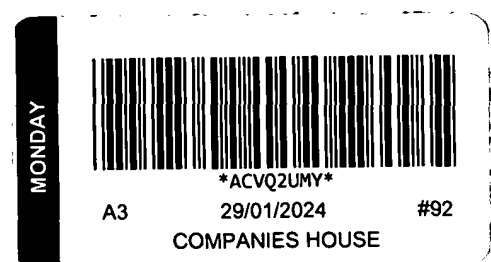


IDOX PLC

ANNUAL REPORT & ACCOUNTS 2023



Company Number: 03984070

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Company Information

Company Secretary and Registered Office:	R Paterson Unit 5 Woking 8 Forsyth Road Woking Surrey GU21 5SB
Nominated Adviser and Broker:	Peel Hunt LLP 100 Liverpool Street London EC2M 2AT
Auditor:	Deloitte LLP Statutory Auditor 9 Haymarket Square Edinburgh EH3 8RY
Corporate Solicitors:	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
Registrars:	Neville Registrars Ltd Neville House Steelpark Road Halesowen B62 8HD
Company Registration Number:	03984070

Strategic Report - Financial and Operational Highlights

For the year ended 31 October 2023

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

Financial highlights

Reconciliations between adjusted and statutory earnings are contained on page 117.

Revenue

- Revenue increased by 11% to £73.3m (2022: £66.2m), driven by growth in Land, Property & Public Protection (LPPP).
- Recurring revenue¹ increased by 8% to £43.6m (2022: £40.5m), accounting for 60% of the Group's total revenue (2022: 61%).

Profit

- Adjusted² EBITDA increased by 9% to £24.5m (2022: £22.5m).
- Adjusted² EBITDA margin stable at 33% (2022: 34%).
- Statutory operating profit increased by 8% to £9.3m (2022: £8.7m).
- Statutory operating profit margin unchanged at 13% (2022: 13%).
- Statutory profit before tax increased by 18% to £7.8m (2022: £6.6m).
- Adjusted³ diluted EPS increased by 7% to 2.62p (2022: 2.44p).
- Statutory diluted EPS decreased by 1% to 1.23p (2022: 1.24p).

Cash and debt

- Net debt⁴ at 31 October 2023 was £14.7m (2022: £6.7m), following payment of the initial cash consideration (£14.8m) for the Emapsite acquisition in August 2023.
- Cash generated from operating activities before taxation represented 82% of Adjusted EBITDA (2022: 81%).
- Free cashflow⁵ generation of £9.1m (2022: £7.2m).
- Refinancing completed in October 2023 for a £75m revolving credit facility and £45m accordion, providing the Group with significantly increased resources to fund strategic M&A ambitions.

Dividend

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

Strategic Report - Financial and Operational Highlights (continued)

For the year ended 31 October 2023

Operational highlights

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

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

Current trading and outlook

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

Strategic Report - Financial and Operational Highlights (continued)

For the year ended 31 October 2023

David Meaden, Chief Executive Officer of Idox said:

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

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

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

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

Alternative Performance Measures (APMs)

The Group uses these APMs, which are not defined or specified under International Financial Reporting Standards, as this is in line with the management information requested and presented to the decision makers in our business; and is consistent with how the business is assessed by our debt and equity providers.

¹ Recurring revenue is defined as revenues associated with access to a specific ongoing service, with invoicing that typically recurs on an annual basis and underpinned by either a multi-year or rolling contract. These services include Support & Maintenance, SaaS fees, Hosting services, and some Managed service arrangements which involve a fixed fee irrespective of consumption (the Group's recurring revenue is disclosed on page 80).

² Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, financing costs and share option costs. Share option costs are excluded from Adjusted EBITDA as this is a commonly used measure in the industry and how management and our shareholders track performance (see page 117 for reconciliation).

³ Adjusted EPS excludes amortisation on acquired intangibles, restructuring, financing, impairment, share option and acquisition costs (see page 117 for reconciliation).

⁴ Net debt is defined as the aggregation of cash, bank borrowings and long-term bond (see page 117 for reconciliation). This differs from a similar measure under IFRS, which would also include lease liabilities as debt. The definition used is consistent with that used within the Group's banking arrangements.

⁵ Free cashflow is defined as net cashflow from operating activities after taxation less capital expenditure and lease payments (see page 117 for reconciliation).

Strategic Report - Chair's Statement

For the year ended 31 October 2023

Introduction

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

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

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

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

Performance towards achieving our internal goal of 35% Adjusted EBITDA margin was stable at 33%. We still have some improvements to come in that area through the benefits of the integration of our previous acquisitions, which are not yet fully realised. However, revenue growth of 11%, with recurring revenue up 8% over the period, delivering a 9% increase in full year Adjusted EBITDA is a pleasing set of results. To be able to deliver such a strong core performance whilst at the same time increasing the addressable market opportunity is an excellent performance. As we move into the new financial year, we can expect to see continued growth in our core businesses enhanced by the acquisitions we have already made. We will also continue to target further acquisitions to allow us to continue to leverage the platform that we have created through our operational investments.

Like nearly every business, Idox is continuing to work on finding the optimal working pattern for our colleagues in the post-covid world. We have to make sure that we have the right blend of home and office work, and essential and non-essential travel, that allows our colleagues to be efficient but also continue to benefit from the lifelong development and learning opportunities that are an important part of corporate, office life. Employers need to work hard and creatively to enable appropriate new ways of working that meet all these new requirements without allowing a drop in the most important thing, excellent customer service. I have been impressed by the continuing positive attitudes and behaviours of all our colleagues at Idox, which have enabled this ongoing strong performance. We will continue to work to ensure that we maintain the right blend of work experience that meets our colleagues needs whilst also ensuring the continuous development of our skills and capabilities.

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

Strategic Report – Chair’s Statement (continued)

For the year ended 31 October 2023

Group strategy

The Group continued its focus on providing digital solutions and services to the LPPP public sector customers in the United Kingdom, complemented by our Assets & Communities sectors servicing customers across the world. However, we are increasingly focused on the broader geospatial data market. The key to our success is to ensure we deliver better user results and productivity improvements for customers through focusing on usability, functionality and application of integrated digital and increasingly cloud-based technologies and solutions. The identification of attractive acquisition opportunities that can enhance the Group’s scale and capabilities, and the integration of completed acquisitions, is a key part of management focus and effort.

Board

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

I am satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence, and knowledge to the Group, however, I intend to keep this balance under review and continued assessment.

Corporate governance

We are cognisant of the important responsibilities we have in respect of corporate governance and shaping our culture to be consistent with our objectives, strategy, and business model which we set out in our Strategic Report and our description of Principal Risks and Uncertainties. The Group is committed to conducting its business fairly, impartially, in an ethical and proper manner, and in full compliance with all laws and regulations. In conducting our business, integrity is the foundation of all Company relationships, including those with customers, suppliers, communities, and employees.

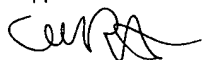
Dividends

The Board has proposed an increased final dividend of 0.6p (2022: 0.5p) for FY23. Subject to approval at the AGM, the final dividend will be paid on 12 April 2024 to shareholders on the register as at 2 April 2024. This decision was reached after a full consideration of the continuing growth opportunities before the business, our strong financial position and our confidence in the future.

Summary and outlook

The financial results of the last year reflect the increasing quality of the Idox business. We operate in attractive markets, with strong market positions and insights, and we have every confidence that we can continue the excellent progress we have seen in FY23. The changes that we have made in the last few years, to the team, our structure, systems, and processes have delivered a major improvement in our financial performance. As a result, we have enjoyed improved stability in performance and confidence for the future, based on strongly improving orderbooks and levels of recurring revenue. On top of this, we can now point to exciting growth opportunities in the geospatial data markets. I am delighted to have had the opportunity to work with all my Idox colleagues during a period of such tremendous improvement and I look forward to continuing that work in delivering growing value to all our stakeholders.

Idox stakeholders are fortunate that such a talented group of people, including our recently joined colleagues from Emapsite, have chosen Idox as a place they want to work. Their expertise and diligence have continued to deliver the support and value that our customers expect, and I am pleased to extend my thanks to all of them.



Chris Stone

Chair

24 January 2024

Continuing progress

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

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

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

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

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

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

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

Fortifying the foundations: focus on the future

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

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

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

In addition to our core markets, we are focussed on delivering against new software and data opportunities in associated addressable markets. Despite the current economic challenges, we believe the next decade will bring significant opportunities for geospatial software and data as well as for software and data that connect the wider ecosystem of local authorities, planners, private developers, land agents, construction companies, estate agents, conveyancers and others who need to access land and property data and processes.

Strategic Report – Chief Executive’s review (continued)

For the year ended 31 October 2023

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

Cultivating our future trajectory: supporting growth

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

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

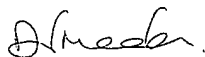
People

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

Outlook

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

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



David Meaden
Chief Executive Officer
24 January 2024

Strategic report – Investment case

For the year ended 31 October 2023

Investment case

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

Over the year, Idox has shown that we are built for longevity. As market leaders, we continue to strive for more, providing value to our customers, colleagues and shareholders. As our portfolio of products grow, we are excited to create more opportunity and build on our strong foundations.

Market leadership

Our long-term partnerships providing software solutions to improve the customer's processes, and meet future challenges on the horizon, bolster our resilient nature.

Honing our expertise

As we continue to build a superior portfolio of products for our customers, our approach to growth continues to accelerate. Combining the capability we have in-house with the knowledge and offering of acquired businesses allows us to bring new products and capabilities to market.

Future focused

Using transformational M&A we continue to develop our PropTech offering and build on our market-leading public sector software, enhancing our offerings to our customers and markets.

Financial stability

Our disciplined approach to finance ensures that we are resilient. With solid recurring revenue, robust order book and strong governance coupled with our focus on the future, we pride ourselves on being a stable business.

Investment in people

Aiming for Idox to maintain itself as an employer of choice, allowing our people to fulfil career aspirations and attracting the best talent the marketplace has to offer.

Value-led business

We are committed to doing the right thing for our people, communities and planet. Our focus from a sustainability standpoint is to continue to develop better practices to support responsible growth and impact on all these areas.

Strategic report – Business model

For the year ended 31 October 2023

Strong foundations, focus on the future

Built on four pillars, our business model centres around enhancing our offering through acquiring and developing valuable software IP rights in our chosen markets. We are now at the natural conclusion of the Walk, Run, Fly strategy, and remain committed to future proofing and enhancing our products and capabilities, creating further value for our stakeholders.

Fortifying the foundations

With a proven track record of over 30 years working for the Public Sector, we are experts in providing solutions that accommodate highly complex rules, regulations and legislative requirements. Our collaborative approach aims to enhance existing processes, create efficiencies, and address challenges on the horizon. As we have focused on securing robust product offerings in our core product range, we have provided a solid basis on which growth and innovation can flourish successfully.

Cultivating our future trajectory

As we continue to invest in and acquire geospatial technology, our future focus is to drive how we can anticipate and lead on potential opportunities. Given the vast network of customers and partners within our network who regularly access and make use of land and property data, our focus is bringing together our new capabilities to create innovative solutions that benefit our stakeholders both in terms of capability and profitability. Find out more in the Chief Executives review, page 6.

Four pillars

The four pillars remain a constant in our approach to strategy and form the platform on which we build and operate Idox.

Revenue	Margins	Simplification	Communication
We undertake activities that help create revenue expansion and growth.	We are continually working to reduce the costs of the products and solutions we are selling to become more profitable.	Creating efficiency and cohesion by streamlining our processes, consolidating our activities, and creating centralised approaches to our working practices.	Communication is a key part of all that we do. We believe in open communication with our people, investors, and customers.

DRIVE, the core values taking us forward

Our values guide us in our daily working life and help form our approach to business.

Dynamic	Responsibility	Integrity	Valued	Excellence
We actively shape our future.	We own our commitments.	We do the right thing, in the right way.	Our people and their contributions are significant.	We are passionate about quality.

How we operate

As we refine and develop our new capabilities, our operational approach has developed to build a divisional structure. Within this, our ability to develop the talent within the business and recognise potential risks and opportunities has developed.

Key Performance Indicators

Key financial performance indicators measure our effectiveness of executing our stated business model to deliver our strategy and therefore build value for shareholders and other stakeholders.

These are monitored on an ongoing basis by management and are set out below. Analysis of these figures is contained within the financial review section of the strategic report on pages 28 to 31.

	Continuing operations		
	2023	2022	Measure
Revenue			
Group Revenue	£73.3m	£66.2m	Revenue received from provision of goods and services.
Recurring Revenue	£43.6m	£40.5m	This 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.
Profitability ratios			
Adjusted EBITDA	£24.5m	£22.5m	Profit before interest, tax, depreciation, amortisation, restructuring costs, acquisition costs, impairment, financing costs and share option costs (see page 117 for reconciliation).
Adjusted EBITDA margin	33%	34%	Profit before interest, tax, depreciation, amortisation, restructuring costs, acquisition costs, impairment, financing costs and share option costs as a percentage of revenue.
Adjusted diluted EPS	2.62p	2.44p	Adjusted diluted EPS excludes amortisation on acquired intangibles, impairment, acquisition costs, restructuring costs, financing costs and share option costs (see page 117 for reconciliation).
Cash indicators			
Free Cash flow	£9.1m	£7.2m	Net cashflow from operating activities after taxation less capital expenditure and lease payments (see page 117 for reconciliation).
Net Debt	(£14.7m)	(£6.7m)	The aggregation of cash, bank borrowings and long-term bond (see page 117 for reconciliation).

Alternative Performance Measures

Where relevant, adjusted measures of profit have been used alongside statutory definitions. 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 debt and equity providers:

- depreciation;
- amortisation from acquired intangible assets;
- impairment;
- restructuring costs;
- acquisition and financing costs; and
- share option costs.

Alternative performance measures may not be comparable between companies due to differences in how they are calculated. See page 117 for reconciliations of the alternative performance measures.

Strategic report – KPIs (continued)

For the year ended 31 October 2023

Non-financial Indicators

In addition to the financial indicators, the Group has established employee related KPIs recognising our employees are central to the Group's efforts. Measurement of our ability to attract and retain the best talent is important to understand our performance in delivering our strategy and creating value for shareholders and other stakeholders. Additionally, we also monitor non-financial KPIs around our customers and suppliers.

	Continuing operations		
	2023	2022	
Employees			
<i>Attrition</i>	11.46%	13.55%	
<i>Average tenure (leavers)</i>	3.5 years	4.3 years	
<i>Recruitment at senior management positions (Female:Male)</i>	N/A	34:66	No recruitment at this level in FY23
<i>Internal promotions (Female:Male)</i>	41:59	47:53	
<i>Net promoter score</i>	10.55	(7.53)	
Customers and suppliers			
<i>Number of customers</i>	2,680	1,807	(excluding PAYG customers)
<i>Number of active suppliers</i>	551	540	

Idox practices an integrated management system centred around gaining and retaining ISO accreditations. These are internally and externally audited annually to ensure compliance. The current list of ISO accreditations held are noted below:

- ISO 9001:2015 – Quality Management System
- ISO 14001:2015 – Environmental Management System
- ISO 22301:2019 – Business Continuity Management System
- ISO 27001:2013 – Information Security Management System
- ISO 45001:2018 – Occupational Health & Safety Management System

During the year Idox was fully accredited with Cyber Essentials Plus, demonstrating our ongoing commitment to cyber security and protection protocols.

Strategic report – Chief Operating Officer’s review

For the year ended 31 October 2023

Overview

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

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

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

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

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

Revenue

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

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

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

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

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

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

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

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

Strategic report – Chief Operating Officer's review (continued)

For the year ended 31 October 2023

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

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

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

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

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

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

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

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

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

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

Margins

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

Strategic report – Chief Operating Officer’s review (continued)

For the year ended 31 October 2023

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

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

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

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

Simplification

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

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

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

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

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

We have maintained our ongoing commitment to high quality processes by renewing our ISO 9001 (Quality Management), ISO 14001 (Environmental Management), ISO 45001 (Occupational Health & Safety) and ISO 27001 (Information Security Management) accreditations as well as achieving certification for ISO 22301 (Business Continuity). I am also pleased to report that Idox remains fully accredited with Cyber Essential Plus, demonstrating our ongoing commitment to cyber security and protection protocols.

Communication

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

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

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

Strategic report – Chief Operating Officer's review (continued)

For the year ended 31 October 2023

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

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

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

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



Jonathan Legdon
Chief Operating Officer
24 January 2024

Strategic report – Section 172 and stakeholder engagement

For the year ended 31 October 2023

Introduction

Our organisation engages with a wealth of stakeholders on a daily basis. Our aim is to establish cooperative and transparent relationships that foster connection built on mutual understanding and respect.

The Directors confirm that during the year, they have conducted themselves in a manner which promotes the long-term success of the Group and of the key stakeholders. The Group considers the interests of these stakeholders when long-term decisions are made as set out in Section 172 of the Companies Act 2006.

We recognize the importance of working together with our stakeholders to attain collective goals and create positive outcomes for all parties involved. We use the following approaches to engage with our stakeholders:

Key stakeholder	Method of engagement
<i>Shareholders</i>	Direct meetings Supporting equity research Market communications
<i>Employees</i>	All employee annual events Quarterly senior broadcasts Appraisal cycle Executive team sponsored senior leader engagement Annual employee surveys and feedback requests
<i>Customers</i>	Marketing Account management Technical services and on-going support
<i>Suppliers</i>	Account management
<i>Local communities</i>	Indirect individual employee interaction via charity work and events
<i>Banking partners</i>	Regular direct meetings with existing and prospective providers of finance

The Group continues to engage with its key stakeholders, and the Board incorporates the outcomes of these engagements in its principal decision making. The following table details this for the main operational and strategic topics facing the Group:

Strategic report – Section 172 and stakeholder engagement (continued)

For the year ended 31 October 2023

Topic	Stakeholder engagement	Outcome of engagement	Principal decisions
<i>Long-term strategy of the Group</i>	Shareholders, employees, customers and local communities	A corporate strategy that is focused, clear and regularly articulated and re-enforced. This should be supported by a meaningful capital allocation to support strategic goals.	The Board continues to assess the best strategic direction of the Group to build overall value and establish a credible path to continued growth in recurring revenues, Adjusted EBITDA and cash generation. The Board has concluded in the year that our current strategy remains sound and well supported by our business model and the markets we address. In addition, the Board has reviewed the budget in respect of the year ending 31 October 2024 in detail and debated which investment and spending decisions will have the biggest impact on our strategy.
<i>Performance of the Group</i>	Shareholders, employees and banking partners	The Group should continue to set itself stretching but realistic financial targets, and adjust pace and quantum of investment if required to meet these targets.	The performance of the Group is reviewed in detail by the senior management team on a monthly basis and further reviewed by the Board at every Board meeting. These financial and operational reviews typically involve presentation of management reports with extensive qualitative and quantitative detail, analysis through to discussion to understand any variances to forecast performance, and agreeing of adaptive actions as the situation dictates.
<i>Financing and capital</i>	Shareholders, employees, customers, suppliers and banking partners	The Group should utilise debt facilities where available to maximise earnings potential, but be cautious where leverage (Net debt / Adjusted EBITDA) exceed 1.5. Beyond this, either equity financing or reducing investment plans should be considered. Cash generation should remain a priority of the business, and declaration of a dividend is a sign of financial health in addition to providing shareholders a return.	The capital structure is regularly considered as a standing agenda item included in the finance section of the Board's regular meetings. The CEO and CFO regularly meet existing and prospective investors and banking partners to gauge likely sources and costs of funding and associated longer-term trends. The Group's levels of financing, and its capital allocation policy are discussed at the Board's regular meetings. The Group completed the refinancing of its revolving credit facility and accordion, increasing each to £75m and £45m respectively through to October 2026. There is intention to pay a final dividend of 0.6 pence in respect of the year ended 31 October 2023 and to continue to progress incrementally beyond that depending on cash and earnings affordability.

Strategic report – Section 172 and stakeholder engagement (continued)

For the year ended 31 October 2023

Topic	Stakeholder engagement	Outcome of engagement	Principal decisions
<i>Employees and culture</i>	Local communities, shareholders and employees	Idox should attract and retain the best talent to grow profitably. Idox should create a socially-aware, culturally strong, and fair ethos for employees, investing in them beyond financial rewards.	The Group continue to work with colleagues to offer an inclusive and positive work culture where career aspirations can be fulfilled. New employee-led initiatives, such as Pride@Idox and Neurodiversity@Idox have, in addition to our well-established initiatives, endured to help drive more inclusivity and understanding across the business. While we continue to work on how we become more equitable, senior leaders are committed to advocating and supporting progress. CEO Broadcasts continue to ensure our leadership team are regularly visible and communicating to our people as well as providing opportunities for feedback and discussion. Given the turbulence of the market in recent years, we were pleased to see an 18-point increase in our Net Promoter score. We continue to work with our colleagues to maintain and develop our standing as employer of choice. The Board continues to monitor our approach to culture, its impact on our people and employee churn metrics more generally and takes actions where appropriate.
<i>Risk, governance and internal control environments</i>	Shareholders, employees, customers, suppliers, local communities and banking partners	As a PLC with a public sector customer base and banking partners, Idox should strive for the best risk management and governance framework commensurate with its scale.	The Board actively monitors and discusses the risks facing the Group, appetite level for each type of risk, and the measures in place to manage these risks. The Group has an internal control function and have appointed an external specialist firm to perform a rolling program of health checks of the control environment. Improvement action plans are compiled based on the feedback received and progress is tracked and reported to the Board.

Local communities

Environmental

The Group recognises the importance of environmental protection and is committed to operating its business responsibly and in compliance with all legal requirements. It is the Group's declared policy to operate with and to maintain good relations with all regulatory bodies. In support of this policy, the Group operates an Environmental Management System which is included in the accreditation to BS EN ISO 14001:2015. The Group participates in the Energy Saving Opportunities Scheme (ESOS) and meets the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations.

Set out on page 22 are our climate-related financial disclosures consistent with all of the TCFD recommendations and recommended disclosures. Our disclosures are made in line with the four TCFD recommendations and the 11 recommended disclosures set out in figure 4 of Section C of the report entitled "Recommendations of the Task Force on Climate-related Financial Disclosures" published in June 2017 by the TFCF.

Our business model of software development and deployment has significantly lower consumption than most other industries which require creation of physical product or regular transport of either goods or employees. We nonetheless recognise we as a business have our part to play in reducing carbon emissions in all our communities.

While there is no supplier training, we prefer to work with suppliers and other parties who have ISO 14001 accreditation.

Strategic report – Section 172 and stakeholder engagement (continued)

For the year ended 31 October 2023

We pro-actively manage office-based consumption and seek to minimise the impact on the environment by limiting travel of our people. As we continue to support colleagues to work from home, we continually assess and review our office footprint. We are mindful that managing environmental impact is a collective effort and therefore, seek to promote climate change awareness through our management teams and colleagues at all opportunities.

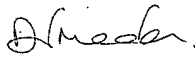
See further details on our Environmental reporting on page 25 and 41.

Social

At Idox, we believe that creating social value within the communities we serve is crucial. We encourage our employees to participate in volunteering and charitable activities. We promote and sponsor charitable efforts through our monthly newsletter, Inside Idox, as well as hosting regular charitable events both virtually and in-person.

We strive to engage in opportunities that improve the lives of underrepresented groups and local communities through employee resource groups and volunteering days. As a Group, we are committed to making positive Environmental, Social and Governance impacts, and we recognize our potential to influence change for the better. For more information about our approach and activities, please refer to page 20.

This report was approved by the Board of Directors and authorised for issue. Signed on its behalf by:



David Meaden
Chief Executive Officer
24 January 2024

Strategic report – Responsible business

For the year ended 31 October 2023

Idox is passionate about creating a responsible business for our colleagues, communities and all other stakeholders. Having set up the ESG Steering Committee in 2021, we continue to improve our approach and look at further opportunities to enhance sustainable practices.

Our structured approach, working to support the UN Sustainable Development Goals (SDGs), has four main areas of focus:

Our four areas of commitment

	Our people	Our community
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.
The UN SDGs we support	   	  
	Our environment	Our organisational responsibility
The aim	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	 	

Exploring our four areas of commitment

Our people

Whilst building an inclusive and welcoming culture, we remain focused on making Idox a great place to work. In 2023, through the use of training, conversations and employee led initiatives, we continued our commitment to being a responsible employer.

Supporting colleagues

Since its launch during the pandemic in 2020, Workplace Wellbeing has become a staple source of support and community within Idox. In 2023, the group continued to raise awareness of topics impacting our colleague's mental health, as well as offering one-to-one support for those in need. Comprising of five colleagues, the team hosted seven live broadcasts. Covering everything from mentoring vulnerable young people, to stress and improving fitness, the team continued to be a key resource for our people with 98% of our colleagues being familiar with the initiative according to our BeHeard survey.

As we prioritise the wellbeing of our employees, our employee assistance programme continues to act as a key resource in providing counselling, GP consultations and general advice. We have worked closely with the team at Zurich to provide support workshops and information sessions for our teams. These have been well attended and well-received and we continue to work on how best we can support our employees to live a full balanced life where they feel safe.

Strategic report – Responsible business (continued)

For the year ended 31 October 2023

Diversity, Equality and Inclusion (DEI)

Given the diverse nature of our colleagues, as found in the 2022 Dare to be Different survey, Idox continues to support and empower the communities working within our organisation.

For the first time, in 2023 we introduced compulsory DEI training, aimed at helping educate our teams on implicit bias and gaining a better knowledge of why nurturing inclusive, diverse teams is critical to the success of Idox. As we look to the future, this training will be building foundations for an inclusive workplace, but we commit to exploring further activities to develop and strengthen our inclusive culture.

Two new initiatives were welcomed this year, Pride@Idox and Neurodiversity@Idox. Led by groups of colleagues from across the business, both have individuals with lived experiences as well as allies, who wish to help Idox remain a safe and welcoming environment for all communities. Supporting colleagues and showing allyship to the LGBTQIA+ community, Pride@Idox, created a platform for our colleagues to connect. The team have worked throughout the year, to highlight various issues surrounding the LGBTQIA+ community, engaging successfully with our teams both internally and on social media. Through resource sharing and education pieces, Neurodiversity@Idox have been instrumental in supporting the high number of Neurodiverse colleagues at Idox as well as providing useful resources for atypical brains to help support and lean into the people around them.

For us, employee led initiatives are key in providing the support and resources we need to help maintain and progress a diverse culture. The passion and care these initiatives show to their colleagues, has supported a better Idox for all and looking ahead, we are excited for more opportunities to support our colleagues further.

Sharing knowledge

With many talented and knowledgeable people within the business, knowledge sharing is a key part of developing our teams. As we grow through acquisition and welcome new skill sets into the business, our Development Show & Tell sessions have become a key method in sharing new ideas and connecting people to bring innovation. While these mainly target the technical teams in the business, the workshops have become a key information sharing platform to bring a wider understanding of the impact of our products and teams across the business.

Our community

As part of our people initiatives, at Idox we recognise the importance of creating socially responsible and valuable opportunities for our teams to give back. Each year we offer colleagues one day paid volunteering leave as well as providing opportunities to support charities and causes throughout the year.

Our charitable giving from our colleagues in 2023 included:

- £820 raised for MacMillan Cancer Support through coffee mornings held at our office locations;
- £1,765 (£883 from colleagues matched by Idox) donated to Save the Children for the Christmas Jumper day campaign. Idox were recognised by Save the Children in March as one of the top fundraisers during their Christmas Jumper Day Campaign 2022; and
- A weeklong Food Bank Drive in our Hillsborough, Glasgow and Woking offices where food was collected and £140 raised from those who couldn't make it to an office location.

Case study

While several of our colleagues have availed of our paid volunteer leave over the years, each year we see some of our teams use the day to bond and build connections. This year, three of our colleagues, Gemma, Kathryn and Marie, took some time out of their busy work schedule to lend a hand at Manor Farm in Bilsthorpe, Nottinghamshire.

Manor Farm offers lifelong sanctuary for livestock in need, particularly elderly, disabled farm animals and those with special behavioural needs. The animals in residence include sheep, goats, donkeys, ponies, pigs, hens, ducks, and geese.

"We really enjoyed the day and felt like we achieved a lot for a good cause within a short space of time. It was such a rewarding break from the day-to-day office work as we enjoyed the sunshine, exercise, fresh air and being with the animals. All three of us were invigorated by the experience and it was great to give something back to the community."



Idox is fully supportive of the UK Government initiative to implement a more structured approach to the provision of direct, impactful social value contributions as set out in Procurement Policy Note 06/20 – taking account of social value in the award of central Government contracts. This approach is also being replicated in other, local Government contracts. Through our tenders we have committed to local social value contributions in the areas of providing local employment including apprenticeships and work placements, support for healthy meals for children outside term time and in direct donation to local initiatives aligned with customers' social value priorities. This is in addition to the small charities free access to Idox's My Funding Central which typically saves these organisation £50p.a. but which can help them access funding opportunities worth upwards of £10,000. The service is specifically aimed at charities and voluntary organisations with incomes less than £1 million and is free to use for those organisations with incomes below £30,000. In 2023, 3,526 (2022: 2,704) groups signed up to use the service free of charge.

Our environment

Governance: The organisation's governance around climate-related risks and opportunities

We have well established structures of governance with the Board (including the Audit Committee) and Executive Leadership Team all having defined roles within this structure.

The Board has set a target to achieve net zero by 2040 with reduction based on a three-step approach to carbon emissions. Our strategy is to eliminate emissions, where this is not practical, we will prioritise reducing the emissions impact of our activities and finally, we will offset emissions that cannot be eliminated or further reduced by engaging in a compensating carbon offset programme. The Board receives an annual written and verbal update on progress which is used to assess the effectiveness of the strategy and to set further interim performance objectives.

The Executive Leadership Team (Led by the Chief Operating Officer) has established an ESG Committee which meets quarterly to review all aspects of our ESG activities. The ESG reviews performance of the business against the overall reduction target and also assesses performance against each item of the emissions scope as shown in the section on metrics below.

The ESG is provided with data about emissions which is collated by the Idox Central Services team from records such as electricity bills, travel expenses claims and recycling records. The data is then independently checked before being reported. Some data is only available on a quarterly or half yearly basis.

The ESG reports data and information about the emission reduction initiatives it is sponsoring and monitoring half yearly to the Executive Leadership Team. This management team reviews the effectiveness of the initiatives in achieving progress against the agreed strategy and targets and provides the written and verbal reports to the Board.

Climate related risks and opportunities form a key and integral component of our overall corporate governance.

Strategic report – Responsible business (continued)

For the year ended 31 October 2023

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Principal climate-related risks and opportunities	Impact(s) on Idox	Impact type(s)	Idox response(s)
Business interruption due to severe weather events.	Local office closures; key employees unavailable; key project delivery delayed.	Business Operational	ISO 22301 accredited Business Continuity Management System; remote project support model established.
Failure to address increased legislation, regulation or general expectation.	Additional operational and reporting complexity; potential negative sentiment with key stakeholders.	Business Operational; Strategy	Annual review of scope of responsibilities and ability of our structures and processes to adapt.
Climate-related plans, actions or statements not considered adequate for some public procurement or key suppliers.	Inability to tender for some opportunities, supply chain risk.	Financial; Business Operational	Monitor tender requirements and adjust initiatives and / or messages if necessary.
Climate-related plans, actions or statements not considered adequate for some investors.	Reduced ability to attract a range of investors to support strategic objectives.	Strategy; Financial	Ensure climate action plan remains in line with best practices and recognised disclosure standards.
Increased investment in renewable energy production.	Increased opportunities for FusionLive product in both construction and operation of new facilities.	Financial	Actively promote and market FusionLive to both EPC and AEC markets.
Impact assessment of climate change.	Increased opportunities for use of geospatial data to predict risks and impacts.	Financial	Further develop and market geospatial products and data services to banking, insurance and finance, energy infrastructure and land & property markets.

These risks are likely to impact Idox over the medium term (next 5 years or longer). The company has already demonstrated it can withstand longer periods of disruption (notably from the Covid impact on working patterns and locations) which gives us considerable resilience if weather related events become more extreme and frequent. The technical provision to adapt to increased work from home, or at alternate locations, has already been implemented and tested through the pandemic response.

Idox current commitments are in line with, or in excess of, the demands of current legislation or the expectations of customers and investors. It is likely that expectations from the Board, Management Team and other stakeholders on action will increase but it is not likely that the cost of meeting these expectations would be material given our relatively small carbon footprint. In addition, the Group has increased the scope and depth of its recording and reporting in relation to climate-related risks.

In the short term there are some opportunities to reduce our carbon footprint further, for example moving to greener energy tariffs once current commitments expire, further promoting the salary sacrifice Electric Vehicle scheme, a continual reassessment of recycling policies and practices and the realisation of efficiencies identified in the Energy Savings Opportunity Scheme.

Whilst these risks are considered relatively straightforward to mitigate the impacts shown in the table above recognise that some risks could have an impact on revenue opportunities and on access to capital. Given the relative ease of mitigation complex scenario planning is not considered appropriate but the potential costs of mitigations are considered in financial planning.

Strategic report – Responsible business (continued)

For the year ended 31 October 2023

Risk Management: The processes used by the organisation to identify, assess, and manage climate-related risks.

Idox has a comprehensive risk management strategy and supporting process which is aligned with our governance approach. Climate-related risks form part of the overall risk management regime.

Climate-related risks are not assessed and managed in isolation from other material risks to the business. Our approach to risk management is described in the principal risks and uncertainties on pages 32 to 36 where the risks in the table above are also shown and the relative significance of climate related and other risks is discussed.

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Working within the three scopes of the Greenhouse Gas Protocol (GHG), Idox has committed to achieving net zero carbon emissions by 2040. Across the business we will have a three-step approach to carbon emissions. Our main priority is to eliminate emissions, where this is not practical, we will prioritise reducing the emissions impact of our activities and finally, we will offset emissions that cannot be eliminated or further reduced by engaging in a compensating carbon offset programme.

In line with the GHG, Idox has identified that financial year 2019 is an appropriate baseline year for assessing carbon reduction.

Strategic report – Responsible business (continued)

For the year ended 31 October 2023

The table below shows the total gross GHG emissions in tonnes of CO₂ (tCO₂e):

Emissions Scope		Year ended 31 October 2019 (Baseline year)	Year ended 31 October 2022	Year ended 31 October 2023	Current year change from prior year	Current year change from baseline
1. Direct	Fuel - Gas	14	-	-	-	(100%)
	Fuel - Oil	16	8	9	16%	(42%)
	Passenger vehicles	10	7	10	43%	3%
2. Indirect - Electricity	Electricity Use	121	84	70	(17%)	(42%)
3. Indirect - Other	Business Travel - Air	92	64*	92	44%	(0%)
	Business Travel - Hotel	52	23	26	13%	(50%)
	Business Travel - Land	16	11	16	46%	(2%)
	Business Travel Mileage	303	38	49	31%	(84%)
	Waste Disposal Batteries	4	-	-	-	(100%)
	Waste Disposal Electrical Items	66	9	53	481%	(20%)
	Waste Disposal Paper etc	37	22	29	30%	(22%)
Total gross emissions		731	266	354	33%	(52%)

* Adjusted from 51 Tonnes reported last year due to late available data (5% increase on reported emissions).

Information regarding activities which generate emissions is gathered throughout the year (activity data) and is converted into a measure of CO₂ using UK Government Greenhouse gas conversion factors. An internal peer review is performed on the numbers above and we aim to continue to improve the methods of data collection going forward to ensure we maintain a robust approach to our GHG reporting.

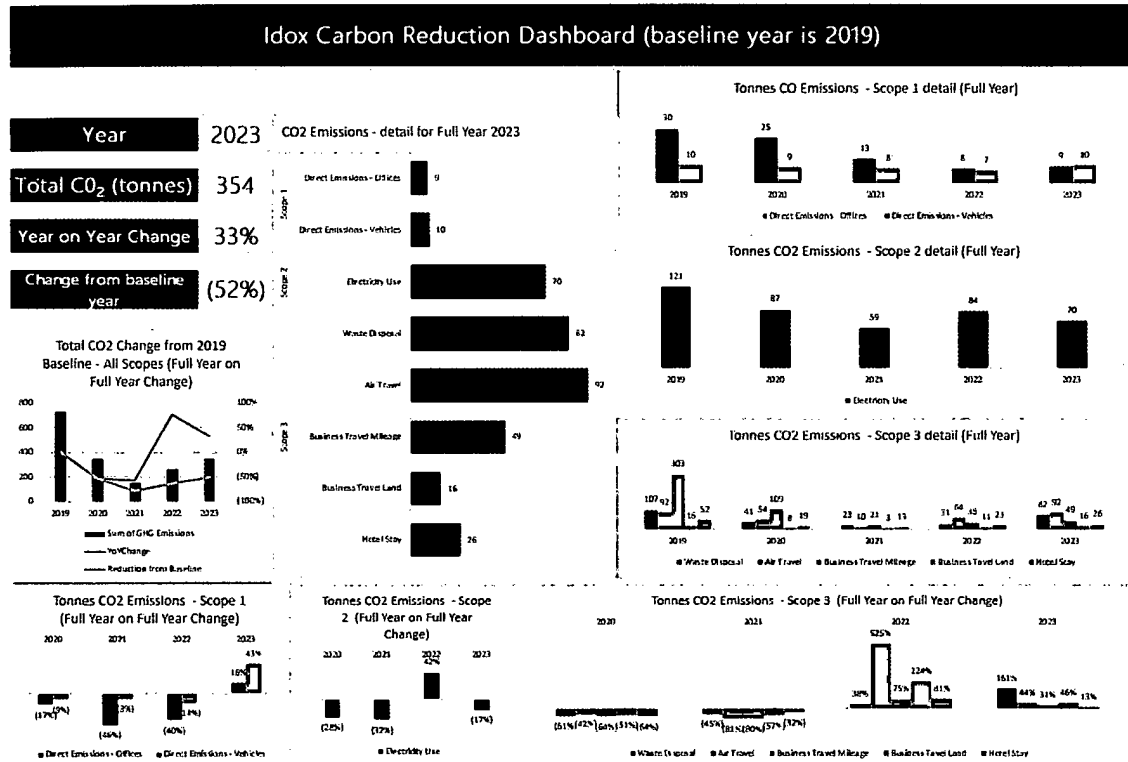
Awareness of our environmental impact, the initiatives we are taking to reduce it and the positive impact everyone in Idox can, and is making, has been maintained. Ensuring employees are aware of their impact, especially in reducing travel and choosing public transport.

Uptake of the recently introduced salary sacrifice Electric Vehicle (EV) Scheme has been pleasing with over 15 employees having chosen this option (3% of eligible employees). Available to all UK based employees, our aim is to provide more people an affordable route to EV usage, thus creating a positive impact on emissions.

Strategic report – Responsible business (continued)

For the year ended 31 October 2023

Our Carbon Reduction Dashboard highlights the progress we have made since our baseline year, specifically within the three scopes. The dashboard is maintained and published on a quarterly basis, providing detailed information on our monitoring activities.



Underpinning all our environmental protection and impact reduction initiatives is an Environmental Management System accredited to BS EN ISO 14001:2015. This enables us to actively assess the effectiveness of the process employed across the business and adjust as necessary.

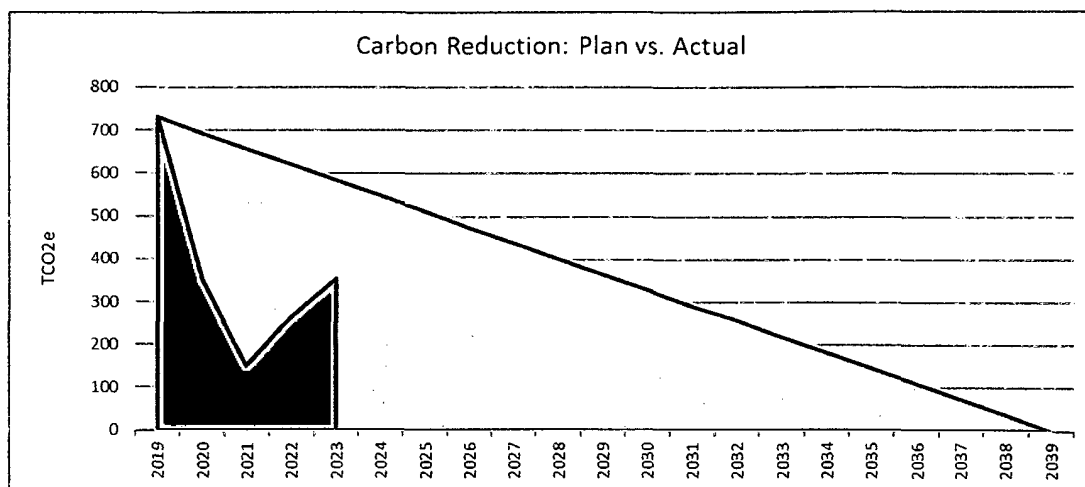
Emissions have increased in 2023 compared with 2022 as the impact of travel and other pandemic related restrictions have continued to ease. However, many of the changed working practices that we introduced in 2021, and which have positively impacted our carbon emissions, have been retained with emissions in 2023 being 52% down on the baseline year.

Emissions from electricity use in our offices has reduced from 84 tonnes in 2022 to 70 tonnes in 2023 reflected further reduction in office space used as well as lower occupancy of the remaining space. The major increase in emissions from waste disposal (31 tonnes in 2022 to 82 tonnes in 2023) reflects the recycling of unused electrical items and the recycling of significant paper records in line with the reduction in office space used. Air and land travel also show some increases as the hybrid model of working has further matured and some additional in person collaboration has returned. Feedback from staff has indicated this has had a very positive impact in reducing feelings of isolation that some have experienced with predominantly home working.

To meet our 2040 net carbon zero goal, we aim to achieve a 30% decrease in carbon emissions at the end of our 3-year plan period to 31st October 2025 compared with 2019 (representing a reduction of about 219 tonnes of CO₂ emissions in 2025 compared with 2019). The results in 2023 demonstrate we are on track to achieve this aim.

Strategic report – Responsible business (continued)

For the year ended 31 October 2023



Our organisational responsibility

Idox is committed to providing equal pay and opportunities for all. As a Living Wage employer, we are committed to providing well paid career opportunities. In addition, we are committed to developing and growing our internal talent. Having had a number of colleagues complete our Leading Together programme, we have upskilled colleagues, ready for leadership roles and career progression.

We continue to review and update recruitment policies, in collaboration with Idox Elevate, to ensure processes are fair for all.

Through our Compliance Services team, which includes an internal audit function, Idox proactively reviews business progress and ensures scrutiny of operational adherence as well as maintaining reliable controls across the Group.

Idox continues to build on our culture of integrity with regular communications to our teams to ensure that we maintain well governed processes and procedures. Our workplace policies help maintain and work to the professional standards we strive for. This includes multilingual copies of our Whistleblowing Policy, Gifts and Hospitality Policy and International Business Policy.

Each year, our colleagues undertake Bribery and Corruption training and Information Security training to help us to understand the risks to the business and ourselves. These also form part of the onboarding process and help ensure integrity and security for our people and business alike.

Strategic report – Financial review

For the year ended 31 October 2023

Financial review

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

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

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

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

* Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, financing costs and share option costs. See page 117 for reconciliations of the alternative performance measures.

Strategic report – Financial review (continued)

For the year ended 31 October 2023

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.

Strategic report – Financial review (continued)

For the year ended 31 October 2023

Profit before taxation

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

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

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

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

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

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

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

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

Taxation

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

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

Earnings per share and dividends

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

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

Strategic report – Financial review (continued)

For the year ended 31 October 2023

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	<u>73,277</u>

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	<u>9,141</u>	<u>7,162</u>

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
24 January 2024

Strategic report – Principal risks and uncertainties

For the year ended 31 October 2023

Responsibility for risk

Risk identification and management strategy continues to be a key role for the Board, which has overall responsibility for the Group's risk management. In addition, risk is specifically considered by the Audit Committee as part of the Audit cycle.

Risk management processes and internal control procedures are established across all levels of the Group and are managed by the Executive Directors in conjunction with dedicated expert professionals in the business. We embed our Risk Assessment procedures in monthly business reviews.

Risk management and internal controls provide reasonable but not absolute protection against risk. We acknowledge that risk is present in almost every activity. Risk appetite is not static and is regularly assessed by the Board to ensure it continues to be aligned with the Group's goals and strategy.

The risk management assessment carried out by KPMG in 2021 provided an objective review of the approach and the key risks contained in the risk register and the principal risks in the Annual Report. This assessment did not highlight any material gaps in risk or control in the Group's operations but did propose a number of potential routine improvements which have now been implemented.

The Executive Management provide the Audit Committee with a risk management dashboard on a regular basis. This reflects the Risk Register and provides oversight of the key elements of the risk environment in a more dynamic and real time way including new/emerging/mitigated risks, key risk indicators, and risk probability distributions as well as updates on the Group's rolling internal controls health checks programme.

Climate related risks, as set out in the Responsible Business section above, are managed as part of a single risk management process for the business such that these risks have equal importance and prominence in that process.

Our Risk appetite:

- is strategic and is related to the pursuit of organisational objectives;
- forms an integral part of corporate governance;
- guides the allocation of resources;
- guides the organisation's infrastructure, supporting its activities related to recognising, assessing, responding to, and monitoring risks in pursuit of organisational objectives;
- influences the organisation's attitudes towards risk;
- is applied against all material risks in the business to determine whether mitigations are sufficient for residual risks to be closed or accepted;
- is multi-dimensional, including when applied to the pursuit of value in the short-term and the longer term of the strategic planning cycle; and
- requires effective monitoring of the risk itself and of the organisation's continuing risk appetite.

Embedding the risk management culture

Throughout the Group, risk management is subject to regular review and any opportunities for improvements are implemented. This is recognised by ongoing training and advice by divisional and business unit risk representatives, best practice sharing, gap analysis and internal benchmarking. Successful training and communication help build a culture and ability to further embed processes and procedures throughout the organisation. A more deeply embedded risk management culture supports long-term value creation for all stakeholders.

Strategic report – Principal risks and uncertainties (continued)

For the year ended 31 October 2023

Principal Risks and Uncertainties

The principal risks involved in delivering the Group's strategy are actively managed and monitored against our risk appetite. Climate related risks are assessed and managed within the risk management structure described above but are reported in the environmental section of this report in line with the Task force for Climate-Related Financial Disclosures recommendations (prior to it being disbanded).

Risk	Principal risks	Management of risks	Change in assessment of risk in the period
<i>Political</i>	The Group has a large customer base in Local Government and other public sector bodies. A change in either policy or spending priorities by the current or a future Government could materially impact the Group.	A diversified geographic footprint and sector focus reduces the risk of exposure due to adverse country or sector specific conditions. Our favoured revenue model is for high levels of recurring revenue to establish a stable base of contracted or highly visible revenues to react to any such changes in a more strategic timeframe. Our development priorities are to ensure we remain at the heart of our customer's operations, delivering cost efficiencies and value for money whatever the political environment.	The UK has seen a high degree of political uncertainty during the period which has delayed decision-making in areas relevant to our business. A General Election will occur either within the next financial year or early the following financial year, however, consistent with the prior year, we consider we have lower risk than other commercial organisations because our products remain essential to supporting customers to do more with what they have, and we have not identified any of our solutions considered discretionary and therefore potentially subject to funding challenges for our public sector customers.
<i>Economic environment</i>	Our performance is affected by the economic cycles of the markets in which we operate.	A diversified customer base across a varied number of industries reduces the risk of exposure due to adverse economic conditions. We remain cognisant of the geo-political events in the UK (and other countries in which we operate) and consider any impact on our chosen markets, both to reduce risk but also to capitalise on any opportunities that arise. One of the main impacts of the economic environment on our business is inflation which we seek to manage via indexation clauses in our customer engagements and managing costs fairly.	We remain cognisant of the macro-economic pressures but are confident we are well placed given the measures we have taken in recent times. Consistent with the prior year, we consider ourselves to have lower risk than our peers in our chosen markets given our increased focus and financial stability. Inflation rates have lowered this year and are forecast to continue to reduce. Continued focus on indexation and prudent cost control.

Strategic report – Principal risks and uncertainties (continued)

For the year ended 31 October 2023

Risk	Principal risks	Management of risks	Change in assessment of risk in the period
<i>Climate related</i>	Business interruption due to severe weather events. Failure to address increased legislation, regulation or general expectation. Climate-related plans, actions or statements not considered adequate for some public procurement, key suppliers or investors.	Idox has made itself much less reliant on office-based working with a fully developed and implemented remote working model. We also have an ISO 22301 accredited Business Continuity Management System which addresses unavailability of key resources and personnel for any reason including arising from climate related risks. We are in continual dialogue with our stakeholders about what they consider best practice. We monitor the climate related requirements in Tenders and the scoring of our responses to ensure we are meeting expectations. We track emerging legislative and regulatory requirements with the support of our advisors.	Commitments to reporting our climate targets and progress have increased both in relation to corporate reporting (including additional guidance from the Financial Reporting Council in relation to this Annual Report) and to customers. The Task Force on Climate-related Disclosures was disbanded in October 2023 and the IFRS foundation will take over monitoring the progress of companies' climate-related disclosures. The potential adoption of IFRS S1 and IFRS S2 by the UK is unlikely to add significant effort in complying with these standards. Customers are increasingly adopting the Cabinet Office Carbon Reduction Plan Guidance which is consistent with our published targets and data.
<i>Acquisitions</i>	The Group has stated ambition for bolt-on acquisitions as part of its growth strategy. Given the complexity of acquiring and integrating independent businesses into the Group, acquisitions and associated restructuring may not achieve the anticipated returns for the Group.	Focus is placed on ensuring management reporting lines are clear, operational functions of acquired entities are supported, enhanced and integrated into wider Group functions as appropriate, and the potential for upsell and cross-sell across the Group's portfolio of products is maximised. We have project plans and track restructuring projects to their business case to ensure that actions match anticipated returns.	The acquisition of Emapsite was finalised in August 2023 and integration is underway. We have been actively seeking opportunities for potential bolt-on acquisitions during the period and have identified narrow acquisition criteria that will maximise chances of success for both an acquired business and the wider Group. The Executive Management team continues to work with our dedicated team to identify targets, assess associated risk and ensure appropriate assurance is in place before proceeding to completing an acquisition. We consider the Group to continue to have lower risk, as assessed in the previous period, in respect of acquisitions.

Strategic report – Principal risks and uncertainties (continued)

For the year ended 31 October 2023

Risk	Principal risks	Management of risks	Change in assessment of risk in the period
<i>Technological development</i>	The Group risks being outclassed by competitor products that have increased capabilities if the Group fails to deliver continued product development, including digital innovations.	We strive to invest in quality assurance and research and development to deliver quality products into our chosen markets. In recent years we have invested significantly in increasing our capability in the delivery of digital and cloud-based solutions. Our acquisitions of Aligned Assets, thinkWhere, exeGesIS, LandHawk and most recently, Emapsite has brought additional capability in modern technology to the Group, notably in the fast-growing Geographical Information Services (GIS) area and allowed us to bring these businesses into a single operating Division with significant scale.	Idox Cloud is having significant success in the market. We have continued to make improvements to PlanTech offerings, including utilising the GIS capabilities from the acquisitions made over the last three years. The Emapsite acquisition has brought further modern technologies and platforms that we can utilise elsewhere in the Group. In our wider Group, we have continued to perform assessments to consider the status of our products and any further work required against revenue and market opportunities, and adjusted development plans accordingly. As a result, we consider the Group to have lower risk from Technological development than in previous periods.
<i>Ability to sell effectively</i>	The Group has deep experience of selling our broad portfolio of products both to secure new business and to retain, renew and expand existing customers. It is imperative we have effective sales and marketing models, methodologies and techniques to effectively realise our investments in software products and to recover the direct costs of associated delivery and obtain sufficient margin to meet indirect costs and that this is done in a profitable and cash generative way.	The Group has strong controls to support its sales teams in selling effectively. These include upfront business approval controls to ensure we are only bidding for work that has a suitable opportunity for a profitable, cash reward, and review controls to ensure once we are committed with a customer, the agreed terms are achieved.	The Group continues to see significant benefit in terms of broader and deeper customer insight resulting from the use of a Group-wide CRM. We continue to improve the functionality and adoption of our CRM across the business including the implementation of a Configure Price Quote system. We continue to recognise that there is a strong link between market opportunity and our ability to exploit both with product either ready or on our development roadmap and have organised our sales infrastructure to realise this. We consider the Group risks in respect of selling have further reduced as a result of the continued investment in capabilities of the Group.

Strategic report – Principal risks and uncertainties (continued)

For the year ended 31 October 2023

Risk	Principal risks	Management of risks	Change in assessment of risk in the period
<i>Capital structure</i>	The Group has borrowings in the form of bank debt and a listed Bond following prior period acquisitions. It is key that our capital structure is appropriately managed to ensure we can meet all obligations as they fall due, to ensure we have sufficient headroom to execute our strategy by being able to fund organic and inorganic investments, and ultimately to deliver cash returns for our investors.	We perform regular reviews of short, medium and long-term cash forecasting to ensure our anticipated levels of cash are sufficient to meet both near-term requirements and longer-term strategic objectives. We carefully manage cash receipts and payments with customers and suppliers to ensure cash is delivered in line with agreed obligations.	We retain regular and detailed dialogue with our lenders. The Group continues to generate good cashflows, reducing leverage and improving headroom against facilities. As interest rates have risen this has a direct impact on our cost of finance, however, given our low levels of debt, this has limited effect. The Group's net debt has increased year on year (as a result of the Emapsite acquisition), however, leverage remains below 1 and we consider the Group to have an appropriate capital structure.
<i>Cyber risk</i>	We operate systems that maintain our confidential data and in some cases that of our customers. An information security breach or cyber-attack could result in loss or theft of data, content or intellectual property.	We have cyber data protection and security policies in place and regularly review the effectiveness of these policies. There is an enterprise-wide data security programme and defined incident management processes, including those for employees to report security breaches. The company operates a mandatory program of awareness training for all employees to ensure an appropriate level of understanding of cyber-security. The Group is now accredited to the UK Government based Cyber Essentials Plus standard and operates an ISO 27001 accredited Information Security Management System.	Whilst we are satisfied with our actions in the period to mitigate cyber risk, we remain cognisant that, it is by nature a constantly developing risk and we continue to review our processes and approaches on an ongoing basis. We have updated our Information Security Management System and the associated accreditation to the latest standard ISO27001:2022. Our assessment of this risk has not changed during the year.

Board of Directors

For the year ended 31 October 2023

Chris Stone *Non-Executive Chair*

Chris Stone was appointed Non-Executive Chair on 22 November 2018. Chris is the Chair of NCC Group plc and was Chair of CityFibre plc until its sale. He has held various non-executive director and chief executive roles of listed and private equity backed technology companies, including being CEO of Northgate Information Solutions plc, from 1999 to 2011 where he led the transformation of the business from a small domestic player to a global leader. From 2013 to 2016, Chris was CEO of Radius Worldwide, a provider of software and services to support high growth companies establish and manage international operations.

David Meaden *Chief Executive Officer*

David Meaden was appointed Chief Executive on 1 June 2018. Prior to joining Idox, David held the position of Chief Executive at Northgate Public Services, a FTSE 250 company, and led the business through its successful sale to Cinven in 2014. David has a degree in Business Studies from the University of Huddersfield.

Anoop Kang *Chief Financial Officer*

Anoop Kang was appointed Chief Financial Officer on 16 March 2022. Prior to joining Idox, Anoop began his career at Deloitte LLP, before moving to Balfour Beatty plc in 2010. At Balfour Beatty, Anoop performed a number of senior roles, including Finance Director of their rail division and Head of Investor Relations, before becoming Group Financial Controller of Kier Group plc. Subsequently, Anoop was appointed as Group CFO of Cambian Group plc and then Logistics Development Group plc. He is a fellow of the Institute of Chartered Accountants of England and Wales.

Alice Cummings *Non-Executive Director*

Alice Cummings was appointed as Non-Executive Director on 14 April 2020. Alice is Vice-Chair and Chair of the Audit and Risk Assurance Committee of Cottsway Housing Association, Non-Executive Director and Chair of the Audit and Assurance Committee at Curo Housing and an Independent Non-Executive Director, Chair of the Audit and Risk Committee and Member of the Remuneration Committee of South Staffordshire Water plc. She was previously Group CFO for over seven years at the InHealth Group, the healthcare services and solutions business, where she had responsibilities for risk management, digital and IT, people services and commercial teams. During her career, she also spent over 16 years in commercial, operational and financial roles with the AEA Group, a main market listed environmental, energy efficiency and data management consultancy, ultimately as Group CFO. She is a qualified FCA, having started her career with PricewaterhouseCoopers. She is the Chair of the Audit Committee.

Phil Kelly *Non-Executive Director*

Phil Kelly was appointed as Non-Executive Director on 29 March 2019. Phil has served as a non-executive director of several listed and private companies in the software and related services sector, and was a non-executive director of Castleton Technology plc between 2014 and 2020. Prior to that he had over 25 years' experience as the Chief Executive of private and publicly quoted software companies supplying the commercial and public sectors in the UK, Europe and the USA. Phil had previously worked for Digital Equipment Corporation and 3i Consultants. He has an Economics degree from the University of Leicester and a Master's Degree in Business Administration from Cranfield University. He is the Chair of the Remuneration Committee.

Directors' report

For the year ended 31 October 2023

The Directors submit their report and audited financial statements for the year ended 31 October 2023.

Results and dividends

The Group's audited financial statements for the year ended 31 October 2023 are set out on pages 65 to 106. The Group's profit for the year after tax amounted to £5.6m (2022: £5.0m). The Directors have paid a dividend of 0.5p per share in the first half of the 2023 financial year, in respect of the year ended 31 October 2022. The Directors propose a dividend of 0.6p per share to be paid in respect of the year ended 31 October 2023.

Future developments

Further information in relation to future developments has been disclosed in the Strategic Report as permitted by The Companies Act 2006, S414c(11).

Research and development activities

Further information in relation to research and development activities has been disclosed in the Strategic Report as permitted by The Companies Act 2006, S414c(11).

Engagement with suppliers, customers and others

Further information in relation to engagement with suppliers, customers and others has been disclosed in the Strategic Report as permitted by The Companies Act 2006, S414c(11).

Directors and their interests

The Directors who served during the year and their beneficial interests (including those of their immediate families) in the Company's 1p ordinary share capital were as follows:

	Number of shares	
	31 October 2023	1 November 2022
C Stone	936,377	936,377
D Meaden	1,119,207	1,119,140
P Kelly	105,263	105,263
A Cummings	-	-
A Kang	-	-

In addition to the shareholdings listed above, certain Directors have been granted options over ordinary shares. Full details of these options are given in the remuneration section on pages 43 to 44.

Details of the Directors' service contracts can be found in the remuneration section on pages 43 to 44.

Insurance for Directors and officers

The Group has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report. Directors' and officers' liability insurance with an indemnity limit of up to £10m has been purchased in order to minimise the potential impact of proceedings against Directors in respect of claims that fall within the policy cover provided.

Directors' report (continued)

For the year ended 31 October 2023

Substantial shareholdings

As at 31 October 2023, the Company was aware of the following interests in 3% or more of its issued share capital:

Shareholder	Number of shares	% Holding
Canaccord Genuity Wealth Management	74,301,180	16.29
Soros Fund Management	52,140,852	11.43
Long Path Partners	48,448,992	10.62
Kestrel Partners	47,087,005	10.32
Investec Wealth & Investment	30,385,005	6.66
Herald Investment Management	28,019,867	6.14
Gresham House Asset Management	25,635,648	5.62
Octopus Investments	18,043,401	3.96

Transaction in own shares

During the year, the Group did not purchase any of its own ordinary shares.

During the year 1,426,219 share option exercises were satisfied using treasury shares.

The maximum number of shares held in treasury at any time during the year was 1,426,219, which had a cost value of £593,148. The current number of shares held in treasury is Nil.

Health, safety and environmental policies

The Group recognises and accepts its responsibilities for health, safety and the environment ('H,S&E') and has a team which provides advice and support in this area. The team members regularly attend external H,S&E courses and internal reviews are performed on a regular basis to ensure compliance with best practice and all relevant legislation.

Anti-slavery and human trafficking

Pursuant to Section 54 of the Modern Slavery Act 2015, the Group has published a Slavery and Human Trafficking Statement for the year ended 31 October 2023. The Statement sets out the steps that the Group has taken to address and reduce the risk of slavery and human trafficking occurring within its own operations and its supply chains. This statement can be found on the Group's corporate website: <https://www.idoxgroup.com/about-us/corporate-responsibility/>.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned.

In the event of members of our employees becoming disabled, every effort is made to ensure that their employment with the Group continues, and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical with that of other employees.

Employee consultation

The Group has a number of measures in place to promote two-way feedback and to consult with employees. Idox Voice, our employee engagement initiative, facilitates any necessary consultation with employees.

Colleagues at Idox are encouraged to share views and suggestions on our work environment, business performance and policies. We have numerous internal communication channels which act as a platform to hear these views, including regular CEO Broadcasts, employee engagement surveys and a range of employee resource groups. This year, we continued the Employee Lounges initiative, which is focused on feedback and discussion on life at Idox as part of a smaller group setting. We have also launched a new Speak Up function, which allows employees to share any concerns they may have at work that cannot be addressed through our usual routes of resolution. The aim is to make the process of speaking up about any concerns easier, whilst continuing to support and guide colleagues to uphold the Idox DRIVE values.

These initiatives work alongside our information sharing platforms, which include a Group-wide Teams site and intranet, that provide timely and relevant news to all.

Directors' report (continued)

For the year ended 31 October 2023

An Employee Share Investment Trust is in place to provide UK-based employees with a tax efficient way of investing in the Company. The Company purchases matching shares (Xtra shares), which become the property of the employee after a three-year vesting period.

Financial risk management objectives and policies

The Group uses various financial instruments which include cash, equity investments, bank loans and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, exchange rate risk, price risk and interest rate risk. The Directors review these risks on an ongoing basis. This policy has remained unchanged from previous years. Further information on financial risk management is disclosed in note 22 of the Group accounts.

Credit Risk

The Group's principal financial assets are cash and trade receivables. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore, from its trade receivables.

In order to manage credit risk, management review the debt ageing on an ongoing basis, together with the collection history and third-party credit references where appropriate.

Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs through cash management and availability of borrowing facilities and by investing cash assets safely and profitably.

Exchange Rate Risk

The Group monitors its exposure to exchange rate risk on an ongoing basis. The Group has limited exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions.

Cash Flow and Interest Rate Risk

The Group's bank borrowings bear interest at rates linked to SONIA. On an ongoing basis, the Board reviews the SONIA rate and discuss whether it is considered necessary to set up hedges to protect against interest rate movements.

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.

Greenhouse Gas (GHG) Emissions Reporting

Idox seeks to minimise the impact of our operations on the environment and is committed to reducing its greenhouse gas (GHG) emissions. Key sources of energy, primarily electricity to power our offices, are monitored by the Group to allow us to be continually mindful of our energy consumption. The Group applies a set of global environmental standards to all of our activities and our environmental and energy management systems are certified to ISO 14001. These certifications provide a framework against which we have developed comprehensive environmental procedures and monitoring systems. These processes have allowed us to measure our environmental performance and focus our activities on delivering improvements.

The table below shows the total gross GHG emissions in tonnes of CO₂ (tCO₂e) in the year ended 31 October 2023:

	Usage	tCO ₂ e
Scope 1 – Emissions from combustion of oil (L)	3,715	9
Scope 1 – Emissions from use of passenger vehicles (mi)	25,096	10
Scope 2 – Emissions from purchased electricity (kWh)	354,310	70
Scope 3 – Emissions from business travel – air (mi)	598,462	92
Scope 3 – Emissions from business travel – hotel (kWh)	1,489	26
Scope 3 – Emissions from business travel – land (mi)	269,456	16
Scope 3 – Emissions from business travel – mileage (mi)	173,955	49
Scope 3 – Emissions from waste disposal – electrical items (t)	2,475	53
Scope 3 – Emissions from waste disposal – paper etc. (t)	1,355	29
Total gross emissions (tCO₂e)		354
Total revenue (£000)		73,277
Carbon Intensity Ratio (tCO₂e/£000)		0.0048

Methodology

Scope 1, include direct emissions from the combustion of oil and gas noted in litres and cubic metres respectively and company owned passenger vehicles mileage, converting these values to tCO₂e using Department of Energy conversion factors. Scope 2, indirect emissions, include consumption of purchased electricity in kWh, converting these values to tCO₂e using Department of Energy conversion factors. Scope 3 emissions relates to business travel (per above categorisations) in miles and waste disposal in tonnes, converting these values to tCO₂e using Department of Energy conversion factors.

Using an operational approach, the Group identified its population to ensure that all activities and facilities are being recorded and reported in line with the mandatory GHG protocol corporate accounting and reporting standard. Relevant data is analysed and used to calculate the GHG for the Group. Emissions are calculated as activity data multiplied by emissions factor (sourced from Government greenhouse gas reporting conversion factors).

The Group uses total turnover to calculate the intensity ratio as this allows emissions to be monitored over time taking into accounts changes in the size of the Group. This factor provides the greatest degree of accuracy and is the metric best aligned to business growth.

Energy Efficiency

The Group monitors the energy efficiency of its operations to ensure continued compliance with ISO 50001:2011 as the basis for its energy management arrangements.

For more detail on how the Board have had regard to the environment in key strategic decisions in the year, see our Stakeholder Engagement report on pages 16 to 19.

Auditor

A resolution to reappoint Deloitte LLP and to authorise the Directors to agree their remuneration will be placed before the forthcoming Annual General Meeting of the Company.

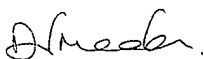
Directors' report (continued)

For the year ended 31 October 2023

Statement of disclosure to Auditor

So far as each person who was a Director at the date of approving these financial statements is aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, each Director has taken all the necessary steps, that they ought to have taken as a Director in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of this information.

This report was approved by the Board of Directors and authorised for issue. Signed on its behalf by:



David Meaden
Chief Executive Officer
24 January 2024

Corporate governance report

For the year ended 31 October 2023

Idox has a Remuneration Committee. Terms of Reference for this Committee are available at <https://www.idoxgroup.com/investors/corporate-governance/>.

Phil Kelly was appointed as Chair of the Remuneration Committee on his appointment as a Director on 29 March 2019.

The Company's remuneration policies and the application of these policies to the Board and Senior Management Team during the year are set out in the sections below.

Remuneration policy

The policy of the Group is to set levels of remuneration to attract, retain and motivate Executive Directors and other key senior employees. The packages are designed to be competitive in value to those offered to the Directors of similar sized public companies in related sectors. It is the Board's policy to align the long-term interests of managers with those of our shareholders in the granting of options and other equity awards.

The components of the Executive Directors' remuneration packages are currently a basic salary, bonus, money purchase pension contributions and benefits in kind. The benefits include private medical cover and life cover. The bonus elements are dependent on the Executive Directors achieving performance criteria set out by the Remuneration Committee. In addition, the Group operates a Long-term Incentive Plan for the Executive Directors.

Following constructive discussions with several institutional shareholders during FY22, the Remuneration Committee carried out a full review of the existing LTIP scheme. This was carried out with advice and guidance from external specialist executive compensation advisors with a focus to ensure the resulting scheme would both incentivise management and comply with recognised best practice.

Consequently, a revised LTIP scheme was implemented with Board approval on 01 September 2023. The new LTIP scheme takes shareholder feedback into consideration and is intended to reflect market expectations in terms of performance conditions and vesting criteria. Awards have been granted under the new LTIP scheme to senior management and other key leaders within the business.

Directors' remuneration

	Basic salary and fees 2023	Bonus 2023	Benefits in kind 2023	Total 2023	Pension 2023
2023	£000	£000	£000	£000	£000
Executive Directors					
David Meaden	387	241	-	628	-
Anoop Kang	293	180	1	474	-
Non-Executive Directors					
Chris Stone	103	-	-	103	-
Phil Kelly	40	-	-	40	-
Alice Cummings	40	-	-	40	-
	863	421	1	1,285	-

Corporate governance report (continued)

For the year ended 31 October 2023

Directors' remuneration (continued)

2022	Basic salary and fees 2022	Bonus 2022	Benefits in kind 2022	Total 2022	Pension 2022
	£000	£000	£000	£000	£000
Executive Directors					
David Meaden	351	155	-	506	-
Rob Grubb (resigned 16 March 2022)	69	29	-	98	4
Anoop Kang (appointed 16 March 2022)	177	62	1	240	-
Non-Executive Directors					
Chris Stone	100	-	-	100	-
Phil Kelly	35	-	-	35	-
Alice Cummings	35	-	-	35	-
	767	246	1	1,014	4

The amounts in respect of pension represent money purchase pension contributions.

Non-Executive Directors

The Board reviews the remuneration of the Chair and Non-Executive Directors on a regular basis.

Service contracts

The Executive Directors have entered into service contracts with the Group that are terminable by either party on no less than six months prior notice.

Share options

The Directors believe it is important to incentivise key management and employees.

The following options have been granted to the Directors over ordinary 1p shares in the Company:

Director	At start of year	Granted	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
Pre-FY23 awards								
Chris Stone	585,500	-	-	-	585,500	1p	Mar 2019	Mar 2029
David Meaden	933,962	-	-	-	933,962	0p	Feb 2022	Feb 2031
David Meaden	463,235	-	-	-	463,235	0p	Feb 2023	Feb 2032
Anoop Kang	735,294	-	-	-	735,294	0p	Apr 2023	Apr 2032
FY23 awards								
David Meaden	-	1,711,213	-	-	1,711,213	0p	Nov 2025	Nov 2032
Anoop Kang	-	1,283,409	-	-	1,283,409	0p	Nov 2025	Nov 2032
Totals	2,717,991	2,994,622	-	-	5,712,613			

The pre-FY23 £Nil cost Directors' options vest evenly over the three years from issue, with the date exercisable from noted in the table above being the date at which the first third of the options are available to exercise. The other pre-FY23 options have no vesting conditions and are fully exercisable from the dates noted in the table above.

The £Nil cost Directors' options granted under the new LTIP scheme during FY23 will ordinarily vest three years after the grant date (November 2022) subject to the grantee's continued service and achievement of the necessary performance criteria and are exercisable for seven years thereafter. The performance criteria that apply to the awards consists of three elements: (1) up to 50% of the award is subject to the Company's absolute total shareholder return, (2) up to 25% of the award is subject to the achievement of adjusted diluted earnings per share growth, and (3) up to 25% of the award is subject to the Company's revenue performance, all of which will be measured over a 3-year performance period.

Corporate governance report (continued)

For the year ended 31 October 2023

The mid-market price of the Company's shares at close of business on 31 October 2023 was 62.00p and the low and high share prices during the year were 59.80p and 71.00p, respectively.

The Company recognised total expenses of £2,631,398 (2022: £2,583,737) related to equity-settled, share-based payment transactions during the year in respect of all Directors and employees, of which £2,631,398 (2022: £2,583,737) related to the LTIP share option scheme. Note 24 of the Group accounts contains full disclosure of the Company's share options.

Directors' share interests

The Directors' shareholdings in the Company are listed in the Directors' Report on page 38.

Corporate governance

Idox has adopted the QCA Corporate Governance Code (the "Code") on a comply or explain basis. Further Information on that can be found within the Compliance Statement published on our website: <https://www.idoxgroup.com/wp-content/uploads/2020/07/idx-plc-statement-of-compliance-with-the-corporate-governance-code-1118.pdf>. Where Idox chooses not to comply with the Code it will explain such choices in the context of the business.

Board of Directors

Subject to the Articles of Association, UK legislation and any directions given by special resolution, the business of the Group is managed by the Board. The Code requires the Group to have an effective Board whose role is to develop strategy and provide leadership to the Group as a whole. It sets out a framework of controls that allows for the identification, assessment and management of risk. Additionally, it ensures the Board takes collective responsibility for the success of the Group.

The Board's main roles are to provide leadership to the management of the Group, determine the Group's strategy and ensure that the agreed strategy is implemented. The Board takes responsibility for approving potential acquisitions and disposals, major capital expenditure items, disposals, annual budgets, annual reports, interim statements and Group financing matters.

The Board appoints its members and those of its principal Committees, following the recommendations of the Nomination Committee. The Board reviews the financial performance and operation of the Group's businesses. The Board regularly reviews the identification, evaluation and management of the principal risks faced by the Group, and the effectiveness of the Group's systems of internal control.

The Board considers the appropriateness of its accounting policies on an annual basis. The Board believes that its accounting policies, in particular in relation to income recognition and research and development, are appropriate and that any changes to such accounting policies are discussed with its Auditors.

Financial results with comparisons to budget and forecast results are reported to the Board on a regular basis, together with a commercial report on operational issues. Significant variances from budget or strategy are discussed at Board meetings and actions set in place to address them.

Board and committee meetings are scheduled in line with the financial calendar of the Group. The timing of meetings ensures the latest operating data is available for review and that appropriate time and focus can be given to matters under consideration. The Board met seven times throughout the year for principal Board meetings to discuss a formal schedule of business. The Board is supported by an Executive team, and is supported by qualified Executive, senior and finance management teams.

Role of Chair and Chief Executive Officer

The Code requires that there should be a clear division of responsibilities between the running of the Board and the Executive responsible for the Group's business, so as to ensure that no one person has unrestricted powers of decision.

The Chair is responsible for the leadership of the Board, ensuring its effectiveness and setting its agenda. Once strategic and financial objectives have been agreed by the Board, it is the CEO's responsibility to ensure they are delivered upon.

Corporate governance report (continued)

For the year ended 31 October 2023

To facilitate this, the CEO regularly meets the Executive Leadership Team (ELT) which additionally comprises business division directors and senior members of the management team. The day-to-day operations of the Group are managed by the ELT.

Composition of and appointments to the Board

The Code requires that there should be a balance of Executive and Non-Executive Directors and when appointing new Directors to the Board, there should be a formal, rigorous and transparent procedure.

The Board comprises the Non-Executive Chair, the CEO, the CFO and two Non-Executive Directors. Short biographies of the Directors are given on page 37.

The Board considers Chris Stone, Alice Cummings and Phil Kelly as independent.

The Board is satisfied with the balance between Executive and Non-Executive Directors and will continue to review this position in the coming years. The Board considers that its composition is appropriate in view of the size and requirements of the Group's business and the need to maintain a practical balance between Executive and Non-Executive Directors.

Each member of the Board brings different skills and experience to the Board and the Board Committees. The Board is satisfied that there is sufficient diversity in the Board structure to bring a balance of skills, experience, independence and knowledge to the Group.

The Code requires that the Board undertakes a formal annual evaluation of its own performance and that of its Committees and Directors. The Non-Executive Chair continually works with each Non-Executive Director to assess their individual contribution and to assess that their contribution is relevant and effective, they have sufficient time to commit to the role, and where relevant, they have maintained their independence.

The Board continues to annually review its composition, to ensure there is adequate diversity to allow for its proper functioning and that the Board works effectively together as a unit.

When a new appointment to the Board is made, consideration is given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition. The Nomination Committee may elect to engage external recruitment agencies, with appropriate consideration being given, in regard to Executive appointments, to internal and external candidates. Before undertaking the appointment of a Non-Executive Director, the Chair establishes that the prospective Director can give the time and commitment necessary to fulfil their duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times.

Board committees

The Audit Committee has been established to look after specific areas of the Board's responsibilities. The Audit Committee is chaired by Alice Cummings and at present includes Chris Stone and Phil Kelly. The Report of the Audit Committee can be found on pages 51 to 54.

The Remuneration Committee is chaired by Phil Kelly and at present includes Chris Stone and Alice Cummings.

The Remuneration Committee has overall responsibility for making recommendations to the Board, of the remuneration packages of the Executive Directors. The Committee's key responsibilities include:

- making recommendations to the Board on any changes to service contracts;
- approving and overseeing any share related incentive schemes within the Group;
- ensuring that remuneration is in line with current industry practice; and
- ensuring remuneration is both appropriate to the level of responsibility and adequate to attract and / or retain Directors and employees of the calibre required by the Group.

The Nomination Committee includes Chris Stone, Alice Cummings and Phil Kelly as members.

Corporate governance report (continued)

For the year ended 31 October 2023

The Nomination Committee has overall responsibility for making recommendations to the Board, of the composition of the Board.

The Nomination Committee's key responsibilities include:

- reviewing the size, composition and structure required of the Board and making recommendations to the Board with regard to any changes;
- identifying and nominating, for approval by the Board, candidates to fill Board vacancies as they arise;
- giving full consideration to succession planning for Directors; and
- vetting and approving recommendations from the Executive Directors for the appointment of senior Executives.

The Audit Committee met four times in the year and the Remuneration Committee met three times in the year.

Re-election

Under the Code, Directors should offer themselves for re-election at regular intervals. Additionally, under the Group's Articles of Association, at least one third of the Directors who are subject to retirement by rotation are required to retire and may be proposed for re-election at each Annual General Meeting. New Directors, who were not appointed at the previous Annual General Meeting, automatically retire at their first Annual General Meeting and if eligible, can seek re-appointment.

None of the Directors are due to retire by rotation and seek re-election at the next Annual General Meeting.

Internal control

The Board takes responsibility for establishing and maintaining reliable systems of control in all areas of operation. These systems of control, especially of financial control, can only provide reasonable but not absolute assurance against material misstatement or loss. The Board remains committed to a continuous programme to make improvements in controls, processes and reporting. An internal audit function within the Compliance Services team is responsible for taking the rolling health check programme forward throughout the Group. This provides independent scrutiny of operational adherence, to ensure the Group remains best placed to suitably mitigate risks that emerge as the Group's operations evolve. In the last year, a Process Improvement Partner was appointed within the Compliance Services team to support continuous improvement across all departments, reflecting the Group's commitment to designing, improving and maintaining reliable controls across the Group.

In July 2022, the Group appointed Johnston Carmichael LLP to support the evolution of its internal control framework across key operational areas over the next 3 years. As part of this rolling health check programme, three reports were presented to the Audit Committee at the start of financial year 2023 and a further two were completed at the end of the year. These reports cover a wide variety of operational areas including recruitment, onboarding, supply chain management, payroll, and contract management. The reports contain observations and findings focused on the Group's internal control environment and provide detailed recommendations for addressing any control gaps and making improvements. Key stakeholders review the reports and then action plans for each area are drawn up, with timescales and priorities. The Compliance Services team support this activity, offering independent advice and guidance and tracking progress against the plan to maximise the benefit to the internal control environment. Progress against the action plans is regularly reported to the Audit Committee who also review the reports as they are finalised.

There were no very high control environment issues raised as part of the five health checks conducted to date.

The Audit Committee has continued to maintain a close dialogue with Management and the Group's external auditors in FY23 and the resulting audit process to ensure the extensive operational reviews performed by the Management team have been thorough and the resulting accounting has been appropriate. In addition, the Audit Committee have worked closely with the Management team as part of their efforts to upgrade processes and controls throughout the Group, and have provided assurance that improvements identified by the health checks have been completed on a timely and effective basis.

Corporate governance report (continued)

For the year ended 31 October 2023

The key matters relating to the system of internal control are set out below:

- Idox has established an operational management structure with clearly defined responsibilities and regular performance reviews;
- the Group operates a comprehensive system for reporting financial and non-financial information to the Board, including review of strategy plans and annual budgets;
- on a monthly basis, financial results are monitored in detail against budgets, forecasts and other performance indicators with action dictated accordingly at each meeting;
- a structured approval process is maintained for sales order-to-cash and procurement purchase-to-pay processes based on assessment of risk and value delivered; and
- sufficient resource is focused to maintain and develop internal control procedures and information systems, especially in financial management.

Improvements in process and internal controls made in the previous financial year have been maintained and enhanced this year. This includes the requirement for all new business to be approved based on size and risk before presentation to the customer, formal bid reviews for material contracts, balance sheet and cash flow forecasting, and detailed monthly business reviews. Acquired companies are migrated across to these processes in a controlled way to minimise risk while maintaining business as usual within the operational teams involved.

As part of the Board's commitment to continuous improvement, other enhancements introduced this year include:

- The Configure, Price, Quote (CPQ) functionality introduced last year into our Customer Relationship Management (CRM) system has been further enhanced this year and provides a strong base for the Group's Lead to Order process. It automates business approval, minimises manual interactions and provides system-based controls in areas such as price book management, lead to order processes, customer insight, reporting granularity and robustness of routine reporting.
- The non-recurring revenue management functionality in our Agresso Enterprise Resource Planning system was extended further in this financial year and provides automated revenue management, incorporating real-time generation of journal entries, approval workflows, and various system-based controls. This has allowed more business areas to move away from complex spreadsheets to a smoother, more efficient process end-to-end. Reporting accuracy is enhanced, providing real-time information to inform management decisions and recognise project revenue risks.
- Tax Risk Management process reviewed and enhanced, published Tax Strategy for the Group along with enhancements to the Tax Risk and Controls matrix.
- The implementation of the Professional Services Automation (PSA) has delivered a central, accessible source for all work to be carried out in Professional Services and for teams to collaboratively manage their programmes. The system provides a single source of real-time information for projects with improved visibility of project status and health. We now have a higher level of transparency and control enabling the business to make more informed and better decisions around project delivery. The reporting capabilities of the PSA have provided enhanced insight into areas such as resource utilisation and project status monitoring. This has enabled the service to drive and improve delivery times e.g. within our S10 category of work amongst others. The customisable nature of the system means that we are continuously evolving and enhancing it to work better for Idox Professional Services as the service itself evolves and improves.
- With Salesforce, PSA and Agresso we now have three strong enterprise solutions which together provide a number of systematic preventative controls as well as the ability to implement further detective controls in the form of checks and balances using the rich reporting capabilities.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and that this process has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. This process is regularly reviewed by the Board.

Information and Development

The Code requires that the Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

The Chair is responsible for ensuring that all the Directors continually update their skills, knowledge and familiarity with the Group in order to fulfil their role on the Board and the Board's Committees. Updates dealing with changes in legislation and regulation relevant to the Group's business are provided to the Board by external advisors, the CFO, the Company Secretary and in-house legal advisors.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring its procedures are properly complied with and that the discussions and decisions are appropriately minuted. Directors may seek independent professional advice at the Group's expense in furtherance of their duties as Directors. Training on matters relevant to their role is available to all Board Directors. New Directors are provided with an induction in order to introduce them to the operations and management of the business.

Investor relations

Idox is committed to open communication with all its shareholders. The Directors hold regular meetings with institutional shareholders to discuss and review the Group's activities and objectives. Communication with private shareholders is principally through the Annual General Meeting, where participation is encouraged and where the Board is available to answer questions. Idox maintains up-to-date information on the Investor Relations section of its website <https://www.idoxgroup.com/investors/>.

The CEO and CFO meet institutional investors after publication of the annual and interim results, on an ongoing basis, as required.

The Directors also undertake consultation on certain matters with major shareholders from time to time. Through these consultations, the Group maintains a regular dialogue with institutional shareholders. Feedback is reported to the Board so that all Directors develop an understanding of the views of major shareholders.

Trading updates and press releases are issued as appropriate and the Group's Nominated Advisor (NOMAD) provides briefings on shareholder opinion and compiles independent feedback from investor meetings. The Annual General Meeting is used by the Directors to communicate with both institutional and private investors.

Every shareholder has access to a full annual report each year end and an interim report at the half year end. Care is taken to ensure that any price sensitive information is released to all shareholders, institutional and private, at the same time in accordance with London Stock Exchange requirements.

Idox strives to give a full, timely and realistic assessment of its business in all price-sensitive reports.

AIM rule compliance report

Idox is quoted on AIM, London Stock Exchange's international market for smaller growing companies. Idox complies with the AIM Rules, in particular AIM Rule 31 which requires the following:

- sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- seek advice from the NOMAD regarding its compliance with the Rules whenever appropriate and take that advice into account;
- provide the NOMAD with any information it reasonably requests in order for the NOMAD to carry out its responsibilities under the AIM Rules for Nominated Advisers, including any proposed changes to the Board and provision of draft notifications in advance;
- ensure that each of the Directors accepts full responsibility, collectively and individually, for compliance with the AIM rules; and
- ensure that each Director discloses without delay all information which the Group needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the Director or could with reasonable diligence be ascertained by the Director.

Directors' responsibilities statement

For the year ended 31 October 2023

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have chosen to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing the parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

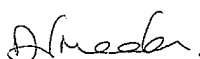
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- 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.

This responsibility statement was approved by the Board of Directors on 24 January 2024 and is signed on its behalf by:



David Meaden
Chief Executive Officer



Anoop Kang
Chief Financial Officer

Report of the Audit Committee

For the year ended 31 October 2023

Dear Shareholder

I am pleased to present the report of the Audit Committee for the year ended 31 October 2023.

The report provides insights on the Committee's work and sets out how the Committee has fulfilled its responsibilities in relation to a wide range of financial matters including ensuring that the financial performance of the Group is adequately measured and controlled, correctly represented, reported to and understood by the Board alongside oversight of risk management and internal controls and the effectiveness of the external audit.

The Audit Committee is a committee of the Board comprised of three Non-Executive Directors all of whom served for the entirety of the year. The Company Secretary is also the Secretary of the Audit Committee. The Committee is chaired by myself and held four scheduled meetings during the year. The Audit Committee invites the Group's and listed subsidiary's Auditors, Head of Compliance Services and other senior managers to attend its meetings as appropriate. The Group's Auditor has attended three of the four scheduled meetings. By invitation, the meetings are also attended by the Group CEO and Group CFO. The Committee carries out its activities for Idox plc, its major subsidiary undertakings, and the Group as a whole.

Committee members

Alice Cummings (Chair)

Chris Stone

Phil Kelly

The Audit Committee members are considered to have sufficient, recent, and relevant financial and commercial experience to discharge their duties as set out on page 37.

The Committee is provided with sufficient resources to perform its duties including support, as necessary, from the Executive Directors, senior managers, finance and legal team members, external professional firms and the external audit firms for the Group and listed subsidiary. The Committee can obtain, at the Group's expense, outside legal or other professional advice on any matters within its terms of reference.

Roles and responsibilities

The Audit Committee has a wide remit, unchanged from the previous year following the annual review of its Terms of Reference by the Board, and its key roles and responsibilities include reviewing and advising the Board on:

- the integrity and assurance of the financial statements of the Group, including its annual and interim reports, results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and the key judgements that they contain;
- the appointment and remuneration of the Group's and listed subsidiary's Auditors and their effectiveness in line with the requirements of the Code;
- the content of the Group's and listed subsidiary's Auditors' transparency reports, concerning Auditor independence in providing both audit and non-audit services;
- the scope, performance and effectiveness of other internal control functions and the Group's Auditor's assessment thereon;
- the nature and extent of non-audit services provided by the Group's Auditor to ensure that their independence and objectivity are maintained;
- changes to accounting policies and procedures;
- decisions of judgement affecting financial reporting, compliance with accounting standards and with the Companies Act 2006;
- risk management processes, including the risk management framework, risk appetite statement and the principal strategic and operational risks;
- internal controls, including financial delegations, internal control findings highlighted by management or the internal controls health checks and assurance reports and external audits; and
- the Group's procedures for responding to allegations of wrongdoing including those made by whistle-blowers.

The Audit Committee's terms of reference can be found on the Group's website.

Report of the Audit Committee (continued)

For the year ended 31 October 2023

Audit Committee activities in the financial year ended 2023

The Committee considered the following standing items on its agenda during the year:

- reviewed the Interim Accounts and the Annual Report and Accounts in the context of being fair, balanced and understandable including related announcements and market updates;
- for each of the Group's Auditor and the listed subsidiary's Auditor, received and considered, as part of the review of the Annual Report and Accounts, reports from the Auditor in respect of the audit plan for the year, risk factors and assurance levels for the audit, and the results of the annual audit including the scope of the annual audit, the approach to be adopted by the Auditor to address and conclude upon key estimates and other key audit areas, the basis on which the materiality is assessed, the terms of engagement and fees for the Auditor, the letter of representation to the Auditor and an on-going assessment of the impact of future accounting developments for the Group;
- considered the effectiveness and independence of the external auditors;
- considered the level and value of non-audit services;
- considered the key audit matters;
- considered the internal controls health check reports with their tracked action plans for controls and assurance improvements;
- considered the risk framework, risk appetite statement, risk register and principal risks to the Group;
- considered the effectiveness of the Group's risk management and internal control systems including resourcing the key internal control processes ensuring that the finance and operational teams are appropriately trained and qualified, including taking external specialist advice;
- considered the key accounting and internal control policies;
- considered the policies, risk assessment and reporting for any wrongdoing, fraud and whistleblowing;
- considered management's key judgements papers including the review of business reporting segments in line with guidance in respect of identifiable cash generating units; and
- reviewed the budget and forecasting process including stress testing and sensitivity analysis.

The Committee discussed and took papers from Management and in some cases external advisors on a number of other matters that are not on the standing agenda including the assurance process for ESG reporting, segmental reporting under IFRS 8, accounting for acquisitions and monitoring a risk reporting dashboard.

Risk management

The Audit Committee has responsibility for assessing and challenging the robustness of the risk management and internal control environment. It receives reports and risk registers from management in order to carry out this review. Risk Management is discussed at least twice a year at the Committee and the Board's Appetite for Risk is discussed at least annually and in meetings following where risk factors change or there are significant emerging risks.

At the start of the 2022 year, the Committee received a report from KPMG to assess the adequacy of risk management arrangements across the organisation including an objective review of the approach to, and a review of the key risks contained within the risk register and the principal risks in the Annual Report. The plan to develop a risk management dashboard and regular reporting suite for the senior managers and Board providing insight over the key elements of the risk environment in a more dynamic way including new/mitigated risks, key risk indicators, trend analysis and emerging risks, has been completed during the year and is now used as part of the regular risk reporting.

The Committee has received reports from Johnston Carmichael, managed through the internal audit and compliance function, on the health checks of the following key internal controls as part of a three-year rolling program:

- Acquisition Integration;
- Contract Management; and
- Revenue Recognition.

The Committee has also seen the initial reports from the second phase of reports from Johnston Carmichael on the health checks of the following key internal controls as the early part of the second year of the rolling program:

Report of the Audit Committee (continued)

For the year ended 31 October 2023

- Payroll Management; and
- Fraud Governance and the Corporate Criminal Offence (CCO).

There were no very high control environment issues raised as part of these health checks. All actions have been compiled into a controls and assurance plan and are regularly reviewed by the Committee.

The Committee can therefore confirm that it has conducted its annual review of the system of risk management and internal control covering material financial, operational and compliance controls.

Effectiveness of the Auditor

The Committee continues to monitor the work of the Group's and listed subsidiary's Auditors to ensure that they demonstrate appropriate challenge and curiosity in discussions with the Committee and therefore remain effective. Effectiveness is also considered by liaising directly with the Group's Auditor on significant matters including without the Executive Directors being present where any matters of concern can be raised and discussed openly. The Committee also discusses the quality and value for money of the audit process for all Group entities with the Executive Directors and senior finance and operational staff.

The FRC conducted an inspection of the 2022 financial statements for the Idox Group, the results of which were published in June 2023. We agreed to enhance disclosures required under IFRS 3 – Business Combinations in respect of future acquisitions as and when they were completed. All findings have been addressed in the 2023 accounts and audit particularly in respect of disclosures for the in-year Emapsite acquisition.

The Committee is satisfied with the effectiveness of the Group's and listed subsidiary's Auditors in performing their audit for the year ended 31 October 2023.

Independence and objectivity of the Auditor

The current auditor, Deloitte LLP, was appointed on 19 June 2018. The audit for the financial year ended 31 October 2023 is the sixth consecutive year end for the firm. The Audit Committee consider the appointment of the Auditor annually prior to recommending the appointment of the Auditor to the Board at the Idox Annual General Meeting. The Committee has agreed with Deloitte LLP that they will continue in post for the next financial year and that a new audit partner has taken on the lead partner role on the Group's audit for the year ended 31 October 2023. This is consistent with the FRC's requirements around the rotation of the audit partner. The Committee continues to monitor the work of the Auditor to ensure that the Auditor's objectivity and independence is not compromised by it undertaking inappropriate non-audit work. There were no such services for the year ended 31 October 2023.

Auditor objectivity was safeguarded by the Committee considering several factors:

- an appraisal of the standing and experience of the audit partner;
- receiving an overview from Deloitte LLP of the policies and procedures in place to safeguard auditor objectivity and independence including annual confirmation by all professionals of compliance with independence policies and procedures;
- reviewing the annual confirmation from Deloitte LLP of its independence to the Committee confirming in particular that no partners or staff held any financial interests in the Idox Group and that its ethics policies are consistent with the requirements of the FRC's ethical standard;
- using a different audit firm for the audit of the listed subsidiary in Malta;
- using a different audit firm for the audit of the subsidiary in India;
- using a different firm to perform internal controls health checks with the Head of Compliance Services during the year; and
- using a number of different firms to provide other non-audit services including tax compliance services, tax advice, risk management, transfer pricing risk assessments, internal control reviews and banking advisory services during the year.

During the year the fees paid to the Group's Auditor were £350,000 (2022: £328,000) for Group and subsidiary audit services, £Nil (2022: £Nil) for interim audit services, and £Nil (2022: £Nil) for non-audit services.

Report of the Audit Committee (continued)

For the year ended 31 October 2023

I would like to thank Deloitte for their work as the Group's Auditor. This was the first year for the current audit partner and the transition from the previous audit partner has worked smoothly. The audit team's approach with their experience acting for public listed companies has been valuable.

Significant matters in relation to financial statements

Revenue Recognition	This is a key issue in all audits. The Committee reviews the Group's revenue recognition policies and principles to ensure that they are compliant with current accounting standards and applied consistently for each of the different revenue streams. This includes the mechanism used to determine the milestones and performance obligations as part of the Group's Business Approval Form process. As part of this work, the Committee has challenged and reviewed analyses of some specific multi-year contracts prepared by Management to confirm that the appropriate treatment for contract revenue recognition and recoverability of the associated work in progress balances has been recorded.
Carrying value of Goodwill and Intangible Assets	The Group recognises intangible assets acquired as part of business combinations. These include, Goodwill, Customer relationships, Trade names and Software, which are recorded at fair value at the date of acquisition. The determination of these fair values is based upon Management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital. Management estimates the expected useful lives of intangible assets and charges amortisation on those assets accordingly. The Committee monitors the intangible carrying value for any indications of impairment and undertakes impairment test calculations to support decisions to not impair goodwill. The recoverable amount is determined based upon value-in-use and net realisable value calculations. The value-in-use method requires the calculation of future cash flows and the choice of a suitable discount rate to calculate the present value of these cash flows. Pre-tax discount rates have been applied and are based on WACC calculations performed and supplied by independent valuation specialists. The Audit Committee has considered Management's assessments of value-in-use of operating segments of intangible assets at the reporting date and the acquisition accounting for the business acquired in the year. This included considering a range of sensitivities applied to future cash flows and the discount factors. The Committee has through its work confirmed that no impairment charge is required.

Reporting responsibilities

The Committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is required.

The Committee ensures that it gives due consideration to laws and regulations, the provisions of the QCA Corporate Governance Code, the requirements of the UK Listing Authority's Listing Rules, Prospectus and Disclosure and Transparency Rules, the AIM Rules for Companies and any other applicable rules as appropriate. The Committee also oversees any investigation of activities which are within its terms of reference.

I am satisfied that the Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference.



Alice Cummings
Chair of the Audit Committee
24 January 2024

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Idox plc (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 October 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent Company balance sheets;
- the consolidated and parent Company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 30 to the Group financial statements, and the related notes 1 to 15 to the parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') *Ethical Standard as applied to listed entities*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's report to the members of Idox plc (continued)

For the year ended 31 October 2023

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Revenue recognition; and • Valuation of goodwill and intangible assets; Within this report, key audit matters are identified as follows: ⊕ Similar level of risk to prior year
Materiality	The materiality that we used for the Group financial statements was £752,000, which was determined on the basis of Adjusted EBITDA.
Scoping	Our audit covered 96% of the Group's total revenue, 88% of the Group's PBT, 95% of the Group's Adjusted EBITDA and 98% of the Group's net assets.
Significant changes in our approach	Our approach is consistent with the previous year with the exception of testing additional revenue controls as part of our controls reliance approach on material revenue streams.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the Group's financing facilities, including the new facilities undertaken in the period, reviewing their nature, repayment terms and covenants;
- Evaluating assumptions and the value of headroom in the forecasts by performing independent recalculations, sensitivity analysis and stress tests;
- Assessing the appropriateness of forecasted cash flows, including assumptions made, and forecast covenant compliance under the base case and worst-case scenarios;
- Assessing accuracy of forecasting by comparing actual results to historical forecasts; and
- Assessing the appropriateness of the going concern disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue Recognition

Key audit matter description	The Group generated £73.3m of revenue (2022: £66.2m) during the year. The Group provides specialist software solutions. From 1 November 2022, the Group implemented a divisional structure to consolidate business units into: Land, Property & Public Protection (LPPP), Assets, and Communities. Each business segment has its own revenue recognition policies (refer to note 1 accounting policies) depending on the nature of the revenue (recurring or non-recurring) and underlying contractual arrangements. 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 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. Management judgement is required around the timing of when performance obligations are met, as well as for the application of principles set out in IFRS 15 Revenue from contracts with customers with regards to the measurement of revenue recognised. Given that this judgement could be the subject of management bias surrounding the stage of completion of any projects that are not completed at year-end, we identified this as a potential area susceptible to fraud. Our key audit matter has been focussed to the completeness, accuracy, occurrence, and cut-off of revenue from new contracts that have arisen in the year. Further details are provided in strategic report on page 29 and note 2 of the financial statements.
How the scope of our audit responded to the key audit matter	The audit procedures we performed in respect of this matter included: • Obtained an understanding of the relevant controls over the recording of revenue; • Performed tests of controls relating to new contract revenue approval; • Testing a sample of invoices raised in the year for accuracy and occurrence to assess whether they were accounted for in line with the Group's revenue recognition policy; • Evaluating management's methodology against the requirements of IFRS 15 for a sample of new customer contracts in the year; • Selecting a sample, responsive to the risk identified, of new contracts that generated revenue one month pre year-end or one month post year-end, in order to assess cut-off, agreeing each sampled item to invoice details and evidence of the how the performance obligations criteria had been fulfilled; and • Assessing the appropriateness of disclosures in the financial statements.
Key observations	Based on the work performed we are satisfied that the revenue was appropriately recognised.

5.2. Valuation of goodwill and intangible assets

Key audit matter description	The Group has goodwill of £61.5m (2022: £52.6m) and other intangible assets of £47.2m (2022: £39.8m) as at 31 October 2023. As required by IAS 36 Impairment of assets, management performs an impairment review for all goodwill balances on an annual basis, and for other intangible assets whenever an indication of impairment is identified. For further details, refer to accounting policies in note 1 of the financial statements. Determination of the recoverable amount incorporates estimation based upon future operating cash flows for related businesses, discount rates, growth rates, and cash flow forecasts. The Directors engage an external expert to determine the Group's weighted average cost of capital (WACC) which is then used to determine the discount rates for each segment. The valuation of goodwill and intangible assets has been identified as a key audit matter as a result of the quantitative significance of the balances and the application of judgement and estimation in performing impairment reviews and determining growth assumptions. Our key audit matter is focussed on the Assets operating segment as it is the most sensitive to changes in assumptions, in particular the forecast cash flows and the discount rates applied to the cash flows. Further details are provided in the Audit Committee Report on page 54, note 1 and note 12 of the financial statements.
How the scope of our audit responded to the key audit matter	The audit procedures we performed in respect of this matter included: • Understanding the management review control over the budgeting process and impairment assessment; • Performing sensitivity analysis on the key assumptions based on comparison to readily available economic data, industry data and using our own professional scepticism; • Challenging management's identification of operating segments and determining whether testing goodwill at this level complied with the requirements of IAS 36; • Challenging management's assessment of the forecast cashflow assumptions used in determining value in use (including sensitivity analysis, agreeing to order book where available and comparison to historical forecasts and actuals; and • Working with our valuations specialists to perform an independent recalculation of the WACC and discount rate
Key observations	Based on the work performed we concluded that the valuation of goodwill and intangible assets was appropriate, including the disclosures in the financial statements.

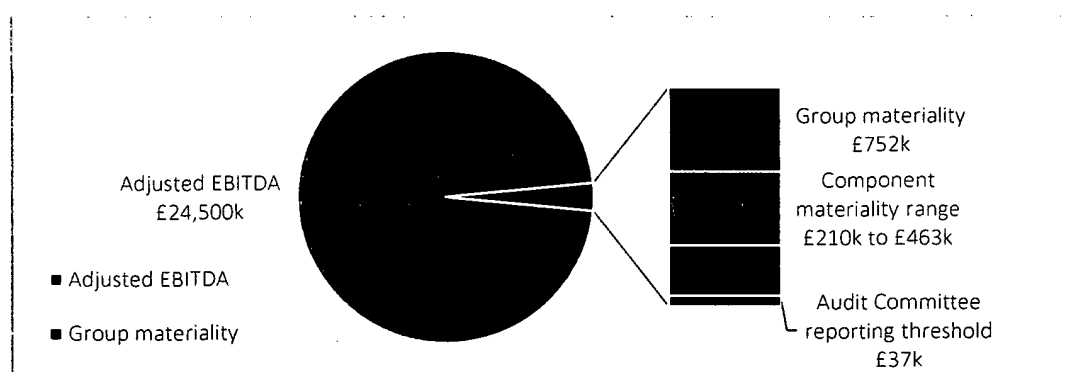
For the year ended 31 October 2023

6. Our application of materiality**6.1. Materiality**

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£752,000 (2022: £674,000)	£263,000 (2022: £337,000)
Basis for determining materiality	3% of adjusted EBITDA (2022: 3% Adjusted EBITDA). Adjusted EBITDA is defined in the Strategic Report on page 3, and excludes certain costs such as acquisition costs.	Parent Company materiality is capped at 50% (2021: 50%) of Group materiality which equates to 0.37% (2022: 0.53%) of net assets.
Rationale for the benchmark applied	We have used Adjusted EBITDA as the benchmark for our determination of materiality after considering the important metrics of the business for different stakeholder groups. Materiality has increased compared to prior year due to improvements in underlying performance.	As this is the ultimate holding Company for the Group, the key balances are investments held, external borrowings and intercompany balances.



Independent Auditor's report to the members of Idox plc (continued)

For the year ended 31 October 2023

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of parent Company materiality
Basis for determining materiality	In determining performance materiality, we considered the following factors: our risk assessment, including our assessment of the Group's overall control environment and the fact we relied on controls on material revenue streams; the continuation of stable trading performance; and the level of corrected and uncorrected misstatements identified in the prior year audit.	

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £37,000 (2022: £33,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

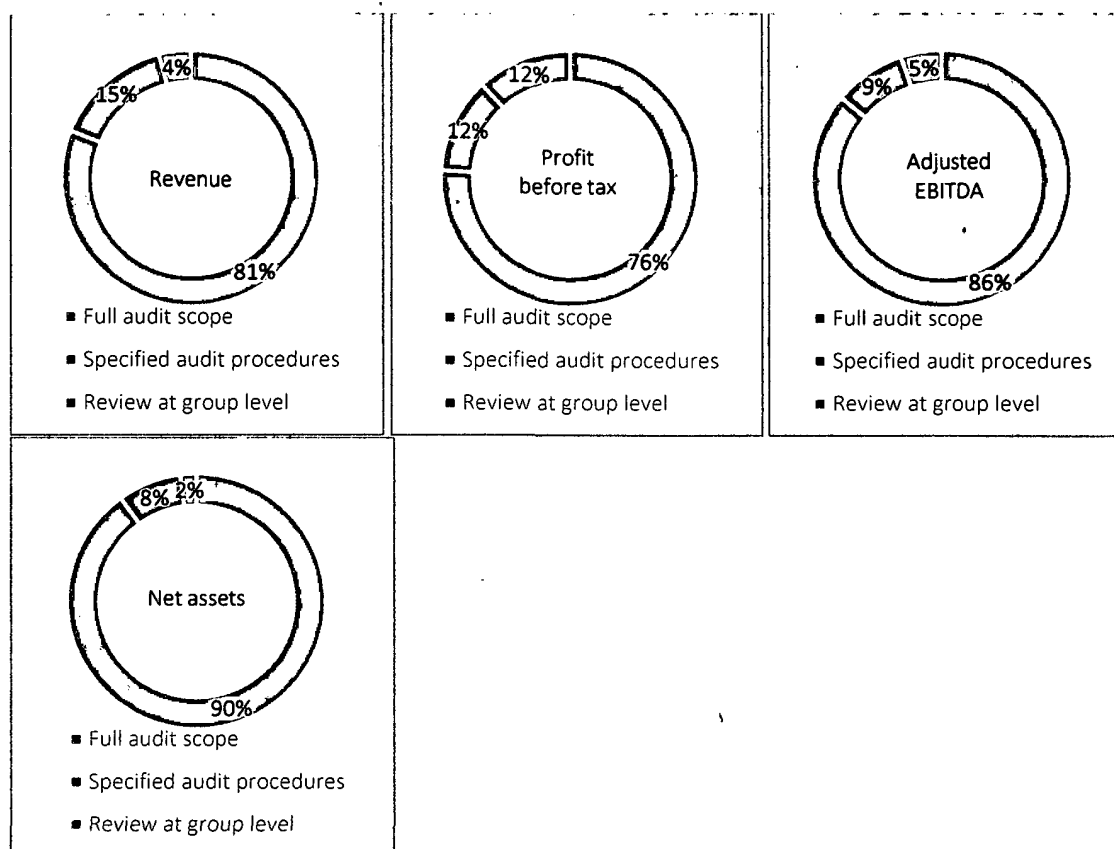
Our Group audit was scoped by obtaining an understanding of the Group and its environment through discussions with finance, IT and commercial teams and performing walkthroughs of processes across these areas, including Group wide controls, and assessing the risks of material misstatement at the Group level. All work was performed by the Group engagement team.

The Group operates globally with material revenues being generated in the United Kingdom, the United States of America, and Europe. Revenues are split across the following operating segments: Assets; Communities; and Land, Public and Public Protection (LPPP).

On a legal entity basis, the significant components to the Group are Idox Plc and Idox Software Ltd. These components were tested to materiality levels applicable to each entity which was lower than Group materiality. These entities represent 81% of the Group's revenue, 76% of the Group's profit before tax, 86% of the Group's Adjusted EBITDA and 90% of the Group's net assets.

Our audit planning identified the following non-significant components and specified audit procedures have been performed by the Group audit team in relation to material account balances: McLaren Software Inc, EIM Group Ltd, and Emapsite.com Ltd. This adds an additional 15% of coverage over revenue, 12% over profit before tax, 9% of the Group's EBITDA, and 8% over net assets. The remaining non-significant components were subject to analytical reviews. At a Group level, we also tested the consolidation process.

For the year ended 31 October 2023



7.2. Our consideration of the control environment

With the involvement of our IT specialist, we obtained an understanding of the relevant IT environment and relevant General IT Controls (GITCs). Whilst not relying on these GITCs, we did test and rely on certain manual revenue controls which do not rely on GITCs.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. The Group continues to develop its assessment of the potential impacts of climate-related risks, including climate change, as outlined on pages 25 and 41. We have read the disclosures in relation to climate change made in the other information within the annual report and ascertained whether the disclosures are materially consistent with the financial statements and our knowledge from our audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the Group's fraud risk assessment, design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;

- results of our enquiries with those charged with governance, management, the Directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to;
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition as a key audit matter related to the related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

For the year ended 31 October 2023

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Pratt, CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Edinburgh, United Kingdom

24 January 2024

Consolidated statement of comprehensive income

For the year ended 31 October 2023

	Note	2023 £000	2022 £000
Continuing operations			
Revenue	2	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	2	24,450	22,509
Depreciation	3	(1,636)	(1,597)
Amortisation	3	(9,319)	(8,987)
Restructuring costs	3	(378)	(470)
Acquisition costs	5	(746)	(183)
Financing costs		(396)	(30)
Share option costs	24	(2,631)	(2,584)
Finance income	6	219	97
Finance costs	6	(1,743)	(2,153)
Profit before taxation		7,820	6,602
Income tax charge	8	(2,238)	(991)
Profit for the year from continuing operations		5,582	5,611
Discontinued operations			
Loss for the year from discontinued operations	9	-	(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	10	1.24p	1.27p
Diluted	10	1.23p	1.24p
From continuing and discontinued operations			
Basic	10	1.24p	1.14p
Diluted	10	1.23p	1.11p

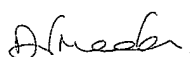
The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated balance sheet

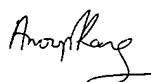
As at 31 October 2023

	Note	2023 £000	2022 £000
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,339	1,380
Intangible assets	12	108,785	92,410
Right-of-use-assets	25	1,333	1,782
Deferred tax assets	13	2,541	2,679
Other receivables	15	1,201	-
Total non-current assets		115,199	98,251
Current assets			
Trade and other receivables	15	21,451	17,912
Cash and cash equivalents	16	14,824	13,864
Total current assets		36,275	31,776
Total assets		151,474	130,027
LIABILITIES			
Current liabilities			
Trade and other payables	17	8,058	6,811
Deferred consideration	18	869	2,271
Current tax payable		1,422	165
Other liabilities	18	26,828	23,451
Provisions	19	589	453
Lease liabilities	25	220	545
Total current liabilities		37,986	33,696
Non-current liabilities			
Deferred tax liabilities	13	7,519	6,086
Lease liabilities	25	958	1,265
Other liabilities	18	2,236	1,038
Bonds in issue	20	11,207	11,325
Borrowings	21	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	23	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

As at 31 October 2023

	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 cash flow statement

For the year ended 31 October 2023

	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	11	957	848
Depreciation of right-of-use assets	25	679	749
Amortisation of intangible assets	12	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	24	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		<u>20,064</u>	<u>18,264</u>
Tax paid		(1,465)	(2,617)
Net cash from operating activities		<u>18,599</u>	<u>15,647</u>
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	26	(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	6	80	73
Net cash used in investing activities		<u>(22,547)</u>	<u>(9,835)</u>
Cash flows from financing activities			
Interest paid		(1,439)	(997)
Loan drawdowns	21	39,706	2,500
Loan related costs		(169)	(183)
Loan repayments	21	(30,000)	(9,100)
Principal lease payments	21	(936)	(927)
Equity dividends paid	7	(2,268)	(1,784)
Issue of own shares		(185)	(133)
Net cash inflows / (outflows) from financing activities		<u>4,709</u>	<u>(10,624)</u>
Net movement in cash and cash equivalents		<u>761</u>	<u>(4,812)</u>
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	16	<u>14,824</u>	<u>13,864</u>

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

Notes to the accounts

For the year ended 31 October 2023

1 ACCOUNTING POLICIES

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 Unit 5, Woking 8, Forsyth Road, Woking, Surrey, GU21 5SB. The registered number of the Company is 03984070. There is no ultimate controlling party.

The financial statements are prepared in pounds sterling.

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities, being, deferred consideration at fair value through profit or loss.

These financial statements are available on the Group's website: <https://www.idoxgroup.com/investors/financial-reporting/>.

As set out on page 40 in the Directors' Report, the financial statements have been prepared on a going concern basis.

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.

International Financial Reporting Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new standards, amendments and interpretations to existing standards have been published. These are mandatory for forthcoming financial periods, but which the Group has not adopted early. These are not expected to have a material impact on the Group's consolidated financial statements:

- IFRS 17 Insurance Contracts – effective for periods commencing on or after 1 January 2023.
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current - effective for periods commencing on or after 1 January 2024.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – effective for periods commencing on or after 1 January 2023.
- Amendments to IAS 12 Income Taxes – effective for periods commencing on or after 1 January 2023.

1 ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised standards

There were no additional standards, amendments and interpretations that had a material impact on the Group's financial statements during the year.

Critical judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not easily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements (not involving estimation)

Management considers the following items to be critical judgements (apart from those involving estimations) that were made in the process of applying the Group's accounting policies in the reporting period that are deemed to have the most significant effect on the amounts recognised in financial statements:

Development costs

Judgement is exercised in the expenditure that is capitalised or alternatively expensed as research. This is governed by the Group's capitalisation policy, which describes the nature and type of costs that should be capitalised to ensure consistency across the Group. Creation and application of this Group capitalisation policy requires judgement in how IFRS is applied to Idox in describing which expenditure qualifies for capitalisation as well as the thresholds that are applied.

The recognition requirements of development costs are reviewed quarterly. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each review. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors.

Capitalised development is reviewed on an individual project basis and management will select the most appropriate rate of amortisation for each asset. Amortisation is typically 5 years depending on the future revenue projected for each individual asset.

See note 12 for further information.

Revenue recognition

Management assesses both legal paperwork and the underlying commercial specifics of transactions, alongside accounting standards, to determine revenue recognition treatment. This assessment could involve internal chartered accountants, internal legal staff, operational staff and professional advice where appropriate.

The Group has prepared an underlying technical framework to substantiate current and ongoing judgements on revenue recognition.

Management exercise judgement over various elements of a contract, for example:

- the point at which the customer takes full control of any bundled software solution;
- an estimate of the value of the underlying elements of a bundled software solution; and
- whether it is appropriate to recognise revenue on certain contracts prior to an invoice being raised, where work has been completed and there is a high degree of certainty of the contract being completed, with the invoice raised and cash received.

The underlying technical framework is used to inform and support areas of judgement, of the type mentioned in these examples. See note 18 for further information on contract liabilities.

1 ACCOUNTING POLICIES (CONTINUED)

Key sources of estimation uncertainty

Management does not consider there to be any other items to involve key assumptions and other key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Other estimates

Goodwill is tested annually for impairment in accordance with IAS 36 Impairment of Assets. The impairment assessment is based on assumptions in relation to future cash flows expected to be generated by cash generating units, together with appropriate discounting of the cash flows. The assessment of the carrying value of goodwill could be included as a critical accounting estimate given the significance of the remaining carrying value of goodwill and the inherent level of estimation uncertainty required to undertake impairment testing, however, we do not believe this to be a key source of estimation uncertainty due to the level of sensitivity testing performed and no impairment noted. The key assumptions in estimating the carrying value of goodwill are discount rate, long-term growth rate and short-term growth rates. For information on key assumptions and sensitivity analysis are included in note 12.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 October each year. Under IFRS 10, control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its powers over the investee. As each of the subsidiaries are 100% wholly owned, the Group has full control over each of its investees.

All inter-company transactions are eliminated on consolidation.

For business combinations occurring since 1 November 2009, the requirements of IFRS 3R have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the fair values at acquisition date of assets, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred. For all acquisitions, the Group will perform a fair value review of all property, plant and equipment, intangible assets, and accrued and deferred balances to align accounting policies with the Group.

Alternative performance measures

Where relevant, adjusted measures of profit have been used alongside statutory definitions. These items are excluded from statutory measures of profit to present a measure of cash earnings from underlying activities on an ongoing basis, see page 117 for more details. 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 debt and equity providers:

- depreciation;
- amortisation from acquired intangible assets;
- impairment;
- restructuring costs;
- acquisition and financing costs; and
- share option costs.

Alternative performance measures may not be comparable between companies due to differences in how they are calculated.

Notes to the accounts (continued)

For the year ended 31 October 2023

1 ACCOUNTING POLICIES (CONTINUED)

Revenue

Revenue represents the income arising in the course of an entity's ordinary activities, net of value added tax and after eliminating sales within the Group.

Where work has been completed but the performance obligation has not been fully satisfied, the income has been accrued and included in contract receivables on the balance sheet.

The Group derives its revenue from the following revenue streams:

Non-Recurring: Software (Initial Licence Fee)

Revenue from Initial Licence Fees (whether in respect of a perpetual or term licence granted) is recognised on delivery and passing of full control of the software to the customer.

For licence fees (Initial Licence Fees and Recurring Licence Fees) where the customer's control of our software is dependent on associated services such as non-recurring services which may be essential for the customer to use the software, the revenue from software licence fees will be recognised over the course of the service provision in line with delivery of agreed performance obligation milestones as control of the whole solution is progressively transferred to the customer.

Non-Recurring: Services

Revenue from non-recurring services is recognised over the course of the service provision in line with delivery of agreed performance obligation milestones as control of the environment is progressively transferred to the customer.

Non-Recurring: Hardware

Revenue on hardware is recognised when control of the asset is passed to the customer which typically occurs on delivery.

Recurring: Software (Recurring Licence Fee and Support & Maintenance)

Revenue from Recurring Licence Fee (typically in respect of a term licence granted) is recognised on delivery and passing of full control of the software to the customer as described for Non-recurring: Software (Initial Licence Fee). In order to achieve this, anticipated licence fees from future recurring invoicing are typically 'unbundled' from the Support & Maintenance element and accrued until the invoicing occurs.

Revenue from Support & Maintenance is recognised evenly across the support and maintenance period, in line with the pattern of how we deliver the services and how they are consumed by the customer.

Recurring: Managed Services

Revenue from recurring managed services is recognised evenly across the managed service period, in line with the pattern of how we deliver the services and how they are consumed by the customer.

Recurring: Hosting

Revenue from recurring hosting is recognised evenly across the hosting period, in line with the pattern of how we deliver the services and how they are consumed by the customer.

Software as a Service (SaaS)

Fees from SaaS arrangements typically combine software licencing, support & maintenance, managed services and hosting into a single subscription payable by the customer for provision of a holistic service rather than delivery of constituent parts. Revenues from SaaS are recognised evenly across the period of contract for provision of the service, in line with the pattern of how we deliver the services and how they are consumed by the customer.

Notes to the accounts (continued)

For the year ended 31 October 2023

1 ACCOUNTING POLICIES (CONTINUED)

Contract revenue, receivables and liabilities

Long-term contracts for software solutions often contain multiple elements such as software, support, services, hosting and/or managed services.

Where there is a need to unbundle a software solution into its constituent elements, software industry benchmarks are applied.

Recognition of revenue on the software and services elements of longer-term contracts will be driven by IFRS 15 treatment whereby revenue is recognised in line with agreed delivery performance obligation milestones as control passes to the customer. The remaining elements will be considered distinct performance obligations with revenue recognised over the course of the contract.

Contract receivables are recognised when performance obligations are discharged under a contractual arrangement to the customer but have not been invoiced. Once the invoicing does occur a trade receivable is recognised, and the contract receivable is derecognised.

Contract liabilities arise when invoicing occurs in advance of performance obligations being discharged. The revenue associated with the invoicing is deferred until such time as the performance obligation is delivered.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers have been identified as the Board of Directors.

Discontinued operations and held for sale

Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Subsidiary Audit Exemption

Idox Software Limited (02933889), Idox Trustees Limited (04111557), thinkWhere Limited (SC315349), exeGesIS Spatial Data Management Ltd (03743089), EIM Group Ltd (14035375), LandHawk Software Services Limited (11973310), and Emapsite.com Limited (03931726) are exempt from the provisions of Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A.

Goodwill

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Cash-generating units to which goodwill has been allocated are tested for impairment biannually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Goodwill is carried at cost less accumulated impairment losses. Unallocated goodwill on acquisitions relates mainly to workforce valuation, synergies and economies of scale obtained on combining acquisitions with existing operations.

Goodwill written off to reserves prior to the date of transition to IFRS remains in reserves. There is no re-instatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

1 ACCOUNTING POLICIES (CONTINUED)

Other intangible assets

Intangible assets with a finite useful life are amortised to the consolidated statement of comprehensive income on a straight-line basis over their estimated useful lives, which are reviewed on an annual basis. Amortisation commences when the asset is available for use. The residual values of intangible assets are assumed to be zero.

(i) Research and development

Expenditure on research (or the research phase of an internal project) is recognised in profit or loss in the period in which it is incurred. Development costs incurred are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed in profit or loss as incurred. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Amortisation commences upon completion of the asset.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors.

Amortisation is calculated using the straight-line method over a period of up to 5 years.

(ii) Customer relationships

Customer relationships represent the purchase price of customer lists and contractual relationships purchased on the acquisition of subsidiaries. These relationships are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over a period of 20, 10 or 5 years.

(iii) Trade names

Trade names represent the named intangible asset recognised on the acquisition of these trade names are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over a period of between 5 and 20 years.

(iv) Software

Software represents the purchase price of developed products either acquired as part of the acquisition of subsidiaries or procured directly from a vendor. The software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over a period of between 3 and 10 years.

(v) Order backlog

Order backlog includes the managed service contracts and subscription deferred revenue purchased on the acquisition of subsidiaries. Amortisation on the managed service deferred revenue is calculated based on the weighting and length of each contract purchased. Amortisation on the subscription deferred revenue is calculated using the straight-line method over a period up to 5 years.

Notes to the accounts (continued)

For the year ended 31 October 2023

1 ACCOUNTING POLICIES (CONTINUED)

Impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually.

All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill.

Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged to the statement of comprehensive income using the following rates and bases so as to write off the cost or valuation of items of property, plant and equipment over their expected useful lives. The rates that are generally applicable are:

- | | |
|------------------------------------|---------------------------|
| • Computer hardware | 25% and 50% straight line |
| • Fixtures, fittings and equipment | 25% straight line |
| • Library books and journals | 33.3% straight line |

Useful economic lives and residual values are reviewed annually.

Employee benefits

Defined contribution pension plans

Contributions paid to pension plans of employees are charged to the statement of comprehensive income in the period in which they become payable.

Employee Share Investment Trust

The cost of Xtra shares purchased are amortised using the straight-line method over a period of 3 years and is included in finance costs.

Share-based payment transactions

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee.

This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to the share option reserve.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to reserves.

Notes to the accounts (continued)

For the year ended 31 October 2023

1 ACCOUNTING POLICIES (CONTINUED)

Reserves

Equity comprises the following:

- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Capital redemption reserve" represents when the entire deferred ordinary share capital was bought in exchange for one ordinary 1p share.
- "Other reserves" arose as a result of:
 - a Group reconstruction that occurred on 17 November 2000. This represents the issued share capital and share premium account in the Company's subsidiary undertaking, Idox Software Limited;
 - Share premium arising on consideration shares issued on the acquisition of 6PM Holdings plc and Halarose Holdings Limited; and
 - The merger relief reserve of £1.6m arising as a result of the purchase of Aligned Assets Limited and LandHawk Software Services Limited.
- "Share options reserve" represents shares to be issued on potential exercise of those share options that have been accounted for under "IFRS 2 Share Based Payments".
- "ESOP trust" represents share capital purchased to satisfy the obligation of the employee share scheme. Purchased shares are classified within the ESOP trust reserve and the cost of shares purchased are presented as a deduction from total equity.
- "Retained earnings / (accumulated losses)" represents retained profits / (losses).
- "Treasury reserve" represents shares repurchased by the Company to be held for redistribution as share options. The cost of treasury shares is debited to the Treasury reserve.
- "Foreign currency translation reserve" represents exchange gains and losses on translation of foreign operations.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is charged to profit or loss except where it relates to tax on items recognised in other comprehensive income or directly in equity, in which case it is charged to equity or other comprehensive income.

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

In addition, tax losses available to be carried forward as well as other income credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they relate to items that are charged or credited directly to other comprehensive income or equity in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity.

Research and development tax credits

The UK tax regime permits additional tax relief for qualifying expenditure incurred on research and development. The Research and Development Expenditure Credit (RDEC) Scheme has been adopted, which permits a tax credit of 20% of qualifying expenditure for companies classified as large. The Group is considered large for research and development tax credit purposes owing to a headcount of over 500.

1 ACCOUNTING POLICIES (CONTINUED)

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. This expense is presented within administration expenses in the statement of comprehensive income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at a single discount rate to a portfolio of leases with reasonably similar characteristics.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments; and
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Notes to the accounts (continued)

For the year ended 31 October 2023

1 ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Impairment policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Dividend distributions

Interim dividends in respect of equity shares are recognised in the financial statements in the period in which they are paid.

Final dividends in respect of equity shares are recognised in the financial statements in the period that the dividends are formally approved.

Foreign currency translation

The functional and presentation currency of Idox plc and its United Kingdom subsidiaries is the pound sterling (£). Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

In the consolidated financial statements, the assets and liabilities of non-sterling functional currency subsidiaries, are translated into pound sterling at the rate of exchange ruling at the balance sheet date. The results of non-sterling functional currency subsidiaries are translated into pound sterling using average rates of exchange.

Exchange adjustments arising are taken to the foreign currency translation reserve and reported in other comprehensive income. There is no tax impact on these adjustments.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

The Group has a hold-to-collect business model in respect of financial assets held at amortised cost. The objective of the 'hold to collect' business model is, in most cases, to hold financial assets to collect their contractual cash flows, rather than with a view to selling the assets to generate cash flows.

Financial assets

Financial assets are classified according to the substance of the contractual arrangements entered into.

Trade and other receivables

The entity always recognises lifetime expected credit losses (ECL) for trade receivables, and contract assets, and ECL are estimated using a provision matrix based on the Group's historical credit loss experience.

Trade receivables do not carry any interest and are initially stated at their fair value, as reduced by appropriate credit losses for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on deposit with a maturity of three months or less from inception and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its financial liabilities.

Notes to the accounts (continued)

For the year ended 31 October 2023

1 ACCOUNTING POLICIES (CONTINUED)

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the committed term, excluding any optional extensions of the instrument using an effective rate of interest.

Bonds in issue

Bonds in issue are recorded initially at fair value, net of direct transaction costs. The bonds are subsequently carried at their amortised cost and finance charges are recognised in profit or loss over the term of the instrument using an effective rate of interest.

Trade and other payables

Trade and other payables are not interest-bearing, these are initially stated at their fair value and subsequently at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2 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.

Notes to the accounts (continued)

For the year ended 31 October 2023

2 SEGMENTAL ANALYSIS (CONTINUED)

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
	<u>73,277</u>	<u>66,184</u>

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	<u>9,622</u>	<u>8,898</u>
Recurring revenues	<u>43,619</u>	<u>40,546</u>
Non-recurring revenues – LPPP	19,108	13,155
Non-recurring revenues – Assets	5,153	5,105
Non-recurring revenues – Communities	<u>5,397</u>	<u>7,378</u>
Non-recurring revenues	<u>29,658</u>	<u>25,638</u>
	<u>73,277</u>	<u>66,184</u>
Revenue from sale of goods	43,190	41,023
Revenue from rendering of services	<u>30,087</u>	<u>25,161</u>
	<u>73,277</u>	<u>66,184</u>

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.

Notes to the accounts (continued)

For the year ended 31 October 2023

2 SEGMENTAL ANALYSIS (CONTINUED)

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.

Notes to the accounts (continued)

For the year ended 31 October 2023

2 SEGMENTAL ANALYSIS (CONTINUED)

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.

Notes to the accounts (continued)

For the year ended 31 October 2023

3 OPERATING PROFIT FOR THE YEAR

Continuing operating profit for the year has been arrived at after charging:

	2023 £000	2022 £000
Auditor's remuneration:		
Fees payable to the Company Auditor for the audit of the parent Company and consolidated annual accounts	18	16
The audit of the Company's subsidiaries, pursuant to legislation	332	312
	<u>350</u>	<u>328</u>
Depreciation – owned	957	848
Depreciation – right-of-use assets	679	749
Amortisation:		
Software licences	116	551
Research & development	5,581	4,766
Acquired intangibles – customer relationships	1,673	1,513
Acquired intangibles – trade names	363	423
Acquired intangibles – software	1,586	1,734
Equity-settled share-based payments	<u>2,631</u>	<u>2,584</u>

Restructuring costs

Restructuring costs for continuing operations were £0.4m (2022: £0.5m). £0.3m of the balance relates to Group structure simplification (2022: £0.5m) and £0.1m relates to property costs following the relocation of the Group's head office (2022: £Nil).

4 DIRECTORS AND EMPLOYEES

	2023 £000	2022 £000
Staff costs during the year were as follows:		
Wages and salaries	34,201	30,109
Social security costs	3,496	3,524
Pension costs	<u>1,493</u>	<u>1,372</u>
	<u>39,190</u>	<u>35,005</u>

In addition, during the year share-based payment charges of £2,631,000 (2022: £2,584,000) were incurred.

During the year, the Group incurred redundancy costs to former employees of £147,000 (2022: £71,000).

The average number of employees of the Group during the year was 626 (2022: 578). This was made up as follows:

	2023 No.	2022 No.
Office and administration (including Directors of the Company and its subsidiary undertakings)	82	72
Sales	81	74
Development	206	154
Operations	<u>257</u>	<u>278</u>
	<u>626</u>	<u>578</u>

The average number of Directors of the Group during the year was 5 (2022: 5).

Remuneration in respect of Directors was as follows:

	2023 £000	2022 £000
Emoluments	1,285	1,014
Pension contributions	<u>-</u>	<u>4</u>
	<u>1,285</u>	<u>1,018</u>

Notes to the accounts (continued)

For the year ended 31 October 2023

4 DIRECTORS AND EMPLOYEES (CONTINUED)

In addition to the remuneration stated above, the Group incurred social security costs in respect of Directors of £171,000 (2022: £430,000).

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2023 £000	2022 £000
Aggregate emoluments	628	506
Pension contributions	-	-
	<u>628</u>	<u>506</u>

During the prior year the highest paid Director exercised share options, no other directors exercised share options.

During the year, the Group incurred social security costs in respect of the highest paid Director of £87,000 (2022: £363,000).

Details of the remuneration for each Director are included in the remuneration section, which can be found on pages 43 to 44 but does not form part of the audited accounts.

5 ACQUISITION COSTS

All acquisition related costs are expensed in the period incurred rather than added to the cost of investment. Acquisition costs in the previous year relate to the acquisition of LandHawk Software Services Limited and the fair value loss associated with the payment of the deferred consideration on Aligned Assets. The current year costs are relating to the acquisition of Emapsite.com Limited on 18 August 2023. The current year also contains the fair value movement associated with the payment of the final deferred consideration instalments on Aligned Assets (£159,000) and exeGesIS (£220,000), as a result of the unwind of discounting.

Acquisition costs	2023 £000	2022 £000
Acquisition costs	746	183
	<u>746</u>	<u>183</u>

6 FINANCE INCOME AND COSTS

	2023 £000	2022 £000
Interest receivable	80	73
Other income	4	24
Foreign exchange differences	135	-
Finance income	<u>219</u>	<u>97</u>
Bank interest payable	(882)	(436)
Bond interest payable	(583)	(575)
Effective interest rate adjustment	361	(315)
Non-utilisation fees	(186)	(174)
Amortisation of employee equity scheme shares	(166)	(140)
Amortisation of bank fees	(213)	(119)
Lease liability interest	(74)	(95)
Foreign exchange differences	-	(299)
Finance costs	<u>(1,743)</u>	<u>(2,153)</u>

Notes to the accounts (continued)

For the year ended 31 October 2023

7 DIVIDENDS

The Directors have proposed the payment of a final dividend of 0.6p per share, which would amount to £2,737,112. During the year a dividend of £2,267,744 was paid in relation to the FY22 final dividend of 0.5p (2022: £1,784,162 was paid in relation to the FY21 final dividend of 0.4p).

8 INCOME TAX

The tax charge is made up as follows:

	2023 £000	2022 £000
Current tax		
UK corporation tax on profit for the year	2,846	2,022
Over provision in respect of prior periods	(90)	(181)
Total current tax	2,756	1,841
Deferred tax		
Origination and reversal of temporary differences	(726)	(775)
Adjustment for rate change	7	(141)
Adjustments in respect of prior periods	201	66
Total deferred tax	(518)	(850)
Total tax charge	2,238	991

The differences between the total tax charge above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax, together with the impact on the effective tax rate, are as follows:

	2023 £000	% ETR movement	2022 £000	% ETR movement
Profit before taxation on total operations	7,820		6,035	
Profit multiplied by the standard rate of corporation tax in the UK of 22.52% (2022: 19%)	1,761	22.52	1,147	19.00
Effects of:				
Share option deduction	(91)	(1.17)	(255)	(4.23)
Tax losses utilised in year	-	-	(169)	(2.80)
International losses not recognised	260	3.33	316	5.24
Other timing differences	-	-	1	0.01
Expenses not deductible for tax purposes	238	3.04	269	4.46
Prior year under / (over) provision	111	1.42	(205)	(3.40)
Non-taxable income	-	-	(85)	(1.40)
Adjustment for tax rate differences	-	-	20	0.34
Foreign tax suffered	(48)	(0.62)	93	1.54
Tax rate change	7	0.09	(141)	(2.34)
	2,238	28.61	991	16.42

The difference between the statutory rate of 22.5% and the ETR of 28.6% is mainly due to international losses not deductible in the period and not recognised and expenses not deductible for tax purposes.

Notes to the accounts (continued)

For the year ended 31 October 2023

8 INCOME TAX (CONTINUED)

Movement on trading losses during 2023 are as follows:

	UK unrelieved trading losses £000	Foreign unrelieved trading losses £000	Total unrelieved trading losses £000	Tax effect £000
Recognised trading losses				
As at 1 November 2022	815	-	815	204
Impact of rate change	541	-	541	135
Utilised during the year	(231)	-	(231)	(58)
	<u>1,125</u>	<u>-</u>	<u>1,125</u>	<u>281</u>
Unrecognised trading losses				
Losses not recognised	(44)	(15,749)	(15,793)	(5,198)
	<u>(44)</u>	<u>(15,749)</u>	<u>(15,793)</u>	<u>(5,198)</u>

For comparative purposes, movement on trading losses during 2022 were as follows:

	UK unrelieved trading losses £000	Foreign unrelieved trading losses £000	Total unrelieved trading losses £000	Tax effect £000
Recognised trading losses				
As at 1 November 2021	1,070	-	1,070	203
Impact of rate change	-	-	-	65
Utilised during the year	(255)	-	(255)	(64)
	<u>815</u>	<u>-</u>	<u>815</u>	<u>204</u>
Unrecognised trading losses				
Losses not recognised	(59)	(12,965)	(13,024)	(4,342)
	<u>(59)</u>	<u>(12,965)</u>	<u>(13,024)</u>	<u>(4,342)</u>

The UK trading losses remaining unrecognised at the end of the year relate to brought-forward losses in respect of loss-making trades. The closing unrecognised losses of £15,793,000 relate to Malta, the UK and France. The decision was made to maintain derecognition of these assets on the basis these losses will not be utilised over the next three to five years. Across the year the total deferred tax asset in respect of unrelieved trading losses increased from £204,000 to £281,000. There are no expiry dates for any of the unrelieved trading losses carried forward.

Notes to the accounts (continued)

For the year ended 31 October 2023

9 DISCONTINUED OPERATIONS

There were no discontinued operations during the year. In 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. The loss on disposal reported in the prior year relates to the finalisation of balances in connection with these disposals.

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

	2023 £000	2022 £000
Revenue	-	-
Expenses	-	-
Loss on disposal	-	(567)
Loss before tax	-	(567)
Attributable tax expense	-	-
Net loss attributable to discontinued operations	-	(567)

During the year, Content contributed £Nil (2022: £0.1m) to the Group's net operating cash flows and incurred £Nil (2022: £0.1m contributed) in respect of investing and financing activities.

10 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

Notes to the accounts (continued)

For the year ended 31 October 2023

10 EARNINGS PER SHARE (CONTINUED)

	2023 £000	2022 £000
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	<u>11,917</u>	<u>11,015</u>
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	<u>5,582</u>	<u>5,044</u>
Basic earnings per share		
Weighted average number of shares in issue	<u>449,016,841</u>	<u>443,413,006</u>
Basic earnings per share	<u>1.24p</u>	<u>1.14p</u>
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	<u>455,580,675</u>	<u>452,049,942</u>
Diluted earnings per share		
Diluted earnings per share	<u>1.23p</u>	<u>1.11p</u>

Notes to the accounts (continued)

For the year ended 31 October 2023

11 PROPERTY, PLANT AND EQUIPMENT

	Computer hardware £000	Fixtures, fittings and equipment £000	Library books and journals £000	Total £000
Cost				
At 1 November 2021	5,581	1,054	25	6,660
Foreign exchange	25	4	-	29
Additions	914	3	1	918
Disposals	(4)	(27)	-	(31)
At 31 October 2022	6,516	1,034	26	7,576
Foreign exchange	(21)	(1)	-	(22)
Additions	891	-	-	891
Additions on acquisitions	18	13	-	31
At 31 October 2023	7,404	1,046	26	8,476
Depreciation				
At 1 November 2021	4,323	1,008	22	5,353
Foreign exchange	23	-	-	23
Provided in the year	824	22	2	848
Disposals	(4)	(24)	-	(28)
At 31 October 2022	5,166	1,006	24	6,196
Foreign exchange	(16)	-	-	(16)
Provided in the year	934	22	1	957
At 31 October 2023	6,084	1,028	25	7,137
Net book amount at 31 October 2023	1,320	18	1	1,339
Net book amount at 31 October 2022	1,350	28	2	1,380

The Group has pledged the above assets to secure banking facilities granted to the Group.

Notes to the accounts (continued)

For the year ended 31 October 2023

12 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. Further information on these fair value adjustments is provided in note 26.

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

Notes to the accounts (continued)

For the year ended 31 October 2023

12 INTANGIBLE ASSETS (CONTINUED)

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.

Notes to the accounts (continued)

For the year ended 31 October 2023

13 DEFERRED TAX

Deferred tax assets and liabilities are summarised as follows:

	2023 £000	2022 £000
Deferred tax assets	2,541	2,679
Deferred tax liabilities (non-current)	(7,519)	(6,086)
	(4,978)	(3,407)

The movement in the year in the net deferred tax provision was as follows:

	2023 £000	2022 £000
At 1 November	(3,407)	(2,956)
Credit to income for the year	725	775
Recognised on acquisition	(2,287)	-
Adjustment for changes in rate	-	141
Adjustment to prior year provision	(201)	(66)
Balance sheet reallocations	-	74
Arising on acquisition	192	(1,375)
At 31 October	(4,978)	(3,407)

The movement in deferred income tax assets and liabilities during the year is as follows:

	Share-based payments £000	Other temporary differences £000	Losses carried forward £000	Accelerated tax depreciation £000	IFRS 15 £000	Total deferred tax asset £000
At 1 November 2021	1,634	41	203	401	344	2,623
(Charge) / credit to income	(167)	(9)	1	374	(143)	56
At 31 October 2022	1,467	32	204	775	201	2,679
At 1 November 2022	1,467	32	204	775	201	2,679
Acquisition	-	-	192	-	-	192
Credit / (charge) to income	214	109	(115)	(360)	(178)	(330)
At 31 October 2023	1,681	141	281	415	23	2,541

	Other temporary differences £000	Acquired intangibles £000	Associated deferred tax asset recognised £000	Total deferred tax liability £000
At 1 November 2021	(14)	(5,565)	-	(5,579)
Acquisitions	-	(1,375)	-	(1,375)
Credit to income	14	854	-	868
At 31 October 2022	-	(6,086)	-	(6,086)
At 1 November 2022	-	(6,086)	-	(6,086)
Acquisitions	-	(2,287)	-	(2,287)
Credit to income	-	854	-	854
At 31 October 2023	-	(7,519)	-	(7,519)

Deferred tax is recognised where there is evidence that there will be sufficient future profitability of Group companies in the required jurisdictions to utilise the unrelieved losses or timing difference that gives rise to the deferred tax. Such evidence includes profitability of these companies in the year, and an estimate on future profitability based on budgeted future financial performance. The deferred tax asset in relation to the share-based payments has been capped at the amount of the estimated future tax deduction.

The Group's deferred income tax assets and liability relate to different legal entities therefore there is no right to offset of these balances.

Notes to the accounts (continued)

For the year ended 31 October 2023

14 FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The disclosures detailed below are as required by IFRS 7 - Financial Instruments: Disclosures. The carrying amounts presented on the Consolidated Balance Sheet relate to the following categories of assets and liabilities:

Financial assets	Note	2023 £000	2022 £000
Financial assets measured at amortised cost:			
Non-current:			
Other receivables	15	1,201	-
		<u>1,201</u>	<u>-</u>
Current:			
Trade receivables, net	15	8,177	5,555
Other receivables	15	1,853	2,788
Contract receivables	15	8,413	6,521
Cash and cash equivalents	16	14,824	13,864
		<u>33,267</u>	<u>28,728</u>
Financial liabilities	Note	2023 £000	2022 £000
Financial liabilities measured at amortised cost:			
Non-current:			
Lease liabilities	25	958	1,265
Bonds in issue	20	11,207	11,325
Bank borrowings	21	18,291	9,201
		<u>30,456</u>	<u>21,791</u>
Current:			
Trade and other payables	17	8,058	6,811
Other liabilities	18	3,277	1,608
Lease liabilities	25	220	545
		<u>11,555</u>	<u>8,964</u>
Financial liabilities measured at fair value through profit or loss:			
Non-current:			
Other liabilities*	18	-	-
		<u>-</u>	<u>-</u>
Current:			
Other liabilities*	18	869	2,271
		<u>869</u>	<u>2,271</u>

*Hierarchy 3 being inputs for the asset or liability which are not based on observable market data. The liability relates to deferred consideration on the acquisition of Emapsite.com Limited in the current year and Aligned Assets Limited and exeGesIS Spatial Data Management Ltd in the prior year.

Notes to the accounts (continued)

For the year ended 31 October 2023

14 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The Group's financial liabilities per the fair value hierarchy classifications under IFRS 13 - Financial Instruments: Disclosures are described below:

Category of financial liability	Fair value at 31 October 2023 £000	Level in hierarchy	Description of valuation technique	Inputs used for financial model	Total losses recognised in income statement £000
Contingent consideration due on acquisitions	869	3	Discount rate applied to establish the time value of money using post tax cost of debt. The only sensitivity would be on a material change in the discount rate which we do not believe to be appropriate in this case given the short time frame expected for settlement.	Management estimate on probability and timescale payment criteria being fulfilled.	(379)

There have been no changes to valuation techniques in the year.

The contingent consideration on Emapsite is held back to cover a contingent liability relating to pre-acquisition, and the balance will be paid in cash upon settlement of this liability.

The below table shows the reconciliation between the opening and closing amounts of the contingent consideration:

	Opening £000	Additions £000	FV through Income Statement £000	Settlement £000	Closing £000
Aligned Assets	841	-	159	(1,000)	-
Exegesis	1,430	-	220	(1,650)	-
Emapsite	-	869	-	-	869
	<u>2,271</u>	<u>869</u>	<u>379</u>	<u>(2,650)</u>	<u>869</u>

15 TRADE AND OTHER RECEIVABLES

	2023 £000	2022 £000
Trade receivables, gross	8,345	5,560
Allowance for credit losses	(168)	(5)
Trade receivables, net	<u>8,177</u>	<u>5,555</u>
Other receivables	1,853	2,788
Contract receivables	8,413	6,521
Financial assets	<u>18,443</u>	<u>14,864</u>
Prepayments	3,008	3,048
Non-financial assets	<u>3,008</u>	<u>3,048</u>
Trade and other receivables due within one year	<u>21,451</u>	<u>17,912</u>
Other receivables	1,201	-
Other receivables due after one year	<u>1,201</u>	<u>-</u>

Total trade receivables (net of allowances) held by the Group at 31 October 2023 amounted to £8,177,000 (2022: £5,555,000).

Contained within other receivables due within one year is an indemnification asset of £100,000 in relation to acquisitions.

Notes to the accounts (continued)

For the year ended 31 October 2023

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables due after one year relates to a loan note held as a result of the sale of the Netherlands Grants Consultancy operations April 2021. It is repayable upon the sell on of the business by the acquirers.

The carrying amount of trade and other receivables approximates to their fair value, which has been calculated based on expectations of debt recovery, impairment provision calculations are based on historic performances.

The following table sets out expected credit losses of gross trade receivables at 31 October. In addition to the expected credit losses below, an increase of £168,000 (2022: £5,000) of specific bad debts have been included within the expected credit losses balance that the Group has deemed appropriate to provide for.

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	>90 days past due	Total
2023						
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Expected total gross carrying amount at default (£000)	6,224	1,288	269	34	530	8,345
Lifetime ECL at 31 October 2023	-	-	-	-	-	-
2022						
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Expected total gross carrying amount at default (£000)	4,497	618	93	123	229	5,560
Lifetime ECL 31 October 2022	-	-	-	-	-	-

We have £14,234 of expected credit loss scenarios in relation to specific bad debts in respect of our contract assets which are in respect of local authority entities. We define an event of default as when the customer has communicated that they will not be able to pay the balances due.

Trade receivables are reviewed regularly for impairment and judgement made as to any likely impairment based on historic trends and the latest communication with customers.

Contract receivables represent work completed and delivered to the customer but due to the contractual payment terms have not yet been invoiced. £8,239,000 (2022: £5,479,000) of the gross balance, before net off, is in relation to deferred payment deals on local authority contracts, which typically have three to five year payment terms.

All of the closing Group trade receivables are in UK sterling with the exception of:

	2023	2022
Euros	€1,077,598	€517,515
Australian Dollars	-	AUD37,400
US Dollars	\$1,054,397	\$711,841
Canadian Dollars	CAD318,702	CAD7,688

Credit quality of financial assets

The maximum exposure for the Group to credit risk for trade receivables at the reporting date by type of customer was:

	2023 £000	2022 £000
Local authorities and other public bodies	3,624	3,755
Private companies	4,721	1,805
	<u>8,345</u>	<u>5,560</u>

Notes to the accounts (continued)

For the year ended 31 October 2023

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing of trade receivables at the reporting date for the Group was:

	Gross 2023 £000	Impairment 2023 £000	Gross 2022 £000	Impairment 2022 £000
Not past due	6,196	-	4,497	-
Past due 0 to 30 days	1,286	-	618	-
Past due 31 to 60 days	268	-	93	-
More than 60 days	595	168	352	5
	8,345	168	5,560	5

Movements in the provision for impairment of receivables for the Group were as follows:

	2023 £000	2022 £000
At 1 November	5	70
Charge for the year	165	10
Utilised	(2)	(75)
At 31 October	168	5

The provision allowance in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amounts are considered irrecoverable and are written off against the trade receivable directly. Where trade receivables are past due, an assessment is made of individual customers and the outstanding balance.

16 CASH AND CASH EQUIVALENTS

	2023 £000	2022 £000
Cash at bank and in hand	14,824	13,864
Cash and cash equivalents per cash flow statements	14,824	13,864

The credit quality of the holders of the cash at bank is A+ and A rated.

17 TRADE AND OTHER PAYABLES

	2023 £000	2022 £000
Trade payables	3,417	3,469
Accruals	4,641	3,342
	8,058	6,811

The carrying values of trade and other payables are considered to be reasonable approximations of fair value. Accruals represent liabilities which have been recognised at the balance sheet date. The majority of these will be paid during the next six months.

Notes to the accounts (continued)

For the year ended 31 October 2023

18 OTHER LIABILITIES

	2023 £000	2022 £000
Social security and other taxes	2,501	1,906
Other payables – deferred consideration	869	2,271
Other payables	3,277	1,608
Contract liabilities	21,050	19,937
Other Liabilities payable within one year	27,697	25,722
Contract liabilities	2,236	1,038
Other Liabilities payable after one year	2,236	1,038

Contract liabilities represents software revenue, where billing milestones have been reached but the appropriate proportion of work has not been completed, and maintenance, managed service and subscription revenues that are spread over the period, typically one year, for which the service is supplied. Of the £20,975,000 contract liabilities present at 31 October 2022, £19,937,000 has been recognised as revenue in FY23.

19 PROVISIONS

	2023 £000	2022 £000
At 1 November	453	1,433
Provision made during the year	641	473
Provision utilised during the year	(505)	(1,453)
At 31 October	589	453

The constituent parts of the provision at 31 October is as follows:

	2022 £000	Provisions made in year £000	Provisions utilised in year £000	2023 £000
Holidays earned but not yet taken by employees	453	460	(453)	460
Costs associated with previous properties	-	81	(52)	29
Costs associated with acquisitions	-	100	-	100
	453	641	(505)	589

Of the full provision, £489,000 is expected to be payable during the year ending 31 October 2024. Of the prior year provision (£453,000) £453,000 was payable within one year.

20 BONDS IN ISSUE

Bonds in issue are measured at amortised cost.

	2023 £000	2022 £000
130,000 bonds at €100 each	11,207	11,325
	11,207	11,325

The bonds were acquired following the acquisition of 6PM Holdings plc. The bonds were issued in 2015 at a nominal value of €100 each bearing interest at 5.1% per annum. They are redeemable at par value in 2025. Interest on the bonds is paid annually in arrears in July.

The bonds are listed on the Official Companies List of the Malta Stock Exchange. At 31 October 2023 the bond was trading at 99% (2022: 101%) which equates to a fair value of £11,163,000 (2022: £11,525,000).

Notes to the accounts (continued)

For the year ended 31 October 2023

21 BORROWINGS

All borrowings are held at amortised cost and after set-off for unamortised loan facility fees:

	2023 £000	2022 £000
Current:		
Bank borrowings	-	-
Non-current:		
Bank borrowings	18,291	9,201
Total borrowings	18,291	9,201

Reconciliation of liabilities arising from financing activities:

	Lease liability £000	Bonds in issue £000	Long-term borrowings £000	Short-term borrowings £000	Total £000
As at 1 November 2021	2,474	10,998	15,394	-	28,866
<i>Cash movements:</i>					
Payments on lease liability	(927)	-	-	-	(927)
Repayment of borrowings	-	-	(9,100)	-	(9,100)
New loans	-	-	2,500	-	2,500
Interest paid	-	(560)	(437)	-	(997)
<i>Non-cash movements:</i>					
Lease liability additions	165	-	-	-	165
Movement in lease interest	95	-	-	-	95
Movement in foreign exchange rate	3	300	-	-	303
Other non-cash movements	-	587	844	-	1,431
As at 31 October 2022	1,810	11,325	9,201	-	22,336
<i>Cash movements:</i>					
Payments on lease liability	(936)	-	-	-	(936)
Repayment of borrowings	-	-	(30,000)	-	(30,000)
New loans	-	-	39,706	-	39,706
Interest paid	-	(628)	(811)	-	(1,439)
<i>Non-cash movements:</i>					
Lease liability additions	231	-	-	-	231
Movement in lease interest	74	-	-	-	74
Movement in foreign exchange rate	(1)	(135)	-	-	(136)
Other non-cash movements	-	645	195	-	840
As at 31 October 2023	1,178	11,207	18,291	-	30,676

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 £45m accordion facility (2022: £35m revolving credit facility and £10m accordion facility) and are committed until October 2026.

During the period the loan was held, the average interest rate was 5.51% (2022: 2.98%).

Notes to the accounts (continued)

For the year ended 31 October 2023

21 BORROWINGS (CONTINUED)

There are unamortised loan fees of £437,500 (2022: £199,000) at the balance sheet date.

An accounting adjustment of (£378,000) (2022: £288,000) has been processed during the period to take into account the effective rate of interest on the bank facilities.

As security for the above loans, National Westminster Bank plc, HSBC Innovation Bank Limited and Santander UK plc hold a fixed and floating charge over the assets of Idox plc and certain subsidiaries, a guarantee supported by Idox plc and certain subsidiaries and a share pledge in respect of the entire issued share capital of each subsidiary company.

The Directors estimate that the fair value of the Group's borrowing is not significantly different to the carrying value.

22 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, short-term deposits, bonds and bank borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments, which mainly comprise trade receivables and trade payables that arise directly from its operations.

Risk management is carried out by the finance department under policies approved by the Board. The Group's finance department identifies, evaluates and manages financial risks.

The Board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Board has evaluated the risks and is satisfied that the risk management objectives are met.

The impact of the risks required to be discussed under IFRS 7 are detailed below:

Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the operations. The Group has minimal exposure to foreign exchange risk as a result of natural hedges arising between sales and cost transactions.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk in respect of cash balances held with banks and other highly rated counterparties.

The Group's main interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2023 and 2022, all the Group's borrowings at variable rates were denominated in UK Sterling. The average interest rate during the year ended 31 October 2023 was 5.51% (2022: 2.98%). Interest payable in the year was £882,000 (2022: £436,000). If the average interest rate during the year had been 1% different, this would have had an impact of £160,000 (2022: £146,000) on the interest payable during the year.

Credit risk

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2023 £000	2022 £000
Classes of financial assets – carrying amounts		
Cash and cash equivalents	14,824	13,864
Trade receivables	8,177	5,555
Contract receivables	8,413	6,521
Other receivables	1,853	2,788
Financial assets	33,267	28,728

Credit risk is managed on a Group basis. Credit risks arise from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

22 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Group's credit risk is primarily attributable to its trade receivables. It is the policy of the Group to present the amounts in the balance sheet net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Group reviews the reliability of its customers on a regular basis and these reviews take into account the nature of the Group's trading history with the customer.

The credit risk on liquid funds is limited because the majority of funds are held with banks with high credit-ratings assigned by international credit-rating agencies. Management does not expect any losses from non-performance of these counterparties.

None of the Group's financial assets are secured by collateral or other credit enhancements.

Liquidity risk

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis, to ensure that it has sufficient funds to meet obligations of the Group as they fall due.

The Board receives regular debt management forecasts, which estimate the cash inflows and outflows over the next twelve months, so that management can ensure that sufficient financing is in place as it is required.

Detailed analysis of the debt facilities taken out and available to the Group are disclosed in note 21.

As at 31 October 2023, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Within 1 month £000	Current 1 - 3 months £000	3 - 12 months £000	Non-current 1 - 5 years £000	Later than 5 years £000
Bonds in issue	-	-	575	11,782	-
Bank borrowings	105	217	961	21,183	-
Trade and other payables	7,480	578	-	-	-
Deferred consideration	-	-	1,000	-	-
Lease liabilities	37	74	331	984	44

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

	Within 1 month £000	Current 1 - 3 months £000	3 - 12 months £000	Non-current 1 - 5 years £000	Later than 5 years £000
Bonds in issue	-	-	582	12,489	-
Bank borrowings	30	63	276	9,633	-
Trade and other payables	6,541	270	-	-	-
Deferred consideration	1,650	500	500	-	-
Lease liabilities	53	106	477	1,199	148

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Notes to the accounts (continued)

For the year ended 31 October 2023

22 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital for the reporting periods under review is summarised as follows:

	2023 £000	2022 £000
Total equity	73,277	67,416
Less unrestricted cash and cash equivalents (note 16)	(14,824)	(13,864)
	<u>58,453</u>	<u>53,552</u>
Total equity	73,277	67,416
Bonds in issue (note 20)	11,207	11,325
Borrowings (note 21)	18,291	9,201
	<u>102,775</u>	<u>87,942</u>
Capital-to-overall-financing ratio	0.57	0.61

23 SHARE CAPITAL

	2023 £000	2022 £000
Authorised:		
650,000,000 ordinary shares of 1p each	<u>6,500</u>	<u>6,500</u>
Allotted, called up and fully paid:		
As at 1 November	4,525	4,469
Issued and allotted during the year	<u>37</u>	<u>56</u>
456,185,323 ordinary shares of 1p each (2022: 452,523,888)	<u>4,562</u>	<u>4,525</u>

Movement in issued share capital in the year

During the year to 31 October 2023, 20 employees exercised share options across 27 separate exercises. To satisfy the exercise of these transactions, the Company issued and allotted 2,032,767 new ordinary shares of 1p each.

The Company has one class of ordinary share which carries no right to fixed income.

At 31 October 2023, there were 4,111,059 (2022: 3,809,016) shares in issue under ESOP. During the year, the average issue share price was 65p (2022: 65p).

At 31 October 2023, there were no shares held in treasury (2022: 1,426,219).

24 SHARE OPTIONS

The Company has a share option scheme for all employees (including Directors). All share options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is typically annually from the date of grant, and at the discretion of the Board. Per the contractual agreements, the options are settled in equity once exercised.

An Employee Share Investment Trust is in place to allow employees a tax efficient way of investing in the Company. The Company purchases matching shares (Xtra shares) which become the property of the employee after a three-year vesting period.

Details of all share options over 1p Ordinary shares, falling within the measurement and recognition criteria of IFRS 2 - Share-based Payments and forming part of the unapproved share scheme, including their contractual life and exercise prices, are as follows:

At start of year	Granted	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
90,000	-	(10,000)	-	80,000	39.00p	Jul 2014	Jun 2024
125,000	-	-	-	125,000	50.00p	Apr 2016	Apr 2026
585,500	-	-	-	585,500	1.00p	Mar 2019	Mar 2029
<u>800,500</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>790,500</u>			

Notes to the accounts (continued)

For the year ended 31 October 2023

24 SHARE OPTIONS (CONTINUED)

The following table sets out the number of share options and associated weighted average exercise price (WAEP) outstanding during the year:

	2023		2022	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	800,500	12.92	800,500	12.92
Exercised during the year	(10,000)	39.00	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	790,500	12.59	800,500	12.92
Exercisable at the end of the year	790,500	12.59	800,500	12.92

The share options outstanding at the end of the year have a weighted average remaining contractual life of 4 years. The share options exercised during the year had a weighted average exercise price of 39.00p and a weighted average market price of 64.40p.

The Group recognised a total charge of £Nil (2022: £Nil) for equity-settled share-based payment transactions related to the unapproved share option scheme during the year. The charge of £Nil (2022: £Nil) related to share options granted and £Nil (2022: £Nil) related to share options exercised.

Long-Term Incentive Plan (LTIP)

During the year, 6,869,836 options were granted under the Long-Term Incentive Plan.

The Group recognised a total charge of £2,631,000 (2022: £2,584,000) for equity-settled share-based payment transactions related to the LTIP during the year. The total cost was in relation to outstanding share options and share options granted in the year. The weighted average exercise price of options exercised in the year was £Nil (2022: £Nil).

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

	2023 No.	2022 No.
Outstanding at the beginning of the year	16,978,852	15,557,052
Granted	6,869,836	6,460,939
Forfeited	(1,234,756)	(194,375)
Exercised	(3,448,983)	(4,844,764)
Outstanding at the end of the year	19,164,949	16,978,852
Exercisable at the end of the year	2,628,342	6,034,065

The fair values were calculated using a Monte-Carlo simulation and the following information:

Date of issue	Number granted No.	Weighted average share price Pence	Weighted average exercise price Pence	Expected volatility %	Expected life Years	Risk free rate %	Weighted average fair value at grant date £
Nov 22	2,551,540	60.6	-	35	3	3.314	0.287
Nov 22	883,378	60.6	-	35	3	3.314	0.334
Nov 22	3,434,918	60.6	-	35	3	3.314	0.606
	<u>6,869,836</u>						

Notes to the accounts (continued)

For the year ended 31 October 2023

25 LEASES

Right-of-use-assets	Buildings £000	Equipment £000	Total £000
Cost			
At 1 November 2021	3,505	306	3,811
Foreign exchange	21	-	21
Additions	165	-	165
At 1 November 2022	3,691	306	3,997
Foreign exchange	(19)	-	(19)
Additions	231	-	231
At 31 October 2023	3,903	306	4,209
Accumulated depreciation			
At 1 November 2021	1,218	230	1,448
Charge for the year	673	76	749
Foreign exchange	18	-	18
At 1 November 2022	1,909	306	2,215
Charge for the year	679	-	679
Foreign exchange	(18)	-	(18)
At 31 October 2023	2,570	306	2,876
Carrying amount at 31 October 2023	1,333	-	1,333
Carrying amount at 31 October 2022	1,782	-	1,782

The Group leases several assets including; buildings, and IT equipment. The average lease term is 5 years.

Two of the leases for property, cars and equipment expired in the current financial year. This resulted in £89,000 of the £231,000 additions to right-of-use-assets in FY23.

The maturity analysis of lease liabilities is presented below.

	2023 £000	2022 £000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use-assets	679	749
Interest expense on lease liabilities	74	95
	753	844
Lease liabilities		
	2023 £000	2022 £000
Analysed as:		
Non-current	958	1,265
Current	220	545
	1,178	1,810

Notes to the accounts (continued)

For the year ended 31 October 2023

25 LEASES (CONTINUED)

	2023 £000	2022 £000
Maturity analysis:		
Year 1	442	636
Year 2	352	375
Year 3	309	307
Year 4	218	299
Year 5	105	218
Onwards	44	148
	<u>1,470</u>	<u>1,983</u>
Impact of discounting	<u>(292)</u>	<u>(173)</u>
Carrying value	<u>1,178</u>	<u>1,810</u>

The Group does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes to the accounts (continued)

For the year ended 31 October 2023

26 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.

Notes to the accounts (continued)

For the year ended 31 October 2023

26 ACQUISITIONS (CONTINUED)

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)
	<u>(14,750)</u>
Cash to vendor per Emapsite acquisition note	<u>14,750</u>

27 CAPITAL COMMITMENTS

There were no material Group capital commitments at 31 October 2023 or 31 October 2022.

28 CONTINGENT LIABILITIES

There were no material Group contingent liabilities at 31 October 2023 or 31 October 2022.

29 RELATED PARTY TRANSACTIONS

Compensation paid to key management (which comprises the Executive Leadership Team and the Board) of the Group:

	2023 £000	2022 £000
Salaries and other short-term employee benefits including NIC	4,111	3,183
Post-employment benefits	95	80
Share-based payments	1,505	1,310
	<u>5,711</u>	<u>4,573</u>

During the year ended 31 October 2023, none of the Directors and eight members of the Executive Leadership Team exercised share options. One Director and two members of the Executive Leadership Team exercised share options in the year ended 31 October 2022.

Details of the remuneration for each Director are included in the remuneration section, which can be found on pages 43 to 44 but does not form part of the audited accounts.

30 POST BALANCE SHEET EVENTS

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

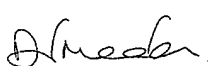
Company balance sheet

As at 31 October 2023

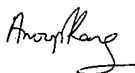
	Note	2023 £000	2022 £000
ASSETS			
Non-current assets			
Investments	6	134,832	115,175
Debtors: falling due after one year	7	1,201	
Total non-current assets		136,033	115,175
Current assets			
Debtors: falling due within one year	7	69	1,320
Cash at bank and in hand		4	1
Total current assets		73	1,321
Total assets		136,106	116,496
LIABILITIES			
Creditors: amounts falling due within one year	8	(46,972)	(43,331)
Net current liabilities		(46,899)	(42,010)
Total assets less current liabilities		89,134	73,165
Creditors amounts falling due after more than one year	9	(18,291)	(9,201)
Total liabilities		(65,263)	(52,532)
Net assets		70,843	63,964
Capital and reserves			
Called up share capital	10	4,562	4,525
Capital redemption reserve		1,112	1,112
Share premium account		41,558	41,556
Other reserve		7,871	7,451
Treasury reserve		-	(594)
Share option reserve		5,838	4,813
Retained earnings		9,902	5,101
Total shareholders' funds		70,843	63,964

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £6,495,000 (2022: £3,246,000 loss).

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 Company financial statements.

Company name: Idox plc

Company number: 03984070

Company statement of changes in equity

As at 31 October 2023

	Called-up share capital £000	Capital redemption reserve £000	Share premium account £000	Other reserve £000	Treasury reserve £000	Share option reserve £000	Retained earnings £000	Total £000
Balance at 1 November 2021	4,469	1,112	41,556	7,495	(594)	3,959	8,030	66,027
Issue of share capital	56	-	-	-	-	-	-	56
Share option costs	-	-	-	-	-	2,535	-	2,535
Exercise / lapses of share options	-	-	-	-	-	(1,681)	1,681	-
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	-	-	(44)	-	854	317	1,183
Loss for the year	-	-	-	-	-	-	(3,246)	(3,246)
Total comprehensive loss for the year	-	-	-	-	-	-	(3,246)	(3,246)
Balance at 31 October 2022	4,525	1,112	41,556	7,451	(594)	4,813	5,101	63,964
Issue of share capital	37	-	2	-	-	-	-	39
Share option costs	-	-	-	-	-	2,611	-	2,611
Exercise / lapses of share options	-	-	-	-	594	(1,586)	994	2
Reallocation of deferred consideration share exercise costs	-	-	-	420	-	-	(420)	-
Equity dividends paid	-	-	-	-	-	-	(2,268)	(2,268)
Transactions with owners	37	-	2	420	594	1,025	(1,694)	384
Profit for the year	-	-	-	-	-	-	6,495	6,495
Total comprehensive income for the year	-	-	-	-	-	-	6,495	6,495
Balance at 31 October 2023	4,562	1,112	41,558	7,871	-	5,838	9,902	70,843

Notes to the company financial statements

For the year ended 31 October 2023

1 COMPANY INFORMATION

Idox plc is a company which is incorporated and domiciled in the UK, which is its principal place of business. The address of its registered office is Unit 5, Woking 8, Forsyth Road, Woking, Surrey, GU21 5SB. The registered number of the Company is 03984070.

2 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 – 'The Reduced Disclosure Framework' (FRS 101). The principal accounting policies adopted in preparation of these financial statements are set out below. These policies have all been applied consistently throughout the year unless otherwise stated.

The financial statements have been prepared under the historical cost convention.

These financial statements are separate financial statements for Idox plc, the Company.

The financial statements are prepared in pounds sterling.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- A statement of cash flows and related notes.
- Disclosure of key management personnel compensation.
- Certain disclosures in relation to share based payments.
- Disclosures in relation to impairment of assets.
- The effect of future accounting standards not adopted.
- The requirements of IFRS 7 Financial Instruments: Disclosures.
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements

Judgements and estimates

Management assess critical judgements and estimates in line with the Financial Reporting Council's (FRC) guidance. The Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not easily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Management does not consider there to be any items to involve key assumptions and other key sources of estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgements (not involving estimation)

Management does not consider there to be any items to involve key judgements not involving estimation uncertainty at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2 ACCOUNTING POLICIES (CONTINUED)

Share based payment

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

Employees to whom share options have been granted provide their services in subsidiary companies of Idox plc. All equity-settled share-based payments are recognised as an expense in the profit and loss account of the relevant subsidiary company. In Idox plc, the cost is allocated to investments in subsidiaries.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to reserves.

Employee Share Investment Trust

The cost of Xtra shares purchased are amortised using the straight-line method over a period of 3 years.

Investments

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment. If there is a subsequent change in the total consideration paid, such as a refund received from the seller, then the Company will recognise an adjustment to the acquisition price which will reduce the cost, and consequently the net book value, of that investment.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet.

Share capital is classed as an equity instrument where the contractual terms do not have any terms meeting the definition of a financial liability. Dividends and distributions relating to equity instruments are debited direct to equity.

Interest and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

Reserves

Equity comprises the following:

- "Capital redemption reserve" for the Company was created during 2003 when the entire deferred ordinary share capital was bought in exchange for one ordinary 1p share.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Other reserves" arose as a result of share premium arising on consideration shares issued on the acquisition of 6PM Holdings plc and Halarose Holdings Limited. It also includes the merger relief reserve arising as a result of the purchase of Aligned Assets Limited and LandHawk Software Services Limited.
- "Treasury reserve" represents shares repurchased by the Company to be held for redistribution as share options. The cost of treasury shares is debited to the Treasury reserve.
- "Share options reserve" represents shares to be issued on potential exercise of those share options that have been accounted for under FRS 101.
- "Retained earnings" represents retained profits.

Notes to the company financial statements (continued)

For the year ended 31 October 2023

3 DIRECTORS AND EMPLOYEES

There are no wages and salaries paid by the parent company.

The Company has no employees and Directors are remunerated by other Group companies. Details of the remuneration for each Director are included in the remuneration section which can be found on pages 43 to 44 but which do not form part of the audited accounts.

4 DIVIDENDS

The Directors have proposed the payment of a final dividend of 0.6p per share, which would amount to £2,737,112. During the year a dividend of £2,267,744 was paid in relation to the FY22 final dividend of 0.5p (2022: £1,784,162 was paid in relation to the FY21 final dividend of 0.4p).

5 PROFIT / (LOSS) FOR THE FINANCIAL YEAR

The parent company's profit for the year was £6,495,000 (2022: £3,246,000 loss).

6 INVESTMENTS

	Investment in Group undertakings £000
Cost or market value	
At 1 November 2022	149,258
Additions – share option charge	2,611
Additions – acquired companies	17,046
At 31 October 2023	<u>168,915</u>
Impairment	
At 1 November 2022	34,083
Provided in the year	-
At 31 October 2023	<u>34,083</u>
Net book amount	
At 31 October 2023	<u>134,832</u>
At 31 October 2022	<u>115,175</u>

The Group has performed impairment reviews in respect of the assets of all its operating segments as disclosed in note 12 of the Group's financial statements.

The Company's investments in Group undertakings associated with its Assets and Communities operating segments have comparable carrying values to the carrying values of the assets of the operating segments, and therefore, sensitivity of impairment reviews against value-in-use calculations are also comparable.

The Company's investments in Group undertakings associated with its LPPP operating segment has a higher carrying value than the carrying value of the assets of the LPPP operating segment, however, headroom of impairment reviews against value-in-use calculations is significant in both cases.

Any comparable movement in sensitivity which resulted in an impairment of intangibles would result in a similar impairment to investments. However, at present there is no significant risk of an impairment to the investment values.

Notes to the company financial statements (continued)

For the year ended 31 October 2023

6 INVESTMENTS (CONTINUED)

At 31 October 2023 the Company held investments in the following companies (* indirect holdings):

	Country of registration	Registered office	Class of share held	Proportion held	Nature of business
Itox Trustees Limited	England	Unit 5 Woking 8, Forsyth Road, Woking Surrey, GU21 5SB	Ordinary	100%	Corporate trustee of Employee share ownership trust
Itox Software Limited	England	Unit 5 Woking 8, Forsyth Road, Woking Surrey, GU21 5SB	Ordinary	100%	Software services
McLaren Software Inc	USA	818 West Seventh St, 2nd Floor, LA, CA 90017	Ordinary	100%	Software services
Itox France SARL	France	75, Avenue Parmentier, 75544 Paris cedex 11, France	Ordinary	100%	Software services
Itox India Private Limited	India	Kapil Towers Sixth Floor C Wing Dr. Ambedkar Road Pune MH 411001 India	Ordinary	100%	Software services
McLaren Software Group Limited	Scotland	72 Gordon Street, Glasgow, Scotland, G1 3RS	Ordinary	100%	Holding Company
McLaren Software GmbH*	Germany	c/o RGT Consultants Partnerschaftsgesellschaft mbB, Niddastraße 91, 60329 Frankfurt am Main	Ordinary	100%	Dormant Company
McLaren Consulting BV*	Netherlands	Kauwenhoven 78, 6741 PW Lunteren, Netherlands	Ordinary	100%	Dormant Company
CT Space Inc	USA	1209 Orange Street, Corporation Trust Center, Wilmington, DE 19801	Ordinary	100%	Dormant Company
Citadon Inc	USA	919 North Market St, Suite 950, Wilmington, DE 19801	Ordinary	100%	Dormant Company
6PM Holdings plc	Malta	GVZH Advocates, 192 Old Bakery Street, Valletta, VLT 1455, Malta	Ordinary	100%	Holding Company
Tascomi Limited	Northern Ireland	3 Ballynahinch Street, Hillsborough, Northern Ireland BY26 6AW	Ordinary	100%	Dormant Company
6PM Limited*	Malta	GVZH Advocates, 192 Old Bakery Street, Valletta, VLT 1455, Malta	Ordinary	100%	Software services
thinkWhere Limited	Scotland	72 Gordon Street, Glasgow, Scotland, G1 3RS	Ordinary	100%	Dormant Company
exeGesIS Spatial Data Management Ltd	England	Unit 5 Woking 8, Forsyth Road, Woking Surrey, GU21 5SB	Ordinary	100%	Dormant Company

Notes to the company financial statements (continued)

For the year ended 31 October 2023

6 INVESTMENTS (CONTINUED)

	Country of registration	Registered office	Class of share held	Proportion held	Nature of business
EIM Group Ltd*	England	Unit 5 Woking 8, Forsyth Road, Woking Surrey, GU21 5SB	Ordinary	100%	Software services
LandHawk Software Services Limited	England	Unit 5 Woking 8, Forsyth Road, Woking Surrey, GU21 5SB	Ordinary	100%	Software services
Emapsite.com Limited	England	Unit 5 Woking 8, Forsyth Road, Woking Surrey, GU21 5SB	Ordinary	100%	Software services

7 DEBTORS

	2023 £000	2022 £000
Falling due within one year:		
Other debtors	-	1,254
Amounts owed by Group undertakings	69	66
Debtors: falling due within one year:	69	1,320
Other debtors	1,201	-
Debtors: falling due after year:	1,201	-

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £000	2022 £000
Amounts owed to Group undertakings	44,502	40,851
Other creditors	2,286	2,313
Accruals	184	167
	46,972	43,331

Amounts owed to Group undertakings are interest bearing and are repayable on demand. The interest rate during the year ended 31 October 2023 was 3.25% for historic balances and 5.95% for new balances (2022: 3.25%).

Notes to the company financial statements (continued)

For the year ended 31 October 2023

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £000	2022 £000
Bank loan	18,291	9,201
	<u>18,291</u>	<u>9,201</u>

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 £45m accordion facility (2022: £35m revolving credit facility and £10m accordion facility) and are committed until October 2026.

During the period the loan was held, the average interest rate was 5.51% (2022: 2.98%).

There are unamortised loan fees of £437,500 (2022: £199,000) at the balance sheet date.

An accounting adjustment of (£378,000) (2022: £288,000) has been processed during the period to take into account the effective rate of interest on the bank facilities.

As security for the above loans, National Westminster Bank plc, HSBC Innovation Bank Limited and Santander UK plc hold a fixed and floating charge over the assets of Idox plc and certain subsidiaries, a guarantee supported by Idox plc and certain subsidiaries and a share pledge in respect of the entire issued share capital of each subsidiary company.

The Directors estimate that the fair value of the Group's borrowing is not significantly different to the carrying value.

10 SHARE CAPITAL

	2023 £000	2022 £000
Authorised:		
650,000,000 ordinary shares of 1p each	<u>6,500</u>	<u>6,500</u>
Allotted, called up and fully paid:		
As at 1 November	4,525	4,469
Issued and allotted during the year	<u>37</u>	<u>56</u>
456,185,323 ordinary shares of 1p each (2022: 452,523,888)	<u>4,562</u>	<u>4,525</u>

Movement in issued share capital in the year

During the year to 31 October 2023, 20 employees exercised share options across 27 separate exercises. To satisfy the exercise of these transactions, the Company issued and allotted 2,032,767 new ordinary shares of 1p each.

The Company has one class of ordinary share which carries no right to fixed income.

At 31 October 2023, there were 4,111,059 (2022: 3,809,016) shares in issue under ESOP. During the year, the average issue share price was 65p (2022: 65p).

At 31 October 2023, there were no shares held in treasury (2022: 1,426,219).

11 SHARE OPTIONS

The Company has a share option scheme for all employees (including Directors). All share options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is typically annually from the date of grant, and at the discretion of the Board. Per the contractual agreements, the options are settled in equity once exercised.

Notes to the company financial statements (continued)

For the year ended 31 October 2023

11 SHARE OPTIONS (CONTINUED)

An Employee Share Investment Trust is in place to allow employees a tax efficient way of investing in the Company. The Company purchases matching shares (Xtra shares) which become the property of the employee after a three-year vesting period.

Details of all share options over 1p Ordinary shares, falling within the measurement and recognition criteria of IFRS 2 - Share-based Payments and forming part of the unapproved share scheme, including their contractual life and exercise prices, are as follows:

At start of year	Granted	Exercised	Lapsed	At end of year	Exercise price	Exercise date from	Exercise date to
90,000	-	(10,000)	-	80,000	39.00p	Jul 2014	Jun 2024
125,000	-	-	-	125,000	50.00p	Apr 2016	Apr 2026
585,500	-	-	-	585,500	1.00p	Mar 2019	Mar 2029
800,500	-	(10,000)	-	790,500			

The following table sets out the number of share options and associated weighted average exercise price (WAEP) outstanding during the year:

	2023		2022	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	800,500	12.92	800,500	12.92
Exercised during the year	(10,000)	39.00	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	790,500	12.59	800,500	12.92
Exercisable at the end of the year	790,500	12.59	800,500	12.92

The share options outstanding at the end of the year have a weighted average remaining contractual life of 4 years. The share options exercised during the year had a weighted average exercise price of 39.00p and a weighted average market price of 64.40p.

As the share option scheme is a Group scheme, there has been no charge recognised in the parent Company accounts.

Long-Term Incentive Plan (LTIP)

During the year, 6,869,836 options were granted under the Long-Term Incentive Plan.

The Group recognised a total charge of £2,631,000 (2022: £2,584,000) for equity-settled share-based payment transactions related to the LTIP during the year. The total cost was in relation to outstanding share options and share options granted in the year. The weighted average exercise price of options exercised in the year was £Nil (2022: £Nil).

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

	2023 No.	2022 No.
Outstanding at the beginning of the year	16,978,852	15,557,052
Granted	6,869,836	6,460,939
Forfeited	(1,234,756)	(194,375)
Exercised	(3,448,983)	(4,844,764)
Outstanding at the end of the year	19,164,949	16,978,852
Exercisable at the end of the year	2,628,342	6,034,065

As the LTIP share option scheme is a Group scheme, there has been no charge recognised in the parent Company accounts.

Notes to the company financial statements (continued)

For the year ended 31 October 2023

11 SHARE OPTIONS (CONTINUED)

The fair values were calculated using a Monte-Carlo simulation and the following information:

Date of issue	Number granted No.	Weighted average share price Pence	Weighted average exercise price Pence	Expected volatility %	Expected life Years	Risk free rate %	Weighted average fair value at grant date £
Nov 22	2,551,540	60.6	-	35	3	3.314	0.287
Nov 22	883,378	60.6	-	35	3	3.314	0.334
Nov 22	<u>3,434,918</u>	60.6	-	35	3	3.314	0.606
	<u>6,869,836</u>						

12 RELATED PARTY DISCLOSURES

As permitted by FRS 101, related party transactions with wholly owned members of the Group and remuneration of key management personnel have not been disclosed.

13 CAPITAL COMMITMENTS

The Company had no capital commitments at 31 October 2023 or 31 October 2022.

14 CONTINGENT LIABILITIES

There were no material Company contingent liabilities at 31 October 2023 or 31 October 2022.

15 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

Alternative performance measures

For the year ended 31 October 2023

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

Alternative performance measures (continued)

For the year ended 31 October 2023

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.