



# Engage. Secure. Protect.

Eckoh results for the period ended September 30<sup>th</sup> 2022

Eckoh<sup>•</sup>

# Agenda.



1	<b>Results overview and strategic view</b>
2	<b>Financial highlights</b>
3	<b>Operations review</b> NA operation UK&I operation ROW operation
4	<b>Customer Engagement Security Solutions</b>
5	<b>Summary</b>

# Highlights.

- ❑ Strong trading performance with progress in all areas
- ❑ Strong ARR<sup>1</sup> growth especially in the US, driven by our clients' need to protect data
- ❑ Integration of Syntec ('Syntegration') proceeding in line with our expectations
- ❑ Unification and enhancement of security solutions offering on track
- ❑ Encouraging initial levels of cross selling from the new portfolio
- ❑ Industry changes and ongoing shift to cloud supporting growth opportunity
- ❑ Outlook remains positive, on track to deliver material growth in FY23<sup>2</sup>

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.

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

# Financial Highlights H1 FY23.

## Group ARR <sup>1</sup>

£27.8m

↑ 52% ↑ 45%<sup>2</sup>  
(Sep 30, 2021 £18.3m)

## NA Security ARR <sup>1</sup>

\$13.8m

↑ 71% +\$5.7m  
(Sep 30, 2021 \$8.1m)

## Revenue

£19.6m

↑ 33% ↑ 26%<sup>2</sup>  
(H1 FY22: £14.7m)

## Total business <sup>3</sup>

£17.6m

↑ 54% ↑ 47%<sup>2</sup>  
(H1 FY22: £11.5m)

## Operating profit <sup>4</sup>

£4.2m

↑ 52%  
(H1 FY22: £2.8m)

## Adj. diluted EPS

1.06 pence

↑ 32%  
(Sep 30, 2021 0.8 pence)

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. Contracted business including new business and renewals with existing customers

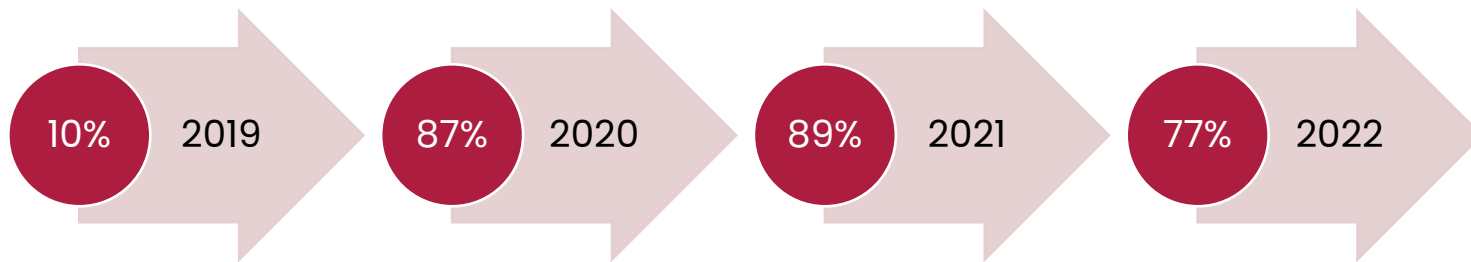
4. Excluding expenses relating to share option schemes, amortisation of acquired intangible assets, restructuring and acquisition costs

# Growth Drivers in a Global Market.



- ❑ High levels of remote working in the contact centre industry remains, increasing security concerns
- ❑ Cost of living crisis is accelerating levels of fraud and increasing collection issues
- ❑ Ongoing shift to the cloud is leading to a reassessment of technology investment

# Industry Trend – Shift to home-based agents.\*



- Pre-pandemic only 10% of US Contact Centres had more than 50% of their agents working remotely
- This peaked at 89% in 2021, but post-pandemic that figure is still 77%

**This trend provides a massive opportunity for Eckoh's new proposition, not just for security but also agent performance and efficiency**

# Strategic Goals.

- ❑ Capturing further market leadership in Customer Engagement Security Solutions
- ❑ Capitalise on structural developments in the 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 security



# Summary Financials.

£M	H1 FY23	H1 FY22	Variance
<b>Revenue</b>	<b>19.6</b>	<b>14.7</b>	<b>+33%</b>
Gross profit	15.5	11.9	+31%
Gross profit margin (%)	79%	81%	-120bp
<b>Adjusted<sup>1</sup> EBITDA</b>	<b>5.0</b>	<b>3.5</b>	<b>+44%</b>
Adjusted <sup>1</sup> operating profit	4.2	2.8	+52%
<b>Profit before tax</b>	<b>2.9</b>	<b>2.4</b>	<b>+23%</b>
Adjusted Diluted earnings per share	1.06	0.80	+32%
<b>Change in working capital</b>	<b>(1.9)</b>	<b>(1.9)</b>	<b>n/a</b>
Cash generated from operating activities	2.4	1.6	+53%
<b>Cash &amp; Net Cash</b>	<b>4.4</b>	<b>12.7</b>	<b>n/a</b>
Total contracted business <sup>2</sup>	17.6	11.5	+54%
<b>New contracted business<sup>3</sup></b>	<b>8.2</b>	<b>4.9</b>	<b>+67%</b>

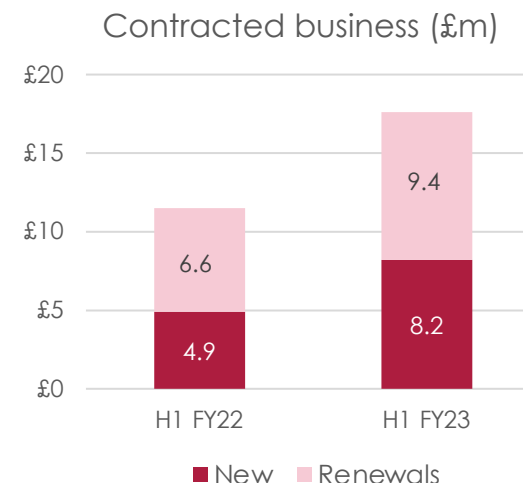
<sup>1</sup> Excluding expenses relating to share option schemes, amortisation of acquired intangible assets, restructuring costs and acquisition costs.

<sup>2</sup> Contracted business including new business and renewals with existing customers  
<sup>3</sup> New contracted business excluding renewals with existing customers

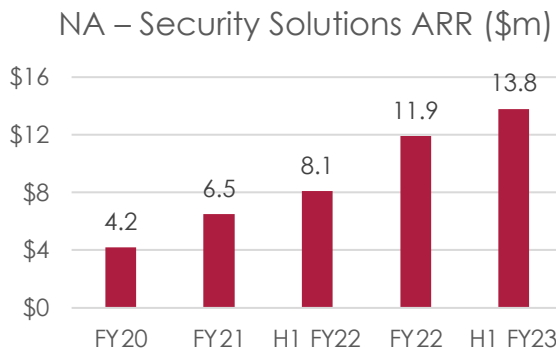
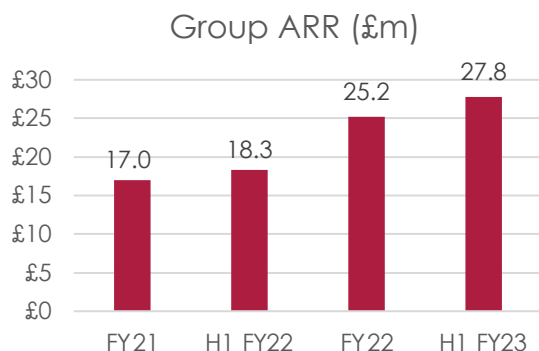
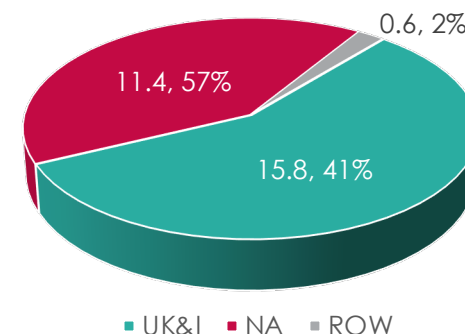


# ARR and Contracted Business.

- ❑ Group ARR<sup>1</sup> £27.8m, an increase of 52% (H1 FY22: £18.3m). ARR has grown 11% since year end
- ❑ Total contracted business<sup>2</sup> £17.6m compared to £11.5m in H1 FY22, strong growth with a year on year increase of 54%
- ❑ New business £8.2m (H1 FY22 £4.9m), an increase of 67%
- ❑ Delivering material growth in FY23:
  - North America business back to double digit growth
  - UK, Ireland & ROW business back to single digit growth
  - Continuing to control costs, managing on a central basis
  - H1 FX tailwinds, unlikely to be repeated to same extent in H2



H1 FY23 ARR Split by Territory (£m)

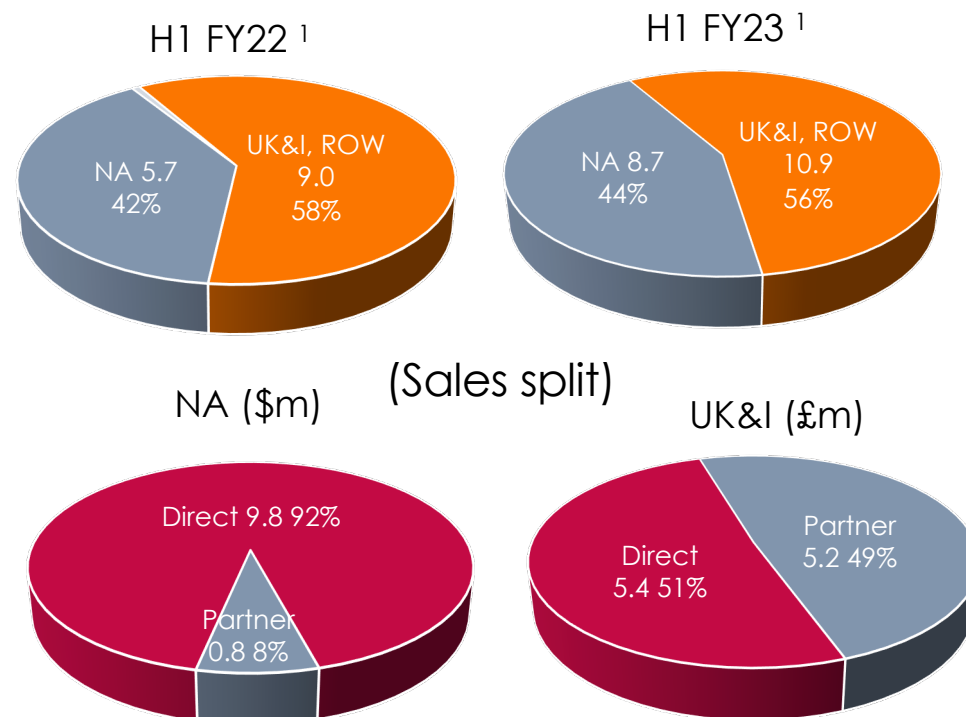


1. Annual recurring revenue of all contracts billing at the end of the period. Included within Group ARR is all revenue that is contractually committed and an element of UK revenue that has proven to be repeatable, but not contractually committed.  
 2. Total contract value including new business and renewals with existing customers

# Divisional Trading Analysis.

- Revenue now split into North America, UK & Ireland and Rest of World (NA, UK&I, ROW)
- North America revenue accounts for 44% of Group revenue. In FY24 we expect it to be level with UK & Ireland revenue
- Underlying UK & Ireland revenue back to single digit growth
- ROW whilst still small is growing, with the increase in global contracts largely from the UK Sales team, 100% direct.
- In UK & Ireland, partner share at 49% (FY22: 48%) in line with prior years
- North America partners share at 8% (FY22: 11%), CardEasy has more direct contracts but through technology marketplaces (e.g. Genesys)

(Revenue £m)

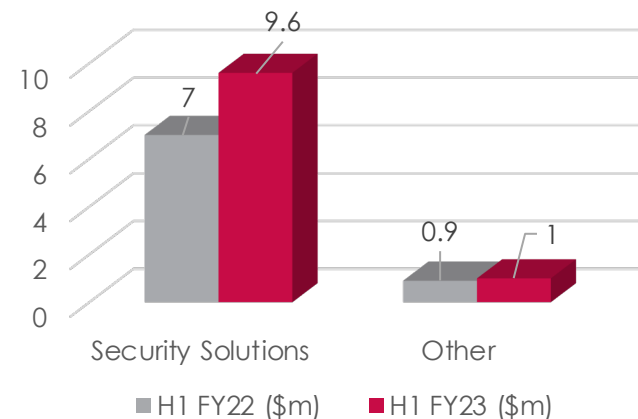


1. Re-categorised on NA, UK&I, ROW

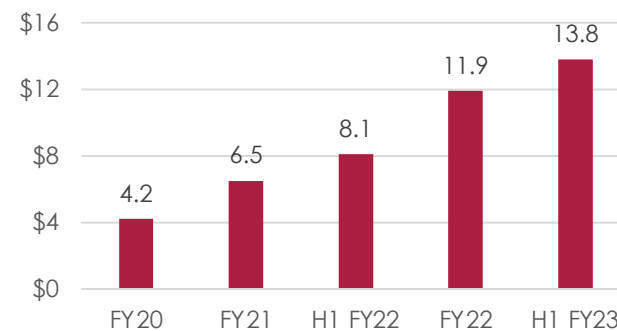
# North America Trading Analysis.

- ❑ Security Solutions ARR<sup>1</sup> \$13.8m, an increase year on year of \$5.8m or 71%
- ❑ Security Solutions ARR has grown 16% since year end
- ❑ Revenue up 33% to \$10.6m (H1 FY22: \$7.9m<sup>2</sup>)
- ❑ Recurring revenue increased to 73% (H1 FY22: 64%)
- ❑ Six successful renewals in the period with a further six renewals expected in H2. One client did not renew due to being acquired
- ❑ Total contracted business<sup>3</sup> \$9.8m (H1 FY22: \$5.5m) up 79%
- ❑ New contracted business<sup>4</sup> more than doubled to \$7.1m (H1 FY22: \$3.3m)
- ❑ Gross profit \$8.1m (H1 FY22: \$5.9m)
- ❑ Gross margin 77% (H1 FY22: 74%)

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



NA – Security Solutions ARR (\$m)



1. Annual recurring revenue of all contracts billing at the end of the period.  
2. Re-categorised on NA, UK&I, ROW

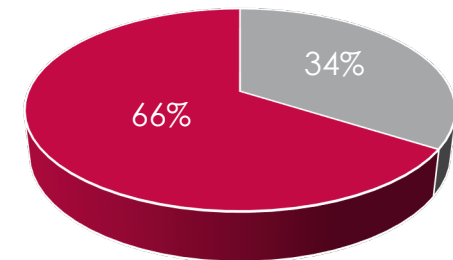
3. Total contract value including new business and renewals with existing customers  
4. Total contract value from new contracts

# UK & Ireland and ROW Trading Analysis.

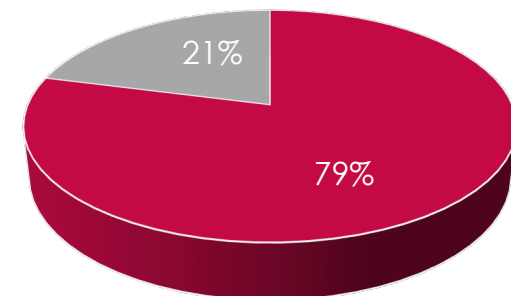
- ❑ ARR<sup>1</sup> £16.4m, an increase year on year of £4.0m or 32%
- ❑ Revenue up 22% to £10.9m (H1 FY22: £9.0m<sup>2</sup>),
- ❑ Total contracted business<sup>3</sup> £9.7m, up 29% (H1 FY22: £7.5m)
- ❑ New contracted business<sup>4</sup> £2.5m (H1 FY22: £2.5m)
- ❑ Gross profit up 17% to £8.9m (H1 FY22: £7.6m)
- ❑ Gross profit margin 81% (H1 FY22: 84%)
- ❑ Recurring revenues at 84% (H1 FY22: 80%)

## Revenue Split by Activity

H1 FY22



H1 FY23



- Security Solutions
- Other Customer Engagement

1. Annual Recurring Revenue of all contracts billing at the end of the period, included within ARR is revenue in the UK that is repeatable but not contractually committed.  
 2. Re-categorised on NA, UK&I, ROW  
 3. Total contract value including new business and renewals with existing customers  
 4. Total contract value from new contracts

# Syntegration – High level view.

- Acquisition of Syntec consolidated our market leading position in customer engagement security
- It brought synergistic cost and revenue benefits, adding complementary operations, attractive technology, IP, and an innovative tech team.
- Syntegration is the process for unifying the businesses scheduled to complete by year end

## Phased approach, starting with the most financially advantageous phase first



- Secure Voice Appliance
- Digital Payments

- Unify Back-End Systems
- Clear cross-sell targets

- Combined & cross-trained support & development teams

### People

- Open communication
- Subject matter expertise
- One Eckoh team

### Process

- Support
- Best Practice
- Governance & Audit

### Product & Platform

- Technical assets
- Shared systems
- Intellectual Property

# The Secure Voice Appliance.



# Customer Engagement Security Offering.

- Available now
- In flight
- Future



**The Eckoh-system.  
Global reach.  
Security focus.  
Huge cross-sell opportunity.**

# Comprehensive Security.

As a merchant, I need to:

"...have our agents take payments over the phone without risk."

Voice Security

"...have our agents take payments in web chat without the risk."

Secure Chat

"...let customers speak their responses, without compromising security."

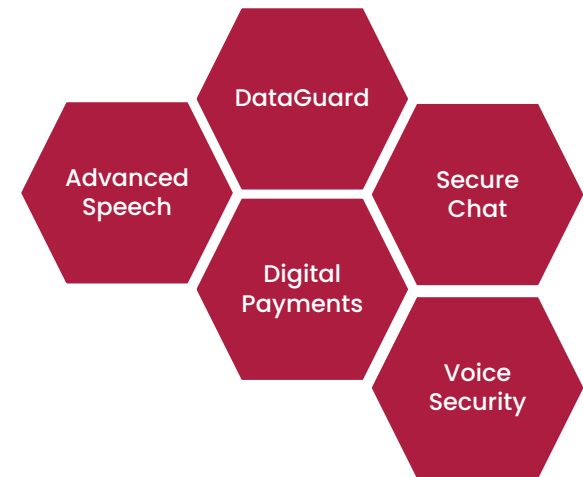
Advanced Speech

"...have our agents take any payment method in any channel."

Digital Payments

"...secure other types of our customers personal data."

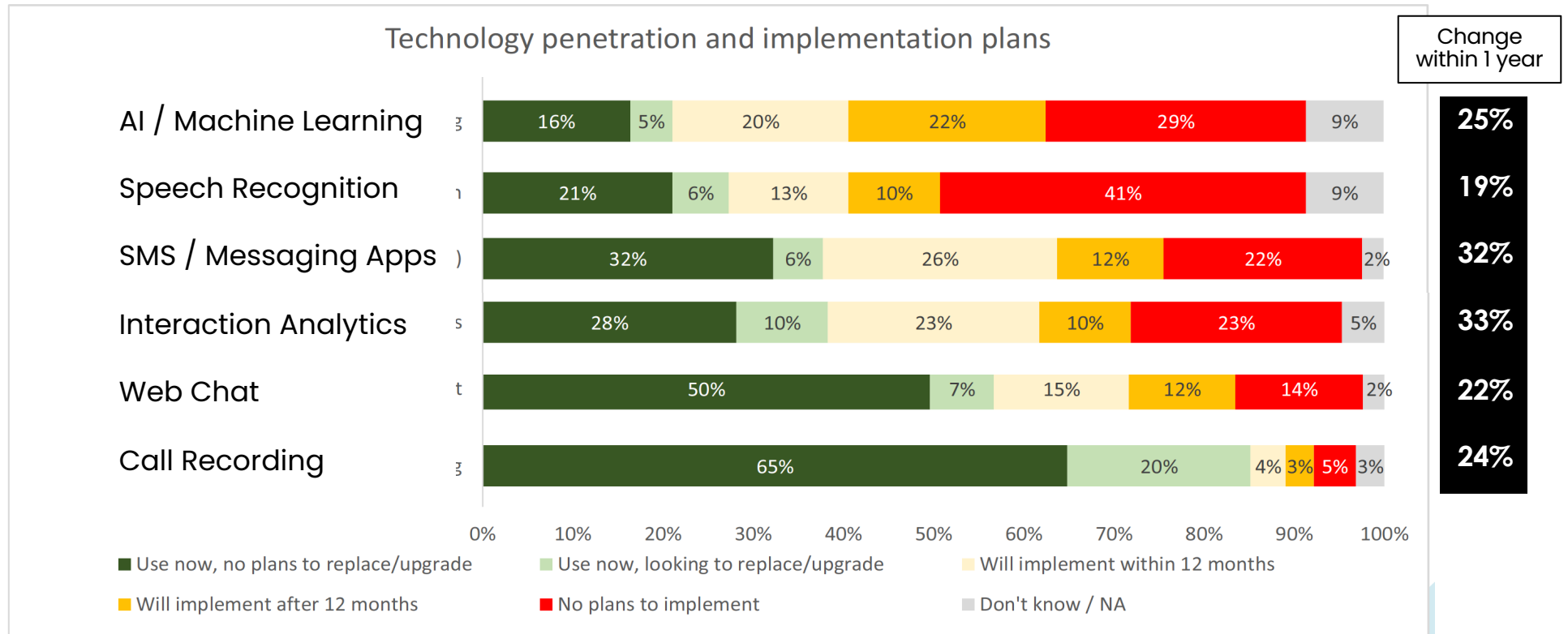
DataGuard



- ❑ Voice Security, Advanced Speech, Secure Chat, Digital Payments and DataGuard are all available now for any global client
- ❑ Alongside further new product this will drive the cross-selling initiative, as well as making Eckoh the natural partner for customer engagement security with new clients



# US Contact Centre Tech Investment Plans.\*



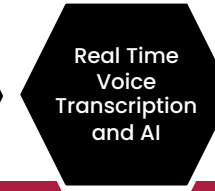
- Significant cross selling or portfolio sales opportunity for Eckoh in the above areas
- This propensity to invest should serve to increase our Total Addressable Market (TAM)

\* Contact Babel – US Contact Centers 2022-2026 (Published February 2022)

# In flight and roadmap.



Call  
Recording  
& Data  
Redaction



Real Time  
Voice  
Transcription  
and AI



Verification  
and Fraud  
Prevention

## Redactable Call Recording

- + Local or Cloud based storage
- + Open Integration – clients can build upon it
- + Works with all major telephony platforms

## Strengthening Identity.

### Outbound Authentication

Enables customers to validate the identity of agents making outbound calls.

PATENT

### Digital Customer Authentication

Extends 'guest checkout' and 'login with x' capabilities to voice agents.

PATENT

## Secure Transcription

- + Gateway to other services 'call as data'
- + Pluggable transcription engines
- + Available in real-time or post call
- + Integrated with management interface

## Customer & Agent Risk.

### Fraud Detection

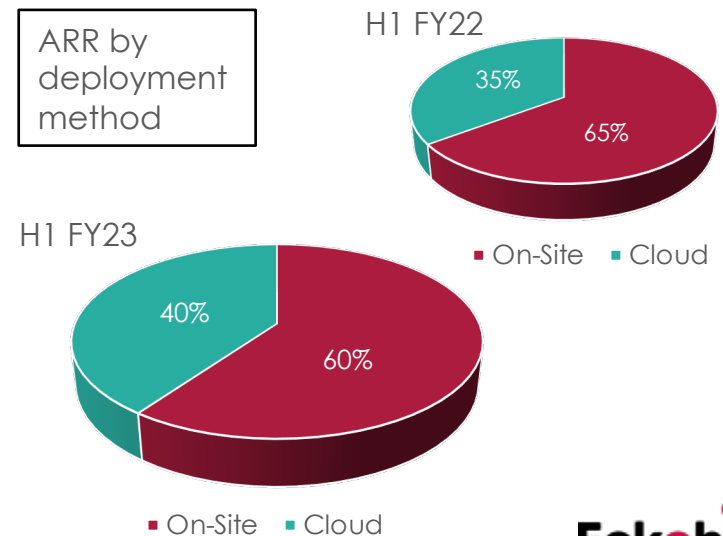
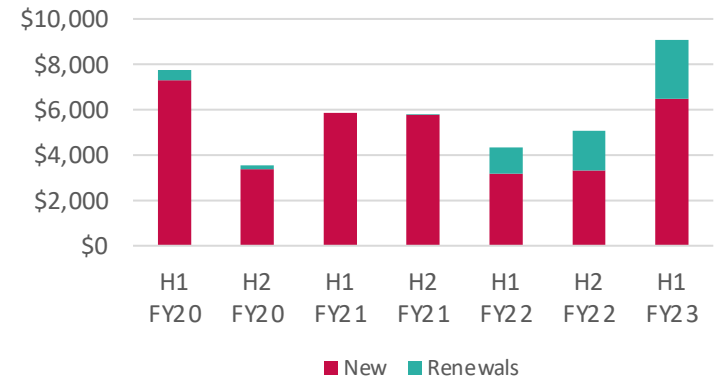
Utilise our unique position in the customer journey to mitigate risk of fraud.

ROADMAP

# North America Security Solutions Overview.

- ❑ Significant growth with new business of \$6.5m back to FY21 levels (H1 FY22: \$3.2m)
- ❑ Significant wins include a \$2.0m win for a Fortune 100 retail client and \$1.3m deal with a global hotel group
- ❑ Continued shift to the cloud both from new business and migration of existing on site clients. Two clients migrated in the period, with a further three in flight
- ❑ ARR<sup>1</sup> increased to \$13.8m, with the proportion coming from cloud growing to 40% (\$5.5m)
- ❑ Early encouraging signs of cross selling success, with ChatGuard, digital payments and advanced speech contracts won
- ❑ Strengthened sales team having a positive impact on pipeline, with new logo business and cross-selling opportunities

NA - Total Orders by HY (\$m)



1. Annual recurring revenue of all contracts billing at the end of the period.

# UK, Ireland & ROW Overview

- ❑ Revenue growth of 22%, a combination of acquisition and underlying single digit growth in UK, Ireland and ROW with the increase in global contracts sold by the UK team
- ❑ Total business<sup>1</sup> of £9.7m up 29% from the prior year, largely due to high conversion of renewals and timing of large renewals
- ❑ Two significant new contracts each worth £0.6m were with a global insurance company and financial services company
- ❑ Largest contract scheduled for renewal in this FY was TV Licensing, through Capita, which was signed in April, a 5-year deal worth £2.1m
- ❑ The second largest to be renewed was Ministry of Justice through BT, which was completed post period end, worth £1.2m
- ❑ Other key renewals were Transport for London, Lloyds Bank, Allied Irish Bank, Power NI and Kingfisher
- ❑ The large contract for a global food and drinks brand, won in FY22 through the UK team, went live in October



1. Total contract value including new business and renewals with existing customers

# Summary and Outlook.

- ❑ Strong trading performance and ARR growth
- ❑ Renewed progress in North America, with UK & Ireland returning to growth
- ❑ Syntec acquisition is driving efficiency and innovation
- ❑ Industry remote working trend has increased the security and performance challenges for businesses
- ❑ New unified Security Solutions offering is progressing well and will significantly increase the addressable market size and opportunity
- ❑ Strategic cloud expansion and greater client adoption is driving higher recurring revenue and margin and extending our reach globally
- ❑ Outlook remains positive, on track to deliver material growth in FY23, without yet benefiting markedly from the new solution set



# Vision Statement.

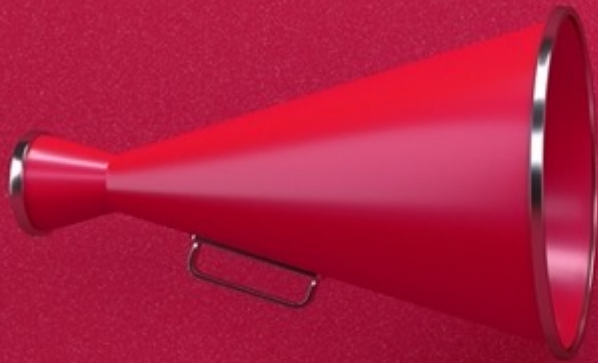
We care about making the world secure.

We believe everyone should be able to trust every brand and engage without risk.

# Investment Case.

- ❑ 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 - 79% at a group level
  - Group ARR growing strongly – Up 52% to £27.8m
  - 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.



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## 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
- June 2003 Eckoh moves to AIM
- July 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
- June 2013 Acquisition of Veritape Limited (On-premise payments solution provider)
- Apr 2014 Eckoh Inc begins trading
- Nov 2015 Acquisition of Product Support Solutions ('PSS Help') for \$8m to expand US 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 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
- Dec 2021 Acquisition of Syntec Holdings Limited for £31.0m

# Appendix – Financial Information.



## Commercial Model – Implications of shift to Cloud

- ❑ Move to Cloud drives greater revenue visibility and earnings quality
- ❑ More than 50% of US Secure Payments contract value in FY21 from Cloud contracts
- ❑ Upfront cash is reduced, due to lower hardware and set up fees
- ❑ Greater proportion of recurring revenue for Cloud or hosted solutions
- ❑ Implementation times typically 4 months (Cloud) to 8 months (On premise), but very much client dependant

	<b>CLOUD/Hosted (US &amp; UK)</b>	<b>On premise solution (US)</b>
<b>Typical Contract Length</b>	3 year minimum	3 year minimum
<b>Recurring Revenues</b>	75-85% of contract value  Fixed monthly management fee/ agent seats + volume of minutes	65-75% of contract value  Fixed monthly management fee/ agent seats + volume of minutes
<b>Non-Recurring Fees</b>	15-25% of contract value  Implementation fees + AWS set-up fees	25-35% of contract value  Implementation fees, on premise hardware

## Appendix – Balance Sheet 30 Sept 2022

£'000	30 Sept 22	30 Sept 21	31 Mar 2022	
Intangible Fixed Assets	38,860	6,508	39,664	Acquisition of Syntec
Tangible Fixed Assets	4,433	4,074	4,189	Mainly comprised of HQ building and hosted telephony platform
Leased Assets	1,282	1,086	1,516	Syntec Office lease addition
Deferred Tax Asset	1,535	2,761	1,789	
<b>Total Fixed Assets</b>	<b>46,110</b>	<b>14,429</b>	<b>47,158</b>	
Non cash current assets	10,563	8,199	8,723	
Deferred asset – IFRS 15	3,288	3,928	3,828	
Cash	4,358	12,672	2,840	
<b>Total Assets</b>	<b>64,319</b>	<b>39,228</b>	<b>62,549</b>	
Trade & Other Payables	(6,170)	(4,562)	(5,824)	
Deferred liability	(11,866)	(10,820)	(12,462)	IFRS 15 – new business contracted
Lease liability	(1,349)	(1,134)	(1,537)	
Loans	-	-	-	No debt outstanding at
Deferred tax liability	(3,014)	(302)	(2,983)	Arising from PSS and K2C acquisitions & amortises alongside the intangible asset. PSS will be fully amortised Nov 20
<b>Net assets</b>	<b>41,920</b>	<b>22,410</b>	<b>39,743</b>	

## Appendix – Cashflow Statement

£'000	30 Sept 2022	30 Sept 2021	31 Mar 2022
Profit after tax	2,258	1,922	1,575
Depreciation / Amortisation	2,074	816	2,318
Share based payments	26	197	241
Taxation	683	461	743
Other	(701)	28	(27)
<b>Operating profit before changes in working capital</b>	<b>4,340</b>	<b>3,426</b>	<b>4,850</b>
Movement in receivables, payables, inventory, tax & interest	(1,552)	(1,776)	(1,488)
Movement in tax and interest	(364)	(87)	14
<b>Cash generated from operating activities</b>	<b>2,424</b>	<b>1,563</b>	<b>3,376</b>
Purchase of property, plant and equipment	(501)	(89)	(308)
Purchase of intangible fixed assets	(164)	(187)	(375)
Principal lease repayments	-	(209)	(500)
Interest received	11	65	6
Net loan movement	-	(975)	(975)
Acquisition of subsidiary	-	-	(22,500)
Issue of shares	-	-	13,311
Dividends	-	-	(1,559)
Other	(260)	(181)	(311)
<b>Cash movement</b>	<b>1,510</b>	<b>14</b>	<b>(9,835)</b>

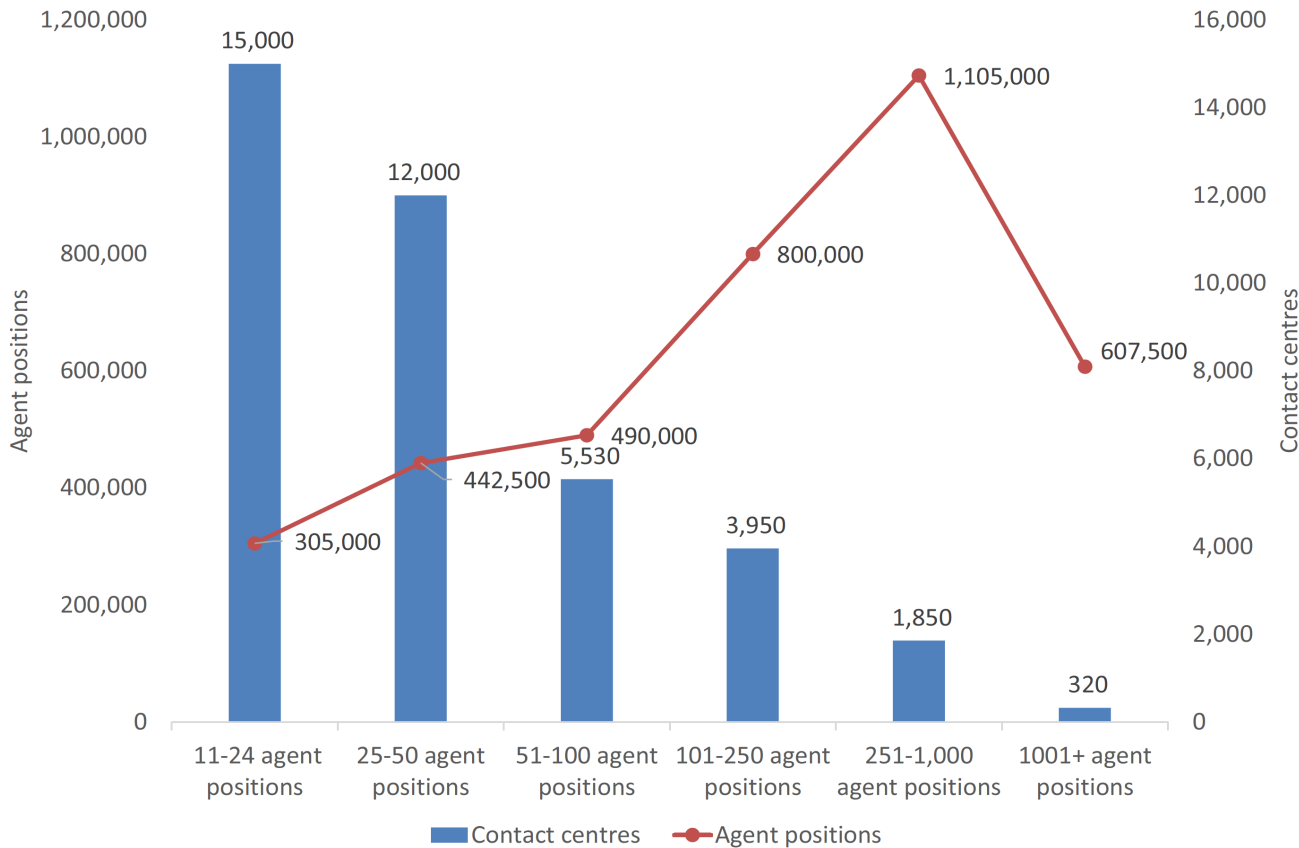
# Appendix – CMD Summary slides



# Industry Trends

A photograph of a person standing on a train platform, looking at a blurred red high-speed train. The person is wearing a red jacket, grey pants, and a brown bag. The text 'Industry Trends' is overlaid in white.

# US Contact Center Industry 2021

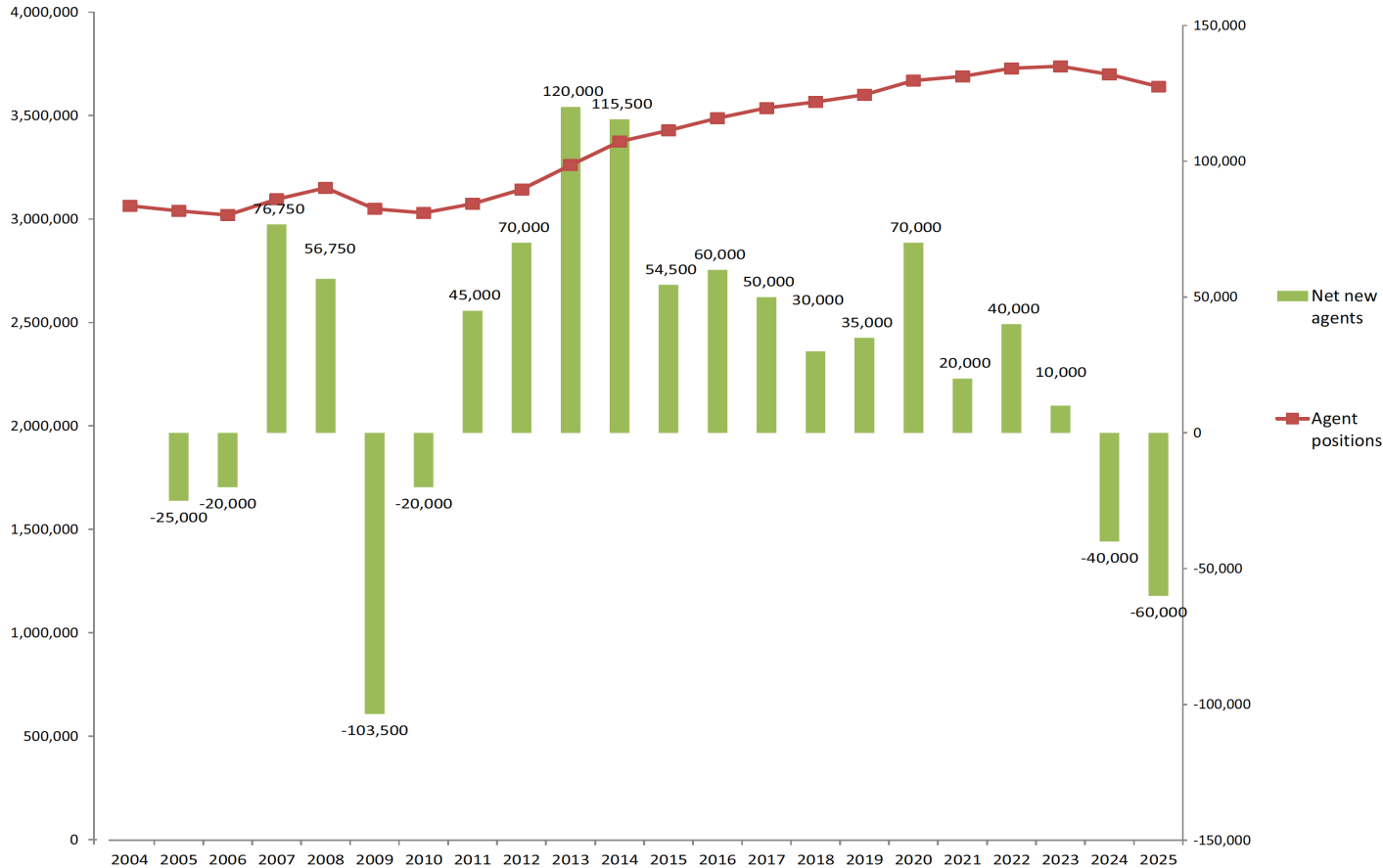


- 38,650 Contact Centers
- 3,750,000 Agent positions/seats
- 5,336,600 Contact Center employees

\* Contact Babel – US Contact Centers 2022-2026 (Published February 2022)



# US Agent Positions Trend

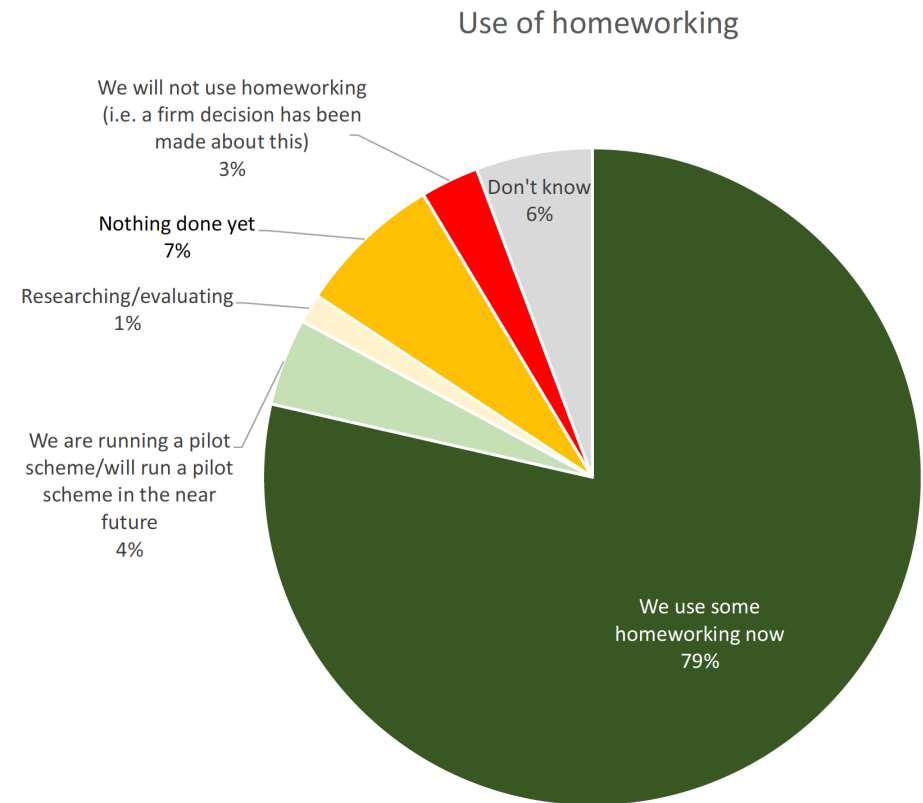


- Agent positions will peak at 3.8m in 2023 before declining to 3.7m by 2025
- This is comparable level to 2019 levels (pre-pandemic)

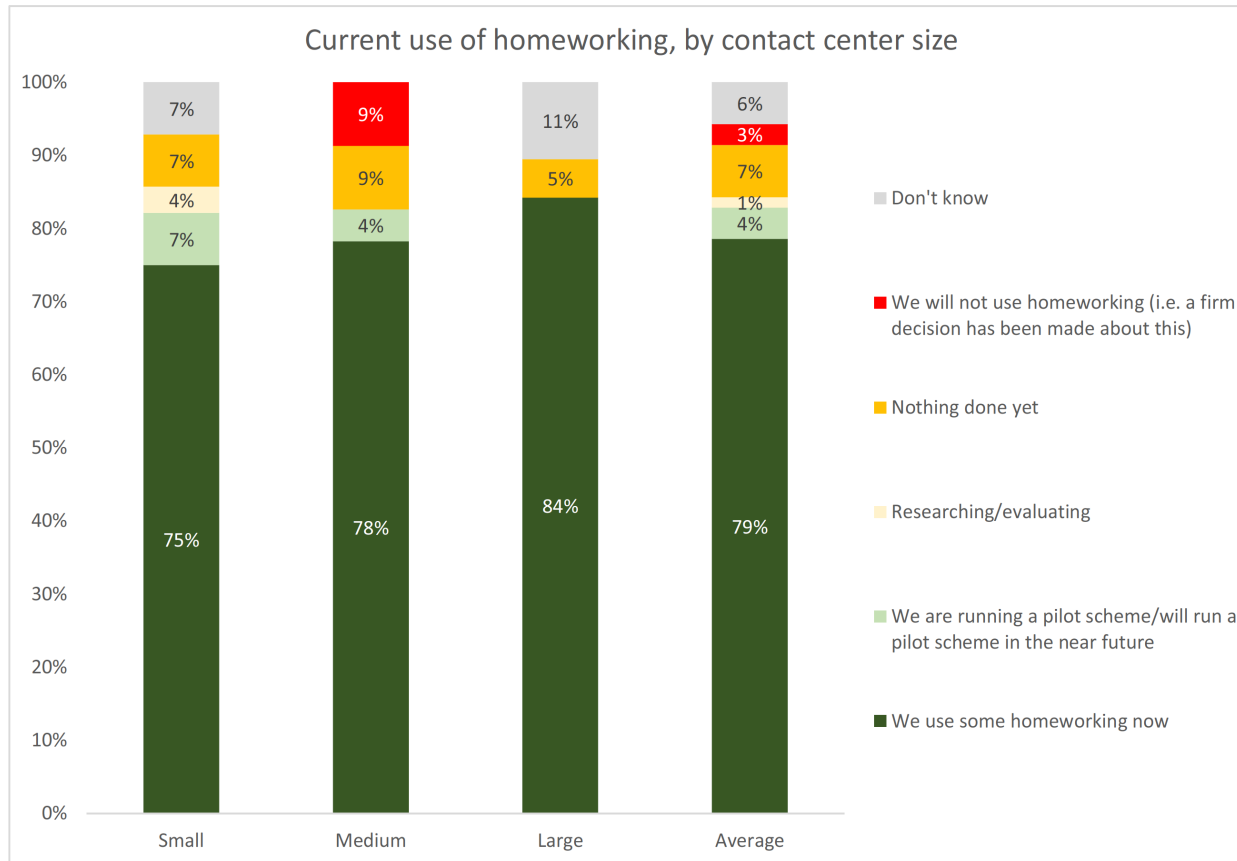
\* Contact Babel – US Contact Centers 2022-2026 (Published February 2022)

# Home-based agents trend

- Pre-pandemic, 43% of survey respondents were using homeworking, with 5% running a pilot scheme or about to set one up
- In 2021, these figures were 79% and 4% respectively
- In 2019, 34% of respondents had not acted on homeworking, and 18% stated that they had made a firm decision that homeworking is not for them. But by 2021 this had fallen to 7% and 3%
- 37% of survey respondents state that all of their agents are currently still working at home



# Home-based agents trend

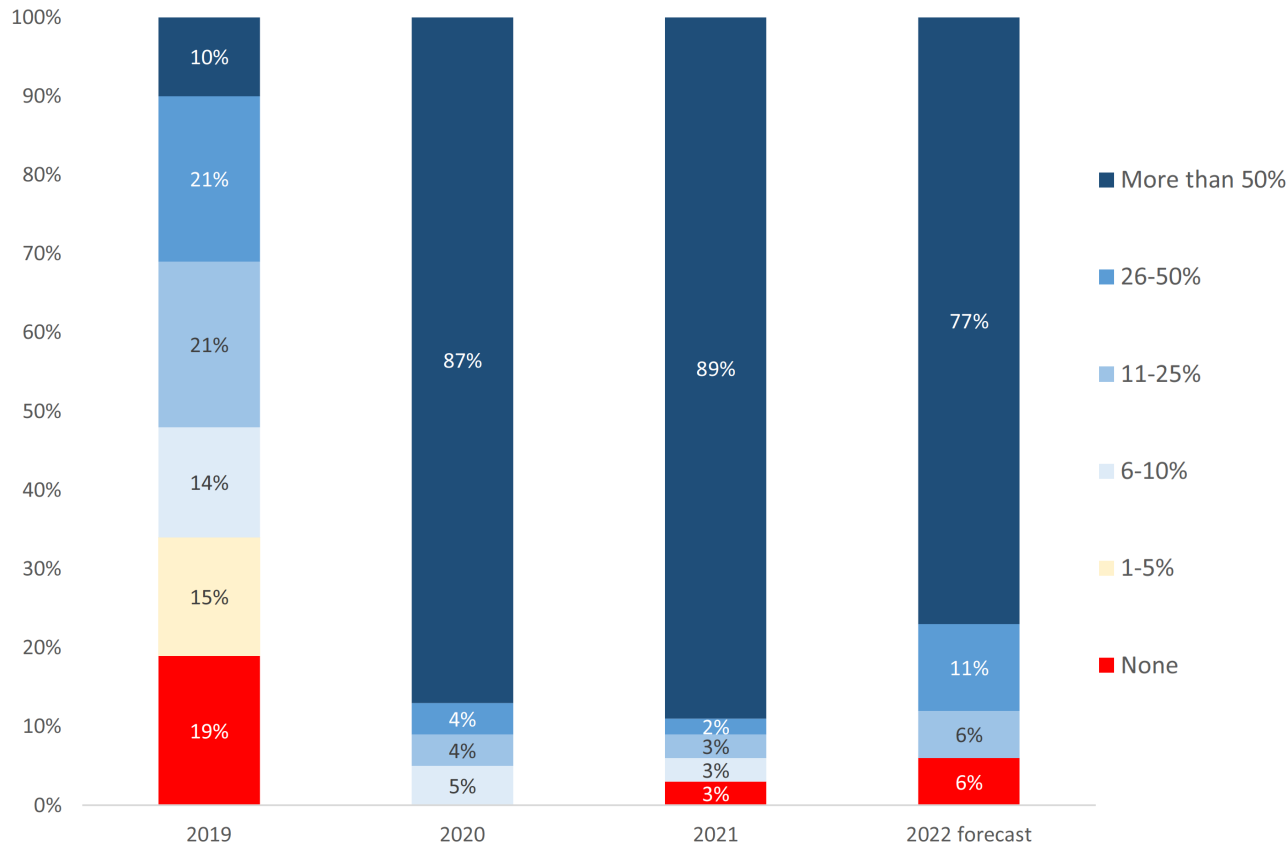


- Extensive use of homeworking agents is seen across all sizes of Contact Center operations

\* Contact Babel – US Contact Centers 2022-2026 (Published February 2022)

# Home-based agents trend

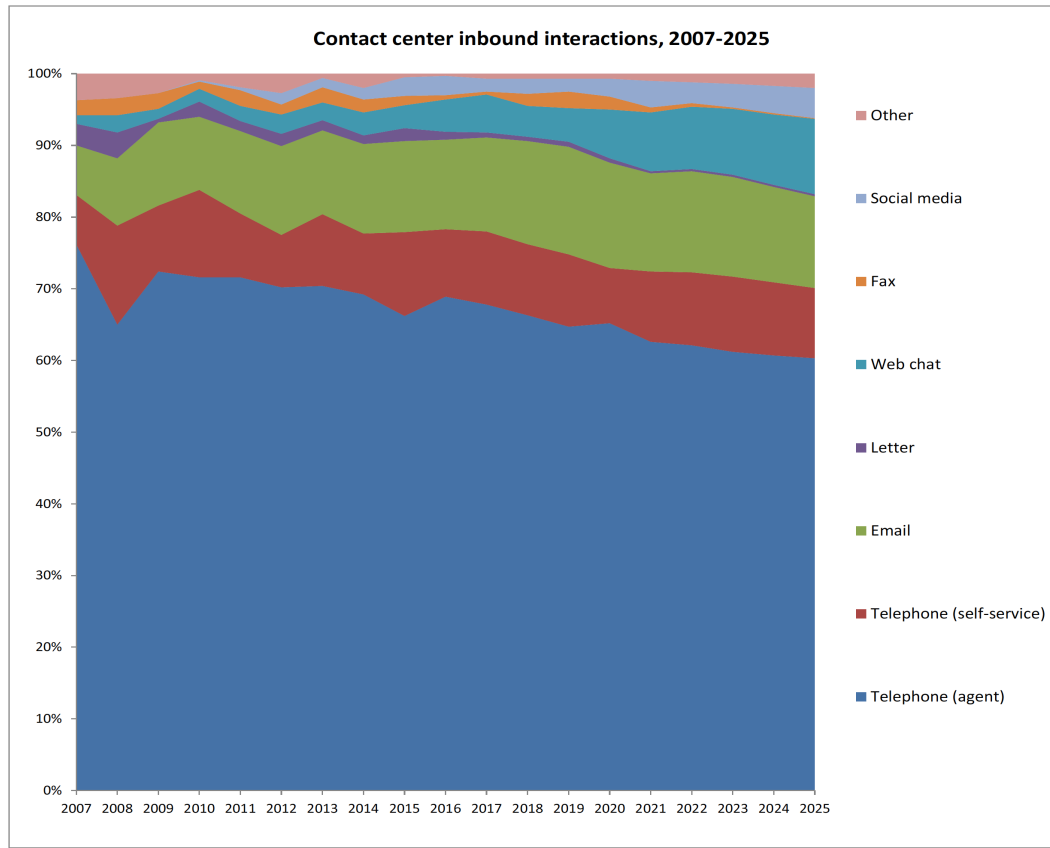
Proportion of agents homeworking, 2019 – 2022 (forecast)



- Pre-pandemic only 10% of Contact Centers had more than 50% of the agents working remotely
- This peaked at 89% in 2021, but post-pandemic that figure is still 77%

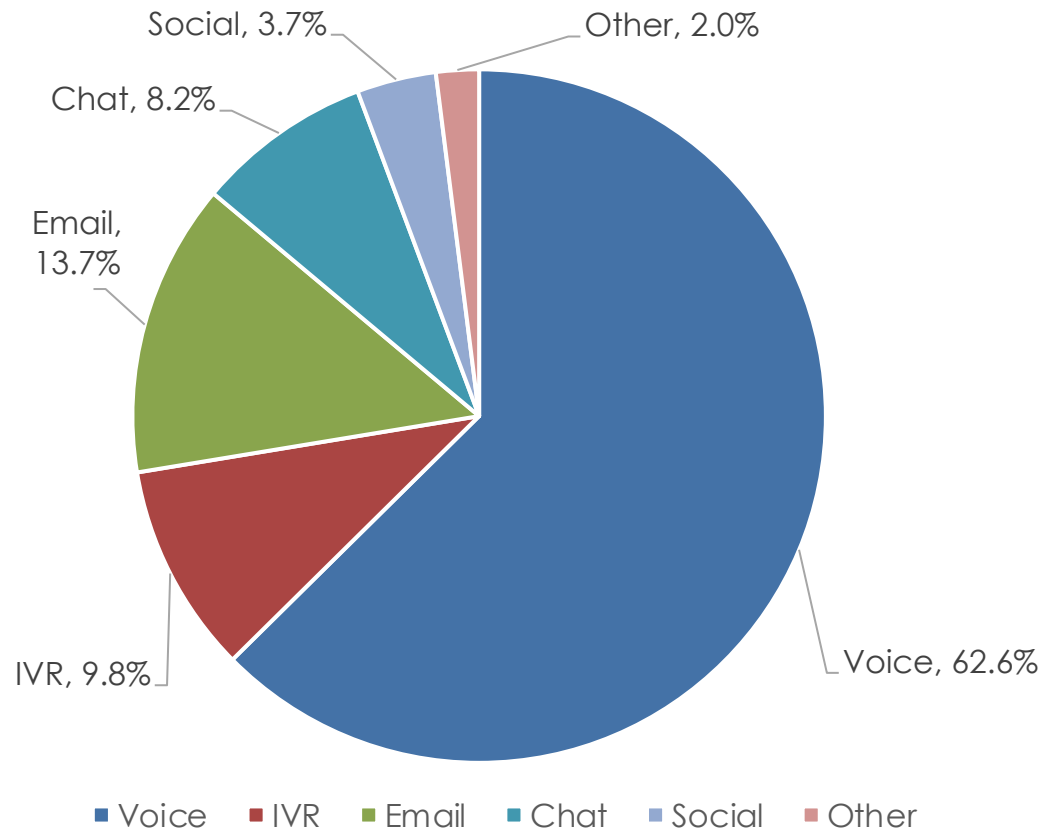
\* Contact Babel – US Contact Centers 2022-2026 (Published February 2022)

# Interactions by Channel



- Live agent telephony will continue its gentle decline but remain the largest single channel
- Email peaked in 2019 at 14% but will decline slowly as web chat and messaging become more popular
- Web chat is the fastest growing channel doubling from pre to post pandemic levels, led by the retail sector
- Telephony self-service will maintain its volumes, with the addition of visual IVR, (a visual frontend on existing systems), improving the customer experience
- The use of social media as a customer service channel is small but growing, however, the use of other messaging applications will also increase

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