Idox plc

Financial Year Ended 31 October 2022

26 January 2023

Agenda

- FY22 Highlights
- Financial review
- Strategy and operations
- Buy and build
- ESG
- Outlook

David Meaden
CEO

Anoop Kang
CFO

Operational highlights FY22

Record full year order intake in up 19% to £74m on FY21 (£62m), providing good visibility into FY23.

Further enhancement of the Group's geographic information system mapping (Geospatial) capabilities with the acquisition of LandHawk.

Continued upscaling of Pune, India, centre of excellence to increase efficiency, capability and knowledge sharing.

Contract wins and extensions which increase average tenure across both our PSS and EIM Public Sector Software (PSS) and Engineering Information Management (EIM) businesses.

Good growth of revenue and profit in Public Sector Software (PSS) buoyed by FY21 acquisitions; stable performance in Engineering Information Management (EIM) despite difficult market conditions.

Clear focus on innovation and consolidation of our product portfolio, including our continuing journey to transition to cloud across the portfolio.

Financial review

Anoop Kang

Financial highlights FY22

- Positive impact of FY21 acquisitions on revenue.
- Recurring revenues increased in the year with strong performance in local government, Idox Cloud and FY21 acquisitions.
- Improved earnings in year despite inflationary cost pressures in market.
- Strong cash generation has further reduced net debt.
- High levels of headroom in banking facilities to fund acquisitions.
- Final dividend up 25% at 0.5p per share (2021: 0.4p), reflecting continuing growth opportunities, strong financial position and confidence in the future.

£66.2m
FY21: £62.2m
Revenue
+6%

£40.5m
FY21: £36.3m
Recurring revenue
+12%

£74m
FY21: £62m
Order book
+19%

£22.5m
FY21: £19.5m
Adjusted EBITDA*
+15%

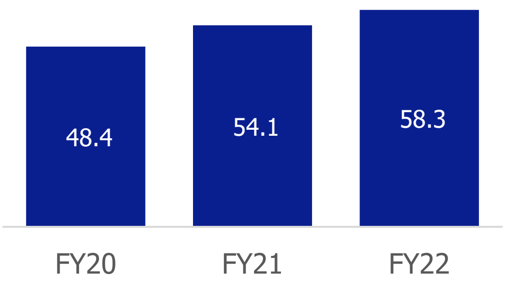
2.44p
FY21: 2.27p
Adjusted FD EPS
+7%

£6.7m
FY21: £8.1m
Net Debt
-18%

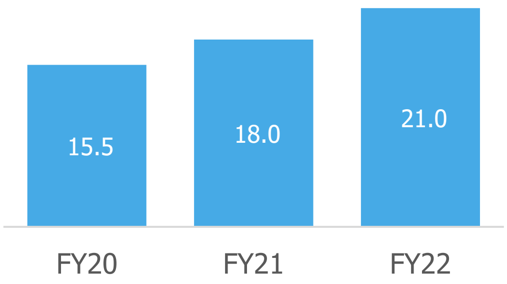
* Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, corporate finance costs and share option costs.

Financial review Public Sector Software

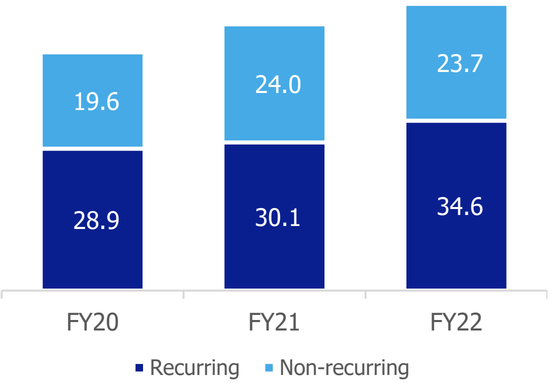
Revenues £m



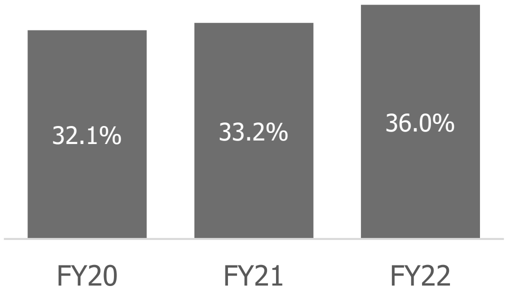
Adj. EBITDA £m



Revenue analysis £m



Adj. EBITDA margin

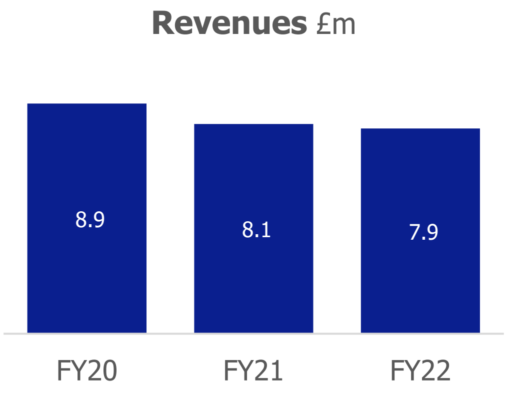


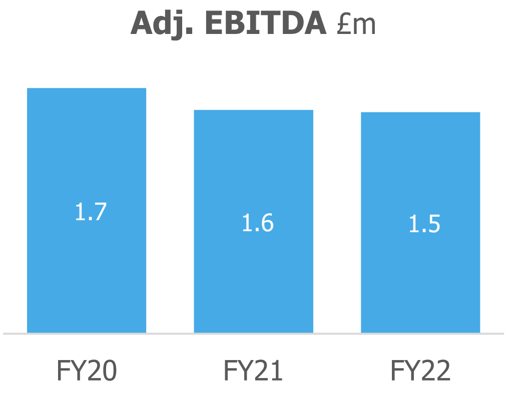
Revenue increased 8% in the year due to continued implementation of our strategic initiatives, and strong contribution from FY21 acquisitions.

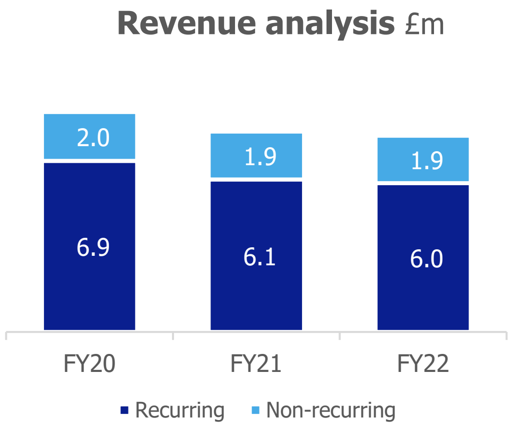
- Recurring revenues up 15% to £34.6m driven by good growth in Local Government, and full year contributions from 2021 acquisitions.
- Non-recurring revenues broadly flat at £23.7m where increases in Elections, Exegesis and thinkWhere were offset by reductions in Transport and Local Government.
- Closing orderbook of contracted, non-recurring revenues of £9.0m (2021: £8.5m).

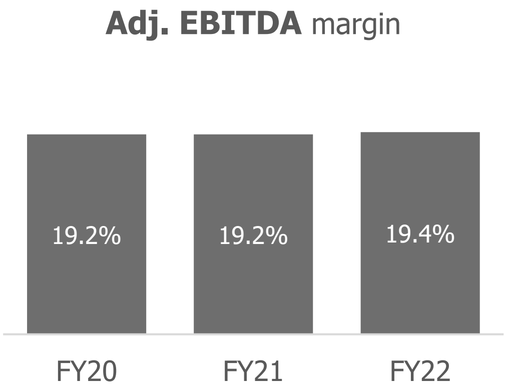
Adj. EBITDA up 17% to £21.0m largely due to mix, price and operational efficiency resulting in an Adj. EBITDA margin of 36%.

Financial review EIM









FY22 Revenue broadly flat at £7.9m with improved second half performance.

- Recurring revenues stable with good wins in the H2 FY22. While the energy market remains challenging, the business continues to win new engagements in alternative sectors.
- Non-recurring revenues flat year on year due at £1.9m.
- Closing orderbook of contracted, non-recurring revenues stable at £1.4m (2021: £1.0m).

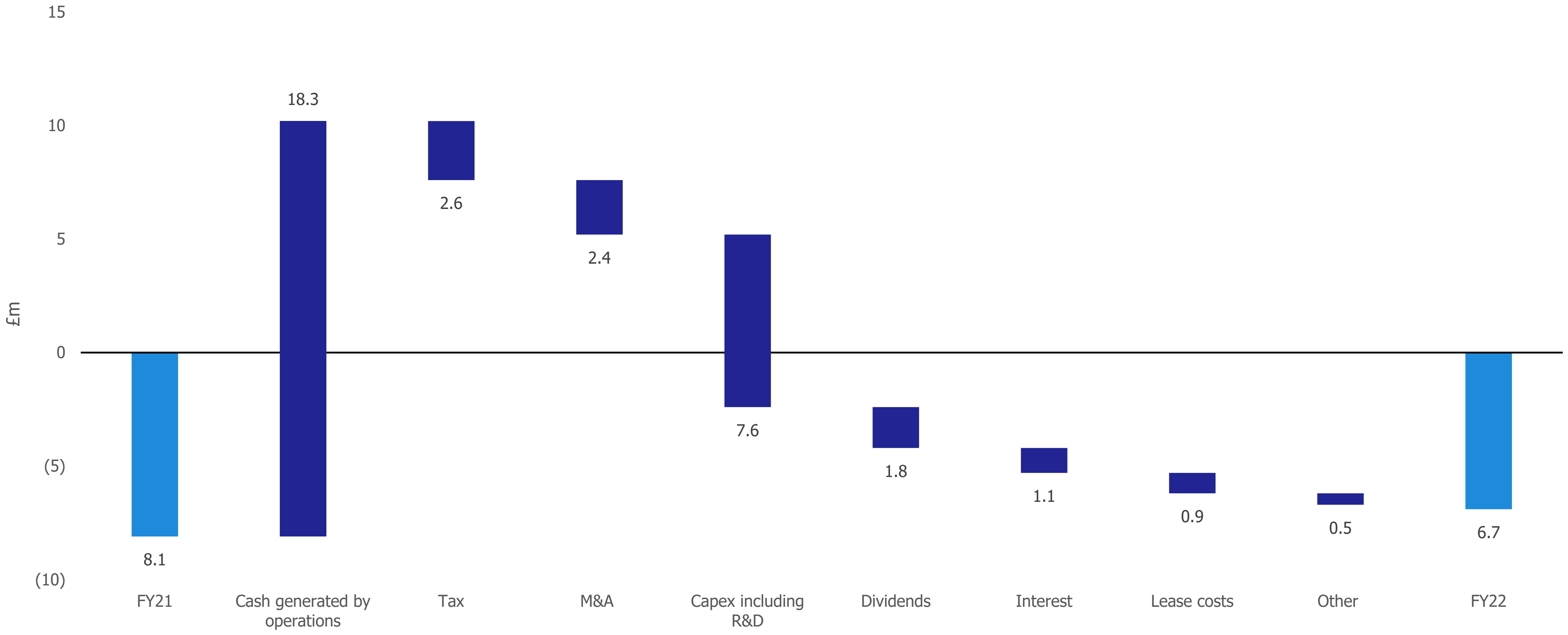
Adj. EBITDA broadly flat at £1.5m. Adj. EBITDA margin remains at 19%.

Financial review Income Statement

£'ms	FY22	FY21	Variance
Revenue	**66.2**	**62.2**	**4.0**
Adjusted EBITDA	**22.5**	**19.5**	**3.0**
Depreciation & Amortisation	(6.9)	(6.6)	(0.3)
Adjusted EBIT	**15.6**	**12.9**	**2.7**
Interest	(2.0)	(0.4)	(1.6)
Adjusted Profit before tax	**13.6**	**12.5**	**1.1**
Tax	(2.5)	(2.2)	(0.3)
Adjusted Profit after tax	**11.1**	**10.3**	**0.8**
Adjusting items:			
- Amortisation from acquired intangibles	(3.7)	(3.6)	(0.1)
- Restructuring costs	(0.5)	0.1	(0.6)
- Acquisition and financing costs	(0.2)	0.0	(0.2)
- Share option costs	(2.6)	(1.8)	(0.8)
Statutory Profit before tax - continuing ops	**6.6**	**7.2**	**(0.6)**
Tax (statutory, continuing operations)	(1.0)	(1.2)	0.2
Discontinued operations	(0.6)	5.9	(6.5)
Non-Controlling Interest	-	-	-
Statutory Profit after tax - all operations	**5.0**	**11.9**	**(6.9)**

- Adjusted EBITDA up 15% due to mix and pricing.
- Increased finance charges driven by reversal of 2021 FX gains on Euro denominated bond.
- Adjusted Tax ETR stable at c.19%.
- Restructuring costs driven by corporate simplification initiatives.
- Share option charges up due to increased number of share awards.
- Discontinued operations losses in the period relate to final costs associated with Content businesses disposal.

Financial review Net debt movement



Financial review Balance Sheet

£'ms	2022	2021	Variance
Fixed Assets	93.8	93.3	0.5
Deferred tax assets & liabilities	(3.4)	(3.0)	(0.4)
Stock	-	-	-
Trade & other receivables, and prepayments	11.4	12.2	(0.8)
Trade & other payables, and accruals	(12.6)	(16.4)	3.8
Current tax receivable	(0.2)	(1.4)	1.2
IFRS 16 Leases - net assets / (liablities)	(0.0)	(0.1)	0.1
Provisions	(0.5)	(1.4)	0.9
Sub-total	**88.5**	**83.3**	**5.2**
Accrued income	6.5	4.8	1.7
Deferred income	(21.0)	(19.2)	(1.8)
Net accrued / (deferred) income	**(14.5)**	**(14.4)**	**(0.1)**
Balance sheet excluding net debt	**74.0**	**68.9**	**5.1**
Cash	13.9	18.3	(4.4)
Bank borrowings	(9.2)	(15.4)	6.2
Bonds in issue	(11.3)	(11.0)	(0.3)
Net Debt	**(6.6)**	**(8.1)**	**1.5**
Shareholder equity	**67.4**	**60.8**	**6.6**

- Deferred tax movements attributable to finalisation of FY21 acquisition accounting, share options and tax rate movements.
- Trade and other receivables down due to finalisation on disposal of Content businesses.
- Provisions movements driven by finalisation of legacy property matters.
- Net contract balances stable in the period.

Financial Review Future guidance

Revenue organic growth targets

- PSS aiming for organic, mid-single digit growth over the medium term.
- EIM continued transition to SaaS; net overall growth in the mid-single digits over the medium term.
- Looking to supplement with bolt-on M&A.

Margin targets

- Targeting a sustained adj. EBITDA margin of 35% over the medium term as operational improvements continue, and bolt-on acquisitions drive synergies.

Cash conversion and dividend

- Continued strong adjusted EBITDA to operating cash conversion.
- Continuation of progressive dividend policy.

Net cash / (debt)

- Continued cash generation.
- Good headroom with bank facilities of £35m plus £10m accordion.
- £11m bond repayment due in 2025.

With an encouraging start to the year, we are well placed in our aim to grow the business by double digits in 2023.

Strategy and Operations

David Meaden

Our strategy at a glance

Our strategy

Walk, run, fly

Walk (FY19)
Create momentum in the plan

Run (FY20)
Build momentum in the plan

Fly (Now)
Develop and grow core software businesses

The Four Pillars

Revenue	Margins	Simplification	Communication

Our values

Dynamic
We actively shape our future

Responsibility
We own our commitments

Integrity
We do the right thing, in the right way

Valued
Our people and their contributions are significant

Excellence
We are passionate about quality

Strategy and Operations Delivering Success

idox

Inorganic revenue growth
Organic revenue growth
Continued margin expansion
Cloud and SaaS penetration

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

Fly

Market Cap	c£300m
Revenue	£66.2m
Adj. EBITDA	£22.5m
Net Debt	£6.7m
ARR	61%
EBITDA margin	34%

Run

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

Walk

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

Focus on core software businesses, promoting digital and path to cloud
Focus on product management and market leadership
Developing our GIS offering

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

Our focus on growth

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

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

1,500+ customers & 550+ employees with offices in the UK, Europe and India.

People-led culture, driving authentic appreciation of our local communities.

Our software supports:

- Land, property and public protection
  - Regulatory Services
  - Built Environment
  - Public Protection
  - GIS Solutions
- Community
  - Sexual Health Management
  - Funding & Information Services
  - Elections
- Assets
  - EIM
  - CAFM
  - iFIT
  - Transport

Strategy and Operations M&A

Three acquisitions in FY21

Investment in M&A process in early FY22 with appointment of Director of M&A

In H2 FY22 we held discussions with circa 40 businesses advancing to valuation for half of these

Acquired LandHawk in FY22

Recently, by adding more domain and product knowledge in to the process, we are focused on strategically strong targets and better qualification

The pipeline remains active, with opportunities being progressed

Strategy and Operations Exploring our investment in Geospatial

Following our five acquisitions in recent years, we now consider we have some of the best Geospatial capabilities and products in the UK which are essential to UK land & property infrastructure.

The story so far

Our solutions are primarily into local government and blue light, but we have an embryonic commercial offering we are excited about.

Geospatial data has good levels of support (and funding) from central government to drive forward improvement projects, and a burgeoning commercial PropTech sector.

Future plans

Leveraging our Geospatial credentials, building on our existing local authority and commercial sector work, and creating software and data solutions to connect the eco-system.

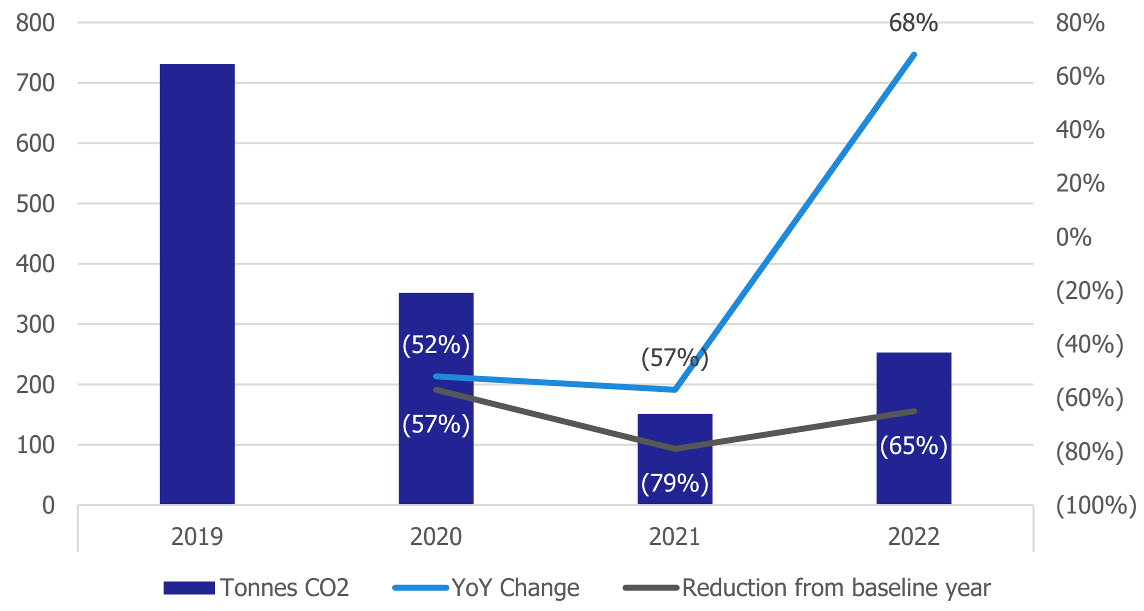
Activity in respect of Geospatial data remains high as we look to build on our recent successes, including those of our acquisitions.

ESG Responsible business

Idox has committed to achieving net zero carbon emissions by 2040, we are currently working in advance of this target.

Total CO2 (Tonnes)	Year on Year change	Change from baseline year
253	68%	(65%)

Total CO2 Change from 2019 Baseline – All scopes



- Underpinning all our environmental protection and impact reduction initiatives is an Environmental Management System accredited to BS EN ISO 14001:2015.
- Emissions have increased in 2022 compared with 2021 as the impact of travel and other pandemic related restrictions have eased however we remain significantly ahead of our plan to achieve net zero by 2040.
- In FY23, we have introduced an Electric Vehicle (EV) Scheme to all UK employees.
- We will reduce our baseline office footprint further in FY23.

ESG Our people inspire our journey

In FY22, we created our Dare to be Different survey. The optional survey is the beginning of our DEI measurement.

We found out more about our colleagues including that we have:

15
ethnicities within the Idox workforce

13%
of colleagues are from the LGBTQIA+ community

13%
of colleagues are neurodivergent

16
religious beliefs at Idox

Our focus in 2022 and beyond is to create value for our communities and the people within Idox through volunteering schemes, payroll giving and encouraging an engaged, diverse workforce.

We had individuals and teams from across the business take part in volunteering activities, such as our Finance team, who spent a day helping out in Mugdock Park in Glasgow.

Outlook

- FY23 has started well, in line with the Board's expectations.
- High levels of recurring revenue, contract renewals, orderbook and pipeline, providing good visibility which leaves us well placed to grow the business by double digits in FY23.
- Continued investment and growth of products, including GIS.
- Operational changes delivering in the period to underpin financial performance.
- Strong balance sheet and facilities allow for selective and accretive acquisitions.