22 October 2024

PCI-PAL PLC
("PCI Pal", the "Company" or the "Group")

Final Results
Analyst Briefing & Investor Presentation

Strong Revenue Growth and Positive Adjusted EBITDA

PCI-PAL PLC (AIM: PCIP), the global provider of secure payment solutions for business communications, is pleased to announce its full year results for the year ended 30 June 2024 (the "Period").

Financial Highlights:

	FY24 30 June 2024	FY23 30 June 2023	Change
Revenue	£17.96m	£14.95m	+20%
Gross Margin %	89%	88%	
% of revenues from recurring contracts	89%	86%	
Adjusted EBITDA[1]	£0.87m	(£1.11m)	+178%
Adjusted PBT[2] loss	(£0.57m)	(£2.31m)	+75%
Loss before Tax	(£1.71m)	(£4.89m)	+65%
New ACV[3] contract sales in Period	£3.76m	£4.16m	-10%
Total Contracted TACV[4]	£19.21m	£16.43m	+17%
Exit Run Rate ARR[5]	£15.45m	£12.58m	+23%
Net Retention Rate NRR[6]	102%	103%	
Customer Retention[7]	97%	95%	
Cash at Period end	£4.33m	£1.17m	

Operating and Other Highlights:

- Positive adjusted EBITDA underpinned by revenue growth of 20% YoY.
- ARR increased 23% year on year to £15.5 million.
- Strong balance sheet, with positive cash generation facilitating further near term growth-investment in the business.
- Company's key leading indicator of future recurring revenue, TACV, increased by 17% YoY to £19.2 million.
- Continued exceptional customer retention of 97% for the year, a 2bps increase over prior year (2023: 95%) with a net retention rate of over 100% at 102% (2023:103%).
- Strength of cloud platform evidenced by >99.999% uptime globally in year, including three straight quarters at 100%.
- Strong underlying volume of new business contracts signed, with new logos increased by 10% to 240 signed in the Period.
- 80% new business contracts sourced through the Company's partner eco-system.
- Expansion of our market leading partner eco-system, including the highlight signing of a global reseller agreement with Zoom, with first customers already signed and live in the Period.

- Comprehensive U.K. court victory and subsequent settlement of all remaining litigation patent lawsuit matters with competitor

[1] Adjusted EBITDA is the loss on Operating Activities before depreciation and amortisation, exchange movements charged to the profit and loss, exceptional items and expenses relating to share option charges
[2] Adjusted PBT is the Loss before Tax before exchange movements charged to the profit and loss, exceptional items and expenses relating to share option charges
[3] ACV is the annual recurring revenue generated from a contract.
[4] TACV is the total annual recurring revenue of all signed contracts, whether invoiced and included in deferred revenue or still to be deployed and/or not yet invoiced.
[5] ARR is Annual Recurring Revenue of all the deployed contracts at the Period end expressed in GBP.
[6] NRR is the net retention rate of the contracts that are live on the AWS platform rate and is calculated using the opening total value of deployed contracts 12 months ago less the ACV of lost deployed contracts in the last 12 months plus the ACV of upsold contracts signed in the last 12 months all divided by the opening total value of deployed contracts at the start of the 12 month period.
[7] Customer retention is calculated using the formula: 100% minus (the ACV of lost deployed contracts on the AWS platform in the last 12 months divided by the opening total value of deployed contracts 12 months ago expressed as a percentage).

Current Trading:

- Strong start to the new financial year with new business sales for Q1 in line with management expectations and ahead of the prior year.
- As announced in the Company's update of 28 August 2024, the Group has signed a major new global reseller which has immediately resulted in the first customer being signed through this new partner in Q1.
- Voice integration across this partner's global UCaaS and CCaaS platform is expected to be complete in the coming weeks, with full product launch expected by end H1.
- New business sales highlights since the year end include:
    - A new contract with a major US head-quartered BPO who will be using PCI Pal's services initially across a number of its customers in the region. The BPO has operations globally.
    - A sizeable expansionary upsell to one of its largest customers to be utilised across various countries internationally. A testament to the Group's strong customer relations.
    - An initial contract signed via the Company's EMEA operation with a "Big Four" accounting and consulting firm. The contract which is to initially provide in-house services regionally has been designed with future global and cross-department expansion in mind given the extensive operations of this new hybrid customer / partner.

Commenting, James Barham, Chief Executive Officer, said:

"Overall we have made strong progress across FY24, continuing to deliver against our stated objectives to lead our market in true cloud solutions, and delivering to customers globally across our extensive partner eco-system.

"The unfounded patent litigation brought against us, was a management distraction and cash drain for most of the last three fiscal years, and we are therefore clearly pleased that this litigation is now fully resolved following our success in the UK courts. What has been very encouraging is that throughout this Period, we have continued to grow revenues at market leading rates whilst also maintaining exceptional customer retention. This, together with the improving operational performance of the underlying business, has created a strong platform for future profitable growth.

"We have started FY25 well with new business sales both ahead of last year and in line with management expectations. We are therefore now executing against our near-term plans to make additional and considered investments in the business that will underpin the longer term future growth prospects of the Group. With adjusted EBITDA profit achieved in FY24, positive operating cashflow and a strengthened strong balance sheet, we are excited by the breadth of the opportunity ahead of the Group as we continue building deeper and wider channel partnerships, progress our product roadmap, and further scale the business into new territories."

Analyst Briefing: 9.30am today, Tuesday 22 October 2024

An online briefing for Analysts will be hosted by James Barham, Chief Executive Officer, and Ryan Murray, Chief Financial Officer, at 9.30am on Tuesday 22 October 2024 to review the results and prospects. Analysts wishing to attend should contact Walbrook PR on pcipal@walbrookpr.com or 020 7933 8780.

Investor Presentation: 11.00am on Friday 25 October 2024 (UK time)

The Directors will hold an investor presentation to cover the results and prospects at 11.00am on Friday 25 October 2024 (UK time).

The presentation will be hosted through the digital platform Investor Meet Company. Investors can sign up to Investor Meet Company and add to meet PCI-PAL PLC via the following link https://www.investormeetcompany.com/pci-pal-plc/register-investor. For those investors who have already registered and added to meet the Company, they will automatically be invited.

Questions can be submitted pre-event to pcipal@walbrookpr.com or in real time during the presentation via the "Ask a Question" function.

For further information, please contact:

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About PCI Pal:

PCI Pal is a leading provider of Software-as-a-Service ("SaaS") solutions that empower companies to take payments from their customers securely, adhere to strict industry governance, and remove their business from the significant risks posed by non-compliance and data loss. Our products secure payments and data in any business communications environment including voice, chat, social, email, and contact centre. We are integrated to, and resold by, some of the worlds' leading business communications vendors, as well as major payment service providers.

The entirety of our product-base is available from our global cloud platform hosted in Amazon Web Services ("AWS"), with regional instances across EMEA, North America, and ANZ.

For more information visit www.pcipal.com or follow the team on Linkedin: https://www.linkedin.com/company/pci-pal/

CHAIR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

FY24 has been a real turning point for the Company, and I am exceedingly proud of the leadership and staff for their determination to deliver positive results in the face of tightened corporate technology spending, general economic headwinds caused by inflation and high interest rates, and of course the significant distraction from the now resolved unfounded patent litigation brought by our competitor Sycurio.

Business Developments

Over five years ago, as an early-stage SaaS B2B company, we set out on a journey to prove our value as a Cloud company serving the global secure payments market through a cloud centric technology proposition with dedicated focus on targeting the market opportunity through partnership channels. Throughout that journey we have delivered consistent top line growth while being thoughtful and careful about the investment and funding required to grow the business. While I am disappointed that the Company was not able to report our expected full year of pre-tax profitability, due to the timing of revenue recognition relating to a specific customer, this does not detract from the successful operating outcome that the team has achieved this year, and the consequent substantial swing from negative to positive adjusted free cash flow[1]

FY24 was a real turning point for the Company as we delivered our first full year of adjusted[2] EBITDA profit as well as positive operating cash flow, and in so doing highlighted the long-term operational gearing opportunity of the Company's high margin SaaS subscription revenue model. I would like to personally thank all our investors for their support to date on this journey.

Notable areas of positive progress include continued strong revenue growth; consistently top industry percentile customer retention rates, and expansion of our partner network with global names such as Zoom. Our employee retention remains high, and our culture stronger than ever. I would personally like to thank each and every one of our team members for their contributions towards reaching the milestone of profitability and for continuing to drive towards the Group's mission.

Board Changes

On behalf of the Board, I would like to welcome Ryan Murray who was appointed to the Board as Chief Financial Officer and Company Secretary on 14 October 2024. Ryan is a Chartered Accountant with extensive commercial, finance, tax and corporate finance experience, in the international technology sector. Ryan joins from AIM quoted FD Technologies plc where he was Group Financial Controller.

As announced on 27 February 2024, William Good, the Company's previous CFO, informed the Board of his intention to retire as CFO and Executive Director of the Company to pursue his other existing business interests. On behalf of the Board, I would like to thank William for his contribution to the growth of the Group and I would also like to welcome Ryan onto the Board.

Patent Infringement Claim

As previously announced the Company was not only successful in the High Court of England and Wales ("High Court") in both defeating the claims of patent infringement made by our competitor, Sycurio, but we were also successful in our own counterclaims to invalidate Sycurio's parent UK patent. This outcome was notably reinforced by the Court of Appeal of England & Wales ("Court of Appeal"). Subsequently, the Company entered into a confidential settlement with Sycurio that resolved all remaining aspects of the litigation in the UK and US as announced in June 2024. The settlement enables management to move beyond the distraction created by this litigation over the last two and a half years, putting an end to what was viewed as an unwarranted and wasteful use of management time and cash resources.

Corporate Governance

The Quoted Companies Alliance (QCA) recently announced an update to their corporate governance guidelines, and it is our intention to follow their expanded recommendations starting in FY25 when they become effective. I am mindful of the fact that as part of a fast-growing international organisation I must ensure that our organisational structure and corporate processes are both adaptive and robust so we can continue to deliver for all stakeholders, while not diminishing our entrepreneurial culture. In that regard the Group is supported by an experienced Board of Directors, and led by a management team that has proven it can deliver. We take outside professional and business advice where needed and have access to an Advisory Committee consisting of executives and consultants with deep operational experience in select functional areas.

Our strategic aims are clear, our employee culture excellent, and our commitment to our partners and customers remains unshakeable. I believe we have a balanced business and risk management structure that will allow us to continue to grow within acceptable levels of risk tolerance.

Stakeholder Communications

As a board, we remain focused on clear and regular communications with all investors, both retail and institutional, and expanding disclosures in line with the growth in complexity of the business. We continue to utilise the Investor Meet Company portal, to reach shareholders of all types. During the year, the CEO and CFO held regular in-person meetings. As Chair, I am available as a direct line of communication to all shareholders in case other questions arise that need to be answered independently, as well as holding meetings with institutional shareholders around the time of the AGM.

Forward Momentum

With the patent litigation now behind us, we can again fully focus on the growth opportunity in front of the Company; the further expansion of our global partner eco-system; and on our strategic product roadmap development aimed at expanding our addressable market over the longer term. Management is now 100 per cent focused on capitalising on the undoubted market opportunity before us as we look to deliver against our strategy of continued profitable growth, both organic and inorganic.

I continue to be excited and encouraged by the progress that has been made by the Group in FY24 and in the early part of FY25, and the Board is confident in the outlook and prospects in FY25 and beyond. I look forward to sharing further progress reports and news during the coming year, as we continue to execute against our ambitious plans.

Simon Wilson
Non-Executive Chair

[1] Net increase in cash before exceptional items and excluding the net proceeds from the issue of shares
[2] Adjusted EBITDA profit is the loss on operating activities before depreciation and amortisation, exchange movements charged to the profit and loss account, exceptional items and expenses related to share options

CHIEF EXECUTIVE'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

Overview

I am pleased to report another strong year of growth for PCI Pal as we continue to execute successfully against our stated objectives to lead our market in services delivered from the public cloud; whilst maintaining the most extensive and advanced partner eco-system in our market.

Year on year revenue is up 20% to £17.96 million (2023: £14.95 million) with an exit ARR run rate for FY24 of £15.45 million, a 23% year on year increase (2023: £12.58 million). TACV, the key leading indicator of the

Company's future recurring revenue, increased 17% to £19.21 million (2023: £16.43 million). Revenue numbers have been supported by top percentile industry customer retention with GRR at 97% for the year (2023: 95%) which reflects the value of our products, the high quality of services we provide, our focus on customer service and our global cloud platform. I am especially pleased that underlying these healthy growth numbers is a stable core to the business manifested by exceptionally high service levels and cloud platform uptime exceeding five nines including three straight quarters at 100%.

Gross margins have increased further to 89% (2023: 88%) which reflects the margin-rich nature of our subscription based licence model with services provided from PCI Pal's mature, global, public cloud platform hosted in AWS. The continued increase is a result of the high proportion of revenue achieved through licence sales and the proportionately reducing amount of sales from lower margin services such as professional services and charges from connection minutes. This trend was expected and is a result of PCI Pal's own innovation and patented IP that allows us to provide professional services more efficiently, and our ability to provide connectivity to contact centres without carrying call traffic.

The foundations of this business are its culture and people. We have bred a culture within PCI Pal that not only drives employee satisfaction, with high people retention[1] of 93% (2023: 96%), but also encourages high performance, entrepreneurialism, and ambition from all those that work within this growth business. PCI Pal's culture and our focus on our people is what has driven our success to date and will continue to do so as we scale the business further.

New business sales

Year on year new business sales were 10% lower than the record level achieved in FY23 at £3.8 million (2023: £4.1 million). In FY23, we reported the signing of a large new customer in the US with over 10,000 agents, which was a strong contributor to the Group's exceptional new business sales number in that year. In FY24, the Company had more success in winning a volume of run rate contracts with small to mid-market contact centres, which makes up the majority of the contact centre markets in the UK and US. Within FY24, achieved the Company's second, third, and fourth highest sales quarters in its history. This was illustrated in the record number of new contracts signed, increasing 12% year on year to 271 (2023: 241). This consistency of volume is encouraging for me as ultimately it is the foundation of our sustainable success from our channel and cloud model.

As well as the strong run rate, the Company signed a number of enterprise size customers. Highlights of these included:

- A sizeable initial contract through a key reseller with a Fortune 500 US healthcare insurer. The customer has numerous businesses across the US and so we have the opportunity to expand with this customer.
- A competitive displacement sold directly to a FTSE-250 financial services company in the UK. PCI Pal is delivering its secure payment solutions across all communication channels in the customer's contact centre covering phone (keypad entry), voice (speech recognition), and digital (payment link).
- Further adding to PCI Pal's strength with US pharmaceutical firms, we added another Fortune 50 customer from this sector, resold through one of our top performing partners in the year.

Partner eco-system

With typically between 75-85% of new business contracts sourced from the Company's partner eco-system, the continued success of these relationships, as well as the addition of carefully chosen new partners, are key contributors to PCI Pal's continued growth momentum, high retention rates, and sustainable profitability.

We continue to develop and expand the relationships we have with our existing resellers, the vast majority of whom are large, multi-national organisations with US headquarters including Genesys, Amazon, Talkdesk, Vonage and 8x8. With the majority of our integrated partners PCI Pal is either the preferred or sole secure payments vendor that the partner works with in a resell capacity and we have achieved this by putting our partners first. Evidencing the close relationships we build with partners we were pleased to be awarded global technology partner of the year with 8x8, a longstanding partner of the Company.

In the year, we continued to invest in our partner programme and channel team resources to continue to drive further deepened relationships with these mostly large international organisations. Reflecting this, 80% of new business contracts for the Company were sourced from partners (2023: 83%), and contributed 70% of the new business value signed (2023: 77%). On an underlying trend basis, the value of contracts signed through partners is substantially more than any prior year except for FY23 where the Company signed a large one-off deal through one of its resellers. This trend shows the increasing run-rate we are generating through partners, by volume and value, with many of whom we now have multi-year relationships with.

Of the total contracts sold in the Period, more than three quarters were contracted through Integrated Partners. Integrated Partners are typically CCaaS ("Contact Centre as a Service") or UCaaS ("Unified Communications as a Service") providers where PCI Pal has a single repeatable integration to their own public cloud platforms which is then leveraged by the partner to deliver all sales they make to their customers. It is common that these integrations leverage PCI Pal's patented integration methods, which we have developed over a number of years having been the first to market with a true public cloud offering. PCI Pal products are then available to those Integrated Partners' customers across their entire platform, which commonly would be on a global basis.

In the year, we expanded our partner eco-system with numerous additional partners. The highlight in terms of global coverage and scale has been the addition of Zoom which we announced in November 2023. PCI Pal was selected following an extensive evaluation process by Zoom, to be a launch partner for their new ISV exchange programme integrated to both their Zoom Contact Centre and Zoom Phone services. I'm pleased to report the successful integration was completed by the year end with both products live and at general availability. We were also successful in signing a number of initial customers which are currently going through the new fast-track deployment process with Zoom. We're very excited by the truly global coverage and scale of Zoom and in their momentum into the contact centre space.

Since the year end, as announced in our trading update of 28 August 2024, we have signed a further global strategic integrated partner who despite historic relationships with our competitors is taking PCI Pal forward as its preferred vendor for secure payments. We are now going through our enhanced partner integration and deployment process where the partner will have access to all new version and features of our product suite. The new partnership has also immediately resulted in the signing of our first customer from the relationship.

In summary, the growth of our channel partner ecosystem, and its importance to our end customers, represents a valuable competitive moat.

Operations

PCI Pal has consistently achieved exceptional customer and partner retention. The reliability of our platform from which we deliver our services is a foundation of this key metric performance. As the first to launch a true public cloud platform in our market we have the most mature cloud platform offering in the space and as a result we have continued to deliver top percentile service uptime statistics. Across FY24 we achieved in excess of 99.999% availability across our global cloud platform, with three straight quarters at 100% uptime. This sort of exceptional performance is testament to PCI Pal's product and engineering teams that we increased investment in from FY22 onwards.

In the year we rolled out a new support portal for customers to interact with us through a single, easy-to-use support environment that is optimised to minimise response times. The results of the launch were that we have reduced response times by nearly a third, and in the year, we have consistently achieved better than our own SLA targets. Reflecting these improvements customer satisfaction has increased further to 90% (FY23: 85%).

Further operational gains were delivered in the Company's new customer deployment capabilities which we have historically measured using a time to go live ("TTGL") metric. Across FY24 whilst TTGL was relatively flat year on year overall, we in fact improved TTGL for higher value (projects those in excess of £25k ACV in value) by more than 10%[6].

To see these improvements coming from the same level of professional services resource year on year speaks to our improving efficiency. In FY24 we delivered 20% more projects than FY23, with the revenue value of those projects also increasing by the same amount (20%) year on year. These statistics support our confidence levels that the operating core we have built for this business is suited to further scale and to do so cost effectively. We expect to see further improvements in TTGL across the coming 12 months as our product enhancements empower reduced deployment times across all customer types and sizes, with professional services and custom work being allowed to focus more on larger customer projects.

Market Overview

Overview

Today PCI Pal sells its products primarily into the contact centre markets in its regional focus areas which are North America, UK, and ANZ. Outside of these focus regions, the Company leverages its global cloud platform and partner eco-system to reach into other territories including mainland Europe, APAC, and LATAM. These three regions represent further growth opportunities for PCI Pal as the business continues to scale.

The US and UK are the two largest contact centre markets in the world. In both countries, workforces in contact centres are substantial with between 2-4% of national working populations estimated to be working in those environments[2]. This scale is similar across ANZ and Europe as well. We estimate that between 60-70% of these environments handle sensitive payment data, which has been our key addressable market today.

Contact centres have long since evolved from lower service level cost centres to, today, where they represent the front line for many customer experience touchpoints for organisations across the globe. Recent research[3] shows that customer experience within contact centres in B2C environments is perceived to be on par with quality of product or service being provided as the most important success factor for customer interactions. These being ahead of, for example, the price of those services. Customer experience is therefore key.

The need for secure customer interactions

Security requirements for contact centres became more challenging with the on-set of the pandemic which accelerated the work-from-home trend that many businesses operate in today's post-pandemic world. Today, more than 75% of agents working in contact centres in the US and UK either work from home or have hybrid working locations between home and office. Home-working of any kind presents an increased challenge for data security, particularly around payments which is the most sensitive personal data from a data theft perspective. PCI Pal's solutions remove sensitive data from the agent's environment entirely, so whether the agent is in an office or contact centre, or working from home, they are not exposed to sensitive customer data.

Digital transformation in contact centres

Digital transformation has positively impacted a contact centre's ability to provide a broader set of options to facilitate customer interactions and a positive customer experience. Contact centres today handle any contact touch-points with customers outside of in-store interactions including telephone (live voice interactions), email, web chat, telephone (automated IVR), and any number of other digital interactions such as SMS and social media. We are seeing companies embrace the choice to suit each individual customer's contact preference, however, the shift to digital is happening relatively slowly still today. For example, over 70% of customer interactions are still carried out by telephone (voice) in the United States. Of the growing digital channels, email and web chat make up over 25% of interactions[4]. PCI Pal has solutions that cover the breadth of this omnichannel customer engagement mix.

The adoption of Artificial Intelligence ("AI") is growing in the contact centre market[5]. To date its main use across customer interactions has been within web chat where "chatbots" are used to interact on basic tasks with customers rather than live agents. These chatbots have historically used rule-based configurations, however, with the advancement of technology in the space we are beginning to see conversational AI vendors providing both chatbot and voicebot solutions to the market which are driven by natural language processing, which in essence is more what we would typically expect of AI-capability.

PCI Pal has partnered with a number of conversational AI vendors, including Converse360 and Poly AI where we have integrated our secure payment solutions to their products to remove sensitive cardholder data from their environments and also support their own customers to achieve de-risking goals and compliance objectives. Whether we are securing a bot or an agent, PCI Pal's solutions are very similar and delivered in a relatively similar fashion.

AI is here to stay and will evolve within the contact centre market. At PCI Pal we see opportunity from AI in our market, opening up new partner potential for the Group whilst making customer interactions more sophisticated which is consistent with our product roadmap direction. That said we do not expect to see a pivot from live agents to AI voice or chatbots, rather we expect to see an evolutionary shift, similar to the digital transformation contact centres have gone through in the last 10 years. More complex and high value interactions are going to be funnelled to highly skilled agents, with more basic and mid-level tasks carried out optionally by AI solutions as they advance in capability.

Product Update

In FY22, the Company increased investment into its engineering and product functions in order to enhance the core product suite and grow its addressable market. We did this by introducing new products and features driving on-going strong customer retention, as well as creating additional upsell and cross-sell opportunities to drive future NRR.

I'm pleased to say that FY24 has been another year of real progress in these plans. Across the year we have delivered a number of key roadmap objectives including:

- The introduction and full launch of a new user interface that drives an enhanced user experience, both for the agent / business user and consumer across all voice and digital channels. The new interface incorporates all of the additional payment methods available in PCI Pal today, such as digital wallets, open banking, and buy now pay later services.
- Improved data analytics capabilities that are providing insights and data to our customer success team around adoption and usage of our products and services. This is the first of a number of enhancements expected as a result of continued strengthening of the Company's data backbone.
- A significant enhancement to our payment services architecture which includes a new standardised integration method for all payment services with which PCI Pal integrates. This enhancement is expected to substantially reduce the work-effort for PCI Pal when integrating to third parties which is in-turn expected to drive down time to revenue across customer deployments. This functionality is a key stepping stone towards true self-provisioning for small to mid-market customers.
- A fast start payment processing option for small to mid-market customers leveraging partnerships with well-known international payment providers, including Stripe, that is creating the opportunity for PCI Pal to act as the payment provider. This functionality will open up the opportunity for a new revenue stream for the business, as well as also presenting a further opportunity for the Company to drive down its time to revenue.
- A new partner on-boarding integration process which will culminate in new integrated partners going live faster, with tighter integrations, and higher levels of integrated productisation with the partner's own product suite. This methodology has been utilised on the new Zoom integrations, and we are expecting to see long term deployment efficiencies as a result.

Having focused our earlier stage engineering efforts on the innovation around third party (partner) integrations and the reliability of our global cloud platform, we are now enhancing the core cloud platform. Long term this will add to the Company's addressable market opportunity by broadening PCI Pal's value proposition, as well as enhancing the core business model today.

Settlement and full resolution to unfounded patent law suit

In the year we were very pleased to announce a full resolution to the unfounded patent lawsuits that were brought against us by a competitor, Sycurio. Sycurio filed the litigations in 2021, not long after it was acquired by the US arm of the private equity firm Livingbridge. For almost three years the Directors defended the

Company from the unfounded claims being made which culminated in a resounding victory for the Company in the High Court of England and Wales which also included successfully invalidating Sycurio's UK parent patent.

The Company was pleased to announce that following its resounding victory in both the High Court and Court of Appeal, it had reached a confidential settlement with Sycurio that resolved both the UK and US litigation in full.

In defending against these lawsuits, the last two and a half years have been a distraction to management as well as a substantial drain on cash resources, with over £4.3 million gross (£3.3 million net of a High Court award) in legal fees and associated costs being incurred. This has inevitably had some impact on the capital available to the Company to accelerate its growth momentum but, the Company is now very well positioned with a strong balance sheet to re-accelerate momentum and push forward with its stated objectives having now settled the case.

PCI Pal Intellectual Property

Invalidating our competitor's parent patent in the UK, further demonstrates PCI Pal's leading position as the company that disrupted a primarily hardware-based market, bringing the first true cloud solutions to the space. We have continued to evolve our cloud environment at pace, which has included true innovation that has now been patented by the Company. In particular, the Company's patents cover unique technology that better enables it to integrate with our partners and other third parties. Such integration naturally carries material real value to the business given our model and the importance of working with partners to contact centre technology markets. Our patents also protect our partners and the investment they make of their own to work in close partnership with PCI Pal. We are proactively monitoring the marketplace and will defend our IP if required.

Outlook

Following our success in the patent litigation that has constrained our investment into the business for the last three years, I am immensely proud of the position we have put ourselves in today in what promises to be another exciting year for the business. Having achieved continued revenue growth momentum and for the first time positive operating cash flow, we look ahead to delivering further growth in FY25 during which we will return to our plans to invest further in the business to maintain the long term growth opportunity and further build recurring revenues.

FY25 is also expected to be a progressive year for the evolution of our product-set that will see us enhance our relationships with partners and customers; generate increased operational efficiencies; and create new longer term addressable market enhancement opportunities. At the same time we are now able to fully consider all the strategic growth options available to this healthy and innovative growth business.

James Barham
Chief Executive Officer

[1]Percentage of employees at start of year still employed at end of the year (excluding planned leavers)
[2] Source: *OMDIA -Global Contact CenterMarket Forecast:*
[3]Source: Contact Babel the US CX Decision makers guide 2023-24 page 19

[4] Source: Contact Babel the US CX Decision makers guide 2023-24 Page 24
[5]Source: Contact Babel - The Inner Circle Guide to Chatbots etc 2024 - various points
[6] The reduction in time between a customer signing a contract and the contract going live

CHIEF FINANCIAL OFFICER'S REVIEW
FOR THE YEAR ENDED 30 JUNE 2024

Overview

FY24 has been an important year for the Group. We delivered another year of strong revenue growth and also achieved the Group's first full year of adjusted[3] earnings before interest, tax, depreciation and amortisation ('EBITDA') profit and positive operating cash flow.

During the year we also secured a resounding victory in the unfounded patent case with a full and final settlement of all legal proceedings, resolving a long-running cash drain and a distraction for the business.

Our focus in FY24 has been to achieve a significant swing from adjusted EBITDA[3] loss to profit and from negative to positive operating cash flow. We have achieved this through a combination of revenue growth, efficient operational delivery and careful control of costs. For FY25, from an underlying profitable base, we are looking to conservatively increase investment in sales and marketing capability in order to increase the rate of revenue growth in FY26 and beyond, and in so doing driving greater penetration in the key North American and EMEA markets.

Key Performance Indicators

The Directors monitor the performance and progress of the Group using a number of Key Performance Indicators ('KPIs). The primary KPIs used in 2024 were as follows:

The principal financial KPIs used by the Board to assess the Group's performance are as follows:

	FY 2024	% Change	FY 2023
Revenue	£17.96m	20%	£14.95m
Gross Margin %	89%	+1pt	88%
Recurring Revenue[1]	£16.06m	+24%	£12.93m
Recurring Revenue %	89%	+3pts	86%
Exit Run rate ARR[2]	£15.45m	+23%	£12.58m
Adjusted EBITDA[3]	£0.87m	+178%	(£1.11m)
Adjusted Loss before Tax[4]	(£0.57m)	+75%	(£2.31m)
Statutory Loss for the year	(£1.71m)	+65%	(£4.89m)
Adjusted cash inflow from operations/(used in) in operations[5]	£2.53m	442%	(£0.74m)
Cashflow from/(used in) operations	£1.32m	165%	(£2.02m)
Net cash	£4.33m		£1.17m
Deferred Income[6]	£14.34m		£12.23m

[1] Recurring Revenue is the revenue generated from the recurring elements of the contracts held by the Group and recognised in the Statement of Comprehensive Income in the Period
[2] Exit run rate ARR is Annual Recurring Revenue of all of the deployed contracts at the year end expressed in GBP
[3] Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is the loss on operating activities before exceptional items, depreciation and amortisation, exchange movements charged to the profit and loss and expenses relating to share option charges
[4] Adjusted loss before tax is loss before tax before exceptional items, , exchange movements charged to the profit and loss and expenses relating to share option charges
[5] Adjusted cash inflow from operations is cash from operating activities before exceptional items

[6]As restated

The principal operational KPIs used by the Board to assess the Group's performance are as follows:

	FY 2024	% Change	FY 2023
Total Contracted TACV[1]	£19.21m	+17%	£16.43m
New ACV contract sales in the Period[2]	£3.76m	-10%	£4.16m
Net Retention Rates[3]	102%	-1pts	103%
Customer Retention[4]	97%	+2pts	95%
Ratio of adjusted administration expenses to revenue[5]	92%	-11pts	103%

[1]TACV is the total annual recurring revenue of all signed contracts, whether invoiced and included in deferred revenue or still to be deployed and/or not yet invoiced
[2] ACV is the annual recurring revenue generated from a contract
[3] NRR is the net retention rate of the contracts that are live on the AWS platform rate and is calculated using the opening total value of deployed contracts 12 months ago less the ACV of lost deployed contracts in the last 12 months plus the ACV of upsold contracts signed in the last 12 months all divided by the opening total value of deployed contracts at the start of the 12 month period
[4] Customer retention is calculated using the formula: 100% minus (the ACV of lost deployed contracts on the AWS platform in the last 12 months divided by the opening total value of deployed contracts 12 months ago expressed as a percentage)
[5] Administration expenses (before exchange movements charged to the profit and loss, exceptional items and expenses relating to share option charges) as a proportion of revenue

Revenue and gross margin

The Group delivered another year of strong revenue growth of 20% (2023: 25%), increasing revenue to £17.96 million from £14.95 million in FY23.

£000's	FY 2024	FY 2023
Licence and usage fees	16,055	12,930
Other	-	-
Recurring revenue	**16,055**	12,930
Transaction fees	318	614
Set up and professional fees	1,587	1,406
Non-recurring revenue	**1,905**	2,020
Total revenue	**17,960**	14,950

Recurring revenues increased to 89% of total revenue (2024: £16.05 million) from 86% (2023: £12.93 million) in FY23. Recurring revenue is predominantly generated from licences as a result of the Group's subscription-based SaaS revenue model. Licences typically have an initial 12-month term and include an automatic renewal clause for further 12-month periods thereafter. Average initial contract lengths are currently 22 months; however, PCI Pal has exceptional customer retention rates (97%) so the vast majority of contracts simply auto-renew at the end of the initial term.

Non-recurring revenue arises from set-up, installation and professional services fees charged by the Group at the inception of the contract. The set-up, installation and professional services fees are paid up-front by the customer and initially recorded as deferred income on the balance sheet. The income is released from deferred income and recognised as revenue in the consolidated statement of comprehensive income over the estimated term of the contract, in line with the recognition of the revenue from underlying licence and usage fees. Also included in non-recurring revenue are transaction fees from short-term contracts, not included in TACV.

The US is the largest contact centre market in the world and therefore a key focus for the Group's growth plans. During the year, the North America region achieved another strong performance with growth in revenue of 32% to £6.29 million (2023: £4.75 million). The EMEA region (which for PCI Pal today is predominantly the UK market) achieved robust growth in revenue of 13% to £11.26 million (2023: £9.96 million). In ANZ the Group managed growth in revenue of 83% to £0.42 million (2023: £0.23 million).

In FY24, the Group added new sales with an Annual Contract Value ('ACV') of £3.76 million (2023: £4.16 million), with 70% sourced from the Group's partner ecosystem. The lower headline ACV growth rate achieved in FY24 reflects the timing of signing one of the Company's largest new contracts towards the end of FY23. The underlying new business trend in the year is strong on a quarter to quarter basis

Total Annual Recurring Revenue ('ARR'), defined as annual recurring revenue of all deployed contracts as measured at the end of the financial year, and TACV are key forward-looking indicators of underlying recurring revenue growth in the business. During FY24, the Group delivered a 23% increase (2023: 14%) in ARR from £12.58 million in FY23 to £15.45 million in FY24. This demonstrates the success of the Group's partner eco-system in driving sales growth and growing its market share.

Total Annual Contract Value ('TACV'), defined as the total annual recurring revenue of all signed contracts, whether invoiced and included in deferred income or still to be deployed and/or not yet invoiced, is a measure of the Group's total contracted recurring revenue pipeline of signed contracts. TACV removes the impact of the time between signing a contract and the point in time the delivery of the contract is complete and when the revenue can then begin to be recognised in the consolidated statement of comprehensive income. This timing difference in recognising the revenue can be impacted by the availability of resources of the end customer, technical work required from the channel partner that is independent of our product, and the efficiency of our professional services team in progressing the customer deployment processes. The most common cause for time delays between signing and revenue recognition is from the customer or partner side over which PCI Pal has less influence. For instance, it is common for PCI Pal to be part of a wider project that our partner is responsible for delivering. Where this occurs, the PCI Pal project might be considered by the Company to be "on-hold" until the PCI Pal phase is capable of being delivered. During FY24, TACV grew 17% to £19.21 million, including £3.18 million (2023: £3.08 million) in deployment and £0.58 million (2023: £0.77 million) currently on hold.

The Group has achieved excellent customer retention in the year with GRR improving to 97% (2023: 95%).

Gross margin increased again to 89% (2023: 88%) reflecting the high concentration of customers billed primarily with high margin, recurring licence fees.

Alternative Performance Measures
The Group's preferred measures of the underlying financial performance of the business are adjusted EBITDA, adjusted operating profit and adjusted operating cashflow which exclude items that could distort the understanding of the performance for the year and the comparability between periods. The Directors believe these Alternative Performance Measures reflect the underlying performance of the business and provide a meaningful comparison of how the business is performing.

A reconciliation of the underlying financial measures to statutory measures is shown below:

	FY 2024			FY 2023		
£000's	**Adjusted**	**Adjustments**	**Statutory**	**Adjusted**	**Adjustments**	**Statutory**
EBITDA[1]	868	(1,148)	(280)	(1,112)	(2,584)	(3,696)
Operating loss	(567)	(1,095)	(1,662)	(2,598)	(2,254)	(4,852)
Loss after taxation	(84)	(1,095)	(1,179)	(2,638)	(2,254)	(4,892)
Cashflow from/(used in)	2,528	(1,212)	1,316	(737)	(1,279)	(2,016)

operations Free cashflow[2]	965	(1,212)	(247)	(2,440)	(1,279)	(3,719)

[1] Loss on operating activities before depreciation and amortisation
[2] Net increase/(decrease) in cash excluding net proceeds from issue of shares

The adjustments comprise:

£000's	FY 2024		FY 2023	
	Profit impact	**Cashflow Impact**	**Profit impact**	**Cashflow Impact**
Exceptional patent case costs (net of costs awarded)	497	1,084	1,982	1,279
Exceptional restructuring costs	297	128	-	-
Share based payments	301	-	272	-
	1,095	1,212	2,254	1,279
Exchange losses	53	-	330	-
	1,148	1,212	2,584	1,279

During FY24, the Group delivered a very pleasing combination of strong revenue growth, adjusted EBITDA profitability and positive cash flow. The growth in revenue reflects the investments made in sales and marketing and product development over the last few years and the Company's high GRR. The growth in revenue continues to be a key driver of the growth in adjusted EBITDA profitability of the business going forward.

Administrative expenses

Underlying administration expenses (excluding exceptional costs, share based payments and exchange gains/losses) have increased by just 8% to £16.53 million (2023: £15.36 million). This compares to a 19% increase from FY22 to FY23 and signifies the operational efficiencies available to the business as it scales further.

The underlying administration expenses can be analysed as follows:

£000's	FY 2024	FY 2023
Total administration expenses	17,683	17,948
Less exceptional costs (see above)	(1,148)	(2,584)
Underlying administration expenses	**16,535**	15,364
Analysed as follows:		
Personnel costs	**12,845**	12,040
Platform costs	**1,094**	950
Depreciation/amortization costs	**1,382**	1,156
Capitalised development costs	**(1,825)**	(1,550)
Other	**3,039**	2,768
	16,535	15,364

Personnel costs (including commission, bonuses, recruitment, training, contractors and travel & subsistence expenses) increased 7% during the year and represents 78% of total underlying administration expenses (2023: 78%). Total headcount (excluding non-executive directors) increased from 114 employees in 2023 to 119 at the end of the financial year, primarily relating to engineering and professional services.

Of the total personnel costs incurred by the Group and charged to the consolidated statement of comprehensive income, £1.83 million (2023: £1.55 million) was capitalised under IAS 38 as internal development expenditure of the AWS cloud platform. Amortisation of previously capitalised development spend was £1.19 million in the year (2023: £0.96 million). Platform operating costs, the majority of which relates to the AWS cloud platform, were £1.09 million (2023: £0.95 million), up 15% year-on-year, reflecting

the increased level of activity in the year and the scalability of the AWS platform. Other administration expenses including insurance, office costs, marketing costs, compliance and plc costs, increased by 12% during the year to £3.11 million (2023: £2.77 million). We note that insurance accounts for the majority of that uplift with premiums for technology companies in the payment space increasing substantially.

Underlying administration expenses as a proportion of reported revenue has fallen from 103% in FY23 to 92% in FY24, demonstrating the tight control on costs during the year and the operational leverage that is achievable with our SaaS business model.

Exceptional costs
During FY24 the Group secured a full and final settlement in the unfounded patent litigation it had been involved in since September 2021.

The impact on the Group of this unfounded litigation is summarised as follow:

£000's	Incurred	Recovered	Net Cost	Paid	To Pay
FY 2022	797	-	797	(693)	104
FY 2023	1,982	-	1,982	(1,279)	703
FY 2024	1,564	(1,067)	497	(1,084)	(587)
	4,343	(1,067)	3,276	(3,056)	220

The Group incurred £1.56 million of legal and other costs relating to the unfounded patent case during FY24 (and an aggregate total of £4.34 million since the litigation commenced in 2021). Following the successful Court of Appeal hearing in May 2024, which upheld the original ruling of the High Court in favour of the Group and dismissed all claims against the Group, the £1.1 million award made by the High Court on 19 December 2023 was released from escrow and paid to the Company.

The cost of the litigation incurred in FY24 (net of the High Court award) and charged to the consolidated statement of comprehensive income as an exceptional item was £0.50 million (2023: £1.98 million). The amount paid by the Group during the year, net of the monies received from the award, was £1.08 million (£1.28 million), leaving £0.22 million (£0.59 million) that was paid post Period end. This brings an to end the litigation.

During the year the Group also incurred exceptional costs of £0.12 million relating to a re-organisation of the Group's Marketing team and regional sales teams and £0.17 million (being £0.14 million plus employer taxes and legal costs) relating to the departure of the Group's former CFO.

Adjusted EBITDA
The reconciliation of adjusted EBITDA to the statutory reported loss before taxation is provided below:

£000's	FY 2024	FY 2023
Adjusted EBITDA Profit (loss)	868	(1,112)
Adjustments for:		
Depreciation of equipment & fixtures	(116)	(110)
Amortisation of intangible assets	(1,266)	(1,046)
Exchange losses	(53)	(330)
Adjusted operating loss	(567)	(2,598)
Net financing costs	(52)	(39)
Adjusted loss before taxation	(619)	(2,637)
Adjustments for:		
Exceptional patent case costs (net)	(497)	(1,982)
Exceptional restructuring costs	(297)	-
Share based payments	(301)	(272)

Reported loss before taxation	(1,714)	(4,891)

The Group achieved an adjusted EBITDA profit in FY24 of £0.87 million, representing a £1.98 million swing from an adjusted EBITDA loss of £1.12 million in FY23. This has been achieved through a combination of strong growth in recurring revenue and tight control of administrative expenses. After deducting amortisation of intangible assets of £1.27 million (2023: £1.05 million) and depreciation of equipment and fixtures of £0.12 million (2023: £0.11 million) and exchange losses, the Group made an adjusted operating loss of £0.57 million (2023: loss £2.60 million). Including the impact of exceptional costs of £0.79 million (2023: £1.98 million) and share based payments of £0.30 million (2023: £0.27 million), the statutory operating loss was £1.66 million compared to a loss of £4.85 million in FY23.

The analysis of the Group's adjusted EBITDA profit/(loss), adjusted operating profit/(loss) and statutory operating profit/(loss) in FY24 and FY23 by region is shown below:

£000's	**EMEA**	**North America**	**ANZ**	**Central**	**Total**
FY24					
Revenue	11,257	6,286	417	-	17,960
Gross Profit	9,391	6,215	415	-	16,021
Adjusted administrative expense	(7,810)	(6,923)	(665)	(1,137)	(16,535)
Adjusted EBITDA	2,961	(708)	(248)	(1.137)	868
Adjusted operating profit/(loss)*	1,581	(708)	(250)	(1,137)	(514)
Statutory operating profit/(loss)	1,312	(1,573)	(266)	(1,135)	(1,662)
FY23					
Revenue	9,964	4,752	229	-	14,945
Gross Profit	8,182	4,687	227	-	13,096
Adjusted administrative expense	(7,613)	(6,246)	(506)	(999)	(15,364)
Adjusted EBITDA	1,723	(1,559)	(277)	(999)	(1,112)
Adjusted operating profit/(loss)*	569	(1,559)	(279)	(999)	(2,268)
Statutory operating profit/(loss)	524	(2,510)	(304)	(2,562)	(4,852)

*Including exchange losses

The EMEA region delivered a 13% increase in reported revenues of £1.30 million to £11.26 million (2023: £9.96 million), with a gross profit up by £0.58 million in FY24. Adjusted administrative expenses (before exchange rate movements and exceptional costs) were ~3% higher than FY23, resulting in the region achieving a £1.01 million improvement in adjusted operating profit. Adjusted administration costs are shown net of royalty income of £1.56 million (2023: £1.19 million) received from the North America region for operational and other services received. Adjusted operating profit margin increased to ~14% in FY24 from ~6% in FY23. Statutory operating profit increased to £1.32 million from £0.52 million in FY23.

The North America region delivered an increase in reported revenue in FY24 of £1.53 million to £6.29 million (2023: £4.8 million), at a gross margin of 99% (2023: 99%). Underlying operating losses were substantially reduced by more than £0.85 million, demonstrating the high operating leverage of the Group's partner-driven recurring revenue model, bringing the region close to a breakeven position. The statutory operating loss narrowed to £1.57 million from a loss of £2.5 million in FY23).

ANZ region (with operations starting in FY22) grew revenues by 82% to £0.42 million (2023: £0.23 million). Underlying administrative expenses increased by £0.15 million (including royalties paid to EMEA of £0.1 million), giving an adjusted operating loss of £0.25 million, broadly in line with FY23.

The Central region primarily comprises the central administrative costs including the regulatory and other activities required for an AIM-quoted company. The statutory operating loss reduced by 56% to a loss of £1.13 million from £2.56 million in FY23.

Further detailed segmental information is shown in note 10.

Loss after tax

Group adjusted loss before tax of £0.62 million (2023: loss of £2.64 million) is after charging net interest expense of £0.05 million (2023: expense £0.04 million). Including the impact of exceptional costs of £1.10 million (2023: £2.25 million) the Group recorded a statutory loss for the year of £1.18 million (2023: £4.89 million).

During the year, the Group received £0.53 million in cash relating to the R&D tax credit claim covering FY21 and FY22. This claim had been delayed by HMRC to conduct an enquiry into the claims being made. HMRC has now closed their enquiry without making any adjustment to the claim submitted by the Company.

The adjusted loss after tax for the year was £0.01 million (2023: loss of £2.64 million), compared to a statutory loss after tax for the year (including the impact of exceptional costs) of £1.18 million (2023: loss £4.89 million).

Assets

The Group had total assets of £15.52 million (2023: £11.51 million). Non-current assets increased by £0.76 million to £5.73 million (2023: £4.97 million), primarily due to the capitalisation of a further £1.83 million (2023: £1.60 million) of internal development costs, as required by IAS 38, less amortisation of £1.13 million (2023: £0.90 million) for the year. Other receivables due after more than one year, being mainly deferred commission costs earned by employees for winning new contracts, remained largely unchanged at £1.51 million.

Current assets were £9.79 million (2023: £6.54 million), including cash and cash equivalents of £4.33 million (2023: £1.17 million). Trade receivables due within one year were £3.55 million, in line with FY23. Debtor collection rates improved again during the year, with overdue debtors reducing from 27% in FY23 to 16% in FY24 and debtors more than one month overdue decreasing from 19% to 4% during the FY24. Deferred costs due within one year, mainly relating to the commission earned by employees for securing new contracts, and which are capitalised on the balance sheet under IFRS 15 and released to administrative expenses over the estimated economic life of the related contract, increased to £0.94 million (2023: £0.74 million). Current and non-current deferred costs increased by £0.20 million during the year to £2.40 million. Other prepayments of £0.94 million were in line with FY23.

Liabilities

A prior period adjustment was identified during the audit relating to the historical timing of revenue recognition. The total impact of the adjustment is an increase in deferred income and net liabilities of £0.41 million in FY22 and FY23. Please see note 27 of the financial statements for further detail.

Current liabilities were £15.69 million (2023: £12.14 million). Deferred income, which includes annual licence fees invoiced in advance and set-up and professional fees which have not reached a stage where the revenue is recognised and is due in less than one year, increased to £12.62 million (2023: £8.36 million) during the year. The increase in the year reflects the Group's growing ARR base, and the reduction in deferred income previously shown in non-current liabilities. Trade payables decreased during the year by £1.03 million to £0.74 million (2023: £1.77 million), primarily due to the patent case liabilities which were substantially settled during the year. Other current liabilities, including social security and taxes, right of use lease liabilities and accruals increased by £0.32 million over FY23, the majority of which relates to social security and other taxes.

Non-current liabilities, consisting of deferred income and rights of use lease liability, were £1.80 million (2023:

£3.89 million). The £2.10 million reduction in deferred income in FY24 arises from contracts where customers have paid in advance for multiple years' licences, brought forward from 30 June 2023, and which are now classified in current liabilities, based on the remaining time left on the contracts. The aggregate level of deferred income included in current and non-current liabilities was £14.34 million (2023: £12.23 million), consistent with the growth in new ACV contract sales.

Net liabilities
Net liabilities reduced to £1.97 million from £4.52 million in FY23. The factors driving the reduction liabilities during the year are described in the previous paragraphs, of which the £3.16 million increase in cash held at the year-end is a significant element.

Cashflow and liquidity
For the first time PCI Pal generated cash from operations of £1.32 million (2023: outflow £2.02 million). After adjusting for exceptional items, the Group delivered positive adjusted cashflow from operations of £2.53 million (2023: cash outflow of (£0.74) million). This very significant £3.27 million swing has been delivered through the combination of strong revenue growth, improved operational delivery and tight control of costs. It also demonstrates the capability for strong underlying cash conversion inherent in our subscription-based, partner-first business model.

Cash outflows from investing activities during the year were £2.00 million (2023: £1.66 million), including the capitalisation of £1.83 million (2023: £1.60 million) of internal development expenditure in the AWS cloud platform and new products and £0.16 million (2023: £nil) of external licences and software. A further £0.05 million (2023: £0.06 million) related to capital expenditure on tangible assets such as computer equipment for employees.

Net cash inflows from financing activities were £3.37 million (2023: outflow £0.04 million). The FY24 cash inflow arose from a fundraise on 12 March 2024, where the Group raised net cash proceeds of £3.26 million (2023: £Nil) through the issue of 6,250,000 ordinary shares at a price of 56 pence per share, representing approximately 9.5 per cent. of the Company's then issued share capital (excluding shares held in treasury). The placing was significantly oversubscribed, and the issue price was equivalent to the closing mid-market price per ordinary share on 11 March 2024. During the year, the Group also generated £0.15 million (2023: £Nil) cash inflow from the exercise of employee share options.

Adjusted free cash inflow (net increase in cash in the year excluding the net proceeds from the issue of equity and adjusting for the exceptional costs discussed above) was £0.97 million (2023: outflow of (£2.44) million). This is the first time PCI Pal has generated positive adjusted free cash flow, another significant milestone for the Group and a substantial year to year positive swing. After including the net cash proceeds from the issue of shares and deducting the cash outflow in the year from exceptional costs, the net increase in cash in the year was £3.16 million (2023: decrease £3.72 million).

Gross cash as at 30 June 2024 was £4.33 million (2023: £1.17 million). This represents a significant strengthening of the balance sheet, leaving the Group well placed to make some additional near term investment for profitable growth and to take advantage of any upcoming, longer term strategic opportunities.

The Group has a £3 million, multicurrency, revolving facility with HSBC, with availability based on the level of assets and liabilities at the time of drawing. The facility was undrawn at the end of the financial year and matures on 31 July 2026. Further details on the loan can be found in Note 21.

Going concern
The Group has reported a statutory loss after tax for the year ended 30 June 2024 of £1.18 million (2023: £4.89 million) and a net increase in cash of £3.16 million (2023: decrease of £3.72 million). Importantly, as reported above, the Group generated positive adjusted cashflow from operations and positive adjusted free cashflow in the year. At 30 June 2024, the Group held cash and cash equivalents of £4.33 million (2023: £1.17 million) and access to the undrawn revolving credit facility of up to £3 million (based on the level of assets and liabilities at the time of drawing). This represents a significant improvement in liquidity from FY23.

The Group has completed a detailed budget for FY25 and a detailed cash projection out to 31 December 2025. The budget and related cash flow projection has been stress tested under a number of different scenarios including a reduction in new ACV sales and increase in customer churn. In all of the scenarios, the Group had sufficient financial resources to be able to continue to operate for the foreseeable future. The Directors therefore have a reasonable expectation that the Group will have adequate financial resources to continue to operate for at least twelve months from the date of signing the financial statements and consider it appropriate to adopt the going concern basis in preparing the financial statements.

Dividend

The Board is not recommending a dividend payment for the financial year (2023: Nil).

Ryan Murray
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 £000s	2023 £000s
Revenue	10	**17,960**	**14,945**
Cost of sales	10	(1,939)	(1,849)
Gross profit		16,021	13,096
Administrative expenses		(17,683)	(17,948)
Loss from operating activities		(1,662)	(4,852)
Adjusted Operating Loss		(567)	(2,598)
Expenses relating to share options		(301)	(272)
Other operating income	6	1,067	-
Exceptional expenses	6	(1,861)	(1,982)
Loss from operating activities		(1,662)	(4,852)
Finance income	7	32	3
Finance expenditure	8	(84)	(42)
Loss before taxation	5	(1,714)	(4,891)
Taxation credit / (charge)	12	535	(1)

	Note		
Loss for the year		**(1,179)**	**(4,892)**
Other comprehensive income: Items that will be reclassified subsequently to profit or loss			
Foreign exchange translation differences		20	326
Total other comprehensive income		**20**	**326**
Total comprehensive loss attributable to equity holders for the period		**(1,159)**	**(4,566)**
Basic and diluted loss per share	11	(1.74) p	(7.47) p

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	2024 £000s	As Restated* 2023 £000s	As Restated* 2022 £000s
ASSETS				
Non-current assets				
Intangible assets	13	4,097	3,216	2,661
Plant and equipment	14	118	185	238
Trade and other receivables	15	1,513	1,567	964
Deferred taxation	18	-	-	-
Non-current assets		5,728	4,968	3,863
Current assets				
Trade and other receivables	15	5,456	5,376	4,203
Cash and cash equivalents		4,332	1,169	4,888
Current assets		9,788	6,545	9,091
Total assets		15,516	11,513	12,954
LIABILITIES				
Current liabilities				
Trade and other payables	16	(15,687)	(12,141)	(11,691)
Current liabilities		(15,687)	(12,141)	(11,691)

	Note			
Non-current liabilities				
Other payables	17	(1,799)	(3,894)	(1,491)
Non-current liabilities		(1,799)	(3,894)	(1,491)
Total liabilities		(17,486)	(16,035)	(13,182)
Net liabilities		**(1,970)**	**(4,522)**	**(228)**
EQUITY				
Share capital	20	723	656	656
Share premium		17,624	14,281	14,281
Other reserves		1,223	922	650
Currency reserves		(274)	(294)	(620)
Profit and loss account		(21,266)	(20,087)	(15,195)
Total deficit		**(1,970)**	**(4,522)**	**(228)**

*As restated, relating to other payables and profit and loss account only – see note 27 to the financial statements

The Board of Directors approved and authorised the issue of the financial statements on 22 October 2024.

J Barham **Director**

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital £000s	**Share premium £000s**	**Other reserves £000s**	**Profit and loss account £000s**	**Currency Reserves £000s**	**Total Equity / (deficit) £000s**
Balance as at 1 July 2022	**656**	**14,281**	**650**	**(14,782)**	**(620)**	**185**
Impact of change	-	-	-	(413)	-	(413)
Balance as at 1 July 2022 (as restated*)	656	14,281	650	(15,195)	(620)	(228)
Share option charge (note 20)	-	-	272	-	-	**272**
Transactions with owners	**-**	**-**	**272**	**-**	**-**	**272**

Foreign exchange translation differences	-	-	-	-	326	**326**
Loss for the year	-	-	-	(4,892)	-	**(4,892)**
Total comprehensive loss	**-**	**-**	**-**	**(4,892)**	**326**	**(4,566)**
Balance at 30 June 2023 (as restated*)	**656**	**14,281**	**922**	**(20,087)**	**(294)**	**(4,522)**
Share option charge (note 20)	-	-	301	-	-	**301**
New shares issued net of costs	67	3,343	-	-	-	**3,410**
Transactions with owners	**67**	**3,343**	**301**	**-**	**-**	**3,711**
Foreign exchange translation differences	-	-	-	-	20	**20**
Loss for the year	-	-	-	(1,179)	-	**(1,179)**
Total comprehensive loss	**-**	**-**	**-**	**(1,179)**	**20**	**(1,159)**
Balance at 30 June 2024	**723**	**17,624**	**1,223**	**(21,266)**	**(274)**	**(1,970)**

*As restated, relating to other payables and profit and loss account only – see note 27 to the financial statements

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	2024 £000s	2023 £000s
Cash flows from operating activities		
Loss after taxation	(1,179)	(4,892)
Adjustments for:		
Depreciation of equipment and fixtures	116	110
Amortisation of intangible assets	1,266	1,046
Loss on disposal of equipment and fixtures	-	-
Interest income	(32)	(3)
Interest expense	58	5
Exchange differences	20	326
Income taxes	(535)	1
Share based payments	301	272
Increase in trade and other receivables	(27)	(1,776)
Increase in trade and other payables	1,329	2,895

Cash generated by / (used in) operating activities	**1,317**	**(2,016)**
Income taxes received	535	(1)
Interest paid	(58)	(5)
Net cash generated by / (used in) operating activities	**1,794**	**(2,022)**
Cash flows from investing activities		
Purchase of equipment and fixtures	(49)	(57)
Purchase of intangible assets	(155)	-
Development expenditure capitalised	(1,825)	(1,601)
Interest received	32	3
Net cash generated by /(used in) investing activities	**(1,997)**	**(1,655)**
Cash flows from financing activities		
Proceeds from Issue of shares,	3,647	-
Costs relating to issue of shares	(237)	-
Drawdown on loan facility	1,000	-
Repayment of loan facility	(1,000)	-
Principal element of lease payments	(44)	(42)
Net cash generated by / (used in) financing activities	**3,366**	**(42)**
Net increase/ (decrease) in cash	**3,163**	**(3,719)**
Cash and cash equivalents at beginning of year	1,169	4,888
Net increase / (decrease) in cash	3,163	(3,719)
Cash and cash equivalents at end of year	**4,332**	**1,169**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. AUTHORISATION OF FINANCIAL STATEMENTS

In accordance with section 435 of the Companies Act 2006, the Directors advise that the financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 30 June 2024 or 2023, but is derived from these financial statements. The financial statements for the year ended 30 June 2023 have been audited and filed with the Registrar of Companies. The financial statements for the year ended 30 June 2023 have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006. The financial statements for the year ended 30 June 2024 have been audited and

will be filed with the Registrar of Companies following the Company's Annual General Meeting. The Independent Auditors Report on the Group's statutory financial statements for the years ended 30 June 2024 and 2023 were unqualified and did not draw attention to any matters by way of emphasis and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The Group's consolidated financial statements (the "financial statements") of PCI-PAL PLC (the "Company") and its subsidiaries (together the "Group") for the year ended 30 June 2024 were authorised for issue by the Board of Directors on 22 October 2024 and the Chief Executive, James Barham signed the balance sheet.

2. NATURE OF OPERATIONS AND GENERAL INFORMATION

PCI-PAL PLC is the Group's ultimate parent company. It is a public limited company incorporated and domiciled in the United Kingdom. PCI-PAL PLC's shares are quoted and publicly traded on the AIM division of the London Stock Exchange. The address of PCI-PAL PLC's registered office is also its principal place of business.

The parent company operates principally as a holding company. The main subsidiaries provide organisations globally with secure cloud payment and data protection solutions for any business communication environment.

3. STATEMENT OF COMPLIANCE WITH IFRS

The principal accounting policies adopted by the Group are set out in Note 4. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these financial statements.

Changes in accounting policies

There were no changes in accounting policies during the financial year.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*).
- Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*);

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023. IFRS 16 Leases has bee removed as a critical accounting estimate.

The preparation of the financial statements requires the use of certain critical accounting estimates and assumptions and also requires management to exercise judgement in the process of applying the Group's accounting policies. The Directors have identified the critical accounting estimates and assumptions in note 4 s) and the critical accounting judgements in note 4 t) used in the preparation of these financial statements and summarised the material accounting policy information, as set out in note 4 below.

Standards and interpretations in issue but not yet effective
At the date of authorisation of these financial statements, there are a number of other amendments and clarifications to IFRS effective in future years, which are not expected to significantly impact the Group's consolidated results or financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION

a) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with the accounting policies set out below, and under the historical cost convention. These are in conformity with UK adopted international accounting standards “IFRS’s” and the requirements of the Companies Act 2006.

The financial statements are presented in pounds sterling (£) rounded to the nearest £1,000, which is also the functional currency of the parent company.

b) Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings (see Note 19) drawn up to 30 June 2024. A subsidiary is a company controlled directly by the Group and all of the subsidiaries are 100% owned by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Unrealised gains on transactions within the Group are eliminated on consolidation.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group has utilised the exemption (within IFRS 1) not to apply IFRS to pre-transition business combinations. All other subsidiaries are accounted for using the acquisition method.

c) Going concern

The Group’s activities and an outline of the developments taking place in relation to its products, services and markets are considered in the Chief Executive’s statement. The principal risks and uncertainties and mitigations are included in the Strategic Report.

Note 21 to the consolidated financial statements sets out the Company’s financial risks and the management of capital risks.

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate for the following reasons:

The Group meets its day-to-day working capital requirements through its cash balances and trading receipts and a revolving credit facility with a maximum borrowing of up to £3 million (subject to covenant tests continuing to be met). Cash balances for the Group were £4.33 million at 30 June 2024. The Group has net current liabilities of £5.90 million, including £12.6 million in relation to deferred income that has been paid by customers in advance and these sums are not ordinarily recoverable by the customers.

The Board continues to monitor the Group’s trading performance carefully against its original plans, global economic pressures, such as inflation, global events and other factors affecting our core markets and products. In all circumstances the Board is satisfied mitigations can be taken to react to unforeseen adverse trends and circumstances to ensure the continues trading of the Group.

During the year the Group continued to win new contracts, recording new ACV sales of £3.76 million, as well as substantial growth in its transactional revenues. Customer retention remains high.

The Group's SaaS-based business model involves a high level of annual recurring revenue and operational leverage, which provides the Directors with a high degree of visibility of future revenues and cashflows. During the year the Group achieved positive adjusted EBITDA of £0.87 million (the loss on operating activities before depreciation and amortisation, exchange rate movements charged to the profit and loss, exceptional items and expenses relating to share option charges) and positive adjusted free cashflow of £0.97 million(net increase in cash excluding net proceeds from issue of shares), in both cases reflecting the high cash conversion rate of the Group's business model.

An operating budget and cashflow was prepared, along with an extended forecast to December 25, following detailed face-to-face meetings with all managers with a focus on building on the existing strong performance and on the product plans and roadmap.

The Board considered the prepared budgets in June and the controls in place that are designed to allow the Group to control its overhead expenditure while still maintaining its momentum and delivering market forecasts. Particular attention was paid to the potential sensitivity impacts that any adverse movement in sales and customer deployments might have on the Group's net cash position and the level of headroom achieved. During the year the Group reached a confidential settlement of all claims relating to the patent case litigation, thereby removing a potential risk relating to the Group's future cash flow forecast. The sensitivity scenarios around the budget models indicate that the Group would continue to have sufficient resources to meet its expansion plans in FY25 and continue to meet its liabilities as they fall due.

The Board also considered actions that could be taken to help mitigate the actual results if the assumptions made in the original forecast proved to be overly optimistic. At all points the Directors were satisfied in the robustness of the Group's financial position from the presented plans which, they believe, take a balanced view of the future, together with the contingencies that can be taken if the budget assumptions prove to be materially inaccurate. The Board is therefore satisfied in the Group's ability to meets its liabilities as they fall due.

The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future (and in any event for at least 12 months from the date of approval of these financial statements). For these reasons, the Directors continue to adopt the going concern basis in preparing the accounts, and so, the financial statements do not include the adjustments that would be required if the Group and Company were unable to continue operate as a going concern.

d) Revenue

Revenue represents the fair value of the sale of goods and services and after eliminating sales within the Group and excluding value added tax or overseas sales taxes. The following summarises the method of recognising revenue for the solutions and products delivered by the Group.

The Group sells long-term secure payment and data protection contracts that charge annual licence or monthly usage fees. The payment profile for such contracts also typically includes payment for one-off set up, professional services and installation fees made at the point of signature of the contract. These one-off services are deemed to be an integral part of the wider contract rather than a separate performance obligation.

(i) Revenue recognition of licence and usage fees
Revenue relating to the monthly element of the licence fee or the monthly usage fees generated in the period will be recognised monthly when the performance obligations have been met, generally from the earlier of the point the contract goes live or when the customer takes over the solution. Revenue

from telephony services is recognised as revenue at a point in time as the services are used by the customer.

(ii) Revenue recognition of the one-off set up fees
Revenue for the one-off set up, professional services and installation fees is deferred and will be recognised evenly over the estimated term of the contract, having accounted for the auto-renewal of our contracts. The estimated term of a contract is deemed to be four years, and will start being recognised as revenue starting in the month following when the contract either goes live or when the customer takes over the solution for user acceptance testing. The Board has determined that the four year period is appropriate as a typical contract normally has a minimum term of between 12 months and 36 months, but due to the automatic renewal clause it is estimated to have a four year life which is supported by historical evidence of renewal rates and periods.

There are two exceptions to the four year life estimation:

- If the contract does not have an automatic renewal clause then the deferral will be over the minimum term of that contract; and
- If the minimum term of the contract is greater than four years, that minimum term period will be used as the estimated length of the contract.

e) Deferred Costs

Costs relating to commission costs earned by employees for winning the contract will be capitalised as 'direct costs to obtain a contract' at the date the commissions payments become due and will be released to administrative expenses in monthly increments over the estimated economic length of the contract, as defined in 4d above, starting the month following the date the cost is capitalised.

f) Intangible assets

Research and development
Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset
- the Group is able to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the expenditure attributable to the intangible asset during the development can be measured reliably

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include, for example, development engineer's salary and on-costs, such as pension payments, employer's national insurance & bonuses, incurred on software development.

The cost of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired software. Where the internally generated asset relates to on-going development of the platform, the costs are capitalised and start to

be amortised in the month following. Where the costs relate to a longer term project the costs will be capitalised and held as an intangible asset until the project is launched. At that point the asset will start to be amortised starting the month following the completion of the project. Until completion of the development project, the assets are subject to impairment testing only.

Amortisation commences upon completion of the asset and is shown within administrative expenses in the statement of comprehensive income. Amortisation is calculated to write down the cost less estimated residual value of all intangible assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

- Capitalised Development 20%

Costs relating to any remediation and testing thereof are expensed.

The Directors have reviewed the development costs relating to the new AWS platform and are satisfied that the costs identified meet the tests identified by IAS 38 detailed above. Specifically, the initial platform was launched in October 2017 and has been successfully sold in Europe, North America and Australia, with further sales expected, as detailed in the Chief Executives' statement.

The Directors expect that the AWS platform will continue to be developed, as more functionality is added, and as a result it is expecting to continue to capitalise the development costs (which are primarily labour costs) into the future. Costs that have been fully amortised over their useful economic lives will be disposed of 12 months from that date, unless there is specific evidence that the asset is still available for use.

Other intangible assets
The cost of licences, company website and computer software acquired are stated at cost, net of amortisation and any provision for impairment.

- Licences 20%
- Website and Computer Software 33%

g) Land, building, plant and equipment

Land, buildings, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Disposal of assets
The gain or loss arising on disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation
Depreciation is calculated to write down the cost less estimated residual value of all equipment assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

- Fixtures and fittings 20%
- Right to use asset Length of contract
- Computer equipment 33%

Material residual value estimates are updated as required, but at least annually.

h) Leases

From 1 July 2019, each lease is recognised as a right-of-use asset with a corresponding liability at the

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

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

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

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

Payments associated with short-term leases under 12 months and leases of low value assets (less than £5,000) are recognised on a straight-line basis as an expense in the consolidated income statement.

i) Impairment testing of other intangible assets, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units 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 or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use based on an internal discounted cash flow evaluation. Any impairment loss is first applied to write down goodwill to nil and then is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised no longer exists.

j) Equity-based and share-based payment transactions

The Parent Company's share option schemes allow employees to acquire shares in PCI-PAL PLC to be settled in equity. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity in the Company accounts. The fair value is measured at grant date and spread over the period during which the employees will be entitled to the options. The fair value of the options granted is measured using either the Black-Scholes option valuation model or the Monte Carlo option pricing model, whichever is appropriate for the type of options issued. The valuations consider the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

At the date of each statement of financial position, the parent company revises its estimate of the number of equity instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment is made to equity over the remaining vesting period. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period.

The value of share-based payment is taken directly to reserves and the charge for the period is recorded

in the income statement. The company's scheme, which awards shares in the parent entity, includes recipients who are employees in all subsidiaries. In the consolidated financial statements, the transaction is treated as an equity-settled share-based payment, as the PCI-PAL has received services in consideration for equity instruments. An expense is recognised in the Group income statement for the fair value of share-based payment over the vesting year, with a credit recognised in equity.

In the parent company's and subsidiaries' financial statements, the awards, in proportion to the recipients who are employees in said subsidiary, are treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting year, with a credit recognised in equity on the subsidiary's accounts. This credit is treated as a capital contribution. In the parent company's financial statements, there is no share-based payment charge where the recipients are employed by a subsidiary, with the parent company recognising an increase in the investment in its subsidiaries reflecting a capital contribution from the parent company.

k) Taxation

Current tax is the tax payable based on the loss for the year, accounted for at the rates substantively enacted at 30 June 2024.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, accounted for at the rates substantively enacted at 30 June 2024, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year end.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited to other comprehensive income or directly to equity in which case the related tax charge is also charged or credited directly to other comprehensive income or equity.

Companies within the Group may be entitled to claim special tax allowances in relation to qualifying research and development expenditure (e.g. R & D tax credits). The Group accounts for such allowances as tax credits which means they are recognised when it is probable that the benefit will flow to the Group and that the benefit can be reliably measured. R&D tax credits reduce current tax expense and, to the extent the amounts are due in respect of them and not settled by the balance sheet date, reduce current tax payable.

l) Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in general meeting prior to the year end. Interim dividends are recognised when paid.

m) Financial assets and liabilities

The Group classifies its financial assets under the definitions provided in International Financial Reporting Standard 9 (IFRS 9), depending on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition. Management considers that the Group's financial assets fall under the amortised cost category. These are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. The Group's financial assets held at amortised cost arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. As such they comprise trade receivables, other receivables and cash and cash equivalents. Financial assets do not comprise prepayments.

The Group's financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. The exception are trade and receivables balances, which are recorded at their transaction price as they do not contain a significant financing component. The Group's financial assets are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables, being loss allowances for 'expected credit losses' (ECLs) per IFRS 9, are measured on a lifetime basis using the simplified approach set out in that financial reporting standard. The Group's method in measuring ECLs reflects:

- unbiased and probability-weighted amounts, determined using a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group has applied the practical expedient in IFRS 9 of using a provision matrix to calculate ECLs. This requires the use of historical credit loss experience, as revealed for groupings of similar trade receivable assets, to estimate the relevant ECLs.

As such, the Group has employed the following process in calculating ECLs:

- Default definition – amounts not collected are defined in accordance with the credit risk management of the Group and include qualitative factors, broadly encompassing scenarios where the customer is either unable or unwilling to pay;
- Customer contract position, whether the underlying contract has been deployed live or not;
- Collection profiles and loss rates – the collection time periods (e.g. within 30 days, 30 – 60 days, etc.) for sales made in the preceding 12-month period are gathered, amounts not collected assessed and loss rates based on ageing inferred;
- Historical periods – historic losses are reviewed over a 3-year time horizon;
- Forward-looking assessment – the Group considers relevant future economic factors affecting each group of trade receivables, giving an expected probability of default for the portfolio.

The resultant expected loss rates are applied to the ageing profile of grouped trade receivables at the balance sheet date to give the lifetime ECLs for each. This produces the loss allowances to be booked as an impairment adjustment to the carrying value of trade receivables.

Trade receivables are reported net of the resultant loss allowances. The loss is recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9.

The Group classifies its financial liabilities under the definitions provided in IFRS 9. All financial liabilities are recorded initially at fair value plus or minus directly attributable transaction costs. Except where noted, such liabilities are then measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include trade payables, bank loans and accruals. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument. Financial liabilities do not comprise deferred income.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits.

o) Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares. The shares have attached to them voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.
- "Share premium" represents the difference between the nominal and issued share price after accounting for the costs of issuing the shares
- "Other reserves" represents the cumulative charge for the Company's share option scheme
- "Profit and loss account" represent retained cumulative profits or losses generated by the Group
- "Currency reserves" represents exchange differences arising from the translation of assets and liabilities of foreign operations

p) Contribution to defined contribution pension schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period and are recognised in the Statement of Comprehensive Income.

q) Foreign currencies

Transactions in foreign currencies are translated into a Company's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the year end.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at the exchange rate applicable at the date of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income. Exchange differences arising in respect of the retranslation of the opening net investment in overseas subsidiaries are accumulated in the currency reserve.

r) Exceptional items

The Group has elected to classify certain items as exceptional and present them separately on the face of the Statement of Comprehensive Income to aid the understanding of users of the financial statements. Exceptional items are classified as those which are separately identified by virtue of their size, nature or expected frequency, to allow a better understanding of the underlying performance in the year.

s) Critical accounting estimates and assumptions

In the application of the Group's accounting policies the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other commercial and market factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis, and at least annually. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The critical accounting estimates and assumptions are summarised below:

Amortisation of capitalised development expenditure
Amortisation rates are based on estimates of the useful economic lives and residual values of the assets involved. The assessment of these useful economic lives is made by projecting the economic life cycle of the asset which is subject to alteration as a result of product development and innovation. Amortisation rates are changed where economic lives are re-assessed and technically obsolete items written off where necessary.

The remaining net book value of the capitalised development is shown in Note 13.

Contract revenue and direct costs
The Group has adopted IFRS 15. A key estimate is the term used to recognise deferred contract revenue and costs.

Having reviewed the terms and conditions of the Group's contracts it has estimated that:

- for contracts with defined termination dates, revenue will be recognised over the period to the termination date; and
- for rolling contracts with automatic renewal clauses, revenue will be recognised over 4 years, representing the Directors' current best estimate of a minimum contract term.

  The Board has estimated that the four-year period is appropriate as a typical contract normally has a minimum term of between 12 months and 36 months, but due to the automatic renewal clause it is estimated to have a 48-month life as these contracts will normally roll for a certain period.

- If the minimum term of the contract is greater than four years, the minimum term period will be used as the estimated length of the contract.

Commission costs directly linked to individual contracts will be assessed and will also be deferred over 48 months.

- Alternative accounting estimates that could have been applied – this could be the contractual period without taking into account the automatic renewal clause
- Effect of that alternative accounting estimate – increase in the revenue figure reported by an immaterial amount and an equal decrease in deferred income.

- Second alternative accounting estimates that could have been applied – this could be a longer period other than the four years, with reference to low churn rates.
- Effect of that alternative accounting estimate – decrease in the revenue figure reported by an immaterial amount and an equal increase in deferred income.

Deferred tax
The calculation of the deferred tax asset involved the estimation of future taxable profits. In the year,

the Directors assessed the carrying value of the deferred tax asset and decided not to recognise the asset, as the utilisation of the assets was unlikely in the near future. The Directors have reached the same conclusion for this accounting period and so no asset has been recognised.

- Alternative accounting estimate that could have been applied – recognition of the asset
- Effect of that alternative accounting estimate – creation of a deferred tax asset of £6,353,000 and corresponding change in the tax charge reported.

Share based payments
The fair value of share-based payments is calculated using the methods detailed in Note 20 and using certain assumptions. The key assumptions around volatility, expected life and the risk free rate of return are based on historic volatility over previous periods, the management's judgement of the average expected period to exercise, and the yield on the UK 5-year gilt at the date of issuance.

- Alternative accounting estimate that could have been applied – change the expected time to maturity of the option.
- Effect of that alternative accounting judgement – the change would result in a lower or higher option valuation, changing the charge made in the Statement of Comprehensive Income and an equal change to the share option reserve held in the Statement of Financial Position.

t) Critical accounting judgements

In the process of applying the Group's accounting policies, the Directors make various accounting judgements that can significantly affect the amounts recognised in the financial statements. The critical accounting judgements are considered to be the following:

Capitalised development expenditure
The Group exercises judgement concerning the future in assessing the carrying amounts of capitalised development costs. To substantiate the carrying amount the Directors have applied the criteria of IAS 38 and considered the future economic benefit likely as a result of the investment.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. Judgement factors include: the current sales of the AWS platform; future demand; type of additional features being added; and the resource necessary to finalise the development roadmap over the next few years. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors.

Contract revenue and direct costs
The Group has adopted IFRS 15. A key related judgement is whether the contract and direct costs has to be deferred and held in the Statement of Financial Position and recognised over the estimated economic period of the contract or alternatively released straight to the Statement of Comprehensive Income over the estimated term of the contract.

Valuation of separately identifiable intangible assets
Intangible assets are separately identified where they are capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged. Each separately identified intangible asset is amortised over a defined period. The Directors use certain judgements and assumptions to ascertain the period of amortisation to be used for the intangible asset.

5. LOSS FROM OPERATING ACTIVITIES

The loss on ordinary activities is stated after:

	2024 £000s	2023 £000s
Disclosure of the audit and non-audit fees		
Fees payable to the Group's auditors for the current year:		
The audit of Company's accounts	57	55
The audit of the Company's subsidiaries pursuant to legislation	80	52
Additional fees payable to the Group's auditors for the prior year:		
The audit of Company's accounts	11	-
The audit of the Company's subsidiaries pursuant to legislation	32	5

There were no fees payable to the Group's auditors for other services in either the current or prior year.

Depreciation and amortisation – charged in administrative expenses		
Right of use assets, equipment and fixtures	116	110
Intangible assets	1,266	1,046
	1,382	1,156
Rents payable on flexible office space	118	116
Share based payments charge	301	272
Foreign exchange loss in period	53	330

6. EXCEPTIONAL ITEMS

The exceptional items referred to in the income statement can be categorised as follows:

	2024 £000s	2023 £000s
Cost award received in respect of patent case	1,067	-
Exceptional income	1,067	-
Direct costs in respect of patent case	1,564	1,982
Direct costs in respect of internal re-organisation	297	-
Exceptional expenses	1,861	1,982

Exceptional items relate to the following:

- Costs awarded by the High Court of England and Wales received in relation to the successful outcome of the unfounded patent claim in the UK. For further details, see Note 24.
- Non-recurring legal fees and other direct costs in respect of defending the unfounded patent claim against the Group. For further details, see Note 24.
- One-off internal restructuring costs, which includes redundancy and termination payments, associated social security costs and legal fees. Included in the above, is an amount of £169,000 which was accrued at the balance sheet date and paid following the year end.

Exceptional items are presented separately in the Statement of Comprehensive Income to aid the understanding of users of the financial statements.

Alternative accounting that could have been applied would be to treat the costs as non-exceptional and not present them separately on the face of the Statement of Comprehensive Income.

7. FINANCE INCOME

	2024 £000s	2023 £000s
Bank interest receivable	32	3
	32	3

8. FINANCE EXPENDITURE

	2024 £000s	2023 £000s
Interest on bank borrowings	58	5
Other bank charges	26	37
	84	42

9. DIRECTORS AND EMPLOYEES

Staff costs of the Group, including the directors who are considered to be part of the key management personnel, paid during the year were as follows.

	2024 £000s	2023 £000s
Wages and salaries	10,950	10,034
Social security costs	1,045	965
Other pension costs	196	176
	12,191	11,175

Included in the above figures is £1,257,000 (2023: £992,000) of sales commissions paid in the year, recognised as an asset under IFRS 15 and deferred and released over the estimated life of the related contract. Similarly, the release of sales commissions under IFRS 15 of £971,000 (2023: £698,000) has been excluded from the above disclosure.

Average number of employees during the year:	2024 Heads	2023 Heads
Sales and marketing	33	33
Engineering and professional services	71	62
Administration and management	17	18
	121	113

Remuneration in respect of directors was as follows:	2024 £000s	2023 £000s
Emoluments	665	613
Bonus	179	160
Payment in lieu of notice	140	-
Pension contributions to money purchase pension schemes	32	26

Employer's national insurance and US federal taxes	123	102
	1,139	901

During the year, 3 (2023: 3) directors participated in money purchase pension schemes.

The Board consider the board of directors to be the key management for the Group. The amounts set out above include remuneration in respect of the highest paid director as follows:

	2024 £000s	**2023 £000s**
Emoluments	273	247
Bonus	154	88
Pension contributions to money purchase pension schemes	29	24
	456	359

A detailed breakdown of the Directors' Emoluments, in line with the AIM rules, appears in the Directors' Report.

10. SEGMENTAL INFORMATION

PCI-PAL PLC operates one business segment: the service of providing data secure payment card authorisations for call centre operations and this is delivered on a regional basis. The Group manages its operations by reference to geographic regions, which are reported on below. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

2024	**PCI Pal EMEA £000s**	**PCI Pal North America £000s**	**PCI Pal ANZ £000s**	**Central £000s**	**Total £000s**
Revenue	11,257	6,286	417	-	17,960
Cost of sales	(1,866)	(71)	(2)	-	(1,939)
Gross profit	9,391	6,215	415	-	16,021
	83%	99%	99%		89%
Administration expenses	(9,679)	(5,450)	(566)	(1,193)	(16,888)
Inter-company royalty	1,660	(1,556)	(104)	-	-
Exceptional items	(58)	(784)	(11)	58	(795)
Profit / (loss) from operating activities	1,314	(1,575)	(266)	(1,135)	(1,662)
Finance income	13	-	-	19	32
Finance costs	(21)	(7)	-	(56)	(84)
Profit / (loss) before tax	1,306	(1,582)	(266)	(1,172)	(1,714)

	PCI Pal EMEA	**PCI Pal North America**	**PCI Pal ANZ**	**Central**	**Total**

2024	£000s	£000s	£000s	£000s	£000s
Segment assets	9,064	4,065	122	2,265	15,516
Segment liabilities	(8,684)	(7,898)	(346)	(558)	(17,486)
Other segment items:					
Capital Expenditure - Equipment, Fixtures & Licences	296	2	1	-	299
Capital Expenditure - Capitalised Development	1,825	-	-	-	1,825
Depreciation - Equipment, Fixtures & Licences	191	1	1	-	193
Amortisation- Capitalised Development	1,189	-	-	-	1,189

2023	PCI Pal EMEA £000s	PCI Pal North America £000s	PCI Pal ANZ £000s	Central £000s	Total £000s
Revenue	9,964	4,752	229	-	14,945
Cost of sales	(1,782)	(65)	(2)	-	(1,849)
Gross profit	8,182	4,687	227	-	13,096
	82%	99%	99%		88%
Administration expenses	(8,846)	(5,313)	(531)	(1,276)	(15,966)
Inter-company royalty	1,188	(1,188)	-	-	-
Exceptional items	-	(696)	-	(1,286)	(1,982)
Profit / (loss) from operating activities	524	(2,510)	(304)	(2,562)	(4,852)
Finance income	-	-	-	3	3
Finance costs	(32)	(9)	-	(1)	(42)
Profit / (loss) before tax	492	(2,519)	(304)	(2,560)	(4,891)

2023 (as restated*)	PCI Pal EMEA £000s	PCI Pal North America £000s	PCI Pal ANZ £000s	Central £000s	Total £000s
Segment assets	8,042	3,091	170	210	11,513
Segment liabilities	(7,983)	(6,837)	(297)	(918)	(16,035)
Other segment items:					

Capital Expenditure					
- Equipment, Fixtures & Licences	53	2	2	-	57
Capital Expenditure					
- Capitalised Development	1,550	-	-	-	1,550
Depreciation					
- Equipment, Fixtures & Licences	151	-	1	-	152
Amortisation					
- Capitalised Development	900	-	-	-	900

Revenue can be split by location of customers as follows:

Customer location	2024 £000s	2023 £000s
United Kingdom	11,063	9,487
United States of America	5,841	4,304
Canada	417	394
Rest of Europe	180	496
Asia Pacific	459	264
Total	17,960	14,945

100% (2023: 100%) of all non-current assets are located in the United Kingdom and the largest customer accounted for 14% (2023: 16%) of the revenue of the Group.

11. LOSS PER SHARE

The calculation of the loss per share is based on the loss after taxation divided by the weighted average number of ordinary shares in issue during the relevant period as adjusted for treasury shares. Details of potential share options are disclosed in Note 20.

	12 months Ended 30 June 2024	12 months Ended 30 June 2023
Loss after taxation added to reserves	(£1,179,000)	(£4,892,000)
Basic weighted average number of ordinary shares in issue during the period	67,645,922	65,452,589
Diluted weighted average number of ordinary shares in issue during the period	76,418,839	73,794,673
Basic and diluted loss per share	(1.74) p	(7.47) p

There are no separate diluted loss per share calculations shown as it is considered to be anti-dilutive.

12. TAXATION

	2024 £000s	2023 £000s
Analysis of charge in the year		

Current tax:		
In respect of the year:		
Corporation tax based on the results for the year	-	-
R & D Tax credit received	536	-
Foreign corporate taxes paid	(1)	(1)
Total current tax credit / (charge)	535	(1)
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax charged	-	-
Tax on profit on ordinary activities (charged) / credited	535	(1)

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year was higher (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 25%).

	2024 £000s	**2023 £000s**
Loss on ordinary activities before tax	(1,714)	(4,891)
Tax on loss on ordinary activities at standard UK rate of taxation of 25% (2023: 25%)	(428)	(1,223)
Effects of:		
Overseas tax rates	64	28
Expenses not deductible for tax purposes	69	78
R & D tax credit received	536	-
Fixed asset differences	-	(4)
Share based payments	(17)	(1)
Minimum US state taxes paid in year	(1)	(1)
Origination and reversal of timing differences on unrecognised deferred tax losses	376	1,150
Effect of different tax rates applied in overseas jurisidctions	(64)	(28)
Total tax credited / (charged) for the year	535	(1)

The Group has unrecognised tax losses carried forward of £24.6 million (2023: £23.1 million).

Approximately 4% (2023: 6%) of the total carried forward tax losses will expire in 2038 if no taxable profits are generated to offset the loss carry forwards. These tax losses are held in the Group's US

subsidiary with the remaining US trading losses being available indefinitely but only to offset up to 80% of the taxable profits in any given year.

The R&D tax credit received in FY 2024 is in relation to financial years 2021 and 2022.

13. INTANGIBLE ASSETS

2024	Licences £000s	Capitalised Development £000s	Website and Computer Software £000s	Total £000s
Cost:				
At 1 July 2023	427	5,939	226	6,592
Additions	250	1,825	72	2,147
Disposals	-	(951)	(64)	(1,015)
At 30 June 2024	677	6,813	234	7,724
Amortisation (included within administrative expenses):				
At 1 July 2023	283	2,962	131	3,376
Charge for the year	77	1,126	63	1,266
Disposals	-	(951)	(64)	(1,015)
At 30 June 2024	360	3,137	130	3,627
Net book amount at 30 June 2024	317	3,676	104	4,097

2023	Licences £000s	Capitalised Development £000s	Website and Computer Software £000s	Total £000s
Cost:				
At 1 July 2022	427	4,389	175	4,991
Additions	-	1,550	51	1,601
At 30 June 2023	427	5,939	226	6,592
Amortisation (included within administrative expenses):				
At 1 July 2022	198	2,062	70	2,330
Charge for the year	85	900	61	1,046
At 30 June 2023	283	2,962	131	3,376
Net book amount at 30 June 2023	144	2,977	95	3,216

14. PLANT AND EQUIPMENT

2024	Right of use Asset £000s	Fixtures and Fittings £000s	Computer Equipment £000s	Total £000s
Cost:				
At 1 July 2023	128	27	240	395
Additions	-	-	49	49
Disposals	-	(15)	(35)	(50)

At 30 June 2024	128	12	254	394
Depreciation (included within administrative expenses):				
At 1 July 2023	64	18	128	210
Charge for the year	43	2	71	116
Disposals	-	(15)	(35)	(50)
At 30 June 2024	107	5	164	276
Net book amount at 30 June 2024	21	7	90	118

2023 **Cost:**	**Right of use Asset £000s**	**Fixtures and Fittings £000s**	**Computer Equipment £000s**	**Total £000s**
At 1 July 2022	128	34	195	357
Additions	-	-	57	57
Disposals	-	(7)	(12)	(19)
At 30 June 2023	128	27	240	395
Depreciation (included within administrative expenses):				
At 1 July 2022	21	23	75	119
Charge for the year	43	2	65	110
Disposals	-	(7)	(12)	(19)
At 30 June 2023	64	18	128	210
Net book amount at 30 June 2023	64	9	112	185

15. TRADE AND OTHER RECEIVABLES

Due within one year	**2024 £000s**	**2023 £000s**
Trade receivables	3,551	3,508
Accrued income	27	149
Deferred costs	938	739
Other prepayments	940	974
Other debtors	-	6
Trade and other receivables due within one year	5,456	5,376

Due after more than one year	2024 £000s	2023 £000s
Deferred costs	1,466	1,464
Other prepayments	47	103
Trade and other receivables due after one year	1,513	1,567

The fair value of all amounts are considered to be approximately equal to their carrying value. The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables balance. Trade receivables are reviewed at inception under an expected credit loss model, and then subsequently at each period end for further indicators of impairment, and a provision has been recorded as follows:

	2024 £000s	2023 £000s
Opening provision at 1 July	-	1
Credited to income	-	(1)
Closing provision at 30 June	-	-

There are no impaired trade receivables at the reporting dates. In addition, there are non-impaired trade receivables that are past due at the reporting date:

	2024 £000s	2023 £000s
0-1 month past due	436	279
1-2 months days past due	36	322
Over 2 months past due	106	332
	578	933

The carrying value of trade receivables is considered a reasonable approximation of fair value. All of the receivables have been reviewed for indicators of impairment. The movement in the expected credit losses (ECLs) provision is shown above. Trade receivables are recorded and measured in accordance with Note 4 above. The Group applies the IFRS 9 simplified approach to measuring ECLs using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end, the future economic conditions of the country relating to the overdue debtor and the contract position of each overdue debtor.

16. CURRENT LIABILITIES

	2024 £000s	As restated* 2023 £000s
Trade payables	738	1,766
Social security and other taxes	563	350
Deferred Income	12,620	8,364
Right of use lease liability	23	44
Accruals and other creditors	1,743	1,617
Total current liabilities due within one year	15,687	12,141

17. NON-CURRENT LIABILITIES

	2024 £000s	As restated* 2023 £000s
Deferred Income	1,716	3,871
Right of use lease liability	-	23
Accruals and other creditors	83	-
Total non-current liabilities due after one year	1,799	3,894

The deferred income figures in Notes 16 and 17 above include amounts relating to contracts where the annual licence fee has been invoiced multi years in advance, and deferred set up and professional services fees that have not reached a stage where the revenue is being recognised and so is treated as all due in less than one year for reporting purposes.

18. DEFERRED TAXATION

	2024 £000s	2023 £000s
Balance at 30 June	-	-

Unprovided deferred tax assets	2024 £000s	2023 £000s
TIming differences on intangible assets and plant and equipment	(245)	(370)
Short term timing differences relating to deferred income	371	506
Equity-settled share options	380	246
Trading losses	5,847	5,541
	6,353	5,923

18. DEFERRED TAXATION (continued)

The unprovided deferred tax assets are calculated at an average rate for each country as follows:

UK	25.0%	(2023: 25.0%)
USA	24.0%	(2023: 24.0%)
Australia	25.0%	(2023: 25.0%)
Canada	26.5%	(2023: 26.5%)

The deferred tax asset is not recognised as there is insufficient evidence of future taxable profits against which the asset will be available for offset.

19. GROUP UNDERTAKINGS

At 30 June 2024, the Group included the following subsidiary undertakings, which are included in the consolidated accounts:

Name	Country of Incorporation	Class of share capital held	Proportion held	Nature of business
PCI-Pal (U.K.) Limited[1]	England	Ordinary	100%	Payment Card Industry software services provider
IP3 Telecom Limited[1]	England	Ordinary	100%	Dormant
The Number Experts Limited[1]	England	Ordinary	100%	Dormant
PCI Pal (US) Inc[2]	United States of America	Ordinary	100%	Payment Card Industry software services provider
PCI Pal (AUS) Pty Ltd[3]	Australia	Ordinary	100%	Payment Card Industry software
PCI Pal (Canada) Inc[4]	Canada	Ordinary	100%	Payment Card Industry software

[1] Registered at 7 Gamma Terrace, Ransomes Europark, Ipswich, Suffolk IP3 9FF
[2] Registered at 2215B Renaissance Drive, Las Vegas, Nevada USA 89119
[3] Registered at 62 Burwood Road, Burwood, NSW 2134 Australia
[4] Registered at 199 Bay Street, Suite 4000, Toronto, Ontario, Canada M5L 1A9

20. SHARE CAPITAL

Group	2024 Number	2024 £000s	2023 Number	2023 £000s
Authorised:				
Ordinary shares of 1 pence each	100,000,000	1,000	100,000,000	1,000
Allotted called up and fully paid:				
Ordinary shares of 1 pence each	72,259,818	723	65,619,818	656

On 10 October 2023, the Company issued 10,000 ordinary shares of 1 pence in settlement of an exercise of options at 40 pence per share. On the same day, The Company issued 10,000 ordinary shares of 1 pence in settlement of an exercise of options at 23 pence per share.

On 22 January 2024, the Company issued 60,000 ordinary shares of 1 pence in settlement of an exercise of options at 44.5 pence per share.

On 18 March 2024, the Company placed 6,250,000 ordinary shares of 1 pence with various institutional investors, priced at 56 pence per share. The placing raised a gross amount of £3.50 million before expenses of £0.24 million which were deducted from share premium. The new shares represent approximately 8.7% of the Company's issued ordinary share capital (excluding those held as treasury shares) immediately following the placing.

On 04 April 2024, the Company issued 200,000 ordinary shares of 1 pence in settlement of an exercise

of options at 40 pence per share.
On 11 April 2024, the Company issued 25,000 ordinary shares of 1 pence in settlement of an exercise of options at 26.5 pence per share.

On 15 April 2024, the Company issued 10,000 ordinary shares of 1 pence in settlement of an exercise of options at 28.5 pence per share.

On 11 June 2024, the Company issued 75,000 ordinary shares of 1 pence in settlement of an exercise of options at 33 pence per share.

The Group owns 167,229 (2023: 167,229) shares and these are held as Treasury Shares.

During the year, the share price fluctuated between 39.5 pence and 66.0 pence and closed at 62.5 pence on 30 June 2024.

Share Option schemes

The Company operates an Employee Share Option Scheme. The share options granted under the scheme are subject to performance criteria and generally have a life of 10 years. The grant price is normally taken with reference to the closing quotation price as derived from the Daily Official List of the London Stock Exchange, however, the Remuneration Committee will adjust the grant price if it deems there are extraordinary circumstances to justify doing so.

The performance criteria are set by the remuneration committee. The grants are individually assessed with regard to the location of the employee and generally have one of the following performance criteria:

1: 50% of the options will vest if the share price of the Company as measured on the London Stock Exchange trades above the share price at the date of grant, for a continuous 30 day period; 25% of the options will vest if the share price of the Company trade 50% above the share price of the Company at the date of Grant for a continuous 30 day period; and the remaining 25% will vest if the share price of the Company trades 100% above the share price of the Company at the date of Grant for a continuous 30 day period. The options cannot be exercised for a three year period from the date of Grant, or;

2: The number of options granted will vest equally over a four year period in monthly tranches with the earliest exercise date being 12 months from the data of issue of the option, and are accounted using the graded vesting model

All options will lapse after a maximum ten-year period if they have not been exercised.

The following options grants have been made and are valued using the Monte Carlo Pricing model with the following assumptions:

Date of Grant	Exercise Price	Price at date of grant	Estimated time to Maturity	Expected Dividend yield	Volitility	Risk Free Rate	No Steps used in calculation	No of simulations used in calculation	Fair value of Option	Weighted average life in years	# option shares issued at grant	# option shares forfeited	# option shares exercised	# option shares outstanding as at 30 June 2024	# option shares exercisable as at 30 June 2024	Charge for year	Total cumulative charge as at 30 June 2024
25-May-17	33.0 pence	33.0 pence	5 years	0.00%	20.00%	0.57%	10	100000	14.11 pence	Fully vested	3,065,000	1,080,000	360,000	1,625,000	1,625,000	£0	£280,044
10-May-19	22.0 pence	22.0 pence	5 years	0.00%	20.00%	0.87%	10	100000	14.23 pence	Fully vested	145,000	25,000	40,000	80,000	80,000	£1,954	£17,076
13-Jun-19	28.5 pence	28.5 pence	5 years	0.00%	20.00%	0.62%	10	100000	14.30 pence	Fully vested	525,000	0	0	525,000	525,000	£14,282	£75,075
8-Jul-19	28.5 pence	28.5 pence	5 years	0.00%	69.00%	0.59%	10	100000	15.42 pence	0.02 years	215,000	25,000	10,000	180,000	180,000	£5,900	£29,209
8-Jul-19	26.5 pence	26.5 pence	5 years	0.00%	69.00%	0.59%	10	100000	13.15 pence	0.02 years	115,000	0	75,000	40,000	40,000	£1,728	£15,105
8-Jul-19	19.0 pence	19.0 pence	5 years	0.00%	69.00%	0.59%	10	100000	11.29 pence	0.02 years	20,000	0	0	20,000	20,000	£453	£2,250
8-Jul-19	23.0 pence	23.0 pence	5 years	0.00%	69.00%	0.59%	10	100000	13.38 pence	0.02 years	105,000	0	10,000	95,000	95,000	£2,825	£14,004
8-Jul-20	40.0 pence	40.0 pence	5 years	0.00%	45.89%	-0.04%	225	10000	15.63 pence	1.02 years	815,000	0	210,000	605,000	605,000	£32,203	£108,048
1-Dec-20	44.0 pence	44.0 pence	5 years	0.00%	45.60%	0.04%	225	10000	17.24 pence	1.42 years	140,000	80,000	0	60,000	60,000	-£5,037	£7,399
28-Jan-21	60.0 pence	60.0 pence	5 years	0.00%	45.88%	-0.03%	250	10000	24.91 pence	1.58 years	65,000	30,000	0	35,000	26,250	£1,745	£5,961
23-Mar-21	65.0 pence	108.5 pence	5 years	0.00%	45.88%	0.37%	250	10000	61.63 pence	1.73 years	315,000	10,000	0	305,000	228,750	£37,616	£122,946
23-Mar-21	65.0 pence	108.5 pence	5 years	0.00%	45.88%	0.37%	250	10000	61.63 pence	1.73 years	25,000	0	0	25,000	18,750	£3,083	£10,078
12-Apr-21	113.5 pence	113.5 pence	5 years	0.00%	45.88%	0.37%	250	10000	42.40 pence	1.78 years	220,000	0	0	220,000	0	£18,667	£59,989
12-Apr-21	113.5 pence	113.5 pence	5 years	0.00%	45.88%	0.37%	250	10000	42.40 pence	1.78 years	30,000	0	0	30,000	0	£2,545	£8,180
29-Jun-21	93.0 pence	93.0 pence	5 years	0.00%	45.99%	0.35%	250	10000	37.06 pence	2.00 years	25,000	0	0	25,000	12,500	£1,854	£5,562
15-Nov-21	68.5 pence	68.5 pence	5 years	0.00%	42.98%	0.71%	250	10000	25.82 pence	2.38 years	560,000	10,000	0	550,000	0	£27,583	£74,519
15-Nov-21	68.5 pence	68.5 pence	5 years	0.00%	42.98%	0.71%	250	10000	25.82 pence	2.38 years	65,000	0	0	65,000	0	£3,359	£8,807
2-Mar-22	57.5 pence	57.5 pence	5 years	0.00%	44.89%	1.07%	250	10000	23.50 pence	2.67 years	568,477	0	0	568,477	0	£26,736	£62,261
2-Mar-22	57.5 pence	57.5 pence	5 years	0.00%	44.89%	1.07%	250	10000	23.50 pence	2.67 years	276,523	0	0	276,523	0	£13,005	£30,285
2-Mar-22	57.5 pence	57.5 pence	5 years	0.00%	44.89%	1.07%	250	10000	23.50 pence	2.67 years	205,000	0	0	205,000	0	£9,641	£22,452
25-May-22	61.0 pence	61.0 pence	5 years	0.00%	43.23%	1.56%	250	10000	24.37 pence	2.90 years	30,000	0	0	30,000	0	£1,463	£3,071
6-Oct-22	54.5 pence	54.5 pence	5 years	0.00%	49.24%	4.36%	250	10000	24.95 pence	3.27 years	430,000	10,000	0	420,000	0	£21,025	£36,363
14-Dec-22	53.0 pence	53.0 pence	5 years	0.00%	23.45%	3.28%	250	10000	14.68 pence	3.45 years	55,000	0	0	55,000	0	£1,620	£2,496
14-Dec-22	53.0 pence	53.0 pence	5 years	0.00%	23.45%	3.28%	250	10000	14.68 pence	3.45 years	10,000	10,000	0	0	0	-£159	£0
6-Feb-23	54.0 pence	54.0 pence	5 years	0.00%	29.55%	3.12%	250	10000	18.03 pence	3.60 years	195,000	0	0	195,000	0	£7,058	£9,835
30-Jun-23	53.5 pence	53.5 pence	5 years	0.00%	38.50%	4.67%	250	10000	22.56 pence	4.00 years	10,000	0	0	10,000	0	£453	£453
22-Nov-23	43.0 pence	43.0 pence	5 years	0.00%	68.19%	4.05%	250	10000	23.46 pence	4.39 years	80,000	40,000	0	40,000	0	£1,137	£1,137
25-Mar-24	56.0 pence	56.0 pence	5 years	0.00%	49.50%	3.88%	250	10000	27.53 pence	4.73 years	200,000	0	0	200,000	0	£2,928	£2,928
4-Apr-24	56.0 pence	56.0 pence	5 years	0.00%	49.41%	3.89%	250	10000	26.33 pence	4.76 years	400,000	0	0	400,000	0	£5,023	£5,023
											8,910,000	**1,320,000**	**705,000**	**6,885,000**	**3,516,250**	**£240,690**	**£1,020,556**

The fair value of these options has been calculated on an issue by issue basis and £240,690 (2023: £225,262) has been charged to the statement of comprehensive income for this financial year.

20. SHARE CAPITAL (continued)

The following options have been valued using a Black Scholes Pricing model with the following assumptions:

Date of Grant	Exercise Price	Price at date of grant	Estimated time to Maturity	Expected Dividend yield	Risk Free Rate	Volatility	Fair value of Option	Weighted average life in years	#option shares issued at grant	#option shares forfeited	#option shares exercised	#option shares outstanding at 30 June 2024	#option shares exercisable as at 30 June 2024	Total charge for year	Total cumulative charge as at 30 June 2024
28-Jun-17	41.5 pence	41.5 pence	5 years	0.00%	0.57%	20.00%	7.8 pence	Fully vested	150,000	0	0	150,000	150,000	£0	£11,756
04-Oct-17	44.5 pence	44.5 pence	5 years	0.00%	0.57%	20.00%	8.4 pence	Fully vested	150,000	22,500	127,500	0	0	£0	£10,715
12-Jul-18	28.5 pence	28.5 pence	5 years	0.00%	1.00%	20.00%	5.6 pence	Fully vested	415,000	25,000	0	390,000	390,000	£0	£22,006
12-Jul-18	28.5 pence	28.5 pence	5 years	0.00%	1.00%	20.00%	5.6 pence	Fully vested	641,667	550,000	0	91,667	91,667	£31	£5,172
12-Nov-18	26.5 pence	26.5 pence	5 years	0.00%	1.03%	20.00%	5.0 pence	Fully vested	150,000	0	0	150,000	150,000	£0	£7,430
12-Nov-18	26.0 pence	26.0 pence	5 years	0.00%	1.03%	20.00%	5.2 pence	Fully vested	60,000	0	0	60,000	60,000	£0	£3,100
07-Jan-19	18.4 pence	18.4 pence	5 years	0.00%	0.89%	20.00%	3.6 pence	Fully vested	15,000	0	0	15,000	15,000	£0	£540
27-Feb-19	23.0 pence	23.0 pence	5 years	0.00%	0.96%	20.00%	4.5 pence	Fully vested	100,000	0	0	100,000	100,000	£0	£4,536
08-Jul-20	40.0 pence	40.0 pence	4 years	0.00%	-0.04%	59.00%	17.8 pence	0.02 years	80,000	20,000	0	60,000	59,700	£2,668	£10,615
01-Dec-20	44.0 pence	44.0 pence	4 years	0.00%	0.04%	64.00%	21.0 pence	0.42 years	85,000	20,000	0	65,000	58,175	£3,422	£12,243
23-Mar-21	108.5 pence	108.5 pence	4 years	0.00%	0.37%	52.00%	43.6 pence	0.73 years	35,000	0	0	35,000	28,613	£3,814	£12,475
15-Nov-21	68.5 pence	68.5 pence	4 years	0.00%	0.71%	43.00%	23.4 pence	1.37 years	190,000	0	0	190,000	124,925	£11,142	£29,245
02-Mar-22	57.5 pence	57.5 pence	4 years	0.00%	1.07%	44.89%	20.7 pence	1.67 years	480,000	100,000	0	380,000	221,350	£19,708	£45,948
25-May-22	61.0 pence	61.0 pence	4 years	0.00%	1.56%	43.20%	21.7 pence	1.90 years	105,000	0	0	105,000	55,125	£5,696	£11,969
14-Dec-22	53.0 pence	53.0 pence	4 years	0.00%	3.28%	23.50%	12.8 pence	Forfeited	55,000	55,000	0	0	0	-£963	£0
22-Nov-23	43.0 pence	43.0 pence	4 years	0.00%	4.05%	68.19%	12.1 pence	3.39 years	185,000	0	0	185,000	28,213	£10,073	£10,073
25-Mar-24	56.0 pence	56.0 pence	4 years	0.00%	3.88%	49.50%	11.8 pence	3.73 years	200,000	0	0	200,000	13,500	£4,768	£4,768
									3,096,667	**792,500**	**127,500**	**2,176,667**	**1,546,267**	**60,359**	**202,590**

The fair value of these options has been calculated on an issue by issue basis and £60,359 (2023: £46,610) has been charged to the statement of comprehensive income for this financial year.

The analysis of the Company's option activity for the financial year is as follows:

	2024 Weighted Average exercise Price £	Number of Options	2023 Weighted Average exercise price £	Number of Options
Options outstanding at start of year	0.469	8,581,667	0.463	8,146,667
Options granted during the year	0.528	1,065,000	0.541	755,000
Options exercised during the year	0.372	(390,000)	-	-
Options forfeited during the year	0.479	(195,000)	0.490	(320,000)
Options outstanding at end of year	0.480	9,061,667	0.469	8,581,667
Options exercisable at the end of year		5,062,517		4,040,805

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group uses various financial instruments including cash, trade receivables, trade payables, other payables, loans and leasing that arise directly from its operations. The main purpose of these financial instruments is to maintain adequate finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in detail below. The Directors do not consider price risk to be a significant risk. The Directors review and agree policies for managing each of these risks, as summarised below, and these remain unchanged from previous years.

Capital Management

The capital structure of the Group consists of debt, cash, loans and equity. The Group's objective when managing capital is to maintain the cash position to protect the future on-going profitable growth which

will reflect in shareholder value.

At 30 June 2024, the Group had a closing cash balance of £4,332,000 (2023: £1,169,000) and borrowings of £nil (2023: £nil).

During the previous year, the Group entered into a multi-currency revolving loan facility, secured on the assets of the Group by fixed and floating debentures with appropriate cross guarantees, with HSBC Innovation Bank (formerly Silicon Valley Bank UK) with a maximum facility of £3 million. The available facility level is calculated on a monthly basis subject to the limits of the covenant tests detailed below. The principal terms are as follows:

Term	36 months
Interest rates	GBP - 4% over the Bank of England base rate USD – 0.5% over The Wall Street Journal prime rate EUR – 5.75% over the European Central Bank's base rate

All interest rates are subject to a minimum rate of 4.5% and are paid monthly

Arrangement Fee	1.5% of loan facility
Non utilisation fee	1.8% of unutilised amount paid quarterly
Security	Fixed and Floating debenture over the assets of the Group.

Loan advances can be made at any time at the request of the Group and drawn down in minimum amounts of £250,000, $250,000 or €250,000. The facility will be used to support the working capital requirements of the Group as it continues to grow.

On 31 July 2024, an amendment letter to the HSBC facility was signed, and the facility term was extended to 31 July 2026.

A summary of which are as follows:

1. Liquidity covenant
   The Liquidity Cover Ratio is the ratio of Liquid Assets (Cash and 60% of Billed debtors) to outstanding borrowings under the facility and must be no less than 1.75 : 1.00.
2. EBITDA covenant
   The 12 months trailing adjusted EBITDA of the Group, before exceptional items and after deducting capitalised development costs, shall be no worse than an end of quarter target that increases over time as the Group moves from loss to profit.
3. Advance rate multiplier.
   The amounts advanced under the Loan Agreement shall be no more than A x (B – C), where: A = 3.5; B = 1; C = the Churn Rate, times by the Monthly Recurring Revenue.

Financial risk management and objectives

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Directors achieve this by regularly preparing and reviewing forecasts based on the trends shown in the monthly management accounts.

Interest rate risk

The Group has arranged a bank loan with HSBC, as detailed above. As at 30 June 2024 the loan was undrawn. Interest is calculated at current rates between and 9.0% and 10.0%, depending on the currency drawn and is paid monthly.

Given the rising interest rates over the last 12 months, there is an increased interest rate risk but the current cash flow forecast does not rely on debt borrowing in the next financial year. For this reason, the Group does not consider the interest rate risk to be material and so has not entered into any hedging

arrangements.

Credit risk

The Group's principal financial assets are cash and trade receivables, with the principal credit risk arising from trade receivables. In order to manage credit risks the Group conducts third party credit reviews on new clients and takes deposits or advanced payments where this is deemed necessary.

Concentration of credit risk with respect to trade receivables are limited due to the wide nature of the Group's customer base: The largest customer accounted for 14% (2023: 16%) of revenues in the financial year, but this is expected to drop in the next financial year as we add more and more customers. Historically, bad debts within the Group are minimal due to the importance of our service to the customer as well as the level of payments in advance we receive. This situation is not expected to change in the future.

Liquidity risk

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's policy through the period has been to ensure continuity of funding by equity backed up by access to a maximum £3.0 million multi-currency revolving loan facility, as detailed above.

The table below summarises the maturity profile of the Group's financial liabilities at the year-end based on contractual undiscounted payments, specifically noting that the lease liability total is determined as the undiscounted lease payments including interest payable.

At 30 June 2024:

Group	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	£000	£000	£000	£000	£000	£000
Trade and other payables	-	**1,301**	-	-	-	**1,301**
Lease liability	-	**12**	**11**	-	-	**23**
	-	**1,313**	**11**	-	-	**1,324**

At 30 June 2023:

Group	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	£000	£000	£000	£000	£000	£000
Trade and other payables	-	**2,116**	-	-	-	**2,116**
Lease liability	-	**11**	**33**	**23**	-	**67**
	-	**2,127**	**33**	**23**	-	**2,183**

Foreign currencies and foreign currency risk

During the year, the Group received revenue in GBP, USD, CAD, EURO and AUD, whilst the majority of its cost base is in GBP and USD. These currency receipts tend to be used first to cover costs in the same currency before conversion to other relevant currencies, and so currency risk impacting cash balances is deemed to be appropriately managed.

Intercompany loans from PCI-PAL PLC to fund the US operations is denominated in the US entity in USD and so is translated to GBP each period end, potentially resulting in significant debits or credits to the Company's profit and loss but with no cash or other impact on the Group as the loan is eliminated on consolidation. Management notes that such foreign exchange movements are non-cash items. No forward foreign exchange contracts were entered into during the period (2023: nil).

As at the 30 June 2024 the Group held the following foreign currency cash balances:

US Dollar	$1,802,216	Sterling equivalent: £1,425,015	(2023: £347,160)
Canadian Dollar	$123,560	Sterling equivalent: £71,414	(2023: £50,608)
Australian Dollar	$27,212	Sterling equivalent: £14,349	(2023: £34,335)
Euro	€5,157	Sterling equivalent: £4,370	(2023: £24,755)
Total		Sterling equivalent: £1,515,148	(2023: £456,858)

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction and monetary assets and liabilities in foreign currencies are translated at the rates ruling at the year end.

At present foreign exchange translation is low and therefore hedging and risk management is not deemed necessary as the company trades and spends in the various currencies.

The Group's principal exposure to exchange rate fluctuations arise on the translation of overseas net assets, profits and losses into Sterling, for presentational purposes. The exchange rate fluctuations are reported by taking the differences that arise on the retranslation of the net overseas investments to the currency reserve.

Foreign currency risk on cash balances is monitored through regular forecasting and the Group tries to maintain a minimum level of currency in the accounts so as to meet the short term working capital requirements.

No sensitivity analysis is provided in respect of foreign currency risks as the risk is considered to be moderate, although management will keep the need for sensitivity analysis under regular review going forward.

22. CAPITAL COMMITMENTS

The Group has no capital commitments at 30 June 2024 or 30 June 2023.

23. CONTINGENT ASSETS

The Group has no contingent assets at 30 June 2024 or 30 June 2023.

24. CONTINGENT LIABILITIES

In October 2019 the Group entered into a £2.75 million loan facility with Shawbrook Bank. As part of the loan agreement Shawbrook Bank will be entitled to receive a cash based payment calculated on the value generated, over a 10 year period up to October 2029, on the equivalent of £206,250 of phantom shares (being 7.5% of the facility) if there is a takeover of the Group or a debt refinancing of the Shawbrook debt.

The exit fee is a cash payment of a sum equal to P, where:

$$P = (A \times B) - C$$

and where:

A = the Phantom Shares Number – the Phantom Shares Value divided by the fair market value of one ordinary share, calculated using the average of the closing share price in the previous five days immediately prior to the date of the facility letter;

B = the fair market value of one ordinary share at the time of the exit fee event; and

C = the Phantom Shares Value, which is £206,250.

An Exit Fee Event is where there is:

(a) a sale or other disposition of all or substantially all of the assets in the Company in whatever form (whether in a single transaction or multiple related transactions); or

(b) an acquisition of shares in the Company by a person (and any persons acting in concert with that person) that results in that person (together with any such persons acting in concert) acquiring a controlling interest in the Company; or

(c) a reorganisation, consolidation or merger of the Company (whether in a single transaction or multiple related transactions) where shareholders before the transaction(s) directly or indirectly beneficially own issued voting securities of the surviving entity after the transaction(s) together carrying the right to cast 50% or less of the votes capable of being cast at general meetings of the surviving entity; or

(d) a distribution or other transfer of assets to the shareholders of the Company in connection with the liquidation of the Company; or

The debt facility was repaid from cashflow in June 2021 and so no exit fee was triggered. However, there still remains a contingent liability if the Company is taken over.

Patent case

In September 2021, the Group announced that Semafone Limited (now renamed Sycurio Limited), one of PCI Pal’s direct competitors, had filed lawsuits in both the UK and the US relating to alleged patent infringement by PCI Pal concerning one aspect of its Agent Assist product.

As announced on 25 September 2023, PCI Pal was successful in comprehensively defeating the unfounded patent infringement suit being brought in the UK by Sycurio. The High Court judgement was resoundingly in PCI Pal’s favour, with the judge ruling that Sycurio’s patent was invalid due to obviousness from two sources of prior art. Furthermore, the judge decided that even if the patent had been valid, PCI Pal's Agent Assist solution did not infringe the patent and Sycurio also accepted that the variants submitted by PCI Pal, which were changes it could make to its solution, would also not have infringed.
On 22 May 2024, the Court of Appeal upheld the original ruling of the High Court in favour of the PCI Pal, and dismissed all claims being brought by Sycurio.

As announced on 27 June 2024, PCI Pal reached a confidential settlement with Sycurio that resolved both the UK and US litigation in full. Therefore, as at the balance sheet date the Directors do not believe there to be a contingent liability in respect to the patent case.

25. TRANSACTIONS WITH DIRECTORS

Apart from the directors’ standard remuneration there were no other transactions with directors in the year to 30 June 2024 or 30 June 2023.

26. DIVIDENDS

The Directors are not proposing a dividend for the financial year (2023: nil pence per share).

27. PRIOR PERIOD RESTATEMENT

The Directors have identified a prior period adjustment relating to revenue recognition in prior periods. FY22 has been restated to correct the historical timing of revenue recognition in respect of certain customer contracts and to appropriately adjust the resulting deferred income balances carried forward.

At 30 June 2022 and 30 June 2023, the result of these adjustments on the consolidated statement of financial position was to increase current deferred income by £0.32 million and non-current deferred income by £0.09 million, with a corresponding increase in net liabilities of £0.41 million. There was no impact on the consolidated statement of comprehensive income and no impact on the consolidated statement of cashflows.

The effect of the correction of the prior period error on the Statement of Financial Position as at 30 June 2022, as shown below

Reconciliation of equity as at 30 June 2022

	As originally stated	**Prior period restatement**	**As restated**
	£000s	**£000s**	**£000s**
Deferred income due within 1 year	(9,286)	(319)	(9,605)
Total current Liabilities	(11,372)	(319)	(11,691)
Deferred income due after 1 year	(1,330)	(94)	(1,424)
Total non-current liabilities	(1,397)	(94)	(1,491)
Total liabilities	(12.769)	(413)	(13,182)
Net assets /(liabilities)	185	(413)	(228)
Share capital	656	-	656
Share premium	14,281	-	14,281
Other reserves	650	-	650
Currency reserves	(620)	-	(620)
Profit and loss account	(14,782)	(413)	(15,195)
Total equity (Shareholders' deficit)	185	(413)	(228)

Reconciliation of equity as at 30 June 2023

	As originally stated	**Prior period restatement**	**As restated**
	£000s	**£000s**	**£000s**
Deferred income due within 1 year	(8,045)	(319)	(8,364)
Total current Liabilities	(11,822)	(319)	(12,141)
Deferred income due after 1 year	(3,777)	(94)	(3,871)
Total non-current liabilities	(3,800)	(94)	(3,894)
Total liabilities	(15,622)	(413)	(16,035)
Net assets /(liabilities)	(4,109)	(413)	(4,522)
Share capital	656	-	656

Share premium	14,281	-	14,281
Other reserves	922	-	922
Currency reserves	(294)	-	(294)
Profit and loss account	(19,674)	(413)	(20,087)
Total equity (Shareholders' deficit)	(4,109)	(413)	(4,522)

28. SUBSEQUENT EVENTS

An amendment letter to the Revolving Credit facility with HSBC was signed on 31 July 2024, extending the facility term to 31 July 2026.

On 5 July 2024 the Company issued 25,000 new shares in settlement of an exercise of share options.

On 8 July 2024 the Company issued 300,000 new shares in settlement of an exercise of share options.

29. ALTERNATIVE PERFORMANCE MEASURES

The Group reports certain alternative performance measures ('APMs') that are not required under IFRS. The Group believes that these APMs, when viewed in conjunction with its IFRS financial information, provide valuable and more meaningful information regarding the underlying financial and operating performance of the Group to its stakeholders.