Idox plc

Financial Year Ended 31 October 2021

FY21

Idox. Do more.

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Agenda

"Another year of strong financial performance and strategic and operational progress"

- FY21 Highlights
- Introduction
- Financial review
- Strategy and Operations
- Inorganic
- ESG
- Outlook

Over 90% of local UK authorities are customers for one or more of our products

1,200+ customers & 500+ employees with offices in the UK, Europe and India

Continuing revenues £70 million* & adjusted EBITDA margin of 30%+

*annualised impact of FY21 acquisitions and disposals

FY21 Highlights

FY21 continued to deliver good progress against the Group's strategic goals and high levels of operational execution:

Revenue increased
by 9% to £62.2m
(2020: £57.3m)

Recurring revenue increased
by 2% to £36.3m
(2020: £35.7m)

Adjusted EBITDA increased
by 13% to £19.5m
(2020: £17.2m)

Net Debt decreased
to £8.1m
(2020: £16.1m)

Disposed of 2 non-core operations

Transactions cash neutral overall

Acquired 3 Public Sector Software operations

Introduction Delivering Success

Walk

Market Cap	£130m
Revenue	£65.5m
Adj. EBITDA	£14.4m
Net Debt	£26.4m

Run

Market Cap	£235m
Revenue	£68.0m
Adj. EBITDA	£19.6m
Net Debt	£16.1m

Fly

Market Cap	£285m
Revenue	£66.1m
Adj. EBITDA	£19.8m
Net Debt	£8.1m
ARR	60%
EBITDA margin	30%

Inorganic revenue growth

Organic revenue growth

Continued margin expansion

Cloud and SaaS penetration

EV £500m+
Recurring revenue 75%
EBITDA margin 35%

Disposed of non-core Content businesses
Focus on Product management and market leadership
Promote Digital and path to Cloud

Improved Management Information for better decisions
Tighter product and infrastructure management
Tighter management of sales

New management team
Fix funding
Re-establish plc forecasts (inc. audit)

FY18 FY19 FY20 FY21 FY22 FY23 FY24

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Financial Review FY21 Highlights

Revenue	Recurring Revenue	Adjusted EBITDA*
£62.2m	£36.3m	£19.5m
+9%	+2%	+13%
FY20: £57.3m	FY20: £35.7m	FY20: £17.2m

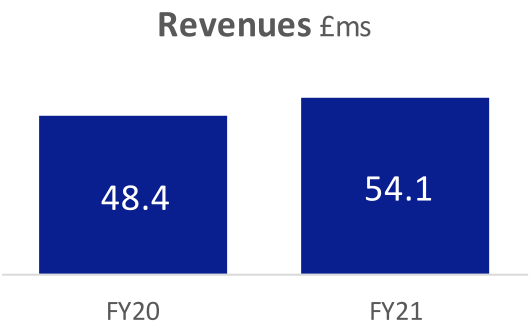
Adjusted FD EPS	Dividend per share	Net Debt
2.27p	0.40p	£8.1m
+ 54%	+ 33%	-39%
FY20: 1.47p	FY20: 0.30p	FY20: £16.1m

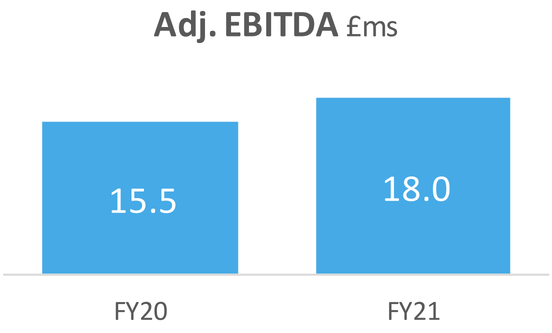
* Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, corporate finance costs and share option costs.

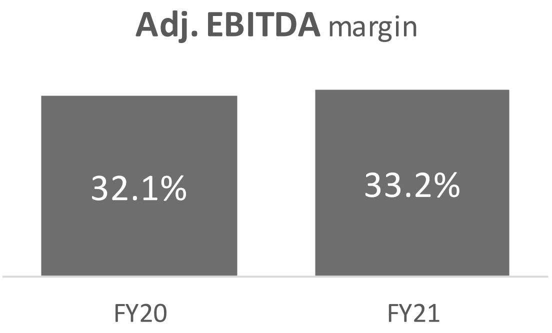
Continuing operations (excl. disposed Idox Content)

- Revenues up 9% in the year, driven by strong increase in non-recurring revenues
- Recurring revenues continue to grow following a focus on SaaS solutions across our business, and contributions from our H2 acquisitions
- Step up in earnings due to high quality revenue expansion and ongoing operational diligence across the Group
- Another strong cash performance leading to a further material reduction in Net Debt. Good financial resources to transact further bolt-on acquisitions
- Good financial resources to transact further bolt-on acquisitions
- Dividend up 33% following re-introduction of dividend last year

Financial Review Public Sector Software





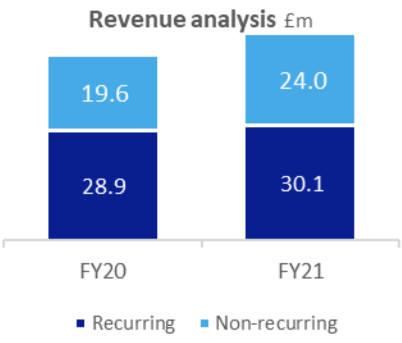


Comprising Local Authority, Idox Cloud, Elections, CAFM, Social Care, Transport, UK Databases, Health and FY21 GIS acquisitions.

Revenue increased strongly again in the period due to ongoing improved execution across all functions following the changes and investments made over the past 36 months, plus a partial-year contribution from FY21 H2 acquisitions (£1.8m).

- Recurring revenues up in Local Authority (including Idox Cloud), and due to partial-year contribution from FY21 H2 acquisitions, but this was tempered by small decreases in elections (planned consolidation of products), in social care (Covid-19 impacted) and health (planned exit from Malta).
- Non-recurring revenues were up across the portfolio, with a large increase YoY in Local Authority. Approximately half the increase was due to signing new term agreements from existing customers which whilst repeating over time, can fluctuate from one period to the next.
- Closing orderbook of contracted, non-recurring revenues of £8.5m (FY20: £12.0m), as our large Metrolinx and Scottish eCount projects were delivered in FY21.

Adj. EBITDA significant increase of £2.5m largely due to the high-margin drop-through of incremental revenue, and continued discipline on costs.



87% of Group revenue in FY21 (FY20: 85%)

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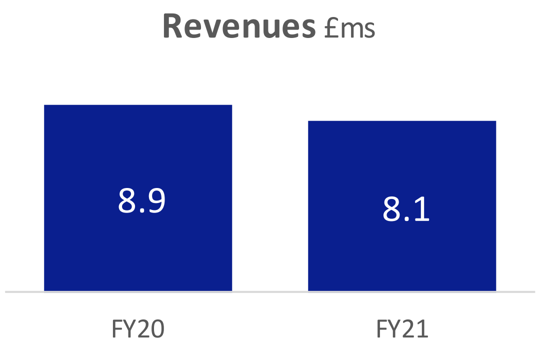
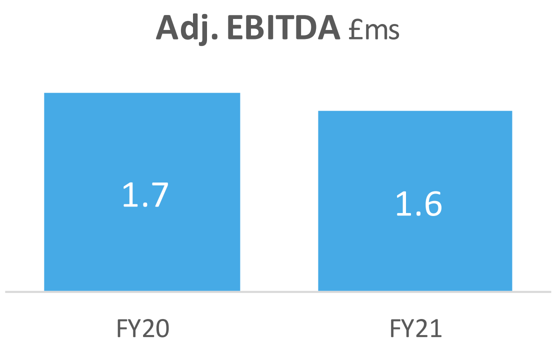
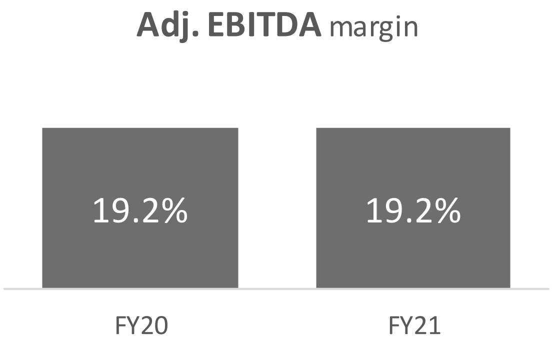
Financial Review Engineering Information Management

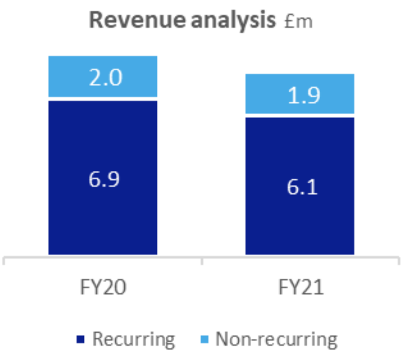






Comprising on-premise McLaren and cloud-native Fusion Live

- Revenue decreased in the period as the business reorganised in late FY20 / early FY21.
  - Recurring revenues down due to market conditions (Covid-19 impacting energy markets) and cancellation of an existing customer due to corporate activity. The broader energy market is still difficult, however the business is continuing to win new engagements in alternative sectors.
  - Non-recurring revenues held up as order intake for new business continued, and utilisation was good with the integration in to Idox Software.
  - Closing orderbook of contracted, non-recurring revenues of £1.0m (FY20: £1.4m), as our strong FY20 order intake was delivered in FY21
- Adj. EBITDA slight decrease despite the larger decrease in revenues as the benefits of integration to Idox Software operations and management structure are realised.



13% of Group revenue in FY21 (FY20: 15%)

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Financial Review Income Statement

£'ms	FY21	FY20	Variance
Revenue	**62.2**	**57.3**	**4.9**
Adjusted EBITDA	**19.5**	**17.2**	**2.3**
Depreciation & Amortisation	(6.6)	(6.2)	(0.4)
Adjusted EBIT	**12.9**	**11.1**	**1.8**
Interest	(0.4)	(2.2)	1.8
Adjusted Profit before tax	**12.5**	**8.8**	**3.7**
Tax	(2.1)	(2.5)	0.4
Adjusted Profit after tax	**10.4**	**6.3**	**4.1**
Adjusting items:			
- Amortisation from acquired intangibles	(3.6)	(4.0)	0.4
- Restructuring costs	0.1	(1.7)	1.8
- Acquisition and financing costs	0.0	(0.4)	0.4
- Share option costs	(1.8)	(1.0)	(0.8)
Statutory Profit before tax - continuing ops	**7.2**	**1.7**	**5.5**
Tax (statutory, continuing operations)	(1.2)	(1.3)	0.1
Discontinued operations	5.9	0.8	5.1
Non-Controlling Interest	-	-	-
Statutory Profit after tax - all operations	**11.9**	**1.3**	**10.7**

- Adjusted EBITDA up due to revenue improvements primarily in Public Sector Software, and margin improvements.
- Interest lower due to lower draw down of debt facilities and FX and EIR gains on Bond of £0.85m.
- Tax ETR 18% (FY20: 28%) on adjusted PBT due to benefit of prior period over provision adjusted in current year.
- No notable restructuring costs in the year (FY20: legacy London property, and exit of Irish and Maltese operations).
- Acquisition and financing income relates to gain on thinkWhere acquisition (FY20: December 2019 Group refinancing).

Financial Review Balance Sheet

£'ms	2021	2020	Variance
Fixed Assets	93.3	82.9	10.4
Deferred tax assets & liabilities	(3.0)	(2.8)	(0.2)
Stock	-	-	-
Trade & other receivables, and prepayments	12.2	13.2	(1.0)
Trade & other payables, and accruals	(16.4)	(14.3)	(2.1)
Current tax receivable	(1.4)	1.1	(2.5)
IFRS 16 Leases - net assets / (liablities)	(0.1)	(0.2)	0.1
Provisions	(1.4)	(1.9)	0.5
Sub-total	**83.3**	**78.2**	**5.1**
Accrued income	4.8	5.5	(0.7)
Deferred income	(19.2)	(20.6)	1.4
Net accrued / (deferred) income	**(14.4)**	**(15.1)**	**0.7**
Balance sheet excluding net debt	**68.9**	**63.1**	**5.8**
Cash	18.3	30.8	(12.5)
Bank borrowings	(15.4)	(35.1)	19.7
Bonds in issue	(11.0)	(11.8)	0.8
Net Debt	**(8.1)**	**(16.1)**	**8.0**
Shareholder equity	**60.8**	**47.0**	**13.8**

- Fixed asset increase due to acquisitions in the period (net of disposals)
- Trade receivables down due to continued focus on cash management and impact of acquired & disposed entities balances.
- Trade and other payables up due to deferred amounts payable on FY21 acquisitions and increases in other payables and accruals due to timing of project work and impact of acquired & disposed entities balances; offsetting reduction in VAT deferral.
- Tax creditor of £1.4m reflecting more normalised payment position compared to prior period brought-forward overpayment.
- Facilities fully drawn in prior period to provide maximum flexibility as part of Covid-19 response. Reduced in FY21 to more normalised levels.

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Financial Review Cashflow

£'ms	FY21	FY20	Variance
Adjusted EBITDA	19.8	19.6	0.2
Restructuring, acquisition & finance costs	(0.3)	(1.0)	0.7
Working capital	(2.4)	4.2	(6.6)
Taxation	(0.2)	(2.1)	1.9
Discontinued Operations	(0.9)	-	(0.9)
Other items	0.5	0.6	(0.1)
Net cash from operating activities	**16.5**	**21.3**	**(4.8)**
EBITDA cash conversion	83%	109%	
Acquisitions and disposals	0.1	(0.2)	0.3
Purchase of property, plant and equipment	(1.1)	(0.9)	(0.2)
Purchase of intangible assets	(4.6)	(6.0)	1.4
Other items	(0.0)	0.0	-
Net cash used in investing activities	**(5.6)**	**(7.1)**	**1.5**
IFRS 16 leases (principal & interest)	(1.2)	(1.5)	0.3
Interest and loan costs	(1.3)	(1.7)	0.4
Movement in debt	(19.3)	12.9	(32.2)
Dividend and other equity	(1.3)	(0.2)	(1.1)
Net cash from / (used) in financing activities	**(23.1)**	**9.5**	**(32.6)**
Net movement on cash and cash equivalents	**(12.2)**	**23.7**	**(35.9)**
Opening net debt	(16.1)	(26.4)	10.3
Cash generated excluding debt drawdown / (repayment)	7.1	10.8	(3.7)
Foreign exchange on Bond	0.9	(0.5)	1.4
Closing net debt	**(8.1)**	**(16.1)**	**8.0**

- Restructuring, acquisition and finance cash outflows due to part-settling of legacy London property (FY20: Ireland and Malta exit).
- Working capital down due to repayment of VAT deferral of £2.9m (FY20: benefit £3.8m), offset with continued strong cash collection.
- Adjusted EBITDA cash conversion to net cash from operating activities of 83% (FY20: 109%). Excluding the VAT deferral repayment in FY21 (£2.8m), and benefit in FY20 (£3.8m), conversion was 97%, ahead of the prior year (89%) on a like-for-like basis.
- 3 acquisitions and 2 disposals in FY21 slightly cash positive on transaction.
- IFRS 16 lease costs down following disposals.
- Facilities fully drawn in prior period to provide maximum flexibility as part of precautionary Covid-19 response. Reduced in FY21 to more normalised levels.
- Dividend of £1.4m payment following reinstatement of policy.
- Strong cash generated, with net debt decreasing to £8.1m (FY20: £16.1m), continuing the trend (FY19: £26.4m, FY18: £31.8m)

Financial Review Future guidance

Revenue organic growth targets

- PSS **mid-single digits longer-term**. Looking to supplement with bolt-on M&A.
- EIM continued transition to SaaS; net overall growth mid single digits.

Margin targets

- FY21 adjusted EBITDA margin of 31% (FY20: 30%).
- **Targeting margins of 35%** as operational improvements continue, and bolt-on acquisitions drive synergies.

Other income statement items

- Currently **no restructuring or refinancing costs anticipated**, although may arise from successful M&A ambitions.
- Tax rate expected to be in line with UK statutory rate.

Cash conversion and dividend

- **Continued strong adjusted EBITDA to operating cash conversion.**
- **Dividend progression continues**, 0.4p for FY21, up 33% on prior year.

Net cash / (debt)

- Continued cash generation.
- **Good headroom with bank facilities of £35m plus £10m accordion.**
- Continue to hold Bond as limited interest arbitrage and 2025 redemption date.

Balance sheet items

- VAT deferrals largely repaid, £1.1m left in FY22.
- Deferred consideration for FY21 acquisitions and disposals, although potential to largely net off.
- Fixed assets will continue to reduce due to amortisation of previously acquired intangibles.

FY22 year-to-date trading in line with expectations

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Strategy and Operations FY21 Highlights

FY21 has continued to deliver good progress against strategic goals and high levels of operational execution:

- Material advancement in our M&A strategy to focus on software businesses with high margin operations with good growth potential:
    - Disposal of Content businesses.
    - Acquisition of Aligned Assets, thinkWhere and exeGesIS, which provide greater focus and depth of expertise in the GIS market.
    - Development of our M&A efforts in both sourcing and managing pipeline opportunities.
- Improvements to our product and go-to-market efforts; via our new Group-wide CRM platform.
- Consolidated all offshore activity to a single Idox centre in Pune, India.
- Focus on innovation and consolidation of our product portfolio, including continuing our journey to cloud across our portfolio.
- Further **investment in our people** promoting higher levels of engagement, and leadership.
- Environmental, Social and Governance initiatives with employee-led efforts to be better citizens in the societies we operate in.

Strategy and Operations Four Pillars

Revenue expansion

Improved revenues on a continuing basis by 8.6% to £62.2m including our acquisitions (5.5% excluding acquisitions)

- All Group revenues now managed via CRM
- Established a centralised Revenue Assurance unit to manage renewals
- Established a centralised Inside Sales desk for low-value transaction campaigns
- Completed the integration of the sales operations to include the EIM sales group.

Gross margin improvement

Improved adjusted EBITDA margins on a continuing basis to 31% (2020: 30%)

- Developed tooling to remove the need to map certain data items, improving quality and enhancing customer experience
- Released LilieHub, a SaaS self-service platform for our Sexual Health product
- Transitioned our Education, Health and Care ('EHC') customers to the Idox Cloud SaaS platform

Simplicity

- Idox now a single business providing software-based solutions to the Public Sector and Engineering markets
- Consolidation of all UK activities into our main UK trading company
- Development of our CRM and ERP, and secured a PSA, to further improve the integration and utility of our key systems
- Centralised approach to ISO accreditations

Communication

- Improved customer communication with direct account management, internal sales support and our project management office
- Developed the "Idox, Do More" delivering a consistent brand and message
- Engage openly with all our teams and to address issues and challenges identified
- Support our own people's desire for Idox to be socially responsible and sustainable

Strategy and Operations Fly Phase

Within our 'Fly' phase, our aims, under our organisational Four Pillars are:

Organic growth

Improved MI and more automation	Improved on-shore / off-shore mix
Move products to cloud and away from third party	Increase market shares
Sales team stratification	Utilise IP in adjacencies
Protect and grow existing revenues	Tighter operational integration

Buy and build

- **Industry** Public Sector
- **Product** Own IP Software
- **Geography** Principally UK based
- **Scale** Bolt-ons

Buy and Build Tascomi Case Study

Acquired July 19

Paying customer #	55
Revenues*	£1.9m
EBITDA*	£0.7m

* 12 months to 31 March 2019

- Extensive expansion of selling capacity, commercial engagements earlier
- Dedicated marketing campaigns
- Consultancy and Support provided by existing Idox resources
- Legal, finance, HR and admin transferred to Idox Group

Current – FY21

Paying customer #	75 (+36%)
Revenues*	£3.2m (+68%)
EBITDA*	£2.0m (+186%)

* 12 months to 31 October 2021

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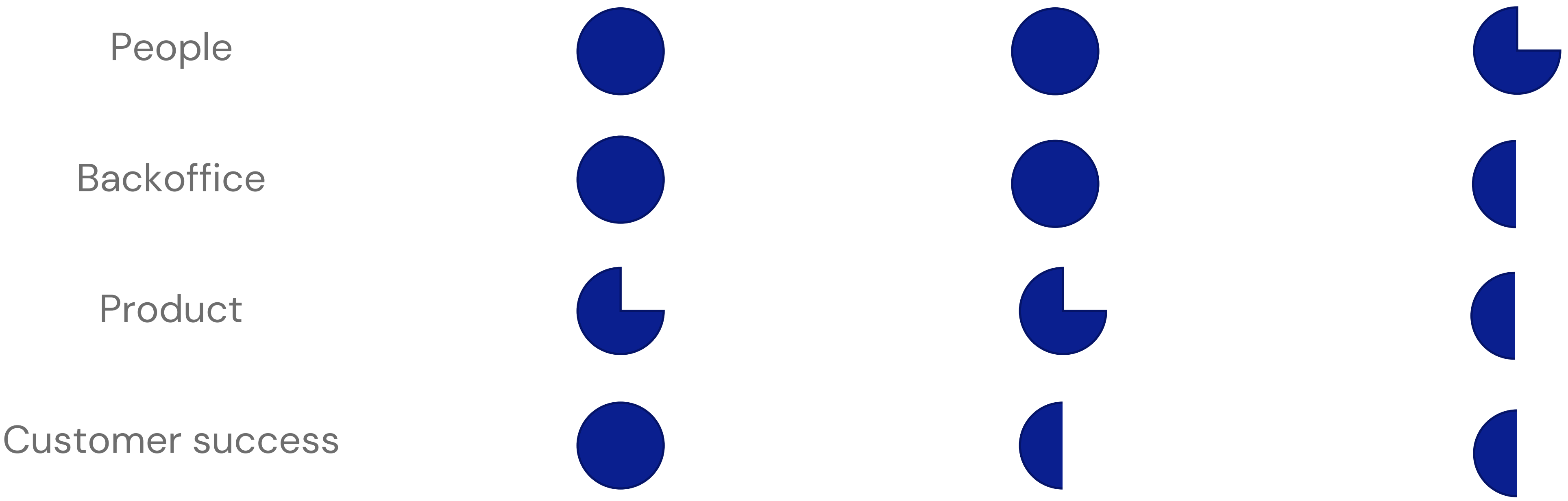
Buy and Build FY21 Acquisitions

Aligned Assets	thinkWhere	exegesis
Acquired June 21	*Acquired August 21*	*Acquired October 21*
Solutions for managing, sharing and viewing address data	GIS systems providing unique access to a wealth of open datasets	Solutions for assets of ecological, environmental and historical importance
Annualised contribution **Revenue £3.0m** **EBITDA £1.4m**	*Annualised contribution* **Revenue £1.0m** **EBITDA £0.5m**	*Annualised contribution* **Revenue £3.0m** **EBITDA £1.4m**
£7.5m upfront £3.0m earn-out	Nil consideration	£5.3m upfront £1.7m deferred

Buy and Build Integration Status



Buy and Build Growth plans

Example target acquisition profile

Owner-manager business that has scaled to 30 – 50 employees, either looking for an exit or support to move to the next level.

Revenue £3m to £5m. EBITDA £1m+.

Valuation x5 to x10 depending on software and SaaS component, and earn-out structure.

Idox would look to increase EBITDA contribution by 50% to 100% within 18 to 36 months through higher existing and cross-sale sales volumes supported with our infrastructure.

Idox continuing to source a number of bolt-on acquisitions to accelerate growth

- Looking to leverage the strong management team, Idox brand and market presence, and operational infrastructure to bring niche but well-respected software solutions to a wider market (commonly a challenge for targets independent).
- Strong focus on cloud-based GovTech, augmenting existing strong market shares, recurring revenues and good margins.
- Good financial resourcing to fund a number of bolt-on acquisitions throughout the year. Strong emphasis on capital allocation (i.e. disposal of Idox Content) and capital management to support M&A ambitions.
- High degree of involvement from Idox executive management, with operational activity increasingly being delegated to emerging senior management group.

ESG 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 growing our services and solutions, and building lasting commercial relationships.

Idox adopt a structured approach to ESG issues that supports the UN Sustainable Development Goals to maintain relevance and resilience in the long-term.

ESG steering committee

- In FY21 we formed an ESG steering committee to understand and monitor how our practices are sustainable in environmental and social terms, as well as being well governed.
- The committee includes members of the Executive Management team, and consults with the key internal and external stakeholders.
- The committee will set ESG performance metrics and targets that will ensure we can monitor, manage and report on our performance consistently.

ESG Responsible Idox

SUSTAINABLE DEVELOPMENT GOALS

Supporting the UN SDG's, Idox focus on four areas of commitment to ensure we are operating as a responsible business:

	Our people	Our community	Our environment	Our organisational responsibility
The aim:	To build a diverse and inclusive workforce who feel supported and encouraged to excel in their career and life at Idox.	To support and enable our local communities to achieve more through the use of our products and using our knowledge base to educate and support individuals.	As a naturally low emission business, we are committed to improving our environmental performance and enabling our customers to do so.	To be a responsible employer, supplier, and overall business.
The UN SDGs we support:	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION; 11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	8 DECENT WORK AND ECONOMIC GROWTH

ESG Environmental Protection

Our business model of software development and deployment is lower-consumption than other industries, however we recognise we still have our part to play in reducing carbon emissions in all our communities.

We recognise the importance of environmental protection and are committed to operating responsibly.

This includes

- operating an Environmental Management System accredited to BS EN ISO 14001:2015.
- participating in the Energy Saving Opportunities Scheme ('ESOS').
- meeting the requirements of the Streamlined Energy and Carbon Reporting ('SECR') regulations.
- reporting within the Task Force on Climate-related Financial Disclosures ('TCFD') framework.
- working within the three scopes of the Greenhouse Gas Protocol ('GHG'), to achieve net zero carbon emissions by 2040.

Positive and resilient outlook

- Our markets, software solutions and high levels of recurring revenues provide resilience
- Combination of recurring revenue and a strong order book provides good visibility
- Sales pipeline is positive and in line with budget assumptions and expectations for the future years
- FY21 acquisitions integrating well and to plan, and good level of ongoing M&A opportunity
- FY22 year-to-date trading in line with expectations

The outlook for the business remains positive and we are well positioned in our ‘fly’ stage of growth to continue to create good value for our people, customers and shareholders.

Investment Case

- Market leadership Market leaders, providing software solutions to improve the customer's processes, and meet future challenges on the horizon.
- Good governance High quality recurring revenue and well-controlled costs; risk is well understood and reflected in our approach to investment and operational choices.
- Investment in people Ensuring we have the right team to drive our business, with high levels of engagement as we strive to live our values; and developing talent lead our business and our markets.
- Operational excellence Striving for high levels of customer service, leveraging our resources and expertise; and encouraging innovation in our products, delivery and operational infrastructure and support.
- Inorganic growth We completed three acquisitions in FY21, and are well capitalised and experienced in sourcing, acquiring and integrating in an effective and low-risk way.
- Financial discipline Focus on high quality revenues; good communication, and simplification leading to strong margins. Managing capital, exiting low-margin areas, and focusing our investments on high recurring, high margin, software-based areas with good opportunity for growth.
- ESG rigour Recognising the importance of responsibilities in growing our services and solutions, and building lasting commercial relationships in a sustainable and fair way.

Thank you

For further information please contact:
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