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IDOX PLC

ANNUAL REPORT & ACCOUNTS 2022

PARENT ACCOUNTS
FOR PARENT ACCOUNTS
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Company Number: 03984070

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Contents

Strategic Report

- 1 Financial and operational highlights
- 4 Chair's statement
- 6 Chief Executive's review
- 8 Investment case
- 9 Business model
- 10 KPIs
- 12 Chief Operating Officer's review
- 15 Section 172 and stakeholder engagement
- 19 Responsible business
- 25 Financial review
- 30 Principal risks and uncertainties

Governance

- 35 Board of Directors
- 36 Directors' report
- 41 Corporate governance report
- 48 Directors' responsibilities statement
- 49 Report of the Audit Committee

Financial Statements

- 53 Independent Auditor's report to the members of Idox plc
- 63 Consolidated statement of comprehensive income
- 64 Consolidated balance sheet
- 65 Consolidated statement of changes in equity
- 66 Consolidated cash flow statement
- 67 Notes to the accounts
- 108 Company balance sheet
- 109 Company statement of changes in equity
- 110 Notes to the Company financial statements

Other Information

- 118 Alternative performance measures

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Company Registration Number: 03984070

Strategic Report - Financial and Operational Highlights

For the year ended 31 October 2022

Idox plc (AIM: IDOX), a leading supplier of specialist information management software and solutions to the public and asset intensive sectors, is pleased to report its financial results for the year ended 31 October 2022:

Financial highlights

Reconciliations between adjusted and statutory earnings are contained on pages 118 to 119.

Revenue

- Revenue increased by 6% to £66.2m (2021: £62.2m), driven by growth in Public Sector Software.
- Recurring revenue¹ increased by 12% to £40.5m (2021: £36.3m), and now account for 61% of the Group's total revenue (2021: 58%).

Profit

- Adjusted² EBITDA increased by 15% to £22.5m (2021: £19.5m).
- Adjusted² EBITDA margin improved to 34% (2021: 31%), driven by operational improvements, acquisitions, and business mix.
- Statutory operating profit increased by 13% to £8.7m (2021: £7.6m).
- Statutory operating profit margin improved to 13% (2021: 12%).
- Statutory profit before tax £6.6m (2021: £7.3m).
- Adjusted³ diluted EPS increased by 7% to 2.44p (2021: 2.27p).
- Statutory diluted EPS decreased to 1.24p (2021: 1.34p).

Cash and debt

- Net debt⁴ at 31 October 2022 reduced by 18% to £6.7m (2021: £8.1m).
- Free cashflow⁵ generation of £7.2m (2021: £9.7m).
- Acquisition of LandHawk in the year for £1.1m.

Dividend

- Final dividend of 0.5p per share (2021: 0.4p) declared, reflecting continuing growth opportunities, our strong financial position and our confidence in the future.

Strategic Report - Financial and Operational Highlights (continued)

For the year ended 31 October 2022

Operational highlights

Idox has delivered a resilient performance in a year of economic uncertainty and maintained good progress against the Group's strategic goals:

- Record full year order intake up 19% on FY21 to £74m, with good wins across the Group, providing good visibility into FY23.
- Good growth of revenue and profit in Public Sector Software (PSS) buoyed by FY21 acquisitions; stable performance in Engineering Information Management (EIM) despite difficult market conditions.
- Contract wins and extensions which increase average tenure across both our PSS and EIM businesses.
- Further enhancement of the Group's geographic information system mapping (GIS) capabilities with the acquisition of LandHawk, following on from the three FY21 acquisitions of Aligned Assets, thinkWhere and exeGesIS.
- Continued upscaling of the Pune, India, centre of excellence to increase capacity, efficiency, capability, and knowledge sharing.
- Clear focus on innovation and consolidation of our product portfolio, including our continuing journey to transition to cloud across the portfolio.

Current trading and outlook

- The Group has enjoyed an encouraging start to FY23, with trading in line with the Board's expectations.
- High levels of recurring revenue, contract renewals, orderbook and pipeline, providing good visibility which leaves us well placed in our aim to grow the business by double digits in FY23.
- We continue to target further acquisitions to leverage our platform.

Strategic Report - Financial and Operational Highlights (continued)

For the year ended 31 October 2022

David Meaden, Chief Executive Officer of Idox said:

"We have continued to make strong progress in line with both expectations and our strategic plan, despite a high inflationary environment and a period of political uncertainty across the markets in which we operate.

By refocusing Idox as a software business, we have been largely insulated from the broader issues affecting the economy and by adopting market leadership positions in a small number of clearly defined areas, we have also been able to substantially improve the overall quality of our proposition. Over the past 12 months we have significantly increased our recurring revenue and sales order intake, providing greater visibility of future revenues. Looking forward, we are well placed to continue our organic growth.

With a strong balance sheet, we will look to add further capabilities and capacity through our selective and accretive acquisition strategy. We believe that by leveraging the scale of our sales and marketing, software development and overall operations we can improve the performance of acquired businesses and add real value to our clients. The level of activity has been high in the year, and we anticipate we will reap the benefit of this hard work moving forward.

We have started the new financial year encouragingly, with trading in line with our expectations, and we are confident about the outlook for the year as a whole."

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 recognised from support and maintenance fees, managed service fees (including for hosting) and Software-as-a-Service subscription fees (the Group's recurring revenue is disclosed on pages 78 to 79).

² Adjusted EBITDA 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 standard measure in the industry and how management and our shareholders track performance (see page 118 for reconciliation).

³ Adjusted EPS excludes amortisation on acquired intangibles, restructuring, financing, impairment, share option and acquisition costs (see page 118 for reconciliation).

⁴ Net debt is defined as the aggregation of cash, bank borrowings and long-term bond (see page 118 for reconciliation).

⁵ Free cashflow is defined as net cashflow from operating activities after taxation less capital expenditure and lease payments (see page 118 for reconciliation).

Strategic Report - Chair's Statement

For the year ended 31 October 2022

Introduction

I am pleased to report a good set of results to all of our shareholders and other stakeholders for the financial year ending 31 October 2022. The business has maintained its trajectory of improving revenue, profit and net debt that has been established over the past few years. This year we have seen the benefits of our focused acquisitions contribution to the strong base that the business has established, and it is pleasing to note the solid growth in our levels of recurring revenue that are being delivered through our continued focus on long-term repeatable revenues.

During the year, there was a role change on our Board of Directors, as we appointed Anoop Kang to the position of Chief Financial Officer in place of Rob Grubb. We were delighted to welcome Anoop, who brings a good and complementary set of experiences to both the Board and the management team. We are fortunate that Rob sought to be part of the ongoing success of the business and is heading up our acquisition programme, as M&A Director, which we see as an important part of future value creation for the business. He has also been able to help Anoop get off to a fast start with understanding the business and has mitigated the risk associated with such an important leadership change.

As I reported last year, in 2021 we made a number of significant strategic changes through our disposal and acquisition programmes. The programme has continued, with the acquisition of LandHawk Software Services Limited, a land mapping and GIS data business, which fits very well with our core local authority and property business. FY22 has seen a significant focus on the integration of the acquisitions of Aligned Assets Limited, thinkWhere Limited and exeGIS Spatial Data Management Ltd. These integrations have gone very well, with a complete transfer of our new colleagues onto Idox terms and conditions, and integration with the core operating systems and processes that have been established over the past four years.

One of the clearest demonstrations of our successful acquisition programme is seen in the significant growth in customers and revenues for our Idox Cloud offering, based on the cloud platform that came with the acquisition of Tascomi in 2019. Their annual recurring revenues are up 16% in FY22, and the Group was able to secure 15 new Idox Cloud Customers.

We had set ourselves a target of generating over 35% Adjusted EBITDA margin sustained over the medium term by investing in improving our core back-office systems and processes. I am pleased to say that we are well on track to achieving that target with a Group Adjusted EBITDA margin of 34% this year. This is a good performance from a mature, well managed business.

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.

Whilst the Covid-19 pandemic is now behind us, the longer lasting effects in changes to working patterns remains. We strive to make sure that we have the right blend of home and office work, and essential and non-essential travel. 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 has 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.

Building a strong and thriving culture enables us to build value for all our stakeholders. Each day we see our people living our DRIVE values by being dynamic, owning our commitments, doing the right thing, valuing those around them and being passionate about quality. It is with these values in mind that we continue to develop talent within the business creating an environment where growth and innovation is the ambition we work towards collectively.

Strategic Report – Chair’s Statement (continued)

For the year ended 31 October 2022

Group strategy

The Group continued its focus on providing digital solutions and services to the public sector in the United Kingdom, complemented by our Engineering Information Management (EIM) business servicing customers across the world. 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 acquisition opportunities and the integration of completed acquisitions is a key part of management focus and effort.

Board

There has been one change to the Board in FY22, as reported above. As in the previous year, we carried out a formal Board Effectiveness review during the year, and there were some good points raised which we will be incorporating in the coming year.

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.

Corporate simplification

As highlighted above, during the financial year we completed the integration of three new companies, Aligned Assets, thinkWhere and exeGesIS, by having their trade and assets in to Idox Software Limited. This process is underway for our latest acquisition, LandHawk. All of these businesses are enhancing our core public sector software offering.

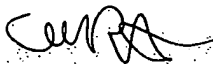
Dividends

The Board has proposed a final dividend of 0.5p (2021: 0.4p) for FY22, bringing the total for the year to 0.5p (2021: 0.4p). Subject to approval at the AGM, the final dividend will be paid on 14 April 2023 to shareholders on the register as at 31 March 2023. 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 good markets, with strong market positions and insights, and we have every confidence that we can continue the excellent progress we have seen in FY22. The changes that we have made in the last few years, to the team, our structure, systems, and processes have delivered a step-change improvement in our financial performance. We can now point to an improved stability in performance and confidence for the future, based on strongly improving orderbooks and levels of recurring revenue. 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 our acquisition programme, 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
25 January 2023

Strategic Report – Chief Executive's review

For the year ended 31 October 2022

Strong Progress

We have continued to make strong progress in line with our strategic plan, despite a backdrop of high inflation and a period of political uncertainty.

By refocussing Idox as a software business, we have been largely insulated from the broader issues affecting the wider economy. Our market leading positions in our chosen markets means we have also been able to substantially improve the overall quality of our business. This clear focus has delivered improved margins and cash generated by operations, lower debt, and a stronger balance sheet.

We aim to be a 'rule of 40' business, where the combination of growth rate plus EBITDA equates to forty per cent. Through the adoption of our 4 Pillars (Revenue, Margins, Simplification, Communication), we have continued to improve our business and automate our processes. These continuous marginal improvements to our customer engagement and operating models have allowed us to improve EBITDA margins materially in the year from 31% to 34%.

Growth

Looking forward, we are well placed to continue to grow organically. Over the past 12 months we have significantly increased our recurring revenue and sales order intake, providing greater visibility of future revenues.

The local authority sector continues to be robust, and client retention across our core markets remains very high. We continue to be a partner to each of our local authority customers, helping them achieve better efficiencies, and we drive forward innovations that improve the quality and frequency of their engagement with citizens.

Whilst Public Sector markets have pressure on their budgets, there is a clear need to improve the way services are delivered to an increasing and complex system of stakeholders. This is especially true in land and property where we are focusing more of our ongoing investment on products that connect the wider eco-system of local authorities, planners, private developers, land agents, construction companies, estate agents, conveyancers and others who need to access the same consistent data and processes. We believe there are opportunities to improve the way the broader system operates and communicates to the benefit of all parties, in particular there also remains a significant opportunity to broaden our product offering with existing public sector clients.

This move to embrace digitisation requires greater accuracy of data and in particular geo spatial data, which is an area where we have improved our capabilities with the acquisitions of thinkWhere, LandHawk, Aligned Assets and exeGIS over the last 24 months.

With the well documented skills shortages, clients are finding it challenging to retain and develop key skills, particularly in IT and data. As a trusted partner, Idox can often fill these gaps, with additional software solutions, hosting options or professional services.

Scaling the business

With our strong balance sheet, we will look to follow the success to date of adding further capabilities and capacity through a selective and accretive acquisition strategy. We believe that by leveraging the scale of our sales and marketing, software development and overall operations we can improve the performance of acquired businesses and add real value to our clients. The level of activity has been high in the year, and we anticipate we will reap the benefit of this hard work moving forward.

We have good headroom in our facilities to fund further M&A opportunities, with a £35m revolving credit facility and £10m accordion. We continue to pursue a number of acquisition opportunities but remain focused on ensuring strategic alignment whilst maintaining a disciplined approach to valuation.

Operations

We continue to optimise our operations across the Group. In our development team, following an internal recruitment process, we are pleased to have appointed Rick Hassard to the new role of Director of Engineering, and continued to grow our presence in Pune, India.

Strategic Report – Chief Executive's review (continued)

For the year ended 31 October 2022

Shortly after the end of the financial year, we implemented a new divisional structure that will allow us to delegate more authority to those closest to our markets, products, and customers and to seek out ways to deliver more value as part of our 'Fly' stage. Scott Goodwin, Chris Evans, and Steve Bruce now head up the Land and Property, Communities and Assets operations respectively.

People

Growth requires that we have flexibility in our organisational model and that we have talent that can rise to the opportunities presented. Over the last two years we have put approximately 100 people through the Idox Leadership Programme, Leading Together, and we are pleased that the recent set of senior appointments in the business have all been graduates of that programme.

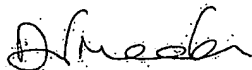
While we work on maintaining and growing a positive culture, we continue to review and track our rewards and benefits to ensure that our colleagues are fairly compensated.

We continue to focus heavily on employee engagement, and the importance of culture and values throughout our business. The Groupwide CEO broadcasts continue to be very well attended and we were delighted with the response from our teams to our 'Dare to be Different' survey, aimed at making Idox an inclusive workplace allowing everyone to be their best selves (highlights of the survey are noted on page 19).

Outlook

We have made an encouraging start to FY23, and we continue to trade in line with the Board's expectations. We will continue to invest selectively to grow our capabilities and support our customers. The business has a strong foundation in property and asset-based solutions and this, along with our focus on digital transformation and Cloud provision, will underpin our future strategy and growth. We are well placed in our aim to grow organically by double digits, given our increase in sales order intake and recurring revenue, providing greater visibility of future revenues.

We continue to have financial resources at our disposal for accretive and enhancing acquisitions and, having shown that this can be delivered successfully, we look forward to driving shareholder value moving forward. We remain confident about the outlook for the year as a whole.



David Meaden
Chief Executive Officer
25 January 2023

Strategic report – Investment case

For the year ended 31 October 2022

Investment case

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

Idox continues to build on its 'fly' phase. Our strong growth trajectory coupled with programmes of organic and inorganic growth and the development of talent within the business ensure that we can continue to deliver value for our customers, people and shareholders.

Market leadership

Market leaders, providing software solutions to improve the customer's processes, and meet future challenges on the horizon.

Good governance

High quality recurring revenue and well-controlled costs; risk is well understood and reflected in our approach to investment and operational choices.

Investment in people

Through living our values and developing future leaders, Idox ensures we have the right people to drive our business forward.

Operational excellence

We strive for high levels of service to our customers and markets, building on our strong heritage of market-leading products and engaging with our customers regularly. Operationally we seek to leverage our shared resources and expertise, encouraging innovation in our products, delivery and operational infrastructure and support.

Inorganic growth

We have been bold in our ambition to continue to scale by bringing in well-respected, product-led businesses into our Group that enhance our offerings to our customers and markets. We acquired LandHawk this year, adding to our growing portfolio of GIS products.

Financial discipline

Focus on high quality revenues, good communication, and simplification leading to strong margins. Managing capital, exiting low-margin areas, and focusing our investments on high recurring revenue, high margin, software-based areas with good opportunity for growth.

ESG rigour

Recognising the importance of being a responsible and sustainable business, creating opportunities to do more with our people-led initiatives.

Strategic report – Business model

For the year ended 31 October 2022

Nurture quality IP, and strive for recurring revenues and good margins to fund further enterprise value (EV) growth

Our business model is to create, extend and acquire well-respected software IP rights within the Public Sector and Engineering markets; and pursue delivery methods that support high levels of recurring revenues and good margins. We reinvest our profits in further IP rights as we look to build on our successes, and directly increase the Group's value to its customers, its people, and its shareholders.

Our strengths

Expert people

A talented, inclusive team who live Idox's values to be dynamic, responsible, act with integrity, value each other's contributions, and strive for excellence. Our people are everything we do, and more.

Extensive, established understanding of regulated environment

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. We strive to work collaboratively with our customers to create efficiencies in existing processes and resolve challenges appearing on the horizon.

Scalable end-to-end solutions with a 'cloud-first' approach

Built around the end user and designed in collaboration with experts, our comprehensive range of integrated solutions streamline processes and deliver a responsive service to all users. We support their customers in their journey to cloud with our range of deployment options.

Dependable delivery, post project services and corporate support

A high quality and highly responsive service across our account management, product, development, delivery, support and corporate teams ensures our customers gain maximum benefit from our software solutions, and wider Idox engagement.

Building value

People

We invest time and effort in regular engagement and personal development with our people throughout our Group. Our people directly create the success for our customers and other stakeholders through clear understanding of Group strategy, and collaborative teamwork in delivery. The Group employs 595 colleagues located in the UK, Europe, the USA and India.

Customers

Through the automation of tasks, simplification of complex operations and more effective management of information, we help our customers harness the power of digital, so they can do more.

Shareholders

Shareholder value increases as we focus on high quality revenues with high recurring qualities, good margins and strong cash generation. We pay out a modest level of our earnings via dividends, however, reinvest the majority to fund further growth and build the Group's enterprise value.

Supplier and partners

When on-boarding, every supplier must complete a due diligence form in line with our supply chain management form which ensures we maintain strong, mutually beneficial relationships with our suppliers and partners which are aligned with Idox's core values.

Communities

Supporting, enabling and engaging with our local communities to achieve more through the use of our products, using our knowledgebase to educate and support individuals, and providing our people with the opportunity to give their time to community projects.

Strategic report – KPIs

For the year ended 31 October 2022

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 25 to 29.

	Continuing operations*		Measure
	2022	2021	
Revenue			
Group Revenue	£66.2m	£62.2m	Revenue received from provision of goods and services.
Recurring Revenue	£40.5m	£36.3m	Recurring revenue that is contracted or considered highly likely to recur for a minimum of twelve months. This is defined as revenues recognised from support and maintenance fees, managed service fees (including for hosting) and Software-as-a-Service subscription fees.
Profitability ratios			
Adjusted EBITDA	£22.5m	£19.5m	Profit before interest, tax, depreciation, amortisation, restructuring costs, acquisition costs, impairment, financing costs and share option costs (see page 118 for reconciliation).
Adjusted EBITDA margin	34%	31%	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	2.44p	2.27p	Adjusted diluted EPS excludes amortisation on acquired intangibles, impairment, acquisition costs, restructuring costs, financing costs and share option costs (see page 118 for reconciliation).
Cash indicators			
Free Cash flow	£7.2m	£9.7m	Net cashflow from operating activities after taxation less capital expenditure and lease payments (see page 118 for reconciliation).
Net Debt	(£6.7m)	(£8.1m)	The aggregation of cash, bank borrowings and long-term bond (see page 118 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 118 for reconciliations of the alternative performance measures.

Strategic report – KPIs (continued)

For the year ended 31 October 2022

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.

	<u>Continuing operations</u>	
	<u>2022</u>	<u>2021</u>
<i>Employees</i>		
<i>Attrition</i>	13.55%	11.39%
<i>Average tenure</i>	4.3 years	5.3 years
<i>Recruitment at management positions (Female:Male)</i>	34:66	50:50
<i>Internal promotions (Female:Male)</i>	54:46	47:53
<i>Net promoter score</i>	(7.53)	14.0
<i>Customers and suppliers</i>		
<i>Number of customers</i>	1,807	1,784
<i>Number of active suppliers</i>	540	522

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 2022

Overview

I am pleased to provide an operational update and to report successful progress across the year at Idox. We continue to evolve our operational structures to deliver better services, more effectively, whilst maintaining our performance levels and high standards.

Across the Group, colleagues have shown great resilience and determination in the delivery of critical software and national infrastructure solutions into our growing customer base.

We are successfully operating in a hybrid working model, with colleagues working from both office locations and home where roles allow. This continued flexibility provides colleagues with a balanced approach and works well with our customer requirements which continue, on the whole, to necessitate remote working, with only limited onsite presence requested.

Across the Group, our Four Pillars continue to drive our operating model at both a tactical deployment and strategic level. This approach embodies a clear methodology and culture for all colleagues when making key decisions within the business.

Revenue

To provide a more targeted focus on the markets that we serve, and to ensure our solutions help our customers deliver better services, for FY23 we have implemented a divisional structure that consolidates Business Units delivering comparable technical solutions or serving similar markets: Land and Property, Communities and Assets.

The Divisional structure has been designed to create a direct focus for sales, products, and customer engagement. Aimed at delivering great customer outcomes and aligning product roadmaps and innovation investment more dynamically to their respective market requirements, these changes will help drive high quality, long-term sustainable revenue growth across the Group. Our operating model continues to leverage the overall scale of the Group across horizontal functions including, Software Development, Professional Services, Customer Support and Infrastructure.

We retain strong business controls and governance to ensure that revenue is of high quality, and we continue to adopt and implement solutions that help improve our annually recurring revenues and long-term value.

Focussing on long-term sustainable growth has helped deliver a growth rate of over 12% for Annual Recurring Revenues across the Group.

We continue to invest in our sales stratification strategy, improving efficiencies, reducing our overall cost of sales and enhancing the customer experience. This year we welcomed 190 new customers to Idox and saw our order intake grow to over £74m (+19% YoY) which was significantly ahead of our revenues in-year, building momentum into future revenues and orderbook.

We continue to lead the way in the provision of digital SaaS platforms for the Built Environment and Public Protection, Public Sector market through our Idox Cloud solutions, winning 15 new customers to the platform. New customers included North Warwickshire Borough Council and Rother District Council. Our cloud conversion strategy saw continued successes this year with more customers committing to long-term agreements with Idox, including both Shropshire County Council and London Borough of Brent moving to the Idox Cloud solution. We also saw significant successes in the Local Authority customer base particularly in the provision of private cloud services; successes included Aberdeenshire Council, North Lanarkshire Council, Sunderland City Council and Newport City Council.

In Aligned Assets we continued to win new business throughout 2022, providing an address management service to the largest police force in the country, the Metropolitan Police. Our solution delivers critical information and property intelligence directly to investigating officers. This is a solution that is fundamental to the emergency dispatch of officers for the whole of Greater London and the Royal estates, so accuracy, speed and resilience are vital components of the solution.

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

For the year ended 31 October 2022

In Social Care we saw new wins with Oldham Council, Isle of Wight and Cambridgeshire County Council. In our Sexual Health Solutions, we saw an important win with Solution4Health and long-term commitments from Virgin Care Services, Central London Community Health NHS Trust and Berkshire Healthcare NHS Foundation Trust.

In Elections we saw new clients for both Elections Management Software and PVMS (Print & Managed Services), these included Oxford City Council, Somerset Council, and Scottish Borders Council. Our Databases business continued to attract additional customers, where we secured over 120 new customers to our GrantFinder and ResearchConnect SaaS solutions.

In our EIM division we welcomed 15 new customers across a number of different industries, this included a five-year contract for Lummus Technology LLC, TransAlta Energy Corporation and Adani-Ambuja Cements Ltd. We also saw continued commitment and large projects from existing customers including Canadian Natural Resource Limited (CNRL), Oxy Inc, and PSEG.

Margins

We have seen an overall improvement in Adjusted EBITDA to 34% (2021: 31%) in our continuing business performance over the last 12-months. We recorded a statutory profit before tax of £6.6m (2021: £7.3m) representing a statutory profit margin of 10% (2021: 12%).

Across the Group we continue to invest in our people, technology and operational initiatives to help drive improvements in margin performance. Leading Together and other development programmes have created many opportunities for colleagues from within the business to take on new roles and promotions.

We have doubled the size of our India operation in Pune and extended our capabilities to include all aspects of our back-office functions, including Finance and HR. We have also expanded our development capacity and included technical consultancy and services resources; this continues to be a key strategic development area for Idox.

Our operational structure combines the focus of a targeted divisional go-to-market team focussed on product innovation, revenue and customer growth with the scale of the entire Group for Engineering, Professional Services, Customer Support and other back-office functions, this combination maximises our cost base and resources.

Simplification

We continue with our efforts to operate the Group as a simple and efficient business, leveraging the scale of the organisation with continued Group wide operational functions for Professional Services, Engineering, Customer Helpdesk/Support functions as well as IT, People services and Finance.

A divisional structure provides the leadership required to directly drive revenue growth and strategic product alignment through bringing the appropriate market knowledge and domain expertise.

We continue to invest in technology, process improvement and organisational design across the Group which includes the implementation of Financial Force as a Professional Services Automation (PSA) tool bringing greater project and financial controls, better deployment of resources, improved utilisation, and has allowed Idox to improve the overall Customer Experience.

As we look to maximise our investment in our CRM tools implemented over the previous years, we have included additional capabilities for forecasting and deployed pricing automation tools to the portfolio, improving consistency, efficiency and revenue visibility.

We have also implemented technology to assist Product Management and Engineering areas; helping to align strategic product objectives with our corporate objectives. These tools help us drive best practice and execute delivery across the organisation in a consistent and effective way. A key initiative of the investment is the provision of a dynamic communication gateway for customers; improving feedback, delivering release notes, providing articles for consultation and generating active product roadmaps are all features of the gateway. This improves the overall collaboration with our customers and is helping us drive our investments and development efforts into the areas that really matter for our customers.

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

For the year ended 31 October 2022

We have maintained our 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 during the year, Idox was fully accredited with Cyber Essential Plus, demonstrating our ongoing commitment to cyber security and protection protocols).

Communication

This year we have continued to improve the way we work and communicate with our customers, leveraging technologies previously mentioned to help create more meaningful engagement and increasing touch points. Additionally, we have communicated directly through our extensive account management teams, these are further supported through our internal sales support and our project management office.

We also work with specific areas of government and industry groups directly linked to the markets that we serve. This provides access and knowledge of the latest strategies, requirements and trends enabling Idox to participate in these discussions and take advantage of these opinions and points of view within development plans.

We operate a wide and varied communication strategy across all our teams and look to address issues and challenges identified with openness and transparency, as detailed on page 15. We aim to reflect our own people's desire for Idox to be a socially responsible and sustainable business, providing colleagues with time and resources to support charities and local good causes. Our employee initiatives, such as Workplace Wellbeing, provide support to our colleagues and create communities where support and connection is created. We also look to encourage colleagues to initiate and drive engagement across the business through shared interest, these have included photography groups, pets, cycling, knitting and other hobbies and pastimes. We believe that these are all good signs of a healthy and vibrant business with actively engaged colleagues where all opinions are aired and heard.

FY23 has started well and with our new divisional structure, focussing our efforts on specific market challenges and aligning our investments into key revenue opportunities, we are already seeing a positive impact.



Jonathan Legdon
Chief Operating Officer
25 January 2023

Strategic report – Section 172 and stakeholder engagement

For the year ended 31 October 2022

Introduction

We interact with a large number of stakeholders every day. Our focus is to create collaborative, open relationships which harness strong connections through 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.

The methods in which the Group engages with the key stakeholders in order to understand any issues they have are noted in the following table:

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 Monthly employee engagement forums 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 Regular interaction with Humanity for Inclusion
<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 2022

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, 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 2023 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 / adj. 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. During the year ended 31 October 2020 the Board re-established its dividend policy. Under this policy there is intention to pay a final dividend of 0.5 pence in respect of the year ended 31 October 2022 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 2022

Topic	Stakeholder engagement	Outcome of engagement	Principal decisions
<i>Employees and culture</i>	Local communities, shareholders and employees	Idox should strive to be an employer of choice to attract and retain the best employees that will help scale the business in a profitable and cash-generative way. Investment in Idox's people should go beyond financial rewards, and the Group should engender a fair, culturally strong and socially-aware ethos that existing and prospective employees will be excited to be part of.	The Senior Management team continue to support and advocate on a number of employee resource groups. These provide support and development opportunities, as well as helping build a sense of community within Idox. These initiatives have included: • Employee Lounges – providing community and networking opportunities • Idox Voice – regular employee communications • Idox Elevate – gender equality • Workplace Wellbeing – mental health support for our people • CEO Broadcasts – ensuring our leadership is regularly visible and communicating to our people • Leadership Together – leadership programme Whilst the Group has seen a 40-point increase in the employee Net Promoter Score from 2019, through to 2021, we were disappointed to see a 21-point decrease in 2022. Given the macro climate and external factors on cost of living, this is a factor we continue to monitor and explore ways to mitigate. The Board continues to monitor these initiatives, the impact on our people and employee churn metrics more generally.
<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. During the year the Group has set up an internal control function to focus on this area and have appointed an external specialist to perform health checks of the control environment. Idox has also completed the action plan of improvements based on the feedback received from the previous year's reviews.

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.

In addition, Idox has adopted the recommendations and model of the Financial Stability Board of the Bank for International Settlements' Task Force on Climate-related Financial Disclosures (TCFD).

Strategic report – Section 172 and stakeholder engagement (continued)

For the year ended 31 October 2022

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.

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 22 and 39.

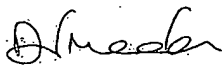
Social

Creating social value within the communities we serve is key for Idox. We actively encourage employees to take part in volunteering and charitable opportunities. Via promotion and sponsorship of charitable efforts within our monthly newsletter, Inside Idox, the Group creates opportunity for local fundraising activities.

Through employee resource groups and access to volunteering days, Idox has positively engaged in opportunities to improve lives for underrepresented groups and local communities.

As we progress through our commitments to Environmental, Social and Governance impacts as a Group, we have realised our potential in positively impacting those around us. Read more about our approach and activities on page 19.

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



David Meaden
Chief Executive Officer
25 January 2023

Strategic report – Responsible business

For the year ended 31 October 2022

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 (SDG's), 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

Our people are central to all that we do at Idox. Having invested in our teams through leadership development, and focused on Diversity, Equality and Inclusion initiatives, we are committed to ensuring that we offer a great place to work for all.

Diversity, Equality and Inclusion (DEI)

As Idox continues to grow, welcoming people from different communities, we have become increasingly focused on the diversity and inclusion of our people. For the first time, in 2022, Idox created a 'Dare to be Different' survey, aimed at understanding who our colleagues are and what is important to them. The optional survey gave us an increased insight into who our people are, from beliefs to sexual orientation and pronouns. With 44% of colleagues completing the survey, it has provided a base from which Idox will further explore how to support, advocate and welcome those from minority communities.

In addition, Idox Elevate has continued to work on allyship and promoting gender equality at all levels of the organisation. We continue to look at how our recruitment strategy can reinforce diversity in new hires; we are communicating and retraining our teams on the recruitment process. This includes the mandating of gender balanced panels; salary checks to ensure no inequality and where possible, new roles should offer flexible working or part time options as standard. More stats are available in our Gender Pay Gap report – <https://www.idoxgroup.com/wp-content/uploads/Gender-pay-gap-reporting-22.pdf>.

We have also introduced monthly unconscious bias workshops where our teams can learn how to identify and tackle bias in the workplace. The feedback from these sessions was that people are keen to see this become mandatory training for all employees. We have taken this on board and a DEI training programme will be rolled out to all employees later this year alongside the mandatory information security training we already have in place.

Strategic report – Responsible business (continued)

For the year ended 31 October 2022

We do, however, recognise the importance of improving our diversity at senior management level, and in 2023, the Board will work with Idox Elevate to create a fast-track scheme focused on developing the skills of talented women in the business, so they are ready to fulfil these senior positions.

Key stats:

- 20% females on Idox plc Board
- 20% people of ethnic minorities on Idox plc board
- Number of ethnicities within the Idox workforce: 15*
- 13% of colleagues are neurodivergent*
- 13% of colleagues are from the LGBTQIA+ community*
- Number of religious beliefs at Idox: 16*

* These results are representative of the 245 employees who chose to respond to our DEI survey.

Training and development

Creating opportunities for our people to develop long lasting careers, as well as developing high potential talent, is a key focus at Idox. Having launched Leading Together in 2021, we were pleased to welcome a further 70 employees into the programme in 2022.

Employee initiatives

Our employee initiatives continue to create success, community, and connectedness across Idox, while looking at important subjects. Workplace Wellbeing continue to explore challenging and inspiring topics that can impact our employee's health. From cold water therapy, to dealing with trauma, the team provide invaluable support to our people.

In 2022, we created a new initiative, Employee Lounges, to help enhance connection, two-way feedback, and wellbeing checks to our colleagues. Taking place monthly, the gathering brings together groups of around 10 people from different locations, departments, and teams together to discuss life at Idox. The topics covered focus on culture, maintaining healthy working practices and building inclusivity.

Idox Voice maintain our community, creating opportunities for recognition, social activities, and engagement. This year the team have again run several events focused on recognition of the work of our people and that bring connection to our remote teams. Walkies with Idox took place for a second year, bringing people together for a month of challenges and encouraging everyone to take some time away from their desk for exercise and time spent in nature.

Key stats:

- 10 Workplace Wellbeing sessions
- 8 Employee lounge sessions
- 6 In conversation with Idox Elevate sessions
- Over 22,000 miles covered in Walkies with Idox

Our community

Volunteering and charitable giving

Each year, we offer our colleagues a paid day's volunteering to give back to the causes close to their heart. The scheme has successfully allowed our people to give back and create teambuilding activities.

In response to National Council for Voluntary Organisations (NCVO) preparing to discontinue its funding portal, Idox launched My Funding Central in March 2021. My Funding Central provides easy access to thousands of grants and social investment opportunities from local, national, and international funding sources – all in one place. 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. 2,704 charity and voluntary organisations, community groups and social enterprises have already signed up to use the service free of charge.

Workplace Wellbeing also created a strong relationship with the charity, Humanity and Inclusion following a donation from Idox on behalf of our employees. As part of that relationship, Humanity and Inclusion Chief Executive, George Graham, has engaged with our team to give talks and invited Idox CEO, David Meaden to join discussions with the charity. The insight into the impact of the Ukrainian crisis, as well as all the other good work that Humanity and Inclusion undertake, has been an inspiration to our people.

Strategic report – Responsible business (continued)

For the year ended 31 October 2022

Our environment

In 2021, Idox adopted the TCFD framework to monitor and improve our environmental impact. The use of this framework has allowed Idox to report on the four thematic areas: governance, strategy, risk management, and metrics and targets.

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

We have well established structures of governance with the Board, Audit Committee and Executive Management Team all having defined roles within this structure. Climate related risks and opportunities form a key and integral component of our overall corporate governance.

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.

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.

Our approach to risk management is described in the principal risks and uncertainties on pages 30 to 34.

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 2022

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 2021	Year ended 31 October 2022	Current year change from prior year	Current year change from baseline
1. Direct	Fuel - Gas	14	5	-	(100%)	(100%)
	Fuel - Oil	16	9	8	(9%)	(50%)
	Passenger vehicles	10	8	7	(14%)	(28%)
2. Indirect - Electricity	Electricity Use	121	59	84	42%	(30%)
3. Indirect - Other	Business Travel - Air	92	10	51	398%	(45%)
	Business Travel - Hotel	52	13	23	81%	(56%)
	Business Travel - Land	16	3	11	225%	(33%)
	Business Travel Mileage	303	21	38	77%	(87%)
	Waste Disposal Batteries	4	-	-	-	(100%)
	Waste Disposal Electrical Items	66	8	9	14%	(86%)
	Waste Disposal Paper etc	37	15	22	48%	(41%)
Total gross emissions		731	151	253	68%	(65%)

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.

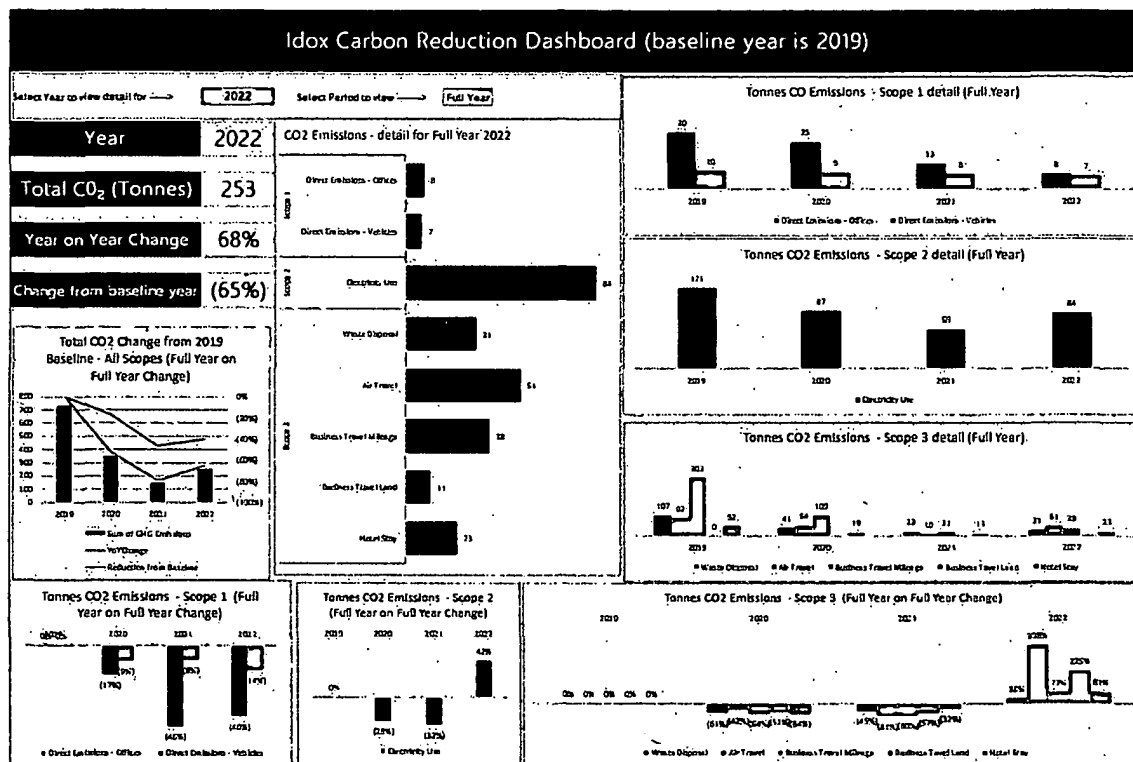
Awareness of our environmental impact, the initiatives we are taking to reduce it and the positive impact everyone in Idox can, and is making, has been maintained. Ensuring employees are aware of their impact, especially in reducing travel and choosing public transport.

Having had input from people across Idox, planning was put in place this year to create an Electric Vehicle (EV) Scheme. 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 2022

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 2022 compared with 2021 as the impact of travel and other pandemic related restrictions have eased. 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 2022 being 65% down on the baseline year.

To meet our 2040 net carbon zero goal, we aim to achieve a 25% decrease in carbon emissions at the end of our 3-year plan period to 31st October 2024 compared with 2019 (representing a reduction of about 183 tonnes of CO₂ emissions in 2024 compared with 2019). The results in 2022 demonstrate we are on track to achieve this aim.

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.

Strategic report – Responsible business (continued)

For the year ended 31 October 2022

Having introduced a new role, Head of Compliance Services, Idox continues to ensure we are best placed to review processes and mitigate risks. Part of this role includes managing a newly formed internal audit function, ensuring scrutiny of operational adherence and 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 2022

Financial review

FY22 has seen a robust set of results against challenging market conditions. The Group delivered increased revenues and improved levels of EBITDA and margin along with improvements in its net debt position at 31 October 2022. In addition, the Group continued to progress its M&A strategy and completed the acquisition of LandHawk in October 2022.

The Idox Content businesses are classified as discontinued operations following their disposal in FY21. As a result of the disposal there have been no revenues or EBITDA attributable to this division in the year, however, there have been finalisation costs associated with the disposal of £0.6m.

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

	FY22 £000	FY21 £000	Variance	
			£000	%
Revenue				
- Public Sector Software	58,283	54,114	4,169	8%
- Engineering Information Management	7,901	8,071	(170)	(2%)
- Idox Software	66,184	62,185	3,999	6%
- Idox Content (discontinued)	-	3,897	(3,897)	(100%)
- Total	66,184	66,082	102	(0%)
Revenue split				
- Public Sector Software	88%	82%		
- Engineering Information Management	12%	12%		
- Idox Software	100%	94%		
- Idox Content (discontinued)	-	6%		
Adjusted EBITDA*				
- Public Sector Software	20,974	17,969	3,005	17%
- Engineering Information Management	1,535	1,550	(15)	(1%)
- Idox Software	22,509	19,519	2,990	15%
- Idox Content (discontinued)	-	276	(276)	(100%)
- Total	22,509	19,795	2,714	14%
Adjusted EBITDA margin split				
- Public Sector Software	36%	33%		
- Engineering Information Management	19%	19%		
- Idox Software	34%	31%		
- Idox Content (discontinued)	-	7%		
- Total	34%	30%		

* Adjusted EBITDA is defined as earnings before amortisation, depreciation, restructuring, acquisition costs, impairment, financing costs and share option costs. See page 118 for reconciliations of the alternative performance measures.

Strategic report – Financial review (continued)

For the year ended 31 October 2022

Continuing operations – PSS and EIM

	FY22 £000	FY21 £000	Variance	
			£000	%
Continuing revenues				
- Recurring (PSS)	34,557	30,111	4,446	15%
- Recurring (EIM)	5,989	6,139	(150)	(2%)
- Total recurring	40,546	36,250	4,296	12%
- Non-recurring (PSS)	23,726	24,003	(277)	(1%)
- Non-recurring (EIM)	1,912	1,932	(20)	(1%)
- Total non-recurring	25,638	25,935	(297)	(1%)
- Total continuing revenue	66,184	62,185	3,999	6%
- Recurring*	61%	58%		
- Non-recurring**	39%	42%		

* 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 6% in the year to £66.2m (2021: £62.2m). PSS was up 8% for the year at £58.3m (2021: £54.1m) and EIM has remained broadly flat with revenue of £7.9m (2021: £8.1m). Taking account of revenues from discontinued businesses in 2021 of £3.9m total Group revenue is slightly up in the year.

Recurring revenues for the year increased 12% from £36.3m to £40.5m and represented 61% (2021: 58%) of the total continuing revenue. Within PSS, recurring revenue increased 15% to £34.6m (2021: £30.1m). Good growth in recurring revenue in the Group's Local Authority and Grants businesses was supported by new wins and a full year impact from Aligned Assets, exeGesIS, and thinkWhere. The recurring revenues in EIM remained stable at £6.0m (2021: £6.1m).

Non-recurring revenues for the year were marginally lower at £25.6m (2021: £25.9m). PSS recorded a small reduction of £0.3m resulting in revenue of £23.7m (2021: £24.0m) with strong contributions from the Local Authority and Elections businesses. EIM remained stable at £1.9m (2021: £1.9m).

Adjusted EBITDA increased by 15% to £22.5m (2021: £19.5m), delivering an improved Adjusted EBITDA margin of 34% (2021: 31%). The margin improvement has been driven by a combination of operational efficiencies, changes in mix and pricing.

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.

Discontinued operations – Content

The Group divested of its Content division during March and April 2021 and therefore has not recorded any revenues in the year. The table below is included to provide the comparative figures for FY21.

	FY22 £000	FY21 £000	Variance	
			£000	%
Idox Content revenues				
- Recurring	-	604	(604)	(100%)
- Non-recurring	-	3,293	(3,293)	(100%)
	-	3,897	(3,897)	(100%)
- Recurring	-	15%		
- Non-recurring	-	85%		

Strategic report – Financial review (continued)

For the year ended 31 October 2022

Profit before taxation

The statutory profit before tax was £6.6m (2021: £7.3m). The reasons for the improved adjusted EBITDA are set out above, and the reasons for the movements in all other constituent parts of profit before tax are set out below. The following table provides a reconciliation between adjusted EBITDA and statutory profit before taxation for continuing operations.

	FY22 £000	FY21 £000	Variance	
			£000	%
Adjusted EBITDA	22,509	19,519	2,990	15%
Depreciation	(1,597)	(1,581)	(16)	1%
Amortisation – software licences and R&D	(5,317)	(5,062)	(255)	5%
Amortisation – acquired intangibles	(3,670)	(3,561)	(109)	3%
Restructuring costs	(470)	90	(560)	(622%)
Acquisition costs	(183)	134	(317)	(237%)
Financing costs	(30)	(110)	80	(73%)
Share option costs	(2,584)	(1,789)	(795)	44%
Net finance costs	(2,056)	(372)	(1,684)	453%
Profit before taxation	6,602	7,268	(666)	(9%)

Restructuring costs were £0.5m (2021: £0.1m gain). The restructuring costs in the year are associated with further simplifications of the Group structure as we look to remove historical dormant companies associated with previous acquisitions.

Acquisition costs of £0.2m (2021: £0.1m gain) relates to the acquisition of LandHawk in the year and finalisation fees associated with the acquisition of Aligned Assets, thinkWhere and exeGesIS in the prior year. The prior year is in relation to the acquisition of Aligned Assets, thinkWhere and exeGesIS.

Financing costs of £30k (2021: £0.1m) relate to the annual fee incurred as part of the loan facility agreement. The prior year costs were incurred as part of the loan extension and transition to SONIA from LIBOR in October 2021.

Share option costs of £2.6m (2021: £1.8m) relate to the accounting charge for awards made under the Group's Long-term Incentive Plan. The increase in the year is driven by the full year impact of awards made in the prior year coupled with additional awards made in FY22.

Net finance costs have increased to £2.1m (2021: £0.4m) due the impact of a £1.0m adverse foreign exchange movement (non-cash) on the Euro denominated bond and a £0.7m adverse impact of an effective interest rate accounting adjustment on drawn loan balances (also non-cash).

The Group continues to invest in developing innovative technology solutions across the Idox Software portfolio and has capitalised development costs of £6.6m (2021: £4.6m). The increase in the year is primarily due to the full year impact of the FY21 acquisitions (£1.5m), with the remaining £0.5m being driven by an increase in our development and other outsourced costs.

Taxation

The effective tax rate (ETR) for the year was 16.4% (2021: 9.4%) for total operations. The ETR for the year for continuing operations was 16.4% (2021: 17.0%).

The main factors for the reduction in the volatility in the ETR on the profit before tax position were the disposals in FY21 which resulted in income not subject to tax, meaning permanent and other differences giving rise to ETR effects were proportionately lower in the current period. These differences included routine non-allowable amounts, losses utilised in the period in addition to international losses not recognised in the period and higher overseas tax rates.

The difference between the statutory rate of 19% and the ETR of 16.42% is due to tax losses utilised in the year, the impact of overseas tax rates and international losses arising in the period and not recognised.

Strategic report – Financial review (continued)

For the year ended 31 October 2022

There are substantial carried-forward losses not recognised for deferred tax purposes to date, owing to adoption of a prudent loss recognition position. The gross value of these losses not recognised to date totals £13m, split across Malta (£10.9m) and France (£2.1m). The Board is hopeful that the Group will benefit from these unrecognised tax losses, with the exception of Malta, in the future and these will be recognised at the point where utilisation becomes more certain.

Earnings per share and dividends

Basic earnings per share for continuing and discontinued operations decreased to 1.14p (2021: 2.71p) as a result of the profit for FY21 benefitting from the £6.29m gain on disposal of the Content businesses. Diluted earnings per share decreased to 1.11p (2021: 2.65p).

Adjusted basic earnings per share for continuing operations increased 6% to 2.48p (2021: 2.33p) and adjusted diluted earnings per share increased 7% to 2.44p (2021: 2.27p). The difference between the increase in adjusted EBITDA of 15% and the adjusted basic earnings per share of 8% is driven by the increase in finance costs in the year.

The Board proposes a final dividend of 0.5p per share (2021: 0.4p), which represents a total dividend for the year of 0.5p per share (2021: 0.4p), at a total cost of £2.3m (2021: £1.8m).

Balance sheet and cash flows

The Group's net assets have increased to £67.4m compared to £60.8m as at 31 October 2021. 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 2022 £000
Total Equity as per FY21 Financial Report	60,810
Share option movements	2,542
Fair value of deferred consideration shares on purchase of subsidiary	376
Equity dividends paid	(1,784)
Profit for the year	5,044
Exchange gains on translation of foreign operations	428
Total Equity as per FY22 Financial Report	67,416

The increase in the Group's net assets is principally due to the profit for the year, with an improvement in net debt in the year as the Group continued to target cash generative revenues and margins across its business. This is bolstered by the increase of intangible assets due to the purchase of LandHawk in the year, which was offset by the reduction in the right-of-use-assets. The Group settled VAT deferrals from the previous year of £1.0m and the historic provision associated with our exited London office.

Cash generated from operating activities before tax as a percentage of Adjusted EBITDA was 81% (2021: 84%). This decrease was due primarily to the VAT liability deferrals the Group took advantage of as part of its early Covid-19 pandemic defensive actions in FY20 which were fully settled in FY22. The Group generally continues to have high levels of adjusted EBITDA to cash conversion.

Free cashflow for the year was £7.2m (2021: £9.7m). Free cashflow has decreased in the year due to the VAT effect referred to above coupled with an increased investment in capex in the year.

	FY22 £000	FY21 £000
Net cashflow from operating activities after taxation	15,647	16,554
Capex	(7,558)	(5,747)
Lease payments	(927)	(1,154)
Free cashflow	7,162	9,653

Strategic report – Financial review (continued)

For the year ended 31 October 2022

The Group ended the year with net debt of £6.7m (2021: £8.1m), an 18% improvement on the 2021 net debt position. Net debt comprised cash of £13.9m less bank borrowings of £9.2m and the Maltese listed bond of £11.3m, which is due in June 2025. We ended the year with a net debt to Adjusted EBITDA ratio of 0.3 (2021: 0.42).

The Group retains significant liquidity with cash and available committed bank facilities and has strong headroom against financial covenants. The Group's total available facilities at 31 October 2022 consisted of a revolving credit facility of £35m and £10m accordion which continue to June 2024.



Anoop Kang
Chief Financial Officer
25 January 2023

Strategic report – Principal risks and uncertainties

For the year ended 31 October 2022

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. The recommendations from this report were considered and a program of required changes and improvements was implemented over the last year.

As part of this programme, a risk management dashboard was developed and agreed by the Audit Committee. This is contained within 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 programme.

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 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 2022

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 Taskforce for Climate-Related Financial Disclosures recommendations.

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. 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 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 use cases 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.

Strategic report – Principal risks and uncertainties (continued)

For the year ended 31 October 2022

Risk	Principal risks	Management of risks	Change in assessment of risk in the period
<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 integration of Aligned Assets, thinkWhere and exeGesIS completed in 2022. The acquisition of LandHawk was finalised in October 2022 and integration is underway. We have been actively scouting 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. We have also strengthened our acquisition efforts with the creation of a 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 2022

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, exeGIS and LandHawk has brought additional capability in modern technology to the Group, notably in the fast-growing Geographical Information Services (GIS) area.	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 two years. 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 to have decreased risk in respect of selling than in previous years.

Strategic report – Principal risks and uncertainties (continued)

For the year ended 31 October 2022

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. Given the Group's net debt has reduced year on year, we consider the Group to have lower capital structure risk than in previous years.
<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. Our assessment of this risk has not changed during the year.

Board of Directors

For the year ended 31 October 2022

Chris Stone *Non-Executive Chair*

Chris 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 Kler 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 is Vice-Chair and Chair of the Audit and Risk Assurance Committee of Cottsway Housing Association, 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 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 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 Castleon 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.

Directors' report

For the year ended 31 October 2022

The Directors submit their report and audited financial statements for the year ended 31 October 2022.

Results and dividends

The Group's audited financial statements for the year ended 31 October 2022 are set out on pages 63 to 107. The Group's profit for the year after tax amounted to £5.0m (2021: £11.9m). The Directors have paid a dividend of 0.4p per share in the first half of the 2022 financial year, in respect of the year ended 31 October 2021. The Directors propose a dividend of 0.5p per share to be paid in respect of the year ended 31 October 2022.

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 2022	1 November 2021
C Stone	936,377	936,377
D Meaden	1,119,140	468,139
P Kelly	105,263	105,263
A Cummings	-	-
A Kang	-	-
R Grubb	N/A	94,648

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 Report on Remuneration on pages 41 to 42.

Details of the Directors' service contracts can be found in the Report on Remuneration on pages 41 to 42.

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 2022

Substantial shareholdings

As at 31 October 2022, 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	88,958,053	19.66
Soros Fund Management	52,181,652	11.53
Long Path Partners	49,282,998	10.89
Kestrel Partners	41,164,829	9.10
Herald Investment Management	31,659,483	7.00
Gresham House Asset Management	25,643,781	5.67
Investec Wealth & Investment	23,067,950	5.10

Transaction in own shares

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

During the year no 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 1,426,219.

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 2022. 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 have 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 introduced a new initiative, Employee Lounges, as a smaller group setting, focused on feedback and discussion on life at Idox.

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

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, which become the property of the employee after a three-year vesting period.

Directors' report (continued)

For the year ended 31 October 2022

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, the 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 December 2019 the Group had refinanced with the National Westminster Bank plc, Silicon Valley Bank and Santander UK plc. The facilities, which comprise a revolving credit facility of £35,000,000, were extended during FY21 and are committed until June 2024.

As part of the preparation of our FY22 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. Under this sensitivity analysis, recurring revenues renewals were assumed to be 27% lower than plan and non-recurring revenues won and delivered lower by 55%, with no corresponding action on costs to address these shortfalls. Under this scenario, the Group would likely be in breach of its banking covenants during FY24, albeit liquidity even in this extreme scenario remains strong. This scenario is not considered credible given the growth the Group has experienced in FY20 to FY22 in recurring and non-recurring revenues despite the impact of the Covid-19 pandemic.

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

Directors' report (continued)

For the year ended 31 October 2022

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 2022:

	Usage	tCO ₂ e
Scope 1 – Emissions from combustion of oil (L)	3,177	8
Scope 1 – Emissions from use of passenger vehicles (mi)	24,288	7
Scope 2 – Emissions from purchased electricity (kWh)	326,781	84
Scope 3 – Emissions from business travel – air (mi)	402,952	51
Scope 3 – Emissions from business travel – hotel (kWh)	1,385	23
Scope 3 – Emissions from business travel – land (mi)	197,909	11
Scope 3 – Emissions from business travel – mileage (mi)	134,918	38
Scope 3 – Emissions from waste disposal – electrical items (t)	428	9
Scope 3 – Emissions from waste disposal – paper etc. (t)	1,048	22
Total gross emissions (tCO₂e)		253
Total revenue (£000)		66,184
Carbon Intensity Ratio (tCO₂e/£000)		0.0038

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 15 to 18.

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.

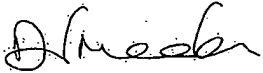
Directors' report (continued)

For the year ended 31 October 2022

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
25 January 2023

Corporate governance report

For the year ended 31 October 2022

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, we are in the final stages of agreeing a revised LTIP scheme which will apply to all options granted relating to the FY23 financial year.

Directors' remuneration

2022	Basic salary and fees 2022 £000	Bonus 2022 £000	Benefits in kind 2022 £000	Total 2022 £000	Pension 2022 £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

* Chair

Corporate governance report (continued)

For the year ended 31 October 2022

Directors' remuneration (continued)

2021	Basic salary and fees 2021	Bonus 2021	Benefits in kind 2021	Total 2021	Pension 2021
	£000	£000	£000	£000	£000
Executive Directors					
David Meaden	331	232	20	583	-
Rob Grubb	175	92	10	277	10
Non-Executive Directors					
Chris Stone*	100	-	-	100	-
Phil Kelly	35	-	-	35	-
Alice Cummings	35	-	-	35	-
	676	324	30	1,030	10

* Chair

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 LTIP options granted in the course of the year, were either prior to shareholder discussions and agreeing to review the scheme, or to honour contractual undertakings and to enable new employees to join the company.

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
Chris Stone	585,500	-	-	-	585,500	1p	Mar 2019	Mar 2029
David Meaden	3,512,400	-	(3,512,400)	-	-	0p	Mar 2020	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
Totals	5,031,862	1,198,529	(3,512,400)	-	2,717,991			

The £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 options have no vesting conditions and are fully exercisable from the dates noted in the table above.

The mid-market price of the Company's shares at close of business on 31 October 2022 was 61.40p and the low and high share prices during the year were 56.40p and 74.40p, respectively.

The Company recognised total expenses of £2,583,737 (2021: £1,908,150) related to equity-settled, share-based payment transactions during the year in respect of all Directors and employees, of which £2,583,737 (2021: £1,908,150) related to the LTIP share option scheme.

The pre-tax aggregate gain on exercise of share options during the year was £2,140,000 (2021: £Nil). Note 24 of the Group accounts contains full disclosure of the Company's share options.

Corporate governance report (continued)

For the year ended 31 October 2022

Directors' share interests

The Directors' shareholdings in the Company are listed in the Directors' Report on page 36.

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 are discussed with its Auditors on future changes to such accounting policies.

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.

To facilitate this, the CEO regularly meets the Executive Management Team (EMT) 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 EMT.

Corporate governance report (continued)

For the year ended 31 October 2022

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 35.

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 49 to 52.

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

The 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.

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

Corporate governance report (continued)

For the year ended 31 October 2022

The 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, the Remuneration Committee met two times in the year, and the Nominations Committee met once 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.

There are three Directors 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 has been set up to provide focus, to take the programme forward throughout the Group and provide independent scrutiny of operational adherence, to ensure the Group remains best placed to suitably mitigate risks that emerge as the Group's operations evolve. This function is the responsibility of a newly created role (Head of Compliance Services) reflecting the Group's commitment to designing and maintaining reliable controls across the Group.

At the start of the financial year, KPMG delivered their report following their high-level assessment of the quality of internal controls by reference to control benchmarks across the lead to cash and procurement processes. The report provided useful recommendations on improvements which could be made but raised no significant concerns.

During the year the Group has progressed these improvements to processes and internal controls as well as implementing enhancements in response to internal audits and health checks. In parallel with this activity the Group has appointed a respected consultancy firm (Johnston Carmichael LLP) to support the evolution of its internal control framework across ten key operational areas over the next 3 years. This rolling programme started in late August and reports for the three focus areas will be presented to the Audit Committee in the first quarter of financial year 2023.

The Audit Committee has continued to maintain a close dialogue with Management and the Group's external auditors in FY22 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 where appropriate have requested recommendations for future improvements for addressing identified issues.

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;

Corporate governance report (continued)

For the year ended 31 October 2022

- 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;
- the external audit approach is moving away from substantive to a controls-based methodology for revenue in FY22, with a view to encompassing a greater level of controls reliance from FY23 onwards; 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 introduction of Configure, Price, Quote (CPQ) functionality into our Customer Relationship Management system to automate business approval, minimise manual interactions and provide system-based controls in areas such as price book management, lead to order processes, customer insight, reporting granularity and robustness of routine reporting.
- Extending the functionality of our Agresso Enterprise Resource Planning system to automate revenue management, incorporating real-time generation of journal entries, approval workflows, and various system-based controls allowing the move away from complex spreadsheets to a smoother, more efficient process end-to-end. Reporting accuracy is enhanced and more flexible 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.
- Procuring and implementing Professional Services Automation software (PSA) which is tightly integrated with our Salesforce CRM to become the single source for all project related service delivery activity and a hub for collaboration with our collective teams and with our customers. The system went live in October 2022 and will bring efficiencies in resourcing, utilisation and project management as well as improved decision making through better data and reports.
- With PSA joining Salesforce and Agresso, we 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:

Corporate governance report (continued)

For the year ended 31 October 2022.

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) provide briefings on shareholder opinion and compile 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 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 2022

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 have to prepare the Group financial statements in accordance 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.

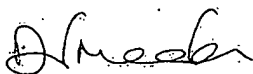
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

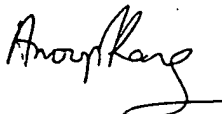
The Directors confirm that to the best of their knowledge:

- 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 25 January 2023 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 2022

Overview

This report presents the activities of the Committee during the financial year ended 31 October 2022. The report provides insights on the Committee's work and sets out how the Committee has fulfilled its responsibilities in relation to the integrity of financial reporting, oversight of risk management and internal control and the effectiveness of the external audit.

Membership and meetings

The Audit Committee is a committee of the Board comprised of three Non-Executive Directors: Alice Cummings, Chris Stone and Phil Kelly. The Audit Committee is chaired by Alice Cummings. The Board considers that Alice Cummings has relevant and recent financial experience to discharge this role, as noted on page 35. The Audit Committee members are considered to have sufficient, recent and relevant financial and commercial experience to discharge their duties.

The Company Secretary is also the Secretary of the Audit Committee.

The Committee carries out its activities for Idox plc, its major subsidiary undertakings and the Group as a whole, as appropriate. 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 accounting firms and the external audit firms for the Group and listed subsidiary.

During the year under review, the Audit Committee held four scheduled meetings. The Audit Committee invites the Executive Directors, the Group's and listed subsidiary's Auditors and other senior managers to attend its meetings as appropriate. The Group's Auditor has attended three of the four scheduled meetings. The Executive Directors attended all meetings of the Audit Committee in the year.

Roles and responsibilities

The Board updated its terms of reference for the Audit Committee in December 2022. The Audit Committee has a wide remit and its key roles and responsibilities include reviewing and advising the Board on:

- the integrity 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 Auditor and their effectiveness in line with the requirements of the Code;
- 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 and external audits;
- 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; and
- the Group's procedures for responding to any allegations of wrongdoing including those made by whistle-blowers.

Report of the Audit Committee (continued)

For the year ended 31 October 2022

Audit Committee activities in the financial year ended 2022

The Committee met four times during the financial year ended 31 October 2022 to consider standing items on its agenda. The Committee's standing items on its agenda are:

- 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 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 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 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 integration of acquisitions into the internal control environment, tax strategy, CCO internal controls and transfer pricing arrangements, contract accounting policies, the assurance process for ESG reporting, APMs, accounting for acquisitions and divestments and developing 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.

At the start of the 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 substantially completed and is now used as part of the regular risk reporting.

The Committee engaged with the Executive Directors and senior managers with input from KPMG to undertake a high-level assessment of the quality of internal controls by reference to a control benchmark. The aim of this exercise, which continued from the previous year, was to determine the gap (if any) between the expected and actual controls. This report will assist in developing an assurance policy next year. It also provided information to introduce a series of health checks on key internal controls on a three-year rolling program. Johnston Carmichael were appointed to carry out these internal control health checks reporting to the Audit Committee through an internal audit and compliance function.

Effectiveness of the Auditor

The Committee continues to monitor the work of the Auditors to ensure that they remain effective. This includes liaising directly with the Group's Auditor on significant matters including without the Executive Directors being present. The

Report of the Audit Committee (continued)

For the year ended 31 October 2022

Committee also discusses the quality and value for money of the audit process with the Executive Directors and senior finance staff.

The Committee is satisfied with the effectiveness of the Auditor in performing their audit for the year ended 31 October 2022.

Independence and objectivity of the Auditor

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. The current auditor, Deloitte LLP, was appointed on 19 June 2018. The audit for the financial year ended 31 October 2022 is the fifth consecutive year end for the current audit partner and audit 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 will take on the lead partner role on the Group's audit following the completion of the audit for the year ended 31 October 2022. The Audit Committee considers, and reviews non-audit services provided by the Group's Auditor, and this is tabled annually at the Board for discussion. There were no such services for the year ended 31 October 2022.

Auditor objectivity was safeguarded by the Committee considering several factors:

- an appraisal of the standing and experience of the audit partner;
- 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 audit key process health checks with the Head of Compliance Services during the year;
- 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; and
- confirmation from the Auditor that they have complied with relevant UK independence standards.

Non-audit fees

It is the Audit Committee's policy to engage the Group's Auditor for non-audit services where such level of expertise is not readily available from comparable firms at a commensurate cost and engaging for such services would not impair the independence of the Group's Auditor. The Committee has not contracted for non-audit services with the Group's Auditor in this financial year or the previous financial year.

Each engagement for non-audit services is carefully reviewed against this policy, and when the Committee is satisfied it approves all non-audit work commissioned from the external auditors. During the year the fees paid to the Auditor were £315,000 (2021: £307,500) for Group and subsidiary audit services, £Nil (2021: £Nil) for interim audit services, and £Nil (2021: £Nil) for non-audit services.

Significant matters in relation to financial statements

Revenue recognition

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

The Audit Committee has reviewed the principles for each type of Group revenue stream and 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.

Report of the Audit Committee (continued)

For the year ended 31 October 2022

Goodwill and intangible assets valuation

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.

Management is required to test, at least annually, whether goodwill has suffered any impairment. 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 Cash Generating Units (CGUs) 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.

Other matters

The Committee is authorised to seek any information it requires from any Group employee in order to perform its duties. The Committee can obtain, at the Group's expense, outside legal or other professional advice on any matters within its terms of reference.

The Committee may call any member of staff to be questioned at a meeting of the Committee as and when required.

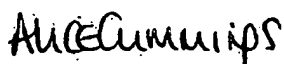
The Committee has put in place discussions for senior teams across the organisation to meet with the Non-Executive Directors without the Executive Directors present and this year has held meetings with stakeholders in professional services, Aligned Assets, company secretarial, legal and finance.

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.

The Audit Committee operates within agreed terms of reference, which can be found on the Group's website.



Alice Cummings
Chair of the Audit Committee
25 January 2023

Independent Auditor's report to the members of Idox plc

For the year ended 31 October 2022

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 2022 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 2022

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
Materiality	The materiality that we used for the Group financial statements was £674,000, which was determined on the basis of EBITDA benchmark.
Scoping	Our audit covered 98% of the Group's total revenue, 88% of the Group's PBT, 87% of the Group's EBITDA and 84% of the Group's net assets.
Significant changes in our approach	Our approach is consistent with previous year with the exception of adopting a controls reliance approach on material revenue streams given the enhanced control environment.

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 financing facilities including nature of facilities, repayment terms and covenants by reviewing the contracts;
- Evaluating assumptions used and amount of headroom in the forecasts by performing independent recalculations, sensitivity analysis and stress test;
- Assessing the appropriateness of management's forecasted cash flows and covenants under the base case and worst-case scenario;
- Assessing accuracy of forecast by comparing it to actual results;
- Assessing the appropriateness of the going concern disclosures in the financial statements relating to going concern.

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.

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

For the year ended 31 October 2022

5.1. Revenue Recognition

Key audit matter description

The Group generated £66.2m of revenue (2021: £62.2m) during the year. The Group provides specialist software solutions. It has two separate business segments – Public Sector Software (PSS) and Engineering Information Management (EIM). 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 & 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

Directors' 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 pinpointed to the cut-off, accuracy and occurrence of revenue from new contracts that have arisen in the year. Further details are provided in Strategic Report on page 25 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 of product and service revenue for new contracts during the year by focusing on those generating revenue one month pre year-end and one month post year-end, in order to assess cut-off, agreeing each sampled item to invoice details and evidencing the performance obligations criteria;
- Evaluating methodology for compliance with requirements of IFRS 15 for a sample of new customer contracts in the year;
- 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; and
- Assessed the appropriateness of disclosures in the financial statements.

Key observations

Based on the work performed we are satisfied that the revenue was appropriately recognised.

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

For the year ended 31 October 2022

5.2. Valuation of goodwill and intangible assets (↔)

Key audit matter description	The Group has goodwill of £52.6m (2021: £50.9m) and other intangible assets of £39.8m (2021: £41.1m) as at 31 October 2022. 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. 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 Directors' judgement and estimation in performing impairment reviews and determining long term growth assumptions. Determination of the recoverable amount incorporates estimation based on assumptions about future operating cash flows for the related businesses, using assumptions around discount rate, growth rates, and cash flow forecasts. Our key audit matter is focused on the most sensitive and judgemental assumptions of engineering information management ("EIM") Cash-Generating Unit (CGU) being the forecast cash flows in the directors' assessment of recoverable amount based on value-in-use, and the discount rates applied to the cash flows. Further details are provided in Audit Committee report on page 52 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: • Obtaining an understanding of the relevant controls over the carrying value of goodwill and intangible assets, in particular the controls over the forecasts that focus on the value-in-use models, and controls around Directors' selection of the discount rate; • Challenging Directors' assessment of the cash flow assumptions in determining value-in-use, including sensitivities applied, by assessing historical accuracy of forecasting and budgeting, verifying the future sales order book and considering third party evidence where available; • Agreeing cash flow forecasts to Board approved budgets including net working capital and capital expenditure; • Performing sensitivity analysis to determine the point at which the EIM CGU would need to recognise an impairment, and compared this to the disclosure of such sensitivities in note 12; • Engaging our valuations specialist to assist in performing independent recalculation of the discount rate; and • Assessing additional disclosure of sensitivity within the EIM CGU grouping.
Key observations	Based on the work performed we concluded that the valuation of goodwill and intangible assets was appropriate, including the disclosures which have been made in the financial statements.

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

For the year ended 31 October 2022

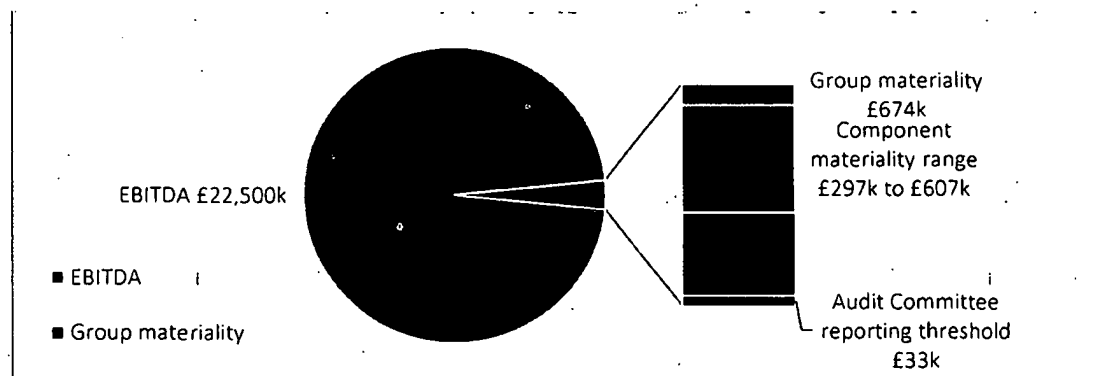
6. Our application of materiality

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	£674,000 (2021: £580,000)	£337,000 (2021: £290,000)
Basis for determining materiality	3% of EBITDA (2021: 3% EBITDA)	Parent Company materiality is capped at 50% (2021: 50%) of Group materiality which equates to 0.53% (2021: 0.43%) of net assets.
Rationale for the benchmark applied	We have used EBITDA as the benchmark for our determination of materiality having considered the important metrics of the business for different stakeholder groups. Materiality has also increased as compared to prior year due to underlying growth in business following acquisitions.	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 2022

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% (2021: 70%) of Group materiality	70% (2021: 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; continuation of stable trading performance and the level of corrected and uncorrected misstatements identified in the prior year audit.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £33k (2021: £29k), 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 a Group level.

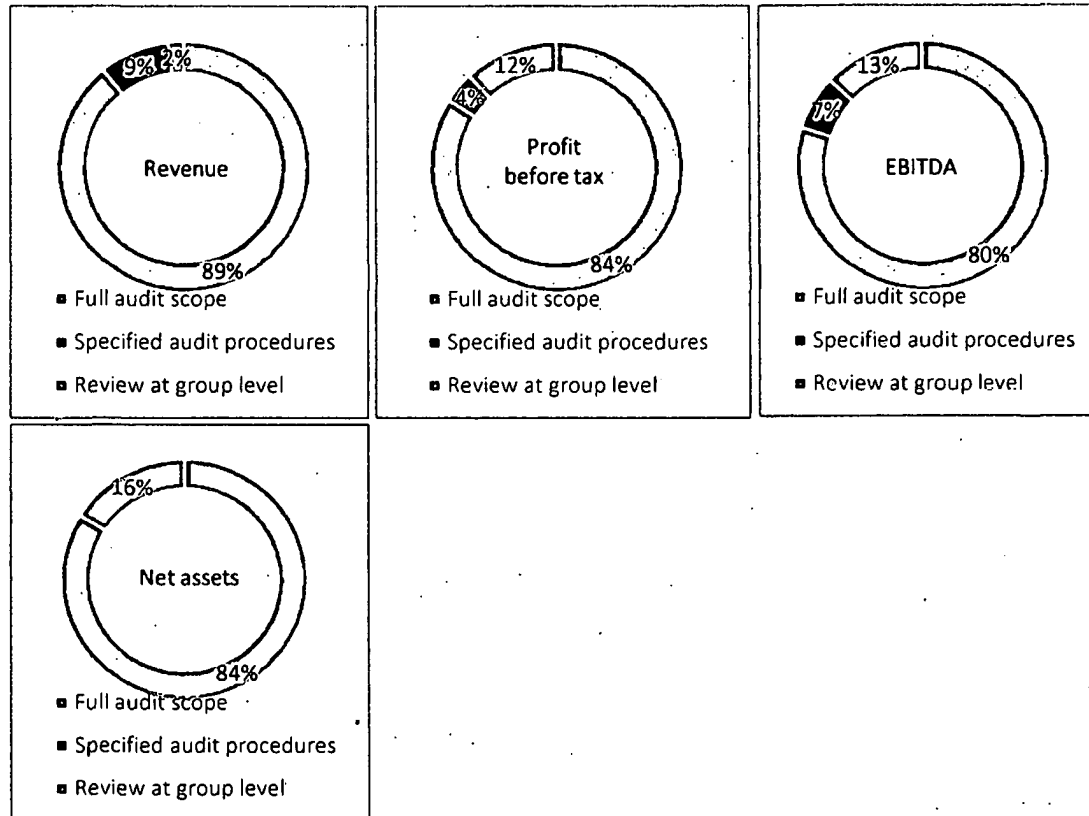
The Group operates globally with material revenues being generated in the United Kingdom, the United States of America, and Europe. Revenues are split across the following segments: Public Sector Software and Engineering Information Management.

On a legal entity basis, the significant components to the Group are Idox Plc and Idox Software Ltd. These components represent 89% of the Group's revenue, 84% of the Group's profit before tax, 80% of the Group's EBITDA and 84% of the Group's total net assets. All the work around components has been performed by the Group engagement team.

Additionally, 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 and Exegesis Spatial Data Management Ltd. This adds an additional 9% of coverage over revenue, 4% over profit before tax, 7% of the Group's EBITDA and 0% over total net assets.

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

For the year ended 31 October 2022



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). We obtained an understanding over financial reporting process and entity's level control at the Group level.

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 22 and 39.

We have read the disclosures in relation to climate change made in the other information within the annual report and ascertain whether the disclosures are materially consistent with the financial statements and our knowledge from our audit.

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

For the year ended 31 October 2022

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 design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;

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

For the year ended 31 October 2022

- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- 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, IT, and industry 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, pensions legislation 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 key audit matter 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 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.

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

For the year ended 31 October 2022

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.

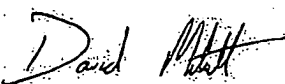
13.2. Directors' remuneration

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.



David Mitchell, CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

25 January 2023

Consolidated statement of comprehensive income

For the year ended 31 October 2022

	Note	2022 £000	2021 £000
Continuing operations			
Revenue	2	66,184	62,185
Cost of sales		(15,050)	(17,130)
Gross profit		51,134	45,055
Administrative expenses		(42,476)	(37,415)
Operating profit		8,658	7,640
Analysed as:			
Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	2	22,509	19,519
Depreciation	3	(1,597)	(1,581)
Amortisation	3	(8,987)	(8,623)
Restructuring costs	3	(470)	90
Acquisition costs	5	(183)	134
Financing costs		(30)	(110)
Share option costs	24	(2,584)	(1,789)
Finance income	6	97	818
Finance costs	6	(2,153)	(1,190)
Profit before taxation		6,602	7,268
Income tax charge	8	(991)	(1,237)
Profit for the year from continuing operations		5,611	6,031
Discontinued operations			
(Loss) / profit for the year from discontinued operations	9	(567)	5,918
Profit for the year attributable to the owners of the parent		5,044	11,949
Other comprehensive income / (loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange movements on translation of foreign operations net of tax		428	(108)
Other comprehensive income / (loss) for the year, net of tax		428	(108)
Total comprehensive income for the year		5,472	11,841
Total comprehensive income for the year attributable to owners of the parent		5,472	11,841
Earnings per share attributable to owners of the parent during the year			
From continuing operations			
Basic	10	1.27p	1.37p
Diluted	10	1.24p	1.34p
From continuing and discontinued operations			
Basic	10	1.14p	2.71p
Diluted	10	1.11p	2.65p

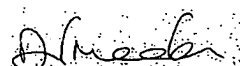
The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated balance sheet

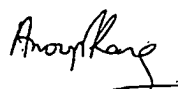
As at 31 October 2022

	Note	2022 £000	2021 £000
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,380	1,307
Intangible assets	12	92,410	92,025
Right-of-use-assets	25	1,782	2,363
Deferred tax assets	13	2,679	2,623
Total non-current assets		98,251	98,318
Current assets			
Trade and other receivables	15	17,912	16,968
Cash and cash equivalents	16	13,864	18,283
Total current assets		31,776	35,251
Total assets		130,027	133,569
LIABILITIES			
Current liabilities			
Trade and other payables	17	6,811	8,075
Deferred consideration	18	2,271	2,070
Current tax payable		165	1,399
Other liabilities	18	23,451	23,547
Provisions	19	453	1,433
Lease liabilities	25	545	727
Total current liabilities		33,696	37,251
Non-current liabilities			
Deferred tax liabilities	13	6,086	5,579
Deferred consideration	18	-	841
Lease liabilities	25	1,265	1,747
Other liabilities	18	1,038	949
Bonds in issue	20	11,325	10,998
Borrowings	21	9,201	15,394
Total non-current liabilities		28,915	35,508
Total liabilities		62,611	72,759
Net assets		67,416	60,810
EQUITY			
Called up share capital	23	4,525	4,469
Capital redemption reserve		1,112	1,112
Share premium account		41,556	41,556
Treasury reserve		(594)	(594)
Share option reserve		4,816	3,962
Other reserves		8,745	8,789
ESOP trust		(466)	(417)
Foreign currency translation reserve		239	(189)
Retained earnings		7,483	2,122
Total equity attributable to the owners of the parent		67,416	60,810

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2023 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 2022

	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	(Accumulated losses) / retained earnings £000	Total £000
Balance at 1 November 2020	4,450	1,112	41,356	(621)	2,618	7,528	(373)	(161)	(8,951)	46,958
Issue of share capital	19	-	200	-	-	-	-	-	-	219
Share option costs	-	-	-	-	1,894	-	-	-	-	1,894
Exercise / lapses of share options	-	-	-	27	(550)	-	-	-	535	12
ESOP trust	-	-	-	-	-	-	(44)	-	-	(44)
Fair value of deferred consideration shares on purchase of subsidiary	-	-	-	-	-	1,261	-	-	-	1,261
Equity dividends paid	-	-	-	-	-	-	-	-	(1,331)	(1,331)
Transactions with owners	19	-	200	27	1,344	1,261	(44)	-	(796)	2,011
Profit for the year	-	-	-	-	-	-	-	-	11,949	11,949
Other comprehensive loss										
Recycled exchange movements on disposal of subsidiaries	-	-	-	-	-	-	-	80	(80)	-
Exchange movement on translation of foreign operations	-	-	-	-	-	-	-	(108)	-	(108)
Total comprehensive (loss) / income for the year	-	-	-	-	-	-	-	(28)	11,869	11,841
Balance at 31 October 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

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

Consolidated cash flow statement

For the year ended 31 October 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit for the year before taxation		6,035	13,186
Adjustments for:			
Depreciation of property, plant and equipment	11	848	801
Depreciation of right-of-use assets	25	749	1,021
Amortisation of intangible assets	12	8,987	8,835
Loss / (gain) on disposal / purchase of subsidiary		657	(6,679)
Finance income		(73)	(800)
Finance costs		2,034	1,060
Debt issue costs amortisation		119	144
Research and development tax credit		(449)	(267)
Share option costs	24	2,584	1,908
Profit on disposal of fixed assets		(15)	-
Movement in receivables		(1,316)	3,086
Movement in payables		(1,896)	(5,947)
Cash generated by operations		<u>18,264</u>	<u>16,348</u>
(Tax paid) / tax refunded		<u>(2,617)</u>	<u>206</u>
Net cash from operating activities		<u>15,647</u>	<u>16,554</u>
Cash flows from investing activities			
Acquisition of subsidiaries		(2,219)	(10,530)
Disposal of subsidiaries		(146)	10,669
Proceeds on sale of fixed assets		15	-
Purchase of property, plant and equipment		(911)	(1,110)
Purchase of intangible assets		(6,647)	(4,637)
Finance income	6	73	66
Net cash used in investing activities		<u>(9,835)</u>	<u>(5,542)</u>
Cash flows from financing activities			
Interest paid		(997)	(967)
Loan drawdowns		2,500	15,600
Loan related costs		(183)	(292)
Loan repayments		(9,100)	(35,000)
Principal lease payments		(927)	(1,154)
Equity dividends paid		(1,784)	(1,331)
Issue of own shares		(133)	64
Net cash outflows from financing activities		<u>(10,624)</u>	<u>(23,080)</u>
Net movement in cash and cash equivalents		<u>(4,812)</u>	<u>(12,068)</u>
Cash and cash equivalents at the beginning of the year		18,283	30,812
Exchange gains / (losses) on cash and cash equivalents		393	(461)
Cash and cash equivalents at the end of the year	16	<u>13,864</u>	<u>18,283</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 2022

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 2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. 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 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 38 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 December 2019 the Group had refinanced with the National Westminster Bank plc, Silicon Valley Bank and Santander UK plc. The facilities, which comprise a revolving credit facility of £35,000,000, were extended during FY21 and are committed until June 2024.

As part of the preparation of our FY22 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. Under this sensitivity analysis, recurring revenues renewals were assumed to be 27% lower than plan and non-recurring revenues won and delivered lower by 55%, with no corresponding action on costs to address these shortfalls. Under this scenario, the Group would likely be in breach of its banking covenants during FY24, albeit liquidity even in this extreme scenario remains strong. This scenario is not considered credible given the growth the Group has experienced in FY20 to FY22 in recurring and non-recurring revenues despite the impact of the Covid-19 pandemic.

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:

Notes to the accounts (continued)

For the year ended 31 October 2022

1 ACCOUNTING POLICIES (CONTINUED)

International Financial Reporting Standards and Interpretations issued but not yet effective (continued)

- IFRS 17 Insurance Contracts – effective for periods commencing on or after 1 January 2023.
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current - effective for periods commencing on or after 1 January 2023.
- Amendments to IFRS 3 Business Combinations - effective for periods commencing on or after 1 January 2022.
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets - effective for periods commencing on or after 1 January 2022.
- Amendments to IAS 16 Property, plant and equipment - effective for periods commencing on or after 1 January 2022.

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.

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 is 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. 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.

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.

Notes to the accounts (continued)

For the year ended 31 October 2022

1 ACCOUNTING POLICIES (CONTINUED)

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.

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.

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. 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 2022

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 2022

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 Chief Executive Officer and the Chief Financial Officer.

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), and LandHawk Software Services Limited (11973310) 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.

Notes to the accounts (continued)

For the year ended 31 October 2022

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 2022

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.

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 2022

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 Halatose Holdings Limited; and
 - The fair value of the deferred consideration shares included in 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 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 13% 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.

Notes to the accounts (continued)

For the year ended 31 October 2022

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 2022

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 2022

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 2022, the Group was organised into two operating segments, which are detailed below.

Financial information is reported to the chief operating decision maker, which comprises the Chief Executive Officer and the Chief Financial Officer, monthly on a business unit basis with revenue and operating profits split by business unit. Each business unit is deemed an operating segment as each offers different products and services.

- Public Sector Software (PSS) – delivering specialist information management solutions and services to the public sector.
- Engineering Information Management (EIM) – delivering engineering document management and control solutions to asset intensive industry sectors.

During the year ended 31 October 2021 the Content (CONT) segment was sold. As Content was a separately identifiable segment, the results for the comparative year have been classed as a discontinued operation.

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.

To provide a more targeted focus on the markets that we serve, and to ensure our solutions help our customers deliver better services, from 1 November 2022, we have implemented a divisional structure that consolidates Business Units delivering comparable technical solutions or serving similar markets: Land, Property & Public Protection, Communities and Assets.

The Divisional structure has been designed to create a direct focus for sales, products, and customer engagement. Aimed at delivering great customer outcomes and aligning product roadmaps and innovation investment more dynamically to their respective market requirements, these changes will help drive high quality, long-term sustainable revenue growth across the Group. Our operating model continues to leverage the overall scale of the Group across horizontal functions including, Software Development, Professional Services, Customer Support and Infrastructure.

Information provided to the chief operating decision maker in FY23 will be revised in line with the new operating structure and therefore the segmental disclosures will be aligned accordingly.

Notes to the accounts (continued)

For the year ended 31 October 2022

2 SEGMENTAL ANALYSIS (CONTINUED)

The segment revenues by geographic location are as follows:

	Continuing £000	Discontinued £000	Total Group £000
2022: Revenues from external customers			
United Kingdom	58,053	-	58,053
USA	4,834	-	4,834
Europe	2,781	-	2,781
Rest of World	516	-	516
	<u>66,184</u>	<u>-</u>	<u>66,184</u>
	Continuing £000	Discontinued £000	Total Group £000
2021: Revenues from external customers			
United Kingdom	52,038	46	52,084
USA	5,181	27	5,208
Europe	4,275	3,824	8,099
Rest of World	691	-	691
	<u>62,185</u>	<u>3,897</u>	<u>66,082</u>

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

The segment revenues by type are as follows:

	Continuing £000	Discontinued £000	Total Group £000
2022: Revenues by type			
Recurring revenues – PSS	34,557	-	34,557
Recurring revenues – EIM	5,989	-	5,989
Recurring revenues	<u>40,546</u>	<u>-</u>	<u>40,546</u>
Non-recurring revenues – PSS	23,726	-	23,726
Non-recurring revenues – EIM	1,912	-	1,912
Non-recurring revenues	<u>25,638</u>	<u>-</u>	<u>25,638</u>
	<u>66,184</u>	<u>-</u>	<u>66,184</u>
Revenue from sale of goods	41,023	-	41,023
Revenue from rendering of services	25,161	-	25,161
	<u>66,184</u>	<u>-</u>	<u>66,184</u>

The methodology for calculating the split between revenue from sale of goods and rendering of services has changed in the current year with the revenues from support and maintenance being allocated to sale of goods rather than rendering of services as was the case in FY21. This more aligns with the nature of the revenue as it relates to the ongoing access of software updates and is consistent with how it is categorised in the wider market.

Notes to the accounts (continued)

For the year ended 31 October 2022

2 SEGMENTAL ANALYSIS (CONTINUED)

	Continuing £000	Discontinued £000	Total Group £000
2021: Revenues by type			
Recurring revenues – PSS	30,111	-	30,111
Recurring revenues – EIM	6,139	-	6,139
Recurring revenues – Content	-	604	604
Recurring revenues	<u>36,250</u>	<u>604</u>	<u>36,854</u>
Non-recurring revenues – PSS	24,003	-	24,003
Non-recurring revenues – EIM	1,932	-	1,932
Non-recurring revenues – Content	-	3,293	3,293
Non-recurring revenues	<u>25,935</u>	<u>3,293</u>	<u>29,228</u>
	<u>62,185</u>	<u>3,897</u>	<u>66,082</u>
Revenue from sale of goods	23,940	1,220	25,160
Revenue from rendering of services	<u>38,245</u>	<u>2,677</u>	<u>40,922</u>
	<u>62,185</u>	<u>3,897</u>	<u>66,082</u>

Recurring revenue is income generated from customers on an annual contractual basis. Recurring revenue amounts to approximately 61% (2021: 58%) of continuing revenue, 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 2022 was £70,347,000 and it is anticipated that 52% of this will be recognised as revenue in FY23 and 27% in FY24.

Notes to the accounts (continued)

For the year ended 31 October 2022

2 SEGMENTAL ANALYSIS (CONTINUED)

The segment results by business unit for the year ended 31 October 2022:

	PSS £000	EIM £000	Continuing Operations Total £000	Discontinued Operations CONTENT £000	Total £000
Revenue	58,283	7,901	66,184	-	66,184
Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	20,974	1,535	22,509	-	22,509
Depreciation	(688)	(160)	(848)	-	(848)
Depreciation – right-of-use-assets	(663)	(86)	(749)	-	(749)
Amortisation – software licences and R&D	(4,431)	(886)	(5,317)	-	(5,317)
Amortisation – acquired intangibles	(3,604)	(66)	(3,670)	-	(3,670)
Restructuring costs	(72)	(398)	(470)	-	(470)
Acquisition costs	(183)	-	(183)	-	(183)
Share option costs	(2,246)	(338)	(2,584)	-	(2,584)
Segment operating profit / (loss)	9,087	(399)	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 2022

2 SEGMENTAL ANALYSIS (CONTINUED)

The segment results by business unit for the year ended 31 October 2021:

	PSS £000	EIM £000	Continuing Operations Total £000	Discontinued Operations CONTENT £000	Total £000
Revenue	54,114	8,071	62,185	3,897	66,082
Earnings before depreciation, amortisation, restructuring, acquisition costs, impairment, financing costs and share option costs	17,969	1,550	19,519	276	19,795
Depreciation	(751)	(36)	(787)	(14)	(801)
Depreciation – right-of-use-assets	(709)	(85)	(794)	(227)	(1,021)
Amortisation – software licences and R&D	(4,193)	(869)	(5,062)	(46)	(5,108)
Amortisation – acquired intangibles	(3,210)	(351)	(3,561)	(166)	(3,727)
Restructuring costs	98	(8)	90	(11)	79
Acquisition costs	134		134		134
Share option costs	(1,760)	(29)	(1,789)	(119)	(1,908)
Segment operating profit / (loss)	7,578	172	7,750	(307)	7,443
Financing costs			(110)		(110)
Operating profit / (loss)			7,640	(307)	7,333
Gain from sale of discontinued operations				6,239	6,239
Finance income			818		818
Finance costs			(1,190)	(14)	(1,204)
Profit before taxation			7,268	5,918	13,186

The corporate recharge to the business unit EBITDA is allocated on a head count basis with the exception of Content, which has had corporate costs reduced to avoid stranded costs.

Notes to the accounts (continued)

For the year ended 31 October 2022

3 OPERATING PROFIT FOR THE YEAR

Continuing operating profit for the year has been arrived at after charging:	2022 £000	2021 £000
Auditor's remuneration:		
Fees payable to the Company Auditor for the audit of the parent Company and consolidated annual accounts	16	15
The audit of the Company's subsidiaries, pursuant to legislation	299	293
	<u>315</u>	<u>308</u>
Depreciation – owned	848	787
Depreciation – right-of-use assets	749	794
Amortisation:		
Software licences	551	882
Research & development	4,766	4,179
Acquired intangibles – customer relationships	1,513	1,212
Acquired intangibles – trade names	423	588
Acquired intangibles – software	1,734	1,762
Equity-settled share-based payments	<u>2,584</u>	<u>1,793</u>

Restructuring costs

Restructuring costs for continuing operations were £0.5m loss (2021: £0.1m gain). The balance is broken down as follows:

	Continuing 2022 £000	Discontinued 2022 £000	Total Group 2022 £000
Disposal of subsidiaries	-	567	567
Group structure simplification	470	-	470
	<u>470</u>	<u>567</u>	<u>1,037</u>
	Continuing 2021 £000	Discontinued 2021 £000	Total Group 2021 £000
Redundancies	22	(8)	14
Disposal of subsidiaries	(32)	(6,220)	(6,252)
Take over approach	171	-	171
Property	(251)	-	(251)
	<u>(90)</u>	<u>(6,228)</u>	<u>(6,318)</u>

4 DIRECTORS AND EMPLOYEES

	Continuing 2022 £000	Discontinued 2022 £000	Total Group 2022 £000
Staff costs during the year were as follows:			
Wages and salaries	30,109	-	30,109
Social security costs	3,524	-	3,524
Pension costs	1,372	-	1,372
	<u>35,005</u>	<u>-</u>	<u>35,005</u>

Notes to the accounts (continued)

For the year ended 31 October 2022

4 DIRECTORS AND EMPLOYEES (CONTINUED)

	Continuing 2021 £000	Discontinued 2021 £000	Total Group 2021 £000
Staff costs during the year were as follows:			
Wages and salaries	26,986	2,201	29,187
Social security costs	2,808	292	3,100
Pension costs	1,149	108	1,257
	<u>30,943</u>	<u>2,601</u>	<u>33,544</u>

In addition, during the year share-based payment charges of £2,584,000 (2021: £1,793,000) were incurred in relation to continuing operations and £Nil (2021: £115,000) in respect of discontinued operations.

During the year, the Group incurred redundancy costs to former employees of £71,000 (2021: £22,000) for continuing operations.

The average number of employees of the Group during the year for continuing operations was 578 (2021: 522) and Nil (2021: 45) for discontinued operations. This was made up as follows:

	Continuing 2022 No.	Discontinued 2022 No.	Total Group 2022 No.
Office and administration (including Directors of the Company and its subsidiary undertakings)	72	-	72
Sales	74	-	74
Development	154	-	154
Operations	278	-	278
	<u>578</u>	<u>-</u>	<u>578</u>

	Continuing 2021 No.	Discontinued 2021 No.	Total Group 2021 No.
Office and administration (including Directors of the Company and its subsidiary undertakings)	50	-	50
Sales	37	1	38
Development	109	-	109
Operations	326	44	370
	<u>522</u>	<u>45</u>	<u>567</u>

The average number of Directors of the Group during the year was 5 (2021: 5).

Remuneration in respect of Directors was as follows:

	2022 £000	2021 £000
Emoluments	1,014	1,030
Pension contributions	4	10
Share option exercise gain	2,140	-
	<u>3,158</u>	<u>1,040</u>

The pension contributions above are in respect of one Director and are in relation to the Group's defined contribution scheme.

In addition to the remuneration stated above, the Group incurred social security costs in respect of Directors of £430,000 (2021: £134,000).

Notes to the accounts (continued)

For the year ended 31 October 2022

4 DIRECTORS AND EMPLOYEES (CONTINUED)

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

	2022 £000	2021 £000
Aggregate emoluments	506	583
Pension contributions		
	<u>506</u>	<u>583</u>

During the year the highest paid Director exercised share options resulting in a taxable gain of £2,140,000. In the prior year the highest paid Director did not exercise share options.

During the year, the Group incurred social security costs in respect of the highest paid Director of £363,000 (2021: £79,000).

Details of the remuneration for each Director are included in the Report on Remuneration, which can be found on pages 41 to 42 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 Aligned Assets Limited, thinkWhere Limited and exeGIS Spatial Data Management Ltd, with the current year costs relating to the acquisition of LandHawk Software Services Limited on 1 October 2022. The current year also contains the fair value loss associated with the payment of the deferred consideration on Aligned Assets, see note 26 for further details.

Acquisition costs	2022 £000	2021 £000
Acquisition costs / (income)	183	(134)
	<u>183</u>	<u>(134)</u>

6 FINANCE INCOME AND COSTS

	Continuing 2022 £000	Discontinued 2022 £000	Total Group 2022 £000
Interest receivable	73	-	73
Other income	24	-	24
Finance income	<u>97</u>	<u>-</u>	<u>97</u>
Bank interest payable	(436)	-	(436)
Bond interest payable	(575)	-	(575)
Effective interest rate adjustment	(315)	-	(315)
Non-utilisation fees	(174)	-	(174)
Amortisation of employee equity scheme shares	(140)	-	(140)
Amortisation of bank fees	(119)	-	(119)
Lease liability interest	(95)	-	(95)
Foreign exchange differences	(299)	-	(299)
Finance costs	<u>(2,153)</u>	<u>-</u>	<u>(2,153)</u>

Notes to the accounts (continued)

For the year ended 31 October 2022

6 FINANCE INCOME AND COSTS (CONTINUED)

	Continuing 2021 £000	Discontinued 2021 £000	Total Group 2021 £000
Interest receivable	66	-	66
Other income	17	-	17
Foreign exchange differences	735	-	735
Finance income	<u>818</u>	<u>-</u>	<u>818</u>
Bank interest payable	(462)	-	(462)
Bond interest payable	(549)	-	(549)
Effective interest rate adjustment	360	-	360
Non-utilisation fees	(154)	-	(154)
Amortisation of employee equity scheme shares	(121)	-	(121)
Amortisation of bank fees	(144)	-	(144)
Lease liability interest	(120)	(14)	(134)
Finance costs	<u>(1,190)</u>	<u>(14)</u>	<u>(1,204)</u>

7 DIVIDENDS

The Directors have proposed the payment of a final dividend of 0.5p per share, which would amount to £2,255,488 (2021: final dividend of 0.4p which amounted to £1,784,162).

8 INCOME TAX

The tax charge is made up as follows:

	Continuing 2022 £000	Continuing 2021 £000
Current tax		
UK corporation tax on profit for the year	2,022	2,406
Foreign tax on overseas companies	-	145
Over provision in respect of prior periods	(181)	(30)
Total current tax	<u>1,841</u>	<u>2,521</u>
Deferred tax		
Origination and reversal of temporary differences	(775)	(1,553)
Adjustment for rate change	(141)	826
Adjustments in respect of prior periods	66	(577)
Other	-	20
Total deferred tax	<u>(850)</u>	<u>(1,284)</u>
Total tax charge	<u>991</u>	<u>1,237</u>

Notes to the accounts (continued)

For the year ended 31 October 2022

8 INCOME TAX (CONTINUED)

The tax charge is made up as follows:

	Total Group 2022 £000	Total Group 2021 £000
Current tax		
UK corporation tax on profit for the year	2,022	2,406
Foreign tax on overseas companies	-	145
(Over) / under provision in respect of prior periods	(181)	(30)
Total current tax	1,841	2,521
Deferred tax		
Origination and reversal of temporary differences	(775)	(1,553)
Adjustment for rate change	(141)	826
Adjustments in respect of prior periods	66	(577)
Other	-	20
Total deferred tax	(850)	(1,284)
Total tax charge	991	1,237

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:

	2022 £000	% ETR movement	2021 £000	% ETR movement
Profit before taxation on total operations	6,035		13,186	
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	1,147	19.00	2,505	19.00
Effects of:				
Share option deduction	(255)	(4.23)	(842)	(6.38)
Tax losses utilised in year	(169)	(2.80)	(4)	(0.03)
International losses derecognised	316	5.24	60	0.46
Other timing differences	1	0.01	17	0.13
Expenses not deductible for tax purposes	269	4.46	641	4.86
Prior year over-provision	(205)	(3.40)	(720)	(5.46)
Non-taxable income	(85)	(1.40)	(1,527)	(11.58)
Adjustment for tax rate differences	20	0.34	19	0.15
Foreign tax suffered	93	1.54	60	0.45
Gain/Loss on disposal of investment	-	-	202	1.53
Tax rate change	(141)	(2.34)	826	6.26
	991	16.42	1,237	9.39

The main factors for the reduction in the volatility in the ETR on the profit before tax position was the disposals in FY21 which resulted in income not subject to tax, meaning permanent and other differences giving rise to ETR effects were proportionately lower in the current period. These differences included routine non-allowable amounts, losses utilised in the period in addition to international losses not recognised in the period and higher overseas tax rates.

The difference between the statutory rate of 19% and the ETR of 16.42% is due to tax losses utilised in the year, the impact of overseas tax rates and international losses arising in the period and not recognised.

Notes to the accounts (continued)

For the year ended 31 October 2022

8 INCOME TAX (CONTINUED)

Movement on trading losses during 2022 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 2021	1,070	-	1,070	203
Impact of rate change	-	-	-	65
Utilised during the year	(255)	-	(255)	(64)
	815	-	815	204
Unrecognised trading losses				
Losses not recognised	(59)	(12,965)	(13,024)	(4,342)
	(59)	(12,965)	(13,024)	(4,342)

For comparative purposes, movement on trading losses during 2021 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 2020	-	350	350	104
Acquisitions and disposals	1,070	(350)	720	99
	1,070	-	1,070	203
Unrecognised trading losses				
Losses not recognised	(549)	(10,253)	(10,802)	(3,692)
	(549)	(10,253)	(10,802)	(3,692)

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 £13,024,394 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 £203,000 to £204,000. There are no expiry dates for any of the unrelieved trading losses carried forward.

9 DISCONTINUED OPERATIONS

During the first six months of the year ended 31 October 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. These offers were at an acceptable valuation and given the Group's desire to prioritise capital on its Idox Software operation, these disposals were completed in the year.

The Continental Compliance operations were disposed on 12 March 2021 and the Netherlands Grants Consultancy operations were disposed on 6 April 2021. These dates represent the point the control and legal ownership of these operations passed to the acquirers.

Notes to the accounts (continued)

For the year ended 31 October 2022

9 DISCONTINUED OPERATIONS (CONTINUED)

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

	2022 £000	2021 £000
Revenue	-	3,897
Expenses	-	(4,218)
(Loss) / gain on Disposal	(567)	6,239
Profit before tax	(567)	5,918
Attributable tax expense	-	-
Net profit attributable to discontinued operations	(567)	5,918

Loss on disposal in the current year are related to finalisation costs associated with the disposal of the Content businesses in FY21.

During the year, Content contributed £0.1m (2021: £2.7m) to the Group's net operating cash flows and incurred £0.1m (2021: £10.7m 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:

	2022 £000	2021 £000
Continuing Operations		
Profit for the year	5,611	6,031
Basic earnings per share		
Weighted average number of shares in issue	443,413,006	440,376,576
Basic earnings per share	1.27p	1.37p
Weighted average number of shares in issue	443,413,006	440,376,576
Add back:		
Dilutive share options	8,636,936	10,749,077
Weighted average allotted, called up and fully paid share capital	452,049,942	451,125,653
Diluted earnings per share		
Diluted earnings per share	1.24p	1.34p

Notes to the accounts (continued)

For the year ended 31 October 2022

10 EARNINGS PER SHARE (CONTINUED)

	2022 £000	2021 £000
Adjusted earnings per share		
Profit for the year	5,611	6,031
Add back:		
Amortisation on acquired intangibles	3,670	3,561
Acquisition costs	183	(134)
Restructuring costs	470	(90)
Financing costs	30	110
Share option costs	2,584	1,789
Tax rate changes	-	826
Tax effect	(1,533)	(1,841)
Adjusted profit for year	11,015	10,252
Weighted average number of shares in issue – basic	443,413,006	440,376,576
Weighted average number of shares in issue – diluted	452,049,942	451,125,653
Adjusted earnings per share	2.48p	2.33p
Adjusted diluted earnings per share	2.44p	2.27p
Discontinued Operations	2022 £000	2021 £000
Profit for the year	(567)	5,918
Basic earnings per share		
Weighted average number of shares in issue	443,413,006	440,376,576
Basic earnings per share	(0.13)p	1.34p
Weighted average number of shares in issue	443,413,006	440,376,576
Add back:		
Dilutive share options	8,636,936	10,749,077
Weighted average allotted, called up and fully paid share capital	452,049,942	451,125,653
Diluted earnings per share		
Diluted earnings per share	(0.13)p	1.31p
Total Operations	2022 £000	2021 £000
Profit for the year	5,044	11,949
Basic earnings per share		
Weighted average number of shares in issue	443,413,006	440,376,576
Basic earnings per share	1.14p	2.71p
Weighted average number of shares in issue	443,413,006	440,376,576
Add back:		
Dilutive share options	8,636,936	10,749,077
Weighted average allotted, called up and fully paid share capital	452,049,942	451,125,653
Diluted earnings per share		
Diluted earnings per share	1.11p	2.65p

Notes to the accounts (continued)

For the year ended 31 October 2022

10 EARNINGS PER SHARE (CONTINUED)

	2022 £000	2021 £000
Adjusted earnings per share		
Profit for the year	5,044	11,949
Add back:		
Amortisation on acquired intangibles	3,670	3,727
Acquisition costs	183	(134)
Restructuring costs	1,037	(6,318)
Financing costs	30	110
Share option costs	2,584	1,908
Tax rate changes	-	826
Tax effect	(1,533)	(1,911)
Adjusted profit for year	11,015	10,157
Weighted average number of shares in issue – basic	443,413,006	440,376,576
Weighted average number of shares in issue – diluted	452,049,942	451,125,653
Adjusted earnings per share	2.48p	2.31p
Adjusted diluted earnings per share	2.44p	2.25p

11 PROPERTY, PLANT AND EQUIPMENT

	Computer hardware £000	Fixtures, fittings and equipment £000	Library books and journals £000	Total £000
Cost				
At 1 November 2020	4,595	1,123	23	5,741
Foreign exchange	(68)	(61)	-	(129)
Additions	1,304	4	2	1,310
Additions on acquisition	325	125	-	450
Disposals	(575)	(137)	-	(712)
At 31 October 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
Depreciation				
At 1 November 2020	3,502	1,038	18	4,558
Foreign exchange	(54)	(50)	-	(104)
Provided in the year	775	22	4	801
Depreciation of acquisition	283	51	-	334
Fair value adjustment	26	24	-	50
Disposals	(209)	(77)	-	(286)
At 31 October 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
Net book amount at 31 October 2022	1,350	28	2	1,380
Net book amount at 31 October 2021	1,258	46	3	1,307

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 2022

12 INTANGIBLE ASSETS

	Goodwill £000	Customer relation- ships £000	Trade names £000	Software £000	Develop- ment costs £000	Order backlog £000	Customer lists £000	Total £000
Cost								
At 1 November 2020	79,728	31,958	12,593	23,058	23,987	312	278	171,914
Foreign exchange	-	-	-	(1)	(88)	(10)	(18)	(117)
Additions	-	-	-	56	4,588	-	-	4,644
Additions on acquisition	7,775	5,808	-	6,192	422	-	-	20,197
Disposals	(4,893)	(2,920)	(877)	(906)	(870)	-	(260)	(10,726)
At 31 October 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
Amortisation								
At 1 November 2020	31,709	20,827	9,240	15,554	12,342	312	278	90,262
Foreign exchange	-	-	-	(1)	(78)	(10)	(18)	(107)
Amortisation for the year	-	1,321	612	2,676	4,226	-	-	8,835
Disposals	-	(2,530)	(762)	(775)	(776)	-	(260)	(5,103)
At 31 October 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
Carrying amount at 31 October 2022	52,639	13,715	2,203	9,791	14,062	-	-	92,410
Carrying amount at 31 October 2021	50,901	15,228	2,626	10,945	12,325	-	-	92,025
Average remaining amortisation period (years)								
31 October 2022	n/a	9.1	5.2	4.3	3.0	-	-	
31 October 2021	n/a	12.0	4.3	3.8	2.9	-	-	

During the year, goodwill and intangibles were reviewed for impairment in accordance with IAS 36, 'Impairment of Assets'. An impairment charge of £Nil (2021: £Nil) was processed in the year.

Fair value adjustments are in relation to the finalisation of acquisition accounting in respect of exeGesIS Spatial Data Management Ltd. Further information on these fair value adjustments is provided in note 26.

Impairment test for goodwill

For this review, goodwill was allocated to individual Cash Generating Units (CGUs) on the basis of the Group's operations 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 CGU is as follows:

Cash Generating Units	2022 £000	2021 £000
Public Sector Software (PSS)	42,665	40,927
Engineering Information Management (EIM)	9,974	9,974
	52,639	50,901

Notes to the accounts (continued)

For the year ended 31 October 2022

12 INTANGIBLE ASSETS (CONTINUED)

The recoverable amount of all CGUs 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 five financial years. The key assumptions used in the financial budgets relate to revenue and 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 year 2023 budgets (as approved by the Board) 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 2022, the Weighted Average Cost of Capital for each CGU has been used as an appropriate discount rate to apply to cash flows. The same basis was used in the year to 31 October 2021.

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 CGUs:

Cash Generating Units	Discount rate Current year	Compound Annual Growth Rate	Long term growth rate Current year	Discount rate Prior year	Growth rate Prior year
PSS	15.9%	14.8%	2.2%	12.4%	1.7%
EIM	16.9%	11.7%	2.2%	13.5%	1.7%

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

Management considered the level of intangible assets within the Group in comparison to the future budgets and have processed an impairment charge of £Nil within the year (2021: £Nil).

Management have specifically considered the past financial performance of the EIM CGU which has seen revenue decreases following market challenges in the Oil and Gas sectors. Reported EIM revenues have also been impacted by the non-renewal of some existing customers in the first half of the year. However, the business closed some new contracts in the second half of the year which did not have a significant impact in year but FY23 will benefit from the full year impact. Management anticipates a return to revenue growth in FY23 as a result of the high levels of recurring revenue going into the year and a strong pipeline. In the event the EIM CGU does not achieve revenue growth in FY23 as anticipated, this may give rise to an impairment in the carrying value of the EIM CGU assets.

The Group has conducted sensitivity analysis on the impairment test of each CGU and the group of units 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 CGU exceeding the recoverable amount.

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

In relation to EIM, in the event a combination of all the sensitivities occur, this would give rise to an impairment if the scenarios gave rise to a 21% reduction in our forecast projections; however, the Directors have concluded the likelihood of this is remote.

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

Whilst the current year impairment reviews and sensitivities have not provided any indicators of further impairment on these assets, management have considered whether a reversal of the prior period impairment is required and concluded this is not appropriate at this time due to the ongoing transformation and improvement of those businesses.

Notes to the accounts.(continued)

For the year ended 31 October 2022

13 DEFERRED TAX

Deferred tax assets and liabilities are summarised as follows:

	2022 £000	2021 £000
Deferred tax assets	2,679	2,623
Deferred tax liabilities (non-current)	(6,086)	(5,579)
	(3,407)	(2,956)

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

	2022 £000	2021 £000
At 1 November	(2,956)	(2,796)
Credit to income for the year	775	1,553
Adjustment for changes in rate	141	(826)
Adjustment to prior year provision	(66)	577
Balance sheet reallocations	74	(20)
Arising on acquisition	(1,375)	(1,444)
At 31 October	(3,407)	(2,956)

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 2020	454	90	-	99	468	1,111
Acquisitions	-	103	203	-	-	306
Credit / (charge) to income	1,180	(152)	-	302	(124)	1,206
At 31 October 2021	1,634	41	203	401	344	2,623
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

	Other temporary differences £000	Acquired intangibles £000	Associated deferred tax asset recognised £000	Total deferred tax liability £000
At 1 November 2020	-	(4,011)	104	(3,907)
Acquisitions	-	(1,750)	-	(1,750)
(Charge) / credit to income	(14)	196	(104)	78
At 31 October 2021	(14)	(5,565)	-	(5,579)
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)

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.

Notes to the accounts (continued)

For the year ended 31 October 2022

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	2022 £000	2021 £000
Financial assets measured at amortised cost:			
Current:			
Trade receivables, net	15	5,555	6,344
Other receivables	15	2,788	3,682
Contract receivables	15	6,521	4,808
Cash and cash equivalents	16	13,864	18,283
		<u>28,728</u>	<u>33,117</u>
Financial liabilities	Note	2022 £000	2021 £000
Financial liabilities measured at amortised cost:			
Non-current:			
Bonds in issue	20	11,325	10,998
Bank borrowings	21	9,201	15,394
		<u>20,526</u>	<u>26,392</u>
Current:			
Trade and other payables	17	6,811	8,075
Other liabilities	18	1,608	2,459
Provisions	19	453	1,433
		<u>8,872</u>	<u>11,967</u>
Financial liabilities measured at fair value through profit or loss:			
Non-current:			
Other liabilities*	18	-	841
			<u>841</u>
Current:			
Other liabilities*	18	2,271	2,070
		<u>2,271</u>	<u>2,070</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 Aligned Assets Limited and exeGesIS Spatial Data Management Ltd, in both the current and prior year.

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 2022 £000	Level in hierarchy	Description of valuation technique	Inputs used for financial model	Total losses recognised in profit or loss £000
Contingent consideration due on acquisitions	2,271	3	Based on future revenue and probability that vendor will meet obligations under sale and purchase agreement	Management estimate on probability and timescale of vendors meeting revenue targets specified in sale and purchase agreement	(80)

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

Notes to the accounts (continued)

For the year ended 31 October 2022

15 TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Trade receivables, gross	5,560	6,414
Allowance for credit losses	(5)	(70)
Trade receivables, net	5,555	6,344
Other receivables	2,788	3,682
Contract receivables	6,521	4,808
Financial assets	14,864	14,834
Prepayments	3,048	2,134
Non-financial assets	3,048	2,134
Trade and other receivables due within one year	17,912	16,968

Total trade receivables (net of allowances) held by the Group at 31 October 2022 amounted to £5,555,000 (2021: £6,344,000).

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 £5,000 (2021: increase £70,000) of specific bad debts have been included within the expected credit losses balance that the Group has deemed prudent 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
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 at 31 October 2022	-	-	-	-	-	-
2021						
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Expected total gross carrying amount at default (£000)	5,170	664	222	193	165	6,414
Lifetime ECL 31 October 2021	-	-	-	-	-	-

We have no expected credit loss scenarios in respect of our contract assets which are in respect of local authority entities.

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. £5,479,000 (2021: £5,415,000) 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.

Notes to the accounts (continued)

For the year ended 31 October 2022

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2022	2021
Euros	€517,515	€960,350
Australian Dollars	AUD37,400	AUD42,698
US Dollars	\$711,841	\$901,553
Canadian Dollars	CAD7,688	CAD472,632

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:

	2022 £000	2021 £000
Local authorities and other public bodies	3,755	3,991
Private companies	1,805	2,423
	<u>5,560</u>	<u>6,414</u>

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

	Gross 2022 £000	Impairment 2022 £000	Gross 2021 £000	Impairment 2021 £000
Not past due	4,497	-	4,766	-
Past due 0 to 30 days	618	-	777	-
Past due 31 to 60 days	93	-	323	-
More than 60 days	352	5	548	70
	<u>5,560</u>	<u>5</u>	<u>6,414</u>	<u>70</u>

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

	2022 £000	2021 £000
At 1 November	70	148
Charge for the year	10	125
Utilised	(75)	(203)
At 31 October	<u>5</u>	<u>70</u>

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

	2022 £000	2021 £000
Cash at bank and in hand	13,864	18,283
Cash and cash equivalents per cash flow statements	<u>13,864</u>	<u>18,283</u>

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

Notes to the accounts (continued)

For the year ended 31 October 2022

17 TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Trade payables	3,469	2,404
Accruals	3,342	5,671
	<u>6,811</u>	<u>8,075</u>

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.

18 OTHER LIABILITIES

	2022 £000	2021 £000
Social security and other taxes	1,906	2,852
Other payables – deferred consideration	2,271	2,070
Other payables	1,608	2,459
Contract liabilities	<u>19,937</u>	<u>18,236</u>
Other Liabilities payable within one year	<u>25,722</u>	<u>25,617</u>
Other payables – deferred consideration	-	841
Contract liabilities	<u>1,038</u>	<u>949</u>
Other Liabilities payable after one year	<u>1,038</u>	<u>1,790</u>

The Group has deferred VAT of £Nil as at 31 October 2022 (2021: £1.0m).

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 £19,185,000 contract liabilities present at 31 October 2021, £18,236,000 has been recognised as revenue in FY22.

19 PROVISIONS

	2022 £000	2021 £000
At 1 November	1,433	1,873
Provision made during the year	473	806
Provision utilised during the year	<u>(1,453)</u>	<u>(1,246)</u>
At 31 October	<u>453</u>	<u>1,433</u>

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

	2021 £000	Provisions made in year £000	Provisions utilised in year £000	2022 £000
Holidays earned but not yet taken by employees	557	453	(557)	453
Costs associated with previous properties	646	-	(646)	-
Other items	230	20	(250)	-
	<u>1,433</u>	<u>473</u>	<u>(1,453)</u>	<u>453</u>

Other items include provisions made in respect of various operational items. Of the full provision, £453,000 is expected to be payable during the year ending 31 October 2023. Of the prior year provision (£1,433,000) £1,433,000 was payable within one year.

Notes to the accounts (continued)

For the year ended 31 October 2022

20 BONDS IN ISSUE

Bonds in issue are measured at amortised cost.

	2022 £000	2021 £000
130,000 bonds at €100 each	11,325	10,998
	<u>11,325</u>	<u>10,998</u>

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 2022 the bond was trading at 101% which equates to a fair value of £11,525,000.

21 BORROWINGS

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

	2022 £000	2021 £000
Current:		
Bank borrowings	-	-
Non-current:		
Bank borrowings	9,201	15,394
Total borrowings	<u>9,201</u>	<u>15,394</u>

Notes to the accounts (continued)

For the year ended 31 October 2022

21 BORROWINGS (CONTINUED)

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 2020	3,883	11,848	35,052	-	50,783
<i>Cash movements:</i>					
Payments on lease liability	(1,154)	-	-	-	(1,154)
Repayment of borrowings	-	-	(35,000)	-	(35,000)
New loans	-	-	15,600	-	15,600
<i>Non-cash movements:</i>					
Lease liability additions	1,216	-	-	-	1,216
Movement in lease interest	134	-	-	-	134
Lease liability disposal	(1,525)	-	-	-	(1,525)
Movement in amortisation	-	-	(14)	-	(14)
Movement in foreign exchange rate	(80)	(734)	-	-	(814)
Movement in EIR Adjustment	-	(116)	(244)	-	(360)
As at 31 October 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
<i>Non-cash movements:</i>					
Lease liability additions	165	-	-	-	165
Movement in lease interest	95	-	-	-	95
Lease liability disposal	-	-	-	-	-
Movement in amortisation	-	-	119	-	119
Movement in foreign exchange rate	3	300	-	-	303
Movement in EIR Adjustment	-	27	288	-	315
As at 31 October 2022	1,810	11,325	9,201	-	22,336

It was announced on 7 October 2021 that the Group had extended its facility with the National Westminster Bank plc, Silicon Valley Bank and Santander UK plc for an additional 18 months to June 2024. The Group also transitioned from LIBOR to SONIA at this point. At the balance sheet date, the facilities consist of a revolving credit facility of £35m and £10m accordion facility (2021: £35m revolving credit facility and £10m accordion facility).

During the period the loan was held, the average interest rate was 2.98% (2021: 2.48%).

There are unamortised loan fees of £199,000 (2021: £318,000) at the balance sheet date.

An accounting adjustment of £288,000 (2021: (£244,000)) 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, Silicon Valley Bank 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.

Notes to the accounts (continued)

For the year ended 31 October 2022

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 2022 and 2021, all the Group's borrowings at variable rates were denominated in UK Sterling. The average interest rate during the year ended 31 October 2022 was 2.98% (2021: 2.48%). Interest payable in the year was £436,000 (2021: £456,000). If the average interest rate during the year had been 1% different, this would have had an impact of £146,000 (2021: £184,000) 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:

Classes of financial assets – carrying amounts	2022 £000	2021 £000
Cash and cash equivalents	13,864	18,283
Trade receivables	5,555	6,344
Contract receivables	6,521	4,808
Other receivables	2,788	3,682
Financial assets	<u>28,728</u>	<u>33,117</u>

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.

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.

Notes to the accounts (continued)

For the year ended 31 October 2022

22 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 2022, 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	-	-	582	12,489	-
Bank borrowings	30	63	276	9,633	-
Trade and other payables	6,541	270	-	-	-

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	-	-	567	12,698	-
Bank borrowings	27	55	243	16,243	-
Trade and other payables	7,245	830	-	-	-

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.

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

	2022 £000	2021 £000
Total equity	67,416	60,810
Less unrestricted cash and cash equivalents (note 16)	(13,864)	(18,283)
	<u>53,552</u>	<u>42,527</u>
Total equity	67,416	60,810
Bonds in issue (note 20)	11,325	10,998
Borrowings (note 21)	9,201	15,394
	<u>87,942</u>	<u>87,202</u>
Capital-to-overall-financing ratio	<u>0.61</u>	<u>0.49</u>

Notes to the accounts (continued)

For the year ended 31 October 2022

23 SHARE CAPITAL

	2022 £000	2021 £000
Authorised:		
650,000,000 ordinary shares of 1p each	6,500	6,500
Allotted, called up and fully paid:		
As at 1 November	4,469	4,450
Issued and allotted during the year	56	19
452,523,888 ordinary shares of 1p each (2021: 446,864,792)	4,525	4,469

Movement in issued share capital in the year

During the year to 31 October 2022, 15 employees exercised share options across 24 separate exercises. To satisfy the exercise of these transactions, the Company issued and allotted 4,844,764 new ordinary shares of 1p each.

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

At 31 October 2022, there were 3,809,016 (2021: 3,451,301) shares in issue under ESOP. During the year, the average issue share price was 65p (2021: 63p).

At 31 October 2022, there were 1,426,219 (2021: 1,426,219) shares held in treasury.

24 SHARE OPTIONS

The Company has an unapproved 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 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 Payment 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	-	-	-	90,000	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	-	-	-	800,500			

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

	2022		2021	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	800,500	12.92	1,925,500	31.68
Exercised during the year	-	-	(475,000)	45.39
Lapsed during the year	-	-	(650,000)	44.77
Outstanding at the end of the year	800,500	12.92	800,500	12.92
Exercisable at the end of the year	800,500	12.92	800,500	12.92

Notes to the accounts (continued)

For the year ended 31 October 2022

24 SHARE OPTIONS (CONTINUED)

The share options outstanding at the end of the year have a weighted average remaining contractual life of 5 years. The share options exercised during the year had a weighted average exercise price of £Nil and a weighted average market price of £Nil.

The Group recognised a total charge of £Nil (2021: £Nil) for equity-settled share-based payment transactions related to the unapproved share option scheme during the year. The charge of £Nil (2021: £Nil) related to share options granted and £Nil (2021: £Nil) related to share options exercised.

Long-Term Incentive Plan (LTIP)

During the year, 6,460,939 options were granted under the Long-Term Incentive Plan.

The Group recognised a total charge of £2,583,737 (2021: £1,908,150) 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 (2021: £Nil).

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

	2022 No.	2021 No.
Outstanding at the beginning of the year	15,557,052	12,435,871
Granted	6,460,939	4,800,709
Forfeited	(194,375)	(265,345)
Exercised	(4,844,764)	(1,414,183)
Outstanding at the end of the year	16,978,852	15,557,052
Exercisable at the end of the year	6,034,065	5,301,163

The fair values were calculated using the modified Black-Scholes option pricing method 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 £
Feb 22	4,646,758	67.5	-	45	5	1.36	0.557
Apr 22	735,294	63.2	-	45	5	1.87	0.507
Apr 22	80,206	62.5	-	45	5	2.09	0.500
Sep 22	998,681	67.0	-	45	5	2.90	0.565
	<u>6,460,939</u>						

Notes to the accounts (continued)

For the year ended 31 October 2022

25 LEASES

Right-of-use-assets	Buildings £000	Cars £000	Equipment £000	Total £000
Cost				
At 1 November 2020	3,835	658	447	4,940
Foreign exchange	(80)	(33)	(7)	(120)
Additions	461	72	-	533
Additions on acquisition	669	-	-	669
Disposals	(1,380)	(697)	(134)	(2,211)
At 1 November 2021	3,505	-	306	3,811
Foreign exchange	21	-	-	21
Additions	165	-	-	165
At 31 October 2022	3,691	-	306	3,997
Accumulated depreciation				
At 1 November 2020	837	227	150	1,214
Charge for the year	789	101	131	1,021
Disposals	(383)	(313)	(49)	(745)
Foreign exchange	(25)	(15)	(2)	(42)
At 1 November 2021	1,218	-	230	1,448
Charge for the year	673	-	76	749
Foreign exchange	18	-	-	18
At 31 October 2022	1,909	-	306	2,215
Carrying amount at 31 October 2022	1,782	-	-	1,782
Carrying amount at 31 October 2021	2,287	-	76	2,363

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

None of the leases for property, cars and equipment expired in the current financial year. This resulted in £Nil of the £165,000 additions to right-of-use-assets in FY22.

The maturity analysis of lease liabilities is presented below.

	2022 £000	2021 £000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use-assets	749	1,021
Interest expense on lease liabilities	95	134
	844	1,155

Lease liabilities

	2022 £000	2021 £000
Analysed as:		
Non-current	1,265	1,747
Current	545	727
	1,810	2,474

Notes to the accounts (continued)

For the year ended 31 October 2022

25 LEASES (CONTINUED)

	2022 £000	2021 £000
Maturity analysis:		
Year 1	636	773
Year 2	375	607
Year 3	307	376
Year 4	299	311
Year 5	218	300
Onwards	148	386
	<u>1,983</u>	<u>2,753</u>
Impact of discounting	<u>(173)</u>	<u>(279)</u>
Carrying value	<u>1,810</u>	<u>2,474</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 2022

26 ACQUISITIONS

LandHawk

On 1 October 2022, the Group acquired the entire share capital of LandHawk Software Services Limited.

LandHawk allows clients to identify off-market land opportunities effectively and efficiently by bringing together geospatial intelligence in a user-friendly cloud-native software solution. Whilst allowing clients to complete development feasibility studies, LandHawk also provides GIS data directly to clients for use in their own applications, alongside a managed service to support clients in sourcing off-market land. This customer base provides new market opportunities for Idox and is a complimentary extension of its existing local authority land and property base.

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

	Book value £000	Fair value £000
Trade receivables	13	13
Other receivables	7	7
Cash at bank	25	25
Total Assets	45	45
Trade payables	(16)	(7)
Other liabilities	(48)	(48)
Contract liabilities	(10)	(10)
Social security and other taxes	(50)	(50)
Deferred tax liability	(247)	(247)
Total Liabilities	(371)	(362)
Net Assets		(317)
Goodwill arising on acquisition		756
Purchased software capitalised		987
Total consideration		1,426
Satisfied by:		
Cash to vendor		1,050
Earnout consideration:		376
		1,426

The revenue included in the consolidated statement of comprehensive income since 1 October 2021 contributed by LandHawk was £4,000. LandHawk also made a loss after tax of £14,000 for the same period. If LandHawk had been included from 1 November 2021, it would have contributed £71,000 to Group revenue and a profit after tax of £11,000.

Acquisition costs of £56,000 have been written off in the consolidated statement of comprehensive income.

exeGesIS

During the year there has been further fair value adjustment in respect of the acquisition of exeGesIS Spatial Data Management Limited. The adjustment totalled £982,000.

Adjustments were processed to ensure pre-acquisition related costs were recognised in the correct period. This resulted in an adjustment of (£33,000) in respect of working capital movements and £1,015,000 in respect of tax adjustments.

27 CAPITAL COMMITMENTS

There were no material Group capital commitments at 31 October 2022 or 31 October 2021.

Notes to the accounts (continued)

For the year ended 31 October 2022

28 CONTINGENT LIABILITIES

There were no material Group contingent liabilities at 31 October 2022 or 31 October 2021.

29 RELATED PARTY TRANSACTIONS

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

	2022 £000	2021 £000
Salaries and other short-term employee benefits including NIC	3,183	3,364
Post-employment benefits	80	74
Share-based payments	1,310	1,375
	<u>4,573</u>	<u>4,813</u>

During the year ended 31 October 2022, one of the Directors and two members of the Executive Management Team exercised share options resulting in a taxable gain of £2,370,189. No Directors and three members of the Executive Management Team exercised share options resulting in a taxable gain of £498,736 in the year ended 31 October 2021.

Details of the remuneration for each Director are included in the Report on Remuneration, which can be found on pages 41 to 42 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.

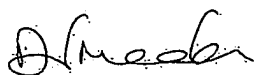
Company balance sheet

As at 31 October 2022

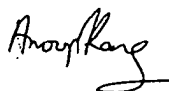
	Note	2022 £000	2021 £000
ASSETS			
Non-current assets			
Investments	6	115,175	110,960
Total non-current assets		<u>115,175</u>	<u>110,960</u>
Current assets			
Debtors: falling due within one year	7	1,320	1,675
Cash at bank and in hand		1	1
Total current assets		<u>1,321</u>	<u>1,676</u>
Total assets		<u>116,496</u>	<u>112,636</u>
LIABILITIES			
Creditors: amounts falling due within one year	8	<u>(43,331)</u>	<u>(30,374)</u>
Net current liabilities		<u>(42,010)</u>	<u>(28,698)</u>
Total assets less current liabilities		<u>73,165</u>	<u>82,262</u>
Creditors amounts falling due after more than one year	9	<u>(9,201)</u>	<u>(16,235)</u>
Total liabilities		<u>(52,532)</u>	<u>(46,609)</u>
Net assets		<u>63,964</u>	<u>66,027</u>
Capital and reserves			
Called up share capital	10	4,525	4,469
Capital redemption reserve		1,112	1,112
Share premium account		41,556	41,556
Other reserve		7,451	7,495
Treasury reserve		(594)	(594)
Share option reserve		4,813	3,959
Retained earnings		5,101	8,030
Total shareholders' funds		<u>63,964</u>	<u>66,027</u>

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 loss for the year was £3,246,000 (2021: £1,225,000 profit).

The financial statements were approved by the Board of Directors and authorised for issue on 25 January 2023 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 2022

	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 2020	4,450	1,112	41,356	6,234	(621)	2,615	7,601	62,747
Issue of share capital	19	-	200	-	-	-	-	219
Share options reserve movement	-	-	-	-	-	1,894	-	1,894
Exercise of options	-	-	-	-	27	(465)	535	97
Lapse of options	-	-	-	-	-	(85)	-	(85)
Fair value of deferred consideration shares on purchase of subsidiary	-	-	-	1,261	-	-	-	1,261
Equity dividends paid	-	-	-	-	-	-	(1,331)	(1,331)
Transactions with owners	19	-	200	1,261	27	1,344	(796)	2,055
Profit for the year	-	-	-	-	-	-	1,225	1,225
Total comprehensive profit for the year	-	-	-	-	-	-	1,225	1,225
Balance at 31 October 2021	4,469	1,112	41,556	7,495	(594)	3,959	8,030	66,027
Issue of share capital	56	-	-	-	-	-	-	56
Share options reserve movement	-	-	-	-	-	2,535	-	2,535
Exercise of 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

Notes to the company financial statements

For the year ended 31 October 2022

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 2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA. 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.

Notes to the company financial statements (continued)

For the year ended 31 October 2022

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.

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 fair value of the deferred consideration shares included in 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 2022

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 Report on Remuneration which can be found on pages 41 to 42 but which do not form part of the audited accounts.

4 DIVIDENDS

The Directors have proposed the payment of a final dividend of 0.5p per share, which would amount to £2,255,488 (2021: final dividend of 0.4p which amounted to £1,784,162).

5 PROFIT FOR THE FINANCIAL YEAR

The parent company's loss for the year was £3,246,000 (2021: £1,225,000 profit).

6 INVESTMENTS

	Investment in Group undertakings £000
Cost or market value	
At 1 November 2021	145,043
Additions	4,215
At 31 October 2022	<u>149,258</u>
Impairment	
At 1 November 2021	34,083
Provided in the year	
At 31 October 2022	<u>34,083</u>
Net book amount	
At 31 October 2022	<u>115,175</u>
At 31 October 2021	<u>110,960</u>

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

The Company's investments in Group undertakings associated with its EIM CGU has comparable carrying values to the carrying values of the assets of the CGU, and therefore, sensitivity of impairment reviews against value-in-use calculations is also comparable.

The Company's investments in Group undertakings associated with its PSS CGU has a higher carrying value than the carrying value of the assets of the PSS CGU, 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 2022

6 INVESTMENTS (CONTINUED)

At 31 October 2022 the Company held investments in the following companies (* indirect holdings):

	Country of registration	Registered office	Class of share held	Proportion held	Nature of business
Ibox Trustees Limited	England	2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA	Ordinary	100%	Corporate trustee of Employee share ownership trust
Ibox Software Limited	England	2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA	Ordinary	100%	Software services
McLaren Software Limited	Scotland	72 Gordon Street, Glasgow, Scotland, G1 3RS	Ordinary	100%	Dormant Company
McLaren Software Inc	USA	818 West Seventh St, 2nd Floor, LA, CA 90017	Ordinary	100%	Software services
Ibox France SARL	France	75, Avenue Parmentier, 75544 Paris cedex 11, France	Ordinary	100%	Software services
Ibox 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%	Software services
6PM Limited*	Malta	GVZH Advocates, 192 Old Bakery Street, Valletta, VLT 1455, Malta	Ordinary	100%	Software services

Notes to the company financial statements (continued)

For the year ended 31 October 2022

6. INVESTMENTS (CONTINUED)

	Country of registration	Registered office	Class of share held	Proportion held	Nature of business
Ibox Health Limited	England	2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA	Ordinary	100%	Dormant Company
Aligned Assets Holdco Limited	England	2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA	Ordinary	100%	Holding Company
Aligned Assets Limited*	England	2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA	Ordinary	100%	Software services
thinkWhere Limited	Scotland	72 Gordon Street, Glasgow, Scotland, G1 3RS	Ordinary	100%	Software services
exeGesIS Spatial Data Management Ltd	England	2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA	Ordinary	100%	Software services
EIM Group Ltd*	England	2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA	Ordinary	100%	Software services
LandHawk Software Services Limited	England	2nd Floor, 1310 Waterside, Arlington Business Park, Theale, Reading, RG7 4SA	Ordinary	100%	Software services

7 DEBTORS

	2022 £000	2021 £000
Falling due within one year:		
Other debtors	1,254	1,611
Amounts owed by Group undertakings	66	64
	<u>1,320</u>	<u>1,675</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £000	2021 £000
Amounts owed to Group undertakings	40,851	27,173
Other creditors	2,313	3,020
Accruals	167	181
	<u>43,331</u>	<u>30,374</u>

Amounts owed to Group undertakings are interest bearing and are repayable on demand. The interest rate during the year ended 31 October 2022 was 3.25% (2021: 3.25%).

Notes to the company financial statements (continued)

For the year ended 31 October 2022

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £000	2021 £000
Other creditors		841
Bank loan	9,201	15,394
	<u>9,201</u>	<u>16,235</u>

It was announced on 7 October 2021 that the Group had extended its facility with the National Westminster Bank plc, Silicon Valley Bank and Santander UK plc for an additional 18 months. The Group also transitioned from LIBOR to SONIA at this point. At the balance sheet date, the facilities consist of a revolving credit facility of £35m and £10m accordion facility (2021: £35m and £10m accordion facility).

During the period the loan was held, the average interest rate was 2.98% (2021: 2.48%).

There are unamortised loan fees of £199,000 (2021: £318,000) at the balance sheet date.

An accounting adjustment of £288,000 (2021: (£244,000)) 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, Silicon Valley Bank 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

	2022 £000	2021 £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	4,469	4,450
Issued and allotted during the year	<u>56</u>	<u>19</u>
452,523,888 ordinary shares of 1p each (2021: 446,864,792)	<u>4,525</u>	<u>4,469</u>

Movement in issued share capital in the year

During the year to 31 October 2022, 15 employees exercised share options across 24 separate exercises. To satisfy the exercise of these transactions, the Company issued and allotted 4,844,764 new ordinary shares of 1p each.

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

At 31 October 2022, there were 3,809,016 (2021: 3,451,301) shares in issue under ESOP. During the year, the average issue share price was 65p (2021: 63p).

At 31 October 2022, there were 1,426,219 (2021: 1,426,219) shares held in treasury.

11 SHARE OPTIONS

The Company has an unapproved 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 2022

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 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 Payment 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	-	-	-	90,000	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	-	-	-	800,500			

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

	2022		2021	
	No.	WAEP Pence	No.	WAEP Pence
Outstanding at the beginning of the year	800,500	12.92	1,925,500	31.68
Exercised during the year	-	-	(475,000)	45.39
Lapsed during the year	-	-	(650,000)	44.77
Outstanding at the end of the year	800,500	12.92	800,500	12.92
Exercisable at the end of the year	800,500	12.92	800,500	12.92

The share options outstanding at the end of the year have a weighted average remaining contractual life of 5 years. The share options exercised during the year had a weighted average exercise price of £Nil and a weighted average market price of £Nil.

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, 6,460,939 options were granted under the Long-Term Incentive Plan.

The Group recognised a total charge of £2,583,737 (2021: £1,908,150) 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 (2021: £Nil).

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

	2022 No.	2021 No.
Outstanding at the beginning of the year	15,557,052	12,435,871
Granted	6,460,939	4,800,709
Forfeited	(194,375)	(265,345)
Exercised	(4,844,764)	(1,414,183)
Outstanding at the end of the year	16,978,852	15,557,052
Exercisable at the end of the year	6,034,065	5,301,163

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 2022

11 SHARE OPTIONS (CONTINUED)

The fair values were calculated using the modified Black-Scholes option pricing method 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 £
Feb 22	4,646,758	67.5	-	45	5	1.36	0.557
Apr 22	735,294	63.2	-	45	5	1.87	0.507
Apr 22	80,206	62.5	-	45	5	2.09	0.500
Sep 22	998,681	67.0	-	45	5	2.90	0.565
	<u>6,460,939</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 2022 or 31 October 2021.

14 CONTINGENT LIABILITIES

There were no material Company contingent liabilities at 31 October 2022 or 31 October 2021.

15 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

Alternative performance measures

For the year ended 31 October 2022

Alternative Performance Measures

Within these financial statements, the Group makes reference to Alternative Performance Measures (APMs) which are not defined or specified under International Financial Reporting Standards. The Group uses these APMs 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. Details are included within the financial review section of the Strategic Report.

The following table reconciles these APMs to statutory equivalents for continuing operations:

	2022 £000	2021 £000
Adjusted EBITDA:		
Profit before taxation	6,602	7,268
Depreciation and Amortisation	10,584	10,204
Restructuring costs	470	(90)
Acquisition costs	183	(134)
Financing costs	30	110
Share option costs	2,584	1,789
Net finance costs	2,056	372
Adjusted EBITDA	22,509	19,519
Free cashflow:		
Net cashflow from operating activities after taxation	15,647	16,554
Capex	(7,558)	(5,747)
Lease payments	(927)	(1,154)
Free cashflow	7,162	9,653
Net debt:		
Cash	(13,864)	(18,283)
Bank borrowings	9,201	15,394
Bonds in issue	11,325	10,998
Net Debt	6,662	8,109
Adjusted profit for the year and adjusted earnings per share:		
Profit for the year	5,611	6,031
Add back:		
Amortisation on acquired intangibles	3,670	3,561
Acquisition costs	183	(134)
Restructuring costs	470	(90)
Financing costs	30	110
Share option costs	2,584	1,789
Tax rate changes	-	826
Tax effect	(1,533)	(1,841)
Adjusted profit for year	11,015	10,252
Weighted average number of shares in issue - basic	443,413,006	440,376,576
Weighted average number of shares in issue - diluted	452,049,942	451,125,653
Adjusted earnings per share	2.48p	2.33p
Adjusted diluted earnings per share	2.44p	2.27p

Alternative performance measures (continued)

For the year ended 31 October 2022

The following table reconciles these APMs to statutory equivalents for total operations:

	2022 £000	2021 £000
Adjusted EBITDA:		
Profit before taxation	6,035	13,186
Depreciation and Amortisation	10,584	10,657
Restructuring costs	1,037	(6,318)
Acquisition costs	183	(134)
Financing costs	30	110
Share option costs	2,584	1,908
Net finance costs	2,056	386
Adjusted EBITDA	22,509	19,795
Free cashflow:		
Net cashflow from operating activities after taxation	15,647	16,554
Capex	(7,558)	(5,747)
Lease payments	(927)	(1,154)
Free cashflow	7,162	9,653
Net debt:		
Cash	(13,864)	(18,283)
Bank borrowings	9,201	15,394
Bonds in issue	11,325	10,998
Net Debt	6,662	8,109
Adjusted profit for the year and adjusted earnings per share:		
Profit for the year	5,044	11,949
Add back:		
Amortisation on acquired intangibles	3,670	3,727
Acquisition costs	183	(134)
Restructuring costs	1,037	(6,318)
Financing costs	30	110
Share option costs	2,584	1,908
Tax rate changes		826
Tax effect	(1,533)	(1,911)
Adjusted profit for year	11,015	10,157
Weighted average number of shares in issue - basic	443,413,006	440,376,576
Weighted average number of shares in issue - diluted	452,049,942	451,125,653
Adjusted earnings per share	2.48p	2.31p
Adjusted diluted earnings per share	2.44p	2.25p