



# Smarter outcomes, better experiences.

## Netcall plc

Annual Report and Accounts  
for the year ended 30 June 2024

Stock code: NET





Netcall is an AIM-quoted technology company with an innovative and expanding solutions portfolio.

Netcall's Liberty software platform provides outstanding intelligent automation and customer engagement solutions. These help organisations transform their businesses faster and more efficiently, empowering them to become leaner and more customer-centric.



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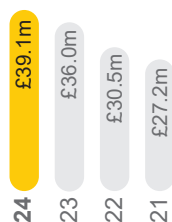
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# Financial and operational highlights

## Revenue

+9%

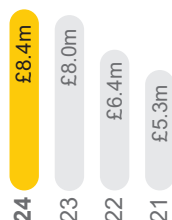


## Financial highlights

- Revenue up 9% to £39.1m (FY23: £36.0m)
- Cloud services revenue growth of 19% to £19.8m (FY23: £16.6m)
- Total annual contract value ('ACV')<sup>(1)</sup> up 15% to £32.2m (FY23: £27.9m)
- Cloud services ACV up 23% to £22.3m (FY23: £18.1m)
- Adjusted EBITDA<sup>(2)</sup> up 5% to £8.4m (FY23: £8.0m)
- Profit before tax up 58% to £6.3m (FY23: £4.0m)
- Adjusted basic earnings per share<sup>(3)</sup> up 7% to 3.57p (FY23: 3.33p)
- Group cash at period end up 37% to £34.0m (FY23: £24.8m)
- Net funds at period end<sup>(4)</sup> up 37% to £33.5m (FY23: £24.4m)
- Final ordinary dividend per share up 7% to 0.89p (FY23: 0.83p)

## Adjusted EBITDA<sup>(2)</sup>

+5%

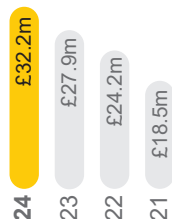


## Operational highlights

- Demand for Liberty Cloud solutions continued to drive growth, with Cloud services revenue growing 19% to £19.8m and accounting for 90% of new bookings.
- Increasing Cloud subscription is resulting in a higher proportion of recurring revenues, now at 76% (FY23: 72%), contributing to strong cash generation.
- Robust demand from new customers, together with continued growth from the existing base, reflected in Cloud net retention rates<sup>(5)</sup> of 117% (FY23: 113%).
- Continued investment in business operations and product offering to support a growing pipeline, including integration and embedding of Generative AI capabilities.
- Significant uptake of Liberty Cloud contact centre and the launch of Liberty Converse CX contributed to a 51% growth in Cloud contact centre revenues.
- Successful integration of Skore Labs into the Liberty platform, which has now been launched to the existing Netcall customer base, with initial cross-sales achieved and providing an expanded total addressable market.
- Post-period end acquisitions of Govtech and Parble, both of which are expected to be immediately earnings enhancing with substantial potential for cross-selling.
- Positive sales momentum continuing into the start of the new financial year, which, together with the contracted revenue expected to be recognised in FY25, provides good revenue visibility and a platform for further growth.
- Appointed an additional Independent Non-Executive Director post-period end, James Platt, who will join the Board on 24 October 2024.

## Annual Contract Value ('ACV')<sup>(1)</sup>

+15%



<sup>1</sup> ACV, as of a given date, is the total of the value of each Cloud and support contract divided by the total number of years of the contract (save that the contract renewal announced on 20 July 2023 was included in FY23 ACV at the annual amount of \$4m).

<sup>2</sup> Profit before interest, tax, depreciation and amortisation adjusted to exclude the effects of share-based payments, acquisition-related costs, impairment, profit or loss on disposals, contingent consideration and non-recurring transaction costs.

<sup>3</sup> As defined in note 19(b).

<sup>4</sup> As defined in note 10(a).

<sup>5</sup> Cloud net retention rate is calculated by starting with the Cloud ACV from all customers 12 months prior to the period end and comparing it to the Cloud ACV from the same customers at the current period end. The current period ACV includes any cross- or up-sales and is net of contraction or churn over the trailing 12 months but excludes ACV from new customers in the current period. The Cloud net retention rate is the total current period ACV divided by the total prior period ACV.

### Liberty Create

Empower teams to rapidly build and develop their own game-changing applications with low code.

### Liberty Converse

Deliver a 360-degree view of the customer, from initial contact through multiple channels to triggering workflows and backend system process automation with ease.

### Liberty AI

Use AI to augment your teams' talents, automate intelligently and create meaningful experiences for employees, customers and stakeholders.

### Liberty Spark

Now it's faster and easier to map and evolve your processes. Achieve a wealth of business benefits beyond compliance – and accelerate your transformation.

### Liberty IDP

Using AI automation, Intelligent Document Processing extracts and interprets data from a wide range of documents and emails, classifying and processing information without human assistance.

### Liberty RPA

Streamline processes and boost efficiency. Liberate your people to use their talents better by releasing them from time-consuming, mundane, repetitive tasks.

# Chair and Chief Executive's review



## James Ormondroyd CEO of Netcall



“This year has been another period of strong performance for Netcall. Our Cloud services continue to receive growing demand from new and existing customers, driving increased revenue visibility and strong cash flow.

“We have made significant advancement to the product offering, including the launch of our new Cloud contact centre solution, Liberty Converse CX, which has generated substantial interest as customers migrate to Cloud environments to leverage advanced technologies as well as the ongoing integration of GenAI capabilities across our broader Liberty platform. We are also pleased with the progress in our acquisition strategy, with the recent acquisitions of Skore, Govtech and Parble enhancing our market position and opening up new opportunities.

“Sales momentum remains strong into the new financial year. Our robust pipeline and product roadmap, together with a growing base of recurring revenues and a healthy cash position, leaves us well-positioned to capitalise on the market opportunities ahead.”

## Overview

The Group has delivered another year of robust performance, with strong sales momentum and cash generation ahead of expectations. Revenue grew by 9% to £39.1m (FY23: £36.0m), and adjusted EBITDA increased by 5% to £8.4m (FY23: £8.0m).

Netcall's Cloud offerings continue to drive growth, reflecting the Group's ongoing transition to a digital Cloud business. Cloud service revenues rose by 19% to £19.8m (FY23: £16.6m), with Cloud subscriptions comprising 90% of new bookings. The Group benefits from favourable long-term macro trends for Cloud computing, automation and customer experience, which underpin the growing demand for subscription-based solutions.

This is reflected in Cloud ACV, which increased by 23% to £22.3m (FY23: £18.1m), contributing to total ACV growth of 15% to £32.2m (FY23: £27.9m). The Group experienced robust demand from new customers, along with continued cross and up-selling, resulting in a Cloud net retention rate of 117% (FY23: 113%). Over a quarter of Customer Engagement customers now integrate both Customer Engagement and Intelligent Automation solutions, highlighting the opportunity for further cross-selling as customers embed additional capabilities.

Significant advancements have been made to the Liberty platform, integrating AI capabilities across the product portfolio and extending its Cloud offerings. The launch of Liberty Converse CX in April 2024, combining AI and Intelligent Automation to enhance Netcall's Customer Engagement proposition with a Cloud-native contact centre solution, has been met with high levels of interest, contributing to the 51% growth in Cloud contact centre subscription revenue to £5.50m (FY23: 22% to £3.65m). This in part reflects the trend of on-premise contact centre customers

migrating to Netcall's Cloud environment in order to leverage greater flexibility and lower operating costs but also the enhanced proposition. The Group's Cloud investment programme in operations, development, IT, and services has continued as planned to capitalise on this growing market opportunity.

The Group's market proposition was further strengthened by the integration of the recently acquired Skore Labs Limited ('Skore'), now rebranded as Liberty Spark, enhancing Netcall's position as a one-stop-shop digital transformation toolkit provider. Post-period end, the Group acquired Govtech Holdings Limited ('Govtech'), a digital process automation company, expanding Netcall's Liberty product portfolio into new business functions; and Smart & Easy NV (trading as 'Parble'), a provider of intelligent document processing software, which enhances Netcall's Liberty portfolio with a complementary solution. The total initial consideration paid net of cash acquired was £12.0m, which was funded out of existing cash resources. Both acquisitions are expected to be immediately earnings enhancing with respect to adjusted earnings per share, and provide substantial cross-selling potential and an expanded customer base within core Group sectors of Local Government and financial services.

The momentum in Cloud services and the increasing proportion of recurring Cloud subscription revenues have led to excellent cash flow generation. This has significantly improved the year-end cash position to £34.0m (30 June 2023: £24.8m), providing the Group with flexibility to continue driving both organic and inorganic growth.

## Current Trading and Outlook

Positive sales momentum has continued into the new financial year driven by continued demand for our Cloud solutions. The Group's enhanced product offerings, following recent investments, are creating new growth opportunities with both new and existing customers. This, along with £35.1m of contract revenue expected to be recognised in FY25, which includes

the impact of post-year-end acquisitions, provides great revenue visibility. The Group is well positioned for growth and enhanced profitability as it continues its transition to a subscription business model.

The pipeline of opportunities is robust, supported by a strong product roadmap. The Board continues to invest in innovation and product development in Cloud services, as well as ongoing customer-led enhancements to strengthen Netcall's proposition and scale the business. Supported by favourable market trends, driving the adoption of Cloud and AI technologies, together with the Group's strong balance sheet and cash generation, ensures that the Board remains confident in the Group's continued success.

## Business Review

Netcall helps customers implement digital strategies, transforming them into more intelligent, efficient, and customer-centric organisations. The Group's software solutions accelerate the achievement of businesses' digitalisation objectives

through an intuitive platform that enables rapid process automation and enhanced customer engagement. This results in better outcomes for service-users, such as reduced waiting times for NHS patients, quicker delivery of council services for citizens, improved banking experiences for customers, and increased staff retention and satisfaction for employers.

Business process automation and digitalisation are strategic priorities for organisations given the significant scope for operational improvement available. In response to rising costs and evolving consumer expectations, organisations are increasingly adopting solutions such as low-code development, task-centric automation, and AI, alongside Cloud-based omni-channel engagement to leverage these technologies as an integrated toolkit for more effective automation programmes.

Netcall's Liberty platform powers this transformation, offering AI-driven tools to create business applications that automate processes and streamline workflows. It

integrates Intelligent Automation and Customer Engagement on a single, easy-to-use platform, providing competitive differentiation with industry-specific implementations. The modular nature of the Liberty platform aligns with a common market preference for prebuilt, industry-specific automations which can be adopted as a starting point and subsequently scaled quickly through its integration with other automation solutions.

Liberty's comprehensive digital transformation toolkit includes Liberty Create, empowering both professional and citizen developers to build enterprise-level applications using low-code software, and Liberty Converse CX, offering seamless customer engagement through an omni-channel contact centre solution, among other portfolio solutions. Embedded within the platform is Liberty AI, providing tools like large language models (LLMs) for generative AI, natural language processing, and machine learning prediction models, ensuring consistent performance,



### Case study



## 79% Patient Uptake

Secure online patient engagement portal, with appointment management and waiting list validation dramatically reduces manual admin, and improves the patient experience.

- 79% patient uptake
- 39% reduction in DNAs (Did Not Attend)
- 9.15% patients removed from waiting lists

**“We are already seeing the positive impact of this work for our patients, and the time staff previously spent on sending out appointment letters is being used to better support patients and make the most of every available appointment.”**

Alex Whitfield  
Chief Executive, Hampshire Hospitals NHS Foundation Trust



**Henrik Bang**  
Chair of Netcall

# Chairman and Chief Executive's review

control of costs, management of AI risks, and helping customers meet their compliance requirements.

## Strategy

Netcall pursues its market opportunities through a consistent and proven growth strategy, anchored on four strategic pillars: new customer acquisition, expansion within the existing customer base, ongoing product innovation, and partner network expansion.

The Group serves customers across a range of size and sectors, with a primary focus on the financial services, healthcare, and public sector industries, which collectively contributed 90% of total Group revenues. These core sectors are characterised by their complexity, large customer and employee bases, and high levels of regulation, and where Netcall has established a strong presence through extensive referenceability and packaged industry-tailored solutions, known as 'Hubs'.

Following initial engagement, the Liberty platform's flexibility and seamless integration with Cloud services enable customers to increase their platform usage, supporting their expansion objectives. This adaptability ensures that Netcall's solutions remain relevant and valuable in a rapidly evolving technology landscape.

Netcall consistently achieves high levels of customer satisfaction and employee engagement, laying a solid foundation for sustained future growth. This commitment to excellence not only strengthens customer loyalty, but also enhances the Group's competitive edge in the market.

### Customer base expansion

Throughout the year, the Group experienced robust demand from new customers, driven by its Cloud services and Hub solutions. Expanding the customer base remains a key priority, as acquiring new customers enables future cross-selling, increases wallet share, and

strengthens loyalty, driving sustainable long-term growth.

The Group's efforts in the public sector have yielded significant results. It secured a major new £2m contract with a local council for a period of five years, reflecting good demand from local councils and housing associations. Additionally, the acquisition of Govtech has expanded the Group's capabilities in digital process automation for the local council sector, increasing Netcall's market share from 26% to 34% of UK councils.

In the healthcare sector, the Group's solutions are in high demand, leading to several new customer wins. An example is Mersey and West Lancashire Teaching Hospitals NHS Trust, which has chosen Patient Hub, Waiting List Validation and integrated Cloud contact centre solutions to streamline their patient experience, improve efficiencies, and enhance overall care. The Group's presence across other NHS trusts continues to generate significant impact, such as the digital transformation of Hampshire Hospitals NHS Foundation Trust, which resulted in a 79% patient uptake of Patient Hub following its deployment. These successes underscore the value and effectiveness of the Group's healthcare solutions.

The Group continued to build momentum in the transport sector. In April 2024, Netcall renewed a £7.6m five-year contract renewal with a leading transportation company for Liberty Cloud services, representing a £0.4m annual uplift from the original contract. Additionally, the Group partnered with Transport for London to deploy a product acceptance solution for managing certification of equipment and vehicles used on the underground network.

### Land and expand

The Group's land-and-expand strategy remains a pivotal element of its growth framework, with cross-selling and up-selling driving substantial value creation. Customers are increasingly deploying upgrades and new solutions, capitalising on the modular architecture



Case study



## Powering Efficiency for Customers

Utilising our low-code platform to quickly deliver many successful automated projects, then extending the use of Liberty platform across the wider business to support new projects, UK Power Networks has revolutionised many services for customers.

- Rapid application development
- Digital transformation at scale
- #1 in the UK for customer service

**"We were able to fully adopt an agile methodology, release a minimum viable product, and then continually improve that to stem up from a viable product to a market-leading low carbon technology application system. We are processing more applications for low carbon technologies than other Distribution Network Operators and we're doing it with the highest customer satisfaction scores from Ofgem."**

Ben Elmy

**Product Manager for Domestic Low Carbon Readiness, UK Power Networks**

and enhanced functionality of the platform. This approach has resulted in the high Cloud net retention rate of 117% (FY23: 113%).

An example is a recent sale to West Brom Homes, which resulted from the Group's initial engagement with West Brom Building Society in June 2023. By using Liberty Create, West Brom successfully digitised its new account application process, achieving a 30% reduction in processing time. This achievement led to further collaboration with West Brom Homes.

The adoption of Intelligent Automation solutions among Customer Engagement clients has continued to increase to 26% (FY23: 21%). Clients using both solutions provide a threefold increase in average contract value compared to those using standalone Customer Engagement solutions.

The Group has also seen a significant number of on-premise contact centre customers migrating to the Cloud to leverage greater flexibility and lower operating costs, resulting in an approximate 50% increase in annual contract values. This migration has significantly contributed to the strong growth in Customer Engagement revenue, which rose 9% this year, driven by a 51% growth in Cloud contact centre subscription revenue.

Netcall's Community remains a valuable resource, fostering connections among the customer base by through a forum for knowledge sharing, training, and pre-built accelerators and modules to enrich their interaction with the Liberty platform solutions. Over the past year, Community membership has grown by 60%, now reaching 8,000 members. Additionally, the Academy has expanded to include approximately 200 courses, providing users with a wide selection of educational resources.

### Growing the partner channel

Netcall's partner network continues to build, with bookings through partners

contributing to 20% of total bookings. The network has expanded with the addition of nine new partners, bringing the total to, approximately, 50. This expansion opens up opportunities in existing markets and new sectors and geographies.

The Group is seeing a growing pipeline of opportunities across its network, which includes large global advisory firms, technology specialists and communication service providers. Netcall has now forged partnerships with three global IT and business consulting service providers, including CGI, which has launched its Energy Commission Suite built on Liberty create, securing three customers to date.

The introduction of Liberty Converse CX, has unlocked new potential within the partner network. Its channel-friendly capabilities have enhanced the appeal of the offering, garnering positive endorsements from existing partners. Several partners have commenced their accreditation, with a number selecting Liberty Converse CX as their preferred contact centre solution.

To support growth, Netcall is developing new tools to help partners upskill more quickly, especially for large, complex projects. A new portal will be launched to enable partners to be more self-sufficient and expedite market entry, ensuring efficient and effective market delivery of Netcall's products.

### Innovation and product enhancement

Netcall continues to keep up the pace of innovation and product development, providing customers with new features to enhance their systems and expand capabilities, creating value for the customer and new opportunities for the business.

Liberty Converse CX has the potential to be transformative across Netcall's customer base and partner network. With 64% of UK contact centres reporting rising chat volumes and 60% experiencing increased call volumes, many contact centre

infrastructures are not designed to meet these advances, driving the migration of contact centres to the Cloud. Capturing this trend, Liberty Converse CX uses a blend of AI and intelligent automation to bring efficiency gains and enhance customer experiences, with a Cloud-native contact centre solution, enhancing Netcall's offering in a rapidly growing segment of the market.

Delivering new Generative AI capabilities into the Liberty platform has been a key focus for Netcall. Liberty AI is embedded with Liberty Converse CX to provide a range of Generative AI natural language capabilities for customer engagement including the easy development and deployment of powerful and informative chatbots and virtual assistants, along with sentiment analysis, conversation summarisation, translation, text enhancement, including rewriting in a given tone, correcting grammar and punctuation mistakes, and expanding text. Liberty AI capabilities are also used in custom Liberty Create and Liberty RPA applications and workflows, enabling customers to innovate with AI and safely implement it in their operations.

The introduction of Skore's process discovery and mapping solution, now branded as Liberty Spark, has generated immediate positive interest from Netcall's customer base. The product development roadmap includes introducing industry-specific process templates and leveraging Liberty AI to enhance process mapping and automation, making them more efficient and intelligent.

Netcall's Hubs, including Citizen Hub, Tenant Hub, and Patient Hub, provide comprehensive low-code case management, workflow, and process automation solutions for councils, housing providers, and healthcare institutions. New upgrade applications launched in the second half of the year, such as Diagnostic Booking for automated scan appointment scheduling and Rent-IQ for proactive rent arrears management, are now live with customers and generating additional incremental revenue and expanded pipeline opportunities.

# Chairman and Chief Executive's review

## ESG initiatives

### Environmental commitment and progress

Netcall is committed to achieving carbon neutrality by the end of 2026. Since establishing a baseline in 2020, the Group has successfully reduced Scope 1 and Scope 2 emissions by 48%, equating to a decrease of 32.3 tCO<sub>2</sub>e (66.6 tCO<sub>2</sub>e). The Intensity Ratio of tonnes of CO<sub>2</sub>e per £ million of revenue has improved by 8% in the period to 0.88 (FY23: 0.96).

Aligned with the Group's carbon reduction strategy and transition plan to net zero, validated as science-based by the SBTi, Netcall continues to invest in woodland creation and uses its Environmental Management System ('EMS') built on the Liberty platform. The EMS app manages key actions and improvements

for environmental performance and is available to Netcall customers through the Netcall AppShare® to support their sustainability objectives.

### Digital Transformation and supporting customers' carbon reduction

Netcall's digital transformation initiatives empower customers to reduce carbon emissions by harnessing advanced technologies such as artificial intelligence and RPA. These solutions drive operational efficiency and minimise resource usage by digitising systems and promoting electronic communications, thereby reducing the need for printed and mailed materials. For instance, Leeds Teaching Hospital realised savings of over £2 million through the reduced paper use and postage, facilitated by Patient Hub.

### Providing positive social value and community impact

Netcall's operations provide social value through the extensive reach and impact the business has on its customers and communities. Over two million patients have accessed Netcall's NHS applications, and the Group's technology supports 1 in 3 UK councils, and 2 in 5 UK police forces. The Group's Social Value Policy highlights the importance of social value and ensures better community service, guided by value-based operating principles and regular reviews. This approach aligns with various UK social value legislation, helping customers maximise social, economic, and environmental benefits. For instance, St Helens Borough Council, has significantly benefited from Netcall's RPA, which has eased the Children's Social Care workload and ensured records are updated in near real-time, enabling better decisions on a child's well-being and safeguarding.

### Internal commitment to values

Internally, the Group follows the same value proposition. It has introduced a Management Development Programme involving 15 managers, and employee engagement remains high with positive feedback. The Group's employee engagement score ranks in the top quartile of over 1,000 UK and global technology businesses surveyed on Culture Amp, an employee satisfaction platform made up of 13 million responses. This focus on management development and employee engagement underscores Netcall's dedication to fostering a positive and productive workplace culture.

**Henrik Bang**  
Non-Executive Chair

**James Ormondroyd**  
Chief Executive Officer

8 October 2024



Case study



## Councils Enrich Experience with Multi-channel Engagement

Wandsworth Borough Council and the London Borough of Richmond upon Thames have created a unique joint shared staffing model, focusing on creative service design and new ways of developing a positive working culture.

- Opened up new channels
- Reduced call waiting times
- Provided faster resolution

**"Liberty Converse is really easy to use and provides so much insight. We use the evaluation module in customer services to listen to calls, score and feedback to staff. I can see how many have been done for each member of staff, average scores, highest scores. All that live data is invaluable. The ease of pulling reports and information about calls, queues, individual performance and so on really does help with conveying a return on investment."**

**Simon Batchelor**  
Head of Customer Services, Wandsworth Borough Council

# Financial review

Year-on-year growth in the ACV is a key financial metric monitored by the Board. This reflects the annual value of new business won, together with upsell and cross-sell into the Group's existing customer base, less any customer contraction or cancellation. It is an important metric for the Group as it is a leading indicator of future revenue.

The Group continues its transition to a digital Cloud business with Cloud ACV 23% higher at £22.3m (FY23: £18.1m). Cloud ACV growth, driven by the Group's successful land-and-expand strategy, contributed to a 15% year-on-year increase in total ACV to £32.2m (FY23: £27.9m).

The table below sets out ACV at the end of the last three financial years:

| £'m ACV                   | FY24        | FY23 | FY22 |
|---------------------------|-------------|------|------|
| Cloud services            | 22.3        | 18.1 | 15.0 |
| Product support contracts | 9.9         | 9.8  | 9.2  |
| <b>Total ACV</b>          | <b>32.2</b> | 27.9 | 24.2 |

Group revenue for the year increased by 9% to £39.1m (FY23: £36.0m). This growth was primarily driven by a 9% rise in both Intelligent Automation solutions, reaching £20.1m (FY23: £18.5m), and Customer Engagement solutions, which rose to £18.5m (FY23: £17.0m). Notably, the Customer Engagement Cloud services revenue stream saw a significant increase of 51% to £5.50m (FY23: £3.65m).

The table below sets out revenue by component for the last three financial year ends:

| £'m Revenue   | FY24        | FY23 | FY22 |
|---|-------------|------|------|
| Cloud services  | 19.8        | 16.6 | 10.7 |
| Product support contracts                                   | 9.9         | 9.4  | 9.0  |
| <b>Total Cloud services &amp; Product support contracts</b> | <b>29.7</b> | 26.0 | 19.7 |
| Communication services                                      | 2.5         | 2.6  | 3.0  |
| Product   | 1.8         | 2.2  | 2.2  |
| Professional services                                       | 5.1         | 5.2  | 5.5  |
| <b>Total Revenue</b>  | <b>39.1</b> | 36.0 | 30.5 |

Driven by the year-on-year growth in ACV, Cloud services revenue (subscription and usage fees of our Cloud-based offerings) was 19% higher at £19.8m (FY23: £16.6m) and product support contract revenue grew by 5% to £9.9m (FY23: £9.4m). This increased recurring revenues from Cloud services and Product support contracts to 76% of total revenue (FY23: 72%).

Communication services revenue was £2.46m (FY23: £2.56m), reflecting a decrease in call-back volumes, partially offset by an increase in automation-driven messaging transactions.

Product revenue for software license sales with supporting hardware reduced, as expected, to £1.83m (FY23: £2.24m), as more customers opted for Cloud solutions over on-premises ones. As previously communicated, we anticipate this trend to continue in the future.

Professional services revenue was £5.07m (FY23: £5.21m). This revenue stream varies depending on the ratio of direct and indirect sales, and whether the customer demand is for full application development or support for their own development teams. Additionally, our partners have the option to provide professional services to customers, whether they sell our products directly or indirectly.

Group Remaining Performance Obligations ('RPO'), representing the total future contracted revenue with customers that has not yet been recognised, including deferred income, increased by 17% to £63.8m at year end (FY23: £54.5m). This highlights the substantial revenue available to the Group for recognition in future periods. Including the impact of post-year-end acquisitions, current RPO, which is revenue due to be recognised within the next 12 months, increased by 12% to £35.1m (FY23: £31.4m). RPO arising from post-period-end acquisitions was £5.1m of which £3.1m was current.

The Group's adjusted EBITDA was 5% higher year-on-year at £8.44m (FY23: £8.00m) maintaining a margin of 22% of revenue (FY23: 22%). The consistent margin reflects a higher contribution from Cloud services in the sales mix, offset by the Group's investment programme in its Cloud Customer Engagement offering.

The higher adjusted EBITDA led to a 43% increase in operating profits to £5.43m (FY23: £3.81m) due to lower share-based payment charges of £0.54m (FY23: £1.64m).

# Financial review



Profit before tax was 58% higher at £6.33m (FY23: £4.00m). This growth includes the benefit of £0.94m of interest income on the Group's cash holdings, which was £0.60m higher than the previous year (FY23: £0.34m).

The Group recorded a tax charge of £0.48m (FY23: credit of £0.21m), benefiting from tax relief available from the exercise of share options during the period.

Basic earnings per share was 3.61 pence (FY23: 2.69 pence) and increased by 7% to 3.57 pence on an adjusted basis (FY23: 3.33 pence). Diluted earnings per share was 3.46 pence (FY23: 2.52 pence) and increased by 10% to 3.42 pence on an adjusted basis (FY23: 3.12 pence).

Cash generated from operations increased by 23% to £13.8m (FY23: £11.2m) a conversion of 164% (FY23: 140%) of adjusted EBITDA.

Spending on research and development, including capitalised software development, was 14% higher at £5.66m (FY23: £4.98m) of which capitalised software expenditure was £2.32m (FY23: £2.27m).

Total capital expenditure was £2.57m (FY23: £2.74m); the balance after capitalised development, being £0.25m (FY23: £0.48m) relating to IT equipment and software.

On 22 January 2024, the Company acquired Skore for a total consideration of up to £6.225m (see note 14 for further information). During the reporting period, Skore generated £0.24m in revenue and achieved a break-even point in profit before tax. The consideration paid in the period amounted to £1.63m in cash, with an additional £0.2m accrued as post-completion services under IFRS 3, as the former owners of Skore continued to work in the business following its acquisition.

Group cash at the year-end was 37% higher year-on-year at £34.0m (30 June 2023: £24.8m). Net funds, stated after lease liabilities, were £33.5m at 30 June 2024 (30 June 2023: £24.3m).

Post-period end, the Group acquired Govtech and Parble for a total consideration, net of cash acquired, of up to £11.5m and €9.8m, respectively (see note 14 for further information).

## Dividend

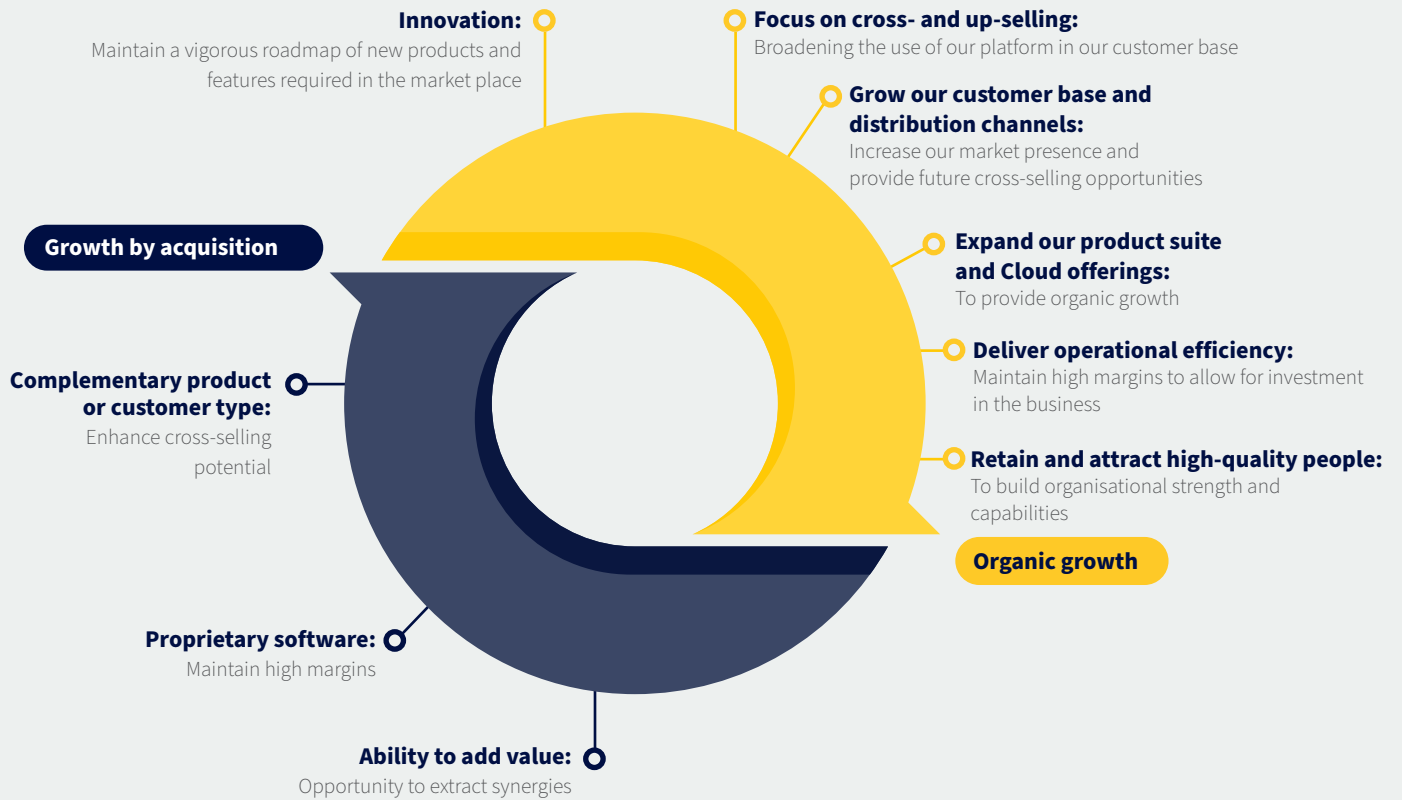
In line with the Company's dividend policy to pay-out 25% of adjusted earnings per share, the Board is proposing a final dividend for this financial year of 0.89p (FY23: 0.83p). If approved, the final dividend will be paid on 7 February 2025 to Shareholders on the register at the close of business on 27 December 2024.

**Richard Hughes**  
**Chief Financial Officer**

8 October 2024

# Business model

The Group focuses on the following primary value drivers:



See page 17 for further information.



# Key performance indicators

The Directors monitor a wide range of financial and operating measures to track the Group's progress. The core key performance indicators ('KPIs') are set out below. A review of these KPIs is provided in the Chair and Chief Executive's and Financial reviews:

Revenue (£m)

**+9%** change



Annual contract value (£m)

**+15%** change



Adjusted EBITDA (£m)

**+5%** change



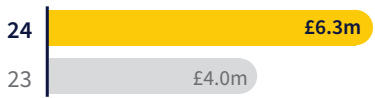
Adjusted EBITDA margin (%)

**-ppt** change



Profit before tax (£m)

**+58%** change



Cash generated from operations before VAT deferral and post-completion service consideration (£m)

**+19%** change



Total equity (£m)

**+14%** change



# Principal risks and uncertainties

The principal risks facing the Group and considered by the Board are:

| Risk  | Risk area and potential impact  | Mitigation   |
|---|---|--|
|  <p><b>Understanding customer needs</b></p>          | <ul style="list-style-type: none"> <li>Understanding how to attract new customers while retaining and growing existing customers is essential for sustainable growth. This requires a continuous flow of insights supported by processes and systems.</li> <li>There is a risk that the Group fails to understand the needs of its customers and potential customers.</li> </ul>  | <ul style="list-style-type: none"> <li>The Group proactively analyses customer activity and customer survey data to enhance customer experience.</li> <li>Market analysis by industry sector and product informs product roadmaps.</li> <li>Continuous assessment of customer relationships is conducted with regular senior team feedback.</li> </ul> |
|  <p><b>Data security and business continuity</b></p> | <ul style="list-style-type: none"> <li>The appropriate and secure utilisation of client and other sensitive information is essential for the Group's business. The Group may face reputational, business and operational risks if it fails to prevent fraudulent activity, cyber-crime or security breaches related to data protection and service delivery.</li> <li>The reliability of the Group's services depends on the efficient and uninterrupted operation of its platforms and network systems, as well as the availability of sufficient staffing levels.</li> <li>The Group also relies on third-party products and platforms. Delays and disruptions in developing, delivering or maintaining its products and services due to system or network failures, fraud or security incidents or the unavailability of key staff may adversely affect the Group's business and reputation, resulting in customer or revenue losses.</li> </ul> | <ul style="list-style-type: none"> <li>The Group maintains formal data security policies and procedures and a documented business continuity and disaster recovery plan, which are tested and regularly reviewed.</li> <li>The Group maintains ISO27001 and Cyber Essentials accreditations and carefully screens new employees.</li> </ul>            |
|  <p><b>Economic environment</b></p>                | <ul style="list-style-type: none"> <li>The Group's markets may decline. Weak economic conditions, foreign currency and interest rate environments may impact upon the ability of the Group's clients to do business, leading to longer sales cycles, lower demand or higher credit risk.</li> </ul>   | <ul style="list-style-type: none"> <li>The Group has a diversified portfolio of customers and vertical markets. Innovative solutions are offered in a variety of ways to best suit each customer's business needs including traditional software licensing or payment by subscription via software as a service.</li> </ul>                            |
|  <p><b>Product development</b></p>                 | <ul style="list-style-type: none"> <li>Competitors may develop similar products; the Group's technology may become obsolete or less effective; or consumers may use alternative channels of communication, reducing demand for the Group's products and services. The Group's success depends upon its ability to develop new and enhance existing products on a timely and cost-effective basis, meeting changing customer requirements and incorporating technological advancements.</li> </ul>   | <ul style="list-style-type: none"> <li>The Group monitors the marketplace for competitor development and maintains significant investment in research and development.</li> </ul>  |

# Principal risks and uncertainties

| Risk   | Risk area and potential impact  | Mitigation   |
|--|---|--|
|  <p><b>Talent</b></p>                                 | <ul style="list-style-type: none"> <li>As a technology company, the Group relies heavily on its employees, and it competes for the best talent. If the Group cannot attract or retain the skills and experience needed to drive business growth, it could materially impact its success.</li> <li>The Netcall brand must remain attractive for it to successfully attract and retain development, engineering, consulting, sales and marketing staff and leadership.</li> </ul> | <ul style="list-style-type: none"> <li>The Group aims to ensure that employees are motivated in their work and receive regular reviews and encouragement to develop their skills. An annual Group-wide salary review rewards performance and aims to ensure competitive pay and benefits. Commission and bonus schemes help to ensure that both Netcall's success and individual achievement are appropriately recognised.</li> </ul>                                    |
|  <p><b>Political</b></p>                              | <ul style="list-style-type: none"> <li>The Group has a large customer base in NHS trusts and local authorities. Changes in either policy or spending priorities by the new Labour Government, or a future Government, may impact the Group.</li> </ul>  | <ul style="list-style-type: none"> <li>The Group's revenue model aims to achieve high levels of recurring revenue, providing a stable and predictable income stream and enabling the Group to respond strategically to political changes.</li> <li>The Group's products and development priorities are to ensure it remains central to its customers operations, offering cost-effective and value-for-money solutions regardless of the political situation.</li> </ul> |
|  <p><b>Project delivery</b></p>                     | <ul style="list-style-type: none"> <li>The Group contracts multiple projects each year to deliver products and services to clients. Failure to deliver projects can result in significant financial loss.</li> </ul>  | <ul style="list-style-type: none"> <li>The Group has procedures and policies for project delivery and regularly measures and reviews project progress. Quality management processes are regularly tested. Senior management is involved in resolving issues on projects to ensure timely resolution.</li> </ul>  |
|  <p><b>Intellectual property rights ('IPR')</b></p> | <ul style="list-style-type: none"> <li>The Group is reliant on IPR surrounding its internally generated and licensed-in software. Third parties may obtain and use the Group's IPR without its authorisation or challenge the validity and/or enforceability of the Group's IPR.</li> </ul>   | <ul style="list-style-type: none"> <li>The Group relies upon IPR protections, including copyrights and contractual provisions.</li> </ul>  |
|  <p><b>Third party reliance</b></p>                 | <ul style="list-style-type: none"> <li>There is a supply risk of losing key partners, impacting the Group as it seeks to identify and then train staff in alternative solutions.</li> </ul>   | <ul style="list-style-type: none"> <li>The Group's product team monitors contracts and reviews and evaluates alternate suppliers.</li> </ul>   |
|  <p><b>Acquisitions</b></p>                         | <ul style="list-style-type: none"> <li>The Group may fail to execute its acquisition strategy successfully, retain key acquired personnel, or encounter difficulties in integrating acquired operations.</li> </ul>   | <ul style="list-style-type: none"> <li>Where appropriate before an acquisition, management consider financial, technical and legal due diligence reports to highlight potential risks. Post-acquisition, an integration plan is implemented, which is monitored.</li> </ul>  |

# Environmental statement

Netcall is committed to reducing its environmental impact and enhancing our environmental policy and environmental management systems to establish and measure improvement in this area.

The Group is continuing its journey to measure and improve its impact on the environment and the business is working towards 'carbon neutral' status with an ambition to be carbon neutral by the end of 2026.

During the financial year, Netcall has measured and is reporting its Scope 1 and Scope 2 emissions, which have decreased by 1% to 34.3 tonnes of carbon dioxide equivalent 'tCO<sub>2</sub>e' (FY23: 34.5 tCO<sub>2</sub>e).

Total Scope 1 and Scope 2 emissions have reduced by 48% (32.3 tCO<sub>2</sub>e) compared to the 2020 Baseline (FY20: 66.6 tCO<sub>2</sub>e).

Netcall is reporting on a subset of Scope 3 emissions for business travel, accommodation, and employee commuting. Emissions for business travel and accommodation increased by 5% to 82.4 tCO<sub>2</sub>e (FY23: 78.5 tCO<sub>2</sub>e) as the number

of employees grew. Employee commuting was responsible for 12.0 tCO<sub>2</sub>e.

## Our carbon footprint

While starting with its operations, Netcall's strategy expands beyond its business by ensuring the changes implemented flow into the Group's product strategies and benefit the organisations and communities in which it operates.

In general, digital transformation by increasing automation and improving stakeholder engagement and communications, makes processes and interactions more efficient and supports the reduction of carbon emissions for our customers and their eco-systems.

Therefore, by implementing our solutions and delivering our roadmap, Netcall also supports our customers' environmental strategies while, at the same time, working towards our own environmental targets.

Netcall is investing in woodland creation as part of our transition plan to net zero by purchase of carbon credits from Highland Carbon<sup>1</sup> for the Corriearth project, a creation of new native woodland over 63.02 hectares as an expansion of

existing ancient native woodlands in Invernesshire<sup>2</sup>.

We have purchased 125 PIUs from the Highland Carbon Corriearth Scheme at Loch Ness, representing 125 tonnes of carbon dioxide, which are expected to be sequestered in the period 2037–2047.

This represents an expected sequestration of carbon dioxide that, if verified and converted to Woodland Carbon units, will have a positive impact on our climate. Woodland Carbon Units are monitored and verified to the Woodland Carbon Code.

## Quantification and reporting methodology

The information used to calculate these emissions is based on electricity and gas meter readings. We have used UK Government GHG Conversion Factors for Company Reporting from the Department for Business, Energy & Industrial Strategy ('BEIS') 'ghg-conversion-factors-2024\_condensed\_set\_for\_most\_users.xlsx' to calculate our Scope 1, Scope 2, and reported Scope 3 emissions.

<sup>1</sup> <https://www.highlandcarbon.com/>

<sup>2</sup> [https://mer.markit.com/br-reg/public/project.jsp?project\\_id=104000000027968](https://mer.markit.com/br-reg/public/project.jsp?project_id=104000000027968)

## Netcall emissions and energy use data

|                                     | Year to 30 June 2024 |                                    | Year to 30 June 2023 |                                    | Year to 30 June 2022 |                                    |
|-------------------------------------|----------------------|------------------------------------|----------------------|------------------------------------|----------------------|------------------------------------|
|                                     | Energy (kWh)         | GHG emissions (tCO <sub>2</sub> e) | Energy (kWh)         | GHG emissions (tCO <sub>2</sub> e) | Energy (kWh)         | GHG emissions (tCO <sub>2</sub> e) |
| Scope 1 emissions (direct)          |                      |                                    |                      |                                    |                      |                                    |
| Gas consumption                     | <b>175,884</b>       | <b>32.5</b>                        | 177,417              | 32.5                               | 174,006              | 32.0                               |
| Total Scope 1                       | <b>175,884</b>       | <b>32.5</b>                        | 177,417              | 32.5                               | 174,006              | 32.0                               |
| Scope 2 emissions (energy indirect) |                      |                                    |                      |                                    |                      |                                    |
| Electricity                         | <b>160,010</b>       | <b>1.8</b>                         | 120,209              | 2.0                                | 86,344               | 0                                  |
| Combined total                      | <b>335,894</b>       | <b>34.3</b>                        | 297,626              | 34.5                               | 260,350              | 32.0                               |

# Environmental statement

Scope 1 covers direct emissions from owned or controlled sources.

Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by a reporting company.

100% renewable electricity is purchased for the Bedford Office.

Netcall continues to use an Environmental Management System (EMS) built on the Liberty Create Low-code Application Platform. The implementation of the EMS supports management of key actions and improvements for environmental performance. The EMS app is also available to Netcall customers through the AppShare.

Netcall's submission to the Science Based Target Initiative has been successfully validated and provides a path to reduce emissions to net zero. The Company is listed as one of the companies taking action at the SBTi<sup>3</sup>.

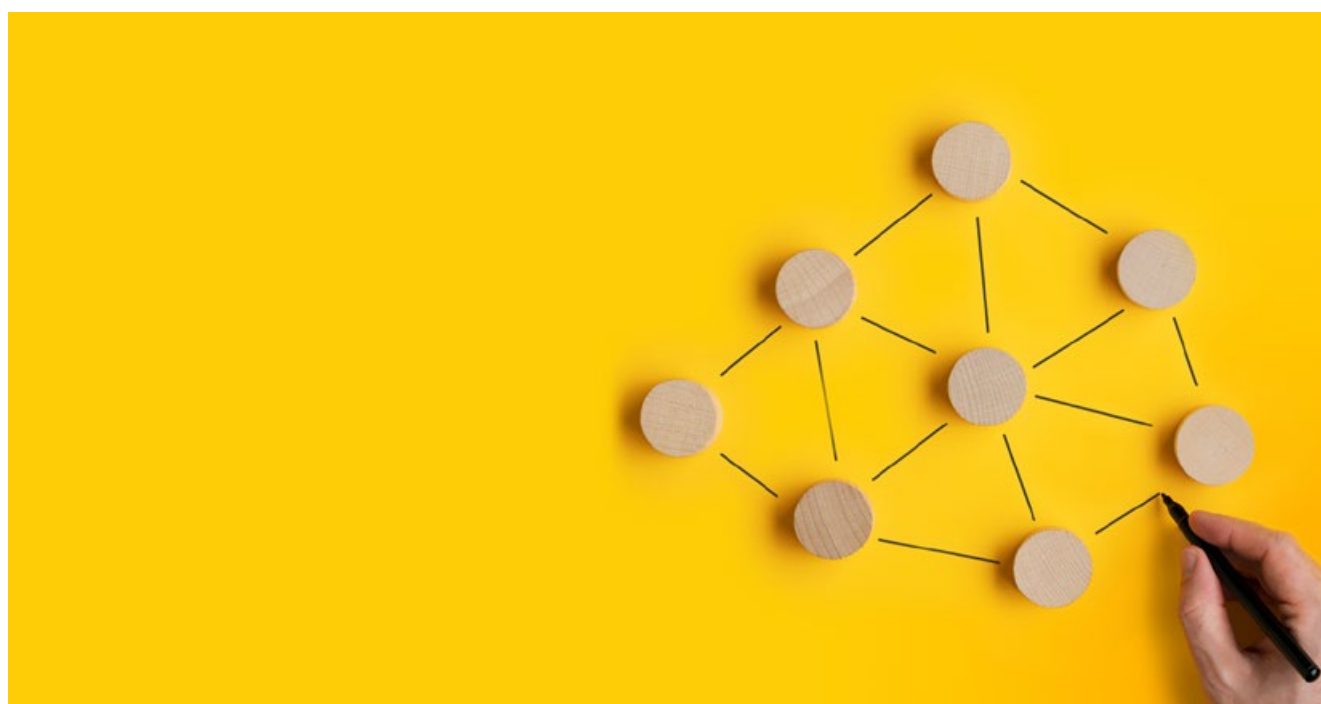
The Group has continued to measure and analyse a subset of Scope 3 emissions, which cover indirect emissions that occur in a company's value chain.

## Intensity ratio

The intensity ratio compares emissions with an appropriate metric or financial indicator. We have chosen to use tonnes of CO<sub>2</sub>e per £ million of revenue. This has improved by 8% as Scope 1 and Scope 2 total emissions have decreased as revenue has increased.

|             | Year to 30 June 2024 |                 | Year to 30 June 2023 |                 |
|-------------|----------------------|-----------------|----------------------|-----------------|
|             | Revenue              | Intensity ratio | Revenue              | Intensity ratio |
| Netcall plc | <b>£39.1m</b>        | <b>0.88</b>     | £36.0m               | 0.96            |

<sup>3</sup> <https://sciencebasedtargets.org/companies-taking-action>



# Section 172(1) statement

## Introduction

The Directors are aware of their duty under section 172 of the Companies Act 2006 to act in a manner they believe, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole.

They consider:

- the likely consequences of any decision in the long term<sup>(1)</sup>;
- the interests of the Group's employees<sup>(2)</sup>;
- the need to foster the Group's business relationships with suppliers, customers and others<sup>(2)</sup>;
- the impact of the Group's operations on the community and the environment<sup>(2)</sup>;
- the desirability maintaining a reputation for high standards of business conduct<sup>(3)</sup>; and
- the need to act responsibly towards the Company's members<sup>(4)</sup>.

## Our stakeholders

To operate effectively, it is important to understand the impact upon the stakeholders the Group interacts with the most. It has identified its key stakeholders as:

- customers and suppliers;
- employees;
- the wider communities in which it operates; and
- investors.

The Board may sometimes engage directly with major shareholders and senior managers. However, most engagement takes place at the Executive level. Where direct engagement is not possible, the Board receives regular updates from Executives on key areas, which are used in decision making.

## Further details

For more information on how the Board operates and makes decisions, including key activities during the financial year ended 30 June 2024 and Board governance, see pages 17 to 22 and the

Board Committee reports thereafter. Additionally, see pages 2 to 8 for a summary of developments in the year.

It is the Group's policy to manage and operate worldwide business activities in conformity with applicable laws and regulations and the highest ethical standards. Both the Group's Board of Directors and its senior management team are determined to comply fully with the applicable law and regulations and to maintain the Company's reputation for integrity and fairness in business dealings with third parties.

This Strategic Report was approved by the Board on 8 October 2024 and signed on its behalf by:

**Richard Hughes**  
**Director**

8 October 2024

<sup>1</sup> Refer to Principle 1 of the Corporate governance statement.

<sup>2</sup> Refer to Principle 3 of the Corporate governance statement. Also refer to the Environmental statement.

<sup>3</sup> Refer to Principle 8 of the Corporate governance statement.

<sup>4</sup> Refer to Principle 2 of the Corporate governance statement.

# Directors and Advisers

## Non-Executive Chair

Henrik Bang<sup>^~</sup> (66) was appointed to the Board in February 2004 and was appointed Non-Executive Chair in January 2024. He is Chair of the Nomination Committee. Previously Henrik was Vice President in GN Netcom 1999–2004, part of the Danish OMX listed GN Great Nordic Group. Before that he held a number of international management positions in IBM and AP Moller-Maersk Line.

## Chief Executive Officer

James Ormondroyd (52) joined Netcall in July 2010 as Group Finance Director and was appointed CEO in January 2024. He has over 20 years of experience in the software industry, having previously spent five years as Finance Director of Telephonetics plc and, prior to that, five years as Finance Director at World Television Group plc. James is a Chartered Accountant and graduated from The University of Manchester having read Physics.

## Chief Financial Officer

Richard Hughes (47) joined Netcall in November 2023 as CFO and was appointed as an Executive Director in December 2023. Richard was previously CFO of Proactis Holdings plc and, prior to that, was part of the senior management teams at Pace plc and ARRIS International plc. He has extensive experience in commercial finance, financial control, accounting, reporting, compliance and governance from his role working across the UK, Europe, Asia Pacific, South America and the US. Richard is a Fellow of the Institute of Accountants in England and Wales.

## Non-Executive Directors

Michael Jackson<sup>\*^~</sup> (74) joined the Board in March 2009 and was Non-Executive Chair until December 2023. He is Chair of the Remuneration Committee. Michael founded Elderstreet Investments Limited in 1990 and is its Executive Chair. For the past 25 years, he has specialised in raising finance and investing in the smaller companies quoted and unquoted sector. Michael has been Chair of two FTSE 100 companies and, from 1997 until August 2006, was Chair of The Sage Group plc.

Nigel Halkes<sup>\*^~</sup> (69) was appointed to the Board in December 2023 as an Independent Non-Executive Director and is Chair of the Audit Committee. Nigel is a Fellow of the Institute of Chartered Accountants in England and Wales, qualifying with EY. He spent 35 years at EY and retired as Managing Partner, UK and Ireland markets in 2013. Between 1995 and 2003, Nigel was EY's National Industry Leader for Technology, Media & Telecoms. Nigel also currently sits on the boards of Hargreaves Services plc and Tribal Group plc.

\* denotes membership of the Audit sub-committee of the Board.

^ denotes membership of the Remuneration sub-committee of the Board.

~ denotes membership of the Nomination sub-committee of the Board.

|                                     |   |
|-------------------------------------|---|
| <b>Company registration number:</b> | 01812912  |
| <b>Registered office:</b>           | Suite 203<br>Bedford Heights<br>Brickhill Drive<br>Bedford<br>MK41 7PH  |
| <b>Directors:</b>                   | H Bang<br>J Ormondroyd<br>R Hughes<br>M Jackson<br>N Halkes   |
| <b>Secretary:</b>                   | M Greensmith  |
| <b>Bankers:</b>                     | Lloyds Bank plc<br>25 Gresham Street<br>London<br>EC2V 7HN  |
| <b>Nominated advisers:</b>          | Canaccord Genuity Limited<br>88 Wood Street<br>London<br>EC2V 7QR   |
| <b>Registrars:</b>                  | Neville Registrars Limited<br>Neville House<br>Steelpark Road<br>Halesowen<br>B62 8HD   |
| <b>Solicitors:</b>                  | DLA Piper UK LLP<br>160 Aldersgate Street<br>London<br>EC1A 4HT   |
| <b>Auditors:</b>                    | Grant Thornton UK LLP<br>Chartered Accountants and<br>Registered Auditor<br>101 Cambridge Science Park<br>Milton Road<br>Cambridge<br>CB4 0FY |

# Corporate governance statement

## Introduction

In accordance with amended AIM Rules for Companies ('AIM Rules') by the London Stock Exchange, the Board has opted to apply the Quoted Companies Alliance's (QCA) Corporate Governance Code 2018 (the 'QCA Code 2018'). The Board chose to apply this code as it believes it is more suitable for small and mid-size companies.

The QCA Code 2018 includes ten governance principles and a set of disclosures. The Board has considered how each principle is applied to the extent appropriate. Below, is an explanation of the approach taken in relation to each principle and any areas where the Company does not comply with the QCA Code 2018.

On 13 November 2023, the QCA published the latest version of its corporate governance code (the 'QCA Code 2023') aimed at UK Growth companies. The QCA recommends adopting the QCA code 2023 for accounting periods commencing on or after 1 April 2024.

The Board has reviewed the contents of the QCA code 2023 and intends to adopt the latest version for the year ending 30 June 2025.

## Principle 1 – Establish a strategy and business model which creates long-term value for shareholders

The purpose of Netcall ('Netcall' or the 'Group') is to help organisations implement their digital strategies successfully, creating more intelligent, efficient and customer-centric organisations. As a result,

organisations can become more effective and efficient in their operations, delivering better and more sustainable outcomes for service-users.

We achieve this by developing powerful and intuitive software that addresses the core elements of best-in-class automation and customer experience. Our industry-leading Liberty platform is a suite of automation, Customer Engagement and contact centre solutions.

This is underpinned by our business model, which licenses our proprietary software and software-as-a-service within a flexible and viable commercial framework.

Our key strategies are to:

- continue to enhance our Liberty platform;
- continue to invest in, and transition to, Cloud business, while maintaining our premise-based business;
- leverage our enhanced product offering to unlock the potential from Netcall's existing customer base through up- and cross-sales;
- capitalise on the Cloud Intelligent Automation and Customer Engagement market opportunity to acquire new customers;
- enhance distribution, including international presence, via new channels;
- provide a flexible and viable commercial framework making it easy for customers to buy from us; and
- manage organisational and operational flexibility within a robust financial, control and compliance framework.

The objective is that this strategic framework will result in a growing, profitable and highly valued business, which will benefit all stakeholders.

The key challenges, being addressed within the strategic framework, include:

- maintaining leading edge products in rapidly moving and changing technological markets – the Group stays in close contact with customers and leading industry analysts to assist in the creating its technology roadmap, developed and delivered by our qualified staff;
- maintaining and improving high levels of quality across the business value chain – we have adopted a quality management system and continuously increase our use of technology to improve quality. The quality management system is independently audited;
- ensuring the security of customers' data – the safekeeping of customer data is of vital importance. Our IT services are regularly audited for security by external parties. Netcall continuously develops its internal systems and framework to improve and reduce risks. Additionally, features to reduce risks are implemented throughout our proprietary software and systems;
- delivering high availability – a failure in the Group's systems could lead to an inability to deliver services. This is addressed by operating redundant systems across multiple availability zones, a detailed disaster recovery programme and employment of experienced staff; and
- recruiting and retaining suitable staff – the Group's ability to execute its strategy is dependent on the skills and abilities of its staff. We undertake ongoing initiatives to foster good staff engagement and ensure that remuneration packages are competitive in the market.

# Corporate governance statement

## Principle 2 – Seek to understand and meet shareholder needs and expectations

The CEO and the CFO serve as the primary shareholder liaison. Shareholders can approach the Non-Executive Chair or Non-Executive Directors with any enquires regarding Executive Directors.

The Company has open communications with its shareholders regarding its strategy and performance. It engages with shareholders through various channels, including the Annual Report and Accounts; full-year and half-year results announcements; trading updates; the Annual General Meeting ('AGM'); and, other meetings. Additionally, a wide range of information is accessible to shareholders and the public on the Group's website.

The AGM is the main forum for dialogue with private shareholders. The Company encourages all shareholders to attend and participate. The Notice of AGM is sent to shareholders at least 21 clear days before the meeting. Whenever possible, all Directors attend the AGM to answer questions from investors. Shareholders vote on each resolution, by way of a poll and the number of votes received for, against and withheld is published on the Company's website.

The Directors seek to build a mutual understanding of objectives with institutional shareholders. Our CEO and CFO present results to analysts and institutional investors. The Company communicates with institutional investors through meetings, roadshows and informal briefings with management. Netcall's Nominated Adviser arranges most of these meetings and provides anonymised feedback from the fund managers met. This feedback, along with direct feedback, helps the Board understand investor motivations and expectations.

## Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The long-term success of the Group relies upon good relations with a range of different stakeholders, including our staff, customers, suppliers and shareholders. We engage with these stakeholders to obtain feedback as follows:

- Staff – management's close day-to-day connection with staff combined with periodic engagement surveys and virtual 'town hall meetings' to facilitate good relations with, and between, colleagues. These activities allow staff to share their views on ways in which the Group can improve including products, processes and outcomes.
- Customers – delivering great customer service is a core attribute of the Group. Our success and competitive advantage are dependent upon fulfilling their requirements, particularly in relation to experience, integrity and quality of our software and services. We seek feedback on our software and services frequently, including via our account managers, product owners and executive sponsors, project delivery boards and through a formal customer satisfaction survey programme.
- Suppliers – our key suppliers provide technology, which is incorporated into our software and technology services, which enable the delivery of our Cloud platform and IT equipment support for on-premises solutions. We operate a formal supplier process covering supplier selection, onboarding and ongoing relationship management. This includes periodic updates on our

suppliers' strategies and inputs into our product and services design and development.

- Shareholders – our approach to obtaining feedback is set out in Principle 2 above.

## Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Directors are responsible for risk assessment and the systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

- **Company management:** The Board has put in place a system of internal controls, set within a defined organisational structure with well understood lines of responsibility, delegation of authority, accountability, policies and procedures. Managers assume responsibility for running day-to-day operational activities with performance regularly reviewed and employees are required to follow procedures and policies appropriate to their position within the business.
- **Business risks:** The Board is responsible for identifying, evaluating and managing all major business risks facing the Group. To facilitate the assessment of risks, regular meetings are held with senior team members to understand their assessment of risks. These are then collated into a central risk register, which is reviewed

by the Board during the year. Monthly reports on non-financial matters are also received by the Board covering such matters as sales and operations performance and research and development progress.

- **Financial management:** An annual operating budget is prepared by management and reviewed and approved by the Board. Monthly accounts, together with key performance metrics, are received and discussed by the Board. The Group has in place documented authority levels for approving purchase orders, invoices and bank transactions.
- **Quality management:** The Group is focused on meeting the highest levels of customer satisfaction. Quality procedures for the development of products, services and maintenance support are documented and reviewed frequently.
- **Internal audit:** The Directors do not currently believe that an additional separate internal audit function is appropriate for the size and complexity of the Group, but will continue to review the position. The Group is ISO9001 and ISO27001 accredited, which has been independently audited.

## Principle 5 – Maintain the Board as a well-functioning, balanced team led by the Chair

The Board members collectively bear the responsibility and legal obligation to promote the interests of the Group. They are collectively accountable for defining corporate governance arrangements, with the ultimate responsibility for the quality and approach to corporate governance resting with the chair of the Board.

The Board comprises five Directors: two Executive and three Non-Executive. The Executive Directors work full-time for Netcall. The Non-Executive Chair and Non-Executive Directors are expected to commit one to two days per month. The relevant experience and skills that each Director brings to the Board are detailed below.

According to the QCA Code 2018, it is generally expected that at least half of the directors on a board are independent non-executive directors. The Company does not comply with this aspect of the QCA Code 2018, as two Non-Executives are not deemed to be independent for the following reasons:

- Henrik Bang was appointed to the Board in 2004 as Chief Executive Officer, a role he held until 31 December 2023. On 1 January 2024, Henrik retired from his Executive role, and as a Non-Executive Director, assumed the office of Chairman. As the former Chief Executive and a major shareholder in the Company, Henrik is not regarded as an Independent Non-Executive Director. The Board believes that Henrik's role as Chair brings significant benefits to the Board, Company and its investors; and
- Michael Jackson was formerly the Non-Executive Chair and became a Director without the intervention of a Nomination Committee. He was also previously a participant in the Group's Long Term Incentive Plan and is a shareholder of the Company.

Subsequent to the year end, on 16 September 2024, the Group announced the appointment of James Platt as an Independent Non-Executive Director. James will join the Board on 24 October, at which point the Group will have two Independent Non-Executive Directors.

The Board has three committees: Audit, Remuneration and Nomination. The Chair's participation on sub-committees is necessary due to the limited number of Non-Executive Directors.

Notwithstanding the above, the Board considers that the Non-Executive Directors possess sufficient industrial and public markets to constructively challenge the Executive team and help drive value for all stakeholders. Moreover, the Board values the long service of Henrik Bang and Michael Jackson as a significant asset to constructive Board discussion. Currently, there are no female Directors. The Board remains confident that the opportunities within the Company are not excluded or limited by any diversity issues (including gender) and that the Board nevertheless contains the necessary mix of experience, skills and other personal qualities and capabilities necessary to deliver its strategy. The QCA Code 2018 acknowledges that certain recommendations may not be suitable for growing companies, and the Board considers that its current Directors provide a wide range of expertise, which benefits the Group and its stakeholders.

The Board meets regularly during the year, with additional meetings arranged as necessary for specific purposes. It has a schedule of regular business, financial and operational matters. Each Board committee has its own terms of reference along with a schedule of work to ensure all areas of responsibility are addressed during the year. To inform decision making, the Chair is responsible for ensuring that Directors receive accurate, sufficient and timely information. The Company Secretary provides minutes of each meeting, and every Director is aware of the right to seek independent advice at the Group's expense where appropriate.

# Corporate governance statement

Meetings held during the period under review and the attendance of Directors is set out below:

|                                | Board meetings |          | Audit Committee |                  | Remuneration Committee |          | Nomination Committee |          |
|--------------------------------|----------------|----------|-----------------|------------------|------------------------|----------|----------------------|----------|
|                                | Possible       | Attended | Possible        | Attended         | Possible               | Attended | Possible             | Attended |
| <b>Executive Directors</b>     |                |          |                 |                  |                        |          |                      |          |
| Henrik Bang<br>(as CEO)        | 6              | 6        | –               | 2 <sup>(2)</sup> | –                      | –        | –                    | –        |
| James Ormondroyd               | 12             | 12       | –               | 3 <sup>(2)</sup> | –                      | –        | –                    | –        |
| Richard Hughes                 | 7              | 7        | –               | 1 <sup>(2)</sup> | –                      | –        | –                    | –        |
| <b>Non-executive Directors</b> |                |          |                 |                  |                        |          |                      |          |
| Henrik Bang<br>(as Chair)      | 6              | 6        | –               | 1 <sup>(2)</sup> | 4                      | 4        | 1                    | 1        |
| Michael Jackson                | 12             | 12       | 3               | 3                | 6                      | 6        | 3                    | 3        |
| Nigel Halkes                   | 7              | 7        | 1               | 1                | 4                      | 4        | 1                    | 1        |
| Michael Neville <sup>(1)</sup> | 8              | 8        | 3               | 3                | 2                      | 2        | 2                    | 2        |
| Tamer Ozmen <sup>(1)</sup>     | 4              | 4        | –               | –                | –                      | –        | –                    | –        |

<sup>(1)</sup> Mike Neville retired from the Board on 29 February 2024, and Tamer Ozmen retired from the Board on 19 December 2024.

<sup>(2)</sup> Attended by invitation as not a member of the Audit Committee.

## Principle 6 – Ensure that between them the Directors have all necessary up-to-date experience, skills and capabilities

The Board comprises five members, all with relevant sector experience in technology and at least ten years of public markets experience. Four members are chartered accountants. The Board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to successfully execute its strategy. Directors attend seminars, courses and other regulatory and trade events to ensure that their knowledge remains current.

### Henrik Bang, Non-Executive Chair

Term of office: Appointed Non-Executive Chair on 1 January 2024 following serving on the Board as CEO from 13 February 2004. Chair of the Nomination

Committee and member of the Remuneration Committee.

Background and suitability for the role: Henrik was previously Vice President in GN Netcom 1999–2004, part of the Danish OMX listed GN Great Nordic Group. He also held various international management positions in IBM and AP Moller-Maersk Line.

### Michael Jackson, Non-Executive Director

Term of office: Appointed as Non-Executive Director on 1 January 2024, following serving as Non-Executive Chair from 23 March 2009; Chair of the Remuneration Committee and member of the Audit and Remuneration Committees.

Background and suitability for the role: Michael studied law at Cambridge University and qualified as a chartered accountant with Coopers & Lybrand. He spent five years in marketing for various US multinational technology companies. For the past 30 years, he has specialised in raising finance and investing in the

smaller companies quoted and unquoted sector. He was Director (1983–1987) and chair (1987–2006) of FTSE 100 company Sage Group plc. He was also chair of PartyGaming plc, another FTSE 100 company.

### Nigel Halkes, Non-Executive Director

Term of office: Joined as Non-Executive Director on 1 December 2023 and was co-opted to the Board on 19 December 2023; Chair of the Audit Committee and member of the Nomination and Remuneration Committees.

Background and suitability for the role: Nigel is a Fellow of the Institute of Chartered Accountants in England and Wales, qualifying with EY. He spent 35 years at EY, retiring as Managing Partner, UK and Ireland markets in 2013. Between 1995 and 2003, Nigel was EY's National Industry Leader for Technology, Media & Telecoms. Nigel also currently sits on the boards of Hargreaves Services PLC and Tribal Group PLC.

### James Ormondroyd, CEO

Term of office: Appointed CEO on 1 January 2024, following his role as Group Finance Director since 30 July 2010.

Background and suitability for the role: James studied physics at the University of Manchester and qualified as a chartered accountant with PwC. He was appointed to the Netcall Board on the acquisition of Telephonetics plc, a speech recognition and voice automation software provider, where he served as the Finance Director and Company Secretary for five years. Prior to that, he was the Finance Director and Company Secretary at World Television Group Plc a multi-national media and technology business.

### Richard Hughes, CFO

Term of office: Joined as CFO on 27 November 2023 and was co-opted to the Board on 19 December 2023.

Background and suitability for the role: Richard was previously CFO of Proactis Holdings plc and, prior to that, part of the senior management teams at Pace plc and ARRIS International plc. He has extensive experience in commercial finance, financial control, accounting, reporting, compliance and governance working across the UK, Europe, Asia Pacific, South America and the US. Richard is a Fellow of the Institute of Accountants in England and Wales.

Directors are initially appointed until the following Annual General Meeting, where they must be elected by shareholders under the Company's Articles of Association. The Articles require that one-third of the current Directors must retire as Directors by rotation. The QCA Code 2018 recommends that independent directors who have served for more than nine years should be re-elected annually. The Company does not follow this recommendation due to the current size of the Board and considers the experience of its current Non-Executive Directors to be sufficient for its needs.

Michael Jackson was proposed for re-election and reappointed in 2020, and will also be proposed for re-election at the Company's Annual General Meeting on 17 December 2024. Henrik Bang was proposed for re-election and reappointed in 2021. James Ormondroyd was proposed for re-election and reappointed in 2022. Richard Hughes, Nigel Halkes and James Platt will be proposed for election at the Company's Annual General Meeting on 17 December 2024.

### Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The performance and effectiveness of the Board, its committees and individual Directors are reviewed by the Non-Executive Chair and the Board on an ongoing basis. The Non-Executive Chair's performance is evaluated by the other Board members. Training is available upon request by a Director, or if deemed necessary by the Non-Executive Chair. The Board's performance is measured by the Non-Executive Chair with reference to the Company's strategic goals. A formal internal self-evaluation of its performance is expected to be implemented by the Board for the year-ending 30 June 2025.

The Board also regularly assesses the candidacy of Netcall staff for succession planning within Executive Management. A short-term plan is in place to address the potential loss or incapacity of either the CEO or CFO. Additionally, a number of senior managers serve as Directors on subsidiary company boards, and their progress is evaluated.

### Principle 8 – Promote a corporate culture that is based on ethical values and behaviour

The Group's long-term growth is anchored by a set of value-based operating principles, which are regularly reviewed and adapted as the Group evolves. These principles focus on customer focus, innovation, integrity, quality and teamwork. The Group's culture embodies these values, which are widely communicated through the Group's competency framework and are actively promoted by managers in their daily activities.

We monitor the culture through employee and customer surveys and support ethical behaviour with comprehensive policies and procedures. The Board is regularly updated on survey findings and necessary actions, and it considers the Group's culture to be positive.

The Board believes that a culture grounded in these core values aligns with the Group's mission and execution of its strategy.

### Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Board is responsible for setting the Group's vision, strategy and business model to deliver value to its shareholders. It maintains a governance structure appropriate for the Group's size, complexity and risk profile, ensuring this structure evolves over time in line with the Group's developments.

# Corporate governance statement

The Board has defined a series of matters reserved for its decision and has established terms of reference for its audit, remuneration and nomination committees, delegating specific responsibilities to each. The chair of each Committee reports to the Board on their respective activities.

The Audit Committee monitors the integrity of the financial results, reviews the need for internal audit and considers the engagement of external auditors, including the approval of non-audit services. The Audit Committee comprises Nigel Halkes and Michael Jackson. It is chaired by Nigel Halkes and meets at least twice per year. Further details are available in the Audit Committee report and the terms of reference of the Audit Committee are available on the Company's website.

The Remuneration Committee sets and reviews the compensation of Executive Directors including targets and performance frameworks for cash- and share-based awards. The Remuneration Committee comprises Michael Jackson, Henrik Bang and Nigel Halkes. It is chaired by Michael Jackson and meets at least twice per year. Further details are available in the Remuneration Committee report and the terms of reference of the Remuneration Committee are available on the Company's website.

The Nomination Committee reviews the structure, size and composition of the Board, considers succession planning and identifies and nominates Board candidates. The committee comprises Henrik Bang, Michael Jackson, and Nigel Halkes. It is chaired by Henrik Bang and met three times during the year. Further details are available in the Nomination Committee report and the terms of reference of the Nomination Committee are available on the Company's website.

The Non-Executive Chair leads the Board and oversees the Group's corporate governance, ensuring that:

- the Board's agenda focuses on key operational and financial issues with regular reviews of the Group's strategy and its implementation;
- committees are properly structured and operate with appropriate terms of reference;
- regular performance reviews of the individual Directors, the Board and its committees are conducted;
- the Board receives accurate, timely and clear information; and
- effective communication between the Group and its shareholders is maintained.

The CEO provides leadership and management of the Group, ensuring:

- the development of objectives and strategies;
- delivery of the business model within the strategy agreed by the Board;
- the monitoring and management of operational performance and key risks to ensure alignment with the strategy;
- effective investor relations activities to maintain good communications with shareholders and financial institutions; and
- the Board is aware of the views and opinions of employees on relevant matters.

The Non-Executive Directors contribute independent thinking and judgement, applying their external experience and knowledge to scrutinise management performance and provide constructive challenge to the Executive Directors. They ensure the Group operates within the governance and risk framework approved by the Board.

The Company Secretary ensures clear and timely information flows to the Board and its committees, supporting the Board on matters of corporate governance and risk.

The Board reserves the following matters for its decision:

- Setting long-term objectives and commercial strategy;
- Approving annual operating and capital expenditure budgets;
- Changing the share capital or corporate structure of the Group;
- Approving half-year and full-year results and reports;
- Approving dividend policy and the declaration of dividends;
- Approving major investments, disposals, capital projects or contracts;
- Approving resolutions and associated documents to be put to general meetings of shareholders; and
- Approving changes to the Board structure.

## **Principle 10 – Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders**

This Corporate Governance Report is available on the Netcall website and is reviewed and updated annually by the Board. Additionally, the website provides copies of the Annual Report & Accounts, AGM notices, voting outcomes and other governance-related materials.

**Henrik Bang**  
**Non-Executive Chair**

# Audit Committee report

The Audit Committee is responsible for ensuring the financial integrity of the Group through the regular review of financial reporting. This includes examining the financial statements and other formal announcements, and challenging significant judgements contained within these documents.

The Committee confirms to the Board that all material financial updates are fair, balanced and understandable, complying with all applicable UK legislation and regulation as appropriate. It is also oversees risk management, related controls and compliance.

Additionally, the Committee monitors the relationship with the external auditor, reviewing their effectiveness, scope, objectivity, independence and approving their remuneration and terms of engagement.

The Committee ensures robust whistleblowing processes and proper investigation of any reports. All relevant matters arising are brought to the attention of the Board.

The Committee met three times this year and attendance can be seen on page 20.

## Overview

- Nigel Halkes was appointed as Chair of the Committee in December 2013. He is a Chartered Accountant and is considered by the Board to have recent and relevant financial experience.
- All members of the Committee are Non-Executive Directors. Nigel is independent, and the Board is satisfied that the Committee has sector-relevant competence.
- By invitation, Audit Committee meetings are attended by the Executive Directors, the external auditor and other management as required.

- The Committee Chair holds preparatory meetings with the external auditor, Grant Thornton, and management to ensure a full understanding of the matters to be discussed by the Committee

The Committee reviews its terms of reference annually. A copy of the current version can be found on the Group's website.

## Committee focus during FY24

### Financial statements and reports

- Reviewed the Annual Report and Accounts, full year results announcement, and half year results announcement, and received reports from the external auditor on the above.
- Reviewed the effectiveness of the Group's internal controls and disclosures made in the Annual Report and Accounts.
- Reviewed management's representation letter to the auditor, going concern review, and significant areas of accounting estimates and judgement.
- Reviewed the Group's treasury policies and bank facilities.

### Internal control and risk management

- Monitored and reviewed the effectiveness of risk management and internal control processes.
- Reviewed the Group Risk Management Framework, which identifies, evaluates and sets out mitigation of risks.
- Reviewed the principal risks and uncertainties disclosed in the Annual Report and Accounts.

### External auditor and non-audit work

- Recommended the appointment of Grant Thornton as external auditor at the 2023 Annual General Meeting.

- Reviewed and agreed the scope of the audit work to be undertaken by the external auditor.
- Agreed the terms of engagement and fees for the external auditor.
- Reviewed and approved non-audit services and fees.

### Governance

- Reviewed the Group's procedures for detecting fraud along with the Group's Anti-Corruption & Bribery Policy, Risk Assessment Policy and the Group's Whistleblowing arrangements.
- Met with the external auditor without management being present.

## External audit Audit Services

Grant Thornton were appointed to perform the role of the Group's external auditor in 2008, with the current audit partner serving since January 2022.

The Committee closely monitored progress against the agreed annual audit plan, which proceeded smoothly.

During the year, the Committee reviewed Grant Thornton's independence and performance, meeting regularly with the audit partner without management present.

The Committee has adopted a broad framework to review the effectiveness of the Group's external audit process and audit quality, including:

- assessment of the audit partner and team;
- planning and scope of the audit;
- the execution and management of the audit process;
- communications by the auditors with the Committee;
- insights and value added by the audit;
- the quality of any formal audit reports; and
- a review of fees.

# Audit Committee report

The auditor attended the full and half-year Committee meetings and the audit planning meeting, reporting on the results of the audit work and highlighting any significant or material issues.

There were no adverse matters brought to the Committee's attention in respect of the FY24 audit that were material and should be brought to shareholders' attention.

## **Non-audit services**

The Company has a non-audit services policy in place to ensure that the provision of non-audit services by the external auditor does not impair its independence or objectivity. All non-audit services must be pre-approved by the Committee. A list of non-audit services is reviewed on an annual basis.

The Committee closely monitors non-audit services provided by the external auditor due to the potential impact on their independence audit quality. Non-audit services should not be performed by the external auditor where there is a viable and cost-effective alternative.

The only non-audit services provided by Grant Thornton in the year was the review of the Group's half-year results, as it is typically performed by the Group's external auditor.

## **Auditor Independence**

The Board ensures external advisers remain independent by having separate firms (non-Grant Thornton) for financial due diligence and general advice on potential acquisitions and tax matters. Grant Thornton has confirmed no relationships with the Group that could have affect their independence. The Committee is satisfied that Grant Thornton remains independent.

## **Whistleblowing Policy**

The Committee conducted an annual review of the whistleblowing policy, making minor adaptations. The policy remains appropriate for a Group of our size, with concerns raised through a variety of channels as noted in the policy.

## **Future focus for the Audit Committee**

The key focus for the Committee in the year ahead will include:

- merger and acquisition activities, including impacts on financial reporting, risk management and internal controls;
- continuing progress on developing the Group's Risk Management Framework;
- ensuring compliance with guidance and regulations to maintain strong financial reporting and corporate governance systems; and
- continued focus on potential future regulatory changes and emerging best practice, including the increased focus on sustainability reporting.

**Nigel Halkes**

**Chair of the Audit Committee**

# Remuneration Committee report

The Remuneration Committee is responsible for determining and recommending to the Board the policy for remuneration of Executive Directors, Company Secretary and other senior executives and setting the individual remuneration of Executive Directors, the Company Secretary and other senior executives.

The Committee's work includes reviewing share incentive plans, performance-related pay schemes, and their associated targets, and making recommendations to the Board. No Director or other senior executive is involved in any decisions regarding their own remuneration.

The Committee is authorised to seek external legal or other independent professional advice as needed.

The Committee met three times this year to address several important decisions relating to Executive Director succession. Attendance details are available on page 20.

## Overview

- Michael Jackson was appointed as Chair of the Committee in February 2024, following Michael Neville's retirement from the Board.
- All Committee members are Non-Executive Directors with Nigel Halkes being deemed as independent.
- By invitation, meetings of the Committee are attended by the Executive Directors, the Company Secretary, and any external adviser to the Committee.

The Committee reviews its terms of reference annually. The current version is available on the Group's website.

## Committee focus during FY24

Throughout the year the Committee:

- Considered and reviewed shareholder feedback following the 2023 AGM;
- Approved Executive Directors' salaries and the Non-Executive Chair's fee;
- Approved the vesting share awards and exercises for Executive and Non-Executive Directors;
- Set appropriate performance measures for the annual bonus scheme for Executive Directors, ensuring alignment to KPIs and the Group's strategy;
- Reviewed and approved the Directors' Remuneration report for FY24; and
- Reviewing remuneration arrangements for the wider workforce, ensuring alignment to the arrangements for senior management.

## Looking ahead to FY25

The Group remains committed to report in an open and transparent manner, aligning with shareholder and stakeholder expectations. It encourages open dialogue with the Company's shareholders.

Details of the Executive Directors' remuneration policy, including how annual bonus and long-term incentives operate, can be found on page 26.

**Michael Jackson**  
**Chair of the Remuneration Committee**

# Directors' remuneration report

As the Company is quoted on the AIM Market of the London Stock Exchange ('AIM'), it is not required to set out its remuneration policy but is doing so on a voluntary basis. In accordance with AIM Rule 19, the Company has disclosed the remuneration received by its Directors during the financial year below.

## Executive Directors' remuneration policy

The Company's policy is to remunerate Directors appropriately to secure the skills and experience the Group needs to meet its objectives and reward them for enhancing shareholder value and returns. Each review is set in the context of the Group's needs, individual responsibilities, performance and market practice.

The main components of Executive Directors' remuneration comprise:

- basic salary;
- performance-related bonus;
- contributions to personal pension plan;
- other benefits such as car allowances, medical and life assurance; and
- share option schemes.

The basic salary of the Executive Directors is reviewed annually by the Remuneration Committee, with any changes taking effect on 1 December of each year.

The Executive Directors participate in a bonus plan linked to the achievement of financial and individual performance targets set by the Remuneration Committee. The bonus plan is structured so as to pay 100% of salary for the Executive Directors on achieving targets.

Bonuses are subject to the discretion of the Remuneration Committee, which considers the overall performance of

the Group and assesses financial and personal achievement. For the year ended 30 June 2024, performance against targets resulted in a bonus award of 100% of annual salary for Henrik Bang (for his time as CEO), 100% for James Ormondroyd (in both his Group Finance Director and CEO roles), and 100% for Richard Hughes (pro-rata from his date of joining).

In December 2013, the Company implemented a Long Term Incentive Plan ('LTIP') designed to provide the senior management team with share options vesting upon meeting certain criteria, including the performance of the Company's ordinary share price up to £1.20. Further details are provided below.

The remuneration of Non-Executive Directors is determined by the Executive Directors within the limits set by the Company's Articles of Association. It is based on fees paid in similar companies and the skills and expected time commitment required of the individual concerned.

The service contracts and letters of appointment of the Directors include the following terms:

|                                | Date of appointment | Notice period |
|--------------------------------|---------------------|---------------|
| <b>Executive Directors</b>     |                     |               |
| James Ormondroyd               | 30 July 2010        | 12 months     |
| Richard Hughes                 | 27 November 2023    | 12 months     |
| <b>Non-Executive Directors</b> |                     |               |
| Henrik Bang                    | 1 January 2024      | 12 months     |
| Michael Jackson                | 23 March 2009       | 12 months     |
| Nigel Halkes                   | 1 December 2023     | 3 months      |

The table below sets out the detailed emoluments of each Director who served during the year:

|                                | Salary<br>and fees<br>£000 | Benefits<br>in kind<br>£000 | Bonus<br>£000 | 2024<br>Total<br>£000 | 2023<br>Total<br>£000 |
|--------------------------------|----------------------------|-----------------------------|---------------|-----------------------|-----------------------|
| <b>Executive Directors</b>     |                            |                             |               |                       |                       |
| Henrik Bang (as CEO)           | 169                        | 11                          | 319           | 499                   | 688                   |
| James Ormondroyd               | 318                        | 19                          | 301           | 638                   | 547                   |
| Richard Hughes                 | 144                        | 7                           | 143           | 294                   | –                     |
| <b>Non-Executive Directors</b> |                            |                             |               |                       |                       |
| Henrik Bang (as Chair)         | 40                         | 4                           | –             | 44                    | –                     |
| Michael Jackson                | 54                         | –                           | –             | 54                    | 61                    |
| Nigel Halkes                   | 26                         | –                           | –             | 26                    | –                     |
| Michael Neville                | 33                         | –                           | –             | 33                    | 38                    |
| Tamer Ozmen                    | 14                         | –                           | –             | 14                    | 32                    |
|                                | <b>798</b>                 | <b>41</b>                   | <b>763</b>    | <b>1,602</b>          | 1,366                 |

In addition, the following payments were made: Michael Jackson received £17,700 in lieu of notice for reducing his fees from £62,700 to £45,000; Michael Neville received £45,000 relating to his notice period and £30,000 as an ex-gratia payment in recognition of his service upon retirement; and Tamer Ozmen received £6,000 for fees in lieu of notice.

The table below sets out the contributions by the Company to the Directors' personal pension schemes during the year:

|                            | 2024<br>£000 | 2023<br>£000 |
|----------------------------|--------------|--------------|
| <b>Executive Directors</b> |              |              |
| Henrik Bang (as CEO)       | 17           | 33           |
| James Ormondroyd           | 10           | 5            |
| Richard Hughes             | 14           | –            |
|                            | <b>41</b>    | 38           |

# Directors' remuneration report

The table below sets out share options granted to Directors.

| <b>Date of grant</b>    | <b>Earliest exercise date</b> | <b>Expiry date</b> | <b>Exercise price (pence)</b> | <b>Number at 1 July 2023</b> | <b>Exercised in year</b> | <b>Lapsed/forfeited in year</b> | <b>Number at 30 June 2024</b> |
|-------------------------|-------------------------------|--------------------|-------------------------------|------------------------------|--------------------------|---------------------------------|-------------------------------|
| Henrik Bang             |                               |                    |                               |                              |                          |                                 |                               |
| 29.04.14 <sup>(1)</sup> | 30.04.17                      | 29.04.24           | 5.0                           | 2,474,845                    | 1,266,657                | 1,208,188                       | –                             |
| James Ormondroyd        |                               |                    |                               |                              |                          |                                 |                               |
| 29.04.14 <sup>(1)</sup> | 30.04.17                      | 29.04.24           | 5.0                           | 1,449,552                    | 741,899                  | 707,653                         | –                             |
| Michael Jackson         |                               |                    |                               |                              |                          |                                 |                               |
| 29.04.14 <sup>(1)</sup> | 30.04.17                      | 29.04.24           | 5.0                           | 353,550                      | 180,951                  | 172,599                         | –                             |
|                         |                               |                    |                               | 4,277,947                    | 2,189,507                | 2,088,440                       | –                             |

<sup>(1)</sup> LTIP options were conditional on certain vesting criteria, including various share price hurdles based on the average share price over 40 business days up to a share price of £1.20 from the date of grant until 29 April 2024, and the option holder being in employment during the vesting period.

The closing mid-market price of the Company's shares at 30 June 2024 was 92.0 pence. During the financial year, the share price reached a high of 112.5 pence and a low of 71.5 pence.

Details of options exercised by Directors during the year are as follows:

| <b>Date of grant</b> | <b>Exercise date</b> | <b>Number of shares</b> | <b>Exercise price (pence)</b> | <b>Mid-market share price on date of exercise (pence)</b> | <b>Gain on exercise £000</b> |
|----------------------|----------------------|-------------------------|-------------------------------|---|------------------------------|
| Henrik Bang          | 24.01.24             | 1,266,657               | 5.0                           | 92.5  | 1,108                        |
| James Ormondroyd     | 24.01.24             | 741,899                 | 5.0                           | 92.5  | 649                          |
| Michael Jackson      | 11.04.24             | 180,951                 | 5.0                           | 90.0  | 154                          |
|                      |                      |                         |                               |   | 1,911                        |

# Nomination Committee report

The Nomination Committee is responsible for overseeing succession planning for the Board and senior management. It assists the Board in discharging its responsibilities related to the composition and make-up of the Board and its committees.

This report highlights the role of the Nomination Committee in monitoring the Board's balance of skills, knowledge and experience and to ensure that there are robust succession plans in place.

The Committee met three times this year. Attendance is set out on page 20.

## Overview

- Michael Jackson chaired the Committee until 1 January 2024. Following his retirement as Chair of Netcall plc, Henrik Bang was appointed Chair of both Netcall plc and the Nomination Committee.
- Nigel Halkes was appointed to the Committee upon his co-option to the Board on 19 December 2023.
- Michael Neville retired from the Committee following his retirement as a Director on 29 February 2024.

The Committee reviews its terms of reference annually. The current version is available on the Group's website.

## Committee focus during FY24

### Board changes

- Tamer Ozmen retired from the Board at the AGM on 19 December 2023, and Michael Neville retired on 29 February 2024.
- Henrik Bang retired as Chief Executive Officer on 31 December 2023, succeeded by James Ormondroyd, previously the Group Finance Director.
- After an extensive and careful review, Richard Hughes was appointed as Chief Financial Officer and co-opted to the Board on 19 December 2023.

He will be proposed for election at the forthcoming AGM.

- Following Tamer Ozmen's retirement as an Independent Non-Executive Director, the Committee considered a number of possible successors and, following an extensive selection process, co-opted Nigel Halkes to the Board on 19 December 2023 as Independent Non-Executive Director. As with Richard Hughes, he will be proposed for election on 17 December 2024.
- Henrik Bang having retired from his executive role as Chief Executive Officer with the Nomination Committee's approval was appointed Non-Executive Chair of Netcall plc from 1 January 2024.
- Subsequent to the year end, on 16 September 2024, the Group announced the appointment of James Platt as an additional Independent Non-Executive Director. James will join the Board on 24 October 2024 and will be proposed for election at the AGM on 17 December 2024.

### Board induction

- New Directors undertook a tailored induction programme, including meetings with the Executive Directors, members of the Senior Management Team, key employees and advisers.

### Board composition

- The Committee remains mindful of the importance of broadening diversity within leadership and senior management teams. Over the next 12 months, the Committee will review the Board's composition, including its committees, focusing on the QCA Code 2023 requirements, the Board having previously adopted the QCA Code 2018 as its corporate governance guidelines.
- The Committee values diverse perspectives, backgrounds and approaches within the management team and Board. The business has historically promoted progression within the organisation regardless of age, gender, socio-economic background or formal qualifications,

and continues to do so by working within the spirit and the practice of the Equality Act 2010 by promoting a culture of respect and dignity, and actively challenging discrimination, should it ever arise.

### Board succession

- The Committee aims to maintain a stable leadership framework and manage changes impacting future leadership needs, both in terms of executive and non-executive positions. Ensuring the correct leaders are in place enables the Group to compete effectively in the marketplace and, therefore, to meet its obligations to its various stakeholders.
- The Committee regularly reviews the Board's skills and expertise that are required to deliver the Group's strategy, business priorities and culture.
- A phased succession programme for Non-Executive Directors is managed, tailored to the Group's size, needs and aspirations.
- Where a non-executive appointment is required, the Committee consults external search consultancies where appropriate to assist with the process of recruiting a new Non-Executive Director.

## Future focus for the Nomination Committee

The key focus for the Committee for the upcoming year include:

- Proposing Richard Hughes, Nigel Halkes and James Platt for election at the AGM of the Company on 17 December 2024;
- Proposing Michael Jackson for re-election at the forthcoming AGM;
- Receive regular updates on Board Committee composition and senior management succession and talent planning; and
- Reviewing the skills, composition and size of the Board.

**Henrik Bang**  
**Chair of the Nomination Committee**

# Directors' report

The Directors present their report and the audited financial statements of Netcall plc (the 'Company' or 'Netcall') and its subsidiaries (together the 'Group') for the year ended 30 June 2024.

## Statutory information contained elsewhere in the Annual Report

In accordance with s414c of the Companies Act 2006, certain matters that would otherwise be required to be disclosed in the Directors' Report are included elsewhere in this document, which is incorporated into this Directors' report by reference. It is advisable to read these reports in conjunction with the Directors' Report.

- Strategic report on pages 2 to 8
- Corporate governance statement on pages 17 to 22
- Principal risks & uncertainties on pages 11 to 12
- Section 172 Statement on page 15
- Remuneration Report on pages 26 to 28
- Environment report on pages 13 to 14

## Results and dividends

The Group's profit for the year after tax was £5.85m (2023: £4.21m). The Group's financial results, including a commentary regarding the operations of the Group during the year, are included on pages 2 to 8. This includes information on the likely future developments of the Group.

Subject to shareholder approval at the Annual General Meeting to be held on 17 December 2024, the Board proposes a final ordinary dividend of 0.89 pence per share (2023: 0.83 pence per share). The estimated amount payable is £1.47m (2023: £1.34m).

## Research and development

The Group continues its active programme of research and development into automation and customer engagement software and products. The total expenditure for research and development, excluding amortisation, was £5.66m (2023: £4.98m) comprising £3.34m in the Consolidated income statement (2023: £2.71m) and £2.32m capitalised development expenditure (2023: £2.27m).

## Political donations and political expenditure

In accordance with the Board's policy, no political donations were made or expenditure incurred during the year (2023: £nil).

## Post balance sheet events

For details of post balance sheet events see note 16 of the consolidated financial statements.

## Directors

The Directors who held office during the year ended 30 June 2024 and up to the date of approval of these financial statements, unless otherwise stated, are as follows:

|                  |  |
|------------------|--|
| James Ormondroyd | Chief Executive Officer                              |
| Richard Hughes   | Chief Financial Officer (appointed 19 December 2023) |
| Henrik Bang      | Non-Executive Chair                                  |
| Michael Jackson  | Non-Executive Director                               |

|                 |   |
|-----------------|---|
| Nigel Halkes    | Non-Executive Director (appointed 19 December 2023) |
| Michael Neville | Non-Executive Director (resigned 29 February 2024)  |
| Tamer Ozmen     | Non-Executive Director (resigned 19 December 2023)  |

Biographical details of the current Directors are set out on page 16.

## Directors' indemnity and insurance

The Group maintained insurance cover during the year for its Directors and Officers and those of subsidiary companies under a Directors and Officers liability insurance policy against liabilities incurred by them while carrying out their duties.

On 25 April 2019, Netcall plc (the 'Company') entered into deeds of indemnity ('Deeds') with each of Michael Jackson, Michael Neville, Henrik Bang and James Ormondroyd, comprising all the then Directors of the Company. Michael Neville resigned from the Board in February 2024 and, therefore, is no longer party to the deed. These indemnities, to the extent permitted by law, indemnify each such Director in respect of all liabilities to third parties arising out of, or in connection with, the execution of his powers, duties and responsibilities, as a Director of the Company or any Group company in which, from time to time, the individual Director holds office. A copy of each Deed is available for inspection at the registered office of the Company during business hours on any weekday except public holidays.

## Corporate governance

The Company's statement on corporate governance can be found on pages 17 to 22 of this Annual Report.

## Employees

The Group encourages employee involvement in the business at all levels with the staff of Netcall being the key to continuing success. Employees participate, where possible, in incentive schemes to share in the success of the Group.

Efforts are made to keep all staff informed and involved in the operations and progress through electronic communications, the Group's intranet and staff briefings.

The Group is an equal opportunities employer. Its policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of gender, race, disability, nationality, ethnic or national origin, marital status, sexuality, responsibility for dependents, religion or belief, trade union activity and age. Selection criteria and procedures are kept under review to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. Fair consideration is given to applications for employment from disabled people and the retention and retraining, where practicable, of employees who become disabled is encouraged.

## Policy and practice on payment of creditors

The Group recognises the importance of good relationships with its suppliers and subcontractors. Although the Group does not follow any particular code or standard on payment practice, its established payment policy is to agree payment terms in advance of any commitment being

entered into and to seek to abide by these agreed terms provided that the supplier has also complied with them. Trade creditor days for the Company for the year were six days (2023: ten days).

## Financial instruments

Financial instruments, including financial risk management objectives, exposure to market risk, credit risk and liquidity risk are disclosed in note 12 to the consolidated financial statements.

## Share capital

Details of the issued share capital, together with details of the movement in the Company's issued share capital during the year are shown in note 9(a) to the consolidated financial statements.

The Company has one class of ordinary shares, which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company. At the date of this report, the share capital of the Company comprised 164,907,819 issued and fully paid ordinary shares with a nominal value of 5p per share, quoted on AIM, together with 1,869,181 ordinary 5p shares held in Treasury.

There are no specific restrictions on the size of holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Details of share option schemes are set out in note 18 to the consolidated financial statements.

## Disclosure of information to the Auditor

The Directors who held office at the date of this Directors' report confirm that, so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Auditor

Grant Thornton UK LLP, who were re-appointed on 19 December 2023, have expressed their willingness to continue in office as auditors and a resolution to appoint them and authorise the Directors to determine their remuneration for the ensuing year will be proposed at the forthcoming Annual General Meeting.

## Annual General Meeting

The Annual General Meeting will be held on 17 December 2024 at 10.30am. Details and an explanation of the resolutions to be proposed are contained in the Notice of Annual General Meeting and its accompanying explanatory notes, either sent to shareholders with the Annual Report or available on the Company's website, [www.netcall.com](http://www.netcall.com).

By order of the Board

**Richard Hughes**  
Director

8 October 2024

# Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted international accounting standards, and applicable United Kingdom Accounting Standards have been followed for the Group and Parent Company, respectively, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy is fair, balanced and understandable.

On behalf of the Board

**Richard Hughes**  
**Director**

8 October 2024

# Independent Auditor's report to the members of Netcall plc

## Opinion

### **Our opinion on the financial statements is unmodified**

We have audited the financial statements of Netcall plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2024, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated cash flow statement, Parent Company balance sheet, Parent Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

# Independent Auditor's report to the members of Netcall plc

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's base case forecasts covering the period to 31 October 2025 and assessing how these forecasts were compiled, including challenging key assumptions;
- Considering the impact of recent acquisitions and whether future cash outflows in relation to the consideration have been appropriately incorporated into management's model;
- Assessing the accuracy of management's forecasting by comparing the reliability of past forecasts to past actual results;
- Challenging the key assumptions used within management's downside scenario and reverse stress test, to assess the possible risks to going concern and the impact of such scenarios; and
- Assessing the adequacy of related disclosures within the Annual Report and Accounts.



In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and the outcome of the general election including expectations over future funding for local authorities, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

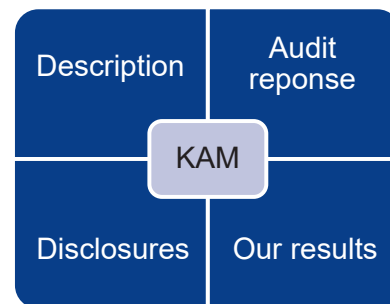
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Our approach to the audit

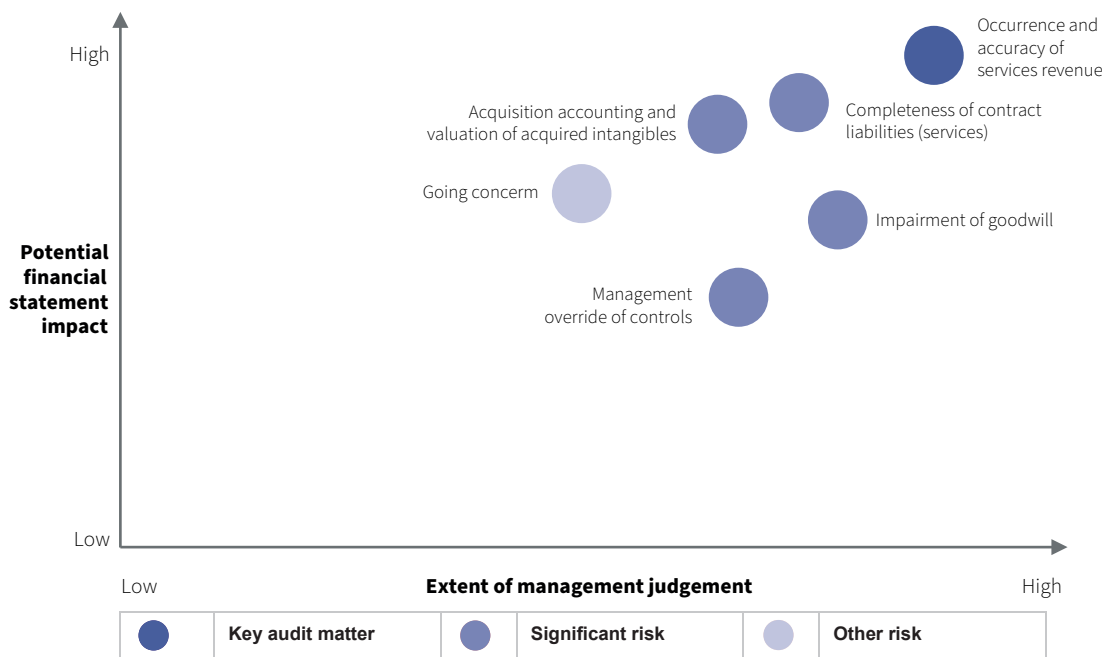
|  |  |
|--|--|
|  <p><b>Grant Thornton</b></p>  | <p><b>Overview of our audit approach</b></p> <p>Overall materiality:</p> <p>Group: £390,000 which represents 1% of the Group's total revenues.</p> <p>Parent Company: £310,000, which represents 1% of the Company's total assets, at an amount less than group materiality for group audit purposes.</p> <p>Key audit matters were identified as:</p> <ul style="list-style-type: none"> <li>• Occurrence and accuracy of services revenues (same as previous year)</li> </ul> <p>We performed an audit of the financial information using component materiality of the financial statements of the parent company and two other individually financial significant components of the group. This yielded coverage of 91% of the group's total assets, 97% of the group's revenue and 80% of the group's profit before tax.</p> |
|--|--|

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters and significant risks and going concern, relevant to the audit.



# Independent Auditor's report to the members of Netcall plc

## Key Audit Matter – Group

### Occurrence and accuracy of services revenue

We identified the occurrence and accuracy of services revenue as one of the most significant assessed risks of material misstatement due to the fraud.

The Group has recognised revenue of £39m (FY23: £36m) in the year, which includes revenue from Cloud services, product support contracts, services, communications services and product sales. The nature of the Group's revenue involves the processing of multi-year contracts, some of which are recognised over time.

The audit team's assessment is that the Cloud services, product support contracts, communication services and product sales revenue transactions are non-complex with no judgement applied over the amount recorded, as revenue recognised equates to the value of the service, spread evenly over the period of each contract (Cloud services and product support contracts), or is recognised immediately upon delivery of the product or service (communications services and product sales).

However, professional services ("services") revenues consist primarily of consultancy, implementation services and training. Revenue from these services is recognised as the services are performed by reference to the costs incurred as a proportion of the total estimated costs of the service project. We consider the degree of estimation in determining the stage of completion of each project to be where the opportunity and incentive for revenue and contract liability misstatement could occur.

We have therefore assessed our significant fraud risk to be in respect of these revenues, which amounted to £5.1m.

### Relevant disclosures in the 2024 Annual Report and Accounts

Financial Statements: Note 3(f), accounting policies and significant judgements; Note 3, revenue from contracts with customers.

## How our scope addressed the matter – Group

In responding to the key audit matter, we performed the following audit procedures:

- Obtained an understanding of the process for the recognition of revenue and tested the design and implementation effectiveness of relevant controls;
- Assessed whether the accounting policies adopted by the directors are in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers' and whether management had appropriately applied these policies in the recognition of revenue;
- Tested revenue by agreeing a sample of transactions in the year to supporting evidence including:
  - Obtaining the contract;
  - Considering whether the performance obligations identified by management were consistent with the contract;
  - Agreeing the transaction price to the contract and assessing the allocation of the transaction price to the various performance obligations; and
  - Inspecting evidence of occurrence of the service and recalculating management's estimate of stage completion by agreeing to timesheets and comparing to project budgets.
- Assessed management's historical forecasting accuracy for stage of completion; and
- Tested for post year-end changes to assumptions for a sample of contracts.

## Our results

Based on our audit work, we did not identify evidence of material misstatement in relation to improper revenue recognition.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company only.

## Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

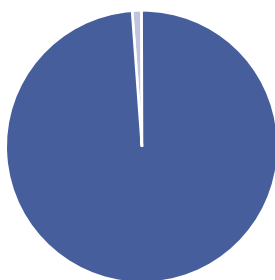
| Materiality measure   | Group  | Parent company  |
|---|--|---|
| <b>Materiality for financial statements as a whole</b>                | We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.   |   |
| Materiality threshold   | £390,000 (2023: £356,800) which represents 1% of group revenues.   | £310,000 (2023: £280,000) which represents 1% of the company's total assets, capped at an amount less than group materiality for group audit purposes.  |
| Significant judgements made by the auditor in determining materiality | <p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>Revenue has been determined as being the most appropriate benchmark for determining materiality, as this is a key performance indicator used by the business.</li> <li>The use of this as a benchmark provides consistency and comparability with the prior year benchmark, and prevents a fluctuating materiality that would be determined if an alternative measure, such as profit before tax, was used.</li> <li>Additionally, this benchmark is used by industry peers and is therefore comparable within the sector.</li> </ul> <p>Materiality for the current year is higher than the level that we determined for the year ended 30 June 2023 to reflect revenue growth in the current year.</p> | <p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>An asset-based benchmark was considered the most appropriate benchmark for a holding company.</li> </ul> <p>Materiality for the current year is higher than the level that we determined for the year ended 30 June 2023 to reflect the higher group materiality threshold in the current year.</p> |

# Independent Auditor's report to the members of Netcall plc

| Materiality measure   | Group  | Parent company   |
|---|--|--|
| <b>Performance materiality used to drive the extent of our testing</b>            | We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.  |  |
| Performance materiality threshold   | £292,500 (2023: £267,600) which is 75% (2023: 75%) of financial statement materiality.   | £232,500 (2023: £210,000) which is 75% (2023: 75%) of financial statement materiality.   |
| Significant judgements made by the auditor in determining performance materiality | <p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>No significant adjustments identified from the 2023 audit; and</li> <li>Management are judged to be suitably qualified and experienced to carry out their role.</li> </ul>                                     | <p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>No significant adjustments identified from the 2023 audit; and</li> <li>Management are judged to be suitably qualified and experienced to carry out their role.</li> </ul> |
| <b>Specific materiality</b>   | We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. |  |
| Specific materiality  | <p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> <li>Directors' remuneration; and</li> <li>Related party transactions outside the normal course of business.</li> </ul>  | <p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> <li>Directors' remuneration; and</li> <li>Related party transactions outside the normal course of business.</li> </ul>  |
| <b>Communication of misstatements to the audit committee</b>                      | We determine a threshold for reporting unadjusted differences to the audit committee.  |  |
| Threshold for communication   | £19,500 (2023: £17,840) which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.  | £15,500 (2023: £14,000) which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.  |

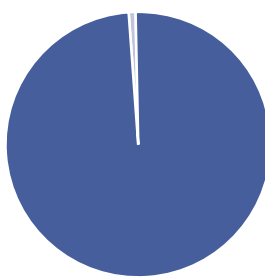
The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

#### Overall materiality - Group



■ Revenue £39m  
■ FSM £390k, 1%

#### Overall materiality - Parent



■ Total assets £49.5m  
■ FSM £310k, 1% capped

FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

## An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business and in particular matters related to:

### Understanding the group, its components, and their environments, including group-wide controls

- The engagement team obtained an understanding of the Group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level; and
- The engagement team obtained an understanding of the Group's organisational structure and considered its effect on the scope of the audit, identifying that the group financial reporting system is centralised.

### Identifying significant components

- Component significance was determined based on the relative share of key group financial metrics including revenue, profit before tax and other significant balances relevant to the Group.

### Type of work to be performed on financial information of the Company and other components (including how it addressed the key audit matters)

- For all significant risks and key audit matters identified, the group engagement team obtained an understanding of the relevant controls that management has implemented over the related processes.
- For components classified as 'individually financially significant to the group', an audit of the financial information of the component using component materiality (full-scope audit) was performed. The components which fell into this scope were Netcall plc, Netcall Technology Limited and Netcall Systems Limited.
- Analytical procedures were performed for all other components.

# Independent Auditor's report to the members of Netcall plc

## Performance of our audit

- Testing has been performed over the following key areas of the group. All full-scope audits were based in the UK and performed by the group engagement team.

| <b>Audit approach</b>        | <b>No. of components</b> | <b>% coverage Revenue</b> | <b>% coverage PBT</b> | <b>% coverage Total assets</b> |
|------------------------------|--------------------------|---------------------------|-----------------------|--------------------------------|
| <b>Full-scope audit</b>      | 3                        | 97%                       | 80%                   | 91%                            |
| <b>Analytical procedures</b> | 11                       | 3%                        | 20%                   | 9%                             |

## Changes in approach from previous period

- There have been no changes in approach from the previous period.

## Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Our opinion on other matters prescribed by the Companies Act 2006 is unmodified**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the group and the company and determined the most significant are those that relate to the financial reporting frameworks, being the AIM Rules for Companies, Companies Act 2006 and UK-adopted international accounting standards for the group, and the Companies Act 2006 and FRS 101 'Reduced Disclosure Framework' for the company, together with relevant tax compliance regulations. In addition, we concluded that there are certain other significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, being laws and regulations relating to health and safety, employee matters, data protection and bribery and corruption practices.
- We obtained an understanding of how the group and the parent company are complying with legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We enquired of management and the Audit Committee about the group and parent company's policies and procedures relating to the identification, evaluation and response to the risks of fraud and the establishment of internal controls to mitigate these risks.
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to areas of increased management judgement, specifically valuation of acquired intangibles, revenue recognition of service revenues, capitalisation of development costs and the impairment of goodwill, all of which could be impacted by management bias.

# Independent Auditor's report to the members of Netcall plc

- Audit procedures performed by the engagement team included:
  - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - Obtaining an understanding of how those charged with governance consider and address the potential for management override of controls or other inappropriate influence over the financial reporting process;
  - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
  - Challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - Knowledge of the industry in which the group and the parent company operate; and
  - Understanding of the legal and regulatory frameworks applicable to the group and the parent company.
- Relevant laws and regulations and potential fraud risks were communicated to all engagement team members. We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Andrew Hodgekins**

**Senior Statutory Auditor**

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Cambridge

8 October 2024

# Consolidated income statement

for the year ended 30 June 2024

|  | Notes      | 2024<br>£000    | 2023<br>£000 |
|--|------------|-----------------|--------------|
| <b>Revenue</b>                             | 3          | <b>39,057</b>   | 36,040       |
| Cost of sales                              |            | <b>(5,612)</b>  | (5,768)      |
| <b>Gross profit</b>                        |            | <b>33,445</b>   | 30,272       |
| Administrative expenses                    |            | <b>(28,050)</b> | (26,522)     |
| Other gains – net                          | 5(a)       | <b>31</b>       | 62           |
| <b>Adjusted EBITDA</b>                     | 2(b)       | <b>8,440</b>    | 8,003        |
| Depreciation                               | 8(a), 8(b) | <b>(398)</b>    | (377)        |
| Amortisation of acquired intangible assets | 8(c)       | <b>(581)</b>    | (522)        |
| Amortisation of other intangible assets    | 8(c)       | <b>(1,228)</b>  | (1,287)      |
| Post-completion services                   | 4(a)       | <b>(156)</b>    | (365)        |
| Share-based payments                       | 18(c)      | <b>(651)</b>    | (1,640)      |
| <b>Operating profit</b>                    |            | <b>5,426</b>    | 3,812        |
| Finance income                             | 5(e)       | <b>943</b>      | 344          |
| Finance costs                              | 5(e)       | <b>(40)</b>     | (155)        |
| Finance income – net                       |            | <b>903</b>      | 189          |
| <b>Profit before tax</b>                   |            | <b>6,329</b>    | 4,001        |
| Tax (charge)/credit                        | 6(a)       | <b>(475)</b>    | 205          |
| <b>Profit for the year</b>                 |            | <b>5,854</b>    | 4,206        |
| <b>Earnings per share</b>                  |            | <b>Pence</b>    | Pence        |
| Basic                                      | 19(a)      | <b>3.61</b>     | 2.69         |
| Diluted                                    | 19(a)      | <b>3.46</b>     | 2.52         |

All activities of the Group in the current and prior period are classed as continuing. All of the profit for the period is attributable to the shareholders of Netcall plc. The notes on pages 48 to 87 form part of these financial statements.

# Consolidated statement of comprehensive income

for the year ended 30 June 2024

|   | Notes | 2024<br>£000 | 2023<br>£000 |
|---|-------|--------------|--------------|
| <b>Profit for the year</b>  |       | <b>5,854</b> | 4,206        |
| <b>Other comprehensive income</b>                                 |       |              |              |
| <i>Items that may be reclassified to profit or loss</i>           |       |              |              |
| Exchange differences arising on translation of foreign operations | 9(c)  | <b>(5)</b>   | 8            |
| <b>Total other comprehensive income for the year</b>              |       | <b>(5)</b>   | 8            |
| <b>Total comprehensive income for the year</b>                    |       | <b>5,849</b> | 4,214        |

All of the comprehensive income for the year is attributable to the shareholders of Netcall plc. The notes on pages 48 to 87 form part of these financial statements.

# Consolidated balance sheet

as at 30 June 2024

|   | Notes | 2024<br>£000  | 2023<br>£000 |
|---|-------|---------------|--------------|
| <b>Assets</b>   |       |               |              |
| <b>Non-current assets</b>   |       |               |              |
| Property, plant and equipment                                     | 8(a)  | 685           | 699          |
| Right-of-use assets   | 8(b)  | 357           | 298          |
| Intangible assets   | 8(c)  | 33,596        | 30,453       |
| Deferred tax assets   | 8(d)  | 876           | 1,767        |
| Financial assets at fair value through other comprehensive income | 7(c)  | 72            | 72           |
| <b>Total non-current assets</b>                                   |       | <b>35,586</b> | 33,289       |
| <b>Current assets</b>   |       |               |              |
| Inventories   | 8(e)  | 36            | 31           |
| Other current assets  | 8(f)  | 2,313         | 2,333        |
| Contract assets   | 3(c)  | 207           | 599          |
| Trade receivables   | 7(a)  | 4,752         | 4,468        |
| Other financial assets at amortised cost                          | 7(b)  | 139           | 57           |
| Cash and cash equivalents   | 7(d)  | 34,008        | 24,753       |
| <b>Total current assets</b>                                       |       | <b>41,455</b> | 32,241       |
| <b>Total assets</b>   |       | <b>77,041</b> | 65,530       |
| <b>Liabilities</b>  |       |               |              |
| <b>Non-current liabilities</b>                                    |       |               |              |
| Contract liabilities  | 3(c)  | 806           | 787          |
| Borrowings  | 7(f)  | 9             | –            |
| Lease liabilities   | 8(b)  | 358           | 292          |
| Deferred tax liabilities  | 8(d)  | 1,407         | 1,151        |
| <b>Total non-current liabilities</b>                              |       | <b>2,580</b>  | 2,230        |
| <b>Current liabilities</b>  |       |               |              |
| Trade and other payables  | 7(e)  | 7,841         | 7,232        |
| Contract liabilities  | 3(c)  | 26,009        | 20,578       |
| Borrowings  | 7(f)  | 10            | –            |
| Lease liabilities   | 8(b)  | 104           | 113          |
| <b>Total current liabilities</b>                                  |       | <b>33,964</b> | 27,923       |
| <b>Total liabilities</b>  |       | <b>36,544</b> | 30,153       |
| <b>Net assets</b>   |       | <b>40,497</b> | 35,377       |
| <b>Equity attributable to the owners of Netcall plc</b>           |       |               |              |
| Share capital   | 9(a)  | 8,339         | 8,108        |
| Share premium   | 9(a)  | 5,574         | 5,574        |
| Other equity  | 9(b)  | 4,900         | 4,900        |
| Other reserves  | 9(c)  | 403           | 3,056        |
| Retained earnings   |       | 21,281        | 13,739       |
| <b>Total equity</b>   |       | <b>40,497</b> | 35,377       |

The notes on pages 48 to 87 form part of these financial statements. These financial statements on pages 43 to 87 were approved and authorised for issue by the Board on 8 October 2024 and were signed on its behalf by:

**Richard Hughes**  
Director

Netcall plc, registered no. 01812912

# Consolidated statement of changes in equity

for the year ended 30 June 2024

|  | Notes | Share capital<br>£000 | Share premium<br>£000 | Other equity<br>£000 | Other reserves<br>£000 | Retained earnings<br>£000 | Total<br>£000  |
|--|-------|-----------------------|-----------------------|----------------------|------------------------|---------------------------|----------------|
| <b>Balance at 1 July 2022</b>                            |       | <b>7,587</b>          | <b>3,015</b>          | <b>4,900</b>         | <b>4,462</b>           | <b>7,454</b>              | <b>27,418</b>  |
| Proceeds from share issue                                | 9(a)  | 521                   | 2,559                 | -                    | -                      | -                         | <b>3,080</b>   |
| Increase in equity reserve in relation to options issued | 9(c)  | -                     | -                     | -                    | 1,099                  | -                         | <b>1,099</b>   |
| Tax credit relating to share options                     | 6(d)  | -                     | -                     | -                    | 405                    | -                         | <b>405</b>     |
| Reclassification following exercise or lapse of options  | 9(c)  | -                     | -                     | -                    | (2,918)                | 2,918                     | -              |
| Dividends paid   | 13(b) | -                     | -                     | -                    | -                      | (839)                     | <b>(839)</b>   |
| <b>Transactions with owners</b>                          |       | <b>521</b>            | <b>2,559</b>          | <b>-</b>             | <b>(1,414)</b>         | <b>2,079</b>              | <b>3,745</b>   |
| Profit for the year                                      |       | -                     | -                     | -                    | -                      | 4,206                     | <b>4,206</b>   |
| Other comprehensive income                               |       | -                     | -                     | -                    | 8                      | -                         | <b>8</b>       |
| <b>Total comprehensive income for the year</b>           |       | <b>-</b>              | <b>-</b>              | <b>-</b>             | <b>8</b>               | <b>4,206</b>              | <b>4,214</b>   |
| <b>Balance at 30 June 2023</b>                           |       | <b>8,108</b>          | <b>5,574</b>          | <b>4,900</b>         | <b>3,056</b>           | <b>13,739</b>             | <b>35,377</b>  |
| Proceeds from share issue                                | 9(a)  | 231                   | -                     | -                    | -                      | -                         | <b>231</b>     |
| Increase in equity reserve in relation to options issued | 9(c)  | -                     | -                     | -                    | 740                    | -                         | <b>740</b>     |
| Tax charge relating to share options                     | 6(d)  | -                     | -                     | -                    | (362)                  | -                         | <b>(362)</b>   |
| Reclassification following exercise or lapse of options  | 9(c)  | -                     | -                     | -                    | (3,026)                | 3,026                     | -              |
| Dividends paid   | 13(b) | -                     | -                     | -                    | -                      | (1,338)                   | <b>(1,338)</b> |
| <b>Transactions with owners</b>                          |       | <b>231</b>            | <b>-</b>              | <b>-</b>             | <b>(2,648)</b>         | <b>1,688</b>              | <b>(729)</b>   |
| Profit for the year                                      |       | -                     | -                     | -                    | -                      | 5,854                     | <b>5,854</b>   |
| Other comprehensive income                               |       | -                     | -                     | -                    | (5)                    | -                         | <b>(5)</b>     |
| <b>Total comprehensive income for the year</b>           |       | <b>-</b>              | <b>-</b>              | <b>-</b>             | <b>(5)</b>             | <b>5,854</b>              | <b>5,849</b>   |
| <b>Balance at 30 June 2024</b>                           |       | <b>8,339</b>          | <b>5,574</b>          | <b>4,900</b>         | <b>403</b>             | <b>21,281</b>             | <b>40,497</b>  |

The notes on pages 48 to 87 form part of these financial statements.

# Consolidated cash flow statement

for the year ended 30 June 2024

|  | Notes | 2024<br>£000   | 2023<br>£000 |
|--|-------|----------------|--------------|
| <b>Cash flows from operating activities</b>  |       |                |              |
| Profit before income tax   |       | <b>6,329</b>   | 4,001        |
| Adjustments for:   |       |                |              |
| Depreciation and amortisation  |       | <b>2,207</b>   | 2,186        |
| Share-based payments   |       | <b>651</b>     | 1,640        |
| Finance income – net   |       | <b>(903)</b>   | (189)        |
| Other non-cash expenses  |       | <b>–</b>       | 6            |
| Changes in operating assets and liabilities, net of effects from purchasing of subsidiary undertaking: |       |                |              |
| (Increase)/Decrease in inventories   |       | <b>(5)</b>     | 7            |
| Increase in trade receivables  |       | <b>(249)</b>   | (765)        |
| Decrease in contract assets  |       | <b>393</b>     | 281          |
| Increase in other financial assets at amortised cost   |       | <b>(77)</b>    | (49)         |
| Decrease in other current assets   |       | <b>29</b>      | 416          |
| Increase/(Decrease) in trade and other payables  |       | <b>182</b>     | (1,148)      |
| Increase in contract liabilities   |       | <b>5,249</b>   | 4,835        |
| <b>Cash generated from operations</b>  |       | <b>13,806</b>  | 11,221       |
| <i>Analysed as:</i>  |       |                |              |
| Cash flow from operations before post-completion service consideration                                 |       | <b>13,806</b>  | 11,597       |
| Payment of post-completion service consideration   | 7(g)  | <b>–</b>       | (376)        |
| Interest received  |       | <b>943</b>     | 344          |
| Interest paid  |       | <b>(10)</b>    | (8)          |
| Income taxes paid  |       | <b>(11)</b>    | –            |
| <b>Net cash inflow from operating activities</b>   |       | <b>14,728</b>  | 11,557       |
| <b>Cash flows from investing activities</b>  |       |                |              |
| Payment for acquisition of subsidiary, net of cash acquired  | 14(a) | <b>(1,633)</b> | –            |
| Payment for property, plant and equipment  | 8(a)  | <b>(252)</b>   | (458)        |
| Payment of software development costs  | 8(c)  | <b>(2,322)</b> | (2,267)      |
| Payment for other intangible assets  | 8(c)  | <b>–</b>       | (19)         |
| <b>Net cash outflow from investing activities</b>  |       | <b>(4,207)</b> | (2,744)      |
| <b>Cash flows from financing activities</b>  |       |                |              |
| Proceeds from issues of ordinary shares  | 9(a)  | <b>231</b>     | 3,079        |
| Interest paid on Loan Notes  |       | <b>–</b>       | (204)        |
| Repayment of borrowings  | 7(f)  | <b>(4)</b>     | (3,500)      |
| Lease payments   | 8(b)  | <b>(152)</b>   | (214)        |
| Dividends paid to Company's shareholders   | 13(b) | <b>(1,338)</b> | (839)        |
| <b>Net cash outflow from financing activities</b>  |       | <b>(1,263)</b> | (1,678)      |
| <b>Net increase in cash and cash equivalents</b>   |       | <b>9,258</b>   | 7,135        |
| Cash and cash equivalents at beginning of the financial year   |       | <b>24,753</b>  | 17,605       |
| Effects of exchange rate on cash and cash equivalents  |       | <b>(3)</b>     | 13           |
| <b>Cash and cash equivalents at end of financial year</b>  |       | <b>34,008</b>  | 24,753       |

The notes on pages 48 to 87 form part of these financial statements.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 1 Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following event during the reporting period:

- The Group completed on the acquisition of Skore Labs Limited during the year. See note 14(a) for further information. This resulted in an increase of £2.63m of intangible assets held by the Group and £0.27m of expense has been recognised in the year in relation to the consideration arrangements and post-completion services attributable to the acquisition.

For a detailed discussion about the Group's performance and financial position please refer to the Chair's and Chief Executive's review on pages 2 to 8.

## 2 Segment information

### 2(a) Description of segment and principal activities

The Group's Executive Board consider that there is one operating business segment being the design, development, sale and support of software products and services, which is consistent with the information reviewed by it when making strategic decisions. Resources are reviewed on the basis of the whole business performance.

The Board primarily uses a measure of adjusted earnings before interest, taxation, depreciation and amortisation ('Adjusted EBITDA') to assess the performance of the segment. It also receives information about the segment's revenue and assets on a monthly basis. Information about the segment revenue is disclosed in note 3.

### 2(b) Adjusted EBITDA

Adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as share-based payments, profit or loss on disposals, acquisition costs, contingent consideration (including compensation for post-completion services) and transaction costs and impairments when the impairment is the result of an isolated, non-recurring event. The Board believes this gives a better view of maintainable earnings levels. It also excludes the effects of equity-settled share-based payments.

Adjusted EBITDA reconciles to operating profit as follows:

|  | 2024         | 2023    |
|--|--------------|---------|
|  | £000         | £000    |
| <b>Adjusted EBITDA</b>                     | <b>8,440</b> | 8,003   |
| Depreciation                               | (398)        | (377)   |
| Amortisation of acquired intangible assets | (581)        | (522)   |
| Amortisation of other intangible assets    | (1,228)      | (1,287) |
| Post-completion services                   | (156)        | (365)   |
| Share-based payments                       | (651)        | (1,640) |
| <b>Operating profit</b>                    | <b>5,426</b> | 3,812   |

### 2(c) Segment assets and liabilities

Segment assets and liabilities are measured in the same way as in the financial statements.

The total of non-current assets other than financial instruments and deferred tax assets broken down by location of the assets is set out below:

|                 | 2024          | 2023   |
|-----------------|---------------|--------|
|                 | £000          | £000   |
| UK              | 33,760        | 30,495 |
| Other countries | 878           | 955    |
| <b>Total</b>    | <b>34,638</b> | 31,450 |

## 3 Revenue from contracts with customers

### 3(a) Revenue by category

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

|                                | 2024<br>£000  | 2023<br>£000 |
|--------------------------------|---------------|--------------|
| Cloud services                 | 19,810        | 16,602       |
| Communication services         | 2,461         | 2,584        |
| Product support contracts      | 9,894         | 9,396        |
| Product                        | 1,827         | 2,245        |
| Professional Services          | 5,065         | 5,213        |
|                                | <b>39,057</b> | 36,040       |
| Timing of revenue recognition: |               |              |
| At a point in time             | 4,288         | 4,829        |
| Over time                      | 34,769        | 31,211       |

### 3(b) Revenue by location and major customers

The business is domiciled in the UK. The result of its revenue from external customers in the UK is £34.9m (2023: £30.4m), and the total from external customers from other countries is £4.2m (2023: £5.6m).

No single external customer accounted for more than 10% of the Group's revenue in the current year. A single external customer accounted for 14% of the Group's revenue in the prior year.

### 3(c) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

|                                    | 2024<br>£000  | 2023<br>£000 |
|------------------------------------|---------------|--------------|
| Contract assets                    | 208           | 602          |
| Loss allowance                     | (1)           | (3)          |
| <b>Total contract assets</b>       | <b>207</b>    | 599          |
| Contract liabilities – current     | 26,009        | 20,578       |
| Contract liabilities – non-current | 806           | 787          |
| <b>Total contract liabilities</b>  | <b>26,815</b> | 21,365       |

Contract assets have decreased by £0.39m as the Group has provided fewer Product and Professional services ahead of agreed payment schedules. Contract liabilities have increased by £5.45m, primarily due to an increase in advance payments for new Cloud services and Professional services.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 3 Revenue from contracts with customers continued

### 3(d) Revenue recognised in relation to contract liabilities

Set out below is the amount of revenue recognised from:

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| Amounts included in contract liabilities at the beginning of the year | 19,517       | 15,515       |
| Performance obligations satisfied in previous years                   | -            | -            |

### 3(e) Unsatisfied long-term contracts

The unsatisfied performance obligations for communication services, product and professional service revenues are part of a contract that has an original expected duration of one year or less.

The unsatisfied performance obligations for Cloud services and product support contracts as at 30 June may span a duration of more than one year, and as at 30 June are as follows:

|                    | 2024<br>£000 | 2023<br>£000 |
|--------------------|--------------|--------------|
| Within one year    | 26,720       | 24,082       |
| More than one year | 31,771       | 23,125       |

### 3(f) Accounting policies and significant judgements

Revenue is recognised at the transaction price being the amount of consideration to which the Group expects to be entitled for goods sold and services provided in the normal course of business during the year. Revenue is shown net of value-added tax, returns, rebates and discounts, if any and after eliminating sales within the Group.

#### Critical judgements in recognising revenue and allocating the transaction price

Revenue is recognised upon transfer of control of the promised product and/or services to customers. The Group enters into contracts, which can include combinations of services, products, support fees and other professional services, each of which is capable of being distinct and is usually accounted for as a separate performance obligation. Where there are multiple performance obligations, revenue is measured at the value of the expected consideration received in exchange for the products or services, allocated by the relative stand-alone selling prices of each of the performance obligations.

The Group generates revenue, principally, through the supply of:

- **Cloud services** – comprises the subscription and usages fees to access our software through a hosted solution. The software, maintenance and support and hosting elements are not distinct performance obligations, and represent a combined service provided to the customer. Revenue is recognised over time on a straight-line basis based on time elapsed over the period of supply as this reflects the period that the customer receives the benefit of access to the hosted software solution.
- **Product support contracts** – provides customers with software updates, system monitoring and tuning and technical support services. Revenues are recognised over time on a straight-line basis based on time elapsed over the contract period as reflects the period in which the customer receives the benefit of having access to the aforementioned support services.
- **Communication services** – revenues comprise fees for telephony and messaging services. Revenue is recognised at a point in time, when the call or message has been delivered over the Group's network;

- **Product** – consists of software product license fees and hardware. Revenue for product is recognised at a point in time when the customer is deemed to have control of the asset; and,
- **Professional Services** – consists primarily of consultancy, implementation services and training. Revenue from these services is recognised over time as the services are performed using an input method by reference to the costs incurred as a proportion of the total estimated costs of the service project. If an arrangement includes both software license or subscriptions and service elements, an assessment is made as to whether the software element is distinct in the context of the contract, based on whether the services provided significantly modifies or customises the base product. Where it is concluded that a licence is distinct, the licence element is recognised as a separate performance obligation. In all other cases, revenue from both licence and service elements is recognised when control is deemed to have passed to the customer.

Where invoices are raised in advance of the performance obligations being satisfied, these are recorded on the balance sheet as contract liabilities. This deferred income relates predominantly to services which are recognised on a straight-line basis over the period of supply. These services are, typically, invoiced at the beginning of the provision of service and the associated revenue is recognised over the service period, which, typically, ranges from one to five years.

Where Group recognition criteria have been met but no invoice to the customer has been raised at the reporting date, revenue is recognised and included as a contract asset, representing unbilled work in progress with substantially the same risk characteristics as trade receivables for the same types of contracts.

## 4 Material profit or loss items

The Group identified the following item in the prior year, which was material due to the significance of its nature and/or its amount. It is listed separately here to provide a better understanding of the financial performance of the Group in this and the prior year.

|                                  | Notes | 2024<br>£000 | 2023<br>£000 |
|----------------------------------|-------|--------------|--------------|
| Post-completion services expense | 4(a)  | (156)        | (365)        |
|                                  |       | (156)        | (365)        |

### 4(a) Post-completion services expense

The former owners of Skore Labs Limited, acquired in January 2024, continued to work in the business following its acquisition and, in accordance with IFRS 3, a proportion of the contingent consideration payments is treated as remuneration and expensed in the income statement. The expense recognised during the year was £0.15m.

In the prior year, the former owners of Oakwood Technologies BV acquired in October 2020 continued to work in the business following its acquisition and, in accordance with IFRS 3, a proportion of the contingent consideration arrangement is treated as remuneration and expensed in the income statement. The final payment under this arrangement of £0.38m was made during the financial year ended 30 June 2023.

## 5 Other expense items

This note provides a breakdown of items included in 'other gains', 'other losses', 'finance income and costs' and an analysis of expenses by nature and employee benefit expenses.

### 5(a) Other gains/(losses) – net

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| Net foreign exchange gains/(losses)                   | 31           | 62           |
| Net loss on disposal of property, plant and equipment | –            | –            |
| <b>Total other gains/(losses) – net</b>               | <b>31</b>    | <b>62</b>    |

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 5 Other expense items continued

### 5(b) Breakdown of expenses by nature

|  | Notes            | 2024<br>£000  | 2023<br>£000  |
|--|------------------|---------------|---------------|
| Inventory recognised as an expense                     | 8(e)             | 144           | 202           |
| Employee benefit expenses                              | 5(c)             | 23,009        | 22,766        |
| Depreciation and amortisation                          | 8(a), 8(b), 8(c) | 2,207         | 2,185         |
| Other expenses   |                  | 8,302         | 7,137         |
| <b>Total cost of sales and administrative expenses</b> |                  | <b>33,662</b> | <b>32,290</b> |

Research and development costs of £3.34m have been expensed during the year (2023: £2.71m).

The table below sets out the cost of services provided by the Company's auditors and its associates:

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| Fees payable to Company's auditor for the audit of the Parent Company and consolidated financial statements | 58           | 33           |
| Fees payable to the Company's auditor for other services:   |              |              |
| – the audit of the Company's subsidiaries pursuant to legislation   | 79           | 73           |
| – audit-related services  | 10           | 9            |
| – tax advisory services   | –            | –            |
|   | <b>147</b>   | <b>115</b>   |

### 5(c) Breakdown of employee benefit expenses

|  | Notes | 2024<br>£000  | 2023<br>£000  |
|--|-------|---------------|---------------|
| Wages and salaries                                       |       | 20,908        | 19,737        |
| Less: internal development costs capitalised in the year |       | (2,237)       | (2,134)       |
| Social security costs                                    |       | 2,499         | 2,391         |
| Share options charge for Directors and employees         | 17(c) | 651           | 1,640         |
| Pension costs – defined contribution plans               |       | 1,188         | 1,132         |
|  |       | <b>23,009</b> | <b>22,766</b> |

### 5(d) Average number of people employed during the year

|  | 2024       | 2023       |
|--|------------|------------|
| Average number of people (including Executive Directors) employed: |            |            |
| Sales and marketing  | 81         | 82         |
| Development and operations   | 179        | 165        |
| Management and administration                                      | 23         | 23         |
| <b>Total average headcount</b>                                     | <b>283</b> | <b>270</b> |

## 5(e) Finance income and costs

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| <i>Finance income</i>   |              |              |
| Interest income from financial assets held for cash management purposes               | 943          | 344          |
| <b>Finance income</b>   | <b>943</b>   | <b>344</b>   |
| <i>Finance costs</i>  |              |              |
| Interest and finance charges paid/payable for financial liabilities at amortised cost | 9            | 110          |
| Interest paid/payable for lease liabilities (see note 8(b))                           | 21           | 16           |
| Borrowings: unwinding of discount (see note 7(f))                                     | –            | 29           |
| Other payables: unwinding of discount (see note 14(a))                                | 10           | –            |
| <b>Finance costs expensed</b>   | <b>40</b>    | <b>155</b>   |
| <b>Finance income – net</b>   | <b>903</b>   | <b>189</b>   |

## 6 Tax expense

This note provides an analysis of the Group's tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

### 6(a) Tax expense

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| <i>Current tax</i>                              |              |              |
| Current tax on profits for the year             | 13           | (1)          |
| Adjustments in respect of prior years           | –            | –            |
| <b>Total current tax charge/(credit)</b>        | <b>13</b>    | <b>(1)</b>   |
| <i>Deferred tax</i>                             |              |              |
| Decrease/(Increase) in deferred tax assets      | 529          | (456)        |
| Increase/(Decrease) in deferred tax liabilities | (67)         | 252          |
| <b>Total deferred tax charge/(credit)</b>       | <b>462</b>   | <b>(204)</b> |
| <b>Total tax charge/(credit)</b>                | <b>475</b>   | <b>(205)</b> |

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 6 Tax expense continued

### 6(b) Significant estimate – tax

The Group is principally subject to United Kingdom corporate taxation and judgement is required in determining the provision for income and deferred taxation. The Group recognises taxation assets and liabilities based upon estimates and assessments of many factors, including past experience, advice received on the relevant taxation legislation and judgements about the outcome of future events. To the extent that the final outcome of these matters is different from the amounts recorded, such differences will impact on the taxation charge made in the Consolidated Income Statement in the period in which such determination is made.

The Group has gross tax losses available for carrying forward against future taxable income of £2.88m (2023: £4.55m). The Group has recognised a deferred tax asset of £0.28m (2023: £0.29m) as management consider it more likely than not that the future taxable profits will utilise these losses in the foreseeable future.

In addition, the Group has not recognised a deferred tax asset of £1.67m (2023: £1.27m) in respect of losses that are capital in nature amounting to £6.68m (2023: £6.68m) or a deferred tax asset of £0.03m (2023: £0.33m) in relation to taxable or deductible temporary differences due to share-based payment charges of £0.12m (2023: £1.32m).

### 6(c) Reconciliation of tax expense to prima facie tax payable

The tax charge on the Group's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK as explained below:

|   | 2024         | 2023    |
|---|--------------|---------|
|   | £000         | £000    |
| <b>Profit before tax</b>  | <b>6,329</b> | 4,001   |
| Tax expense calculated at 25% (2023: 20.5%)                             | <b>1,582</b> | 820     |
| Tax effects of:   |              |         |
| – expenses not deductible for tax purposes                              | <b>190</b>   | 307     |
| – additional deductions for R&D expenditure                             | <b>(175)</b> | –       |
| – utilisation of previously unrecognised tax losses                     | <b>(700)</b> | –       |
| – tax losses arising in the period not provided as a deferred tax asset | –            | –       |
| – tax losses arising in the period provided as a deferred tax asset     | –            | (163)   |
| – deferred tax impact of share options                                  | <b>494</b>   | 97      |
| – relief for employee share schemes                                     | <b>(969)</b> | (1,006) |
| – other   | <b>47</b>    | 15      |
| Measurement of deferred tax – change in UK corporation tax rate         | <b>6</b>     | (275)   |
| <b>Total tax charge/(credit)</b>  | <b>475</b>   | (205)   |

### 6(d) Amounts recognised directly in equity

|  | 2024         | 2023 |
|--|--------------|------|
|  | £000         | £000 |
| <i>Aggregate current and deferred tax arising in the year and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:</i> |              |      |
| Deferred tax: share-based payments   | <b>(362)</b> | 405  |
|  | <b>(362)</b> | 405  |

## 7 Financial assets and liabilities

This note provides information about the Group's financial instruments, including:

- an overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies; and
- information about determining the fair value of the instruments including judgements and estimation of uncertainty involved.

The Group holds the following financial instruments:

|   | Notes | 2024<br>£000  | 2023<br>£000 |
|---|-------|---------------|--------------|
| <b>Financial assets</b>   |       |               |              |
| Financial assets at fair value through other comprehensive income | 7(c)  | 72            | 72           |
| Financial assets at amortised cost                                |       |               |              |
| • Trade receivables   | 7(a)  | 4,752         | 4,468        |
| • Contract assets   | 3(c)  | 207           | 599          |
| • Other financial assets at amortised cost                        | 7(b)  | 139           | 57           |
| • Cash and cash equivalents                                       | 7(d)  | 34,008        | 24,753       |
| <b>Total financial assets</b>                                     |       | <b>39,178</b> | 29,949       |
| <b>Financial liabilities</b>                                      |       |               |              |
| Liabilities at amortised cost                                     |       |               |              |
| • Trade and other payables (excluding statutory liabilities)      | 7(e)  | 6,851         | 6,114        |
| • Borrowings  | 7(f)  | 19            | –            |
| • Lease liabilities   | 8(b)  | 462           | 405          |
| <b>Total financial liabilities</b>                                |       | <b>7,332</b>  | 6,519        |

The Group's exposure to various risks associated with the financial instruments is discussed in note 12. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

### 7(a) Trade receivables

|                                 | 2024<br>£000 | 2023<br>£000 |
|---------------------------------|--------------|--------------|
| <i>Current assets</i>           |              |              |
| Trade receivables               | 4,841        | 4,556        |
| Loss allowance (see note 12(c)) | (89)         | (88)         |
|                                 | <b>4,752</b> | 4,468        |

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 7 Financial assets and liabilities *continued*

### Classification as trade receivables

Trade receivables are amounts due from customers for goods sold, or services performed, in the ordinary course of business. They are generally due for settlement within 30 days and, therefore, are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The Group holds the trade receivables with the purpose of collecting the contractual cash flows and, therefore, measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided below.

### Fair values of trade receivables

Due to the short-term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

### Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in notes 12(a), 12(b), and 12(c).

### 7(b) Other financial assets at amortised cost

|                   | 2024<br>£000 | 2023<br>£000 |
|-------------------|--------------|--------------|
| Other receivables | 139          | 57           |
|                   | 139          | 57           |

### Classification as financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

### Fair values of other financial assets at amortised cost

Due to the short-term nature of the current other receivables, their carrying amount is considered to be the same as their fair value.

### Impairment and risk exposure

Information about the impairment of other financial assets amortised at cost can be found in note 12. All amounts due are within one year and are denominated in UK pounds.

### 7(c) Financial assets at fair value through other comprehensive income

#### Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

#### Equity investments at fair value through other comprehensive income

|                           | 2024<br>£000 | 2023<br>£000 |
|---------------------------|--------------|--------------|
| <b>Non-current assets</b> |              |              |
| <i>Unlisted equity</i>    |              |              |
| Macranet Ltd              | 72           | 72           |

The investment in Macranet Ltd is denominated in sterling (£). It is a provider of social media engagement solutions and has a historic cost of £0.29m. The fair value measurement is classified as level 3 in the hierarchy as there is no observable market data. The Company is a minority investor alongside Molten Ventures VCT plc, a quoted venture capital trust. They have established fair value using the Private Equity and Venture Capital Guidelines. In line with this valuation there is no change in the fair value of the investment in the year (2023: £nil).

## 7(d) Cash and cash equivalents

|                                  | 2024<br>£000  | 2023<br>£000  |
|----------------------------------|---------------|---------------|
| Cash at bank and in hand         | 34,008        | 24,753        |
| <b>Cash and cash equivalents</b> | <b>34,008</b> | <b>24,753</b> |

### Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

## 7(e) Trade and other payables

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| <i>Current liabilities</i>                  |              |              |
| Trade payables                              | 257          | 267          |
| Payroll tax and other statutory liabilities | 990          | 1,118        |
| Other payables                              | 6,594        | 5,847        |
|   | <b>7,841</b> | <b>7,232</b> |

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of the remainder of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## 7(f) Borrowings

|                         | 2024<br>Current<br>£000 | 2024<br>Non-current<br>£000 | 2024<br>Total<br>£000 | 2023<br>Current<br>£000 | 2023<br>Non-current<br>£000 | 2023<br>Total<br>£000 |
|-------------------------|-------------------------|-----------------------------|-----------------------|-------------------------|-----------------------------|-----------------------|
| <i>Unsecured</i>        |                         |                             |                       |                         |                             |                       |
| Bank loans              | 10                      | 9                           | 19                    | -                       | -                           | -                     |
| Loan notes              | -                       | -                           | -                     | -                       | -                           | -                     |
| <b>Total borrowings</b> | <b>10</b>               | <b>9</b>                    | <b>19</b>             | <b>-</b>                | <b>-</b>                    | <b>-</b>              |

Immediately prior to the acquisition of MatsSoft, on 4 August 2017, the Company entered into a subscription agreement with Business Growth Fund ('BGF') for a £7.0m investment. The investment comprised the issue of a £7.0m Loan Note and the award of options over 4,827,586 new ordinary shares of 5p each at a price of 58p per share. The Loan Note was unsecured, has an annual interest rate of 8.5% payable quarterly in arrears and was repayable in six instalments from 30 September 2022 to 31 March 2025. The Company made an initial repayment of £3.5m in November 2021, a scheduled repayment of £0.6m in September 2022, and, in October 2022, redeemed the final £2.9m of the Loan Notes. In September 2022, the options were exercised and the Company received £2.8m in proceeds and issued 4,826,586 new ordinary shares of 5p each (see note 9(a)).

The £7.0m investment was allocated to the fair value of the Loan Note, £6.42m, and the fair value of the share options granted, £0.58m. The fair value of the share options was determined using the Binomial valuation method. The significant inputs into the model were the mid-market share price of 66.5p at the grant date, volatility of 25%, dividend yield of 1.85%, an expected option life of five years, and an annual risk-free interest rate of 0.267%. The total expense relating to the fair value of the share options is being charged to the income statement over the five-year option life.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 7 Financial assets and liabilities continued

The Loan Notes are presented in the balance sheet as follows:

|   | <b>2024</b> | 2023     |
|---|-------------|----------|
|   | <b>£000</b> | £000     |
| Face value of notes issued                    | -           | 7,000    |
| Face value of notes redeemed                  | -           | (7,000)  |
| Share schemes reserve – value of share option | -           | (584)    |
|   | -           | (584)    |
| Unwinding of discount:                        |             |          |
| Opening balance                               | -           | 555      |
| Movement in the year                          | -           | 29       |
| Closing balance                               | -           | 584      |
| <b>Total liability</b>                        | <b>-</b>    | <b>-</b> |

### 7(g) Other payables – acquisition consideration liabilities

|                                       | <b>2024</b>    | <b>2024</b>        | <b>2024</b>  | 2023    | 2023        | 2023  |
|---------------------------------------|----------------|--------------------|--------------|---------|-------------|-------|
|                                       | <b>Current</b> | <b>Non-current</b> | <b>Total</b> | Current | Non-current | Total |
|                                       | <b>£000</b>    | <b>£000</b>        | <b>£000</b>  | £000    | £000        | £000  |
| Acquisition consideration liabilities | <b>286</b>     | -                  | <b>286</b>   | -       | -           | -     |

Movements in contingent consideration payments liability during the year are set out below:

|  | <b>2024</b> | 2023     |
|--|-------------|----------|
|  | <b>£000</b> | £000     |
| Opening balance                                      | -           | 12       |
| Acquisition of Skore Labs Limited                    | <b>124</b>  | -        |
| Charged/(credited) to profit or loss:                |             |          |
| – post-completion services expense                   | <b>155</b>  | 365      |
| – unwinding of discount                              | <b>7</b>    | -        |
| – effect of exchange rate                            | -           | (1)      |
| Post-completion services paid during the year – cash | -           | (376)    |
| <b>Closing balance</b>                               | <b>286</b>  | <b>-</b> |

## 8 Non-financial assets and liabilities

This note provides information about the Group's non-financial assets and liabilities, including:

- specific information about each type of non-financial asset and non-financial liability:
  - property, plant and equipment (note 8(a));
  - leases (note 8(b));
  - intangible assets (note 8(c));
  - deferred tax balances (note 8(d));
  - inventories (note 8(e));
  - other current assets (note 8(f));
- accounting policies; and
- information about any judgements and estimation of the uncertainty involved the recognition of these.

### 8(a) Property, plant and equipment

|                                 | Furniture,<br>fittings and<br>equipment<br>£000 | Computer<br>equipment<br>£000 | Total<br>£000 |
|---------------------------------|---|-------------------------------|---------------|
| <b>Cost</b>                     |   |                               |               |
| At 1 July 2022                  | 495   | 1,503                         | 1,998         |
| Additions                       | –   | 458                           | 458           |
| Disposals                       | –   | –                             | –             |
| At 30 June 2023                 | <b>495</b>                                      | <b>1,961</b>                  | <b>2,456</b>  |
| Acquisition of subsidiary       | –   | 2                             | 2             |
| Additions                       | –   | 252                           | 252           |
| <b>At 30 June 2024</b>          | <b>495</b>                                      | <b>2,215</b>                  | <b>2,710</b>  |
| <b>Accumulated depreciation</b> |   |                               |               |
| At 1 July 2022                  | <b>221</b>                                      | <b>1,300</b>                  | <b>1,521</b>  |
| Depreciation charge             | 87  | 149                           | 236           |
| Disposals                       | –   | –                             | –             |
| At 30 June 2023                 | <b>308</b>                                      | <b>1,449</b>                  | <b>1,757</b>  |
| Depreciation charge             | 75  | 193                           | 268           |
| <b>At 30 June 2024</b>          | <b>383</b>                                      | <b>1,642</b>                  | <b>2,025</b>  |
| <b>Net book amount</b>          |   |                               |               |
| At 1 July 2022                  | 274   | 203                           | 477           |
| At 30 June 2023                 | 187   | 512                           | 699           |
| <b>At 30 June 2024</b>          | <b>112</b>                                      | <b>573</b>                    | <b>685</b>    |

Depreciation expense of £0.27m (2023: £0.27m) has been charged in 'administrative expenses'.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 8 Non-financial assets and liabilities continued

### Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

- Computer equipment 3–7 years
- Furniture, fittings and equipment 3–7 years.

See note 20(n) for the other accounting policies relevant to property, plant and equipment.

### 8(b) Leases

This note provides information for leases where the Group is a lessee.

#### Amounts recognised in the balance sheet

|                            | 2024<br>£000 | 2023<br>£000 |
|----------------------------|--------------|--------------|
| <b>Right-of-use assets</b> |              |              |
| Buildings                  | 357          | 298          |
|                            | <b>357</b>   | 298          |
| <b>Lease liabilities</b>   |              |              |
| Current                    | 104          | 113          |
| Non-current                | 358          | 292          |
|                            | <b>462</b>   | 405          |

Additions to the right-of-use assets during the year were £0.19m (2023: £nil).

#### Amounts recognised in profit of loss

|  | 2024<br>£000 | 2023<br>£000 |
|--|--------------|--------------|
| Depreciation charge right-of-use assets – Buildings  | 130          | 141          |
| Interest expense (including in finance cost)   | 21           | 16           |
| Expense relating to short-term leases (included in ‘administrative expenses’)  | –            | –            |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in ‘administrative expenses’) | –            | –            |

The total cash outflow for leases in the year was £0.15m (2023: £0.21m).

## The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of three to seven years. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss, where appropriate. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

### Judgement in determining the lease term

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers the facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Factors to consider include: whether there are any significant penalties to terminate (or not extend) leasehold improvements which are expected to have a significant remaining value; historical lease durations, and the costs and business disruption required to replace the leased asset.

As at 30 June 2024, potential future cash outflows of £0.18m (undiscounted) have been included in the lease liability because it is reasonably certain that the leases will be extended (2023: £0.18m).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 8 Non-financial assets and liabilities continued

### 8(c) Intangible assets

|                                 | Customer contracts and relationships<br>£000 | Brand names<br>£000 | Acquired software<br>£000 | Goodwill<br>£000 | Internally generated software<br>£000 | Trade-marks and licenses<br>£000 | Total<br>£000 |
|---------------------------------|--|---------------------|---------------------------|------------------|---------------------------------------|----------------------------------|---------------|
| <b>Cost</b>                     |  |                     |                           |                  |                                       |                                  |               |
| At 1 July 2022                  | 4,448  | 266                 | 6,718                     | 22,757           | 12,945                                | 1,347                            | 48,481        |
| Additions                       | –  | –                   | –                         | –                | 2,267                                 | 19                               | 2,286         |
| At 30 June 2023                 | 4,448  | 266                 | 6,718                     | 22,757           | 15,212                                | 1,366                            | 50,767        |
| Acquisition of subsidiary       | 170  | –                   | 1,120                     | 1,340            | –                                     | –                                | 2,630         |
| Additions                       | –  | –                   | –                         | –                | 2,322                                 | –                                | 2,322         |
| <b>At 30 June 2024</b>          | <b>4,618</b>                                 | <b>266</b>          | <b>7,838</b>              | <b>24,097</b>    | <b>17,534</b>                         | <b>1,366</b>                     | <b>55,719</b> |
| <b>Accumulated amortisation</b> |  |                     |                           |                  |                                       |                                  |               |
| At 1 July 2022                  | 4,247  | 266                 | 4,245                     | –                | 8,525                                 | 1,222                            | 18,505        |
| Amortisation charge             | 30   | –                   | 492                       | –                | 1,233                                 | 54                               | 1,809         |
| At 30 June 2023                 | 4,277  | 266                 | 4,737                     | –                | 9,758                                 | 1,276                            | 20,314        |
| Amortisation charge             | 42   | –                   | 539                       | –                | 1,177                                 | 51                               | 1,809         |
| <b>At 30 June 2024</b>          | <b>4,319</b>                                 | <b>266</b>          | <b>5,276</b>              | <b>–</b>         | <b>10,935</b>                         | <b>1,327</b>                     | <b>22,123</b> |
| <b>Net book amount</b>          |  |                     |                           |                  |                                       |                                  |               |
| At 1 July 2022                  | 201  | –                   | 2,473                     | 22,757           | 4,420                                 | 125                              | 29,976        |
| At 30 June 2023                 | 171  | –                   | 1,981                     | 22,757           | 5,454                                 | 90                               | 30,453        |
| <b>At 30 June 2024</b>          | <b>299</b>                                   | <b>–</b>            | <b>2,562</b>              | <b>24,097</b>    | <b>6,599</b>                          | <b>39</b>                        | <b>33,596</b> |

Amortisation of £1.81m (2023: £1.81m) are included within 'administrative expenses'.

#### Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Brand names 18 months
- Acquired software 4–15 years
- Customer contracts and relationships 7–10 years
- Internally generated software 4–10 years
- Trademarks and licenses 3–10 years

See note 20(o) for the other accounting policies relevant to intangible assets, and note 20(i) for the Group's policy regarding impairments.

#### Significant estimate – useful lives of acquired intangible assets

These useful lives are based on management's estimates of the period that the assets will generate revenue. These estimates are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Consolidated Income Statement in specific periods. If the useful life of each acquired intangible asset were reduced by two years, this would result in a £0.12m increase in the amortisation charge for the year.

### Significant estimate – internally generated software capitalisation and impairment

During the year, the Group capitalised £2.32m (2023: £2.27m) of expenses as internally generated software assets. The Group is required to assess whether expenditure on research and development should be recognised as an internally generated intangible asset on the balance sheet. The recognition criteria include a number of judgements regarding the development's feasibility, the probable future economic benefits and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The assessments and estimates used by the Group could have a significant impact on the amount of expenditure capitalised.

Any such assets capitalised are: subject to impairment reviews whenever events or changes in circumstances indicate that the carrying amount may not be recoverable; and are amortised over their useful lives in accordance with the accounting policy stated above. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Consolidated Income Statement in specific periods. The carrying value of capitalised internally generated software amounted to £6.60m (2023: £5.45m).

### Impairment tests for goodwill

Goodwill is monitored by management at the level of the operating segment identified in note 2, which is considered to be a single cash-generating unit ('CGU'). Goodwill was tested for impairment on 30 June 2024 following IAS 36 criteria. Management compared the carrying value of the CGU to the value-in-use, to confirm that no impairment of goodwill is necessary, as is shown in the table below:

|         | <b>Goodwill</b> | <b>Other</b>      | <b>Carrying</b> | <b>Value-in-use</b> | <b>Excess</b>       | <b>Sensitivity</b> |
|---------|-----------------|-------------------|-----------------|---------------------|---------------------|--------------------|
|         | <b>£000</b>     | <b>CGU assets</b> | <b>value</b>    | <b>Value-in-use</b> | <b>value-in-use</b> | <b>%</b>           |
|         | <b>£000</b>     | <b>£000</b>       | <b>£000</b>     | <b>£000</b>         | <b>£000</b>         | <b>%</b>           |
| Netcall | 24,097          | 10,541            | 34,638          | 76,116              | 41,478              | 120%               |

The sensitivity shows the excess of value-in-use in relation to the carrying value of the CGU. Management is not aware of any probable changes that would require changes in its key estimates that would lead to impairment. The key assumption impacting the value-in-use is the revenue forecast.

### Significant estimate – key assumptions used for value-in-use calculation

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 20(i). The recoverable amount of the CGU was determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on the most recent financial plan approved by the Board for the two years ending 30 June 2026, extended for another two years to 30 June 2028 with average growth rates and a terminal value based on the perpetuity of cash generated with a 1.9% long-term growth rate applied. The forecast and growth assumption for the CGU is based on management's experience and understanding of the market place for its software. Forecasts and terminal values were discounted at a pre-tax adjusted discount rate of 14.9% (2023: 15.6%). The pre-tax discount rates are based on the Group's weighted average cost of capital.

### 8(d) Deferred tax balances

#### Deferred tax assets

The balance comprises temporary differences attributable to:

|                      | <b>2024</b> | 2023  |
|----------------------|-------------|-------|
|                      | <b>£000</b> | £000  |
| Tax losses           | <b>282</b>  | 292   |
| Share-based payments | <b>579</b>  | 1,434 |
| Other                | <b>15</b>   | 41    |
|                      | <b>876</b>  | 1,767 |

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 8 Non-financial assets and liabilities continued

The movement in deferred tax assets during the year was:

|  | Tax losses<br>£000 | Share-based payments<br>£000 | Other temporary differences<br>£000 | Total<br>£000 |
|--|--------------------|------------------------------|-------------------------------------|---------------|
| <b>Deferred tax assets</b>                 |                    |                              |                                     |               |
| At 1 July 2022                             | 7                  | 805                          | 94                                  | 906           |
| (Charged)/credited to the income statement | 285                | 224                          | (53)                                | 456           |
| Credited to equity                         | –                  | 405                          | –                                   | 405           |
| <b>At 30 June 2023</b>                     | <b>292</b>         | <b>1,434</b>                 | <b>41</b>                           | <b>1,767</b>  |
| Credited/(charged) to the income statement | (10)               | (493)                        | (26)                                | (529)         |
| Credited to equity                         | –                  | (362)                        | –                                   | (362)         |
| <b>At 30 June 2024</b>                     | <b>282</b>         | <b>579</b>                   | <b>15</b>                           | <b>876</b>    |

See note 6(b) for details of significant estimates relating to tax losses.

### Deferred tax liabilities

The balance comprises temporary differences attributable to:

|                                      | 2024<br>£000 | 2023<br>£000 |
|--------------------------------------|--------------|--------------|
| Acquired intangibles                 | 480          | 228          |
| Internally generated software assets | 818          | 819          |
| Accelerated tax depreciation         | 109          | 104          |
|                                      | <b>1,407</b> | <b>1,151</b> |

The movement in deferred tax liabilities during the year was:

|   | Accelerated tax depreciation<br>£000 | Acquired intangibles<br>£000 | Internally generated software assets<br>£000 | Total<br>£000 |
|---|--------------------------------------|------------------------------|--|---------------|
| <b>Deferred tax liabilities</b>             |                                      |                              |  |               |
| At 1 July 2022                              | 25                                   | 266                          | 608  | 899           |
| Charged/(credited) to the income statement  | 79                                   | (38)                         | 211  | 252           |
| At 30 June 2023                             | 104                                  | 228                          | 819  | 1,151         |
| Acquisition of Skore Labs Limited (Note 14) | –                                    | 323                          | –  | 323           |
| Charged/(credited) to the income statement  | 5                                    | (71)                         | (1)  | (67)          |
| <b>At 30 June 2024</b>                      | <b>109</b>                           | <b>480</b>                   | <b>818</b>                                   | <b>1,407</b>  |

## 8(e) Inventories

|                       | 2024<br>£000 | 2023<br>£000 |
|-----------------------|--------------|--------------|
| <i>Current assets</i> |              |              |
| Goods for resale      | 36           | 31           |

The cost of individual items is determined on first in, first out basis. See note 20(m) for the Group's other accounting policies for inventories.

Inventories recognised as an expense during the year amounted to £0.14m (2023: £0.20m) of which write downs of inventories to net realisable value amounted to £nil (2023: £nil). These were recognised as an expense during the year and included in 'cost of sales'.

## 8(f) Other current assets

|             | 2024<br>£000 | 2023<br>£000 |
|-------------|--------------|--------------|
| Prepayments | 2,313        | 2,333        |
|             | <b>2,313</b> | <b>2,333</b> |

## 9 Equity

### 9(a) Share capital and premium

|   | Number<br>of shares | Ordinary<br>shares<br>£000 | Share<br>premium<br>£000 | Total<br>£000 |
|---|---------------------|----------------------------|--------------------------|---------------|
| At 1 July 2022                            | 151,746,448         | 7,587                      | 3,015                    | 10,602        |
| Employee share schemes issue (note 18(a)) | 5,582,804           | 280                        | –                        | 280           |
| Loan Note options issue (note 18(b))      | 4,827,586           | 241                        | 2,559                    | 2,800         |
| At 30 June 2023                           | 162,156,838         | 8,108                      | 5,574                    | 13,682        |
| Employee share schemes issue (note 18(a)) | 4,620,162           | 231                        | –                        | 231           |
| <b>At 30 June 2024</b>                    | <b>166,777,000</b>  | <b>8,339</b>               | <b>5,574</b>             | <b>13,913</b> |

#### Share capital

Share capital represents the nominal value of equity shares and comprises ordinary shares with a par value of 5 pence. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of, and amounts paid, on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and, upon a poll, each share is entitled to one vote. All issued shares are fully paid.

The Company purchased none of its own shares during the year (2023: nil). The total number of ordinary shares held in Treasury at the end of the year was 1,869,181 (2023: 1,869,181), the value of which is included within a Treasury Reserve (see note 9(c)).

Information relating to the share options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the year, is set out in note 18.

#### Share premium

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 9 Equity continued

### 9(b) Other equity

|  | Merger<br>reserve<br>£000 | Capital<br>reserve<br>£000 | Total<br>£000 |
|--|---------------------------|----------------------------|---------------|
| <b>At 1 July 2022, 30 June 2023 and 30 June 2024</b> | <b>4,712</b>              | <b>188</b>                 | <b>4,900</b>  |

#### Merger reserve

Merger reserve includes the premium arising on the fair values ascribed to shares issued in the course of business combinations where over 90% of the issued share capital of the acquiree is acquired by the Company.

#### Capital reserve

Capital reserve represents amounts set aside following a capital reduction scheme.

### 9(c) Other reserves

The table below shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year. A description and purpose of each reserve is provided below the table.

|   | Treasury<br>shares<br>£000 | Share<br>option<br>reserve<br>£000 | Foreign<br>currency<br>translation<br>£000 | Financial<br>assets<br>at FVOCI<br>£000 | Total<br>£000 |
|---|----------------------------|------------------------------------|--|---|---------------|
| At 1 July 2022  | (419)                      | 5,112                              | (15)                                       | (216)                                   | 4,462         |
| Increase in equity reserve in relation to options issued          | –                          | 1,099                              | –  | –                                       | 1,099         |
| Tax credit relating to share options                              | –                          | 405                                | –  | –                                       | 405           |
| Reclassification following exercise or lapse of options           | –                          | (2,918)                            | –  | –                                       | (2,918)       |
| Exchange differences arising on translation of foreign operations | –                          | –                                  | 8  | –                                       | 8             |
| At 30 June 2023   | (419)                      | 3,698                              | (7)  | (216)                                   | 3,056         |
| Increase in equity reserve in relation to options issued          | –                          | 740                                | –  | –                                       | 740           |
| Tax credit relating to share options                              | –                          | (362)                              | –  | –                                       | (362)         |
| Reclassification following exercise or lapse of options           | –                          | (3,026)                            | –  | –                                       | (3,026)       |
| Exchange differences arising on translation of foreign operations | –                          | –                                  | (5)  | –                                       | (5)           |
| <b>At 30 June 2024</b>  | <b>(419)</b>               | <b>1,050</b>                       | <b>(12)</b>                                | <b>(216)</b>                            | <b>403</b>    |

#### Treasury shares

Treasury shares represents shares in Netcall plc purchased and retained by it.

#### Share option reserve

Share option reserve represents accumulated equity-settled share-based payment expenses and related deferred tax until such share options are exercised or lapse. On exercise or lapse of options, the associated amount of the share option reserve is transferred from the share option reserve to retained earnings.

### Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 20(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

### Financial asset at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the financial assets FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## 10 Net Funds reconciliation

This section sets out an analysis of net funds and the movements in net funds for each year presented.

### 10(a) Net Funds

|                             | 2024<br>£000 | 2023<br>£000 |
|-----------------------------|--------------|--------------|
| Cash & cash equivalents     | 34,008       | 24,753       |
| Borrowings – fixed interest | (19)         | –            |
| Lease liabilities           | (462)        | (405)        |
| Net funds                   | 33,527       | 24,348       |

### 10(b) Movements in Net Funds

|   | Cash<br>and cash<br>equivalents<br>£000 | Borrowings<br>£000 | Lease<br>liabilities<br>£000 | Total<br>£000 |
|---|---|--------------------|------------------------------|---------------|
| At 1 July 2022                          | 17,605                                  | (3,471)            | (698)                        | 13,436        |
| Cash flows                              | 7,135                                   | 3,500              | 214                          | 10,849        |
| Unwinding of discount (note 7(f), 8(b)) | –                                       | (29)               | (16)                         | (45)          |
| Foreign exchange adjustments            | 13                                      | –                  | –                            | 13            |
| Other changes                           | –                                       | –                  | 95                           | 95            |
| At 30 June 2023                         | 24,753                                  | –                  | (405)                        | 24,348        |
| Cash flows                              | 9,258                                   | –                  | 152                          | 9,410         |
| Unwinding of discount (note 7(f), 8(b)) | –                                       | –                  | (21)                         | (21)          |
| Foreign exchange adjustments            | (3)                                     | –                  | –                            | (3)           |
| Other changes                           | –                                       | (19)               | (188)                        | (207)         |
| <b>At 30 June 2024</b>                  | <b>34,008</b>                           | <b>(19)</b>        | <b>(462)</b>                 | <b>33,527</b> |

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 11 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also need to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant judgement or estimate are:

- recognition of revenue and allocation of transaction price – note 3;
- estimation of current tax payable and current tax expense – note 6;
- recognition of deferred tax assets for carried forward tax losses – note 6(b);
- estimation of useful life of intangible assets – note 8(c);
- estimated impairment of internally generated software assets – note 8(c);
- estimated recoverable value of goodwill – note 8(c);
- estimation of the fair value of consideration transferred and assets acquired – note 14(d).

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 12 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Board has overall responsibility for the determination of the Group's financial risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing, operating and reporting thereof to the Group's finance function. The overall objective is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

The principal financial instruments used by the Group are bank deposits, trade receivables, other financial assets at amortised cost, trade payables, and other payables that arise directly from its operations and borrowings. The main purpose of these financial instruments is to provide finance for the Group's operations. The main risks arising from these financial instruments are: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

## 12(a) Market Risk – Foreign currency

The Group conducts some trade in Euros and US dollars and, therefore, holds a small amount of cash and trade balances in these currencies, as set out below:

|  | US dollar<br>£000 | Euro<br>£000 | Total<br>£000 |
|--|-------------------|--------------|---------------|
| <b>At 30 June 2024</b>                                     |                   |              |               |
| Trade receivables  | 71                | –            | 71            |
| Contract assets  | 56                | –            | 56            |
| Other financial assets at amortised cost                   | –                 | 1            | 1             |
| Cash and cash equivalents                                  | 1,945             | 54           | 1,999         |
| Trade and other payables (excluding statutory liabilities) | (170)             | (47)         | (217)         |
|  | <b>1,902</b>      | <b>8</b>     | <b>1,910</b>  |
| <b>At 30 June 2023</b>                                     |                   |              |               |
| Trade receivables  | 402               | 43           | 445           |
| Contract assets  | 334               | –            | 334           |
| Other financial assets at amortised cost                   | –                 | 6            | 6             |
| Cash and cash equivalents                                  | 96                | 46           | 142           |
| Trade and other payables (excluding statutory liabilities) | (225)             | (57)         | (282)         |
|  | 607               | 38           | 645           |

The Group does not consider there to be a material foreign exchange risk in relation to the financial instruments that it holds. A 10% movement in the exchange rate between sterling and the euro or US dollar would not have a material effect on the foreign currency financial instruments of the Group.

## 12(b) Market Risk – Interest rate

The Group's borrowings are at a fixed rate of interest. Therefore, the Group's interest rate risk arises principally from bank deposits. The Group manages its cash held on deposit to gain reasonable interest rates whilst maintaining sufficient liquidity to support the Group's strategy by placing a proportion of cash into short-term treasury deposits and retaining the balance in current accounts. The average interest rate gained on cash held during the year was 3.40% (2023: 1.67%). A 1% movement in interest rates would impact upon equity and net profit by approximately £0.21m (2023: £0.15m).

## 12(c) Credit risk

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, which are principally cash and cash equivalents, trade receivables and contract assets.

Cash and cash equivalents are held at banks with good independent credit ratings in accordance with the Group treasury policy.

The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess credit risk of new customers before entering contracts and actively manage the collections process. Historically, bad debts across the Group have been low and management are not aware of any future economic conditions that are expected to materially change the level of bad debt across the Group. The concentration of credit risk is limited due to the large and unrelated customer base comprising mainly blue-chip companies and public sector organisations.

The Group's management considers that its financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. All receivables are subject to regular review to ensure that they are recoverable and any issues identified as early as possible.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 12 Financial risk management continued

### Impairment

The Group's financial assets that are subject to the expected credit loss model: trade receivables from contracts with customers and contract assets.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The payment profiles and historical credit losses experienced over a period of three years to 30 June 2024 has been reviewed and as incidence of credit losses is very low a single-loss rate has been applied to trade receivables from contracts. Contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

On that basis, the loss allowance for both trade receivables and contract assets is:

|   | <b>2024</b>  | 2023  |
|---|--------------|-------|
|   | <b>£000</b>  | £000  |
| Expected loss rate                        | <b>1.8%</b>  | 1.8%  |
| Gross carrying amount – trade receivables | <b>4,841</b> | 4,556 |
| Gross carrying amount – contract assets   | <b>208</b>   | 602   |
| Loss allowance                            | <b>90</b>    | 91    |

The closing loss allowances for trade receivables and contract assets as at 30 June 2024 reconcile to the opening balance as follows:

|   | <b>Contract assets</b> |      | <b>Trade receivables</b> |      |
|---|------------------------|------|--------------------------|------|
|   | <b>2024</b>            | 2023 | <b>2024</b>              | 2023 |
|   | <b>£000</b>            | £000 | <b>£000</b>              | £000 |
| At 1 July   | <b>3</b>               | 21   | <b>88</b>                | 98   |
| Increase in loss allowance recognised in profit or loss during the year | -                      | 2    | <b>29</b>                | 35   |
| Receivables written off during the year as uncollectible                | -                      | -    | -                        | -    |
| Unused amounts reversed   | <b>(2)</b>             | (20) | <b>(29)</b>              | (45) |
| <b>At 30 June</b>   | <b>1</b>               | 3    | <b>88</b>                | 88   |

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past the due date.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## 12(d) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Board reviews an annual 12-month financial projection as well as information regarding cash balances on a monthly basis. At the balance sheet date, liquidity risk was considered to be low given the fact the Group is cash generative, has very little borrowings, and cash and cash equivalents are considered to be at acceptable levels.

The Group's financial liabilities have contractual maturities as summarised below:

|   | Less than<br>6 months<br>£000 | 6 to 12<br>months<br>£000 | Between<br>1 and 2<br>years<br>£000 | Between<br>2 and 5<br>years<br>£000 | Over 5<br>years<br>£000 | Total<br>contractual<br>cash flows<br>£000 | Carrying<br>value<br>£000 |
|---|-------------------------------|---------------------------|-------------------------------------|-------------------------------------|-------------------------|--|---------------------------|
| <b>At 30 June 2024</b>                  |                               |                           |                                     |                                     |                         |  |                           |
| Trade and other payables <sup>(1)</sup> | 6,372                         | 486                       | –                                   | –                                   | –                       | 6,858                                      | 6,851                     |
| Borrowings                              | 5                             | 5                         | 10                                  | –                                   | –                       | 20   | 19                        |
| Lease liabilities                       | 68                            | 111                       | 197                                 | 137                                 | 34                      | 547  | 462                       |
|   | <b>6,445</b>                  | <b>602</b>                | <b>207</b>                          | <b>137</b>                          | <b>34</b>               | <b>7,425</b>                               | <b>7,332</b>              |
| <b>At 30 June 2023</b>                  |                               |                           |                                     |                                     |                         |  |                           |
| Trade and other payables <sup>(1)</sup> | 6,114                         | –                         | –                                   | –                                   | –                       | 6,114                                      | 6,114                     |
| Borrowings                              | –                             | –                         | –                                   | –                                   | –                       | –  | –                         |
| Lease liabilities                       | 57                            | 66                        | 150                                 | 152                                 | –                       | 425  | 405                       |
|   | 6,171                         | 66                        | 150                                 | 152                                 | –                       | 6,539                                      | 6,519                     |

<sup>(1)</sup> Excluding payroll taxes and other statutory liabilities.

## 13 Capital management

### 13(a) Risk management

The Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and dividends. An analysis of net capital is set out in the table below:

|   | 2024<br>£000 | 2023<br>£000  |
|---|--------------|---------------|
| Net funds <sup>(1)</sup>                            | 33,527       | 24,348        |
| Equity attributable to owners of the Parent Company | 40,497       | 35,377        |
| <b>Net capital</b>                                  | <b>6,970</b> | <b>11,029</b> |

<sup>(1)</sup> Refer to disclosure in note 10(a).

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares or debt.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 13 Capital management continued

### 13(b) Dividends

|   | Paid    | Pence per share | Cash flow statement (£000) | Statement of changes in equity (£000) | Balance sheet (£000) |
|---|---------|-----------------|----------------------------|---------------------------------------|----------------------|
| <b>Year to June 2024</b>                          |         |                 |                            |                                       |                      |
| Final ordinary dividend for the year to June 2023 | 9/2/24  | 0.83p           | 1,338                      | 1,338                                 | -                    |
|   |         |                 | 1,338                      | 1,338                                 | -                    |
| <b>Year to June 2023</b>                          |         |                 |                            |                                       |                      |
| Final ordinary dividend for the year to June 2022 | 31/1/23 | 0.54p           | 839                        | 839                                   | -                    |
|   |         |                 | 839                        | 839                                   | -                    |

It is proposed that this year's final ordinary dividend of 0.89p pence per share will be paid to shareholders on 7 February 2025. Netcall plc shares will trade ex-dividend from 24 December 2024 and the record date will be 27 December 2024. The estimated amount payable is £1.47m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

## 14 Business combinations

### 14(a) Acquisition of Skore Labs Limited

On 22 January 2024, the Company acquired 100% of the issued share capital of Skore Labs Limited ('Skore'), a provider of a Cloud-based software solution for business process discovery, mapping, analysis and management.

On acquisition of a business, IFRS 3 'Business Combinations' requires the Group to assess the fair value of the consideration transferred and the fair value of the assets acquired.

The fair value of the consideration transferred is:

|                                | £000  |
|--------------------------------|-------|
| Initial cash consideration     | 1,800 |
| Deferred cash consideration    | 193   |
| Contingent cash consideration  | 124   |
| Contingent share consideration | 154   |
|                                | 2,271 |

The consideration for the transaction comprised:

- Cash consideration of £1.8m paid on completion in January 2024
- Deferred cash consideration of £0.2m (undiscounted) payable in January 2025
- Contingent consideration payments of up to £4.0m, payable 50% in cash and 50% in shares. In line with the requirements of IFRS 3, a portion of the £4.0m contingent consideration payments has been treated as consideration, and a portion has been treated as post-completion services. Payment of the contingent consideration is subject to the achievement of certain financial targets in relation to the value of contracted software subscriptions within the three-year period following the completion date. Contingent consideration payable in shares are calculated by dividing the amount earned by a fixed conversion rate, which approximates the share price at the completion date.

The assets and liabilities recognised as a result of the acquisition are as follows:

|  | <b>£000</b>  |
|--|--------------|
| Intangible assets – Proprietary software   | 1,120        |
| Intangible assets – Customer relationships | 170          |
| Property, plant and equipment              | 2            |
| Other current assets                       | 15           |
| Trade receivables                          | 35           |
| Cash and cash equivalents                  | 167          |
| Trade and other payables                   | (32)         |
| Contract liabilities                       | (200)        |
| Borrowings – Current liabilities           | (10)         |
| Borrowings – Non-current liabilities       | (13)         |
| Deferred tax liabilities                   | (323)        |
| <b>Net identifiable assets acquired</b>    | <b>931</b>   |
| Goodwill                                   | 1,340        |
| <b>Net assets acquired</b>                 | <b>2,271</b> |

The goodwill recognised is attributable to the future economic benefits expected to be obtained from the integration of the process mapping solution into the Liberty product and to the workforce.

Subsequent to the date of acquisition, Skore generated £0.24m of revenue and a £2,000 loss during the reporting period, which is included within the Consolidated income statement. If the acquisition had occurred at the beginning of the reporting period, Skore would have generated £0.54m of revenue and a £0.03m profit.

As noted above, a portion of the contingent consideration payments have been treated as post-completion services as there is a requirement for on-going provision of services to the Group by a number of the previous shareholders of Skore. Cash components will be recognised in the income statement as services are rendered, in line with the requirements of IAS 19 'Employee benefits'. Share components will be recognised in the income statement based on the volume of shares that are ultimately expected to vest, in line with the requirements of IFRS 2 'Share-based payments' for equity-settled share-based payments.

During the year, the post-completion services expense recognised in relation to contingent consideration required to be settled in cash was £0.15m. This has been included within 'Post-completion services' in the income statement. The post-completion services expense recognised in relation to contingent consideration required to be settled in equity was £0.11m. This has been included within 'Share-based payments' in the income statement.

During the year, an expense of £7,000 has been recognised in relation to the unwinding of discounting on contingent consideration payable in cash and an expense of £3,000 in relation to the unwinding of discount on deferred consideration. The deferred consideration balance is included within 'Other liabilities'.

The cash outflow as a result of the transaction is as follows:

|   | <b>£000</b>  |
|---|--------------|
| Initial cash consideration                        | <b>1,800</b> |
| Less: cash acquired                               | <b>(167)</b> |
| <b>Net cash outflow from investing activities</b> | <b>1,633</b> |

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 14 Business combinations continued

### 14(b) Acquisition of Govtech Holdings Limited

On 6 August 2024, the Company acquired 100% of the issued share capital of Govtech Holdings Limited ('Govtech'), a provider of digital process automation solutions, with a strong focus on local government revenues and benefits processes.

The consideration for the transaction comprised:

- Cash consideration of £9.15m paid on completion in August 2024;
- Deferred cash consideration of £0.45m (undiscounted) payable in August 2025;
- Contingent consideration of up to £0.40m, payable in cash upon achievement of specific financial metrics within the one-year period following the completion date; and
- Contingent consideration of up to £3.00m, payable two thirds in cash and on third in Netcall shares, payable upon achievement of certain financial targets in relation to Annual Contract Value within the two-year period following the completion date.

The acquisition of Govtech is a post balance sheet event. At the date of signing of the financial statements, the assessment of the fair value of the consideration transferred and the assets acquired and the internal assessment of the book values of net assets acquired were incomplete as a result of the limited period of time between the acquisition date and the date that the financial statements were authorised for issue. Disclosures in respect of initial accounting have, therefore, not been included within these financial statements.

### 14(c) Acquisition of Smart & Easy NV

On 13 September 2024, the Company acquired 100% of the issued share capital of Smart & Easy NV (trading as 'Parble'), a provider of intelligent document processing software.

The consideration for the transaction comprised:

- Cash consideration of €4.1m paid on completion in September 2024;
- Assumption of €1.1m of net debt on completion. The net debt assumed comprises loan notes of €1.6 million offset by cash of €0.5 million. The loan notes were repaid in full immediately on completion;
- Deferred cash consideration of €0.6m (undiscounted) payable in September 2025; and
- Contingent consideration of up to €4.0m is payable, split equally in cash and shares, upon achievement of certain financial targets in relation to Annual Recurring Revenue growth targets within the three-year period following the completion date.

The acquisition of Parble is a post balance sheet event. At the date of signing of the financial statements, the assessment of the fair value of the consideration transferred and the assets acquired and the internal assessment of the book values of net assets acquired were incomplete as a result of the limited period of time between the acquisition date and the date that the financial statements were authorised for issue. Disclosures in respect of initial accounting have, therefore, not been included within these financial statements.

### 14(d) Significant estimate – business combinations

The Group are required to make accounting estimates in ascertaining the fair value of the intangible assets acquired and the fair value of the consideration transferred as part of the business combination. In performing this assessment, the Group have used judgement in selecting appropriate valuation models and preparing the forecasts used in those models, including the discount rates applied. As part of this exercise, the Group were required to make significant estimates in determining the fair value of the shares expected to be issued under the contingent payment arrangement, using the Binomial option valuation method. The significant inputs into the model were the mid-market share price of 88.5p at the grant date, volatility of 35%, dividend yield of 0.94%, an expected option life of 3.25 years, and annual risk-free interest rates between 3.83% and 4.26%.

## 15 Interests in other entities

| Company name  | Country of incorporation | Nature of business           | Proportion of ordinary shares held by Parent Company | Proportion of ordinary shares held by the Group |
|---|--------------------------|------------------------------|--|---|
| Netcall Technology Limited (formerly Netcall Telecom Limited) | UK <sup>(1)</sup>        | Software & services          | 0%   | 100%  |
| Netcall Systems Limited (formerly MatsSoft Limited)           | UK <sup>(1)</sup>        | Software & services          | 100%   | 0%  |
| MatsSoft Limited (formerly MatsSoft Holdings Limited)         | UK <sup>(1)</sup>        | Intermediate holding company | 0%   | 100%  |
| Netcall Systems, Inc. (formerly MatsSoft, Inc.)               | USA <sup>(2)</sup>       | Software & services          | 0%   | 100%  |
| Oakwood Technologies B.V.                                     | Belgium <sup>(3)</sup>   | Software & services          | 100%   | 0%  |
| Skore Labs Limited  | UK <sup>(1)</sup>        | Software & services          | 100%   | 0%  |
| Telephonetics Limited   | UK <sup>(1)</sup>        | Intermediate holding company | 100%   | 0%  |
| Serengeti Systems Limited                                     | UK <sup>(1)</sup>        | Dormant company              | 100%   | 0%  |
| Datadiagnostics Limited                                       | UK <sup>(1)</sup>        | Dormant company              | 0%   | 100%  |
| Netcall Telecom, Inc.   | USA <sup>(1)</sup>       | Dormant company              | 100%   | 0%  |
| Zelliant Limited (formerly Netcall Telecom Europe Limited)    | UK <sup>(1)</sup>        | Dormant company              | 100%   | 0%  |
| Netcall UK Limited  | UK <sup>(1)</sup>        | Dormant company              | 100%   | 0%  |
| Q-Max Systems Limited   | UK <sup>(1)</sup>        | Dormant company              | 100%   | 0%  |
| Voice Integrated Products Limited                             | UK <sup>(1)</sup>        | Dormant company              | 0%   | 100%  |

<sup>(1)</sup> The registered office is Suite 203, Bedford Heights, Brickhill Drive, Bedford, UK, MK41 7PH

<sup>(2)</sup> The registered office is 100 E Pierce Road, Suite 100, Itasca Illinois, 60143, USA

<sup>(3)</sup> The registered office is Havenlaan 86C bus 204, 1000 Brussel, Belgium

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.

## 16 Post balance sheet events

### 16(a) Dividend

The Board recommended a final dividend for the year ended 30 June 2024 on 8 October 2024. See note 13(b) for details.

### 16(b) Business combinations

On 6 August 2024, the Company completed the acquisition of Govtech Holdings Limited. Refer to note 14(b) for further information.

On 13 September 2024, the Company completed the acquisition of Smart & Easy NV. Refer to note 14(c) for further information.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 17 Related party transactions

Netcall plc is the Parent and ultimate controlling Company of the Group.

### 17(a) Sale and purchase of goods and services

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are, therefore, not disclosed.

### 17(b) Key management compensation

Key management is the Executive and Non-Executive Directors of the Company. The compensation paid or payable to key management for employee services is shown below:

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| Salaries and other short-term employee benefits         | 2,172        | 2,046        |
| Termination arrangements                                | 98           | –            |
| Company contributions to money purchase pension schemes | 41           | 38           |
| Share-based payments                                    | 547          | 1,619        |
| <b>Total</b>  | <b>2,858</b> | <b>3,703</b> |

### 17(c) Directors

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| Aggregate emoluments                                    | 1,701        | 1,366        |
| Company contributions to money purchase pension schemes | 41           | 38           |
| <b>Total</b>  | <b>1,742</b> | <b>1,404</b> |

Details of individual Director's emoluments are set out on page 27 of the Directors' remuneration report which includes gains made on the exercise of share options during the year.

The highest paid Director was paid £638,000 (2023: £688,000) and gained £649,000 on the exercise of share options in the year (2023: £1,968,000). Personal pension contributions paid to the highest paid Director were £10,000 (2023: £33,000).

The Directors received dividend payments as follows:

|                                 | 2024<br>£000 | 2023<br>£000 |
|---------------------------------|--------------|--------------|
| <b>Executive Directors</b>      |              |              |
| Henrik Bang <sup>(1)</sup>      | 47           | 33           |
| James Ormondroyd <sup>(2)</sup> | 23           | 13           |
| <b>Non-Executive Directors</b>  |              |              |
| Michael Jackson <sup>(3)</sup>  | 16           | 11           |
| Michael Neville                 | 3            | 4            |

<sup>(1)</sup> Including dividends received by Henrik Bang's pension schemes and shares held jointly with his spouse.

<sup>(2)</sup> Including dividends received by James Ormondroyd's spouse.

<sup>(3)</sup> Including dividends received by shares held by Michael Jackson and Richard Jackson as trustees of the W&E Jackson Trust whose beneficiaries are the children and remoter issue of Michael Jackson.

## 18 Share-based payments

### 18(a) Employee Share Options

The Company operates a number of employee share option plans to provide long-term incentives for senior managers (including Directors) and certain employees. Below is a summary of current plans:

- In December 2013, the Company effected a Long Term Incentive Plan ('LTIP1'). The options are granted at an exercise price of 5 pence. Options are conditional on certain vesting criteria including: achievement of the Company's ordinary share price up to 95 pence in the six years following the date of grant; and, the option holder being in employment at the date the option is exercised. The options have a contractual option term of ten years; and once vested up to 100% of the options awarded may be exercised.
- In April 2014, the Company effected a further Long Term Incentive Plan ('LTIP2'). The options are granted at an exercise price of 5 pence. Options were granted conditional on certain vesting criteria including: achievement of the Company's ordinary share price up to £1.20 in the seven years following the date of grant; and, the option holder being in employment at the date the option is exercised. Once vested up to half of the options awarded may be exercised three years after grant and the other half five years after grant. In November 2020, the Company agreed extend the vesting measurement date by two years to 30 April 2023 and the expiry date of the above LTIP2 options by a further three years to 29 April 2024. In January 2023, the Company agreed extend the vesting measurement date by one year to 29 April 2024.
- In November 2015 and October 2016, the Company granted a number of Unapproved Share Options ('Unapproved'). These options are granted at an exercise price of nil pence. Options are conditional on the employee being in employment in two years from grant; and, having made suitable arrangements with the Company for payment of any income tax or employee national insurance arising as a result of the award.
- In August 2017, the Company granted a number of Unapproved Share Options ('Unapproved 2'). These options are granted at an exercise price of 5 pence. Options are conditional on certain vesting criteria including achievement of the Netcall Systems Limited (formerly: MatsSoft Ltd) contingent consideration targets; the employee being in employment at exercise and having made suitable arrangements with the Company for payment of any income tax or employee national insurance arising as a result of the award. The options have a contractual option term of ten years; and once vested up to 100% of the options awarded may be exercised.
- In November 2017, the Company granted a number of Unapproved Share Options ('Unapproved 3'). These options are granted at an exercise price of nil pence. Options are conditional on the employee being in employment three years from grant and having made suitable arrangements with the Company for payment of any income tax or employee national insurance arising as a result of the award.
- In July and November 2019, the Company granted a number of both EMI and Unapproved share options ('LTIP3'). Options are granted at an exercise price of 5 pence. The vesting period is from the date of grant to 30 June 2023 and the Options are conditional on certain vesting criteria, including achievement of the Company's ordinary share price up to £1.20 in the period from the date of grant up to June 2023 and the option holder being in employment at the date the option is exercised. Once vested, up to one-third of the options awarded may be exercised from and after July 2021 and the remaining vested awards may be exercised one half from each of July 2022 and July 2023 and, having made suitable arrangements with the Company for payment of any income tax or employee national insurance arising as a result of the award.

Options are granted under the plans for no consideration and carry no dividend or voting rights.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 18 Share-based payments continued

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

|                   | <b>2024</b><br><b>Weighted</b><br><b>average</b><br><b>exercise price</b><br><b>in pence</b><br><b>per share</b> | <b>2024</b><br><b>Options</b><br><b>(thousand)</b> | 2023<br>Weighted<br>average<br>exercise price<br>in pence<br>per share | 2023<br>Options<br>(thousand) |
|-------------------|--|--|--|-------------------------------|
| At 1 July         | 5.0  | 9,547  | 5.0  | 16,252                        |
| Granted           | –  | –  | –  | –                             |
| Exercised         | 5.0  | (4,620)  | 5.0  | (5,583)                       |
| Lapsed            | 5.0  | (39)   | 5.0  | (85)                          |
| Forfeited         | 5.0  | (2,087)  | 5.0  | (1,037)                       |
| <b>At 30 June</b> | <b>4.9</b>   | <b>2,801</b>                                       | 5.0  | 9,547                         |

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| Grant date    | Expiry date   | Scheme       | Exercise price<br>in pence<br>per share | Options (thousands) |       |
|---------------|---------------|--------------|---|---------------------|-------|
|               |               |              |   | 2024                | 2023  |
| December 2013 | December 2023 | LTIP1        | 5.0                                     | –                   | 293   |
| April 2014    | April 2024    | LTIP2        | 5.0                                     | –                   | 4,278 |
| June 2014     | June 2024     | LTIP2        | 5.0                                     | –                   | 96    |
| March 2015    | March 2025    | LTIP2        | 5.0                                     | 27                  | 27    |
| November 2015 | November 2025 | LTIP2        | 5.0                                     | 132                 | 132   |
| November 2015 | November 2025 | Unapproved   | 0.0                                     | 48                  | 48    |
| October 2016  | October 2026  | Unapproved   | 0.0                                     | 19                  | 19    |
| August 2017   | August 2027   | Unapproved 2 | 5.0                                     | 158                 | 158   |
| November 2017 | November 2024 | Unapproved 3 | 5.0                                     | 117                 | 117   |
| December 2018 | December 2025 | Unapproved 3 | 5.0                                     | 141                 | 169   |
| July 2019     | June 2025     | LTIP3        | 5.0                                     | 1,852               | 3,136 |
| November 2019 | June 2025     | LTIP3        | 5.0                                     | 307                 | 1,074 |
|               |               |              | 5.0                                     | <b>2,801</b>        | 9,547 |

At 30 June 2024, out of the 2,800,509 outstanding options (2023: 9,547,635 options), 2,800,509 options (2023: 5,238,216) were exercisable. The weighted average exercise price for options exercisable at the year-end was 4.9 pence (2023: 4.9 pence). The weighted average remaining contractual life for options exercisable at the year-end was 1.1 years (2023: 1.0 years).

Options exercised in the year resulted in 4,620,162 shares (2023: 5,582,804) being issued at a weighted average price of 5.0 pence each (2023: 5.0 pence). The related average weighted share price at the time of exercise was 88.9 pence per share (2023: 93.0 pence per share).

See note 18(c) for the total expense recognised in the income statement for share options granted to Directors and employees (including associated national insurance).

### 18(b) Other share option agreements

The Company entered into a subscription agreement with Business Growth Fund ('BGF') for an investment on 4 August 2017. It included an award of options over 4,827,586 new ordinary shares of 5p each at a price of 58p per share. The option was exercised on 29 September 2022.

The contingent consideration arrangements in relation to the acquisition of Skore Labs Limited include amounts payable in shares. These are detailed in note 14(a).

### 18(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

|                        | Notes | 2024<br>£000 | 2023<br>£000 |
|------------------------|-------|--------------|--------------|
| Employee share options | 18(a) | 651          | 1,640        |
|                        |       | <b>651</b>   | 1,640        |

## 19 Earnings per share

### 19(a) Basic and diluted

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in Treasury.

|   | 2024           | 2023    |
|---|----------------|---------|
| Net profit attributable to ordinary shareholders (£000)         | <b>5,854</b>   | 4,206   |
| Weighted average number of ordinary shares in issue (thousands) | <b>162,293</b> | 156,352 |
| <b>Basic earnings per share (pence)</b>                         | <b>3.61</b>    | 2.69    |

The diluted earnings per share has been calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not anti-dilutive.

|   | 2024           | 2023    |
|---|----------------|---------|
| Weighted average number of ordinary shares in issue (thousands)                               | <b>162,293</b> | 156,352 |
| Adjustments for share options (thousands)   | <b>7,021</b>   | 10,630  |
| Weighted average number of ordinary shares and potential ordinary shares in issue (thousands) | <b>169,314</b> | 166,982 |
| <b>Diluted earnings per share (pence)</b>   | <b>3.46</b>    | 2.52    |

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 19 Earnings per share continued

### 19(b) Adjusted basic and diluted

Adjusted earnings per share have been calculated to exclude the effect of acquisition, contingent consideration and reorganisation costs, share-based payment charges, amortisation of acquired intangible assets and with a normalised rate of tax. The Board believes this gives a better view of ongoing maintainable earnings. The table below sets out a reconciliation of the earnings used for the calculation of earnings per share to that used in the calculation of adjusted earnings per share:

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| <b>Profit used for calculation of basic and diluted earnings per share</b>          | <b>5,854</b> | 4,206        |
| Share-based payments  | 651          | 1,640        |
| Post-completion services  | 156          | 365          |
| Amortisation of acquired intangible assets  | 581          | 522          |
| Unwinding of discount – contingent consideration & borrowings                       | 10           | 29           |
| Tax effect of adjustments   | (1,457)      | (1,548)      |
| <b>Profit used for calculation of adjusted basic and diluted earnings per share</b> | <b>5,795</b> | 5,214        |

|  | 2024<br>Pence | 2023<br>Pence |
|--|---------------|---------------|
| <b>Adjusted basic earnings per share</b>   | <b>3.57</b>   | 3.33          |
| <b>Adjusted diluted earnings per share</b> | <b>3.42</b>   | 3.12          |

## 20 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Netcall plc and its subsidiaries.

### 20(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities are measured at fair value.

As a result of the level of cash generated from operating activities the Group has maintained a healthy liquidity position as shown on the consolidated balance sheet. 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. To support this, the Directors have prepared cash flow forecasts for a period in excess of 12 months from the date of approving the financial statements. When preparing the cash flow forecasts, the Directors have reviewed a number of scenarios, including the severe yet plausible downside scenario, with respect to levels of new business and client retention. In all scenarios, the Directors were able to conclude that the Group has adequate cash to continue in operational existence for the foreseeable future.

### Standards and interpretations not yet applied by the Group

Certain new standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been adopted early. These standards are not expected to have a material impact on the Group's consolidated results or financial position.

## 20(b) Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations (see note 20(h)), except for Netcall UK Limited where goodwill recognised in relation to business combinations prior to the date of transition to IFRS were not restated in accordance with the requirements of IFRS 1.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised gains and losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where a Group company has acquired an investment in a subsidiary undertaking and applies merger relief, under section 612 of the Companies Act 2006, the difference between the nominal value and fair value of the shares issued is credited to the merger reserve.

## 20(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board.

## 20(d) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in sterling (£), which is the Company's functional and the Group's presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to cash are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy), which have a functional currency different from the presentation currency, are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

## 20(e) Revenue

The accounting policies for the Group's revenue from contracts with customers is explained in note 3(f).

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 20 Summary of significant accounting policies continued

### 20(f) Current and deferred taxation

The tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted, or substantively enacted, at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 20(g) Leases

Leases are 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. See note 8(b) for further information about the Group's accounting for leases.

### 20(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Goodwill written off to reserves prior to date of transition to IFRS remains in reserves. There is no reinstatement of goodwill that was amortised prior to transition to IFRS. Goodwill previously written off to reserves is not written back to profit or loss on subsequent disposal.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### **20(i) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **20(j) Financial instruments**

The Group's financial instruments comprise cash and various items such as trade receivables and trade payables that arise directly from its operations. Interest charges associated with financial liabilities are dealt with as part of finance expenses.

#### **Financial assets**

The Group's financial assets are trade receivables and other financial assets carried at amortised cost. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. They arise principally through the provision of services to customers (trade receivables), but also incorporate other types of contractual monetary asset such as deposits, for example, on rental property, which are contractually recoverable. They are initially recognised at fair value and subsequently carried at amortised cost. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities, which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 20 Summary of significant accounting policies *continued*

### Financial liabilities

The Group's financial liabilities are trade payables and other financial liabilities. These liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

### Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Further information on the Group's financial instruments can be found in note 7 and note 12.

### 20(k) Cash and cash equivalents

A definition of cash and cash equivalents is set out in note 7(d).

### 20(l) Trade receivables

Trade receivables are recognised initially at the transaction price as determined in accordance with IFRS 15 and subsequently measured at amortised cost using the effective interest method, less provision for impairments. See note 7(a) for further information about the Group's accounting for trade receivables and for a description of the Group's impairment policies.

### 20(m) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work-in-progress comprises computer hardware and software, direct labour, other direct costs and relevant production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. See note 8(e) for further information.

### 20(n) Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss in the financial period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 8(a).

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 20(i)).

Gain and loss on disposal of an asset is determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses) – net' in the income statement.

## 20(o) Intangible assets

### Goodwill

Goodwill is measured as described in note 20(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units, or groups of cash-generating units, that are expected to benefit from the business combination in which the goodwill arose. The units, or groups of units, are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 2).

### Customer contracts and relationships, brand names, acquired software, trademarks and licences ('other intangible assets')

Separately acquired other intangible assets are shown at historical cost. Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The amortisation methods and periods used by the Group are disclosed in note 8(c).

### Internally generated software costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Internally generated software development costs recognised as assets are carried at cost less amortisation, and amortised from the point at which the asset is ready to use. The amortisation methods and periods used by the Group are disclosed in note 8(c).

## 20(p) Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

# Notes to the consolidated financial statements

for the year ended 30 June 2024

## 20 Summary of significant accounting policies *continued*

### 20(q) Borrowings

Borrowings are initially recognised at fair value. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some, or all, of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of any option agreement connected to borrowings is determined using the Binomial Method and recorded in shareholders' equity, the remainder of the proceeds is allocated to borrowings.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### 20(r) Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 20(s) Employee benefits – pensions

Contributions to the Group's defined contribution pension scheme and employees' personal pension plans are charged to the income statement as employee benefit expenses when they are due. The Group has no further payment obligation once the contributions have been paid.

### 20(t) Share-based payments

The Group operates a number of share schemes under which it makes equity-settled share-based payments to certain employees. The fair value of employee services received in exchange for the grant of the options is recognised as an expense and a credit to the employee share scheme reserve. The total amount to be expensed is determined by reference to the fair value of the options granted: including any market performance conditions and any non-vesting conditions, but excluding the impact of any service and non-market performance vesting conditions (for example, profitability targets and remaining an employee of the Group for a specified period).

Non-market conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where the Group is obliged to pay employer's National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. A liability is measured using the value of the Company's shares at the balance sheet date and charged to the income statement over the vesting period of the share options.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium. The liability for social security costs arising in relation to the awards is measured at each reporting date based upon the share price at the reporting date and the elapsed portion of the relevant vesting periods to the extent that it is considered that a liability will arise.

**20(u) Equity**

Equity comprises share capital, share premium, other equity, other reserves and retained earnings.

Retained earnings represents the cumulative net gains and losses recognised in the consolidated income statement. See note 9 for descriptions of the other classes of equity.

**20(v) Dividend distribution**

Dividend distributions payable to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividend distributions to the Company's shareholders approved by the Board are not included in the financial statements until paid.

# Parent Company balance sheet

as at 30 June 2024

|                                      | Notes | 2024<br>£000  | 2023<br>£000 |
|--------------------------------------|-------|---------------|--------------|
| <b>Assets</b>                        |       |               |              |
| <b>Non-current assets</b>            |       |               |              |
| Intangible assets                    | E     | 37            | 185          |
| Investments in subsidiaries          | F     | 43,015        | 40,545       |
| Other investments                    | G     | 72            | 72           |
| Deferred tax asset                   | L     | 282           | 777          |
| <b>Total non-current assets</b>      |       | <b>43,406</b> | 41,579       |
| <b>Current assets</b>                |       |               |              |
| Trade and other receivables          | H     | 563           | 1,338        |
| Cash and cash equivalents            |       | 5,839         | 3,959        |
| <b>Total current assets</b>          |       | <b>6,402</b>  | 5,297        |
| <b>Total assets</b>                  |       | <b>49,808</b> | 46,876       |
| <b>Equity and liabilities</b>        |       |               |              |
| <b>Equity</b>                        |       |               |              |
| Share capital                        | M     | 8,339         | 8,108        |
| Share premium                        |       | 5,574         | 5,574        |
| Other equity                         | N     | 2,911         | 2,911        |
| Other reserves                       | O     | 80            | 2,366        |
| Retained earnings                    |       | 31,152        | 26,738       |
| <b>Total equity</b>                  |       | <b>48,056</b> | 45,697       |
| <b>Liabilities</b>                   |       |               |              |
| <b>Non-current liabilities</b>       |       |               |              |
| Borrowings                           | I     | -             | -            |
| <b>Total non-current liabilities</b> |       | <b>-</b>      | -            |
| <b>Current liabilities</b>           |       |               |              |
| Trade and other payables             | K     | 1,752         | 1,179        |
| Borrowings                           | I     | -             | -            |
| <b>Total current liabilities</b>     |       | <b>1,752</b>  | 1,179        |
| <b>Total liabilities</b>             |       | <b>1,752</b>  | 1,179        |
| <b>Total equity and liabilities</b>  |       | <b>49,808</b> | 46,876       |

The notes on pages 90 to 95 form part of these financial statements.

The Company has taken the exemption under Section 408 of the Companies Act 2006 to not present an Income Statement. The Company made a profit for the financial year of £2.73m (2023: £1.78m).

These financial statements on pages 88 to 95 were approved and authorised for issue by the Board on 8 October 2024 and were signed on its behalf by:

**Richard Hughes**  
**Director**

Netcall plc, Registered no. 01812912

# Parent Company statement of changes in equity

for the year ended 30 June 2024

|   | Share capital<br>£000 | Share premium<br>£000 | Other equity<br>£000 | Other reserves<br>£000 | Retained earnings<br>£000 | Total<br>£000  |
|---|-----------------------|-----------------------|----------------------|------------------------|---------------------------|----------------|
| <b>Balance at 1 July 2022</b>                             | 7,587                 | 3,015                 | 2,911                | 4,185                  | 22,882                    | 40,580         |
| Increase in equity reserve in relation to options issued  | -                     | -                     | -                    | 1,099                  | -                         | 1,099          |
| Reclassification following exercise or lapse of options   | -                     | -                     | -                    | (2,918)                | 2,918                     | -              |
| Proceeds from share issue                                 | 521                   | 2,559                 | -                    | -                      | -                         | 3,080          |
| Dividends to equity holders of the Company                | -                     | -                     | -                    | -                      | (839)                     | (839)          |
| <b>Transactions with owners</b>                           | 521                   | 2,559                 | -                    | (1,819)                | 2,079                     | 3,340          |
| Profit for the year                                       | -                     | -                     | -                    | -                      | 1,777                     | 1,777          |
| Other comprehensive loss for the year                     | -                     | -                     | -                    | -                      | -                         | -              |
| <b>Profit and total comprehensive income for the year</b> | -                     | -                     | -                    | -                      | 1,777                     | 1,777          |
| <b>Balance at 30 June 2023</b>                            | 8,108                 | 5,574                 | 2,911                | 2,366                  | 26,738                    | 45,697         |
| Increase in equity reserve in relation to options issued  | -                     | -                     | -                    | 740                    | -                         | <b>740</b>     |
| Reclassification following exercise or lapse of options   | -                     | -                     | -                    | (3,026)                | 3,026                     | -              |
| Proceeds from share issue                                 | 231                   | -                     | -                    | -                      | -                         | <b>231</b>     |
| Dividends to equity holders of the Company                | -                     | -                     | -                    | -                      | (1,338)                   | <b>(1,338)</b> |
| <b>Transactions with owners</b>                           | <b>231</b>            | -                     | -                    | <b>(2,286)</b>         | <b>1,688</b>              | <b>(367)</b>   |
| Profit for the year                                       | -                     | -                     | -                    | -                      | <b>2,728</b>              | <b>2,728</b>   |
| Other comprehensive loss for the year                     | -                     | -                     | -                    | -                      | <b>(2)</b>                | <b>(2)</b>     |
| <b>Profit and total comprehensive income for the year</b> | -                     | -                     | -                    | -                      | <b>2,726</b>              | <b>2,726</b>   |
| <b>Balance at 30 June 2024</b>                            | <b>8,339</b>          | <b>5,574</b>          | <b>2,911</b>         | <b>80</b>              | <b>31,152</b>             | <b>48,056</b>  |

The notes on pages 90 to 95 form part of these financial statements.

# Notes to the Parent Company financial statements

## A Principal accounting policies

### (a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the 'Act'). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of international accounting standards.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under the standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets, presentation of certain share-based payment disclosures and related party transactions, including key management personnel compensation, where equivalent disclosures are given in the consolidated financial statements of Netcall plc.

The Company financial statements are prepared on a going concern basis as set out in note 20(a) of the consolidated financial statements of Netcall plc.

The Directors have taken advantage of the exemption under Section 408 of the Act and not presented an Income Statement of a Statement of Comprehensive Income for the Company alone.

The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation of financial assets and liabilities at fair value and share-based payments that have been measured at fair value.

The Company applies the Group accounting policies, which are set out on pages 80 to 87 in addition to the accounting policies set out below.

### (b) Revenue

Revenue is royalties received for license of its intellectual property rights from the Company's subsidiaries. It is recognised either at a point in time or over time, when (or as) the Company satisfies its performance obligations.

### (c) Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. As part of the acquisition strategy of the Company, the trade and net assets of subsidiary undertakings at, or shortly after, acquisition may be transferred at book value to fellow subsidiaries. Where a trade is hived across to a fellow subsidiary undertaking, the cost of the investment in the original subsidiary, which then becomes a non-trading subsidiary, is added to the cost of the investment in the entity to which the trade has been hived. In order to accurately assess any potential impairment of investments, the carrying value of the investment in all companies transferred is considered together against future cash flows and net asset position of those companies which received the trade and net assets.

### (d) Share-based payments

In addition to the policy set out in note 20(t), the Company has accounted for options granted to the employees of subsidiary undertakings as capital contributions, which have been recharged to the intermediate company holding the investment. The corresponding credit has been recognised in the employee share schemes reserve.

## B Employees and Directors

The Company employed an average of two employees (including Executive Directors) during the year (2023: two). The only employees of the Company are the Executive Directors. Directors' remuneration has been disclosed within the Directors' Remuneration report on page 27.

## C Services provided by the Company's auditor and its associates

Fees payable to the Company's auditor for the audit of the Company's accounts and for other services are set out in note 5(b) of the consolidated financial statements.

## D Profit for the financial year

The Company made a profit for the financial year of £2.73m (2023: £1.78m).

## E Intangible assets

|                                 | Acquired software<br>£000 | Trademarks and licenses<br>£000 | Total<br>£000 |
|---------------------------------|---------------------------|---------------------------------|---------------|
| <b>Cost</b>                     |                           |                                 |               |
| At 30 June 2022                 | 2,223                     | 8                               | 2,231         |
| Additions                       | –                         | –                               | –             |
| Disposals                       | –                         | –                               | –             |
| At 30 June 2023                 | <b>2,223</b>              | <b>8</b>                        | <b>2,231</b>  |
| Additions                       | –                         | –                               | –             |
| <b>At 30 June 2024</b>          | <b>2,223</b>              | <b>8</b>                        | <b>2,231</b>  |
| <b>Accumulated amortisation</b> |                           |                                 |               |
| At 30 June 2022                 | 1,890                     | 8                               | 1,898         |
| Amortisation charge             | 148                       | –                               | 148           |
| Disposals                       | –                         | –                               | –             |
| At 30 June 2023                 | 2,038                     | 8                               | 2,046         |
| Amortisation charge             | 148                       | –                               | 148           |
| <b>At 30 June 2024</b>          | <b>2,186</b>              | <b>8</b>                        | <b>2,194</b>  |
| <b>Net book amount</b>          |                           |                                 |               |
| At 30 June 2022                 | 333                       | –                               | 333           |
| At 30 June 2023                 | 185                       | –                               | 185           |
| <b>At 30 June 2024</b>          | <b>37</b>                 | <b>–</b>                        | <b>37</b>     |

## F Investments in subsidiaries

|   | Total<br>£000 |
|---|---------------|
| <b>Cost &amp; Net book amount</b>                   |               |
| At 30 June 2022                                     | 40,525        |
| Additions – share incentive charges to subsidiaries | 20            |
| At 30 June 2023                                     | 40,545        |
| Additions – acquisition of subsidiary               | 2,470         |
| Additions – share incentive charges to subsidiaries | –             |
| <b>At 30 June 2024</b>                              | <b>43,015</b> |

The Company's subsidiaries at the year-end are set out in note 15 of the consolidated financial statements. All of the investments are unlisted.

# Notes to the Parent Company financial statements

for the year ended 30 June 2024

## G Other investments

Other investments are equity investments at fair value through other comprehensive income:

|              | <b>2024</b>    | <b>2024</b>        | <b>2024</b>  | 2023    | 2023        | 2023  |
|--------------|----------------|--------------------|--------------|---------|-------------|-------|
|              | <b>Current</b> | <b>Non-current</b> | <b>Total</b> | Current | Non-current | Total |
|              | <b>£000</b>    | <b>£000</b>        | <b>£000</b>  | £000    | £000        | £000  |
| Macranet Ltd | -              | 72                 | 72           | -       | 72          | 72    |

Details of the equity investment in Macranet Ltd are set out in note 7(c).

## H Trade and other receivables

|   | <b>2024</b> | 2023  |
|---|-------------|-------|
|   | <b>£000</b> | £000  |
| Amounts owed from Group undertakings <sup>(1)</sup> | <b>504</b>  | 1,256 |
| Prepayments and accrued income                      | <b>59</b>   | 82    |
|   | <b>563</b>  | 1,338 |

All amounts are due within one year.

<sup>(1)</sup> Amounts due from Group undertakings are unsecured, interest free and are repayable on demand.

## I Borrowings

|                         | <b>2024</b>    | <b>2024</b>        | <b>2024</b>  | 2023     | 2023        | 2023     |
|-------------------------|----------------|--------------------|--------------|----------|-------------|----------|
|                         | <b>Current</b> | <b>Non-current</b> | <b>Total</b> | Current  | Non-current | Total    |
|                         | <b>£000</b>    | <b>£000</b>        | <b>£000</b>  | £000     | £000        | £000     |
| <i>Unsecured</i>        |                |                    |              |          |             |          |
| Loan Notes              | -              | -                  | -            | -        | -           | -        |
| <b>Total borrowings</b> | <b>-</b>       | <b>-</b>           | <b>-</b>     | <b>-</b> | <b>-</b>    | <b>-</b> |

Immediately prior to the acquisition of MatsSoft, on 4 August 2017, the Company entered into a subscription agreement with Business Growth Fund ("BGF") for a £7.0m investment. The investment comprised the issue of a £7.0m Loan Note and the award of options over 4,827,586 new ordinary shares of 5p each at a price of 58p per share. The Loan Note was unsecured, has an annual interest rate of 8.5% payable quarterly in arrears and was repayable in six instalments from 30 September 2022 to 31 March 2025. The Company made an initial repayment of £3.5m in November 2021, a scheduled repayment of £0.6m in September 2022, and, in October 2022, redeemed the final £2.9m of the Loan Notes. In September 2022, the options were exercised and the Company received £2.8m in proceeds and issued 4,826,586 new ordinary shares of 5p each (see note 9(a)).

The £7.0m investment was allocated to the fair value of the Loan Note, £6.42m, and the fair value of the share options granted, £0.58m. The fair value of the share options was determined using the Binomial valuation method. The significant inputs into the model were the mid-market share price of 66.5p at the grant date, volatility of 25%, dividend yield of 1.85%, an expected option life of five years, and an annual risk-free interest rate of 0.267%. The total expense relating to the fair value of the share options is being charged to the income statement over the five-year option life.

The Loan Notes are presented in the balance sheet as follows:

|   | <b>2024</b> | 2023     |
|---|-------------|----------|
|   | <b>£000</b> | £000     |
| Face value of notes issued                    | –           | 7,000    |
| Face value of notes redeemed                  | –           | (7,000)  |
| Share schemes reserve – value of share option | –           | (584)    |
|   | –           | (584)    |
| Unwinding of discount:                        |             |          |
| Opening balance                               | –           | 555      |
| Movement in the year                          | –           | 29       |
| Closing balance                               | –           | 584      |
| <b>Total liability</b>                        | <b>–</b>    | <b>–</b> |

## J Other payables – acquisition consideration liabilities

|                                       | <b>2024</b>    | <b>2024</b>        | <b>2024</b>  | 2023    | 2023        | 2023  |
|---------------------------------------|----------------|--------------------|--------------|---------|-------------|-------|
|                                       | <b>Current</b> | <b>Non-current</b> | <b>Total</b> | Current | Non-current | Total |
|                                       | <b>£000</b>    | <b>£000</b>        | <b>£000</b>  | £000    | £000        | £000  |
| Acquisition consideration liabilities | <b>286</b>     | –                  | <b>286</b>   | –       | –           | –     |

The current year balance of £286,000 is included within ‘Trade and other payables – Other liabilities’.

Movements during the year are set out below:

|  | <b>2024</b> | 2023     |
|--|-------------|----------|
|  | <b>£000</b> | £000     |
| Opening balance  | –           | 12       |
| Acquisition of Skore Labs Limited – contingent consideration | <b>124</b>  | –        |
| Charged/(credited) to profit or loss:                        |             |          |
| – post-completion services expense                           | <b>155</b>  | 365      |
| – unwinding of discount – contingent consideration           | <b>7</b>    | –        |
| – effect of exchange rate                                    | –           | (1)      |
| Post-completion services paid during the year – cash         | –           | (376)    |
| Deferred consideration paid during the year – cash           | –           | –        |
| <b>Closing balance</b>                                       | <b>286</b>  | <b>–</b> |

# Notes to the Parent Company financial statements

for the year ended 30 June 2024

## K Trade and other payables

|   | 2024<br>£000 | 2023<br>£000 |
|---|--------------|--------------|
| Amounts owed to Group undertakings <sup>(1)</sup> | 35           | 16           |
| Trade payables                                    | 12           | 23           |
| Social security and other taxes                   | 34           | 29           |
| Other liabilities                                 | 487          | 208          |
| Accruals  | 1,184        | 903          |
|   | <b>1,752</b> | 1,179        |

<sup>(1)</sup> Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## L Deferred taxation

|                                      | 2024<br>£000 | 2023<br>£000 |
|--------------------------------------|--------------|--------------|
| <b>Deferred tax assets comprise:</b> |              |              |
| Tax losses                           | 282          | 292          |
| Share-based payments                 | -            | 485          |
| Total                                | <b>282</b>   | 777          |

The movement in deferred tax assets during the year was:

|                            | Tax<br>Losses<br>£000 | Share-based<br>payments<br>£000 | Total<br>£000 |
|----------------------------|-----------------------|---------------------------------|---------------|
| Opening balance            | 292                   | 485                             | 777           |
| Credited to profit or loss | (10)                  | (485)                           | (495)         |
| <b>Closing balance</b>     | <b>282</b>            | <b>-</b>                        | <b>282</b>    |

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Company has not recognised a deferred tax asset of £1.67m (2023: £1.27m) in respect of losses that are capital in nature amounting to £6.68m (2023: £6.68m).

## M Share capital

|  | 2024<br>shares     | 2024<br>£000 | 2023<br>shares | 2023<br>£000 |
|--|--------------------|--------------|----------------|--------------|
| <b>Allocated, called up and fully paid</b> |                    |              |                |              |
| Ordinary shares of 5p each                 | <b>166,777,000</b> | <b>8,339</b> | 162,156,838    | 8,108        |

Details of the Company's issued share capital and share options are detailed in notes 9(a) and 18 of the consolidated financial statements.

## N Other equity

|  | Merger<br>reserve<br>£000 | Capital<br>reserve<br>£000 | Total<br>£000 |
|--|---------------------------|----------------------------|---------------|
| <b>At 1 July 2022, 30 June 2023 and 30 June 2024</b> | <b>2,723</b>              | <b>188</b>                 | <b>2,911</b>  |

## O Other reserves

|  | Treasury<br>shares<br>£000 | Share<br>options<br>reserve<br>£000 | Financial<br>assets at<br>fair value<br>at FVOCI<br>£000 | Total<br>£000 |
|--|----------------------------|-------------------------------------|--|---------------|
| At 1 July 2022   | (419)                      | 4,820                               | (216)  | 4,185         |
| Increase in equity reserve in relation to options issued | –                          | 1,099                               | –  | 1,099         |
| Reclassification following exercise or lapse of options  | –                          | (2,918)                             | –  | (2,918)       |
| At 30 June 2023  | (419)                      | 3,001                               | (216)  | 2,366         |
| Increase in equity reserve in relation to options issued | –                          | 740                                 | –  | 740           |
| Reclassification following exercise or lapse of options  | –                          | (3,026)                             | –  | (3,026)       |
| <b>At 30 June 2024</b>                                   | <b>(419)</b>               | <b>715</b>                          | <b>(216)</b>   | <b>80</b>     |

## P Related party transactions

As permitted by FRS 101, related party transactions with wholly owned members of the Group have not been disclosed. Related party transactions regarding remuneration and dividends paid to key management (only Directors are deemed to fall into this category) of the Company have been disclosed in note 17 of the consolidated financial statements.

## Q Post balance sheet events

Note 16 of the consolidated financial statements sets out the Company's post balance sheet event relating to dividends and business combinations.

## R Ultimate controlling party

The Directors have assessed that there is no ultimate controlling party.

# Notes



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