

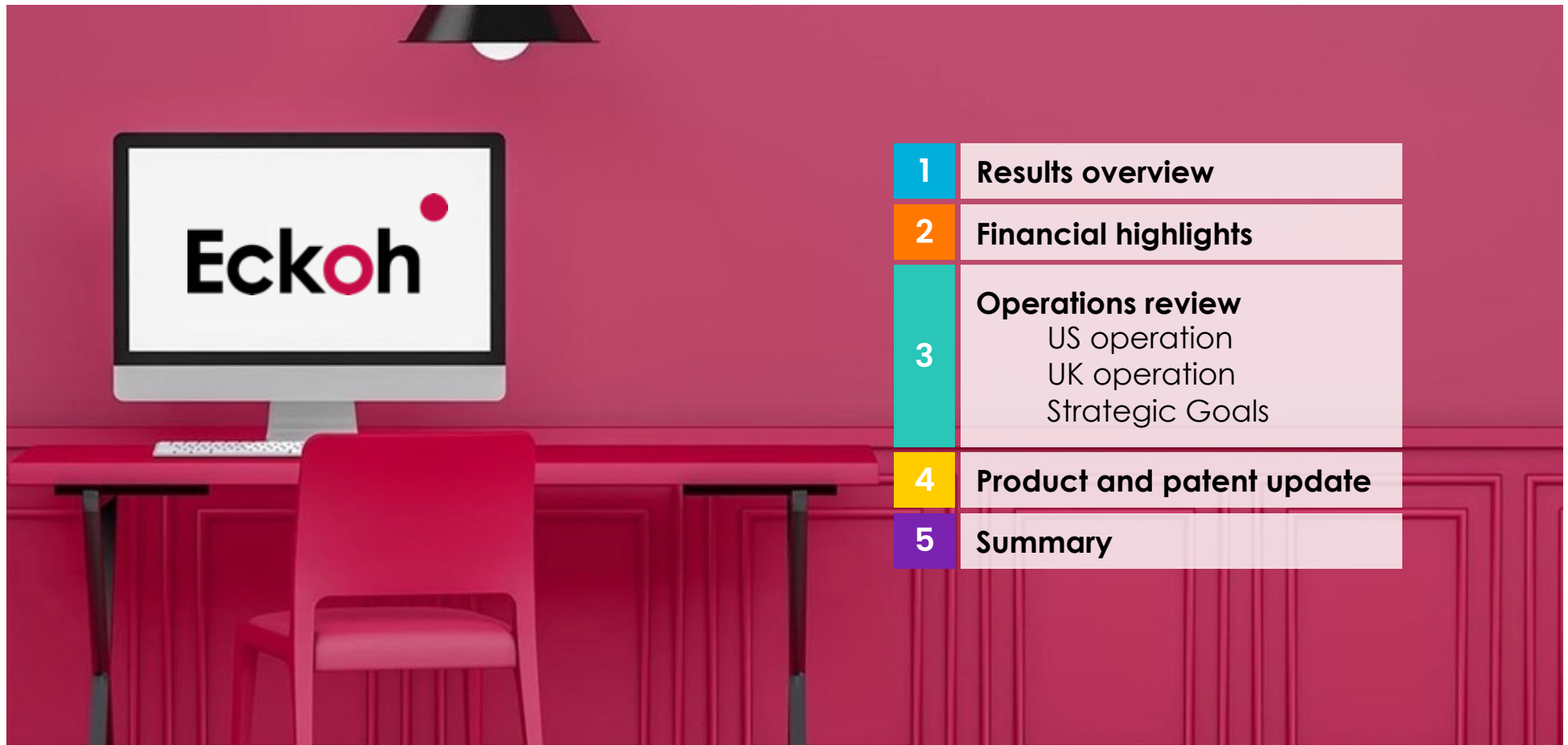


Eckoh

Engage. Secure. Protect.

Eckoh results for the half year ended September 30th 2021

Agenda.



1	Results overview
2	Financial highlights
3	Operations review US operation UK operation Strategic Goals
4	Product and patent update
5	Summary

Highlights.

- ❑ Robust performance, in line with Board expectations
- ❑ Continued growth in US Secure Payments and strengthening recurring revenue
- ❑ UK activity levels recovering and growth returning
- ❑ Transition to Cloud delivery continues, largest global contract supports Cloud expansion
- ❑ Managed exit from third-party US and UK Support successfully completed
- ❑ Operating profit grew strongly, excluding the Support business
- ❑ Strong cash position and robust balance sheet
- ❑ Outlook remains positive for the full year with double digit revenue and profit growth expected in FY23

Financial Highlights

Excluding
exited third
party
Support
activity
FY22 H1 and
FY21 H1

Revenue

£14.4m

↑ 3% ↑ 1%¹
(H1 21: £13.9m)

Recurring revenue

£10.5m

↑ 7% 73%
(H1 21: £9.8m 71%)

Operating profit ²

£2.5m

↑ 18%
(H1 21: £2.2m)

Total Business ³

£11.2m

↓ 12%
(H1 21: £12.7m)

Revenue

£14.7m

↓ 6% ↓ 3%¹
(H1 21: £15.7m)

Recurring revenue

£10.9m

↓ 5% 74%
(H1 21: £11.5m, 73%)

Operating profit ²

£2.8m

↓ 19%
(H1 21: £3.4m)

Total Business ³

£11.5m

↓ 18%
(H1 21: £14.0m)

ARR US SecPay ⁴

\$8.9m

↑ 29% +\$2m
(Sep 30, 2021 \$6.9m)

Net Cash

£12.7m

(H1 21: £12.9m)

1. Constant exchange rates (using last year's exchange rates)

2. Excluding expenses relating to share option schemes, amortisation of acquired intangible assets and restructuring costs

3. Contracted business including new business and renewals with existing customers

4. Annualised Recurring Revenue of all signed contracts, whether live or still to be deployed

Summary Financials

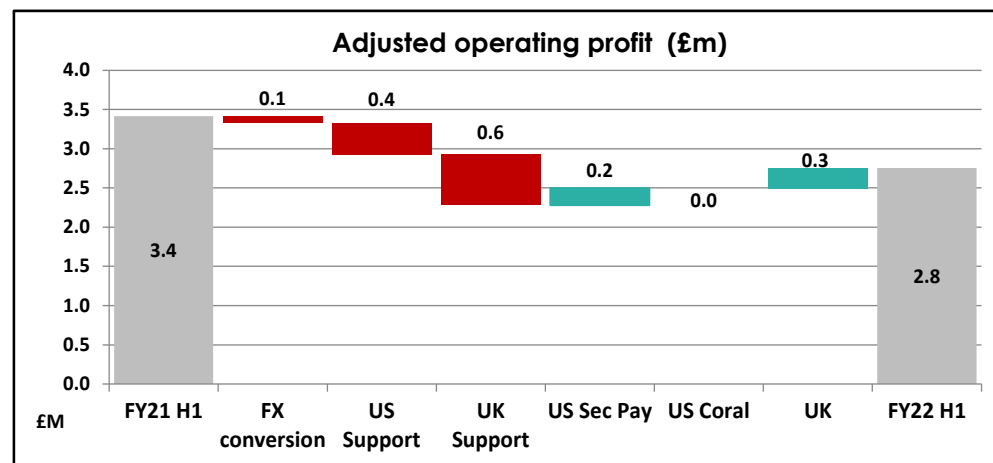
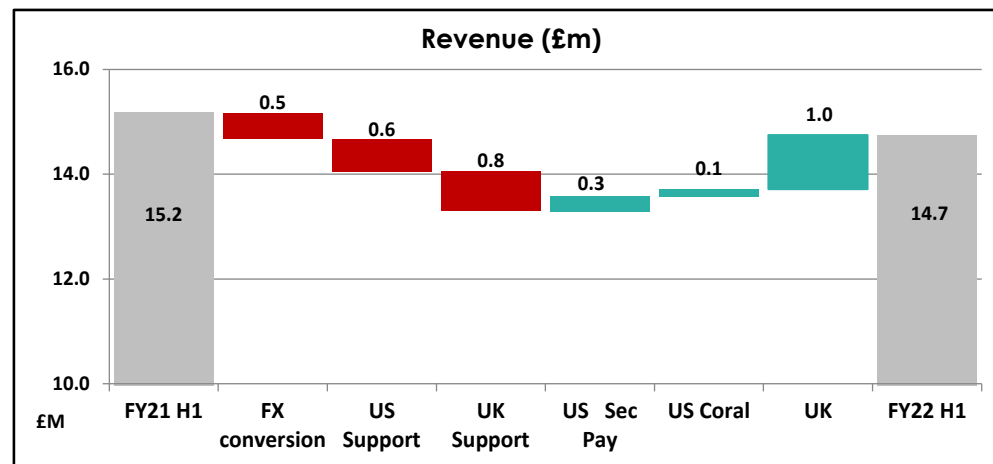
£M	FY22 H1	FY21 H1	Variance	Excluding exited third-party support		
				FY22 H1 ²	FY21 H1 ¹	Variance
Revenue	14.7	15.7	(6%)	14.4	13.9	+3%
Gross profit	11.9	12.8	(7%)	11.6	11.2	+3%
Gross profit margin (%)	81%	81%	-	80%	81%	-1pts
Adjusted³ EBITDA	3.5	4.2	(17%)	3.3	3.0	+11%
Adjusted ⁴ operating profit	2.8	3.4	(19%)	2.5	2.2	+18%
Profit after tax	1.9	2.0	(6%)			
Diluted earnings per share	0.73	0.77	(5%)			
Change in working capital	(1.9)	(1.9)	-			
Cash generated from operating activities	1.6	2.2	(0.6)			
Cash	12.7	14.8	(2.1)			
Net Cash	12.7	12.9	(0.2)			
Total contracted business⁵	11.5	14.0	(18%)			
New contracted business⁶	4.9	7.9	(38%)			

1. Excluding £1.8m revenue related to closed third party Support & £1.2m Operating profit
 2. Excluding £0.3m revenue related to closed third party Support & £0.2m Operating profit
 3. & 4. Excluding expenses relating to share option schemes, amortisation of acquired intangible assets and restructuring costs

5. Contracted business including new business and renewals with existing customers
 6. New contracted business excluding renewals with existing customers

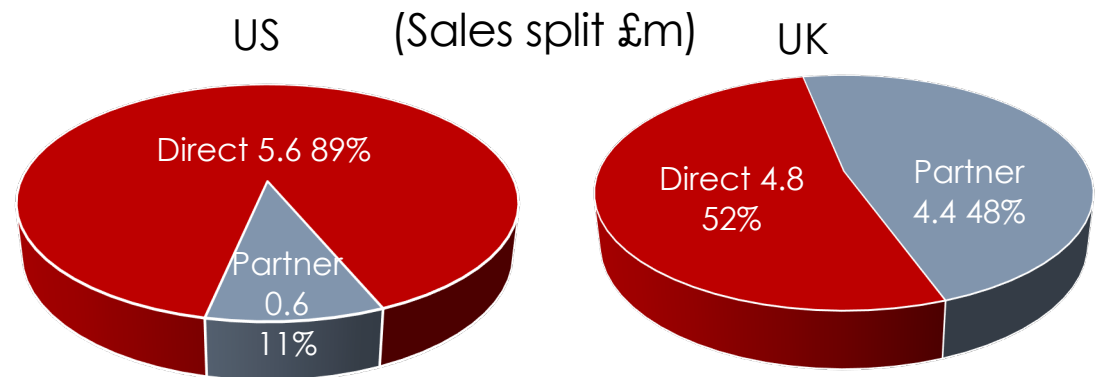
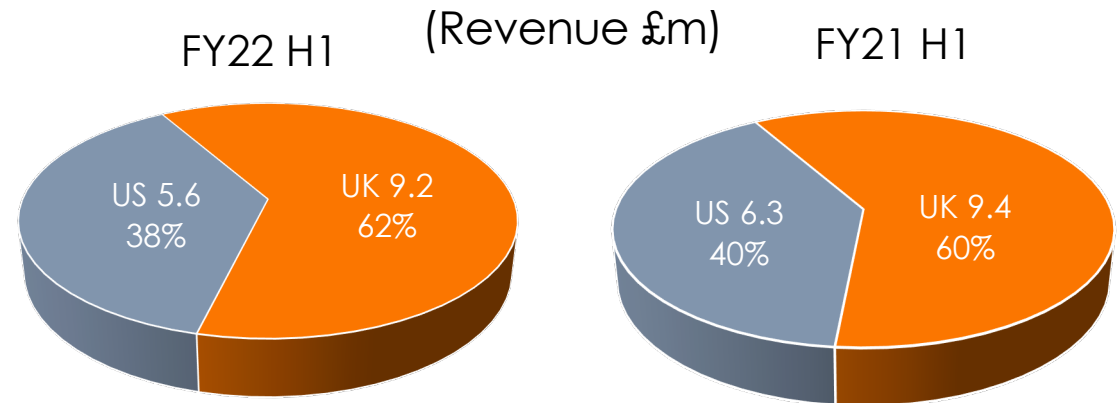
Adjusted Operating Profit and Revenue Bridge

- ❑ **Total revenue & adjusted operating profit** declined year on year as a result of the planned exit from third-party support, a process that is now complete
- ❑ **Underlying revenue and adjusted operating profit** grew year on year by 3% and 18%
- ❑ **FX conversion** is the impact in the P&L from the US fx rate FY21 H1 vs FY22 H1
- ❑ **US Secure Payments** – underlying Recurring Revenue growth overshadowed due to successful renewals (including largest deal)
- ❑ **US Coral** – underlying Coral business level year on year
- ❑ **UK business** – adjusting for UK Support, revenue and profit well ahead of last year



Divisional Trading Analysis

- US accounts for 38% of Group revenue, impacted by the planned exit from third-party support & FX. Strategic goal remains US growth
- UK continues to strengthen post lockdowns, with exit from first half showing activity in line with pre-pandemic volumes on a like for like basis
- In UK, partner share has increased to 48% from 44% last year as new business has continued to be signed with existing clients
- US partners increased marginally (+1%), but rate of increase will start to accelerate



US Main Partners:



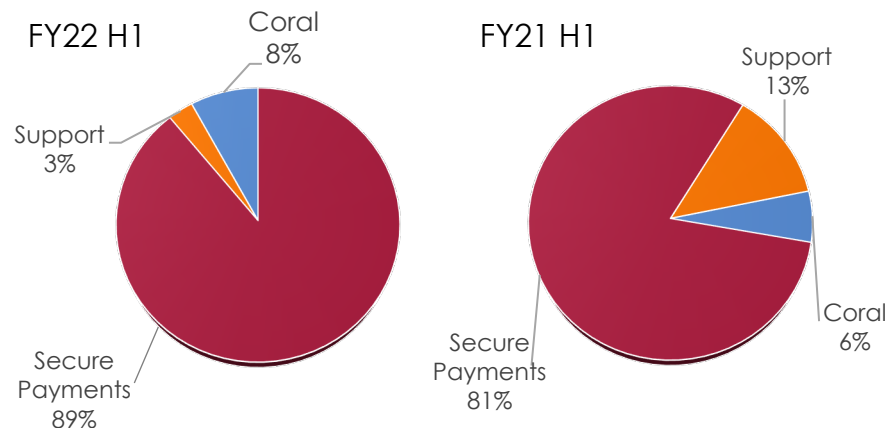
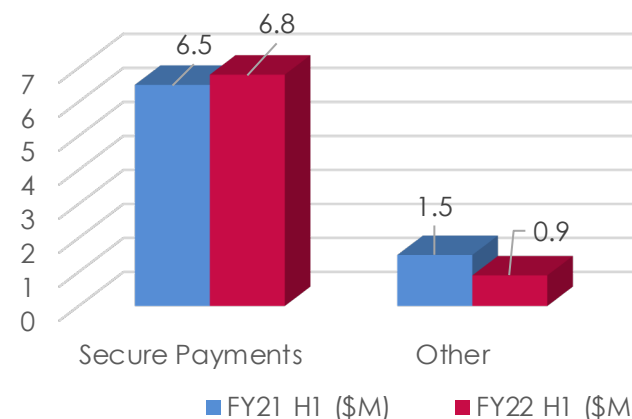
UK Main Partners:



US Trading Analysis

- ❑ Revenue of \$7.4m an increase of 7.8% (FY21 H1 \$6.9m) ¹
- ❑ Gross profit increased 7.9% to \$5.5m (FY21 H1: \$5.1m) ¹
- ❑ Gross margin 74% (FY21 H1: 75%)
- ❑ Secure Payments now 89% of US revenues
- ❑ SecPay revenue up 6% to \$6.8m (FY21 H1: \$6.5m), growth overshadowed by successful renewals where hardware and implementation fees do not renew
- ❑ Two clients due for renewal, one the largest contract signed to date, both successfully renewed
- ❑ Secure Payments annualised recurring revenue² (ARR) \$8.9m, increase year on year of \$2.0m or 29%
- ❑ With the successful exit from Support this will no longer be reported separately after FY22
- ❑ Total contracted business³ down 13% to \$5.5m (FY21 H1:\$6.3m)¹
- ❑ New contracted business⁴ \$3.3m (FY21 H1: \$5.9m)

Revenue by Activity Y-o-Y (\$m)



1. Excluding the exited third-party Support revenue
 3. Total contract value from new and existing clients.

2. Annualised Recurring Revenue of all signed contracts, whether live or still to be deployed
 4. Total contract value from new contracts, excluding renewals of contracts with existing clients

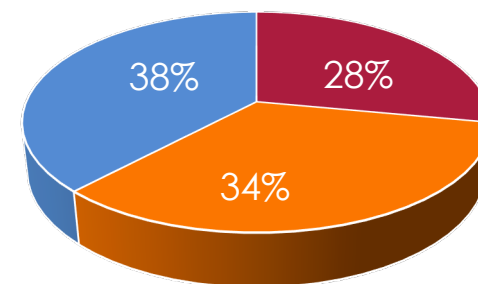
UK Trading Analysis

- ❑ Revenue was £9.0m (FY21 H1: £8.5m) an increase of 6%, with similar growth expected in H2¹
- ❑ Impact from pandemic on client activity continued in Q1, but transactional volumes improved through Q2; exiting in September with like for like volumes in line with pre pandemic volumes
- ❑ Total contracted business ² £7.3m, down 5% (FY21 H1: £7.7m)
- ❑ New contracted business ³ £2.5m (FY21 H1: £3.2m)
- ❑ Gross profit up 5% to £7.6m (FY21 H1: £7.2m) ¹
- ❑ Gross profit margin 84% (FY21 H1: 85%)
- ❑ Recurring revenues at 80% (FY21 H1: 85%) due to the planned exit from third-party Support

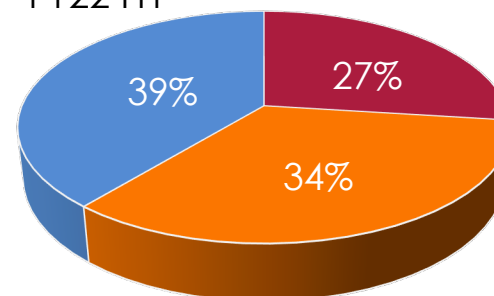
1. Excluding exited third-party Support revenue
2. Total contract value from new and existing clients
3. Total contract value from new contracts, excluding renewals of contracts with existing clients

Revenue Split by Product

FY21 H1



FY22 H1

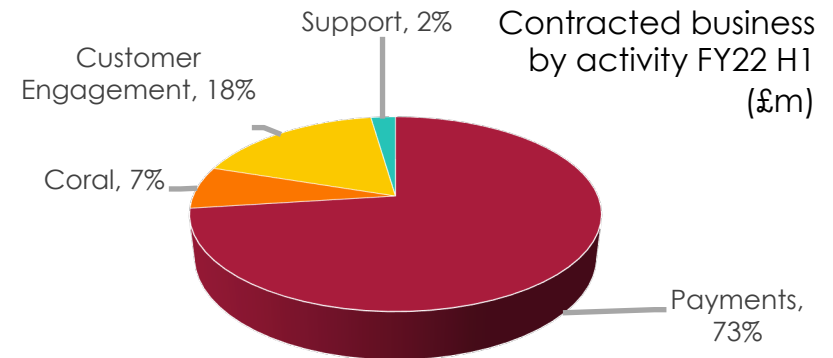
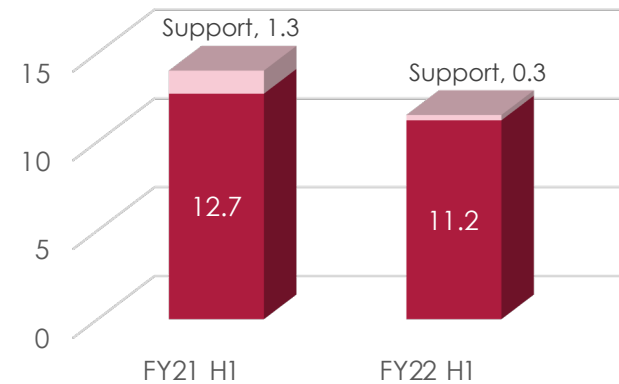


- Secure Payments Only
- Customer Contact Only
- Combined Solution

Cost Control, Contracted Business & Guidance

- ❑ Significant cost savings achieved (in excess of £1m pa) from move to global NOC, exit from Support and natural attrition, that will underpin FY23 profit
- ❑ Total contracted business¹ £11.2m compared to £12.7m in FY21 H1²
- ❑ The period proved more challenging than expected in terms of new business, with large contracts continuing to be slow moving. It is expected that the second half will show improvement in line with last year
- ❑ Contracted business continued to be dominated by payments, with 73% of all activity being for this solution
- ❑ Guidance remains unchanged for FY22 & FY23:
 - UK business volumes returned to pre pandemic, new business and headcount savings
 - US business successful exit from Support with focus on Secure Payments and operational headcount savings invested in Sales team

Total contracted business (£m)

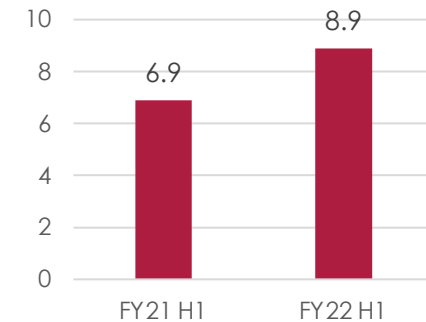


1. Total contract value from new and existing clients
 2. Excluding exited third-party Support

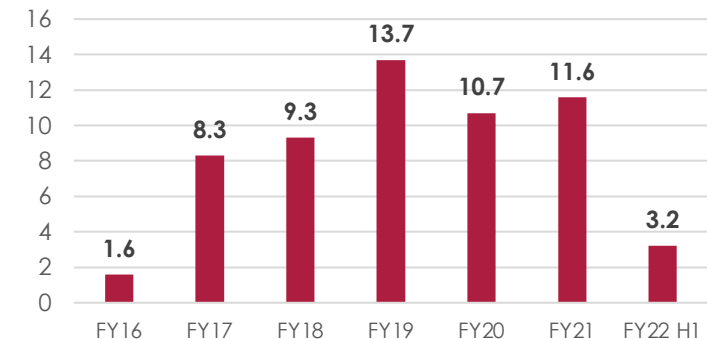
US Secure Payments – Recurring revenue momentum

- ❑ Annualised recurring revenue¹ (ARR) \$8.9m, increased year on year by \$2.0m or 29%
- ❑ Continued strong performance with two renewals (including largest contract) overshadowing Secure Payments revenue growth. Recurring revenue increased by 26% and is now at 63% (FY21 H1: 56%)
- ❑ Larger deals still impeded by the pandemic, limiting new Secure Payments contracted business to \$3.2m (FY21 H1: \$5.9m)
- ❑ Continued shift to the Cloud, with majority of the new client contract value coming from Cloud contracts
- ❑ Sales restructure made in H2 with move to vertical selling, new Head of Sales and strengthened sales team
- ❑ CallGuard Express launch targeting smaller customers and driven predominantly by channel sales
- ❑ Pipeline remains strong, with expectation of more Cloud deals going forward. Over 25% of pipeline now driven by partners and sales channels will become a more important feature with the launch of CallGuard Express

US - Secure Payments
ARR (\$m)



US – Secure Payments New Business
by Year (\$m)



1. Annual Recurring Revenue of all signed contracts, whether live or still to be deployed

UK Overview – Activity returns to pre-pandemic levels

- ❑ Revenue increased by 6%¹. This was driven by new business going live and improved volumes for our existing clients over the half as the UK came out of the pandemic
- ❑ Existing clients exited the first half with a run-rate level with pre-pandemic levels. Higher revenues expected from Congestion Charge in H2 with roll out of ULEZ
- ❑ New contracted business of £2.5m versus £3.2m in the prior year, a credible performance in what remain tough conditions, with a high proportion driven by cross selling to existing customers, showing the strength of Eckoh's relationships
- ❑ Total business¹ down 5% from the prior year:
 - Key renewals included Premier Inn and Rail Delivery Group
 - Renewal value in total was £5.0m (FY21 H1: £5.4m)
- ❑ Largest global Cloud contract worth a minimum of \$1.5m won post-period. Roll out will be to US first followed by up to 28 countries over next 3 years. More global Cloud deals expected



Rail Delivery Group



1. Excluding exited third-party Support

Strategic Goals

- ❑ Being the market leader for Customer Engagement data and payment security
- ❑ Capitalise on the fast-growing global market for technology solutions that help protect customer data
- ❑ Maximise client value and retention through cross-selling to generate higher levels of recurring income
- ❑ 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 Customer Engagement data and payment security



Product and Patent Update

- ❑ **CallGuard Update** – A new version of CallGuard, branded CallGuard Express, launched in October
 - Targeting predominantly channel sales and smaller clients who do not require a tailored solution
 - The product will see new clients onboarded on a weekly cycle, requiring no development and minimal onboarding effort from Eckoh
- ❑ **Amazon Connect** - Key initiative for FY22 is delivering 'stack solutions' incorporating Amazon Connect, Eckoh services (Omnichannel, Secure Payments and advanced voice self-service) and Coral
- ❑ **Patents** - Eckoh's patent portfolio strengthened with two further patents, taking the total number of international patents that support Eckoh's IP to 17
 - The new patents granted are for **Reverse Contact Centre Authentication**. This new technology improves security and convenience for end customers when receiving unsolicited calls from organisations, helping to prevent them from becoming fraud victims



Summary and Outlook

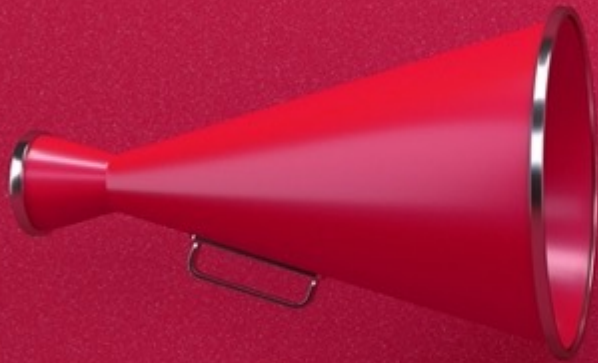
- ❑ Robust performance, in line with expectations
- ❑ Continued progress and growth in US Secure Payments, delivering on our stated strategy
- ❑ UK volumes recovering and growth returning
- ❑ Improved recurring revenue and operational gearing going forward with Cloud as the dominant delivery method in the US and new territories
- ❑ Increased platform investment in Cloud opportunity supported by largest global Cloud win secured
- ❑ Strong cash position and robust balance sheet
- ❑ With a highly relevant product portfolio and resilient business model, Eckoh can assist our clients to successfully manage the new business environment
- ❑ Guidance for FY22 is for comparable revenue and profit to prior year, with double digit revenue and profit growth expected in financial year 2023



Investment Case.

- ❑ Long term growth drivers
 - Significant market opportunity - largely untapped market
 - Patented IP and limited competitive threat – as far as we aware no homegrown US competitor
 - Macro factors - ongoing data breaches, increased regulation and shift to remote working
- ❑ Strong momentum building in US Secure Payments
 - Strong levels of growth – CAGR of 36% in last 4 years
- ❑ High revenue visibility
 - High recurring revenue - 73% at a group level
 - US Secure Pay ARR growing strongly – Up \$2m to \$8.9m
 - Increased visibility and quality of earnings driven by accelerating shift to Cloud
- ❑ Scalability - capacity for growth without significant investment
- ❑ Attractive financial model with strong operational gearing and cashflow

Thank you.



Nik Philpot

CEO

DD: +44 1442 458358

nik.philpot@eckoh.com

Chrissie Herbert

CFO

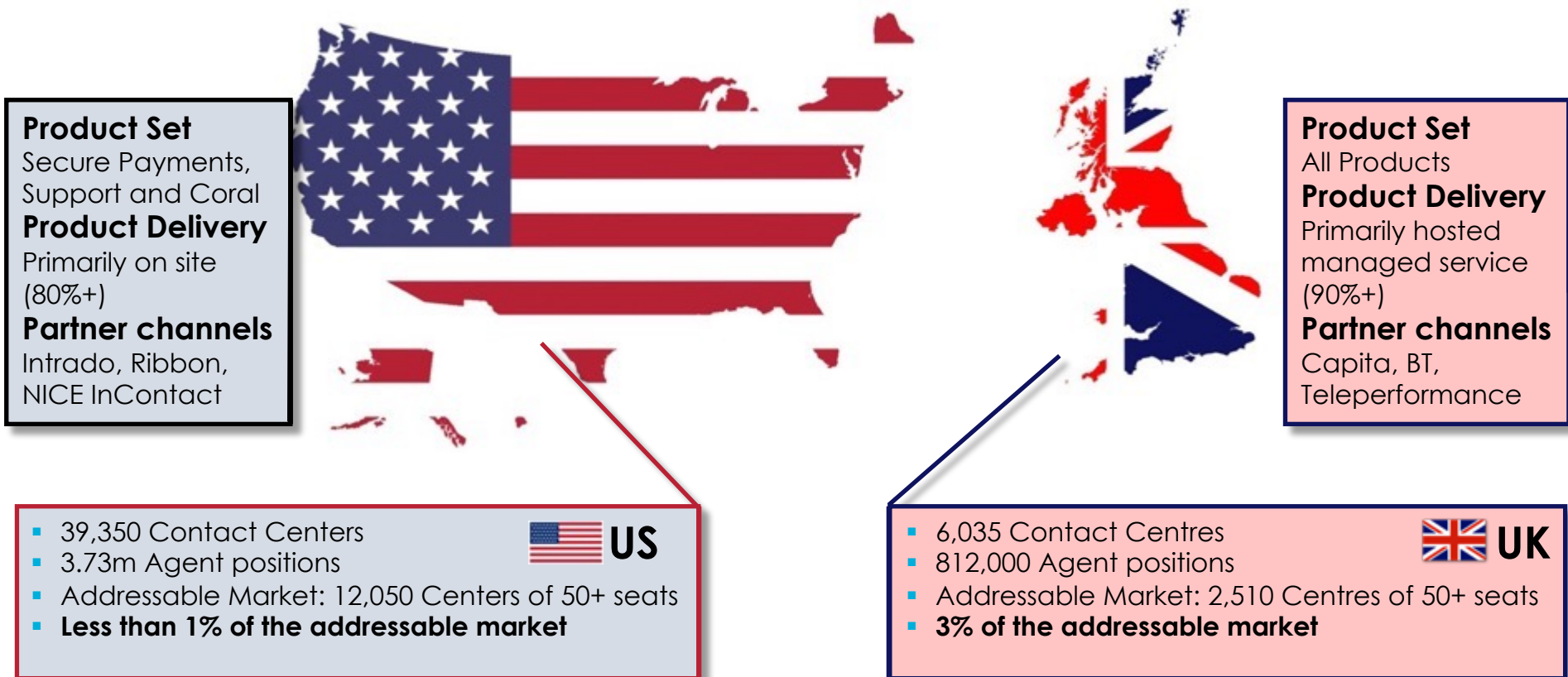
DD: +44 1442 458329

chrissie.herbert@eckoh.com

Appendix 1 – History

- Dec 1999 Float on FTSE as 365 Corporation
- Jan 2002 Sale of internet business
- May 2002 Change of name to Eckoh, new customer engagement strategy
- Jun 2003 Eckoh moves to AIM
- Jul 2006 Symphony share sold to Redstone for £11m
- Oct 2010 Level 1 PCI DSS Accreditation received, growth from EckohPay product
- Jan 2012 EckohPROTECT launched generating significant sales interest
- Jun 2013 Acquisition of Veritape Limited (On-premise payments solution provider)
- Nov 2013 Eckoh Inc incorporated, US trading begins April 2014
- Nov 2015 Acquisition of Product Support Solutions ('PSS Help') for \$8m to expand US operation
- Jul 2016 Acquisition of Klick2Contact for £2.35m (Omnichannel engagement specialist)
- Mar 2017 Transformational year for US payments business with \$8.3m contract value secured
- Feb 2018 Two key US patents awarded for Eckoh Secure Payments
- Sep 2018 Largest ever payment deal worth \$7.4m
- June 2020 Record sales and market conditions support further long-term growth
- June 2021 Resilient business model ensures robust performance despite pandemic

Appendix 2 – Market Opportunity



* Contact Babel – UK and US Contact Centre Guides 2021-2025

Appendix – Financial Information.



Appendix – Balance Sheet 30 September 2021

£'000	30 Sept 2021	30 Sept 2020	31 Mar 2021	
Intangible Fixed Assets	6,508	6,709	6,527	Amortisation of intangibles
Tangible Fixed Assets	4,074	3,774	4,307	Mainly comprised of HQ building and hosted telephony platform
Leased Assets	1,086	404	1,310	UK Datacentre lease renewed + New Office lease in Omaha
Deferred Tax Asset	2,761	3,786	3,211	
Total Fixed Assets	14,429	14,673	15,355	
Non cash current assets	8,199	7,426	9,093	
Deferred asset – IFRS 15	3,928	5,166	4,358	
Cash	12,672	14,808	12,706	
Total Assets	39,228	42,073	41,512	
Trade & Other Payables	(4,562)	(4,972)	(5,958)	
Deferred liability	(10,820)	(13,982)	(12,524)	IFRS 15 – new business contracted
Lease liability	(1,134)	(396)	(1,342)	
Loans	-	(1,950)	(975)	Repayment of loan quarterly
Deferred tax liability	(302)	(281)	(296)	Arising from PSS and K2C acquisitions & amortises alongside the intangible asset. PSS will be fully amortised Nov 20
Net assets	22,410	20,492	20,417	

Appendix – Cashflow Statement

£'000	30 Sept 2021	30 Sept 2020	31 March 2021
Profit after tax	1,922	2,044	2,794
Depreciation / Amortisation	816	1,266	2,270
Share based payments	197	176	303
Taxation	461	484	717
Other	28	63	561
Operating profit before changes in working capital	3,426	4,033	6,645
Movement in receivables, payables, inventory, tax & interest	(1,776)	(1,377)	(2,260)
Movement in tax and interest	(87)	(488)	(97)
Cash generated from operating activities	1,563	2,168	4,288
Purchase of property, plant and equipment	(89)	(291)	(1,175)
Purchase of intangible fixed assets	(187)	(157)	(573)
Principal lease repayments	(209)	(251)	(461)
Interest received	65	12	48
Net loan movement	(975)	-	(975)
Dividends	-	-	(1,558)
Other	(181)	(214)	(379)
Cash movement	(14)	1,267	(785)