

9 October 2024

NETCALL PLC
("Netcall", the "Company" or the "Group")

Final Results for the Year Ended 30 June 2024

Strong performance driven by cloud demand and enhanced product proposition

Netcall plc (AIM: NET), a leading provider of intelligent automation and customer engagement software, today announces its audited results for the year ended 30 June 2024.

Financial highlights

	FY24	FY23	
Total Revenue	£39.1m	£36.0m	+9%
Cloud services revenue	£19.8m	£16.6m	+19%
Total annual contract value ⁽¹⁾ ("ACV")	£32.2m	£27.9m	+15%
Cloud services ACV	£22.3m	£18.1m	+23%
Adjusted EBITDA ⁽²⁾	£8.4m	£8.0m	+5%
Profit before tax	£6.3m	£4.0m	+58%
Adjusted basic earnings per share	3.57p	3.33p	+7%
Group cash at period end	£34.0m	£24.8m	+37%
Net funds at period end	£33.5m	£24.3m	+37%
Final ordinary dividend per share	0.89p	0.83p	+7%

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 subscriptions 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 rate 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 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.
- Appointed an additional Independent Non-Executive Director post-period end, James Platt, who will join the Board on 24 October 2024.

James Ormondroyd, Chief Executive, said:

“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 advancements 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.

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

⁽¹⁾ 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 is included in FY23 ACV at the new annual amount of \$4m).

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

⁽³⁾ Cloud net retention rate is calculated by starting with the Cloud ACV from all customers twelve 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 twelve 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.

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About Netcall

Netcall's Liberty software platform with Intelligent Automation and Customer Engagement solutions helps organisations digitally transform their businesses faster and more efficiently, empowering them to create a leaner, more customer-centric organisation.

Netcall's customers span enterprise, healthcare and government sectors. These include two-thirds of the NHS Acute Health Trusts and leading corporates including Legal and General, Lloyds Banking Group, Aon and Santander.

For further information, please go to www.netcall.com.



Prior to publication the information communicated in this announcement was deemed by the Company to constitute inside information for the purposes of article 7 of the Market Abuse Regulations (EU) No 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations No 2019/310 ('MAR'). With the publication of this announcement, this information is now considered to be in the public domain.

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.

These trends are 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 substantial 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, 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 reserves. 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 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 additional growth opportunities with both new and existing customers. This, along with £35.1m of contracted revenue expected to be recognised in FY25, which includes the impact of post year end acquisitions, provides good 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, 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 to 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, 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 upselling driving substantial value creation. Customers are increasingly deploying upgrades and new solutions, capitalising on the modular architecture 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 for 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 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 9 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⁽¹⁾, 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 deployed with customers and generating additional incremental revenue and expanded pipeline opportunities.

⁽¹⁾ <https://www.netcall.com/news/redefining-customer-engagement-with-liberty-converse-cx/>

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 tCO₂e (66.6 tCO₂e). The Intensity Ratio of tonnes of CO₂e 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 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 2 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 1000 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.

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
Total ACV	32.2	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

Total Cloud services & Product support contracts	29.7	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
Total Revenue	39.1	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 service and Product support contracts to 76% of total revenue (FY23: 72%).

Communication services revenues was £2.46m (FY23: £2.58m), 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 to £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).

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 8 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 and borrowings, 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 of up to £11.5m and €9.8m, respectively (see note 8 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.

Audited consolidated income statement for the year ended 30 June 2024

	2024	2023
	£'000	£'000
Revenue	39,057	36,040
Cost of sales	(5,612)	(5,768)
Gross profit	33,445	30,272
Administrative expenses	(28,050)	(26,522)
Other gains/(losses) - net	31	62
Adjusted EBITDA	8,440	8,003
Depreciation	(398)	(377)
Amortisation of acquired intangible assets	(581)	(522)
Amortisation of other intangible assets	(1,228)	(1,287)
Post-completion services (see note 4)	(156)	(365)
Share-based payments	(651)	(1,640)
Operating profit	5,426	3,812
Finance income	943	344
Finance costs	(40)	(155)
Finance income – net	903	189
Profit before tax	6,329	4,001
Tax (charge)/ credit	(475)	205
Profit for the year	5,854	4,206
Earnings per share – pence		
Basic	3.61	2.69
Diluted	3.56	2.52

All activities of the Group in the current and prior periods are classed as continuing. All of the profit for the period is attributable to the shareholders of Netcall plc.

Audited consolidated statement of comprehensive income for the year ended 30 June 2024

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

All of the comprehensive income for the year is attributable to the shareholders of Netcall plc.

Audited consolidated balance sheet at 30 June 2024

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

Audited consolidated statement of cash flows for the year ended 30 June 2024

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

Audited consolidated statement of changes in equity for the year ended 30 June 2024

	Share capital £'000	Share premium £'000	Other equity £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2022	7,587	3,015	4,900	4,462	7,454	27,418
Proceeds from share issue	521	2,559	-	-	-	3,080
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	-
Dividends paid	-	-	-	-	(839)	(839)
Transactions with owners	521	2,559	-	(1,414)	2,079	3,745
Profit for the year	-	-	-	-	4,206	4,206
Other comprehensive income	-	-	-	8	-	8
Total comprehensive income for the year	-	-	-	8	4,206	4,214
Balance at 30 June 2023	8,108	5,574	4,900	3,056	13,739	35,377
Proceeds from share issue	231	-	-	-	-	231
Increase in equity reserve in relation to options issued	-	-	-	740	-	740
Tax charge relating to share options	-	-	-	(362)	-	(362)
Reclassification following exercise or lapse of options	-	-	-	(3,026)	3,026	-
Dividends paid	-	-	-	-	(1,338)	(1,338)
Transactions with owners	231	-	-	(2,468)	1,688	(729)
Profit for the year	-	-	-	-	5,854	5,854
Other comprehensive income	-	-	-	(5)	-	(5)
Total comprehensive income for the year	-	-	-	(5)	5,854	5,849
Balance at 30 June 2024	8,339	5,574	4,900	403	21,281	40,497

Notes to the financial information for the year ended 30 June 2024

1. General information

Netcall plc (AIM: "NET", "Netcall", or the "Company"), is a leading provider of intelligent automation and customer engagement software. It is a public limited company and is quoted on AIM (a market of the London Stock Exchange). The Company's registered address is Suite 203, Bedford Heights, Brickhill Drive, Bedford, UK MK41 7PH and the Company's registered number is 01812912.

2. Basis of preparation

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group').

The financial information set out in these final results has been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The accounting policies adopted in this results announcement have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the statutory accounts for the period ended 30 June 2024.

The consolidated financial information is presented in sterling (£), which is the Company's functional and the Group's presentation currency.

The financial information set out in these results does not constitute the Company's statutory accounts for 2024 or 2023. Statutory accounts for the years ended 30 June 2024 and 30 June 2023 have been reported on by the Independent Auditors; their report was (i) unqualified; (ii) did not draw attention to any matters by way of emphasis; and (iii) did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Statutory accounts for the year ended 30 June 2023 have been filed with the Registrar of Companies. The statutory accounts for the year ended 30 June 2024 will be delivered to the Registrar in due course. Copies of the Annual Report 2024 will be posted to shareholders on or about 15 November 2024. Further copies of this announcement can be downloaded from the website www.netcall.com.

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.

3. Segmental analysis

Management 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 the Board when making strategic decisions. Resources are reviewed on the basis of the whole of the business performance.

The key segmental measure is adjusted EBITDA which is profit before interest, tax, depreciation, amortisation, acquisition and reorganisation expenses and share-based payments, which is set out on the consolidated income statement.

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.

	2024	2023
	£'000	£'000
Post completion services expense ⁽¹⁾	(156)	(365)
	(156)	(365)

⁽¹⁾ 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 arrangement is treated as remuneration and expensed in the income statement. 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. Earnings per share

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.

	30 June 2024	30 June 2023
Net earnings attributable to ordinary shareholders (£'000)	5,854	4,206
Weighted average number of ordinary shares in issue (thousands)	162,293	156,352
Basic earnings per share (pence)	3.61	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.

	30 June 2024	30 June 2023
Weighted average number of ordinary shares in issue (thousands)	162,293	156,352
Adjustments for share options (thousands)	7,021	10,630
Weighted average number of potential ordinary shares in issue (thousands)	169,314	166,982
Diluted earnings per share (pence)	3.46	2.52

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 on-going 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:

£'000	30 June 2024	30 June 2023
Profit used for calculation of basic and diluted EPS	5,854	4,206
Share-based payments	651	1,640
Post-completion services (see note 4)	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)
Profit used for calculation of adjusted basic and diluted EPS	5,795	5,214
	30 June 2024	30 June 2023
Adjusted basic earnings per share (pence)	3.57	3.33
Adjusted diluted earnings per share (pence)	3.42	3.12

6. Dividends

Year to June 2024	Paid	Pence per share	Cash flow statement (£'000)	Statement of changes in equity (£'000)	June 2024 balance sheet (£'000)
Final ordinary dividend for the year to June 2023	9/2/24	0.83p	1,338	1,338	-
			1,338	1,338	-

Year to June 2023	Paid	Pence per share	Cash flow statement (£'000)	Statement of changes in equity (£'000)	June 2023 balance sheet (£'000)
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.

7. Net funds reconciliation

£'000	30 June 2024	30 June 2023
Cash and cash equivalents	34,008	24,753
Borrowings – fixed interest	(19)	-
Lease liabilities	(462)	(405)
Net funds	33,527	24,348

8. Business combinations

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;
- deferred cash consideration of £0.2m (undiscounted) payable in January 2025; and
- contingent consideration of up to £2.0m payable in cash and up to £2.0m in Netcall shares dependent on the achievement of specified performance targets within the three-year period following the completion of the acquisition. As the arrangement requires on-going provision of services to the Group by a number of the previous shareholders of Skore then: the cash components will be recognised in the income statement as services are rendered, in line with the requirements of IAS 19 'Employee benefits'; and the 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'.

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

	£000
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)
Net identifiable assets acquired	931
Goodwill	1,340
Net assets acquired	2,271

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.

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

	£000
Initial cash consideration	1,800
Less: cash acquired	(167)
Net cash outflow from investing activities	1,633

Acquisition of Govtech Holdings Limited

On 6 August 2024, after the year-end, the Company acquired 100% of the issued share capital of Govtech Holdings Limited ('Govtech'), a provider of digital process automation solutions.

The consideration for the transaction comprised:

- cash consideration of £9.15m paid on completion. Cash acquired on completion was £1.5m;
- deferred cash consideration of £0.45m (undiscounted) payable in August 2025; and
- contingent consideration of up to £2.4m in cash and £1.0m in Netcall shares, payable upon achievement of specific performance targets within the two-year period following the completion date.

Acquisition of Smart & Easy NV

On 13 September 2024, after the year-end, the Company acquired 100% of the issued share capital of Smart & Easy NV (trading as 'Parble'), a provider of digital process automation solutions.

The consideration for the transaction comprised:

- cash consideration of €4.1m paid on completion. Additionally, €1.1 million in net debt was assumed and repaid at completion;
- deferred cash consideration of €0.6m (undiscounted) payable in September 2025; and
- contingent consideration of up to €2.0m in cash and €2.0m in Netcall shares, payable upon achievement of specific performance targets within the three-year period following the completion date.



Due to the limited period of time between the acquisition dates of Govtech and Parble and the signing date of the financial statements, the assessment of the fair value of the consideration transferred and the internal assessment of the book value of net assets acquired on both post-period end acquisitions was incomplete.