



**Ideagen PLC - IDEA Acquisition and Placing to raise £10m**

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**Ideagen plc**

("Ideagen" or the "Company")

**Acquisition of PleaseTech Ltd ("PleaseTech")  
Placing to raise £10m and sale of existing shares**

Ideagen, a leading supplier of Information Management Software to highly regulated industries, is pleased to announce the conditional acquisition of PleaseTech for an initial net consideration of £10m (on a cash-free, debt-free basis) and a potential further consideration of up to £2m dependent on the attainment of specified performance targets in the six months after completion (the "Acquisition").

The initial upfront consideration for the Acquisition will be financed by an oversubscribed Placing to raise £10m at 75 pence per New Ordinary Share (as defined and further explained below).

*Acquisition highlights*

- PleaseTech is a fast growing, profitable and cash generative software company having developed the leading document review and co-authoring product PleaseReview;
- PleaseReview is used within document intensive environments to reduce the time and cost associated with the production of content and ensure compliance with industry regulations;
- PleaseTech has approximately 185 customers including 17 of the top 25 pharmaceutical companies;
- Based in Malmesbury, PleaseTech currently employs 30 staff in the UK with a further 16 Research and Development staff in Malaysia;
- PleaseTech achieved revenue and EBITDA of £3.9m and £1.3m for the year ended 31 December 2016 respectively, an increase in revenue of 45% and EBITDA of 72% on the previous financial year;
- The Acquisition is in line with the Group's strategy of acquiring complementary businesses with strong IP and recurring revenues;
- PleaseReview will be integrated with Ideagen's Quality Management System Q-Pulse to provide enhance functionality to existing and new customers;

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· The Acquisition and the Placing are expected to be earnings enhancing for Ideagen shareholders in the coming financial year to 30 April 2018.

**David Hornsby, CEO of Ideagen, commented:**

*"We are delighted to announce the acquisition of PleaseTech. Its PleaseReview software is a valuable addition to Ideagen's product suite and is in line with our stated acquisition strategy. PleaseTech both increases Ideagen's footprint in two of its key verticals and broadens its customer base geographically whilst providing valuable cross-selling opportunities and additional sources of recurring revenues. We are delighted to have received commitments to raise £10m, in an oversubscribed placing, to fund the acquisition from both our existing shareholder base and from new significant institutional shareholders, their support endorses Ideagen's growth strategy."*

*Placing and the Sale*

The Board further announces an oversubscribed conditional placing (the "Placing") to raise gross proceeds of £10.0m at a price of 75 pence per new ordinary share of 1p each ("Placing Price" and "New Ordinary Shares"), the proceeds of which will be deployed to fund the initial upfront consideration for the Acquisition.

Furthermore, certain directors and senior management of the Company ("Selling Shareholders") intend later today to exercise, in aggregate, 2,205,000 share options (the majority of which relate to the Company's existing Long Term Incentive Plan, as announced on 23 July 2015 ("2015 LTIP")). It is expected that, in aggregate, up to 1,160,000 New Ordinary Shares will then immediately be sold at the Placing Price by these persons to meet the tax and NI liability arising from the exercise of such options. David Hornsby, Chief Executive Officer of the Company, also intends to sell up to 801,500 Ordinary Shares at the Placing Price per share. The sale of the aggregate 1,961,500 Ordinary Shares by the Selling Shareholders (the "Sale" and the "Sale Shares") is conditional on completion of the Placing. The Placing is not conditional upon completion of the Acquisition.

*The Acquisition*

PleaseTech has developed and provides a proprietary software product PleaseReview, aimed at providing simultaneous, controlled, and secure collaboration for document review, co-authoring and redaction, incorporating an audit trail of transparency and accountability. PleaseReview has been recognised by Gartner who say the product 'tackles long-standing coordination, collaboration and peer review challenges faced by teams every day regarding group writing, reviewing and editing documents in a way that transforms a complicated, burdensome experience into a more efficient and controlled process'.

PleaseTech is headquartered in Wiltshire and has a research and development facility in Malaysia. PleaseTech's sector-focused customer list of 185 includes 17 out of the 25 top global pharmaceutical companies, and global aerospace and defence companies.

The Acquisition broadens Ideagen's relationships in existing core sectors (life sciences, aerospace and defence), enhances Ideagen's geographic customer footprint (particularly in the US), provides an additional source of recurring revenue and is in line with Ideagen's stated strategy of adding complementary compliance software with significant cross sales potential.

*Long Term Incentive Plan*

The Board intend to establish a 2017 Long Term Incentive Plan ("2017 LTIP") to succeed the 2015 LTIP and will shortly make awards to certain of the participants in the 2015 LTIP.

Further details of the Acquisition, Placing and Sale are set out below.

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**Tel: 020 7220 0500****About Ideagen plc**

Ideagen is a UK company quoted on the London Stock Exchange AIM market (Ticker: IDEA.L). Ideagen is a supplier of Information Management software with operations in the UK, the United States and the Middle East. The Company specialises in GRC (Governance, Risk and Compliance) and Content and Clinical solutions with a primary focus on organisations operating within highly regulated industries. With an excellent portfolio of software products, Ideagen is able to provide complete information lifecycle solutions that enable organisations to reduce risk, meet their regulatory and compliance standards, helping them to reduce costs and improve efficiency.

The Group has a customer base of over 3,000 organisations using the Ideagen suite of products, including many blue chip names such as BAE Systems, Emirates, Shell and the European Central Bank as well as 150 hospitals in the UK and US.

For further information please visit [www.ideagen.com](http://www.ideagen.com)

**Ideagen current trading and prospects**

The Company has continued to trade strongly and in line with the Board's expectations since its interim results for the six months ended 31 October 2016, as announced on 24 January 2017. The Board continue to see strong demand in each of the Group's key GRC verticals, and can confirm that the immediate and medium term sales pipeline remains robust.

Whilst the Board remains alert to prevailing economic and political conditions, the Group has a strong presence in a variety of different markets across the globe, which, together with its increasing levels of recurring revenue and repeat business from its 3,000 customer base, provides the Board with confidence in the future prospects of the Group.

**Further information on PleaseTech**

PleaseTech Limited was established in 2002 by its current management team and opened its development centre in Malaysia in 2007. Sales and marketing are led out of the Company's headquarters in Wiltshire, where 30 of PleaseTech's 46 employees are based.

PleaseTech focuses on the development, sale and support of its PleaseReview collaborative document review and co-authoring software product. PleaseReview is sold either as an on-premise or cloud-based solution. Many of the customers are large corporates in document intensive industries and as such the majority of sales have been for on-premise (perpetual license) installations, however the Cloud-based

solution is growing in popularity. Both the on premise and cloud solutions will be marketed by Ideagen and will provide functionality which will benefit Ideagen's existing product set.

The majority of PleaseTech sales are international (c.90% - 95%) with the largest market being the US.

The shareholders of PleaseTech are its management team (and family), the majority of whom will be remaining with the Company subsequent to the Acquisition. PleaseTech's CEO, David Cornwell, and CFO, Clare Beazley will remain involved with the business for at least 6 months and 3 months respectively post completion of the Acquisition to ensure an orderly handover.

#### *Selected Financial Information on PleaseTech*

<b>Year Ended 31 December</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>£'m</b>			
Revenue	1.95	2.70	3.91
<i>of which recurring represents (%)</i>	49.2	49.3	54.0
<i>Revenue growth (%)</i>	-	38.5	44.8
EBITDA	0.62	0.74	1.27
<i>EBITDA Margin (%)</i>	32	27	32
Composition of revenue:			
<i>New revenue</i>	<i>0.98</i>	<i>1.37</i>	<i>1.80</i>
<i>Recurring revenue</i>	<i>0.96</i>	<i>1.33</i>	<i>2.11</i>

*Source: PleaseTech management information*

PleaseTech has not as yet finalised its statutory accounts for the year ended 31 December 2016. PleaseTech achieved profit after tax of £0.7m and had net assets of £2.25m during the year to 31 December 2015 and as at that date.

#### **Principal Terms and Conditions of the Acquisition**

The Company has entered into an agreement with the vendors of PleaseTech (the "Vendors") pursuant to which it has agreed to acquire the entire issued share capital of PleaseTech (the "Acquisition Agreement"). The consideration for the Acquisition is up to £12.0 million on a cash-free, debt-free basis comprising £10.0 million initial cash consideration (£14.4 million including £4.4 million cash for cash) and up to £2.0 million potential future cash consideration which may become payable after one year based upon the level of retention of PleaseTech's existing recurring revenue stream (the "Earnout"). The Board expects that the Earnout will become payable in full.

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Completion of the Acquisition Agreement is conditional, amongst other things, upon the Company having received sufficient funds to enable it to pay the amounts outstanding from it under the Acquisition Agreement at completion.

### **Details of the Placing, the Placing Agreement and the Sale**

Under the terms of the Placing, 13,333,334 New Ordinary Shares have been conditionally placed on behalf of the Company. The Placing is taking place pursuant to existing authorities established at the Company's last Annual General Meeting on 28 October 2016.

Furthermore, certain directors and an employee of the Company intend later today to exercise, in aggregate, 2,205,000 share options (the majority of which relate to 2015 LTIP) and that 2,205,000 New Ordinary Shares will be allotted and issued to satisfy this exercise ("Option Exercise" and the "Option Shares"). It is expected that, in aggregate, up to 1,160,000 of these New Ordinary Shares will then immediately be sold at the Placing Price by these persons to meet the tax and NI liability arising from the Option Exercise. In addition, David Hornsby, Chief Executive Officer of the Company, also intends to sell up to 801,500 Ordinary Shares at the Placing Price.

Further announcements in respect of the Option Exercise and the Sale will be made in due course.

It is expected that the New Ordinary Shares to be held in uncertificated form will be delivered in CREST on 27 March 2017 and that share certificates for New Ordinary Shares to be held in certificated form will be despatched by first class post as soon as practicable after 27 March 2017 and in any event by 19 April 2017. The 15,538,334 New Ordinary Shares allotted and issued pursuant to the Placing and the expected Option Exercise will represent approximately 7.8 per cent. of the enlarged issued share capital following admission of the New Ordinary Shares to trading on AIM ("Enlarged Issued Share Capital" and "Admission").

Application has been made to the London Stock Exchange for the New Ordinary Shares issued pursuant to the Placing and the expected Option Exercise to be admitted to trading on AIM and it is anticipated that trading in the New Ordinary Shares will commence on AIM at 8.00 a.m. on 27 March 2017.

The New Ordinary Shares will, when issued and fully paid, rank in full for any dividend or other distribution declared, made or paid after Admission and otherwise equally in all respects with the existing Ordinary Shares.

The Placing is conditional, inter alia, upon:

- i. the Placing Agreement becoming unconditional in all respects (save for Admission) and not having been terminated; and
- ii. admission of the 13,333,334 New Ordinary Shares to trading on AIM becoming effective by not later than 8:00 am on 27 March 2017 (or such later time and date as the Company and finnCap may agree, not being later than 8.00 a.m. on 19 April 2017).

The Placing is not conditional upon completion of the Acquisition.

### **The Placing Agreement**

Pursuant to the terms of the Placing Agreement, finnCap as agent for the Company, has agreed to use its reasonable endeavours to procure places for the Placing Shares at the Placing Price per share. The Placing Agreement contains warranties from the Company in favour of finnCap in relation to, inter alia, the accuracy of the information contained in the documents relating to the Placing and certain other matters relating to the Company and its business. In addition, the Company has agreed to indemnify finnCap in relation to certain liabilities that it may incur in respect of the Placing and the Acquisition.

The obligations of finnCap under the Placing Agreement in respect of the Placing are conditional upon, amongst other things, Admission becoming effective on or before 8.00 a.m. on 27 March 2017 (or such later date as the Company and finnCap may agree, but not later than 8.00 a.m. on 19 April 2017), and there being prior to Admission no material breach of the warranties given to finnCap.

finnCap may terminate the Placing Agreement in specified circumstances (including for breach of warranty at any time prior to Admission, if such breach is reasonably considered by finnCap to be material in the context of the Placing) and in the event of a force majeure event occurring at any time prior to Admission. If the conditions of the Placing Agreement which apply to the Placing as a whole are not fulfilled on or before the relevant date in the Placing Agreement, subscription monies will be returned to places without interest as soon as possible thereafter.

In consideration for the services to be provided to the Company by finnCap in connection with Admission and the Placing, the Company has agreed to pay finnCap a corporate broking fee and certain other costs and expenses incidental to Admission and/or the Placing.

### **Long Term Incentive Plan**

The Board intends to establish a 2017 Long Term Incentive Plan ("2017 LTIP") to succeed the 2015 LTIP (the terms of which were announced on 23 July 2015), and will shortly make awards under the 2017 LTIP to certain participants in the 2015 LTIP. The principles underpinning the 2017 LTIP are intended to be broadly the same as the 2015 LTIP.

### **Expected timetable of principal events**

Trade Date in respect of the Placing	23 March 2017
Payment Date in respect of the Placing	24 March 2017
Settlement Date in respect of the Placing	27 March 2017
Expected date for Admission and commencement of dealings in the Placing Shares on AIM	8:00 am on 27 March 2017
Expected date for CREST accounts to be credited in respect of the Placing Shares to be held in uncertificated form	8:00 am on 27 March 2017
Expected date for the despatch of definitive certificates in respect of the Placing Shares to be held in certificated form	as soon as practicable after 27 March 2017
Completion of the Acquisition	28 March 2017

### **Admission statistics**

Number of Existing Ordinary Shares	182,579,108
Number of Placing Shares	13,333,334
Number of Option Shares	2,205,000
Placing Shares expressed as a percentage of the Current Issued Share Capital	7.3%
Placing Shares expressed as a percentage of the Enlarged Issued Share Capital	6.7%
Placing Price	75 pence
Enlarged Issued Share Capital on Admission*	198,117,442
Gross Placing proceeds	£10.0m
Market capitalisation of the Company at Admission at the Placing Price*	£148.6 m
AIM symbol of Existing Ordinary shares	IDEA.L
ISIN	GB00BOCM0C50

*\* assuming completion of the Placing and the Option Exercise, as set out above*

This information is provided by RNS

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