

Interim Results FY21-22

January '22



Contents

- 01 Investment Case
- 02 What we do
- 03 3 Year Strategy
- 04 Financial Performance
- 05 Funding Growth
- 06 Golden KPIs
- 07 M&A
- 08 Market Overview
- 09 Summary



Investment Case



\$30bn+ market opportunity



Accelerating structural growth drivers



Good revenue visibility, high quality of earnings



12 years of profitable growth, strong cash generation



Organic growth and M&A in a fragmented market



A growing team of experts

What we do

Our Purpose

To make complying with regulation easy, quick and cost effective

Our Products

A suite of user-friendly, reliable and cost-effective software

QHSE

Quality – Health – Safety – Environment

RCA

Risk – Compliance – Audit

Collaboration

Regulated Collaboration



250 hospitals
in the UK and US



300+ Aviation
organisations globally



9 of the top 10
accounting firms



7 of the top global
aerospace defence companies



15 of the top 20
pharma companies

Select
Clients



serco

BRITISH AIRWAYS



BAE SYSTEMS



BLAZE

BIOSCIENCE



Become a global leader in Governance, Risk & Compliance software. At the heart of conscious organisations, contributing where it matters.

Organic Growth

- Focus on new customer acquisition in core geographies and vertical markets
- Improve upsell to existing customer portfolio through improved product integration

M&A Strategy

- Adjacent capabilities and geographical expansion
- Maintain M&A discipline
- Value, Growth, Culture
- Actively integrate in to core pillars

3 Year Strategy

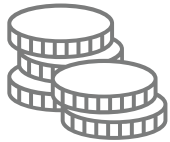
Bold ambition founded on consistent principles



A destination employer with diverse, highly engaged teams offering fulfilling career opportunities



A company that is growing whilst passionately caring about our wider impact. Working towards Net Zero with thriving community programmes



Target £200M ARR book built through a mixture of organic and acquisition growth & delivering the 'Rule of 50' (35% margin + 15% organic growth)



Established and high performing cloud platforms to maintain market position and facilitate active integration of acquisitions



Supporting more customers around the world with an increased range of solutions. Value proposition demonstrated by strong retention and growth in existing and new accounts

H1 21 Financial Highlights

H1 20
£29.2m

Revenue
£38.8m

H1 20
13% p.a.

Organic ARR growth
13% p.a.

H1 20
£10.0m

EBITDA
£13.2m

H1 20
35%

EBITDA margin
34%

H1 20
99%

Cash conversion
103%

H1 20
83%

Recurring revenue
88%

H1 21 numbers are the unaudited expected half year results based on management accounts.

Current Proforma



	FY2020/21 Reported	Nov 2021 Proforma
Total Revenue	£66m	£97m ²
ARR	£69m ¹	£86m ³
% Recurring	83%	88%
Adjusted EBITDA	£23m	£32m ⁴
Headcount	697	974

- H1 M&A activity added significant revenue and EBITDA
- Organic ARR growth of 7% in the first 6 months, 13% annualised
- Proforma EBITDA margin⁴ of 33% reflects partial effect of synergies
- Significant increase in level of recurring revenues

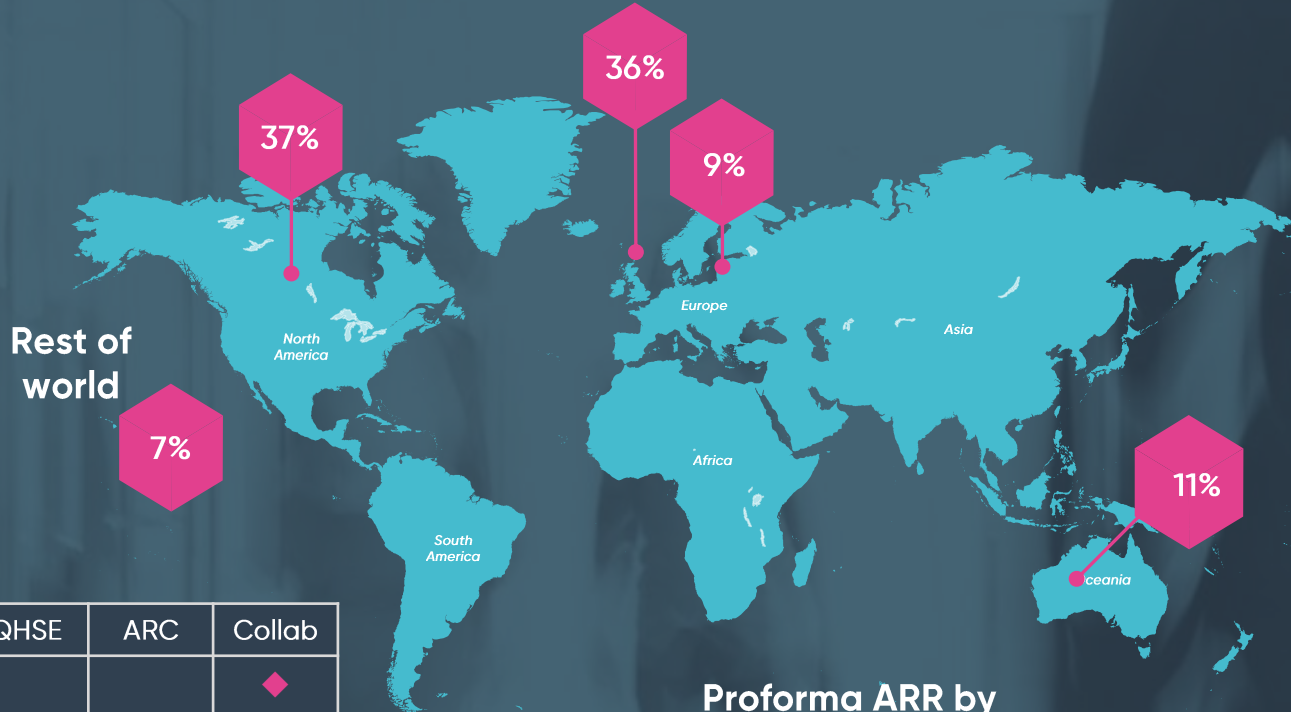
¹ April 2021 reported ARR is stated before adjustments to reflect the disposal of Pentana Compliance and the impact of currency movement both of which have been excluded from the organic H1 growth rate

² Proforma revenue represents the unaudited annualised current value including acquisitions at current exchange rates

³ Proforma ARR represents the unaudited annualised value of contracted recurring revenues, including acquisitions, at current exchange rates

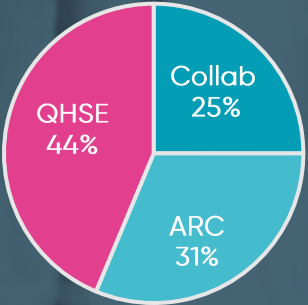
⁴ Adjusted EBITDA for the Group based on unaudited proforma revenues at the current EBITDA margin including the annualised impact of cost synergies that have been delivered or are contracted

Ideagen Revenue at a Glance



Recent Acquisitions	QHSE	ARC	Collab
Huddle			◆
Qualtrax	◆		
Mi-Co	◆		
Opsbase	◆		
AI XPRT		◆	
Audit Analytics		◆	
CompliSpace		◆	

Proforma ARR by segment



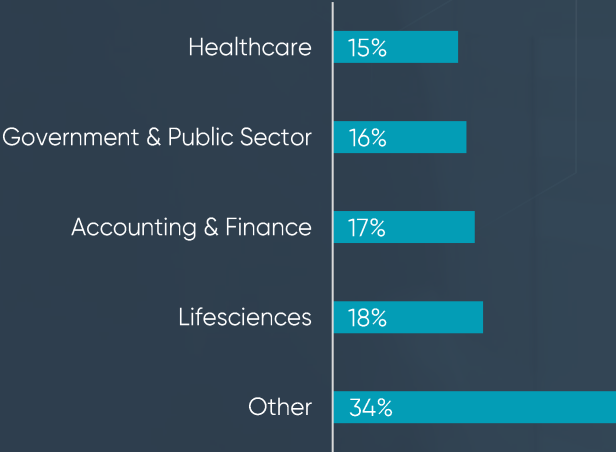
Customer Overview



>7,500

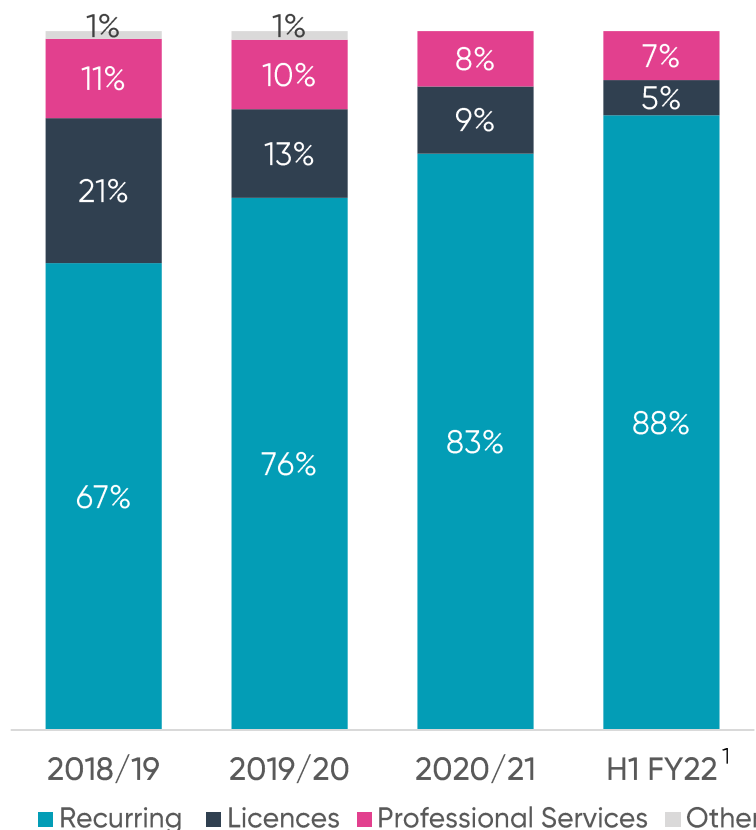
Proforma customers

H1 Revenue by Industry



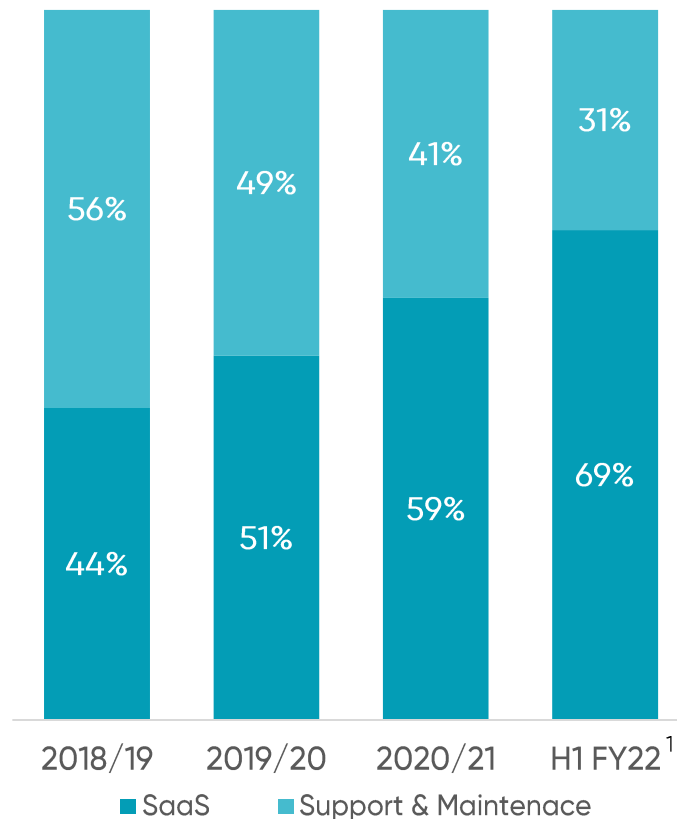
Increasing the quality of revenue

Increasing recurring revenue

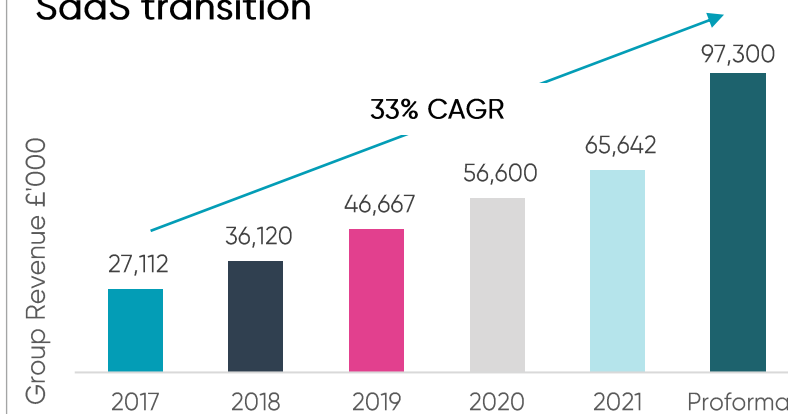


¹ H1 21 numbers are the unaudited half year results based on management accounts.

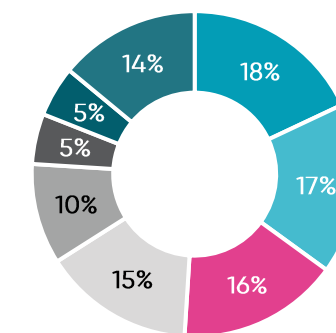
Clear focus on SaaS



Sustained revenue growth during SaaS transition

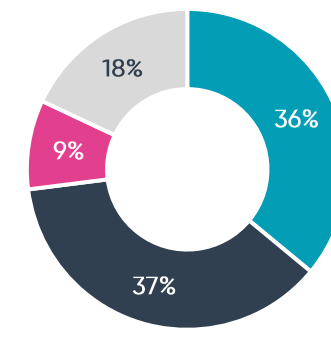


Diversified markets (Pro-forma basis²)



■ Life Sciences
■ Government & Public Sector
■ Industrial
■ Aviation

Global profile (Pro-forma basis²)



■ UK
■ US
■ Europe
■ RoW

² Splits based on November 2021 proforma revenue

We are a SaaS business

Our SaaS business model continues to drive visibility and growth

Across a large and growing number of customers

+90%
Gross Margin

>6x
LTV / CAC

+13% p.a.
Organic ARR
growth

95%
GRR

+75%
growth in SaaS
revenues

+100%
Cash from Ops

>7,500
customers

Figures are expected, unaudited H1 21 results, except customer numbers, which are on a pro-forma basis.

Funding Growth

Post-period M&A spend of £91m was offset by the £100m proceeds of our equity placing in December 2021

A £100m Revolving Credit Facility leaves the Group well positioned to fund further growth

	£m
Net Cash @ 31 October '21	4.4
- Post-Period M&A	(91.1)
- Net proceeds from Equity Placing	99.8
Adjusted Cash before H2 trading	13.1
- Available Debt Funding	100.0
Total Cash Headroom before H2 trading	113.1

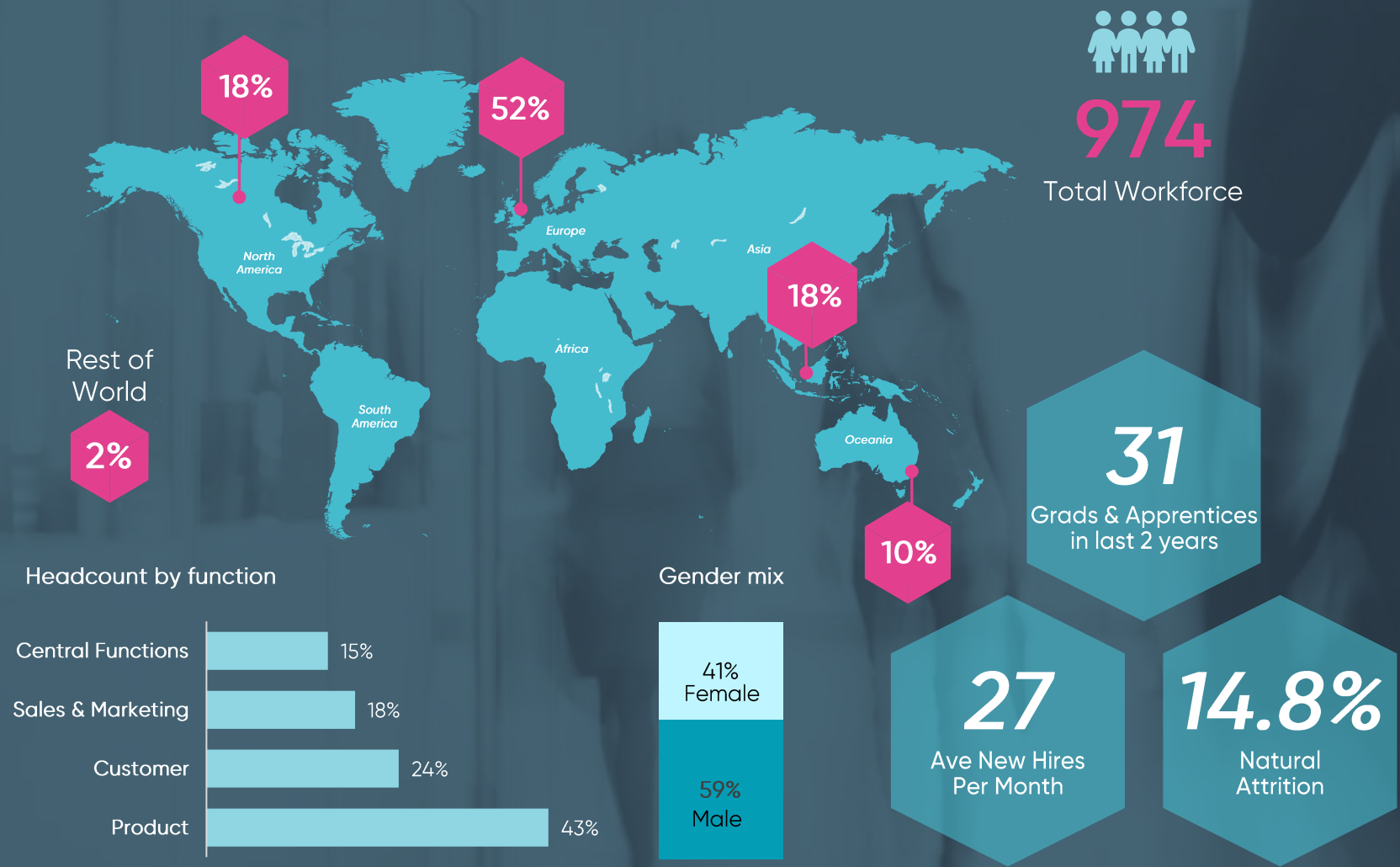


The Group's debt facility has financial covenants (as measured against adjusted EBITDA) of:

- 3.5x Net Leverage
- 4x Interest Cover

Ideagen People at a Glance

A talented, diverse and geographically spread workforce that is growing rapidly



Employee Engagement



7.3

Company Engagement Score

Key Engagement Drivers



8.5

Management Support



8.3

Goal Setting



8.3

Peer Relationships

Golden KPI's

A suite of objectives that define the target shape of our 2025 organisation. We are targeting £200m ARR whilst delivering these metrics. They inform operational plans for the existing business and M&A strategy.

Rule of 50

- 15% organic revenue growth (FY21 H1 6%)
- 35% adj. EBITDA margins (FY21 H1 34%)

SaaS metrics

- > 5:1 LTV / CAC (FY21 H1 6:1)
- GRR 95% (FY21 H1 95%)
- NRR 108% (FY21 H1 105%)

Balance Sheet

- 15% ROCE over 5 years (L5Y 15%)
- >100% EBITDA into Cash (FY21 H1 >100%)

People & Customers

- Employee satisfaction 8.5 (FY21 H1 7.3)
- Customer satisfaction 8.0 (FY21 H1 n/a)

FY21 H1 refers to the 6 months ended 31 October 2021 (unaudited)
L5Y refers to the last 5 year average

M&A Strategy

Continuing with the proven approach but as our platform expands, so can the pace and scale of M&A

Characteristics of M&A targets:



Strong IP for sticky, innovative solutions



Enhanced access to markets and customers



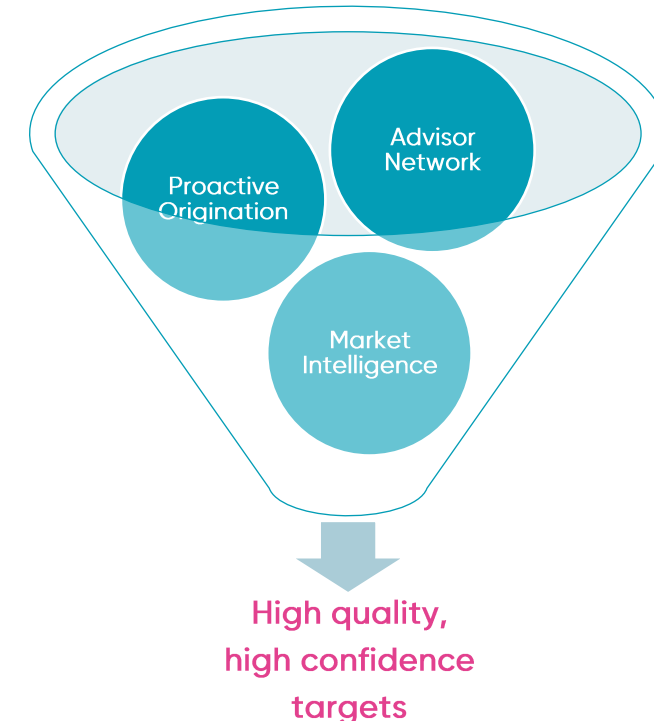
Recurring revenue, delivering (or capable of) profitable growth



High quality people & a clear path to integration

Approach to deal sourcing:

- **M&A track record** ensures good access to deal flow (CompliSpace, Audit Analytics)
- **Internal market intelligence** allows proactive origination (Qualsys, CompliancePath)
- Rapid initial **go/no-go screening** ensures focus on higher confidence opportunities
- Reputation as a credible, **high integrity acquirer** (Qualtrax, Huddle)



M&A Track Record

M&A discipline of acquiring organisations at between 4-6x recurring revenue.

Acquisitions have expanded our customer proposition, geographic reach and technology capabilities

Actively integrate people, products and customers using our shared service philosophy to reduce risk and improve profitability

#OneCompany

Year to date acquisition activity:

Mi-Co
£3.1M £0.9M
Recurring

Opsbase
£1.9M £0.1M
Recurring

Ai Xprt
£2M
Pre-Revenue

Audit Analytics
£33M £7.9M
Recurring

CompliSpace
£58M £9.2M
Recurring

CompliancePath
£4M £2.2M
Services

In-flight, late stage acquisition:

Project Tidy
£TBC ~£5M
Recurring

Review of the GRC Market Landscape

Platform Players:



Technology Operations and Data Risk Management

Technology Risk



Operational Risk



Business Continuity Management



Audit Management



Enterprise Legal Risk



Cyber Risk



Data Privacy / Digital Risk



Regulation Management



Regulation and Compliance Management

Supplier Risk Management



ESG



Health & Safety



Quality Management



Ethics Management



Policy Management



Compliance Training



Regulated Collaboration



Financial Risk Management

Credit, Market Liquidity Risk



Insurance / Underwriting



Fraud / Transaction



AML / KYC



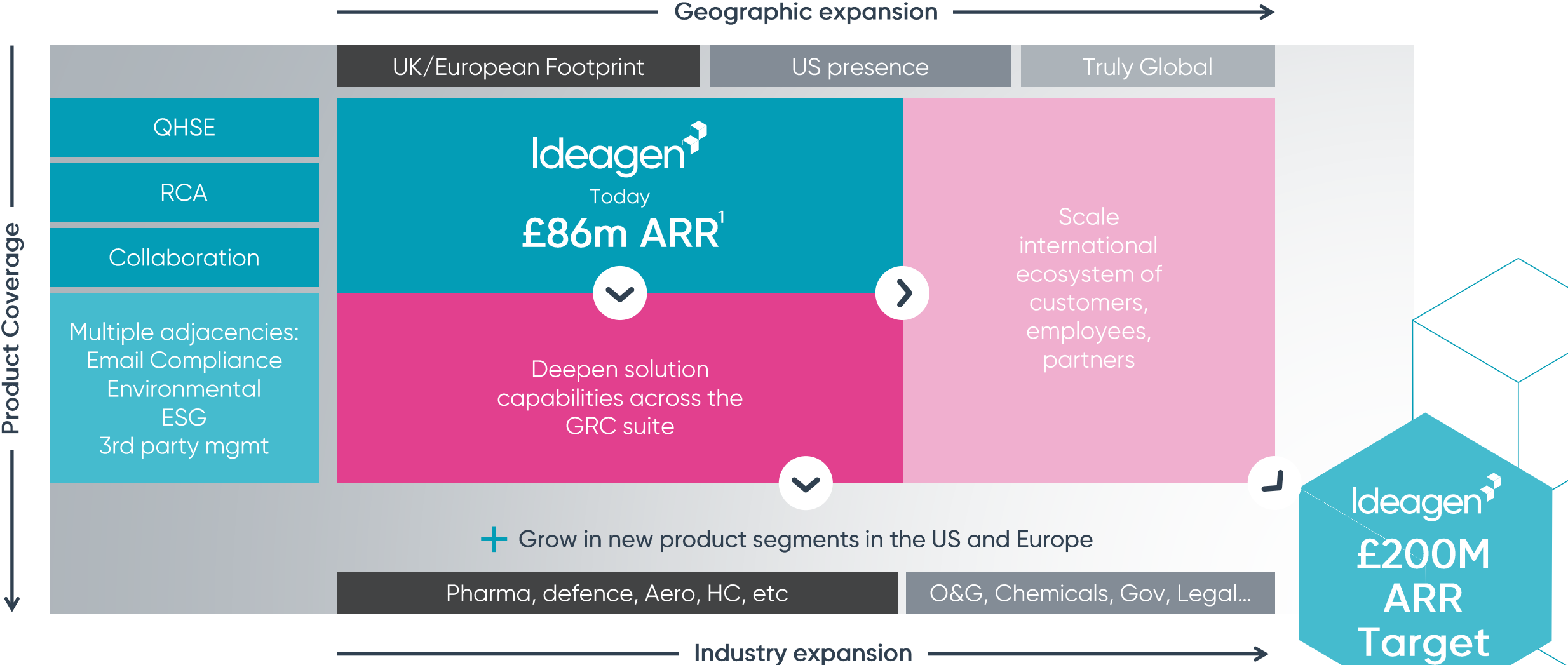
Identity Verification



Tax Compliance



Own the Mission-Critical GRC platform



¹ Current Proforma ARR represents the annualised value of contracted recurring revenues, including acquisitions, at current exchange rates.

Summary



\$30bn+ market opportunity



Accelerating structural growth drivers



Good revenue visibility, high quality of earnings



12 years of profitable growth, excellent cash generation



Organic growth and M&A in a fragmented market



A growing team of experts

Appendices



Interim Financial Statements

Statement of Comprehensive Income

	2021	2020
	£'000	£'000
Revenue	38,800	29,160
Cost of sales	(3,387)	(2,337)
Gross profit	35,413	26,823
Operating costs	(22,178)	(16,776)
Profit from operating activities before depreciation, amortisation, transaction costs, restructuring costs and share-based payment charges	13,235	10,047
Depreciation and amortisation	(10,718)	(6,959)
Transaction costs – Acquisitions and disposals of businesses	(805)	(392)
Restructuring costs	(259)	(246)
Share-based payment charges	(3,358)	(686)
Profit from operating activities before gain on disposal	(1,905)	1,764
Gain on disposal	7,886	-
Profit from operating activities	5,981	1,764
Finance costs	(789)	(526)
Profit before taxation	5,192	1,238
Taxation credit / (charge)	212	(313)
Profit for the period	5,404	925
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translating foreign operations	473	(597)
Corporation tax on exercise of options	-	47
Total comprehensive income for the period attributable to the owners of the parent company	5,877	375
Earnings per share	Pence	Pence
Basic earnings per share for the period	2.13	0.41
Diluted earnings per share for the period	2.13	0.40
Basic adjusted earnings per share for the period	3.41	2.65
Diluted adjusted earnings per share for the period	3.41	2.60

Statement of Financial Position

	31 October 2021	30 April 2021	31 October 2020
	£'000	£'000	£'000
Assets and liabilities			
Non-current assets			
Intangible assets	168,378	174,937	127,951
Property, plant and equipment	3,667	3,488	3,360
Right of use assets	6,477	7,063	7,832
Lease receivables	261	299	358
	<u>178,783</u>	<u>185,787</u>	<u>139,501</u>
Current assets			
Trade and other receivables	20,163	20,425	18,270
Lease receivables	79	77	80
Financial instruments	-	-	100
Cash and cash equivalents	51,924	8,954	12,063
	<u>72,166</u>	<u>29,456</u>	<u>30,513</u>
Current liabilities			
Trade and other payables	7,323	6,793	6,980
Current income tax liabilities	643	65	329
Lease liabilities	1,105	1,027	983
Financial instruments	153	121	26
Bank borrowings	47,497	20,000	40,000
Deferred revenue	33,667	34,662	24,409
Deferred consideration on business combinations	328	1,903	1,571
	<u>90,716</u>	<u>64,571</u>	<u>74,298</u>
Non-current liabilities			
Lease liabilities	6,222	6,659	7,489
Deferred income tax liabilities	19,510	18,094	9,872
Provisions	287	307	-
	<u>26,019</u>	<u>25,060</u>	<u>17,361</u>
Net assets	<u>134,214</u>	<u>125,612</u>	<u>78,355</u>

Statement of Financial Position (cont'd)

	31 October 2021	30 April 2021	31 October 2020
	£'000	£'000	£'000
Equity			
Issued share capital	2,553	2,523	2,268
Share premium	103,577	102,924	55,528
Merger reserve	1,658	1,658	1,658
Share-based payments reserve	1,677	2,216	2,875
Retained earnings	24,876	16,891	15,274
Foreign currency translation reserve	(127)	(600)	752
Equity attributable to owners of the parent	134,214	125,612	78,355

Statement of Cash Flows

	2021 £'000	2020 £'000
Cash flows from operating activities		
Profit for the period	5,404	925
Depreciation of property, plant and equipment	343	312
Depreciation of right of use assets	584	724
Amortisation of intangible non-current assets	9,788	5,923
Loss on disposal of property, plant and equipment	-	5
Business acquisition costs in profit or loss	805	392
Gain on disposal of businesses in profit or loss	(7,886)	-
Share-based payment charges in profit or loss	3,358	686
Restructuring costs in profit or loss	259	246
Finance costs recognised in profit or loss	789	526
Taxation (credit) / charge recognised in profit or loss	(212)	313
Decrease in trade and other receivables	1,322	227
Movement in financial instruments debtor	(0)	(8)
(Decrease) in trade and other payables	(79)	(190)
Movement in financial instruments creditor	32	(90)
(Decrease) in deferred revenue	(940)	(12)
Cash generated by operations	13,567	9,979
Finance costs paid	(882)	(383)
Income tax paid	(142)	(743)
Restructuring costs paid	(324)	(509)
Employer's national insurance paid on share-based payments	(888)	(20)
Business acquisition costs paid	(822)	(392)
Net cash generated by operating activities	10,509	7,932

Statement of Cash Flows (cont'd)

	2021 £'000	2020 £'000
Cash flows from investing activities		
Net cash outflow on acquisition of businesses net of cash acquired	(6,405)	(14,023)
Net cash inflow on divestments of businesses net of cash divested	15,593	-
Payments of deferred consideration on business combinations	(1,715)	(525)
Payments for development costs	(2,369)	(1,754)
Lease debtor receipts	38	-
Payments for property, plant and equipment	(492)	(2,446)
Net cash used by investing activities	4,650	(18,748)
Cash flows from financing activities		
Proceeds from issue of shares under share option scheme	621	120
Proceeds from issue of shares under share incentive scheme	62	46
Cost of shares purchased under the share incentive scheme	(4)	-
New short-term borrowings	27,497	15,000
Finance lease payments	(390)	(480)
Net cash generated by financing activities	27,786	14,686
Net increase in cash and cash equivalents during the period	42,945	3,870
Cash and cash equivalents at the beginning of the period	8,954	8,216
Effect of exchange rate changes on cash balances held in foreign currencies	25	(23)
Cash and cash equivalents at the end of the period	51,924	12,063

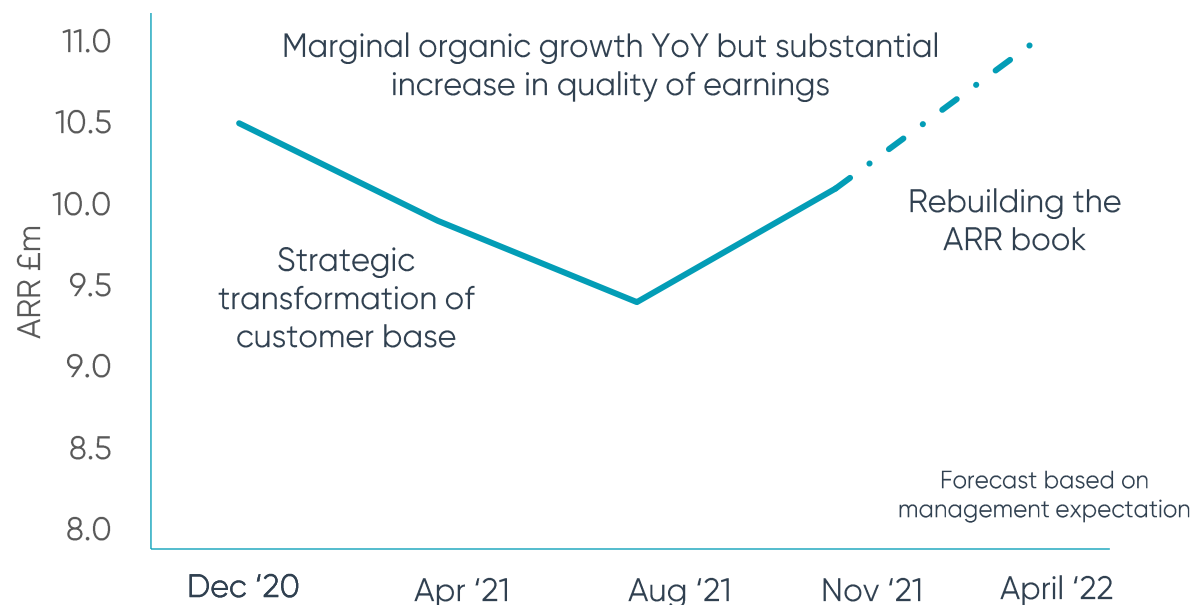
Other Information

Case Studies: Impact of M&A

Delivering value accretive M&A whilst working towards our golden metrics often requires substantial transformation during the early stages of Ideagen ownership.

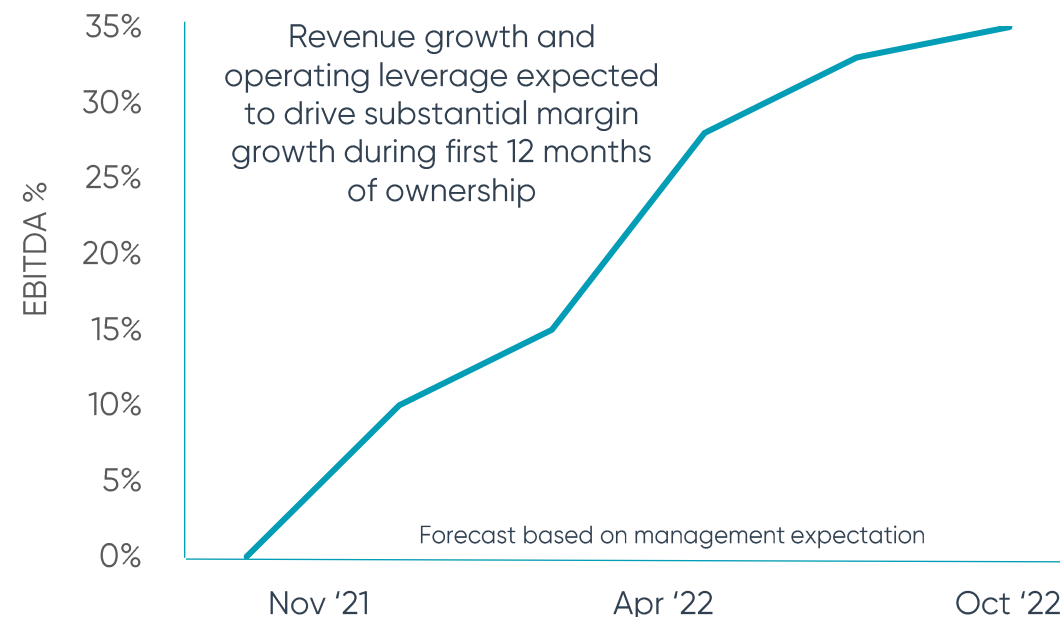
Huddle: Organic Revenue Journey

- £28m Enterprise Value
- £10.5m ARR at completion
- 2.7x ARR multiple



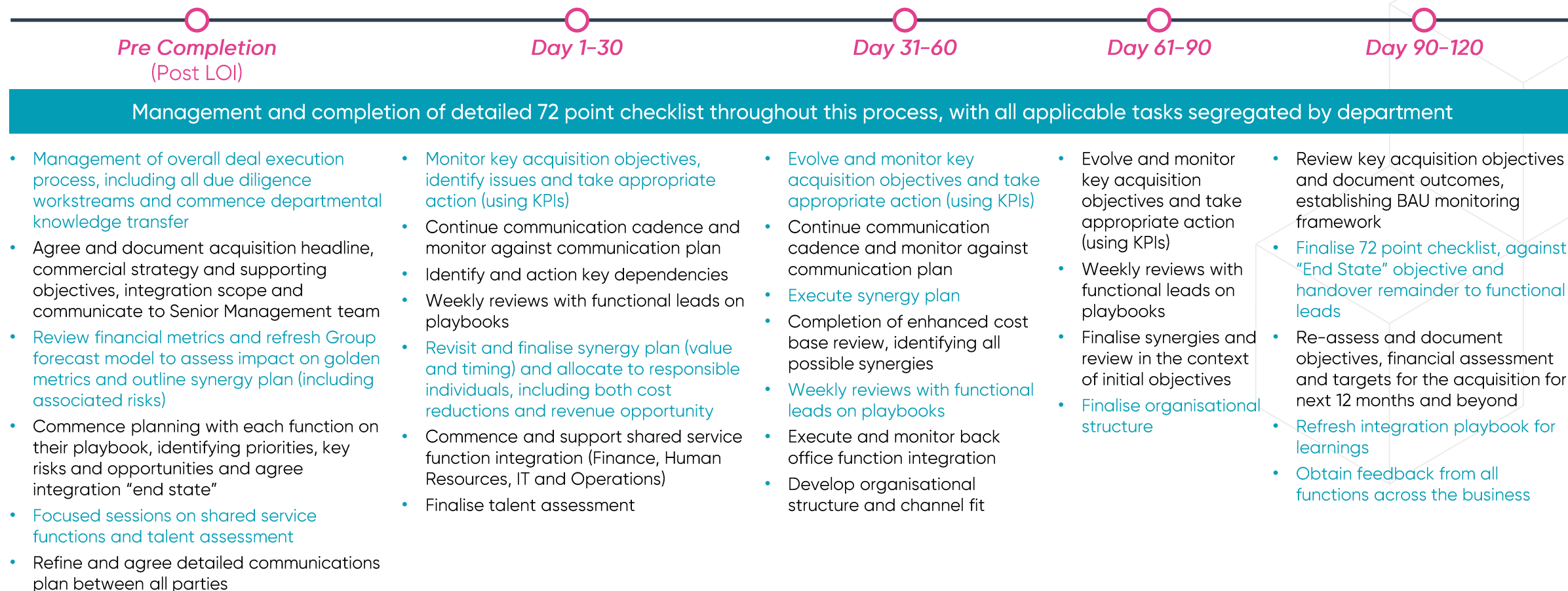
CompliSpace: Organic EBITDA Journey

- £58m Enterprise Value
- £9.2m ARR at completion
- +20% revenue growth in 12 months pre-acquisition



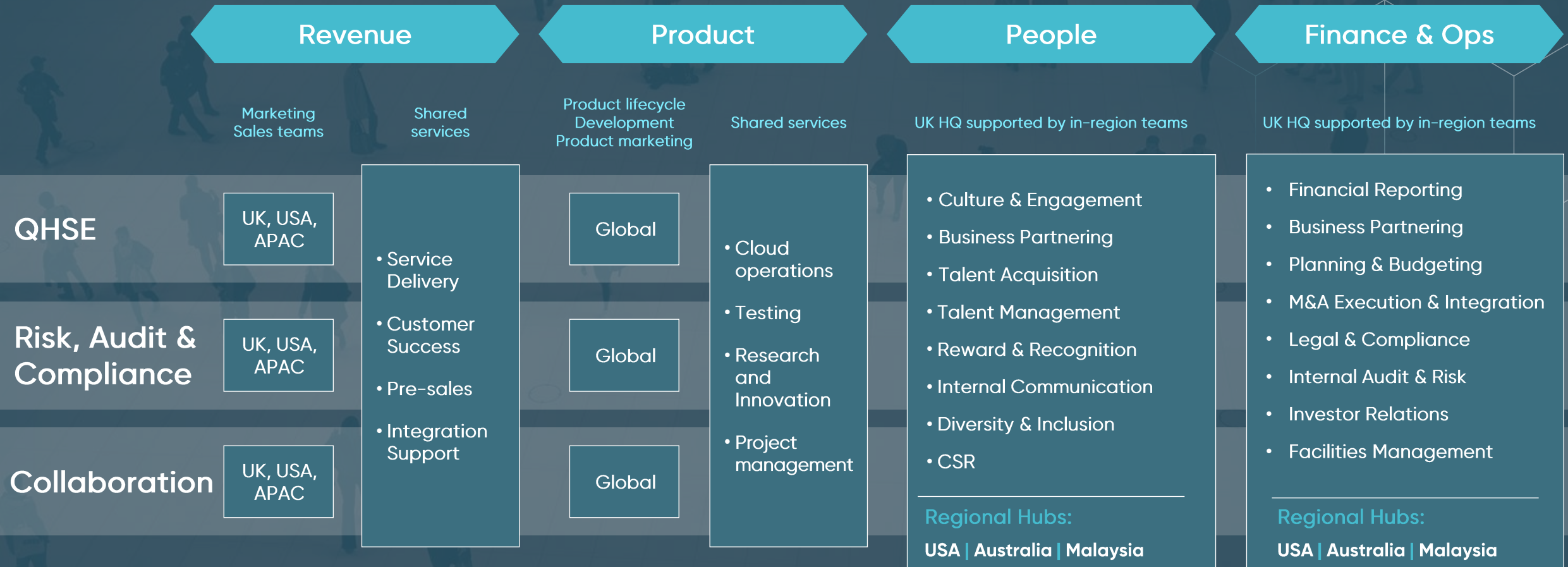
M&A – Milestone Management

Combining the M&A execution and integration process to ensure each acquisition is controlled, commercially optimised and successfully meets objectives



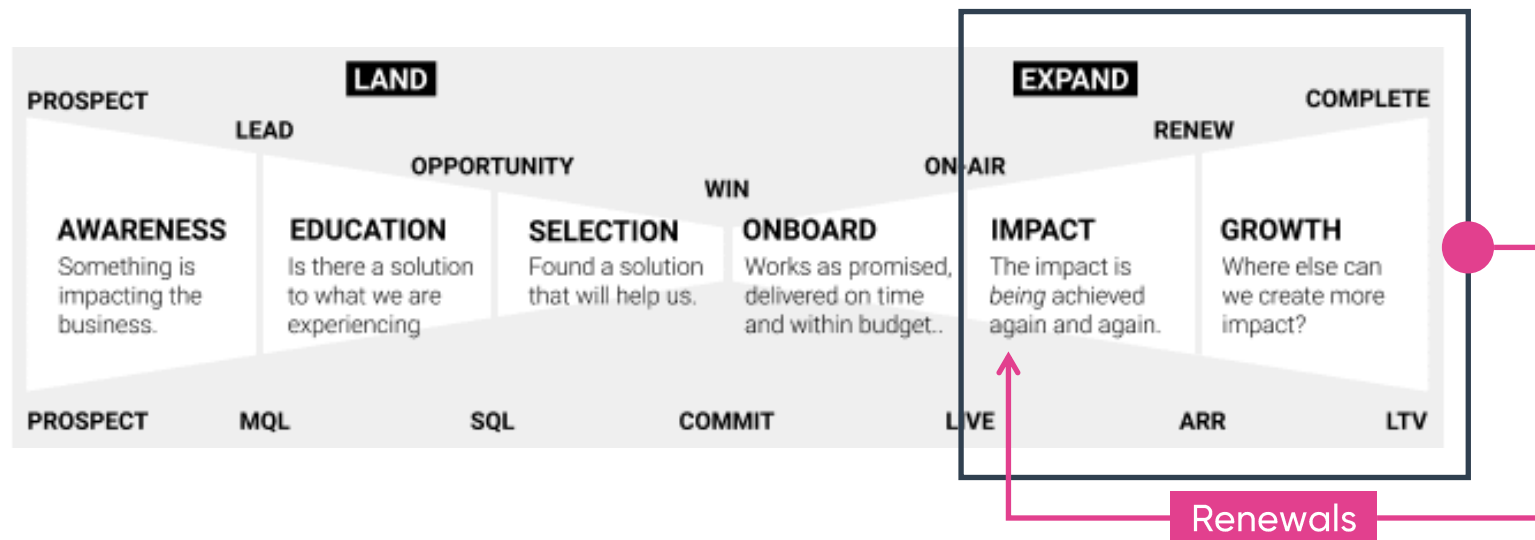
Matrix working

An organisation structure intended to be scalable, enable M&A growth and support synergy delivery



Customer Retention Initiative

Customer retention is key to sustaining ARR as we continue our transition to SaaS.



Organic growth requires a strong focus on new business and upselling while ensuring existing customers are maintaining value from our products to validate their renewal decision

Our approach will focus on the following areas:

Develop a Customer Success department to work alongside existing sales teams to actively manage churn. Drive a root cause and lesson learnt culture to facilitate continuous improvement.

Leverage customer usage telemetry to drive data led **proactive interventions** when possible drops in value are detected.

Tailor existing sales commissioning targets to account for up/cross selling and churn to **encourage a more holistic approach** to ARR.

Develop internal contracting metrics with departments that impact customer health over the lifetime of the relationship, such as Onboarding, Support, Product Quality, Product Improvement.

Product Strategy

QHSE Cloud

ARC Cloud

*Collaboration
Cloud*

*New
Acquisitions*

*ICSA –
Common Tools*

*UX / UI –
Common
Helix Interface*