Idox plc

Half Year Ended 30 April 2023

08 June 2023

Agenda

- Operational highlights H1 FY23
- Financial review
- Strategy and operations
- Buy and build
- ESG
- Outlook

David Meaden
CEO

Anoop Kang
CFO

Operational highlights H1 FY23: A strong performance

Order intake up 23% at £52m (H1 FY22: £42m) providing good visibility for the remainder of FY23 and into FY24

Further progress on developing the **Group's geospatial capabilities**, with exeGesIS revenue up 19% YoY and Aligned Assets order intake up 31% on H1 FY22.

New divisional structure fully embedded into the organisation enhancing market focus, customer service and sharper sales execution

Significant contract wins and extensions across Land, Property and Public Protection (LPPP) (Cloud order intake up 28% on H1 FY22), Assets and Communities (14 new clients in ResearchConnect)

Good organic revenue and **double digit profit growth** driven by LPPP performance

Continued cash generation taking the Group to a **net cash** position

Financial review

Anoop Kang

Financial highlights H1 FY23

idox

£35.8m
H1 FY22: £33.2m

Revenue
+8%

£21.1m
H1 FY22: £19.8m

Recurring revenue
+7%

£52.0m
H1 FY22: £42.2m

Order intake
+23%

£12.1m
H1 FY22: £11.0m

Adjusted EBITDA*
+10%

1.33p
H1 FY22: 1.21p

Adjusted FD EPS
+10%

£1.1m Net cash
FY22: Net debt £6.7m

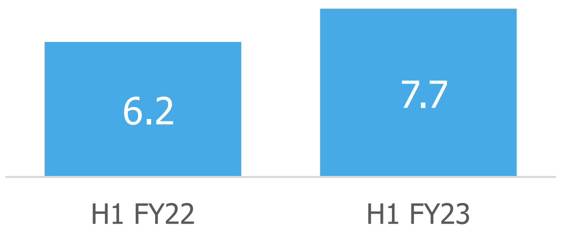
Net debt reduced by
£7.8m

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

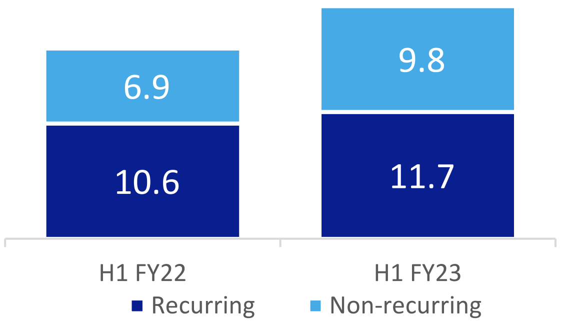
Financial review Land, Property & Public Protection

Revenues £'m

Adj. EBITDA £'m



Revenue analysis £'m



Adj. EBITDA margin

Revenue up 22% in the period with growth across all business units led by Local Government and Cloud.

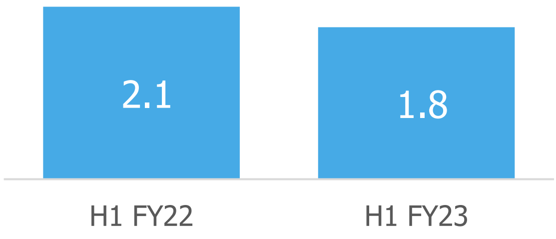
- Recurring revenues up 10% to £11.7m driven by good growth in Local Government and Cloud.
- Non-recurring revenues up 41% at £9.8m with improvements across all business units.
- Order intake of £34.9m (H1 FY22: £24.1m).

Adj. EBITDA up 24% to £7.7m largely due to mix and price, despite inflationary pressures, resulting in an Adj. EBITDA margin of 36%.

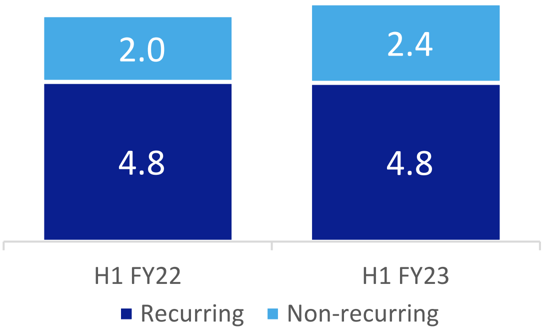
Financial review Assets

Revenues £'m

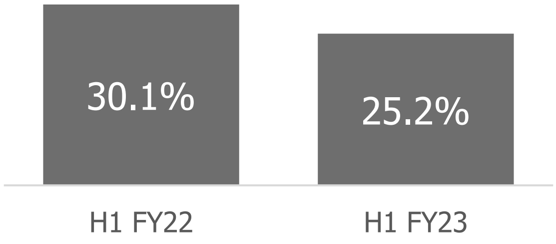
Adj. EBITDA £'m



Revenue analysis £'m



Adj. EBITDA margin



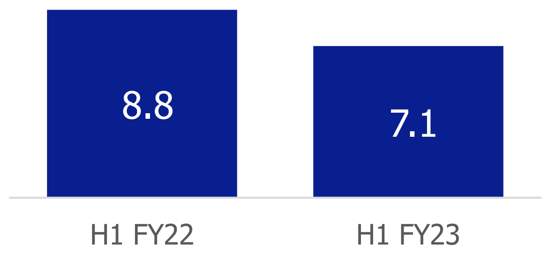
Revenue up 5% at £7.2m with EIM performance up 15% partially offset by lower revenues in Transport and iFit.

- Recurring revenues stable at £4.8m with good wins in EIM and CAFM.
- Non-recurring revenues up 19% at £2.4m.
- Order intake stable at £8.3m (H1 FY22: £8.3m).

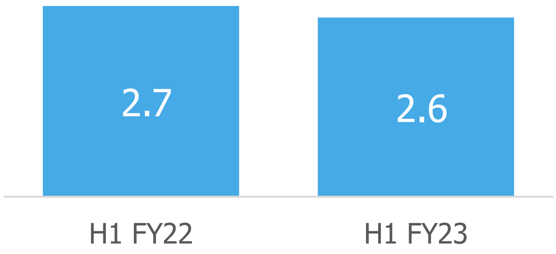
Adj. EBITDA of £1.8m. Adj. EBITDA driven by slightly lower profitability in Transport and iFit.

Financial review Communities

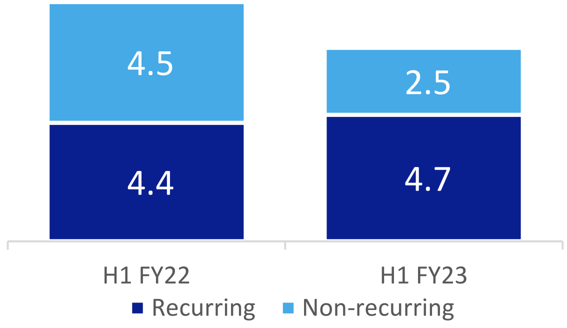
Revenues £'m



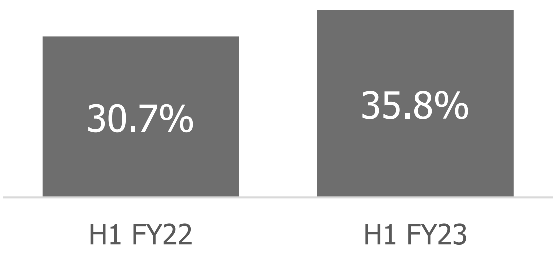
Adj. EBITDA £'m



Revenue analysis £'m



Adj. EBITDA margin



Revenue down 19% as anticipated at £7.1m with no major elections across the UK and Malta in the first half.

- Recurring revenues up 7% at £4.7m with good growth in Databases and Health.
- Non-recurring revenues down 45% at £2.5m driven by Elections.
- Order intake of £8.9m (H1 FY22: £9.8m).

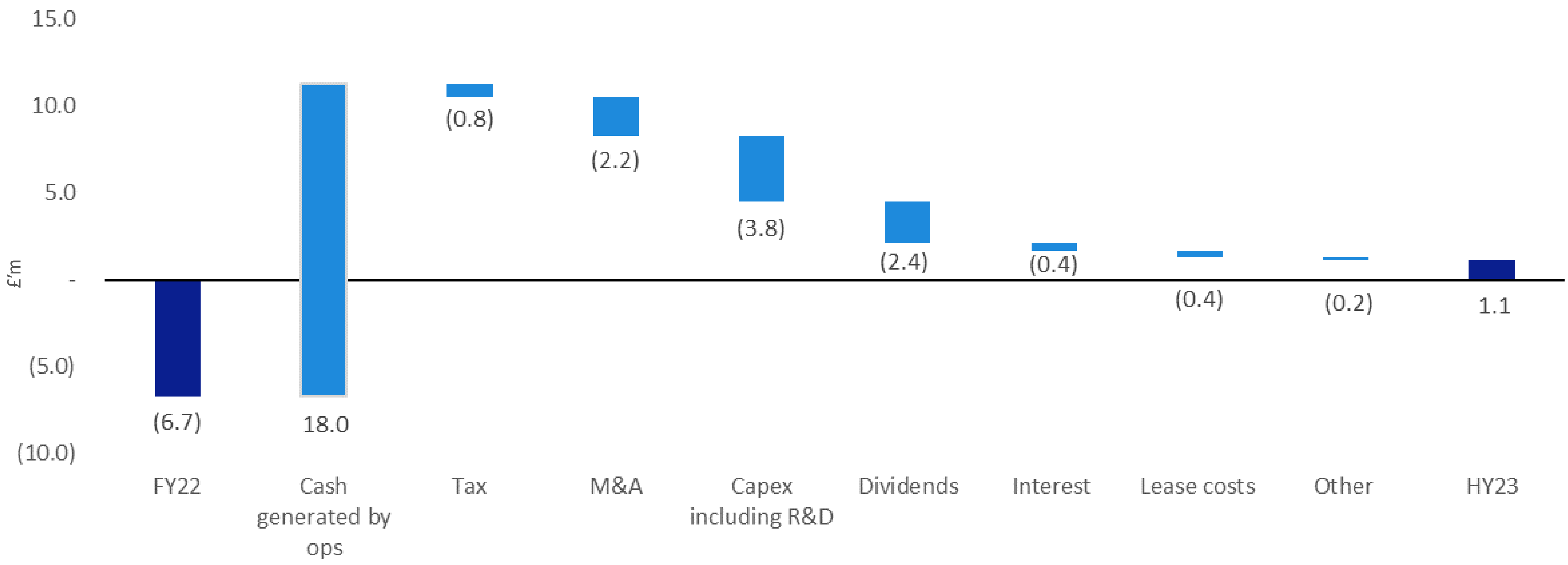
Adj. EBITDA broadly flat at £2.6m. Adj. EBITDA margin improvement to 36% driven by better mix.

Financial review Income Statement

£'m	H1 FY23	H1 FY22
Revenue	**35.8**	**33.2**
Adjusted EBITDA	**12.1**	**11.0**
Depreciation & Amortisation	(3.5)	(3.4)
Adjusted EBIT	**8.6**	**7.6**
Interest	(0.8)	(0.7)
Adjusted Profit before tax	**7.8**	**6.9**
Tax	(1.7)	(1.4)
Adjusted Profit after tax	**6.1**	**5.5**
Adjusting items:		
- Amortisation from acquired intangibles	(1.8)	(1.9)
- Restructuring costs	(0.3)	(0.1)
- Acquisition and financing costs	(0.4)	(0.0)
- Share option costs	(1.2)	(1.3)
Statutory Profit before tax - continuing ops	**4.1**	**3.6**
Tax (statutory, continuing operations)	(0.7)	(0.5)
Discontinued operations	-	(0.6)
Non-Controlling Interest	-	-
Statutory Profit after tax - all operations	**3.3**	**2.5**

- Adjusted EBITDA up 10% due to improvements in revenue, mix and pricing.
- Adjusted Tax ETR up 1% at c.21%.
- Restructuring costs driven by corporate restructuring initiatives.
- Acquisition costs increased as a result of costs associated with the earnouts of the FY21 acquisitions in the period.
- Share option charges stable in the period.
- Statutory profit before tax up 13% at £4.1m.

Financial review Net debt / cash movement



Financial review Balance Sheet

£'m	H1 FY23	H1 FY22	FY22
Fixed Assets	92.7	92.9	93.8
Deferred tax assets & liabilities	(2.9)	(4.1)	(3.4)
Trade & other receivables, and prepayments	14.9	15.9	11.4
Trade & other payables, and accruals	(15.2)	(17.1)	(12.6)
Current tax receivable	(0.4)	0.7	(0.2)
IFRS 16 Leases - net assets / (liablities)	0.0	(0.0)	(0.0)
Provisions	(0.6)	(0.9)	(0.5)
Sub-total	**88.5**	**87.4**	**88.5**
Accrued income	8.8	5.1	6.5
Deferred income	(28.9)	(25.6)	(21.0)
Net accrued / (deferred) income	**(20.1)**	**(20.5)**	**(14.5)**
Balance sheet excluding net debt	**68.4**	**66.9**	**74.0**
Cash	23.7	21.6	13.9
Bank borrowings	(11.2)	(14.5)	(9.2)
Bonds in issue	(11.4)	(10.9)	(11.3)
Net Debt	**1.1**	**(3.8)**	**(6.6)**
Shareholder equity	**69.5**	**63.1**	**67.4**

- Deferred tax movements attributable to share options tax balances, amortisation of acquired intangibles and tax rate movements.
- Trade and other receivables stable and in line with trading.
- Trade and other payables have decreased since H1 FY22 as a result of the partial settlement of deferred consideration balances in relation to the FY21 acquisitions.
- Provisions movements driven by finalisation of legacy property matters.
- Net contract balances similar to H1 FY22 and higher than FY22 as in previous years.
- Cash up in period due to strong cash collection at half year, driven by increased resigns and renewals.

Financial Review Future guidance

Revenue organic growth targets

- Mid-single digit organic growth over the medium term.
- Looking to supplement with bolt-on M&A.

Margin targets

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

Cash conversion and dividend

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

Net cash / (debt)

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

Good revenue visibility for the remainder of FY23 and into FY24 – continue to perform well and in line with the Board's expectations

Strategy and Operations

David Meaden

Our strategy overview

Our strategy

Walk, run, fly

Walk (FY19)
Create momentum in the plan

Run (FY20)
Build momentum in the plan

Fly (Now)
Develop and grow core software businesses

The Four Pillars

- Revenue
- Margins
- Simplification
- Communication

Our values

Dynamic
We actively shape our future

Responsibility
We own our commitments

Integrity
We do the right thing, in the right way

Valued
Our people and their contributions are significant

Excellence
We are passionate about quality

Our focus on growth

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

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

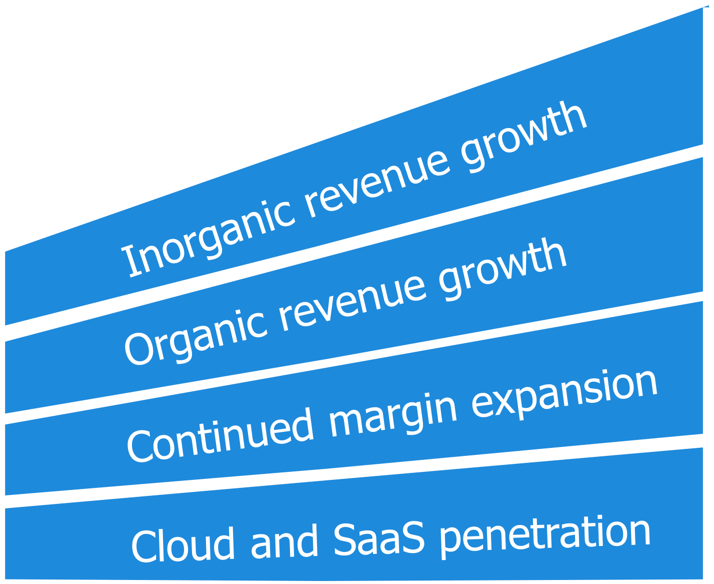
1,500+ customers & 600+ employees with offices in the UK, Europe and India.

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

Our software supports:

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

Strategy and Operations Delivering Success



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

Walk

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

Run

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

Fly

Market Cap	c.£300m
Revenue*	£73.1m
Adj. EBITDA*	£24.6m
Net Debt*	£0.4m
ARR	61%
EBITDA margin	34%

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

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

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

FY18 FY19 FY20 FY21 FY22 FY23 FY24

* Consensus numbers

Strategy and Operations M&A

Five accretive acquisitions since 2019

Experienced M&A team entirely focused on pursuing investment opportunities

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

Strong balance sheet and available facilities to fund M&A opportunities

Our pipeline includes over 300 vetted targets, of whom, 10% currently considering a transaction and in a process

ESG Accelerating our approach

Caring for the environment

- Improved measurement of Scope 1, 2 and 3 for TCFD Reporting to better address potential areas for decarbonisation.
- Introduced an electric vehicle incentivisation scheme.
- Ongoing community days scheme for employees to partake in nature-clean up events in local community.

Focusing on our people

- All colleagues have completed training on D,E & I topics, including emotional intelligence and unconscious bias.
- Growing use of 'employee lounges' to include employees in decision-making on ESG matters.
- Expansion of data collection in our 'Dare to be Different' survey in Autumn this year.

Supporting our communities

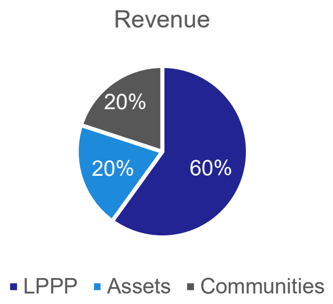
- Offered free MyFundingCentral licenses to low earning charities to enable organisations to locate funding with ease - extending Idox's impact
- Entered several Social value partnerships allied to the delivery of our products and services.
- Planned volunteer days and charities events throughout the year.

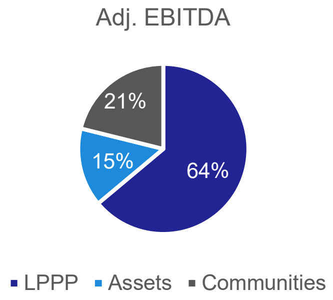
Outlook – positive momentum

- Good first half performance in line with expectations
- High levels of recurring revenue and order intake provide good visibility for the remainder of FY23
- Cognisant of wider economic environment but sales pipeline remains healthy
- M&A pipeline remains strong with good progress on a number of targets
- The business continues to perform well and the FY23 outlook is in line with the Board’s expectations

Appendix: Segmental revenue & EBITDA summary

		Land, Property & Public Protection		Assets		Communities		Total	
		H1 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22	H1 FY23	H1 FY22	H1 FY23
Recurring revenue	£'m	10.6	11.7	4.8	4.8	4.4	4.7	19.8	21.2
Non-recurring revenue	£'m	6.9	9.8	2.0	2.4	4.5	2.5	13.4	14.6
Total Revenue	£'m	17.5	21.5	6.8	7.2	8.8	7.1	33.2	35.8
Adjusted EBITDA	£'m	6.2	7.7	2.1	1.8	2.7	2.6	11.0	12.1
Adjusted EBITDA Margin	%	35.4%	36.0%	30.1%	25.2%	30.7%	35.8%	33.1%	33.8%





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