15 June 2021

Eckoh plc
("Eckoh" or the "Group")

Full year results

Strong revenue and order momentum in US Secure Payments; resilient performance in the UK

Trading in-line with market expectations - material growth in FY23, after FY22 comparable to current year due to the pandemic

Eckoh plc (AIM: ECK), the global provider of secure payment products and customer contact solutions, is pleased to announce its final results for the twelve months to 31 March 2021.

£m unless otherwise stated	**FY21**	**FY20**	***Change***
Revenue	**30.5**	33.2	*(8%)*
Gross profit	**24.2**	26.3	*(8%)*
Adjusted EBITDA[1]	**6.4**	6.4	-
Adjusted operating profit[2]	**4.7**	4.7	-
Profit before taxation	**3.5**	3.3	*+6%*
Diluted earnings per share	**1.06**	1.20p	*(12%)*
Net cash	**11.7**	11.6m	*+0.1m*
Proposed Full Year Dividend per share	**0.61**	0.61	-
Total contracted business[3]	**30.7**	35.9	*(14%)*
New contracted business[4]	**15.7**	18.6	*(15%)*

Strategic highlights

- US Secure Payments revenue grew strongly by 57% and now represents 79% of total US revenues
  - New Secure Payments contracted business of $11.6m exceeded (FY20: $10.7m)
  - Cloud contracts accounted for over half the contract value and more than 80% of the number of contracts, compared to 20% in the prior year
  - Record number of contracts won in a year since Eckoh entered the US market
- Total contracted business[3] £30.7m (FY20 £35.9m), excluding Coral contract down 9% (FY20: £32.9m)
- New contracted business[4] £15.7m (FY20: £18.6m), excluding Coral contract down 4% (FY20: £16.3m)
- UK total business, £18.9m (FY20: £20.1m) with 59% of new business coming from existing clients
  - Strong renewals including TfL, Tenpin, Yodel, 1st Central, Welsh Water and Ministry of Justice
- Major CallGuard release in January 2021, consolidating market leading position

Financial highlights

- Results in-line with market expectations
- Revenue down 8% overall due to the pandemic, 7% at constant currency[5]
- Adjusted operating profit in-line with prior year at £4.7m despite the pandemic, the planned exit from US Support and currency headwinds, and 13% higher excluding the FY20 Coral contract

1. *Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit before tax adjusted for depreciation of owned assets and leased assets, amortisation of acquired intangible assets and expenses relating to share option schemes.*
2. *Adjusted operating profit is the profit before tax adjusted for amortisation of acquired intangible assets and expenses relating to share option schemes.*
3. *Total contracted business includes new business from new clients, new business from existing clients as well as renewals with existing clients.*
4. *New contracted business excluding renewals with existing customers.*
5. *Constant currency (using last year exchange rates).*
6. *Recurring revenue is defined as on-going revenue on a transactional basis, rather than revenue derived from the set-up and delivery of a new service or hardware.*

- Profit before taxation increased by 6% to £3.5m (FY20 £3.3m)
- US Secure Payments' revenue increased significantly by 57% to $12.8m (FY20: $8.1m)
- UK revenue down 12%, with multiple lockdowns impacting some repeatable transactional revenues
- Recurring revenue[6] 71% (FY20: 75%), impacted by the decline in UK transactional revenue
- Proposed final Dividend is maintained at 0.61p per share (FY20: 0.61p)
- Continued strong cash position and robust balance sheet: net cash £11.7m (FY20: £11.6m)

Outlook

- Shift to remote working driving opportunities and demand for Eckoh's products and model
- The Board expects revenue and profit for FY22 to be comparable to FY21, and material year-on-year revenue and profit growth in FY23. These expectations are subject to no further lockdowns in the UK or US, and ongoing uncertainty in the macro-economic climate because of the COVID-19 pandemic.

Nik Philpot, Chief Executive Officer, said:

"In a challenging year, we are pleased that our highly relevant products and resilient business model have enabled us to deliver results in-line with expectations and profits comparable to the previous year. Whilst new business was impacted across the Group, especially in the first half, new strategic opportunities have been created as many organisations seek a more permanent shift to remote working, which plays to Eckoh's strengths.

The momentum in the US Secure Payments business returned strongly in the second half, buoyed by the switch to the Cloud, a trend that has been accelerated by current market conditions, and we look forward to overall growth returning as the pandemic restrictions are lifted. Our Secure Payments business continues to benefit from ever increasing regulation and the need to mitigate the financial risk of data breaches and fraud, as organisations look for ways to secure themselves more comprehensively, beyond just the needs of compliance.

I'd like to thank my Eckoh colleagues for working so hard and effectively throughout the past year, without their efforts we could not have delivered such a resilient outcome."

For more information, please contact:

Eckoh plc
Nik Philpot, Chief Executive Officer — Tel: +44 (0) 1442 458 300
Chrissie Herbert, Chief Financial Officer
www.eckoh.com

FTI Consulting LLP — Tel: +44 (0) 203 727 1017
Ed Bridges, Jamie Ricketts, Darius Alexander, Tom Blundell
eckoh@fticonsulting.com

N+1 Singer (Nomad & Joint Broker)
Shaun Dobson, Tom Salvesen, Justin McKeegan — Tel: +44(0) 20 7496 3000
www.n1singer.com

Canaccord Genuity Limited (Joint Broker)
Simon Bridges, Emma Gabriel — Tel: +44(0) 20 7523 8000
www.canaccordgenuity.com

About Eckoh plc

Eckoh is a global provider of Secure Payment products and Customer Contact solutions, supporting an international client base from its offices in the UK and US.

Our Secure Payments products help our clients take payments securely from their customers through all engagement channels. The products, which include the patented CallGuard and ChatGuard, can be hosted in the Cloud or deployed on the client's site and remove sensitive personal and payment data from contact centres and IT environments. They offer merchants a simple and effective way to reduce the risk of fraud, secure sensitive data and become compliant with the Payment Card Industry Data Security Standards ("PCI DSS") and wider data security regulations. Eckoh has been a PCI DSS Level One Accredited Service Provider since 2010, securing over £5 billion in payments annually.

Eckoh's Customer Contact solutions enable enquiries and transactions to be performed on whatever device the customer chooses, allowing organisations to increase efficiency, lower operational costs and provide a true Omnichannel experience. We also assist organisations in transforming the way that they engage with their customers by providing support and transition services as they implement our innovative customer contact solutions.

Our large portfolio of clients come from a broad range of vertical markets and includes government departments, telecoms providers, retailers, utility providers and financial services organisations.

For more information go to www.eckoh.com or email MediaResponseUK@eckoh.com.

Introduction

Eckoh delivered a resilient performance in the 2021 financial year, in line with market expectations, with a robust level of adjusted operating profit[2], £4.7 million, level with the prior year. The Board views this as a very creditable performance, given the impact of our planned exit from US Support (as previously indicated), a significant negative currency movement, a tough comparator due to the material Coral contract in the prior year, and the challenges of the COVID-19 pandemic.

This outcome reflects particularly strong growth in our US Secure Payments operation, which grew by 57% and now accounts for approximately 80% of US revenues, as well as a resilient UK performance, despite the trading conditions continuing to be impacted by the ongoing lockdown.

Total contracted business[3] for the financial year at the Group level was £30.7 million compared to the record total contracted business in the prior year of £35.9 million. New business won in the year was £15.7 million (FY20: £18.6 million), an excellent outcome given the continued disruption and uncertainty in market conditions, which were particularly acute in the first half of the financial year.

Total revenue for the year was £30.5 million, a decrease year on year of 8% (FY20: £33.2 million) or 7% adjusting for constant exchange rates. Excluding the Coral licence orders in FY21 and FY20, revenue in FY21 was £29.8 million, a decrease of only 5%.

Gross profit was £24.2 million (FY20 £26.3 million) with gross profit margin 79%, level year on year. US gross profit was £8.9 million (FY20: £9.3 million), with gross profit margin decreasing as expected to 71% (FY20: 73%) due to the growth in the Secure Payments activity. UK gross profit was £15.3 million (FY20: £17.1 million), a decrease of 11% and gross profit margin increased by 200 basis points to 85%.

From March 2020 and then throughout the year there has been prudent cost control, which included a freeze on new hires where appropriate, postponing salary increases and limiting discretionary spend.

Adjusted operating profit[2] was £4.7 million (FY20: £4.7 million) a credible result given the continued disruption and uncertainty in market conditions, which were particularly acute in the first half of the financial year.

Our balance sheet remains robust with a strong net cash position of £11.7 million (FY20: £11.6 million), which comprises a cash balance of £12.7 million, less an outstanding loan of £1.0 million, taken out in 2015 in part to purchase the Group's UK head office.

A clear growth strategy

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

Our strategic objectives include:

- Being the market leader for Contact Centre payment security
- Capitalise on the fast-growing US market for Secure Payments
- Maximise client value and retention through cross-selling to generate higher levels of recurring income
- Continue to enable faster and more flexible delivery of our solutions in the UK and then export to the US tactically
- Make Cloud our primary platform and use Cloud technologies to develop and enhance our proprietary solutions
- Evaluate acquisition opportunities that can support our growth strategy in Contact Centre security and customer engagement

A significant and largely untapped market opportunity

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

The contact centre industry in both the UK and US is extremely large, representing around 4% of the entire workforce in both markets, and the industry continues to grow. We target organisations that utilise contact centres with more than 50 agent seats and this represents over 2,510 in the UK and 12,050 in the US. With so little of our large target market currently addressed, patented technology and with limited competition to our offering, this represents a huge opportunity for Eckoh in the coming years.

With regulation tightening and the financial impact of data breaches and fraud growing, organisations are increasingly looking for ways to move beyond the requirement of merely being compliant in order to secure themselves more comprehensively, leading to broadening information security budgets and remits. Moreover, the current crisis and the consequent reliance on more contact centre agents working remotely are only likely to accentuate these security requirements. We see the trend of remote working becoming a permanent feature, and this can only benefit Eckoh as our payments proposition enables companies to effectively further reduce or remove the risk of data breaches arising from one of the most challenging parts of their businesses.

Highly complementary products and attractive proposition

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

- The Group's patented Secure Payment products help organisations to reduce the risk of fraud; secure sensitive data; comply with the Payment Card Industry Data Security Standards ("PCI DSS") and wider security regulations such as the General Data Protection Regulations ("GDPR") or the US Consumer Privacy Acts. Eckoh prevents sensitive personal and payment data from entering IT and contact centre environments when customers make payments for goods and services. Eckoh can secure all engagement channels including payments made over the phone through a live agent or an automated IVR system ('CallGuard'), on the web or a mobile ('DataGuard'), or through a web chat or chatbot ('ChatGuard'). Our Secure Payments products are straightforward to deploy as they require no change to our client's existing processes or systems; enjoy extremely high renewal rates and provide an excellent platform from which to cross-sell other Eckoh solutions to our customer base.

- The Group's Customer Contact solutions help organisations transform the way they engage with their customers. Eckoh's proposition, which is delivered through the Eckoh Experience Portal ("EXP"), enables enquiries and transactions to be performed on whatever device the customer chooses, through any inbound communication channel and allows customers to self-serve or to engage with a customer service advisor. It enables our clients to increase efficiency, lower operational costs and increase customer satisfaction by providing a true Omnichannel experience.

Our UK operations sell the entire product portfolio, but in the US - a territory that Eckoh entered six years ago - the focus has been on Secure Payments, where we have the greatest differentiation and the least competition. At the beginning of FY20, we introduced Web Chat and ChatGuard into the US market and this was the first step in opening up our Customer Contact proposition, focusing on the newer customer engagement channels. Consistent with our longstanding goal to focus on Secure Payments, we have continued our planned transition away from third-party Support contracts. This approach, which will improve revenue quality and visibility in the future, has seen the mix of Support revenues decline, as previously indicated, from 27% of total US revenues in FY20 to 9% in FY21. There were also a small number of Support contracts in the UK that were largely operated from the US, which have also been discontinued in line with our strategy.

Contracts for both Secure Payments and Customer Contact propositions are typically multi-year in length and have a high proportion of recurring revenues, usually underpinned by minimum commitments. In the UK, almost all solutions are currently delivered from Eckoh's hosted managed service platform. In the US, one positive consequence of the pandemic has been the rapid increase in the number of Secure Payment contracts won and delivered through Eckoh's Cloud platforms, as larger enterprises have accelerated their move to the Cloud.

Operational Review

US Division (41% of group revenues)

The US division continues to account for an increasing proportion of Group revenues, in line with our stated strategy of the US becoming the largest part of the business in the medium term. The US Division represented 41% of Group revenues in 2021, an increase of 300 basis points compared to the prior year (FY20: 38%). Revenue in the period was \$16.4 million, an increase of 2% (FY20: \$16.1 million). Secure Payments grew significantly by 57% to \$12.8 million and was offset by the planned transition away from Support and an expected decline in Coral. If the large Coral order in FY20 is excluded, revenue grew by 14% in the US, despite the planned decline in the Support business.

Total contracted business was $15.5 million (FY20 $19.9 million) of which 83% ($12.9 million) was new business, highlighting that Secure Payment contract renewals are still at an early stage. In the year, newly contracted Secure Payments' business was $11.6 million, an increase of 9% despite the challenges of the pandemic (FY20: $10.7 million).

In the US, the Group's focus remains on the US Secure Payments opportunity, where it has the greatest differentiation and the least competition. The performance of the Secure Payments' business is summarised below, together with the Support business that we are strategically exiting, as well as the Coral business.

- **Secure Payments'** revenue grew 57% to $12.8 million (FY20: $8.1 million), and now represents 79% of US revenue. This will continue to grow, however in FY22 this will be at a slower rate, due to the low value of new orders in the first 5 months of FY21 because of the pandemic. Also, our largest contract signed to date ($7.4 million) is due for renewal in September, from which point the revenues from the hardware and implementation fee will have been fully recognised.

- **Coral** had revenues of $2.0 million in the year (FY20: $3.5 million), included is the $1.0m of one-off Coral licences (FY20: $2.1 million). Coral accounted for 12% of US revenue (FY20: 22%). As noted previously, the timing of Coral orders remains hard to forecast and they will be lumpy in nature.

- **Support** revenue declined as expected to $1.5 million, a decrease of 65% (FY20: $4.4 million) and represents 9% of the US revenue (FY20: 27%). It is expected to continue to fall in the current financial year in line with the strategic decision taken last year to focus our staff and resources on the high growth opportunity of Secure Payments and manage a transition away from Support. This will be the last year that we break out Support revenues separately, as in FY22 it will be considered a *de minimis* percentage.

Secure Payments, where we deliver a patented solution that enables enterprises to take card payments securely within their Contact Centre operations, continued to generate excellent financial momentum. Compound Annual Growth Rate (CAGR) over the last four years has been 36%. The pandemic made it extremely difficult to close new contracts in the first quarter, as many sales processes were put on hold by customers while they dealt with the disruption to their businesses. In the second quarter, momentum started to build, and from September 2020 we secured $9.3 million of the $11.6 million new contracted Secure Payments business that we won in the year. The number of individual contracts won in the year was also the highest since Eckoh entered the US market.

Since 2015, when we launched Secure Payments in the US, the total of new contracted business is shown below.

Financial Year	FY15	FY16	FY17	FY18	FY19	FY20	**FY21**
New contracted US Secure Payments business	$0.3m	$1.6m	$8.3m	$9.3m	$13.7m	$10.7m	**$11.6m**

The Company is focused on large enterprise contracts. However, during the first half of the year many of the sales processes for the largest companies were temporarily suspended and there was a greater emphasis on contracts with medium-sized organisations, which generally have a lower average contract value than the $750k previously indicated. A larger proportion of contracts won in the year will be delivered through Eckoh's Cloud platforms. Where possible, organisations have fast-tracked their plans to deploy in the Cloud, a trend accelerated by the circumstances of the pandemic. More than half the contract value Eckoh has won, and more than 80% of the number of contracts, have been for Cloud delivery, this compares to only 20% of contracts in FY20.

We do anticipate that a lasting impact of the pandemic will be a general acceleration in Cloud deployments, although very large enterprises are still likely to take many years to achieve that goal. We have recently started to see some of these large organisations re-commence their technology adoption and acquisition processes and depending on when these are concluded we should see the average contract values rising again. Contracts secured in the period came from a range of sectors including healthcare, business process outsourcing, insurance, utilities, retail, and financial services.

Our sales channels, which we have been developing over the past year, are now starting to bear real fruit. The largest contract won in the second half, with a very significant Healthcare provider, was brought to us by a new partner in the Healthcare sector. Partner sales opportunities now represent 25% of our total pipeline, and this share is expected to grow this year.

The average length of contracts for Secure Payments is three years, so it is only this year that the first meaningful contracts have been due for renewal. The two larger contracts that were due for renewal in the second half of the year renewed successfully, mirroring the trend of the UK.

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

Coral is a browser-based agent desktop that increases efficiency by bringing all the contact centre agent's communication tools into a single screen. It also enables organisations, particularly those who have grown by acquisition, to standardise their Contact Centre facilities, as Coral can be implemented in environments that operate on entirely different underlying technology. In the prior period, we secured a contract extension with a Fortune 100 telecommunications company for the Coral product. The contract was worth a minimum of $3.8 million and of this, $2.1 million relating to the purchase of licences was recognised in the prior first half revenue. As we indicated at the time, we did not expect a further deal of additional licences of this size in FY21, however we did secure additional licences and functionality of $1.0m in the year.

In **Support**, as we stated last year, we are transitioning away from this activity to focus on the high growth Secure Payments' opportunity. The majority of the employees servicing the Support channel have been switched to service the more substantial and higher growth Secure Payments opportunities, and this will continue.

Recurring revenues in the US were 57% in the period compared to 61% for the same period last year after adjusting for the one-off Coral licences of $1.0m million and $2.1 million in FY21 and FY20 respectively. Recurring revenue for the Secure Payments' activity was 49% compared to 44% in the prior year. We would expect recurring revenue to continue to increase over time as we continue to deploy new clients live, but also as more clients' solutions are delivered in the Cloud, where there is a much lower level of one-off revenue initially. Recurring revenue for Secure Payments is lower than the UK operation due to the hardware component and in particular the disproportionately large value of non-recurring revenue relating to hardware and set-up fees from our largest Secure Payment contract that went live in 2019 and is due for renewal in the summer of 2021. The US operation's revenues are based on fixed contractual fees giving us continued resilience and visibility in the current situation.

UK Division (59% of group revenues)

The UK division has delivered a resilient performance despite the challenging environment presented by the pandemic and the impact of numerous lockdowns. Notwithstanding that backdrop, we continued to see high levels of demand and new business wins coming particularly from our existing clients, evidencing the strength of our relationships.

Total contracted business was £18.9 million, a decrease of 6% compared to the prior year of £20.2 million, which was a record level. New contracted business was £5.9 million (FY20: 6.6 million), an excellent outcome given the abnormal conditions relating to the pandemic. Renewals in the period were £13.1 million, slightly lower than last year's renewals of £13.6 million, but due to the timing of when renewals fall due.

Revenue in the period was £18.0 million, a decrease on last year of 12% (FY20: £20.5 million), and gross profit decreased 11% to £15.3 million (FY20: £17.1 million). The revenue decline was directly due to the impact that the pandemic had on our clients' activity, particularly some of our largest clients in the travel, retail and leisure sectors such as Premier Inn, Tenpin and Transport for London. Because our UK business has been operating for many years, there are a range of commercial models that have evolved over time, unlike the US business which has only been operating since 2015. Where the commercial model is transactional, which remains the most common model, it is usual for a client to commit to a high percentage of its expected volumes and in so doing achieve the most competitive buying rate. However, this is not the case for a few of our longstanding clients, some of which are Eckoh's largest. At the peak of the pandemic's impact, transactional volumes were significantly reduced, but because of the blend of our contracts the aggregated impact on revenue across our client base was much less than this figure.

Gross margins in the UK increased in the period by 200 basis points to 85% (FY20: 83%) and recurring revenue decreased as expected, to 84% (FY20: 88%). With the level of new business from existing clients over the last two years, we would expect recurring revenue to be in the range of 82% - 84%.

Looking at the segmentation of UK revenue, 27% came from Secure Payment services (FY20: 23%), 36% from Customer Contact Solutions (FY20: 38%) and the remaining 37% from clients where we provide a combination of both solutions (FY20: 39%). The increase in the Secure Payments only services offset a decrease in the clients with combined solutions, which is largely the clients that have been most impacted during the pandemic.

As organisations adapt their customer engagement strategy to reflect the increase in remote working that is now set to become a permanent feature, we have seen improved interest in and sales for our CallGuard Remote product, which facilitates the taking of payments securely in remote working environments. Furthermore, we expect an even faster adoption of emerging engagement technologies such as conversational bots working in tandem with human agents, and the number of companies who are accelerating their shift to Cloud-based solutions. Eckoh will be able to assist new and existing clients in responding to these changes, with deployment through the Eckoh Experience Portal ("EXP"). This portal enables organisations to buy and deploy our Customer Contact and Secure Payment solutions in a modular fashion.

Our model of cross-selling to existing clients remains a key part of the Eckoh strategy, not just to generate incremental revenue but also to continue the trend of strong client retention and increasing the lifetime value of the Group's customers. Of the new business secured in the year of £5.9 million, £3.5 million (FY20: £3.9 million) was contracted with existing customers for delivery of new solutions or modifications. At 59% (FY20: 60%), this continues to be a much higher proportion of our new business coming from existing clients than we would normally see, and points to organisations being more willing to invest in the uncertain business climate with existing suppliers than seek new ones.

During the year, our strong track record with existing clients has continued to be demonstrated through the levels of renewal business contracted, which were £13.1 million in the period. There were a number of larger clients who renewed their contracts, in August 2020, we secured a six-year renewal of our contract with Capita for the provision of services for the Congestion Charge to Transport for London, at a minimum total contract value of £4 million. In the second half of our financial year, we successfully renewed contracts with Tenpin, Ministry of Justice, Target, Welsh Water, Yodel and 1st Central Insurance.

The new business and consistent renewals of existing clients gives us, in normal circumstances, high revenue visibility and our UK clients are underpinned by contractual fees or minimum transaction levels. The continued uncertain business climate in the UK and the on-going impact from the pandemic on the transactional volumes of our larger clients, will continue into the current financial year until such time as restrictions are lifted and volumes can return to pre-pandemic levels.

Product Update

In January we made a significant new release of our core Secure Payments product CallGuard to ensure we maintain our market leading position. We are the only company operating in our relatively small competitive landscape that uses a fundamentally different and patented technical approach, where we replace the sensitive information with a placeholder or token as it enters the client's environment, that can then be safely stored as it is not payment data. All other companies simply block the information.

Our approach provides us with significant advantages in the elegance of our implementations, and requires no low-level integration, again a feature of many competitors. Our clients can make changes to their systems, processes or third-party suppliers (such as their Payment Service Provider) without us needing to make any changes to our solution. This is a unique feature of the Eckoh solution. The new CallGuard release builds on our award-winning product with three significant new enhancements:

- **Agent Control Panel** - a more intuitive interface for the Contact Centre Agent to take the payment securely and help reduce the average handling time of that process. In an industry where the reduction or addition of a few seconds on every agent's call can have a very meaningful cost impact, it is essential that the tools they use are as 'frictionless' as possible.
- **CallGuard Reporting Dashboard** – an enhanced reporting package, with powerful visual elements, that leverages the market-leading information product Domo. This will be provided in either a standard format, or the client can opt at their cost to have more detailed bespoke reports based on their own needs.
- **CallGuard Speech Capture** – enhanced speech recognition option with multiple languages (primarily for the US market). We have seen a much higher level of interest in the US for taking the payment securely using speech rather than the keypad. Whilst this means the call must be muted temporarily from the agent whilst the card information is provided, the process is otherwise the same.

The reaction from both existing and new clients has been extremely positive to the new release. Furthermore, we intend to make another release later this year which will provide an even more flexible delivery method, as well as a version of the product tailored for much smaller clients, who we typically do not target, that will enable our sales partners to effectively syndicate to these organisations and manage the deployment process themselves.

Cloud Native

Eckoh continues its Cloud Native journey focusing on both transition and net-new products and services. Cloud Native harnesses the Cloud's most powerful advantages — flexible, on-demand infrastructure and powerful managed services — and pairs them with Cloud-optimised practices and technologies. It allows drastically faster and better building, testing, and deploying of software, features and functionality—more easily, securely and rapidly, whilst minimising disruption of services.

As part of these initiatives, this past year we have expanded our delivery pipeline to Cloud platforms across both the UK and US in multi-regions and high availability zones. Aligning with our payment products portfolio and PCI DSS, they have been included in our annual PCI DSS assessment and resultant Attestation of Compliance (AOC). Also, in line with Eckoh's security first practices, we have embraced a DevSecOps culture focused on all stages of the software supply chain. This allows Eckoh and its product and service offerings to maintain a high and alert security posture in the face of emerging security threats. We are pleased with the progress we have made overall and can state that Cloud Native designed and delivered applications are running across these geo locations supporting some of our largest customers today.

When companies build and operate applications in a Cloud Native fashion, they bring new ideas to market faster and respond sooner to client demands. This is at the core of Eckoh's client-focused delivery model and exemplified in our January CallGuard release which greatly enhanced the product suite. These technologies and methodologies aim to keep us ahead of our competitors across the technical landscape, enhance our product portfolio even faster, at higher margins, and with a focus on security and assured quality, and win the ongoing talent war for attracting and retaining high quality developers.

Amazon Connect

A strategic initiative for FY22 is increased investment and resource in progressing the delivery of Eckoh 'stack solutions' that include Amazon Connect as the Cloud telephony layer. When combined with Eckoh's Secure Payments, Omnichannel and advanced voice capability as well as the Coral agent desktop, this creates a compelling bundled solution that will enable Eckoh clients to have complex and feature rich Cloud customer engagement, but delivered in a truly flexible and agile way.

Outlook

The Board expects revenue and profit for the financial year 2022 to be comparable to the financial year 2021, and material year-on-year revenue and profit growth in the financial year 2023. These expectations are subject to no further lockdowns in the UK or US, and ongoing uncertainty in the macro-economic climate because of the COVID-19 pandemic.

In the financial year 2022, we expect two important dynamics to affect our business. Eckoh's market leadership in US Secure Payments, high levels of recurring revenue and strong order book is expected to drive continued growth in this geography. This is offset, in the short term particularly in the UK, by the impact of the pandemic on new business activity, delayed incremental recurring revenue and lower transactional volumes at a time when we will be increasing investment in our Cloud-based Secure Payments offering to capture the market opportunity and deliver sustained high levels of future revenue growth.

In the financial year 2023, our expectation of material growth reflects an anticipated return to normal UK trading activity; returns being generated from the investment in Cloud-based Secure Payments offering; and ongoing momentum in US Secure Payments supported by long-term structural growth drivers, Cloud adoption and Eckoh's strengthening partner offering. This revenue momentum is expected to combine with the benefits of operational gearing to drive material growth in profitability.

Financial Review

Eckoh's business model and market position, with high levels of recurring revenue, a solid order book, enterprise clients and a strong balance sheet, combined with prudent cost control, have enabled Eckoh to manage the impact of the global pandemic effectively and deliver a robust performance for the year.

Revenue for the year decreased by 8.1% to £30.5 million (FY20: £33.2 million) and at constant exchange[3] rates by 6.7%. Adjusted operating profit[1] was £4.7 million, level with last year. Profit after tax for the year was £2.8 million (FY20: £3.1 million).

Basic earnings per share for the year ended 31 March 2021 was 1.09 pence per share (FY20: 1.23 pence per share).

Divisional performance

Revenue in the UK, which represents 59% (FY20: 62%) of total group revenues, decreased by 11.9% to £18.0 million (FY20: £20.5m). The US represented 41% (FY20: 38%) of total group revenues and revenues decreased in the period by 2.0% to £12.4 million (FY20: £12.7m), revenues in local currency grew by 1.8% year on year. Further explanations of movements in revenue between the US and UK divisions have been addressed in the Operational Review above.

	FY21 (UK) £000	**FY21 (US) £000**	**FY21 Total £000**	FY20 (UK) £000	FY20 (US) £000	FY20 Total £000
Revenue	**18,037**	**12,449**	**30,486**	20,468	12,710	33,178
Gross Profit	**15,299**	**8,896**	**24,195**	17,074	9,250	26,324
Gross margin	**85%**	**71%**	**79%**	83%	73%	79%

The Group's gross profit decreased to £24.2 million (FY20: £26.3 million). Gross profit margin was 79% for the year level with last year. The UK gross profit margin increased by 200 basis points to 85% and is expected to remain at this level. In the US, the full year margin decreased from 73% to 71%, a reduction of 200 basis points, due to the continued increase in Secure Payments, the planned transition away from the third-party Support business and the impact of one-off Coral licences. Excluding the Coral licences, gross profit margin was 73% (FY20: 76%).

In the UK, 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 84-85%. In the US, we would expect the gross profit margin to gradually start to increase from 71% to approx. 75% over the next two years. This is driven by the acceleration in growth of Secure Payments' activities for Cloud solutions coupled with clients renewing their contracts without additional significant hardware.

Administrative expenses

Total administrative expenses for the year were £20.6m (FY20: £23.0m). Adjusted administrative expenses[4] for the year were £19.4m (FY20: £21.6m). From March 2020 and then throughout the year there has been prudent cost control, which included a freeze on new hires where appropriate, postponing salary increases and limiting discretionary spend.

For our Contact Centre agents on zero-hour contracts we utilised the Government furlough scheme and received £0.3 million. These staff members were severely impacted during the pandemic, as the hours we were able to offer them were significantly reduced in line with our clients who were also heavily impacted during this period. By utilising the Government furlough scheme we were able to pay these agents their historic average hours during the period.

In the second half of the year, we identified a number of key hires that we needed to recruit to sustain our high service levels and ensure we are well-placed for a recovery in demand. Having frozen salaries throughout 2020, employees were awarded a salary increase from 1st January 2021 of on average 2.5%, which will last until the next formal salary review in April 2022. Included in administrative expenses is a trading foreign currency loss of £0.4 million (FY20: £0.3m gain).

Profitability measures

Adjusted operating profit was £4.7 million (FY20: £4.7 million), level year on year. Included in the year were Coral licences of £0.3 million (FY20 £0.8 million) and a foreign currency loss of £0.4 million (FY20: gain £0.3 million). Adjusted EBITDA[2] for the year was £6.4 million, in line with the prior year (FY20: £6.4 million).

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Profit from operating activities	**3,550**	3,286
Amortisation of acquired intangible assets	**663**	979
Expenses relating to share option schemes	**536**	468
Adjusted operating profit[1]	**4,749**	4,733
Amortisation of intangible assets	**398**	314
Depreciation of owned assets	**704**	848
Depreciation of leased asset	**505**	491
Adjusted EBITDA[2]	**6,356**	6,386

1. Adjusted operating profit is the operating profit before adjustments for expenses relating to share option schemes and amortisation of acquired intangibles assets.
2. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) is the profit before tax adjusted for depreciation of owned and leased assets, amortisation of acquired intangible assets and expenses relating to share option schemes.
3. At constant exchange rates (using last year exchange rates)
4. Adjusted administrative expenses are administrative expenses before adjustments for expenses relating to share option schemes and amortisation of acquired intangible assets.

Statement of financial position

While Eckoh continues to innovate by developing new products and features such as those detailed in the product update, little of this is capitalised on the balance sheet with only £0.4 million (FY20: £0.4m) added in the year to the value of the intangible assets of the Company. While taking a prudent approach to capitalising salary cost, which reduces reported profit, management believes this approach gives an accurate reflection of the trading performance of the Company.

Finance charges

For the financial year ended 31 March 2021, the interest payable charge was £87k (FY20: £68k). The interest charge is made up of bank interest of £54k (FY20: £50k) and interest on leased assets of £33k (FY20: £18k).

Taxation

For the financial year ended 31 March 2021, there was a tax charge of £717k (FY20: £166k charge). The effective tax rate in the financial year ended 31 March 2021 was 20.4% (FY20: 5.0%). The prior year tax rate was impacted as a result of a change in tax rate in the UK and the subsequent impact on the deferred tax balances.

Earnings per share

Basic earnings per share was 1.09 pence per share (FY20: 1.23 pence per share). Diluted earnings per share was 1.06 pence per share (FY20: 1.20 pence per share).

Contract liabilities and contract assets

Contract liabilities and contract assets relating to IFRS 15 Revenue from Contracts with Customers have decreased in the current year, principally as new contracted business in the US has been predominantly for Cloud-based solutions. Where clients contract for their services to be provided in the Cloud or on our internal cloud platform, the level of hardware is significantly reduced, and implementation fees are typically lower. This reduces the level of upfront cash received but drives a greater level of revenue visibility and earnings quality. Total contract liabilities were £12.5 million (FY20: £14.4 million), included in this balance are £11.3 million of contract liabilities relating to the Secure Payments' product or hosted platform product, a decrease from £1.8 million at the same time in the previous year. Contract assets as at 31 March 2021 were £4.4 million (FY20: £5.6 million).

Cashflow and liquidity

Gross cash at 31 March 2021 was £12.7 million, this is offset by a loan to Barclays bank of £1.0 million, giving net cash at 31 March 2021 of £11.7 million, an improvement of £0.1 million from net cash of £11.6 million as at 31 March 2020. In the period the Company has repaid £1.0 million of the loans outstanding to Barclays Bank in accordance with the terms of the loan. There are two further quarterly loan repayments to make and following these repayments scheduled for April 2021 and July 2021 the business will be debt free. During the year, there has been a net cash outflow from working capital of £2.3 million (FY20: £1.1 million cash inflow). In addition, a Special Dividend payment of £1.6 million was made in October 2020.

Dividends

Post year end the Directors are recommending that a final dividend for the year ended 31 March 2021 of 0.61 pence per ordinary share be paid to the Shareholders whose names appear on the register at the close of business on 24 September 2021, with payment on 22 October 2021. The ex-dividend date will be 23 September 2021. 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 £1.6m.

Consolidated statement of total comprehensive income

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Continuing operations			
Revenue	2	**30,486**	33,178
Cost of sales		**(6,291)**	(6,854)
Gross profit		**24,195**	26,324
Administrative expenses		**(20,645)**	(23,038)
Operating profit		**3,550**	3,286
Adjusted operating profit		**4,749**	4,733
Amortisation of acquired intangible assets		**(663)**	(979)
Expenses relating to share option schemes		**(536)**	(468)
Profit from operating activities		**3,550**	3,286
Finance charges		**(87)**	(68)
Finance income		**48**	84
Profit before taxation		**3,511**	3,302
Taxation		**(717)**	(166)
Profit for the financial year		**2,794**	3,136
Other comprehensive income / (expense)			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		**134**	(48)
Other comprehensive income / (expense) for the year, net of income tax		**134**	(48)
Total comprehensive income for the year attributable to the equity holders of the parent company		**2,928**	3,088

Profit per share		2021 pence	2020 pence
Basic earnings per 0.25p share	3	**1.09**	1.23
Diluted earnings per 0.25p share	3	**1.06**	1.20

Consolidated statement of financial position

as at 31 March 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Intangible assets		**6,527**	7,313
Tangible assets		**4,307**	3,851
Right-of-use leased assets		**1,310**	277
Deferred tax assets		**3,211**	3,805
		15,355	15,246
Current assets			
Inventories		**174**	312
Trade and other receivables		**13,277**	13,494
Cash and cash equivalents		**12,706**	13,541
		26,157	27,347
Total assets		**41,512**	42,593
Liabilities			
Current liabilities			
Trade and other payables		**(18,482)**	(21,078)
Other interest-bearing loans and borrowings		**(975)**	(975)
Lease liabilities		**(517)**	(233)
		(19,974)	(22,286)
Non-current liabilities			
Other interest-bearing loans and borrowings		**-**	(975)
Lease liabilities		**(825)**	(33)
Deferred tax liabilities		**(296)**	(290)
		(1,121)	(1,298)
Net assets		**20,417**	19,009
Shareholders' equity			
Called up share capital		**638**	638
Share premium account		**2,663**	2,663
Capital redemption reserve		**198**	198
Merger reserve		**2,697**	2,697
Currency reserve		**982**	848
Retained earnings		**13,239**	11,965
Total shareholders' equity		**20,417**	19,009

Consolidated statement of changes in equity

for the year ended 31 March 2021

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Currency reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
Balance at 1 April 2020	638	2,663	198	2,697	848	11,965	19,009
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	2,794	2,794
Other comprehensive expense for the period	-	-	-	-	134	-	134
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**134**	**2,794**	**2,928**
Dividends paid and received in the year	-	-	-	-	-	(1,558)	(1,558)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(138)	(138)
Shares purchased for share ownership plan	-	-	-	-	-	(241)	(241)
Share based payment charge	-	-	-	-	-	303	303
Deferred tax on share options	-	-	-	-	-	114	114
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**(1,520)**	**(1,520)**
Balance at 31 March 2021	**638**	**2,663**	**198**	**2,697**	**982**	**13,239**	**20,417**

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Currency reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
Balance at 1 April 2019	635	2,659	198	2,697	896	10,099	17,184
Total comprehensive income for the year							
Profit for the financial year	-	-	-	-	-	3,136	3,136
Other comprehensive expense for the year	-	-	-	-	(48)	-	(48)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(48)**	**3,136**	**3,088**
Dividends paid in the year	-	-	-	-	-	(1,558)	(1,558)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(187)	(187)
Shares purchased for share ownership plan	-	-	-	-	-	(146)	(146)
Shares issued under the share option schemes	3	4	-	-	-	-	7
Share based payment charge	-	-	-	-	-	407	407
Deferred tax on share options	-	-	-	-	-	214	214
Total contributions by and distributions to owners	**3**	**4**	**-**	**-**	**-**	**(1,270)**	**(1,263)**
Balance at 31 March 2020	**638**	**2,663**	**198**	**2,697**	**848**	**11,965**	**19,009**

Consolidated statement of cash flows

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	4	**4,385**	7,240
Taxation		**(10)**	(88)
Interest paid		**(54)**	(50)
Interest paid on lease liability		**(33)**	(18)
Net cash generated from operating activities		**4,288**	7,084
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,175)**	(571)
Purchase of intangible assets		**(573)**	(951)
Interest received		**48**	84
Net cash utilised in investing activities		**(1,700)**	(1,438)
Cash flows from financing activities			
Dividends paid		**(1,558)**	(1,558)
Repayment of borrowings		**(975)**	(1,300)
Principal elements of lease payments		**(461)**	(503)
Shares purchased for share ownership plan		**(241)**	(187)
Issue of shares		**-**	7
Shares acquired/sold by Employee Benefit Trust		**(138)**	(146)
Net cash generated in financing activities		**(3,373)**	(3,687)
Increase in cash and cash equivalents		**(785)**	1,959
Cash and cash equivalents at the start of the period		**13,541**	11,582
Effect of exchange rate fluctuations on cash held		**(50)**	-
Cash and cash equivalents at the end of the period		**12,706**	13,541

1. Basis of preparation

The preliminary results of Eckoh plc have been prepared in accordance with the recognition and measurement principles of International accounting standards in conformity with the requirements of the Companies Act 2006 and effective at 31 March 2021. These statements do not constitute the Company's statutory accounts within the meaning of section 435 of the Companies Act 2006 but have been derived from those accounts.

Statutory accounts for the year ended 31 March 2020 have been delivered to the Registrar of Companies but those for the year ended 31 March 2021 have not yet been delivered.

The auditors have reported on the accounts for the year ended 31 March 2021; their report was not qualified, did not include references to any matters to which the auditors drew attention to by way of emphasis without qualifying their report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Going concern
In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group 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.

Our US operation is underpinned completely by fixed contractual fees. In the UK, clients have a variety of commercial models including fixed fees and transactional arrangements, with varying levels of commitment. The UK operation continued to operate in an uncertain business climate and the ongoing lockdown inevitably resulted in further delays to projects and purchasing decisions. Some of our largest clients in the travel, retail and leisure sectors have had their transactional activity severely reduced during the financial year ended 31 March 2021, which continued to impact our UK revenue, but this was not reflected proportionately in revenue. This will continue into the current financial year until such time as restrictions are lifted and volumes can return to pre-pandemic levels. We are continually monitoring our clients' ability to pay invoices and for the year ended 31 March 2021 we have not had to provide for any debts.

A key business indicator is our total orders and new business orders. In the US, one positive consequence of the pandemic has been the rapid increase in the number of Secure Payments contracts won and delivered through Eckoh's Cloud platforms, as large enterprises have accelerated their move into the Cloud. We do not anticipate this trend to reverse and whilst this reduces the upfront payments (and cash received) for implementations, it increases the proportion of recurring revenue and improves the operational gearing, earnings quality and visibility in the business.
We anticipate the renewal rate for the UK and US businesses to remain unchanged during this period. When preparing the cash flow forecasts the Directors have reviewed a number of scenarios, including the severe yet plausible downside scenario, with respect to levels of new business. In all scenarios the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future.

2. Segment analysis

The segmentation is based on analysing Eckoh UK (including Eckoh Omni) and Eckoh US.

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

Current period segment analysis	Eckoh UK	Eckoh US	Total 2021	Total 2020
	£'000	**£'000**	**£'000**	£'000
Segment Revenue	**18,037**	**12,449**	**30,486**	33,178
Gross profit	15,299	8,896	**24,195**	26,324
Administrative expenses	(13,022)	(7,623)	**(20,645)**	(23,038)
Operating profit	**2,277**	**1,273**	**3,550**	3,286
Adjusted operating profit	**3,069**	**1,680**	**4,749**	4,733
Other expenses[1]	(792)	(407)	**(1,199)**	(1,447)
Operating profit	**2,277**	**1,273**	**3,550**	3,286
Profit before taxation	**2,285**	**1,226**	**3,511**	3,302
Segment assets				
Trade receivables	2,648	1,903	**4,551**	4,464
Deferred tax asset	3,335	422	**3,757**	3,805
Segment liabilities				
Trade and other payables	3,581	1,562	**5,143**	4,816
Capital expenditure				
Purchase of tangible assets	698	368	**1,066**	569
Purchase of leases	1,138	408	**1,546**	769
Purchase of intangible assets	573	-	**573**	951
Depreciation and amortisation				
Depreciation of property, plant & equipment	542	162	**704**	848
Depreciation of leased assets	408	97	**505**	491
Amortisation	665	396	**1,061**	1,293

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

In 2020/21 there was one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group. In 2019/20 there was no one customer that individually accounted for more than 10% of the total revenue of the continuing operations of the Group.

The key segments reviewed at Board level are the UK (including Eckoh Omni) and US operations.

Revenue by geography	Eckoh UK £'000	Eckoh US £'000	2021 Total £'000	2020 Total £'000
UK	17,804	-	**17,804**	20,275
United States of America	-	12,321	**12,321**	12,504
Rest of the World	233	128	**361**	399
Total Revenue	**18,037**	**12,449**	**30,486**	33,178

Timing of revenue recognition	Eckoh UK £'000	Eckoh US £'000	Total 2021 £'000	Total 2020 £'000
Services transferred at a point in time	15,462	7,778	**23,240**	27,215
Services transferred over time	2,575	4,671	**7,246**	5,963
	18,037	**12,449**	**30,486**	33,178

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

	2021 £'000	2020 £'000
Receivables, which are included in, 'Trade and other receivables	**4,551**	4,464
Contract assets which are included in 'Trade and other Receivables'	**4,359**	5,587
Contract liabilities which are included in 'Trade and other liabilities'	**(11,347)**	(13,194)
	(2,437)	(3,143)

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

Contract assets result when costs directly attributable to the delivery of the hardware and the implementation fees are capitalised as contract assets and released over the contract term, thereby also deferring costs to later periods and revenue earnt 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 2021
	Contract assets £'000	**Contract liabilities £'000**
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	7,092
Current year billings recognised in contract liabilities	-	5,971
Cost of sales recognised that was included in the contract assets balance at the beginning of the period	2,846	-
Costs deferred in current year and unbilled revenue included in contract assets	2,014	-

Contract costs	**31 March 2021 £'000**	31 March 2020 £'000
Deferred implementation fees	**1,698**	2,209
Deferred hardware costs	**316**	1,167
	2,014	3,376

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

Transaction price allocated to the remaining performance obligations

The total amount of revenue held in contract liabilities and allocated to unsatisfied performance obligations is £11.3m (FY20: £13.2m. We expect to recognise approximately £5.4m (FY20: £6.3m) in the next 12 months, £5.9m (FY20: £6.7m) in 1-3 years and the remainder in 3 years or more in time.

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

Prior period segment analysis	Eckoh UK £'000	Eckoh US £'000	Total 2020 £'000
Segment revenue	**20,468**	**12,710**	**33,178**
Gross profit	17,074	9,250	**26,324**
Administrative expenses	(13,962)	(9,076)	**(23,038)**
Operating profit	**3,112**	**174**	**3,286**
Adjusted operating profit	**3,662**	**1,071**	**4,733**
Other expenses[1]	(550)	(897)	**(1,447)**
Operating profit	**3,112**	**174**	**3,286**
Profit before taxation	**3,139**	**163**	**3,302**
Segment assets			
Trade receivables	2,900	1,564	**4,464**
Deferred tax asset	3,335	470	**3,805**
Segment liabilities			
Trade and other payables	2,604	2,212	**4,816**
Capital expenditure			
Purchase of tangible assets	502	67	**569**
Purchase of intangible assets	951	-	**951**
Depreciation and amortisation			
Depreciation of property, plant & equipment	660	188	**848**
Depreciation of leased assets	394	97	**491**
Amortisation	624	669	**1,293**

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

	Eckoh UK £'000	Eckoh US £'000	2020 £'000
Revenue by geography			
UK	20,275	-	20,275
United States of America	-	12,504	12,504
Rest of the World	193	206	399
Total Revenue	20,468	12,710	33,178

3. 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 parent.

	2021 £'000	2020 £'000
Earnings for the purposes of basic and diluted earnings per share	**2,794**	3,136

Denominator	2021 '000	2020 '000
Weighted average number of shares in issue in the period	**255,351**	255,085
Shares held by employee ownership plan	**(1,862)**	(1,630)
Shares held in Employee Benefit Trust	**-**	-
Number of shares used in calculating basic earnings per share	**253,489**	253,455
Dilutive effect of share options	**9,426**	8,782
Number of shares used in calculating diluted earnings per share	**262,915**	262,237

4. Cashflow from operating activities

	2021	2020
	£'000	£'000
Profit after taxation	**2,794**	3,136
Interest income	**(48)**	(84)
Interest payable	**87**	68
Taxation	**717**	166
Depreciation of property, plant and equipment	**704**	848
Depreciation of leased assets	**505**	491
Amortisation of intangible assets	**1,061**	1,293
Exchange differences	**522**	(264)
Share based payments	**303**	468
Operating profit before changes in working capital and provisions	**6,645**	6,122
Decrease in inventories	**138**	146
(Increase) in trade and other receivables	**217**	(285)
Increase in trade and other payables	**(2,615)**	1,258
Net cash generated in operating activities	**4,385**	7,240

5. Events after the Statement of Financial Position Date

As at the date of these statements there were no such events to report