16 June 2020

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

Full year results

Results in line with market expectations; strong revenue and profit growth

Eckoh plc (AIM: ECK), the global provider of secure payment products and customer contact solutions, is pleased to announce unaudited results for the twelve months to 31 March 2020.

£m unless otherwise stated	**FY20** [1]	**FY19**	***Change***
Revenue	**33.2**	28.7	*16%*
Gross profit	**26.3**	24.1	*9%*
Adjusted operating profit [2]	**4.7**	3.1	*53%*
Profit before taxation	**3.3**	1.2	*171%*
Diluted earnings per share	**1.20**	0.36p	*233%*
Adjusted diluted earnings pence per share [3]	**1.75p**	1.08p	*62%*
Net cash	**11.6m**	8.3m	*+3.3m*
Total business contracted [4]	**35.9**	32.7	*10%*
New business contracted [5]	**18.6**	22.6	*(18%)*

Financial highlights

- Results in line with market expectations
- Double-digit growth overall, with revenue growth in both the US and UK divisions
  - Group revenues up 16% (14% at constant exchange rates[6])
  - UK up 6% to £20.5m: driven by new business deployed and clients' transactional volumes
  - US up 32% to $16.1m: growth in Secure Payments and Coral offset the expected decline in Support
- Recurring revenue [7] up 4% to £24.8m (FY19 £23.8m), representing 79% of total revenues excluding the $3.8m Coral license contract won in H1 (FY19: 83%)
- Profit before taxation increasing by 171% to £3.3m
- Adjusted operating profit increased strongly by 53% to £4.7m (FY19: £3.1m)
- Adjusted diluted earnings per share up 62%
- Strong cash generation and robust balance sheet: net cash £11.6m (FY19: £8.3m)

Strategic highlights

- Record total business contracted, up 10% to £35.9m, with growth in orders both the UK and US
- Strong total business contracted for the UK; new business and renewals stronger in second half
- Increasing focus on US Secure Payments growth opportunity with a managed transition away from hardware-based support
- US Secure Payments driven by large deployments, increased regulation and fines for non-compliance:
  - Revenue increased by 63% to $8.1m (FY19: $5.0m)
  - New contracts $10.7m (FY19: $13.7m, which included our largest single contract to date of $7.4m)
  - Order book up 14% to $25.9m (FY19: $22.8m)

1. *2020 results have been prepared under IFRS 16: Leases. Prior period comparatives have not been restated.*
2. *Adjusted operating profit is the profit before tax adjusted for expenses relating to share option schemes and amortisation of acquired intangible assets.*
3. *Adjusted diluted earnings per share (eps) excludes share option schemes and amortisation of acquired intangible assets*
4. *Total business contracted includes new business from new clients, new business from existing clients as well as renewals with existing clients.*
5. *New business contracted excluding renewals with existing customers.*
6. *Constant currency (using last year exchange rates).*
7. *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.*

    - Clients from the Fortune 250 increased to ten
- Significant progress in growing our patent portfolio, adding a record number of new granted patents

COVID-19 Update

- Eckoh's business model, with high levels of recurring revenue, a record order book, blue chip enterprise clients and a strong balance sheet, means we are well placed to manage the impact of COVID-19
- A strong cash position and compliance with bank covenants where required
- Precautionary measures, including a salary and hiring freeze, already taken to maintain financial strength during the COVID-19 pandemic
- Maintenance of headcount ensures we are well-placed to meet recovery in demand when conditions stabilise
- US revenue 100% underpinned by fixed fees. UK transactional volumes impacted in March to May, but revenue not proportionately impacted due to contractual commitments
- Strong new demand for CallGuard Remote to enable business continuity by facilitating secure payments in remote working environments
- Guidance remains withdrawn and dividend will be reviewed by the Board when market conditions stabilise

Outlook

- New financial year trading is encouraging, with Group revenue and profit comparable to the previous year
- Notwithstanding the disruption relating to COVID-19, the Board remains confident of the future prospects for the Group, underpinned by balance sheet resilience, high recurring revenues, excellent sales pipelines and the long-term market opportunity

Nik Philpot, Chief Executive Officer, said:

"Eckoh had an excellent performance in the year, with double digit revenue and profit growth as well as record order levels for a second year running. Both UK and US Operations delivered growth and we remain market leader in the US for Secure Payments with revenue growing substantially to over $8m.

Eckoh's product portfolio can help organisations to respond positively to the challenging times ahead, so we can assist both new and existing clients to fulfil their fast-evolving requirements. Furthermore, the strength of Eckoh's performance, business model, market position and high recurring revenues, combined with our robust balance sheet and liquidity, means we are well placed to manage the impact of COVID-19, and we look forward to further progress in the year ahead."

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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 £2 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 strong performance in the 2020 financial year, with double digit revenue growth for the Group, a significant increase in profit, and record levels of total business contracted. Both the UK and US operations revenue grew, with the UK up 6% and the US up 36%.

This growth reflects our progress against our core strategic objectives. We continue to see excellent momentum in our US Secure Payments business, with revenue and new business growth driven by our continued success in deploying the largest enterprises. This reflects increasing regulation governing payments and data security, with the prospect of significant fines and brand damage for corporates who do not comply.

Total revenue for the year was £33.2 million, an increase year on year of 16% (FY19: £28.7 million) or 14% adjusting for constant exchange rates.

Total business contracted for the financial year in the Group was a record £35.9 million compared to £32.7 million in the prior year, an increase of 10%. New business in the year was £18.6 million (FY19: £22.6 million), against particularly strong prior year comparators for both the UK and US divisions including our largest single US contract of $7.4m. The UK saw strong renewals with a number of large clients renewing contracts earlier than scheduled in the second half as signalled at the interim results.

Gross profit grew by 9% to £26.3 million (FY19 £24.1 million). US gross profit grew 22% to £9.3 million (FY19: £7.6 million), with gross profit margin decreasing to 73% (FY19: 81%) due to the impact of the lower margin Coral contract. Excluding the Coral Licences, gross profit margin would have been 76%. UK gross profit grew by 3% to £17.1 million (FY19: £16.5 million), where gross profit margin decreased marginally by 2% to 83%.

Adjusted operating profit increased significantly by 53% to £4.7 million (FY19: £3.1 million) and adjusted diluted earnings per share increased 62% to 1.75p (FY19: 1.08p).

Cash and cash generation remain strong with a net cash position of £11.6 million, an increase of £3.3 million compared to the previous year end (FY19: 8.3 million). This comprises a cash balance of £13.6 million, less an outstanding loan of £2.0 million, taken out in 2015 in part to purchase the Group's UK head office.

IFRS 16: Leases has been implemented from 1st April 2019, but prior year comparators have not been restated. The impact of the implementation is that £0.5m of costs are now included in depreciation. After the accounting change for IFRS 16: Leases, costs have been held, as expected, at the run-rate at the end of the last financial year following the investments made in headcount, Sales, IT and marketing.

Impact of COVID-19 and Current Trading

Eckoh's business model and market position, with high levels of recurring revenue, a record order book, blue chip enterprise clients and a strong balance sheet, means we are well placed to manage the impact that COVID-19 has had on many of our clients' businesses.

Our US revenues are entirely underpinned by fixed fee contracts. The UK also delivers a high level of guaranteed revenue, in aggregate, from a combination of fixed fees and transactional commitments, albeit from a wide range of different commercial structures.

In addition, we have taken a number of precautionary measures to sustain our position of financial strength, including limiting discretionary spend, freezing new hires, postponing salary increases for 2021 and deferring the quarterly loan repayments in April 2020 and July 2020.

The significant disruption to businesses that has arisen from the pandemic will, we believe, lead to a long-term adjustment in the way that organisations approach their customer engagement strategy. In particular, we foresee a proportion of remote working agents becoming a permanent feature of large contact centre operations, that will force a greater number of organisations to adopt a more rigorous approach to data and payment security. Furthermore, we expect an even faster adoption of emerging engagement technologies such as conversational bots working in tandem with human agents. Eckoh will be able to assist new and existing clients in responding to these changes and the increased levels of interest in CallGuard Remote, which facilitates the taking of payments securely in remote working environments, is an illustration of this.

In the first two months of the new financial year our trading has been encouraging with both revenue and profits comparable to the previous year, illustrating the resilience of our model. As a measure of prudence, the Board has agreed that guidance will remain withdrawn until there is greater certainty. As announced previously, the Board does not currently intend to propose a year-end dividend, but that decision will be kept under consideration if conditions stabilise.

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 in premised, hosted and Cloud delivery
- Capitalise on the fast-growing US market for contact centre payment security
- Maximise client value through cross-selling to generate higher levels of recurring income
- Continue to enhance the Eckoh Experience Portal to enable faster and more flexible delivery of our solutions
- Use Cloud Native technologies to develop next-generation products and enhance our proprietary technologies
- Identify and 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 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 2,500 in the UK and 14,000 in the US. With so little of our target market currently addressed, patented technology and with very 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 secure themselves and consequently Information security budgets and remits are broadening, and we see that trend only continuing. Moreover, the current crisis and the ensuing reliance on greater numbers of remote working agents are only likely to accentuate these security concerns. This can only benefit Eckoh as our payments proposition enables companies to effectively remove the risk of data breach from some 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 California Consumer Privacy Act. 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.

The UK has the entire product portfolio, but in the US, a territory that Eckoh entered just over five years ago, the focus has been on products where we have the greatest differentiation and the least competition – Secure Payments, contact centre infrastructure support and our browser-based agent desktop tool, Coral. The introduction of web chat and ChatGuard at the beginning of this financial year was the first step in opening up our Customer Contact proposition in the US, focusing on the newer customer engagement channels. With the continued progress in Secure Payments, which is our primary objective in the US, we have also taken the strategic decision to focus more of our resource on this activity and have a managed transition away from hardware-based Support.

Contracts for both propositions are typically multi-year in length and have a high proportion of recurring charges, usually underpinned by minimum commitments. In the UK, almost all solutions are currently delivered from Eckoh's hosted managed service platform, whilst in the US customers are still more predicated to deploy our solutions on site. However, with Eckoh's Cloud platform now fully covered by our level 1 PCI DSS accreditation we expect this to be a growing destination, particularly for our smaller customers.

Operational Review

US Division (38% of group revenues)

In the US revenue grew to $16.1 million, an increase of 32% (FY19: $12.2 million). There was strong growth in Secure Payments and Coral. This included $2.1 million for Coral licences that were part of the $3.8 million contract win we secured in the first half. As indicated previously, the third-party Support business declined in the second half of the year and will continue to decline into the new financial year as we focus resource on the growth opportunity of Secure Payments and target Support contracts that are purely software based.

Total business contracted was up 4% to a record $19.9 million (FY19 $19.1 million). New business contracted was $15.3 million, a decrease of 6% (FY19: $16.3 million) against a strong prior year comparator which included our largest single contract to date of $7.4m.

The Group's US focus remains on three sales activities where it has the greatest differentiation and the least competition. The performance of these activities in the US is summarised below.

- **Secure Payments** revenue grew 63% to $8.1 million (FY20: $5.0 million), and now represents 51% of US revenue (FY19: 41%). During the year we successfully deployed our largest contract won to date.

- **Coral** had revenues of $3.5 million in the year (FY19: $1.8 million), reflecting the $2.1 million revenues for Coral licences, and accounted for 22% of US revenue (FY19: 14%). The timing of large Coral orders remains hard to forecast and we would not expect a further deal of this size in FY21.

- **Support** revenue was $4.4 million, a decrease year on year of 20% (FY19: $5.4 million) and now accounts for a much lower share of US revenues, 27% compared to 45% in FY19. With Secure Payments now our largest revenue stream a strategic decision was taken to focus our staff and resources on this growth opportunity and manage a transition away from hardware-based Support and only continue with software-based activity, which represented $1.4 million in the period.

Secure Payments, where we deliver a patented solution that enables enterprises to take card payments securely within their contact centre operations, continued to have excellent momentum, with $10.7 million won, compared to $13.7 million in FY19, which included our largest contract to date valued at $7.4 million. A number of contracts that we anticipated would close before year end were put on hold as a consequence of the pandemic crisis and this prevented us from exceeding the previous year's total. The largest contracts remain on hold or have been delayed to a specified date, but none have been cancelled.

Since 2015, when we launched our Secure Payments product in the US, the total of new business contracted has grown significantly, as shown below.

Financial Year	FY15	FY16	FY17	FY18	FY19	**FY20**
New Business Contracted	$0.3m	$1.6m	$8.3m	$9.3m	$13.7m	**$10.7m**

The Company continues to successfully focus on large enterprise contracts, and consequently in the period the average contract value was again greater than the $750k size we initially indicated we would expect to see. We now have ten customers from the Fortune 250 list. Most contracts won continue to be for deployment into the customer's environment. However, we won a three-year Cloud contract with a Healthcare provider, which was substantial and our largest Cloud deal to date by some margin. We also won our first deal in the Gaming sector and contracts with two of the five largest retailers, continuing our success with the largest US corporates. In addition, we secured the first significant contract for our patented ChatGuard product that allows payments to be made securely within a web chat session.

The average length of contracts for Secure Payments is three years, and as indicated previously the first large contract was due for renewal in the second half. This contract was renewed successfully, mirroring the successful trend of strong contract renewal in the UK.

External factors, such as the impending change to the Payment Card Industry Data Security Standard (PCI DSS), the implementation of new data laws like the California Consumer Privacy Act 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 period, as previously announced, we secured a contract extension with a Fortune 100 telecommunications company for our agent desktop tool Coral. The contract is worth a minimum of $3.8 million, and of this, $2.1 million relating to the purchase of licences has been recognised in the year. We would not expect a further deal of additional licences of this size in FY21.

In **Support**, we provide third party support within large contact centre operations for software and hardware from vendors such as Avaya, Cisco, Genesys and Aspect. Our largest contract, which commenced in July 2016 for a major US telecommunications company, started to reduce in scope and value from September 2017, and came to an end as expected in the second half of the year. The majority of the employees servicing the Support channel have been switched to increasingly service the more lucrative Secure Payments opportunities, and this will continue.

As stated, we will transition away from hardware-based Support but continue to target Support business tactically where we see cross-selling opportunities for Secure Payments, particularly the software-based Support contracts such as Aspect. We also see good opportunities from our partnership with Ribbon Communications. Eckoh already uses Ribbon's session border controllers (a device that protects and regulates IP communications flows) for some of our on-site Secure Payments solutions, and this partnership will allow us to derive greater margin from these installations as well as target new Support contracts.

Recurring revenues in the US after adjusting for the one-off $2.1 million of Coral licences, were 61%, lower than the 68% a year ago because of 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 the period. We would expect recurring revenue to increase in the new year as more clients have solutions deployed.

The US operation has seen a temporary slowing of new business closing since the outbreak of COVID-19. However, for the client's already contracted and deployed, revenues are based on fixed contractual fees giving us continued resilience in the current situation. A number of recent deployments were delayed due to not being able to physically access customer's data centres, but workarounds were implemented and these clients are now live.

UK Division (62% of group revenues)

The UK division has delivered revenue and gross profit growth in the financial year, as new business contracted in the prior year is deployed and with high levels of transactional revenue coming through from some of our largest clients.

Revenue in the period was £20.5 million, an increase on last year of 6% (FY19: £19.4 million), and gross profit increased 3% to £17.1 million (FY19: £16.5 million). Gross margins in the UK decreased in the period by 2% to 83% (FY19: 85%) and recurring revenue decreased slightly as expected, to 88% from 90% in FY19. As indicated previously, we expect recurring revenue to return to pre-IFRS 15 levels and a steady state of approximately 86% - 88%.

The UK had a strong year with total business contracted up 11% to £20.2 million (FY19: £18.2 million). In the year there were significant contract renewals, and as anticipated in our interim statement some larger renewals were confirmed earlier than scheduled in the second half of the year. Last year was our strongest period for new business for the last five years. Against this strong prior year comparator, new business improved in the second half compared to the first half, and finished the year at £6.6 million (FY19: £10.1 million). The decrease in new business year on year was largely due to the uncertain business climate in the UK due to Brexit negotiations, which resulted in delays to buying decisions, and latterly projects being put on hold because of COVID-19. This weakness was mirrored in the sales performance of some of our major partners, who have experienced similar challenges. Despite the current situation, we are seeing activity levels increase in the UK and the pipeline continues to be strong.

Looking at the segmentation of UK revenue, 23% came from Secure Payment services (FY19: 23%), 38% from Customer Contact Solutions (FY19: 31%) and the remaining 39% from clients where we provide a combination of both solutions (FY19: 46%). The increase in the Customer Contact only services is largely due to Omnichannel clients going live, particularly the large client won through our Capita framework. We would expect some of these clients to also adopt our Secure Payments technology which would move this revenue into the combined solution segment, meaning that the split of revenue is likely to readjust this year.

New business in the UK is increasingly coming from sales delivered through our recently launched Eckoh Experience Portal ("EXP"), which enables organisations to buy and deploy our Customer Contact and Secure Payment solutions in a modular fashion. The increase in Customer Contact solutions has largely come from the focus of the sales team on larger, more complex opportunities, typically known as 'digital transformations', where Eckoh's breadth of portfolio and proven expertise delivers more value to the client and differentiates us. A digital transformation is where Eckoh provides a fully integrated solution in which newer digital channels for customer engagement such as web chat, chatbots and social media messaging sit alongside more conventional ones such as voice and email. This can then be overlaid with our Secure Payment proposition encompassing CallGuard, ChatGuard and our alternative payment capability. New clients in the period included Vanquis Bank, the Department of Education and Bosch.

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 £6.6 million, £3.9 million (FY19: £2.4 million) was contracted with existing customers for delivery of new solutions or modifications. At 60% this was a much higher percentage of total new business than we would normally see, and points to organisations in the uncertain business climate being more willing to invest with existing suppliers than seek new ones.

During the year, that strong track record with existing clients has also continued to be demonstrated through the levels of renewal business contracted, which were £13.6 million in the period. There were a number of large clients who renewed their contracts, notably Premier Inn which was the largest to arise, but also some of whom renewed earlier than required. These included allpay, who renewed for a five-year term, Transport for London and a global financial services company.

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. However, the UK business does have some exposure to consumer-facing customers and due to the impact of COVID-19 we saw volumes in March initially dropping for these clients before stabilising at the end of April. As the country takes the first steps to come out of lockdown, it is pleasing to see that from the end of May overall volumes have been rising and in some cases individual client's transactional volumes have reverted largely to normal levels. There are some clients where there has been a positive impact on volumes during this period, however, there still remains much uncertainty during these times and it is difficult to predict the future transactional volume of our clients and therefore revenue visibility.

Innovation

Eckoh has partnered with global payments technology provider Mastercard to offer the Pay by Bank app ("PbBa") as an alternative payment capability for contact centres over the phone. PbPa, which was created by Vocalink, a Mastercard company, is an easy and secure way for customers to pay from their current bank account, using their trusted mobile banking app. It is designed to simplify the checkout experience, giving customers more control and visibility of their finances when they make a payment.

Eckoh has already broadened our CallGuard solution to encompass other alternative payment methods such as e-Wallet services like Apple Pay, Google Pay and Paypal. PbPa is yet another example of Eckoh leading the market by being a payments enabler for our clients, as well as ensuring every transaction is secure.

Our ongoing compliance with PCI DSS reached a milestone in the period with our 10-year anniversary of being a PCI DSS level 1 Service Provider, the longest of any company operating in our target market. With onerous changes in the Data Security Standard expected in version 4 of the code, we anticipate this will be a further driver for businesses to look to de-scope entirely their environments of card data using Eckoh's services.

Project Leapfrog

We have previously highlighted our intent to embrace Cloud Native practices and capabilities, which we named Project Leapfrog. As the name implies, leveraging our existing best-of-breed solutions, Cloud Native offers technologies and practices with nearly limitless computing power, alongside cutting-edge data and application services for product development.

Working alongside a third-party specialist in Cloud Native practices over several months, to accelerate our learning and help to upskill our team, we have made very significant progress to the point where Leapfrog as a project is largely complete. Any net new development of any significance will now be done following the Cloud Native process, and whilst it will be a long transition, we do expect over time to have replaced our whole technology stack with Cloud Native technology.

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. We are pursuing this methodology so that we can stay ahead of our competitors across the technical landscape, enhance our product portfolio even faster, at higher margins, and with a focus on assured quality, and win the ongoing talent war for attracting and retaining high quality developers.

Patent Update

Eckoh continues to invest engineering and financial resources into developing its products and services. As a result, Eckoh takes intellectual property (IP) policy very seriously. IP includes patent rights, trademarks and service marks, domain names, copyright (including copyright in software), design rights, database rights, rights in know-how or other confidential information (including trade secrets) and rights under IP-related agreements. Eckoh's IP provides significant market and technological advantages. The company is committed to preserving and enhancing its competitive position through strategic capture and, where necessary, enforcement of IP. Unauthorised use of Eckoh's IP damages our business and our partners. Eckoh expects others to respect its IP and would not knowingly infringe third party IP.

During the period we made significant progress in growing our portfolio and added a record number of new patents. Our granted patents have now reached twelve, seven of which were granted in this year.

For our core Secure Payments technology our two key patents of CallGuard and Secure Proxy (our tokenisation solution) now cover the jurisdictions of the UK, US, Belgium, France, Germany, Italy, Netherlands and Spain.

We also have three further patents comprising 'Authenticating users for data exchange', 'Session handoff' and 'Contact centre authentication' which have all been granted in the US, as well as partially in the UK and Canada.

Since period end Eckoh plc and Syntec Limited have reached a confidential settlement of their dispute over alleged infringement of Eckoh's Secure Proxy patent (UK No. GB2497940). Syntec has agreed to pay Eckoh an undisclosed sum in settlement of the claim.

Outlook

Despite the short-term disruption to market conditions relating to COVID-19, the Board remains confident of the future prospects for the Group, underpinned by balance sheet resilience, high recurring revenues, excellent sales pipelines and the long-term market opportunity. We have also maintained headcount at current levels to manage ongoing demand, sustain our high service levels, and ensure we are well-placed for a recovery in demand.

Although the outlook still remains uncertain, with a highly relevant product portfolio, resilient business model and strong balance sheet, Eckoh is well prepared to successfully manage the current challenges and assist our clients to do the same.

Financial Review

The Group has adopted IFRS 16: Leases with effect from 1st April 2019. Right-of-use assets will be measured on transition as if the new rules had always applied. The Group has taken advantage of the practical expedients available for transition under the standard. Note 1 sets out the new accounting policy and summarises the impact of the implementation of IFRS16: Leases, the impact to adjusted EBITDA and depreciation being £0.5 million for the full year. Interest charged in the year was £18k. There is no impact to profit after tax.

Revenue for the year increased by 16% to £33.2 million (FY19: £28.7m) and at constant exchange[3] rates by 14%. Adjusted operating profit[1] was £4.7 million compared to £3.1 million last year. Profit after tax for the year was £3.1 million (FY19: £0.9m).

Basic earnings per share for the year ended 31 March 2020 was 1.22 pence per share (FY19: 0.37 pence per share).

Divisional performance

Revenue in the UK, which represents 62% (FY19: 68%) of total group revenues, increased by 6% to £20.5 million (FY19: £19.4m). The US represented 38% (FY19: 32%) of total group revenues and revenues increased in the period by 36% to £12.7 million (FY19: £9.3m), revenues in local currency grew by 32% year on year. Further explanations of movements in revenue between the US and UK divisions have been addressed in the Operational Review above.

	FY20 (UK) £000	**FY20 (US) £000**	**FY20 Total £000**	FY19 (UK) £000	FY19 (US) £000	FY19 Total £000
Revenue	**20,468**	**12,710**	**33,178**	19,399	9,320	28,719
Gross Profit	**17,074**	**9,250**	**26,324**	16,527	7,578	24,105
Gross margin	**83%**	**73%**	**79%**	85%	81%	84%

The Group's gross profit increased to £26.3m (FY19: £24.1m). Gross profit margin was 79% for the year compared to 84% for the full year 2019. The UK gross profit margin decreased to 83% and is expected to remain at this level. In the US the full year margin decreased from 81% to 73% due in principle to the Coral licences. Excluding the Coral licences, gross profit margin was 76%, as previously indicated, as the US deploys more Secure Payment clients the proportion of hardware will impact the gross margin. During the year we deployed our largest single contract won to date.

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 level at 83-84%. In the US, due to the impact of IFRS 15, and the growth of the Secure Payments activities, we would expect gross profit margin to gradually decrease to approximately 70% - 75% in the next year. This is because currently our Secure Payment activities are typically deployed into the client's environment and require hardware to be provided. When clients renew their contracts without additional significant hardware the gross profit margin should gradually start to increase marginally.

Administrative expenses

Total administrative expenses for the year were £23.0m (FY19: £22.9m). Adjusted administrative expenses[4] for the year were £21.6m (FY19: £21.0m), the last year comparator has not been restated for IFRS16: Leases, an impact of £0.5 million. The adjusted administrative expenses of £21.6 million are in line with the run-rate exiting the second half last year following investment in headcount, IT, Sales and Marketing. Included in administrative expenses is a trading foreign currency gain of £0.3 million.

Profitability measures

Adjusted operating profit was £4.7 million (FY19: £3.1 million), an increase year on year of 53%. Included in the first half of FY20 were Coral licences of £0.9 million and for the year there was a foreign currency gain of £0.3 million. Adjusted EBITDA[2] for the year was £6.4m, an increase year on year of 48% (FY19: £4.3 million).

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Profit from operating activities	**3,286**	1,194
Amortisation of acquired intangible assets	**979**	1,325
Expenses relating to share option schemes	**468**	567
Adjusted operating profit[1]	**4,733**	3,086
Amortisation of intangible assets	**314**	275
Depreciation of owned assets	**848**	960
Depreciation of leased asset	**491**	-
Adjusted EBITDA[2]	**6,386**	4,321

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, amortisation, expenses relating to share option schemes and amortisation of acquired intangible assets.
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

Whilst Eckoh continue to innovate by developing new products and features such as those detailed in the Chief Executive Officer's review, little of this is capitalised on the balance sheet with only £0.4 million (FY19: £0.3 million) added in the year to the value of the intangible assets of the Company. Included in the £0.4 million is £0.2 million related to the Cloud-Native project. In addition to the internal costs capitalised a further £0.5 million was capitalised relating to a third-party vendor. Whilst taking a prudent approach to capitalising salary cost 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 2020, the interest payable charge was £68k (FY19: £77k). The interest charge is made up of bank interest of £50k and interest on leased assets of £18k, following the implementation of IFRS 16.

Taxation

For the financial year ended 31 March 2020, there was a tax charge of £166k (FY19: £209k charge).

Earnings per share

Basic earnings per share was 1.23 pence per share (FY19: 0.37 pence per share). Diluted earnings per share was 1.20 pence per share (FY19: 0.36 pence per share).

Contract liabilities and contract assets

Contract liabilities and contract assets relating to IFRS 15 Revenue from Contracts with Customers have both increased as new business contracted continues to increase more than the amounts of revenue and costs being released to the profit and loss account under IFRS 15 Revenue from Contracts with Customers, where revenue and costs for our hosted products are deferred until the solution is accepted by the client. Total contract liabilities were £14.4 million (FY19: £14.6m), included in this balance are £13.2m of contract liabilities relating to the Secure Payments product or hosted platform product, an increase from £11.7m at the same time in the previous year, a year on year increase of 13%. Contract assets as at 31 March were £5.6m (FY19: £4.2m).

Cashflow and liquidity

Gross cash at 31 March 2020 was £13.6 million, this is offset by a loan to Barclays bank of £2.0 million, giving net cash at 31 March 2020 of £11.6 million, an improvement of £3.3 million from net cash of £8.3 million as at 31 March 2019. In the period the Company has repaid £1.3 million of the loans outstanding to Barclays Bank in accordance with the terms of the loan. During the year, there has been a net cash inflow from working capital of £1.1 million (FY19: £3.1 million cash inflow). In addition, a dividend payment of £1.6 million was made in October 2019.

As a result of the current COVID-19 pandemic, the Board of Directors took advantage of the ability to defer the repayment of capital under the loan as a precautionary measure. The Bank has approved a delay to the April 2020 and July 2020 quarterly repayment of £325,000. The remaining balance on the loan of £1,950,000 will be repaid evenly over the remaining life of the loan. There will be four quarterly repayments of £487,500 commencing October 2020.

Dividends

As a result of the swift and fundamental impact of COVID-19 on global economic conditions, and the current impact to some of Eckoh's clients, the Board considers it prudent not to propose a year-end dividend and this will be reviewed by the Board when market conditions stabilise.

Consolidated statement of total comprehensive income

for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Continuing operations			
Revenue	2	**33,178**	28,719
Cost of sales		**(6,854)**	(4,614)
Gross profit		**26,324**	24,105
Administrative expenses		**(23,038)**	(22,911)
Operating profit		**3,286**	1,194
Adjusted operating profit		**4,733**	3,086
Amortisation of acquired intangible assets		**(979)**	(1,325)
Expenses relating to share option schemes		**(468)**	(567)
Profit from operating activities		**3,286**	1,194
Finance charges		**(68)**	(77)
Finance income		**84**	37
Profit before taxation		**3,302**	1,154
Taxation		**(166)**	(209)
Profit for the financial year		**3,136**	945
Other comprehensive (expense) / income			
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		**(48)**	580
Other comprehensive (expense)/ income for the year, net of income tax		**(48)**	580
Total comprehensive income for the year attributable to the equity holders of the parent company		**3,088**	1,525

		2020	2019
Profit per share		**pence**	pence
Basic earnings per 0.25p share	3	**1.23**	0.37
Diluted earnings per 0.25p share	3	**1.20**	0.36

Consolidated statement of financial position

as at 31 March 2020

	Notes	2019 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets		**7,313**	7,464
Tangible assets		**3,851**	4,118
Right-of-use leased assets		**277**	-
Deferred tax assets		**3,805**	4,081
		15,246	15,663
Current assets			
Inventories		**312**	458
Trade and other receivables		**13,494**	13,209
Cash and cash equivalents		**13,541**	11,582
		27,347	25,249
Total assets		**42,593**	40,912
Liabilities			
Current liabilities			
Trade and other payables		**(21,078)**	(19,983)
Other interest-bearing loans and borrowings		**(975)**	(1,300)
Lease liabilities		**(233)**	-
		(22,286)	(21,283)
Non-current liabilities			
Other interest-bearing loans and borrowings		**(975)**	(1,950)
Lease liabilities		**(33)**	-
Deferred tax liabilities		**(290)**	(495)
		(1,298)	(2,445)
Net assets		**19,009**	17,184
Shareholders' equity			
Called up share capital		**638**	635
Share premium account		**2,663**	2,659
Capital redemption reserve		**198**	198
Merger reserve		**2,697**	2,697
Currency reserve		**848**	896
Retained earnings		**11,965**	10,099
Total shareholders' equity		**19,009**	17,184

Consolidated statement of changes in equity

for the year ended 31 March 2020

	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 2019	635	2,659	198	2,697	896	10,099	17,184
Total comprehensive income /(expense) for the period							
Profit for the financial year	-	-	-	-	-	3,136	3,136
Other comprehensive expense for the period	-	-	-	-	(48)	-	(48)
Total comprehensive (expense)/ income for the period	**-**	**-**	**-**	**-**	**(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**

	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 2018	631	2,640	198	2,697	316	10,176	16,658
Total comprehensive income for the period							
Profit for the financial year	-	-	-	-	-	945	945
Other comprehensive income for the period	-	-	-	-	580	-	580
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**580**	**945**	**1,525**
Dividends paid in the year	-	-	-	-	-	(1,392)	(1,392)
Shares transacted through Employee Benefit Trust	-	-	-	-	-	(3)	(3)
Shares purchased for share ownership plan	-	-	-	-	-	(155)	(155)
Shares issued under the share option schemes	4	19	-	-	-	-	23
Share based payment charge	-	-	-	-	-	567	567
Deferred tax on share options	-	-	-	-	-	(39)	(39)
Total contributions by and distributions to owners	**4**	**19**	**-**	**-**	**-**	**(867)**	**(999)**
Balance at 31 March 2019	**635**	**2,659**	**198**	**2,697**	**896**	**10,099**	**17,184**

Consolidated statement of cash flows

for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated in operations	4	**7,240**	7,488
Taxation		**(88)**	(227)
Interest paid		**(50)**	(77)
Interest paid on lease liability		**(18)**	-
Net cash generated in operating activities		**7,084**	7,184
Cash flows from investing activities			
Purchase of property, plant and equipment		**(571)**	(541)
Purchase of intangible assets		**(951)**	(435)
Interest received		**84**	37
Net cash utilised in investing activities		**(1,438)**	(939)
Cash flows from financing activities			
Dividends paid		**(1,558)**	(1,392)
Repayment of borrowings		**(1,300)**	(1,300)
Principal elements of lease payments		**(503)**	-
Shares purchased for share ownership plan		**(187)**	(155)
Issue of shares		**7**	23
Shares acquired/sold by Employee Benefit Trust		**(146)**	(3)
Net cash generated in financing activities		**(3,687)**	(2,827)
Increase in cash and cash equivalents		**1,959**	3,418
Cash and cash equivalents at the start of the period		**11,582**	8,164
Cash and cash equivalents at the end of the period		**13,541**	11,582

1. Basis of preparation

The preliminary results of Eckoh plc have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") in issue as adopted by the European Union and effective at 31 March 2020. 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 2019 have been delivered to the Registrar of Companies but those for the year ended 31 March 2020 have not yet been delivered.

The auditors have reported on the accounts for the year ended 31 March 2020; 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.

In the early months of 2020, a global pandemic had broken out causing governments around the world to impose various restrictions on economies and human populations. The Board has carried out a going concern review and concluded that the Group has 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 signing 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. Volumes were impacted significantly from mid-March, but this was not reflected proportionately in revenue. Volumes have been steadily increasing since mid-May and we anticipate this continued improvement into July. We are continually monitoring our clients' ability to pay invoices and for the year ended 31 March 2020 we have provided against a small number of smaller clients' debts.

A key business indicator is our total orders and new business orders. We anticipate the new business wins for the current year to be impacted, particularly in the US as we are experiencing smaller deals continuing to progress but larger deals being put on hold in the short term. 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 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.

The preliminary announcement complies with the recognition and measurement criteria of IFRS, and with the accounting policies of the Group which were set out on pages 55 to 62 of the 2019 annual report and accounts, with the exception of the below.

Changes in accounting policy from 2019 annual report and accounts

IFRS 16 Leases

In prior years, assets leased under operating leases were not recorded in the statement of financial position. Rental payments were charged directly to the income statement in the period in which they are incurred. Lease incentives, primarily up-front cash payments or rent-free periods, were spread over the period of the lease term. Payments made to acquire operating leases were treated as prepaid lease expenses and amortised over the life of the lease.

From 1 April 2019, each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Group. Interest expense is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs.

Where leases include an element of variable lease payment or the option to extend the lease at the end of the initial term, each lease is reviewed and a decision is made on the likely term of the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement, during the year there was a Company car lease, which was returned in January 2020, a franking machine and the rental of a storage unit.

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 £'000**	**Eckoh US £'000**	**Total 2020 £'000**	Total 2019 £'000
Segment Revenue	**20,468**	**12,710**	**33,178**	28,719
Gross profit	17,074	9,250	**26,324**	24,105
Administrative expenses	(13,962)	(9,076)	**(23,038)**	(22,911)
Operating profit	**3,112**	**174**	**3,286**	1,194
Adjusted operating profit	**3,662**	**1,071**	**4,733**	3,086
Other expenses[1]	(550)	(897)	**(1,447)**	(1,892)
Operating profit	**3,112**	**174**	**3,286**	1,194
Profit before taxation	**3,139**	**163**	**3,302**	1,154
Segment assets				
Trade receivables	2,900	1,564	**4,464**	4,340
Deferred tax asset	3,335	470	**3,805**	4,081
Segment liabilities				
Trade and other payables	2,604	2,212	**4,816**	3,237
Capital expenditure				
Purchase of property, plant & equipment	502	69	**571**	541
Purchase of intangible assets	951	-	**951**	435
Depreciation and amortisation				
Depreciation of property, plant & equipment	660	188	**848**	960
Depreciation of leased assets	394	97	**491**	-
Amortisation	624	669	**1,293**	1,600

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

In 2019/20 and 2018/19 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**	**2020 Total £'000**	2019 Total £'000
UK	20,275	-	**20,275**	19,132
United States of America	-	12,504	**12,504**	8,997
Rest of the World	193	206	**399**	590
Total Revenue	**20,468**	**12,710**	**33,178**	28,719

Timing of revenue recognition	Eckoh UK £'000	Eckoh US £'000	Total 2020 £'000	Total 2019 £'000
Services transferred at a point in time	17,926	9,289	**27,215**	25,588
Services transferred over time	2,542	3,421	**5,963**	3,131
	20,468	**12,710**	**33,178**	28,719

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

	2020 £'000	2019 £'000
Receivables, which are included in, 'Trade and other receivables	**4,464**	4,340
Contract assets which are included in 'Trade and other Receivables'	**5,587**	4,221
Contract liabilities which are included in 'Trade liabilities'	**(13,194)**	(11,666)
	(3,143)	(3,105)

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 2020
	Contract assets £'000	**Contract liabilities £'000**
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	4,846
Current year billings recognised in contract liabilities	-	7,117
Cost of sales recognised that was included in the contract assets balance at the beginning of the period	1,864	-
Costs deferred in current year and unbilled revenue included in contract assets	3,376	-

Contract costs	**31 March 2020 £'000**	31 March 2019 £'000
Deferred implementation fees	**2,209**	2,121
Deferred hardware costs	**1,167**	2,100
	3,376	4,221

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 £13.2m (FY19: £11.7m. We expect to recognise approximately £6.3m (FY19: £4.8m) in the next 12 months, £6.7m (FY19: £6.8m) 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 2019 £'000**
Segment revenue	**19,399**	**9,320**	**28,719**
Gross profit	16,527	7,578	**24,105**
Administrative expenses	(14,140)	(8,771)	**(22,911)**
Operating profit	**2,387**	**(1,193)**	1,194
Adjusted operating profit / (loss)	**3,621**	**(535)**	**3,086**
Other expenses[1]	(1,234)	(658)	**(1,892)**
Operating profit / (loss)	**2,387**	**(1,193)**	**1,194**
Profit / (loss) before taxation	**2,347**	**(1,193)**	**1,154**
Segment assets			
Trade receivables	2,477	1,863	**4,340**
Deferred tax asset	3,522	559	**4,081**
Segment liabilities			
Trade and other payables	1,811	1,426	**3,237**
Capital expenditure			
Purchase of property, plant & equipment	443	98	**541**
Purchase of intangible assets	435	-	**435**
Depreciation and amortisation			
Depreciation	751	209	**960**
Amortisation	942	658	**1,600**

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

	Eckoh UK £'000	**Eckoh US £'000**	**2019 £'000**
Revenue by geography			
UK	19,132	-	19,132
United States of America	-	8,997	8,997
Rest of the World	267	323	590
Total Revenue	19,399	9,320	28,719

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.

	2020	2019
	£'000	£'000
Earnings for the purposes of basic and diluted earnings per share	**3,136**	945

	2020	2019
Denominator	**'000**	'000
Weighted average number of shares in issue in the period	**255,085**	253,117
Shares held by employee ownership plan	**(1,630)**	(1,363)
Shares held in Employee Benefit Trust	**-**	-
Number of shares used in calculating basic earnings per share	**253,455**	251,754
Dilutive effect of share options	**8,782**	10,263
Number of shares used in calculating diluted earnings per share	**262,237**	262,017

4. Cashflow from operating activities

	2020	2019
	£'000	£'000
Profit after taxation	**3,136**	945
Interest income	**(84)**	(37)
Interest payable	**68**	77
Taxation	**166**	209
Depreciation of property, plant and equipment	**848**	960
Depreciation of leased assets	**491**	-
Amortisation of intangible assets	**1,293**	1,600
Exchange differences	**(264)**	78
Share based payments	**468**	567
Operating profit before changes in working capital and provisions	**6,122**	4,399
Decrease in inventories	**146**	266
(Increase) in trade and other receivables	**(285)**	(1,267)
Increase in trade and other payables	**1,258**	4,090
Net cash generated in operating activities	**7,240**	7,488

5. Events after the Statement of Financial Position Date

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