13th January 2022

Ideagen PLC

("Ideagen" the "Company" or the "Group")

Unaudited Interim Results

Strong growth in recurring revenues and continued execution of M&A strategy

Ideagen PLC (AIM: IDEA), a leading supplier of Information Management Software to highly regulated industries, announces its unaudited interim results for the six months ended 31 October 2021.

Strategic highlights

Continued success with transition to SaaS

- Recurring revenues up 41% to £34.2m (H1 2020: £24.3m), representing 88% of total revenue (H1 2020: 74%)
- Recurring SaaS revenues up 76% to £23.6m (H1 2020: £13.4m), accounting for 61% of total revenue (H1 2020: 34%)
- High customer retention; GRR (Gross Revenue Retention) of 95% (H1 2020: 95%)

Strong liquidity to pursue healthy acquisition pipeline

- Refinancing completed with approved debt facilities extended to £100m
- Sale of Pentana Compliance completed with proceeds of $21.3m (approx. £15.6m)
- Post-period end completed an equity fundraise in December 2021, raising total gross proceeds of £103.5m

Progress with international expansion and complementary acquisitions during the period and post-period end

- International revenues up 32%, now accounting for 57% of total revenue
- Completed six highly complementary acquisitions for a combined consideration of £102m, three during the period and three completing post-period end. In aggregate, the acquisitions have added £18.4m of Annual Recurring Revenue (“ARR”)
    - During the period: Opsbase (health and safety compliance platform), Mi-Co (low-code mobile application development) and AI Xprt (end-to-end B2B solutions to the FinTech and RegTech sectors).
    - Post-period end: Audit Analytics (data for professional and financial services), CompliSpace (GRC management solutions to the private and public sector) and CompliancePath (software validation and assurance focused primarily on healthcare and life sciences)

Strengthened leadership team

- Richard Longdon became Non-Executive Chairman succeeding the Executive, David Hornsby
- James King joined Ideagen as Chief Revenue Officer
- Louise Tommasi joined Ideagen as Chief People Officer
- David Moore joined Ideagen as Chief Product Officer post-period in November 2021

Financial highlights

Performance in line with market expectations

- Total revenue increased 33% to £38.8m (H1 2020: £29.2m)
- Adjusted EBITDA[1] grew 32% to £13.2m (H1 2020: £10.0m)
- Adjusted diluted earnings per share increased by 31% to 3.41 pence (H1 2020: 2.60 pence)
- Proposed interim dividend increased by 15% to 0.138 pence per share (H1 2020: 0.120 pence per share)

Maintaining visibility of revenues and quality of earnings

- Pro-forma ARR book (including acquisitions completed shortly after the period end) is £86.3m[2] (H1 2020: £54.8m). ARR grew by 35% in the period, of which 7% is organic (approximately 13% organic ARR growth on an annualised basis)

Strong cash position and robust balance sheet

- Cash generated by operations of £13.6m (H1 2020: £10.0m), representing 103% of adjusted EBITDA (H1 2020: 99%)
- Net cash as at the period-end was £4.4m (H1 2020: Net bank debt £27.9m)
- Equity fundraise completed post year end raising total gross proceeds of £103.5m

Outlook

- Three-year strategy to reach ARR target of £200m by April 2025
- Continued focus on organic revenue growth (15% medium term target), augmented by acquisitions
- Robust balance sheet and liquidity to support healthy acquisition pipeline, which will add adjacent capabilities and broaden geographic reach
- Strong start to H2 in line with our expectations with confidence in delivering on our targets for the full year

Note 1 - Before share-based payments, transaction costs and restructuring costs and profit on disposal.

Note 2 - ARR comprises contracted revenue that will be recognised over the coming 12 months. The growth figures are calculated using an opening ARR that has been adjusted for constant currency exchange rates and to remove the revenues related to the in-period divestment.

Ben Dorks, Chief Executive of Ideagen, commented:

"I am very pleased with Ideagen's performance in the first half as we continue to see strong demand for our products from existing and new potential customers. This is testament to our people and reflects our simple purpose: making complying with regulation easy, quick and cost effective. At our recent Capital Markets Day we set out our plan to capture more of this market opportunity and reach £200m of Annual Recurring Revenues by April 2025 through a combination of organic growth and acquisitions. We have a healthy pipeline of acquisitions to add adjacent capabilities and broaden our geographic reach, supported by our recent fundraising.

We have a strong record of identifying and integrating acquisitions that fit with our strategy, having completed eight acquisitions since December 2020, and are working hard on a number of near and medium term targets. The second half of the year has begun in line with our expectations, and we remain confident in delivering on our targets for the full year."

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About Ideagen PLC

Ideagen's software helps companies comply with regulation and manage risk.

Ideagen is a leader in the +$30 billion regulatory and compliance software market, serving highly regulated industries such as life sciences, healthcare, banking and finance and insurance. Ideagen has made 24 acquisitions since admission to AIM to build its market leadership.

More than 7,500 customers use Ideagen's software, including nine of the top 10 UK accounting firms, 7 of the top global aerospace and defence companies and 75% of leading pharmaceutical firms.

Ideagen has a diversified customer base including blue chip, global brands such as Heineken, British Airways, BAE, Aggreko, US Navy, Bank of New York and Johnson Matthey, as well as 250 hospitals across the UK and US.

Ideagen is headquartered in the UK, listed on the London Stock Exchange AIM market (Ticker: IDEA.L), and has key hubs in the UK, EU, US, South East Asia and Australia. For further information please visit www.ideagen.com.

Forward-looking statements

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, results of our operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. These forward-looking statements include all matters that are not historical facts. By their nature, these statements involve risks and uncertainties since future events and circumstances can cause results and developments to differ materially from those anticipated. Any such forward-looking statements reflect knowledge and information available at the date of preparation of this document

Chief Executive Officer's Review

Business model and growth strategy

Ideagen is a leader in the $30bn+ regulation and compliance software market.

We have a clear and simple purpose – to make complying with regulation easy, quick and cost effective. This purpose is reflected in our business model.

Businesses around the world need innovative software and services to help them meet increasingly stringent compliance, quality, safety, and regulatory risk requirements. This is the fundamental structural growth driver for Ideagen.

We focus on three areas – QHSE (Quality, Health, Safety and Environment), RCA (Risk, Compliance and Audit) and Regulated Collaboration. Our suite of user-friendly, reliable and cost-effective software products help our customers to maintain safe, legal and efficient operations that satisfy customers, regulators and wider society, whilst also enabling them to navigate confidently through the ever-changing industry regulations that apply to them. Our customers also work together in a secure virtual workspace platform, connecting people from multiple diverse locations to make project delivery faster and more efficient.

Our customers operate in highly regulated industries including life sciences, healthcare, aviation, banking, finance and insurance.

SaaS model driving organic growth

Organic growth is a significant opportunity for Ideagen and our 15% organic growth target is core to reaching £200 of ARR by April 2025.

Dedicated major account teams focus purely on the expansion of Ideagen's footprint in top existing customers by business line. Strategic account development methodologies are implemented to build business over the mid-term.

By proactively moving customers to our Cloud offerings, we aim to create significant organic growth via immediate revenue uplift.

Our Cross-Sell Team is tasked with facilitating and tracking cross-sell programmes between business lines. Specifically, the team helps with planning of incoming acquisition offerings and the required sales enablement actions. We have enlarged the Renewals and Customer Success team and continue to focus on industrialising our processes in order to defend ARR and minimise attrition.

Ideagen's SaaS model drives organic growth, giving greater visibility of revenues and higher quality of earnings. We see recurring revenue as our primary metric and driver for long-term value. ARR recognised during the first half of year was up 41% to £34.2m (H1 2020: £24.3m), and now accounts for 88% of total revenues (H1 2020: 83%).

The Group reported total revenue up 33%, and adjusted EBITDA up 32% to £13.2m, with organic growth driven by expanding existing customers and winning new customers in core sectors such as healthcare, life sciences and government bodies.

Our SaaS model also supports excellent cash generation, with cash generated by operations representing 103% of adjusted EBITDA. Ideagen is in an excellent position to fund organic growth and pursue its strategy of acquiring businesses that extend or reinforce its leadership in compliance software for regulated industries, with a robust balance sheet and net cash at the period end of £4.4m. This platform for investment is further strengthened by our debt refinancing in the early part of the financial year. Ideagen has total available debt facilities of up to £100m.

Proven approach to M&A enabling further growth

Ideagen has a track record of adding technological innovation and accessing new markets and customers via acquisitions. Our model is designed to enable all parts of our company to replicate best practice, share domain expertise, benefit from our integrated IT, finance and support functions and centralised infrastructure. We actively integrate people, products and customers using our shared service philosophy to reduce risk and improve profitability.

In the first half, we continued our international expansion through highly complementary strategic acquisitions. Our international revenues increased by 32% to £22.0m and account for 57% of total revenues.

Ideagen made three acquisitions in the first half, for a combined consideration of c.£7.0m.

To strengthen our mobile capabilities, enhance customer experience and extend product functionality, we acquired Advanced Digital Systems Inc (Mi-Co), a US-based low- and no-code mobile application developer. It currently supports c.150 customers operating in highly regulated industries including agriculture, government, and utilities.

Our acquisition of OpsBase Limited, a UK-based health and safety compliance platform, offered an immediate extension to the Ideagen portfolio, opening up new market opportunities. The OpsBase software is technologically complete and boasts excellent functionality.

To accelerate Artificial Intelligence (AI) functionality across the Ideagen portfolio and accelerate our own product development roadmap, we also acquired Audit Xprt Limited, (Ai XPRT), a provider of solutions to the financial services sector. It has developed a proprietary platform to leverage true AI techniques to automate auditing of financial disclosure reports, compliance checking of documents, and document review for due diligence. The technology enhances AI capability across Ideagen's Cloud Service architecture and is expected to support new functionality across all products in the medium term. The system is currently in active beta testing with Deloitte, AIA, and Barclays and the Board believes Ai XPRT can reduce compliance costs by up to 90%.

The sale of Pentana Compliance software and related contract assets (acquired by the Group previously through the purchase of Redland Business Solutions) to StarCompliance is in line with the Group's strategy. The Group concluded that this offering was no longer in keeping with its focus on global software-based solutions for QHSE, GRC and Collaboration, and the proceeds of £15.6m in cash were used to support the acquisition strategy. The Group recognised a gain on disposal of £7.9m.

The Board remains committed to our ongoing buy and build strategy and is working to complete a number of target acquisitions in the near and medium term future. The Group has made three acquisitions, as previously announced, since the period end which have increased ARR, broadened technological capabilities and market penetration. We have a strong record of identifying and integrating acquisitions that fit with our strategy, having completed eight acquisitions following our last equity fundraise in December 2020.

In December 2021 we raised gross proceeds of £103.5m to pursue our acquisition strategy via an oversubscribed equity placing. This supports our plan to capture the market opportunity in GRC and reach £200m annual recurring revenues by April 2025 through a combination of organic growth and acquisitions. We set out the detailed plan to achieve this target at our Capital Markets Day in November 2021. The significantly oversubscribed fundraising reflects the strength of investor support for our strategy and confidence in delivery on our pipeline of acquisitions to add adjacent capabilities and broaden geographic reach.

On track for long-term targets

Our SaaS business model continues to drive recurring revenue, generating strong, sustainable EBITDA margins, and converting high levels of cash. Organic growth is at the heart of this plan, with strategic complementary acquisitions fuelling the pace of growth.

Our long-term plan is to build upon our SaaS business model and leadership in the GRC market, to achieve the ARR of £200m by April 2025.

COVID-19

We remain confident about our business prospects despite the economic disruption brought by COVID-19. Our strong performance reflects the resilience of the Group's business model, the diverse markets in which we operate and, most importantly, the character and determination of our employees.

Ideagen's model is also well placed for a post-COVID world: it is highly resilient, focused on organic growth and the fragmented market offers Ideagen M&A opportunities to extend its market leading position.

Environmental, Sustainability and Governance

In July we appointed a full time Community Lead to oversee our portfolio of social impact activity. This includes management of our flagship education programme for community impact, Think Big. Ideagen have awarded five years of grant funding to Nottingham Forest Community Foundation Trust to develop and deliver the Think Big programme with us. The programme aims to motivate and inspire young people to participate in the future of the technology industry. In particular, Think Big will be used as part of Nottingham City Councils 'Not In Education, Employment or Training' (NEET) reduction strategy.

Ideagen also took a seat on the board of the UK's National Career Week committee, enabling contribution to the national messaging on technology careers and how these can drive social mobility. At a local level, Ideagen are one of seven businesses across Nottinghamshire who have formed a network to provide strategic careers support to schools in Nottingham and across the rest of the county.

We continue to make progress in building a clear roadmap to reach our stated carbon reduction ambition of Net Zero. During the period we commenced a relationship with a leading environmental consultancy Avieco who will support, monitor and verify the work to deliver on our ambition. By the end of April 2022 we are aiming to have targets in place, underpinned by clear actions in terms of decarbonisation and offsetting. As a first step, we have committed to renewable energy procurement at our Global headquarters, which accounts for 75% of our total energy consumption.

Current trading and outlook

Trading in the first half has remained robust and in line with expectations, providing the Board with great confidence in achieving its objectives for the full financial year.

We continue to see strong demand for our products from existing and new potential customers. The acquisitions of Audit Analytics, CompliancePath and CompliSpace in early November 2021 immediately after the period end further strengthened our position internationally, expanding the Group's total addressable market by adding new geographies, expanding verticals, and bringing new technology to our product suite. Our expanded customer base now amounts to over 7,500 customers who continue to generate growth through recurring revenues and repeat business.

We remain confident of the Group's prospects for the future based upon the structural drivers and market opportunity in the sector, as well as the continued execution of the Group's strategy. At our Capital Markets Day in November 2021, we set out our plan to grow Annual Recurring Revenues to £200m by April 2025 through a combination of organic growth and acquisitions. We have a healthy pipeline of acquisitions and are confident in delivering strong organic growth in order to meet this target.

Ben Dorks

Chief Executive Officer

Chief Financial Officer's Review

Revenue

Revenue for the six months ended 31 October 2021 increased by 33% to £38.8 million (H1 2020: £29.2 million). Revenues are analysed by revenue type in Note 3.

Recurring revenues are a key strategic focus and they have grown strongly, in line with our expectations, due to our continued emphasis on sales of our SaaS/Subscription-based products and the acquisition of businesses with high levels of recurring revenues.

Total recurring revenues recognised in the period increased by 41% to £34.2 million (H1 2020: £24.3 million) representing 88% (H1 2020: 83%) of overall revenues. This proportion has improved consistently since 2016 when recurring revenues represented only 53% of total revenues.

Within the recurring revenues, SaaS revenues increased by 76% to £23.6 million (H1 2020: £13.4 million) representing 61% (H1 2020: 46%) of Group revenue. Support & Maintenance revenues reduced as expected by 2% to £10.6 million (H1 2020: £10.8 million) representing 27% of total revenues (H1 2020: 37%).

Professional Services revenues represented 7% (H1 2020: 7%) of total revenues. Licence & Software Development revenues decreased to £1.9 million (H1 2020: £3.0 million) representing 5% (H1 2020: 10%) of total revenue in line with the increasing emphasis on SaaS sales.

Performance Measures

We use alternative performance measures to make financial, operating and planning decisions and to evaluate and report performance. These differ from our reported GAAP measures prepared under International Financial Reporting Standards by adjusting for items affecting the comparability of year-on-year financial performance such as charges and credits related to M&A and share based payment charges. We believe these alternative measures provide useful information to investors to better analyse our underlying business performance and allow for greater comparability between periods.

Adjusted EBITDA for H1 2021/22 increased by 32% to £13.2 million (H1 2020: £10.0 million). The adjusted EBITDA margin was 34.1% (H1 2020: 34.5%). Adjusted diluted earnings per share increased by 31% to 3.41 pence (H1 2020: 2.60 pence).

In terms of statutory performance measures, the Group reported a profit before tax during the period of £5.2 million (H1 2020: profit before tax £1.2 million). Diluted earnings per share increased to 2.13p from 0.40p. The year on year change was driven largely by the gain on disposal of Pentana Compliance of £7.9m. This was partially offset by the higher share-based payment charge of £3.4 million (H1 2020: £0.7 million) related to the Group's equity-settled share option schemes including the Share Incentive Scheme for employees and the exercise during the period of options granted to senior management under the Long-Term Incentive Plan.

Operating and Other Costs

Gross margin was 91.3% (H1 2020: 92.0%). Operating costs continue to be tightly controlled representing 57.2% (H1 2020: 57.5%) of revenue.

The Group has significant intangible assets, primarily from the acquisitions that it has made. Amortisation of acquisition intangibles of £8.5 million (H1 2020: £4.8 million) represents the majority of the total depreciation and amortisation charge of £10.7 million (H1 2020: £7.0 million). Amortisation of development costs amounted to £1.2 million (H1 2020: £1.1 million).

The Group incurred costs of £0.8 million (H1 2020: £0.4 million) in relation to the three acquisitions and one disposal during the period, an average cost of £0.2 million per transaction (H1 2020: £0.4 million per transaction). Restructuring charges of £0.3 million were incurred in the period (H1 2020: £0.2 million) driven by costs relating to the Group’s operational integration of acquisitions.

The adjusted Group tax charge is analysed in Note 6 and amounted to £1.6 million (H1 2020: £1.4 million). This has been adjusted to exclude the deferred tax effects associated with the amortisation of acquisition intangibles and share based payment charges. The adjusted Group tax charge represents 15.5% (H1 2020: 18.7%) of adjusted profit before tax of £10.2 million (H1 2020: £7.4 million). The reduced tax rate is due to the impact of the recognition of deferred tax assets at the higher rate of corporation tax of 25% as announced in the 2021 budget and applying from 1 April 2023.

Gain on Disposal of Pentana Compliance

The Group recorded a profit on the disposal of the Pentana Compliance software and associated contract assets of £7.9m. Gross proceeds of £15.6m were received and net assets worth £7.7m were disposed or written off through the transaction. Pentana Compliance was originally acquired as part of the Redland Business Solutions acquisition and the associated goodwill was recognised in Ideagen's main Cash Generating Unit: GRC. The projected future cash inflows for this unit substantially exceed the value of the goodwill even after the impact of the disposal and therefore no impairment to the value of the goodwill was deemed necessary.

Balance Sheet and Cash Flow

The Group's financial position has remained strong during the period with net assets increasing to £134.2million (30 April 2021: £125.6 million; 31 October 2020 £78.4 million).

The value of intangible assets decreased to £168.4 million (30 April 2021: £174.9 million) mainly as a result of the disposal of Pentana Compliance and amortisation, slightly offset by acquisitions in the period. The Group capitalised £2.4 million (H1 2020: £1.8 million) of R&D development costs during the period which represented 6.1% (H1 2020: 6.0%) of total revenues.

The Group's approach to the funding of acquisitions has continued to evolve with debt and free cash being utilised alongside equity. The strong cash flow and recurring revenue profile of the business mean that the Group has been able to secure relatively inexpensive debt funding. In May 2021 the Group's Revolving Credit Facility was extended from £50 million to £100 million giving further headroom to fund acquisitions.

Cash generated by operations during the period amounted to £13.6 million (H1 2020: £10.0 million) representing cash conversion of approximately 103% (H1 2020: 99%) of adjusted EBITDA.

Working capital, as recorded in the cash flow statement, reduced by £335,000 between 30 April 2021 and 31 October 2021. Receivables decreased by £1.2 million, reflecting the Group's seasonal billing profile, which is weighted towards the second half of the year. Cash collections have remained robust and are a key operational metric for the business. Days Sales Outstanding as at 31 October 2021 were 61 (30 April 2021: 60) based on a count-back methodology calculated by reference to invoiced sales.

Free Cash Flow, defined as net cash generated by operating activities less capital expenditure, amounted to £7.7 million (H1 2020: £3.7 million) representing 58% (H1 2020: 37%) of adjusted EBITDA or 20% (H1 2020: 13%) of Revenue. Free Cash Flow in the prior period was impacted by £2.1 million of capital expenditure in relation to the Group's new head office facility in Nottingham. Excluding this one-off expenditure, Free Cash Flow in the prior period was £5.8 million, 58% of adjusted EBITDA.

Risk

Further details of the main risks for the year ended 30 April 2021 are set out on pages 40 to 42 of the Group's Annual Report for the year ended 30 April 2021. The Board consider that these are the risks that could impact the performance of the Group in the remaining six months of the financial year. The Board continues to manage these risks and to mitigate their expected impact.

Post Period Activity

A further three acquisitions were completed in early November 2021, immediately after the period end. The acquisitions of Audit Analytics, CompliSpace and CompliancePath had combined gross consideration of £95 million and added ARR of £17.1 million.

In December 2021 the Group completed an equity placing, which generated gross funds of £103.5 million to support further M&A activity as the Group works towards its stated aim of achieving £200 million ARR by April 2025.

Dividend

The Board proposes to increase the interim dividend by 15% to 0.138 pence per share (FY21: 0.120 pence per share) payable on 17th March 2022 to shareholders on the register on 25th February 2022. The corresponding ex-dividend date is 24th February 2022.

Emma Hayes

Chief Financial Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge the condensed financial statements of the Company have been prepared in accordance with IAS 34; and the interim management report of the Company includes:

- a fair review of the important events during the first six months of the year and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and
- a fair review of related party transactions and changes therein, as required by DTR 4.2.8R.

A list of current directors is maintained on the Ideagen PLC website www.ideagen.com.

Emma Hayes

On behalf of the Board

13 January 2022

INDEPENDENT REVIEW REPORT TO IDEAGEN PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 October 2021 which comprises the Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Cash Flows, Group Statement of Changes in Equity, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 October 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the AIM Rules.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in Note 2, the latest annual financial statements of the group were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Mark Flanagan for and on behalf of KPMG LLP

Chartered Accountants
31 Park Row
Nottingham
NG1 6FQ
13 January 2022

Ideagen PLC

Group Statement of Comprehensive Income for the six months ended 31 October 2021

	2021 £'000	2020 £'000
Revenue (Note 3)	38,800	29,160
Cost of sales	(3,387)	(2,337)
Gross profit	35,413	26,823
Operating costs	(22,178)	(16,776)
Profit from operating activities before depreciation, amortisation, transaction costs, restructuring costs and share-based payment charges	13,235	10,047
Depreciation and amortisation	(10,718)	(6,959)
Transaction costs – Acquisition and disposal of businesses	(805)	(392)
Restructuring costs	(259)	(246)
Share-based payment charges	(3,358)	(686)
(Loss) / Profit from operating activities before gain on disposal	(1,905)	1,764
Gain on disposal (Note 7)	7,886	-
Profit from operating activities	5,981	1,764
Finance costs	(789)	(526)
Profit before taxation	5,192	1,238
Taxation credit / (charge) (Note 5)	212	(313)
Profit for the period	5,404	925
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translating foreign operations	473	(597)
Corporation tax on exercise of options	-	47
Total comprehensive income for the period attributable to the owners of the parent company	5,877	375
Earnings per share (Note 4)	**Pence**	**Pence**
Basic earnings per share for the period	2.13	0.41
Diluted earnings per share for the period	2.13	0.40
Basic adjusted earnings per share for the period	3.41	2.65
Diluted adjusted earnings for the period	3.41	2.60

Ideagen PLC

Group Statement of Financial Position at 31 October 2021

	31 October 2021 £'000	30 April 2021 £'000	31 October 2020 £'000
Assets and liabilities			
Non-current assets			
Intangible assets	168,378	174,937	127,951
Property, plant and equipment	3,667	3,488	3,360
Right of use assets	6,477	7,063	7,832
Lease receivables	261	299	358
	178,783	185,787	139,501
Current assets			
Trade and other receivables	20,163	20,425	18,270
Lease receivables	79	77	80
Financial instruments	-	-	100
Cash and cash equivalents	51,924	8,954	12,063
	72,166	29,456	30,513
Current liabilities			
Trade and other payables	7,323	6,793	6,980
Current income tax liabilities	643	65	329
Lease liabilities	1,105	1,027	983
Financial instruments	153	121	26
Bank borrowings	47,497	20,000	40,000
Deferred revenue	33,667	34,662	24,409
Deferred consideration on business combinations	328	1,903	1,571
	90,716	64,571	74,298
Non-current liabilities			
Lease liabilities	6,222	6,659	7,489
Deferred income tax liabilities	19,510	18,094	9,872
Provisions	287	307	-
	26,019	25,060	17,361
Net assets	134,214	125,612	78,355

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Group Statement of Financial Position at 31 October 2021 (continued)

	31 October 2021	30 April 2021	31 October 2020
	£'000	£'000	£'000
Equity			
Issued share capital	2,553	2,523	2,268
Share premium	103,577	102,924	55,528
Merger reserve	1,658	1,658	1,658
Share-based payments reserve	1,677	2,216	2,875
Retained earnings	24,876	16,891	15,274
Foreign currency translation reserve	(127)	(600)	752
Equity attributable to owners of the parent	134,214	125,612	78,355

Ideagen PLC

Group Statement of Cash Flows for the six months ended 31 October 2021

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Profit for the period	5,404	925
Depreciation of property, plant and equipment	343	312
Depreciation of right of use assets	584	724
Amortisation of intangible non-current assets	9,788	5,923
Loss on disposal of property, plant and equipment	-	5
Business acquisition costs in profit or loss	805	392
Gain on disposal in profit or loss	(7,886)	-
Share-based payment charges in profit or loss	3,358	686
Restructuring costs in profit or loss	259	246
Finance costs recognised in profit or loss	789	526
Taxation (credit) / charge recognised in profit or loss	(212)	313
Decrease in trade and other receivables	1,322	227
Movement in financial instruments debtor	-	(8)
(Decrease) in trade and other payables	(79)	(190)
Movement in financial instruments creditor	32	(90)
(Decrease) in deferred revenue	(940)	(12)
Cash generated by operations	13,567	9,979
Finance costs paid	(882)	(383)
Income tax paid	(142)	(743)
Restructuring costs paid	(324)	(509)
Employer's national insurance paid on share-based payments	(888)	(20)
Business acquisition costs paid	(822)	(392)
Net cash generated by operating activities	10,509	7,932
Cash flows from investing activities		
Net cash outflow on acquisition of businesses net of cash acquired	(6,405)	(14,023)
Net cash inflow on sale of assets	15,593	-
Payments of deferred consideration on business combinations	(1,715)	(525)
Payments for development costs	(2,369)	(1,754)
Lease debtor receipts	38	-
Payments for property, plant and equipment	(492)	(2,446)
Net cash used by investing activities	4,650	(18,748)
Cash flows from financing activities		
Proceeds from issue of shares under share option scheme	621	120
Proceeds from issue of shares under share incentive scheme	62	46
Cost of shares purchased under the share incentive scheme	(4)	-
New short-term borrowings	27,497	15,000
Finance lease payments	(390)	(480)
Net cash generated by financing activities	27,786	14,686
Net increase in cash and cash equivalents during the period	42,945	3,870
Cash and cash equivalents at the beginning of the period	8,954	8,216
Effect of exchange rate changes on cash balances held in foreign currencies	25	(23)
Cash and cash equivalents at the end of the period	51,924	12,063

Ideagen PLC: Group Statement of Changes in Equity for the six months ended 31 October 2021

	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2021	2,523	102,924	1,658	2,216	16,891	(600)	125,612
Shares issued under share option scheme	26	595	-	-	-	-	621
Shares issued under share incentive plan	4	58	-	-	-	-	62
Share-based payments	-	-	-	2,469	-	-	2,469
Shares purchased under the share incentive scheme	-	-	-	(4)	-	-	(4)
Transfer on exercise of share options	-	-	-	(2,807)	2,807	-	-
Transfer in respect of share incentive scheme	-	-	-	(197)	197	-	-
Taxation on share-based payments in equity	-	-	-	-	(423)	-	(423)
Total transactions with owners recognised directly in equity	30	653	-	(539)	2,581	-	2,725
Profit for the period	-	-	-	-	5,404	-	5,404
Other comprehensive income for the period	-	-	-	-	-	473	473
Total comprehensive income for the period	-	-	-	-	5,404	473	5,877
Balance at 31 October 2021	**2,553**	**103,577**	**1,658**	**1,677**	**24,876**	**(127)**	**134,214**

Ideagen PLC: Group Statement of Changes in Equity for the year ended 30 April 2021

	Share capital	Share premium account	Merger reserve	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total attributable to owners of the parent
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 May 2020	2,266	55,364	1,658	2,370	13,902	1,349	76,909
Share placing	227	48,498	-	-	-	-	48,725
Share placing issue costs	-	(1,510)	-	-	-	-	(1,510)
Shares issued under share option schemes	26	476	-	-	-	-	502
Shares issued under the share incentive scheme	4	96	-	-	-	-	100
Share-based payments	-	-	-	2,292	-	-	2,292
Shares purchased under the share incentive scheme	-	-	-	(4)	-	-	(4)
Transfer on exercise of share options	-	-	-	(2,316)	2,316	-	-
Transfer in respect of share incentive scheme	-	-	-	(126)	126	-	-
Taxation on share-based payments in equity	-	-	-	-	166	-	166
Equity dividends paid	-	-	-	-	(793)	-	(793)
Total transactions with owners recognised directly in equity	257	47,560	-	(154)	1,815	-	49,478
Profit for the year	-	-	-	-	623	-	623
Other comprehensive income for the year	-	-	-	-	551	(1,949)	(1,398)
Total comprehensive income for the year	-	-	-	-	1,174	(1,949)	(775)
Balance at 30 April 2021	**2,523**	**102,924**	**1,658**	**2,216**	**16,891**	**(600)**	**125,612**

Ideagen PLC: Group Statement of Changes in Equity for the six months ended 31 October 2020

	Share Capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total attributable to owners of the parent
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 May 2020	2,266	55,364	1,658	2,370	13,902	1,349	76,909
Shares issued under share option scheme	2	118	-	-	-	-	120
Shares issued under share incentive scheme	-	46	-	-	-	-	46
Share-based payments	-	-	-	665	-	-	665
Transfer on exercise of share options	-	-	-	(160)	160	-	-
Taxation on share-based payments in equity	-	-	-	-	240	-	240
Total transactions with owners recognised directly in equity	2	164	-	505	400	-	1,071
Profit for the period	-	-	-	-	925	-	925
Other comprehensive income for the period	-	-	-	-	47	(597)	(550)
Total comprehensive income for the period	-	-	-	-	972	(597)	375
Balance at 31 October 2020	**2,268**	**55,528**	**1,658**	**2,875**	**15,274**	**752**	**78,355**

Ideagen PLC

Notes to the interim financial information

1 Corporate Information

The interim financial information for the six months ended 31 October 2021 is unaudited but has been reviewed by the auditor, KPMG LLP who were appointed in the period and their report to the Company is set out at the end of these condensed interim financial statements. The results for the six months ended 31 October 2020 were unaudited and not reviewed by the auditor.

Ideagen PLC is a public limited company incorporated in the United Kingdom whose shares are publicly traded on the AIM market of the London Stock Exchange.

2 Basis of preparation & Going Concern

These condensed consolidated interim financial statements for the six months ended 31 October 2021 have been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting'. The annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and with those parts of the Companies Act 2006 applicable to companies reporting under International Accounting Standards.

The financial information for the year ended 30 April 2021 included in this announcement does not constitute the annual report and accounts of the Company for the year ended 30 April 2021 within the meaning of section 434 of the Companies Act 2006. The audited annual report and financial statements of the Company for the year ended 30 April 2021 has been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

Consistent accounting policies have been applied in the preparation of this information.

Going concern

The Group has sufficient liquidity and funding facilities. As at 31 October 2021, the Group was £47.5 million drawn down against its total Revolving Credit Facility ("RCF") of £100 million and had cash on hand of £51.9 million, a net cash position of £4.4 million with £52.5 million of available resources.

Post the period end the business made further acquisitions for cash consideration (net of cash acquired and excluding equity consideration) of approx. £91.1 million and participated in an equity fundraise which generated £99.8 million of net proceeds, leaving available facility and cash headroom of £113.1 million.

The Directors have prepared trading and cash flow forecasts for the period to 30 April 2023. The base case assumptions make allowance, where relevant, for the anticipated ongoing impact of COVID-19. These have been subject to sensitivity analysis which considered reasonable downside scenarios and further stress testing of the forecasts.

The Board is satisfied that even under these scenarios there remains sufficient headroom for both liquidity and covenants through the period considered. This also assumed no mitigating actions which would be in the Group's control, but the situation where this would occur is considered unlikely. While the future macro-economic outlook remains uncertain, profitable current trading, cash generation, positive indicators of growth, and sufficient facilities means that the Directors remain confident that the Group is in a secure financial position and well placed to achieve its plans.

The Directors therefore have a reasonable expectation that the Group will have adequate cash and covenant headroom for the foreseeable future. On this basis, the Directors continue to adopt the going concern basis in preparing the financial statements.

3 Revenue

The Directors consider that the Group has a single business segment, being the sale of information management software to highly regulated industries. The operations of the Group are managed centrally with group-wide functions covering sales and marketing, development, professional services, customer support and finance and administration.

An analysis of the Group's revenue for the 6 months to 31 October 2021 is given below.

	31 October 2021 **£'000**	**31 October 2020** **£'000**
Recurring SaaS/subscription software revenues	23,625	13,442
Recurring support & maintenance	10,574	10,811
Total recurring revenues	34,199	24,253
Software – new licence revenues	1,909	2,959
Professional services	2,692	1,902
Other	-	46
Total revenue	**38,800**	**29,160**

An analysis of external revenue by location of customers is presented below:

	31 October 2021 **£'000**	**31 October 2020** **£'000**
United Kingdom	16,787	12,545
North America	15,350	10,312
Europe	3,555	3,390
Middle East	934	904
Rest of World	2,174	2,009
Total revenue	**38,800**	**29,160**

4 Earnings per share information

Basic earnings per share is calculated by dividing the profit for the period attributable to the owners of the Company ('Earnings') by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing Earnings by the weighted-average number of ordinary shares outstanding during the period as adjusted for the effect of all potentially dilutive shares, including share options.

In order to better demonstrate the performance of the Company, adjusted earnings per share calculations have also been presented which take into account items typically adjusted for by users of financial statements. The adjusted earnings and earnings per share information are shown below.

Earnings per share information	**31 October 2021 £'000**	**31 October 2020 £'000**
Profit for the period (Earnings)	5,404	925
Adjustments:		
Amortisation of acquired intangibles	8,514	4,831
Deferred taxation on amortisation of acquired intangibles	(668)	(921)
Gain on disposal of businesses	(7,886)	-
Share-based payment charges	3,358	686
Deferred taxation on share-based payment charges	146	(98)
Corporation tax benefit of share option exercise	(1,225)	-
Costs of acquiring businesses	805	392
Restructuring costs	259	246
Tax on restructuring costs	(49)	(47)
Adjusted earnings	8,658	6,014
Weighted average number of shares	253,742,064	226,644,513
Diluted weighted average number of shares	254,225,932	231,086,638
Basic earnings per share	2.13 pence	0.41 pence
Diluted earnings per share	2.13 pence	0.40 pence
Basic adjusted earnings per share	3.41 pence	2.65 pence
Diluted adjusted earnings per share	3.41 pence	2.60 pence

The post period end equity fundraise in December 2021 increased the number of shares from 255,347,826 as at 31 October 2021 to 293,684,949.

5 Taxation

Further information on the taxation charge in the Statement of Comprehensive Income is as follows:

	6 months ended 31 October 2021 £'000	6 months ended 31 October 2020 £'000
Income taxation charge	720	551
Deferred tax credit on amortisation of acquisition intangibles	(668)	(921)
Deferred tax on share-based payment charges	146	(98)
Deferred tax charge on development costs	219	126
Other deferred tax charges	(629)	655
Total deferred income taxation credit	(932)	(238)
Total taxation (credit) / charge	(212)	313

6 Adjusted profit before taxation and adjusted taxation charge

	6 months ended 31 October 2021 £'000	6 months ended 31 October 2020 £'000
Adjusted earnings (Note 4)	8,658	6,014
Adjusted taxation charge (below)	1,584	1,379
Adjusted profit before taxation	**10,242**	**7,393**
Taxation in the Statement of Comprehensive Income	(212)	313
Add back:		
Deferred taxation credit on amortisation of acquisition intangibles (Note 5)	668	921
Deferred taxation on share-based payment charges	(146)	98
Tax on restructuring costs	49	47
Corporation tax benefit of share option exercise	1,225	-
Adjusted taxation charge	**1,584**	**1,379**
Adjusted taxation charge based on adjusted profit before taxation	15.5%	18.7%

7 Intangible assets

	Goodwill	Software	Customer relationships	Brand	Development costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 May 2021	74,905	54,522	81,570	567	18,465	230,029
Acquisition through business combinations	2,618	5,042	1,697	-	-	9,357
Foreign exchange differences	102	57	80	-	-	239
Additions from internal development	-	-	-	-	2,368	2,368
Disposal	-	(3,131)	(8,083)	-	(898)	(12,112)
At 30 October 2021	**77,625**	**56,490**	**75,264**	**567**	**19,935**	**229,881**
Amortisation & impairment						
At 1 May 2021	-	24,497	22,337	63	8,195	55,092
Amortisation expense	-	4,428	4,036	95	1,229	9,788
Disposal	-	(1,474)	(1,903)	-	-	(3,377)
At 30 October 2021	**-**	**27,451**	**24,470**	**158**	**9,424**	**61,503**
Net carrying amount						
At 30 October 2021	77,625	29,039	50,794	409	10,511	168,378
At 30 April 2021	74,905	30,025	59,233	504	10,270	174,937

During the period, three acquisitions were made for a total consideration of £7.0m increasing intangible assets by £9.4m. In addition, the Group disposed of the Pentana Compliance software and associated contract assets for approx. £15.6m with the disposal of the intangible assets presented above of £8.7m; the Goodwill associated with the original acquisition of Redland Business Solutions, which Pentana Compliance was a part of, was recognised in Ideagen's main Cash Generating Unit: GRC. The projected future cash inflows for this unit substantially exceed the value of the goodwill even after the impact of the disposal and therefore no impairment to the value of goodwill was deemed necessary. A gain on disposal of £7.9m has been recognised within the period, representing the proceeds, net of the intangible assets above and write back of related deferred income. The accounting for transactions is provisional at this stage and will be finalised in the full year end accounts.

8 Post balance sheet events

On 1 November 2021 the Group acquired 100% of the share capital of Ives Group Inc, initial consideration USD$44.9m.

On 9 November 2021 the Group acquired 100% of the share capital of Compliance Technology Holdings Pty Ltd, initial consideration AUD$105 million.

On 15 November 2021 the Group acquired 100% of the share capital of Compliance Path, initial consideration of USD$6 million.

On 9 December 2021 the Group completed an equity fundraise with gross proceeds of £103.5m.