business, and whilst our Oil and Gas focused EIM business has been held back by the wider challenges in those markets, it is encouraging to see that we have continued to add new clients in that sector, demonstrating the attractiveness of our offer.

We will also be looking for further opportunities to grow our business through smart acquisitions. The acquisition of the Tascomi business in August 2019 has been successful for all stakeholders. In early June 2021 we completed the acquisition of Aligned Assets, an organisation we and our customers know well, bringing 24 new employees and further well-respected products into the Group. We hope to be able to complete additional similar acquisitions to further supplement our organic growth and provide further offerings to our customers that are complementary to our existing products.

On the topic of corporate activity, and as was announced at the time, we received an unexpected approach for the Group, which we rejected until the proposed offer price was at a point where the Board felt that, if this were to be confirmed, it was at a level that shareholders would want to consider. Ultimately, the proposed offer did not materialise, and I am pleased to note that the inevitable workload associated with such an approach did not distract our colleagues from the focus required to deliver the excellent results described above.

As reported in previous statements, I am very proud of the way in which all our colleagues at Idox have responded to working within the constraints imposed by managing the COVID-19 pandemic. We have not made any reduction in staff numbers or used any of the government loan or furlough schemes.

We did take advantage of the VAT deferral programme in the early days of the pandemic, but we are now repaying this deferral in line with HMRC's guidelines. We have also started repaying some of our loan facilities, after drawing them fully to ensure flexibility during the period of uncertainty at the beginning. It is a huge compliment to all of our staff that the business has performed so well during such an unusual period.

Dividend

As previously announced, the Group paid a dividend of 0.3p in April 2021 in respect of the year ending 31 October 2020. Our current policy is to only declare a final dividend and therefore there is no interim dividend in respect of FY21 H1 (FY20 H1: nil). We will keep the level of future dividends under review.

Board

There have been no changes to the Board composition during this period. We are satisfied with the composition of the Board but continue to consider the need for additional skills and experiences on an ongoing basis. The Board considers all three of its Non-Executive directors independent.

Summary

The Group has made credible progress with its strategy on the current period, building on the transformation achieved previously. Idox is now a pure software group, and is well positioned to progress further with the financial resources at its disposal.

Christopher Stone
Chairman
14 June 2021

Chief Executive's review

Building momentum

I have written extensively on our transformation here at Idox, based upon the three phases of 'Walk, Run, Fly' and our four pillars of Revenue expansion, Margin enhancement, Simplification and Communication. We have continued to build momentum and I am pleased to report on another period of strong performance. During the first six months of FY21 we have continued the process of focussing on software businesses that deliver exceptional value to customers and which engender long-term patronage through their excellence in managing challenging operational, legislative, and regulatory issues. This focus on software has allowed the business to be more cohesive, operate with more agility, improve outcomes for customers, improve engagement across our teams and in turn, deliver value for shareholders.

With our focus on software and organisational simplification, we have sold the two businesses that formed the Idox Content Division. The Compliance business based in Germany was sold for a consideration of £9.0m and the Consulting business based in the Netherlands was sold for an initial consideration of £3.6m. This means that Idox is now exclusively a software business focussed on key niche areas that have good organic growth prospects.

We are in a strong financial position to add further customers, technology and recurring income through carefully selected Mergers and Acquisitions, further extending Idox's position in markets where it is noted for its expertise and insight.

I am pleased to report we acquired Aligned Assets in early June 2021 which, like Tascomi in August 2019, is a well-respected provider of software solutions to local authorities that complement the existing Idox product portfolio. We are excited about the addition of new colleagues, technology and customers to our Group as part of this acquisition and are optimistic the combination will drive strong growth in both organisations.

Strong progress

During this reporting period we have seen growth in Group revenues for our continuing operations of 4%, with accompanying adjusted EBITDA improving by 17% from £8.7m to £10.1m. Following strong cash generation, alongside the £10.7m net cash inflow from the business disposals, we moved from a net debt position this time last year of £14.3m to a net cash position of £7.6m.

The focus has now shifted into our 'fly phase' and given our sure footing we are well placed for growth in our software operations and have established a strong position from which to add sensible bolt on acquisitions to our portfolio of offerings.

The 'Four Pillars' programme

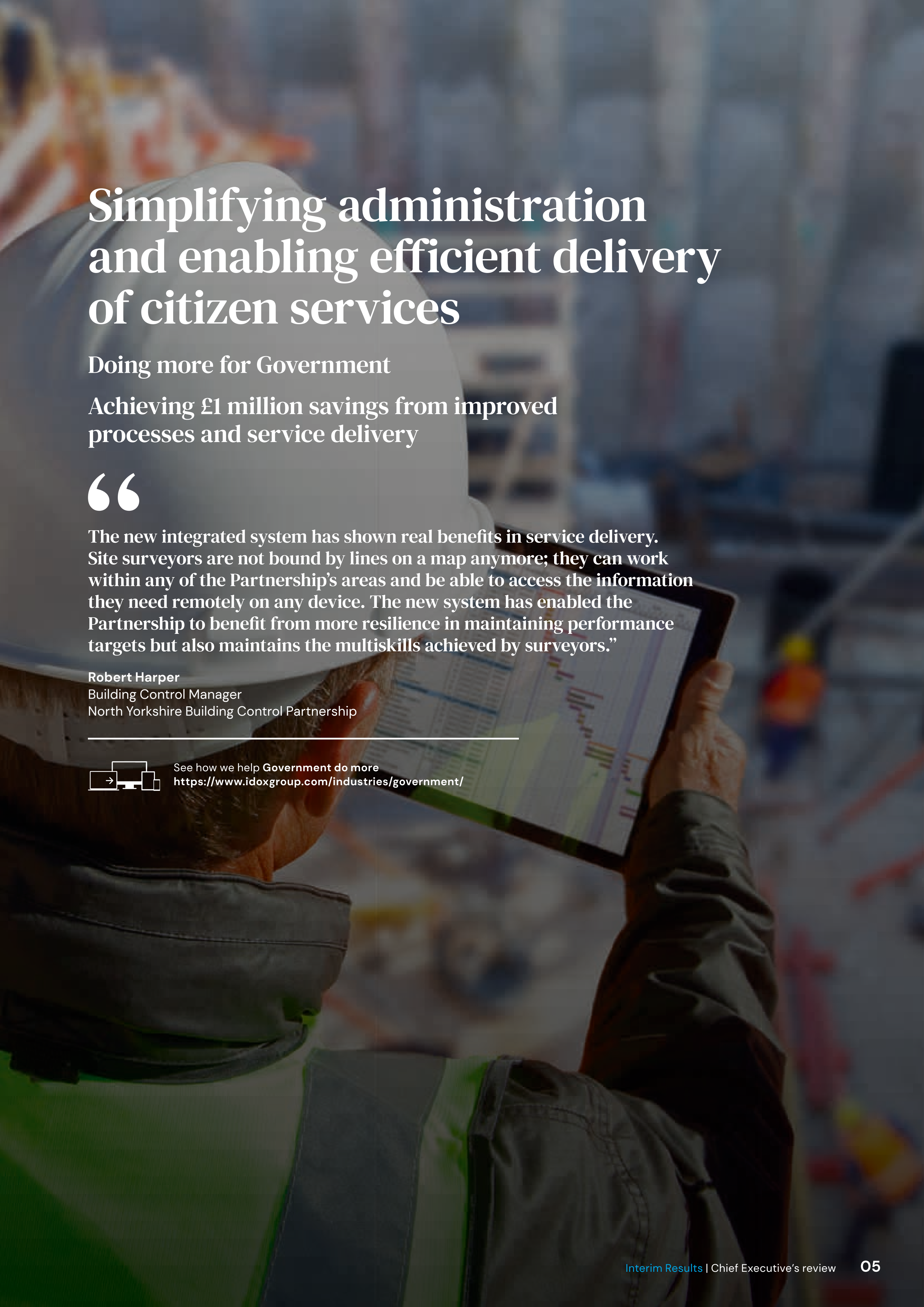
Revenue expansion

Despite the continuing and ongoing effects of the pandemic our core business areas performed well. Naturally some parts of our business have seen slower demand during the course of the pandemic, but performance overall has been bolstered by the transformational activities we have undertaken that have led to better sales execution and improved integration across the Group, which in turn have improved margins and bottom-line performance.

Order intake across the Group for the six months ended 30 April 2021 continued to grow, helping to support the in-year revenue growth and build the future orderbook. In the period we secured over £35m of total contract value with new business and new product sales, increasing by 10% over the same period last year.

Sales in local government continued to rise, up 32% on the same period for new business and incremental customer sales. New wins in FY21 H1 included Coventry City Council and Warrington Borough Council, along with the Government of Bermuda choosing to implement the Idox Cloud Solution for Building Control on the Island. The Idox Cloud business has seen good growth in FY21 H1 as planned, with revenues up 27%, with the growth in recurring revenue up 49% on the same period last year.

"We have continued to build momentum and I am pleased to report on another period of strong performance."



Simplifying administration and enabling efficient delivery of citizen services

Doing more for Government

Achieving £1 million savings from improved processes and service delivery

“

The new integrated system has shown real benefits in service delivery. Site surveyors are not bound by lines on a map anymore; they can work within any of the Partnership’s areas and be able to access the information they need remotely on any device. The new system has enabled the Partnership to benefit from more resilience in maintaining performance targets but also maintains the multiskills achieved by surveyors.”

Robert Harper
Building Control Manager
North Yorkshire Building Control Partnership

See how we help **Government do more**
https://www.idoxgroup.com/industries/government/

Chief Executive's review continued

In CAFM ('Computer Aided Facility Management' for properties) we saw the industry struggle with the impacts of COVID-19, albeit with some green shoots of recovery evident in the new business area. Sales from new customers were up over 90% on the same period last year, helping to balance some lower spend seen from within the existing customer base.

In Elections, a strong performance in the local elections helped compensate for the higher revenues generated by the general elections in the comparable half year period, with revenues down just 6% when compared to the same period in FY20.

Health revenues increased 8% on the comparable period with increased recurring revenue. This excludes the impact of exiting 6PM Ireland and Malta in FY20 H1, and delivery of the carried forward order book. Sales orders were down slightly as clients continued to focus their efforts on managing the COVID-19 pandemic however we have seen that easing towards the end of the period.

In FY21 H1 Idox launched major updates to the existing Grant database solutions Grantfinder and ResearchConnect, incorporating a vastly improved new user interface and search capabilities. In addition to the launch of the updated solution, Idox also launched a new product to the Grants market: 'My Funding Central'. Our key aim is to provide a service to the 10,000 previous subscribers of the National Council Voluntary Organisation (NCVO) funding portal following the NCVO withdrawal of this service. My Funding Central is aimed at organisations with an income of less than £1m and Idox has made this service free to access for Charities and organisations with an annual income less than £30,000.

Sales order intake in Engineering Information Management (EIM) was up as the market recovered from the early impacts of the pandemic last year, in both new business sales and sales of new product and service to existing customers.

New business sales were supported by a significant new FusionLive sale to Ebla Computer Consultancy which will be used to help the management of the expansion of Doha Airport.

Margin enhancement

During the period we have driven the consolidation of all software business units into a single Idox Software structure, sharing resources across software development, professional services and support services enabling better use of Group resources and operational scale across our full range of software offerings.

Development teams have been successfully restructured, our technology footprints have been consolidated where possible and we have improved resource sharing across our teams. Cost savings and efficiencies driven through data centre consolidation and greater sharing of skills and capabilities across the software and professional services teams continued to take effect.

As highlighted earlier, the sale of the Idox Content businesses, both of which operated at margins below the Group average, allows for greater management focus on our software operations and related services moving forward.

Simplification

Stratification of the sales organisation continues to bring better customer engagement. The internal sales desk has been extended to cover all software products and now includes a revenue assurance function, focussed on customer retention and improving the renewal processes.

Our CRM implementation continues to support better customer engagement and is providing improved insights and pipeline visibility. The CRM now provides timely visibility of the actions needed to secure every new business or renewal opportunity.

The integration of the professional services teams and implementation of Idox best practice has improved revenue and utilisation forecasting.

This has resulted in a 5% improvement in utilisation averages when compared to the same period in FY20, along with better controls and greater clarity on future revenues through achievement of milestones. Further projects in this area aim to reduce the implementation timelines for Idox Cloud based solutions, providing customers with access to automated data conversion processes, speeding up the return on their investment.

The consolidation of the software business units across Idox has allowed significant simplification of company legal structures and our associated accounting management system. As a result of these consolidation activities and the disposal of Idox Content, the Group now has a single UK trading entity and single UK accounting management system.

Communication

We have seen a substantial improvement in the engagement of our people with the business, its values and strategy. Having focussed heavily on communicating the Group's strategy and long-term plan we have improved trust and engagement with our teams. This has been highly significant, particularly during a period of lockdown and has been valued by everyone.

We continue to provide regular updates through our CEO broadcasts where various members of the management team participate to provide a broad range of insights and inputs to the sessions. Our people across the business are highly engaged providing the management team with questions on various parts of the business including performance, market updates and COVID-19 related matters.

Since the pandemic began, I personally conduct final conversations with all prospective new team members to outline how we operate and work at Idox, what they can expect from us and we in turn from them. This way our ambitions for the business and the opportunity for individuals to have meaningful careers in a unique company can be fully aligned from the outset.

> **The adoption of Idox cloud technology has allowed us to realise the benefits of agile working, building both flexibility and sustainability into the core of our services. It is a real step forward in our digital transformation and it demonstrates what a council can do.”**

Ian Andrews
Head of Trading Standards
Royal Borough of Greenwich

During the period, people from across our teams have continued to drive a co-ordinated program of workplace wellbeing initiatives providing support, communications, and encouragement across the business to all colleagues.

The introduction of the Idox Voice initiative provides all colleagues with a platform to raise ideas or suggestions to help improve Idox culture. Regular Q&A sessions have been taking place through Microsoft Teams, providing a real time platform where individuals can get advice, ask questions and take part in themed discussions.

Responsible Idox

Conducting business responsibly is core to Idox's business model and long-term strategic goals. The Board recognises the importance of our environmental and societal responsibilities in defining and growing the value of our services and solutions, and building lasting commercial relationships across the industries and communities in which we operate. A structured approach to ESG issues that supports the UN Sustainable Development Goals is therefore a strategic imperative to maintain relevance and resilience in our addressable markets in the long-term.

Idox recognises the importance of environmental protection and is committed to operating its business responsibly by operating an Environmental Management System accredited to BS EN ISO 14001:2015, participating in the Energy Saving Opportunities Scheme ('ESOS'), and meeting the requirements of the Streamlined Energy and Carbon Reporting ('SECR') regulations.

We remain committed to our current Scope 1,2 and 3 emissions disclosures and will look to progressing towards reporting this within the Task Force on Climate-related Financial Disclosures ('TCFD') framework.

In FY21 we formed an ESG steering committee, with the core responsibility of understanding and monitoring how our business practices are sustainable in environmental and social terms, as well as being well governed. The committee, which is attended by members of the Executive Management team, will consult with the key internal and external stakeholders of Idox to understand which issues are most material. This will form the cornerstone of our sustainability framework that is aligned with our strategic goals, and set ESG performance metrics and targets that will ensure we can monitor, manage and report on our performance consistently.

COVID-19 Pandemic

The Group continues to regularly assess the impact of the COVID-19 pandemic on its immediate trading and longer-term prospects. The assessments performed and disclosed in our FY20 reporting remain valid. Additionally, Idox has not needed to participate in any government job retention schemes.

The Group continues to manage carefully the exposures identified, and support our health, local authority, and private sector customers to deal with the ongoing impacts arising from the COVID-19 pandemic.

Outlook

We continue to make excellent progress and our strategy remains unchanged. We remain clear in our view that a cloud-first approach across each of our business areas is a strategic necessity and we will continue to invest selectively to grow our capabilities and extend our reach in the key software markets in which we have developed strong patronage. The business has a strong foundation in property and asset-based solutions and this, along with our focus on a broader SaaS provision, will continue to underpin our future strategy and accelerate our growth.

With strong cash generation, the proceeds from the sale of the Content division and good long-term banking facilities, we are well placed to continue delivering against our organic growth targets and to add to our portfolio of offerings where assets are identified complementary to our core operations. Overall, our current full year financial performance is expected to be slightly ahead of management previous expectations reflecting our strong order book and recurring revenue.

We continue to build momentum across the Group, improving operational performance and we are now focussed on our 'fly phase' which we believe will drive exceptional value for customers, our people, and shareholders.

David Meaden
Chief Executive
14 June 2021

Chief Financial Officer's review

Financial review

The first half of FY21 has continued the trend since early FY19 of improved revenue, earnings and cash results. Our commitment to improving performance within our 'Four Pillars' framework is leading to higher quality revenues, and our focus on allocating our capital to strategic priorities has seen us exit our Idox Content businesses and establish strong financial resources to continue investing in our Idox Software portfolio.

Within our reporting, where relevant, adjusted measures of profit have been used alongside statutory definitions. The items that are added back to statutory profit are: amortisation from acquired intangible assets, impairment, restructuring costs, acquisition and financing costs and share option costs. This is in line with management information requested and presented to the decision makers in our business; and is consistent with how the business is assessed by our providers of capital. See note 11 for further details. There have been no adjustments to any of our reporting metrics for any impact of the COVID-19 pandemic.

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

Idox Content is classified as discontinued operations given the disposal of its businesses during the period. To enable appropriate year-on-year comparison for Idox Content, UK Databases previously included in Idox Content in FY20 H1 has been included within Idox Software for that period to be consistent with the classification from FY20 H2 onwards. In addition Corporate costs previously allocated to Idox Content in FY20 have been reduced by £818,000 to better reflect the actual reduction in Corporate costs as a result of the discontinued operations.

	FY21 H1	FY20 H1	Variance	
	£000	£000	£000	%
Revenue				
– Public Sector Software	26,982	25,684	1,298	5%
– Engineering Information Management	4,148	4,323	(175)	(4%)
Idox Software	31,130	30,007	1,123	4%
Idox Content (discontinued)	3,897	5,133	(1,236)	(24%)
Total	35,027	35,140	(113)	(0.3%)
Revenue Split				
– Public Sector Software	77%	73%		
– Engineering Information Management	12%	12%		
– Idox Software	89%	85%		
– Idox Content (discontinued)	11%	15%		
Adjusted EBITDA				
– Public Sector Software	9,420	8,102	1,318	16%
– Engineering Information Management	719	568	151	27%
Idox Software	10,139	8,670	1,469	17%
Idox Content (discontinued)	276	976	(700)	(72%)
Total	10,415	9,646	769	8%
Adjusted EBITDA Margin Split				
– Public Sector Software	35%	32%		
– Engineering Information Management	17%	13%		
– Idox Software	33%	29%		
– Idox Content (discontinued)	7%	19%		
– Total	30%	27%		

Supporting high-quality patient care and efficient hospital and clinic management

Doing more for Health

Implementing digital tracking technology to transform the management of patient records

“

Digitising patient records was an important evolutionary step in optimising our recordkeeping... iFIT’s compatibility was a great help in setting up our EDMS, with it enabling us to automate document migration.”

Nick Sheppard
Systems Configuration Analyst
East Sussex Healthcare NHS Trust

See how we help **Health do more**
https://www.idoxgroup.com/industries/health/

Chief Financial Officer's review continued

Idox Software

The following table analyses the revenues of Idox Software between recurring and non-recurring.

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 and 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 repeat on an annual basis.

	FY21 H1	FY20 H1	Variance	
	£000	£000	£000	%
Idox Software Revenues				
– Recurring (PSS)	14,508	14,356	152	1%
– Recurring (EIM)	3,117	3,489	(372)	(11%)
	17,625	17,845	(220)	(1%)
– Non-Recurring (PSS)	12,474	11,328	1,146	10%
– Non-Recurring (EIM)	1,031	834	197	24%
	13,505	12,162	1,343	11%
	31,130	30,007	1,123	4%
– Recurring	57%	59%		
– Non-Recurring	43%	41%		

Recurring revenues continue to grow well in our local government business (up 9% year on year) but were impacted by small reductions in elections (planned consolidation of products), in social care (COVID-19 impacted), health (planned exit from Malta) and EIM (COVID-19 and corporate activity client-side).

Growth in non-recurring revenues remains strong across our Idox software business, as we continue to improve the quality and frequency of our client engagements following establishment of our revenue assurance team and consolidation of our professional services activities under a single leadership structure. Approximately half the increase was due to client continuations from existing customers which whilst repeating over time, can fluctuate from one period to the next.

"The first half of FY21 has continued the trend since early FY19 of improved revenue, earnings and cash results."

Adjusted EBITDA increased by 17% to £10.1m (FY20 H1: £8.7m), delivering an improved EBITDA margin of 33% (FY20 H1: 29%). This increase in adjusted EBITDA is a direct consequence of our ongoing efforts for marginal gains within our 'Four Pillars' framework of improving the quality of revenues, margins, organisational simplicity and communication at the same time as focusing capital on strategic, higher margin activities. Whilst our revenue growth in the period has been modest overall, we have seen good growth in our higher-margin areas of scale, notably local authority and Idox Cloud, with slower or slightly negative growth in lower-margin activities, notably elections.

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.

In addition, we are actively seeking bolt-on acquisition opportunities to further leverage the common resources Idox has within its infrastructure with new product and cross-sale opportunity; as we strive to replicate the success of Idox Cloud since the Tascomi acquisition in August 2019, which is up 27% FY21 H1 compared to the same period in FY20.

Idox Content

During the six months ended 30 April 2021, the Group received separate offers to acquire its Continental Compliance operations, and its Netherlands Grants Consultancy operations. These operations collectively comprised the Idox Content division of the Group. These offers were at an acceptable valuation and given the Group's desire to prioritise capital on its Idox Software operation, these disposals were completed in the period.

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

Profit / (Loss) Before Tax

The following table provides a reconciliation between adjusted EBITDA and statutory profit / (loss) before taxation for continuing operations.

	FY21 H1	FY20 H1	Variance	
	£000	£000	£000	%
Adjusted EBITDA	10,139	8,670	1,469	17%
Depreciation & Amortisation	(5,043)	(4,999)	(44)	0%
Restructuring costs	(160)	(1,302)	1,142	(87%)
Acquisition costs	(6)	(125)	119	(93%)
Financing costs	(29)	(317)	288	(91%)
Share option costs	(784)	(394)	(390)	99%
Net finance costs	(462)	(1,357)	895	(66%)
Profit before taxation	3,655	176	3,479	1,977%

The reported profit before tax for continuing operations was £3,655,000 (FY20 H1: £176,000).

Restructuring costs are analysed as follows:

	FY21 H1	FY20 H1	Variance	
	£000	£000	£000	%
Redundancies	–	7	(7)	(100%)
Disposal of Malta and Ireland businesses	–	426	(426)	(100%)
Litigation	(11)	33	(44)	(133%)
Property	–	836	(836)	(100%)
Legal fees re Dye and Durham approach	171	–	171	100%
Total restructuring costs	160	1,302	(1,142)	(88%)

Acquisition costs of £6,000 (FY20 H1: £0.1m) relates to the final settlements in relation to the acquisition of Idox Cloud (formerly Tascomi) in August 2019.

Financing costs of £29,000 (FY20 H1: £0.3m) relate to professional fees incurred as part of the ongoing bank facility agreement. The comparative period costs relate to refinancing in December 2019.

Share option costs of £0.8m (FY20 H1: £0.4m) relate to the accounting charge for awards made under the Group's Long-term Incentive Plan.

Net finance costs have decreased to £0.5m (FY20 H1: £1.4m) as a result of a foreign exchange gain on the revaluation of the Euro denominated bond and less interest being payable in respect of the Group's banking facilities which were fully drawn at 30 April 2020 as part of our COVID-19 pandemic defensive actions but have since been largely repaid.

Cashflow

Cash generated from operating activities after tax as a percentage of Adjusted EBITDA was 175% (FY20 H1: 179%). The Group generally continues to have high levels of adjusted EBITDA to cash conversion due to the timing of our local authority renewals across March and April every year resulting in strong seasonality to our cashflows. The Group's April period end is typically the cash high point for the Group in any given year as a result of the timing of these local authority renewals.

The Group continues to invest in developing commercial-ready innovative technology solutions across the Idox Software portfolio and has incurred capitalised development costs of £2.2m (FY20 H1: £2.2m).

Free cashflow at 30 April 2021 was £13.7m (FY20 H1: £12.1m). Free cashflow has improved in the year due to improvements in underlying profitable trading and working capital management.

	FY21 H1 £000	FY20 H1 £000
Net cashflow	(1,876)	25,274
Add back:		
Disposals	(10,730)	–
Debt repayments, drawdowns and fees	25,000	(13,236)
Net cost of staff shares schemes / (Issue of shares)	(69)	63
Equity dividends paid	1,331	–
Free cashflow	13,656	12,101

The Group ended the period with net cash of £7.6m (FY20 H1: net debt of £14.3m), a significant improvement following continued strong cash generation in the period and net cash inflow of £10.7m from the disposal of our Content business. Net cash comprised cash of £29.2m less bank borrowings of £10.2m and the Maltese listed bond of £11.4m.

The Group's total signed debt facilities at 30 April 2021 consisted of a revolving credit facility of £35m and £10m accordion facility with the Royal Bank of Scotland plc, Silicon Valley Bank and Santander UK plc (the "Lenders").

The Group has carefully assessed the ongoing impact of the COVID-19 pandemic on the business and our customers. Idox is fundamentally resilient due to the Group's high recurring revenue base, its focus on public sector markets and the high proportion of staff that routinely work from home. The Group retains significant liquidity with cash and available committed bank facilities and has strong headroom against financial covenants. We continue to monitor the situation and adapt our approach as required.

Rob Grubb
Chief Financial Officer
14 June 2021

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Randy Steinhoff
Supervisor, Project Management Support
Cleco

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Consolidated interim statement of comprehensive income

For the six months ended 30 April 2021

	Note	6 months to 30 April 2021 (unaudited) £000	Restated* 6 months to 30 April 2020 (unaudited) £000	Restated* 12 months to 31 October 2020 (audited) £000
Continuing operations				
Revenue	3	31,130	30,007	57,284
Cost of sales		(10,055)	(9,149)	(14,752)
Gross profit		21,075	20,858	42,532
Administrative expenses		(16,958)	(19,325)	(38,540)
Operating profit		4,117	1,533	3,992
Analysed as:				
Adjusted EBITDA	11	10,139	8,670	17,238
Depreciation & Amortisation		(5,043)	(4,999)	(10,063)
Restructuring costs		(160)	(1,302)	(1,748)
Acquisition costs		(6)	(125)	(125)
Financing costs		(29)	(317)	(306)
Share option costs		(784)	(394)	(1,004)
Finance income		801	134	181
Finance costs		(1,263)	(1,491)	(2,358)
Profit before taxation		3,655	176	1,815
Income tax charge	5	(650)	(1,265)	(1,338)
Profit / (loss) for the period from continuing operations		3,005	(1,089)	477
Discontinued operations				
Profit for the year from discontinued operations	6	4,284	107	799
Profit / (loss) for the period attributable to the owners of the parent		7,289	(982)	1,276
Other comprehensive income / (loss) for the period				
Items that will be reclassified subsequently to profit or loss:				
Exchange movement on translation of foreign operations net of tax		401	180	(97)
Other comprehensive income / (loss) for the period, net of tax		401	180	(97)
Total comprehensive income / (loss) for the period attributable to owners of the parent		7,690	(802)	1,179

	Note	6 months to 30 April 2021 (unaudited) £000	Restated* 6 months to 30 April 2020 (unaudited) £000	Restated* 12 months to 31 October 2020 (audited) £000
Earnings per share attributable to owners of the parent during the period				
From continuing operations				
Basic	7	0.68p	(0.25)p	0.11p
Diluted	7	0.67p	(0.25)p	0.11p
From continuing and discontinued operations				
Basic	7	1.66p	(0.23)p	0.29p
Diluted	7	1.62p	(0.23)p	0.29p

* The comparatives have been restated due to the Content business being reclassified as discontinued operations. There has been no change to the overall results.

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

Consolidated interim balance sheet

As at 30 April 2021

	Note	At 30 April 2021 (unaudited) £000	Restated* At 30 April 2020 (unaudited) £000	At 31 October 2020 (audited) £000
ASSETS				
Non-current assets				
Property, plant and equipment		1,179	1,171	1,183
Intangible assets	8	71,386	83,505	81,652
Right-of-use-assets		2,066	3,986	3,726
Investment		–	18	18
Deferred tax assets		1,450	1,403	1,111
Total non-current assets		76,081	90,083	87,690
Current assets				
Trade and other receivables		20,088	22,526	18,700
Current tax receivable		–	316	1,117
Cash and cash equivalents		29,159	32,268	30,812
Total current assets		49,247	55,110	50,629
Total assets		125,328	145,193	138,319
LIABILITIES				
Current liabilities				
Trade and other payables		7,372	7,856	6,084
Deferred consideration		–	101	57
Other liabilities		33,388	34,779	26,839
Provisions		1,967	1,552	1,261
Current tax payable		126	–	–
Lease liabilities		701	1,337	1,188
Total current liabilities		43,554	45,625	35,429
Non-current liabilities				
Deferred tax liabilities		3,445	4,503	3,907
Deferred consideration		–	–	27
Lease liabilities		1,485	3,033	2,695
Other liabilities		934	1,091	1,791
Provisions		–	–	612
Bonds in issue		11,364	11,746	11,848
Borrowings		10,207	34,863	35,052
Total non-current liabilities		27,435	55,236	55,932
Total liabilities		70,989	100,861	91,361
Net assets		54,339	44,332	46,958

	Note	At 30 April 2021 (unaudited) £000	At 30 April 2020 (unaudited) £000	At 31 October 2020 (audited) £000
EQUITY				
Called up share capital		4,463	4,446	4,450
Capital redemption reserve		1,112	1,112	1,112
Share premium account		41,466	41,348	41,356
Treasury reserve		(594)	(621)	(621)
Share option reserve		3,068	2,210	2,618
Other reserves		7,528	7,528	7,528
ESOP trust		(379)	(366)	(373)
Foreign currency translation reserve		320	116	(161)
Accumulated losses		(2,645)	(11,441)	(8,951)
Equity attributable to the owners of the parent		54,339	44,332	46,958

* The comparatives have been restated to fully disclose lease liabilities that were previously included in other liabilities.

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

Consolidated interim statement of changes in equity

As at 30 April 2021

	Called up share capital £000	Capital redemption reserve £000	Share premium account £000	Treasury reserve £000
Balance at 1 November 2019 (audited)	4,446	1,112	41,348	(621)
Share option charge	–	–	–	–
Exercise / lapses of share options	–	–	–	–
ESOP trust	–	–	–	–
Disposal of investment	–	–	–	–
Transactions with owners and non-controlling interests	–	–	–	–
Loss for the period	–	–	–	–
Other comprehensive income				
Exchange movement on translation of foreign operations	–	–	–	–
Total comprehensive loss for the period	–	–	–	–
At 30 April 2020 (unaudited)	4,446	1,112	41,348	(621)
Issue of share capital	4	–	8	–
Share options charge	–	–	–	–
Exercise / lapses of share options	–	–	–	–
ESOP trust	–	–	–	–
Transactions with owners	4	–	8	–
Profit for the period	–	–	–	–
Other comprehensive income				
Exchange movement on translation of foreign operations	–	–	–	–
Total comprehensive profit for the period	–	–	–	–
Balance at 31 October 2020 (audited)	4,450	1,112	41,356	(621)
Issue of share capital	13	–	110	–
Share option charge	–	–	–	–
Exercise / lapses of share options	–	–	–	27
ESOP trust	–	–	–	–
Equity dividends paid	–	–	–	–
Transactions with owners	13	–	110	27
Profit for the period	–	–	–	–
Other comprehensive loss				
Recycled exchange movements on disposal of subsidiaries	–	–	–	–
Exchange movement on translation of foreign operations	–	–	–	–
Total comprehensive profit for the period	–	–	–	–
At 30 April 2021 (unaudited)	4,463	1,112	41,466	(594)

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

Share options reserve £000	Other reserves £000	ESOP trust £000	Foreign currency translation reserve £000	Accumulated losses £000	Non-controlling interests £000	Total £000
1,837	7,528	(365)	(64)	(10,500)	(110)	44,611
414	–	–	–	–	–	414
(41)	–	–	–	41	–	–
–	–	(1)	–	–	–	(1)
–	–	–	–	–	110	110
373	–	(1)	–	41	110	523
–	–	–	–	(982)	–	(982)
–	–	–	180	–	–	180
–	–	–	180	(982)	–	(802)
2,210	7,528	(366)	116	(11,441)	–	44,332
–	–	–	–	–	–	12
640	–	–	–	–	–	640
(232)	–	–	–	232	–	–
–	–	(7)	–	–	–	(7)
408	–	(7)	–	232	–	645
–	–	–	–	2,258	–	2,258
–	–	–	(277)	–	–	(277)
–	–	–	(277)	2,258	–	1,981
2,618	7,528	(373)	(161)	(8,951)	–	46,958
–	–	–	–	–	–	123
893	–	–	–	–	–	893
(443)	–	–	–	428	–	12
–	–	(6)	–	–	–	(6)
–	–	–	–	(1,331)	–	(1,331)
450	–	(6)	–	(903)	–	(309)
–	–	–	–	7,289	–	7,289
–	–	–	80	(80)	–	–
–	–	–	401	–	–	401
–	–	–	481	7,209	–	7,690
3,068	7,528	(379)	320	(2,645)	–	54,339

Consolidated interim cashflow statement

For the six months ended 30 April 2021

	Note	6 months to 30 April 2021 (unaudited) £000	Restated* 6 months to 30 April 2020 (unaudited) £000	12 months to 31 October 2020 (audited) £000
Cashflows from operating activities				
Profit for the period before taxation		7,935	289	2,702
Adjustments for:				
Depreciation of property, plant and equipment		467	393	817
Depreciation of right-of-use assets		610	576	1,240
Amortisation of intangible assets		4,420	4,704	9,282
(Gain) / loss on disposal of subsidiary	6	(4,592)	–	380
Finance income		(801)	(89)	(5)
Finance costs		1,205	2,014	2,210
Debt issue costs amortisation		73	(323)	189
Research and development tax credit		(100)	(114)	(134)
Share option costs		903	414	1,057
Loss on disposal of leases		–	–	36
Movement in stock		–	54	54
Movement in receivables		(2,879)	(2,662)	1,192
Movement in payables		10,386	11,647	4,329
Cash generated by operations		17,627	16,903	23,349
Tax on loss refunded / (tax on profit paid)		148	(872)	(2,000)
Net cash from operating activities		17,775	16,031	21,349
Cashflows from investing activities				
Disposal of subsidiaries		10,730	–	(200)
Purchase of property, plant and equipment		(790)	(490)	(931)
Purchase of intangible assets		(2,307)	(2,333)	(5,998)
Finance income		19	89	5
Net cash used in investing activities		7,652	(2,734)	(7,124)
Cashflows from financing activities				
Interest paid		(363)	(655)	(1,644)
New loans		5,000	39,012	38,575
Loan related costs		–	(14)	(48)
Loan repayments		(30,000)	(25,762)	(25,762)
Principal lease payments		(678)	(541)	(1,545)
Equity dividends paid		(1,331)	–	–
Issue of own shares		69	(63)	(118)
Net cashflows from financing activities		(27,303)	11,977	9,458
Net movement in cash and cash equivalents		(1,876)	25,274	23,683
Cash and cash equivalents at the beginning of the period		30,812	7,023	7,023
Exchange (losses) / gains on cash and cash equivalents		223	(29)	106
Cash and cash equivalents at the end of the period		29,159	32,268	30,812

* The comparatives have been restated to fully disclose lease liabilities that were previously included in movement in payables.

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

Notes to the interim accounts

For the six months ended 30 April 2021

1 General information

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

The financial statements are prepared in pounds sterling.

2 Basis of preparation

The financial information for the period ended 30 April 2021 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 October 2020 have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified.

The interim financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 31 October 2021. The Group financial statements for the year ended 31 October 2020 were prepared under International Financial Reporting Standards as adopted by the European Union. These interim financial statements have been prepared on a consistent basis and format. The Group has not applied IAS 34 'Interim Financial Reporting', which is not mandatory for AIM companies, in the preparation of these interim financial statements.

Going concern

The Directors, having made suitable enquiries and analysis of the accounts, consider that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, which covers a minimum period of twelve months from approval of these accounts, the Directors have considered the Group's trading budget, cashflow forecasts, available headroom and projected financial covenants on the banking facility, and levels of recurring revenue.

Idox along with most companies has been impacted by the COVID-19 pandemic and recurring national lockdowns, however the impact on our Group has in the main been limited to the initial disruption of the early stages of the emerging challenges, including restrictions on physical movement. We have largely seen our operations return to their pre-COVID-19 pandemic levels across our Group.

We remain cautious in respect of the ongoing impact of the COVID-19 pandemic and the recurring national lockdowns. From our experience of the impact of the COVID-19 pandemic since March 2020, we are confident we are fundamentally resilient to the challenges of the COVID-19 pandemic due to the Group's high recurring revenue base, its focus on public sector markets and the high proportion of staff that routinely work from home.

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

Notes to the interim accounts continued

For the six months ended 30 April 2021

3 Segmental analysis

During the period ended 30 April 2021, the Group was organised into three operating segments which are detailed below.

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

- Idox Software: Public Sector Software (PSS) – delivering specialist information management solutions and services to the public sector.
- Idox Software: Engineering Information Management (EIM) – delivering engineering document management and control solutions to asset intensive industry sectors.
- Idox Content – delivering funding and compliance solutions to corporate, public and commercial customers.

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

The segment results for the six months to 30 April 2021 were:

	PSS £000	EIM £000	Continuing operations total £000	Discontinued operations Content £000	Total £000
Revenue	26,982	4,148	31,130	3,897	35,027
Adjusted EBITDA (note 11)	9,420	719	10,139	276	10,415
Depreciation & Amortisation	(4,778)	(265)	(5,043)	(454)	(5,497)
Restructuring costs	(127)	(33)	(160)	–	(160)
Acquisition costs	(6)	–	(6)	–	(6)
Share option costs	(771)	(13)	(784)	(119)	(903)
Adjusted segment operating profit	3,738	408	4,146	(297)	3,849
Financing costs			(29)	–	(29)
Gain from sale of discontinued operations			–	4,592	4,592
Finance income			801	–	801
Finance costs			(1,263)	(15)	(1,278)
Profit before tax			3,655	4,280	7,935

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

3 Segmental analysis continued

The segment results for the six months to 30 April 2020 were:

	PSS* £000	EIM £000	Continuing operations total £000	Discontinued operations Content* £000	Total £000
Revenue	25,684	4,323	30,007	5,133	35,140
Adjusted EBITDA (note 11)**	8,102	568	8,670	976	9,646
Depreciation & Amortisation	(4,256)	(743)	(4,999)	(674)	(5,673)
Restructuring costs	(1,302)	–	(1,302)	(149)	(1,451)
Acquisition costs	(125)	–	(125)	–	(125)
Share option costs	(394)	–	(394)	(20)	(414)
Adjusted segment operating profit	2,025	(175)	1,850	133	1,983
Financing costs			(317)	–	(317)
Finance income			134	–	134
Finance costs			(1,491)	(20)	(1,511)
Profit before tax			176	113	289

* UK Databases has been reclassified from Idox Content to Idox Software (Public Sector Software) in FY20 H1 to enable appropriate year-on-year comparison.

** Corporate costs for Idox Content have been reduced by £818,000 to better reflect the actual reduction in Corporate costs as a result of the discontinued operations. These costs have been allocated to PSS and EIM on a headcount basis.

The segment revenues by geographic location were as follows:

	Continuing £000	Discontinued £000	Total Group £000
FY21 H1: Revenues from external customers:			
United Kingdom	26,679	46	26,725
North America	2,836	27	2,863
Europe	1,149	3,824	4,973
Australia	187	–	187
Rest of World	279	–	279
	31,130	3,897	35,027

	Continuing £000	Discontinued £000	Total Group £000
FY20 H1: Revenues from external customers:			
United Kingdom	24,751	154	24,905
North America	3,216	52	3,268
Europe	1,328	4,926	6,254
Australia	311	–	311
Rest of World	401	1	402
	30,007	5,133	35,140

Notes to the interim accounts continued

For the six months ended 30 April 2021

4 Dividends

During the period a dividend was paid in respect of the year ended 31 October 2020 of 0.3p per ordinary share at a total cost of £1,331,000 (FY20 H1: £Nil).

The directors do not propose a dividend in respect of the interim period ended 30 April 2021 (FY20 H1: £Nil).

5 Tax on profit on ordinary activities

Continuing operations	6 months to 30 April 2021 (unaudited) £000	6 months to 30 April 2020 (unaudited) £000	12 months to 31 October 2020 (audited) £000
Current tax			
UK corporation tax on profit / loss for the year	1,116	761	936
Foreign tax on overseas companies	294	62	(16)
Under / (over) provision in respect of prior periods	(53)	–	317
Total current tax	1,357	823	1,237
Deferred tax			
Origination and reversal of timing differences	(723)	141	738
Adjustment for rate change	16	301	(181)
Adjustments in respect of prior periods	–	–	(467)
Other	–	–	11
Total deferred tax	(707)	442	101
Total tax charge	650	1,265	1,338

Total operations	6 months to 30 April 2021 (unaudited) £000	6 months to 30 April 2020 (unaudited) £000	12 months to 31 October 2020 (audited) £000
Current tax			
UK corporation tax on profit / loss for the year	1,136	757	1,065
Foreign tax on overseas companies	294	62	(16)
Under / (over) provision in respect of prior periods	(88)	–	235
Total current tax	1,342	819	1,284
Deferred tax			
Origination and reversal of timing differences	(712)	151	774
Adjustment for rate change	–	301	(169)
Adjustments in respect of prior periods	16	–	(473)
Other	–	–	10
Total deferred tax	(696)	452	142
Total tax charge	646	1,271	1,426

Unrelieved trading losses of £350,000 overseas remain available to offset against future taxable trading profits (excluding unrecognised losses of £641,000 in the UK and £9,667,000 overseas).

6 Discontinued operations

During the six months ended 30 April 2021, the Group received separate offers to acquire its Continental Compliance operations, and its Netherlands Grants Consultancy operations. These operations collectively comprised the Idox Content division of the Group. These offers were at an acceptable valuation and given the Group's desire to prioritise capital on its Idox Software operation, these disposals were completed in the period.

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

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

	6 months to 30 April 2021 (unaudited) £000	6 months to 30 April 2020 (unaudited) £000	12 months to 31 October 2020 (audited) £000
Revenue	3,897	5,133	10,733
Expenses	(4,209)	(5,020)	(9,846)
Gain on disposal	4,592	–	–
Profit before tax	4,280	113	887
Attributable tax expense	4	(6)	(88)
Net loss attributable to discontinued operations	4,284	107	799

During the period, Content contributed £0.0m (FY20 H1: (£0.1m)) to the Group's net operating cashflows and contributed £10.7m (HY20 H1: £Nil) in respect of investing and financing activities.

7 Earnings per share

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

Continuing operations

	6 months to 30 April 2021 (unaudited) £000	Restated* 6 months to 30 April 2020 (unaudited) £000	Restated* 12 months to 31 October 2020 (audited) £000
Profit / (loss) for the period	3,005	(1,089)	477
Basic earnings per share			
Weighted average number of shares in issue	439,422,715	432,170,594	439,245,132
Basic earnings per share	0.68p	(0.25)p	0.11p
Weighted average number of shares in issue	439,422,715	432,170,594	439,245,132
Add back:			
Dilutive share options	9,809,942	1,295,912	7,279,721
Weighted average allotted, called up and fully paid share capital	449,232,657	433,466,506	446,524,853
Diluted earnings per share			
Diluted earnings per share	0.67p	(0.25)p	0.11p

Diluted earnings per share cannot further dilute the loss attributable to the owners, therefore, diluted earnings per share during a loss-making period is the same as basic earnings per share.

Notes to the interim accounts continued

For the six months ended 30 April 2021

7 Earnings per share continued

Total operations

	6 months to 30 April 2021 (unaudited) £000	6 months to 30 April 2020 (unaudited) £000	12 months to 31 October 2020 (audited) £000
Profit / (loss) for the period	7,289	(982)	1,276
Basic earnings per share			
Weighted average number of shares in issue	439,422,715	432,170,594	439,245,132
Basic earnings per share	1.66p	(0.23)p	0.29p
Weighted average number of shares in issue	439,422,715	432,170,594	439,245,132
Add back:			
Dilutive share options	9,809,942	1,295,912	7,279,721
Weighted average allotted, called up and fully paid share capital	449,232,657	433,466,506	446,524,853
Diluted earnings per share			
Diluted earnings per share	1.62p	(0.23)p	0.29p

Adjusted earnings per share

	6 months to 30 April 2021 (unaudited) £000	Restated* 6 months to 30 April 2020 (unaudited) £000	Restated* 12 months to 31 October 2020 (audited) £000
Adjusted profit for the period (see note 11)	5,221	2,475	6,576
Weighted average number of shares in issue – basic	439,422,715	432,170,594	439,245,132
Weighted average number of shares in issue – diluted	449,232,657	433,466,506	446,524,853
Adjusted basic earnings per share	1.16p	0.57p	1.50p
Adjusted diluted earnings per share	1.13p	0.57p	1.47p

* The comparatives have been restated due to the Content business being reclassified as discontinued operations. There has been no change to the overall results.

8 Intangibles

	Goodwill £000	Customer relationships £000	Trade names £000	Software £000	Development costs £000	Total £000
At 31 October 2020	48,019	11,131	3,353	7,504	11,645	81,652
Foreign exchange	–	–	–	–	(9)	(9)
Additions	–	–	–	95	2,218	2,313
Disposals	(7,421)	(390)	(115)	(130)	(94)	(8,150)
Amortisation	–	(687)	(323)	(1,340)	(2,070)	(4,420)
At 30 April 2021	40,598	10,054	2,915	6,129	11,690	71,386

No impairment charge was incurred during H1 2021 (H1 2020: £Nil).

9 Long-term incentive plan (LTIP)

During the period, 3,387,735 options were granted under the LTIP.

The Group recognised a total charge of £892,622 (H1 2020: £413,602) for equity-settled share-based payment transactions related to the LTIP during the period. The total cost was in relation to outstanding share options and share options granted in the year.

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

	30 April 2021 No.	30 April 2020 No.	31 October 2020 No.
Outstanding at the beginning of the period	12,435,871	8,429,410	8,429,410
Granted	3,387,735	854,303	4,366,064
Forfeited	(265,345)	–	–
Exercised	(999,428)	–	(359,603)
Outstanding at the end of the period	14,558,833	9,283,713	12,435,871
Exercisable at the end of the period	4,941,749	–	2,450,196

10 Post balance sheet events

Acquisition of Aligned Assets Holdco Limited

On 7 June 2021, the Group announced the acquisition of Aligned Assets Holdco Limited ("Aligned Assets").

Aligned Assets are market leaders in the address management field, provide cutting edge solutions ranging from high-speed matching and cleansing, to sub-second predictive searching, as well as solutions for managing, sharing and viewing address data including in augmented reality. For local authorities, the business provides specialist cloud-based solutions for creating and managing Local Land and Property Gazetteers (LLPG) and Local Streets Gazetteers (LSG), as well as street naming and numbering. Aligned Assets is based in Woking and has 24 employees.

The Group paid initial cash consideration is £7.5m for the purchase of Aligned Assets, increasing to a total maximum of £10.5m, comprising earn-out amounts of up to £1.5m payable in cash and £1.5m payable in equity over two years. The size of earn-out is dependent on progress against targets associated with retention of existing recurring revenues, winning new revenues, and delivery of technical advancements and integrations with the existing Idox product set. The consideration will be funded from Idox's existing financial resources, which were bolstered by the disposal of its Content division in March 2021.

Notes to the interim accounts continued

For the six months ended 30 April 2021

10 Post balance sheet events continued

Changes to UK Corporation tax rate

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. The Finance Bill 2021 was substantively enacted on 24 May 2021. However as this was not substantively enacted at the balance sheet date this has not been reflected in the measurement of deferred tax balances at the period end. If the Company's / Group's deferred tax balances at 30 April 2021 end were remeasured at 25% this would result in further a deferred tax charge of £486,000.

11 Alternative performance measures

Where relevant, adjusted measures of profit have been used alongside statutory definitions. The main items that are added back to statutory profit are: amortisation from acquired intangible assets, impairment, restructuring costs, acquisition and financing costs and share option costs. These items are excluded from statutory measures of profit to present a measure of cash earnings from underlying activities on an ongoing basis. This is in line with management information requested and presented to the decision makers in our business; and is consistent with how the business is assessed by our providers of capital.

The following tables set out the Alternative Performance Measures in respect of continuing operations:

Continuing operations	6 months to 30 April 2021 (unaudited) £000's	6 months to 30 April 2020 (unaudited) £000's	12 months to 31 October 2020 (unaudited) £000's
Adjusted EBITDA			
Statutory measure as reported – Operating Profit	4,117	1,533	3,992
Add back:			
Depreciation & Amortisation	5,043	4,999	10,063
Restructuring costs	160	1,302	1,748
Acquisition	6	125	125
Financing costs	29	317	306
Share option costs	784	394	1,004
Adjusted EBITDA	10,139	8,670	17,238
Adjusted EBIT			
Statutory measure as reported – Operating Profit	4,117	1,533	3,992
Add back:			
Amortisation from acquired intangibles	1,737	2,066	4,010
Restructuring costs	160	1,302	1,748
Acquisition	6	125	125
Financing costs	29	317	306
Share option costs	784	394	1,004
Adjusted EBIT	6,833	5,737	11,185

11 Alternative performance measures continued

Continuing operations	6 months to 30 April 2021 (unaudited) £000's	6 months to 30 April 2020 (unaudited) £000's	12 months to 31 October 2020 (unaudited) £000's
Adjusted PBT			
Statutory measure as reported – PBT	3,655	176	3,992
Add back:			
Amortisation from acquired intangibles	1,737	2,066	4,010
Restructuring costs	160	1,302	1,748
Acquisition	6	125	125
Financing costs	29	317	306
Share option costs	784	394	1,004
Adjusted PBT	6,371	4,380	11,185
Adjusted PAT			
Statutory measure as reported – PAT	3,005	(1,089)	477
Add back:			
Amortisation from acquired intangibles	1,737	2,066	4,010
Restructuring costs	160	1,302	1,748
Acquisition	6	125	125
Financing costs	29	317	306
Share option costs	784	394	1,004
Tax effect	(640)	(640)	(1,094)
Adjusted PAT	5,081	2,475	6,576

EBITDA	Earnings before interest, tax, depreciation and amortisation
EBIT	Earnings before interest and tax
PBT	Profit before taxation
PAT	Profit after taxation

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