

26 January 2016

**Ideagen PLC**  
("Ideagen" or the "Group")

**Unaudited Interim Results for the six months ended 31 October 2015**

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 2015.

**Financial Highlights**

- Revenue increased by 75% to £9.87m (2014: £5.65m)
  - Underlying organic growth of 6%
  - Recurring revenues represent 53% (2014: 53%) of overall revenues and cover 87% (2014: 86%) of fixed operating overheads
- Adjusted diluted EPS\*\* increased by 16% to 0.98p (2014: 0.84p)
- Adjusted EBITDA\* increased by 65% to £2.41m (2014: £1.46m)
- Adjusted PBT\*\* increased by 65% to £2.13m (2014: £1.29m)
- Cash generated by operations of £1.15m (2014: £0.48m)
- Net cash of £5.44m (30 April 2015: £5.27m; 31 October 2014: £2.81m)
- 11% increase in interim dividend to 0.061p (2014: 0.055p)

\*Before share based payments and exceptional items

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

**Operational Highlights**

- Significant progress within cloud business
  - Release of new functionality within the Enlighten product, Ideagen's cloud based GRC solution
  - 4 new Enlighten customer wins
  - Industry recognition for Enlighten with GRC 20/20 Award for technical innovation
  - Post period end granted a £4.9m Award Decision Notice for Enlighten
- Over 50 new on premise customer wins including Schipol Airport, Kyocera and Fokker
- Strong customer retention - 97% maintenance and support contract renewal rate
- Significant contract extensions from existing customers including PWC, BBVA and Meggitt

**David Hornsby, CEO of Ideagen, commented:** "We are pleased with the strong first half performance, characterised by further profitable growth as a result of new customer wins and expanding our footprint within our existing base of over 2,200 customers. We have been delighted by the early customer interest and industry recognition for our recently launched cloud-based product, Enlighten, which we see as a significant opportunity for the Group.

"Trading remains robust across all GRC product areas and we have continued our sales momentum through the third quarter. Therefore, given the performance of the Group in the year to date, the growing contracted recurring revenue base, and healthy pipeline of new sales opportunities, the Board is confident in the outlook for the year as a whole."

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**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 eGRC (Enterprise 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 2,200 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)

## CHIEF EXECUTIVE'S REVIEW

### *Business Review*

This has been another period of solid growth for the Group, with underlying organic growth of 6%. Organic growth has been augmented by the contribution of the integrated Gael and EIBS businesses, resulting in overall Group revenue growth of 75%, adjusted EBITDA growth of 65% and adjusted diluted EPS growth of 16%.

The Group's core expertise is in the development and implementation of Governance, Risk and Compliance (GRC) 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 sophisticated, enterprise-wide solutions.

Demand in all of the Group's key GRC verticals continue to be robust, with new customer wins achieved across a range of industries. Growth in the period has been driven by a combination of new customer wins and expanding our footprint within the existing customer base of more than 2,200 organisations. New wins include Schipol Airport, HNZ Global, Fokker, Providence Healthcare, Edmundson Electrical and Kyocera. Significant orders from the existing customer base include PWC, BBVA, Meggitt and BTG.

The Group continues to benefit from a strong base of recurring revenues, which now represent 53% of revenue (2014: 53%), covering 87% of the fixed overhead base (2014: 86%). Additionally 24% of revenue was derived from additional licence and service sales to existing customers. Therefore 77% of revenue is either recurring or repeatable in nature providing strong visibility over future earnings. In the period, 23% of revenue was derived from brand new customer wins.

During the period we have been pleased with the success of our recently launched SaaS-based Enlighten platform. Post period end the Group announced an Award Decision Notice from a Public Sector organisation stating its intent to procure Enlighten in a contract that is expected to be worth £4.9m over 5 years. As previously announced, the formal procurement process was subject to a mandatory standstill period. The standstill period has now ended and the contract is expected to be executed in the near future. As rapid delivery of the solution is essential to the customer, the Group, as an interim measure, has agreed to work under a short term contract to expedite immediate initiation whilst the 5 year contract is finalised. The programme is therefore well underway and the Group expects to generate significant revenues from the customer this financial year.

While the contribution of cloud based SaaS revenue to total Group revenue is currently modest, we are confident that Enlighten will be profitable and cash generative in the Group's 2016-2017 financial year. The Group has continued to invest in the required product development and sales resources and we view this as an area of significant potential growth for the business.

### *Markets: GRC and Content & Clinical*

The Group operates in two areas: supplying GRC solutions to highly regulated industries including Healthcare, Complex Manufacturing, Finance and Transport; and, through leveraging our core technology, we operate a parallel business in the supply of Content and Clinical management solutions, predominately to the NHS. The Group has established a broad customer base across both markets, including 7 of the top 10 UK accounting firms; 125 of the 165 English NHS Acute Trusts; all 7 of the top 7 Global Aerospace & Defence companies; and 14 of the 14 Scottish Regional Health Boards.

GRC represents the greatest part of Ideagen revenues (c. 77%) and the Group believes will continue to be the core driver of overall growth. The market remains highly fragmented – there is no one dominant supplier but rather numerous smaller vendors providing niche product sets. We believe that, with our broad product portfolio and best of breed capabilities, the Group has realised only a small proportion of the available opportunity to date.

23% of Group revenue is derived from our Content and Clinical solutions. This area of the Group's operations continue to be impacted by delays in decision making within acute NHS trusts, typically around enterprise patient information opportunities. This is due to budgetary constraints at acute trust level as no additional technology fund has been made available for the current financial year to support the Government Paperless NHS strategy. However, outlook for the business remains encouraging over the medium term as it is likely that the central technology fund will be reintroduced in 2016-2017, following which there will be a locally funded Sustainability and Transformation Plan (STP) which will focus on digital initiatives at acute trust level.

### *Acquisitions*

As previously announced, the integration of EIBS and Gael has provided a robust business platform. The Board continues to pursue acquisition opportunities in line with its stated strategy of acquiring complementary businesses that have strong IP and significant recurring revenues.

### *Product Strategy*

#### *“On Premise”*

The focus for on premise product development going forward will be the closer integration of the established product set. The demand from customers continues to evolve toward the need for robust operational risk management across the enterprise combining the need for big data analysis with the escalation of information available within a corporate environment. We believe the optimum way to achieve this is through the implementation of a single, modular platform.

As such, our efforts will be on the closer integration of our best-in-breed product set to unify all product components (development standards, installation method, user interface) into a single standard format, and to enable product interoperability – or the exchange of data across each product – through a common service bus. This will allow us to rationalise the product set to avoid any duplicate functionality whilst providing a modular platform.

The ability to deliver this comprehensive capability through a modular portal will enable us to continue to pursue a ‘land and expand’ growth strategy as well as move into complementary industry verticals.

## “Cloud”

To ensure that the Group is able to take advantage of the growing demand for cloud based solutions we have continued to invest in Enlighten, a risk-based, ultra-modern GRC software product. Enlighten has been designed for large enterprise and built for the cloud using Amazon Web Services (AWS). It contains all the rich features that any large, highly regulated organisation needs to achieve exceptional performance while managing compliance, quality and safety.

Enlighten is suitable for large enterprises who have a dispersed workforce, require rapid deployment and fast access to a GRC platform often through a mobile device. For example the large Public Sector customer referred to earlier intends to make Enlighten available to over 70,000 users to allow real time reporting of incidents to drive safety across an entire industry.

We were also delighted that during the period, Enlighten was recognised for its technical innovation by the 4<sup>th</sup> Annual GRC 20/20 Awards. The GRC 20/20 Awards recognise the leading GRC (Governance, Risk and Compliance) software products on the market. GRC 20/20 named Ideagen's Enlighten product as the most innovative product in its Environmental Health & Safety category. Judges were impressed with Enlighten's scalability, user experience, analytics and mobile capability.

### *Current Trading & Outlook*

Trading remains robust across all GRC product areas and we have continued our sales momentum through the third quarter. Therefore, given the performance of the Group in the year to date, the growing contracted recurring revenue base, and healthy pipeline of new sales opportunities, the Board is confident in the outlook for the year as a whole.

David Hornsby  
Chief Executive Officer

## **FINANCIAL REVIEW**

Revenue for the 6 months ended 31 October 2015 increased by 75% to £9.87 (2014: £5.65 m). Organic growth in revenue was 6% based on a comparison of revenue in the period under review with pro-forma revenue for the comparative period adjusted for the Gael and EIBS acquisitions. Recurring revenues represent 53% (2014: 53%) of overall revenues and cover 87% (2014: 86%) of fixed operating overheads.

Adjusted EBITDA increased by 65% to £2.41m (2014: £1.46m). Amortisation of acquired intangibles of £1.86m (2014: £0.86m) represents the majority of the total depreciation and amortisation charge. The increase in the period is mainly attributable to the acquisition of Gael in January 2015.

The adjusted group tax charge was £0.31 million (2014: £0.20 million). This has been adjusted to exclude the deferred taxation associated with the amortisation of acquired intangibles and share based payment charges. The adjusted group tax charge represents 15% (2014: 16%) of adjusted PBT of £2.13m (2014: £1.29 million). The Group continues to benefit from the availability of R&D taxation credits.

As a result of the above, adjusted diluted earnings per share increased by 16% to 0.98p (2014: 0.84p).

The Group's financial position has continued to strengthen with net assets increasing to £31.8m (30 April 2015: £31.2m; 31 October 2014: £14.0m). The significant increase on 2014 was largely due to the £17.5 million share placing to support the acquisition of Gael. Net current assets increased to £2.69m (30 April 2015: £1.23m; 31 October 2014: £1.79m).

Cash generated by operations amounted to £1.15m (2014: £0.48m) representing 48% (2014: 33%) of adjusted EBITDA. Cash generated by operations is normally lower in the first half of the year partly due to the payment of a number of larger annual overheads in this period. Trade and other payables reduced by £1.16m in the six months to 31 October 2015. The Group ended the period with cash balances of £5.44m (30 April 2015: £ 5.27m; 31 October 2014: £2.81m) and no debt.

At 31 October 2015 deferred consideration of £3.2m was payable in respect of the acquisition of Gael of which £1.6m has subsequently been paid in January 2016 and £1.6m is payable in January 2017.

### ***Dividend***

The Board proposes increasing the interim dividend by 11% to 0.061 pence per share (2014: 0.055 pence per share) payable on 10 March 2016 to shareholders on the register on 19 February 2016. The corresponding ex-dividend date is 18 February 2016.

Graeme Spenceley  
Finance Director

**Ideagen plc**

Consolidated Statement of Comprehensive Income for the six months ended 31 October 2015

	<b>Six months ended 31 October 2015</b>	<b>Six months ended 31 October 2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	9,867	5,653
Cost of sales	(1,206)	(949)
<b>Gross profit</b>	<u>8,661</u>	<u>4,704</u>
Operating costs	(6,254)	(3,247)
<b>Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items</b>	<u>2,407</u>	<u>1,457</u>
Depreciation and amortisation	(2,141)	(847)
Share-based payment charges	(384)	(85)
Costs of acquiring businesses	-	(74)
<b>(Loss) / profit from operating activities</b>	<u>(118)</u>	<u>451</u>
Finance income	3	2
<b>(Loss) / profit before taxation</b>	<u>(115)</u>	<u>453</u>
Taxation credit / (charge)	121	(75)
<b>Profit for the period</b>	<u>6</u>	<u>378</u>
<b>Other comprehensive income</b>		
Exchange differences on translating foreign operations	(10)	13
<b>Total comprehensive income for the period attributable to the owners of the parent company</b>	<u>(4)</u>	<u>391</u>
<b>Earnings per share</b>	<b>Pence</b>	<b>Pence</b>
Basic	0.00	0.31
Diluted	0.00	0.29

**Ideagen plc**

## Consolidated Statement of Financial Position at 31 October 2015

	<b>31 October 2015</b>	<b>30 April 2015</b>	<b>31 October 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Intangible assets	33,891	35,050	13,419
Property, plant and equipment	339	302	202
Deferred income tax assets	962	876	171
	<u>35,192</u>	<u>36,228</u>	<u>13,972</u>
<b>Current assets</b>			
Inventories	55	55	96
Trade and other receivables	7,312	7,332	4,024
Cash and cash equivalents	5,442	5,266	2,806
	<u>12,809</u>	<u>12,653</u>	<u>6,926</u>
<b>Current liabilities</b>			
Trade and other payables	2,206	3,476	1,623
Contingent consideration on business combinations	47	47	327
Current income tax liabilities	129	44	492
Deferred revenue	6,108	6,228	2,697
Deferred consideration on business combinations	1,628	1,628	-
	<u>10,118</u>	<u>11,423</u>	<u>5,139</u>
<b>Non-current liabilities</b>			
Deferred consideration on business combinations	1,613	1,613	-
Deferred income tax liabilities	4,434	4,656	1,611
	<u>6,047</u>	<u>6,269</u>	<u>1,611</u>
<b>Net assets</b>	<u>31,836</u>	<u>31,189</u>	<u>13,968</u>

**Ideagen plc**

## Consolidated Statement of Financial Position at 31 October 2015 (continued)

	<b>31 October 2015</b>	<b>30 April 2015</b>	<b>31 October 2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Equity</b>			
Issued share capital	1,789	1,773	1,229
Share premium	23,568	23,443	6,983
Merger reserve	1,167	1,167	1,167
Share-based payments reserve	956	653	635
Retained earnings	4,373	4,160	3,944
Foreign currency translation reserve	(17)	(7)	10
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<b>Equity attributable to owners of the parent</b>	<b>31,836</b>	<b>31,189</b>	<b>13,968</b>
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**Ideagen plc**

Consolidated Statement of Cash Flows for the six months ended 31 October 2015

	<b>Six months ended 31 October 2015</b>	<b>Six months ended 31 October 2014</b>
	£'000	£'000
<b>Cash flows from operating activities</b>		
Profit for the period	6	378
Depreciation of property, plant and equipment	98	60
Loss on disposal of property, plant and equipment	2	-
Amortisation of intangible non-current assets	2,043	787
Business acquisition costs in profit or loss	-	74
Share-based payment charge	384	85
Finance income recognised in profit or loss	(3)	(2)
Taxation (credit) / charge recognised in profit or loss	(121)	75
Decrease in inventories	-	293
Decrease / (Increase) in trade and other receivables	19	(36)
Decrease in trade and other payables	(1,158)	(1,060)
Decrease in deferred revenue	(119)	(173)
<b>Cash generated by operations</b>	<u>1,151</u>	<u>481</u>
Interest received	3	2
Income tax repaid	8	64
Business acquisition costs paid	(102)	(146)
<b>Net cash generated by operating activities</b>	<u>1,060</u>	<u>401</u>
<b>Cash flows from investing activities</b>		
Payments of deferred consideration on business combinations	-	(50)
Net cash outflow on acquisition of businesses net of cash acquired	-	(1,259)
Payments for development costs	(884)	(368)
Payments for property, plant and equipment	(150)	(65)
Proceeds of disposal of property, plant and equipment	12	-
<b>Net cash used by investing activities</b>	<u>(1,022)</u>	<u>(1,742)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares under share option scheme	141	123
<b>Net cash generated by financing activities</b>	<u>141</u>	<u>123</u>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	179	(1,218)
Cash and cash equivalents at the beginning of the period	5,266	4,011
Effect of exchange rate changes on cash balances held in foreign currencies	(3)	13
<b>Cash and cash equivalents at the end of the period</b>	<u>5,442</u>	<u>2,806</u>

**Ideagen plc:** Consolidated Statements of Changes in Equity

	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
<b>For the six months to 31 October 2015</b>							
At 1 May 2015	1,773	23,443	1,167	653	4,160	(7)	31,189
Profit for the period	-	-	-	-	6	-	6
Share-based payments	-	-	-	384	-	-	384
Shares issued under share option scheme	16	125	-	-	-	-	141
Transfer on exercise of share options	-	-	-	(81)	81	-	-
Taxation on share-based payments in equity	-	-	-	-	126	-	126
Other comprehensive income for the period	-	-	-	-	-	(10)	(10)
<b>At 31 October 2015</b>	<b>1,789</b>	<b>23,568</b>	<b>1,167</b>	<b>956</b>	<b>4,373</b>	<b>(17)</b>	<b>31,836</b>
<b>For the six months to 31 October 2014</b>							
At 1 May 2014	1,219	6,870	1,167	596	3,520	(3)	13,369
Profit for the period	-	-	-	-	378	-	378
Share-based payments	-	-	-	85	-	-	85
Shares issued under share option scheme	10	113	-	-	-	-	123
Transfer on exercise of share options	-	-	-	(46)	46	-	-
Other comprehensive income for the period	-	-	-	-	-	13	13
<b>At 31 October 2014</b>	<b>1,229</b>	<b>6,983</b>	<b>1,167</b>	<b>635</b>	<b>3,944</b>	<b>10</b>	<b>13,968</b>

**Ideagen plc:** Consolidated Statement of Changes in Equity for the year ended 30 April 2015

	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
<b>Balance at 1 May 2014</b>	<b>1,219</b>	<b>6,870</b>	<b>1,167</b>	<b>596</b>	<b>3,520</b>	<b>(3)</b>	<b>13,369</b>
Share placing	515	16,985	-	-	-	-	17,500
Share placing issue costs	-	(584)	-	-	-	-	(584)
Shares issued under share option scheme	39	172	-	-	-	-	211
Profit for the year	-	-	-	-	480	-	480
Other comprehensive income for the year	-	-	-	-	-	(4)	(4)
Share-based payments	-	-	-	142	-	-	142
Transfer on exercise of share options	-	-	-	(85)	85	-	-
Taxation on share-based payments in equity	-	-	-	-	294	-	294
Equity dividends paid	-	-	-	-	(219)	-	(219)
<b>Balance at 30 April 2015</b>	<b>1,773</b>	<b>23,443</b>	<b>1,167</b>	<b>653</b>	<b>4,160</b>	<b>(7)</b>	<b>31,189</b>

## **Ideagen plc**

### Notes to the interim financial information

#### **1 Basis of information**

The interim financial information for the 6 months ended 31 October 2015 and the six months ended 31 October 2014 included in this announcement is unaudited. The financial information for the year ended 30 April 2015 included in this announcement does not constitute the annual report and accounts of the Company for the year ended 30 April 2015 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 2015 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 unless otherwise stated below.

#### **2 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**

	<b>Six months ended 31 October 2015</b>	Six months ended 31 October 2014
	£'000	£'000
Profit for the period (Earnings)	6	378
Adjustments:		
Share-based payment charges	384	85
Deferred taxation on share-based payment charges	(64)	2
Costs of acquiring businesses	-	74
Amortisation of acquired intangibles	1,859	679
Deferred taxation on amortisation of acquired intangibles	(370)	(131)
Adjusted earnings	<u>1,815</u>	<u>1,087</u>
Weighted average number of shares	177,871,466	122,625,927
Diluted weighted average number of shares	186,023,737	129,543,520
Basic earnings per share	0.00 pence	0.31 pence
Diluted earnings per share	0.00 pence	0.29 pence
Basic adjusted earnings per share	1.02 pence	0.89 pence
Diluted adjusted earnings per share	0.98 pence	0.84 pence

### 3 Taxation

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

	<b>Six months ended 31 October 2015 £'000</b>	Six months ended 31 October 2014 £'000
Income taxation charge	60	144
Deferred tax credit on amortisation of acquisition intangibles	(370)	(131)
Deferred tax on share based payment charges	(64)	2
Deferred tax charge on utilisation of tax losses	104	-
Deferred tax charge on development costs	149	60
Total deferred income taxation credit	<u>(181)</u>	<u>(69)</u>
Total taxation (credit) / charge	<u>(121)</u>	<u>75</u>

### 4 Adjusted profit before taxation and adjusted taxation charge

	<b>6 months ended 31 October 2015 £'000</b>	<b>6 months ended 31 October 2014 £'000</b>
Adjusted earnings (note 2)	1,815	1,087
Adjusted taxation charge (below)	313	204
<b>Adjusted profit before taxation</b>	<u><b>2,128</b></u>	<u><b>1,291</b></u>
Taxation in the Statement of Comprehensive Income	(121)	75
Add back:		
Deferred taxation credit on amortisation of acquisition intangibles (note 3)	370	131
Deferred taxation on share based payment charges	64	(2)
<b>Adjusted taxation charge</b>	<u><b>313</b></u>	<u><b>204</b></u>
Adjusted taxation charge based on adjusted profit before taxation	<u>14.7%</u>	<u>15.8%</u>