For immediate release 18 November 2015

Eckoh

always inspiring

Eckoh plc

(“Eckoh” or the “Group”)

Unaudited interim results for the six months ended 30 September 2015

Continued double-digit organic growth and the acquisition of PSS today to support international expansion

Eckoh plc (AIM: ECK), the global provider of secure payment products and customer contact solutions, is pleased to announce its unaudited results for the six months to 30 September 2015.

Financial Highlights:

- Revenue increased 10% to £8.6m (H1 2014/5: £7.8m), recurring revenue now 78% of total revenue (FY15: 76%)
- Gross profit increased 26% to £7.1m (H1 2014/5: £5.6m)
- Gross Margin increased to 82% (H1 2015 72%)
- Adjusted* operating profit increased 44% to £1.5m (H1 2014/5: £1.0m)
- Adjusted* EBITDA increased 30% to £2.0m (H1 2014/5: £1.6m)
- Profit from operating activities of £0.1m (H1 2014/5: loss of £0.1m)

Operational Highlights:

- New US division gathering sales momentum – four new contracts secured since June, taking client count for Eckoh Inc to ten
- Strong new business progress within core UK operations
    - Eight new contracts secured in the period including Co-operative Group Limited, Arvato Services, Sensée, & ComAir
- 13 contract renewals secured, representing 100% of all contracts that expired in the period, including a three-year renewal with Vue Cinemas extending the relationship to over a decade

Current Trading:

- Completed the acquisition of Product Support Solutions, Inc (“PSS”) for $7.6m (net $5.6m after taking account of $2.0m cash held in PSS) to further establish presence in US and support future growth – see separate announcement released by the Group today
- Patent for CallGuard technology and process recently granted in the US
- Three-year contract to provide Haloh secure payments solution to global multi-media retailer

*excludes expenses relating to share option schemes, non-recurring items and expenses relating to acquisitions

Nik Philpot, Chief Executive Officer, commented today:

“These results demonstrate that Eckoh has once again made excellent progress by delivering double-digit organic revenue and margin growth, significant levels of new client wins and 100% renewals of existing clients.

“We are also delighted to announce the acquisition of PSS, a company specialising in the management of contact centre and customer experience technology with activities in the US, UK and Australia. PSS will support our sales activities in these markets, and particularly in the US, where its decade of experience working with some of the largest US businesses will prove invaluable in helping us grow and support the US market more effectively.

“The protection of customers’ data is a sensitive and high profile issue for both companies and the general public alike, given it can have extremely serious ramifications if not managed appropriately. We believe our

solutions provide a compelling proposition to help address the global challenges that payment and data security pose and in our particular market where options are limited and credible competition remains sparse, we would expect to continue to secure significant levels of new business that will help underpin our future growth."

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Notes to Editors:

Eckoh

Eckoh plc (AIM: ECK) is a global provider of secure payment products and customer contact solutions, working with organisations in over 10 countries around the world.

Eckoh has a range of secure payment products that are designed to help merchants become compliant with the Payment Card Industry Data Security Standards ('PCI DSS') and to reduce the risk of fraud by eliminating card data from contact centres and IT environments. Eckoh's CallGuard product can be deployed on the customer's site or hosted in the Cloud. It allows Contact Centres to take card payments from customers without their agents seeing, hearing or accessing card data in any way. Eckoh have been a PCI DSS Level One accredited Service Provider since 2010 and currently process over $1 billion in card payments annually.

Eckoh's customer contact solutions enable payments, transactions and enquiries to be processed without the caller needing to talk to a contact centre agent. This significantly reduces our clients' costs, whilst freeing up their agents to deal with more complex enquiries. These solutions are delivered over the phone, web and mobile devices. Eckoh is the largest provider of such hosted services in the UK.

For more information, visit: www.eckoh.com

Introduction

We are pleased to report on another period of excellent progress for the Group, culminating in the acquisition of PSS which we have announced today.

Our success in continuing to win large numbers of new clients, combined with renewal rates, typically of 100%, gives rise to high levels of recurring revenue (78% in this period) and helps drive the levels of growth that we have become accustomed to in recent years.

Opening up other international markets including, but not exclusively, the US will help enable us to continue to drive these levels of growth. In the year to date, we have made good progress in securing new customers through our direct sales capability in the US, as well as globally. The addition of PSS with its existing infrastructure, people, customer base and partner relationships in the US, UK and Australia is expected to significantly strengthen our ability not only to secure further new business but also to have the appropriate staff in place to support the deployments.

As in previous years, we are anticipating a stronger period of trading in the second half of the financial year due to the seasonal weightings of our clients, which is expected to enable us to deliver another year of excellent growth. As well as the strong financial performance in this period, we are pleased to be able to report good progress with the strategic objectives which we have worked towards over recent periods. These objectives remain consistent:

- Establish and expand our US footprint to capitalise on secure payment opportunities
- Leverage channel partners in both UK and US markets
- Bring the new tokenisation payment product Haloh to market
- Continue to invest in R&D to underpin next generation product development and maintain market leading position
- Maximise client value through cross-selling
- Continue to evaluate acquisition opportunities

Operational Review

The first six months of the 2015/16 financial year have seen a continuation of the trend of strong growth seen in previous years. Our record level of new contract wins in the previous year has been sustained with 12 further contract wins so far this year from our UK and US markets. It is also encouraging that we are seeing an increase in unsolicited enquiries from international markets, which has led to sales in South Africa, Morocco and Canada during the period. These have been satisfied from our UK operation, with no assistance from any local partners and indeed involving no face-to-face contact during the sales or deployment process, demonstrating the potential international demand for our industry-leading solutions and the ease with which they can be deployed.

The majority of these contract wins are for our CallGuard solution, which helps organisations to remove card data from their call recording systems, desktop PCs and the Contact Centre agents themselves. This solution benefits from being simple and quick to deploy on-site, as well as cost effective for even a small operation. This technology was awarded a UK patent in 2014 and as announced recently, it has now been granted a US patent.

The sales pipeline continues to be dominated by secure payments opportunities and with cases of data security breaches continuing to make the headlines in both the UK and US, most recently with the TalkTalk incident; we anticipate that demand for our secure payments solutions should only increase. Currently 66% of all our clients have at least one of our secure payments products as part of their overall offering.

The addition of tokenisation to our portfolio of secure payments solutions, now branded as Haloh, has opened up an even larger target market. This product not only de-scopes payment card information from the IT and Contact Centre environment for PCI DSS purposes but it replaces sensitive numeric data with tokens (representations of the real numbers but with no intrinsic value). Haloh tokenisation has been extremely well received since it was launched at the Card Not Present Expo in May 2015, where it received the ‘Best Call Centre Solution’ Award. It has a number of compelling attributes; it requires no changes to the existing infrastructure or processes, needs minimal IT effort from the organisation itself, can be leveraged across all inbound channels (including voice, web and mobile) and provides tokens that can then be safely stored and used within an organisation’s CRM system. In the case of payment card numbers these tokens will incorporate some of the real card information (usually the first 6 and last 4 digits) which means that the agent can still refer to a particular card when seeking payment from a customer.

We announced earlier in the year that we had secured our first client for Haloh with the outsourcer Sensée. As Sensée only uses work-at-home agents, this is a particularly challenging scenario from a PCI and fraud perspective but Haloh ensures that each individual's personal environment is as secure as if they were sat in a controlled Contact Centre environment. We were also extremely pleased that on 11 November 2015 we were able to announce that we had secured a significant three-year contract with one of the world's largest multi-media retailers for the Haloh tokenisation solution. The solution will be deployed on the client's site and the key features that attracted the organisation are its easy implementation, requiring no integration or change to its current IT infrastructure, and that it can be used to process secure data from any communication channel.

Tokenisation, because of the clear benefits and scope that it provides, will become, we believe, our most popular and effective solution over time. Patent applications to protect the solution were initially filed in 2011 and like CallGuard we would expect these to be granted in due course.

Our base of recurring revenue continues to be supplemented by extremely high retention rates on existing clients with all clients that had a contract expiring in the period renewing for further periods, including a two-year renewal with our largest margin client. It is also pleasing to see one of our longest standing clients, Vue Cinemas ("Vue"), with whom we have worked with for over a decade, renew for a further three years. This renewal illustrates perfectly the value that we continue to provide to our clients adapting to their needs as they grow. Vue is also an excellent example of how we seek to grow the services that we provide to our clients over time. Since the initial provision of an IVR solution to provide information on cinema locations and film times we now provide a full suite of services. This encompasses an advanced self-service speech recognition system, fully integrated ticket purchasing, secure payments through both automation and live agent, email management, webchat, social media monitoring and gift card fulfilment.

Maximising client value is a key part of our strategy this year with internal targets set and sales incentives put in place to help drive this. These efforts to focus on and increase cross-selling have resulted in notably higher levels of activity compared to the same period last year. Currently 18% of our clients take only one payments solution, representing a significant opportunity. We will continue to focus on ensuring that our clients are aware of the breadth of our offering and that where possible multiple solutions are provided.

In June we announced a new five-year framework agreement with Capita that replaced the previous three-year contract midway through the term. It is our expectation that over the course of this new agreement we will secure a modest number of contracts but anticipate that these will cumulatively generate significant value. The three contracts already secured to date are a ten-year contact with a mobile operator, a five-year contract with a leading logistics company and a five-year contract with a leading transport organisation. The minimum total value of these agreements is expected to be around £15m, further illustrating the importance of the services that Eckoh provides. It is also worth noting that Capita is explicitly leveraging Eckoh's expertise in multi-channel customer contact applications rather than our payments product line. Our heritage and expertise in designing customer experience solutions that deliver the highest levels of customer satisfaction and performance on a highly cost effective basis is, we believe, unparalleled in the UK.

In the US, our partner, West Corporation, is making good progress with a large number of sales opportunities, in line with the sales cycle we noted at the time of our Full Year Results in June. In addition, we continue to add new secure payments contracts through our direct sales capacity, with four further agreements added since June, taking our total number of clients secured by Eckoh Inc to ten. These latest contracts are with a financial services company, outsourced contact centre providers and a utility company and we continue to build this direct new business pipeline.

Acquisition of PSS

As announced separately today, we are pleased to announce the acquisition of Product Support Solutions, Inc ("PSS"), a US-based company specialising in the management of contact centre and customer experience technology, for a total consideration of $7.6m (approximately £5.0m). After taking account of cash held within PSS of approximately $2.0m, net consideration is $5.6m (£3.7m).

With PSS's business based in the US, UK, and Australia, the acquisition will support Eckoh's continued expansion in the US where PSS has a significant presence and add further scale to Eckoh's business in the

UK as well as other international marketplaces, notably Australia. It will also bring additional products and services which can be cross-sold into the enlarged customer base.

It is the belief of the Directors of Eckoh and PSS that the Acquisition represents a highly complementary fit for both businesses, offering excellent strategic synergies. The Acquisition is expected to be immediately earnings enhancing.

Building on the capabilities of Eckoh Inc, the acquisition of PSS is expected to open up a new opportunity for us to leverage our unique and patented product set across a broader section of the US market. With its experience in the US spanning more than a decade, PSS has alliances with partners including Genesys, Aspect, Avaya, Microsoft, Nuance and other major contact centre technology providers. It also has an established client base that encompasses multiple industry sectors and includes well-known US brands such as AT&T, CenturyLink, Bank of America and Telstra. PSS has a trusted adviser relationship with its clients and partners, which provides an ideal platform on which to introduce our secure payments product suite.

Market Opportunity

News of data breaches continues to hit the headlines and keep the issue of data security firmly in the public's mind and indeed those in government. The recent high profile TalkTalk incident illustrated how rapidly an organisation can suffer widespread damage as a result of a breach, even before it is actually quantified. The fact that the breach ultimately was found to impact 'only' 157,000 customers compared to the original figure quoted of four million is perhaps irrelevant, as the brand and reputational damage was arguably already done. Only time will tell how lasting and significant that damage will prove to be. TalkTalk's CEO has revealed that one-off costs are estimated at between £30-£35m, the equivalent of £206 per customer impacted, and this does not take into account the longer term potential impact of lower customer acquisition and higher customer churn.

It seems inevitable that breaches will continue to occur and become high-profile stories. As a result the government is likely to intervene and try to impose stricter regulation in the space. One of the toughest stances is expected to come from the EU where regulations are anticipated as early as the end of this year, which could result in multi-million pound fines for companies that suffer data breaches. In Brussels, negotiators from the European Parliament and the 28 member-states are working on legislation which has, as one of its potential sanctions, a fine that would be directly linked to revenue. This would lead to the financial impact for a TalkTalk sized incident running into many tens, potentially hundreds of millions of pounds.

The possibility of legislation of this nature inevitably focuses the minds of organisations more heavily on Information Security. With budgets and remit in this area likely to be broadened over the next few years this can only benefit Eckoh, with our payments proposition enabling companies to remove the risk of data breach effectively from some of the most challenging parts of their businesses.

Current Trading and Outlook

Moving into the second half of the year, with market sentiment assisting the acquisition of new customers, and positive reactions for our new tokenisation proposition, we would expect our strong trend of growth to continue. The acquisition of PSS will enable us to grow more quickly in the US market where we remain confident that the size of the business can, in time, outstrip that of the UK and we will look carefully at the opportunity to move more meaningfully into the Australian market where PSS already has a presence.

With our high levels of recurring revenue from the existing client base, significant new business pipeline both in the UK and the US, and new opportunities to sell through PSS, we believe that Eckoh has an excellent platform on which to continue to build an exciting, fast-growing, business.

In line with our acquisition strategy, we will also continue to evaluate other acquisition opportunities where they may complement our product base or accelerate geographic expansion. As we look ahead, therefore, the Board remains very confident in Eckoh's future prospects and we continue to trade in line with market expectations for the year.

Financial Review

Revenue

The first half of the financial year saw revenue grow by 10% to £8.6m (H1 FY15: £7.8m). Much of the revenue growth has come from the sale of established Eckoh products that require little development effort and have therefore generated higher gross margins. Margins arising from the revenue therefore increased to 82% (H1 FY15: 72%) and 78% of this revenue is represented by recurring revenues. Gross profit increased from £5.6m in the comparable period last year to £7.1m, an increase of 26%.

Profitability Measures
As seen in previous periods, the inherent operational gearing in the Company has seen a large proportion of increased revenues flow through to profitability.

Adjusting for the impact of amortising acquired intangible assets, share option schemes and non-recurring items (including aborted transaction costs relating to the possible offer for NetCall plc), operating profit has increased by 44% to £1.5m (H1 FY15: £1.0m). Similarly, adjusted EBITDA (calculated in the table below) has increased from £1.6m to £2.0m, an increase of 30%.

	6 months ended 30 Sept 2015 £'000	6 months ended 30 Sept 2014 £'000	Year ended 31 March 2015 £'000
Profit / (loss) before tax	**74**	**109**	**2,121**
Amortisation of intangible assets	**850**	862	1,710
Depreciation	**366**	336	690
Aborted transaction costs	**369**	-	-
Legal fees and settlement costs	-	-	527
Expenses relating to share option schemes	**343**	480	939
Interest receivable	**(6)**	(10)	(20)
Finance expense	**36**	-	19
Finance income	**-**	(211)	(1,518)
Adjusted EBITDA	**2,032**	**1,566**	**4,468**

Statement of financial position
The reduction in the trade payables balance of £6.2m at the end of March to £4.5m at the end of September has contributed to cash held at the end of September falling to £3.7m (31/3/15: £4.4m).

The acquisition of PSS today has led to a debt refinancing whereby the loan of £2.4m outstanding at the end of September was replaced by a new £5m facility to be repaid over five years.

Consolidated statement of comprehensive income

for the 6 months ended 30 September 2015

	Six months ended 30 September 2015 £'000 (unaudited)	Six months ended 30 September 2014 £'000 (unaudited)	Year ended 31 March 2015 £'000 (audited)
Continuing operations			
Revenue	**8,585**	7,780	17,158
Cost of sales	**(1,505)**	(2,153)	(4,055)
Gross profit	**7,080**	5,627	13,103
Administrative expenses	**(5,604)**	(4,599)	(9,715)
Adjusted Operating Profit	**1,476**	1,028	3,388
Amortisation of acquired intangible assets	**(660)**	(660)	(1,320)
Expenses relating to share option schemes	**(343)**	(480)	(939)
Aborted transaction costs	**(369)**	-	-
Legal fees and settlement costs	**-**	-	(527)
Profit / (loss) from operating activities	**104**	(112)	602
Interest payable	**(36)**	-	(19)
Finance income	**-**	211	1,518
Interest receivable	**6**	10	20
Profit before taxation	**74**	109	2,121
Taxation	**(135)**	10	(16)
Total comprehensive (loss) / income for the period	**(61)**	119	2,105
(Loss) / Profit per share expressed in pence			
Basic	**(0.03)**	0.05	0.96
Diluted	**(0.02)**	0.05	0.85

Consolidated statement of financial position
as at 30 September 2015

	30 September 2015 £'000 (unaudited)	30 September 2014 £'000 (unaudited)	31 March 2015 £'000 (audited)
Assets			
Non-current assets			
Intangible assets	**7,765**	8,989	8,317
Tangible assets	**5,203**	1,298	5,191
Deferred tax asset	**5,137**	4,472	4,938
	18,105	14,759	18,446
Current assets			
Inventories	**245**	149	224
Trade and other receivables	**6,481**	4,310	7,033
Cash and cash equivalents	**3,677**	4,148	4,419
	10,403	8,607	11,676
Total assets	**28,508**	23,366	30,122
Liabilities			
Current liabilities			
Trade and other payables	**(4,530)**	(3,508)	(6,217)
Contingent consideration	**(636)**	(486)	-
Other interest-bearing loans and borrowings	**(636)**	-	(636)
	(5,802)	(3,994)	(6,853)
Non-current liabilities			
Other interest-bearing loans and borrowings	**(1,787)**	-	(2,105)
Contingent consideration	**-**	(1,458)	(636)
Deferred tax liability	**(730)**	(991)	(862)
	(2,517)	(2,449)	(3,603)
Net assets	**20,189**	16,923	19,666
Shareholders' equity			
Share capital	**558**	556	558
ESOP Reserve	**(135)**	(22)	(135)
Capital redemption reserve	**198**	198	198
Share premium	**5,203**	5,133	5,175
Currency reserve	**47**	(41)	56
Retained earnings	**14,318**	11,099	13,814
Total shareholders' equity	**20,189**	16,923	19,666

Consolidated interim statement of changes in equity

as at 30 September 2015
(unaudited)

	Share capital £'000	ESOP Reserve £'000	Capital redemption reserve £'000	Share premium £'000	Retained earnings £'000	Currency reserve £'000	Total shareholders' equity £'000
Balance at 1 April 2014	540	(22)	198	2,411	11,197	(41)	14,283
Total comprehensive expense for the period	-	-	-	-	119	-	119
Dividends paid in period	-	-	-	-	(695)	-	(695)
Shares issued on acquisition of Veritape Limited	16	-	-	2,722	-	-	2,738
Share based payment charge	-	-	-	-	190	-	190
Deferred tax on share options	-	-	-	-	288	-	288
Balance as at 30 September 2014	556	(22)	198	5,133	11,099	(41)	16,923
Balance as at 1 October 2014	556	(22)	198	5,133	11,099	(41)	16,923
Total comprehensive income for the period	-	-	-	-	1,986	-	1,986
Shares issued under the share option schemes	2	-	-	42	-	-	44
Shares transacted through Employee Benefit Trust	-	(113)	-	-	(25)	-	(138)
Retranslation	-	-	-	-	-	97	97
Share based payment charge	-	-	-	-	132	-	132
Deferred tax on share options					622	-	622
Balance at 31 March 2015	558	(135)	198	5,175	13,814	56	19,666
Balance at 1 April 2015	558	(135)	198	5,175	13,814	56	19,666
Total comprehensive income for the period	-	-	-	-	(61)	-	(61)
Shares issued under the share option schemes	-	-	-	28	-	-	28
Retranslation	-	-	-	-	-	(9)	(9)
Share based payment charge	-	-	-	-	101	-	101
Deferred tax on share options	-	-	-	-	464	-	464
Balance at 30 September 2015	**558**	**(135)**	**198**	**5,203**	**14,318**	**47**	**20,189**

Consolidated statement of cash flows
for the 6 months ended 30 September 2015

	Six months ended 30 September 2015 £'000 (unaudited)	Six months ended 30 September 2014 £'000 (unaudited)	Year ended 31 March 2015 £'000 (audited)
Cash flows from operating activities			
(Loss) / Profit after taxation	**(61)**	119	2,105
Interest income	**(6)**	(10)	(20)
Interest payable	**36**	-	19
Finance income	**-**	(211)	(1,518)
Taxation	**135**	39	278
Increase in deferred tax asset	**-**	(49)	(262)
Depreciation of property, plant and equipment	**366**	336	690
Amortisation of intangible assets	**850**	862	1,710
Share based payments	**101**	190	322
Exchange differences	**(9)**	-	-
Operating profit before changes in working capital and provisions	**1,412**	1,276	3,324
Increase in inventories	**(21)**	(45)	(120)
Decrease / (Increase) in trade and other receivables	**552**	(734)	(3,457)
(Decrease)/Increase in trade and other payables	**(1,689)**	(1,975)	976
Decrease in provisions	**-**	(43)	(43)
Cash generated / (utilised) from operations	**254**	(1,521)	680
Taxation	**-**	-	(101)
Net cash generated / (utilised) from continuing operating activities	**254**	(1,521)	579
Cash flows from investing activities			
Purchase of property, plant and equipment	**(378)**	(772)	(5,019)
Purchase of intangible fixed assets	**(298)**	(215)	(391)
Interest paid	**(36)**	-	(19)
Interest received	**6**	10	20
Net cash utilised in continuing investing activities	**(706)**	(977)	(5,409)
Cash flows from financing activities			
Dividends paid	**-**	(695)	(695)
Proceeds from new loan	**-**	-	2,900
Repayment of borrowings	**(318)**	-	(159)
Issue of shares	**28**	-	-
Shares acquired by Employee Benefit Trust	**-**	-	(138)
Net cash (utilised) / generated in continuing investing activities	**(290)**	(695)	1,908
Decrease Increase in cash and cash equivalents	**(742)**	(3,193)	(2,922)
Cash and cash equivalents at the start of the period	**4,419**	7,341	7,341
Cash and cash equivalents at the end of the period	**3,677**	4,148	4,419