25 January 2024

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

The Group established a new divisional structure, effective from 1 November 2022. The new structure comprising, Land, Property & Public Protection (LPPP), Assets and Communities provides better market focus, customer service and sharper sales execution. In accordance with IFRS 8 Operating Segments, information is provided to the chief operating decision maker, the Board of Directors, on this basis. Accordingly, the Group has prepared its segmental disclosures in the same manner. In addition, the Group has re-presented comparative information in line with the new divisional structure.

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

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

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

Revenues

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

* Recurring revenue is defined as revenues associated with access to a specific ongoing service, with invoicing that typically recurs on an annual basis and underpinned by either a multi-year or rolling contract. These services include Support & Maintenance, SaaS fees, Hosting services, and some Managed Service arrangements which involve a fixed fee irrespective of consumption.

** Non-Recurring revenue is defined as revenues without any formal commitment from the customer to recur on an annual basis.

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

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

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

Adjusted EBITDA increased by 9% to £24.5m (2022: £22.5m), delivering a stable Adjusted EBITDA margin of 33% (2022: 34%), despite the impact of a high inflationary environment throughout 2023.

We continue with our efforts to improve efficiencies through marginal gains across our sales, development, professional services and support activities, and leverage our common resources to drive higher margins through improved economies of scale.

Profit before taxation

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

	2023	2022	Variance	
	£000	£000	£000	%
Adjusted EBITDA	24,450	22,509	1,941	9%
Depreciation	(1,636)	(1,597)	(39)	2%
Amortisation – software licences and R&D	(5,697)	(5,317)	(380)	7%
Amortisation – acquired intangibles	(3,622)	(3,670)	48	(1%)
Restructuring costs	(378)	(470)	92	(20%)
Acquisition costs	(746)	(183)	(563)	308%
Financing costs	(396)	(30)	(366)	1,220%
Share option costs	(2,631)	(2,584)	(47)	2%
Net finance costs	(1,524)	(2,056)	532	(26%)
Profit before taxation	7,820	6,602	1,218	18%

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

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

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

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

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

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

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

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

Earnings per share and dividends
Adjusted basic earnings per share for continuing operations increased 7% to 2.65p (2022: 2.48p) and adjusted diluted earnings per share increased 7% to 2.62p (2022: 2.44p). Basic earnings per share for the year was down 2% at 1.24p (FY22: 1.27p) and diluted earnings per share was down 1% at 1.23p (FY22: 1.24p).

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

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

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

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

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

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

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

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

Anoop Kang
Chief Financial Officer

	Note	2023 £000	2022 £000
Continuing operations			
Revenue	3	73,277	66,184
Cost of sales		(16,036)	(15,050)
Gross profit		**57,241**	**51,134**
Administrative expenses		(47,897)	(42,476)
Operating profit		**9,344**	**8,658**
Analysed as:			
Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	3	**24,450**	**22,509**
Depreciation		(1,636)	(1,597)
Amortisation		(9,319)	(8,987)
Restructuring costs		(378)	(470)
Acquisition costs		(746)	(183)
Financing costs		(396)	(30)
Share option costs		(2,631)	(2,584)
Finance income		219	97
Finance costs		(1,743)	(2,153)
Profit before taxation		**7,820**	**6,602**
Income tax charge		(2,238)	(991)
Profit for the year from continuing operations		5,582	5,611
Discontinued operations			
Loss for the year from discontinued operations		-	(567)
Profit for the year attributable to the owners of the parent		5,582	5,044
Other comprehensive (loss) / income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange movements on translation of foreign operations net of tax		(45)	428
Other comprehensive (loss) / income for the year, net of tax		(45)	428
Total comprehensive income for the year		**5,537**	**5,472**
Total comprehensive income for the year attributable to owners of the parent		**5,537**	**5,472**
Earnings per share attributable to owners of the parent during the year			
From continuing operations			
Basic	4	1.24p	1.27p
Diluted	4	1.23p	1.24p
From continuing and discontinued operations			
Basic	4	1.24p	1.14p
Diluted	4	1.23p	1.11p

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

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

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

David Meaden
Chief Executive Officer

Anoop Kang
Chief Financial Officer

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

Company name: Idox plc Company number: 03984070

Consolidated statement of changes in equity

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

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

Consolidated cashflow statement

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year before taxation		7,820	6,035
Adjustments for:			
Depreciation of property, plant and equipment		957	848
Depreciation of right-of-use assets		679	749
Amortisation of intangible assets		9,319	8,987
Acquisition / disposal finalisation costs		379	657
Finance income		(216)	(73)
Finance costs		1,532	2,034
Movement on debt issue costs		(238)	119
Research and development tax credit		(522)	(449)
Share option costs		2,631	2,584
Profit on disposal of fixed assets		-	(15)
Increase in receivables		(3,325)	(1,316)
Increase / (decrease) in payables		1,048	(1,896)
Cash generated by operations		20,064	18,264
Tax paid		(1,465)	(2,617)
Net cash from operating activities		18,599	15,647
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		(14,105)	(2,219)
Disposal of subsidiaries		-	(146)
Proceeds on sale of fixed assets		-	15
Purchase of property, plant and equipment		(895)	(911)
Purchase / capitalisation of intangible assets		(7,627)	(6,647)
Finance income		80	73
Net cash used in investing activities		(22,547)	(9,835)
Cash flows from financing activities			
Interest paid		(1,439)	(997)
Loan drawdowns		39,706	2,500
Loan related costs		(169)	(183)
Loan repayments		(30,000)	(9,100)
Principal lease payments		(936)	(927)
Equity dividends paid		(2,268)	(1,784)
Issue of own shares		(185)	(133)
Net cash inflows / (outflows) from financing activities		4,709	(10,624)
Net movement in cash and cash equivalents		761	(4,812)
Cash and cash equivalents at the beginning of the year		13,864	18,283
Exchange gains on cash and cash equivalents		199	393
Cash and cash equivalents at the end of the year		14,824	13,864

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

Notes to the condensed financial statements

1 BASIS OF PREPARATION

The financial information contained in these condensed financial statements does not constitute the Group's statutory accounts within the meaning of the Companies Act 2006.

Statutory accounts for the year ended 31 October 2022 and 31 October 2023 have been reported on, with an unqualified opinion.

Whilst the financial information included in this Annual Financial Report Announcement has been computed in accordance with International Financial Reporting Standards (IFRS) this announcement, due to its condensed nature, does not itself contain sufficient information to comply with IFRS.

This Annual Financial Report Announcement includes note references that refer to notes in this Annual Financial Report Announcement 2023.

Statutory accounts for the year ended 31 October 2022 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 October 2023, prepared under IFRS, are available on the Group's website: https://www.idoxgroup.com/investors/financial-reporting/ and will be delivered to the Registrar in due course. The Group's principal accounting policies as set out in the 2022 statutory accounts have been applied consistently in all material respects.

Going Concern

The Directors, having made suitable enquiries and analysis of the accounts, consider that the Group has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered the Group's budget, cash flow forecasts, available banking facility with appropriate headroom in facilities and financial covenants, and levels of recurring revenue.

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

As part of the preparation of our FY23 results, the Group has performed detailed financial forecasting, as well as severe stress-testing in our financial modelling, but have not identified any credible scenarios that would cast doubt on our ability to continue as a going concern.

The Group has performed sensitivity analysis of financial modelling to identify what circumstances could lead to liquidity challenges. This forecasting has demonstrated that the Group would only breach its banking covenants in the most severe of circumstances which are not considered credible.

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

The Annual Financial Report Announcement was approved by the Board of Directors on 24 January 2024 and signed on its behalf by David Meaden and Anoop Kang.

2 RESPONSIBILITY STATEMENTS UNDER THE DISCLOSURE AND TRANSPARENCY RULES

The Directors confirm that:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

The name and function of each of the Directors for the year ended 31 October 2023 are set out in the Annual Financial Report 2023.

3 SEGMENTAL ANALYSIS

During the year ended 31 October 2023, the Group was organised into three operating segments, which are detailed below.

To provide a more targeted focus on the markets that we serve, and to ensure closer alignment to our customers, effective from 1 November 2022, the Group have implemented a divisional structure that consolidates Business Units delivering comparable technical solutions or serving similar markets: Land, Property & Public Protection, Communities and Assets. Each business unit is deemed an operating segment.

IFRS 8 Operating Segments requires the disclosure of reported segments in accordance with internal reports provided to the Group's chief operating decision maker. The Group considers its Board of Directors to be the chief operating decision maker and therefore has aligned the segmental disclosures with the monthly reports provided to the Board of Directors.

- Land, Property & Public Protection (LPPP) – delivering specialist information management solutions and services to the public sector.
- Assets – delivering engineering document management and control solutions to asset intensive industry sectors.
- Communities (COMM) – delivering software solutions to clients with social value running through their core.

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

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

The segment revenues by geographic location are as follows:

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

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

The segment revenues by type are as follows:

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

Recurring revenue is income generated from customers on an annual contractual basis. Recurring revenue amounts to 60% (2022: 61%) of revenue from continued operations, which is revenue generated annually from sales to existing customers.

All revenues are recognised over the period of the contract, unless the only performance obligation is to licence or re-licence a customer's existing user without any further obligations, in which case the revenue is recognised upon completion of the obligation.

All contracts are issued with commercial payment terms without any unusual financial or deferred arrangements and do not include any amounts of variable consideration that are constrained.

The Group's total outstanding contracted performance obligations at 31 October 2023 was £68,198,000 and it is anticipated that 65% of this will be recognised as revenue in FY24 and 23% in FY25.

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

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

The corporate recharge to the business unit EBITDA is allocated on a head count basis.

Following the establishment of the new divisional structure from 1 November 2022 as described above, the re-presented segment results by business unit for the year ended 31 October 2022:

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

The corporate recharge to the business unit EBITDA is allocated on a head count basis.

4 EARNINGS PER SHARE

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

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

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

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

5 INTANGIBLE ASSETS

	Goodwill £000	Customer relation-Ships £000	Trade names £000	Software £000	Develop-ment costs £000	Order backlog £000	Total £000
Cost							
At 1 November 2021	82,610	34,846	11,716	28,399	28,039	302	**185,912**
Foreign exchange	-	-	-	-	11	31	**42**
Additions	-	-	-	144	6,503	-	**6,647**
Additions on acquisition	756	-	-	987	-	-	**1,743**
Fair value adjustment	982	-	-	-	-	-	**982**
At 31 October 2022	84,348	34,846	11,716	29,530	34,553	333	**195,326**
Foreign exchange	-	-	-	-	(5)	(14)	**(19)**
Additions	-	-	-	12	7,616	-	**7,628**
Additions on acquisition	8,894	7,650	-	1,500	-	-	**18,044**
Impairment	-	-	-	-	(667)	-	**(667)**
Fair value adjustment	22	-	-	-	-	-	**22**
At 31 October 2023	93,264	42,496	11,716	31,042	41,497	319	**220,334**
Amortisation							
At 1 November 2021	31,709	19,618	9,090	17,454	15,714	302	**93,887**
Foreign exchange	-	-	-	-	11	31	**42**
Amortisation for the year	-	1,513	423	2,285	4,766	-	**8,987**
At 31 October 2022	31,709	21,131	9,513	19,739	20,491	333	**102,916**
Foreign exchange	-	-	-	-	(5)	(14)	**(19)**
Amortisation for the year	-	1,673	363	1,702	5,413	-	**9,151**
Impairment	-	-	-	-	(499)	-	**(499)**
At 31 October 2023	31,709	22,804	9,876	21,441	25,400	319	**111,549**
Carrying amount at 31 October 2023	**61,555**	**19,692**	**1,840**	**9,601**	**16,097**	**-**	**108,785**
Carrying amount at 31 October 2022	52,639	13,715	2,203	9,791	14,062	-	92,410
Average remaining amortisation period (years)							
31 October 2023	**n/a**	**11.8**	**5.1**	**5.6**	**2.9**	**-**	
31 October 2022	n/a	9.1	5.2	4.3	3.0	-	

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

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

Impairment test for goodwill
For this review, goodwill was allocated to the Group's divisional business units on the basis of the Group's operations which represent the Group's operating segments as disclosed in the segmental analysis. As the Board reviews results on a segmental level, the Group monitors goodwill on the same basis.

The carrying value of goodwill by each operating segment is as follows:

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

The recoverable amount of goodwill in each operating segment has been determined using value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering the next three financial years. The key assumptions used in the financial budgets relate to revenue and Adjusted EBITDA growth targets. Cash flows beyond this period are extrapolated using the estimated growth rates stated below. Growth rates are reviewed in line with historic actuals to ensure reasonableness and are based on an increase in market share.

For value-in-use calculations, the growth rates and margins used to estimate future performance are based on financial forecasts (as described above) which is management's best estimate of short-term performance based on an assessment of market opportunities and macro-economic conditions. In the year to 31 October 2023, the Weighted Average Cost of Capital for each operating segment has been used as an appropriate discount rate to apply to cash flows. The same basis was used in the year to 31 October 2022.

The assumptions used for the value-in-use calculations are as follows and are considered appropriate for each of the risk profiles of the respective operating segment:

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

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

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

The Group has conducted sensitivity analysis on the impairment test of each operating segments carrying value. Sensitivities have been run on the discount rate applied and management are satisfied that a reasonable increase in the discount rate used would not lead to the carrying amount of each operating segment exceeding the recoverable amount.

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

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

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

6 ACQUISITIONS

Emapsite

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

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

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

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

The revenue included in the consolidated statement of comprehensive income since 18 August 2023 contributed by Emapsite was £2.7m. Emapsite also made a profit after tax of £0.2m for the same period. If Emapsite had been included from 1 November 2022, it would have contributed £13.0m to Group revenue and a profit after tax of £1.1m.

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

LandHawk

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

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

Acquisition of subsidiaries net of cash acquired

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

7 POST BALANCE SHEET EVENTS

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

8 ADDITIONAL INFORMATION

Related Party Transactions

No related party transactions have taken place during the year that have materially affected the financial position or performance of the Company.

Principal Risks and Uncertainties

The principal risk and uncertainties facing the Group together with the actions being taken to mitigate them and future potential items for consideration are set out in the Strategic Report section of the Annual Financial Report 2023.

9 ALTERNATIVE PERFORMANCE MEASURES

Following the issuance of the Guidelines on Alternative Performance Measures (APMs) by the European Securities and Markets Authority (ESMA) in June 2015, the Group has included this section in its Annual Report and Accounts with the aim of providing transparency and clarity on the measures adopted internally to assess performance. Throughout this report, the Group has presented financial performance measures which are considered most relevant to Idox and are used to manage the Group's performance. These financial performance measures are chosen to provide a balanced view of the Group's operations and are considered useful to investors as these measures provide relevant information on the Group's past or future performance, position, or cash flows. The APMs, which are not defined or specified under International Financial Reporting Standards, adopted by the Group are also commonly used in the sectors it operates in and therefore serve as a useful aid for investors to compare Idox's performance to its peers. The Board believes that disclosing these performance measures enhances investors' ability to evaluate and assess the underlying financial performance of the Group's operations and the related key business drivers. These financial performance measures are also aligned to measures used internally to assess business performance in the Group's budgeting process and when determining compensation. They are also consistent with how the business is assessed by our debt and equity providers. Details are included within the financial review section of the Strategic Report.

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

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

The Group adjusts for certain non-underlying items which the Board believes assists in understanding the performance achieved by the Group. These are non-underlying items as they do not relate to the underlying performance of the Group. Profit before taxation is adjusted for depreciation, amortisation, restructuring costs, acquisition costs, financing costs, share option costs and net finance costs to calculate a figure for EBITDA which is commonly quoted by our peer group and allows users to compare our performance with those of our peers. This also provides the users of the accounts with a view of the underlying performance of the Group which is comparable year on year.

Depreciation and amortisation are omitted as they relate to assets acquired by the Group which may be subject to differing treatment within the peer group and so this allows meaningful comparisons to be made.

Amortisation on acquired intangibles omitted in order to improve the comparability between acquired and organic operations as the latter does not recognise internally generated intangible assets. Adjusting for amortisation provides a more consistent basis for comparison between the two.

Restructuring costs, acquisition costs, financing costs and net finance costs are omitted as they are considered to be one off in nature or do not represent the underlying trade of the Group. The items within these categories are assessed on a regular basis to ensure that they do not contain items which would be deemed to represent the underlying trade of the business.

Share option costs are excluded as they do not represent the underlying trade of the business and fluctuate subject to external market conditions and number of shares. This would distort year-on-year comparison of the figures.

Profit after taxation is adjusted for amortisation from acquired intangibles, restructuring costs, acquisition costs, financing costs and share option costs, as well as considering the tax impact of these items. To exclude the items without excluding the tax impact would not give the complete picture. This enables the user of the accounts to compare the core operational performance of the Group. Adjusted earnings per share takes into account all of the factors above and provides users of the Annual Report and Accounts information on the performance of the business that management is more directly able to influence and on a comparable basis for year to year. Readers of the Annual Report and Accounts are encouraged to review the financial statements in their entirety.