



## Ideagen PLC - IDEA Unaudited Interim Results

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

#### Unaudited Interim Results for the six months ended 31 October 2018

Ideagen PLC (AIM: IDEA), a leading supplier of Integrated Risk Management (IRM) software to highly regulated industries, announces its unaudited interim results for the six months ended 31 October 2018.

#### Financial Highlights

- First half performance in line with market expectations and outlook strong for second half
- Continuing revenue growth:
  - Revenue increased by 22% to £21.0 million (2017: £17.2 million)
  - Recurring revenues increased by 30% to £14.0 million (2017: £10.8 million)
  - Recurring revenues now represent 67% of total revenue (2017: 63%)
  - Like for like bookings\* increased by 34% to £14.5 million (2017: £10.8 million)
  - Like for like SaaS bookings\* increased by 80% to £6.6 million (2017: £3.7 million)
  - Underlying organic revenue growth of 8%
- Adjusted diluted eps\*\*\* increased by 14% to 1.98 pence (2017: 1.73 pence)
- Adjusted EBITDA\*\* increased by 22% to £5.8 million (2017: £4.7 million)
- Adjusted PBT\*\*\* increased by 17% to £4.8 million (2017: £4.1 million)
- Cash generated from operations of £5.2 million (2017: £2.9 million)
- Net debt of £1.3 million (30 April 2018: net cash of £0.8 million; 31 October 2017: net cash of £5.9 million) after investing £24.3 million on acquisitions and raising £19.4 million net of costs from a share placing
- 15% increase in interim dividend to 0.09 pence per share (2017: 0.078 pence)

\*New sales contracts won excluding the acquisitions of Medforce, InspectionXpert and Morgan Kai.

\*\*Before share-based payments and exceptional items

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

## Operational Highlights

- Appointment of David Hornsby as Executive Chairman and Ben Dorks as CEO
- Acquisition of Morgan Kai, doubling the size of our Audit Management business
- Acquisition of InspectionXpert, doubling the size of our Quality Inspection business
- Strong momentum in global sales - 162 new logo wins, 121 outside of the UK
- 104 new logo SaaS wins (91 outside of the UK) including GlaxoSmithKline, Clydesdale Bank and Green Climate Fund
- 58 new logo on premise customer wins (30 outside of UK) including McLaren, Mercedes and Baxter Healthcare
- Strong customer account management with multiple new contracts from the base including Triumph Group, Sanofi, Pfizer and Thales
- Customer retention rate of 95%
- Increased investment in Malaysian R&D development team and supporting infrastructure

**Ben Dorks, CEO of Ideagen, commented:** "We are delighted to report on another strong performance from the Group across all of our vertical markets and geographies during the first half of the year.

The Group continues to generate significant international sales growth and momentum in our SaaS business driven by customer demand. This will enable the acceleration of our transition to a subscription licence model whilst maintaining high margins and organic growth.

Current trading is in line with market expectations and the acquisitions made in H1 are performing well. The IRM market continues to grow and our success in winning new business together with our levels of recurring revenue and repeat business from our 4,000 strong customer base provides the Board with confidence in the outlook for this 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 IRM 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 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 4,700 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.

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

## Chief Executives Review

### Business Performance

I am pleased to report on another excellent performance for the six months ended 31 October 2018. This has been achieved through both organic revenue growth and the acquisitions of Medforce (acquired in April), InspectionXpert and Morgan Kai (both acquired in September).

The Company has a clear strategy to grow revenues organically and maintain high EBITDA margins whilst transitioning from a perpetual licence to a SaaS based subscription model. The successful execution of this strategy will provide an even more robust business model and a higher quality of earnings over the medium term without impacting the short-term profitability of the business.

The Board has, for a number of years, measured financial performance using the following KPIs; revenue, recurring revenue, organic revenue growth, EBITDA, EPS and operating cash flow. We are pleased to report a robust performance in all of these areas. Revenue and EBITDA both grew by 22% whilst recurring revenue growth was higher at 30%. Underlying organic revenue growth was 8% which the Board considers a strong performance in the context of the transition to a SaaS model, which due to strong sales execution and customer demand, is ahead of schedule. EPS growth was 14% and cash generated by operations amounted to £5.2 million.

In addition, the Group will now also report growth in total bookings and SaaS bookings. These are both important metrics during the transition period and beyond as they underpin future revenues and measure sales momentum and our continued traction in the IRM market.

Total like for like bookings growth was 34% and total like for like SaaS bookings increased by 80%. Given the momentum of our SaaS business, the Group now expects to generate 74% of its revenues from recurring contracts by the end of 2020, up from the 70% previously anticipated.

The Board believes the long-term prospects for the Group are positive. The IRM market is calculated to have been worth approximately \$5 billion globally in 2017, based on data from Gartner, and is estimated to be growing at 13% per annum. The Group's core expertise is in the development and implementation of software tools that enable customers to identify, assess and prioritise risk and to manage information in line with a growing and progressively more rigorous regulatory environment. 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.

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The Group has a clear and proven strategy to grow the business organically whilst continuing to identify and acquire businesses that offer strong synergies in terms of product, customers and geographical reach. The acquisitions made in the period demonstrate the ongoing execution of our acquisition strategy with both InspectionXpert and Morgan Kai consolidating Ideagen's position in its core product markets whilst providing further footprint in the USA.

Demand from all of the Group's key IRM verticals continues to be robust, with new customer wins achieved across a range of industries. The Group is focused on several key vertical markets which are primarily Transport, Banking and Finance, Life Sciences, Healthcare and Advanced Manufacturing. Each of these areas has performed well both in terms of winning new logos and expanding the existing customer footprint through 'cross sell' and 'up sell'. New customer wins in the period include GlaxoSmithKline, Keolis, Clydesdale Bank, Cancer Research, Green Climate Fund, Skipton Building Society, Mercedes, Baxter Healthcare and McLaren. New contracts from existing customers include Triumph Aerospace, Thales, Pfizer, Sanofi, Johnson and Johnson, Raytheon and the US Department of Veterans Affairs.

The Group continues to benefit from a strong and growing base of recurring revenues, which now represent 67% of total revenue (2017: 63%). Much of this growth is in respect of recurring SaaS revenues which represented 26% (2017: 22%) of total revenues.

## Markets and Product Strategy

Ideagen's product-market strategy involves expanding our presence in the Environmental, Health & Safety and Quality management (EHSQ), Audit management and Enterprise Risk Management (ERM) software markets. This ambition is supported by our domain expertise and vertical market focus in Transport (aviation and rail), Aerospace, Automotive and Defence, Manufacturing, Life Sciences, Healthcare, Banking and Finance. As an acquisitive company, Ideagen actively manages and develops its software products while also seeking acquisitions that strengthen and support the portfolio and strategy.

The recent strategic acquisition of MK Insight (Morgan Kai) strengthens our Pentana Audit business and InspectionXpert improves our geographical position in North America and broadens the Q-Pulse quality control and supply chain management product.

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, automotive and medical device manufacturing
- EHS management in manufacturing and utilities

### Coruson

- Safety and risk management in transport (aviation and rail)

### Pentana

- Internal audit and ERM in financial services, accountancy, banking and manufacturing

### PleaseReview

- Document collaboration, co-authoring and compliance review in life sciences, infrastructure and defence.

Our 3-year portfolio strategy has three pillars:

- Active management of core products to improve and expand our offering

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- 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 leading software company solving quality, safety, audit, risk and compliance problems in regulated industries.

## Outlook

The international sales growth and momentum of our SaaS business is enabling the acceleration of our transition to a subscription licence model and we expect to generate 74% of revenues from recurring contracts by the end of 2020, whilst maintaining high margins and organic growth. The IRM market remains significant and Ideagen is well positioned to deliver on opportunities across our strategic verticals and geographies.

## Ben Dorks

Chief Executive Officer

## Financial review

Revenue for the 6 months ended 31 October 2018 increased by 22% to £21.0 million (2017: £17.2 million). Within this, pro-forma organic revenue growth was 8% (2017: 13%). This is calculated based on a comparison with pro-forma revenue for 2017 of £19.5 million which includes revenues for Medforce, InspectionXpert and Morgan Kai for the same period that these acquired businesses were owned by the Group in the current financial year.

New sales bookings increased by 34% to £14.5 million (2017: £10.8 million). Within this, SaaS bookings increased by 80% to £6.6 million. For SaaS based contracts, a booking includes 3 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.

Growth of recurring revenues as a proportion of total revenues continues to be a key strategic focus for the Group. Recurring revenues have grown strongly because of both the continuing transition from selling on-premise licences to our SaaS/Subscription-based products and the acquisitions of businesses with high levels of recurring revenues. In the 6 months to 31 October 2018, SaaS revenues grew by 42% to £5.5 million (2017: £3.9 million) representing 26.1% (2017: 22.5%) of Group revenues. Total recurring revenues increased by 30% to £14.0 million (2017: £10.8 million) representing 67% (2017: 63%) of overall revenues. Revenues are analysed by revenue stream in note 2.

Adjusted EBITDA increased by 22% to £5.8 million (2017: £4.7 million) and the adjusted EBITDA margin remained at 27.5%. We continue to invest in the infrastructure and scalability of the business however the overall cost base of the business is under constant review. Revenues are seasonally biased slightly towards the second half of the year and with a broadly fixed cost base, higher adjusted EBITDA margins are achieved in the second half and for the year as a whole.

The Group has significant intangible assets from the acquisitions it has made. The amortisation of these acquired intangibles of £3.4 million (2017: £2.9 million) represents the majority of the total depreciation and amortisation charge for the period of £4.3 million (2017: £3.5 million). The amortisation of development costs amounted to £0.7 million (2017: £0.5 million). The share-based payment charge of £0.9 million (2017: £0.4 million) relates to the Group's equity-settled share option schemes including the group's Long-Term Incentive Plan and the Group's share incentive plan for employees. The 2018 charge included £0.4 million of national insurance costs on the exercise of non-tax efficient share options. The remainder of the share-based

payment charge does not represent a cash cost to the Group. Business acquisition expenses have been significant in the first half of this year following the acquisitions of Morgan Kai and InspectionXpert.

The adjusted group tax charge was £0.6 million (2017: £0.5 million) and is analysed in note 5. This has been adjusted to exclude the deferred taxation charges and credits associated with the amortisation of acquired intangibles and share-based payment charges. The adjusted group tax charge represents 12% (2017: 12%) of adjusted PBT of £4.8 million (2017: £4.1 million) which is also analysed in note 5. 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 14% to 1.98p (2017: 1.73p). Details of the calculation of adjusted earnings per share are provided in note 3.

The Group's financial position has continued to strengthen with net assets increasing to £71.7 million (30 April 2018: £50.5 million; 31 October 2017: £48.0 million). The increase in net assets was largely due to the significantly over-subscribed share placing completed in September which raised gross proceeds of £20 million. These funds were utilised in the acquisition of Morgan Kai, supported by the Group's existing cash and debt facilities.

The level of intangible assets increased to £91.1 million (30 April 2018: £60.3 million) mainly through the acquisitions of Morgan Kai and InspectionXpert and the capitalisation of £1.3 million (2017: £1.1 million) of R&D development costs during the period which represented 6.2% (2017: 6.4%) of total revenues.

The increases in trade and other receivables and the deferred revenue provision were due to a combination of the businesses acquired and the strong growth in bookings and recurring revenues across the Group. The deferred revenue provision has increased to £16.8 million (30 April 2018: £12.5 million) as a product of the success of the increase in customers taking up the Group's subscription model, which leads to the accounting necessity of recording a balance sheet liability to reflect that revenues invoiced under these maintenance and support and SaaS contracts will be delivered and recognised over the course of a longer term in accordance with the Group's accounting policies. This is not a cash liability.

The Group has a revolving credit facility of up to £16 million and at 31 October 2018, £7.25 million of this facility had been drawn down. The £2.5 million increase in the amount drawn down in the period was to partly fund the £3.9 million acquisition of InspectionXpert in September. The remaining cost was met from the Group's existing cash resources.

Cash generated by operations was £5.2 million (2017: £2.9 million) representing 90% (2017: 62%) of adjusted EBITDA. However, it should be noted that these figures are distorted by receipts by the Group, just prior to period ends, of cash from option holders who have exercised options close to the period end to cover payroll taxes on the exercise of options which are payable to HMRC after the period end. As a result of this, Cash generated by operations in the 6 months to 31 October 2018 benefited by £0.2 million but was adversely affected by £0.8 million in the 6 months to 31 October 2017. Adjusting for this, Cash generated by operations for the 6 months to 31 October 2018 was £5.0 million (2017: £3.7 million) representing 87% (2017: 79%) of adjusted EBITDA.

Cash generation in the Group is slightly biased towards the second half due to the renewal pattern of our recurring revenue contracts. Free cash flow adjusted for the cash amounts from option holders noted above, amounted to £2.4 million (2017: £2.0 million) representing 42% (2017: 43%) of adjusted EBITDA.

During the period the Group spent £24.3 million on the acquisitions of Morgan Kai and InspectionXpert. Of this, £19.4 million was funded from the net placing proceeds and £2.5 million from increasing the amount borrowed on the Group's revolving credit facility. The remainder was funded from the Group's own cash generation.

The Group ended the period with net debt of £1.3 million (30 April 2018: net cash of £0.8 million; 31 October 2017: net cash of £5.9 million).

### **Dividend**

The Board proposes to increase the interim dividend by 15% to 0.09 pence per share (2017: 0.078 pence per share) payable on 20th March 2018 to shareholders on the register on 1st March 2018. The corresponding ex-dividend date is 28<sup>th</sup> February 2018.

**Graeme Spenceley**  
Chief Financial Officer

### **Ideagen plc**

Group Statement of Comprehensive Income for the six months ended 31 October 2018

	<b>Six months ended 31 October 2018</b>	<b>Six months ended 31 October 2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b> (note 2)	20,991	17,167
Cost of sales	(1,853)	(1,654)
<b>Gross profit</b>	<u>19,138</u>	<u>15,513</u>
Operating costs	(13,375)	(10,799)
<b>Profit from operating activities before depreciation, amortisation, share-based payment charges and exceptional items</b>	<u>5,763</u>	<u>4,714</u>
Depreciation and amortisation	(4,292)	(3,523)
Costs of acquiring businesses	(793)	-
Restructuring costs	(267)	-
Share-based payment charges	(948)	(414)
<b>(Loss)/profit from operating activities</b>	<u>(537)</u>	<u>777</u>
Movement in the fair value of contingent consideration	-	(4)
Finance costs	(98)	(19)
<b>(Loss)/profit before taxation</b>	<u>(635)</u>	<u>754</u>
Taxation credit (note 4)	78	92
<b>(Loss)/profit for the period</b>	<u>(557)</u>	<u>846</u>

## Other comprehensive income

Items that may be subsequently reclassified to profit or loss:

Exchange differences on translating foreign operations	978	(101)
Corporation tax on exercise of options	233	93

## Total comprehensive income for the period attributable to the owners of the parent company

654	838
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## Earnings per share (note 3)

Pence Pence

Basic	- 0.27	0.44
Diluted	- 0.26	0.42

## Ideagen plc

### Group Statement of Financial Position at 31 October 2018

	31 October 2018	30 April 2018	31 October 2017
	£'000	£'000	£'000
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Intangible assets	91,122	60,289	54,149
Property, plant and equipment	1,219	787	628
Deferred income tax assets	-	-	1,134
	<u>92,341</u>	<u>61,076</u>	<u>55,911</u>
<b>Current assets</b>			
Inventories	-	-	10
Trade and other receivables	15,495	12,482	11,008
Cash and cash equivalents	5,947	5,532	5,861
	<u>21,442</u>	<u>18,014</u>	<u>16,879</u>
<b>Current liabilities</b>			
Trade and other payables	6,872	5,400	3,453
Current income tax liabilities	308	147	145



Short term borrowings	7,250	4,750	-
Deferred revenue	16,846	12,527	11,212
Contingent consideration on business combinations	-	-	2,000
Deferred consideration on business combinations	2,030	460	1,640
	<u>33,306</u>	<u>23,284</u>	<u>18,450</u>
<b>Non-current liabilities</b>			
Deferred consideration on business combinations	-	-	460
Deferred income tax liabilities	8,820	5,322	5,836
	<u>8,820</u>	<u>5,322</u>	<u>6,296</u>
<b>Net assets</b>	<u><u>71,657</u></u>	<u><u>50,484</u></u>	<u><u>48,044</u></u>

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Group Statement of Financial Position at 31 October 2018 (continued)

	<b>31 October 2018</b>	<b>30 April 2018</b>	<b>31 October 2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Equity</b>			
Issued share capital	2,192	2,027	2,000
Share premium	53,661	34,257	33,879
Merger reserve	1,658	1,658	1,658
Share-based payments reserve	1,050	1,148	1,225
Retained earnings	11,918	11,194	9,050
Foreign currency translation reserve	1,178	200	232

<b>Equity attributable to owners of the parent</b>	71,657	50,484	48,044
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## Ideagen plc

Group Statement of Cash Flows for the six months ended 31 October 2018

	Six months ended 31 October 2018	Six months ended 31 October 2017
	£'000	£'000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(557)	846
Depreciation of property, plant and equipment	210	141
Amortisation of intangible non-current assets	4,082	3,382
Business acquisition costs in profit or loss	793	-
Share-based payment charges in profit or loss	948	414
Movement in fair value of contingent consideration	-	4
Finance costs recognised in profit or loss	98	19
Taxation credit recognised in profit or loss	(78)	(92)
Increase in trade and other receivables	(1,715)	(139)
Increase/(decrease) in trade and other payables	232	(1,285)
Increase/(decrease) in deferred revenue	1,194	(378)
<b>Cash generated by operations</b>	5,207	2,912
Finance costs paid	(88)	(19)
Income tax (paid)/repaid	(57)	11
Employer's national insurance paid on share-based payments	(320)	(238)
Business acquisition costs paid	(327)	(135)
<b>Net cash generated by operating activities</b>	4,415	2,531
<b>Cash flows from investing activities</b>		
Net cash outflow on acquisition of businesses net of cash acquired	(24,330)	-
Payments of contingent consideration on business combination	-	(57)
Payments for development costs	(1,294)	(1,104)
Payments for property, plant and equipment	(490)	(185)
<b>Net cash used by investing activities</b>	(26,114)	(1,346)
<b>Cash flows from financing activities</b>		
Proceeds from placing of equity shares	20,000	-
Payments for share issue costs	(626)	-
Proceeds from issue of shares under share option scheme	155	471
Proceeds from issue of shares under share incentive scheme	40	22

Cost of shares purchased under the share incentive scheme	(3)	-
New short-term borrowings	2,500	-
Repayment of short-term borrowings	-	(2,000)
<b>Net cash generated/(used) by financing activities</b>	<b>22,066</b>	<b>(1,507)</b>
<b>Net increase/(decrease) in cash and cash equivalents during the period</b>	<b>367</b>	<b>(322)</b>
Cash and cash equivalents at the beginning of the period	5,532	6,205
Effect of exchange rate changes on cash balances held in foreign currencies	48	(22)
<b>Cash and cash equivalents at the end of the period</b>	<b>5,947</b>	<b>5,861</b>

**Ideagen plc: Group Statement of Changes in Equity for the six months ended 31 October 2018**

	Share Capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2018	2,027	34,257	1,658	1,148	11,194	200	50,484
Shares issued under share placing	141	19,859	-	-	-	-	20,000
Share placing issue costs	-	(626)	-	-	-	-	(626)
Shares issued under share option scheme	21	134	-	-	-	-	155
Shares issued under share incentive scheme	3	37	-	-	-	-	40
Share-based payments	-	-	-	560	-	-	560
Shares purchased under the share incentive scheme	-	-	-	(3)	-	-	(3)
Transfer on exercise of share options	-	-	-	(647)	647	-	-
Transfer in respect of share incentive scheme	-	-	-	(8)	8	-	-
Taxation on share-based payments in equity	-	-	-	-	393	-	393
<b>Total transactions with owners recognised directly in equity</b>	<b>165</b>	<b>19,404</b>	<b>-</b>	<b>(98)</b>	<b>1,048</b>	<b>-</b>	<b>20,519</b>
Loss for the period	-	-	-	-	(557)	-	(557)
Other comprehensive income for the period	-	-	-	-	233	978	1,211
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(324)</b>	<b>978</b>	<b>654</b>
<b>Balance at 31 October 2018</b>	<b>2,192</b>	<b>53,661</b>	<b>1,658</b>	<b>1,050</b>	<b>11,918</b>	<b>1,178</b>	<b>71,657</b>

**Ideagen plc: Group Statement of Changes in Equity for the six months ended 31 October 2017**

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	Share capital	Share premium	Merger reserve	Share-based payments reserve	Retained earnings	Foreign currency translation reserve	at t
	£'000	£'000	£'000	£'000	£'000	£'000	t
Balance at 1 May 2017	1,981	33,405	1,658	961	8,081	333	
Shares issued under share option scheme	14	457	-	-	-	-	
Shares issued under share incentive plan	5	17	-	-	-	-	
Share-based payments	-	-	-	414	-	-	
Transfer on exercise of share options	-	-	-	(150)	150	-	
Taxation on share-based payments in equity	-	-	-	-	(120)	-	
Total transactions with owners recognised directly in equity	19	474	-	264	30	-	
Profit for the period	-	-	-	-	846	-	
Other comprehensive income for the period	-	-	-	-	93	(101)	
Total comprehensive income for the period	-	-	-	-	939	(101)	
<b>Balance at 31 October 2017</b>	<b>2,000</b>	<b>33,879</b>	<b>1,658</b>	<b>1,225</b>	<b>9,050</b>	<b>232</b>	

### 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	Foreign currency translation reserve	Total attributable to owners of the parent
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 May 2017	1,981	33,405	1,658	961	8,081	333	46,419
Shares issued under share option scheme	40	793	-	-	-	-	833
Shares issued under the share incentive scheme	6	59	-	-	-	-	65
Share-based payments	-	-	-	1,545	-	-	1,545
Shares purchased under the share incentive scheme	-	-	-	(6)	-	-	(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	-	347
Equity dividends paid	-	-	-	-	(440)	-	(440)
Total transactions with owners recognised directly in equity	<u>46</u>	<u>852</u>	<u>-</u>	<u>187</u>	<u>1,259</u>	<u>-</u>	<u>2,344</u>
Profit for the year	-	-	-	-	1,529	-	1,529
Other comprehensive income for the year	-	-	-	-	325	(133)	192
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,854</u>	<u>(133)</u>	<u>1,721</u>
<b>Balance at 30 April 2018</b>	<b><u>2,027</u></b>	<b><u>34,257</u></b>	<b><u>1,658</u></b>	<b><u>1,148</u></b>	<b><u>11,194</u></b>	<b><u>200</u></b>	<b><u>50,484</u></b>

## Ideagen plc

### Notes to the interim financial information

#### 1 Basis of information

The interim financial information for the 6 months ended 31 October 2018 and the six months ended 31 October 2017 included in this announcement is unaudited. The financial information for the year ended 30 April 2018 included in this announcement does not constitute the annual report and accounts of the Company for the year ended 30 April 2018 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 2018 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.

#### 2 Revenue

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

	<b>31 October 2018 £'000</b>	<b>31 October 2017 £'000</b>
Recurring SaaS/subsription software revenues	5,472	3,854
Recurring support & maintenance	8,506	6,919
Total recurring revenues	<u>13,978</u>	<u>10,773</u>
Software - new licence revenues	4,497	3,587
Professional services	2,327	2,515
Other	189	292

Total revenue

20,991

17,167

### 3 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.

<b>Earnings per share information</b>	<b>Six months ended 31 October 2018</b>	<b>Six months ended 31 October 2017</b>
	£'000	£'000
(Loss)/profit for the period (Earnings)	(557)	846
Adjustments:		
Share-based payment charges	948	414
Deferred taxation on share-based payment charges	35	(40)
Costs of acquiring businesses	793	-
Restructuring costs	267	-
Movement in fair value of contingent consideration	-	4
Amortisation of acquired intangibles	3,430	2,927
Deferred taxation on amortisation of acquired intangibles	(689)	(556)
Adjusted earnings	<u>4,227</u>	<u>3,595</u>
Weighted average number of shares	206,392,189	198,459,844
Diluted weighted average number of shares	213,894,916	208,016,057

Basic earnings per share	- 0.27 pence	0.44 pence
Diluted earnings per share	- 0.26 pence	0.42 pence
Basic adjusted earnings per share	2.05 pence	1.81 pence
Diluted adjusted earnings per share	1.98 pence	1.73 pence

#### 4 Taxation

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

	<b>Six months ended 31 October 2018 £'000</b>	<b>Six months ended 31 October 2017 £'000</b>
Income taxation charge	448	253
Deferred tax credit on amortisation of acquisition intangibles	(689)	(556)
Deferred tax on share-based payment charges	35	(40)
Deferred tax charge on development costs	128	118
Other deferred tax charges	-	133
Total deferred income taxation credit	<u>(526)</u>	<u>(345)</u>
Total taxation credit	<u>(78)</u>	<u>(92)</u>

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

	<b>6 months ended 31 October 2018 £'000</b>	<b>6 months ended 31 October 2017 £'000</b>
Adjusted earnings (note 3)	4,227	3,595
Adjusted taxation charge (below)	576	504
<b>Adjusted profit before taxation</b>	<u><b>4,803</b></u>	<u><b>4,099</b></u>
Taxation in the Statement of Comprehensive Income	(78)	(92)
Add back:		
Deferred taxation credit on amortisation of acquisition intangibles (note 4)	689	556
Deferred taxation on share-based payment charges	(35)	40
<b>Adjusted taxation charge</b>	<u><b>576</b></u>	<u><b>504</b></u>

Adjusted taxation charge based on adjusted profit  
before taxation

12%

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12%

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