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Trading Statement

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Half Year Trading Update and Acquisition

IDEAGEN PLC

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Ideagen PLC
15 November 202115th November 2021**Ideagen PLC**
("Ideagen," "the Company" or the "Group")

Half Year Trading Update and Acquisition

Robust first six months, strong growth in recurring revenues and continued execution of M&A strategy

Ideagen PLC (AIM: IDEA), a leader in compliance software for regulated industries, is pleased to provide an update on trading for the six months to 31 October 2021. The Group is also announcing the acquisition of CompliancePath Holdings Limited ("CompliancePath"), a leader in software validation and assurance, focused predominantly on the healthcare and life science sectors.

Trading for first half to 31 October 2021

The Group's performance in the first half of the year was in line with the Board's expectations and demonstrates a continuing growth in high-quality recurring revenues. This performance underpins the Board's high confidence in the Group's prospects for the second half of the financial year.

The Group expects to report total revenue for the first half up 33% at approximately £38.8 million (H1 2020: £29.2 million). Recurring revenue recognised in the period grew by 41% to £34.2 million, representing 88% of total revenues (H1 2020: 83%). Total revenue grew organically at 6% (H1 2020: -2%), whilst organic recurring revenue growth was 10% (H1 2020: 10%) driven by continued strong customer retention rates as well as new business wins.

Adjusted EBITDA¹ is expected to increase by 32% to approximately £13.2 million (H1 2020: £10.0 million), reflecting a margin of 34.0% (H1 2020: 34.5%).

The Group continued to demonstrate that it is a highly cash generative business. Cash generated from operations during the first half is expected to be more than 100% of adjusted EBITDA¹ (H1 2020: 99%). The Group had a gross cash balance as at 31 October 2021 of £51.9 million and bank borrowings of £47.5 million, leaving a net cash position at the period end of £4.4 million.

Acquisitions since 31 October 2021

Since the end of the first half Ideagen has concluded the acquisitions of Audit Analytics and CompliSpace. These acquisitions have expanded the Group's total addressable market by adding new geographies, expanding verticals, and bringing new technology to Ideagen, as well as enhancing the Group's recurring revenue base.

The Group is pleased today to announce the acquisition of CompliancePath, a leader in software validation and assurance, based in the US and UK focused primarily on the healthcare and life science sectors. The acquisition adds significant knowledge and domain expertise in a core part of the regulatory and compliance market and has been an Ideagen technology partner for a number of years. Initial consideration of US\$6 million is payable in cash (of which US\$0.6million is deferred for 12 months) plus a conditional deferred earnout of up to \$6 million, payable over the next two years, linked to strong revenue and earnings growth. CompliancePath recorded pro-forma revenues of approximately \$2.1 million and profit before tax of \$0.9 million in the 12 months to 30 September 2021 with net assets of US\$1.5 million at that date. This acquisition was funded from the Group's existing resources.

Pro-forma Revenues & Net Debt

These acquisitions have increased the Group's total annualised pro-forma revenues to approximately £97.3 million and its ARR² to approximately £86.3 million. This represents ARR growth of 34% since 30 April 2021, of which 7% is organic (approximately 13% organic growth on an annualised basis). Net debt is approximately £84.1million at the date of this announcement following the acquisition of CompliancePath.

Ben Dorks, Chief Executive Officer of Ideagen, said:

"Ideagen delivered a robust performance in the first six months, which not only reflects the strength of our business model and the merits of SaaS, but also the investment in our people, our products, and our customers."

"Since the first half ended, I am pleased to have completed four acquisitions with significant synergy opportunity and welcome these products and teams to the Group. The Group continues to generate strong organic growth while executing on our strategy of acquiring businesses that extend our leadership in compliance software for regulated industries."

"Ideagen enters the second half of the year in a great position, confident of delivering on its expectations for the year and the considerable opportunity continuing our current M&A plus organic growth strategy that lies ahead."

Notes

¹ Before share-based payments, amortisation of acquisition intangibles, costs of acquiring businesses, restructuring costs, RDEC grant income, exceptional items and the related tax impact

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.

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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 7,000 organisations use Ideagen's software, including nine of the top 10 UK accounting firms, all of the top 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, Middle East and South East Asia. For further information please visit www.ideagen.com.

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