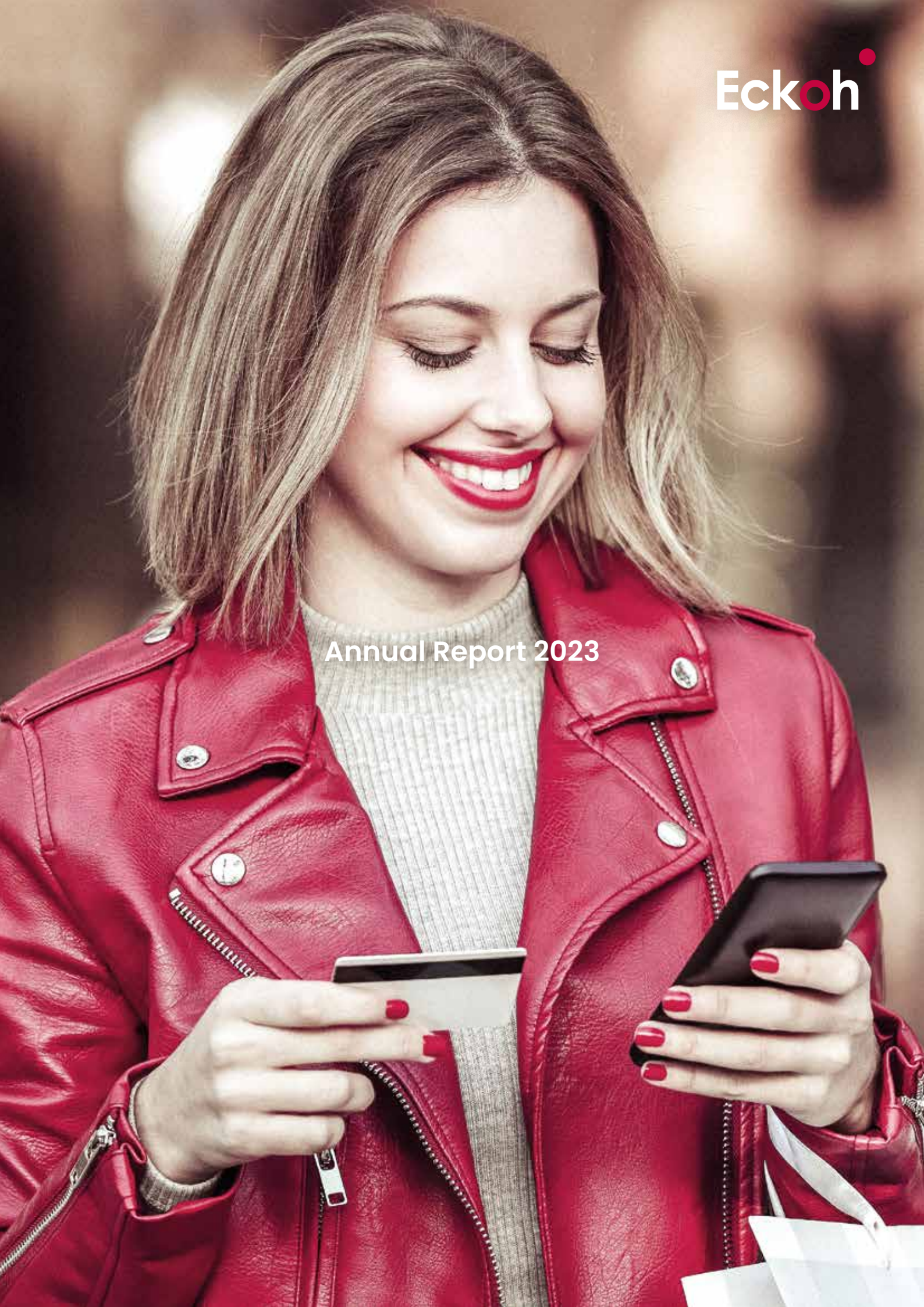


Annual Report 2023





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Strategic Report

Eckoh plc (AIM: ECK), the global provider of Customer Engagement Data Security Solutions, is pleased to announce full year audited results for the year ended 31 March 2023.



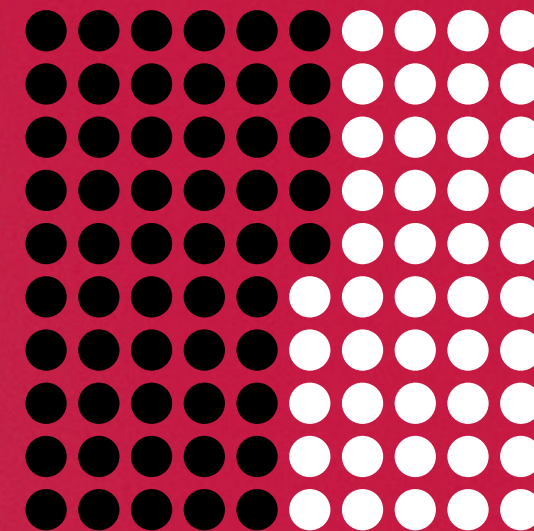
Highlights of the Year

REVENUE


£38.8m
 Up 22% from FY22

UK&I and
ROW 55%

NA
45%



UK&I and ROW REVENUE

£21.3m

Up 10% on FY22

NORTH AMERICA REVENUE

\$21.3m

Up 25% from FY22

TOTAL
CONTRACTED
BUSINESS

£34.5m

NET
CASH

£5.7m

NORTH AMERICA SECURE PAYMENTS
ANNUAL RECURRING REVENUE

\$15.9m

 Up 34%

GROUP
ANNUAL
RECURRING
REVENUE

£30.4m



Up 18%

£7.7m

ADJUSTED
OPERATING
PROFIT



48%
Up from FY22

ADJUSTED
EARNINGS
PER SHARE

2.09 pence
per
share



56%
Up from FY22

Highlights of the Year

	FY23	FY22	Change
Revenue	38.8	31.8	+22%
Gross profit	31.2	25.4	+23%
North America Secure Payments ARR (\$m) ¹	15.9	11.9	+34%
Total ARR ²	30.4	25.8	+18%
Adjusted EBITDA ³	9.4	6.8	+38%
Adjusted operating profit ⁴	7.7	5.2	+48%
Profit before taxation	5.0	2.3	+117%
Basic earnings pence per share	1.58	0.59	+167%
Adjusted diluted earnings pence per share ⁵	2.09	1.34	+56%
Net cash	5.7	2.8	+102%
Proposed final dividend (pence)	0.74	0.67	+10%
Total contracted business ⁶	34.5	22.5	+53%
New contracted business ⁷	14.4	10.8	+33%

1. ARR is the annual recurring revenue of all contracts billing at the end of the period.

2. Included within Total ARR is all revenue that is contractually committed and an element of UK&I revenue that has proven to be repeatable, but not contractually committed.

3. 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, exceptional items and costs relating to business combinations.

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

5. Adjusted earnings per share and adjusted diluted earnings per share uses the adjusted operating profit and applies a normalised tax rate to both years of 19%.

6. Total contracted business includes new business from new clients, new business from existing clients as well as renewals with existing clients.

7. New contracted business includes new business from new clients and new business from existing clients, including product upsells and cross-sells.

8. Eckoh believes that consensus market expectations for the year ending 31 March 2023 is revenue of £40.25 million, adjusted operating profit of £7.45 million and cash of £5.2m

Financial highlights

- Revenue for the year increased by 22% to £38.8 million (FY22: £31.8 million) and at constant exchange rates by 16%, driven by organic growth and the full year impact from the acquisition of Syntec in December 2021.
- Adjusted operating profit⁴ up 48% to £7.7m, driven by sales growth, increased cross-selling, operational leverage, and a £0.5m favourable impact from FX movements.
- Growth in adjusted diluted earnings per share demonstrates good organic growth from the underlying business combined with the impact of the earnings enhancing acquisition of Syntec in December 2021.
- Excellent performance from North American Data Security Solutions, where we have the largest addressable market and a significant opportunity for continued strong growth:
 - North America Security Solutions ARR¹ up 34% and revenue up 25%
 - Recurring revenue increased 54% driven by ongoing cloud transition and successful contract renewals.
- Refreshed go-to-market strategy drove up new contracted business chiefly through winning cloud deals and international mandates in North America, which accounted for 71% of all new business.
- UK & Ireland and Rest of World showed a resilient performance with revenue up 10%.
- Growth in adjusted diluted earnings per share demonstrates growth from the underlying business and the earnings enhancing acquisition of Syntec in December 2021.
- Balance sheet remains strong with net cash ahead of expectations⁸ at £5.7m (FY22: £2.8m).
- Proposed final dividend of 0.74p per share (FY22: 0.67p), demonstrating confidence in our product portfolio and the clear opportunity to capitalise on the scale of the North American opportunity.

Strategic highlights

- Strategic focus and a cloud-first product proposition supports our scalable growth:
 - By offering cloud platform choice and multiple SaaS solutions without additional deployment effort, we deliver scalability into larger client opportunities in the NA territory and across international mandates, with significant cross-sell opportunities and faster new client deployments, increasing total client value.
- Our proprietary cloud Secure Call-Recording product was launched in April 2023, to an encouraging response.
 - Expected to support the growth in cross-selling and generate new client contracts at a time when 24% of US contact centres are looking to update their call recording solution in the next 12 months.
- Global Commercial team now fully aligned to our strategic focus on the North America market:
 - Embedded a unified proposition into our new go-to-market vision of Customer Engagement Data Security Solutions, formally launched in April 2023.
 - Total Addressable Market (TAM) is currently estimated to be 20 times the size of the UK market.
- Total contracted business⁶ showed strong growth through securing new business wins and several successful renewals with key clients in North America.
- Notable new client wins and successful renewals during the period included:
 - A Fortune 100 retailer, purchasing two solutions; first client to go-live on our new Azure cloud platform.
 - New two-year voice security contract across more than 20 territories with a leading, global hotel company.
 - New global reseller contract with a US based unified communications company, 3 contracts delivered to date.

Current trading and Outlook

- Positive start to the year with total order value more than £7m in the first two months.
- The Board is confident of further progress in the year ahead, supported by an encouraging new business pipeline, increased revenue visibility through continued ARR growth and a robust balance sheet and cash position.
- Eckoh is well placed to benefit from favourable industry trends in its target markets including the shift to hybrid contact centre working and increasing regulatory requirements around personal data management.

Chairman's Statement

“ We made significant progress in the year to March 2023.

The business has focused on the integration of Syntec, which was acquired in December 2021. Revenue and profits increased by the amounts that were expected at the time of the acquisition.

The acquisition of Syntec has facilitated a catalyst in product development and continued growth especially in North America (NA). ”



Results

Total revenue for the year was £38.8 million, an increase year-on-year of 22% (FY22: £31.8 million) or 16% adjusting for constant exchange rates. Growth has been driven both organically and from the full year impact of the acquisition of Syntec.

Adjusted operating profit was £7.7 million, an increase of 48% (FY22: £5.2 million). Adjusted operating profit margin has increased to 19.9% up from 16.5% the previous year, this coupled with the improvement in adjusted diluted earnings per share at 2.09 pence (FY22: £1.34 pence), demonstrate the strong set of results with growth from the underlying business and the earnings enhancing acquisition of Syntec in December 2021.

Group and North America Security Solutions ARR¹ has grown strongly with group ARR at £30.4 million as at 31 March 2023, an 18% increase year-on-year (FY22: £25.8 million, restated to include Coral in North America). The North America Security Solutions ARR is \$15.9 million, an increase of 34% from the same time last year, demonstrating the strong underlying growth in the business and the strong visibility of revenues across the business.

The Group continues to have a strong balance sheet with a year-end net cash balance of £5.7 million (FY22: £2.8 million).

Going Concern

The Board has carried out a going concern review and concluded that the Group will generate 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 will generate adequate cash to continue in operational existence for the foreseeable future. Further information is included in the Directors' Report on pages 53 to 55.

Dividend

The Board has increased the proposed dividend by 10% to 0.74 pence per share (FY22: 0.67 pence per share).

Board

In the financial year ended 31 March 2023, there were no significant changes to the Board. Full details of the current Directors are on pages 36 to 37.

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 pages 38 to 43, 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.

Over the last year, we have focused on our Environmental, Social and Governance strategy (ESG) and I am pleased our Sustainability report on pages 28 to 33 reflects the progress we have made. It details the four key areas of our approach, the objectives set, and the targets we have delivered in the financial year to March 2023.

Full details of the Company's Principal Risks and Uncertainties are on pages 20 to 23.

People

We would also like to thank all employees for their continued commitment and resilience through what has been a busy period. The collaboration across the technical team has been exceptional and has resulted in the significant strides being made in the product enhancements and the multi-cloud capability. In addition, the Sales, Client Services and Marketing teams have embraced the change and moved to the Global commercial team to maximise the opportunity we have as a Group focussing on our key North American market.

The whole Board plan to attend the AGM on 13 September 2023 and we look forward to the opportunity to meet with as many Shareholders as possible on the day.

Christopher Humphrey

Chairman

14 June 2023

Chief Executive Review

“ I am pleased to report Eckoh performed strongly in the financial year ended 31 March 2023 delivering organic growth alongside the positive impact of our earnings enhancing acquisition of Syntec in December 2021, and making significant progress with our overall strategy. Adjusted operating profit and cash were both ahead of market expectation, and ARR growth was strong, especially in our key North American market.

In the 18 months following the acquisition we have completed the integration of Syntec, also a provider of data security solutions, which brought complementary technology, IP, clients, learnings, and people into Eckoh. ”



We are already seeing positive impacts in both our strategic progress and financial performance and we have started the new year positively with over £7 million in total contracted business in the first two months. As indicated at our interim results in November 2022, following the integration of Syntec these financial results have been presented on a territory basis for this period.

A clear growth strategy

At Eckoh, we're on a mission to set the standard for secure interactions between consumers and the world's leading brands. Companies today need to provide an exceptional customer experience with a frictionless and secure payment or process journey. Every interaction and transaction should be secure. We make sure that happens through our innovative products which build trust and deliver value through exceptional experiences.

We're trusted by well-known global brands, predominantly from the retail, healthcare, telecoms, financial services, utilities, and travel sectors, to help process customer enquiries and payments safely, usually via their customer contact centres, which are either operated in-house or outsourced. Given the sensitive nature of the solutions we sell, it is unusual for these companies to be willing to be publicly named, but they are often happy to provide client references.

Our secure engagement solutions help protect sensitive customer data and can be utilised over any customer engagement channel (voice, live chat, messaging, email, social channels etc.) and via any device the customer chooses. Our philosophy when it comes to data security is that the best way to protect your data is not to collect it. Many of the most sensitive engagement processes, especially taking a payment itself, do not require the enterprise to collect and store data, and if the process can be performed without doing this, then this removes the risk of breach or fraud for the customer. This is our specialism and an approach for which we have a growing portfolio of patents.

Our strategy is driving strong growth in our key markets with total revenue for the year increasing to £38.8 million, an increase year-on-year of 22% (FY22: £31.8 million) or 16% adjusting for constant exchange rates. Recurring revenue for the period was 80% of Group revenue at £31.0 million, a year-on-year increase of 29%. North America ARR¹ was \$15.9 million, an increase of 34% year-on-year, again demonstrating strong progress and the high level of visibility we now have in our business model.

To support our strategy to be the market leader in Customer Engagement Data Security Solutions, we completed the acquisition of Syntec, in December 2021. Our "Syntegration" plan (our process of integrating and unifying Syntec into Eckoh's operations), was split into three phases and covered people, process and product & technology. Over the last financial year, we have combined the underlying platform technology for delivering Eckoh's existing voice security product branded as, CallGuard, and Syntec's solution, branded CardEasy, to create a new unified platform appliance, we call our Secure Voice Appliance (SVA). The SVA is the cornerstone of our new global Secure Voice Cloud platform, which supports our Secure Engagement Suite of solutions that can be bought either singly or in multiples by our enterprise clients and delivered through the same platform.

Our delivery infrastructure for new clients and new products is now fully integrated across the Secure Voice Cloud platform. Aligned to this, we have integrated our operational teams and processes through Eckoh's Global Network Operation Centre (NOC), to provide a unified, cross-trained global support capability across our client base.

Phases 1 & 2 are complete and during the third phase, we are tasking the unified development team to develop new solutions for the Secure Engagement Suite in key growth areas. I am pleased to confirm that we launched our first new solution from the unified team as planned at the beginning of the new financial year – our new Secure Call Recording solution. We are only a few weeks into showcasing and demonstrating the solution, but we are very encouraged by the reaction of existing and new clients alike.

Progressing well against our strategic goals

We have made excellent progress during the year with our strategic objectives, which reflect our ambition to be the global leader in Customer Engagement Data Security Solutions. Our strategic goals are outlined below:

Our overarching strategic goal is our mission. To set the standard for secure interactions between consumers and the world's leading brands. By delivering on our five strategic goals this will take us closer to achieving this overall goal.

Our overarching strategic goal is our mission – to set the standard for secure interactions between customers and the world's leading brands. By delivering on our five strategic goals this will take us closer to achieving this overall goal.



1. Capitalise on external global market trends and regulation to help protect customer data through continual innovation

Eckoh is well placed to capitalise on favourable industry trends with a more focused Commercial team

Eckoh has historically targeted organisations that either transact or engage with its customers at scale, at volume and utilise contact centres with more than 50 agent seats in either the UK or US. This represented a target market of over 2,500 potential customers in the UK and 12,000 in the US. During the last year and spearheaded by our new Group Marketing Director we have invested in and implemented new MarTech tools which have provided us with a more granular way of assessing the global opportunity for our solutions. By being more granular in our analysis we have identified a total addressable market (TAM) of over 150,000 companies, with the North American market representing 48% of that TAM making it nearly ten times larger than the UK & Ireland at 5%. However, when looking at the average value of a North American contract compared to one in the UK that would increase the North American TAM value to more than 20 times the UK & Ireland.

To better pursue this opportunity, in the fourth quarter we actively re-organised our Commercial teams (comprising our Sales, Marketing and Client Services teams) to service the market and clients globally, and specifically to focus more of our collective resources on the large North American market. Prior to this the UK-based team, which was larger in size than the US one, was focused predominantly on the UK market. Now our unified global team is set up to sell globally, mobilised in an effective way with no geographical boundaries to service the client need, anywhere in the world.

A year ago, it would arguably have been too soon to make this change, as we only had a single product line, that of voice security, available to sell through a common cloud platform in the US market. But with the advent of our cloud-based Secure Engagement Suite we now have multiple complementary solutions that are available to any client anywhere in the world and this means that our existing North American client base are prime targets for cross-selling.

Across the Group we have around 200 clients, which range greatly in both size and opportunity. Given this we have reorganised how we support and service our client accounts globally to ensure the most focus is given to the key accounts with the largest perceived opportunity for growth. The sales team and account managers have been assigned specific accounts to manage and develop across these different tiers of client opportunity and have significant cross-selling and up selling targets as well as new business targets. In the top

key account tier we have around 30 accounts all of which are based in the North America region, reinforcing again the rationale for the realignment of our precious resources.

With the launch of our unified go-to-market proposition of Customer Engagement Data Security Solutions combined with our global Commercial team, we are better positioned to drive growth. This is underpinned by our new Secure Engagement Suite of solutions plus our expanding and scalable cloud platforms, which provide us with the opportunity not only to extend our reach geographically, but also increase the opportunity within every client account to land and expand.

Increasing regulation and data security challenges drive demand

With increasing regulation regarding the management of personal data 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 securing their data more comprehensively. This has made IT information security budgets one of the most protected areas of spend within enterprises. Eckoh is well placed to navigate these data security challenges, working behind the scenes as a 'sales enabler', converting sales in a secure way on behalf of an increasingly diversified and global client base.

Our addressable target market is large and has fundamentally changed post pandemic

The contact centre industry globally is extremely large, representing around 4% of the entire workforce in both the UK and US markets. The pandemic and the current economic climate have fundamentally changed the way our industry operates and the added pressures it has brought to navigating the new remote and hybrid working environments. Looking at the largest market, the US, the figures shown below, outlined in Contact Babel's 'US Contact Centers 2022-2026' research document, are particularly striking:

	2019	2020	2021	2022*
Percentage of US contact centres with more than 50% of agents working remotely	10%	87%	89%	77%

**Estimate*

Pre-pandemic only 10% of US contact centres had more than 50% of their agents working remotely. A huge shift to using remote agents peaked in 2021 with 89% of US contact centres having more than half their agents working from home. Even those organisations who were very reluctant to use remote working have been forced to adapt. In 2022 the estimate is that this figure is 77% and is expected to remain at these levels for the foreseeable future.

Shift to home-based agents creates new data security challenges, driving significant new opportunities

Post pandemic, contact centres have been under acute pressure to adapt in order to retain agent staff as the convenience of working from home is popular, enabling flexibility of working hours. This flexibility is also a positive for the enterprises that employ such agents as they can deploy agents to work short shifts to cope with unexpected customer demand. This changed landscape does however bring many and varied complications to the running of such remote and hybrid contact centres and the companies now need to tackle the challenges and inherent data security risks that come from remote working agents. A managed facility is far easier to control from a data security point of view than many remote locations. It is largely impossible to replicate such an environment, which presents a significant challenge if the agent is handling customer data and especially payment data.

Within Eckoh's new solutions suite, our real time transcription solution will offer sentiment analysis and AI led agent assistance, which ensures that all customers can be triaged and dealt with swiftly and effectively, without compromising their customer experience or the security of their personal data.

This trend provides a massive opportunity for Eckoh's solutions, not just for data security but also agent performance and efficiency. Our data security proposition enables companies to reduce further, or remove, the risk of data breaches by ensuring that sensitive data isn't just blocked but replaced with placeholders that can be safely stored in the client's systems. Our patented technology wraps around the client's infrastructure seamlessly and means that from the client's point of view, they do not actually collect any sensitive personal data.

2. Grow our leadership position in Customer Engagement Data Security Solutions to increase Shareholder value

Leverage our trusted supplier status to broaden the scope of our offering to our clients

The acquisition and then integration of Syntec served as a catalyst for us to refine how we go to market and how we want Eckoh to be perceived in the market. We unified and clarified our proposition into Customer Engagement Data Security Solutions which is delivered to our clients through our Secure Engagement Suite. Over the past 20 years we have delivered many different products and services, but our differentiator and strength in the customer engagement market, which has led to our success and growth, is our ability to deliver great customer experience with a data security focus. Eckoh prevents sensitive personal and payment data from entering IT and contact centre

environments when customers engage with an enterprise and make payments for goods and services. With a chief aim of not compromising the quality of the customer experience, as a unified offering all our new customer engagement offerings will be underpinned with security features and capabilities to assist our clients to address data security concerns and increasing regulation.

This clarity of approach has led us to rationalise and retire several product offerings, especially those that require significant levels of bespoke implementation and professional services. Going forward our new Secure Engagement Suite will focus on those offerings that deliver value to our enterprise clients through that security layer and whilst we will retain flexibility in delivery, the overall methodology will be SaaS.

In recent years Eckoh has been developing a highly relevant suite of data security solutions, designed to protect without compromising user experience, and delivered in the cloud (or on premise if that is still required). For example, our live chat offering incorporates our patented and unique ChatGuard capability. This enables payment or personal information to be entered by a customer into a live chat session without any of that information traversing the clients' environment or being shared with an advisor. The key difference now is that those solutions which we consider to be part of our go-forward proposition have been amalgamated in our Secure Engagement Suite and delivered from our Secure Voice Cloud platforms, enabling clients to more easily deploy and purchase them.

Our patented products already 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. We can grow our leadership position most quickly by adding additional solutions that assist our clients to protect wider forms of data and in different ways, as well as broader security requirements such as identifying fraudulent customers. The nature of the solution we have initially sold the client has already established Eckoh as a trusted advisor, and we can leverage that position to get access more readily to potential buyers of other complementary solutions within the organisation, such as the recently launched Secure Call Recording.

3. Use cloud technologies to develop and enhance our proprietary solutions to support scalable growth

The procurement of data security solutions to be deployed across multiple territories is certainly increasing, and our focus is on investing in our Customer Engagement Data Security Solutions to be deployed on our scalable cloud platform to support the growth from our largest territory and absolute strategic focus, North America. Our market leadership lies in our ability to offer our clients a choice of cloud platform and delivering multiple complementary SaaS solutions without any additional deployment effort or complex integrations.

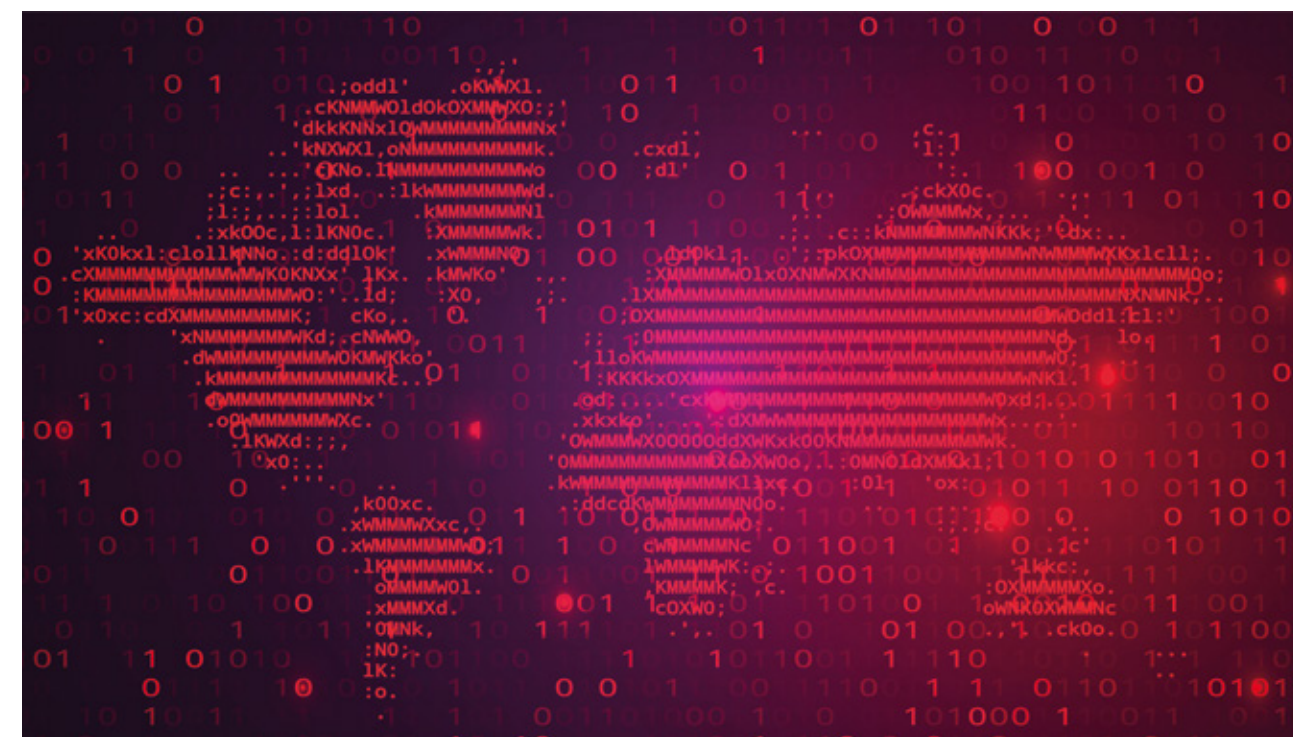
Our unified team developed the new Secure Call Recording solution using the cloud native methodology and technology that we implemented some years ago. This approach has not only reduced the time it takes us to launch new solutions, but it has simplified the process of continual development and sped up the addition of new features. It also enables us to automatically scale up or down the size of our cloud platforms responding instantly to changes in demand from our clients, leading to optimum operational performance and cost to serve.

One of the largest contracts won in the year was for a Fortune 100 retailer who purchased two cloud-based solutions, voice security and digital payments, and was the first client to go-live on our new Azure cloud platform. The time to revenue for new clients is significantly improved when they opt to use a cloud deployed solution, and it enables their ability to access the other offerings in our Secure Engagement Suite with little or no additional implementation effort.

We are excited by the growing proportion of cloud deployments secured in the North American market. The share of North America ARR from cloud revenue is now 50%, rising from a 35% share a year ago. Landing and expanding within our client base is a key focus and has the benefit of increased visibility of revenue through recurring revenues and improved margin. With our product roadmap extending into a broader data security proposition, we expect to be able to increase the lifetime value of our clients and continue to have high renewal rates and very low levels of churn.

We're flexible to client needs, retaining the ability to deploy locally

The proportion of cloud contracts won in North America remains very high at over 80%, and whilst we still expect a small number of on-premise deployments, these will reduce over time. While cloud deployment is a key goal and advantage, many of the largest enterprises, especially those in North America, may still take several years to achieve that objective. Retaining the capability to deploy as required in a client's own data centres and environment and then migrate those accounts to a cloud solution at some later point, continues to give us a tactical advantage over our competitors. During the first half, we saw two clients migrate from on-site deployments to our cloud platform and as part of the renewal process, three more clients have now contracted to migrate in FY24.



Secure Engagement Suite

Our suite of data security solutions called Eckoh's Secure Engagement Suite, which has been developed and refined through the Syntegration process is displayed in the honeycomb visual below.



1	Voice Security	Our core product to protect phone payments under the CallGuard or CardEasy brand
2	Secure Chat	Live chat incorporating our patented ChatGuard solution to take payments securely
3	Digital Payments	Allowing customers to pay through a secure mobile link whilst connected live to an advisor
4	DataGuard	Securing other forms of personal data as well as payment information
5	Advanced Speech	Using speech recognition to take payment information securely where key entry is unviable
6	Secure Call Recording	Recording, transcribing and analysing calls, and redacting sensitive information
7	Transcription and AI	Using real time transcription to enable agents to deliver effective and fast assistance
8	Verification and Fraud	Improving the verification process to help identify fraudulent activity

4. Maximise lifetime client value and aid retention by cross and up-selling to increase recurring revenue

The significant enterprise deals we won during the period show the merit of Eckoh's long-standing strategy to pursue larger opportunities and reflects the continuing trend towards cloud adoption and more international mandates in our target markets.

The Eckoh offering

Our suite of data security solutions called Eckoh's Secure Engagement Suite, which has been developed and refined through the Syntegration process is displayed in the honeycomb visual opposite and includes the following segments:

The first six are all now available, with the first release of Secure Call Recording launched as planned in April this year and delivered through our new Secure Voice Appliance and Secure Voice Cloud.

Later this year we will add the seventh, which will be the real time transcription solution that uses AI and machine learning to assist advisors to provide the best possible assistance whether they are experienced agents or not. It will also allow contact centre managers and supervisors to identify problem calls instantly through the sentiment analysis tool which will provide a heatmap across all agent conversations in real time, highlighting where issues may be occurring. With so many agents now working remotely, this oversight task is critical to ensure performance is not compromised because of hybrid working. Both this solution and Secure Call Recording should have an even larger TAM than our other solutions as neither necessitate the client to be taking payments to make them attractive solutions. This gives us the opportunity to target new companies that historically would not have featured in our marketing efforts.

Our first solution in the Verification and Fraud area is on our solution roadmap for the end of FY24. This will include commercialising patents that we already have granted, notably our reverse authentication patent. This enables a consumer to verify the identity of an adviser contacting them regarding activity on their account, conveniently and easily. We all know these inbound customer calls are a common route for scamming and fraud and so for the end customer to be able to verify that the call is genuine, we believe will be a unique and valuable solution. This will streamline the process for both parties, thereby improving efficiency for our enterprise clients and increasing satisfaction for the end customer.

Enterprise provides significant cross sell opportunity

Enterprise expands our total addressable market even further, particularly with the expansion and enhancement of our security suite and the global nature of our cloud platform. Given our long-standing cross-selling experience in the UK market we believe it is entirely credible that potential customer value could double compared to what was achievable from just the sale of the core voice security product.

It is encouraging that in the period the proportion of new business in North America coming from existing clients was already 38%. What is uncertain at this point is how many additional organisations will be appropriate targets for the call recording, transcription, and verification products, which arguably have an even wider applicability.

5. Evaluate acquisition opportunities that can support our growth strategy in Customer Engagement Data Security

Syntec has been a strategically important acquisition in terms of reinforcing Eckoh's position as the market leader in our field, being the catalyst for expanding our security suite and re-engineering our core cloud platform. We believe that through an ongoing focus on both organic growth and selective M&A, we are well placed to seize the opportunities we see in our sizeable addressable market.

Operational review

In the following section all comparatives have been restated for the new reporting territories.

North America (NA) Territory (45% of group revenues)

Following a thorough review of the opportunity and our go-to-market strategy, we are delighted that North America continues to power strong growth across all key KPIs underlining our strategic focus and the significant market opportunity we are targeting in this territory.

This is best demonstrated through Security Solutions ARR, which grew 34% to \$15.9 million (FY22: \$11.9 million). Total NA ARR, which includes both our Security Solutions and Coral (our agent desktop product) grew to \$16.9 million (FY22: \$12.6 million).

Revenue for the period was \$21.3 million, an increase of 25% (FY22: \$17.1 million) and North America now accounts for a 45% share of Group revenue (FY22: 40%). In FY24, we expect North American revenue will at least be of equal size to revenue from the UK and Ireland territory.

During the period, in the region we have seen twelve successful renewals, an increase in the level of cloud deployments and cross-selling of additional licences and product, strengthening our recurring revenue and gross profit.

Total and New Contracted Business

- Increase in sales momentum as anticipated in H1, with new contracted business wins of \$12.6 million, an increase year-on-year of 70% (FY22: \$7.4 million).
- Security Solutions new contracted business of \$11.3 million with 38% of this coming from existing clients.
- Combination of new contracted business and the increasing number of contract renewals has grown the total contracted business by 91% year-on-year to \$20.9 million (FY22 \$10.9 million).

Contract Renewals

- Recurring revenue increased to 76% (FY22: 69%), because of the ongoing cloud transition and six clients' initial contract renewals. At the point of renewal, the hardware and implementation fees from the initial contract are fully recognised.
- Six further contracts renewed during the year, three of which migrated from on premise solutions to the cloud.
- One client did not renew due to a sale of their business.

Cross-selling

We continue to focus on winning new large enterprise contracts, alongside cross-selling additional products introduced to the North American territory in H1 with new and existing clients. Two large enterprise deals were contracted in the period outlined below:

New enterprise deal #1 A Fortune 100 retailer	New enterprise deal #2 A leading, global hotel company
<ul style="list-style-type: none"> • Secured purchase of two product lines. • 3-year enterprise contract included a \$1.4m fee for voice security to secure their phone agents and a \$0.6m fee for digital payments to secure their live chat agents. • Multiproduct contract and first client to go-live on new Azure cloud platform. 	<ul style="list-style-type: none"> • Won a \$1.3 million, 2-year contract. • Cloud deployment model to incorporate voice payment security, digital payments, and advanced speech recognition. • Single cloud deployment that will cover more than 20 territories and an equivalent number of speech recognition languages.

Coral

In the period, Coral had revenue of \$2.0 million (FY22: \$1.8 million Coral & Third-Party Support). Coral, a browser-based agent desktop aids the following:

- to increase efficiency by bringing all the contact centre agent's communication tools into a single screen;
- to enable organisations, particularly those grown by acquisition to standardise their contact centre facilities; and
- to be implemented in environments that operate on entirely different underlying technology.

Coral contracts remain small in number but high in value when they occur, and they have a very long sales cycle (usually years) as the decision has long term ramifications for the client. This makes the timing of any new agreements both lumpy and hard to predict. There is a proof of concept being planned with a large global financial services company, however, there is no certainty at this stage if this will lead to a contract.

UK & Ireland (UK&I) Territory, and Rest of World (ROW) Territory (55% of group revenues)

- Total revenue for the year was £21.3 million, an increase of 10% (FY: £19.3 million).
- ARR¹ at the end of the year was £16.3million (FY22: £16.5 million) with growth hindered by the loss of a significant (non-security) client in the first half.
- Gross profit in the period was £17.5 million, an increase of 9% (FY22: £16.1 million) and gross margin was 82%, a decrease year-on-year of 1% (FY22: 83%), due principally to the inclusion of the Syntec UK & Ireland and ROW business.
- Total contracted business was £17.2 million compared to £13.4 million in the prior year and new contracted business was £4.2 million, a decrease of 12% year-on-year (FY22: £4.7 million).
- The ROW territory is expected to grow quickly with the large international contracts deployed, but for FY23 as this territory accounts for 2% of total revenue it has been reported together with the UK&I.
- Because of the realignment of the global commercial team and focus on North America, we think it is reasonable to expect UK & Ireland growth to be modest at best. The effort involved in growing this territory would be disproportionate to the value generated compared to the more lucrative and larger market in North America.

New contracted business

- Most global deals, which drive the revenue and growth in Ireland and the ROW, have been contracted through the UK Sales team. This will change with the new alignment of the global commercial team.
- Contract for voice security won with the Irish division of one of the world's largest insurance companies, worth \$0.6 million. This is one of the first clients to utilise the new enhanced cloud platform developed through "Syntegration".
- A further new UK contract also worth £0.6 million was won with a financial services company to provide voice security for their debt collection service.

Contract renewals

- Successfully renewed the year's largest contract; a 5-year contract through Capita for a large public service organisation worth £2.1 million.
- Contract through BT for the Ministry of Justice for taking payments for fixed penalty notices and magistrates fines also renewed, the second largest in the year.
- Other important renewals this year include Kingfisher, Target, PowerNI, Transport for London and Allied Irish Bank.

Outlook

The year's performance reflects the continued progress of Eckoh's strategy to pursue large enterprise opportunities, cross-sell from a broader product suite and continue the trend towards cloud adoption and more international mandates. With a refreshed go-to-market approach, coupled with an encouraging pipeline, a resilient business model of high recurring revenues, operational efficiencies, on-going cloud adoption and a robust balance sheet, the Board remains confident in delivering its expectations and achieving continued growth in FY24.

Nik Philpot
Chief Executive Officer
14 June 2023

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
Cyber, technology & processes	
<p>Loss or inappropriate usage of data</p> <p>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.</p>	<p>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. The Group is signed up to the National Cyber Security Centre which aids the monitoring of cyber activity. Continued investments are made in cyber security, infrastructure, monitoring and services, improvements in email, web filtering and enhanced data loss prevention tools. The Group also screens new employees carefully. Ecoh has maintained its program of PCI DSS, ISO27001 and Cyber Essentials. Syntec Limited operated to these same standards, and the Group is on track to integrate the acquired Syntec business into the Group programs.</p>
<p>Interruptions in business processes or systems</p> <p>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.</p>	<p>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.</p> <p>In addition, and following the COVID-19 pandemic, the business operates a hybrid working policy, where all staff 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 NA are available.</p>
Legal, regulatory and industry standards	
<p>Risk of non-compliance with legal and industry standards</p> <p>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.</p>	<p>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 and follow a robust induction and security training and are required to maintain ongoing security awareness.</p>

Specific Risk	Mitigation
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Legal, regulatory and industry standards

<p>Loss or infringement of intellectual property rights</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>Dependence on recruitment and retention of highly skilled personnel</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. Following the Great Resignation in FY22, resources are more stable both in our current workforce and where we need to recruit in the open market 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 were extensively reviewed in FY22 and a larger number of Managers and employees than previously were granted share awards to ensure Eckoh remains competitive in the marketplace. Employee feedback is encouraged, an employee engagement survey has been undertaken in the year with results and actions communicated with employees.</p>
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Unchanged risk

Increased risk



Specific Risk	Mitigation
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Products & clients

<p>Technological & product development</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 both existing and new products and technology to support its strategic plan. Product development roadmaps for Customer Engagement Data Security Solutions are managed centrally in the UK.</p>
<p>Dependence on key clients</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% (FY22: < 10% of revenue) 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 NA business.</p>

Economic growth

<p>Executing the NA opportunity</p> <p>The Group has a low market share in NA, where there is significant market opportunity for its Customer Engagement Data Security Solutions. The inability to execute in NA, winning new clients and implementing the wider Customer Engagement Data Security 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 NA 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 NA. Cloud-based solutions have been adopted to ensure Eckoh offer all potential solutions that clients may demand.</p>
<p>Exchange rate</p> <p>The Group is exposed to the US Dollar and the translation of net assets and income statements of its North America territory and, following the acquisition of Syntec, is also exposed to client contracts denominated in US Dollars 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 North America 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 ISO9001 certification to further audit these measures.</p>
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Financial Review

“ Eckoh has had a successful year delivering a robust level of adjusted operating profit of £7.7 million, an increase of 48% year-on-year (FY22: £5.2 million) and ahead of consensus market expectations. Adjusted operating profit margin was 19.9%, an improvement from last year of 340 basis points (FY22: 16.5%).

The growth was driven by North America and the focus on large enterprise clients, our cloud-based offering and the full year impact of the acquisition of Syntec Holdings Limited on 21 December 2021, integration of Syntec (“Syntegration”) and a £0.5 million EBITDA foreign currency benefit (FY22: loss £0.1 million and first half gain of £0.7 million) arising from the strength of our North American activity. ”



Revenue for the year increased by 22% to £38.8 million (FY22: £31.8 million) and at constant exchange³ rates by 16%. This is split £31.8 million recurring revenue (FY22: £24.1 million) and £7.8 million one-off revenue (FY22: £7.1 million) with recurring revenue increasing year-on-year by 29% and one-off revenue by 2%. Group recurring revenue was therefore 80% (FY22: 76%), the increase being driven from the North America territory. Adjusted operating profit¹ was £7.7 million an increase of 48% year-on-year (FY22: £5.2 million). Profit after tax for the year was £4.6 million, compared to £1.6 million in FY22. The prior year profit after tax of £1.6 million, included £1.0 million of transaction costs relating to the acquisition of Syntec and exceptional restructuring costs of £0.9 million. In the current year there is an exceptional legal cost and settlement agreement item of £0.2 million.

Group ARR showed strong progress and demonstrates the high level of visibility we have in our business model. As of 31 March 2023, Group ARR was £30.4 million, an increase of 18% year-on-year after restating last year’s Group ARR to include the North American Coral business (FY22 restated: £25.8 million). Group ARR increased by 11% at constant exchange rates.

Total contracted business⁵ for the financial year at the Group level was £34.5 million (FY22: £22.5 million), a year-on-year increase of 53%. New contracted business increased 33% to £14.4 million (FY22: £10.8 million) and the strong first half continued into the second half.

Basic earnings per share for the year ended 31 March 2023 was 1.58 pence per share (FY22: 0.59 pence per share). Adjusted earnings per share for the year ended 31 March 2023 was 2.14 pence per share (FY22: 1.57 pence per share) demonstrating both the strong organic growth and accretion following the acquisition of Syntec in December 2021.

Territory performance

– NA, UK&I, & ROW

Historically we have focused solely on the UK and US markets, but with the integration of the Syntec business into Eckoh’s operations and an increasingly cloud-based security proposition enabling increased activity to come from an expanding international market, we have shifted to segmenting our activity into North America (NA), UK and Ireland (UK&I) and Rest of World (ROW) revenue streams.

Revenue in North America, which represents 45% of total group revenues, increased to £17.5 million (FY22: £12.5m). UK&I represented 53% of total group revenues at £20.6 million and ROW represented 2% of group revenues.

Further explanations of movements in revenue between North America, UK & Ireland and ROW territories have been addressed in the Operational Review above.

Gross profit

The Group’s gross profit increased to £31.2 million (FY22: £25.4 million), an increase year-on-year of 23%. Gross profit margin was 80% for the year, in line with last year (FY22: 80%). The UK&I gross profit margin was 82%, a 1% decrease based on the new territories or a 2% decrease from the UK division last year. In North America, the full year margin was 79% an increase from last year’s NA margin of 75% or 74% for last year’s US division. This increase in margin as previously indicated is as a result of the continued deployment of the new Customer Engagement Data Security Solutions in the cloud environment together with the successful renewals of the earlier contracted on-site solution deployments, where the lower margin hardware component becomes fully recognised at the point of renewal.

In the UK&I, as the service is hosted on an Eckoh platform, there is typically no hardware provided to clients and the gross profit margin is expected to remain at 82–83%. In North America, we would expect the gross profit margin to continue to marginally increase from 79% to c. 80%. This is driven by the continued growth of the Secure Payments activities for cloud solutions coupled with a small number of clients with on-site solutions, who in the coming year are due to renew their initial contract, at which point the hardware component will be fully recognised.

Administrative expenses

Total administrative expenses for the year were £26.2 million (FY22: £23.0 million). Included in administrative expenses, is the £2.5 million of amortisation for the acquired intangible assets from the acquisition of Syntec Holdings Limited on 21 December 2021 (FY22: £0.8m) and exceptional legal fees and settlement agreements of £0.2 million. Adjusted administrative expenses⁴ for the year were £23.5 million (FY22: £20.2 million).

Profitability measures

Adjusted operating profit was £7.7 million, an increase of 48% year-on-year (FY22: £5.2 million). Included in the profit was a foreign currency gain of £0.5 million (FY22: loss £0.1 million), which is unlikely to be repeated to the same extent in the financial year to 31 March 2024. Adjusted EBITDA² for the year was £9.4 million, an increase of 38% year-on-year (FY22: £6.8 million).

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Profit from operating activities	5,020	2,386
Amortisation of acquired intangible assets	2,473	751
Expenses relating to share option schemes	40	241
Exceptional restructuring costs	-	866
Exceptional legal costs and settlement agreements	203	-
Costs relating to business combinations	-	985
Adjusted operating profit¹	7,736	5,229
Amortisation of other intangible assets	398	392
Depreciation of owned assets	643	680
Depreciation of leased assets	617	495
Adjusted EBITDA²	9,394	6,796

Finance charges

For the financial year ended 31 March 2023, the interest payable charge was £53k (FY22: £74k). The interest charge is made up of bank interest of £nil (FY22: £23k) and interest on leased assets of £53k (FY22: £51k). The finance interest received was £53k (FY22: £6k).

Taxation

For the financial year ended 31 March 2023, there was a tax charge of £383k (FY22: £743k charge). The effective tax rate in the financial year ended 31 March 2023 was 7.6% (FY22: 43.8%). The current year tax rate is impacted by a prior year adjustment relating to Syntec Holdings balance sheet as they adopted International Accounting Standards.

Earnings per share

Adjusted diluted earnings per share was 2.09 pence per share (FY22: 1.34 pence per share) a year-on-year increase of 56%, due to the increase in adjusted profit before tax and essentially unchanged number of issued Ordinary Shares. Basic earnings per share was 1.58 pence per share (FY22: 0.59 pence per share). Diluted earnings per share was 1.55 pence per share (FY22: 0.51 pence per share).

Client contracts

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.

Statement of financial position

Our balance sheet remains robust with a strong net cash position of £5.7 million, an increase of £2.9 million year-on-year (FY22: £2.8 million). The business has a Revolving Credit Facility of £5 million, secured against the Group's UK head office, which is an asset we own outright. As at 31 March 2023 our revolving credit facility remains undrawn.

While Eckoh continues to innovate by developing new products and features such as those detailed in the Chief Executive Officer's review, there has been an increase in the amount capitalised to intangible assets in the financial year to £0.6 million relating to the Call-Recording product (FY22: £0.3m), which was launched as expected in April 2023.

Contract liabilities and contract assets

Contract liabilities and contract assets relating to IFRS 15 Revenue from Contracts with Customers has continued, as expected, to decrease in the current year, principally as new contracted business in NA 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 £9.9 million (FY22: £12.5 million), included in this balance are £6.3 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 2023 were £2.4 million (FY22: £3.8 million).

Cashflow and liquidity

Gross cash at 31 March 2023 was £5.7 million (FY22: £2.8 million), as at 31 March 2023 there was no drawdown of debt (FY22: £nil million debt). As a result of the acquisition of Syntec in the financial year to 31 March 2022, we secured a new £10 million debt facility with Barclays Bank, which comprised a £5.0 million overdraft and a £5.0 million revolving credit facility. In November 2022, the overdraft facility was cancelled and the RCF remains in place, but undrawn as at 31 March 2023.

During the year there has been a net cash outflow from working capital of £1.6 million (FY22: £1.7 million cash outflow) due to the timing of invoicing and cash receipts and as the deferred revenue for the NA large on-site deployments has been recognised over the term of the contract, generally three years.

Dividends

Post year end the Board are proposing a final dividend for the year ended 31 March 2023 of 0.74 pence per Ordinary Share be paid to the Shareholders whose names appear on the register at the close of business on 22 September 2023, with payment on 20 October 2023. The ex-dividend date will be 21 September 2023. 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 £2.2m.

Chrissie Herbert

Chief Financial Officer

14 June 2023

- Adjusted operating profit is the profit before adjustments for expenses relating to share option schemes, amortisation of acquired intangible assets, exceptional 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, exceptional items 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, exceptional items 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.



Sustainability Report

“ During the year we have been working on our Environmental Social and Governance strategy (ESG). This is underpinned by our mission as a business, which is to set the standard for secure interactions between consumers and the world’s leading brands because we care about making the world a secure place. Our sustainability strategy is split into four key areas; the product we provide our customers and their customers; the security first approach we adopt across the business, which also encompasses the knowledge and the experts we have in our team; the culture we create through our values and the environmental responsibility we take in the way we do business.

As we successfully drive progress against our broader strategic objectives, we remain committed to making sustainable business decisions. We continue to listen to our stakeholders and we will continue to refine our sustainability strategy to ensure that it drives long term value for all of them.

I am pleased that in the financial year to March 2023, we have made significant progress in terms of setting targets and working towards those targets. The following section lays out the targets and progress made against each of the four areas. ”



Our Products

Core objective:

- Use cloud technology to develop and enhance our proprietary solutions.
- Our products lessen the burden of compliance for our clients, reduce fraud and the impact of a data breach and in turn makes the world a safer place.

Delivering stakeholder value

- Grow our market leadership position in Customer Engagement Data Security solutions to increase Shareholder value.
- The growing number of our patents demonstrate that we protect our IP and the integrity of our solutions.
- Our Secure Customer Engagement Suite of solutions provide a robust payments solution for our clients, enhancing their governance and enabling our clients’ contact centre agents to take payments securely as well as preventing the exposure of sensitive customer data to contact centre agents.

Meeting our 2023 targets

- Becoming system-agnostic to offer freedom of choice to our customers, we delivered our first live client as a multi-cloud provider.
- Delivery of a new unified cloud platform, based on our Secure Voice Appliance (SVA).
- Delivery of a Secure Call Recording product.

Security First Governance

Core objective:

- We maintain a Security First approach in the design, build and operation of our service.

Delivering stakeholder value

- People, Process and Technology aligned to drive a Security First decision tree to identify and mitigate risks.
- Project delivery cycles, product development, legal contracts aligned to support the security and availability of our solutions and operations.
- Trusted advisor to our customers.

Meeting our 2023 targets

- PCI-DSS Level 1 Service Provider for 13 successive years.
- Dedicated Security Operations Centre monitoring our security posture both internally and externally.
- Maintained and renewed all the Groups ISO certifications and Cyber Essentials.

Environmental Responsibility

Core objective:

- Reduce environmental impact by minimising our carbon footprint and committing to our cloud-first approach.

Delivering stakeholder value

- Committing to environmental responsibility protects the future of our people and demonstrates to customers that we strive to deliver products with minimal environmental impact.

Meeting our 2023 targets

- Transitioned to renewable energy supplies for all energy contracts managed directly.
- Completed and published our first carbon reduction plan and set targets to achieve net zero by 2045.
- Invested in one of our US datacentres, which will reduce our carbon footprint due to the enhanced technology.

Our Culture

Core objective:

- Create an inclusive workplace that supports, empowers, develops and fairly rewards all our people.

Delivering stakeholder value

- Fostering a positive culture will attract and retain the best talent, accelerating delivery of our strategy.
- Investing in our people benefits the communities we operate in by delivering an exceptional employee experience.

Meeting our 2023 targets

- March 2022 completed an employee survey. Results were shared with employees in April 2022 and three key focus areas identified.
- Members of the Leadership team led each of the three key focus areas and used focus groups with representation from across the business to develop action plans. All actions from the focus areas were delivered in the year.
- Encouraging our team to fundraise through the year for local charities in the UK and US.

Our Products

At the heart of our sustainability strategy is our mission as a business, which is to set the standard for secure interactions between consumers and the world's leading brands because we care about making the world a secure place. This starts with the products we provide to our customers. Our data

Our aim is to be flexible to our clients' needs, to do this we retain the ability to deploy locally to clients' datacentres or we can offer our clients a choice of cloud platform, providing our solutions in a system-agnostic way.

security solutions help protect sensitive customer data and can be performed via any customer engagement channel (voice, live chat, advanced speech, digital) and on any device the customer chooses. The best way to secure data is not to collect it and this is our specialism.

Our aim is to be flexible to our clients' needs, to do this we retain the ability to deploy locally to clients' datacentres or we can offer our clients a choice of cloud platform, providing our solutions in a system-agnostic way. During the financial year we delivered our first client live through a new cloud provider, giving us a multi-cloud proposition going forward.

Over the last financial year and following the acquisition of Syntec, we have combined Eckoh's existing technology underpinning the voice security product solution, CallGuard, with Syntec's technology underpinning their payment solution for contact centres, CardEasy. This has enabled us to develop a new core component of our unified platform, which we call our Secure Voice Appliance (SVA). The SVA takes the benefits from each of the CallGuard and CardEasy products and provides significantly improved density of telephony traffic for our clients. This in turn will provide improvements for our clients' environmental footprint as well as Eckoh's operational efficiency as the new appliances are rolled out across new and existing clients.

Building on the unified platform, at the end of the financial year we launched a new Secure Call-Recording product. As well as recording calls, the product enables the client to transcribe and analyse the calls delivering business intelligence and redact sensitive information.

Security First Governance

As the compliance landscape continually evolves, whether this is currently the introduction of Version 4 of the PCI-DSS or USA's strengthening data privacy rules, we act as trusted advisors to our clients. In order to be experts in our field, we need to ensure we adopt robust and responsible business practices across the organisation. This is achieved through our mantra of Security First, which encompasses our people, our processes and our technology to drive a Security First decision tree. This approach feeds the project delivery cycles, product development and legal contracts to align in order to support the security and availability of our solutions and operations.

The Security First approach means responsible business practices are at the heart of how we operate and this can be demonstrated through the certifications we hold as an organisation. Alongside being a PCI-DSS Level 1 Service Provider, we also hold certifications for Cyber Essentials; ISO27001 – which covers how we manage the security of assets such as financial information, IP, employee details or information entrusted to us by third parties; and ISO9001 – which demonstrates our Quality Management System process and our ability to consistently meet customer and regulatory requirements.

In addition to the certifications demonstrating our Security and Control credentials, we are also a participating organisation of the global PCI Security Standards.

Internally we manage and monitor our security risk through our Security Operations Centre. A dedicated team use a number of KPI measurements – third party scorecards, internal scanning and vulnerability monitoring and active threat hunting to seek out and increase our security posture across the board. The results of the Security Operations Centre are shared across the business as a way to continually educate our employees with best practice, raise awareness and ensure the Security First approach is delivered consistently across the business.

We remain committed to the highest standards of compliance in this area and in the year we achieved our goals to deliver:

- >99% acceptance of acceptable use and data protection policies;
- >99% completion of annual online security training;
- 0 phishing incidents resulting in the loss of data; and
- externally monitor our Security Scorecard to maintain A Rating.

Our Culture

Alongside our Security First Governance approach, our culture and our values are key. In particular our Humanity value reflects our welcoming spirit, embracing diversity and respect for each other. 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 with strong employee engagement and participation by all.

Alongside our Security First Governance approach, our culture and our values are key. In particular our Humanity value reflects our welcoming spirit, embracing diversity and respect for each other.

In March 2022 we completed a staff survey, listening to our employees is important to us. The results were fed back to our employees in April 2022. As a Management team we identified three areas to focus on and created employee focus groups for each area with developed action plans being shared with the wider business. Over a period of six months the agreed actions have been implemented.

As we advocate high standards internally we echo this sentiment in respect of our external stakeholders by taking a zero-tolerance approach to any forms of unethical behaviour within our wider operations and supply chains.

Environmental Responsibility

Our commitment to environmentally responsible operations is an essential part of our contribution to creating a healthy planet for our people, our clients and our employees. Our biggest direct impacts on the planet come from our datacentres, our offices and our employees travel, which includes an estimate of their commuting.

We have set net-zero carbon targets with a baseline year of 2022 and have developed a carbon reduction plan to progress to carbon neutrality in advance of 2050. We have set ambitious reduction targets in respect of Scope 1 and 2 emissions in advance of 2050. The full extent of Scope 3 emissions will be refined in the current financial year as we collate and gather the data from sources we do not directly control. The following are our targets:

- Scope 1 emissions will be eliminated by 2030
- Scope 2 emissions which are driven by our datacentres and our offices, will be reduced and be net zero by 2045
- Scope 3 emissions will be net zero by 2045.

Energy use has been assessed using the 2022 emission conversion factors published by the Department for Environment, Food and Rural Affairs ('Defra') and the Department for Business Energy and Industrial Strategy ('BEIS'). All group entities have been included in the reporting.

The baseline year includes the acquired Syntec Holdings Limited for a three-month period from December 2021. The inclusion of the Syntec business for a full twelve months coupled with the return to travel post the COVID pandemic has increased our energy consumption and carbon footprint year-on-year. During the financial year to 31 March 2024, we expect the Scope 2 – indirect emissions to decrease.

Global carbon footprint assessment	31 March 2022 Baseline Tonnes of CO ₂ e	31 March 2023 Baseline Tonnes of CO ₂ e	Change since baseline %
Emissions from:			
Scope 1 – direct emissions	18.13	21.82	+20%
Scope 2 – indirect emissions	335.09	431.78	+29%
CO ₂ turnover ratio Scope 1 and 2 (tonnes of Co ₂ per £m revenue)	0.014	0.013	+11%
CO ₂ EBITDA ratio Scope 1 and 2 (tonnes of Co ₂ per £m EBITDA)	0.061	0.060	(1%)
Scope 3 – other indirect emissions	59.12	107.79	+82%
Total (all Scope 1, 2 & 3)	412.34	561.39	+36%
Total UK energy consumption (kWh)	978,759	1,259,930	+29%
Total global energy consumption (kWh)	1,158,197	1,397,021	+21%

Reducing our environmental impact

Our Group strategy to drive investment in our product and cloud-first approach will have a significant impact on our carbon footprint in the future years. By migrating our data-centres into the cloud, we will be both more operationally efficient and reduce our carbon footprint. Our targets for the reduction of our Scope 2 emissions all focus on our data-centres and the continued adoption of cloud technology for our solutions.

With respect to our UK offices and locations where we contract directly, we procure our energy from renewable sources, our lighting is energy efficient and LED lights are utilised throughout our UK offices, with motion sensor lighting too.

We are currently reviewing options for our two UK offices to eliminate Scope 1 emissions and have set a target these will be eliminated by 2030.

During the year to 31 March 2023 and post the COVID-19 pandemic our emissions from travel have increased compared to the prior year to 31 March 2022. The increase is driven from employees commuting under a hybrid working arrangement and international travel for our US and UK employees having face-to-face meetings. We are therefore working on initiatives to adapt our approach to travel in a way that allows us to reap the benefits of face-to-face interaction whilst minimising the associated carbon footprint. We do not provide company

vehicles to employees or Directors or operate any form of vehicle fleet, we do offer our UK employees a cycle to work scheme to promote healthy living practises and further reducing our carbon footprint from daily commuting.

Our Scope 3 emissions include our employee travel, whether commuting or business travel, our water usage in our office and our office waste management. Other than specific business travel, all calculations in this area are based on estimates.

Nik Philpot
Chief Executive Officer
14 June 2023



Our Group strategy to drive investment in our product and cloud-first approach will have a significant impact on our carbon footprint in the future years. By migrating our data-centres into the cloud, we will be both more operationally efficient and reduce our carbon footprint.

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 Chairman at Heywood Pension Technologies Limited. He was previously a Non-Executive Director at AVEVA Group plc, Videndum plc (previously The Vitec Group plc), Alterian plc and SDL 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.



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 Quadrant Group Limited, a leading independent supplier of aviation simulation and training, with subsidiaries in the UK and US. Until February 2023 he was Chairman of Synectics plc, an AIM-quoted provider of high-end electronic security systems and previously 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. In his earlier career, David was 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 more than 30 years' experience in the voice services industry; he was originally at British Telecom before establishing a number of start-up businesses in the telecoms and technology sectors. As CEO of Eckoh, he has created a

leading provider of Customer Engagement Data Security Solutions working with some of the largest global brands to enhance and protect interactions with their customers.



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. This is underpinned by our mission as a business, which is to set the standard for secure interactions between consumers and the world's leading brands because we care about making the world a secure place. The ESG strategy encompasses the products we provide our clients, the way we provide them, the way we do business, both from an ethical approach and also with consideration for the environment. In January 2023 we issued our Carbon Reduction Plan, the targets we have committed to and the progress to date can be found in the Sustainability report on pages 28 to 33.

Christopher Humphrey
Chairman
14 June 2023



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 33 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. However, as is best practice, all Director's will retire 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 33.

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. An annual Customer Satisfaction survey was conducted in the year for our UK&I and ROW, and we intend to carry out a similar survey for our NA customers in the financial year 2024.

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 pages 44-46.

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 two 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 2022/23

	Board		Audit		Remuneration		Nomination	
	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice	Scheduled	Short notice
Executive Directors								
Chrissie Herbert	12	2	3 ¹	-	3 ¹	2	1 ¹	-
Nik Philpot	12	2	3 ¹	-	3 ¹	2	1 ¹	-
Non-Executive Directors								
Christopher Humphrey	12	2	3	-	3	2	1	-
David Coghlan	11 ²	2	3	-	3	2	1	-
Guy Millward	12	2	3	-	3	2	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.

2. David Coghlan was unable to attend the January Board meeting due to an overseas commitment.

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 2023.

- 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 36 to 37.

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

During the financial year ended 31 March 2023, 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. Our ESG strategy starts with our mission as a business, which is to set the standard for secure interactions between consumers and the world's leading brands because we care about making the world a secure place. Our ESG strategy also covers the way we do business and includes the value we place on our employees and the culture we drive in the NA and UK&I 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 within.

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 44 and page 47 respectively.

The role and responsibilities of the Chairman, Chief Executive and other Directors have been set out under principle 5 on page 41 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 47 to 52.

The Group's website 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 40.

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, customer and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a 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 2023 and Board governance, see pages 38 to 43 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.

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.

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 focused on growing the NA business through the enhanced Customer Engagement Data Security Solutions. The Group is successfully integrating Syntec Holdings Limited, which it acquired in December 2021, into the Eckoh business and its portfolio of solutions, this together with our organic growth will further strengthen our market leading position in the Customer Engagement Data Security Solutions 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 2023. The Committee has considered the integrity of the Group’s financial reporting and provided advice to the Board that the 2023 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 36 to 37.

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 40.

Guy Millward
Chairman Audit Committee
14 June 2023



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

Topic	Actions
Financial reporting	<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 2023 (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>Reviewed the post-acquisition performance of Syntec Holdings Limited, to ensure the expected value from the acquisition was being achieved.</p>
Audit plans and audit findings	<p>Reviewed and agreed the external auditors’ plan in advance of their audit for the year ended 31 March 2023.</p> <p>Discussed the report received from the external auditors regarding their audit in respect of the year ended 31 March 2023 which included comments on their findings on internal control and a statement of their independence and objectivity.</p>
Risk management and internal controls	<p>Reviewed the principal risks and the mitigation of these risks as set out on page 20 to 23.</p> <p>Reviewed and monitored the effectiveness and robustness of the Company’s internal financial controls and processes and determine whether an internal audit function is required.</p>
Committee governance	<p>Review and update of the Audit Committee terms of reference.</p>

Committee in relation to the 2023 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 the ongoing licence fee revenue, which includes support and maintenance, 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.
- **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 2023 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 2023, the primary risks identified were: risk of fraud in revenue recognition (including contract accounting) 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. During the audit for the year ended 31 March 2023, the auditors implemented the new audit standard ISA (UK) 315 (Revised). 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 2023 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 2024. PricewaterhouseCoopers LLP was appointed as auditors to the 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 2023.

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
14 June 2023

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 2023, 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 2023; 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 2023.

The membership and responsibilities of the Remuneration Committee are set out on page 49 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.

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

- Share options equal to 200% of salary were granted to the CEO and CFO in July 2022, in respect of FY23 (the FY23 Awards). This was in line with the consultation with Shareholders in FY22 and the granting of share options in January 2022 to the CEO and CFO equal to 200% of their respective salaries (in line with the exceptional grant limit) (the FY22 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. At the beginning of the financial year there continued to be a difficult employment market in the technology sector. As a result, share options were awarded in July 2022 to a larger number of key employees in the business.
- The Committee approved an increase in the Chief Executive Officer's and Chief Financial Officer's salaries with effect from 1 April 2023 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 were also increased by 4% from 1 April 2023.
- Bonus payments were accrued for the Executive Directors and Senior Management for the financial year ended 31 March 2023. Those relating to the Executive Directors are set out on page 50. Bonus payments for staff members were accrued at an average of 5% of salary (FY22: 5%).

The Remuneration Report in respect of the financial year ended 31 March 2023, 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 13 September 2023. 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
14 June 2023

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 75% of the annual bonus is based on the achievement of annual targets set for the Group's adjusted earnings before interest, tax, depreciation and amortisation. The remainder is based on 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 and 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. The performance conditions were not met and the Initial Awards lapsed. FY22 and FY23 Awards were granted to the Executive Directors, representing in each case 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.	Initial Awards <ul style="list-style-type: none"> 25% vesting for compound growth in Total Shareholder Return ("TSR") of 10% pa 100% vesting for compound growth in TSR of 25% pa or greater Straight line vesting for intermediate performance between threshold and maximum performance. As the performance was below threshold none of the award vested. FY22 & FY23 Awards: 50% based on three-year TSR Return targets. <ul style="list-style-type: none"> 25% vesting for compound growth in TSR of 7.5% pa 100% vesting for compound growth in TSR of 15% pa or greater 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"> 25% vesting for compound growth in EPS of 7.5% pa 100% vesting for compound growth in EPS of 15% pa or greater 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 2023. 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 2022/23

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 five times during the year. The details of meeting attendance are set out on page 40.

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 received advice from FIT Remuneration Consultants LLP.

Summary of Shareholder voting at the 2022 AGM

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

	Total number of votes	% of votes cast
For (including discretionary)	102,442,048	63.46%
Against	58,993,836	36.54%
Total votes cast (excluding withheld votes)	161,435,884	
Total votes withheld	45,873	
Total votes cast (including withheld votes)	161,481,757	

Following the 2022 AGM held on 26 September 2022, the Remuneration Committee and Board noted the significant minority vote against the Company's Remuneration Report. The Remuneration Committee was aware of the guidance from Institutional Shareholder Services Inc (ISS) which states that payment of transaction-related bonuses is not in line with its policy. The Remuneration Committee specifically considered this point, together with the guidance from ISS, at the time the payment was approved and determined that, in this case, a modest transaction-related bonus of the level approved was entirely appropriate in recognition of the additional and intensive work involved during and immediately following the acquisition of Syntec Holdings Limited, which provided savings in terms of professional fees significantly in excess of the approved amount.

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 2023 and 2022:

	Base salary/fees		Benefits ¹		Pension		Annual bonus		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive Directors										
Chrissie Herbert	196	189	14	14	20	19	61	55	291	277
Nik Philpot ²	339	326	18	17	-	-	96	48	453	391
Non-Executive Directors										
David Coghlan	38	37	-	-	-	-	-	-	38	37
Christopher Humphrey	66	64	-	-	-	-	-	-	66	64
Guy Millward	38	37	-	-	-	-	-	-	38	37
Total	677	653	32	31	20	19	157	103	886	806

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 2023

Annual bonus in respect of 2022/23 performance

The annual bonus for the Executive Directors and Senior Management for the year ended 31 March 2023 was based on the achievement of Adjusted Operating Profit before interest, tax, depreciation and amortisation (AOP) and personal objectives. Bonus payments were accrued for the Executive Directors at 30% of their base salary (FY22: 16%), 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. Bonus payments for staff members were accrued at an average of 5% of salary (FY22: 5%).

Executive Director	Face value (% of salary)	Number of shares awarded	Face value ³ £	Potential award for minimum performance	Performance measures
Nik Philpot	73%	1,190,443 ¹	601,174	25% of face value	50% based on three-year TSR Return targets • 25% vesting for compound growth in TSR of 7.5% pa • 100% vesting for compound growth in TSR of 15% pa or greater
	67%	1,477,014 ²	625,220		
Chrissie Herbert	73%	749,985 ¹	378,742	25% of face value	50% based on three-year adjusted Earnings Per Share (EPS) growth targets. • 25% vesting for compound growth in EPS of 7.5% pa • 100% vesting for compound growth in EPS of 15% pa or greater
	67%	930,527 ²	393,892		

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

2. FY23 Awards made under the PSP on 20 July 2022.

3. Face value has been calculated using the Company's closing share price on the date of the Initial Award of £0.5125; for the FY22 Award the three-day average immediately prior to the award of £0.505 and for the FY23 Award the three-day average immediately prior to the award of £0.4233.

Scheme interests awarded in the year ended 31 March 2023

Performance Share Plan ("PSP") (audited)

The table below provides details of the Awards made under the PSP in the year ended 31 March 2022 and 31 March 2023 to Nik Philpot and Chrissie Herbert. Performance for these awards is measured over three years from Grant.

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.

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 2023, awards were made to Senior Management and key individuals of Eckoh UK, Eckoh US and Syntec. Details of awards can be found in note 24.

Payments to past Directors (audited)

In the financial year ended 31 March 2023 and 2022, 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 2023:

Role	2023 Annual fee £k
Chairman	66
Non-Executive Director	33
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 2023 (FY22: 4% from 1 April 2022).

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 2023.

	31 March 2023 Ordinary Shares of 0.25 pence each	31 March 2021 Ordinary Shares of 0.25 pence each
Nik Philpot ¹	7,051,285	7,051,285
Chrissie Herbert	35,000	35,000
Christopher Humphrey	525,000	525,000
David Coghlan ²	325,000	200,000

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

2. Members of David Coghlan's family have a beneficial interest in Scawton Limited, which owns 325,000 shares.

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 2022 (number)	Granted in year (number)	Lapsed in year (number)	Exercised in year (number)	At 31 March 2023 (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
Nik Philpot	1	-	1,477,014	-	-	1,477,014	0.00	20.07.25	20.07.32
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
Chrissie Herbert	1	-	930,527	-	-	930,527	0.00	20.07.25	20.07.32

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).

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 2022 and 2023, Chrissie Herbert participates in the UK scheme and the details are shown below:

	Number of Partnership Shares purchased at 31 March 2022	Number of Matching Shares purchased at 31 March 2022	Dividend Shares ¹ acquired at 31 March 2022	Total Shares at 31 March 2022	Number of Partnership Shares ² purchased during the year	Matching Shares ³ awarded during the year	Dividend Shares acquired during the year	Dates of release of Matching Shares ⁴	Total Shares at 31 March 2023
Chrissie Herbert	17,292	34,584	1,371	53,247	4,583	9,166	1,056	Dec 21 – June 26	68,052

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 £0.38 to £0.41).

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 received independent advice from FIT Remuneration Consultants LLP as the Committee's appointed remuneration advisor during the financial year ended 31 March 2023. During the year the level of fees paid to remuneration advisors totalled £4k (2022: £11k).

David Coghlan

Chairman Remuneration Committee
14 June 2023

Directors' Report



The Directors present the Directors' Report, together with the audited financial statements for the year ended 31 March 2023.

Principal activities, results and likely future developments

The principal activities of the Group are providing Customer Engagement Data Security solutions, through a suite of patented products. Our products help protect sensitive customer data and can be performed via any customer engagement channel (voice, live chat, advanced speech, digital) and any device the customer chooses.

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 8 to 27.

The profits for the year after taxation amounted to £4.6 million (2022: £1.6 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 17.

Share capital

The Company has only Ordinary Shares of 0.25 pence nominal value in issue along with 2,075,117 of shares held in treasury. Note 22 to the consolidated financial statements summarises the rights of the Ordinary Shares as well as the number issued during the year ended 31 March 2023.

Substantial shareholdings

As at 31 March 2023, 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	48,245,544	16.50
Liontrust Asset Mgt	41,029,706	14.03
Chelverton Asset Mgt	18,250,000	6.24
Herald Investment Mgt	16,048,723	5.49
Blackrock Investment Mgt	12,436,498	4.25

Annual General Meeting (AGM)

The 2023 AGM will be held at 11:00 on 13 September 2023.

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 (2022: £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 2023, the £5 million of Revolving Credit Facility (RCF) from Barclays Bank is undrawn. Bank covenants have been reviewed and are comfortably achieved for the year to 31 March 2023 and are forecast to continue to be so for at least 12 months from the date of approval of the financial statements.

Our key business indicators, total orders, new business orders and Annual Recurring Revenue (ARR), which includes all clients that we are billing, demonstrate strong visibility of future revenue. In NA, 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. The proportion of recurring revenue is higher for contracts delivered through the cloud, which also improves our operational gearing, earnings quality and visibility in the business. We anticipate the renewal rate for the UK&I and NA 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. 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

Prior to the 31 March 2023, the Group were in settlement discussions with a third party. An agreement was reached with the third party and a settlement agreement entered into in favour of the Group. The income and costs are included in exceptional items in Note 9.

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 (2022: £nil).

The Directors recommend the payment of a final dividend of 0.74p (2022: 0.67p) per Ordinary Share amounting to £2.2 million (2022: £2.0 million) to be paid on 20 October 2023. 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 44, resolutions proposing their appointment and to authorise their remuneration will be proposed at the 2023 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.

Directors

The Directors who were in office during the financial year and at the date of approving this report is provided on pages 36 to 37.

By order of the Board
Chrissie Herbert
 Company Secretary
 14 June 2023

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 2023 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 as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2023 (the "Annual Report"), which comprise: the Consolidated statement of financial position and Company statement of financial position as at 31 March 2023; 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, Eckoh US and Syntec Limited due to their financial significance to the group. In addition, we performed a full scope audit of Eckoh plc ("the Company"). The audit procedures performed accounted for 100% of both the Group's revenue and profit for 2023 as well as net assets as at 31 March 2023.

Key audit matters

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

Materiality

- Overall group materiality: £388,000 (2022: £317,800) based on 1% of total revenue.
- Overall company materiality: £639,000 (2022: £610,000) based on 1% of total assets (capped for the purpose of the group audit).
- Performance materiality: £291,000 (2022: £238,300) (group) and £479,000 (2022: £457,000) (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, which was a key audit matter last year, is no longer included because no such acquisitions have occurred during the financial year ended 31 March 2023. 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 2023 was £38,821k (FY22: £31,780k) as set out in the consolidated statement of total 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"> • 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 and recalculating revenue recognition schedules to confirm the accuracy of these schedules. • 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. • We also performed testing on certain unusual revenue journal entries <p>Based on the procedures performed, we noted no material uncorrected issues.</p>
<p><i>Recoverability of investment in, and the loan to, subsidiary (parent)</i></p> <p>The company held an investment in subsidiary undertakings and other investments of £51,528k (2022: £51,629k) as disclosed in Note 16 and had amounts receivable from subsidiary undertakings of £4,297k (2022: £4,034k) as disclosed in Note 19. 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"> • Evaluating management's assessment of whether any indicators of impairment existed. • Assessing the recoverable value by reference to the net assets of the underlying subsidiaries and amounts owed by group undertakings with reference to the Directors' intentions for the settlement of group-wide intercompany balances. • Verifying that Eckoh plc's market capitalisation is higher than the total of the company's non-current and current assets. <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, Syntec Limited and the Company were the only components requiring an audit of their complete financial information for the purposes of the consolidated Group audit. In total the audit work performed accounted for 100% of both consolidated revenue, profit and net assets.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

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
<i>Overall materiality</i>	£388,000 (2022: £317,800).	£639,000 (2022: £610,000).
<i>How we determined it</i>	1% of total revenue.	1% of total assets (capped at for the purpose of the group audit).
<i>Rationale for benchmark applied</i>	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 £200,000 to £340,000. 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% (2022: 75%) of overall materiality, amounting to £291,000 (2022: £238,300) for the group financial statements and £479,000 (2022: £457,000) 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 £19,400 (group audit) (2022: £15,800) and £31,900 (company audit) (2022: £30,500) 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 liquidity 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 2023 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;
- 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 certain 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; 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. 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 body 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
14 June 2023

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Consolidated statement of total comprehensive income

for the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Continuing operations			
Revenue	4	38,821	31,780
Cost of sales		(7,578)	(6,357)
Gross profit	4	31,243	25,423
Administrative expenses		(26,223)	(23,037)
Operating profit		5,020	2,386
Adjusted operating profit		7,736	5,229
Amortisation of acquired intangible assets	13	(2,473)	(751)
Expenses relating to share option schemes	24	(40)	(241)
Exceptional restructuring costs	8	-	(866)
Exceptional legal fees and settlement agreements	9	(203)	-
Costs relating to acquisition	5	-	(985)
Profit from operating activities	5	5,020	2,386
Finance charges	10	(53)	(74)
Finance income	10	53	6
Profit before taxation		5,020	2,318
Taxation	11	(383)	(743)
Profit for the financial year		4,637	1,575
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences - foreign operations		(389)	139
Other comprehensive (expense) / income for the year, net of income tax		(389)	139
Total comprehensive income for the year attributable to the equity holders of the Company		4,248	1,714
		2023	2022
Profit per share		pence	pence
Basic earnings per 0.25p share	12	1.58	0.59
Diluted earnings per 0.25p share	12	1.55	0.51

Consolidated statement of financial position

as at 31 March 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Intangible assets	13	37,500	39,664
Property, plant and equipment	14	4,181	4,189
Right-of-use leased assets	15	995	1,516
Deferred tax assets	11	129	1,789
		42,805	47,158
Current assets			
Inventories	18	254	268
Trade and other receivables	19	11,778	12,283
Cash and cash equivalents	20	5,740	2,840
		17,772	15,391
Total assets		60,577	62,549
Liabilities			
Current liabilities			
Trade and other payables	21	(16,190)	(18,286)
Lease liabilities	15	(482)	(609)
		(16,672)	(18,895)
Non-current liabilities			
Lease liabilities	15	(569)	(928)
Deferred tax liabilities	11	(1,528)	(2,983)
		(2,097)	(3,911)
Net assets		41,808	39,743
Equity			
Called up share capital	22	732	732
Share premium account	22	22,180	22,180
Capital redemption reserve		198	198
Merger reserve		2,697	2,697
Currency reserve		732	1,121
Retained earnings		15,269	12,815
Total equity		41,808	39,743

The financial statements were approved by the Board of Directors on 14 June 2023 and signed on its behalf by:

C Herbert
Chief Financial Officer
Company Registration Number 3435822

Company statement of financial position

as at 31 March 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	2,824	2,866
Investments in group companies	16	51,528	51,629
Deferred tax asset		2	2
Long-term debtor	19	4,297	4,034
		58,651	58,531
Current assets			
Trade and other receivables	19	34	93
Cash and cash equivalents	20	5,222	2,383
		5,256	2,476
Total assets		63,907	61,007
Liabilities			
Current liabilities			
Trade and other payables	21	(31,555)	(26,896)
		(31,555)	(26,896)
Net assets		32,352	34,111
Equity			
Called up share capital	22	732	732
Share premium account	22	22,180	22,180
Capital redemption reserve		198	198
Merger reserve		2,697	2,697
Retained earnings		6,545	8,304
Total equity		32,352	34,111

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 £424,000 (2022: £1,120,000). The financial statements were approved by the Board of Directors on 14 June 2023 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 2023

	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 2022	732	22,180	198	2,697	1,121	12,815	39,743
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	4,637	4,637
Other comprehensive expense for the year	-	-	-	-	(389)	-	(389)
Total comprehensive income for the year	-	-	-	-	(389)	4,637	4,248
Dividends paid in the year	-	-	-	-	-	(1,959)	(1,959)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(2)	(2)
Shares purchased for share ownership plan	-	-	-	-	-	(120)	(120)
Share based payment charge	-	-	-	-	-	(102)	(102)
Transactions with owners recorded directly in equity	-	-	-	-	-	(2,183)	(2,183)
Balance at 31 March 2023	732	22,180	198	2,697	732	15,269	41,808
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	1,575	1,575
Other comprehensive income for the year	-	-	-	-	139	-	139
Total comprehensive income for the year	-	-	-	-	139	1,575	1,714
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)
Transactions with owners recorded directly in equity	94	19,517	-	-	-	(1,999)	17,612
Balance at 31 March 2022	732	22,180	198	2,697	1,121	12,815	39,743

Company statement of changes in equity

for the year ended 31 March 2023

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2022	732	22,180	198	2,697	8,304	34,111
Profit for the financial year and total comprehensive income	-	-	-	-	424	424
Dividends paid in the year	-	-	-	-	(1,959)	(1,959)
Shares transacted through Employee Benefit Trust	-	-	-	-	(2)	(2)
Shares purchased for share ownership plan	-	-	-	-	(120)	(120)
Share based payment charge	-	-	-	-	(102)	(102)
Transactions with owners recorded directly in equity	-	-	-	-	(2,183)	(2,183)
Balance at 31 March 2023	732	22,180	198	2,697	6,545	32,352

	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 option schemes	3	226	-	-	-	229
Share based payment charge	-	-	-	-	479	479
Shares issued as part of acquisition	91	19,291	-	-	-	19,382
Transactions with owners recorded directly in equity	94	19,517	-	-	(1,392)	18,219
Balance at 31 March 2022	732	22,180	198	2,697	8,304	34,111

Consolidated statement of cash flows

for the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	27	6,956	3,362
Tax (paid) / received		(178)	88
Interest paid	10	-	(23)
Interest paid on lease liability	10	(53)	(51)
Net cash generated from operating activities		6,725	3,376
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(613)	(308)
Purchase of intangible assets	13	(570)	(375)
Business acquisition	-	-	(22,500)
Interest received	10	53	6
Net cash used in investing activities		(1,130)	(23,177)
Cash flows from financing activities			
Dividends paid		(1,959)	(1,559)
Repayment of borrowings		-	(975)
Principal elements of lease payments	15	(564)	(500)
Purchase of own shares		-	(126)
Shares purchased for share ownership plan		(120)	(110)
Issue of shares net of issue costs	22	-	13,311
Cash outflow from acquiring shares from the Employee Benefit Trust		-	(75)
Net cash (used in) / generated from financing activities		(2,643)	9,966
Increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at the start of the period	20	2,840	12,706
Effect of exchange rate fluctuations on cash held		(52)	(31)
Cash and cash equivalents at the end of the period	20	5,740	2,840

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 2023

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 Company limited by shares and is incorporated in the United Kingdom and registered in England 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 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 FRS101 "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.

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 Company has net current liabilities, as balances are owed to subsidiary companies. The Board can confirm the subsidiary companies will not request repayment within 12 months of approval of the financial statements.

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 2023, the £5 million of Revolving Credit Facility (RCF) from Barclays Bank is undrawn. Bank covenants have been reviewed and are comfortably achieved for the year to 31 March 2023 and are forecast to continue to be so for at least 12 months from the date of approval of the financial statements.

Our key business indicators, total orders, new business orders and Annual Recurring Revenue (ARR), which includes all clients that we are billing, demonstrate strong visibility of future revenue. In NA, we continue to see the majority of the Security Solution contracts won and delivered through Eckoh's cloud platforms, as large enterprises have accelerated their move into the cloud. The proportion of recurring revenue is higher for contracts delivered through the cloud, which also improves our operational gearing, earnings quality and visibility in the business. We anticipate the renewal rate for the NA and UK&I 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. 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 £51.5million (2022: £51.6million) and intercompany receivables of £4.3million (2022: £4.0million). 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 24 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.

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 £9.4 million were not recognised in respect of trading and non-trading losses of £2.2 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 in December 2021, IFRS 15: Revenue from Contracts with Customers was implemented. As Syntec do not have a system for capturing implementation costs on a client-by-client basis, management have applied judgement in estimating that the implementation costs per contract should be 20% based on historical performance of the Eckoh NA business as well as Management's views on the efficiency of the Syntec implementation process. During FY23 a process was implemented to novate all client contracts from Syntec Limited to either Eckoh Inc or Eckoh UK Limited. Once the client contracts have been novated implementation costs will be captured project by project within the respective Eckoh business.

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. As at 31 March 2022, UK deferred tax assets and liabilities expected to unwind prior to 1 April 2023 were recognised at 19%, with those expected to unwind after 1 April 2023 being recognised at 25%. At 31 March 2023, the Group recognised deferred tax assets of £1.5 million and deferred tax liabilities of £2.8 million. Included within the deferred tax asset of £1.5 million is £1.1 million in respect of tax losses and tax credits and included within the deferred tax liabilities of £2.8 million is £2.3 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.

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 employee's 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 2023, grant income of £nil, (FY22: £12k) 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.

Exceptional items

If the Group incurs irregular or one-off costs for example due to the closure of an activity, following the acquisition of a business or for one-off legal costs and settlement income these costs and income are disclosed in the Income Statement as exceptional items and excluded from adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) and excluded from Adjusted Operating Profit. Adjusted measures are used by management in order to eliminate factors which distort year-on-year comparisons.

Revenue recognition

The Group 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 licence fees as well as support and maintenance and running costs of the service. In the NA 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. In the UK&I, clients have a variety of commercial models including fixed licence 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.

(ii) Coral product

Revenue arises from the sale of licences, historically on a perpetuity basis and in more recent years on an Opex/ SaaS style basis; 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) 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 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.

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	(35)	35

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 19.

Financial assets – amortised costs

	2023 £'000	2022 £'000
Current financial assets		
Trade receivables (note 19)	5,151	4,860
Other receivables (note 19)	670	852
Accrued income (note 19)	2,364	1,501
Cash & cash equivalents (note 20)	5,740	2,840
Total financial assets	13,925	10,053

Financial liabilities – amortised costs

	2023 £'000	2022 £'000
Trade payables (note 21)	1,271	899
Other payables (note 21)	289	508
Accrued liabilities (note 21)	3,726	4,416
Lease liabilities (note 15)	1,051	1,537
Total financial liabilities	6,337	7,360

Maturity

The table below analysis the Group's financial liabilities into relevant maturity groupings on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Maturity of financial liabilities 2023	<1yr	1 – 2yrs	2 – 5 yrs
Trade and other payables ¹	5,143	-	143
Lease liabilities	482	266	303
Total financial liabilities	5,625	266	446

Maturity of financial liabilities 2022	<1yr	1 – 2yrs	2 – 5 yrs
Trade and other payables ¹	5,823	-	-
Lease liabilities	609	443	485
Total financial liabilities	6,432	443	485

1. Excluding deferred revenue

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.

	2023 £'000	2022 £'000
Non-current financial liabilities		
Secured bank loans	-	-

Current financial liabilities

Current portion of secured bank loans	-	-
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Terms and debt repayment schedule

As a result of the acquisition of Syntec Holdings Limited in December 2021, 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. In November 22, the overdraft facility was cancelled.

As at 31 March 2023 there was no debt drawn under the RCF.

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. Following the acquisition of Syntec Holdings Limited on 22nd December 2021, and as part of the integration strategy of the acquired business, we have during the financial year ended 31st March 2023, revised our key segments. The key segments reviewed at Board level are North America (NA), UK & Ireland (UK&I) and Rest of World (ROW). Prior to the acquisition of Syntec in December 2021, the segments used for reporting were Eckoh US and Eckoh UK, in last year's annual report for the 3 month period Syntec was owned by the Group, Syntec was disclosed separately. Syntec had clients based in the US, Canada, UK, Ireland, Europe and Australia.

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 profit¹ and adjusted EBITDA² identifying those reconciling items of income and expense.

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Operating profit	5,020	2,386
Amortisation of acquired intangible assets	2,473	751
Expenses relating to share option schemes	40	241
Exceptional restructuring costs	-	866
Exceptional legal costs and settlement agreements	203	-
Costs relating to business combinations	-	985
Adjusted operating profit¹	7,736	5,229
Amortisation of other intangible assets	398	392
Depreciation of owned assets	643	680
Depreciation of leased assets	617	495
Adjusted EBITDA²	9,394	6,796

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

4. Segment analysis

Following the acquisition of Syntec Holdings Limited on 22 December 2021, and as part of the integration strategy of the acquired business, we have during the financial year ended 31 March 2023, revised our key segments. The key segments reviewed at Board level are North America (NA), UK & Ireland (UK&I) and Rest of World (ROW).

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	NA £'000	UK&I £'000	ROW £'000	Total 2023 £'000
Segment Revenue	17,513	20,573	735	38,821
Gross profit	13,752	16,780	711	31,243
Administrative expenses	(9,350)	(16,475)	(398)	(26,223)
Operating profit	4,402	305	313	5,020
Adjusted operating profit	4,552	2,871	313	7,736
Other expenses ¹	(150)	(2,566)	-	(2,716)
Operating profit	4,402	305	313	5,020
Profit before taxation	4,371	337	312	5,020

Segment assets	NA £'000	UK&I £'000	ROW £'000	Total 2023 £'000
Trade and other receivables	2,864	2,784	173	5,821
Prepayments and contract assets	2,503	3,259	195	5,957
Segment liabilities	NA £'000	UK&I £'000	ROW £'000	Total 2023 £'000
Trade and other payables	344	2,147	8	2,499
Accruals and contract liabilities	7,099	6,156	384	13,639
Capital expenditure	NA £'000	UK&I £'000	ROW £'000	Total 2023 £'000
Purchase of tangible assets	519	94	-	613
Purchase of leases	-	77	-	77
Purchase of intangible assets	-	570	-	570
Depreciation and amortisation	NA £'000	UK&I £'000	ROW £'000	Total 2023 £'000
Depreciation of property, plant & equipment	189	444	10	643
Depreciation of leased assets	162	443	12	617
Amortisation	-	2,871	-	2,871

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

In 2022/23 there was no one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group. 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.

Current period segment analysis	NA £'000	UK&I £'000	ROW £'000	Total 2023 £'000
Revenue by geography				
United States of America & Canada	17,513	-	-	17,513
UK & Ireland	-	20,573	-	20,573
Rest of the World	-	-	735	735
Total Revenue	17,513	20,573	735	38,821

Timing of revenue recognition	NA £'000	UK & I £'000	ROW £'000	Total 2023 £'000
Services transferred at a point in time	3,371	3,372	169	6,912
Services transferred over time	14,142	17,201	566	31,909
	17,513	20,573	735	38,821

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

	2023 £'000	2022 £'000
Receivables, which are included in, 'Trade and other receivables'	5,151	4,860
Contract assets which are included in 'Trade and other receivables'	2,364	3,828
Contract liabilities which are included in 'Trade and other payables'	(9,909)	(9,470)
	(2,394)	(782)

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 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 2023		31 March 2022	
	Contract assets £'000	Contract liabilities £'000	Contract assets £'000	Contract liabilities £'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	6,754	-	6,938
Current year billings recognised in contract liabilities	-	3,575	-	4,108
Cost of sales recognised that was included in the contract assets balance at the beginning of the period	2,600	-	2,640	-
Costs deferred in current year and unbilled revenue included in contract assets	1,115	-	1,538	-

Contract costs	31 March 2023 £'000	31 March 2022 £'000
Deferred implementation costs	958	1,028
Deferred hardware costs	157	510
	1,115	1,538

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.

The contract liabilities and contract assets has continued, as expected, to decrease in the current year, principally as new contracted business in North America 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.

Transaction price allocated to the remaining performance obligations

The total amount of revenue allocated to unsatisfied performance obligations is £9.9m (FY22: £9.5m). We expect to recognise approximately £7.6m (FY22: £3.9m) in the next 12 months, £1.7m (FY22: £5.5m) 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 on new basis	NA £'000	UK&I £'000	ROW £'000	Total 2022 £'000
Segment revenue	12,454	18,961	365	31,780
Gross profit	9,344	15,727	352	25,423
Administrative expenses	(7,916)	(14,878)	(243)	(23,037)
Operating profit	1,428	849	109	2,386
Adjusted operating profit	1,983	3,138	109	5,229
Other expenses ²	(555)	(2,289)	-	(2,844)
Operating profit	1,428	849	109	2,386
Profit before taxation	1,404	805	109	2,318
Segment assets				
Trade and other receivables	2,379	3,295	38	5,712
Prepayments and contract assets	3,351	3,004	216	6,571
Deferred tax asset	513	1,276	-	1,789
Segment liabilities				
Trade and other payables	809	1,516	11	2,336
Accruals and contract liabilities	8,000	7,342	608	15,950
Capital expenditure				
Purchase of tangible assets	120	188	-	308
Purchase of leases	-	686	-	686
Purchase of intangible assets	-	375	-	375
Depreciation and amortisation				
Depreciation of property, plant & equipment	150	523	7	680
Depreciation of leased assets	130	360	5	495
Amortisation	-	1,143	-	1,143

1. Since date of acquisition of Syntec Holdings Limited on 22 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.

Prior period segment analysis on old basis	Eckoh UK £'000	Eckoh US £'000	Syntec ¹ £'000	Total 2022 £'000
Segment revenue	18,596	11,487	1,697	31,780
Gross profit	15,593	8,473	1,357	25,423
Administrative expenses	(14,399)	(7,300)	(1,338)	(23,037)
Operating profit	1,194	1,173	19	2,386
Adjusted operating profit	3,194	1,728	307	5,229
Other expenses ²	(2,000)	(555)	(289)	(2,844)
Operating profit	1,194	1,173	19	2,386
Profit before taxation	1,156	1,149	13	2,318

Segment assets				
Trade and other receivables	2,904	2,059	749	5,712
Prepayments and contract assets	2,798	954	2,819	6,571
Deferred tax asset	1,103	513	173	1,789
Segment liabilities				
Trade and other payables	1,364	607	367	2,336
Accruals and contract liabilities	6,216	4,191	5,543	15,950
Capital expenditure				
Purchase of tangible assets	187	120	1	308
Purchase of leases	-	686	-	686
Purchase of intangible assets	375	-	-	375
Depreciation and amortisation				
Depreciation of property, plant & equipment	525	130	25	680
Depreciation of leased assets	353	108	34	495
Amortisation	1,143	-	-	1,143

Revenue by geography in new segments	NA £'000	UK & I £'000	ROW £'000	2022 £'000
United States of America & Canada	12,454	-	-	12,454
UK & Ireland	-	18,961	-	18,961
Rest of the World	-	-	365	365
Total Revenue	12,454	18,961	365	31,780

Revenue by geography in old segments	Eckoh UK £'000	Eckoh US £'000	Syntec £'000	2022 £'000
UK	18,117	-	739	18,856
United States of America	339	11,314	776	12,429
Rest of the World	140	173	182	495
Total Revenue	18,596	11,487	1,697	31,780

	NA £'000	UK & I £'000	ROW £'000	Total 2022' £'000
Timing of revenue recognition in new segments				
Services transferred at a point in time	3,559	3,451	29	7,039
Services transferred over time	8,895	15,510	336	24,741
	12,454	18,961	365	31,780
	Eckoh UK £'000	Eckoh US £'000	Syntec £'000	2022' £'000
Timing of revenue recognition in old segments				
Services transferred at a point in time	3,403	3,411	225	7,039
Services transferred over time	15,193	8,076	1,472	24,741
	18,596	11,487	1,697	31,780

1. The split between services transferred at a point in time and overtime were incorrectly disclosed in the Annual Report 2022 and have been corrected.

5. Profit from operating activities

	2023 £'000	2022 £'000
The Group's profit from operating activities is arrived at after charging / (crediting):		
Employee benefits expense (note 6)	14,618	13,797
Foreign currency gains	(516)	(95)
Exceptional restructuring costs (note 8)	-	866
Exceptional legal fees and settlement agreements (note 9)	203	-
Exceptional costs relating to acquisition ¹	-	985
Amortisation of intangible assets (note 13)	2,871	1,143
Depreciation of property, plant and equipment (note 14)	643	680
Depreciation of leased assets (note 15)	617	495
Inventory recognised as an expense (note 18)	4	11

1. Acquisition of Syntec Holdings Limited on 22 December 2021.

6. Employee benefits expense

	2023 £'000	2022 £'000
Government grants receivable towards employee costs	-	(12)
Wages and salaries	13,814	12,618
Less: Internal development costs capitalised in the year	(544)	(343)
Social security costs	1,168	1,097
Other pension costs	203	183
Share-based payments	40	254
	14,681	13,797

The Remuneration Report on page 47 provides further details on the Directors' emoluments. The monthly average number of people (including Executive Directors) employed by the Group during the year was:

	2023 Number	2022 Number
Technical support	91	97
Customer services	43	45
Administration and management	54	49
	188	191

Excluded from the table above are 28 (2022: 25) full time equivalent casual contact centre employees who cost £374,563 (2022: £238,361) 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:

	2023 £'000	2022 £'000
Fees payable for the audit of the Company and consolidated financial statements	71	72
Fees payable for the audit of the financial statements of subsidiary undertakings	128	129
Total fees payable to the Group's auditors	199	201

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 incurred in financial year ended 31 March 2022 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. There were no exceptional restructuring costs incurred in the financial year ended 31 March 2023.

9. Exceptional legal fees and settlement agreements

In the financial year ended 31 March 2023 legal fees and settlement agreements of £0.2 million (settlement income of £950k received has been netted off against legal fee expenses), have been incurred regarding commercially sensitive matters which are required to be kept confidential by agreements with third parties or ongoing legal negotiations.

10. Finance income and finance charges

	2023 £'000	2022 £'000
Interest receivable		
Bank interest receivable	53	6
Total	53	6

	2023 £'000	2022 £'000
Finance expense		
Bank interest payable	-	(23)
Lease interest payable	(53)	(51)
Total	(53)	(74)

11. Taxation

	2023 £'000	2022 £'000
Tax recognised in profit and loss		
<i>Current tax expense</i>		
Current year	132	13
Adjustments in respect of prior periods	18	(3)
	150	10
<i>Deferred tax credit</i>		
Origination and reversal of temporary differences	746	1,198
Adjustments in respect of prior periods	(409)	(54)
Foreign exchange translation	-	4
Effect of tax rate change	(104)	(415)
	233	733
Total tax charge	383	743

A charge of £nil (2022: charge of £592k) for deferred taxation in relation to share options was recognised directly in equity. The tax charge for the year is different to the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
Continuing operations		
Profit before taxation	5,020	2,318
Profit multiplied by rate of corporation tax in the UK of 19% (2022: 19%)	954	440
Additional foreign tax suffered	28	11
Effect of expenses not deductible for tax purposes	18	181
Non-taxable income	(6)	(9)
Adjustments in respect of prior periods (current and deferred)	(391)	(57)
Movement on deferred tax not recognised	(85)	(25)
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	(12)	102
Deferred tax impact of share options	(123)	515
Tax charge for the year	383	743

The 2021 Finance Bill was substantively enacted on 24 May 2021. The main rate of UK corporation tax increased from 19% to 25% with effect from 1 April 2023. The Group's UK deferred tax assets and liabilities have therefore been calculated at 25% in financial year to 31st March 2023.

Recognition of deferred tax assets and liabilities

	Assets		Liabilities	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Short term timing differences	183	145	(283)	-
Tax losses	997	1,421	-	-
Property, plant and equipment	206	223	(198)	(224)
Intangible assets	-	-	(2,304)	(2,759)
Tax assets and liabilities	1,386	1,789	(2,785)	(2,983)
Offset	(1,257)	-	1,257	-
Total assets and liabilities after offset	129	1,789	(1,528)	(2,983)

Included in the deferred tax liability is £nil (FY22: £nil) which relates to the Company. Deferred tax assets and liabilities have been offset where they relate to Companies' resident in the same tax jurisdiction and are expected to be realised on a net basis.

Movement in deferred tax balances during the year

	2023 £'000	2022 £'000
Balance at 1 April	(1,194)	2,915
Arising through a business combination	-	(2,797)
Recognised in income statement	(233)	(733)
Recognised in equity	-	(592)
Other – Forex	28	9
Balance at 31 March	(1,399)	(1,194)

Unrecognised deferred tax assets

There are unprovided deferred taxation assets in respect of tax losses totalling (gross) £37,711k (2022: £38,152k). These have arisen in respect of trading and non-trading losses of £8,853k (2022: £9,294k) and in respect of capital losses of £28,858k (2022: £28,858k). The historic trading and non-trading losses in Eckoh plc and the pre-acquisition non-trading losses in Syntec Holdings Limited have not been recognised for deferred tax purposes as a result of the conditions restricting their use. The capital losses have not been recognised due to restrictions over their utilisation. There is no expiry date on the trading and non-trading losses or the capital losses carried forward.

12. 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.

	2023 £'000	2022 £'000
Earnings for the purposes of basic and diluted earnings per share	4,637	1,575
Earnings for the purposes of adjusted basic and diluted earnings per share	6,266	4,181

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

	2023 £'000	2022 £'000
Earnings for the purposes of basic and diluted earnings per share	4,637	1,575
Taxation	383	743
Amortisation of acquired intangible assets	2,473	751
Expenses relating to share option schemes	40	241
Exceptional restructuring costs	-	866
Exceptional legal fees and settlement agreements	203	-
Costs relating to acquisition	-	985
Adjusted profit before tax	7,736	5,161
Tax charge based on standard corporation tax rate of 19% ¹ (2022: 19%)	(1,470)	(980)
Earnings for the purposes of adjusted basic and diluted earnings per share	6,266	4,181

1. Majority of Group taxable profit is in the UK so for an adjusted measure a tax rate of 19% is utilised.

	2023 £'000	2022 £'000
Denominator		
Weighted average number of shares in issue in the period	292,893	265,968
Shares held by employee ownership plan	(2,338)	(2,028)
Shares held in Employee Benefit Trust	-	-
Number of shares used in calculating basic earnings per share	290,555	263,940
Dilutive effect of share options	9,210	20,558
Dilutive effect of shares for acquisition Dec 21	-	7,889
Dilutive effect of placing Dec 21	-	18,494
Number of shares used in calculating diluted earnings per share	299,765	310,881

	2023 pence	2022 pence
Profit per share		
Basic earnings per 0.25p share	1.58	0.59
Diluted earnings per 0.25p share	1.55	0.51
Adjusted earnings per 0.25p share	2.14	1.57
Adjusted diluted earnings per 0.25p share	2.09	1.34

13. Intangible assets

Group	Goodwill £'000	Computer software £'000	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Total £'000
Cost						
At 1 April 2021	4,883	4,293	3,498	7,663	371	20,708
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)
At 31 March 2022	26,422	4,660	15,980	7,688	383	55,133
Additions	-	559	-	11	-	570
Foreign exchange	152	4	150	8	16	330
At 31 March 2023	26,574	5,223	16,130	7,707	399	56,033
Accumulated amortisation						
At 1 April 2021	-	2,821	3,472	7,518	370	14,181
Charge for the year	-	357	727	59	-	1,143
Foreign exchange	-	3	113	17	12	145
At 31 March 2022	-	3,181	4,312	7,594	382	15,469
Charge for the year	-	371	2,473	27	-	2,871
Foreign exchange	-	4	151	22	16	193
At 31 March 2023	-	3,556	6,936	7,643	398	18,533
Carrying amount						
At 31 March 2023	26,574	1,667	9,194	64	1	37,500
At 31 March 2022	26,422	1,479	11,668	94	1	39,664

The Company has no intangible assets. (2022: £nil).

Within the intangible category of computer software in the above table is internally developed computer software, as at 31 March 2023 this had a net book value of £1,653k (2022: £1,441k).

Amortisation of acquired intangible assets included in the charge for the year in the above table was £2,473k (2022: £751k). This is made up of Customer Relationships, Intellectual Property and Trade name, with the exception of £27k of Intellectual Property (2022: £34k) 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 North America (NA), UK & Ireland (UK&I) and Rest of World (ROW) in the current year and in the prior year Eckoh UK, Eckoh US and Syntec. 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:

- North America (NA)
- UK & Ireland (UK & I)
- Rest of World (ROW)

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

	Goodwill 31 March 2023 £'000	31 March 2023 Revenue growth rate %	31 March 2023 Discount rate %
NA	20,069	12%	13.9%
UK&I & ROW	6,505	1%	13.9%
Total	26,574		

	Goodwill 31 March 2022 £'000	31 March 2022 Revenue growth rate %	31 March 2022 Discount rate %
Eckoh – UK	2,373	10%	13.9%
Eckoh – US	2,627	20%	13.9%
Syntec	21,422	15%	12.0%
Total	26,422		

No impairment has been recorded in the current year for NA, UK&I or ROW. 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 40%, no impairment in the carrying values of NA, UK&I or ROW would be required, in addition, if there was no further growth in either NA, UK&I or ROW, no impairment in the carrying value of NA, UK&I or ROW would be required.

14. Property, plant and equipment

	Leasehold improvements £'000	Land and buildings £'000	Fixtures and equipment £'000	Assets under construction £'000	Total £'000
Cost					
At 1 April 2021	29	3,177	8,454	-	11,660
Additions	-	-	308	-	308
Additions from business combinations	-	-	235	-	235
Foreign exchange	-	30	45	-	75
Disposals	-	-	(350)	-	(350)
At 31 March 2022	29	3,207	8,692	-	11,928
Additions	-	-	178	435	613
Foreign exchange	-	2	341	-	343
Disposals	-	-	(287)	-	(287)
At 31 March 2023	29	3,209	8,924	435	12,597
Accumulated depreciation					
At 1 April 2021	29	268	7,056	-	7,353
Charge for the year	-	43	637	-	680
Foreign exchange	-	30	26	-	56
Disposals	-	-	(350)	-	(350)
At 31 March 2022	29	341	7,369	-	7,739
Charge for the year	-	43	600	-	643
Foreign exchange	-	1	320	-	321
Disposals	-	-	(287)	-	(287)
At 31 March 2023	29	385	8,002	-	8,416
Carrying amount					
At 31 March 2023	-	2,824	922	435	4,181
At 31 March 2022	-	2,866	1,323	-	4,189

The land and buildings are held by the Company, the gross book value as at 31 March 2023 was £3,209k (2022: £3,207k). The net book value at 31 March 2023 was £2,824k (2022: £2,866k). This is the only property, plant and equipment held by the Company.

Assets under construction are assets relating to a US datacentre, as at 31 March 2023 the assets were not yet being utilised. Following the year end these assets are fully utilised and the project has been completed.

15. 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
Right-of-use assets			
Cost			
At 1 April 2021	605	1,170	1,775
Additions from business combinations	686	-	686
Foreign exchange	28	-	28
At 31 March 2022	1,319	1,170	2,489
Additions	-	77	77
Foreign exchange	36	-	36
Lease extinguishment	(219)	-	(219)
At 31 March 2023	1,136	1,247	2,383
Accumulated depreciation			
At 1 April 2021	180	285	465
Charge for the year	134	361	495
Foreign exchange	13	-	13
At 31 March 2022	327	646	973
Charge for the year	226	391	617
Foreign exchange	17	-	17
Lease extinguishment	(219)	-	(219)
At 31 March 2023	351	1,037	1,388
Carrying amount			
At 31 March 2023	785	210	995
At 31 March 2022	992	524	1,516

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.

	2023 £'000	2022 £'000
Lease liabilities		
Current	482	609
Non-current	569	928
	1,051	1,537

	2023 £'000	2022 £'000
Lease interest and expenses		
Interest expense (included in finance costs)	(53)	(51)
Expenses relating to short-term leases (included in cost of goods sold and administrative expenses)	(11)	(17)

The total cash outflow for leases in 2023 was £617k (2022: £551k), made up of principle lease payments of £564k (2022: £500k) and lease interest payments of £53k (2022: £51k).

The Company does not hold any leased assets (2022: £nil).

16. Investments in Group companies

	Shares in subsidiary undertakings £'000	Other investments £'000	Total £'000
At 1 April 2021	21,232	5,910	27,142
Additions	52,229	479	31,476
At 31 March 2022	479	6,389	58,618
Disposals ¹	-	(101)	(101)
At 31 March 2023	52,229	6,288	58,517
Accumulated Impairment			
At 1 April 2021 and at 31 March 2022 and 2023	(6,989)	-	(6,989)
Net Book Value			
At 31 March 2023	45,240	6,288	51,528
At 31 March 2022	45,240	6,389	51,629

1. The disposal relates to the net share options credit in the year.

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 24 of the consolidated financial statements.

17. 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)	Customer Engagement Data Security 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%
Swwwoosh 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 undertakings Eckoh Omni Limited (registered number: 07553916), Syntec Holdings Limited (registered number: 04690987), Syntec Investments Limited (registered number: 10385059) are 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.

18. Inventories

	Group	
	2023 £'000	2022 £'000
Finished goods	254	268
	254	268

The cost of inventory recognised as an expense during the year was £4k (2022: £11k). The Company does not hold any inventory. (2022: £nil)

19. Trade and other receivables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current assets				
Trade receivables	5,219	5,056	-	-
Less: Loss allowance	(68)	(196)	-	-
Net trade receivables	5,151	4,860	-	-
Other receivables	670	852	-	-
Prepayments and contract assets	5,957	6,571	34	93
	11,778	12,283	34	93
Long-term debtor				
Amount receivable from subsidiary undertakings	-	-	4,297	4,034
	-	-	4,297	4,034

Trade receivables are stated after loss allowance of £68k (2022: £196k).

Included in prepayments and contract assets is £2,364k (2022: £1,501k) relating to accrued income.

Amounts receivable from subsidiary undertakings are unsecured, due in 4 - 6 years and have an interest rate of 1.35% to 4.66%.

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	
	2023 £'000	2022 £'000	2023 %	2022 %
Gross trade receivables - ageing				
Current	4,273	3,703	0.0%	0.3%
1-30 days	607	1,082	0.1%	1.0%
31-60 days	103	75	0.5%	13.9%
61-90 days	83	13	0.0%	78.3%
Over 90 days	153	183	43.3%	84.2%
	5,219	5,056	1.3%	3.9%

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.

20. Cash and cash equivalents

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Sterling	5,005	2,266	4,807	1,898
Euro	90	6	-	-
US dollars	645	568	415	485
	5,740	2,840	5,222	2,383

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Floating rate	5,005	2,266	4,807	1,898
Euro	90	6	-	-
US dollars	645	568	415	485
	5,740	2,840	5,222	2,383

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 2.14% (2022: 0.02%).

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

21. Trade and other payables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	1,271	899	19	-
Other payables	289	508	-	-
Other taxation and social security	995	929	-	-
Amounts payable to subsidiary undertakings	-	-	31,515	26,832
Accruals and contract liabilities	13,635	15,950	21	64
	16,190	18,286	31,555	26,896

As set out in note 4, £2.3 million (2022: £5.5 million) of the contract liabilities are due in more than one year.

Included in accruals and contract liabilities is £3,726K (2022: £4,416k) relating to accrued liabilities.

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 £13,000 (2022: £99,000).

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.

22. 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
Ordinary Shares of 0.25p each			
At 1 April 2022	292,869,261	732	22,180
Shares issued under the share option schemes	40,000	-	-
At 31 March 2023	292,909,261	732	22,180

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 24.

23. Other interest-bearing loans and borrowings

	Bank Loans £'000
At 1 April 2022	-
Repaid during the year	-
At 31 March 2023	-

Loans and borrowings

In December 2021 and in conjunction with the acquisition of Syntec Holdings Limited, Eckoh secured a new £10 million debt facility with Barclays Bank, which comprised 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. In November 22, the overdraft facility was cancelled.

As at 31 March 2023, there was no debt drawn under the RCF.

24. 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 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 5-year performance period. Further

details are included in the Remuneration Committee report on page 48. 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 3-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 3-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 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 Jul 2018	24 Jun 2021	10 Jan 2022	10 Mar 2022	20 Jul 2022	20 Jul 2022
Share price (pence)	43.50	43.50	38.875	39.50	47.50	37.81	63.50	50.00	43.00	44.00	40.57
Exercise price (pence)	43.50	43.50	38.88	39.50	47.50	-	-	-	-	-	-
No. of employees	10	1	1	9	1	13	53	2	94	2	3
Shares under option	1,350,000	500,000	400,000	2,000,000	500,000	635,000	2,415,000	1,940,428	7,850,000	2,435,457	180,000
Vesting period (years)	3	3	3	3	3	3	3	3	3	3	3
Expected volatility	32%	31%	33%	35%	35%	47%	30%	30%	30%	33%	33%
Option life (years)	10	10	10	10	10	3	3	3	3	3	3
Expected life (years)	3	3	3	3	3	3	3	3	3	3	3
Risk free rate	0.78%	0.24%	0.56%	0.56%	0.56%	0.56%	0.18%	0.91%	1.36%	1.94%	1.94%
Expected dividends expressed as a dividend yield	0.89%	1.03%	1.16%	1.14%	1.22%	1.53%	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value per option (pence)	12.00	8.50	8.19	11.0	10.6	16.00	23.90	18.4+ 49.76	20.48 ¹	22.3+ 43.76	25.0

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 31 March 2023 was 2,338,549. The charge for the year was £98k (2022: £83k)

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

Commencement date	1 Dec 2020	1 Dec 2021
Share price (pence)	60.0	41.5
Exercise price (pence)	51.0	35.3
Number of employees	20	12
Shares under option	50,331	54,715
Vesting period (years)	2.00	2.00

A reconciliation of option movements over the year to 31 March 2023 and 31 March 2022 is shown below:

	2023		2022	
	Number of share options	Weighted average exercise price (pence)	Number of share options	Weighted average exercise price (pence)
Outstanding at 1 April	25,618,344	17.74	15,066,669	17.74
Granted	3,303,254	4.61	12,861,774	1.17
Exercised	(205,229)	20.81	(1,762,022)	16.33
Lapsed	(6,000,000)	0.25	-	-
Forfeited	(1,071,680)	0.24	(548,077)	18.83
Outstanding at 31 March	21,644,689	11.38	25,618,344	9.44
Exercisable at 31 March	6,538,084	33.83	6,213,495	34.19

Range of exercise prices (pence)	2023 Weighted average remaining life				2022 Weighted average remaining life			
	Weighted average exercise price (pence)	Number of shares ('000's)	Expected	Contractual	Weighted average exercise price (pence)	Number of shares ('000's)	Expected	Contractual
0 - 0.5	0.23	15,966	1.71	1.71	0.23	20,074	1.76	1.76
35.0 - 40.0	39.17	2,731	3.04	3.56	39.33	2,567	3.89	4.60
40.5 - 45.0	43.37	1,937	0.10	2.97	43.50	1,850	-	4.00
46.5 - 48.5	47.54	633	-	3.34	47.54	652	0.02	4.03
50.0 - 54.5	52.58	152	0.77	0.77	52.53	178	0.91	1.36
55.0 - 59.5	56.00	60	0.67	0.67	56.00	65	1.67	1.67
60.0 - 64.0	62.58	166	0.47	0.47	62.57	181	1.17	1.35

The total charge for the year relating to employee share-based payment plans was £40,000 (2022: £241,000 charge) all of which related to equity-settled share-based payment transactions. Included in the charge is a fair value share-based payment credit of £102,000 (2022: £479,000 charge) offset by a charge of £142,000 for the employers NI accrual.

25. 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.

26. 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 17.

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

There is 1 Director accruing benefits under the pension scheme, employer pension contributions were £20k (FY22: £19k). 1 Director has elected to have all his Company pension contributions 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.

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

Directors	2023 £'000	2022 £'000
Aggregate emoluments	886	806
	886	806

Further details of the Directors' emoluments are disclosed within the Remuneration Report on page 50.

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 £18,000 (2022: £15,000). The amount outstanding to them at the end of the current year was £Nil (2022: £Nil). There were no amounts written off in the current or prior year.

27. Cash generated from operations

	2023 £'000	2022 £'000
Profit for the financial year	4,637	1,575
Finance income	(53)	(6)
Finance charges	53	74
Taxation	383	743
Depreciation of property, plant and equipment	643	680
Depreciation of leased assets	617	495
Amortisation of intangible assets	2,871	1,143
Exchange differences	(516)	(95)
Expenses relating to share option schemes	40	241
Operating profit before changes in working capital and provisions	8,675	4,850
Decrease) / (increase) in inventories	14	(5)
Decrease in trade and other receivables	505	2,423
Decrease in trade and other payables	(2,238)	(3,906)
Cash generated from operations	6,956	3,362

28. Events after the statement of financial position date

Prior to the 31 March 2023, the Group were in settlement discussions with a third party. An agreement was reached post year end with the third party and a settlement agreement entered into in favour of the Group. The income and costs are included in exceptional items in Note 9.

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

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