Ideagen PLC - IDEA **Final Results**
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Ideagen PLC
("Ideagen" "the Company" or "the Group")

Unaudited Preliminary Results for the Year Ended 30 April 2018

Ideagen PLC (AIM: IDEA), a leading supplier of Information Management software to highly regulated industries, announces its unaudited preliminary results for the year ended 30 April 2018.

Financial Highlights

- Revenue increased 33% to £36.1 million (FY2017: £27.1 million)
  - Underlying organic revenue growth* of 11% (FY2017: 10%)
  - Bookings increased by 63% to £22.7million (FY2017: £13.9million)
- Recurring revenues represented 62% (FY2017: 57%) of total revenues
- SaaS revenues increased by 76% to £8.4 million (FY2017: £4.8 million)
- Adjusted diluted EPS*** increased by 33% to 4.19 pence (FY2017: 3.16 pence)
- Adjusted EBITDA** increased by 40% to £11.0 million (FY2017: £7.9 million)
- Adjusted PBT*** increased by 40% to £9.7 million (FY2017: £6.9 million)
- Cash generated from operations of £9.4 million (FY2017: £8.9 million) representing 85% (FY2017: 113%) of adjusted EBITDA**
- Net cash of £0.8 million (FY2017: £4.2 million)
- Proposed final dividend of 0.163 pence per share
  - Making a total dividend of 0.241 pence per share for the year which represents a 15% increase over the FY2017 dividend of 0.21 pence per share

Operational Highlights

- Acquisition of Medforce Inc adding 300 US healthcare customers, IP, recurring revenues and a platform for further growth in North America
- Strong international growth with 78% of all new SaaS logo wins outside of the UK
- Significant growth in SaaS business with SaaS bookings up by 174%

- 106 new logo SaaS customer wins including Scandinavian Airlines, AirAsia, RATP DEV, and Northumbrian Water
- 122 new logo on-premise customer wins including Lockheed Martin, Bayer Pharmaceuticals, Verizon, Aston Martin Lagonda and Citibank
- Strong account management with significant contract extensions from SABIC, Danone, Standard Life, HNZ Global and NHS Greater Glasgow and Clyde
- Continued high levels of customer retention with support and maintenance contract renewal rate of 96% (FY2017: 96%)
- Ongoing product innovation and investment across all products
- Strengthening of the board with appointment of Tony Rodriguez as Non-Executive Director

* Comparison calculated on a pro-forma basis as if acquisitions had been in the Group for the same period in the previous year

** Before share-based payments and exceptional items

*** Before share-based payments, amortisation of acquisition intangibles and exceptional items

David Hornsby, Executive Chairman of Ideagen, commented: "The Group's focus this year was on the continuation of our underlying organic growth and strategic transition to a recurring revenue model whilst integrating the four acquisitions made in the previous year. We have achieved all of our objectives and have significantly increased the Group's global footprint and delivered another set of excellent results. In April the Group announced its first US based acquisition which will further strengthen our North American opportunity. As this is the last set of results under my tenure of Chief Executive I would like to thank all our employees, customers and shareholders for your support over the past 9 years.

Trading since the year end has remained robust and we continue to see strong demand for our products from new potential customers. Moreover our growing recurring revenues and the repeat business derived from more than 3,700 customers, provides the Board with confidence in the prospects for the Group for the current year and beyond."

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About Ideagen plc

Ideagen is a UK-headquartered, global technology company quoted on the London Stock Exchange AIM market (Ticker: IDEA.L).

The Group provides software and services to organisations operating within highly regulated industries such as aviation, banking and finance and life science, with its main operational premises spread throughout the UK, EU, US, Middle East and SE Asia.

With an excellent portfolio of software products including Q-Pulse, Coruson, Pentana Audit, Pentana Performance and PleaseReview, Ideagen helps its clients reduce costs, improve operational efficiency, strengthen compliance and oversight and anticipate and manage every detail of risk.

Currently, more than 3,700 organisations use Ideagen's products including seven of the top 10 UK accounting firms, all of the top aerospace and defence companies and 75% of the world's leading pharmaceutical firms.

Ideagen's diverse and varied customer base includes many well-known, global brands such as British Airways, Aggreko, BAE, Ryanair, US Navy, KLM, BBVA, Bank of New York, Commerzbank, Meggitt, Heineken, Johnson Matthey, Haeco Group and European Central Bank. As well as this, Ideagen counts 180 hospitals across the UK and US amongst its client base.

Ideagen directly employs more than 420 members of staff and touches every continent globally.

CHAIRMAN'S STATEMENT

I am pleased to report on another strong performance for the year to 30 April 2018, representing Ideagen's 9th consecutive year of revenue and EBITDA growth. The Group met or exceeded all key financial and operational objectives for the year covering revenue, profitability, organic growth, cash generation and customer retention.

These results demonstrate that Ideagen has scale, a world class customer base, an outstanding product set and a proven and effective management team. This year's focus has been a combination of organic growth whilst integrating four businesses acquired in the previous year. In April the Group made its first acquisition in North America. Medforce Inc, based in New York State supplies compliance solutions to the US Healthcare sector and represents an important platform for the Group as we expand our Global footprint.

Board

Post year end the Company announced a series of changes to its Board of Directors. These changes were designed to optimise the talent and expertise within the Group and will provide a structure that ensures the Board's skillset remains aligned to the Group's ongoing growth strategy. As Executive Chairman my focus is on the development and the execution of the Group's medium-term growth strategy whilst providing the necessary oversight around our weekly, monthly and annual performance.

In May, the Board appointed Ben Dorks to succeed me as Group Chief Executive. Ben has had a number of Senior Management roles with Ideagen since the acquisition of Plumtree in 2013. Most recently he held the position of Chief Customer Officer and was responsible for all customer facing activities including sales, marketing, professional services, support and product management. Ben has been the architect behind the Group's predictable organic growth, focussed on revenue visibility and strong customer retention, applying a data driven and systems-based methodology. The Board believe that the entire Group will now benefit from such a level of rigour as we continue to execute on our growth strategy.

Jonathan Wearing has stepped down from his position as Non-Executive Chairman after 15 years in this role. Jonathan will remain on the Board as a Non-Executive Director and continue to add his expertise to Board discussions. I would like to thank Jonathan for his commitment and contribution to the Group since 2003.

In September 2017 Tony Rodriguez joined Ideagen as a Non-Executive Director. Tony is a successful software entrepreneur having founded and sold two high growth data management companies. Tony was recruited to help the Board with a number of our strategic technology decisions and to provide Board level oversight on data security and compliance matters. Tony has also provided advice to the Board regarding the recruitment of the Group's new Chief Technical Officer, Ian Hepworth and will mentor Ian in his new role.

Market Opportunity

The Board believes the long-term prospects for the Group are positive. The Governance, Risk and Compliance (GRC) market was, according to Gartner, worth $4.8 billion globally in 2017 and is estimated to be growing at 13% per annum. We believe that we have established a compelling business platform that has been enhanced by the integration of the four acquisitions made in the previous year and are well placed to participate in this growth.

Highly regulated organisations require the tools we provide to help them identify, assess and manage corporate risk while complying with international industry standards, and many are only in the early stages of adopting an enterprise-wide approach. The Board believes that the Group's cloud solutions will be a particular growth area for the Group which will increase the percentage of total revenues derived from recurring contracts providing even greater visibility of earnings.

The Group is in discussions with a number of acquisition targets which would potentially add significant value as we aim to consolidate our position in the market.

Dividend

In line with our progressive dividend policy and reflecting our continued confidence in the prospects for the Group, the Board is pleased to propose a final dividend of 0.163 pence per share making a total dividend of 0.241 pence for the year (2017: 0.21 pence) an increase of 15%. Subject to approval at the forthcoming AGM, the final dividend will be payable on 21 November 2018 to shareholders on the register on 2 November 2018. The corresponding ex-dividend date is 1 November 2018.

The success of Ideagen is the result of the excellence and dedication of our employees and on behalf of the Board I should like to thank all of them for their continued hard work. The new financial year has started well and I look forward to continuing our track record of growth and delivering on our strategic objectives.

David Hornsby

Executive Chairman

CHIEF EXECUTIVE'S REVIEW

Business Review

I am pleased to report on another excellent performance for the twelve months ended 30 April 2018 during which we achieved strong organic revenue growth of approximately 11% and made our first US acquisition which has strengthened our North American opportunity and provides infrastructure and a platform for further growth in this important market.

Total revenue of £36.1 million (FY2017: £27.1 million), which was approximately £1 million ahead of original expectations, represented overall growth of 33% and adjusted EBITDA grew 40% to £11.0 million (FY2017: £7.9 million). A key financial metric for the Group continues to be adjusted EPS and I am pleased to report an increase in adjusted diluted EPS of 33% to 4.19 pence for the year (FY2017: 3.16 pence).

Our early visibility of revenue ahead of expectations enabled the Group to bring forward the investment in a number of sales, marketing and technology initiatives. These include the launch of a new dedicated research and development team, customer success and delivery platform and launch of a new customer website and digital marketing platform. This additional investment will provide resource, technology and infrastructure to further support the Group's growth strategy.

Net cash at the end of the year of £0.8 million was in-line with our expectations following strong cash generation throughout the year.

The Group continues to benefit from a strong and growing base of recurring revenues, which represented 62% of total revenue in the year (FY2017: 57%). The Group is committed to increasing the percentage of total revenue derived from recurring contracts through the medium-term transition from a traditional licence model to a SaaS subscription-based model. This transition is well underway and recurring SaaS revenues increased by 76% to £8.4 million (FY2017: £4.8 million).

GRC represents the large majority of Ideagen revenues at 91% and continues to be the primary engine with 17% organic revenue growth. GRC provides software tools that enable customers to identify, assess and prioritise risk and to manage information in line with rigorous regulations. In each of our chosen verticals, our customers are increasingly required to take a holistic view of risk management, internal audit and compliance, with many organisations at the beginning of the adoption phase of high value enterprise-wide solutions.

In order to drive growth we have successfully added new customers to the Group across all of our key GRC verticals, with aviation, financial services and life sciences providing particularly notable success in the year. We also continue to maintain a strong focus on customer success with continuous investment in customer teams, technology and product enhancement. This has resulted in significant revenues from a strong retention of recurring contracts and new projects from our extensive customer base.

All of the acquisitions from FY2017 have been successfully integrated into the business and have contributed strongly to the Group's performance. The PleaseTech acquisition has contributed strongly in the Defence and Life Sciences Market and we are already seeing significant joint sales of the products in both existing and new customers. IPI and Covalent have been fully integrated in to the Q-Pulse and Pentana products respectively broadening the functionality and creating greater market opportunity.

In April 2018 we acquired Medforce Technologies Inc for a net consideration of $8.7 million (£6.2 million) financed partly from the Group's cash reserves and partly from the Group's debt facilities.

Medforce is a growing, profitable and cash generative healthcare software company having developed the 'Center' suite of enterprise information management, workflow and compliance software used by over 300 US based healthcare customers, including a number of Fortune 500 companies, to support business process productivity and legal compliance.

The acquisition broadens Ideagen's relationships in our existing core sector of healthcare, enhances Ideagen's geographic customer footprint and provides an additional source of recurring revenue.

We continue to invest heavily in our customer success programs and continually measure customer sentiment and health. Net Promotor Score (NPS) is a customer loyalty metric measured on a scale of -100 to +100, where NPS of greater than Zero (0) is considered good within the enterprise software space. During the year we established that our overall NPS score is +23; given the diverse nature of our customers, this is a great starting point for us to measure future success.

The Board remains committed to an ongoing buy and build strategy and would expect to complete further acquisitions in the future. Our acquisition strategy focusses on recurring revenues and compelling product offerings, and we apply strict criteria to ensure that acquisitions represent value for shareholders.

Markets and Product Strategy

Ideagen's product-market strategy involves horizontal market penetration in quality, environmental health and safety (EHS), audit, performance and risk management, and vertical concentration in aviation, aerospace, automotive and defence manufacturing, life sciences, healthcare, financial services and banking. As an acquisitive Plc, Ideagen actively manages and develops its software products while also seeking acquisitions that strengthen and support the portfolio and strategy.

We have subject matter expertise and decades of experience in our vertical markets and in our technology domains. We acquire, develop, market and sell software products that satisfy our customers' critical needs at the intersection of these domains and markets. For example, we have major focus on the following product to market opportunities:

Q-Pulse
- Quality management in aerospace, defence, healthcare and life sciences
- Quality in the supply chain in aerospace and automotive manufacturing

Coruson
- Safety and risk in aviation
- EHS in manufacturing and utilities

Pentana

- Internal audit
- Performance and risk management

PleaseReview

- Document collaboration, co-authoring and compliance review

Our 3-year portfolio strategy has three pillars:

- Active management of core products
- Migration of core products to cloud, supported by a cloud services technology strategy
- Maintenance and migration of legacy products

This product strategy is designed to support our ambition to be the market leader in quality management software, a visionary challenger with a complete offering in internal audit and EHS management, and a leading vendor in the document collaboration space.

Sales and Marketing Review

Our marketing objectives are to generate qualified sales leads and to enhance the global recognition and reputation of our brand and solutions. This is achieved through content driven product and vertical marketing covering blogs, white papers, webinars, a dedicated digital team and over 50 global events per year. Key highlights of the year have been the introduction of a new customer marketing team, over 400 customers at our annual Horizons events and the launch of a new social media team.

We sell our products primarily through a direct sales force which generates 95 percent (FY2017 - 93%) of Group revenue. Our sales force operates globally with a focus on UK, Europe, North America, and Asia. The team is organized by both vertical market and product focus area and includes 48 'quota carrying' sales executives and account managers supported by technical sales and domain experts.

We generate revenues from sales to new customers and through repeat licence and services sales to our existing customers. Key highlights of the year have been the success of the graduate program and continued growth of our geographical expansion in Asia and the US.

Customer Examples

Ideagen Coruson at IPL - Cloud Based Risk and Safety Management

IPL Plastics plc is a high-growth rigid plastics manufacturer specialising in packaging, environmental containers and industrial products. Headquartered in Dublin, Ireland, the company employs around 2000 people in Europe, Canada, USA, Mexico and China and supplies products from 14 production facilities to customers across Europe, USA, Canada, Mexico, Chile and China.

As Head of Risk and Assurance at IPL Plastics, P.J. Brown manages several key risks for the company on a day-to-day basis: "Health and safety is perhaps the most important risk I manage, but all employees across the organisation - in all our plants, in all our offices and, indeed, in all our warehouses - themselves have a key part to play in risk management."

IPL Plastics therefore sought an EHS management system with which employees could capture any hazards with the potential for injury and report them into the system, both to stop incidents from happening again as well as to stop them from happening in the first place.

Pursuant to its risk management strategy, and specifically those goals relating to health and safety, loss prevention and compliance management, IPL Plastics chose Coruson, the cloud-native EHS management application from Ideagen.

Conor Wall is Group Head of EHS and Sustainability at IPL Plastics, and is focused on driving consistency in EHS processes and performance and measures IPL against a range of industry benchmarks, such as OSHA recordable case rate "By migrating to a more intelligent platform and capturing the data across all our facilities in a very consistent manner, we can use that information and mine that data in order to spot trends across the group. For example, forklift safety - if we start to see trends in terms of speed or collisions, but we're seeing it happening a little bit too regularly across multiple sites, we know we have a problem before somebody actually gets hurt."

Conor concludes: "Coruson is easy to use and allows me to configure it quickly - without going back to the vendor - and deploy changes back to the user with absolute ease, as well as giving me the confidence that we have an engaged workforce that uses the system."

P.J Brown adds: "Coruson enables all employees to take a key position and to contribute significantly to the management of health and safety in all our locations."

Outstanding EHS management performance brings a range of benefits to IPL including being a safe place to work, recognition and approval from customers, and the financial benefits that accrue from operational excellence.

Ideagen Q-Pulse at Pharma Olam - On Premise Quality Management US Life Sciences

Headquartered in Houston, Texas and with 27 offices around the world, Pharm-Olam is a mid-size global full service contract research organisation (CRO) that conducts clinical trials in all major global markets. Pharm-Olam was founded in 1994 and has a strong reputation of performing exceptionally in challenging international clinical trials.

The International Council for Harmonisation's (ICH) addendum to the ICH E6 Guideline for Good Clinical Practice (GCP) (ICH E6 (R2)) in 2016 has been the most significant change to GCP guidance in the last 20 years. ICH E6 (R2) encourages organisations to adopt a risk-based approach to clinical trial design, conduct, oversight, recording and reporting, while continuing to ensure the safety of patients and the integrity of trial data and results.

Melisa Williamson is Quality and Compliance Officer at Pharm-Olam International, where she manages the organisation's corrective and preventative action (CA/PA) analysis, risk management and process improvement "The implications of ICH E6 (R2) are asking us to take a more critical look at our processes and our critical data points and ensure that we are always securing patient safety and data integrity as our highest priority."

Pharm-Olam chose Q-Pulse from Ideagen to manage its quality management system (QMS). Q-Pulse provided document control, audit management, risk reporting, non-conformance management and system workload and performance analytics.

As Chief Compliance Officer for Pharm-Olam International, Dan Burgess is responsible for overseeing the organisation's quality management system (QMS), including its controlled documentation, investigations and CA/PA "Risk and quality are really important when we're looking at two things - we're predominantly focused on patient safety and data integrity. Q-Pulse gives us the ability to look around the entire lifecycle of data and any risks that could impact patients and accommodate those within our systems.

Dan concluded "Q-Pulse also gives me the advantage of being able to work around the full quality cycle, so having document control, CA/PA management and audit in one solution is a huge advantage."

Pharm-Olam also chose Ideagen's cloud-based risk management software, Q-Pulse Risk, which is based on the international risk management standard ISO 31000, to provide risk identification and risk management that could integrate with Q-Pulse.

"Q-Pulse Risk allows us to see the entire system and find out where our controls are effective, ineffective or perhaps non-existent," says Melisa.

Using Q-Pulse Risk, Pharm-Olam have been able to put in place robust risk management practices throughout the organisation to ensure that any risks associated with patient safety and data integrity can be analysed, understood, evaluated and appropriate risk treatment applied.

In addition, being able to identify risks on an ongoing basis has enabled teams to ensure that threats and their corresponding tasks can continue to be recognised and communicated and that appropriate action can be taken. Teams have also been able to significantly reduce the time taken to implement risk assessment and risk treatment activities.

Q-Pulse Risk also provides unlimited access for other users, which has accelerated progress and communications. Together with this, the improved management of data has resulted in stronger buy-in from senior management. "Because we're taking a proactive approach, we can identify issues before they arise," concludes Melisa. "This allows our teams to execute a risk-based approach that is tailored to each study at the system level and at the protocol level."

Ideagen PleaseReview at US Navy WDC - Document Collaboration and Review

The US Navy Warfare Development Command (NWDC) is the executive agent for the Navy Doctrine Library System (NDLS) that is used to distribute doctrine to fleet users and manages the content of the entire Navy doctrine library.

Frustrated by reading through lengthy emails searching for relevant comments amid the background clutter of irrelevant information or administrative remarks and having to lead a document review project where a CRM (comments resolution matrix) is used to track hundreds of inputs led the Navy Warfare Development Command to research commercial off-the-shelf collaboration options to increase review productivity and save crucial time.

Navy Doctrine Library System (NDLS) had the capability for uploading Word documents for online review and commenting. The system was designed to maximize collaboration during the review process, but the document import process was clunky and labor-intensive requiring multiple manual entries and many steps that took days to complete.

NWDC settled on PleaseReview and completed installation of the system on its portal and now uses it to develop and revise Navy doctrine.

Uploading a document now takes less than five minutes and requires very little additional formatting work. "We wanted to find a capability that would expedite the document review process, to make it a lot simpler," explained Robert Wilhelm, NWDC Publishing Manager. "Now stakeholders can work on the same document at the same time which increases productivity and saves time. The author can see all the comments, accepting or rejecting changes, and the software automatically merges all the accepted changes into the document."

By making the document available for review in a secure, controlled, browser-based environment multiple participants can access the same copy of the document and work on the review simultaneously, as well as accessing it offline. In this way, PleaseReview provides distinctive collaboration features where everybody can see other users' contributions, ensuring a more open and transparent process.

This means an end to multiple emails and attachments, version incompatibility, style and formatting issues and duplication of effort. In fact, the time spent reviewing documents has been dramatically reduced, which means the final document is completed faster, and the collaboration features result in more accurate, higher quality results.

Using the previous system, the author had to wait for feedback from all stakeholders and then painstakingly go through each comment, cutting and pasting text for accepted changes. "Changes had to be modified manually. It was tedious and time-consuming," Wilhelm said. "PleaseReview displays a history of changes and comments so one critical comment is not a show-stopper. It also allows comments to be categorized so that a reviewer can filter out administrative remarks, for example, which is very useful for reviewing staffs."

NWDC estimates that timelines for the review process are now cut in half to about one to three weeks, and the new software is about half the cost of the previous system to operate.

Now, authors do not have to wait until the deadline for commenting has passed to begin adjudicating comments. Instead, reviews can be made in real-time in an energetic and innovative collaborative environment. At the end of the review, PleaseReview automatically exports the completed document with or without track changes for the participants.

Outlook

Trading since the year end has remained robust and we continue to see strong demand for our products from new potential customers. With acquisitions made during the previous year performing well, and with a base of over 3,700 customers generating growing recurring revenues and repeat business the Board has every confidence in the continued prospects for the Group.

Ben Dorks
Chief Executive Officer

FINANCIAL AND OPERATIONAL REVIEW

Financial Review

Revenue for the year ended 30 April 2018 increased by 33% to £36.1 million (FY2017: £27.1 million). Within this, pro-forma organic revenue growth was 11% (FY2017: 10%). This is calculated based on a comparison with pro-forma revenue for FY2017 of £32.6 million which includes revenues for Covalent, IPI, PleaseTech, Ideagen EOOD and Medforce Technologies for the same period that they were owned by the Group in FY2018.

Sales bookings increased by 63% to £22.7million (FY2017: £13.9million). For SaaS based contracts, a booking includes three years of SaaS subscriptions and associated professional services revenues. For on-premise based contracts, a booking includes a perpetual licence, one year of maintenance and associated professional services revenues.

Revenues are analysed by revenue type in note 2.

Recurring revenues are a key strategic focus and they have grown strongly because of both the continuing emphasis on growing sales of our SaaS/Subscription-based products and the acquisitions of businesses with high levels of recurring revenues. SaaS revenues were £8.4 million (FY2017: £4.8 million) representing 23% (FY2017: 18%) of Group revenue. Maintenance and Support revenues on perpetual licence sales continued to grow in value terms but represented a reducing proportion of total revenues at 38.2% (FY2017: 39.4%). Total recurring revenues increased by 44% to £22.2 million (FY2017: £15.5 million) representing 62% (FY2017: 57%) of overall revenues.

Professional services revenues represented 14% (FY2017: 21%) of total revenues. This decline is mainly due to the much lower proportions of professional services revenues inherent within the businesses acquired over the last two years.

Licence sales increased to £8.3m (FY2017: £5.5m) or 23% (FY2017: 20%) of total revenue. This is due to a combination of strong upsells in existing customers and the continued sales into new logo customers.

The Group provides software solutions in two areas; GRC and Content and Clinical, although the Group is now almost entirely focused on GRC products after further resources were re-deployed from Content and Clinical to GRC to address the wider and more profitable opportunities available in the GRC market. Revenues from GRC products increased to 91% (FY2017: 84%) of Group revenue as a result of both the acquisitions of GRC businesses in the prior year and strong pro-forma organic GRC revenue growth of 17% (FY2017: 13%).

As a result of the Group's increased concentration of its resources on GRC products, Content and Clinical revenues declined in the year to £3.3 million (FY2017: £4.5 million) representing only 9% (FY2017: 16%) of total Group revenue. The majority of this decline is due to the Group's decision to no longer bid for contracts for the design and build of web sites for the UK public sector which represented lower margin, service-based business for the Group.

Adjusted EBITDA increased by 40% to £11.0 million (FY2017: £7.9 million) and the adjusted EBITDA margin increased to 30.5% (FY2017: 29.0%). The improved margin was largely driven by an increase in gross margin to 91.2% (FY2017: 89.5%) which was positively affected by the higher gross margins in businesses acquired in the prior year. Operating costs continue to be tightly controlled representing 60.7% (FY2017: 60.5%) of revenue, however we continue to target investment in our staff and the infrastructure of the business to support continued organic growth and to provide a strong, scalable platform for the integration of future acquisitions.

The Group has significant intangible assets, primarily from the acquisitions that it has made. Amortisation of acquisition intangibles of £5.8 million (FY2017: £4.3 million) represents the majority of the total depreciation and amortisation charge of £7.1 million (FY2017: £5.3 million). Amortisation of development costs amounted to £1.0 million (FY2017: £0.7 million). The share-based payment charge of £1.9 million (FY2017: £1.2 million) relates to the Group's equity-settled share option schemes including the Long Term Incentive Plan and the Share Incentive Scheme for employees. The charge included £0.3 million (FY2017: £0.3 million) of national insurance costs on the exercise of non-tax efficient options. The remainder of the charge does not represent a cash cost to the Group.

The adjusted Group tax charge is analysed in note 5 and amounted to £1.0 million (FY2017: £0.8 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 10% (FY2017: 12%) of adjusted profit before tax of £9.7 million (FY2016: £6.9 million). The Group's use of tax losses, R&D tax credit claims and tax deductions linked to the exercises of share options have significantly reduced the Group's liability to UK corporation tax on FY2018 profits.

As a result of the above, adjusted diluted earnings per share increased by 33% to 4.19 pence (FY2017: 3.16 pence).

The Group's financial position has continued to strengthen during the year with net assets increasing to £50.5 million (FY2017: £46.4 million).

The level of intangible assets increased to £60.3 million (FY2017: £56.4 million) mainly as a result of the acquisition of Medforce completed during the year. The Group capitalised £2.2 million (FY2017: £2.0 million) of R&D development costs during the year which represented 6.2% (FY2017: 7.3%) of total revenues. The increase is due to costs capitalised in respect of the products being developed by the businesses acquired during the prior year.

During the year, the Group made payments of £3.7 million in respect of deferred and contingent consideration in respect of prior year acquisitions. The net cash cost of the acquisition of Medforce during the year of £6.2 million was funded through a combination of the Group's existing cash resources and the Group's revolving working capital facility. The Group increased the level of this facility to £8 million (FY2017: £3million) during the year and at 30 April 2018, £4.75 million (FY2017: £2.0 million) of this facility was being utilised.

Cash generated by operations during the year amounted to £9.4 million (FY2017: £8.9 million) representing cash conversion of approximately 85% (FY2017: 113%) of adjusted EBITDA. It is however important to note that these cash conversion figures were impacted by the receipt, prior to the year-end of £1.1 million (FY2017: £0.8 million) of cash from option holders who have exercised options near the end of the financial year to cover payroll taxes arising on the exercise. These sums were paid out after the relevant year ends. Excluding these amounts, cash generated by operations would have represented approximately 83% (FY2017: 103%) of adjusted EBITDA. The Group has therefore achieved the average minimum cash conversion target set by the Board of 90% over a two year period. Free Cash flow in the year amounted to £6.1 million (FY2017 £6.1 million) representing 55% (FY2017: 77%) of adjusted EBITDA. The Group ended the year with net cash balances of £0.8 million (FY2017: £4.2 million) after taking into account the amounts borrowed on the revolving credit facility.

Operational Review

Ideagen continues to make strong progress in its drive towards operational excellence, with a core focus on its people, processes, systems and facilities. At 30 April 2018 Ideagen had 423 (2017: 363) employees based across its UK and international office network, with over 250 of these located at the 2 core UK offices of Nottingham and Glasgow. Ideagen maintains an international office presence in the US, Dubai, Bulgaria, and Malaysia, where a combined total of 57 people are based.

The organisation is committed to significant investment within our development teams, with 75% of this resource based at the core development sites in Nottingham, Glasgow, and Malaysia. Ideagen maintains its focus upon building domain expertise within core markets and delivering excellence across the customer base. As a result, the Group has 92 people within Sales & Marketing, 65 in Service Delivery and 44 in Support.

Ideagen is pleased to combine success with continued investment in the team, and 53% of employees have been with the Group for 3 or more years. The Group is delighted that this traditionally male dominated sector continues to see strong growth in female applications, resulting in an improved ratio of 67% male to 33% female.

In order to facilitate the growth of recent years, Ideagen continues to invest significantly in 'best of breed' systems that have scalability, functionality and reporting at their core. Salesforce.com remains the number one system for the organisation, providing both the internal platform for sales and marketing, and the external platform for self-service support portals for our customers. In addition, the Group has made commitments for new systems over the next 12 months in Service Delivery, People Management, and Customer Success.

As Ideagen develops, significant resource is invested in benchmarking processes and systems to ensure best practice is standard and that Ideagen remains fit for growth. Ideagen remains committed to relevant accreditations and currently holds Microsoft Gold Partner status, ISO 9001, ISO 27001, and ISO 14001. The Group has membership of a significant number of leading bodies including the Chartered Quality Institute (CQI), Institute of Internal Auditors (IIA), Flight Safety Foundation, and the Institute of Biomedical Science (IBMS).

Graeme Spenceley
Chief Financial Officer

Ideagen plc

Group Statement of Comprehensive Income for the year ended 30 April 2018

	Note	2018	2017
		£'000	£'000
Revenue	2	36,120	27,112
Cost of sales		(3,166)	(2,841)
Gross profit		32,954	24,271
Operating costs		(21,936)	(16,404)
Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items		11,018	7,867
Depreciation and amortisation		(7,122)	(5,255)
Costs of acquiring businesses		(426)	(609)
Restructuring costs		(151)	(104)
Share-based payment charges		(1,880)	(1,203)
Profit from operating activities		1,439	696
Finance costs		(40)	(33)
Profit before taxation		1,399	663
Taxation	4	130	68
Profit for the year		1,529	731
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating overseas operations		(133)	252
Corporation tax on exercise of options		325	277
Total comprehensive income for the year attributable to the owners of the parent company		1,721	1,260

Unadjusted earnings per share	**3**	**Pence**	**Pence**
Basic		0.77	0.40
Diluted		0.74	0.38
Adjusted earnings per share	**3**	**Pence**	**Pence**
Basic		4.35	3.32
Diluted		4.19	3.16

Ideagen plc

Group Statement of Financial Position at 30 April 2018

	2018	**2017**
	£'000	**£'000**
Assets and liabilities		
Non-current assets		
Intangible assets	60,289	56,427
Property, plant and equipment	787	583
Deferred income tax assets	-	1,348
	61,076	58,358
Current assets		
Inventories	-	10
Trade and other receivables	12,482	10,971
Current income tax recoverable	-	27
Cash and cash equivalents	5,532	6,205
	18,014	17,213
Current liabilities		
Trade and other payables	5,400	5,115
Contingent consideration on business combinations	-	2,054
Current income tax liabilities	147	-

Short-term borrowings	4,750	2,000
Deferred revenue	12,527	11,609
Deferred consideration on business combinations	460	1,640
	23,284	22,418
Non-current liabilities		
Deferred consideration on business combinations	-	460
Deferred income tax liabilities	5,322	6,274
	5,322	6,734
Net assets	50,484	46,419

Ideagen plc

Group Statement of Financial Position at 30 April 2018 (continued)

	2018	**2017**
	£'000	**£'000**
Equity		
Issued share capital	2,027	1,981
Share premium	34,257	33,405
Merger reserve	1,658	1,658
Share-based payments reserve	1,148	961
Retained earnings	11,194	8,081
Foreign currency translation reserve	200	333
Equity attributable to the owners of the parent	50,484	46,419

Ideagen plc

Group Statement of Cash Flows for the year ended 30 April 2018

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Profit for the year	1,529	731
Depreciation of property, plant and equipment	320	249
Amortisation of intangible non-current assets	6,802	5,006
Profit on disposal of property, plant and equipment	(6)	(14)
Share-based payment charges	1,880	1,203
Finance costs recognised in profit or loss	40	33
Taxation credit recognised in profit or loss	(130)	(68)
Business acquisition costs in profit or loss	426	609
Decrease in inventories	10	23
Increase in trade and other receivables	(1,447)	(1,395)
(Decrease)/increase in trade and other payables	(259)	1,237
Increase in deferred revenue liability	255	1,264
Cash generated by operations	9,420	8,878
Finance costs paid	(99)	(33)
Income tax paid	(21)	(14)
Business acquisition costs paid	(204)	(390)
Employer's national insurance paid on share-based payments	(253)	(108)
Net cash generated by operating activities	8,843	8,333
Cash flows from investing activities		
Net cash outflow on acquisition of businesses net of cash acquired	(6,225)	(16,393)
Payments of deferred consideration on business combinations	(1,640)	(1,623)
Payments of contingent consideration on business combinations	(2,057)	-
Payments for development costs	(2,246)	(1,988)
Payments for property, plant and equipment	(517)	(289)
Proceeds of disposal of property, plant and equipment	6	23
Net cash used in investing activities	(12,679)	(20,270)
Cash flows from financing activities		
Proceeds from placing of equity shares	-	10,000
Payments for share issue costs	-	(335)
Proceeds from issue of shares under the share option schemes	833	324
Proceeds from issue of shares under the share incentive scheme	65	-
Cost of free shares purchased under the share incentive scheme	(6)	-
New short-term borrowings	4,750	2,000
Repayment of short term borrowings	(2,000)	-
Equity dividends paid	(440)	(346)
Net cash generated by financing activities	3,202	11,643

Net decrease in cash and cash equivalents during the year	(634)	(294)
Cash and cash equivalents at the beginning of the year	6,205	6,317
Effect of exchange rate changes on cash balances held in foreign currencies	(39)	182
Cash and cash equivalents at the end of the year	5,532	6,205

Ideagen plc

Group Statement of Changes in Equity for the year ended 30 April 2018

	Share capital	**Share premium**	**Merger reserve**	**Share-based payments reserve**	**Retained earnings**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 May 2017	1,981	33,405	1,658	961	8,081
Shares issued under share option schemes	40	793	-	-	-
Shares issued under the share incentive scheme	6	59	-	-	-
Share-based payments	-	-	-	1,545	-
Shares purchased under the share incentive scheme	-	-	-	(6)	-
Transfer on exercise of share options	-	-	-	(1,337)	1,337
Transfer in respect of share incentive scheme	-	-	-	(15)	15
Taxation on share-based payments in equity	-	-	-	-	347
Equity dividends paid	-	-	-	-	(440)
Total transactions with owners recognised directly in equity	46	852	-	187	1,259
Profit for the year	-	-	-	-	1,529
Other comprehensive income for the year	-	-	-	-	325
Total comprehensive income for the year	-	-	-	-	1,854
Balance at 30 April 2018	**2,027**	**34,257**	**1,658**	**1,148**	**11,194**

Ideagen plc

Group Statement of Changes in Equity for the year ended 30 April 2017

	Share capital	**Share premium**	**Merger reserve**	**Share-based**	**Retained earnings**

				payments reserve	
	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2016	1,790	23,598	1,167	1,482	5,565
Share placing	133	9,867	-	-	-
Share placing issue costs	-	(335)	-	-	-
Shares issued on acquisition of business	9	-	491	-	-
Shares issued under share option scheme	49	275	-	-	-
Share-based payments	-	-	-	858	-
Transfer on exercise of share options	-	-	-	(1,379)	1,379
Taxation on share-based payments in equity	-	-	-	-	475
Equity dividends paid	-	-	-	-	(346)
Total transactions with owners recognised directly in equity	191	9,807	491	(521)	1,508
Profit for the year	-	-	-	-	731
Other comprehensive income for the year	-	-	-	-	277
Total comprehensive income for the year	-	-	-	-	1,008
Balance at 30 April 2017	**1,981**	**33,405**	**1,658**	**961**	**8,081**

Notes

1 Basis of information

The financial information included in this preliminary announcement is unaudited. This information does not constitute the annual report and accounts of the Group for the year ended 30 April 2018 within the meaning of section 434 of the Companies Act 2006. This will be available from www.ideagen.com in due course. The audited annual report and accounts of the Group for the year ended 30 April 2017 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 over the two years ended 30 April 2018.

2 Revenue

An analysis of the Group's revenue is given below.

	2018	2017

	£'000	£'000
Recurring software revenues	8,442	4,785
Recurring support & maintenance	13,793	10,685
Total recurring revenues	22,235	15,470
Software - new licence revenues	8,339	5,493
Professional services	5,052	5,723
Other	494	426
Total revenue	**36,120**	**27,112**

3 Earnings per share information

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

In order to better demonstrate the performance of the Group, 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.

	2018 £'000	2017 £'000
Profit for the year (Earnings)	**1,529**	**731**
Adjustments:		
Costs of acquiring businesses	426	609
Restructuring costs	151	104
Share-based payment charges	1,880	1,203
Deferred taxation on share-based payment charges	(14)	78
Amortisation of acquired intangibles	5,819	4,319
Deferred taxation on amortisation of acquired intangibles	(1,109)	(978)
Adjusted earnings	**8,682**	**6,066**

Weighted average number of shares	199,462,389	182,719,656
Diluted weighted average number of shares	207,133,981	191,847,039
Basic earnings per share	0.77 pence	0.40 pence
Diluted earnings per share	0.74 pence	0.38 pence
Adjusted basic earnings per share	4.35 pence	3.32 pence
Adjusted diluted earnings per share	4.19 pence	3.16 pence

4 Taxation

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

	2018 £'000	2017 £'000
UK income tax charge	410	228
Overseas income tax charge	113	53
	523	281
Deferred tax credit on amortisation of acquisition intangibles	(1,109)	(977)
Deferred tax (credit) / charge on share-based payment charges	(14)	78
Deferred tax charge on utilisation of tax losses	243	222
Deferred tax charge on development costs	227	328
Total deferred taxation credit	(653)	(349)
Total taxation credit	(130)	(68)

5 Adjusted profit before taxation and adjusted taxation charge in the Income Statement

	2018 £'000	2017 £'000
Adjusted earnings (note 3)	8,682	6,066
Adjusted taxation charge (below)	993	831
Adjusted profit before taxation	**9,675**	**6,897**
Taxation credit in the Statement of Comprehensive Income	(130)	(68)

Add back:

Deferred tax credit on amortisation of acquisition intangibles (note 3)	1,109	977
Deferred tax credit on share-based payment charges (note 3)	14	(78)
Adjusted taxation charge	**993**	**831**
Adjusted taxation charge based on adjusted profit before taxation	10%	12%

END