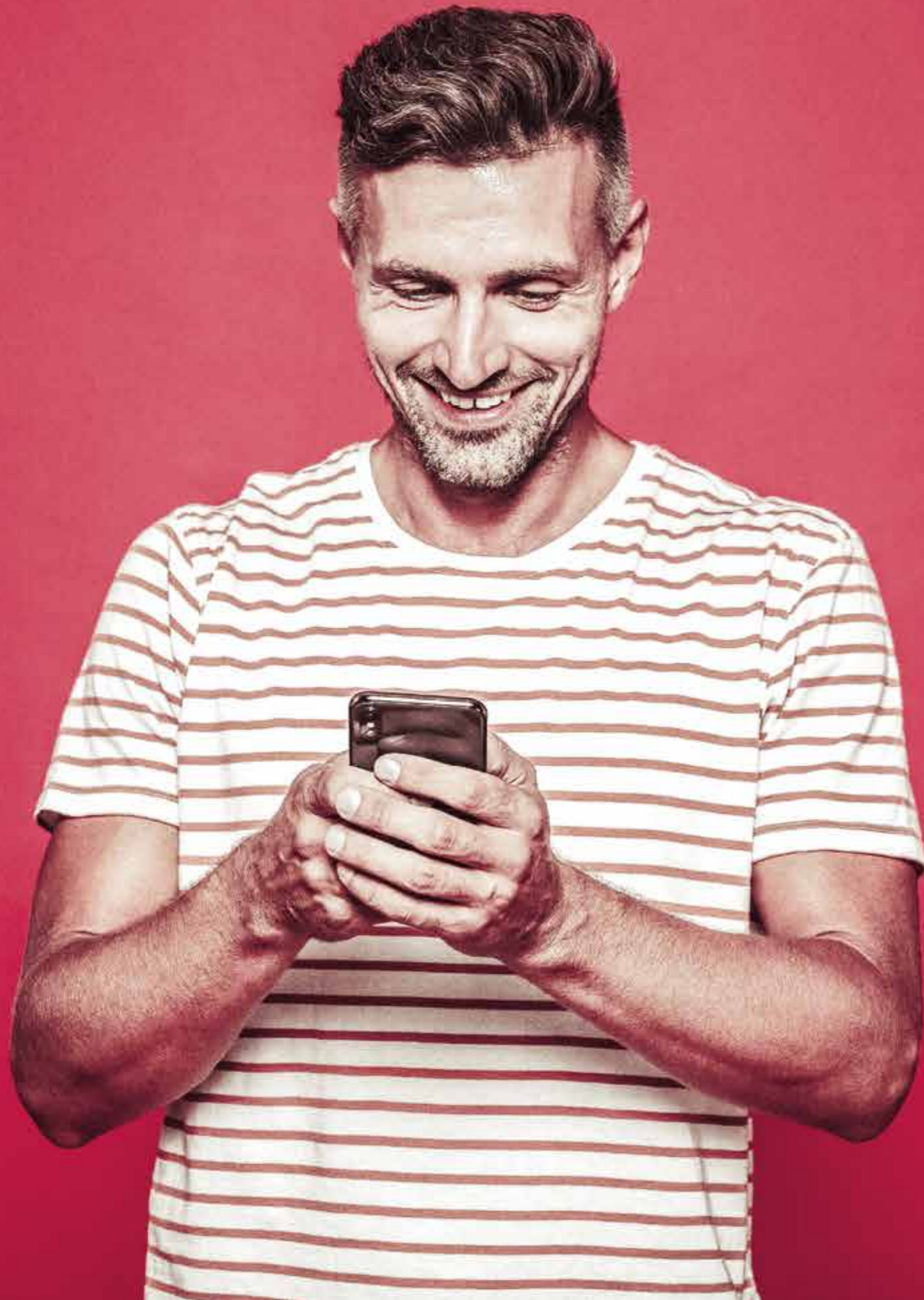


A person with blonde hair in a ponytail, wearing a red jacket and a red life vest, is seen from behind, sitting in a black kayak on a calm lake. The water is a light turquoise color. In the background, there are mountains and a large white building with a central tower. The sky is filled with large, white, fluffy clouds.

Annual Report 2022



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# Strategic Report

Eckoh plc (AIM:ECK), the global provider of Customer Engagement Security Solutions, is pleased to announce results for the 12 months to 31 March 2022.



## Highlights of the Year

### REVENUE


**£31.8m**  
 Up 4% from FY21

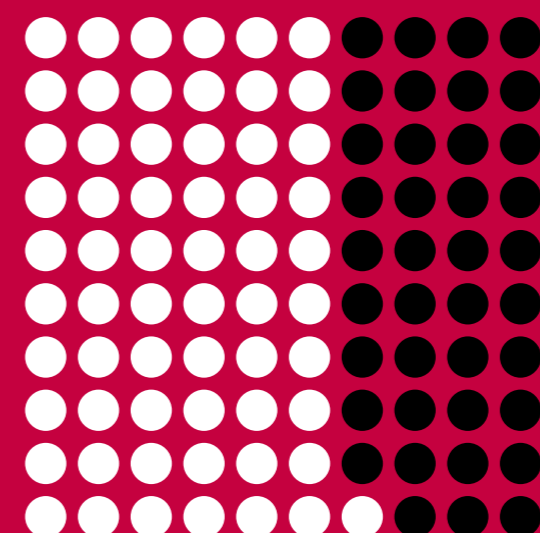
UK REVENUE

**£18.6m**

Up 3% from FY21

UK 61%

US 39%



US REVENUE

**\$13.8m**

Up 8.1% from FY21

TOTAL  
CONTRACTED  
BUSINESS

**£22.5m**

NET  
CASH

**£2.8m**

US SECURE PAYMENT  
ANNUAL RECURRING REVENUE

**\$11.9m**


 Up 82%

GROUP  
ANNUAL  
RECURRING  
REVENUE

**£25.2m**



Up 48%

**£5.2m**

ADJUSTED  
OPERATING  
PROFIT



**10%**  
Up from FY21

ADJUSTED  
EARNINGS  
PER SHARE

**1.57** pence  
per  
share



**5%**  
Up from FY21

# Highlights of the Year

	FY22	FY21	Change
Revenue	31.8	30.5	+4%
Gross profit	25.4	24.2	+5%
US Secure Payments ARR (\$m) <sup>1</sup>	11.9	6.5	+82%
Total ARR <sup>1</sup>	25.2	17.0	+48%
Adjusted EBITDA <sup>2</sup>	6.8	6.4	+7%
Adjusted operating profit <sup>3</sup>	5.2	4.7	+10%
Profit before taxation	2.3	3.5	(34%)
Adjusted earnings pence per share <sup>4</sup>	1.57	1.49	+5%
Adjusted diluted earnings pence per share <sup>4</sup>	1.34	1.45	(8%)

1. ARR is the annual recurring revenue of all contracts billing at the end of the period. Included within Group ARR is all revenue that is contractually committed and an element of UK revenue that has proven to be repeatable, but not contractually committed.

2. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit from operating activities adjusted for depreciation of owned and leased assets, amortisation, expenses relating to share option schemes, restructuring costs and transactional costs.

3. Adjusted operating profit is the profit from operating activities adjusted for amortisation of acquired intangible assets, expenses relating to share option schemes, restructuring and transactional costs.

4. Adjusted earnings pence per share – the Group issued 36.2m new Ordinary Shares during the year in connection with the acquisition of Syntec which results in an increase in the weighted average shares in issue across the period.

## Strategic highlights

- Strong ARR<sup>1</sup> growth, especially in the US market, driven primarily by our clients' need to protect data and comply with increasing regulation without compromising customer experience
- UK business returned to growth with strong second half revenues as most client activity recovered
- Transformational Syntec acquisition performing in line with our expectations with integration on track
  - Unification and enhancement of product offering on track for go-to-market launch in 2022
- As part of our long-term strategic direction, multi-platform cloud-enablement of our offering is driving:
  - Market leadership and competitive advantage
  - Scalability into larger client opportunities on an international basis, characterised by recent contracts
  - Significant cross-sell opportunities and faster deployments will drive increased client value
- Realignment of sales capability and go-to-market proposition to drive top-line growth, and restructuring of cost base to create greater operational efficiency

## Financial highlights

- Strong performance, as previously announced in Trading Update on 17 May 2022
- Group ARR<sup>1</sup> up 48%, reflecting market opportunity and ongoing shift to cloud
  - Adjusted operating profit<sup>3</sup> up 10% with successful pivot to higher quality earnings following the completed exit from US and UK Support, which contributed £2m to FY21 adjusted operating profit<sup>3</sup>
- US Secure Payments performed strongly:
  - Revenue up 8%, underlying growth stronger
  - US ARR<sup>1</sup> increased 82% to \$11.9m (FY21 \$6.5m), up 38% on an organic basis
- UK revenues returned to growth with transactional volumes largely returned to pre-pandemic levels
  - Revenue up 9%, excluding third-party Support or 3% total
  - UK ARR<sup>1</sup> of £16.5m, up 8% on an organic basis and up 36% including Syntec
- Profit before taxation includes £1.0m of transactional costs (in connection with the acquisition of Syntec) and £0.9m of one-off restructuring costs
- Balance sheet remains strong following the Syntec acquisition with net cash of £2.8m (FY21: £11.7m)
- Increased final proposed Dividend at 0.67p per share (FY21: 0.61p), demonstrating increasing confidence in the ongoing growth opportunity

## Current trading and Outlook

- Current order levels already substantially exceed FY22's first quarter outcome
- Significant strengthening of Eckoh's new business pipeline in the first quarter, including major opportunities for large blue-chip organisations
  - Progress reflects success with our strategy to pursue larger, higher quality opportunities through management action to improve sales function and
  - Renewals post-period end includes our largest contract scheduled for FY23, worth £2.1m
- First client deployed and live on our new Azure Cloud platform signed new 3-year contract worth \$1.5m and a further contract worth \$0.6m to secure live chat agents with digital payments
- As previously indicated, the Board expects FY23 revenue and profit to be significantly higher than FY22, driven by benefits of the Syntec integration, strong organic ARR<sup>1</sup> growth, operational efficiencies and synergistic benefits of the Syntec integration
- The Board is confident of further progress in the year ahead, supported by an encouraging pipeline, a model with high recurring revenues and a robust balance sheet

# Chairman's Statement

“ The economic backdrop over the last few years has proven Eckoh has a resilient business model. In the first half of the year, the business was still impacted by the COVID-19 pandemic, but as we exited from the first half, we saw both new business and the UK volumes returning to normal levels pre the pandemic. In the last quarter of the year the uncertain macro-economic conditions have impacted the new business contracted, but I am pleased to report that since the end of the financial year business contracted has been encouraging.

During the year the planned exit from the third-party Support business in the UK and US has been completed. This allows the team to focus on the Customer Engagement Security portfolio, which is of a higher quality of earnings and which will drive the growth expectations both in the UK and US. The majority of the enhanced products and services are available globally and we have the capability to offer our clients a choice of cloud platform, allowing us to better service global contracts. ”



The business acquired Syntec Holdings limited in December and since acquisition it has performed as expected and with our strong organic growth, it will further strengthen our market-leading position.

The Board expects revenue and profit for FY23 to be significantly higher than FY22. This will be driven by synergistic benefits of the Syntec integration, ongoing momentum in the US market, and expected normal trading activity in the UK; supported by long-term structural growth drivers and cloud adoption.

## Results

Total revenue for the year was £31.8 million, an increase year on year of 4% (FY21: £30.5 million) or 6% adjusting for constant exchange rates. Excluding the third-party Support business in FY22 and FY21, revenue was £31.2 million, an increase of 11%.

A year ago, I committed to introducing an ARR<sup>1</sup> metric for the entire Group which we have delivered, initially with the US Secure Payments ARR<sup>1</sup> in November results and in this set of results for the Group. Group ARR<sup>1</sup> was £25.2 million as at 31 March 2022, a 48% increase year on year (FY21: £17.0 million), a very strong outcome demonstrating the high level of visibility we have in our business model.

The Eckoh US Secure Payments ARR<sup>1</sup> is \$9.0m, an increase of 38% from the same time last year, demonstrating the strong underlying growth in the business and the strong visibility of revenues. When the Syntec US activity is included, the combined ARR<sup>1</sup> is \$11.9 million, an increase year on year of 82%.

The prudent cost control the management achieved in FY21 continued into FY22. Adjusted operating profit<sup>3</sup> was £5.2 million, an increase of 10% year on year (FY21: £4.7 million).

The Group continues to have a strong balance sheet with a year-end net cash balance of £2.8 million (FY21: £11.7m). The change reflects the acquisition of Syntec in December 2021, which was part-funded by cash. In addition, to fund the acquisition, we also raised funds from Shareholders, and entered into new banking arrangements of £10 million.

## Going Concern

The Board has carried out a going concern review and concluded that the Group has adequate cash to continue in operational existence for the foreseeable future. The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the financial statements. In all scenarios tested, the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future. Further information is included in the Directors Report on page 53.

## Dividend

The Board has increased the proposed dividend by 10% to 0.67 pence per share (FY21: 0.61 pence per share).

## Board

In the financial year ended 31 March 2022, there were no significant changes to the Board. Full details of the current Directors are on pages 34 to 35.

## Corporate Governance

As a Board of Directors, we feel the Quoted Companies Alliance Corporate Governance Code (QCA Code) is the most appropriate code for Eckoh plc to apply, given the Group's size, risk, complexity and stage of maturity. In the Governance section of this report on page 36, we outline the Company's approach to Corporate Governance and how we have complied with the QCA code. The Board considers that it does not depart from any principles of the QCA code.

Our Sustainability Report on pages 28 to 31 provides an update on our approach to Eckoh's Environmental, Social and Governance strategy (ESG). This is an evolving process and we aim to further develop and evolve our strategy, refine our targets and deliverables and enhance our reporting in FY23. Full details of the Company's Principal Risks and Uncertainties are on pages 20 to 23.

## People

The Board and I would like to welcome the employees from Syntec to the Group. We would also like to thank all employees for their continued commitment and resilience through what has been a challenging and busy year. The collaboration across the team in both the UK, US and Syntec has been exceptional and has resulted in the significant strides being made in the product enhancements and the multi-cloud capability.

The whole Board plan to attend the AGM on 26 September 2022 and we look forward to the opportunity to meet with as many Shareholders as possible on the day.

### Christopher Humphrey

Chairman  
15 June 2022

# Chief Executive Review

“ Eckoh has made significant progress in the last 12 months. We have shown the resilience of our business model, with growth in revenue and operating profit and improved quality of earnings with the completed exit from our Support activity. Our momentum is underpinned by fast-growing recurring revenues, with an excellent performance in our US business and a return to growth in the UK.

We successfully completed the transformational acquisition of Syntec, which enhanced our position as the largest provider in our industry. The integration is progressing well and our unified product suite will extend our market-leading position in Customer Engagement Security Solutions. Our new multi-platform, cloud delivery has created differentiation within our industry by offering greater customer choice, enabling us to deliver our services efficiently and at scale, and address significantly larger and global mandates.

We have started the year strongly, and looking ahead the Board expects FY23 revenue and profits to be significantly higher than FY22, reflecting our ongoing organic growth, continued momentum in the US market, a sustained recovery in UK trading, and the integration of Syntec. In addition, we expect our progress to be supported by long-term structural growth drivers and increasing cloud adoption, coupled with the benefits of new products and operational gearing. ”



Eckoh has had a successful year consolidating our position as leaders in the growing Customer Engagement Security market. Our new metric of Group ARR1 shows extremely strong progress and we delivered a robust level of adjusted operating profit, £5.2 million, an increase of 10% year on year (FY21: £4.7 million) and ahead of consensus market expectations.

We acquired Syntec Holdings Limited in December 2021 and are pleased with our current performance. The acquisition, alongside our organic business growth, will further strengthen our market-leading position.

In our trading and product update in April, we announced the significant enhancements to our Customer Engagement Security portfolio, the majority of which are available globally.

Our performance shows the resilience of our model and the merit of our long-term strategy, given the remaining challenges presented by the pandemic, the uncertain macro-economic climate and the planned and completed exit from US and UK Support, which had contributed £2 million to the previous year's profit. As a result, the Board has increased the proposed dividend by 10% to 0.67 pence per share (FY21: 0.61 pence per share).

Our strong performance reflects ongoing progress in our US Secure Payments operation, which now accounts for nearly 90% of total US revenues (FY21: 80% of total US revenues) and with the enhanced global product offerings provides the platform for continued growth and additional cross-selling into our existing clients, a significant part of our strategy. During the year the UK division has continued to recover and the momentum we saw at the end of the first half has continued into the second half, with revenue up 9% year on year in the second half, demonstrating the resilience of our business model.

A year ago, we said we would introduce an ARR1 metric, which we did for the US Secure Payments business in our interim results in November. At that time, we also committed to include an ARR1 metric for the entire Group with our full year results, and we are pleased to have been able to fulfil that commitment. Given the transactional nature of some UK revenues, we have slightly updated our definition of ARR1 since our trading update in May. Group ARR1 was £25.2 million as at 31 March 2022, a 48% increase year on year (FY21: £17.0 million), a very strong outcome demonstrating the high level of visibility we have in our business model.

Total revenue for the year was £31.8 million, an increase year on year of 4% (FY21: £30.5 million) or 6% adjusting for constant exchange rates. Excluding the third-party Support business in FY22 and FY21, revenue was £31.2 million, an increase of 11%. Included within these results are three months of revenue from Syntec, which is performing in line with our expectations at acquisition.

Gross profit was £25.4 million, an increase year on year of 5% (FY21: £24.2 million), with gross profit margin 80%, (FY21: 79%). US gross profit was £8.5 million (FY21: £8.9 million), with gross profit margin increasing as expected to 74% (FY21: 71%). The growth in gross profit margin in the US is aligned with our expectations as US clients successfully renew their contracts, most new client deployments are on the cloud platform and there is continued growth in the Secure Payments activity. UK gross profit was £15.6 million (FY21: £15.3 million), an increase of 2% with gross profit margin decreasing by 1% to 84%. Syntec gross profit was £1.4 million, with an 80% gross profit margin, in line with the Group's gross profit margin.

The prudent cost control we achieved in FY21 has continued into FY22. We made structural changes to the US Sales team in the second half and increased our focus on 'vertical selling' (targeting sectors such as healthcare, which are well suited to our model). We have introduced a global Network Operations Centre (NOC) and also streamlined the US operational team, following the planned and completed exit from the third-party Support business.

Adjusted operating profit<sup>3</sup> was £5.2 million (FY21: £4.7 million), an increase of 10% year on year. After adjusting for the planned exit from third-party Support, FY22 adjusted operating profit was £4.8 million, a year on year improvement of 81% (FY21: adjusted operating profit excluding third party Support £2.7 million).

Total contracted business for the financial year at the Group level was £22.5 million (FY21: £30.7 million). The first half of the year was challenging for new business and particularly large enterprise contracts with the ongoing impact of the pandemic at the time. We started to see improvements as the second half started, but the usual strong final quarter of the year was then impacted unexpectedly with the global macro-economic challenges arising from the ongoing conflict in Ukraine. New business won in the year was £10.8 million (FY21: £15.7 million), an unsatisfactory outcome, but with the continued pandemic challenges in the first half and the macro-economic challenges in the last quarter it was an understandable result. We are, however, very encouraged by trading in the first quarter of the new year, with order levels already significantly higher than last year, and with a much stronger pipeline.

Our balance sheet remains robust with a strong net cash position of £2.8 million (FY21: £11.7 million). In the first half of the financial year, we repaid the final instalment of the term loan with Barclays Bank and in December we utilised some of our cash reserves to part-fund the acquisition of Syntec. In addition, and as a result of the acquisition of Syntec, the Group entered into new banking arrangements with Barclays Bank for a £5.0 million Revolving Credit Facility (RCF) and a £5.0 million overdraft facility. As at 31 March there was no debt drawn under either facility. The RCF is secured against the Group's UK head office which is an asset we own outright.

## A clear growth strategy

Our strategic objectives reflect our primary goal to become the global leader in our areas of expertise, and in particular, Customer Engagement data and payment security.



## Highly complementary products and attractive proposition

Historically Eckoh's go-to-market proposition encompassed two highly complementary areas: Secure Payment products and Customer Engagement solutions.

- The Group's patented Secure Payment products help organisations to reduce the risk of fraud; secure sensitive data; comply with the Payment Card Industry Data Security Standard (PCI DSS) and wider security regulations such as the General Data Protection Regulation (GDPR) or the US Consumer Privacy Acts. Eckoh prevents sensitive personal and payment data from entering IT and contact centre environments when customers make payments for goods and services.
- The Group's Customer Engagement Solutions help organisations transform the way they engage with their customers. Eckoh's proposition enables enquiries and transactions to be performed on whatever device the customer chooses, through any inbound communication channel and allows customers to self-serve or to engage with a customer service advisor. It enables our clients to increase efficiency, lower operational costs and increase customer satisfaction by providing a true Omnichannel experience.

The overlap between these two areas has always been significant and has led us to update and unify our proposition into a new go-to-market vision of Customer Engagement Security Solutions. Going forward all of our customer engagement offerings will be underpinned with security features and capabilities to assist our clients to address security concerns and increasing regulation, but to do so in a way that doesn't compromise the quality of their customer's experience. An example of this is our live chat offering which incorporates our patented and unique ChatGuard capability, that enables payment or personal information to be entered by a customer in a live chat session without any of that information traversing our client's environment or being shared with an advisor.

In the past our UK operations sold our entire product portfolio, but in the US – a territory that Eckoh entered six years ago – the focus has been on Secure Payments, where we had the greatest differentiation and the least competition. Going forward this distinction will no longer be the case, with our new product proposition being available to any client in any territory. Our solutions, which will enable our clients to 'Engage, Secure and Protect' their customers, will all be delivered through our multi-vendor and global cloud platforms, allowing us to better service international contracts. The procurement of security and payment solutions to be deployed across multiple territories is certainly increasing, and we will continue to invest in and extend our cloud platforms to support this growth. This trend will broaden our market further and inevitably lead to us having a blurring of our geo-graphical target markets with Rest of World ('ROW') becoming a more important component of our future revenue streams.

The growing proportion of cloud deployments we have already seen occur in the US market, alongside the acquisition of Syntec, means our ability to sell and deliver additional services to clients is very much enhanced. With our product roadmap extending our security remit beyond payments and into a broader data security proposition we expect to be able to increase the lifetime value of our clients and continue to have very low levels of churn.

As part of the integration of Syntec we have formed a cross-company technical group who are working on the unification of the security product proposition, a project that we have named Syntegration. This will lead us to have the ability to deliver all our Customer Engagement Security Solutions from a combined cloud native code base and have the flexibility of seamlessly adding new functionality or additional services as desired by the client, reducing the time to revenue considerably. The first instantiation of this new unified offering is expected to be available in this calendar year.

Client contracts are typically multi-year in length and have a high proportion of recurring revenues, usually underpinned by minimum commitments. With a greater proportion of contracts being delivered through the cloud the initial set up fees and

hardware costs associated with larger customer premise deployments will be reducing, leading over time to an increase in operating margin.

## New growth drivers in a broadening global market

Our target market both in the UK and US for our Secure Payments proposition has, up to now, been any sizeable enterprise or organisation that either transacts or engages with its customers at scale and at volume. This activity will usually be supported either by an in-house or outsourced contact centre provider. The greater the volume of payment transactions or customer engagement activity that the organisation has, the more attractive they are to Eckoh, and the larger the contact centre operation supporting the organisation is likely to be.

However, with the advent of a unified go-to-market proposition of Customer Engagement Security Solutions, enhanced by the new products and delivered through our expanding cloud platforms, not only will this naturally extend our reach geographically but it will also increase the opportunity within every client account. With regulation tightening and the financial impact of data breaches and fraud growing, organisations are increasingly looking for ways to move beyond the requirement of merely being compliant to secure themselves more comprehensively, leading to broadening information security budgets and remits.

The contact centre industry in both the UK and US is extremely large, representing around 4% of the entire workforce in both markets. However, the pandemic and the current economic climate is fundamentally changing the way that the contact centre industry operates and the pressures it has to deal with.

- The pandemic has forced contact centres to adopt hybrid working, increasing security concerns
- Recruitment and churn are huge problems, making it very challenging to properly service clients' needs
- The cost-of-living crisis will accelerate levels of fraud and increase collection issues.

In the aftermath of the pandemic there is now a much greater reliance on contact centre agents working remotely, usually from their homes, and that is only going to accentuate security concerns and requirements. The trend of remote working for managing customer engagement is almost certainly a permanent feature, and this can only benefit Eckoh as our security proposition enables companies to effectively further reduce or remove the risk of data breaches arising from one of the most challenging parts of their businesses.

Furthermore, the contact centre industry is now battling with a huge problem of churn and recruitment challenges as a consequence of the realignment of employees' career



aspirations coming out of the pandemic. This is unlikely to be solved easily or quickly and organisations will be looking even more acutely at the utilisation of their human agents and turning increasingly to technology to maximise first contact resolution levels and the average handling time for each contact. Eckoh's new product portfolio will ensure that customers can be dealt with swiftly and effectively, without compromising their customer experience or the security of their data.

Lastly, the cost-of-living crisis will inevitably lead to an increase in fraud, both from internal employees and external organised criminals. Contact centres are a relatively low paid sector and it is this tier of employees who arguably will be most badly hit by the economic pressures, which may lead to a greater propensity for them to commit criminal acts, whether independently or on behalf of organised crime. The same economic challenges will also lead to greater numbers of consumers becoming either unwilling or unable to pay off charges for services. Managing those customers and trying to successfully and sensitively collect their payments will require more innovative and effective use of technology, and Eckoh's security proposition has proven success and a demonstrable return on investment in this area.

## Operational review

### US Division (39% of group revenues)

The US business, including the Syntec US activity, represented 39% of Group revenues in 2022 (FY21: 41%). In the US, the Group's focus has remained on the US Secure Payments opportunity, where we deliver a patented solution through the Eckoh CallGuard brand or Syntec CardEasy brand. The product enables enterprises to take card payments securely within their contact centre operations and the growth opportunity is underpinned by long-term structural drivers of tightening regulation, the need to mitigate the risk of data breaches (and fraud) within our clients' IT and Contact centre operations and the migration to a greater level of remote working.

As the more extensive Customer Engagement Security offering delivered through our global cloud platforms is introduced to the US this year, there is a huge opportunity to cross-sell to our existing enterprise clients, many of which are the largest brands in the US market. This approach has proven to be highly successful with our UK clients and will drive continued growth.

In the US, Secure Payment revenue was \$13.8 million an increase of 8.1% (FY21 \$12.8 million) and 88% of total US revenue (FY21: 78%).

The revenue growth has been tempered in this period by the three secure payment contracts that successfully renewed for the first time during the year, one of which was our largest contract to date, a \$7.4 million 2-year contract that went live in 2019. At the point of renewal, the hardware fees and implementation fees are fully recognised and as we see more clients go through their first renewal, we will see the overall percentage of recurring revenue continue to increase. This is illustrated by the progress in recurring revenue, which was 65% (FY21: 52%), an improvement of 13%, demonstrating both the successful renewals achieved in the year and the increased number of clients who deploy on our global cloud platform. We expect the level of cloud deployments to continue at the current level, which will continue to improve the recurring revenue and the gross profit of the business.

The planned transition to Secure Payments and ultimate exit from the Support activity is now completed, with only \$0.5m of revenue in this financial year coming from Support. Over the last five years Secure Payments has grown at a compound annual growth rate of 30% and the quality of earnings going forward will be enhanced by the exit from the shorter-term Support contracts. The growth of the US business is further demonstrated in the new ARR<sup>1</sup> metric. The Eckoh US Secure payments ARR<sup>1</sup> is \$9.0m, an increase of 38% from the same time last year. When the Syntec US activity is included, the combined ARR<sup>1</sup> is \$11.9 million, an increase year on year of 82%.

Total contracted business was \$10.6 million a decrease of 35% (FY21 \$15.5 million). The level of new contracts was lower in the second half than expected, reflecting an unusually quiet fourth quarter due to macro-economic conditions and ramifications of the Ukraine situation. The Company remains focused on large enterprise contracts, and whilst deals were slow to close at the end of the year, the pipeline is stronger than a year ago and encouragingly we have seen much higher levels of activity and value of deals closing in Q1 of the new year compared to last.

We continue to see, as expected, the general acceleration towards cloud deployments and with our recently announced implementation of a new Microsoft Azure Cloud platform with a Fortune 100 US retailer now live, this makes Eckoh the only provider in our industry to offer alternative cloud providers. This particular client actively chose to deploy onto the Azure platform, illustrating that there are sensitivities and preferences that clients will have that will influence their choice of cloud provider.

The ability to offer our clients a choice of cloud platform strengthens our position in the market and the expansion globally of our cloud platforms and capabilities remains one of our key strategic goals. One of the big advantages this brings is the speed and ease with which multiple parts of our secure engagement portfolio can be deployed. The client who is now live on our Azure platform has entered into two separate contracts with us. The first worth \$1.4m over three years is for securing

### We continue to see, as expected, the general acceleration towards cloud deployments and with our recently announced implementation of a new Microsoft Azure Cloud platform with a Fortune 100 US retailer now live, this makes Eckoh the only provider in our industry to offer alternative cloud providers.

their voice agents, the second worth \$0.6m is to allow them to securely take digital payments across other engagement channels, notably live chat. This is a good illustration of how we expect new and existing clients to take multiple parts of our portfolio and extend the reach of their overall solution over time.

While cloud deployment remains a key goal and advantage, we still expect that many of the largest enterprises will take many years to achieve that objective, so retaining the capability to deploy as required in a client's own data centres and environment continues to give us a tactical advantage over our competitors.

The launch of CallGuard Express in the second half, which is deliberately designed for smaller customers, will see smaller contracts being targeted and won for the first time. This product is extremely quick to deploy, with very limited operational overhead associated with it, so the conversion of a sale into revenue will be much faster than on our larger contracts, and margin higher. We expect most of these deals to be won through partners and more broadly our sales channels continue to strengthen, so the share of pipeline and revenue from partners is expected to increase over time. Partner sales opportunities now represent 30% of our total pipeline.

The average length of new contracts for Secure Payments is three years which is comparable to the UK, however, it is more typical in the US for renewals to be annual, often on an auto-renew. During the year there were five contracts that successfully renewed, one of which was our largest contract signed to date (\$7.4 million over 2 years). There was a significant level of one-off fees in this contract, which were fully recognised in the first half. In the second half of the year there were two contracts, which are both on an annual auto-renew as described above, they are now in their fourth and fifth year showing similar lifecycle values to our UK clients.

External factors, such as the impending change to version 4 of the Payment Card Industry Data Security Standard (PCI DSS), the implementation of new data laws such as US Consumer Privacy Acts and significant fines levied on US organisations through the GDPR legislation, are undoubtedly helping raise awareness of the risks of not protecting sensitive data properly. This will assist us in continuing to build our pipeline which is substantial and growing. Our focus on these larger contracts means that in

future periods the timing of contract wins continues to be hard to predict given the typically longer sales cycle.

In the year Coral and Support had a combined revenue of \$1.8 million (FY21: \$3.5 million) and accounted for 12% of the revenues (FY21: 22%). A proportion of the restructuring costs incurred in the US in the first half relate to the third-party Support area of the business and the last

stage of the restructuring took place in October as we merged the UK and US Customer Support desks to a global Network Operations Centre (NOC).

Coral is a browser-based agent desktop that increases efficiency by bringing all the contact centre agent's communication tools into a single screen. It also enables organisations, particularly those who have grown by acquisition, to standardise their contact centre facilities, as Coral can be implemented in environments that operate on entirely different underlying technology. In the prior period, we secured additional licences and functionality of \$1.0 million in the year. In FY22, there were no incremental licence fees, however as we have indicated previously, the timing of Coral orders remains hard to forecast and they will be lumpy in nature.

This will be the last time that the US is reviewed in the context of Secure Payments only. With the shift to a unified Customer Engagement Security Solutions proposition we will be commenting on our progress across this broader offering and will be able to assess progress in our ability to cross-sell new services into existing clients as well as on boarding new clients.

### UK Division, including Syntec UK and Rest of World (61% of group revenues)

During the year the UK division has continued to recover and the momentum we saw at the end of the first half has continued into the second half, with revenue up 9% year on year in the second half, demonstrating the resilience of our business model. This provides us with continued confidence for the new year coupled with the strong contracted business already achieved in the first quarter to date.

Revenue in the year was £18.6 million (FY21 £18.0 million) an increase of 3%, this is particularly pleasing given the challenging beginning to the year, when the country remained impacted by



the pandemic. When the third-party Support revenue is excluded in FY22 and FY21, the underlying growth was 9% from £16.8 million to £18.3 million. Recurring revenue has decreased to 80% from 84% in FY21 partly due to the planned exit from third-party Support.

UK clients are contracted through a range of commercial models that have evolved over time, unlike the newer US business (including Syntec US activity), which operates entirely on fixed fee contracts. Where the commercial model is transactional, which is common, it is usual for a client to commit to a high percentage of its expected volumes and in so doing achieve the most competitive buying rate. The portion of a client's revenue that is not committed is generally repeatable, even as we saw in the pandemic, where the UK activity levels were very significantly impacted but the revenue impact was only around 10%. In introducing the Group ARR' metric, we have had to make an assumption on the revenue that is not contractually committed but is, and has been, repeatable. Based on this view UK ARR' at the end of the period was £16.5 million, a 36% increase including Syntec, 8% of which was organic.

Gross profit in the year was £15.6 million, an increase of 2% (FY21: £15.3 million) and gross margin in the UK decreased in the period by 1% to 84% (FY21: 85%).

Total contracted business was £13.3 million compared to £18.9 million in the prior year and new contracted business was £5.0 million compared to £5.9 million, a 14% decrease year on year. Total contracted business can be impacted by the timing of particularly large renewals, for example, in FY21 we completed a six-year contract renewal with Capita for the provision of services for the Congestion Charge to Transport for London, at a minimum contract value of £4 million. In FY22 we completed important renewals with amongst others Premier Inn, Rail Delivery Group, Thames Water and Boots, but these were comparatively smaller than the Capita agreement. There was only one significant client that was not renewed in the period, who were contracted through a partner, and migrated to a different solution, this was the first such non-renewal for many years. Since the financial year end, we have successfully renewed our largest contract scheduled for this financial year, a contract through Capita for a large public service organisation, which was £2.1 million over the term.

Looking at the segmentation of UK revenue, 28% came from Secure Payment services (FY21: 27%), 32% from Customer Engagement Solutions (FY21: 36%) and the remaining 40% from clients where we provide a combination of both solutions (FY21: 37%). The shift from Customer Engagement Solutions to clients with combined solutions is principally due to the improving volumes from our larger clients who take both the Secure Payments solution and the Customer Engagement Solution.

Our model of cross-selling to existing clients remains a key part of the Eckoh strategy, not just to generate incremental revenue but also to continue the trend of strong client retention and to further

increase the lifetime value of the Group's customers. £3.6 million of the new business secured in the year (FY21: £3.5 million) was contracted with existing customers for delivery of new solutions or modifications. Our strong track record with existing clients has also continued to be demonstrated through the extremely high proportion of clients that are successfully renewed.

New business wins, consistent renewals of existing clients and the improved transactional volume from our long-standing clients give us high revenue visibility and our UK clients are underpinned by contractual fees or minimum transaction levels. We expect the improvement in transactional revenues seen in the second quarter to continue into the second half, subject to no further lockdowns being implemented.

Syntec contributed £1.7 million of revenue and £0.3 million of operating profit in the final quarter of the financial year. This was consistent with our expectations at the time of the transaction, and the integration of the businesses is proceeding on plan. Unification of the technology and product offering is making progress and we expect to deliver a unified and enhanced go-to-market proposition in 2022.

## Product update

In April we announced significant enhancements to our Customer Engagement Security portfolio to assist organisations in protecting their customers' payment and personal data in more efficient and diverse ways.

The enhancements support Eckoh's strategic goals to capitalise on the structural developments in the global market and to use cloud technologies to develop and enhance our proprietary solutions while maintaining a market leading position for Customer Engagement data and payment security. These new enhancements included:

### Secure Chat

Eckoh's Live Chat product is used by large enterprises that need the most versatile customisations and integrations plus the ability to scale to support the largest and most demanding requirements – something that off-the-shelf Chat products cannot provide. With a new redesigned interface based on extensive client feedback, agents and customers can now enjoy an even slicker and more convenient experience that is fully cloud-hosted, allowing for sudden and significant fluctuations in demand. With Eckoh's unique and patented product ChatGuard built-in as standard, organisations can take fast in-chat payments with the reassurance of full PCI DSS compliance. Eckoh's Secure Chat is the only service to offer this capability and this updated version is now available globally and is expected to add significant value to the security proposition.

### Digital Payments

Blending digital security with live person interaction, Eckoh's Digital Payments can be extended to any customer engagement channel. Organisations can now provide their customers with a secure payment link triggered by the agent from an engagement on a chat or messaging session or via an email. The agent can monitor the progress of the payment process in a similar way to our voice security product, and without any exposure to any of the data. It also offers the consumer traditional card payment or popular alternative payment methods like PayPal, ApplePay or GooglePay. Digital Payments is now available globally through Eckoh's multi-cloud platforms, the latest addition to the broadening security product range that is facilitating greater opportunities for cross-selling into Eckoh's extensive client base.



### CallGuard Express

CallGuard Express is designed to make compliance and security straightforward for any business. It offers companies of any size the same security functionality and credentials of CallGuard, but without the customisation and managed service that larger companies often require. This enables CallGuard Express to be quick to deploy, simple to use and with a lower-cost entry point. As well as standalone businesses, this new proposition is also available to resellers through a partner program, enabling them to switch on new clients within days with no integration required.

### Amazon Connect

During FY22 we have invested in progressing the delivery of Eckoh solutions that include Amazon Connect as the cloud telephony layer. When combined with Eckoh's Customer Engagement Security Solutions this creates a compelling bundled solution that will enable Eckoh clients to have complex and feature-rich cloud customer engagement but delivered in a truly flexible, agile and most importantly secure way.

### Speech technology expansion

Eckoh has a long and successful history of speech-based applications and is leveraging that knowledge by enabling even more languages for the speech option in our security solutions. A new five-year contract, which was a significant cross-sell into a Syntec account, will see 18 different languages being implemented across the global estate of an international travel business.



### CallGuard On-Demand

In response to the increasingly rigorous Payment Card Industry Data Security Standards ("PCI DSS"), Eckoh has developed an on-demand option for organisations who may have low or variable volumes of payments but still require the reassurance of full compliance. This enhancement gives the contact centre agent the ability to invoke CallGuard only when a payment is taken, rather than all calls needing to traverse through the system.



## Syntegegration

### Creating a new cloud delivered Customer Engagement Security offering

'Syntegegration' is an in-flight project to bring the best of Eckoh and Syntec's existing products and technologies together, and build a unified platform and roadmap for future new capability. Both companies core development teams have been working as one cohesive unit to take all the best elements of each product and bring them together into a truly world-class product suite. It will provide a seamless upgrade path for current clients to benefit from all the same capabilities as future clients.

Both Eckoh and Syntec already had well-established, successful products in the market, having benefitted from many man-years of initial development coupled with subsequent enhancements and fine tuning based on feedback from some of the world's largest brands. The combination of the two products not only enhances the core security aspects of the platform, but also extends capability to new features almost immediately and creates an extensive roadmap for future innovation.

With each solution having its own unique strengths, Eckoh has capitalised on these, bringing them together in a re-worked code base, plugging in additional capabilities and deployment models, and leveraging advances in cloud technology that have emerged in the last five years. As Eckoh's CallGuard and CardEasy brands will now both benefit from the cross-pollination of features, many near-term roadmap items will be brought to fruition via this 'Syntegegration' rather than net-new development. Further, our long-term roadmaps now culminate into a single vision where new features can be developed and released on an accelerated timeline with the larger and more integrated research and development team.

The benefits of Syntegegration are wide ranging, not only strengthening Eckoh's product proposition and partner integrations, but also delivering a significant number of operational efficiencies and reduced cost of ownership. Some key benefits of the new offering will be:

- Best of both product sets
- Cloud agnostic
- Increases automation and agent efficiency
- Seamless upgrade path for all customers
- Reduces the total cost of ownership by lowering the cloud footprint (less computing power)
- Brings together an unrivalled stable of out-the-box integrations
- Fits any deployment model we have encountered
- Delivery through configuration rather than bespoke development
- Provides the backbone for our Customer Engagement Security roadmap
- Combines architectural and engineering expertise with a growing patent portfolio

## Outlook

The balance sheet remains strong with net cash of £2.8m (FY21: £11.7m), well ahead of expectations. The reduction from last year reflects the completed acquisition of Syntec in December 2021, which was part funded from our cash reserves.

The Board expects revenue and profit for FY23 to be significantly higher than FY22. This will be driven by synergistic benefits of the Syntec integration, ongoing momentum in the US market, and expected normal trading activity in the UK; supported by long-term structural growth drivers and cloud adoption. The Board is confident of further progress in the year ahead, with an encouraging pipeline, a model with high recurring revenues and a robust balance sheet, coupled with the benefits of new products and operational efficiencies. These expectations are subject to ongoing uncertainty in the macro-economic climate.

### Nik Philpot

Chief Executive Officer  
15 June 2022

**The Board expects revenue and profit for FY23 to be significantly higher than FY22. This will be driven by synergistic benefits of the Syntec integration, ongoing momentum in the US market, and expected normal trading activity in the UK; supported by long-term structural growth drivers and cloud adoption.**



# Principal Risks & Uncertainties

The Group’s approach is to minimise exposure to reputational, financial and operational risk, while accepting and recognising a risk/ reward trade-off in the pursuit of its strategic and commercial objectives. The nature of the products and services the Group provides, means that the integrity of the business is crucial and cannot be put at risk.

The Group has a framework for reviewing and assessing these risks on a regular basis and has put in place appropriate processes and procedures to mitigate against them. However, no system of control or mitigation can completely eliminate all risks. The Board has determined that the following are the principal risks facing the Group.



Specific Risk	Mitigation
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## Cyber, technology & processes

### Loss or inappropriate usage of data

The Group’s business requires the appropriate and secure usage of client, consumer and other sensitive information. Fraudulent activity, cyber-crime or security breaches in connection with maintaining data and the delivery of our products and services could harm our reputation, business and operating results.



The Group has established physical and logical security controls across all operating locations with rigorous cyber security controls. In addition, a dedicated Security Operations Centre function provides Group wide monitoring, recruitment and training schemes and active threat hunting. During the year, and as a result of the Ukraine/ Russia conflict, the Group signed up to the National Cyber Security Centre which aided the monitoring of increased cyber activity. Continued investments are made in cyber security, infrastructure, monitoring and services, improvements in email and web filtering as well as the introduction of enhanced data loss prevention tools. The Group also screens new employees carefully. Eckoh has maintained its program of PCI DSS, ISO27001 and Cyber Essentials. Acquired in the year, Syntec also operate to these same standards. However, Eckoh will integrate our programs for efficiency.

### Interruptions in business processes or systems

The Group’s ability to provide reliable services largely depends on the efficient and uninterrupted operation of our platforms, network systems, data and contact centres as well as maintaining sufficient staffing levels. System or network interruptions, recovery from fraud or security incidents or the unavailability of key staff or management resulting from a pandemic outbreak could delay and disrupt our ability to develop, deliver or maintain our products and services. This could cause harm to our business and reputation, resulting in loss of customers or revenue.



Comprehensive business continuity plans and incident management programmes are maintained to minimise business and operational disruptions, including system or platform failure. Testing and confirmation of plans is performed to ensure business continuity relevance and training is maintained. In addition, and as a result of the COVID-19 pandemic, the business operates a hybrid working policy, where all staff who were previously office-based, now work regularly between office and home as required. This provides greater resilience to the business and ensures we are able to maintain high service levels at all times. We continually monitor our suppliers to ensure the components we require for our on-site solution in the US are available.

## Legal, regulatory and industry standards

### Risk of non-compliance with legal and industry standards

The Group’s operations require it to be compliant with certain standards including Payment Card Industry Data Security Standard (PCI DSS) and wider security regulations such as the General Data Protection Regulation (GDPR) or the US Consumer Privacy Acts. Failure to comply with such regulations and standards could significantly impact the Group’s reputation and could expose the Group to fines and penalties.



We continually audit, review and enhance our controls, processes and employee knowledge to maintain good governance and to comply with legal requirements and industry standards. Our new employees are carefully screened.

Specific Risk	Mitigation
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### Legal, regulatory and industry standards

<p><b>Loss or infringement of intellectual property rights</b></p> <p>The Group's success depends, in part, upon proprietary technology and related intellectual property rights. Some protection can be achieved but, in many cases little protection can be secured. Third parties may claim that the Group is infringing their intellectual property rights or our intellectual property rights could be infringed by third parties. If we do not enforce or defend the Group's intellectual property rights successfully, our competitive position may suffer, which could harm our operating results. We may also incur cost from any legal action that is required to protect our intellectual property.</p>	<p>The Group, where appropriate and feasible, relies upon a combination of patent and trademark laws to protect our intellectual property. The Group also continues to monitor competitors in the market to identify potential infringements of our intellectual property rights. The Group would vigorously defend all third-party infringement claims.</p>
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### HR & personnel

<p><b>Dependence on recruitment and retention of highly skilled personnel</b></p> <p>The ability of the Group to meet the demands of the market and compete effectively is, to a large extent, dependent on the skills, experience and performance of its personnel. Demand is currently exceptionally high for individuals with appropriate knowledge and experience in payment security, IT development, telecoms and support services. The inability to attract, motivate or retain key talent could have a serious consequence on the Group's ability to service client commitments and grow our business.</p>	<p>The Management team reviews key individuals regularly and career development plans are put in place for individuals. Compensation and benefits programmes have been reviewed and during 2022 a larger number of Managers and employees than previously have been granted share awards to ensure Eckoh remains competitive in the marketplace. Employee feedback is encouraged and an employee engagement survey has been undertaken in the year.</p>
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### Products & clients

<p><b>Technological &amp; product development</b></p> <p>The Group provides technical solutions for clients and their end customers. As customer preferences and technology solutions develop, competitors may develop products and services that are superior to ours, which could result in the loss of clients or a reduction in revenue.</p>	<p>The Group is committed to continued research and investment in products and technology to support its strategic plan. Product development roadmaps for Secure Payment and Customer Engagement solutions are managed centrally in the UK.</p>
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<p><b>Dependence on key clients</b></p> <p>While the Group has a wide customer base, the loss of a key customer, or a significant worsening in their success or financial performance, could result in a material impact on the Group's results. Eckoh's largest customer accounted for less than 10% (2021: 11.6%) of total revenue.</p>	<p>We mitigate this risk by monitoring closely our contract performance, churn and renewal success with all customers by maintaining strong relationships. We continue to expand our customer base, particularly in the US business.</p>
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Specific Risk	Mitigation
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### Economic growth

<p><b>Executing the US opportunity</b></p> <p>The Group has a low market share in the US, where there is significant market opportunity for its Secure Payments products. The inability to execute in the US, winning new clients and implementing Secure Payment solutions for clients, could have a material impact on the Group's results.</p>	<p>The Group sets clear targets for growth expectations for the US business. We continually assess our performance and adapt our approach, taking into account our actual and anticipated performance. Product offerings are being extended to expand the reach of the services offered in the US. Cloud-based solutions have been adopted to ensure Eckoh offer all potential solutions that clients may demand.</p>
<p><b>Exchange rate</b></p> <p>The Group is exposed to the US dollar and the translation of net assets and income statements of its US division and, following the acquisition of Syntec, is also exposed to client contracts denominated in US dollar and Euros.</p>	<p>We regularly review and assess our exposure to changes in exchange rates. The Group does not hedge the translation effect of exchange rate movements on the Income Statement or Balance Sheet of the US division.</p>

### Reputation of the Eckoh Group

<p>Damage to our reputation and our brand name can arise from a range of events such as poor solution design or product performance, unsatisfactory client services and other events either within, or outside, our control.</p>	<p>We address this risk by recognising the importance of our reputation and attempting to identify any potential issues quickly and address them appropriately. We recognise the importance of providing high quality solutions, good client services and managing our business in a safe and professional manner. Eckoh has concluded its program of ISO 9001:2015 certification to further audit these measures.</p>
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→ Unchanged risk

↑ Increased risk



# Financial Review

“ Eckoh has had a successful year and delivered a robust level of adjusted operating profit, £5.2 million, an increase of 10% year on year (FY21: £4.7 million) and ahead of consensus market expectations.

We acquired Syntec Holdings Limited in December 2021 and their results for the three months to 31 March 2022 are included in the below review. ”



Revenue for the year increased by 4% to £31.8 million (FY21: £30.5 million) and at constant exchange<sup>3</sup> rates by 6%. Adjusted operating profit<sup>1</sup> was £5.2 million an increase of 10% year on year (FY21: £4.7 million). Profit after tax for the year was £1.6 million, compared to £2.8 million in FY21. In the current year profit after tax of £1.6 million, there are £1.0 million of transaction costs relating to the acquisition of Syntec and restructuring costs of £0.9 million. The restructuring costs include redundancy and contract termination costs following the acquisition of Syntec and redundancy costs in Eckoh US following the restructuring of the Sales team and the completion of the exit of the third-party Support business.

Basic earnings per share for the year ended 31 March 2022 was 0.59 pence per share (FY21: 1.09 pence per share). Adjusted earnings per share for the year ended 31 March 2022 was 1.57 pence per share (FY21: 1.49 pence per share).

**Including the Syntec US revenues with Eckoh’s US division, means US revenues account for 39% of revenues, the UK and ROW 61%.**

	FY22 (UK) £'000	FY22 (US) £'000	FY22 (Syntec) £'000	FY22 Total £'000	FY21 (UK) £'000	FY21 (US) £'000	FY21 Total £'000
Revenue	18,596	11,487	1,697	31,780	18,037	12,449	30,486
Gross Profit	15,593	8,473	1,357	25,423	15,299	8,896	24,195
Gross Profit %	84%	74%	80%	80%	85%	71%	79%

## Gross profit

The Group’s gross profit increased to £25.4 million (FY21: £24.2 million). Gross profit margin was 80% for the year, an increase of 1% year on year (FY21: 79%). The UK gross profit margin decreased by 1% to 84%. In the US, the full year margin increased from 71% to 74% as previously indicated, due to the continued increase in Secure Payments and particularly in the cloud environment, the planned transition away from the third-party Support business and the impact of one-off Coral licences in the prior year.

In the UK, as the service is hosted on an Eckoh platform, there is typically no hardware provided to clients and the gross profit

## Divisional performance

Revenue in the UK, which represents 59% (FY21: 59%) of total group revenues, increased by 3.1% to £18.6 million (FY21: £18.0m). The US represented 36% (FY21: 41%) of total group revenues and revenues decreased in the period by 7.7% to £11.5 million (FY21: £12.4m). After excluding the exited third-party Support business in prior years, revenues increased by 4.9%. Syntec revenue was £1.7 million, or 5% of total group revenues, in line with expectation at acquisition. Revenues in local currency grew by 5.7% year on year.

Following the acquisition of Syntec, whose business is split across the US, UK and Rest of World (ROW), the increasing frequency of contracting on a global basis with clients and the increased global deployment of our products as we increase our product availability globally through our multi-cloud offering, we will review the most appropriate and meaningful approach to measure the success of our business. Including the Syntec US revenues with Eckoh’s US division, means US revenues account for 39% of revenues, the UK and ROW 61%.

Further explanations of movements in revenue between the US and UK divisions, including Syntec have been addressed in the Operational Review above.

margin is expected to remain at 84-85%. In the US, we would expect the gross profit margin to continue to increase from 74% to approx. 76% over the next two years. This is driven by the continued growth of the Secure Payments’ activities for cloud solutions coupled with clients renewing their contracts without additional significant hardware. Syntec has a mixture of business delivered in the US, UK and ROW, with deployments typically through its hosted cloud platform for its UK and ROW business, with the US business having a mixture of on-site deployments and more lately cloud deployments, the gross profit margin is expected to remain at approx. 80%.

## Administrative expenses

Total administrative expenses for the year were £23.0 million (FY21: £20.6 million). Adjusted administrative expenses<sup>4</sup> for the year were £20.2 million (FY21: £19.4 million). The prudent cost control achieved in FY21 has continued into FY22, we made structural changes to the US Sales team at the end of the first half and increased our focus on 'vertical selling' (targeting sectors such as healthcare, which are well suited to our model), we have introduced a global Network Operations Centre (NOC) and also streamlined the US operational team, following the planned and completed exit from the third-party Support business. Included in administrative expenses is a trading foreign currency loss of £0.1 million (FY21: £0.4million loss).

## Profitability measures

Adjusted operating profit<sup>1</sup> was £5.2 million, an increase of 10.1% year on year (FY21: £4.7 million). Included in the year was a foreign currency loss of £0.1 million (FY21: loss £0.4 million) and nil Coral licences (FY21 £0.3 million). Adjusted EBITDA<sup>2</sup> for the year was £6.8 million, an increase of 7.6% year on year (FY21: £6.4 million).

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<b>Profit from operating activities</b>	<b>2,386</b>	3,550
Amortisation of acquired intangible assets	751	663
Expenses relating to share option schemes	241	536
Restructuring costs	866	-
Costs relating to business combinations	985	-
<b>Adjusted operating profit<sup>1</sup></b>	<b>5,229</b>	4,749
Amortisation of other intangible assets	392	398
Depreciation of owned assets	680	704
Depreciation of leased assets	495	505
<b>Adjusted EBITDA<sup>2</sup></b>	<b>6,796</b>	6,356

## Statement of financial position

While Eckoh continues to innovate by developing new products and features such as those detailed in the Chief Executive Officer's review, little of this is capitalised on the balance sheet with only £0.3 million (FY21: £0.4m) added in the year to the value of the intangible assets of the Company. While taking a prudent approach to capitalising salary cost, which reduces reported profit, management believes this approach gives an accurate reflection of the trading performance of the Company.

## Finance charges

For the financial year ended 31 March 2022, the interest payable charge was £74k (FY21: £87k). The interest charge is made up of bank interest of £23k (FY21: £54k) and interest on leased assets of £51k (FY21: £33k).

## Taxation

For the financial year ended 31 March 2022, there was a tax charge of £743k (FY21: £717k charge). The effective tax rate in the financial year ended 31 March 2022 was 43.8% (FY21: 20.4%). The current year tax rate is impacted by the non-deductible nature of the fees relating to the transaction of Syntec and the reversal of deferred tax on the share options for the Exec Directors which are unlikely to vest in July 2022.

## Earnings per share

Basic earnings per share was 0.59 pence per share (FY21: 1.09 pence per share). Diluted earnings per share was 0.51 pence per share (FY21: 1.06 pence per share). Adjusted diluted earnings per share was 1.34 pence per share (FY21: 1.45 pence per share).

## Contract liabilities and contract assets

Contract liabilities and contract assets relating to IFRS 15 Revenue from Contracts with Customers have decreased in the current year, principally as new contracted business in the US has been predominantly for cloud-based solutions. Where clients contract for their services to be provided in the cloud or on our internal cloud platform, the level of hardware is significantly reduced and implementation fees are typically lower. This reduces the level of upfront cash received but drives a greater level of revenue visibility and earnings quality. Total contract liabilities were £12.5 million (FY21: £11.3 million), included in this balance are £9.5 million of contract liabilities relating to the Secure Payments' product, hosted platform product or Syntec's CardEasy Secure Payments product, a decrease of £1.8 million at the same time in the previous year. Contract assets as at 31 March 2022 were £3.8 million (FY21: £4.4 million).

## Cashflow and liquidity

Gross cash at 31 March 2022 was £2.8 million (FY21: £12.7 million), as at 31 March 2022 there was no drawdown of debt (FY21: £1.0 million debt). In April and July 2021, the Company made the two final quarterly repayments of £1.0 million of the loans outstanding to Barclays Bank in accordance with the terms of the term loan. During the second half of the year and as a result of the acquisition of Syntec, we utilised our cash reserves to part-fund the acquisition, raised funds from Shareholders and the Group secured a new £10 million debt facility with Barclays Bank, which comprises a £5.0 million overdraft and a £5.0 million Revolving Credit Facility. During the year, there has been a net cash outflow from working capital of £1.7 million (FY21: £2.3 million cash outflow) due to the timing of invoicing and cash receipts and as the deferred revenue for the US large on-site deployments has been recognised over the term of the contract, generally three years.

- Adjusted operating profit is the profit before adjustments for expenses relating to share option schemes, amortisation of acquired intangible assets, restructuring costs and costs relating to business combinations.
- Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit from operating activities adjusted for depreciation of owned and leased assets, amortisation, expenses relating to share option schemes, restructuring costs and costs relating to business combinations.
- At constant exchange rates (using last year exchange rates)
- Adjusted administrative expenses are administrative expenses excluding expenses relating to share option schemes, depreciation of owned and leased assets, amortisation of acquired intangible assets, restructuring costs and costs relating to business combinations.
- Total contracted business includes new business from new clients, new business from existing clients as well as renewals with existing clients.

## Dividends

Post year end the Directors are recommending that a final dividend for the year ended 31 March 2022 of 0.67 pence per Ordinary Share be paid to the Shareholders whose names appear on the register at the close of business on 23 September 2022, with payment on 21 October 2022. The ex-dividend date will be 22 September 2022. This recommendation will be put to the Shareholders at the Annual General Meeting. Based on the shares in issue at the year end, this payment would amount to £2.0m.

### Chrissie Herbert

Chief Financial Officer

15 June 2022



# Sustainability Report

Fundamentally we are committed to running our business in a sustainable manner, which allows us to meet the needs of our stakeholders, have a positive impact on the communities in which we operate and through the products and solutions we deliver for our clients have a positive impact on the wider society by securing and protecting payment and personal data.

Over the last year we have been formulating our Environmental, Social and Governance strategy (ESG). This is an evolving process and we aim to further develop and evolve our strategy, refine our targets and deliverables and enhance our reporting in FY23.

We all have a part to play and the Board and I are firmly committed to ensuring that Eckoh enhances its sustainability initiatives. There are also continuing issues around inclusivity, diversity and opportunity in wider society to which Eckoh can contribute.

# Governance

Our purpose, business model, strategy and Board operations are focused on delivering long-term benefits for all of our stakeholders while maintaining a high standard of ethical business conduct.

These responsibilities are embedded in our culture, our values and our purpose. We are committed to conducting our business with honesty, integrity, trust and respect and it is expected that these high standards be maintained throughout the organisation.

As a UK company, we are bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct within and outside of the UK. In addition, we uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

With respect to The Modern Slavery Act, neither the Company or any of its subsidiaries permit, condone or otherwise accept any form of human trafficking or slavery in its business or supply chains.

Through our whistle-blowing policy, we encourage our employees to raise any instances of irregular conduct in the workplace and thus supporting our commitment to ensuring that all practices and procedures in respect of all employees, partners, clients and suppliers are of the highest quality.

As we operate in the UK, US and Europe, we process data compliantly with data privacy legislation, this covers principally the General Data Protection Regulation ("GDPR") in the EU and the UK and the California Consumer Privacy Act ("CCPA") in North America.

Eckoh has been a PCI-DSS Level 1 Service Provider for 12 successive years. Our Secure Payments products and solutions, provide a robust and secure payments solution for our clients, enhancing their governance, enabling our clients' contact centre agents to take payments securely and preventing the exposure of sensitive customer data to contact centre agents. Our products keep payment data out of our clients' processes and systems, which not only lessens the burden of compliance for them, but also reduces fraud risk, the impact of a data breach and in turn makes the world a safer place to live in.

# Social

Our employees are central to the long-term success and sustainability of our business.

We aim to attract and retain the best and most engaged people in our industry and we recognise the value of all our employees and that the success of Eckoh is due to their efforts.

We have a talented mix of employees from diverse backgrounds, which brings a high level of innovation and collaboration. Our values sit at the heart of the culture at Eckoh and are summarised below.

- E**ncourage
- C**hallenge
- K**nowledge
- O**wnership
- H**umanity

## Encourage



We **Encourage** and support everyone to grow with Eckoh

## Challenge



We **Challenge**, listen, and are open minded to change and suggestions from others

## Knowledge



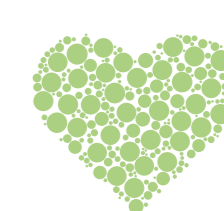
As trusted advisors, we use our **Knowledge** to solve challenges and deliver the best for our clients

## Ownership



We take personal **Ownership** to strive for excellence in whatever we do

## Humanity



We are welcoming, embrace diversity and respect each other in a spirit of true **Humanity**



We draw on our humanity value in the way we treat each other, our clients, partners and suppliers and also how we interact with our local community. We recognise the significant benefits of a diverse workforce and we do not tolerate discrimination, harassment, or victimisation in the workplace, instead we encourage an inclusive workplace where all staff can feel comfortable about who they are.

Throughout the year we communicate through informal and formal channels to keep employees across the business up to date on business strategy and our goals, business performance and more day-to-day initiatives and we organise fun, team building events.

We strongly believe our employees are a valuable resource and should be listened to. Through the pandemic we ran regular surveys focusing on our employees' well-being and challenges they were facing through the pandemic. On returning to the office on a more permanent basis, we listened to our employees and as a result adopted a balanced hybrid work approach between the office and home, ensuring there is sufficient time in the office for collaboration for the benefit of the business, but also listening and understanding our employees' requests for working from home. We also carry out an annual employee survey, which allows our employees to provide feedback on a broader basis. We take the feedback seriously and work with employees through focus groups on action plans for improvements.

Eckoh's strength lies in the expert knowledge of our people. It is vital that our employees understand, and are passionate about, our products and technologies. Every new employee to Eckoh undergoes a detailed and thorough induction plan. The induction not only welcomes them to the business, but it provides them with a comprehensive overview of Eckoh, insight into our market proposition, our range of products, the security requirements of the Payment Card Industry Data Security Standard (PCI DSS), the organisational structure and our commercial model. Every induction plan is tailored to the individual's role, setting them up to be successful in their new role.

We encourage our people to continue to develop their skills and keep up-to-date with new technology, standards and processes. Training needs are identified through the regular check-in that team members have with their line managers. Training can be a mixture of on-the-job training, external courses and internally run management development courses.

Given the nature of our business there are regular security awareness initiatives and training sessions for employees across the business.

We encourage young school leavers, who may have been working in our UK contact centre, to progress from their roles as agents to junior roles in the organisation. In the last year we have had a number of success stories where employees have been appointed into junior roles or have progressed from these junior roles into more senior positions within the organisation.

Our investment in our employees helps to retain and motivate our people, as well as enabling high achieving employees to progress and flourish in their role.

A fair remuneration policy is adopted across Eckoh and we offer a comprehensive benefits package to our employees, based on the local market conditions.

**We strongly believe our employees are a valuable resource and should be listened to. We carry out an annual survey allowing employees to feedback on a broad basis. We take their feedback seriously and work with them on action plans for improvement.**

In order to provide a wider population of employees with an opportunity to become Eckoh Shareholders, which promotes alignment to Shareholder interests and aids recruitment and retention, we operate a Share Incentive Plan (SIP) for UK employees and an Employee Stock Purchase Plan (ESPP) for US employees. These share option plans were launched in the financial year ended 31 March 2017 for the SIP and 31 March 2019 for the ESPP.

At Eckoh, our employees are encouraged and supported to give something back to our local community. We do this through supporting local and national causes, raising money for charity. Each Christmas, Eckoh employees choose a charity they would like to support. Last Christmas the UK team chose to support DENS, helping build lives, which is a charity for people local to the UK office in Hemel Hempstead. The aim of the charity is to be the first port of call for people in Dacorum who are facing homelessness, poverty and social exclusion. The US team chose to support The Salvation Army, whose services are diverse and responsive to the realities of life in the communities we serve. In total the money donated through money raised by employees and a Company contribution was £1,538 for DENS and \$1,500 for The Salvation Army. A number of employees based in the US Omaha office also adopted a family at Christmas through The Salvation Army.

In addition, and in response to the humanitarian crisis in Ukraine in March, Eckoh contributed £10,000 to the Disasters Emergency Committee (DEC) and also matched contributions made by employees, giving a total donation from Eckoh and our employees of £26,900.



## Environment

**E**ckoh aims to minimise the environmental impacts of its business activities and its employees. Sustainable business practices will play an increasingly important part of our ability to grow and continue to be successful. As a technology company we are not involved in any energy-intensive manufacturing processes nor do we generate significant waste. Our services are provided to our clients either through the cloud or via our hosted platform, our largest energy consumption comes from our data-centres rather than our offices. Whilst our environmental impact is low compared with other sectors, we do recognise that sustainability is a constantly evolving issue and we recognise the need to respond appropriately and reduce our contribution to global climate change.

The COVID-19 pandemic brought with it a number of operational changes, including many that reduced our environmental impact. These included a significant reduction in business travel, especially trans-Atlantic flights or inter-state flights in the US. We have developed a more flexible hybrid working model since returning to our offices both in the UK and US, which will enable employees to work from home more of the time, thereby reducing the impact of commuting upon the environment and we will ensure that we continue as a business to adopt, where possible, the behaviours that make a difference.

We do not provide company vehicles to employees or Directors or operate any form of vehicle fleet and offer our UK employees a cycle to work scheme to promote healthy living practices and further reducing pollution from daily commuting.

Within our offices, we engage in recycling programmes, wherever possible, within the parameters of our offices. All our offices and communal working areas lights are LED, with energy efficient and motion sensor lighting, thus reducing the electricity the Company uses on an on-going basis.

We encourage our teams to adopt digitalisation and go paperless and we have reduced the usage of printers and photocopiers.

In the year to 31 March 22 we have started to measure our energy use and impact under the Standard Energy and Carbon Reporting (SECR) regulations. From next year we will be required to report our usage and will do so with our comparatives for the year just finished. Through this energy reporting we will look to identify ways of reducing and offsetting our carbon emissions.

**Nik Philpot**  
Chief Executive Officer  
15 June 2022



# Corporate Governance

The Board has overall responsibility for establishing and maintaining sound risk management and internal control systems, and for the monitoring of these systems to ensure that they are effective and fit for purpose.



# Board of Directors

## Independent Directors

### Christopher Humphrey BA MBA FCIMA

#### Non-Executive Chairman

Appointed to the Board – 21 June 2017  
Appointed Chairman – 21 September 2017

#### Committee Membership:

Nominations (Chair), Audit, Remuneration

#### Skills & Experience:

Christopher is currently Senior Non-Executive Director and Audit Chairman of both AVEVA Group plc and The Vitec Group plc. Christopher was formerly Group Chief Executive Officer of Anite plc from 2008 until August 2015, having joined

Anite in 2003 as Group Finance Director. He has held senior positions in finance at Conoco, Eurotherm International plc and Critchley Group plc. He was previously a Non-Executive Director at Alterian plc and SDL plc.



### Guy Millward

#### Non-Executive Director

Appointed to the Board – 1 October 2016

#### Committee Membership:

Audit (Chair), Nominations, Remuneration

#### Skills & Experience:

Guy is currently Chief Financial Officer at Wilmington plc. He has extensive experience in senior finance positions at several publicly and privately held companies in the electronics, software and IT sectors. His previous roles include that of CFO at Imagination Technologies

Group plc, Advanced Computer Software Group plc, Quixant plc, Metapack Limited and Bighand Limited, Group Finance Director at Alterian plc, Morse plc and Kewill plc. Guy is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).



### David Coghlan

#### Non-Executive Director

Appointed to the Board – 1 December 2017

#### Committee Membership:

Remuneration (Chair), Audit, Nominations

#### Skills & Experience:

David is currently Chairman of Synectics plc, an AIM-quoted provider of high-end electronic security systems and Chairman of Quadrant Group Limited, a leading independent supplier of aviation simulation and training, with subsidiaries in the UK and US. Until its takeover in December 2019, David was also a Non-Executive

Director, and Chairman of the Audit Committee, of SCISYS plc, a software company quoted on AIM. He has extensive experience with technology companies in the business-to-business field. David was previously a partner at Bain & Company, a leading strategy consulting firm.



## Executive Directors

### Nik Philpot

#### Executive Director – Chief Executive Officer

Appointed to the Board  
– 2 February 1999

Appointed to Chief Executive Officer  
– September 2006

#### Skills & Experience:

Nik is a founder of Eckoh with over 20 years' service, and he has over 30 years' experience in the Customer Engagement industry. Prior to Eckoh he was at British Telecom before establishing several start-up businesses in the telecoms and

technology sectors. Nik's focus on innovation and growth has driven the Company to become a global leader in Customer Engagement Security Solutions and his insight and vision is transforming the way customers and brands are protected.



### Chrissie Herbert

#### Executive Director – Chief Financial Officer & Company Secretary

Appointed to the Board – 2 May 2017

#### Skills & Experience:

Chrissie has held several senior finance positions with both publicly listed and privately held businesses. Her considerable background in high growth, consumer facing organisations includes Collect+ and Travelodge Hotels Ltd and

she has gained payments experience from PayPoint plc, where she was UK & Ireland Finance Director. Chrissie qualified as a Chartered Accountant with KPMG and is a Fellow of the ICAEW.



# Chairman's Statement on Corporate Governance



## Dear Shareholder,

As a Board of Directors, we feel the Quoted Companies Alliance Corporate Governance Code (QCA Code) is the most appropriate code for Eckoh plc to apply, given the Group's size, risk, complexity and stage of maturity.

The QCA Code follows 10 basic principles that requires companies to provide an explanation of how they consider that they are meeting those principles through a set of disclosures on their website and in their Annual Report.

As Chairman of Eckoh plc, I am ultimately responsible for the Corporate Governance of the Group but the Board as a whole considers that good corporate governance is a key driver in the success of the business and accountability to the Company's stakeholders, including Shareholders, customers, suppliers and employees is a vital element in that governance.

In this Governance section we outline the Company's approach to Corporate Governance and how we have complied with the QCA Code. The Board considers that it does not depart from any principles of the QCA code. It is the intention that the information contained within the report will be updated annually alongside the publication of the Group's Annual Report or more frequently for any fundamental changes.

During the year we have been working on our ESG strategy. Our progress to date can be found in the Sustainability Report on pages 28 to 31, this will be further developed in the new year. I am also pleased that we have included the key performance indicator Group Annual Recurring Revenue for the Group in this set of results.

**Christopher Humphrey**  
Chairman  
15 June 2022



## Quoted Companies Alliance Code Compliance

The following paragraphs set out the 10 QCA Code principles and how Eckoh has complied with those principles.

### 1. Establish a strategy and business model which promotes long-term value for Shareholders

The strategy and business model which explains the strategic objectives of the Group and how the Company generates and preserves value over the longer term are set out in the Strategic Report on pages 4 to 31 of this Annual Report.

The Board is collectively responsible for the long-term success of the Company and provides effective leadership by setting the strategic aim of the Company and overseeing the efficient implementation of these aims in order to achieve a successful and sustainable business. In practice the Executive Directors prepare and present the strategic plan to the Board which the Board challenges in order to determine the strategic priorities. On an ongoing basis the Board ensures that the strategic plan is taken into consideration in its decision-making process.

### 2. Seek to understand and meet Shareholders' needs and expectations

The Directors consider that the Annual Report and Financial Statements play an important role in providing Shareholders with an evaluation of the Company's position and prospects. The Board aims to achieve clear reporting of financial performance to all Shareholders. The Board acknowledges the importance of an open dialogue with its institutional Shareholders and welcomes correspondence from private investors.

The Executive Directors have an ongoing programme of meetings with institutional investors and analysts twice a year for up to two weeks at a time. Feedback from these meetings is reported to the Board. The Non-Executive Chairman has held meetings during the year with the major Shareholders, independently of the Executive Directors.

In addition to the Annual Report and the Company's website, the Annual General Meeting (AGM) is an ideal forum at which to communicate with investors, and the Board encourages Shareholder participation. All Board members are planning to be present at the AGM and are available to answer questions from Shareholders.

The articles of association require that at the AGM one third, or as near as possible, of the Directors will retire by rotation. Nik Philpot and Guy Millward will retire by rotation and put themselves forward for re-election at the AGM.

### 3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Eckoh's Sustainability Report focuses on our environmental, social and governance strategy and is found on pages 28 to 31.

In addition to the stakeholders covered in the Sustainability Report, our customers are also important stakeholders, whose opinions and voice Eckoh values highly. We have various channels for customers and prospects to communicate with the Group, through regular business reviews, which are conducted by our Client Services team, to post project reviews. In the UK there is an annual Customer Satisfaction survey which we are in the process of rolling out to our US customers.

### 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for establishing and maintaining sound risk management and internal control systems, and for the monitoring of these systems to ensure that they are effective and fit for purpose. The Audit Committee provides support to the Board in this regard and oversees the monitoring process. Further information on the risk management and internal control system is set out in the Audit Committee report on page 42.

The Directors have carried out a robust assessment of the principal risks facing the Group and how these risks could affect the business, financial condition or operations of the Group. The explanation of these principal risks, including how they are being mitigated, can be found on pages 20 to 23.

### 5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board, led by the Chairman, has a collective responsibility and legal obligation to promote the interests of the Group. The Chairman is ultimately responsible for Corporate Governance. However, the Board is responsible for defining the Corporate Governance policies.

The Board is made up of three Non-Executive Directors and two Executive Directors and has delegated certain roles and responsibilities to its Audit, Nomination and Remuneration Committees while retaining overall responsibility.

Non-Executive Directors are all independent and are expected to devote sufficient time to the Company to meet their responsibilities.

The Board and its Committees met regularly throughout the year with the meetings scheduled around key dates in the Company's

corporate calendar. There were twelve scheduled meetings during the year and seven meetings at short notice. Directors in principle attend all meetings either in person or by video or telephone conference arrangements. The table below shows Directors' attendance of Board and Committee meetings.

**Directors' meeting attendance 2021/22**

	Board		Audit		Remuneration		Nomination	
	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice
<b>Executive Directors</b>								
Chrissie Herbert	12	7	3 <sup>1</sup>	-	5 <sup>1</sup>	3	1 <sup>1</sup>	-
Nik Philpot	12	7	3 <sup>1</sup>	-	5 <sup>1</sup>	3	1 <sup>1</sup>	-
<b>Non-Executive Directors</b>								
Christopher Humphrey	12	7	3	-	5	3	1	-
David Coghlan	12	7	3	-	5	3	1	-
Guy Millward	12	7	3	-	5	3	1	-

1. By invitation. The Executive Directors are not members of any of the Board Committees and they attended only the committee meetings to which they were specifically invited.

At Board meetings the Chairman ensures that effective decisions are reached by facilitating debate and consultations with management and external advisors as necessary. The work undertaken by the Board during the year is set out in the table below:

**The agenda for each Board meeting includes the following as standing items:**

- Risk analysis, including by risk, the risk factor and the monitoring mechanism
- Management report which is prepared and presented by the Chief Executive Officer
- Finance report, which is prepared and presented by the Chief Financial Officer and includes the management accounts and business performance, including forecast as appropriate.

**Other matters which are covered by the Board routinely during the year include:**

- Review of Annual Report and preliminary announcement
- Review of Executive Directors' presentation of the full year results to analysts and investors
- Strategy session at which the Board considers management's presentation of the Strategic Plan and gives its approval
- Review and approval of the interim management statements for release to the market
- Recommendation of the final dividend
- Company secretarial & legal
- Setting of the Board calendar for the year.



**Divisions of roles and responsibilities**

The Chairman is responsible for the leadership of the Board and ensuring the effectiveness on all aspects of its role. There is a clear division of responsibility between the Chairman and the Chief Executive, which is as follows:

**Chairman**

Christopher Humphrey is the Non-Executive Chairman and he is responsible for managing the Board and ensuring it works effectively. Below are the roles and responsibilities of the Chairman for the financial year ended 31 March 2022.

- Setting the Board's agenda and ensuring the Board receives accurate, timely and clear information on all matters reserved to its decision and the Group's performance and operations
- Ensuring compliance with the Board's approved procedures
- Chairing the Nomination Committee and facilitating the appointment of effective and suitable members and Chairman of Board Committees
- Ensuring that there is effective communication by the Group with its Shareholders, including by the Chief Executive and Chief Financial Officer ensuring that members of the Board develop an understanding of the views of the major investors in the Group
- Promoting the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Board level.

**Chief Executive**

Nik Philpot is the Chief Executive and he is responsible for running the Group's business by proposing and developing the Group's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.

- Providing input to the Board's agenda and ensuring that reports provided to the Board are accurate, timely and include accurate information
- Ensuring, in consultation with the Chairman and the Company Secretary as appropriate, compliance with the Board's approved procedures
- Ensuring that the Chairman is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which he might not otherwise be aware
- Providing information and advice on succession planning to the Chairman, the Nomination Committee, and other members of the Board, particularly in respect of Executive Directors
- Leading the communication programme with Shareholders
- Promoting and conducting the affairs of the Group with the highest standards of integrity and corporate governance.

## 6. Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities

All members bring different experiences and knowledge to the Board and between them they provide a blend of business understanding, technical knowhow, experience of public markets and financial expertise. The Board consider that this is appropriate to enable it to successfully execute its long-term strategy.

All members of the Board attend seminars and regulatory events to ensure that their knowledge is up-to-date and relevant. Where the Board considers it does not possess the necessary expertise or experience it will engage the services of professional advisors. The Board considers that the three non-Executive Directors, including the Chairman, are independent.

The biographies of each of the Directors can be found on pages 34 and 35.

## 7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

During the financial year ended 31 March 2022, the Chairman led a formal review of the Board, its Committees and each Director. The performance evaluation of the Chairman was undertaken by the Chair of the Remuneration Committee, David Coghlan. The review centred on the following areas

- the Board's role and scope of its authority, how it is led by the Chairman, the frequency and time allotted to the Board meetings and their agendas
- the Committees' terms of reference, leadership, the frequency and time allotted to the Committee meetings and their agendas
- the Directors' feedback was free-ranging and unstructured with guidance on areas to consider.

A Board evaluation process will be carried out annually.

## 8. Promote a corporate culture that is based on ethical values and behaviours

Our Sustainability Report on page 28 sets out our ESG strategy, which includes our approach to governance and the way we do business. The Social section of our ESG strategy focuses on the value we place on our employees and the culture we drive in the UK and US business, with our Humanity value playing a significant part in the way we operate both internally with our employees and also with the communities we operate.

## 9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board provides the strategic leadership for the Company and ensures that the business operates within the Corporate Governance framework that has been adopted. Its prime purpose is to ensure the delivery of Shareholder value in the long term by setting the business model and defining the strategic goals to achieve this.

The Board is supported by a Remuneration Committee, Audit Committee and Nomination Committee. Each Committee has formally delegated duties and responsibilities and the terms of reference for the Committees are reviewed annually. The Committee Chair is responsible for reporting, throughout the year, to the Board any recommendations or issues which require further consideration by the Board. The Board reviews annually the list of matters that are reserved for the Board.

The report on the Nomination Committee is set out below and the reports of the Audit Committee and the Remuneration Committee are set out on page 42 and page 46 respectively.

The role and responsibilities of the Chairman, Chief Executive and other Directors have been set out under principle 5 on pages 37 to 39 of the Annual Report.

## 10. Communicate how the Group is governed and is performing by maintaining a dialogue with Shareholders and other relevant stakeholders

The Company is committed to open communication with all its Shareholders. Communication with Shareholders is predominantly through the Annual Report and AGM. The last AGM results can be found on the Group's website. Other communications are in the form of full-year and half-year announcements, periodic market announcements (as appropriate) one-to-one meetings and investor roadshows. The Remuneration Committee report is included on pages 46 to 52.

The Group's website [www.eckoh.com](http://www.eckoh.com) is regularly updated. Annual Reports and Notices of Meetings can be found on the Group website.

## Committees of the Board

### Nomination Committee

The Nomination Committee currently comprises David Coghlan, Guy Millward and Christopher Humphrey, who is the Committee Chairman. It met once during the period and the details of meeting attendance are set out on page 38.

The Committee is responsible for considering and making recommendations on the appointment of additional Directors, the retirement of existing Directors and for reviewing the size, structure and composition of the Board and membership of Board Committees, which are considered against objective criteria.

## Section 172(1) Statement –

### Board engagement with our stakeholders

Section 172 of the Companies Act 2006 requires a Director of a Company to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long-term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a

## Relationships with customers are fostered and we listen to feedback through customer surveys. We also develop the relationships with clients through cross-selling appropriate additional product and services, which maximises client value and also ensures high retention of clients.

reputation for high standards of business conduct; and the need to act fairly with members of the Company. The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders we consider in this regard are the people who work for us, buy from us, supply to us, own us, regulate us, and live in the societies we serve and the planet we all inhabit. The Board recognises that building strong relationships with our stakeholders will help us deliver our strategy in line with our long-term values and operate the business in a sustainable way. The Board is committed to effective engagement with all its stakeholders.

For further details of how the Board operates and the way in which it makes decisions, including key activities during the financial year ended 31 March 2022 and Board governance, see pages 36 to 41 and the Board Committee reports thereafter. The Board regularly receives reports from Management on issues concerning customers, the environment, communities, suppliers, employees, regulators, governments and investors, which it takes into account in its decision-making process under section 172. In addition to this, the Board seeks to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate.

The Board regularly receives updates on feedback from investors from the Executive Management. In addition, the Chairman, CEO and CFO meet frequently with institutional investors to discuss and provide updates about – and seek feedback on – the business, strategy, long-term financial performance, Directors' remuneration policy and dividend policy to the extent appropriate. Considering the capital growth aims of Shareholders, the Directors are focussed on growing the US Secure Payments' business and enhancing our market leader position for contact centre security into the cloud. The Group successfully acquired 100% of the Share Capital of Syntec Holdings Limited in December 2021, which alongside our organic growth will further strengthen our market leading position in the Customer Engagement Security Payments market. Going forward we will continue to evaluate acquisition opportunities that can support our growth strategy in Customer Engagement Security.

Relationships with customers are fostered and we listen to feedback through customer surveys. We also develop the relationships with clients through cross-selling appropriate additional product and services, which maximises client value and also ensures high retention of clients.

It is the Group's policy to manage and operate worldwide business activities in conformity with applicable laws and

regulations as well as with the highest ethical standards. Both the Group's Board of Directors and Executive Management are determined to comply fully with the applicable law and regulations, and to maintain the Company's reputation for integrity and fairness in business dealings with third parties.

# Audit Committee Report



## Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present our report for the year ended 31 March 2022. The Committee has considered the integrity of the Group's financial reporting and provided advice to the Board that the 2022 Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, providing Shareholders with the necessary information to assess the Company's position, performance, business model and strategy. The activities of the Committee are kept under review in line with regulatory and market developments.

The Audit Committee currently comprises myself, David Coghlan and Christopher Humphrey. The Board considers that I have recent and relevant financial experience in accordance with the Code. Full biographical details of each of the current Committee members, including relevant financial experience are set out on pages 34 and 35.

The key responsibilities of the Audit Committee are as follows:

- monitoring the financial reporting process, including the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance including reviewing significant financial reporting judgements contained therein
- reporting to the Board on the appropriateness of the significant accounting policies and practices of the Group
- risk management and the effectiveness of the Group's system of internal financial control
- overseeing the external auditors including its scope and cost effectiveness and monitoring and reviewing the independence of our external auditors and the provision of non-audit services to the Group
- overseeing the quality of the internal and external audit processes
- monitoring and reviewing the scope and areas internal audit should cover alongside the other programmes and process reviews the Company has.

The Committee has met three times during the year inviting the external auditors, the Chief Financial Officer and the Chief Executive Officer to each of these meetings. During one of the Audit Committee Meetings, the auditors were present, without the Chief Financial Officer or the Chief Executive Officer being present. Details of meeting attendance are set out on page 38.

**Guy Millward**  
Chairman Audit Committee  
15 June 2022



In the year under review the Audit Committee's activities were as follows:

Topic	Actions
<b>Financial reporting</b>	<p>Assessed and reported to the Board on whether the Annual Report and Accounts were fair, balanced and understandable</p> <p>Reviewed and discussed with the external auditors the key accounting considerations and judgements reflected in the Group's results for the year to 31 March 2022 (as reported below)</p> <p>Reviewed, together with the Board, the Risk Assessment and the going concern basis for preparation of the Financial Statements and recommendation of the going concern statement to the Board</p> <p>On-going financial monitoring through the COVID-19 pandemic, ensuring financial reporting is relevant and timely and covering revenue, debtors, cost control and cashflow</p> <p>Assessed and reported to the Board the change of Accounting Policies required for Syntec Holdings Limited on acquisition and the impact on financial performance.</p>
<b>Audit plans and audit</b>	<p>Reviewed and agreed the external auditors' plan in advance of their audit for the year ended 31 March 2022.</p> <p>Discussed the report received from the external auditors regarding their audit in respect of the year ended 31 March 2022 which included comments on their findings on internal control and a statement of their independence and objectivity.</p>
<b>Risk management and internal controls</b>	<p>Review of the principal risks and the mitigation of these risks as set out on pages 20 to 23.</p> <p>Review and monitor the effectiveness and robustness of the Company's internal financial controls and processes and determine whether an internal audit function is required.</p>
<b>Committee governance</b>	<p>Review and update of the Audit Committee terms of reference.</p>

The significant issues considered by the Committee in relation to the 2022 Financial Statements, and how these were addressed, were:

- **Risk of fraud in revenue recognition (including contract accounting)**  
Revenue recognition is complex, involves calculation schedules and can be judgemental. Controls are in place to ensure revenue is only recognised for product solutions such as the hosted Customer Engagement solutions and Secure Payment solutions, which are in effect a hosted solution, when the client accepts the service. The provision of the solution is deemed to be one single performance obligation, which includes the hardware revenue, the implementation fees and ongoing support and maintenance revenue which are spread evenly over the term of the contract once the solution has been delivered to the client. The costs directly attributable to the delivery of the hardware and the implementation fees will be capitalised as 'costs to fulfil a contract' and released over the contract term, thereby also deferring costs to later periods.
- **Acquisition accounting**  
As a result of the successful acquisition of Syntec Holdings Limited, acquisition accounting has been included as a significant issue for the year ended 31 March 2022. Acquisition accounting involves a significant degree of judgement and estimation when assessing the overall deal consideration and valuing the purchased assets and liabilities and in particular valuing the intangible assets.
- **Management override of controls**  
We are satisfied adequate controls are in place and use the monthly management reporting and the results of the external audit to assess this on an on-going basis.

**External audit**

An annual review of the effectiveness of the external audit is undertaken by the Committee.

**No significant issues were raised with respect to the audit process for the financial year ended 31 March 2022 and the quality of the audit process was assessed to be good.**

The effectiveness of the audit process is underpinned by the appropriate audit planning and risk identification at the outset of the audit cycle. The auditors provide a detailed audit plan, which includes the level of materiality and its assessment of the risks and other key matters for review. For the year ended 31 March 2022, the primary risks identified were: risk of fraud in revenue recognition (including contract accounting), acquisition accounting risk and management override of controls. The Committee reviews and challenges the work undertaken by the auditors to test management's assumptions on these matters. An assessment of the effectiveness of the audit process in addressing these items is performed through the reporting received from the auditors at the year end. The Committee seeks feedback from management on the effectiveness of the audit process. No significant issues were raised with respect to the audit process for the financial year ended 31 March 2022 and the quality of the audit process was assessed to be good.

Based on the Committee's assessment, the Committee has provided the Board with its recommendation to the Shareholders on the re-appointment of PricewaterhouseCoopers LLP as external auditors for the year ending 31 March 2023. PricewaterhouseCoopers LLP will be appointed as auditors to the newly acquired Syntec Holdings Limited and its subsidiaries. There are no contractual obligations restricting the Committee's choice of auditors. A resolution for appointment of the auditors will be proposed at the forthcoming Annual General Meeting and is included in the Notice of Meeting which accompanies this report.

**Non-audit services**

The Committee reviews the level of non-audit fees for services provided by the auditors in order to satisfy itself that the auditors' independence is safeguarded. There were no non-audit fees paid to PricewaterhouseCoopers LLP in the year ended 31 March 2022.

In determining the most appropriate provider of non-audit services, the Committee will consider the knowledge and expertise of the potential providers and the proposed costs. Non-audit services will only be undertaken by the auditors where it is deemed to be the preferred provider and the provision of services poses no threat to its independence.

Details of the remuneration paid to the auditors for the statutory audit are set out in note 7.

**Risk management and internal control**

The review of risks facing the Group is shown on pages 20 to 23. The Group has clearly defined lines of accountability and delegation of authority which are closely adhered to and include policies and procedures that cover financial planning and reporting, accounts preparation, information security, project governance and operational management. The reporting and review processes provide regular assurance to the Board as to the adequacy and effectiveness on internal controls.

There are ongoing processes for identifying, evaluating and managing the Company's significant risks and related internal controls that are integrated into the Company's operations. Such processes are reported to, and reviewed by, the Board at each meeting. These processes have identified the risks most important to the Company (business, operational, financial, security and compliance), determined the financial implications, and assessed the adequacy and effectiveness of their control. The reporting and review process provide routine assurance to the Board as to the adequacy and effectiveness of the internal controls.

**Internal audit**

The Audit Committee annually reviews the requirement for an internal audit function. Eckoh Group is subject to a number of externally audited certifications which were updated this year as well as the external audit of its financial statements; the Audit Committee has therefore not needed to recommend that the Board requires an internal audit function.

**Guy Millward**

Chairman Audit Committee  
15 June 2022



# Remuneration Committee Report



## Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present our Remuneration Report for the financial year ended 31 March 2022, which has been approved by the Board.

### This report is divided into two sections:

- The annual statement setting out the work of the Remuneration Committee in the financial year ended 31 March 2022; and
- The Remuneration Report, which sets out the Company's Remuneration Policy for Executive Directors and the Annual Remuneration Report detailing remuneration paid to Directors in the year ended 31 March 2022.

The membership and responsibilities of the Remuneration Committee are set out on page 48 of this report. Amongst its objectives, the Committee strives to ensure the Executive Directors' remuneration is aligned with the interests of Shareholders. The Remuneration

Committee believes that Shareholders' interests are best served by linking a significant proportion of total potential remuneration to long-term performance.



The intention of the Remuneration Committee is to structure the short and long-term incentives to reward executives for enhancing Shareholder value and ensuring that substantial rewards will be received only if substantial value has been created for our Shareholders. However, given the impact of unforeseen global events the indications show the Initial Awards made to the Executive Directors five years ago are unlikely to vest in 2022. In order to retain and incentivise the CEO and CFO a review of the Executive Directors' remuneration arrangements was undertaken during the year.

In respect of the year under review the Remuneration Committee's activities were as follows:

- The Remuneration Committee sought advice from FIT Remuneration Consultants LLP given indications showed the Initial Awards granted to the Executive Directors are unlikely to vest in 2022. As part of the review the Remuneration Committee took into consideration the following objectives:
  - Respecting the Company's existing Shareholder authorities
  - Honouring the terms of the existing 2017 Initial Awards as present to Shareholders
  - Retaining the Executives and incentivising them to deliver Eckoh's growth strategy, especially given the acquisition of Syntec.
- While the proposals put forward by the Remuneration Committee were permitted under the Company's existing Shareholder approved long-term incentive plan, the Remuneration Committee consulted with major Shareholders in respect of the long-term incentive provision for the CEO and CFO going forward. The proposal was implemented as follows:
  - In January 2022 the Committee granted nominal cost PSP awards to the CEO and CFO equal to 200% of their respective salaries (in line with the exceptional grant limit) (the FY22 Awards). In the unlikely event that a portion of the 2017 Initial Awards were to vest, any value the Executive Directors receive would be offset pound for pound against any vesting of the new FY22 Awards to ensure management wouldn't be rewarded twice.
  - In addition, a further award of shares up to 200% of salary will be granted to the CEO and CFO in July 2022, in respect of FY23 (the FY23 Awards).
  - From FY24 on, further annual awards will be considered per the scheme rules up to the normal 120% of salary award level.

Further details of the award targets are on page 50.

- The Remuneration Committee has also reviewed the Remuneration Policy for senior management and key employees, given the current and on-going difficult employment market in the technology sector. As a result, PSP Share Option awards were made to key individuals in March 2022, in addition to the normal three-year cycle of Share Options awarded in July 2022. The awards in March 2022 also included awards granted to employees acquired through the Syntec acquisition.
- The Committee approved an increase in the Chief Executive Officer's and Chief Financial Officer's salaries with effect from 1st April 2022 of 4%, reflecting pay increases within the Group's workforce and current market conditions.
- The Base and Committee Chair fee of the Chairman and Non-Executive Directors have also been increased by 4% from 1st April 2022.
- Bonus payments were accrued for the Executive Directors and senior management for the financial year ended 31 March 2022. Those relating to the Executive Directors are set out on pages 49 and 50. Bonus payments for staff members were accrued at an average of 5% of salary (FY21: discretionary payments only).
- During the year under review, there has been significant change in the management structure of the US business following the ceasing of the third-party Support business. The Committee continues to assess the succession plans for senior management reporting to the Executive Directors. This will be continued into the new financial year and take into consideration the integration of the Syntec team following the acquisition of Syntec Holdings Limited.

The Remuneration Report in respect of the financial year ended 31 March 2022, which includes the Remuneration Policy as set out below, will be put to the Company's Shareholders for an advisory vote at the AGM to be held on 26 September 2022. I encourage all Shareholders to vote in favour of this resolution and I look forward to the opportunity to meet with Shareholders at the AGM.

### David Coghlan

Chairman Remuneration Committee  
15 June 2022



## Remuneration Policy Report

The following is a summary of the Policy that covers remuneration for Executive Directors of the Company.

	Purpose and link to strategy	Operation	Performance measures
Base Salary	Base salary is set at a level to secure the service of talented Executive Directors with the ability to develop and deliver a growth strategy.	Fixed contractual cash amount usually paid monthly in arrears. Reviewed annually, with any increases taking effect from 1 April each year. This review is dependent on continued satisfactory performance in the role of an Executive Director. It also includes a number of other factors, including experience, development and delivery of Group strategy and Group profitability, as well as external market conditions and pay awards across the Company.	Not applicable.
Benefits	To provide Executive Directors with ancillary benefits to assist them in carrying out their duties effectively.	Executive Directors are entitled to a range of benefits including car allowance, private health insurance and life assurance. Executive Directors are entitled to participate on the same terms as all UK employees in the UK Share Incentive Plan, the maximum contribution being £1,800 pa.	Not applicable.
Annual Bonus	To provide a material incentive to drive Executive Directors to deliver stretching strategic and financial performance and to grow long-term sustainable Shareholder value.	Paid annually and based on performance in the relevant financial year. Award levels for Executive Directors are up to 50% of the Executive's base salary. The performance measures are reviewed annually and the Committee ensures that performance measures remain aligned to the Company's business objectives and strategic priorities for the year.	Measurement criteria and targets for the annual bonus are set annually by the Committee. Currently, up to 60% of the annual bonus is based on the achievement of annual targets set against the Group's adjusted earnings before interest, tax, depreciation and amortisation. The remainder is based on the new business target in the year and the achievement of annual personal objectives. The Committee reserves the right to vary the measurement criteria and targets annually to ensure the annual bonus remains appropriate and challenging. Targets are measured over a one-year period. Payments range between 0% and 50% of base salary for threshold and maximum performance.
Performance Share Plan ("PSP")	To provide a long-term performance and retention incentive for the Executive Directors involving the Company's shares. To link long-term rewards to the creation of long-term sustainable Shareholder value by way of delivering on the Group's agreed strategic objectives.	Under the PSP, the Initial Awards were made over a fixed number of shares, which will vest based on the achievement of performance conditions over a performance period of approximately 5 years from the 2017 AGM, ending 30 days after the announcement of the 2022 Full Year Financial Results. FY22 Award granted to Executive Directors, awards equal to 200% of the CEO's and CFO's respective salaries. FY23 Awards are expected to be granted over shares up to 200% of the CEO's and CFO's respective salaries. The FY22 and FY23 Awards will vest three years from the respective grant dates, subject to continued service and certain performance targets. From FY24 on, further annual awards will be considered per the scheme Rules at up to the normal 120% of salary award level.	<b>Initial Awards</b> <ul style="list-style-type: none"> <li>25% vesting for compound growth in Total Shareholder Return ("TSR") of 10% pa</li> <li>100% vesting for compound growth in TSR of 25% pa or greater</li> </ul> Straight line vesting for intermediate performance between threshold and maximum performance. Below threshold none of the award will vest. <b>FY22 Awards:</b> 50% based on three-year TSR Return targets <ul style="list-style-type: none"> <li>25% vesting for compound growth in TSR of 7.5% pa</li> <li>100% vesting for compound growth in TSR of 15% pa or greater</li> </ul> Straight line vesting for intermediate performance between threshold and maximum performance. 50% based on three-year adjusted Earnings Per Share (EPS) growth targets <ul style="list-style-type: none"> <li>25% vesting for compound growth in EPS of 7.5% pa</li> <li>100% vesting for compound growth in EPS of 15% pa or greater</li> </ul> Straight line vesting for intermediate performance between threshold and maximum performance.
Pension contribution	To provide a benefit comparable with market rates, helping with the recruitment and retention of talented Executive Directors able to deliver a long-term growth strategy.	Usually paid monthly in arrears. Executive Directors receive a contribution of 10% of base salary into the Company's Defined Contribution Plan, a personal pension arrangement and/or a payment as a cash allowance.	Not applicable.

# Annual Report on Remuneration

The following section provides details of how Eckoh's Remuneration Policy was implemented during the financial year ended 31 March 2022. The following pages contain information that is required to be audited in compliance with the Directors' Remuneration requirements of the Companies Act 2006. All narrative and quantitative tables are unaudited unless otherwise stated.

### Remuneration Committee membership in 2021/22

The Remuneration Committee currently comprises myself, Christopher Humphrey and Guy Millward. The Committee members are all independent Directors and are responsible for developing policy on remuneration for the Executive Directors.

The Remuneration Committee is formally constituted with written terms of reference which set out the full remit of the Committee. The Remuneration Committee met three times during the year. The details of meeting attendance are set out on page 38.

During the year, the Committee sought internal support from the Chief Executive Officer and Chief Financial Officer, who attended Committee meetings by invitation from the Chairman, to advise on specific questions raised by the Committee. The

Chief Executive Officer and the Chief Financial Officer were not present for any discussions that related directly to their own remuneration.

In undertaking its responsibilities, the Committee seeks independent external advice as necessary. To this end, for the year under review the Committee has received advice from FIT Remuneration Consultants LLP.

### Summary of Shareholder voting at the 2021 AGM

The following table shows the results of the Shareholder advisory vote on Annual Remuneration Report:

	Total number of votes	% of votes cast
For (including discretionary)	145,710,144	99.98%
Against	30,229	0.02%
<b>Total votes cast (excluding withheld votes)</b>	<b>145,740,373</b>	
Total votes withheld	11,186	
<b>Total votes cast (including withheld votes)</b>	<b>145,751,559</b>	

### Directors' single figure of total remuneration (audited)

The following table sets out the single figure of total remuneration for Directors for the financial year ended 31 March 2022 and 2021:

	Base salary/fees		Benefits <sup>1</sup>		Pension		Annual bonus		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Executive Directors</b>										
Chrissie Herbert	189	187	14	13	19	18	55	-	277	218
Nik Philpot <sup>2</sup>	326	322	17	16	-	-	48	-	391	338
<b>Non-Executive Directors</b>										
David Coghlan	37	36	-	-	-	-	-	-	37	36
Christopher Humphrey	64	63	-	-	-	-	-	-	64	63
Guy Millward	37	36	-	-	-	-	-	-	37	36
<b>Total</b>	<b>653</b>	<b>644</b>	<b>31</b>	<b>29</b>	<b>19</b>	<b>18</b>	<b>103</b>	<b>-</b>	<b>806</b>	<b>691</b>

1. Benefits includes car allowance, healthcare cover & death in service.

2. N Philpot has elected to have all his Company pension contribution added to his salary. The pension contribution has been reduced by the employer's national insurance that is payable by the Company for the amount added to his base salary.

## Incentive outcomes for the year ended 31 March 2022

### Annual bonus in respect of 2021/22 performance

The annual bonus for the Executive Directors and Senior Management for the year ended 31 March 2022 was based on the achievement of Adjusted Operating Profit before interest, tax, depreciation and amortisation (AOP), new business targets and personal objectives. Bonus payments were accrued for the Executive Directors at 16% of their base salary (FY21: nil%), compared to a maximum potential of 50%. The profit related element of the bonus was based on a sliding scale formula for achieving AOP in excess of a threshold established at the beginning of the year. New business threshold targets were not met, so no bonus was accrued in that respect. Because of a cap on total bonuses paid across the Company, the personal objectives element of the Executive Directors' bonus was subsumed within the profit-based element and no additional personal objectives bonus will be paid. In addition, the CFO received a one-off bonus of £25,000 for the additional and intensive work during and immediately following the acquisition of Syntec. Bonus payments for staff members were accrued at an average of 5% of salary (FY21: small level of discretionary bonuses paid to staff).

## Scheme interests awarded in the year ended 31 March 2022

### Performance Share Plan ("PSP") (audited)

The table below provides details of the Initial Awards made under the PSP on 23 November 2017 to Nik Philpot and Chrissie Herbert and the FY22 Awards Performance for these awards is measured over approximately five years from the 2017 AGM and will end 30 days after the announcement of the 2022 Full Year Financial Results.

In the ten-year period from the 2017 AGM, the Company may not issue under the PSP and any other employees' Share plan adopted by the Company, interests in shares comprising in aggregate more than 10% of the issued Ordinary Share Capital of the Company.

Except for the Initial Awards, awards will normally vest on the later of the expiry of the third anniversary of the date of grant of the award and the date that the Committee determines the extent to which the applicable performance criteria have been satisfied and provided in normal circumstances that the participant is still a Director or employee of the Company's Group.

During the financial year ended 31 March 2022, awards were made to Senior Management and key individuals of Eckoh UK, Eckoh US and Syntec. Details of awards can be found in note 23.

During the year, 100% of the 2018 Awards to Senior Management vested. The performance target for the awards was 10% pa total Shareholder return, for the July 2018 awards the performance was 20.95% and for the September 2018 awards the performance was 19.57%.

Executive Director	Face value (% of salary)	Number of shares awarded	Face value <sup>3</sup> £	Potential award for minimum performance	Performance measures
Nik Philpot	140%	3,750,000 <sup>1</sup>	1,921,875	25% of face value	<ul style="list-style-type: none"> <li>• 25% vesting for compound growth in TSR of 10% pa</li> <li>• 100% vesting for compound growth in TSR of 25% pa</li> </ul>
Chrissie Herbert	112%	2,250,000 <sup>1</sup>	1,153,125		
Nik Philpot	73%	1,190,443 <sup>2</sup>	601,174	25% of face value	<ul style="list-style-type: none"> <li>• 50% based on three-year TSR Return targets</li> <li>• 25% vesting for compound growth in TSR of 7.5% pa</li> <li>• 100% vesting for compound growth in TSR of 15% pa or greater</li> </ul>
Chrissie Herbert	73%	749,985 <sup>2</sup>	378,742		

1. Initial Awards made under the PSP on 23 November 2017.

2. FY22 Awards made under the PSP on 17 January 2022.

3. Face value has been calculated using the Company's closing share price on the date of the Initial Award of £0.5125 and for the FY22 Award the 3-day average immediately prior to the award of £0.505.

### Payments to past Directors (audited)

In the financial year ended 31 March 2022 and 2021, there were no payments made to past Directors.

### Chairman and Non-Executive Director fees

The Chairman and Non-Executive Directors were paid the following fees in the financial year ending 31 March 2022:

Role	2022 Annual fee £k
Chairman	64
Non-Executive Director	32
Chairman of a Committee	5

Fees for the Chairman, Non-Executive Directors and Committee Chairmen are reviewed annually. Both the fees for the Chairman and Non-Executive Directors base salaries and the Committee Chairman fee for the Audit Committee and Remuneration Committee were increased by 4% from 1 April 2022 (FY21: 2% from 1 January 21).

### Directors' interests in shares in Eckoh's long-term incentive plans and all-employee plans

#### Directors' share options (audited)

The Directors' interests in share options are shown in the following table:

	Note	At 1 April 2021 (number)	Granted in year (number)	Forfeited in year (number)	Exercised in year (number)	At 31 March 2022 (number)	Exercise price (pence)	Earliest date for exercise	Latest date for exercise
Nik Philpot	1	3,750,000	-	-	-	3,750,000	0.00	15.07.22	22.11.27
Nik Philpot	1	-	1,190,443	-	-	1,190,443	0.00	17.01.25	17.01.32
Chrissie Herbert	2	500,000	-	-	-	500,000	47.50	21.06.20	21.06.27
Chrissie Herbert	1	2,250,000	-	-	-	2,250,000	0.00	15.07.22	22.11.27
Chrissie Herbert	1	-	749,985	-	-	749,985	0.00	17.01.25	17.01.32

1. Granted under the 2017 Eckoh plc Performance Share Plan ("PSP"), as approved at the 2017 AGM.

2. Granted under the 2016 LTIP (see below).

### Directors' shareholdings (audited)

The shareholdings of the Directors and their connected persons in the Ordinary Shares of the Company against their respective shareholding requirement as at 31 March 2022

	31 March 2022 Ordinary Shares of 0.25 pence each	31 March 2021 Ordinary Shares of 0.25 pence each
Nik Philpot <sup>1</sup>	7,051,285	7,001,285
Chrissie Herbert	35,000	35,000
Christopher Humphrey	525,000	525,000
David Coghlan	200,000	-

1. Nik Philpot's spouse is the beneficial owner of 80,000 shares included above.

**Long-Term Incentive arrangements for Directors**

In addition to the PSP described above, the Company operates an additional long-term share incentive scheme for Directors and Senior Managers (“the 2016 LTIP”). The 2016 LTIP was implemented following prior discussions with major Shareholders of the Company. Under this scheme, the Company may issue a maximum of 2% of the share capital each year for the three years ending 31 March 2019 to the Senior Managers of the business. All options granted under this scheme carry an exercise price equal to the market price at the date of grant and are subject to vesting based on achievement of performance criteria. Grants of options under this arrangement were made in March 2016 and

March 2017 to a total of 34 Senior Management employees. The Chief Executive Officer was not awarded any share options in the years ended 31 March 2016 and 31 March 2017.

Share options of 500,000 were awarded under the 2016 LTIP to Chrissie Herbert, Chief Financial Officer following her appointment on 2 May 2017. These are disclosed in the above and below tables. Total grants under the 2016 LTIP have been as follows:

	Number of Senior Management	Granted in year (number)	Exercise price (pence)	Earliest date for exercise	Latest date for exercise
23 March 2016	28	4,100,000	43.5	23.03.19	23.03.26
2 May 2016	1	500,000	43.5	02.05.19	02.05.26
13 October 2016	2	500,000	38.875	13.10.19	13.10.26
31 March 2017	21	4,000,000	39.5	31.03.20	31.03.27
21 June 2017	1	500,000	47.5	21.06.20	21.06.27

The Company does not intend to grant any further awards under the 2016 LTIP.

**Share Incentive Plan (audited)**

The Group operates a Share Incentive Plan (SIP) in the UK. The scheme and plan are open to all UK employees, including the Executive Directors. As at 31 March 2021 and 2022, Chrissie Herbert participates in the UK scheme and the details are shown below:

	Number of Partnership Shares purchased at 31 March 2021	Number of Matching Shares purchased at 31 March 2021	Dividend Shares <sup>1</sup> acquired at 31 March 2021	Total Shares at 31 March 2021	Number of Partnership Shares <sup>2</sup> purchased during the year	Matching Shares <sup>3</sup> awarded during the year	Dividend Shares acquired during the year	Dates of release of Matching Shares <sup>4</sup>	Total Shares at 31 March 2022
Chrissie Herbert	14,262	28,524	831	43,617	3,030	6,060	540	Dec 21	53,247

1. Dividend Shares are Ordinary Shares of the Company purchased with the value of dividends paid in respect of all other shares held in the plan.  
 2. Partnership Shares are Ordinary Shares of the Company purchased, every six months by the Company with the monthly contributions made by the employee, during the period (at prices from £0.56 to £0.61).  
 3. Matching Shares are Ordinary Shares of the Company awarded conditionally in line with the purchase of the matching shares every six months, during the period.  
 4. The dates used are based on the earliest allocation of the Matching Shares. Matching Shares will be released as each six-month Partnership Agreement matures, 3.5 years after commencing.

**Executive Directors’ service contracts**

Nik Philpot has a service contract that is terminable on twelve months’ notice by either party while Chrissie Herbert has a service contract that is terminable on nine months’ notice by either party.

**Chairman and Non-Executive Directors**

The Chairman and Non-Executive Directors do not have service contracts but serve under letters of appointment terminable by six months’ notice on either side.

**External advisors**

The Committee receives independent advice from FIT Remuneration Consultants LLP as the Committee’s appointed remuneration advisor during the financial year ended 31 March 2022. During the year the level of fees paid to remuneration advisors totalled £11k (2021: £nil).

**David Coghlan**  
 Chairman Remuneration Committee  
 15 June 2022

# Directors’ Report



The Directors present the Directors’ Report, together with the audited Financial Statements for the year ended 31 March 2022.

**Principal activities, results and likely future developments**

The principal activities of the Group are:

- Secure Payment products, which help organisations reduce the risk of fraud; secure sensitive data, comply with the Payment Card Industry Data Security Standard (“PCI DSS”) and wider security regulations such as the General Data Protection Regulation (“GDPR”).
- Customer Engagement Solutions, which help organisations transform the way they engage with their customers.

The overlap between the two areas has always been significant and has led us to update and unify our proposition into a new go-to-market vision of Customer Engagement Security Solutions. Going forward all of our customer engagement offerings will be underpinned with security features and capabilities to assist our clients to address security concerns and increasing regulation, but to do so in a way that doesn’t compromise the quality of their customers’ experience. In addition, our solutions, which will enable our clients to ‘Engage, Secure and Protect’ their customers, will all be delivered through our multi-vendor and global cloud platforms. Further comments on the development of the business are included in the Chairman’s Statement, Chief Executive’s Report and Financial Review on pages 4 to 27.

The profits for the year after taxation amounted to £1.6 million (2021: £2.8 million).



### Statutory information

Eckoh plc (The Company) is a Public Limited Company incorporated in the United Kingdom (Registration number 03435822). The Company's Ordinary Shares are traded on the Alternative Investment Market of the London Stock Exchange (AIM).

The Company has a trading subsidiary, located in the USA, whose operations and results are included in the Financial Statements of the Company. The subsidiary undertakings are listed in note 16.

### Share capital

The Company has only Ordinary Shares of 0.25 pence nominal value in issue along with 1,851,056 of shares held in treasury. Note 21 to the Consolidated Financial Statements summarises the rights of the Ordinary Shares as well as the number issued during the year ended 31 March 2022.

### Substantial shareholdings

As at 31 March 2022, the Company had been advised under the Disclosure Guidance and Transparency Rules, or had ascertained from its own analysis, that the following held more than 3% of the issued capital:

Name of holder	No. of Ordinary Shares/ voting rights	% of issued capital/ voting rights
Canaccord Genuity Wealth Mgt	48,554,136	16.61
Liontrust Asset Mgt	39,457,720	13.50
Chelverton Asset Mgt	18,250,000	6.24
Herald Investment Mgt	16,048,723	5.49
Blackrock Investment Mgt	14,060,033	4.81

### Annual General Meeting (AGM)

The 2022 AGM will be held at 10:00 on 26 September 2022.

The notice of the AGM and an explanation of the resolutions to be put to the meeting are set out in the Notice of Meeting accompanying this Annual Report. The Board fully supports all the resolutions and encourages Shareholders to vote in favour of each of them as they intend to in respect of their own shareholdings.

### Directors' and Officers' liability insurance and indemnification of Directors

The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors and these remain in force at the date of this report.

### Financial instruments

The financial risk management objectives and policies of the Group and the exposure of the Group to foreign currency risk, interest rate risk, and liquidity risk are outlined in note 3 to the Consolidated Financial Statements.

### Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2021: nil).

### Going concern

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

The Board has carried out a going concern review and concluded that the Group and Company have adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the Financial Statements. As at 31 March 2022, the £10 million of funding (£5 million RCF and £5 million overdraft) from Barclays Bank is undrawn. Bank covenants have been reviewed and are comfortably achieved for the year to 31 March 2022.

Our US operation is underpinned completely by fixed contractual fees. In the UK, clients have a variety of commercial models including fixed fees and transactional arrangements, with varying levels of commitment.

In addition to our key business indicators, total orders and new business orders, we have also introduced Annual Recurring Revenue (ARR<sup>1</sup>) to measure the health of the business, which includes all clients that we are billing. In the US, we continue to see the majority of the Secure Payments contracts won and delivered through Eckoh's cloud platforms, as large enterprises have accelerated their move into the cloud. Following the pandemic we do not anticipate this trend to reverse and whilst this reduces the upfront payments (and cash received) for implementations, it increases the proportion of recurring revenue and improves the operational gearing, earnings quality and visibility in the business. We anticipate the renewal rate for the UK and US businesses to remain unchanged during this period. When preparing the cash flow forecasts the Directors have reviewed a number of scenarios, including a severe but plausible downside scenario which assumes no new business, with respect to levels of new business. In all scenarios the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future.

### Subsequent events

There were no events after the balance sheet date.

### Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Dividends

No interim dividend was paid during the year (2021: nil).

The Directors recommend the payment of a final dividend of 0.67p (2021: 0.61p) per Ordinary Share amounting to £2.0 million (2021: £1.6 million) to be paid on 21 October 2022. This recommendation will be put to the Shareholders at the Annual General Meeting.

### Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue as the Company's auditors. As outlined in the Audit Committee report on page 42, resolutions proposing their appointment and to authorise their remuneration will be proposed at the 2022 AGM.

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

By order of the Board  
**Chrissie Herbert**  
 Company Secretary  
 15 June 2022

# Independent auditors' report to the members of Eckoh plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Eckoh plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2022 (the "Annual Report"), which comprise: the Consolidated statement of financial position and Company statement of financial position as at 31 March 2022; the Consolidated statement of total comprehensive income, the Consolidated statement of changes in equity and the Company statement of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our audit approach

#### Overview

Audit scope

- We conducted full scope audit work over the operations of Eckoh UK and Eckoh US due to their financial significance to the group. With respect to Syntec, we performed audit procedures over certain financial statement line items where Syntec's contribution to the group was 5% or more. In addition, we performed full scope audits of Eckoh plc ("the Company"). The audit procedures performed accounted for 100% of both the Group's revenue and profit for 2022 and 98% of net assets as at 31 March 2022.

Key audit matters

- Revenue recognition (group)
- Accounting for the acquisition of Syntec (group)
- Recoverability of investment in, and the loan to, subsidiary (parent)

Materiality

- Overall group materiality: £317,800 (2021: £305,000) based on 1% of total revenue.
- Overall company materiality: £610,000 (2021: £322,600) based on 1% of total assets capped for the purpose of the group audit.
- Performance materiality: £238,300 (2021: £228,700) (group) and £457,000 (2021: £241,900) (company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for the acquisition of Syntec and Recoverability of investment in, and the loan to, subsidiary undertakings are new key audit matters this year. Impact of Covid-19, which was a key audit matter last year, is no longer included because of the ability of the Group to continue to generate profits and operate normally despite disruption related to the Covid-19 pandemic. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue recognition (group)</i></p> <p>Revenue in the year ended 31 March 2022 was £31,780k (FY21:£30,486k) as set out in the consolidated statement of comprehensive income. The approach to revenue recognition as set out under IFRS 15 is complex and can be judgemental especially where contracts with customers have variable considerations. Due to its expected impact on the Group, we deem the contract revenue recognition as a key audit matter.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>• For a sample of customer contracts, determined whether the correct judgement was exercised in recognising revenue according to the five-step revenue recognition approach set out by IFRS 15.</li> <li>• Recalculating revenue recognition schedules to confirm the accuracy of these schedules.</li> <li>• For a sample of customer contracts with deferred revenue and costs at the year-end, we assessed management's judgements used in estimating the amounts deferred.</li> <li>• Performing testing on unusual revenue journal entries.</li> </ul> <p>Based on the procedures performed, we noted no material uncorrected issues.</p>

(Table continued overleaf)

Key audit matter	How our audit addressed the key audit matter
<p><b>Accounting for the acquisition of Syntec (group)</b></p> <p>As set out in Note 27, the Group acquired 100% of shares in Syntec Holdings Limited on 22 December 2021 for a purchase price of £30,997k. The allocation of this purchase price to the acquired assets and liabilities is considered to be a key audit matter as the identification of the acquired assets and liabilities, and their subsequent valuation, recognition and measurement, is based to a large extent on estimates and assumptions involving a high degree of judgement.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessing the business processes and controls related to the purchase price allocation.</li> <li>Reviewing the purchase agreement with a focus on unusual terms and conditions and more complex forms of consideration.</li> <li>Comparing the identified assets and liabilities with other sources of information, such as Board presentations, that might suggest omitted items.</li> <li>Obtaining the report prepared by management's expert used to value certain of the acquired assets and utilising our own specialists to assess the valuation techniques, assumptions and source data, used to determine these fair values.</li> <li>Evaluating the allocation of the purchase price to the relative fair values of the assets and liabilities acquired.</li> </ul> <p>Based on the procedures performed, we noted no material issues from our work.</p>
<p><b>Recoverability of investment in, and the loan to, subsidiary (parent)</b></p> <p>As disclosed in Note 15, the company held an investment in subsidiary undertakings and other investments of £51,625k (2021: £20,153k) as disclosed in Note 15 and had amounts receivable from subsidiary undertakings of £4,034k (2021: £3,506k) as disclosed in Note 18. The assessment of the recoverability of these assets required the application of management judgement, particularly in determining whether any impairment indicators have arisen that trigger the need for a formal impairment assessment and in assessing whether the carrying value of each investment and amounts owed by group undertakings are recoverable. As changes to these judgements and estimates could have a material impact on the company financial statements, we consider this to be a key audit matter.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>Evaluating management's assessment of whether any indicators of impairment existed.</li> <li>Assessing the recoverable value by reference to the net assets of the underlying subsidiaries and amounts owed by group undertakings with reference to the Director's intentions for the settlement of group-wide intercompany balances.</li> <li>Verifying that the recoverable values of the investment was consistent with the recoverable value of the CGU tested for goodwill impairment purposes, leveraging the audit work undertaken as part of the group audit.</li> <li>Verifying that Eckoh Plc's market capitalisation is higher than the total of the company's non-current and current assets.</li> </ul> <p>Based on the procedures performed, we noted no material issues from our work.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Eckoh plc has both its corporate and operating headquarters in the United Kingdom. The audit engagement team is aligned to Eckoh plc's geographical organisation and largely reflects the management structure. As Eckoh plc's corporate headquarters are based in the UK, the Group audit engagement team is also based in the UK with no support required from any auditors from other territories. The largest trading entity is Eckoh UK. This entity, along with Eckoh US and the Company were the only components requiring an audit of its complete financial information for the purposes of the consolidated Group audit with audit procedures being performed on certain financial statement line items in respect of Syntec. In total the audit work performed accounted for 100% of both consolidated revenue and profit and 98% of consolidated net assets.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£317,800 (2021: £305,000)	£286,000 (2021: £322,600)
How we determined it	1% of total revenue.	1% of total assets capped at for the purpose of the group audit.
Rationale for benchmark applied	We have applied this benchmark as a generally accepted auditing practice for Group's at the growth stage and based on what management deems to be a key performance indicator.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the company, and is a generally accepted benchmark. The value is capped for the purpose of the group audit.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £238,000 to £286,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £238,300 (2021: £228,700) for the group financial statements and £457,000 (2021: £241,900) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £15,800 (group audit) (2021: £15,200) and £30,500 (company audit) (2021: £16,100) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed the Directors' model supporting their going concern assumption. We discussed with management the assumptions applied in the going concern review so we could understand and challenge the rationale for those assumptions, using our knowledge of the business. We tested the model's mathematical accuracy and considered the reasonableness of the revenue and cost assumptions made and the available headroom throughout a period of at least twelve months from the date of approval of the financial statements; and
- We reviewed management's sensitivity scenarios including their severe but plausible downside. We considered potential mitigating actions available to the Group that are achievable and within management's control. We then assessed the availability of liquid resources under the different scenarios and the associated covenant tests applicable.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of AIM regulations, Payment Card Industry Data Security Standards (PCI DSS), General Data Protection Regulation (GDPR), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the requirements of the Companies Act 2006 and UK tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk that Group and Company management may record inappropriate journal entries, and the risk of bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Enquiring of management and those charged with governance together with inspection of policy documentation as to the Group's and Company's high-level policies and procedures to prevent and detect fraud, these enquiries were corroborated through review of Board minutes provided. Inspection of regulatory correspondence, to identify actual and potential breaches of laws and regulations;
- Enquiring of those charged with governance and management as to whether they have knowledge of any actual, suspected or alleged fraud and breaches of laws and regulations;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations (for example credit to revenue with a debit entry to an unexpected account) or journals posted by senior management;
- Auditing one-off transactions, such as acquisition related and restructuring costs to ensure these have been appropriately accounted for; and
- Testing accounting estimates (because of the risk of management bias), including challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a bod in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)  
 for and on behalf of PricewaterhouseCoopers LLP  
 Chartered Accountants and Statutory Auditors  
 Watford  
 15 June 2022

# Financial Statements

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## Consolidated statement of total comprehensive income

for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
<b>Continuing operations</b>			
<b>Revenue</b>	4	31,780	30,486
Cost of sales		(6,357)	(6,291)
<b>Gross profit</b>	4	25,423	24,195
Administrative expenses		(23,037)	(20,645)
<b>Operating profit</b>		2,386	3,550
<b>Adjusted operating profit</b>		5,229	4,749
Amortisation of acquired intangible assets	12	(751)	(663)
Expenses relating to share option schemes	23	(241)	(536)
Exceptional restructuring costs	8	(866)	-
Costs relating to acquisition	27	(985)	-
<b>Profit from operating activities</b>	5	2,386	3,550
Finance charges	9	(74)	(87)
Finance income	9	6	48
<b>Profit before taxation</b>		2,318	3,511
Taxation	10	(743)	(717)
<b>Profit for the financial year</b>		1,575	2,794
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		139	134
<b>Other comprehensive income for the year, net of income tax</b>		139	134
<b>Total comprehensive income for the year attributable to the equity holders of the Company</b>		1,714	2,928
		2022	2021
<b>Profit per share</b>		pence	pence
Basic earnings per 0.25p share	11	0.59	1.09
Diluted earnings per 0.25p share	11	0.51	1.06

## Consolidated statement of financial position

as at 31 March 2022

	Notes	2022 £'000	2021 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12	39,664	6,527
Property, plant and equipment	13	4,189	4,307
Right-of-use leased assets	14	1,516	1,310
Deferred tax assets	10	1,789	3,211
		47,158	15,355
<b>Current assets</b>			
Inventories	17	268	174
Trade and other receivables	18	12,283	13,277
Cash and cash equivalents	19	2,840	12,706
		15,391	26,157
<b>Total assets</b>		62,549	41,512
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	(18,286)	(18,482)
Other interest-bearing loans and borrowings	22	-	(975)
Lease liabilities	14	(609)	(517)
		(18,895)	(19,974)
<b>Non-current liabilities</b>			
Lease liabilities	14	(928)	(825)
Deferred tax liabilities	10	(2,983)	(296)
		(3,911)	(1,121)
<b>Net assets</b>		39,743	20,417
<b>Equity</b>			
Called up share capital	21	732	638
Share premium account	21	22,180	2,663
Capital redemption reserve		198	198
Merger reserve		2,697	2,697
Currency reserve		1,121	982
Retained earnings		12,815	13,239
<b>Total equity</b>		39,743	20,417

The Financial Statements were approved by the Board of Directors on 15 June 2022 and signed on its behalf by:

**C Herbert**  
Chief Financial Officer  
Company Registration Number 3435822

## Company statement of financial position

as at 31 March 2022

	Notes	2022 £'000	2021 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	2,866	2,909
Investments in group companies	15	51,629	20,153
Deferred tax asset		2	2
Long-term debtor	18	4,034	3,506
		<b>58,531</b>	<b>26,570</b>
<b>Current assets</b>			
Trade and other receivables	18	93	643
Cash and cash equivalents	19	2,383	5,055
		<b>2,476</b>	<b>5,698</b>
<b>Total assets</b>		<b>61,007</b>	<b>32,268</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	(26,896)	(16,388)
Other interest-bearing loans and borrowings	22	-	(975)
		<b>(26,896)</b>	<b>(17,363)</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	10	-	(133)
		<b>-</b>	<b>(133)</b>
<b>Net assets</b>		<b>34,111</b>	<b>14,772</b>
<b>Equity</b>			
Called up share capital	21	732	638
Share premium account	21	22,180	2,663
Capital redemption reserve		198	198
Merger reserve		2,697	2,697
Retained earnings		8,304	8,576
<b>Total equity</b>		<b>34,111</b>	<b>14,772</b>

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own income statement in these Financial Statements. The Company's profit after tax for the year was £1,120,000 (2021: profit after tax of £4,293,000). The Financial Statements were approved by the Board of Directors on 15 June 2022 and signed on its behalf by:

**C Herbert**  
Chief Financial Officer  
Company Registration Number 3435822

## Consolidated statement of changes in equity

for the year ended 31 March 2022

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Currency reserve	Retained earnings	Total Shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	638	2,663	198	2,697	982	13,239	20,417
<b>Total comprehensive income for the year</b>							
Profit for the financial year	-	-	-	-	-	1,575	1,575
Other comprehensive income for the year	-	-	-	-	139	-	139
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139</b>	<b>1,575</b>	<b>1,714</b>
Dividends paid in the year	-	-	-	-	-	(1,559)	(1,559)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(75)	(75)
Purchase of own shares	-	-	-	-	-	(126)	(126)
Shares purchased for share ownership plan	-	-	-	-	-	(111)	(111)
Shares issued under the share options schemes	3	226	-	-	-	-	229
Share based payment charge	-	-	-	-	-	464	464
Shares issued as part of acquisition	91	19,291	-	-	-	-	19,382
Deferred tax on share options	-	-	-	-	-	(592)	(592)
<b>Transactions with owners recorded directly in equity</b>	<b>94</b>	<b>19,517</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,999)</b>	<b>17,612</b>
<b>Balance at 31 March 2022</b>	<b>732</b>	<b>22,180</b>	<b>198</b>	<b>2,697</b>	<b>1,121</b>	<b>12,815</b>	<b>39,743</b>
<b>for the year ended 31 March 2021</b>							
	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Currency reserve	Retained earnings	Total Shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	638	2,663	198	2,697	848	11,965	19,009
<b>Total comprehensive income for the year</b>							
Profit for the financial year	-	-	-	-	-	2,794	2,794
Other comprehensive expense for the year	-	-	-	-	134	-	134
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>2,794</b>	<b>2,928</b>
Dividends paid in the year	-	-	-	-	-	(1,558)	(1,558)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(138)	(138)
Shares purchased for share ownership plan	-	-	-	-	-	(241)	(241)
Share based payment charge	-	-	-	-	-	303	303
Deferred tax on share options	-	-	-	-	-	114	114
<b>Transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,520)</b>	<b>(1,520)</b>
<b>Balance at 31 March 2021</b>	<b>638</b>	<b>2,663</b>	<b>198</b>	<b>2,697</b>	<b>982</b>	<b>13,239</b>	<b>20,417</b>

## Company statement of changes in equity

for the year ended 31 March 2022

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Retained earnings	Total Shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	638	2,663	198	2,697	8,576	14,772
Profit for the financial year and total comprehensive income	-	-	-	-	1,120	1,120
Dividends paid in the year	-	-	-	-	(1,559)	(1,559)
Shares transacted through Employee Benefit Trust	-	-	-	-	(75)	(75)
Purchase of own shares	-	-	-	-	(126)	(126)
Shares purchased for share ownership plan	-	-	-	-	(111)	(111)
Shares issued under the share options schemes	3	226	-	-	-	229
Share based payment charge	-	-	-	-	479	479
Shares issued as part of acquisition	91	19,291	-	-	-	19,382
<b>Transactions with owners recorded directly in equity</b>	<b>94</b>	<b>19,517</b>	<b>-</b>	<b>-</b>	<b>(1,392)</b>	<b>18,219</b>
<b>Balance at 31 March 2022</b>	<b>732</b>	<b>22,180</b>	<b>198</b>	<b>2,697</b>	<b>8,304</b>	<b>34,111</b>

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Retained earnings	Total Shareholders' equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2020	638	2,663	198	2,697	5,917	12,113
Profit for the financial year and total comprehensive income	-	-	-	-	4,293	4,293
Dividends paid in the year	-	-	-	-	(1,558)	(1,558)
Shares transacted through Employee Benefit Trust	-	-	-	-	(138)	(138)
Shares issued under the share option schemes	-	-	-	-	(241)	(241)
Share based payment charge	-	-	-	-	303	303
<b>Transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,634)</b>	<b>(1,634)</b>
<b>Balance at 31 March 2021</b>	<b>638</b>	<b>2,663</b>	<b>198</b>	<b>2,697</b>	<b>8,576</b>	<b>14,772</b>

## Consolidated statement of cash flows

for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	3,362	4,385
Tax received/ (paid)		88	(10)
Interest paid	9	(23)	(54)
Interest paid on lease liability	9	(51)	(33)
<b>Net cash generated from operating activities</b>		<b>3,376</b>	<b>4,288</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(308)	(1,175)
Purchase of intangible assets	12	(375)	(573)
Business acquisition	27	(22,500)	-
Interest received	9	6	48
<b>Net cash utilised in investing activities</b>		<b>(23,177)</b>	<b>(1,700)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(1,559)	(1,558)
Repayment of borrowings		(975)	(975)
Principal elements of lease payments	14	(500)	(461)
Purchase of own shares		(126)	-
Shares purchased for share ownership plan		(110)	(241)
Issue of shares net of issue costs	21	13,311	-
Cash outflow from acquiring shares from the Employee Benefit Trust		(75)	(138)
<b>Net cash generated from / (utilised in) financing activities</b>		<b>9,966</b>	<b>(3,373)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(9,835)</b>	<b>(785)</b>
Cash and cash equivalents at the start of the period	19	12,706	13,541
Effect of exchange rate fluctuations on cash held		(31)	(50)
<b>Cash and cash equivalents at the end of the period</b>	<b>19</b>	<b>2,840</b>	<b>12,706</b>

The notes on pages 70 to 101 form an integral part of these financial statements.

## Notes to the Financial Statements for the year ended 31 March 2022

### General information

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Consolidated Financial Statements.

Eckoh plc is a public limited Company and is incorporated in the UK under the Companies Act 2006. The address of the Company's registered office is Telford House, Corner Hall, Hemel Hempstead, HP3 9HN.

Eckoh plc (the "Company") is a global provider of Customer Engagement Data and Payment Security Solutions.

The Group Financial Statements consolidate its subsidiaries (together referred to as the "Group"). The Company's financial statements present information about the Company as a separate entity and not about its Group.

### 1. Basis of preparation

The Group's financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company's Financial Statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). The Company has also applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes
- Comparative period reconciliation for share capital
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- IFRS 2 Share based payments in respect of group settled share-based payments.

This financial information has been prepared on a going concern basis and under the historical cost convention.

The Group's and Company's financial statements are presented in Pounds Sterling, which is the Company's functional currency. All financial information presented has been rounded to the nearest one thousand, except where stated.

### New accounting standards effective for the Group and Company in these financial statements:

No new or revised accounting standards were adopted in the year. In April 2021, the IFRS Interpretations Committee issued a new interpretation in relation to accounting for customisation and configuration costs of cloud computing arrangements. Following a detailed review, it was confirmed that the new interpretation does not materially impact the accounting treatment for costs incurred in the business.

There are a number of other amendments and clarifications to IFRS effective in future years, which are not expected to significantly impact the Group's consolidated results or financial position.

### Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

The Board has carried out a going concern review and concluded that the Group and Company have adequate cash to continue in operational existence for the foreseeable future.

The Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the financial statements. As at 31st March 2022, the £10 million of funding (£5 million RCF and £5 million overdraft) from Barclays Bank is undrawn. Bank covenants have been reviewed and are comfortably achieved for the year to 31 March 2022.

Our US operation is underpinned completely by fixed contractual fees. In the UK, clients have a variety of commercial models including fixed fees and transactional arrangements, with varying levels of commitment.

In addition to our key business indicator, total orders and new business orders, we have also introduced Annual Recurring Revenue (ARR) to measure the health of the business, which includes all clients that we are billing. In the US, we continue to see the majority of the Secure Payments contracts won and delivered through Eckoh's cloud platforms, as large enterprises have accelerated their move into the cloud. Following the pandemic we do not anticipate this trend to reverse and whilst this reduces the upfront payments (and cash received) for implementations, it increases the proportion of recurring revenue and improves the operational gearing, earnings quality and visibility in the business. We anticipate the renewal rate for the UK and US businesses to remain unchanged during this period. When preparing the cash flow forecasts

the Directors have reviewed a number of scenarios, including the severe yet plausible downside scenario which assumes no new business, with respect to levels of new business. In all scenarios the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future.

### 2. Summary of principal accounting policies

#### Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's and Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and reasonable expectations of future events. Actual results may differ from those estimates.

#### Critical accounting estimates and assumptions

The accounting policies cover areas that are considered by the Directors to require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The policies, and the related notes to the financial statements, are found below:

#### Impairment of investments in subsidiaries (Company only)

The Company has an investment in subsidiaries balance of £51.6million (2021: £20.1million) and intercompany receivables of £4.0million (2021: £4.1million). The Company assess the carrying values of its investments in subsidiaries and the recoverability of intercompany receivables at the end of each reporting period. Where indicators of impairment are identified the estimation of the recoverable values requires an estimation of future cash flows from each subsidiary and selection of appropriate discount rates in order to determine the net present value of the cash flows.

#### Share based payments

The fair value of share-based payments is estimated using the methods detailed in note 23 and using certain assumptions. The Black Scholes and Monte Carlo valuation models have been used in determining the fair value of share-based payments. The key assumptions around volatility, expected life and risk-free rate of return are based, respectively, on historic volatility over a similar previous period, management's estimate of the average expected period to exercise, and the yield on zero-coupon UK government bonds of a term consistent with assumed option life.

#### Valuation of goodwill and intangible assets on acquisition

As a result of the successful acquisition of Syntec Holdings Limited, acquisition accounting has been included as a significant estimate for the year ended 31 March 2022. Acquisition accounting involves a significant degree of judgement and estimation when assessing the overall deal consideration and valuing the purchased assets and liabilities. In a business combination, intangible assets are identified and recognised at fair value. The assumptions involved in valuing these intangible assets require the use of estimates that may differ from the actual outcome. These estimates cover future growth rates, expected inflation rates and the discount rate used. Changing the assumptions selected by management could significantly affect the allocation of the purchase price paid between goodwill and other acquired intangibles.

#### Deferred taxation

The key estimates made for deferred taxation are on the future profitability of the business and the Company the trading will reside in or capital expenditure to determine whether deferred tax assets should be recognised. Deferred tax assets amounting to £9.5 million were not recognised in respect of trading losses of £2.3 million and capital losses of £7.2 million due to the statutory entity the losses are held. It is possible that the deferred tax assets actually recoverable may differ from the amounts recognised if actual taxable profits and capital expenditure differ from estimates.

#### Critical accounting judgements

##### Contract revenue

Following the acquisition of Syntec Holdings Limited, IFRS 15: Revenue from Contracts with Customers was implemented. Syntec did not previously capture implementation costs on a client-by-client basis, management has therefore applied judgement in estimating that the implementation costs per contract should be 20% based on historical performance of the Eckoh US business as well as management's views on the efficiency of the Syntec implementation process.

#### Deferred taxation

Deferred tax liabilities are recognised for all taxable temporary differences but, where there exist deductible temporary differences, judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits. Judgement is also required regarding the rate at which deferred tax is recognised, following the substantial enactment of Finance Bill 2021, resulting in an increase in the UK tax rate to 25% from 1 April 2023. UK deferred tax assets and liabilities expected to unwind prior to 1 April 2023 have been recognised at 19%, with those expected to unwind after 1st April

2023 being recognised at 25%. At 31 March 2022, the Group recognised deferred tax assets of £1.8 million and deferred tax liabilities of £3.0 million. Included within the deferred tax asset of £1.8 million is £1.4 million in respect of tax losses and tax credits and included within the deferred tax liabilities of £3.0 million is £2.8 million in respect of the intangible asset from the acquisition of Syntec.

#### Basis of consolidation

##### (a) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on

the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

##### (b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

##### (c) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### Intangible assets

##### (a) Goodwill

Goodwill represents the excess of the fair value of the consideration paid over the fair value attributable to the separately identifiable net assets acquired and is capitalised on the Group balance sheet.

Goodwill is not amortised and is reviewed for impairment at least annually. Any impairment is recognised in the period in which it is identified.

##### (b) Acquired intangible assets

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date, which is regarded as their cost. Where necessary the fair value of assets at acquisition and their estimated useful lives are based on independent valuation reports.

Acquired intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over estimated lives, on the following bases:

Customer relationships – 5 years  
Intellectual property – 5 years  
Trade name – 3 years

##### (c) Research and development

Research costs are charged to the income statement in the year in which they are incurred. Development expenses include expenses incurred by the Group to set up or enhance services to clients. Development costs that mainly relate to staff salaries are capitalised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Development costs that do not meet those criteria are expensed as incurred. Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset, which is generally assumed to be three years.

Amortisation is charged to administrative expenses in the income statement.

The carrying value of intangible assets is assessed at the end of each financial year for impairment.

##### Impairment of non-financial assets

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell, and the value-in-use based on an internal discounted cash flow evaluation. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

##### Property, plant and equipment

Property, plant and equipment is stated at cost or fair value at acquisition, net of depreciation and any provisions for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The gain or loss arising on the disposal of an asset is determined by comparing the disposal proceeds and the carrying amount of the asset and is recognised in the income statement. Depreciation is calculated using the straight-line method to allocate the cost of each asset to its estimated residual value over its expected useful life, as follows:

Land – is not depreciated  
Buildings – 25 years  
Fixtures and equipment – between 3 and 6 years  
Leasehold improvements – over the term of the lease

Material residual values and useful lives are reviewed, and adjusted if appropriate, at least annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Company holds an investment property, which comprises of freehold land and office buildings that are held for capital appreciation.

The Investment Property was initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

##### Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises design costs, direct labour and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable selling expenses.

##### Financial assets

###### Trade and other receivables

Trade and other receivables do not carry interest and are stated at their fair value as reduced by allowances for estimated irrecoverable amounts. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make

contractual payments for an extended period.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, short-term deposits and other short-term liquid investments.

In the cash flow statement, cash and cash equivalents comprise cash and cash equivalents as defined above, net of bank loans.

Credit and liquidity risk management is described in note 3.

#### Equity

Equity comprises the following:

- **Share capital** represents the nominal value of Ordinary Shares
- **Capital redemption reserve** represents the maintenance of capital following the share buy back and tender offer
- **Share premium account** represents consideration for Ordinary Shares in excess of the nominal value
- **Merger reserve** represents consideration in excess of the nominal value of shares issued on certain acquisitions
- **Currency reserve** represents exchange differences arising on consolidation of Group companies with a functional currency different to the presentation currency
- **Retained earnings** represent retained profits less losses and distributions.

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, with the exception of exchange differences arising on quasi-equity liabilities which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The Group does not enter into forward contracts to hedge forecast transactions.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. Such translation differences would be reclassified to profit and loss in the period in which the operation is disposed of.

#### Leases

Following the implementation of IFRS 16 Leases, from 1 April 2019, each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Group. Interest expense is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Where leases include an element of variable lease payment or the option to extend the lease at the end of the initial term, each lease is reviewed and a decision is made on the likely term of the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement, during the year there was a franking machine and the rental of a storage unit.

#### Employee Benefits

##### (a) Pensions

The Group operates a defined contribution scheme to the benefit of its employees. Contributions payable are charged to income in the year they are payable.

##### (b) Bonus schemes

The Group recognises a liability and an expense for bonuses payable to: i) employees based on achievement of a series of financial targets; and ii) senior management and executive directors based on achievement of a series of financial and non-financial targets.

##### (c) Share-based payments

From time to time on a discretionary basis, the Board of Directors award high-performing employees bonuses in the form of share options. The options are subject to a three-year vesting period and their fair value is recognised as an employee benefits expense with a corresponding increase in equity over the vesting period. The fair value of share options granted is recognised within staff costs with a corresponding increase in equity. The proceeds received are credited to share capital and share premium when the options are exercised.

The fair value of share options was measured using the Black Scholes and Monte Carlo valuation models, taking into account the terms and conditions upon which the grants were made. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold of vesting.

IFRS 2 has been applied to all options granted after 7 November 2002 that have not vested on or before 1 April 2006. A deferred tax adjustment is also made relating to the intrinsic value of the share options at the balance sheet date (see separate policy).

As a result of the grant of share options since 6 April 1999 the Company will be obliged to pay employer's National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. A provision is made for this liability using the value of the Company's shares at the balance sheet date and is spread over the vesting period of the share options.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase to equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-

market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

##### (d) Employee Share Ownership Plan

The Group's Employee Share Ownership Plan ('ESOP') is a separately administered trust. The assets of the ESOP comprise shares in the Company and cash. The assets, liabilities, income and costs of the ESOP have been included in the Financial Statements in accordance with SIC 12, 'Consolidation - Special purpose entities' and IAS 32, 'Financial Instruments: Disclosure and Presentation'. The shares in the Company are included at cost to the ESOP and deducted from Shareholders' funds. When calculating earnings per share these shares are treated as if they were cancelled.

##### (e) US share save scheme

The Eckoh plc 2019 US Sharesave Scheme (the "2019 Sharesave Scheme"), was approved by Shareholders at the 2019 AGM and introduced to employees in December 2019. Employees are invited to enrol in the 2019 Sharesave Scheme annually and are granted an option to purchase up to a number of Ordinary Shares at the end of the offering period. The number is determined by dividing the total payroll deductions credited to the employee's account as of the exercise date by the option price. The option price is equal to the closing price of the Ordinary Shares on the London Stock Exchange on either (i) the date the offering period begins, or (ii) the date of exercise, whichever results in the lowest price per share. Any shares acquired will be held in accordance with the terms of the Scheme.

#### Government Grants

The Group received government assistance as a result of the COVID-19 pandemic in the form of contributions towards employee costs. For Government assistance which meets the definition of a Government grant, under IAS 20 the Group

applies the income approach to account for the grants received. As such, the grant is recognised in the Income Statement as a reduction of the related costs incurred. In the period ending 31 March 2022, grant income of £12k, (FY21: £311k) relating to claims made for Contact Centre Agents, who are employed on Zero-hour contracts, was received. There are no unfulfilled conditions or other contingencies attached to this government assistance.

#### Irregular restructuring costs

If the Group incurs irregular or one-off costs due to the closure of an activity, such as third-party Support or following the acquisition of a business, these costs are disclosed in the Income Statement as irregular restructuring costs and excluded from adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) and excluded from Adjusted Operating Profit.

#### Revenue recognition

The Group, including the newly acquired Syntec Holdings Limited recognises revenue in accordance with IFRS 15: Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. Revenue represents the fair value of the sale of goods and services and after eliminating sales within the Group and excluding value added tax or overseas sales taxes. The following summarises the method of recognising revenue for the solutions and products delivered by the Group.

##### (i) Secure Payment solutions and hosted services

Due to the unique nature of the Secure Payments solution and clients' reliance on Eckoh's and Syntec's PCI-DSS Level 1 compliance, the delivery and on-going support and maintenance of the Secure Payments solution under IFRS 15 is one single performance obligation. Therefore, revenue for implementation fees for our hosted Secure Payments solution and our hosted Customer Contact services; and revenue for hardware and implementation fees for our hosted or onsite Secure Payments solution are typically received at the beginning of the contract and held on the balance sheet as contract liabilities. This revenue is recognised evenly over the period of the contract from the point of delivery of the solution to the client. Costs directly attributable to the delivery of the hardware, the implementation fees and the sales commission costs are deferred onto the balance sheet and held as contract assets and released over the contract term from the point of delivery of the solution to the client.

In addition to the initial set-up costs, there are on-going support and maintenance and running costs of the service. In the UK, clients have a variety of commercial models including fixed fees and transactional arrangements, the revenue, whether it is the fixed monthly fee or based on transactions is recognised in the month it relates to. In the US business and the Syntec business where the Secure Payments business is contracted on an opex style basis the monthly licence fee charged to the client is recognised in the month it relates to.

##### (ii) Coral product

Revenue arises from the sale of licences, implementation fees and on-going support and maintenance. Under IFRS 15, each component is defined as a performance obligation. Revenue is recognised for sales of licences when they are delivered to the client; revenue from implementation fees is recognised by estimating a percentage of completion based on the direct labour costs incurred to date as a proportion of the total estimated costs required to complete the implementation; and revenue for on-going support and maintenance is recognised each month as the service is provided.

##### (iii) Third party support services

Revenue is earned from providing expert third party support for contact centre infrastructure and is recognised on a pro-rated basis over the period of the contract.

##### (iv) Telephony services

Syntec is Ofcom regulated and has a small number of contracts with clients to provide telecommunication services. These revenues are based on transactional volume and are recognised in the month it relates to.

#### Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred tax is not provided if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

#### Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group or Company becomes a party to the contractual provisions of the instrument. Financial liabilities are stated at amortised cost.

A financial liability is derecognised only when the obligation is discharged, is cancelled or it expires.

### 3. Financial risk management

The operations of the Group expose it to a variety of financial risks: liquidity risk, interest rate risk, foreign currency risk and credit risk. Policies for managing these risks are set by the Board following recommendations from the Chief Financial Officer. All financial risks are managed centrally. The policy for each of the above risks is described in more detail below.

The Group's financial instruments comprise cash, short-term deposits, finance leases and various items, such as receivables and payables that arise directly from its operations. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. Similarly, the Group did not undertake any financial hedging arrangements during the year under review. The year-end position reflects these policies and there have been no changes in policies or risks since the year-end.

#### Liquidity risk

Through detailed cash flow forecasting and capital expenditure planning, the Group monitors working capital and capital expenditure requirements and through the use of rolling short-term investments ensures that cash is available to meet obligations as they fall due. Cash at bank is pooled and invested in overnight money market accounts and deposits.

The contractual maturities of financial liabilities are set out in note 22.

#### Interest rate risk

The Group principally finances its operations through Shareholders' equity and working capital. The Group and Company has exposure to interest rate fluctuations on the loan, its cash and short-term deposits.

The Group has adopted a sensitivity analysis that measures changes in the fair value of financial instruments and interest-bearing loans and any resultant impact on the income statement of an increase or decrease of 2% in market interest rates.

	2% decrease in interest rates £'000	2% increase in interest rates £'000
Impact on financial interest in the income statement: (loss)/gain	(115)	115

#### Foreign currency risk

The Group's principal exposure to exchange rate fluctuations arises on the translation of overseas net assets, profits and losses into the presentation currency. This risk is managed by taking differences that arise on the retranslation of the net overseas investments to the currency reserve. Foreign currency risk on cash balances is monitored through cash flow forecasting and currency is held in foreign currency bank accounts only to the extent that it is required for working capital purposes. No sensitivity analysis is provided in respect of foreign currency risk as due to the Group's working capital management practices the risk is considered to be moderate. The risk is further explained in the principal risks and uncertainties on pages 20 to 23.

#### Capital management

The Board's policy is to maintain a strong capital base with the joint objectives to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital comprises all components of equity (i.e. share capital, capital redemption reserve, share premium and retained earnings). The Board manages the capital structure and makes adjustments as required in the light of changes in economic conditions. The Board may return capital to Shareholders, issue new shares or sell assets in order to maintain capital.

Credit risk management is described in note 18.

<b>Financial assets</b>	<b>2022</b>	2021
<b>Current financial assets</b>	<b>£'000</b>	£'000
Trade receivables (note 18)	4,860	4,551
Other receivables (note 18)	852	838
Accrued income (note 18)	1,501	2,085
Cash & cash equivalents (note 19)	2,840	12,706
<b>Total financial assets</b>	<b>10,053</b>	<b>20,180</b>

<b>Financial liabilities</b>	<b>2022</b>	2021
<b>Current financial liabilities</b>	<b>£'000</b>	£'000
Trade payables (note 20)	899	2,193
Other payables (note 20)	508	294
Accrued liabilities (note 20)	4,416	3,470
Lease liabilities (note 14)	1,537	1,342
<b>Total financial liabilities</b>	<b>7,360</b>	<b>7,600</b>

#### Other interest-bearing loans and borrowings

Information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost are disclosed below. For more information about the Group's exposure to interest rate and foreign currency risk, see above.

<b>Non-current financial liabilities</b>	<b>2022</b>	2021
<b>£'000</b>	£'000	£'000
Secured bank loans	-	-
<b>Current financial liabilities</b>		
Current portion of secured bank loans	-	975

#### Terms and debt repayment schedule

During the year the business repaid its term loan with Barclays bank. In addition, and as a result of the acquisition of Syntec Holdings Limited, the Group entered into new banking arrangements with Barclays Bank for a £5.0 million Revolving Credit Facility (RCF) and a £5.0 million overdraft facility. The RCF is for a term of three years, interest is 2.5% above the Bank of England base rate and there is a non-utilisation fee of 0.88%. The overdraft is reviewed annually by the bank, has an interest rate of 1.75% above the Bank of England base rate.

As at 31 March there was no debt drawn under either facility.

The collateral to these loans is the land and buildings carrying value of £3 million.

#### Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to Ordinary Shareholders of the Company by the weighted average number of Ordinary Shares outstanding during the reporting period. Diluted EPS is determined by adjusting the weighted average number of Ordinary Shares outstanding for the effects of all potential dilutive Ordinary Shares.

The Group presents adjusted basic and diluted earnings per share ("Adjusted EPS") data for its Ordinary Shares. Adjusted EPS is defined as profit before tax, expenses relating to share option schemes, amortisation of acquired intangible assets, restructuring costs and costs relating to business combinations with tax applied at the standard corporation tax rate.

#### Dividends

Final dividends are recorded in the Group's Financial Statements in the period in which they are approved by the Shareholders. Interim and Special dividends are recorded in the financial statements in the period in which they are approved and paid.

#### Determination and presentation of operating segments

The Eckoh Group determines and presents operating segments based on the information that internally is provided to the Executive Management team, considered to be the Chief Operating Decision Maker.

An operating segment is a component of the Eckoh Group that engages in business activities from which it may earn revenues and incur expenses. During the current year the operating segments will be reviewed as the integration of the Syntec acquisition progresses.

#### Alternative performance measures (APMs)

The Directors consider that disclosing alternative performance measures enhances Shareholders' ability to evaluate and analyse the underlying financial performance of the Group. They have identified adjusted operating profit and adjusted EBITDA as measures that enable the assessment of the performance of the Group and assists in financial, operational and commercial decision-making. In adjusting for this measure the Directors have sought to eliminate those items of income and expenditure that do not specifically relate to the underlying operational performance of the Group in a specific year. The table below reconciles operating profit to adjusted operating profit<sup>1</sup> and adjusted EBITDA<sup>2</sup> identifying those reconciling items of income and expense.

	<b>Year ended</b>	Year ended
	<b>31 March</b>	31 March
	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Operating profit</b>	<b>2,386</b>	3,550
Amortisation of acquired intangible assets	751	663
Expenses relating to share option schemes	241	536
Restructuring costs	866	-
Costs relating to business combinations	985	-
<b>Adjusted operating profit<sup>1</sup></b>	<b>5,229</b>	<b>4,749</b>
Amortisation of other intangible assets	392	398
Depreciation of owned assets	680	704
Depreciation of leased assets	495	505
<b>Adjusted EBITDA<sup>2</sup></b>	<b>6,796</b>	<b>6,356</b>

1. Adjusted operating profit is the profit from operating activities adjusted for expenses relating to share option schemes, amortisation of acquired intangible assets, restructuring costs and costs relating to business combinations.

2. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit from operating activities adjusted for depreciation, amortisation, expenses relating to share option schemes, restructuring costs and costs relating to business combinations.



## 4. Segment analysis

Following the acquisition of Syntec Holdings Limited on 22nd December 2021, the key segments reviewed at Board level are the UK (including Eckoh Omni), US operations and Syntec. This will be reviewed over the current year as Eckoh progress with the integration of Syntec.

Information regarding the results of each operating segment is included below. Performance is measured on operating segments based on the information that internally is provided to the Executive Management team, considered to be the Chief Operating Decision Maker.

Current period segment analysis	Eckoh UK £'000	Eckoh US £'000	Syntec <sup>1</sup> £'000	Total 2022 £'000	Total 2021 £'000
<b>Segment Revenue</b>	<b>18,596</b>	<b>11,487</b>	<b>1,697</b>	<b>31,780</b>	30,486
Gross profit	15,593	8,473	1,357	25,423	24,195
Administrative expenses	(14,399)	(7,300)	(1,338)	(23,037)	(20,645)
<b>Operating profit</b>	<b>1,194</b>	<b>1,173</b>	<b>19</b>	<b>2,386</b>	3,550
<b>Adjusted operating profit</b>	<b>3,194</b>	<b>1,728</b>	<b>307</b>	<b>5,229</b>	4,749
Other expenses <sup>2</sup>	(2,000)	(555)	(289)	(2,844)	(1,199)
<b>Operating profit</b>	<b>1,194</b>	<b>1,173</b>	<b>19</b>	<b>2,386</b>	3,550
<b>Profit before taxation</b>	<b>1,156</b>	<b>1,149</b>	<b>13</b>	<b>2,318</b>	3,511
<b>Segment assets</b>					
Trade and other receivables	2,904	2,059	749	5,712	5,389
Prepayments and contract assets	2,798	954	2,819	6,571	7,888
Deferred tax asset	1,103	513	173	1,789	3,211
<b>Segment liabilities</b>					
Trade and other payables	1,364	607	367	2,336	3,364
Accruals and contract liabilities	6,216	4,191	5,543	15,950	15,118
<b>Capital expenditure</b>					
Purchase of tangible assets	187	120	1	308	1,066
Purchase of leases	-	686	-	686	1,546
Purchase of intangible assets	375	-	-	375	573
<b>Depreciation and amortisation</b>					
Depreciation of property, plant & equipment	525	130	25	680	704
Depreciation of leased assets	353	108	34	495	505
Amortisation	1,143	-	-	1,143	1,061

1. Since date of acquisition of Syntec Holdings Limited on 22nd December 2021.

2. Other expenses comprise expenses relating to share option schemes, amortisation of acquired intangible assets, exceptional restructuring costs and costs from business combinations.

In 2021/22 there was no one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group. In 2020/21 there was one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group.

Revenue by geography	Eckoh UK £'000	Eckoh US £'000	Syntec £'000	2022 £'000	2021 £'000
UK	18,117	-	739	18,856	17,804
United States of America	339	11,314	776	12,429	12,321
Rest of the World	140	173	182	495	361
<b>Total Revenue</b>	<b>18,596</b>	<b>11,487</b>	<b>1,697</b>	<b>31,780</b>	<b>30,486</b>

Timing of revenue recognition	Eckoh UK £'000	Eckoh US £'000	Syntec £'000	Total 2022 £'000	Total 2021 £'000
Services transferred at a point in time	15,193	8,076	1,472	24,741	23,240
Services transferred over time	3,403	3,411	225	7,039	7,246
	<b>18,596</b>	<b>11,487</b>	<b>1,697</b>	<b>31,780</b>	<b>30,486</b>

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2022 £'000	2021 £'000
Receivables, which are included in 'Trade and other receivables'	4,860	4,551
Contract assets which are included in 'Trade and other receivables'	3,828	4,359
Contract liabilities which are included in 'Trade and other payables'	(9,470)	(11,347)
	<b>(782)</b>	<b>(2,437)</b>

Payment terms and conditions in client contracts may vary. In some cases, clients pay in advance of the delivery of solutions or services; in other cases, payment is due as services are performed or in arrears following the delivery of the solutions or services. Differences in timing between revenue recognition and invoicing result in trade receivables, contract assets, or contract liabilities in the statement of financial position.

Contract assets result when costs directly attributable to the delivery of the hardware and the implementation fees are capitalised as contract assets and released over the contract term, thereby also deferring costs to later periods and revenue earned not yet invoiced.

Contract liabilities result from client payments in advance of the satisfaction of the associated performance obligations and relates primarily to revenue for hardware and implementation fees. Contract liabilities are released as revenue is recognised.

Contract assets and contract liabilities are reported on a contract-by-contract basis at the end of each reporting period.

Significant changes in the contract assets and contract liabilities balances during the year are as follows:

31 March 2022	Contract assets £'000	Contract liabilities £'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	6,938
Current year billings recognised in contract liabilities	-	4,108
Cost of sales recognised that was included in the contract assets balance at the beginning of the period	2,640	-
Costs deferred in current year and unbilled revenue included in contract assets	1,538	-

	31 March 2022 £'000	31 March 2021 £'000
<b>Contract costs</b>		
Deferred implementation costs	1,028	1,698
Deferred hardware costs	510	316
	<b>1,538</b>	<b>2,014</b>

Contract costs are capitalised as 'costs to fulfil a contract' and are amortised when the related revenues are recognised, which are spread evenly over the length of the contract, typically 3 years.

#### Transaction price allocated to the remaining performance obligations

The total amount of revenue held in contract liabilities and allocated to unsatisfied performance obligations is £9.5m (FY21: £11.3m). We expect to recognise approximately £3.9m (FY21: £5.4m) in the next 12 months, £5.5m (FY21: £5.9m) in 1-3 years and the remainder in 3 years or more in time.

The amount represents our best estimate of contractually committed revenues that are due to be recognised as we satisfy the contractual performance obligations in these contracts. A large proportion of the Group's revenue is transactional in nature or is invoiced monthly for support and maintenance and these are not included in the contract liabilities.

Prior period segment analysis	Eckoh UK £'000	Eckoh US £'000	Total 2021 £'000
Segment revenue	18,037	12,449	30,486
Gross profit	15,299	8,896	24,195
Administrative expenses	(13,022)	(7,623)	(20,645)
<b>Operating profit</b>	<b>2,277</b>	<b>1,273</b>	<b>3,550</b>
<b>Adjusted operating profit</b>	<b>3,069</b>	<b>1,680</b>	<b>4,749</b>
Other expenses <sup>1</sup>	(792)	(407)	(1,199)
<b>Operating profit</b>	<b>2,277</b>	<b>1,273</b>	<b>3,550</b>
<b>Profit before taxation</b>	<b>2,285</b>	<b>1,226</b>	<b>3,511</b>
<b>Segment assets</b>			
Trade and other receivables	2,648	1,903	4,551
Deferred tax asset	2,699	512	3,211
<b>Segment liabilities</b>			
Trade and other payables	2,565	798	3,364
<b>Capital expenditure</b>			
Purchase of tangible assets	698	368	1,066
Purchase of leases	1,138	408	1,546
Purchase of intangible assets	573	-	573
<b>Depreciation and amortisation</b>			
Depreciation of property, plant & equipment	542	162	704
Depreciation of leased assets	408	97	505
Amortisation	665	396	1,061

1. Other expenses include expenses relating to share option schemes and amortisation of acquired intangible assets.

Revenue by geography	Eckoh UK £'000	Eckoh US £'000	Total 2021 £'000
UK	17,804	-	17,804
United States of America	-	12,321	12,321
Rest of the World	233	128	361
<b>Total Revenue</b>	<b>18,037</b>	<b>12,449</b>	<b>30,486</b>

## 5. Profit from operating activities

	2022 £'000	2021 £'000
<b>The Group's profit from operating activities is arrived at after charging:</b>		
Employee benefits expense (note 6)	14,149	14,104
Restructuring costs (note 8)	866	-
Costs relating to acquisition (note 27)	985	-
Amortisation of intangible assets (note 12)	1,143	1,061
Depreciation of property, plant and equipment (note 13)	680	704
Depreciation of leased assets (note 14)	495	505
Inventory recognised as an expense (note 17)	11	32

## 6. Employee benefits expense

	2022 £'000	2021 £'000
Government grants receivable towards employee costs	(12)	(31)
Wages and salaries	12,618	12,502
Less: Internal development costs capitalised in the year	(343)	(379)
Amortisation of internal development costs	352	327
Social security costs	1,097	1,235
Other pension costs	183	194
Share based payments	254	536
	<b>14,149</b>	<b>14,104</b>

The Remuneration Report on page 46 provides further details on the Directors' emoluments. The monthly average number of people (including Executive Directors) employed by the Group during the year was:

	2022 Number	2021 Number
Technical support	97	97
Customer services	45	38
Administration and management	49	59
	<b>191</b>	<b>194</b>

Excluded from the table above are 25 (2021: 23) full time equivalent casual call centre employees who cost £238,361 (2021: £305,398) in the year.

## 7. Auditors' remuneration

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2022 £'000	2021 £'000
Fees payable for the audit of the Company and Consolidated Financial Statements	72	39
Fees payable for other services:		
Fees payable for the audit of the financial statements of subsidiary undertakings	129	85
<b>Total fees payable to the Group's auditors</b>	<b>201</b>	<b>124</b>

## 8. Exceptional restructuring costs

The exceptional restructuring costs are presented separately as irregular costs unlikely to reoccur in the near future. The exceptional restructuring costs of £866k have been incurred in Syntec Holdings Limited, £289k, Eckoh US £531k and Eckoh UK £46k. The Syntec costs of £289k relate to redundancy costs and contract termination costs post acquisition. The Eckoh US costs of £577k relate to redundancy costs for employees associated with the planned exit from the third-party Support activity.

## 9. Finance income and finance charges

	2022 £'000	2021 £'000
<b>Interest receivable</b>		
Bank interest receivable	6	48
<b>Total</b>	<b>6</b>	<b>48</b>

	2022 £'000	2021 £'000
<b>Finance expense</b>		
Bank interest payable	(23)	(54)
Lease interest payable	(51)	(33)
<b>Total</b>	<b>(74)</b>	<b>(87)</b>

## 10. Taxation

	2022 £'000	2021 £'000
<b>Tax recognised in profit and loss</b>		
<i>Current tax expense</i>		
Current year	13	1
Adjustments in respect of prior periods	(3)	2
	10	3
<i>Deferred tax credit</i>		
Origination and reversal of temporary differences	1,198	697
Adjustments in respect of prior periods	(54)	3
Foreign exchange translation	4	21
Effect of tax rate change	(415)	(7)
	733	714
<b>Total tax charge</b>	<b>743</b>	<b>717</b>

A charge of £592k (2021: credit of £114k) for deferred taxation in relation to share options was recognised directly in equity. The tax charge for the year is different (2021: different) to the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
<b>Continuing operations</b>		
Profit before taxation	2,318	3,511
Profit multiplied by rate of corporation tax in the UK of 19% (2021: 19%)	440	667
Additional foreign tax suffered	11	1
Effect of expenses not deductible for tax purposes	181	10
Non-taxable income	(9)	(20)
Adjustments in respect of prior periods (current and deferred)	(57)	5
Movement on deferred tax not recognised	(25)	16
Deferred tax impact of UK rate change	-	45
Impact of change in tax rate on opening deferred tax	(119)	-
Opening deferred tax rate change impact of share options	(296)	-
Impact of difference between current and deferred tax rates	102	-
Deferred tax impact of rate change on intangible assets	-	(7)
Deferred tax impact of share options	515	-
<b>Tax charge for the year</b>	<b>743</b>	<b>717</b>

The 2021 Finance Bill was substantively enacted on 24 May 2021. The main rate of UK corporation tax will increase from 19% to 25% with effect from April 2023. The Group's UK deferred tax assets and liabilities have therefore been remeasured at 25%, except to the extent that they are expected to be realised prior to 1 April 2023.

**Recognition of deferred tax assets and liabilities**

	Assets		Liabilities		Net	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Short term timing differences	145	954	-	(100)	145	854
Tax losses	1,421	2,006	-	-	1,421	2,006
Property, plant and equipment	223	251	(224)	(182)	(1)	69
Intangible assets	-	-	(2,759)	(14)	(2,759)	(14)
<b>Tax losses carried forward</b>	<b>1,789</b>	<b>3,211</b>	<b>(2,983)</b>	<b>(296)</b>	<b>(1,194)</b>	<b>2,915</b>

Included in the deferred tax liability is £nil (FY21: £133k) which relates to the Company and comes from acquired deferred tax liabilities.

	2022 £'000	2021 £'000
<b>Movement in deferred tax balances during the year</b>		
Balance at 1 April	2,915	3,515
Arising through a business combination	(2,797)	-
Recognised in income statement	(733)	(714)
Recognised in equity	(592)	114
Other – Forex	11	-
<b>Balance at 31 March</b>	<b>(1,196)</b>	<b>2,915</b>

**Unrecognised deferred tax assets**

There are unprovided deferred taxation assets totalling £9,538k (2021: £6,058k). These have arisen in respect of trading losses of £2,323k (2021: £575k) and in respect of capital losses of £7,215k (2021: £5,483k). The historic trading losses have not been recognised as they are held in Eckoh plc and Syntec Holdings Limited, both of which are non-trading Companies. Therefore, due to the uncertainty of future taxable profits being available in these statutory entities to utilise these losses they have not been recognised. The capital losses have not been recognised due to restrictions over their utilisation. There is no expiry date on the trading losses or the capital losses carried forward.

**11. Earnings per share**

The basic and diluted earnings per share are calculated on the following profit and number of shares. Earnings for the calculation of earnings per share is the net profit attributable to equity holders of the Company.

	2022 £'000	2021 £'000
Earnings for the purposes of basic and diluted earnings per share	1,575	2,794
Earnings for the purposes of adjusted basic and diluted earnings per share	4,181	3,815

## Reconciliation of earnings for the purposes of adjusted basic and diluted earnings per share.

	2022 £'000	2021 £'000
Earnings for the purposes of basic and diluted earnings per share	1,575	2,794
Taxation	743	717
Amortisation of acquired intangible assets	751	663
Expenses relating to share option schemes	241	536
Exceptional restructuring costs	866	-
Costs relating to acquisition	985	-
<b>Adjusted profit before tax</b>	<b>5,161</b>	<b>4,710</b>
Tax charge based on standard corporation tax rate of 19% (2021: 19%)	(980)	(895)
<b>Earnings for the purposes of adjusted basic and diluted earnings per share</b>	<b>4,181</b>	<b>3,815</b>

	2022 £'000	2021 £'000
<b>Denominator</b>		
Weighted average number of shares in issue in the period	265,968	255,351
Shares held by employee ownership plan	(2,028)	(1,862)
Shares held in Employee Benefit Trust	-	-
Number of shares used in calculating basic earnings per share	263,940	253,489
Dilutive effect of share options	20,558	9,426
Dilutive effect of shares for acquisition Dec 21	7,889	-
Dilutive effect of placing Dec 21	18,494	-
<b>Number of shares used in calculating diluted earnings per share</b>	<b>310,881</b>	<b>262,915</b>

	2022 pence	2021 pence
<b>Profit per share</b>		
Basic earnings per 0.25p share	0.59	1.09
Diluted earnings per 0.25p share	0.51	1.06
Adjusted earnings per 0.25p share	1.57	1.49
Adjusted diluted earnings per 0.25p share	1.34	1.45

## 12. Intangible assets

Group	Goodwill £'000	Computer software £'000	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Total £'000
<b>Cost</b>						
At 1 April 2020	5,166	4,147	3,775	7,287	400	20,775
Additions	-	525	-	48	-	573
Transfer of assets	-	(372)	-	372	-	-
Foreign exchange	(283)	(7)	(277)	(42)	(29)	(638)
Disposals	-	-	-	(2)	-	(2)
<b>At 31 March 2021</b>	<b>4,883</b>	<b>4,293</b>	<b>3,498</b>	<b>7,663</b>	<b>371</b>	<b>20,708</b>
Additions	-	364	-	11	-	375
Additions from business combinations	21,422	-	12,367	-	-	33,789
Foreign exchange	117	3	115	17	12	264
Disposals	-	-	-	(3)	-	(3)
<b>At 31 March 2022</b>	<b>26,422</b>	<b>4,660</b>	<b>15,980</b>	<b>7,688</b>	<b>383</b>	<b>55,133</b>
<b>Accumulated amortisation</b>						
At 1 April 2020	-	2,739	3,241	7,122	360	13,462
Charge for the year	-	362	498	163	38	1,061
Transfer of assets	-	(273)	-	273	-	-
Foreign exchange	-	(7)	(267)	(40)	(28)	(342)
<b>At 31 March 2021</b>	<b>-</b>	<b>2,821</b>	<b>3,472</b>	<b>7,518</b>	<b>370</b>	<b>14,181</b>
Charge for the year	-	357	727	59	-	1,143
Foreign exchange	-	3	113	17	12	145
<b>At 31 March 2022</b>	<b>-</b>	<b>3,181</b>	<b>4,312</b>	<b>7,594</b>	<b>382</b>	<b>15,469</b>
<b>Carrying amount</b>						
<b>At 31 March 2022</b>	<b>26,422</b>	<b>1,479</b>	<b>11,668</b>	<b>94</b>	<b>1</b>	<b>39,664</b>
<b>At 31 March 2021</b>	<b>4,883</b>	<b>1,472</b>	<b>26</b>	<b>145</b>	<b>1</b>	<b>6,527</b>

The Company has no intangible assets. (2021: nil).

Within the intangible category of computer software in the above table is internally developed computer software, as at 31 March 2022 this had a net book value of £1,441k (2021: £1,466k).

Amortisation of acquired intangible assets included in the charge for the year in the above table was £751k (2021: £663k). This is made up of Customer Relationships, Intellectual Property and Trade name, with the exception of £34k of Intellectual Property (2021: £36k) which relates to amortisation on self-generated assets in Eckoh UK Limited. Within Intellectual Property is an intangible asset acquired when Eckoh Omni Limited (previously known as Klick2Contact (EU) Limited) was purchased.

On an annual basis an impairment review of goodwill is undertaken to determine a value in use calculation for each cash generating unit (CGU) using cashflow projections. Management have identified the CGUs as Eckoh UK, Eckoh US and Syntec in the current year and in the prior year Eckoh UK and Eckoh US. Management have performed a profitability forecast for the next five years for each of the CGUs, which are based on the latest three-year plan approved by the Board. Management is satisfied that the carrying value of Goodwill and Other Intangible Assets are supported based on the expected performance of the CGUs.

Goodwill acquired through business combinations have been allocated to the following CGUs:

- Eckoh – UK
- Eckoh – US
- Syntec

These represent the lowest level within the Group at which Goodwill is monitored for internal management purposes.

	Goodwill 31 March 2022 £'000	Goodwill 31 March 2021 £'000	31 March 2022 Market growth rate %	31 March 2022 Discount rate %	31 March 2021 Market growth rate %	31 March 2021 Discount rate %
Eckoh – UK	2,373	2,373	10%	13.9%	10%	13.9%
Eckoh – US	2,627	2,510	20%	13.9%	20%	13.9%
Syntec	21,442	-	15%	12.0%	-	-
<b>Total</b>	<b>26,442</b>	<b>4,883</b>				

No impairment has been recorded in the current year for Eckoh UK, Eckoh US or Syntec. The main assumptions which related to sales volume, selling prices and cost changes, are based on recent history and expectations of future changes in the market. The discount rate applied to the cash flow forecasts is based on a market participant's pre – tax weighted average cost of capital adjusted for the specific risks in the CGUs. Growth rate used to extrapolate beyond the plan year and terminal values are based upon minimum expected growth rates of the individual businesses.

### Sensitivity to the changes in assumptions

If forecast revenues fell by 70%, no impairment in the carrying values of Eckoh UK and Eckoh US would be required, and if forecast revenues for Syntec fell by 35%, no impairment in the carrying values of Syntec would be required. In addition, if there was no further growth in either Eckoh UK, Eckoh US or Syntec, no impairment in the carrying value of Eckoh UK, Eckoh US or Syntec would be required.

### 13. Property, plant and equipment

	Leasehold improvements £'000	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2020	32	3,068	7,695	10,795
Additions	-	109	1,066	1,175
Foreign exchange	(3)	-	(126)	(129)
Disposals	-	-	(181)	(181)
<b>At 31 March 2021</b>	<b>29</b>	<b>3,177</b>	<b>8,454</b>	<b>11,660</b>
Additions	-	-	308	308
Additions from business combinations	-	-	235	235
Foreign exchange	-	30	45	75
Disposals	-	-	(350)	(350)
<b>At 31 March 2022</b>	<b>29</b>	<b>3,207</b>	<b>8,692</b>	<b>11,928</b>
<b>Accumulated depreciation</b>				
At 1 April 2020	32	225	6,687	6,944
Charge for the year	-	43	661	704
Foreign exchange	(3)	-	(114)	(117)
Disposals	-	-	(178)	(178)
<b>At 31 March 2021</b>	<b>29</b>	<b>268</b>	<b>7,056</b>	<b>7,353</b>
Charge for the year	-	43	637	680
Foreign exchange	-	30	26	56
Disposals	-	-	(350)	(350)
<b>At 31 March 2022</b>	<b>29</b>	<b>341</b>	<b>7,369</b>	<b>7,739</b>
<b>Carrying amount</b>				
<b>At 31 March 2022</b>	<b>-</b>	<b>2,866</b>	<b>1,323</b>	<b>4,189</b>
<b>At 31 March 2021</b>	<b>-</b>	<b>2,909</b>	<b>1,398</b>	<b>4,307</b>

The land and buildings are held by the Company, the gross book value as at 31 March 2022 was £3,207k (2021: £3,177k). The net book value at 31 March 2021 was £2,866k (2021: £2,909k). This is the only property, plant and equipment held by the Company.

### 14. Leases

The Group enters into leases of buildings in relation to offices in the US. In addition, in the UK the Group leases equipment either in the datacentres or in the offices.

	Buildings £'000	Equipment £'000	Total £'000
<b>Right-of-use assets</b>			
<b>Cost</b>			
At 1 April 2020	220	549	769
Additions	407	1,139	1,546
Foreign exchange	(22)	-	(22)
Disposals	-	(518)	(518)
<b>At 31 March 2021</b>	<b>605</b>	<b>1,170</b>	<b>1,775</b>
Additions	-	-	-
Additions from business combinations	686	-	686
Foreign exchange	28	-	28
Disposals	-	-	-
<b>At 31 March 2022</b>	<b>1,319</b>	<b>1,170</b>	<b>2,489</b>
<b>Accumulated depreciation</b>			
At 1 April 2020	98	394	492
Charge for the year	96	409	505
Foreign exchange	(14)	-	(14)
Disposals	-	(518)	(518)
<b>At 31 March 2021</b>	<b>180</b>	<b>285</b>	<b>465</b>
Charge for the year	134	361	495
Foreign exchange	13	-	13
Disposals	-	-	-
<b>At 31 March 2022</b>	<b>327</b>	<b>646</b>	<b>973</b>
<b>Carrying amount</b>			
<b>At 31 March 2022</b>	<b>992</b>	<b>524</b>	<b>1,516</b>
<b>At 31 March 2021</b>	<b>425</b>	<b>885</b>	<b>1,310</b>

In some cases, the contracts entered into by the Group include extension options which provide the Group with additional operational flexibility. If the Group considers it reasonably certain that an extension option will be exercised the additional period is included in the lease term.

	2022 £'000	2021 £'000
<b>Lease liabilities</b>		
Current	609	517
Non-current	928	825
	<b>1,537</b>	<b>1,342</b>
	2022 £'000	2021 £'000
<b>Lease interest and expenses</b>		
Interest expense (included in finance costs)	(51)	(33)
Expenses relating to short-term leases (included in cost of goods sold and administrative expenses)	(17)	(8)

The total cash outflow for leases in 2022 was £551k (2021: £494k), made up of principle lease payments of £500k (2021: £461k) and lease interest payments of £51k (2021: £33k).

The Company does not hold any leased assets. (2021: £nil).

## 15. Investments in Group companies

	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
At 1 April 2020	21,232	5,607	26,839
Additions	-	303	303
<b>At 31 March 2021</b>	<b>21,232</b>	<b>5,910</b>	<b>27,142</b>
Additions	30,997	479	31,476
<b>At 31 March 2022</b>	<b>52,229</b>	<b>6,389</b>	<b>58,618</b>
<b>Accumulated Impairment</b>			
At 1 April 2020, 31 March 2021	(6,989)	-	(6,989)
Movement in the year	-	-	-
At 31 March 2022	(6,989)	-	(6,989)
<b>Net Book Value</b>			
<b>At 31 March 2022</b>	<b>45,240</b>	<b>6,389</b>	<b>51,629</b>
<b>At 31 March 2021</b>	<b>14,243</b>	<b>5,910</b>	<b>20,153</b>

The Directors have assessed the carrying values of the Company's investments and concluded that no impairment triggers exist that would require the Company's investments to be impaired.

Other investments represent additional investments in Eckoh UK Limited as a result of the share-based payments arrangements in place. As the Company grants options over its shares to employees of Eckoh UK Limited, the Company records an increase in its investment in Eckoh UK Limited, the details of which are disclosed further in note 23 of the Consolidated Financial Statements.

## 16. Investment in subsidiary undertakings

The Company has the following investments in subsidiaries, which are included in the Consolidated Financial Statements:

Subsidiary undertakings	Country of incorporation	Principal activities	Percentage of share capital held
Eckoh UK Limited	England and Wales (ii)	Secure Payment & Customer Engagement Solutions	100%
Veritape Limited	England and Wales (ii)	Non trading	100%
Eckoh Inc	United States of America (iii)	Secure Payment Solutions & Support Solutions	100%
Eckoh France SAS	France (iv)	Non trading	100%(i)
Eckoh Enterprises Limited	England and Wales (ii)	Dormant	67% & 33%(i)
Eckoh Projects Limited	England and Wales (ii)	Non trading	100%
Avorta Limited	England and Wales (ii)	Dormant	100%(i)
Eckoh Technologies Limited	England and Wales (ii)	Dormant	100%(i)
Intelliplus Group Limited	England and Wales (ii)	Dormant	100%
Intelliplus Limited	England and Wales (ii)	Non-Trading	100%(i)
Medius Networks Limited	England and Wales (ii)	Non-Trading	100%(i)
Telford Projects Limited	England and Wales (ii)	Dormant	100%
Swwoosh Limited	England and Wales (ii)	Dormant	100%(i)
Eckoh Omni Ltd	England and Wales (ii)	Cloud-based Software Provider	100%
Syntec Holdings Limited (v)	England and Wales (ii)	Non-Trading	100%
Syntec Limited (v)	England and Wales (ii)	Trading	100%
Syntec Investment Limited (v)	England and Wales (ii)	Non-Trading	100%
CardEasy North America Inc	United States of America (vi)	Dormant	100% (i)
Agentcall Limited	England and Wales (ii)	Dormant	100% (i)
CardEasy Limited	England and Wales (ii)	Dormant	100% (i)
Response Track Limited	England and Wales (ii)	Dormant	100% (i)
Syntec Telecom Limited	England and Wales (ii)	Dormant	100% (i)
Synpbx Limited	England and Wales (ii)	Dormant	100% (i)

(i) Share capital held by a subsidiary undertaking.

(ii) The registered office is Telford House, Corner Hall, Hemel Hempstead, HP3 9HN.

(iii) The registered office is 7172 Regional Street, #431, Dublin, California 94568.

(iv) The registered office is Rue De La Vieille Poste Parc, Industriel et Technologique de la Pompignane, 34000 Montpellier.

(v) Acquired as part of acquisition of Syntec Holdings Limited

(vi) The registered office is 12 Timber Creek Lane, Newark, New Castle 19711.

All companies hold ordinary class shares and have March year-ends, with the exception of Veritape, which has a September year end. Information in relation to geographical operations is set out in note 4.

The subsidiary undertaking Eckoh Omni Limited (registered number: 07553916) is exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

## 17. Inventories

	Group	
	2022 £'000	2021 £'000
Finished goods	268	174
	<b>268</b>	<b>174</b>

The cost of inventory recognised as an expense during the year was £11k (2021: £32k). The Company does not hold any inventory (2021: £nil).

## 18. Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Current assets</b>				
Trade receivables	5,056	4,640	-	-
Less: Loss allowance	(196)	(89)	-	-
Net trade receivables	<b>4,860</b>	<b>4,551</b>	<b>-</b>	<b>-</b>
Amount receivable from subsidiary undertakings	-	-	-	618
Other receivables	852	838	-	-
Prepayments and contract assets	6,571	7,888	93	25
	<b>12,283</b>	<b>13,277</b>	<b>93</b>	<b>643</b>
<b>Long-term debtor</b>				
Amount receivable from subsidiary undertakings	-	-	4,034	3,506
	<b>-</b>	<b>-</b>	<b>4,034</b>	<b>3,506</b>

Trade receivables are stated after loss allowance of £196k (2021: £89k).

Included in prepayments and contract assets is £1,501k (2021: £2,085k) relating to accrued income.

Amounts receivable from subsidiary undertakings are unsecured, due in 9 years and have an interest rate of 1.35%.

No expected credit loss has been calculated for the amount receivable from subsidiary undertakings as the directors expect the full amount to be recoverable.

	Group Gross carrying amount - trade receivables		Group Expected loss rate	
	2022 £'000	2021 £'000	2022 %	2021 %
<b>Gross trade receivables - ageing</b>				
Current	3,703	3,803	0.3%	0.0%
1-30 days	1,082	626	1.0%	0.0%
31-60 days	75	83	13.9%	0.0%
61-90 days	13	17	78.3%	0.0%
Over 90 days	183	111	84.2%	80.3%
	<b>5,056</b>	<b>4,640</b>	<b>3.9%</b>	<b>1.9%</b>

The Directors consider that the carrying value of the trade and other receivables approximate to their fair value.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the

Group's trade and other receivables. Concentrations of credit risk with respect to trade receivables are limited due to working capital practices of the market sector and the Group and the nature of the Group's customer base. The reputable nature of the Group's current customer base limits exposure to credit risk.

## 19. Cash and cash equivalents

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Sterling	2,266	10,897	1,898	4,370
Euro	6	24	-	-
US dollars	568	1,785	485	685
	<b>2,840</b>	<b>12,706</b>	<b>2,383</b>	<b>5,055</b>

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Floating rate	2,266	10,897	1,898	4,370
Euro	6	24	-	-
US dollars	568	1,785	485	685
	<b>2,840</b>	<b>12,706</b>	<b>2,383</b>	<b>5,055</b>

Cash and cash equivalents comprise cash held by the Group. Surplus cash is placed in an interest-bearing account. The average interest rate on the interest-bearing account during the year was 0.02% (2021: 0.04%).

The Group's financial risk management is disclosed in note 3.

## 20. Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade payables	899	2,193	-	-
Other payables	508	294	-	-
Other taxation and social security	929	877	-	-
Amounts payable to subsidiary undertakings	-	-	26,832	16,366
Accruals and contract liabilities	15,950	15,118	64	22
	<b>18,286</b>	<b>18,482</b>	<b>26,896</b>	<b>16,388</b>



As set out in note 4, £5.5 million (FY21: £5.9 million) of the contract liabilities are due in more than one year.

Included in accruals and contract liabilities is £4,416k (2021: £3,470k) relating to accrued income.

All of the amounts above are payable within one year and trade payables that are more than three months' old at the year-end represent £99,000 (2021: £180,000).

Amounts payable to subsidiary undertakings are unsecured, payable on demand and interest free.

The Group's exposure to liquidity risk is disclosed in note 3.

## 21. Called up share capital and share premium account

### Allotted called up and fully paid

Share type	Number of shares	Nominal value £'000	Share Premium £'000
<b>Ordinary Shares of 0.25p each</b>			
At 1 April 2021	255,351,256	638	2,663
Shares issued under the share option schemes	1,315,365	3	226
Shares issued as part of placing	25,377,600	64	13,018
Shares issued as part of business combination	10,825,040	27	6,273
<b>At 31 March 2022</b>	<b>292,869,261</b>	<b>732</b>	<b>22,180</b>

All Ordinary Shares in issue are fully paid. The holders of the Ordinary Shares are entitled to receive dividends, if declared, and are entitled to vote at general meetings of the Company. Potential Ordinary Shares are disclosed in note 23.

As a result of the acquisition of 100% of the Share Capital of Syntec Holdings limited on 22nd December 2021, shares were issued as part of a Placing. The Placing price of 54 pence represented a 12.2 per cent discount to Eckoh's closing mid-

price on 14 December 2021 of 61.5 pence and a premium of 6.4 per cent to Eckoh's 60 day weighted average share price to 14 December 2021. The net proceeds of the Placing were used to part fund the Cash Consideration portion of the acquisition. In addition to the cash consideration, £6.3 million was payable in new Eckoh shares, the share price used to calculate the number of shares was £0.582. Costs relating to the issue of shares of £622k have been deducted from the proceeds and included in the share premium account.

## 21. Other interest-bearing loans and borrowings

	Bank Loans £'000
At 1 April 2021	(975)
Repaid during the year	975
<b>At 31 March 2022</b>	<b>-</b>

### Loans and borrowings

In July 2016, the Group secured a bank loan with a carrying amount of £6.5 million to assist with the acquisition of Klick2Contact EU Ltd and to repay the existing bank loan that had a balance of £3.75 million at 31 March 2016 due over one year.

The loan of £6.5 million was repayable over a period of five years. Twenty quarterly repayments of £325,000 commenced in July 2016. A fixed interest was payable at a rate of 1.25% per annum plus a variable base rate. In March 2020 and as a result of the COVID-19 pandemic, the Board of Directors took advantage of the ability to defer the repayment of capital under the loan as a precautionary measure. The Bank approved a delay to the April 2020 and July 2020 quarterly repayment of £325,000. The remaining balance in

March 2020 on the loan of £1,950,000 was repaid evenly over the remaining life of the loan and the final two quarterly repayments of £487,500 were made in April 2021 and July 2021.

In conjunction with the acquisition of Syntec Holdings Limited, Eckoh secured a new £10 million debt facility with Barclays Bank, which comprises a £5.0 million overdraft and a £5.0 million Revolving Credit Facility (RCF). The RCF is for a term of three years, interest is 2.5% above the Bank of England base rate and there is a non-utilisation fee of 0.88%. The overdraft is reviewed annually by the bank and has an interest rate of 1.75% above the Bank of England base rate.

As at 31 March 2022, there was no debt drawn under either facility.

## 23. Share based payments

The Eckoh plc Share Option Scheme ('the Scheme') was introduced in November 1999 and re-approved by the Board in the year ended 31 March 2018. Under the Scheme the Board can grant options over shares in the Company to Group employees. The grant price of share options is the middle market quotation price as derived from the Daily Official List of the London Stock Exchange on the date of the grant. The contractual life of an option is ten years. Options granted under the Scheme become exercisable subject to the share price exceeding RPI plus 15% after the third anniversary of the grant date. Exercise of an option is subject to continued employment, with certain exceptions, as specified in the Scheme rules.

The Eckoh plc Enterprise Management Incentive Scheme ('the EMI Scheme') was introduced in February 2007. Under the Scheme the Board can grant options over shares in the Company to Group employees. The grant price of share options is the middle market quotation price as derived from the Daily Official List of the London Stock Exchange on the date of the grant. The contractual life of an option is ten years. Options granted under the EMI Scheme become exercisable subject to the percentage growth in earnings per share in the three years following the year of grant being at least 5% (compounded) per annum. Exercise of an option is subject to continued employment, subject to certain exceptions as specified in the EMI Scheme rules. As at 31 March 2022, there were no share options unvested or unexercised.

The Eckoh plc Share Incentive Plan ('the Plan') was introduced in September 2016. The Plan provides employees with the opportunity to acquire shares in Eckoh plc. Shares are purchased on behalf of the employee from amounts sacrificed from their salary on a monthly basis and matched on a two for one basis by the company. Any shares acquired will be held in a trust in accordance with the terms of the Plan. In order to maximise the tax benefits available,

the employee must remain employed with the company and hold the shares within the Trust for a minimum of five years.

The Eckoh plc Performance Share Plan ('the PSP') was introduced in November 2017, following approval by Shareholders at the 2018 AGM. Initial Awards, at Nominal cost were granted to each of the Executive Directors in November 2017. Each of the PSP Initial awards is subject to a Total Shareholder Return performance condition, measured over a five-year performance period. Further details are included in the Remuneration Committee report on page 46. During the financial year awards have been granted to senior management, key employees and the Executive Directors. The PSP awards granted to Management are subject to a Total Shareholder Return performance condition, measured over a three-year performance period, the PSP awards granted to the Executive Directors and two Directors from the acquisition of Syntec are subject to both a Total Shareholder Return and Adjusted Earnings per Share performance condition, measured over a three-year performance period.

The Eckoh plc 2019 US Sharesave Scheme (the "2019 Sharesave Scheme"), was approved by Shareholders at the 2019 AGM and introduced to employees in December 2019. Employees who enrol in the 2019 Sharesave Scheme are granted an option to purchase up to a number of Ordinary Shares. The number is determined by dividing the total payroll deductions credited to the employee's account as of the exercise date by the option price. The option price is equal to the closing price of the Ordinary Shares on the London Stock Exchange on either the (i) the date the offering period begins, or (ii) the date of exercise, whichever results in the lowest price per share. Any shares acquired will be held in accordance with the terms of the Scheme.

The fair value of share options granted under the Scheme and the PSP were measured using the QCA-IRS option valuer based on the Black-Scholes and Monte-Carlo valuation models, taking into account the terms and conditions upon which the grants were made. The fair value per option granted and the assumptions used in the calculation are as follows:

	23 Mar 2016	2 May 2016	13 Oct 2016	31 Mar 2017	21 Jun 2017	23 Nov 2017	23 Jul 2018	24 Jun 2021	10 Jan 2022	10 Mar 2022
Share price (pence)	43.50	43.50	38.875	39.50	47.50	51.25	37.81	63.50	50.00	43.00
Exercise price (pence)	43.50	43.50	38.88	39.50	47.50	-	-	-	-	-
No. of employees	10	1	1	9	1	2	13	53	2	94
Shares under option	1,350,000	500,000	400,000	2,000,000	500,000	6,000,000	635,000	2,415,000	1,940,428	7,850,000
Vesting period (years)	3	3	3	3	3	4.33	3	3	3	3
Expected volatility	32%	31%	33%	35%	35%	35%	47%	30%	30%	30%
Option life (years)	10	10	10	10	10	4.33	3	3	3	3
Expected life (years)	3	3	3	3	3	4.33	3	3	3	3
Risk free rate	0.78%	0.24%	0.56%	0.56%	0.56%	0.56%	0.56%	0.18%	0.91%	1.36%
Expected dividends expressed as a dividend yield	0.89%	1.03%	1.16%	1.14%	1.22%	1.14%	1.53%	0.00%	0.00%	0.00%
Fair value per option (pence)	12.00	8.50	8.19	11.0	10.6	17.00	16.00	23.90	18.4 + 49.76	20.48 <sup>1</sup>

1. Included in the Share Options granted on 10 March 2022 are 1,000,000 awards made to Directors, which have a fair value of 17.69 pence (50% TSR) and 42.76 pence (50% adjusted eps)

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK government bonds of a term consistent with assumed option life.

The fair value of share options granted under the Share Incentive Plan (SIP) was measured using the valuation model. The number of share options in the SIP as at 31st March 2022 was 1,925,436. The charge for the year was £83k (2021: £63k)

The assumptions used in the US Sharesave Scheme fair value calculation are as follows:

Commencement date	1 Dec 2019	1 Dec 2020
Share price (pence)	66.00	60.0
Exercise price (pence)	51.85	51.0
Number of employees	18	20
Shares under option	52,107	50,331
Vesting period (years)	2.00	2.00

A reconciliation of option movements over the year to 31 March 2022 is shown below:

Share type	2022		Number of share options	Weighted average exercise price (pence)
	Number of share options	Weighted average exercise price (pence)		
Outstanding at 1 April	15,066,669	17.74	15,830,194	18.51
Granted	12,861,774	1.17	499,622	23.37
Exercised	(1,762,022)	16.33	(911,672)	31.21
Lapsed	-	-	-	-
Forfeited	(548,077)	18.83	(351,445)	25.35
<b>Outstanding at 31 March</b>	<b>25,618,344</b>	<b>9.44</b>	<b>15,066,699</b>	<b>17.74</b>
<b>Exercisable at 31 March</b>	<b>6,213,495</b>	<b>34.19</b>	<b>5,710,481</b>	<b>37.83</b>

Range of exercise prices (pence)	2022		Weighted average remaining life		Weighted average exercise price (pence)	Number of shares (000's)	Weighted average remaining life	
	Weighted average exercise price (pence)	Number of shares (000's)	Expected	Contractual			Expected	Contractual
0 - 0.5	0.23	20,074	1.76	1.76	0.21	8,771	0.89	0.91
10.5 - 12.5	-	-	-	-	11.00	75	-	0.98
37.2 - 40.0	39.33	2,567	3.89	4.60	39.33	3,053	4.84	5.56
40.5 - 45.0	43.50	1,850	-	4.00	43.50	2,200	-	5.00
46.5 - 48.5	47.54	652	0.02	4.03	47.55	685	0.14	4.68
50.0 - 54.5	52.53	178	0.91	1.36	51.85	40	0.67	0.67
55.0 - 59.5	56.00	65	1.67	1.67	56.00	76	2.67	2.67
60.0 - 64.0	62.57	181	1.17	1.35	62.18	262	1.95	1.95

The total charge for the year relating to employee share-based payment plans was £241,000 (2021: £536,000) all of which related to equity-settled share-based payment transactions. Included in the charge is a fair value share-based payment charge of £479,000 (2021: £303,000) offset by a release of the employer's NI accrual due to the share price as at 31 March 2022.

## 24. Pension commitments

The Group operates a group personal pension scheme and, in addition, the subsidiary company Eckoh UK Limited operates a defined contribution pension scheme. The assets of the pension schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to the funds. There were no outstanding or proposed contributions at the balance sheet date.

## 25. Related party transactions

Eckoh plc is the parent and ultimate controlling company of the Eckoh Group, the Consolidated Financial Statements of which include the results of the subsidiary undertakings set out in note 15.

Each subsidiary is 100% owned by the Eckoh Group and is considered to be a related party.

There are two Directors accruing benefits under the pension scheme.

The aggregate Directors' emoluments are shown in the table below.

	2022 £'000	2021 £'000
Aggregate emoluments	806	691
	<b>806</b>	<b>691</b>

Further details of the Directors' emoluments are disclosed within the Remuneration Report on page 46.

### Rented apartment

An apartment owned by a Director, Nik Philpot, is rented to Eckoh Group for use by company employees when on business. The rent is paid on a monthly basis and was charged at comparable market rates. The expense in the year was £15,000 (2021: £15,000). The amount outstanding to them at the end of the current year was Nil (2021: £4,098). There were no amounts written off in the current or prior year.

## 26. Cash flow from operating activities

	2022 £'000	2021 £'000
Profit for the financial year	1,575	2,794
Finance income	(6)	(48)
Finance charges	74	87
Taxation	743	717
Depreciation of property, plant and equipment	680	704
Depreciation of leased assets	495	505
Amortisation of intangible assets	1,143	1,061
Exchange differences	(95)	522
Expenses relating to share option schemes	241	536
<b>Operating profit before changes in working capital and provisions</b>	<b>4,850</b>	<b>6,878</b>
(Increase) / decrease in inventories	(5)	138
Decrease in trade and other receivables	2,423	217
Decrease in trade and other payables	(3,906)	(2,848)
<b>Net cash generated from operating activities</b>	<b>3,362</b>	<b>4,385</b>

## 27. Business Combinations

On 22 December 2021 the Group completed the acquisition of Syntec Holdings Limited for £31.0 million, through a combination of a cash consideration of £24.7 million with the balance of £6.3 million payable in new Eckoh shares. The deal was legally structured via the acquisition of 100% of the top holding company of Syntec Holdings Limited and its subsidiaries. The legal entities within the Syntec Holdings Limited group are set out in note 16.

Syntec is an Ofcom-regulated UK network operator, based in the UK, with an extensive patent portfolio in the UK, US, EU and Australia. Syntec is a provider of secure payment solutions (under the brand CardEasy) with additional telecom and contact centre services provided predominantly in the UK.

Costs relating to the acquisition were £1.6 million, £0.6 million of costs relating to the issue of shares have been offset against funds raised in the share premium account, the remainder £1.0 million of costs have been expensed as incurred and treated as exceptional items.

Post-acquisition results of the acquired business for the year ended 31 March 2022 are included in the Group Consolidated Financial Statements. Revenue of £1.7 million and operating profit of £0.3 million relate to the acquired business. If the acquisition of Syntec Holdings Limited had been completed on the first day of the financial year, revenue included for the year would have been £5.8 million and operating profit included would have been £1.0 million.

The provisional fair values of the identifiable asset and liabilities at the acquisition date are set out below:

	£'000	Satisfied by	£'000
Tangible assets	236	Cash	24,697
Intangible assets – Customer Relationships	12,367	Shares	6,300
Right-of-use leased assets	686	<b>Total Purchase consideration</b>	<b>30,997</b>
Deferred tax asset	91		
Stock	89	<b>Net cash outflow arising on acquisition</b>	<b>£000</b>
Debtors	1,431	Cash consideration	24,697
Cash at bank and in hand	2,197	Less: cash and cash equivalent balance acquired	(2,197)
Creditors due within one year	(3,940)	<b>Cash outflow from investing activities</b>	<b>22,500</b>
Creditors due after one year	(694)		
Deferred tax liability	(2,888)		
<b>Fair value of net assets acquired</b>	<b>9,575</b>		
<b>Goodwill</b>	<b>21,422</b>		
<b>Total consideration</b>	<b>30,997</b>		

The goodwill of £21.4 million comprises primarily the estimated value of a combination of the cross-selling opportunities for Eckoh's products into Syntec's CardEasy clients and vice versa. The goodwill also comprises the benefits that will be derived from the combined product as set out in the Operational Review, in the section setting out the approach to 'Syntegration', the aim of which is to bring the best of Eckoh and Syntec existing product and technologies together to build a unified platform and roadmap for future new capability. The goodwill will not be deductible for tax purposes.

## 28. Events after the statement of financial position date

There were no events after the balance sheet date.

# Shareholder information

Dealings permitted on Alternative Investment Market (AIM) of the London Stock Exchange.

## Directors and Company Secretary

C.J. Humphrey – Non-Executive Chairman  
D.J. Coghlan – Non-Executive Director  
G.L. Millward – Non-Executive Director  
N.B. Philpot – Chief Executive Officer  
C.G. Herbert – Chief Financial Officer and Company Secretary

## Registered Office

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Registered number: 3435822

## Registrar

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Leeds  
LS1 4DL

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## Joint Broker

Canaccord Genuity Limited  
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London, EC2V 7QR

## Solicitor

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## Banker

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## Independent Auditors

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