
Engage. Secure.
Protect.
Eckoh
Interim results for the period
ended September 30th 2023

Agenda.

Market leader in customer engagement data security solutions.

Mission: to set the standard for secure interactions between consumers and the world's leading brands

Eckoh

Patented software solutions for contact centres that protects personal data from customer enquiries and transactions for the world's leading brands

- Eckoh secures sensitive customer data for enterprises who operate contact centres
- Payment Card Industry Data Security Standard level 1 accredited since 2010 + other wider data security standards
- Solutions delivered predominantly in the cloud (with some large US clients on site)
- Cloud-based Secure Engagement Suite secures and protects customer activity across all engagement channels

What problem do we solve for our customers?

- The increasing threat of data breaches
- Eckoh removes the burden, rising costs and compliance complexity brands have to increasingly navigate with PCI DSS and other data regulation
- Our patented solutions prevent payment and personal data from entering the IT and contact centre environment
- We protect data across all engagement channels - voice, chat, digital, etc

A highly attractive market with multiple growth drivers

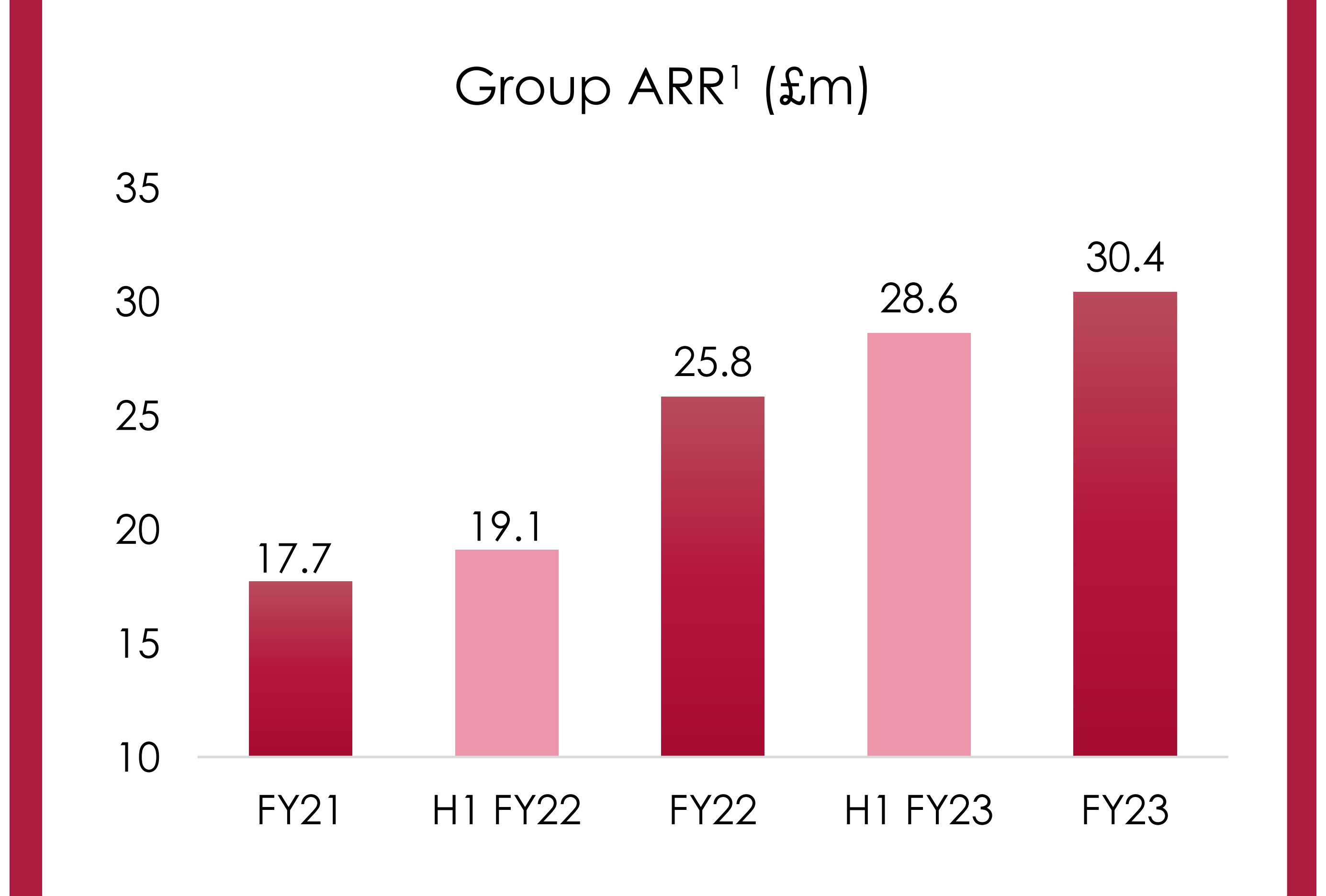
- Large addressable market globally
- Focused on North American market where largest opportunity exists
- No established US competition
- Multiple growth drivers: contact centre hybridisation/ increasing data security standards / more aggressive regulation / brand value protection

Strong financial characteristics

- Strong recurring revenues – exit ARR £30.6m H124 (up 7%)on H1 FY23
- EBITDA margin improving as customers transition to cloud
- Strong cash generation
- Very high retention rates
- Increasing levels of cross-selling across existing base

Eckoh growth strategy

- Capitalise on external global market trends – complex regulation, hybrid working
- Migrate on prem clients to cloud – enhancing visibility of revenues
- Grow our leadership position
- Maximise lifetime client value through adding further solutions
- Evaluate acquisition opportunities as appropriate



£'000	2021	2022	2023
Revenue	30,486	31,780	38,821
ARR	25,821	28,580	30,384
Adj. EBITDA*	6,356	6,796	9,394
Adj. PBT	4,749	5,229	7,736
Cash	12,706	2,840	5,740
Dividend	0.61	0.67	0.74

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

Highlights.

Eckoh

- Trading for the half year in line with Board expectations
- Increased focus on NA opportunity progressing well
- Cloud transition tempering short term revenue growth but improving recurring revenue
- Record level of contracted business up 40% to £24.6m
- Strong North American Pipeline, but extended sales and contracting cycles
- Positive reaction to launch of new and expanded Secure Engagement Suite
- Updated PCI DSS standard is increasingly costly and complex to navigate - driving clients to Eckoh
- Board encouraged by record level of business and pipeline, on track to meet full year expectations

Strategic Progress in H1.

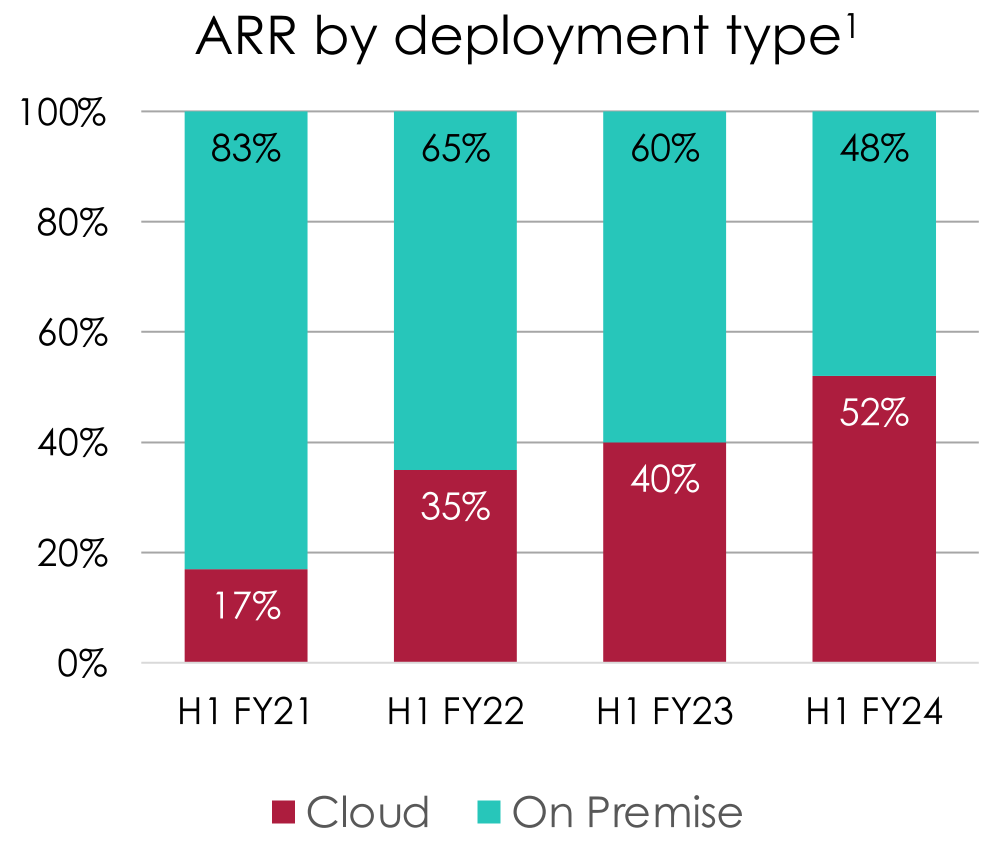
Eckoh

CLOUD TRANSITION

Ongoing shift to cloud improving quality and visibility of earnings

Cloud share of ARR (Y-on-Y)

UP 30%

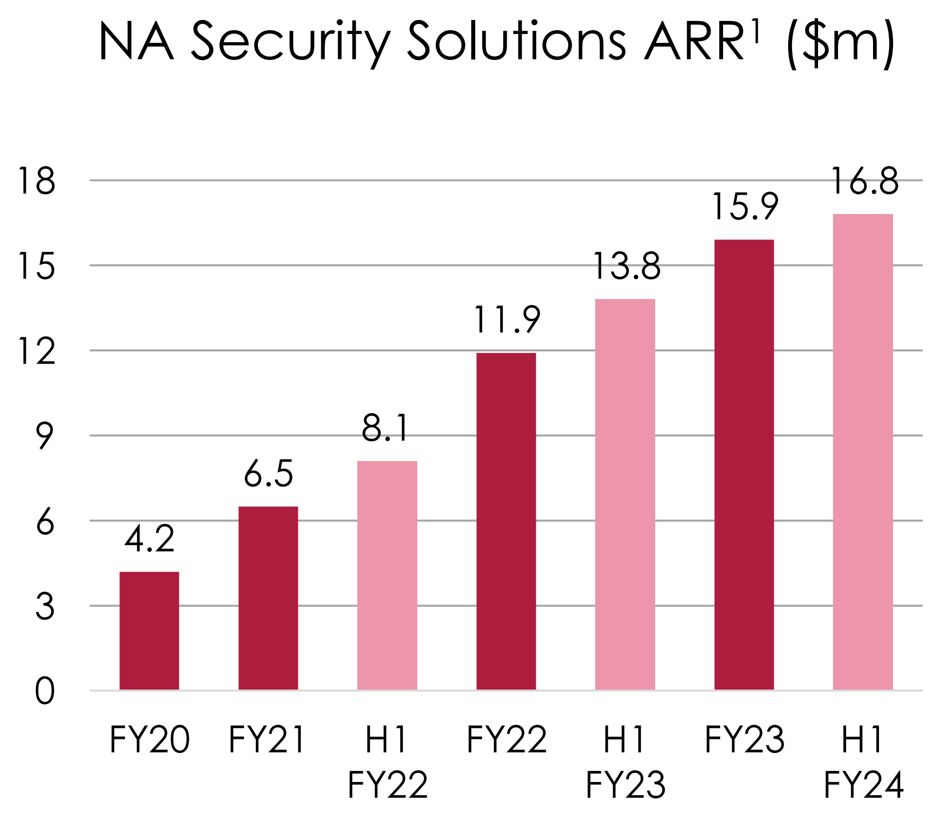


NORTH AMERICA FOCUS

Transition to focus on large NA TAM should accelerate growth

North America ARR Y-on-Y

UP 22%

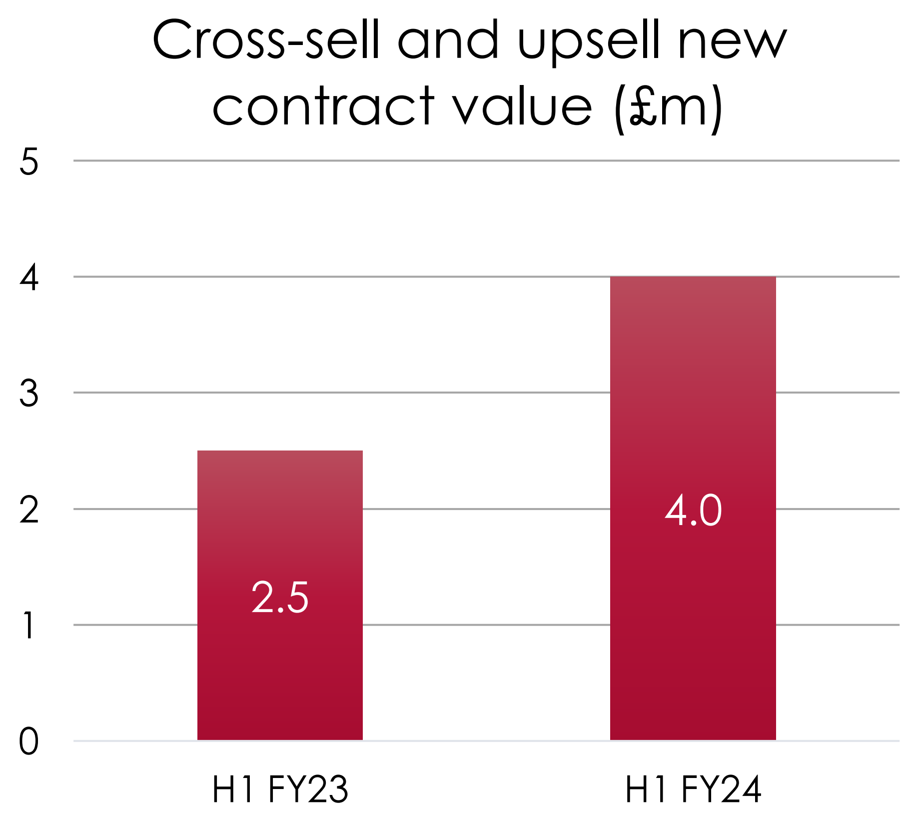


EXPAND EXISTING CLIENTS

New commercial strategy showing encouraging early signs

Cross-sell and Upsell new business (Y-on-Y)

UP 40%

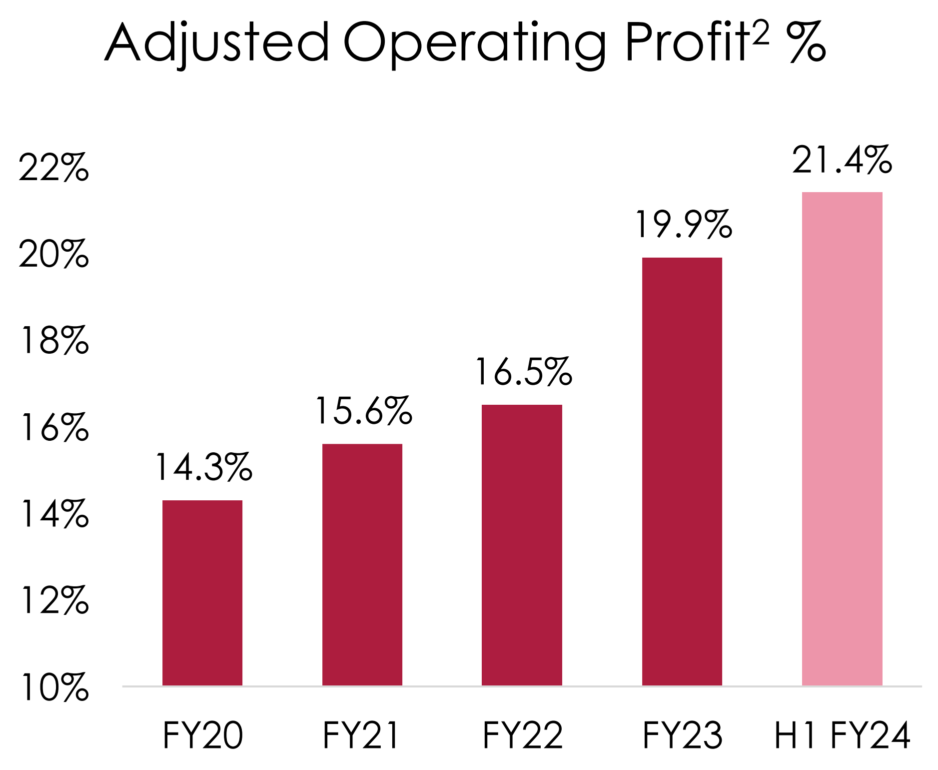


SCALABLE GROWTH

Cost and efficiency benefits from ongoing move to cloud & SaaS

Adjusted operating profit margin (on FY23)

UP 1.5%



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


Financial update.

Financial Highlights.

Eckoh

Group ARR[1]	Revenue	Adj Op Profit[4]	Total Business[3]
£30.6m	£18.8m	£4.0m	£24.6m
Sep 30, 2022 £28.6m	H1 FY23 £19.6m	H1 FY23 £4.2m	H1 FY23 £17.6m
↑ 7%	↓ 4%	↓ 4%	↑ 40%
Up 9%[2]	down 3%[2]	up 17%[6]	Up 41%[2]

N.A. ARR[1]	Recurring Rev	Adj Diluted EPS[4]	Cash
$16.8m	83%	1.01p	£7.3m
Sept 30, 2022 $13.8m	H1 FY23 79%	H1 FY23 1.03p%[5]	H1 FY23 £4.4m
↑ 22%	↑ +360bp	↓ 2%	↑ £2.9m

1. Annual recurring revenue of all contracts billing at the end of the period. Included in Group ARR is all revenue that is contractually committed and an element of UK revenue that has proven to be repeatable, but not contractually committed.
2. Constant exchange rates (using last year's exchange rates)
3. Total business contracted during the year including new business and renewals with existing customers
4. Excluding expenses relating to share option schemes, amortisation of acquired intangible assets and exceptional items.
5. Restated for tax rate @25% (LY previously used 19% tax rate)
6. Excluding forex

Summary Financials.

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£M	H1 FY24	H1 FY23	Variance
Revenue	**18.8**	**19.6**	***-3.9%***
Gross profit	15.5	15.5	-
Gross profit margin (%)	*82.6%*	*79.3%*	+330bp
Adjusted[1] EBITDA	**4.9**	**5.0**	***-3%***
Adjusted[1] operating profit	4.0	4.2	*-4%*
Adjusted operating profit margin (%)	*21.4%*	*21.4%*	-
Adjusted[1] profit before tax	**4.1**	**4.2**	***-1%***
Adjusted Diluted earnings per share (pence)[2]	1.01	1.03	*-2%*
Change in working capital	**(1.6)**	**(1.9)**	***+15%***
Cash generated from operating activities	2.4	2.4	-
Net Cash	**7.3**	**4.4**	**+2.9**
Total contracted business[3]	24.6	17.6	*+40%*
New contracted business[4]	**5.7**	**8.2**	***-31%***

	H1 FY24	H1 FY23	Var %
Recurring revenue	**15.5**	**15.5**	***+0.2%***
One-off revenue	3.3	4.1	*-20.7%*
Total Revenue	**18.8**	**19.6**	**-4.2%**
Recurring revenue %	*83%*	*79%*	+360bp

- H1 FY24 includes FX loss of £0.1m versus H1 FY23 gain of £0.7m, underlying improvement in operating profit of £0.6m
- Pre fx - underlying adjusted operating profit margin increased by 410bp
- Adjusted PBT – after amortization of acquired intangible assets £1.2m, exceptional costs of £0.9m (including restructuring costs and legal costs) and £0.4m of Share Option expenses
- Working capital impacted by renewals and fully recognising hardware and implementation fees

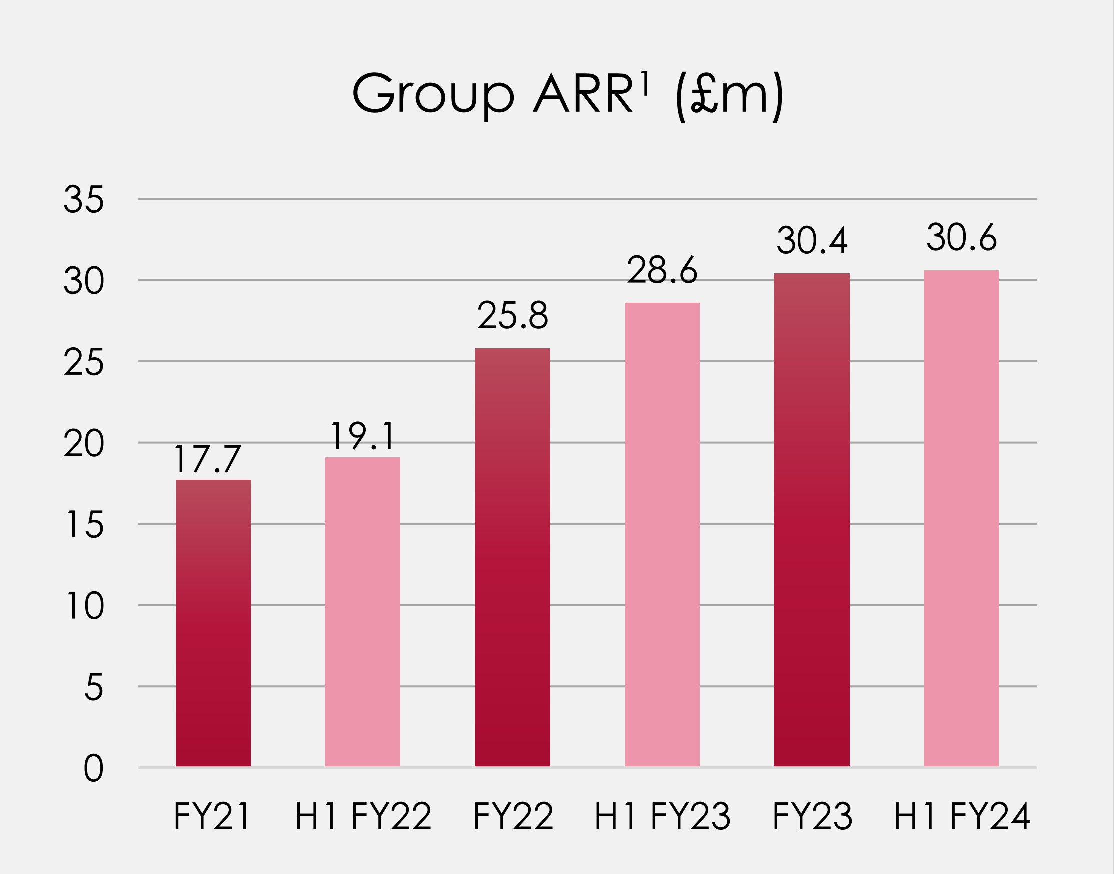
1 Excluding expenses relating to share option schemes, amortisation of acquired intangible assets and exceptional items.
2. Adjusted Diluted earnings per share – is calculated using a normalised tax rate of 25% in both years

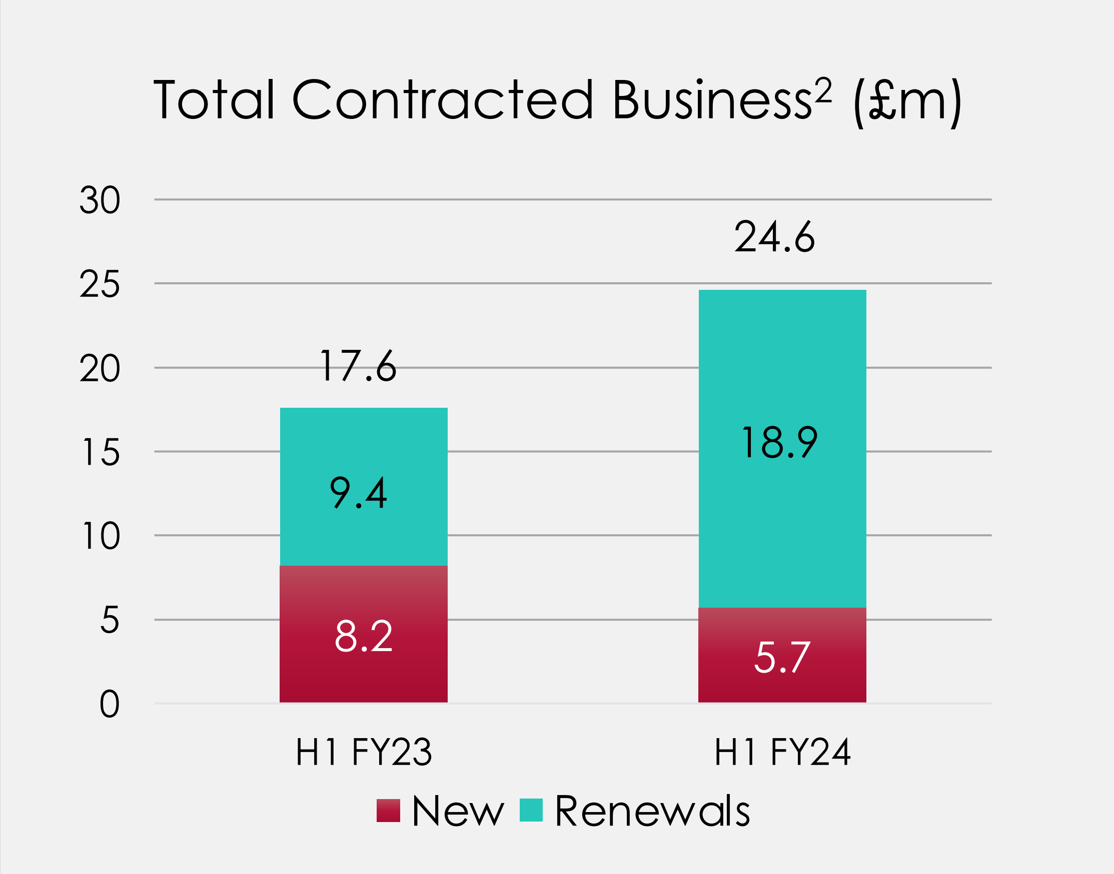
3. Total contracted business including new business and renewals with existing customers
4. New contracted business excluding renewals with existing customers

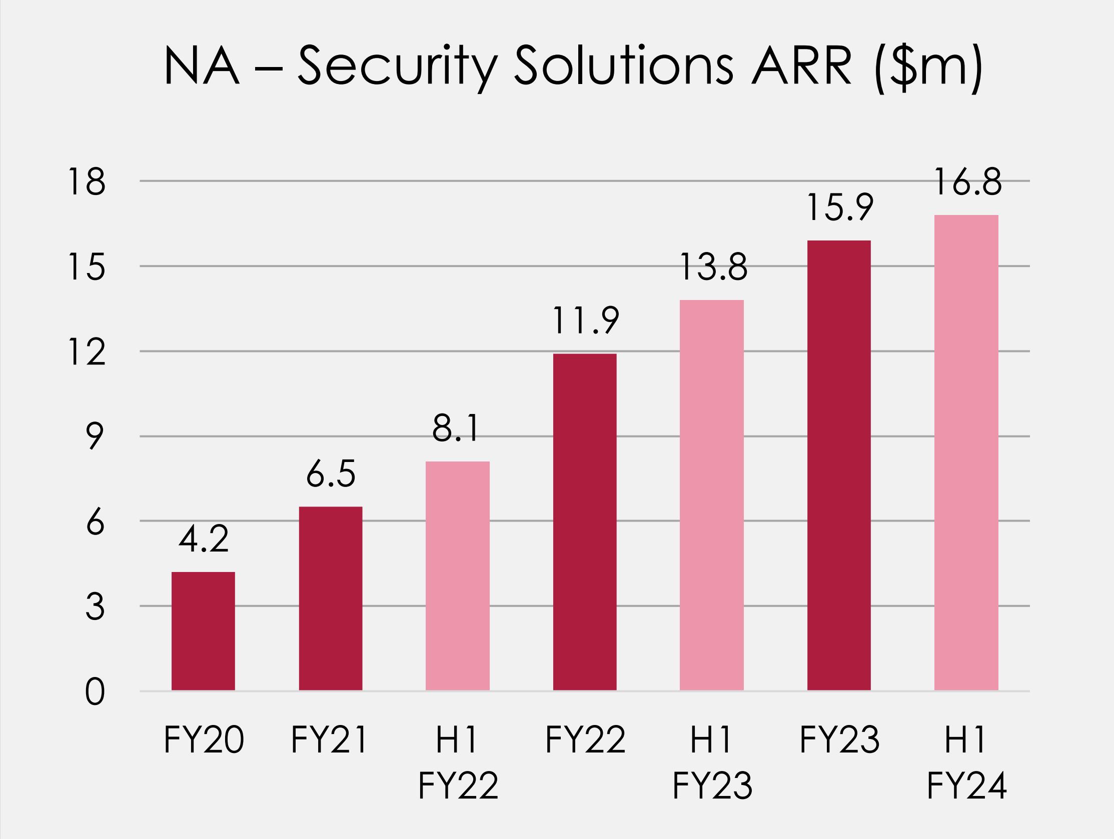
ARR, Contracted Business and Outlook.

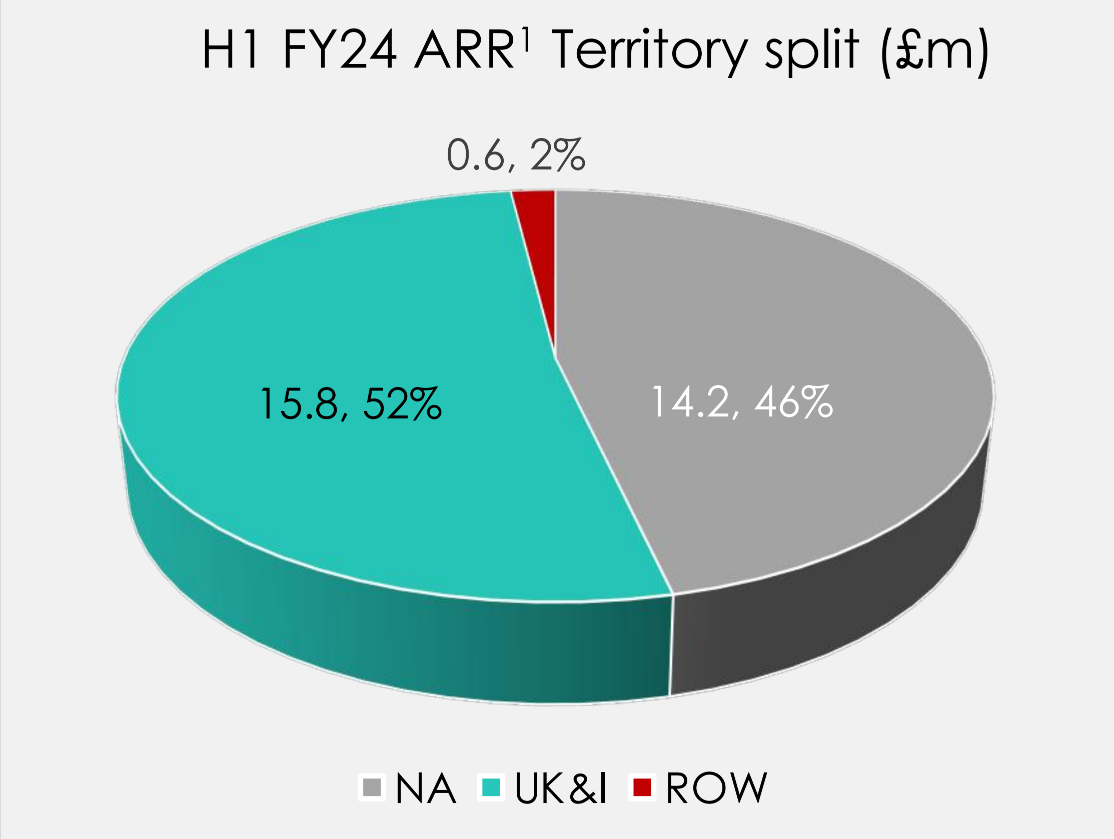
Record contracted business with multi-year renewals

- **Group ARR**[1] £30.6m, an increase of 7% (H1 FY23: £28.6m[1])
- **Total contracted business**[2] £24.6m up 40% (H1 FY23 £17.6m)
  - **Record order intake** driven by strong multi-year renewals and cross-selling and upselling
  - North America, seven renewals competed including Conifer, Lowes, TDS and Deluxe all 3+ years
  - UK & I renewals include Tenpin, Premier Inn, Capita O2, Vanquis Bank and Three
  - **New business** £5.7m (H1 FY23: £8.2m), 70% from existing clients
  - Record NA pipeline but extended sales cycles
- **FY24 profitability** in line with expectations:
  - Continued transition to SaaS delivery driving cost benefits, through improved efficiency
  - Operating profit margin expected to be circa 21%
  - SaaS headcount changes will improve FY25 margin by £1m+ underpinning expected growth









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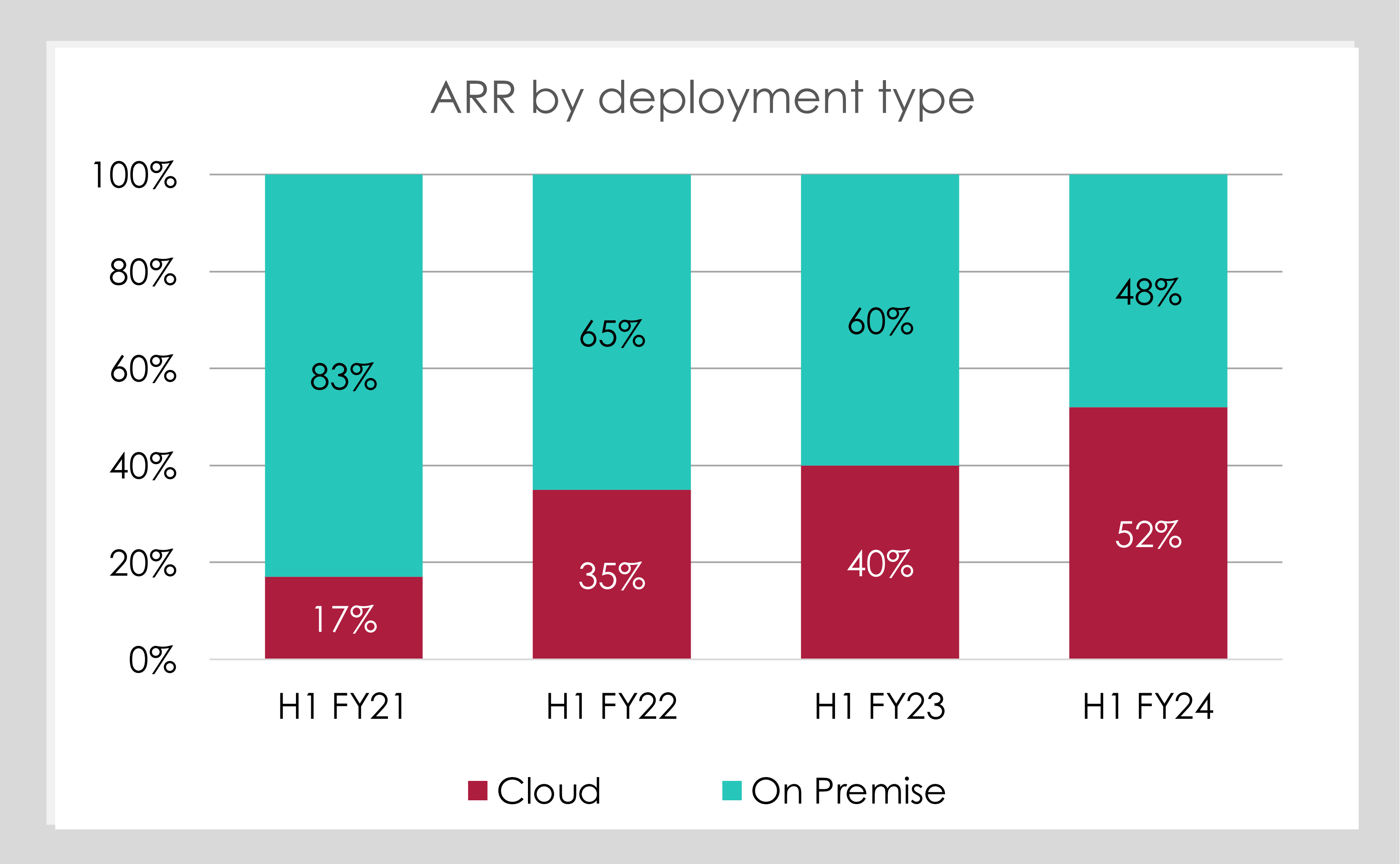
2. Total contracted business includes new business and renewals with existing customers.

Impact of Shift to the Cloud.

Planned SaaS transition and change in operating model progressing well

On premise (or Hybrid cloud)	*Ongoing shift*	Cloud (AWS or Azure)

• Contract value typically split:
  • 25 – 35% Hardware & implementation
  • 65 - 75% Licenses (incl support)
• Contract length usually 3-year minimum
• Charged monthly in arrears
• 65-75% recurring revenue
• Implementation times typically 6 – 8 months
	General contract features	• Contract value typically:
		  • 10 – 15% Implementation fees
		  • 85 - 90% Licenses / Data charges (incl support)
		• Contract length usually 3-year minimum
		• Historically charged monthly in arrears, moving to annual or quarterly in advance
		• 80-85% recurring revenue
		• Implementation times typically 4 months

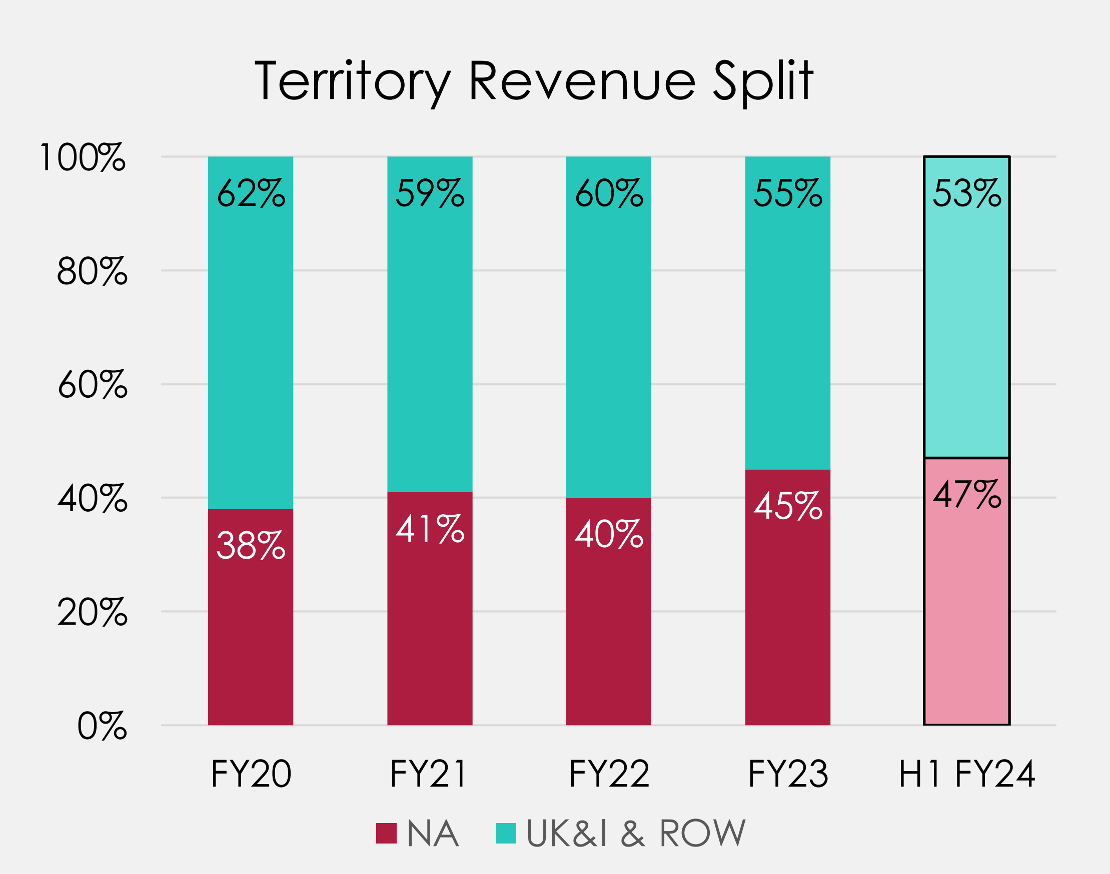
	**Financial benefits of cloud**	• Faster time to revenue
		• Improved gross profit margin
		  • UK&I margin c. 85%
		  • NA margin in FY21 73% vs H1 FY24 at 80%
		• Increased revenue visibility
		• Improved earnings quality - lower cost to serve

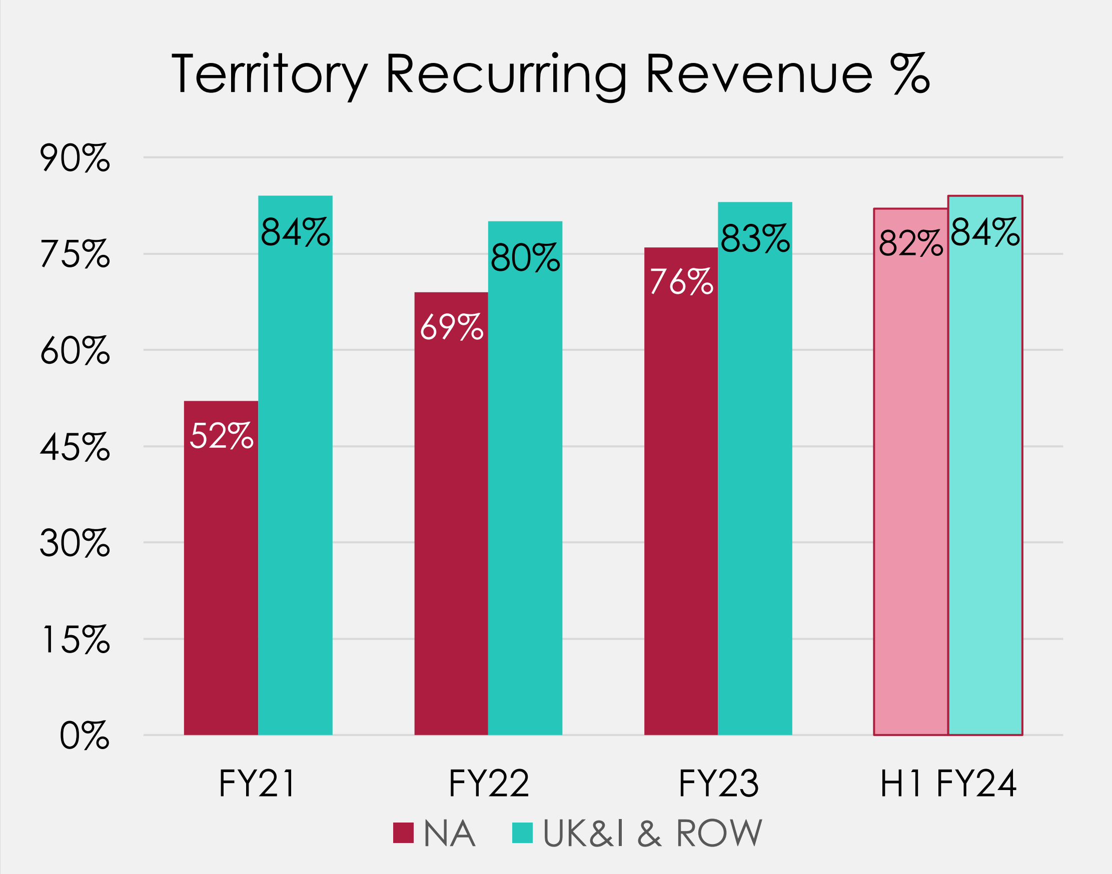
	Other benefits of cloud	• Faster access to the new product suite enables our ability to cross-sell and upsell • Auto-scaling of cloud platform delivers significant operational benefit and flexibility

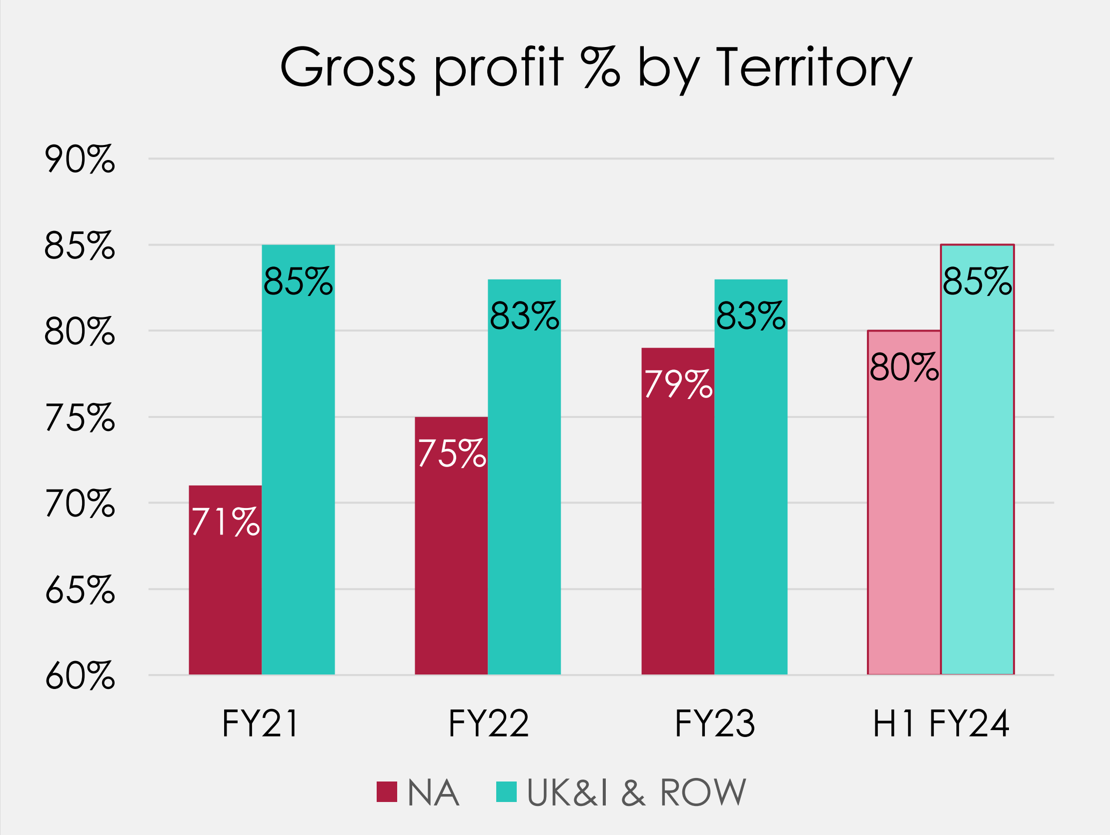
Territory Trading Summary.

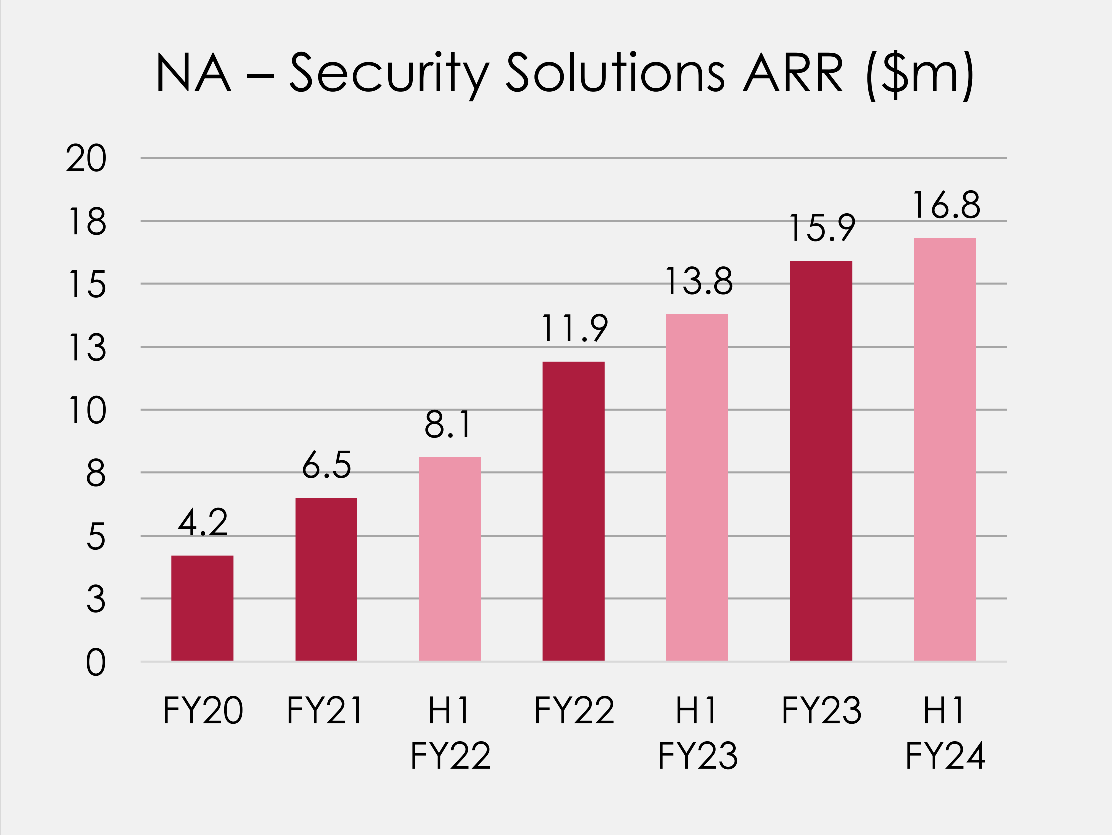
North America strengthening business model

- North America share of total revenue continues to grow; with the expectation it will represent circa 50% of Group revenue in FY24
- Cloud transition and successful renewals driving:
  - North America recurring revenue improvement from 52% in FY21 to 82% in this half
  - North America gross profit improvement from 71% in FY21 to 80% in this half
- UK&I and ROW recurring revenue and gross profit increased modestly to 84% and 85% respectively
- North America data security solutions ARR $16.8m, an increase of $3.0m or 22% year on year









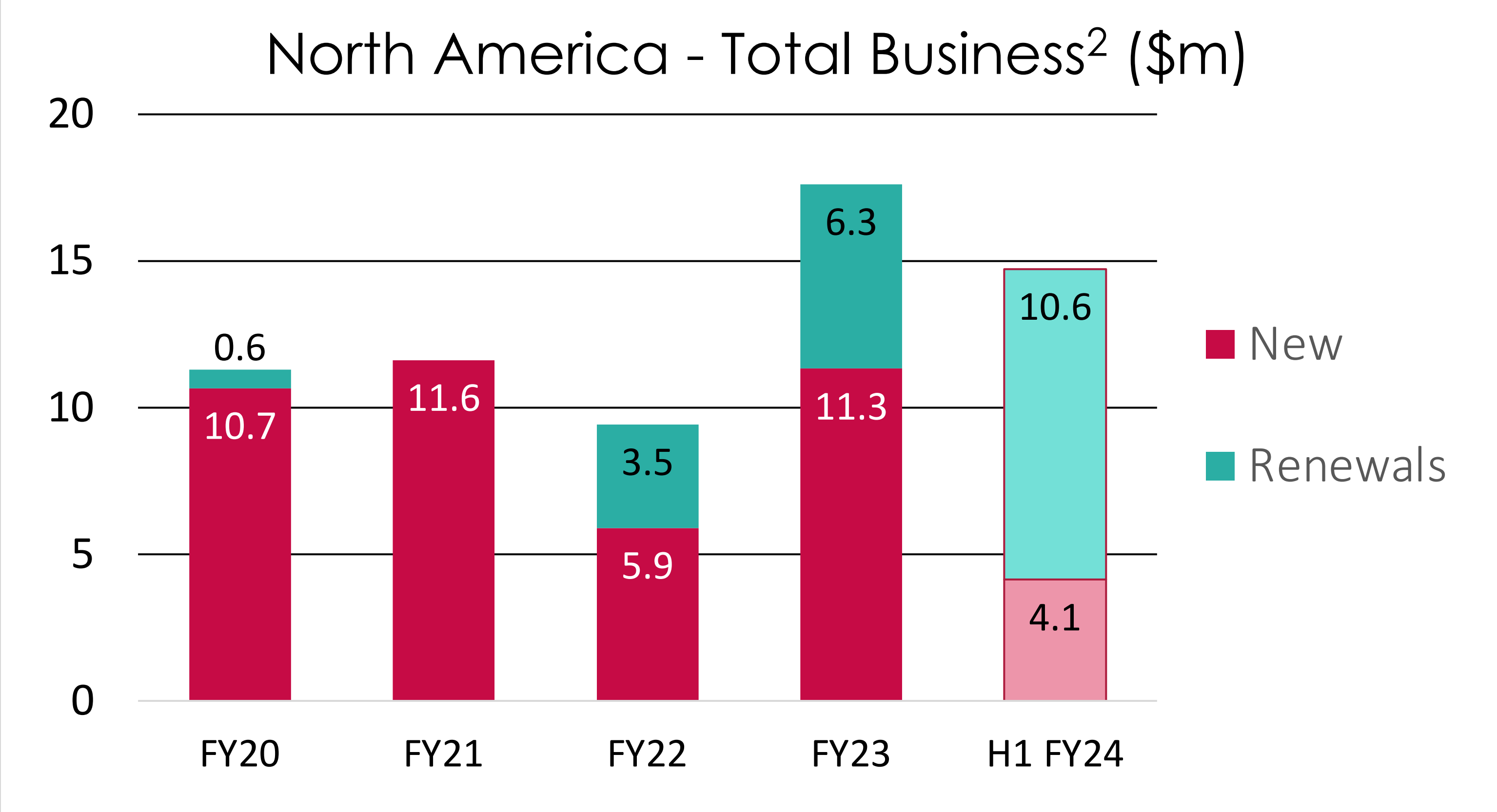
Operations, product and strategic update.

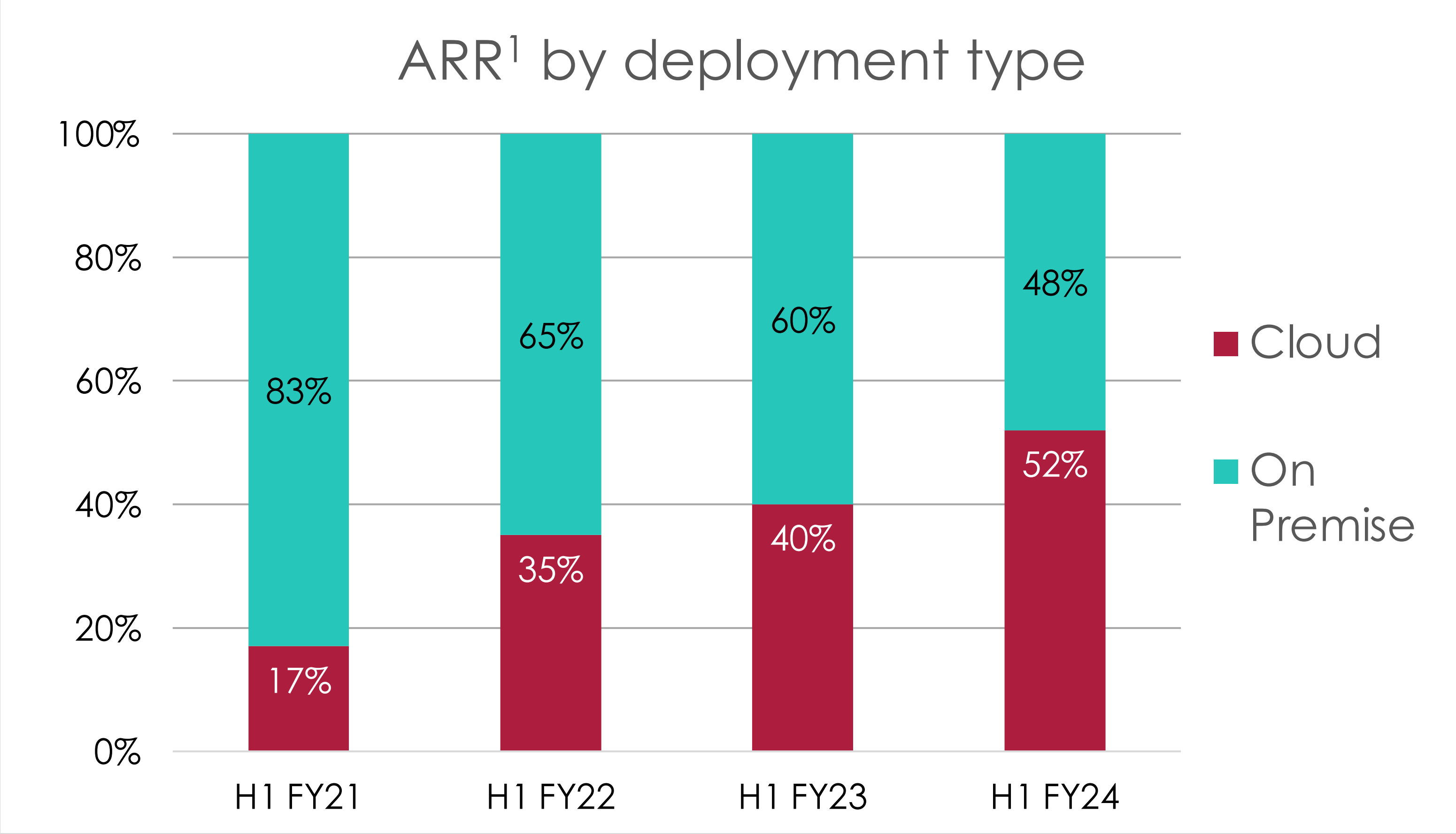
Operations Update – N.A. Security Solutions.

Eckoh

Ongoing shift to the cloud from new clients and migration of existing clients

- Cloud ARR[1] **now exceeds on-premise for the first time**, up from 40%
- Total orders for Data Security Solutions business[2] of $13.7m (H1 FY23: $6.5m) more than doubling prior year, driven by strong renewals
- **Seven contracts** scheduled for renewal in FY24 have already been completed, with most 3+ years and with increased recurring revenue
- The first renewals of large on-premise clients (and the transition to cloud) increases the visibility and quality of our earnings as the proportion of lower margin one-off revenues (from hardware and set-up) decrease
- New global commercial team is working well, with **meaningful pipeline** of cross-selling and upselling opportunities developed in H1
- **Record North America pipeline** with a number of deals where Eckoh is the selected supplier in an advanced stage





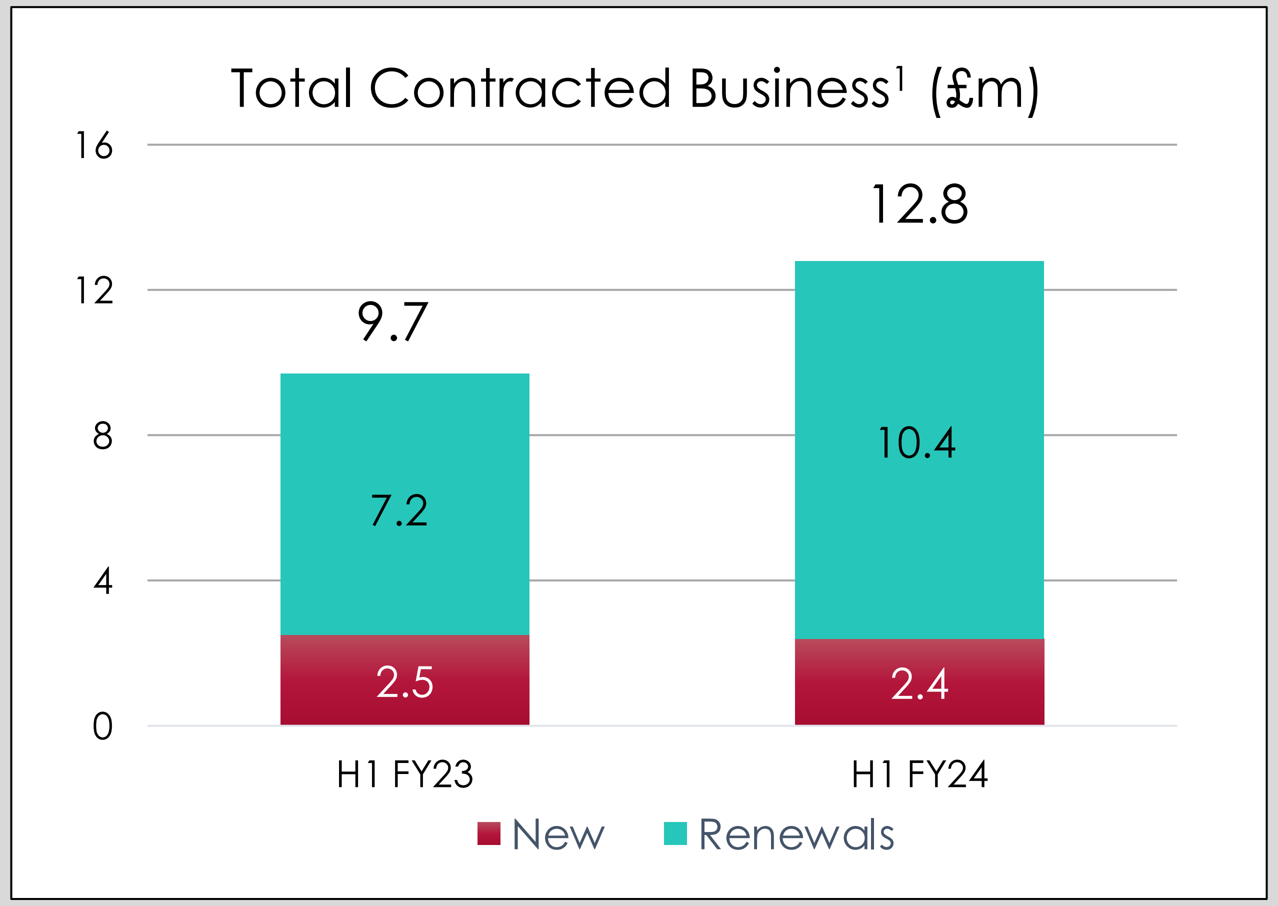
1. Annual recurring revenue of all contracts billing at the end of the period.
2. Total order value won during the year including new business and renewals with existing customers

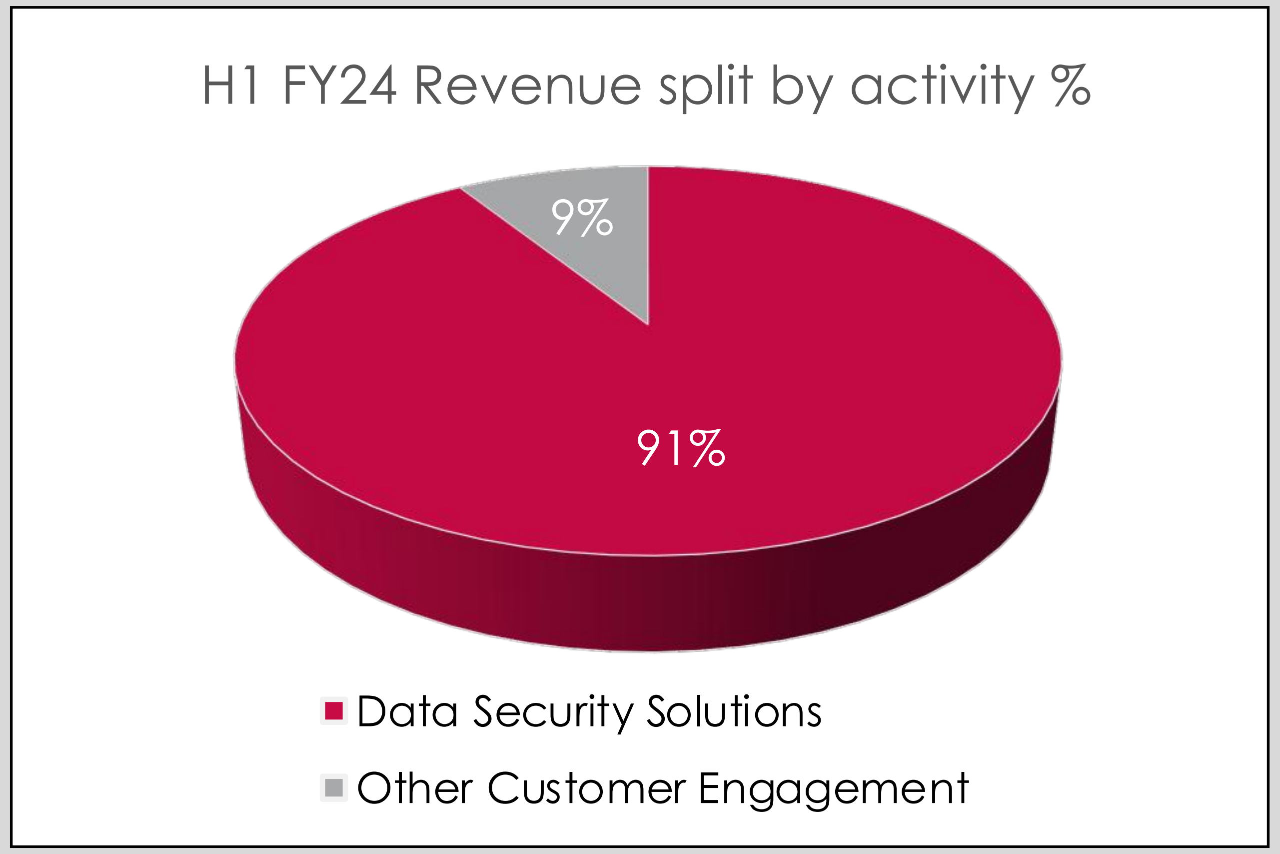
Operations Update - UK, Ireland & ROW.

Eckoh

High conversion & strong renewals

- Total orders[1] of **£12.8m, up 32%** largely due to high conversion of renewals and timing of large renewals
- Ongoing transition to a data security only proposition, with the proportion of client revenue coming from clients who take data security solutions now at 91%, up from 79% in H1 FY23
- The four largest contract renewals in H1 FY24 were worth a combined £6.9m, all were multi-year and each client takes security solutions in their service offering. One mid-sized client was lost due to receivership
- Three clients are now live with Secure Call recording, with more expected in the second half





1. Total order value won during the year including new business and renewals with existing customers

Secure Engagement Suite.

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1. Voice Security
- Core patented products (CallGuard and CardEasy) that protects agent taken phone payments

2. Secure Speech
- Speech recognition for secure payments where key entry is unviable or preferred

3. DataGuard
- Secures other personal data as well as payment information (e.g. Social Security Numbers)

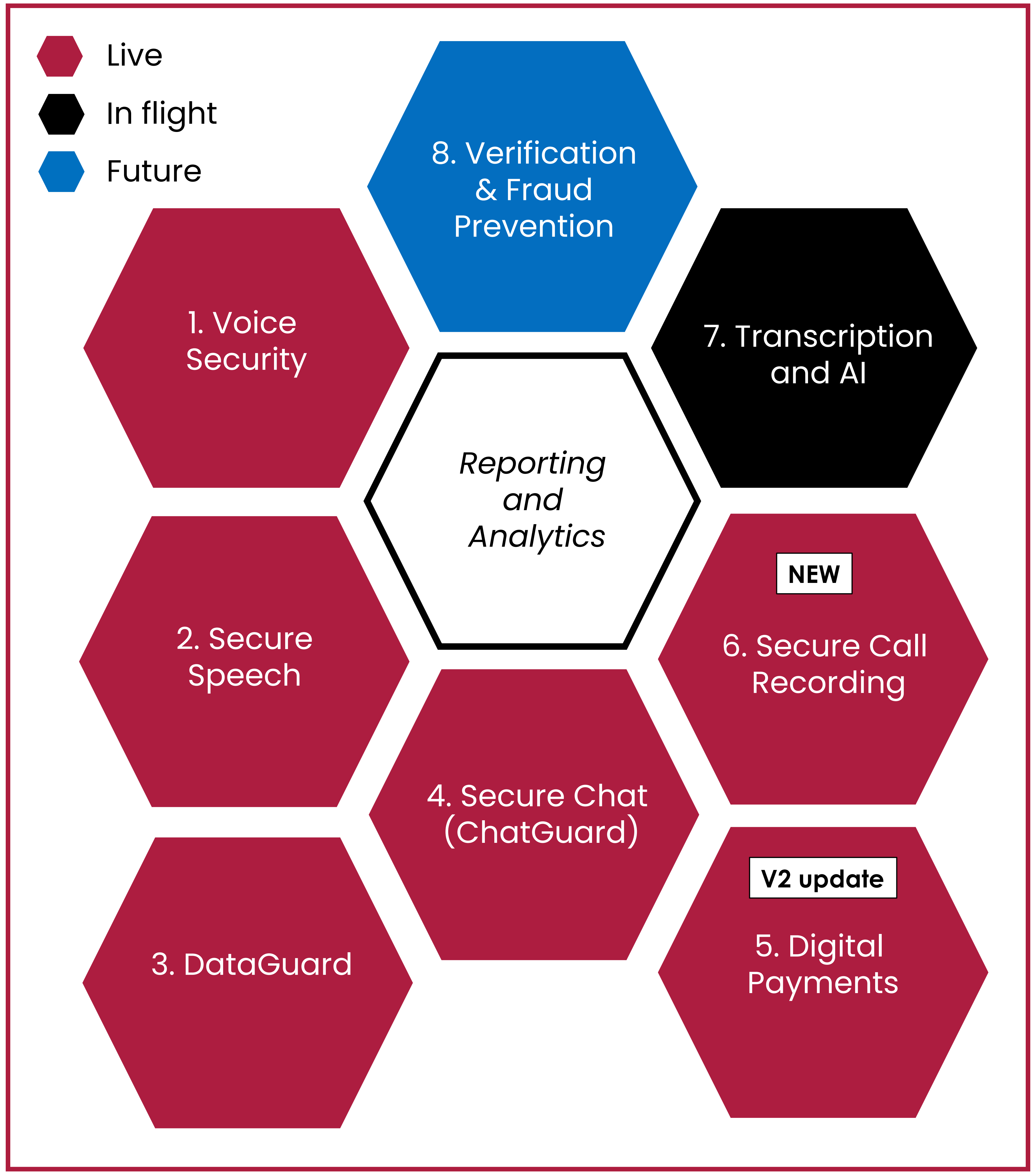
4. Secure Chat and ChatGuard
- Live chat solution to take payments securely
- IP Protected ChatGuard solution that can be embedded into any chat solution

5. Digital Payments – v2 launched Oct 2023
- Allows customers to pay through a secure mobile link whilst connected to a contact centre agent, using all payment methods (e.g. Apple Pay, Google Pay, PayPal, open banking)

6. Secure Call Recording
- Records, transcribes and analyses voice calls whilst redacting sensitive information
- Increases TAM by covering any client that records calls, not just those who take payments

7. Transcription and AI
- Using real time transcription to enable agents to deliver effective and fast assistance
- Increases TAM - includes any company that needs to enhance agent performance, especially hybrid workers

8. Verification & Fraud Prevention
- Improving verification process between agent and consumer to help identify fraudulent activity using patented IP



Growth Drivers in a Global Market.

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Contact centre hybridisation

US Contact Centres with more than half their agents working remotely

2019	2020	2021	2022
10%	87%	89%	77%

US Contact Centres with no home agents

2019	2020	2021	2022
19%	0%	3%	6%

- Huge increase in Contact Centre agents working remotely – a permanent shift originally driven by the pandemic

Increasing data security standards and more aggressive regulation

- PCI-DSS* - Eckoh's core product set (CallGuard and CardEasy) provides full PCI-DSS compliance for customers (reducing cost and risk). **PCI V4 is effective April 2024**
- Broader data protection standards and regulations drive heightened awareness and the need to protect data (e.g. GDPR, CCPA/CPRA, MIFIDII, HIPAA, PSD2/SCA

Shift to cloud

- Ongoing shift to the cloud is leading to a reassessment of enterprise contact centre technology investment
- Improved ability to cross-sell other Eckoh products from the Secure Engagement Suite and increase proportion of recurring revenue

Brand value protection

- Personal data breaches are a continuing and growing risk for big brands
- Cost of living crisis is accelerating levels of fraud and increasing collection issues

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- Traditional methods of securing voice agents in a Contact Centre are no longer effective
- The best way to secure data is not to collect it – Eckoh is the clear market leader in this
- In combination with the cost-of-living crisis, remote working has increased data security problems

US STATE PRIVACY LEGISLATION PROGRESS

SIGNED | IN PROCESS | INACTIVE | NO BILL YET

Implementation of new PCI DSS v4.0 standard.

Eckoh

Increased complexity and cost expected to drive further outsourcing to Eckoh

- Eckoh has maintained continual PCI DSS level 1 compliance since 2010 (v2.0)
- The new standard was first published in March 2022 with **mandatory audits** for compliance with v4.0 applicable from **April 2024**
- **Challenges from PCI v4.0:**
  - Standard has evolved to reduce risk and increase security
  - Security now a continuous process
  - 60 new Requirements added, 71 Requirements changed and updated
  - Small word changes can have large repercussions
  - Many future 'Best Practice' dated requirements included
  - More resources required to complete BAU processes
  - Increased evidence collection at Audit time, is likely to drive up compliance costs to merchants
- With PCI DSS still being the regulatory standard that drives most sales conversations for Eckoh, it is anticipated that the challenges (and increased risk) associated with implementing v4.0 by merchants will lead to an increase in sales opportunities

PCI Release Timeline and Complexity		
Release	Version	Pages
Dec 2004	1.0	12
Sept 2006	1.1	17
Oct 2008	1.2	73
July 2009	1.2.1	74
Oct 2010	2.0	75
Nov 2013	3.0	112
Apr 2015	3.1	115
Apr 2016	3.2	139
May 2018	3.2.1	139
March 2022	**4.0**	**360**

Strategic Goals.

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Our Mission
To set the standard for secure interactions between consumers and the world's leading brands

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

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

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

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

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

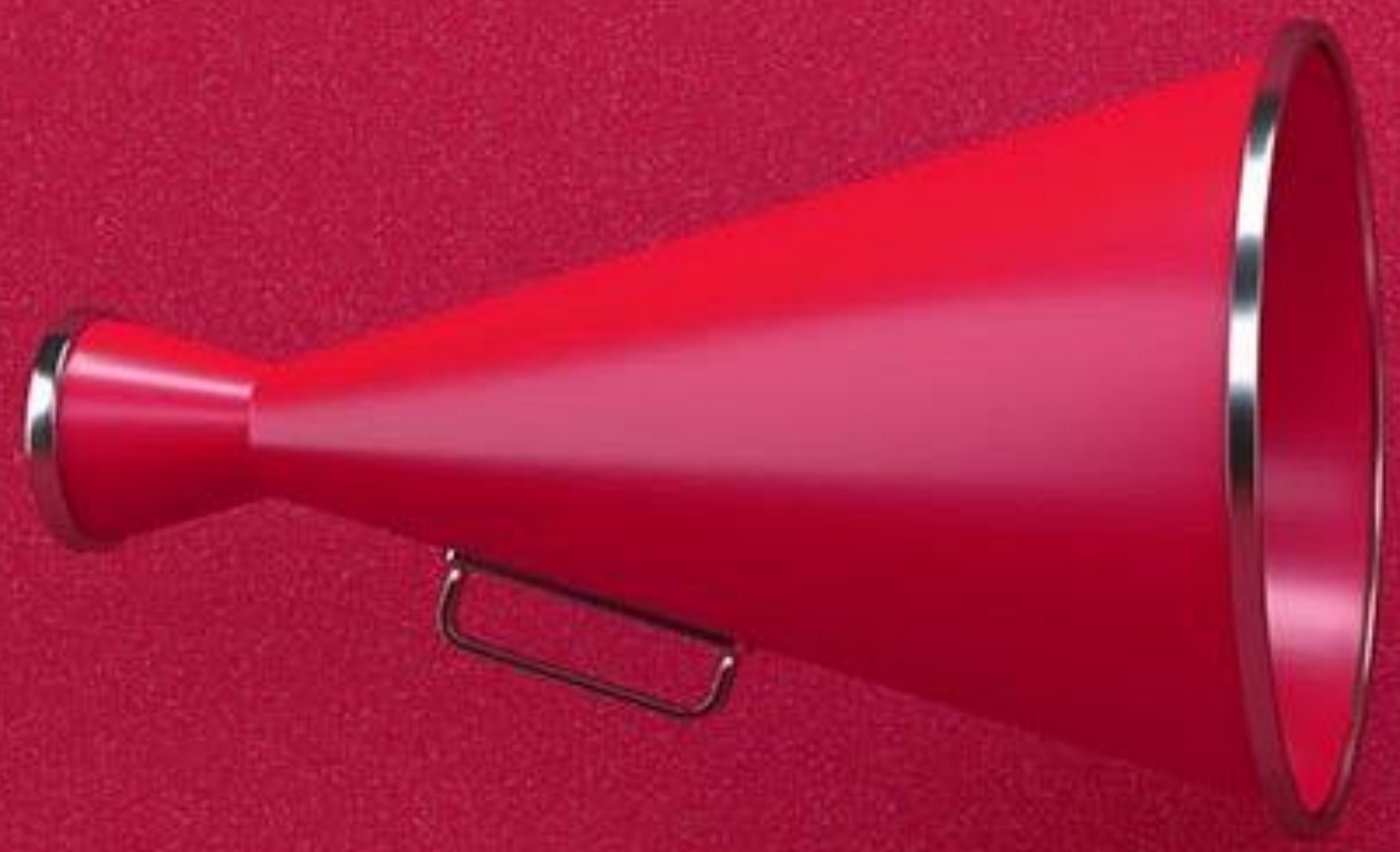
Summary and Outlook.

Eckoh

- Record order conversion and record North America pipeline
- Good strategic progress with the ongoing cloud transition, encouraging levels of cross-selling and upselling, the growth of the North American market and SaaS benefits coming through
- New global commercial strategy developing well as expected
- Optimally positioned for outsourcing trend with evolving regulatory change (PCI DSS v4.0), increasing compliance complexity and security challenges for businesses
- Significant TAM enhanced with new Secure Engagement Suite
- Outlook remains positive, on track to deliver FY24 expectations and expected growth in FY25

Thank You.

Eckoh



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Investment Case.

Eckoh

- Long term growth drivers
  - Significant market opportunity – a largely untapped market, enhanced with new product
  - Patented IP and limited competitive threat – no homegrown US competitor
  - Macro factors - shift to remote working, ongoing data breaches and increased regulation
- Strong momentum building in North America
  - Strong levels of growth – CAGR of 30% in last 5 years and 82% jump in ARR
  - Significant cross selling opportunity in large enterprise accounts
- High revenue visibility
  - High recurring revenue - 83% at a group level
  - Group ARR growing strongly – Up 7% to £30.6m
  - 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

Appendix - History.

Eckoh

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
June 2003	Eckoh moves to AIM, focusing on assisting B-to-C enterprise clients with contact centre engagement
Oct 2010	Level 1 PCI DSS Accreditation received, growth from EckohPay product
Jan 2012	EckohPROTECT (later relaunched as CallGuard) generating significant sales interest
June 2013	Acquisition of Veritape Limited (On-premise payments solution provider) bringing key IP and patents
Nov 2015	Acquisition of Product Support Solutions ('PSS Help') for $8m to expand new Eckoh Inc operation
July 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 further key US patents awarded for Eckoh's secure payments solutions
Sep 2018	Largest payment to date deal to date, worth $7.4m
June 2021	Resilient business model ensures robust performance despite pandemic
Dec 2021	Acquisition of UK-based security solutions provider Syntec for £31.0m brings additional tech, IP and people
June 2023	Enhanced global cloud Secure Engagement Suite driving future growth

Appendix - Financial Information.

Appendix – Income Statement.

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£'000	H1 FY23	H1 FY24
Recurring revenue	15,477	15,510
One-Off revenue	4,113	3,262
Revenue	**19,590**	**18,772**
Recurring revenue %	*79%*	*83%*
Gross Profit	15,531	15,504
Gross profit margin %	*79.3%*	*82.6%*
Administrative expenses	(12,573)	(14,049)
Memo: Adjusted Administrative expenses	*(11,342)*	*(11,759)*
Operating Profit	**2,958**	**1,455**
Adjusted Operating Profit	**4,189**	**4,019**
Adjusted operating profit margin %	*21.4%*	*21.4%*
Amortisation of acquired intangible assets	(1,237)	(1,237)
Exceptional costs	-	(916)
Share based payments	6	(411)
Profit from operating activities	**2,958**	**1,455**
Interest	(68)	93
Profit before taxation	**2,318**	**1,548**
Taxation	(743)	(274)
Total income for the period	**1,575**	**1,274**

- Recurring revenue growth > total revenue growth with impact of shift to cloud
- One-off revenue – hardware & implementation fees spread evenly over contract term, typically 3-years. Recognition starts when client goes live.

- Improving GP margin with shift to cloud
- Strong cost control, key costs are people, IT and marketing.
- Adjusted Admin expenses increased half on half by 3.7%, H1 FY23 includes a gain of £0.7m and H1 FY24 includes a loss of £0.1m, after excluding these FX movements in both years. Costs decreased year on year by 4%.
- Operating profit margin improvements driven by shift to cloud plus integration of Syntec and acquisition synergies. Excluding FX gains and losses in each year, operating profit margin improved by 410 basis points.
- Exceptional costs include restructuring costs and legal costs

Appendix – Group Balance Sheet.

Eckoh

£'000	31 Mar 2023	30 Sept 2022	30 Sept 2023
Non-Current Assets	**42,805**	**46,110**	**41,267**
Intangible Fixed Assets	37,500	38,860	36,497
Property, Plant & Equipment	4,181	4,433	3,945
Leased Assets	995	1,282	668
Deferred Tax Asset	129	1,535	156
Current Assets	**17,772**	**18,209**	**17,739**
Inventories	254	295	223
Trade and Other Receivables	11,778	13,556	10,238
Cash and cash equivalents	5,740	4,358	7,278
Total Assets	**60,577**	**64,319**	**59,005**
Current Liabilities	**(16,672)**	**(18,645)**	**(13,776)**
Trade & Other Payables	(16,190)	(18,036)	(13,294)
Loans & Other Borrowings	-	-	-
Lease Liability	(482)	(609)	(482)
Non-Current Liabilities	**(2,097)**	**(3,754)**	**(1,766)**
Total Liabilities	**(18,769)**	**(22,806)**	**(15,542)**
Net assets	**41,807**	**41,920**	**43,463**

- Intangible assets increased in 2022 following the acquisition of Syntec
- Property, Plant & Equipment mainly comprises the UK HQ
- Leased assets include the US office in Omaha and a UK datacentre
- Group will become tax paying in FY24

- The Group has a RCF with Barclays Bank of £5m, at 31 Mar 2023, 30 Sept 2022 and 30 Sept 2023 the RCF was undrawn.

Appendix – Cashflow Statement 30 Sept 2023.

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£'000	31 Mar 2023	30 Sept 2022	30 Sept 2023
Cash flow from operating activities			
Cash from operations	6,956	2,788	2,696
Tax received (paid)	(178)	(335)	(292)
Interest paid on lease liability	(53)	(29)	(18)
Net cash from operating activities	**6,725**	**2,424**	**2,386**
Net cash from investing activities	**(1,130)**	**(654)**	**(373)**
Net cash from financing activities	**(2,643)**	**(260)**	**(441)**
Increase (decrease) in cash	**2,952**	**1,510**	**1,572**
Cash beginning of period	2,840	2,840	5,740
Effect of exchange rate on cash held	(52)	8	(34)
Cash end of period	**5,740**	**4,358**	**7,278**

Group cash flow

- Investing activities - Capital additions typically between £1m – £1.5m annually.
- Financing activities – includes the annual dividend plus lease payments (circa £0.5m), FY23 dividend paid in Oct - £2.2m

Financial Profile.

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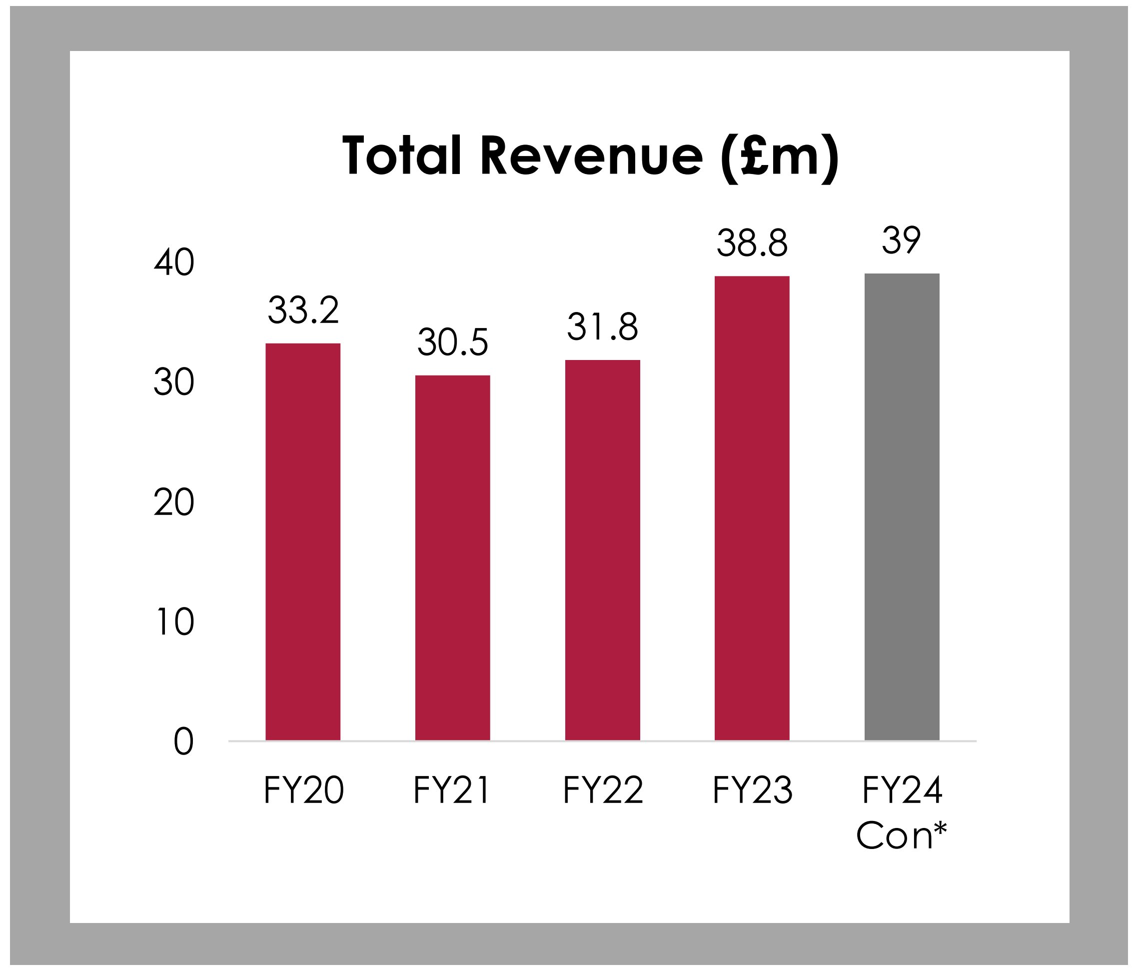

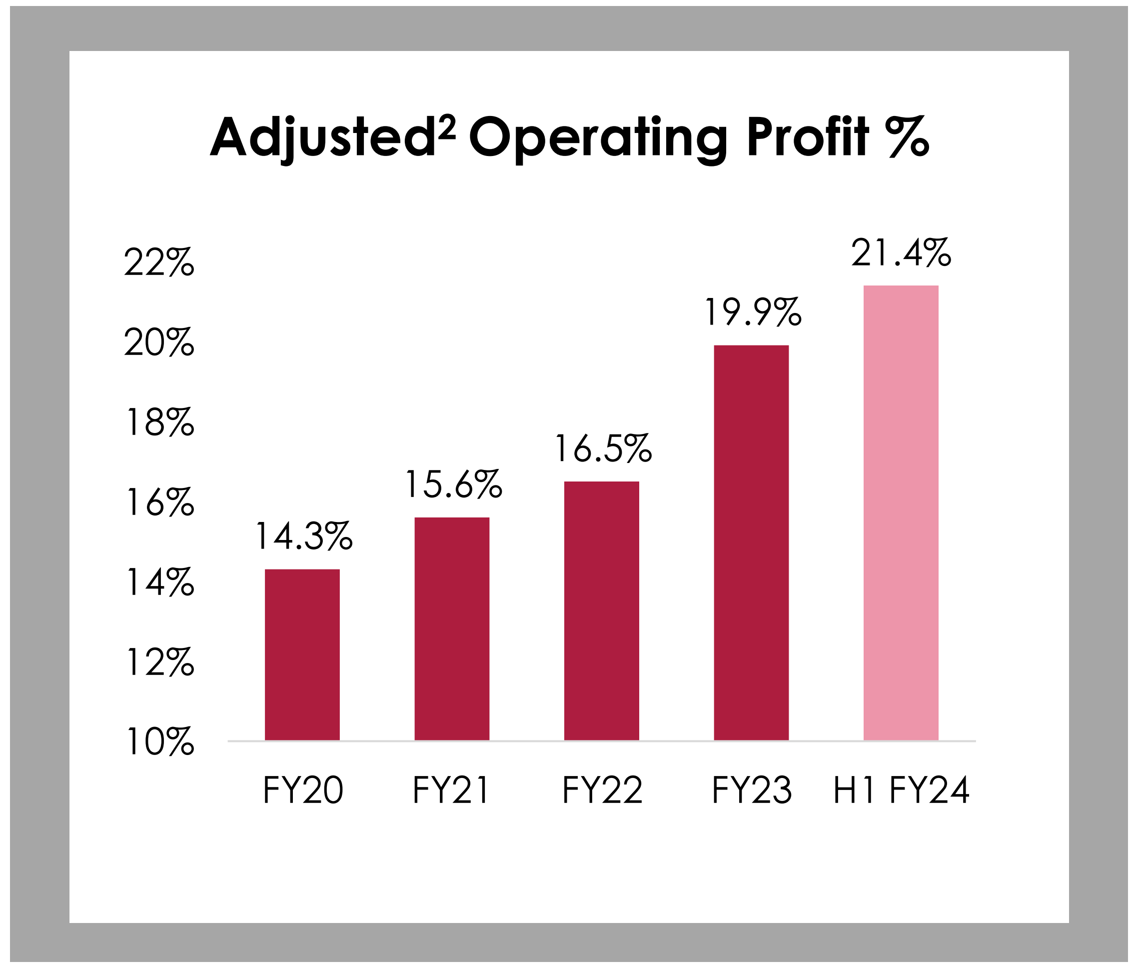

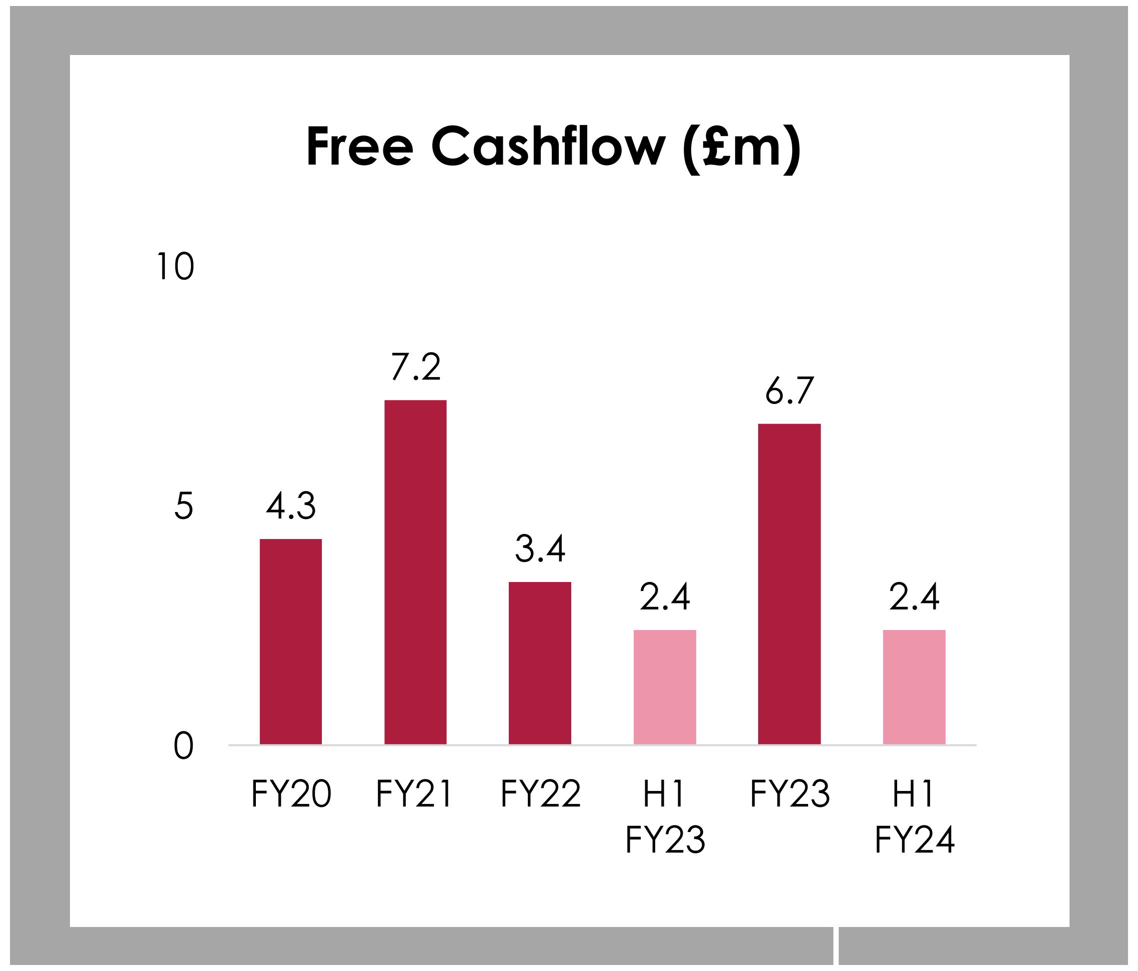

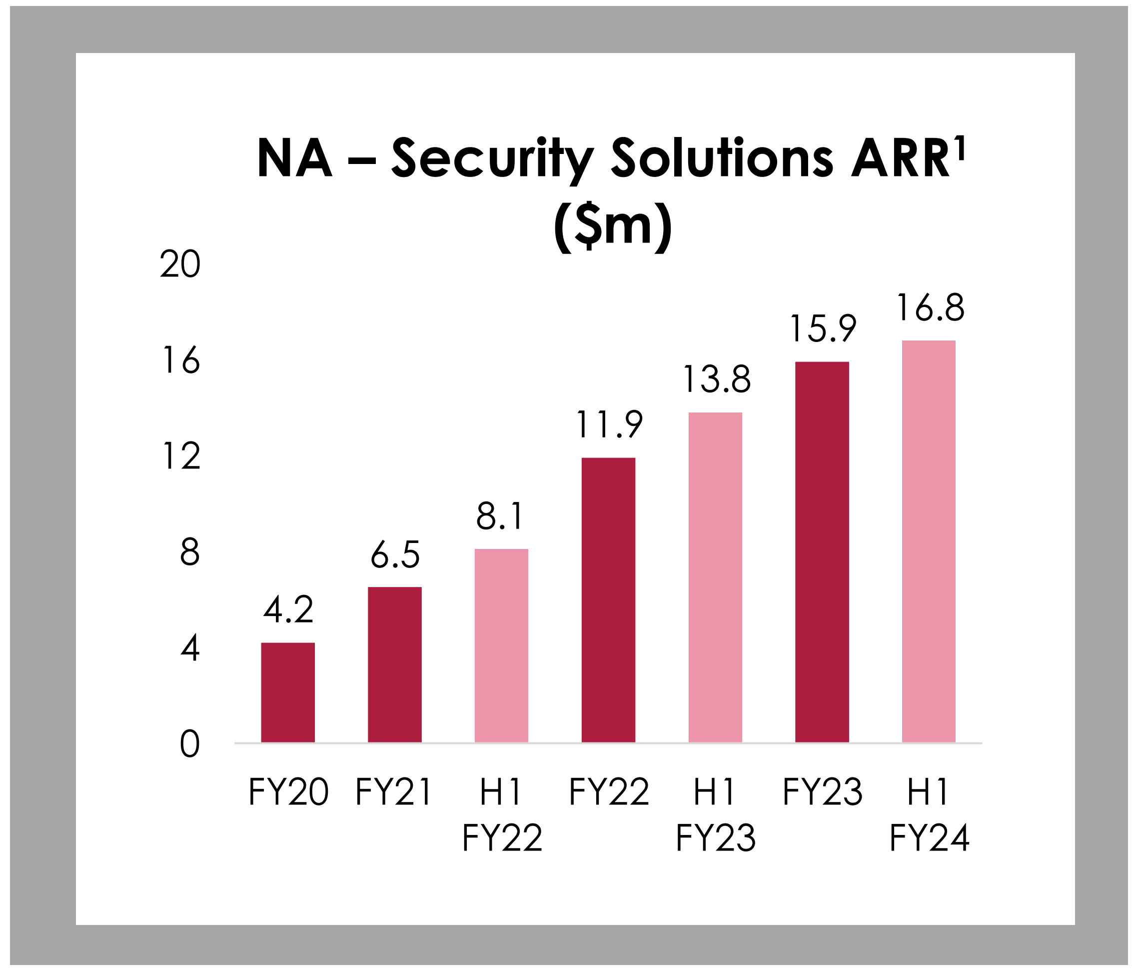

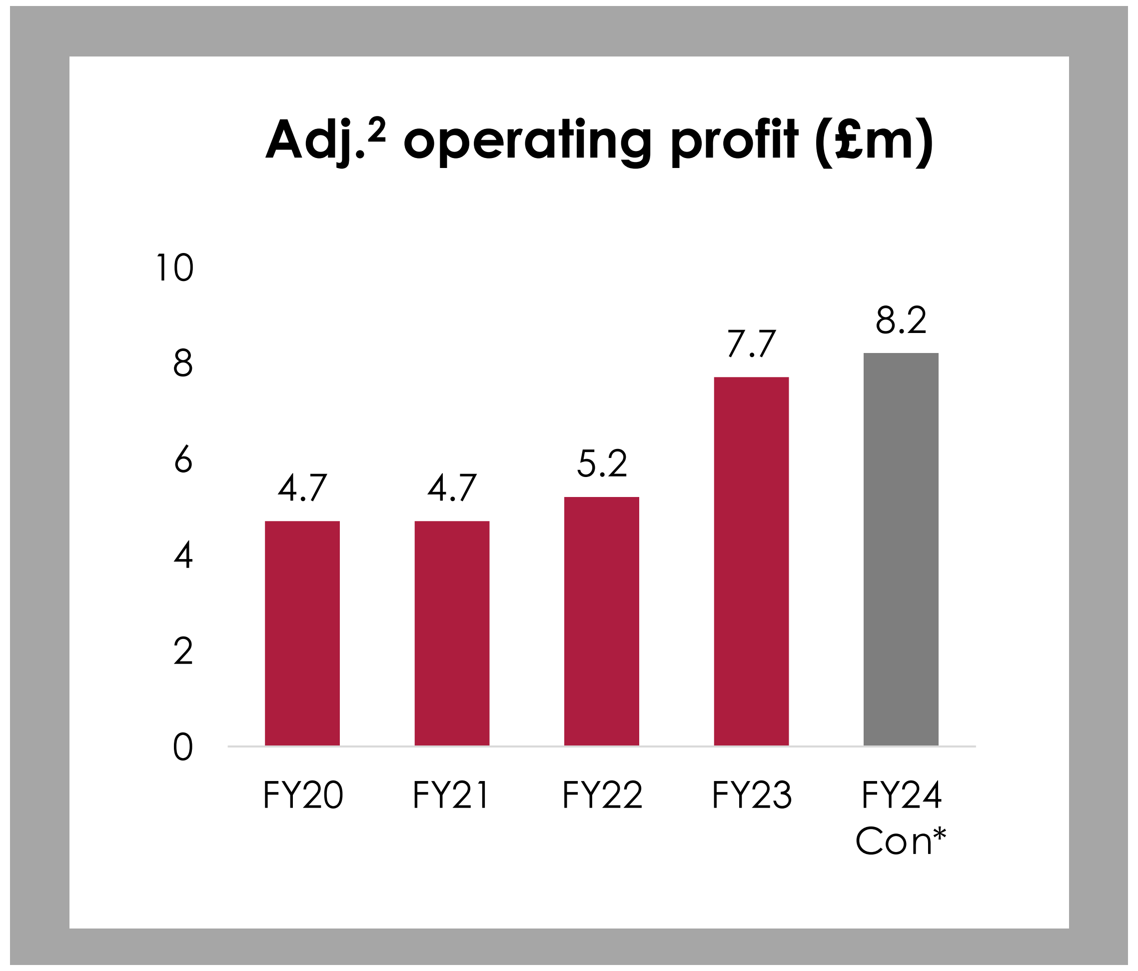

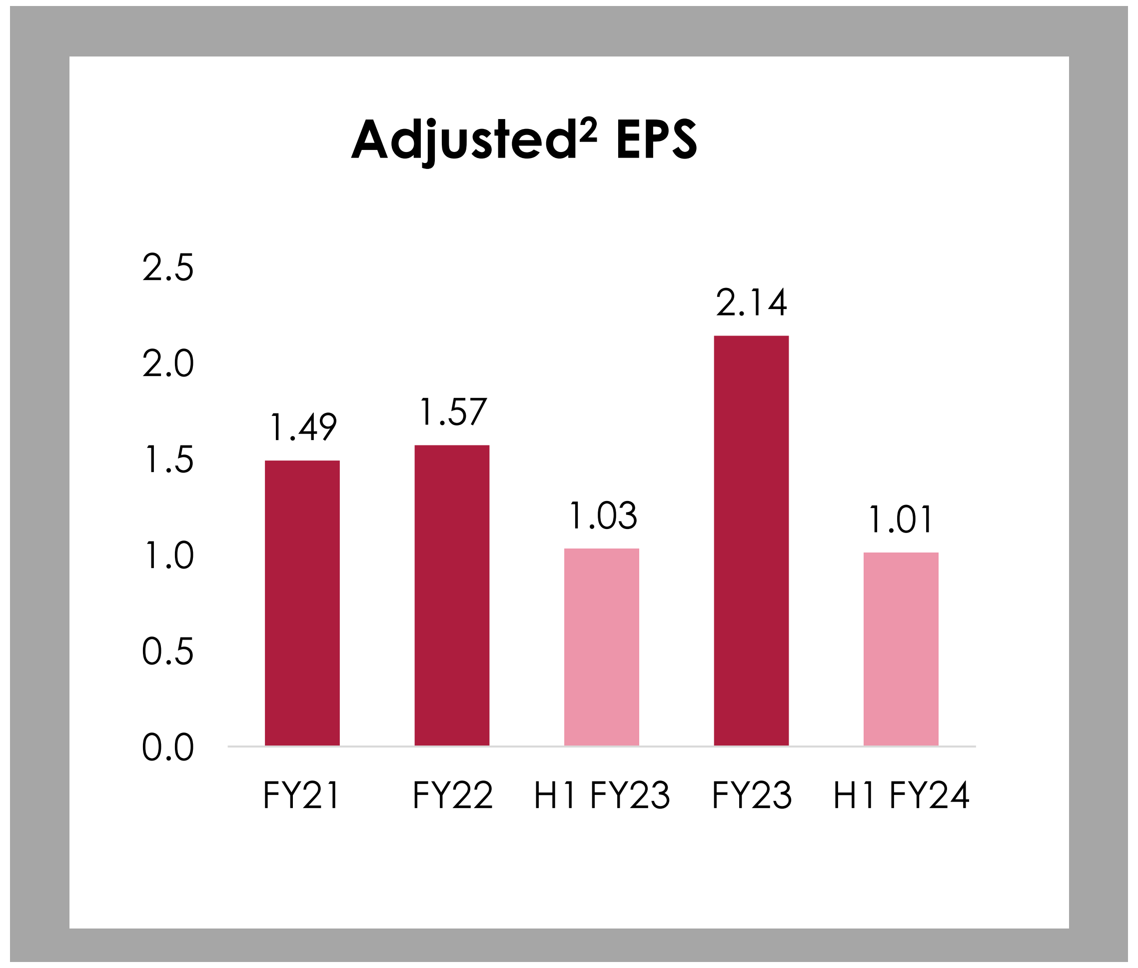

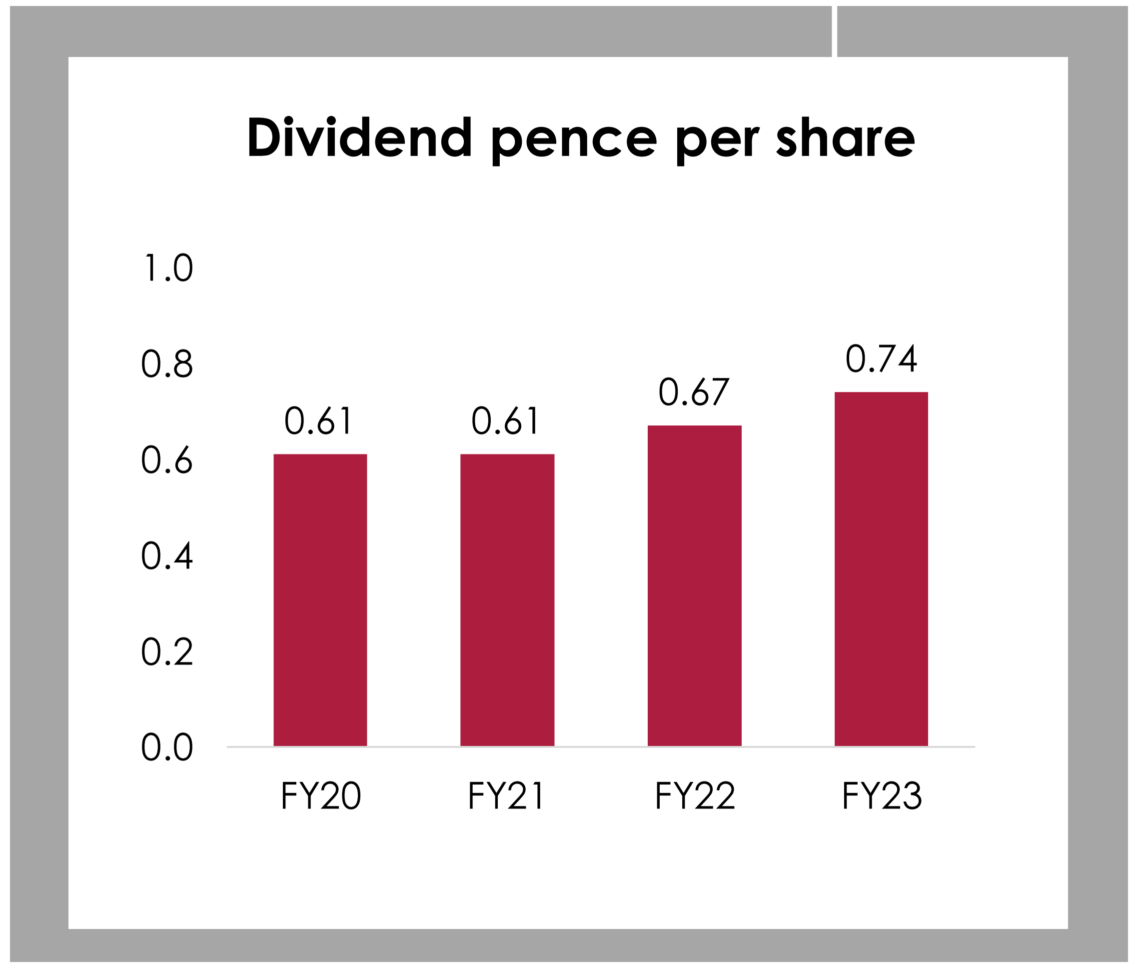

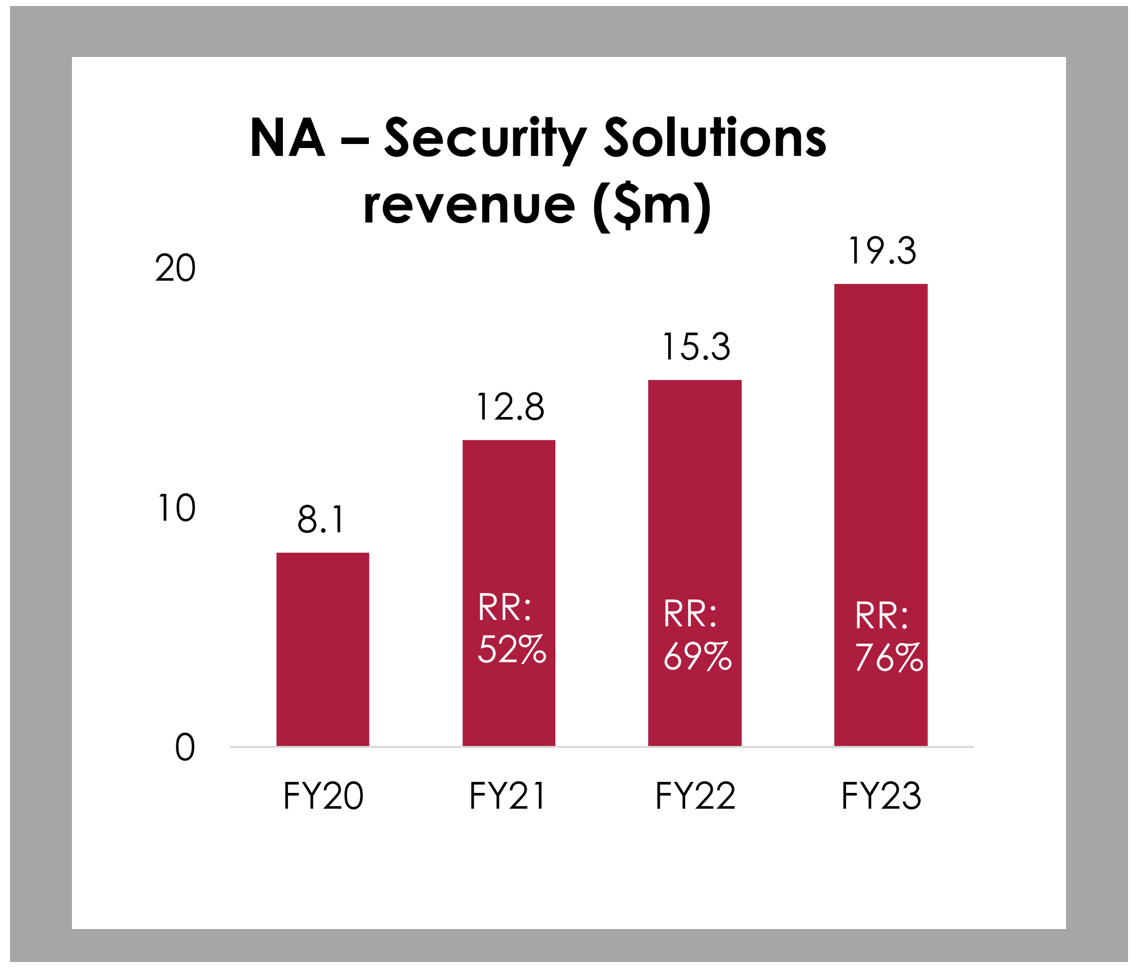

1. Annual recurring revenue of all contracts billing at the end of the period. Included in Group ARR is all revenue that is contractually committed and an element of UK revenue that has proven to be repeatable, but not contractually committed.

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