ELECO®

Eleco plc
Annual Report and Accounts 2024

Creating certainty for the built environment

World-class technology for the built environment

What we do

Eleco plc is a well-established and leading international software and services provider for the built environment, encompassing the building lifecycle from early planning and scheduling stages through to design and construction of all types, and to facilities management, operations and maintenance.

The Group's range of best-of-breed software capabilities covers both Contech (Construction Technology) for the building sector and Proptech (Property Technology) for the real estate sector.

Read more on page 02

How we operate

Headquartered and listed in London, the Group has international operations in the UK, Ireland, Germany, Sweden, Romania, the Netherlands, the USA and Australia. Other markets are also serviced through a network of channel partners.

Read more on page 12

www.eleco.com

You can download the digital version of this: www.eleco.com

Strategic Report

01

01 Financial and Operational Highlights
02 At a Glance
03 Chairman's Statement
04 ESG Overview
05 CEO Report
11 Investment Proposition
12 Business Model and Strategy
14 Market Opportunities
15 Our Portfolio of Products and Solutions
16 Product Insights
20 Sustainability Report
24 S172 Statement
28 Principal Risks and Uncertainties
34 CFO Report

Governance

38

38 Board of Directors
40 Corporate Governance Report
43 Audit and Risk Committee Report
45 Nomination Committee Report
46 Remuneration Committee Report
52 ESG Committee Report
56 Directors' Report

Financial Statements

60

60 Independent Auditor's Report
66 Consolidated Income Statement
66 Consolidated Statement of Comprehensive Income
67 Consolidated Statement of Changes in Equity
68 Consolidated Balance Sheet
69 Consolidated Statement of Cash Flows
70 Significant Accounting Policies
79 Notes to the Consolidated Financial Statements
102 Company Statement of Changes in Equity
103 Company Balance Sheet
104 Statement of Company Accounting Policies
106 Notes to the Company Financial Statements
112 Five-Year Summary
113 Dormant Subsidiary Undertakings
114 Professional Advisors and Registered Offices

How to use this report

This report includes interactive elements that allow you to go to specific pages and open weblinks.

- Go to contents page
- Go to next page
- Find a section within the document
- Go to previous page

Financial and Operational Highlights

Financial Highlights

Total Revenue

£32.4m

2024	£32.4m
2023	£28.0m

Total Recurring Revenue (TRR)

£24.9m

2024	£24.9m
2023	£20.7m

Gross Margin

89.3%

2024	89.3%
2023	89.8%

Adjusted EBITDA

£7.7m

2024	£7.7m
2023	£6.1m

Profit Before Tax

£4.3m

2024	£4.3m
2023	£3.4m

Cash

£14.0m

2024	£14.0m
2023	£10.9m

Operational Highlights

- Acquisition in April 2024 of the Vertical Digital group of companies to enhance the Group's technical capabilities for a multinational audience, providing agile and innovative software development, technical consulting, and upskilling solutions.
- Acquisition post year end of PMI Software Ltd (PEMAC), Ireland, a recognised leader in providing SaaS Computerised Maintenance and Management Software (CMMS), complementing the Group's existing ShireSystem CMMS software.
- Asta Powerproject awarded 'Project Management Software of the Year' at the UK Construction Computing Awards for the eleventh consecutive year, recognising Eleco's commitment to innovation and excellence in the construction industry.
- ISO 27001 accreditation achieved by Elecosoft UK Limited and BestOutcome Limited in recognition of their IT systems meeting or exceeding the latest industry standards, and information security and data protection best practices being followed.
- Asta Vision Live™ launched in May 2024, providing multiple project collaboration capabilities for planners and schedulers.
- AstaGPT™, Generative AI support developed in-house and launched in March 2024. Shortlisted for the Innovation of the Year at the Digital Construction Awards 2024.
- Record recurring revenue growth and year-on-year revenue growth.
- Great Place to Work® certification additionally achieved for the Netherlands and Romania.

At a Glance

Eleco offers a leading and comprehensive range of innovative and award-winning digital construction software solutions for the built environment

Our product suite

Eleco's software solutions are trusted by international customers and used throughout the building lifecycle from early planning and design stages through to construction, interior fit out, asset management and facilities management to support project delivery, estimation, visualisation, Building Information Modelling (BIM) and property management.

Our products and services

Our products and services are designed to drive forward our purpose: solving the challenges of the built environment through digital transformation.

Read more on page 15

Serving regions

14

Serving Eleco's core regions: UK, Ireland, Germany, Sweden, Romania, the Netherlands, the USA and Australia.

Employees at year end

298

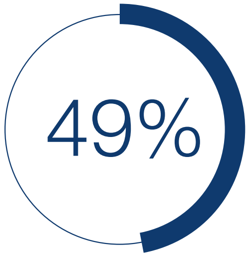
Eleco is an expanding people business and the diversity, calibre of talent, alignment with management vision and cultural values remain hugely important to delivering the Group's strategic ambitions.

Direct sales

96%

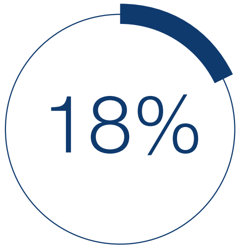
Eleco's direct sales model accounts for more than 96 per cent of its total revenues, supplemented by established value-added resellers in territories that extend its reach further.

Revenues by Region



UK and Republic of Ireland

Eleco's biggest market, this has a wide portfolio of solution offerings

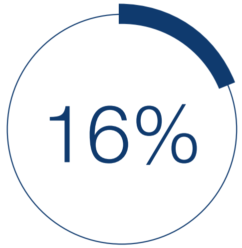


Scandinavia

Scandinavia has a proud heritage with established solutions like Bidcon, Staircon and Asta Powerproject

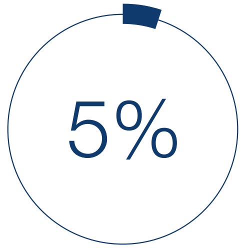
Germany

Europe's biggest single economy, Elecosoft and Veeuze operate from several locations in the country



Rest of Europe

We continue to expand our business operations across continental Europe, including the 2024 acquisition of the Vertical Digital group of companies



USA

The USA is a growth area for Eleco with a large potential market

Chairman's Statement

Strong performance with platform for further growth

Mark Castle
Non-Executive Chairman

I am delighted to report another excellent set of results for Eleco plc. 2024 was a year of significant progress as we emerged from our SaaS transition with a strong financial performance and a clear strategy for further growth in 2025.

Industry continues to adopt digital solutions to support cloud and AI technology and Eleco is extremely well positioned to benefit from this trend, with its comprehensive software portfolio covering the product lifecycle, from cost management and scheduling, project delivery and facilities management.

Strategic Progress

The Eleco team has been strengthened with senior strategic hires which, alongside targeted acquisitions, will underpin our growth plans for the years ahead.

In April 2024, we acquired the Vertical Digital group of businesses for £1.1m. We have been impressed with the knowledge and agility of our Romanian colleagues in delivering to global customers, their information ecosystems, and in enhancing our internal product roadmaps. After the year end, in January 2025, we acquired PEMAC in Ireland for £5.1m, expanding and strengthening our facilities management capabilities alongside our ShireSystem existing offering, and adding to our geographic expansive footprint.

We continue to identify and target potential M&A opportunities that fit our strategic plans and deliver greater shareholder value.

Performance

The performance of the Group has strengthened in recent reporting periods. The 2024 year demonstrates successful strategic implementation ahead on both revenue and profitability market expectations.

Total revenue increased by 16 per cent to £32.4m (or 17 per cent on a constant currency basis), from £28.0m in 2023. Recurring revenues represented 77 per cent of total revenues (2023: 74 per cent of revenues). ARR (Annualised Recurring Revenue) was up 18 per cent to £26.6m (2023: £22.6m). TRR (Total Recurring Revenue) increased by 20 per cent to £24.9m (2023: £20.7m).

Adjusted EBITDA increased by 26 per cent to £7.7m (2023: £6.1m), Adjusted profit before taxation was up 29 per cent to £5.4m (2023: £4.2m) and Adjusted EPS rose by 28 per cent to 5.1 pence per share (2023: 4.0 pence per share).

The business also continues to enjoy strong cash flows and cash generation; even though we have been active on the acquisition front and increased dividend payments to our loyal shareholders. We ended the year with a cash position of £14.0m (2023: cash £10.9m), though this was before the outflow associated with the PEMAC acquisition. The Group remains free of debt.

Employees

In line with our ambitions to scale up the Company, we continue to invest in our people systems and in good governance. Post year end, we also welcomed, as part of our most recent acquisition, our new colleagues from PEMAC in Ireland (see note 29), who integrated successfully into our strategic plans.

Our employees are fundamental to our success and many achievements. On behalf of the Board, I would like to extend my sincere thanks to them all for their continued dedication, enthusiasm and support.

Dividend

In line with the continued success of the Group and our growth in profitability, and as a reflection of our progressive and sustainable dividend policy, the Board is proposing a final dividend of 0.70 pence per share (2024: 0.55 pence per share), which, with the interim dividend of 0.30 pence per share (2024: 0.25 pence per share), gives a combined total for the year of 1.00 pence per share, up 25 per cent.

Current trading and outlook

We have delivered impressive improvements in 2024 in our operational and financial performance. We continue to deliver on our strategic plans to scale the business to new heights, with dynamic future prospects in markets where our customers are increasingly looking to us to accelerate their digital journeys.

We are a high recurring revenue software business that provides great customer satisfaction and a high level of performance predictability for our loyal and supportive shareholders. We are well positioned for further strong results and growth.

The future of Eleco is positive, despite global macroeconomic and geopolitical challenges, and our business model provides for a resilient and predictable performance as we continue to trade in line with market expectations.

Mark Castle

Non-Executive Chairman

30 April 2025

ESG Overview

Driving sustainability through innovation, responsibility and governance

At Eleco, we have identified ESG as a key factor in our strategy, ensuring we create long-term value for our shareholders, customers, and the communities in which we operate, all while supporting our people and protecting the environment.

This year, we have taken a deep dive into our current operations and future plans to assess our strengths, identify areas for improvement, and explore opportunities for innovation. We are committed to driving positive ESG outcomes directly through our own operations and indirectly by delivering products and services that promote sustainable and responsible practices.

We report annually on our ESG progress, tracking key performance indicators and setting measurable targets. These efforts are reflected in our ESG Scorecard, which allows us to monitor and evidence our performance improvements year on year. To ensure accountability and reward positive efforts, we link executive pay to ESG performance, embedding these principles across the entire business.

Find out more about our ESG plans on our website

Environment

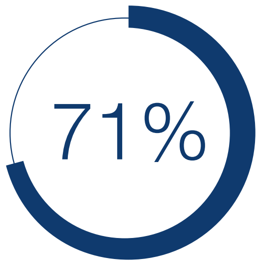
We are committed to minimising our environmental impact by monitoring our energy and resource consumption, enhancing the accuracy of our carbon footprint reporting, and implementing reduction strategies to reduce our emissions. However, our most significant contribution lies in our software solutions, which uniquely position us to drive sustainability for our customers, by empowering them to enhance efficiency, reduce resource consumption, and lower their environmental impact.

Social

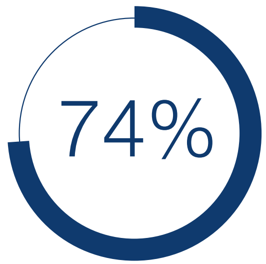
Our commitment to social responsibility is reflected in our dedication to delivering service excellence to our customers, supporting our local communities, and fostering a strong workplace culture where our people can grow and thrive. We proactively engage with our stakeholders to identify further opportunities to drive positive change.

Governance

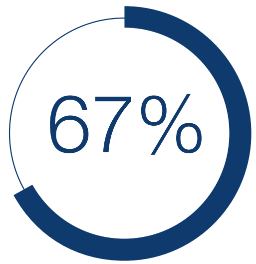
We are committed to conducting business ethically, implementing effective risk management strategies, and ensuring robust decision-making. We adhere to the Quoted Companies Alliance Corporate Governance Code for AIM-listed companies and continue to take a holistic approach to sustainability by embedding principles at all levels of the business.



Electric and/or hybrid vehicles



Employee satisfaction



Independent Directors on the Board

CEO Report

Revenue growth has led to noticeably higher profitability

Jonathan Hunter
Chief Executive Officer

I am pleased to report that annual results for the full year ended 31 December 2024 are ahead of market expectations for revenue, profitability and cash, and that we are once again reporting enhanced EPS and increasing our final dividend to our valued shareholders.

Continued, strong momentum in Eleco's trading performance - despite the challenging macroeconomic environment - has resulted in the completion of the Group's SaaS financial transformation, resulting in 77 per cent (2023: 74 per cent) of revenues now being on a recurring basis. With overhead costs covered by these recurring revenues, shareholders now own a company that is more resilient, and more predictable, with Annualised Recurring Revenues providing certainty in outlook for the year ahead of £26.6m. Lastly, it is highly cash generative, with subscriptions paid 12 months in advance. Commentators and investors have reported that the transformation of the Group has been well executed, of which my colleagues and I are understandably proud.

The Group enters the next phase of growth in an advantageous position and is now intensifying efforts to attain new customers, retain existing customers and expand customer business accounts to deliver growth in market share. Inorganically, we continue to focus on optimising our business strengths including targeting acquisitions. In 2024, strategic acquisitions included the Vertical Digital group of companies in Romania and post year end, the acquisition of PMI Software Ltd (trading as "PEMAC") in Ireland.

Trading

The Board is delighted with the positive trading performance in the year ended 31 December 2024, despite global macroeconomic and geopolitical uncertainty. Group revenues grew to £32.4m, an increase of 16 per cent (2023: £28.0m), and by 17 per cent in constant currency terms. Estimated organic growth was 9 per cent, excluding acquisition effects. Annualised Recurring Revenue (recurring revenue in the last month multiplied by twelve months) to 31 December 2024 increased by 18 per cent to £26.6m (2023: £22.6m). Total Recurring Revenue (recurring revenues across the whole 12-month period) increased 20 per cent to £24.9m (2023: £20.7m). Recurring revenues represent 77 per cent of the total Group revenues (2023: 74 per cent) and is now at anticipated levels following the transformation to a SaaS business model.

The revenue growth has led to noticeably higher profitability for the business, with Adjusted Operating Profit at £5.2m, representing a 27 per cent increase over the prior year (2023: £4.1m). Adjusted EBITDA at £7.7m is a 26 per cent improvement over the £6.1m for 2023. Adjusted profit before taxation improved by 29 per cent to £5.4m (2023: £4.2m) with Adjusted profit after taxation up 27 per cent to £4.2m (2023: £3.3m). Adjusted basic EPS was 5.1 pence per share, a 28 per cent increase over the prior year of 4.0 pence per share.

In statutory reported measures, operating profit has increased by 28 per cent to £4.1m (2023: £3.2m); EBITDA enhanced by 24 per cent to £7.2m (2023: £5.8m); profit before taxation is up by 26 per cent to £4.3m (2023: £3.4m); and profit after taxation has risen by 22 per cent to £3.3m (2023: £2.7m). Overall, basic earnings per share was 4.0 pence per share, a 25 per cent increase over 2023, which was 3.2 pence per share.

The business remains free of debt and continues to be highly cash generative. Even with the acquisition of the Vertical Digital group of companies in mid-April 2024 for £1.1m before acquisition expenses and increased dividend payments to a total of £0.7m, the cash position ended the year at £14.0m (2023: cash of £10.9m). It should be noted that post year end of 31 December 2024, net cash had reduced for the £5.1m acquisition of PEMAC before acquisition expenses.

Geographically, UK revenues increased by 16 per cent to £15.9m (2023: £13.0m), the equivalent of 49 per cent of Group revenues. Overseas revenues also increased by 10 per cent to £16.5m (2023: £15.0m), the equivalent of 51 per cent of Group revenues. While Germany's revenues were impacted by macroeconomic challenges in the Visualisation sector, this was more than made up for by a strong performance from our Benelux and Romanian operations.

CEO Report
Continued

A responsibility to our supportive shareholders, valued customers, and the long history of business success at Eleco is something we feel profoundly.

Jonathan Hunter
Chief Executive Officer

Strategy

Eleco's long-term vision focuses on ongoing enhancements of its digital presence, improving customer engagement, and expanding its market reach through strategic investments, technological advancements, and a clear brand direction. This comprehensive approach aims to position Eleco as a leader in providing digitally transformative solutions for the built environment.

Our established platform for growth underpins three strategic pillars, namely:

1. Go-to-Market
2. Technology and Innovation
3. Mergers and Acquisitions (M&A)

1 Go-to-Market

The Group continued to develop its sales and marketing techniques and enhanced its resources throughout the period, utilising new methods of sales forecast reporting, sales enablement and other growth initiatives.

Despite the macroeconomic challenges, Net Revenue Retention in 2024 was exceptional at 109 per cent, a significant advance over the 104 per cent in the prior year. The number of net new customers for the Group continued to advance in 2024 over 2023.

Strong growth was driven by our Building Lifecycle operations, where our strategy was to drive growth through working more closely with customers on their digital transformation plans. Substantial perpetual and consulting deals were closed in the USA and Germany in H1 2024 which were not repeated in H2 but subscription orders continued throughout the year, reaching a new high of £28.8m ARR at 31 December 2024 and Total Recurring Revenue of £24.9m now covering total overheads of £24.8m.

Following our US Innovation Summit in February 2024, net new customers in the US was 36, including ENR 400 customers STO and Granite Construction. We continued to work with The Pennsylvania Department of Transportation to support their adoption of our Asta Vision scheduling platform. The USA is a sizeable yet highly competitive market where we are gaining brand recognition and increasing our sales and marketing capability to harness further opportunities.

2 Technology and Innovation

The Group's solutions remain best of breed, feature rich and are therefore valued by customers whilst being difficult to displace by new entrants to the market. The Group reinvested 17 per cent of revenue (2023: 17 per cent) on R&D to enhance its core product solutions while developing new solutions and improvements for customers. During the period, Asta won the Construction Computing Project Management Software of the Year Award for the eleventh consecutive year and at the same awards Elecosoft was named runner-up for Company of the Year.

The release of Asta Vision Live™ in early 2024 excited our customers, with its intensely powerful capability to enable multiple planners and other stakeholders to collaborate in real time on the same project without compromising on functionality, security or performance.

As part of the Group's Artificial Intelligence ('AI') roadmap, AstaGPT was released in March 2024. This Generative AI solution saves valuable time for our customers by providing tailored, expert guidance and intuitive access to decades of our high-quality data documentation. Queries have reduced the time both customers and our employees spend on support desk tasks, allowing for greater upskilling opportunities. It was pleasing to see Asta GPT shortlisted for the Innovation of the Year in 2024 at the Digital Construction Awards.

We expect that the increased use of AI will provide improved analysis and productivity gains for our customers, but it is not at the stage of replacing skilled operators. Internal AI projects continue to be developed by the Group to reduce time on tendering, data migration, customer onboarding and code testing.

Ongoing innovation initiatives are focused on data accessibility and visibility, such as cloud collaboration solutions, mobile applications, reporting and analytics.

3 Mergers and Acquisitions

The Group's acquisition strategy aims, through evaluated targets, to enhance the value of the Group and expand its capabilities and profitability. As part of this strategy, Eleco will actively pursue opportunities where acquisitions complement or extend its solutions or increase the customer dimensions, sometimes with the benefit of an added geographical footprint.

In April 2024, Eleco acquired the Vertical Digital group of companies for an initial consideration of €1.3m. With its bespoke R&D development, consulting, upskilling and appraisal services, it has enhanced our technical capabilities, talent pool, customer centricity and R&D scalability and agility. We have drawn on their experience and expertise across many European and multinational end-customers including Lufthansa Technik, PwC, VW Financial Services, Deloitte and Zoopla and have already seen substantial cost savings by utilising Vertical Digital's capability internally to the Group.

In January 2025, post year end, we announced the acquisition of Ireland-based PEMAC for an initial consideration of €6.0m (circa £5.1m), funded from our internal cash resources.

Located in Cork and Dublin, PEMAC is a recognised leader in providing SaaS Computerised Maintenance and Management Software ("CMMS") and specialist services in the market. Used by over 100 blue-chip international manufacturing companies, PEMAC has developed a strong reputation for its ability to support clients in highly regulated sectors, including life sciences and healthcare, through its robust software capabilities, tailored to meet industry-specific regulatory requirements.

The acquisition of PEMAC highlights Eleco's commitment to delivering innovative, customer-focused solutions in manufacturing, regulated industries. PEMAC's expertise and proven capabilities will complement the Group's existing ShireSystem CMMS, enhancing the overall offering to support customers' evolving needs. PEMAC and ShireSystem are committed to maintaining the exceptional standards of service and support their customers rely on. Over time, it is intended that both organisations will collaborate to deliver technological advancements, ensuring their customers benefit from enhanced solutions.

People and Culture

We are proud of our people and culture at Eleco and we strive to foster an inclusive, high-performance environment where everyone feels valued and empowered to contribute to the collective success of the Group. A responsibility to our supportive shareholders, valued customers, and the long history of business success at Eleco is something we feel profoundly. This commitment results in a high degree of care and diligence by the Board and management in overseeing the business.

We made a number of strategic appointments in 2024, with James Pellatt joining the Board as a Non-Executive Director, and Alex Gheboianu, co-founder of Vertical Digital, becoming Eleco's Chief Technology Officer. Richard Fletcher was appointed Chief Revenue Officer in the latter part of the year. We are already experiencing the benefit of their skills and expertise, and I am delighted that Eleco continues to attract and retain people of such high quality, in these roles as well as in all other areas of our business.

In recent years, we have published an internal 'Year in Review' magazine, to highlight and celebrate all of the excellent activities and initiatives happening around the Group; I am extremely proud of what we are achieving together.

CEO Report
Continued

Systems

We understand that secure and reliable systems are crucial for scaling and meeting our growth ambitions. During 2024, we successfully implemented NetSuite ERP in the UK, the US, The Netherlands, at one subsidiary in Germany and in Australia. The phased implementation has continued across the remaining regions in 2025, together with additional system enhancements and functionality into 2026.

ESG Credentials

We have advanced our environmental, social and governance credentials, demonstrating the seriousness of our intention to remain focused on sustainability throughout Eleco's growth, to bring value to all stakeholders, and to be an enabler for our customers. During the period, we utilised a new ESG advisor to support us in these efforts. Full details of our work in relation to ESG can be viewed in our Sustainability Report and ESG Committee Report.

Examples of positive contributions to society include the provision of software products to some 7,000 educational institutions, and an increase in the percentage of employees utilising their allocated volunteering day across all regions and using at least one day of self-development/training.

Building on Elecosoft UK and BestOutcome Ltd's accreditation with the international standard ISO 27001, which recognises that companies are following information and data security best practices, and that all of their IT systems either meet or exceed the latest industry standards, Elecosoft Sweden and PEMAC are also fully engaged in this process.

Our Markets

In every field of endeavour, technology drives progress. Building technology continues to enhance efficiency, productivity, safety, and quality. While construction and property sectors are often criticised for slow technology adoption, they face increasingly complex sustainability, legal, and regulatory demands. These pressures create challenges for our customers, pushing them to not only keep pace with technological change but also manage more complex projects, deliver sustainably, and ensure long term operational efficiency, while meeting higher environmental and social standards.

Eleco operates across markets shaped by macroeconomic and societal trends including population growth, urbanisation, digitalisation, and regulation. By 2050, the global population is expected to reach 9.7bn, with 6.5bn in cities, and urban areas growing by 200k people daily—driving demand for sustainable urban construction.

Margins remain under pressure in this cost-intensive, multi-disciplinary industry, where projects are long, complex, and increasingly regulated. The need for higher environmental standards continues to rise globally.

The market potential for Eleco is significant. FMI research shows a US$1.9bn opportunity in Construction Project Management software, US$3.4bn in Maintenance and Facility Management, and more broadly US$6bn in BIM software solutions, all growing at high single to mid double-digit rates.

Critical to the success of any and every project is the management of time, cost, and resources from early stages through to construction and operations, and that is an area of focus for Eleco. And of course, our best-of-breed software extends beyond project and cost management to our BIM, data and visualisation offerings.

The Group is seeking to capitalise on the industry's digitalisation inflection point, with data as the common thread across all departments of what are increasingly multinational clients. This provides opportunities to sell more capabilities across organisations and, excitingly, fulfil the need for joined up thinking from our customers. To meet this demand, Vertical Digital and our consulting services offer bespoke solutions that embed Eleco's software at the centre of our customer's digital ecosystems, driving integrated, data-led workflows.

Total Revenue

£32.4m

2024	£32.4m
2023	£28.0m

Total Recurring Revenue (TRR)

£24.9m

2024	£24.9m
2023	£20.7m

Gross Margin

89.3%

2024	89.3%
2023	89.8%

Summary and Outlook

The digital transformation of companies working in the built environment remains a considerable and exciting opportunity for Eleco, and we commit in 2025 to delivering growth through the execution of our refined strategy: attaining new customers, retaining existing customers and expanding customer relationships, building on the revenue and operational gearing as well as seeking value enhancing acquisitions that complement the Group.

The results for 2024 have been excellent, and I would like to take this opportunity to thank our employees for their contribution and for the passion, dedication and creativity that they bring to their roles. I would also like to acknowledge our loyal customer base for the inspiration and challenge they provide us with every day to ensure that we are playing at the very top of our game.

The Board of Eleco remains confident in the Group's growth trajectory and expects the Company to continue to perform in line with full-year expectations.

Jonathan Hunter

Chief Executive Officer

30 April 2025

vertical digital solutions

sons of coding

The Vertical Digital group of companies, consisting of Vertical Digital SRL and Sons of Coding SRL, have a proven track record of providing agile and innovative software development, technical consulting and upskilling solutions across many European and multinational end-customers.

The Acquisition delivers on common customer needs, enhancing product digitalisation and advancing Eleco's roadmap.

- It accelerates the ability to support our customers in solving the challenges they face when delivering their own digital transformation strategies and journeys.
- Eleco now provides a broader range of solutions and can engage with more of its customers and partners on their strategic technological direction.
- Vertical Digital provides expert project management capabilities and Sons of Coding skilled resourcing requirements.
- Founders remain as Regional MD for Central and Eastern Europe and Group CTO.

Strategic fit

The Vertical Digital group of companies met Eleco's M&A criteria as being a Type B technology business with proven skills and knowledge to advance our R&D and product roadmaps, together with elements of Type A profitable revenue in complementary markets and displaying some characteristics of Type C with new knowledge for the Group in next generation technologies.

The Acquisition has added critical capabilities, including the ability to service and scale its customers by connecting systems and providing technical consulting, thus increasing the Group's product breadth and focus on customer centricity.

The Acquisition has also provided elastic augmentation of our internal research and development capacity, utilising experience from other more digitally advanced industries, thus improving product time to value cycles.

Features of business

- Specialising in custom software development, mobile solutions, training, consulting and IT auditing.
- Trading for over seven years; experienced and stable management.
- Expertise in multiple industry sectors including banking & payments, aviation, manufacturing, telecoms and logistics.
- Impressive and established customer base with ongoing project relationships such as PwC, Zoopla, Deloitte, VW, Lufthansa, Swarovski, Renault-Nissan, Durr and SAP.
- R&D resourcing capability in emerging, growing markets.
- Providing greater geographic presence in central and eastern European markets.

Investment Proposition

We have set ambitious yet responsible targets to grow our business, seeking to create significant value for all of our stakeholders

Strategic position

- Established, trusted industry leader with best-of-breed software solutions
- Well placed to address numerous international market drivers
- Proven track record
- Well placed to leverage Artificial Intelligence (AI) strategic opportunities

Fundamentals/ financials

- Recurring revenue business model providing greater visibility, sustainability and predictability of revenues
- Increasing prospects of operational gearing and expanding the opportunities to easily scale internationally
- High gross margins
- Increasing dividend and cash generation
- Ease of software scalability (lack of production bottlenecks or constraints)

Management

- Long-established industry expertise
- Depth of management team with excellent talent retention
- Infrastructure in place to support growth

Products/services

- World-class, award-winning, building lifecycle solutions
- Wide range of proprietary innovative products – not commoditised
- Proven innovative and agile product development
- Quality of solutions backed by established brands and reputation

Relationships

- Trusted partner across the building lifecycle
- High customer retention – growing presence across customer base
- Growing diversity of customer base

ESG

- Enabling customers to resource efficiently and deliver environmental performance tracking – increasingly key requirement
- Delivering comprehensive ESG programme across business – based on our internal materiality assessment
- Societal delivery is a key part of employee retention and motivation

Market approach

- Exploit leading niche position
- Address large and growing international markets
- Opportunities for organic and inorganic growth

Market opportunity

- Growing demand for digitalisation across built environment
- Increased use of data across the building lifecycle and harnessing of that data for and with Artificial Intelligence (AI)
- High barriers to entry
- Multiple international opportunities across widening customer base

Business Model and Strategy

Our business model is all about embedding our purpose, mission and vision into everything that we do

Our purpose

To solve the challenges of the built environment through digital transformation.

Our mission

To provide best-of-breed software to companies in the built environment.

Our vision

To create certainty for the built environment.

Our cultural values

1. Be Open, Honest and Constructive
2. Put Customers First
3. Have a Growth Mindset
4. Strive for Excellence
5. Collaborate

Our strategy

Eleco's strategic objectives remain to continue to innovate and to grow, with the solid foundation of a stable and efficient organisation.

Eleco continues to be well positioned in a very exciting and attractive market as technology is seen as the catalyst to meet the growing demands of the building industry. Eleco's customer base has been facing ongoing labour challenges and escalating materials costs.

Eleco's software plays a crucial role in mitigating these issues, increasing productivity for our customers, and enabling them to better plan their resources. There is a drive for more efficient and sustainable building methodologies and techniques. Eleco's technology solutions are widely recognised for allowing better decision making and collaboration across our clients' projects, positioning us to benefit from increasing digitalisation trends in our core markets.

As a result, the increasing digital transformation within the built environment is a significant opportunity for Eleco to leverage its position as a proven provider of software for the construction and built environment sectors, strengthen its platform, and continue to drive organic growth. Eleco's strategic objectives are customer-centric growth, prioritised innovation and resilient operations.

Customer-centric growth:

Eleco focuses on securing customers in both core and additional markets. This approach is informed by market insights and customer feedback, ensuring that the Company's offerings align with client needs and industry trends.

Prioritised innovation:

The Company is committed to developing NextGen customer solutions by leveraging its deep knowledge of its customer base. This involves identifying and addressing future needs through in-house development, partnerships, and acquisitions.

Resilient operations:

Eleco aims to maintain a stable and efficient organisation, enabling it to adapt to market changes and sustain growth. This includes streamlining operations and focusing on core business areas to enhance efficiency and effectiveness.

Focus areas

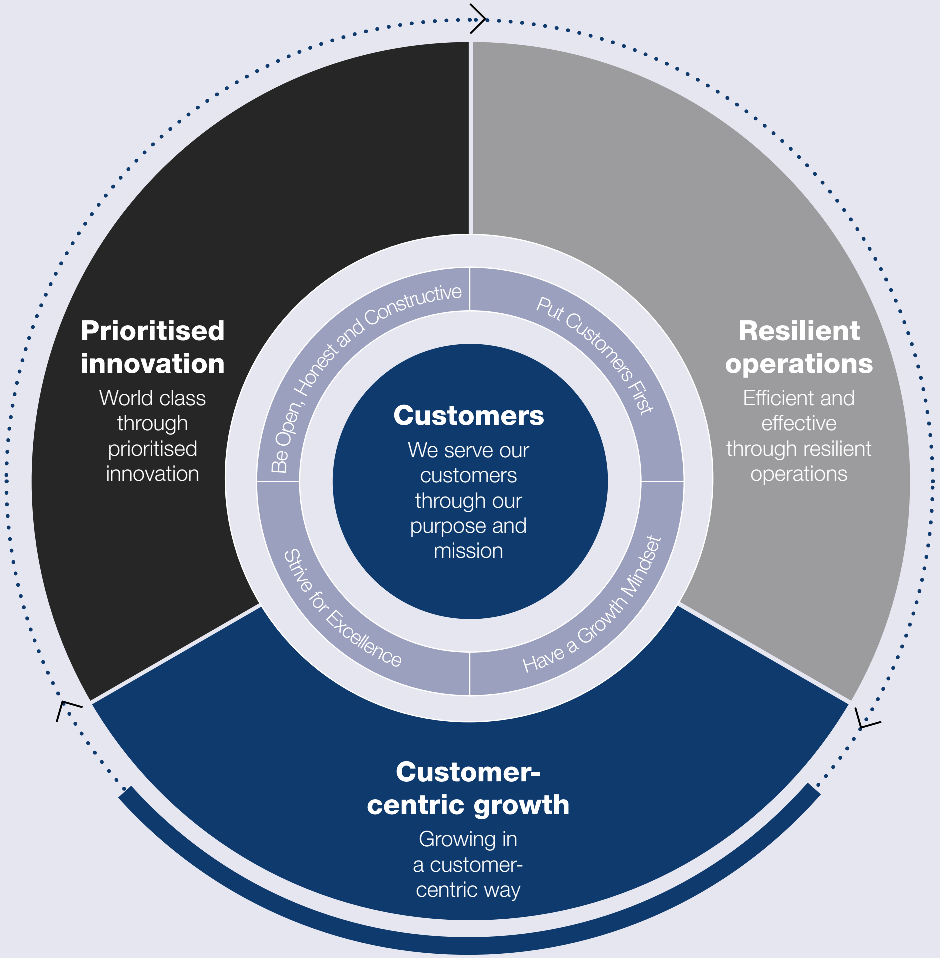
Shareholder value
- Profit margins
- Recurring revenue growth
- Progressive and sustainable dividend policy

Society
- Employee turnover
- Employee and Customer satisfaction
- Volunteering and training
- Gender Pay Gap

Governance
- Diversity and Inclusion on the Board
- Independent Directors on the Board
- Payment days to supply chain
- Separation of Chairman and CEO role

Internal operations
- Financial indicators
- Customer satisfaction and Employee satisfaction
- Cost management, Productivity and Innovation

Environment
- Energy consumption
- CO_2 production
- Net Zero



Creating value for

Our shareholders
Providing a return on shareholder investment

Our people
Creating an employer brand people want to work with and for

Our customers
Supporting our customers through our products and services

The planet and society
Being environmentally and socially responsible

Market Opportunities

Key trends

Population growth, increasing needs for buildings and increased complexity in the built environment	Volatile global cost of materials	Increased digitalisation adoption	Sustainability and growth in ESG and regulatory environment
Drivers			
The world's population growth and urbanised societies is increasing. Coupled with the limited resources of a land footprint, there is greater need for building to house people and in a more innovative and sustainable way. There is an increase in the amount of data being collected and used, in particular more on-site data. In terms of new construction techniques: Modularisation, Design for Manufacture and Assembly is becoming more of a focus as a philosophy for offsite construction.	Changing macroeconomic conditions and scarcity around finite raw materials against increasing aggregate demand causes lengthened lead times and volatile costs, adding pressure on customer margins. Margin pressure and protection is particularly acute in cost-intensive, complex, multi-disciplined and lengthy projects. There is a continued focus on cost reduction and accurate and reliable software solutions, allowing our customers to make better decisions, be more productive in their tasks and deliver on time and within budget.	The construction sector has increased its level of technology adoption but the level of digitalisation, while gathering pace, remains relatively low compared with other industries, thus providing lots of headroom for growth. Add to this, that data is the common thread across all client departments – it's the harnessing of data that will reinforce market position and solution provision for a customer-centric organisation.	The need for global net zero emissions is driving legislation and policies across the world. Consequently, there is more focus on sustainable building practices. All industries are moving toward reducing their impact on the environment but also buildings with green credentials are more sellable, attracting higher rents and valuations. This means that tools like our Bidcon Climate estimation software will become mandatory in the future and not just a 'nice to have'. Socially, we provide thousands of free licences to educational institutions. Our software also provides comprehensive, traceable and joined-up thinking to help organisations provide a robust compliance culture in the face of ever-increasing regulatory needs and requirements.
Opportunities			
▪ Leading digitalisation ▪ Open data formats ▪ Design for manufacture and assembly ▪ Facilitating off-site modularisation and other innovative solutions	▪ Increased automation and productivity ▪ Reporting and data integrity ▪ Enabling supply chain efficiency ▪ Leading industry best practice	▪ Customer support using leading industry experience ▪ Cloud deployment ▪ Mobile solutions ▪ Partner integrations ▪ Leading BIM workflows ▪ Across business data thread use ▪ AI and machine learning (ML)	▪ Embodied Carbon Calculators ▪ CO_2 emission trackers ▪ Energy analysis tools ▪ Embedded governance and regulation compliance

Our Portfolio of Products and Solutions

IconSystem®

DESIGN STANDARDS & DATA MANAGEMENT

pm3®

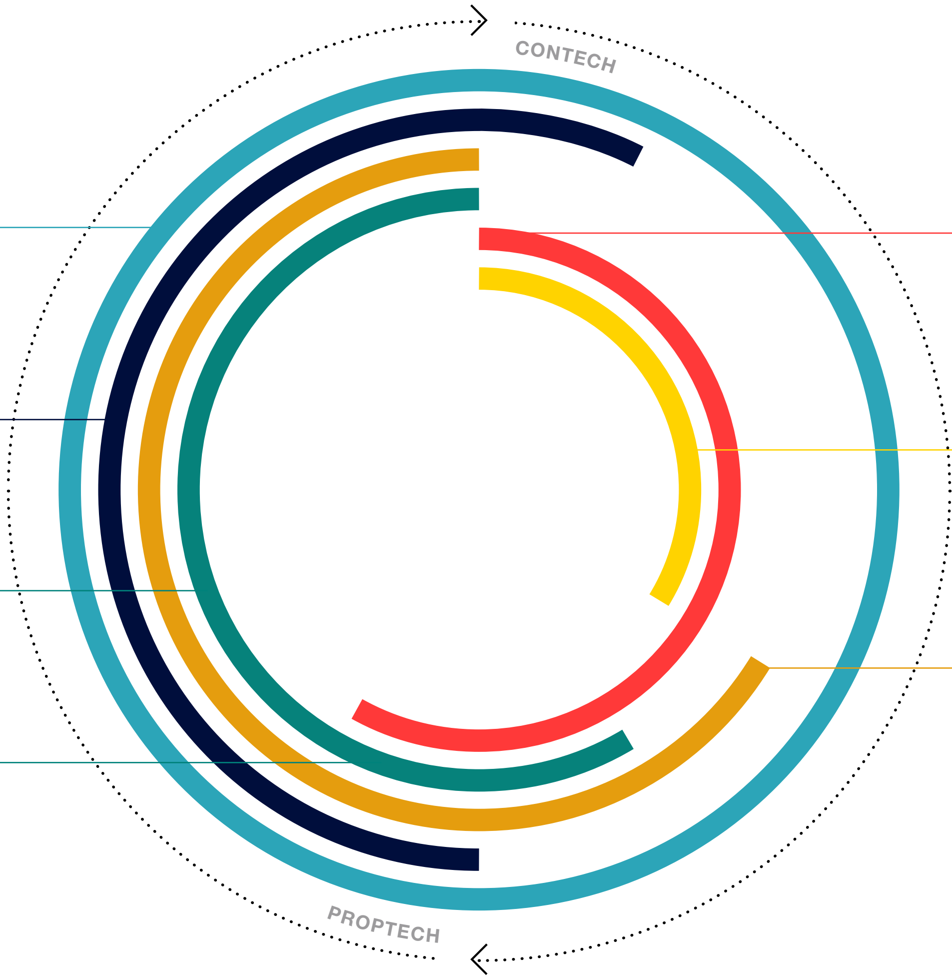
PROJECT PORTFOLIO MANAGEMENT

ShireSystem®

COMPUTERISED MAINTENANCE MANAGEMENT SYSTEM/COMPUTER-AIDED FACILITIES MANAGEMENT

PEMAC

COMPUTERISED MAINTENANCE MANAGEMENT SYSTEM



Asta®

PLANNING & PROJECT MANAGEMENT

Bidcon®

CONSTRUCTION ESTIMATING

VEEUZE®

VISUALISATION

BUILDING LIFECYCLE

- Asta Powerproject®
- Asta Connect
- Asta Vision
- Asta Powerproject 4D
- Bidcon®
- IconSystem®
- ShireSystem®
- PEMAC
- pm3®
- pm3® time

VISUALISATION & CAD

- VEEUZE®
- Staircon®
- Statcon®
- Framing

Product Insights
ShireSystem

A scalable, combined maintenance (CMMS) and facilities (CAFM) software to manage multiple locations and assets.

Core features:

Work order management & scheduling
Efficiently plan, assign, and monitor maintenance tasks across locations and assets. Streamline scheduling for both planned and reactive maintenance to maximise asset uptime, minimise operational disruptions, and improve productivity.

Compliance auditing & reporting
Automate compliance reports for health, safety, quality, and industry-specific regulations (ISO, BRC). Provide comprehensive audit trails and documentation history, reducing risks and ensuring readiness for audits.

Read more

Work request tracking
Easily submit, manage, and track maintenance requests linked directly to specific assets, contacts, clients, or locations. Real-time visibility into request statuses enhances communication, accelerates response times, and reduces administrative overheads.

Document management & version control
Centralise critical documentation and images with controlled access. Seamlessly attach files to assets, locations, tasks, or spare parts. Maintain a clear audit trail with automatic version history and document expiry notifications, ensuring accuracy and compliance.

Servicing & inspection records
Capture and maintain comprehensive records of scheduled inspections, maintenance activities, and performance data in a unified platform. Streamline preventive and predictive maintenance tasks based on real-time asset conditions and historical data.

Bespoke reports & dashboards
Generate customised reports and real-time dashboards tailored to management needs. Provide high-level insights into maintenance costs, asset performance, team productivity, and resource allocation, enabling informed, data-driven decision-making.

Customer Story

The Mare and Foal Sanctuary, a leading UK charity dedicated to rescuing, rehabilitating and providing lifelong care for horses and ponies, has implemented ShireSystem CMMS/CAFM software to centralise its maintenance operations and enhance compliance management across its diverse facilities.

Every company has different requirements for CMMS software. For us, it's about having a quick, easy way to manage workload and being able to produce evidence for our compliance reporting.

Colin Day
Head of Property,
The Mare and Foal Sanctuary

Product Insights
pm3

Outcome-driven portfolio, programme and project management tool to run everything from stand-alone projects through to large-scale business change programmes.

Core features:

Built for PMOs
PM3 is designed specifically for PMOs – not generic task or project tracking. It supports proper portfolio governance, stage-gated delivery, prioritisation, and benefits-led planning as standard.

One source of truth
All project, programme, resource, risk, and benefits data lives in one place – no duplication, no conflicting reports. PM3 ensures consistency, visibility, and confidence in every decision.

Exceptional reporting
With over 200 out-of-the-box dashboards and drill-down views, PM3 gives executives and delivery teams instant insight, without spreadsheets or manual rework.

Benefits realisation, not just delivery
Track and report on benefits at every level – financial and non-financial – using embedded maps, profiles, and time-phased forecasts aligned to strategic goals.

Configurable without complexity
PM3 adapts to governance frameworks with easy configuration – no need for heavy customisation or coding, maximising agility and value.

Customer Story

Prominent ferry service company Red Funnel, which operates 24/7, 365 days a year, provides a lifeline service connecting Southampton to the Isle of Wight.

PM3 provided them with a centralised repository for all project data, ensuring that project statuses, risks and financials were consistently updated and easily accessible, which also improved the accuracy and reliability of reports provided to senior stakeholders.

“Stay away from spreadsheets! Once you set up PM3 properly, you have control, consistency, scalability and reliability in your data and reporting.

Claire Loon
Head of Projects and Strategic Developments, Red Funnel

Read more

Product Insights
Bidcon

Construction estimating software to reduce risk and increase productivity throughout the lifecycle of a project.

Core features:

Material, hours and prices
Pick components for an estimate from Bidcon's extensive databases and reference books, which contain everything from material and resources to tasks or finished rooms.

Start an estimate from quantities
Start an estimate using external quantity files rather than with a template or a blank sheet. The quantities can come from a provided bill of quantities (BOM) in an Excel file or text file. Quantities can also be downloaded in 2D (Bluebeam Revu) or 3D (BIM).

Once quantities have been imported from one of these sources, they can be priced using Bidcon's reference books to quickly create an estimate with the right price and materials.

Planning
Use the estimate as the basis for a schedule. Export the estimate to the project planning software Asta Powerproject to create time, occupancy and payment plans.

Carbon estimating
Automatically generate an estimate for climate impact alongside the cost estimate.

Reuse the estimation information for other purposes
Avoid duplication of work by reusing information in the estimate throughout the construction process. With the Bidcon REST API, everything registered in Bidcon is made available to other software.

Customer Story

MTA is a growing construction and civil engineering company operating throughout Skåne and Halland, Sweden. For their calculations, they rely on Elecosoft's calculation program Bidcon, and its Climate Module has come to play an increasingly important role in their work.

> **The use of the Climate Module in Bidcon has been crucial. It allows us to quickly and accurately calculate the climate impact of the materials we use and our construction methods. This is not only good from a sustainability perspective, but also completely aligned with our business model.**
>
> **Jonatan Bengtsson**
> Construction Engineer, MTA

Read more

Product Insights
Asta Powerproject

Asta Powerproject®

Award-winning planning and project management software with intuitive scheduling, 4D BIM integration, a mobile app and resource management features to empower better outcomes for projects of all sizes.

Core features:

Team buy-in
Real-time planning empowers project teams to collaborate seamlessly in real time, enhancing communication, reducing delays, and driving informed decision-making throughout the project lifecycle.

Active 4D
Integrated and collaborative model-based planning speeds up the planning process, ensuring accuracy of the schedule, adding significant data value for downstream uses. The 3D model is used as the basis for the schedule from the start and remains connected through the life of the project in a single tool.

Read more

Leading resource modelling
Industry-developed capability for resource modelling and optimisation to efficiently manage people, plant, and materials across project programmes, and to maintain project schedules and budgets effectively.

Advanced project controls
Track and monitor project performance against key milestones and deliverables, enabling early identification of deviations and timely interventions to keep projects on track.

Integrated risk modelling
Built-in risk and opportunity analysis tools to proactively identify potential project risks, evaluate their impact on the project, and develop robust mitigation strategies.

Configurable compliance
Incorporating features aligned with industry guidelines together with secure cloud storage to control schedule data in configurable governance workflows.

Process innovation
Supporting process innovation by providing maximum customisation and capability options within the Asta ecosystem, enabling business process development as businesses grow and find their delivery edge.

Customer Story

PORR GmbH & Co. KGaA, a subsidiary of the Austrian PORR AG, and with branches throughout Germany, operates across all areas of construction and civil engineering. The company's strategic direction is 'green and lean', with climate-neutral construction projects, smart technologies and partnership models as a focus. Rainer Barth, who heads up PORR's construction process management department, introduced Asta Powerproject to the company having been a user of the software since 1992.

> **"Asta Powerproject supports the Time/Cost/Quality elements of planning and is recognised for its user-friendliness.**
>
> **Rainer Barth**
> Department Lead, Construction Process Management, PORR

Sustainability Report

Reducing our own environmental impact and maximising customer resource efficiency

Environment

We are committed to minimising our environmental impact by closely monitoring our energy and resource consumption, enhancing the accuracy and completeness of our carbon footprint reporting, and implementing reduction strategies to reduce our emissions. However, our most significant contribution lies in our software solutions, which uniquely position us to drive sustainability for our customers, by empowering them to improve efficiency, reduce resource consumption, and lower their environmental impact.

Eleco impact:

As a software service provider, our direct environmental impact primarily stems from our office operations and business travel. We continue to collaborate with our office landlords to improve the accuracy of our utilities reporting to help us identify reduction opportunities. Additionally, we calculate our carbon footprint annually to assess year-on-year progress.

Energy & Carbon

While in the UK our energy intensity decreased by nearly a quarter, our global energy intensity increased by 15 per cent in 2024. This is primarily due to improved data coverage across our offices, which revealed higher gas consumption and business travel than previously reported years. However, this enhanced data quality will provide us with a more accurate baseline for future energy reporting and measuring progress in the coming years.

We voluntarily disclose our global carbon emissions, going beyond current compliance requirements. We report on our direct emissions (Scope 1 and 2), as well as our grey fleet emissions. Additionally, we plan to expand our reporting to Scope 3 categories, such as waste and business travel, in alignment with international carbon inventory guidance and best practice.

In 2024, our absolute carbon equivalent emissions increased by 103 per cent to 219 tCO_2e. This rise is predominantly driven by new acquisitions in Europe and improved data accuracy across our global operations. To strengthen our commitment to carbon reduction, we have engaged external specialists to refine our calculations and support our strategy. Furthermore, we will report carbon intensity metrics alongside absolute emissions, to provide a more comparative assessment of our emissions progress, against continued business growth. A detailed breakdown of energy consumption by category and business unit is included on page 54 of the ESG Committee Report.

Transport

Our company vehicle fleet sits within our operational control and is therefore a key area of focus. We currently have 28 vehicles, and in 2024, 71 per cent (FY23: 67 per cent) of these were either hybrid or electric. To support employees in the transition to more sustainable alternatives, we are exploring the installation of EV charging points in buildings we operate.

Additionally, we are actively collating business travel data across all regions, with the aim of including this in future disclosures. Establishing a definitive baseline will allow us to set targeted travel commitments and policies aimed at reducing our environmental impact.

To support our emission reduction journey, we invest in certified nature-based and carbon removal offsetting projects, supporting thirteen of the United Nations Sustainable Development Goals. While we recognise that carbon offsetting is not a substitute for direct emissions reduction, investing in high-quality, verified offsets enables us to mitigate our current environmental impacts, assign a financial cost to our carbon, and contribute to broader environmental and social benefits.

This year, we have taken steps to mitigate our carbon footprint by purchasing 352 tCO_2e worth of carbon offsets. This includes 24 tCO_2e to cover our restated 2022 emissions, 108 tCO_2e for 2023, and 220* tCO_2e for 2024. To involve employees in the selection process, we ran a poll to determine which projects to support. As a result of the poll, we have invested in the following projects:

Guatemala – Reforestation and Forest Management (325 tCO_2e):

This project protects threatened coastal forests, supports sustainable agroforestry, and improves community livelihoods through conservation initiatives. It also helps prevent deforestation and biodiversity loss while creating local employment opportunities.

Nepal – Improved Cookstove Project (27 tCO_2e):

By distributing fuel-efficient cookstoves, the project helps reduce deforestation and carbon emissions, while improving living conditions. The enhanced cookstoves reduce household air pollution, lowers firewood consumption, and improves health and economic opportunities for families, particularly women, who often take on the majority of the domestic labour.

Through these initiatives, we are offsetting our emissions and supporting some of the UN's Sustainable Development Goals (SDGs).

* A total of 220 carbon offsets have been retired to account for the full emissions prior to the rounding down of the exact figure.

UK Energy Consumption by Revenue

13,304 kWh/£m

2024	13,304 kWh/£m
2023	17,250 kWh/£m

Global Energy Consumption by Revenue

27,493 kWh/£m

2024	27,493 kWh/£m
2023	23,828 kWh/£m

Social

Our commitment to social responsibility is reflected in our dedication to delivering service excellence to our customers, supporting our local communities, and fostering a strong workplace culture where our people can grow and thrive. We proactively engage with our stakeholders to identify further opportunities to drive positive change.

Client impact:

The built environment accounts for approximately 40 per cent of global carbon emissions across construction, operations, and maintenance. Our products empower customers to assess their carbon impact, allowing them to better plan and allocate resources, helping to reduce their overall impact and embed circular economy principles into decision making.

Workplace Culture

Listening to, and learning from, our employees is crucial to creating a positive working culture. At Eleco, we engage our colleagues annually through the Great Place to Work® survey, which allows us to assess how we are performing, identify areas for improvement, and implement strategies to cultivate a rewarding workplace environment.

We are proud to have been certified as a Great Place to Work® for the third consecutive year in the UK and Sweden, joined by Romania and the Netherlands. As our regional operations grow and meet the participation threshold, we aim to achieve this status across all locations. Our consistently high scores of ≥74 per cent reflect our ongoing commitment to fostering a fair, inclusive, and trustworthy workplace.

The Great Place to Work® methodology is grounded in over 30 years of research on workspace culture, using a rigorous, data-driven model for quantifying employee experience. To achieve certification, employers must meet or exceed the 65 per cent Trust Index™ survey benchmark.

Our strong workplace culture is also evidenced by our high employee retention rates. In 2024, our overall employee turnover was 11 per cent, while our regretted turnover was 7 per cent - a 3 per cent reduction from the prior year. Both figures remain well below broader industry benchmarks, demonstrating Eleco's ability to retain talent.

We remain committed to investing in employee development, ensuring our people are equipped with the skills required to carry out their roles with confidence. In 2024, we recorded 288 total training days (excluding mandatory cyber security training), equating to one full day of training per employee. Additionally, we fund external training opportunities and support professional subscriptions. Moving forward, we plan to expand our learning and development performance metrics, tracking and reporting on the financial investment per employee for learning and development.

Customer Satisfaction

Our company mission is to provide best-in-class software solutions to companies in the built environment. To measure our performance, we invite all customers to complete an annual Customer Satisfaction Survey, providing them with the opportunity to give feedback on our software and services. For the third consecutive year, we achieved a score of over 80 per cent, reflecting our unwavering dedication to delivering high-quality solutions. We listen to what our customers have to say and use feedback to drive continuous improvement.

Community Impact

At Eleco, we recognise that social responsibility extends beyond our employees and customers; it's also about giving back to our communities and supporting the next generation of talented software developers. That's why we provide 8,500 free educational product licences to relevant institutions.

We also encourage our employees to give back by offering one paid volunteering day per year for a cause of their choice. This includes volunteering with people in schools, nursing homes and food projects, caring for animals and cleaning up waste from our environment.

Female staff members

35%

Employee turnover – regretted

7%

Customer satisfaction

80%

Sustainability Report Continued

Governance

At Eleco, we are committed to conducting business ethically, implementing effective risk management strategies, and ensuring robust decision-making. We adhere to the Quoted Companies Alliance Corporate Governance Code for AIM-listed companies and continue to take a holistic approach to sustainability by embedding principles at all levels of the business.

Policy Management

At Eleco, strong governance is the bedrock of our operations. A key part of this is maintaining a comprehensive suite of policies, which undergo regular review to ensure continued compliance with all applicable regulations. Our policies also serve as guidance on Eleco's business operations, and all colleagues are required to read and confirm adherence via our e-learning platform. All policies are centrally stored, and colleagues are notified of updates to promote awareness across the business.

Risk Management

We take a proactive approach to risk management by identifying key business risks and implementing mitigation strategies and emergency plans to enhance resilience. Our business continuity plan is reviewed and tested at least bi-annually to ensure its effectiveness. The next review is scheduled for 2025, where we will incorporate insights from our deep-dive ESG assessment to ensure preparedness against a variety of potential risks.

Cyber Security & Information Protection

Operating within the technology sector, we are acutely aware of cyber security risks and committed to safeguarding our data and systems. To strengthen our approach, we have developed a robust Information Security Policy and obtained ISO 27001 certification, the international standard for Information Security Management. Elecosoft UK Ltd has been ISO 27001 certified since 2023, while BestOutcome has maintained certification since 2016.

We are now working to extend our ISO 27001 certification to our Swedish entities, further enhancing our industry-leading security practices and standardising best practice across the Group. To ensure continued employee awareness and compliance, we mandate annual cybersecurity and data protection training through our e-learning platform, which also facilitates ongoing security training sessions aimed at mitigating the risk of breaches and reinforcing good security practices.

ESG Integration & Management

As Eleco advances on its ESG journey, we are embedding ESG principles across all regions and business levels. Spearheaded by the ESG Committee, established in 2021, we have developed a clear strategy and identified Key Performance Indicators (outlined in our balanced ESG Scorecard) to track progress effectively.

We remain committed to transparent ESG reporting and fostering accountability by linking executive pay to ESG performance targets. To drive continuous improvement, our dedicated global ESG Implementation Team is responsible for executing the strategy and ensuring its integration across the business.

Female representation on the Board

33%

2024	33%*
2023	40%

Independent Directors on the Board

67%

2024	67%*
2023	60%

* These figures include J Pellatt who was appointed as Non-Executive Director on 8 April 2024.

ESG Scorecard

We commit to measuring and transparently communicating our progress over time against Key Performance Indicators (KPIs).

At Eleco, we view our development as a continuous journey. This overview provides an honest reflection of both our achievements, as well as the areas requiring an increased focus. By maintaining integrity and accountability, we ensure that Eleco remains a trusted and responsible partner to all of its stakeholders.

		2023 Actual	2024 Actual
Environment	Energy consumption by revenue (kWh/£m) (SECR – UK)	17,250*	13,304
	Energy consumption by revenue (kWh/£m) (global)	23,828*	27,493
	Renewable energy supplies	64%	55%
	Electric vehicles (EVs)	30%	35%
	tCO_2e production (tonnes)	108	219
Social	Employee satisfaction	76%	74%
	Customer satisfaction	81%	80%
	Female staff members	34%	34.9%
	Employee Turnover – regretted	9.7%	6.9%
Governance	Female representation on the Board	40%	33%**
	Independent Directors on the Board	60%	67%**
	Payment days to supply chain	27 days 96% within 60 days	17 days 100% within 60 days
	CEO and Chair role split	Yes	Yes

The targets are linked to Executive pay and incentivisation reward as part of overall compensation.

* The energy consumption figures previously stated were in kWh/£1,000 and not £m. The figures have been amended to represent kWh/£m revenue.
** These figures include J Pellatt who was appointed as Non-Executive Director on 8 April 2024.

S172 Statement

Key considerations and decisions

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole. In doing this, s.172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term (including on the environment – please see ESG section on page 20);
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers, and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

Eleco and the Board embrace and fully support these reporting requirements. The Board ensures that regular training is undertaken concerning directors' obligations and also that directors have access to advice from the Company Secretary whenever necessary. By having a good governance framework and procedures in place, the Board aims to ensure that its decision-making is open and transparent. We feel that the new Non-Executive Directors in recent years have created a strong platform for good governance, and the balance of skills, experience and expertise of the Board suits the needs of Eleco.

We explain on the next page some of the key decisions taken by the Board and then outline in the form of a table how we engage with our stakeholders.

Stakeholder engagement

Key decisions of 2024

1 **Strategy review and acceleration of transition to subscription pricing**	The Board reviews the Company's strategy several times annually. As part of this, the Directors consider the business plan for the coming year; budget and any relevant investments; and the impact that decisions will have in the long term. In 2021, the Company embarked on a strategic transition toward SaaS and subscription-based pricing. In 2022 and 2023, given the Company's strong performance against the predicted softening of revenue, the Directors endorsed an acceleration of the strategy, to faster realise our transformation into a customer-centric, high recurring revenue business and enhancing shareholder value. We now see improved results in the end phase of the SaaS transition in 2024 and envisage continued growth for the business going forward.
2 **Continuation of Mergers and Acquisitions (M&A) strategy**	We paused our M&A strategy during the Covid-19 period and to focus on implementing the SaaS transition. We reinitiated our M&A endeavours, divesting ARCON and acquiring BestOutcome, Vertical Digital and most recently announced post year end PEMAC, and continue to actively seek opportunities to accelerate profitable revenue growth. Each opportunity is considered through a rigorous screening process, which evaluates the compatibility and ultimate integration of the potential acquisition. The acquisition strategy is determined according to customer, market and business needs, which is underpinned by our ongoing engagement with customers.
3 **Strengthening the Board**	In April, the Board was further strengthened with the appointment of James Pellatt, who brought expertise from the real estate sector and became the Company's fourth Non-Executive Director (including the Chairman). With his experience in sustainability and innovation, the Board appointed James as Chair of the ESG Committee. Each sub-committee of the Board is now chaired by a different Non-Executive Director.
4 **Addition of CRO role**	The Company determined that a Chief Revenue Officer role was integral to securing future success and would enable the Executive Directors to apportion more time to strategic matters.
5 **Systems**	During 2023, the Eleco Group subsidiaries migrated, as part of our SaaS journey, to a single global cloud provider. This allows us to more easily scale and securely manage both customer and company data. In 2024, this was widened to BestOutcome Ltd. Also during the year, we implemented a new finance system in Elecosoft UK, Eleco PLC, the Netherlands and our German Asta Development business. After the year end the USA, Australia and UK BestOutcome businesses also moved to the new finance system. There is a phased roll-out across other remaining subsidiaries during 2025 and further integration related enhancements are planned in 2026.
6 **Stakeholder engagement**	The table on the following pages sets out how we engage with our key stakeholders.

S172 Statement Continued

Customers	Shareholders and Investors	Employees
Engagement		
Our customers are critical to our business. Our products and services are critical in the construction supply chain. We aim to: ▪ Keep the supply chain operating in the safest possible way. ▪ Support the production of goods used in construction. ▪ Support customers to make better decisions through accurate software solutions.	The Company liaised and interacted with a number of our major shareholders this year to understand those aspects which are uppermost on their agenda. The Company maintains open communications with the wider stakeholder community. The Non-Executive Chairman and Executive Directors engage through results roadshows. The Company utilises Investor Meet Company to give access to a wider group of investors and other investor forums. The Company also hosts analyst meetings to promote the business and releases regular announcements to keep investors informed on the Company's latest progress and performance. We continue to look at ways to improve our communication with all of our shareholders.	Our employees are a strong, talented and dedicated group of people who work with skill and enthusiasm in all of our target markets. Their health, safety and wellbeing are fundamental to us. We seek regular feedback through internal surveys to assess employee engagement, reduce employee attrition and build stronger teams. The Group is committed to keeping its employees fully informed regarding its performance and prospects. Employees are encouraged to present their suggestions and views. We are keen to promote diversity and equal opportunities within our workforce, being mindful that having a workforce that comprises people from different backgrounds and with different perspectives encourages the creation of a more dynamic and inclusive environment. We embed this into our entire recruitment, training and promotion processes.
How this engagement influenced Board discussions and decision making		
The Board receives regular updates on customer feedback and sales throughout the year, which informs its strategic decisions. For further details of those strategic decisions please see the Chairman's Statement on page 03 and the CEO Report on pages 05 to 10.	The Board regularly seeks and reviews the feedback from shareholders and investors, which feeds into board discussions and informs strategic decisions. For example, we regularly engage with shareholders and potential shareholders outside of close periods. Additionally, we consult with relevant and appropriate board advisors as and when necessary.	Understanding the views of our people helps us in improving our relationship with employees and influences decisions such as spending allocation.

Suppliers	Partners (resellers and technology partners)	Wider community
Engagement		
The Company utilises a number of key suppliers for IT services including telecommunications, data storage and security. These relationships are generally reviewed every two to three years. Other suppliers and advisory relationships are reviewed every 12–18 months. The review process includes a minimum of two comparable proposals.	The Company engages with resellers through a channel management function. We also provide technical support and training on an ongoing basis to our reseller community. We maintain confidentiality when partnering with other software vendors by entering into API (Application Programming Interface) partnership agreements.	Our solutions directly and indirectly impact a whole host of stakeholders including end users and local residents. We provide greater certainty in the built environment. We continue to emphasise, and in accordance with the revised QCA code, the importance of our ESG targets and credentials. Further information on this can be found on pages 20 to 23.
How this engagement influenced Board discussions and decision making		
The Company looks to enhance and consolidate supplier relationships, by means of an ongoing review of service agreements and supplier relationships.	Prior to entering into any formal reseller or API agreements with prospective partners, the Board receives, reviews and approves all arrangements.	Whilst the Board may not have direct involvement with the wider community it is mindful of the impact our business and solutions have on the wider community as a critical part of the building lifecycle. Therefore, the Board decided in 2021 to establish an ESG Committee to specifically consider the impact of our decision making on the community. This Committee reviews the Group's progress on its ESG journey. Further details of this can be found in the ESG Committee report on pages 52 to 55.

Principal Risks and Uncertainties

Monitoring and managing risks

A Risk Appetite Statement (RAS) defines the level and type of risk an organisation is willing to accept in pursuit of its strategic objectives. The Board approved the following overall Board Risk Appetite Statement on 13 March 2025:

"Eleco plc embraces a structured and disciplined approach to risk, balancing innovation, growth, and resilience while ensuring compliance with regulatory and security standards. We recognise that different risks require different levels of tolerance, and our risk appetite reflects our strategic priorities and operational commitments.

We have a moderate to high risk appetite for strategic growth and innovation in digital transformation, cloud-based solutions, and market expansion. However, we maintain a very low threshold for risks related to cybersecurity, legal and regulatory compliance, and reputational integrity, where strong controls and governance are essential.

Our risk appetite is guided by robust governance, regulatory alignment, and continuous risk monitoring to support sustainable long-term value for our shareholders and other stakeholders."

Area	Risk	Description	Internal/ external change	Mitigating actions/controls	Response strategy
Product risk					
1 **Product development and competition**	Products could fall behind competition in functionality and/or user interface, reducing revenue	Eleco provides digital solutions for clients and their end customers. In an environment of constantly changing customer requirements, increased technology adoption, and industry and technological innovation, there is a risk that competitors may develop solutions that are superior to ours. This could result in a loss of customers and related revenue. Note that as Artificial Intelligence (AI) is developing rapidly and becoming more consequential, we have separated out AI as a risk in its own right.	Internal ↗	In 2024 Eleco acquired Vertical Digital, a software development company providing Eleco with extra capacity and expertise to update our products. The Head of Innovation, CTO and other key staff develop roadmaps for Eleco's products, factoring in: the broader technological environment; existing customer feedback; and, existing and future competition in the building and property sectors. We are feeding the new capacity and expertise from Vertical Digital into the product roadmapping process. As part of this, product development spend is continually reviewed to ensure that we are generating sufficient revenue or gaining a competitive advantage to justify the investment.	(increase capability)
2 **Artificial Intelligence (AI)**	Artificial Intelligence could enable competitor products to potentially outperform Eleco, and changes the operating model of our customers	Artificial Intelligence (AI) carries a risk of competitors developing new functionality and an opportunity for Eleco to do the same. Further, AI may impact the operating model at Eleco's clients, changing the demand for Eleco's products. There are related risks that as we use AI to develop software, we lose understanding and control of the software, and that employees inadvertently share confidential data with AI tools on the internet.	External ↗	Eleco is assessing trends for AI. AI is now incorporated into the highest revenue roadmaps, with internal capability to monitor for emerging threats and changing circumstances. An AI Usage Policy has been implemented to prevent accidental sharing of data. Eleco follows good practice for software development to ensure that software is documented and tested.	(monitor) (develop Eleco capability)

Key: Change
↗ **Increase**
↓ **Decrease**
→ **No or little change**

Key: Response strategy
Avoid
Exploit
Mitigate
Accept

Area	Risk	Description	Internal/ external change	Mitigating actions/controls	Response strategy
Product risk continued					
3 **Cyber security and data protection**	Cyber attacks on Eleco products and infrastructure	As a technology business, Eleco plc and its companies rely on the security and availability of their technologies and underlying infrastructure for their own operations and for the purpose of serving and supporting customers. Like virtually all other businesses, Eleco plc faces daily potential cyber security threats such as: ▪ Disruption to customers' use of Eleco products, whether hosted by us as SaaS, or on their own infrastructure. ▪ Breaches leading to the theft of confidential data, both internal and that of customers, which could lead to reduced sales, penalties, and reputational harm. ▪ Breaches and attacks which could impact Eleco plc's own operational capability by compromising key business-critical systems.	External ↗	Effective technology risk management and close monitoring are crucial for addressing potential IT security incidents and system failures, as well as protecting customer information from unauthorised access or disclosure. Consistent investment and adherence to regulatory standards help mitigate these risks. Eleco plc employs a range of cyber defence tools, including industrial-strength email and web filtering services, server and endpoint security suites, and hardware and software firewall protection suites. This includes a Secure Development Policy to enable our products to be secure when running on customers' infrastructure. All third-party partners used for communication, security, or hosting services are certified to ISO 27001 and SOC2 levels, which encompasses physical and cyber security measures to guard against attacks. Additionally, all Eleco plc employees receive regular cyber awareness and data protection training, and cyber security insurance is in place to further mitigate threats. Many Group companies are already certified to ISO 27001 standard. As a requirement of ISO 27001, Eleco constantly reviews security measures and follows recruitment, confidentiality, and data security practices for the people aspects of security. In the extreme case, our End User Licence Agreement and Terms & Conditions provide protection against breaches and data protection.	Avoid (Counter Measures) Mitigate (EULA)

Principal Risks and Uncertainties Continued

Area	Risk	Description	Internal/ external change	Mitigating actions/controls	Response strategy
People risk					
4 **People**	Inability to attract and/or retain employees	Eleco's employees develop and maintain our solutions, serve our customers, and provide leadership to the business. Loss of key employees or an inability to attract talent could have an impact on the Group's operations.	External and Internal ↓	Eleco has won many awards for its products and has been recognised as a top performer in the market and we have obtained The Great Place to Work® accreditations in many of our operating subsidiaries. Remaining in this space means we need to ensure we retain and continue to attract the best talent the industry has to offer. To do that we will continue to develop our employee value proposition (EVP) and benchmarking to build on and strengthen the arrangements that are already in place, both globally and regionally. We will strike a balance between affordability, effectiveness and performance behaviours, and the desire to be a top employer within our industry. Communicating our EVP remains key to building our employer brand amongst our competition.	⊕ (employee value proposition) ⊖ (succession plans)
Market and strategic risk					
5 **Macroeconomic and geopolitical conditions**	Economic challenges may reduce demand for Eleco products	Several key economies in which Eleco operates from time to time face economic challenges including the UK and Germany. The impact of the Trump Administration on the US and global economy presently remains unclear, but a wave of protectionism and attendant disruption may occur. These factors can impact demand and the commercial construction business cycle. A downturn in the built environment business cycle may adversely affect Eleco's performance, though historically it has been resilient in these circumstances (for example during the pandemic). Additionally ongoing cost of living pressures (arising from a high inflationary and interest rate environment), may impact wider economic activity.	External ↗	The building lifecycle software markets are changing as the built environment accelerates its digitalisation. Elecosoft works closely with customers and the market risk is mitigated through diversity of our product portfolio and distributed geographic market exposure. Eleco maintains strong cost control to stay financially competitive and recovers such cost base increases through price rises where possible. Our product solutions and services help clients save time and bring efficiencies in a highly cost effective and value-for-money manner. Eleco's position is further strengthened by servicing the maintenance stages of the building lifecycle and manufacturing, property and retail markets. These markets experience different economic pressures and can be stable when demand is low in other markets.	⊕ (monitor market and control costs, diversification)

Key: Change
↗ **Increase**
↓ **Decrease**
→ **No or little change**

Key: Response strategy
Avoid
Exploit
Mitigate
Accept

Area	Risk	Description	Internal/ external change	Mitigating actions/controls	Response strategy
Market and strategic risk continued					
6 **Competitor actions**	Competitor action may reduce Eleco market share	Eleco faces potential and actual competitors, including new entrants, attempting to attract both new customers and Eleco's existing customers. Competitors could also develop new functionality to try to outperform Eleco products. We are seeing Microsoft Project positioned as a competitor as well as specific entrants in the Swedish, Dutch and German markets. In some of these non-English markets, we are competing with local organisations with products in local languages. Further, BIM products may extend into planning.	External ↗	Eleco's group structure with local business units enables us to be aware of trends in our markets and to respond locally. We continue to focus on excellent service, deep functionality and competitive pricing to ward off competitors. Customers are well versed in Eleco product solutions and our expanded service offerings. Feedback from customers and market trends are fed into our product roadmapping process.	Mitigate (monitor, costing, product road map)
7 **Climate change and ESG and associated uncertainties**	Environmental and political uncertainty	The geopolitical situation across Europe remains uncertain, for example the situation in Ukraine, and changes in government in a number of countries. Impacts may vary from an increase in investment in housing in the UK to widespread increases in government spending such as Defence. Climate change remains a long-term threat to global economies, but with short-term impacts ranging from the possibility of green investment to changes to building regulations/practices or the repealing of Net Zero policies. Further environmental and health uncertainty arises from the possibility of a further pandemic or pandemics.	External and Internal ↗	Eleco works closely with customers and the market risk is mitigated through operational spread between countries with plans to expand geographically both directly and in non-geographically present countries through reseller partner channels. Eleco's position is further strengthened by servicing the maintenance stages of the building lifecycle and manufacturing, property and retail markets, with different cycles and exposures to construction. As a flexible, geographically-distributed and multi-product solution organisation, Eleco is well-positioned to leverage demand from green projects. The wide use of remote working and supporting technology across the Group means greater resilience in the event of any pandemic-related lockdown.	Mitigate (diversification)

Principal Risks and Uncertainties Continued

Area	Risk	Description	Internal/ external change	Mitigating actions/controls	Response strategy
Market and strategic risk continued					
8 **Suppliers, third parties and resellers**	Reputation may be negatively impacted by Eleco, employee or partner activity	The risk of failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by Eleco itself, our employees or partners, that may cause stakeholders to form an adverse view. The risk may not only affect revenue and resulting cost of mitigation but could also have an effect on confidence and market value.	External & Internal →	Eleco takes an active role in identifying, assessing and escalating reputational risks for example through regular client meetings and, in the UK, through the Customer Success programme. Our policies aim to ensure reputational risk matters are managed in a globally consistent manner and align with our strategy. Eleco governance of reputational risk is an integral component of overall risk management, with a distinct category and reporting for reputational risk. Eleco mitigates these risks by taking steps to protect against data breaches; project management of customer deliveries; listening to customer and employee feedback to address areas of improvement and any training needs; developing strong company values and ethics and operating on them; and being aware of relevant social media adverse comments from stakeholders.	⊕ (measures to minimise occurrence) ⊖ (close liaison with customers)
9 **M&A**	Risks may stem from the acquisition and integration of companies and businesses (M&A related risks)	Irrespective of the fact that acquisitions made in the past have been successfully completed, the risk of conducting acquisitions and subsequent integration exists for future transactions. This includes, among other things, the inability to meet sales volume targets, and higher than expected integration costs, as well as the failure to meet any synergy goals. Furthermore, risks are present that the longer-term understanding to the business needs to be assimilated when integrated into the Group.	Internal →	The Group performs strong due diligence processes and closely managed integration processes; we seek to reduce the likelihood of this risk materialising. The integration plan is for the long-term positioning of the acquired business in the ecosystem of the Group. The integrations of BestOutcome, Vertical Digital and PEMAC were and are managed as specific integration projects and there is now a documented Eleco best practice approach for integrating new acquisitions.	⊗ (Due Diligence) ⊕ (Integration Planning)

Key: Change
↗ **Increase**
↓ **Decrease**
→ **No or little change**

Key: Response strategy
Avoid
Exploit
Mitigate
Accept

Area	Risk	Description	Internal/ external change	Mitigating actions/controls	Response strategy
Legal and compliance risk					
10 **Legal and compliance**	Potential breach of regulatory compliance	Eleco operates across several territories and geographies which are each subject to their own laws, regulations and tax jurisdictions. This includes strict controls on data access e.g. GDPR in the EU. There is a risk of non-compliance which could result in fines, claims, and reputational damage.	External and Internal →	Eleco uses the services of professional advisors, who are experts in their fields, to complement in-house knowledge. Transactions between group companies are carried out in accordance with Eleco's interpretation of tax laws, tax treaties and OECD guidelines. Eleco has many systems, processes and controls in place to ensure compliance with regulations. Intercompany transactions are conducted at arm's length and transfer pricing arrangements remain under continued review.	(use of advisors and Eleco Group structure)

CFO Report

2024 has been a further transformational year, where the performance of the business has stepped up a gear

Neil Pritchard
Chief Financial Officer

Introduction and overview

2024 was a year of superior financial performance for Eleco plc Group, in which we reported high growth in revenues, cash and profitability, all ahead of market expectations. We are now a high recurring revenue business, with strong cash generation and a resilient business model in an otherwise increasingly uncertain world.

Shareholders now have revenues and earnings that are more sustainable, predictable and resilient. Matched with this forward visibility, operational gearing, where there is more than proportionate growth in profit from increasing revenues over given fixed costs, has meaningfully advanced in 2024 on its onward march.

Eleco is a trusted, proven, customer-centric interplay of best-of-breed, innovative software solutions provider for the built environment. Playing to its strengths in the European theatre, Eleco is also expanding into other geographies including the USA and Australasia. The built environment is utilising increased digitalisation of workflows, technology ecosystems and the joining up of data. Eleco is front and centre in catering to these market trends, providing meaningful end-to-end solutions for the whole building lifecycle. The core drivers behind this inexorable net growth in the verticals we service are well known to all: population growth; urbanisation; regulatory and compliance requirements; and the increased demands, complexities and pressures of projects.

Revenue and gross margins

I am delighted to report a 16 per cent year-on-year increase in overall revenues to £32.4m (2023: £28.0m), ahead of market expectations. This £4.4m breakout increase above £30.0m demonstrates successful execution of our focused strategy over the last three years.

Taking into account currency movements being adverse in general, the increase in revenue would have been 17 per cent or £0.4m increase in revenue in constant currency terms, and excluding acquisition effects 9 per cent, though to be clear acquisitions made are an ongoing part of the business going forward.

Geographically speaking, the biggest revenue components of the Group remain the UK and Republic of Ireland at 49 per cent (including the contribution of a full year of BestOutcome Limited); Scandinavia at 18 per cent; 'Rest of Europe' at 16 per cent, incorporating the Benelux and Romanian businesses and other non-separated European jurisdictions; and Germany at 10 per cent (where we have two businesses). Our German B2B2C Visualisation business continues to be more closely linked to the recessionary nature of the German economy and its environs. Group wide, as a well-diversified business blessed with thousands of customers and a portfolio of end-to-end product solutions, we continue to have no material customer concentration within our revenue.

To assist disclosure to our investors we also report by revenue type, split between perpetual licences, recurring revenues, and services. As expected, as we exit the SaaS financial transition, perpetual licence sales at £1.0m in 2024 were once again lower than the previous year (2023: £1.5m).

Annualised Recurring Revenues (ARR) and Total Recurring Revenues (TRR) remain key metrics for the Group, signalling our substantive progress in building a more predictable and sustainable business model. ARR is the exit rate of the year, calculated by multiplying recurring revenue for the month of December by twelve. ARR is often taken as a reliable, forward-looking indicator for businesses by investors.

ARR, as at 31 December 2024, increased by 18 per cent (or £4.0m) to £26.6m (2023: £22.6m). TRR, reflecting recurring revenues across the whole year, was up 20 per cent to £24.9m (2023: £20.7m). Testament to the new business operating model, these recurring revenues represent 77 per cent (or 79 per cent before the acquisition of Vertical Digital) of Group revenues (2023: 74 per cent of Group revenues).

Services income, more discretionary in nature and the one part of the business slightly more impacted by macroeconomic pressures, did increase in headline terms at £6.4m (2023: £5.7m), though £0.9m of this variance stemmed from the revenue contribution of the Vertical Digital group of companies from April 2024 onwards. As such, underlying revenue from services continues to be challenged.

> Software businesses like ours are fortunate to be able to scale up revenues without experiencing constraints in inventory build. This creates agility in meeting customer demands, with relatively short time to market.
>
> **Neil Pritchard**
> Chief Financial Officer

The Group has higher gross margins than a typical software or technology business, and this in many ways demonstrates the superb value and level of customer-centricity we provide. In recent years we have further enhanced our margins by, for example, divesting of the underperforming Arcon (Eleco Software GmbH) architectural CAD business in 2022; incorporating LMS training in SaaS software terms, and the decision to End-Of-Life three Swedish-based product lines in 2023. The Group gross margin in 2024 was 89.3 per cent (2023: 89.8 per cent). Had we not acquired the Vertical Digital group of companies for strategic R&D purposes, being a software development consulting house rather than a SaaS software provider, the gross margin would have increased to 91.0 per cent in 2024.

I am pleased to report that the level of deferred income, revenues carried into the future, as at 31 December 2024, increased by 23 per cent to £12.1m (2023: £9.8m).

Operating expenses and R&D investment

Total selling and administrative expenses increased by £3.0m, or 14 per cent, to £24.9m in 2024 from £21.9m in 2023.

The 2024 selling and administrative expenses include one-off advisor fees and stamp duties relating to the Vertical Digital acquisition and in relation to the due diligence for the PEMAC acquisition post year end of £0.4m (2023: £0.3m).

Also within this total spend, depreciation and amortisation of intangible assets was ahead of the previous year at £3.2m (2023: £2.4m). This reflected increased investment in innovative development, internal systems and our M&A activity.

Outside of the above commentary, the main operating costs at £21.2m for 2024 was ahead by 11 per cent from £19.1m in 2023. However, when you remove the addition of the cost bases of approximately three quarters of a year's overheads from the inclusion of the Vertical Digital group of companies and the additional six months of overheads from the inclusion for BestOutcome, totalling £1.3m, then the movement in underlying selling and administrative expenses was £0.8m or 4.2 per cent between 2024 and 2023, in line with inflationary and headcount releases in line with the increasing scale and complexity of the Group.

Operating expenses included negative FX of £0.1m, consistent with 2023 (negative FX of £0.1m). Share option payment costs were lower at £0.1m (2023: £0.2m) year on year.

A key benefit of being a software company is the ease in which software can be deployed, thus reducing time-to-market returns. The Group invests in R&D to remain at the forefront of innovation and enhance its customer offer. Total software product research and development spend (before amortisation) increased to £5.4m for the year (2023: £4.8m) of which £3.0m (2023: £2.3m) was capitalised. Total R&D investment remained relatively in proportion with Group revenues: being 17 per cent of revenue (2023: 17 per cent).

Profitability

Software businesses like ours are fortunate to be able to scale up revenues without experiencing constraints in inventory build. This creates agility in meeting customer demands, with relatively short time to market.

Increased revenues, high gross profits, and a less than proportionate increase in overheads, yields improved levels of overall profitability over prior years. We see in the 2024 results this operational leverage beginning to flow through in both Adjusted and Statutory reported measures and anticipate this further improving as percentage revenues in future years.

Operating profit increased by 28 per cent to £4.1m (2023: £3.2m).

EBITDA increased by 24 per cent to £7.2m (2023: £5.8m), with Adjusted EBITDA up 26 per cent to £7.7m (2023: £6.1m). A reconciliation between Adjusted EBITDA (adjusting earnings for interest, taxation, depreciation, amortisation and impairment of assets) and adjusted operating profit is provided in note 26.

Net finance income of £0.2m (2023: £0.1m) reflects an improved interest rate environment that has continued post year end.

CFO Report
Continued

Adjusted EBITDA
£7.7m

2024 £7.7m
2023 £6.1m

Profit Before Tax
£4.3m

2024 £4.3m
2023 £3.4m

Cash
£14.0m

2024 £14.0m
2023 £10.9m

Group Adjusted profit before tax was up 29 per cent to £5.4m (2023: £4.2m) and reported profit before tax increased by 26 per cent to £4.3m (2023: £3.4m).

The Group tax charge in the year was £1.0m (2023: £0.8m). This increased due to the higher underlying profit both in UK and overseas jurisdictions; a higher statutory rate for the UK businesses being 25 per cent (2023: 23.5 per cent); and slightly higher current and deferred tax credit adjustments in respect of previous years. The underlying effective rate of 22.4 per cent was very similar to the prior year (2023: 22.3 per cent).

Profit after tax was therefore 22 per cent ahead at £3.3m (2023: £2.7m) and Adjusted profit after taxation increased by 27 per cent to £4.2m (2023: £3.3m). Profit after taxation divided by the number of issued shares gives the key earning per share metrics. I am delighted to report a basic earnings per share figure of 4.0 pence per share (2023: 3.2 pence per share), equating to a 25 per cent increase in this metric for our shareholders.

Indeed, adjusted basic earnings per share was ahead further at 5.1 pence per share, equating to a 28 per cent increase (2023: 4.0 pence per share). A reconciliation of diluted and adjusted basic earnings per share is provided in note 8.

Operating cash, cash and liquidity

A feature of Eleco is its strong cash generation. As discussed earlier, we provide great value to our loyal and valuable customers. This is evident in our high gross margins, and high levels of recurring revenues (being both predictable and with excellent retention rates driven by customer satisfaction), we do not need to scale using inventory build, and payment for software by our loyal customers is typically timely.

This cash generation is enviable to our competitors, and allows us to: have a more resilient and robust business model in darker macroeconomic times; fund M&A where possible from internal resources; and fund a progressive, sustainable and attractive dividend policy.

The Group's cash position, as at 31 December 2024, was £14.0m (2023: £10.9m), despite the increase in dividend amounts and the payment of £1.1m plus advisor costs for the Vertical Digital group of companies. It is important to note that this balance after the year end did reduce by £5.1m in relation to the acquisition of the PEMAC business. The Group remains free of debt.

Cash generated from operations before working capital was £7.3m (2023: £5.8m) following on from higher profits. Cash generated from operations after working capital movements was also very positive at £10.7m (2023: £6.4m). Net tax cash paid in 2024 in Group jurisdictions amounted to £1.7m (2023: £0.5m) with scaling up taking us into new prepayment regimes.

Capital expenditure on intangible assets, principally comprising the capitalisation of software product development costs, was £3.3m (2023: £2.4m). Capital expenditure on property, plant and equipment at £0.1m was broadly similar to the prior year (2023: £0.1m).

The acquisition of the Vertical Digital group of companies, together with associated acquisition costs net of cash acquired, gave rise to an outflow in investing activities of £1.3m. The prior year showed a similar natured net outflow of £3.8m for the acquisition of BestOutcome Limited in July 2023.

Free cash flow, taking cash generated from operations less the intangibles and tangibles additions, and more stringently defined as net of finance and taxation, increased 66 per cent to £6.3m (2023: £3.8m). This represents 156 per cent of operating profits (2023: 119 per cent).

Consideration paid on acquisitions, lease liabilities, equity dividends and any issue of shares, resulted in net outflows of £1.0m (2023: net outflow of £1.6m). Included within this were dividends paid in 2024, pertaining to the 2024 interim dividend and 2023 final and special dividends, amounting to £0.7m (2023: £1.1m).

The net overall inflow of cash in the year was therefore £3.4m (2023: an outflow of £1.5m).

Dividends

The Company has an appropriate progressive and sustainable dividend policy, not something that many other technology or AIM-related investments provide to their shareholders. The growth in our business and our unencumbered and robust cash status, allows us to do this alongside investing in the Company to provide both organic and inorganic growth.

We are grateful to all our shareholders and thank them for their support as the dimensions of the business have changed over the last three years and more. The Board has therefore proposed a final dividend of 0.70 pence per share, a 27 per cent increase (2023: 0.55 pence per share), which, with the interim dividend of 0.30 pence per share, gives a total for the year of 1.00 pence per share (2023: 0.80 pence). The proposed final dividend will be paid on 27 June 2025 to shareholders on the share register as at 13 June 2025 with an associated ex-dividend date of 12 June 2025.

Summary

2024 has been a further transformational year, where the performance of the business has stepped up a gear. But we do not and will not stop there. We continue to see a dynamic and bright future for the Eleco Group where our best-of-breed software and services are embraced by customers looking to solve their real-world challenges and gain certainty over their productivity, impact on the environment, cost profile, and project delivery.

We create true value, not only through innovation but also through our people. All our dedicated professionals, with their experience and skills in finding solutions, building customer relationships and understanding their needs, are an asset not necessarily measurable or identifiable on our Group balance sheet.

As we continue to successfully execute on our strategy at pace, we remain focused on all our stakeholders and delivering continuing shareholder value for our owner investors.

Neil Pritchard

Chief Financial Officer

30 April 2025

Board of Directors

Providing a broad balance of skills and experience

Mark Castle FRICS
Non-Executive Chairman

A R N E

Appointed by the Board: 2021

Experience:

- Joined the Board in September 2021 and became Interim Chair of Eleco plc in May 2023 before being appointed as permanent Chair in October 2023.
- Joined the industry in 1981 as an apprentice and during his executive career held senior positions at Wates Group, StructureTone and Mace Group, the global construction and consultancy business, where he was Chief Operating Officer until 2021 having joined the business in 2005, stepping down from his position as a Non-Executive Director on the Board on 31 December 2023.
- Chairman of Build UK, the construction industry body, from 2017–2019.

Other current roles:

- Non-Executive Director at Taylor Wimpey plc, the FTSE 100 Housebuilder.
- Chair of the private equity backed Triangle Fire Group.

Accreditations:

- Fellow of the Royal Institution of Chartered Surveyors.

Jonathan Hunter BBus BMm
Chief Executive Officer

E

Appointed by the Board: 2016

Responsible for devising and implementing the Group's strategy for growth and building company culture.

Experience:

- Appointed Chief Executive Officer in September 2020 having served as Chief Operating Officer with the Group.
- Over 15 years of investor relations and public company experience.
- At the forefront of the Group's M&A activity since the commencement of his directorship.
- Played a fundamental role in Eleco's transition to a software group during and post divestment of the Building Systems division, defining the Group's initial software portfolio strategy and more recently leading the successful transformation to a SaaS organisation.
- Over 20 years' experience of technology in the built environment and extensive understanding of Eleco's software, markets and competitors amassed through senior leadership roles with the Company including MD of UK operations and Business Development Director.
- Member of Criticaleye, the peer-to-peer board community, with regular involvement in growth company roundtables and forums.

Accreditations:

- Bachelor of Business Management, majoring in Marketing Management, Griffith University, Australia.
- Bachelor of Multimedia, Griffith University, Australia.

Neil Pritchard FCA BSc (Hons)
Chief Financial Officer

E

Appointed by the Board: 2022

Experience:

- A wealth of international public company experience in technology-driven businesses and over 30 years' experience in international FTSE250 and AIM listed groups.
- Extensive merger and acquisition (M&A) transactions throughout his career.
- Chief Financial Officer (CFO) and Executive Director at Corero Network Security plc, a London listed global leader in DDoS cyber software solutions.
- Group Financial Director and Executive Director at London listed technology business CML Microsystems plc Group.
- Finance Director of the UK and Eire division of the DAX-listed group Continental AG.
- Senior financial positions with quoted companies Delta plc Group (now Valmont Industries) and Yule Catto & Co plc, renamed to Synthomer plc Group.
- Independent Trustee and Director of The Magic Circle Foundation Limited from 2021 to 2024.

Accreditations:

- Qualified Chartered Accountant, holding an FCA, having spent six years with KPMG London in audit, treasury and forensic transaction services (TS) for M&A transaction roles.
- Economics and Politics degree from the University of Bath, UK.

Key Committee Membership

- A Audit and Risk
- R Remuneration
- N Nomination
- E ESG
- Committee
- Chair

Dr. Annette Nabavi MA (Oxon), Doc. de 3ième cycle (Dijon)

Senior Independent Non-Executive Director

A R N E

Appointed by the Board: 2021

Experience:

- 30+ years' track record in operational and advisory roles in the technology, telecoms and digital industries.
- Seven-year tenure as Non-Executive Director at AIM-listed Maintel Holdings Plc, a cloud and managed services technology company, where Dr Nabavi also chaired the Remuneration Committee.
- Involvement with the Quoted Companies Alliance (QCA), where Dr Nabavi supported the update to the Remuneration Committee Guide.
- Non-Executive Director of EFI Limited, a specialised financial services consultancy, until April 2023.
- Non-Executive Director, Remuneration Committee Chair and Senior Independent Director at Gemserv Ltd, a professional services company providing policy advisory and digital transformation services to the energy and healthcare sectors, until its sale to Talan Group in January 2023.

Other current roles:

- Non-Executive Director and Chair of the Remuneration Committee at iomart Group plc, a secure cloud solutions and IT managed services company, since 2023.

Accreditations:

- MA from Oxford University and a Doctorate from the University of Dijon.
- Shortlisted for The Sunday Times' Non-Executive Director Awards as AIM Director of the Year.
- Finance Director for Women in Telecoms and Technology, a Not-for-Profit organisation, and serves as a judge for the prestigious World Communications Awards.

Alyson Levett ACA, MA (Cantab)

Independent Non-Executive Director

A R N E

Appointed by the Board: 2023

Experience:

- Over 20 years of leadership experience spanning various sectors such as software, telecommunications, consumer services, FMCG, and manufacturing.
- Extensive expertise in finance, audit and reporting, strategy, software, technology, risk management, and cyber security to the Board.
- Previously a director and Chair of Audit Committee at AMTE Power plc.
- Alyson's most recent executive position was as Chief Financial Officer at I-Nexus Global plc, where she played a pivotal role in their strategic direction, oversaw finance operations, and guided the company through its IPO on the AIM market in 2018.

Other current roles:

- Directorship and Chair of Audit Committee at the Financial Services Compensation Scheme Limited.
- Directorship and Chair of Audit & Risk and Remuneration Committees at Getech plc.
- Trustee at En-Fold, a growing charitable incorporated organisation supporting information, training and support around autism.

Accreditations:

- Alyson is a qualified Chartered Accountant and holds an MA from Cambridge University.

James Pellatt MRICS BSc (Hons)

Independent Non-Executive Director

A R N E

Appointed by the Board: 2024

Experience:

- Founder and CEO – Digital Trees – advising leading real estate companies about Digital Transformation, AI Adoption, Innovation and Change. Advising leading UK and European Real Estate companies and consultancies in all sectors.
- Director of Innovation at Great Portland Estates plc, delivering digital transformation of the business and leading use of Digital Twins, BIM and Proptech.
- Senior Director, Design and Construction at Tishman Speyer – delivery of a range of projects in London, Europe and New York.
- Project Executive, More London Development with responsibility for the delivery of many phases of successful development including HQs for Lawrence Graham and EY.
- Partner at Arcadis, leading the Project Management division in Central London.
- Board member of UK Proptech Association prior to merger with British Property Federation.
- Board member of British Council for Offices – research and mentoring committees.

Other current roles:

- Strategic Advisor for Laiout, Norway, supporting founders in their development of a generative AI space planning platform.
- Venture Partner at Pi Labs, advising the fund on the investment in early stage start ups in the PropTech and ConTech space.

Accreditations:

- Member of the Royal Institution of Chartered Surveyors.

Corporate Governance Report

Dear Shareholder

As Chairman of the Company, it is my responsibility to manage the Board in the best interests of our many stakeholders, which include shareholders and our employees.

Good corporate governance is key to safeguarding those interests, and the Board seeks to ensure that the Company is committed to the highest standards of corporate governance and continually evaluates its policies, procedures and structures to ensure they are fit for purpose and relevant.

People and Culture

Our people are our most important asset, and in the year, we conducted a survey across colleagues as part of the review of our purpose and culture.

Trust, customer centricity, flexibility, innovation and collaborative teamwork are Eleco's core values, held by the Board and translated into a culture and behaviours that are becoming part of our DNA. It is essential that we are able to attract and retain the right talent in the competitive environment we are working in.

Composition of the Board

In April 2024 James Pellatt joined the Board as a Non-Executive Director. His profile is included on page 39.

The Board now comprises the Non-Executive Chairman, three independent Non-Executive Directors (including the Senior Independent Director) and two Executive Directors, being the CEO and CFO. The Directors maintain and enhance their experience and skillsets through exposure to other (listed) companies, attendance at industry events, academic certifications, reading and research around subjects, use of advisors, discussions with staff, and training as appropriate.

As we move forward in the next growth phase, we are confident the current Board encompasses the right mix of experience and skills to see us through the journey and beyond. Nonetheless, the Company considers succession planning as very important and continues to monitor the succession requirements of both Executive and Non-Executive Directors of the Board, in light of the Company's overall needs.

Governance and the Board

The Company's shares trade on AIM. The Company follows the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Sized Quoted Companies (the 'QCA Code'). The Company is cognisant of the fact that compliance is an organic process and is to be embedded into every aspect of operation and will continue to review and improve its procedures so as to implement the highest levels of governance.

Details of how the Company has dealt with each principle of the QCA Code, including those revisions made in the latest version of the Code, may be found by visiting: www.eleco.com/governance.

Operation of the Board

The Non-Executive Chairman, along with the Senior Independent Director, the Non-Executives, Executive Directors and the Company Secretary, ensures that the Board functions effectively and has established Board processes designed for this purpose. The independent Non-Executive Directors provide scrutiny and challenge of these processes.

The Board aims to be accountable and give utmost consideration to governance arrangements. It also seeks to:

- Provide direction for management;
- Demonstrate ethical leadership;
- Make well-informed and high-quality decisions;
- Create the framework for helping directors meet their duties; and
- Be accountable to all stakeholders.

The Board met 15 times during the year. These meetings were held through a combination of in-person and virtual meetings. We value the opportunity to discuss complex issues in depth in person and the team bonding opportunity it provides. Equally, we appreciate that virtual meetings are efficient, time and cost-saving opportunities whilst in support of our environmental considerations. The attendance of individual directors at board meetings in 2024 is set out in the following table and committee meetings in the committee reports on pages 43 to 55.

Operation of the Board continued

	Board Meetings in 2024	
	Possible	Attended
Executive		
J Hunter	15	15
N Pritchard	15	15
Non-Executive		
M Castle	15	15
A Nabavi	15	15
A Levett	15	15
J Pellatt (appointed 8 April 2024)	13	13

- Each regular, scheduled board meeting has an overarching theme. These include the annual budget, Group business strategy including M&A, interim and final results.
- Executive directors and members of the senior management team make presentations covering progress against current strategy and key objectives and ideas for future investment.
- In addition, the Board maintains regular electronic communications and makes further decisions by way of written resolutions to address largely procedural issues between the scheduled board meetings. An example of this would be the grant of clearance to deal for PDMRs.
- To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed by the Company Secretary and made available via a board portal to all directors usually a minimum of four working days in advance of board and committee meetings.
- A monthly reporting pack containing management accounts with commentary, reports from each Executive Director and individual business unit updates, is provided to the Board on a monthly basis.
- Meetings were held between the Chairman and the Executive Directors during the year, without the other Non-Executive Directors being present, to discuss matters as appropriate.
- Meetings were also held between the Chairman and the Non-Executive Directors during the year, without the other Executive Directors being present, to discuss appropriate matters as necessary. The Non-Executive Directors hold a private session after each board meeting to discuss feedback on how the meeting achieved its objectives.
- Both Executive and Non-Executive Directors are encouraged to undertake annual training in furtherance of their specific roles and general duties as a director and to keep their skills up to date and relevant to the Group. This includes, but is not limited to, attending meetings and workshops run by the London Stock Exchange and the Quoted Companies Alliance.

Control Environment

The Board acknowledges its responsibility for the Group's systems of internal financial and other controls. These are designed to give a level of assurance as to the reliability of information, the maintenance of adequate accounting records, the safeguarding of assets against unauthorised use or disposition and that the Group's businesses are being operated with appropriate awareness of the operational risks to which they are exposed.

The Directors have established an organisational structure with clear lines of responsibility and delegated authorities within the Group Controls Handbook.

The systems include:

- the appropriate delegation of responsibility to operational management;
- financial reporting, within a comprehensive financial planning and accounting framework, including the approval by the Board of the detailed annual budget and the regular consideration by the Board of actual results compared with budgets and forecasts;
- clearly defined capital expenditure and investment control guidelines and procedures; and
- monitoring of business risks, with key risks identified and reported to the Board. These risks can be identified on pages 28 to 33.

The Company undertook a thorough review of the Group Policy Framework and strengthened policies were rolled out throughout 2024.

During the year end process, a number of control environment weaknesses were highlighted from errors made, that stemmed from significant staff turnover at one of our German businesses. Additional procedures were conducted by local external accountants for Group management, to re-confirm that the underlying results were materially correct for the purposes of the year end (and year end audit) and adjustments made to the reported results for Group purposes. Alongside the recruitment of new senior and middle-ranking personnel, and improved control, oversight and risk processes implemented, it is envisaged that the extension of the implementation of the new group-wide reporting system, with its improved control environment, transparency and efficiency, to the subsidiary concerned will lead to further improvements in the oversight, reporting and control environment.

Corporate Governance Report
Continued

The Board Evaluation Process

The performance of the Executive Directors is reviewed on an annual basis by the Remuneration Committee, headed by Annette Nabavi along with the other Non-Executive Directors. The review looks at the individual and the Group's performance as well as any feedback from the other board members, including the Chairman. This review is discussed with each individual director and forms the basis for any additional training or development that may be required.

The Board considers board evaluation as critical to sound corporate governance and sustainability and considers that a robust evaluation process will create transparency, better decision-making, stronger culture and more effective meetings. To this end, the Board is using an external board evaluation platform to facilitate this process. This will provide a 360˚ evaluation and will foster top team alignment and will influence our development as a board in future years.

Policy on Appointment and Reappointment

In accordance with corporate governance best practice, all directors will retire and submit themselves for re-election every year at the AGM. New directors are subject to election at the first AGM of the Company following their appointment.

Senior Independent Director

Annette Nabavi is the Senior Independent Director, whose key responsibilities are:

- to act as a sounding board for the Chairman and to carry out the performance evaluation of the Chairman;
- to be available to attend meetings with major shareholders and key advisors to receive their views regarding the Group; and
- to act as a route of access for shareholders and directors who have concerns that cannot be addressed through normal channels.

Non-Executive Directors

Under the QCA Code, the Board should have an appropriate balance between Executive and Non-Executive Directors and should have at least two independent Non-Executive Directors. The Company satisfies this requirement. At the date of appointment, Non-Executive Directors were assessed for independence against the UK Corporate Governance Code and against the QCA Code (as revised). Each of the Non-Executive Directors is considered independent of management and free of any relationship that could materially interfere with the exercise of their independent judgement. Their financial or commercial involvement with Eleco is limited to their annual salaries, any publicly-disclosed shareholding, and interest in contracts if any. Any historic employment relationships are disclosed in the Board of Directors pages 38 to 39. No Non-Executive Director has been an employee of the Company within the past seven years.

The Company remains committed to a board which has a balanced representation of executives and non-executives.

Each Non-Executive Director is expected to attend and be prepared for all board meetings.

Company Secretary

As part of our commitment to the highest levels of corporate governance, we have appointed a professional Company Secretarial firm to advise the Chairman and facilitate the Board and to act as a go-between for the Company's professional advisors and the Board. The Company Secretary's further duties include:

- assisting the Board in implementing good governance procedures in the Company;
- assisting executives in ensuring that the Group complies with legal, statutory, and regulatory requirements;
- assisting the Chairman with the effective planning and running of board meetings; and
- acting as a confidential sounding board for directors.

The Directors have access to independent professional advice, when they judge it necessary, in executing their duties on behalf of the Company. The main external advisors used by the Company during the year can be found on page 114.

Mark Castle

Non-Executive Chairman

30 April 2025

Audit and Risk Committee Report

Committee Composition and Meeting Attendance in 2024

Director	Possible	Attended
A Levett (Chair)	3	3
M Castle	3	3
A Nabavi	3	3
J Pellatt (appointed 8 April 2024)	3	3

Dear Shareholder

This report sets out how the Audit and Risk Committee has discharged its responsibilities during the financial year.

The primary roles and responsibilities of the Audit and Risk Committee are:

- monitoring and reviewing the financial statements, including the appropriateness and application of accounting policies used, prior to their recommendation to the Board;
- reviewing the effectiveness of the Group's internal controls and risk management systems;
- monitoring the relationship with the external auditor, including assessing auditor independence and the effectiveness of the audit process;
- reviewing the adequacy of the Group's whistleblowing arrangements; and
- making recommendations to the Board in relation to accounting, reporting and risk for its consideration and approval.

Terms of Reference

The full terms of reference for the Audit and Risk Committee may be found by visiting: www.eleco.com. They were last adopted on 23 March 2025.

The members of the Audit and Risk Committee comprise the independent Non-Executive Directors.

The Audit and Risk Committee met three times during the year and considered the 2024 audit plan, the audit findings report for the year end, the financial statements for the year ended 31 December 2023 and the interim report for the six months ended 30 June 2024. In addition, outside of the Audit and Risk Committee meetings, the Audit and Risk Committee Chair has worked closely with the CFO on the development of an enhanced risk management approach commensurate with the Company's increased size and complexity and framework for the future of the Group.

Although not members of the Audit and Risk Committee, company officers invited to the Audit and Risk Committee meetings to answer specific questions were the CFO, the Group Financial Controller and the Company Secretary.

External Auditor

The Audit and Risk Committee has engaged RSM UK Audit LLP (RSM) as the Company's external auditor and they are regularly invited to attend Audit and Risk Committee meetings. The Audit and Risk Committee also meets with the auditor without management in attendance.

At the 2024 AGM, RSM was reappointed as the external auditor and has been engaged to undertake the audit of the Group's financial year ended 31 December 2024. The auditor appointment is subject to ongoing monitoring and the Audit and Risk Committee revisited their review of RSM's effectiveness following the completion of the audit for the Group's financial year ended 31 December 2024. The Audit and Risk Committee considered several factors when determining the effectiveness of the external auditor, including: the overall quality and scope of the audit; the audit partner and team; communication and engagement with the Audit and Risk Committee, both formal and informal, and how issues were reported, followed up and resolved; the independence of RSM and whether an appropriate level of challenge and scepticism existed in their work.

The Audit and Risk Committee also sought the views of key members of the finance team and senior management on the audit process and the quality and experience of the audit partner. Their feedback confirmed that RSM had performed relatively well during 2024 and had provided an appropriate level of challenge to management.

RSM has indicated its willingness to continue in office and a resolution will be proposed at the AGM to reappoint it as auditor and to determine its remuneration.

The total fees paid to the Company's Auditor in the year are shown on page 80.

The Group uses separate advisors for taxation.

Significant issues considered by the Audit and Risk Committee

A brief summary of the significant issues considered by the Audit and Risk Committee is set out below:

- Treatment of the acquisition accounting of Vertical Digital SRL and Sons of Coding SRL;
- Revenue recognition of the components of software sales and associated revenue streams;
- The carrying values of operating companies and the need for reviewing the carrying value of goodwill and other intangibles;
- The capitalisation and amortisation of research and development (R&D) costs;
- Ongoing enhancements to the control environment and continuity of controls;
- The planning of the Audit and the performance of the Company's Auditor;
- Developments in financial reporting standards and regulation;

Audit and Risk Committee Report
Continued

Significant issues considered by the Audit and Risk Committee continued

- The impact of increased regulation around Carbon and Climate Reporting; and
- Development of an enhanced risk management approach commensurate with the Company's size and complexity.

All of these matters were dealt with by enquiry with Eleco's financial and accounting staff, including the CFO, and by discussion with the Company's Auditor, RSM.

During the year end process, a number of control environment weaknesses were highlighted from errors made, that stemmed from significant staff turnover at one of our German businesses. Additional procedures were conducted by local external accountants for Group management, to re-confirm that the underlying results were materially correct for the purposes of the year end (and year end audit) and adjustments made to the reported results for Group purposes. Alongside the recruitment of new senior and middle-ranking personnel, and improved control, oversight and risk processes implemented, it is envisaged that the extension of the implementation of the new group-wide reporting system, with its improved control environment, transparency and efficiency, to the subsidiary concerned will lead to further improvements in the oversight, reporting and control environment.

Acquisition

On 14 January 2025, after the 2024 year end, the Group, through its wholly owned subsidiary Elecosoft Limited, acquired 100 per cent of the share capital of PMI Software Limited ("PEMAC") (the 'Acquisition') for a consideration of €6.0m (circa £5.1m). Further details of the Acquisition are provided in note 29.

Given the proximity of the acquisition to the annual report and accounts being published, and its relatively immaterial size of the acquisition relative to the Group's scale, the Group is therefore unable at this stage to reasonably estimate and determine the fair value of net assets acquired and resulting goodwill and other associated intangibles under IFRS 3 Business Combinations at the date of this report. The Group will work through the fair value exercise under IFRS 3 and provisional disclosures will be reported in the Group's 2025 interim results.

In accordance with the provisions of IAS 10 Events After the Reporting Period, the Directors consider that the acquisition is a non-adjusting post balance sheet event, meaning an event after the reporting period end that is indicative of a condition that arose after the end of the reporting period, and therefore the FY24 numbers prior to this acquisition have not been adjusted. An estimate of its financial effect is described in note 29.

Internal Audit

The Audit and Risk Committee considers, as an ongoing matter, whether the Group's internal controls process would be significantly enhanced by an internal audit function separately resourced from the finance function and has taken the view, given the size of the Group, that an internal audit function would not be cost-effective at this time.

However, the Audit and Risk Committee will continue to monitor this in the context of the Group's increasing size and complexity.

Risk Management

Internal controls and risk management are detailed on pages 28 to 33 of the Report and Accounts.

Alyson Levett

Audit and Risk Committee Chair

30 April 2025

Nomination Committee Report

Committee Composition and Meeting Attendance in 2024

Director	Possible	Attended
M Castle (Chair)	1	1
A Nabavi	1	1
A Levett	1	1
J Pellatt (appointed 8 April 2024)	1	1

Dear Shareholder

On behalf of the Board and Committee, I am pleased to present the Nomination Committee Report for the year ended 31 December 2024.

The Committee formally met once during the year. The Committee also met informally through the year and recorded its decisions via written resolutions. All committee members approved all written resolutions.

The Nomination Committee consists of the Non-Executive Directors and is chaired by the Chairman of the Board.

The Role of the Committee

The Board has delegated the monitoring of the organisation's leadership requirements as well as succession planning to the Committee, to ensure that the Group has the best resources to perform effectively now and for the future.

Key Responsibilities

The primary roles and responsibilities of the Committee are:

- reviewing the structure, size and composition of the Board and its committees;
- evaluating potential candidates for nomination when and if it is deemed appropriate to appoint a new director to the Board; and
- making recommendations to the full Board for consideration and approval.

The full terms of reference for the Nomination Committee were last adopted on 18 April 2024 and may be found by visiting: www.eleco.com.

Key Activities During the Year

During 2024, James Pellatt was appointed to the Board as Non-Executive Director and as Chair of the ESG Committee with effect from 1 January 2025. The Board is considered to be complete with the skills and knowledge necessary to drive success in the Company, although the composition of the Board and its committees continues to be monitored on an ongoing basis.

The 2024 board evaluation was carried out using external independent facilitators, led by the Chairman and supported by the Company Secretary. Appropriate discussions were held over areas including understanding customer needs; driving company culture; succession planning; and risk management.

In line with corporate governance best practice, all directors shall stand for re-election at the Annual General Meeting (AGM). Resolutions relating to the re-election of each director are included in the AGM Notice that accompanies this report.

Director Induction and Training

On appointment to the Board, directors are given a comprehensive induction tailored to provide each individual with the information necessary for them to perform their new role effectively. Typically this consists of meetings with senior management and receipt of key information relating to the Company's structure, strategy and performance.

Directors are required to keep their skills up to date in accordance with their professional qualifications. Non-executive directors and executive directors are encouraged annually to undertake relevant training; courses may be suggested to them or they may identify courses themselves.

Recruitment Process

The Committee takes the view that it should appoint the best candidate for a role irrespective of gender, age, marital status, disability, sexual orientation, race and religion, ethnic or national origin – this is in respect of all roles within the Company, not just the Board. It is committed to equal opportunities and promoting diversity where possible. It also aims to support employee development and make promotions from within the organisation where possible.

Mark Castle

Non-Executive Chairman

30 April 2025

Remuneration Committee Report

Committee Composition and Meeting Attendance in 2024

Director	Possible	Attended
A Nabavi (Chair)	3	3
M Castle	3	3
A Levett	3	3
James Pellatt (appointed 8 April 2024)	1	1

Dear Shareholder

On behalf of the Board, I have pleasure in presenting the Report of the Remuneration Committee for the year ended 31 December 2024.

The Committee comprises four independent Non-Executive Directors: Annette Nabavi (Chair), Mark Castle, Alyson Levett and James Pellatt.

All meetings are attended by the Company Secretary and other individuals may be invited to attend as and when appropriate and necessary.

The Remuneration Committee determines and agrees with the Board the framework or broad policy for the remuneration of the Company's Chairman, Executive Directors and, as appropriate, other senior members of the executive management. No director is involved with decisions as to their own remuneration. The objective of the Committee is to ensure that senior executive remuneration is competitive, incentivises and rewards good performance, supports the Company's strategy and helps the Company continue to grow profitably, thereby creating value for shareholders. Due consideration is given to all relevant factors including company performance and individual performance; reference is also made to external benchmarks.

The Committee meets formally at least twice a year and at such other times as the Committee Chair shall require or as the Board may request. The Committee met three times during 2024. The Committee also met informally throughout the year and recorded its decisions via written resolutions. All committee members approved all written resolutions.

The full terms of reference for the Remuneration Committee were last adopted on 18 April 2024 and may be found by visiting: www.eleco.com.

The primary roles and responsibilities of the Committee are:

- agree with the Board the framework or broad policy for the remuneration of the Company's Chairman, Executive Directors and, as appropriate, other senior members of the executive management;
- review the ongoing appropriateness and relevance of the Company's remuneration policy;
- determine the total individual remuneration package for each Executive Director and other senior directors including bonuses, incentive payments and share/option awards;
- determine the policy for and scope of any pension arrangements for each Executive Director and other senior executives;
- oversee any major changes in employee benefit structures across the Company or Group;
- review the performance and award of any options granted under the Company's 2014 option share plan; and
- agree the terms of reference of any remuneration consultants.

This report is split into two parts. The first provides the general principles that the Board has agreed should govern executive remuneration, the second details how we intend to apply these principles in 2025 and separately, the basis for the remuneration of executive directors in 2025.

As detailed elsewhere in this report, the Company has performed well during the year. Stretching targets were set at the beginning of the year for the bonus plan and I am pleased to be able to confirm to shareholders that a significant number of these targets have been met or exceeded and this has guided the Committee's allocation of the bonus pool. Option grants were made to the Executive Directors and various members of the senior management and wider Group senior management team. The Committee believes that the overall remuneration delivered in relation to 2024 represents a fair outcome with regard to the progress the Company has made and the performance delivered to shareholders and other stakeholders.

Part 1: Remuneration Policy for Executive Directors

As a software company, the Company operates in a particularly active and competitive sector and our Executive Remuneration Policy is designed to attract, incentivise and retain our key staff. Additionally, the Company has increased in size, scale and complexity.

The total package is designed such that a significant proportion is linked to performance conditions related to the long-term success of the Company. However, when setting the levels of short-term and long-term variable remuneration and the balance of cash and share elements, consideration is given to achieving the right balance, so as not to encourage unnecessary risk-taking, or short-term actions which are not in the Company's long-term interests.

The key features of the Remuneration Policy are as follows:

Element of Remuneration	Purpose and link to Strategy	Policy and Approach
Base Salary	To recruit and reward executives of a suitable calibre to execute the Company's strategy by paying a competitive level of fixed remuneration.	Base salaries are reviewed annually by the Committee in January. Inflationary increases will be in line with the Company's overall budgetary increases and approach. Other increases reflect changes in role and in responsibility. Benchmark comparisons are also made with other companies of a similar size and complexity.
Benefits	To ensure the well-being of employees and complement the base salary.	Benefits may include car allowance, medical insurance, and life assurance. Executive directors are entitled to 25 days' leave per annum.
Pension	To provide assistance with post-retirement financial planning.	Pension is payable at 5 per cent for the CFO and 9 per cent for the CEO of base salary.
Annual Bonus	To incentivise the achievement of the Company's short-term operational and financial goals.	Objectives and KPIs are set annually for each Executive. Normally the KPIs are weighted so that 50 per cent refer to financial targets including revenue, EBITDA, Free Cash Flow and recurring revenue growth whilst the remainder pick up KPIs which reference the Company's ESG targets and other individual targets. The maximum bonus that the CEO can receive is 100 per cent of base salary. The maximum bonus for the CFO is 70 per cent of base salary. The maximum will only be achieved if the KPIs are exceeded. A sliding scale is in place.
Long-term Incentives	To incentivise the delivery of the Company's long-term strategic objectives and provide alignment with shareholders through the use of share-based incentives.	The Company uses long-term incentives to underpin the Company's growth strategy. It had historically used market-priced options coupled with KPIs, issued on an ad hoc basis to senior staff. However, in recent years the Board has moved to a more regular pattern of option grants. The Board intends to use a mix of market-priced options and nominal cost options, with size of grant the key consideration. The nominal cost options will have KPIs related to the Company's strategy and performance. All awards will be subject to appropriate vesting periods and require the option holder to be in employment or an office holder of the Company at the time of vesting.

Remuneration Committee Report
Continued

Part 1: Remuneration Policy for Executive Directors continued

Executive Directors' Service Agreements

The Committee reviews new Executive Directors' service contracts before appointment to ensure that they meet best practice.

The standard notice period for Non-Executive service contracts is three months and Executive Directors' notice period is six months. Service contracts are available for inspection at the Company's registered office.

Part 2: How the Remuneration Policy will be applied in 2025

2025 salary review for Executive Directors

The salary of Jonathan Hunter, Chief Executive Officer, was increased from £240,000 to £260,000 in line with the Company's remuneration policy. This increase was based on a benchmarking exercise against other AIM-listed companies. The salary increase is reflective of the significant growth in the Company's total market capitalisation in the past year.

The salary of Neil Pritchard, Chief Financial Officer, was increased from £196,000 to £210,000 for 2025 using the same comparisons and rationale as the increase for the Chief Executive Officer.

Performance targets for the 2025 Annual Cash Bonus

The annual bonus is based on a number of KPIs. 50 per cent of the bonus will be paid against the achievement of financial KPIs including revenue, EBITDA, Free Cash Flow and Recurring Revenue growth. The remaining 50 per cent is paid against other measures including the ESG Scorecard and core strategic initiatives. The bonus will be subject to a sliding scale and the payment of 100 per cent of bonus will require overachievement of all KPIs. Normally, no bonus will be paid if the financial results fall substantially below consensus forecasts. However, the Committee reserves the right to exercise its discretion in this and other related matters.

In line with market practice, the Company adopts upper thresholds of 100 per cent and 70 per cent base salary for the CEO and CFO bonuses respectively, with no opportunities for deferral.

Share Option Awards to be granted in 2025

The Committee intends to grant additional options to Jonathan Hunter, Neil Pritchard and other members of the Senior Leadership Team when the Company is in a position to do so.

Directors' Remuneration in 2024

Executive	Basic salary £'000	Bonus £'000	Fees £'000	Sub-committee fees £'000	Benefits £'000	Fair value of share options £'000	Pension £'000	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
J Hunter	240	170	5	–	5	180	22	**622**	563
N Pritchard	196	101	–	–	5	144	10	**456**	439
Non-Executive									
M Castle[1]	–	–	88	12	–	–	–	**100**	73
A Nabavi	–	–	48	6	–	–	–	**54**	50
A Levett[2]	–	–	42	6	–	–	–	**48**	3
J Pellatt[3]	–	–	31	–	–	–	–	**31**	–
S Lang[4]	–	–	–	–	–	–	–	**–**	76
P Boughton[5]	–	–	–	–	–	–	–	**–**	11

1 M Castle was appointed Interim Chair on 12 May 2023 and became permanent Chair on 23 October 2023.
2 A Levett was appointed as Non-Executive Director on 8 December 2023.
3 J Pellatt was appointed as Non-Executive Director on 8 April 2024.
4 S Lang resigned as Non-Executive Chairman on 11 May 2023. Included in the fees figure is a contractual and settlement amount of £47,000.
5 P Boughton resigned as Non-Executive Director on 27 March 2023. Included in the fees figure are three days equivalent of contractual notice.

Directors' Share Options

	Directors' options in issue at year end	2024 Issued during year	2024 Exercise price per share	2023 Issued during year	2023 Exercise price per share
J Hunter	975,000	**250,000**	**0.01**	150,000	0.805
				100,000	0.01
N Pritchard	475,000	**200,000**	**0.01**	200,000	0.805
				75,000	0.01
	1,450,000	**450,000**		525,000	

Remuneration Committee Report
Continued

Directors' Share Options continued

There were no share options that vested during the year and there were no exercise of options by Directors during the year.

Options	Expiry date	Outstanding number of options	Criteria for vesting options
2024	04/06/2034	450,000	The Option shall vest (if at all) in three parts on the third anniversary of the date of grant subject to having met the Performance Targets (as defined in the Rules) as detailed below: 33.3 per cent of the option grant: Revenue target by end 2026 as shown in the Annual Accounts for that year. This KPI is subject to a sliding scale. 33.3 per cent of the option grant: Adjusted EBIT target by end 2026 as shown in the Annual Accounts for that year. This KPI is subject to a sliding scale. 33.3 per cent of the option grant: Share price per cent increase per annum from the current share price (measured as an average of the 3 months prior to the grant) over 3 years. This KPI is subject to a sliding scale.
2023	10/05/2033	350,000	Market-priced options with a three-year vesting period.
2023	10/05/2033	175,000	The Option shall vest (if at all) in two parts on the third anniversary of the date of grant subject to having met the Performance Targets (as defined in the Rules) as detailed below: 50 per cent of the option grant: Recurring revenue % target by end 2025: this KPI is subject to a sliding scale. 50 per cent of the option grant: Organic revenue growth of a % target pa, from £26.6m at end 2022 to £m target, net of acquisitions, at end 2025: this KPI is subject to a sliding scale.
2022	31/07/2032	150,000	Market-priced options with a three-year vesting period.
2022	31/07/2032	100,000	The Option shall vest (if at all) in three parts on the third anniversary of the date of grant subject to having met the Performance Targets (as defined in the Rules) as detailed below: 40 per cent of the option grant: Recurring revenue % target by end 2024: this KPI is subject to a sliding scale. 40 per cent of the option grant: Organic revenue growth of a % target pa, from £27.3m at end 2021 to £m target, net of acquisitions, at end 2024: this KPI is subject to a sliding scale. 20 per cent of the option grant: share price growth of a target % per annum from a starting price at the time of grant of £0.70 the share price is expected to reach a target £price by end June 2025 (measured as an average over the previous 30 days): this KPI is subject to a sliding scale.
2020	31/05/2030	125,000	Vested
2017	08/08/2027	100,000	Vested
Total		1,450,000	

Non-Executive Directors

The Non-Executive Directors do not have service contracts but instead have letters of appointment which contain details of the terms of office, period of appointment, fees and reasonable expenses incurred in the performance of their duties. The Non-Executives serve for a term of three years from the date of appointment in accordance with the Articles of Association. In line with corporate governance best practice, the Company has elected for all Non-Executive Directors along with the Executive Directors to stand for re-election at each AGM. A non-executive director can be reappointed for an additional term following the completion of their first term in office.

In April 2024, James Pellatt was appointed to the Board.

Interest in Contracts

There have been no contracts of significance or transactions between the Company or its subsidiary companies and any of the Directors during the year.

Gender Pay Gap

Eleco plc and its UK subsidiaries had 135 employees (2023: 131) in the UK at the year end.

Under current legislative thresholds, the Company is not obliged to undertake a formal review of a potential gender pay gap. However, it carries out a review of gender and remuneration levels across the UK. The Board notes that over 33 per cent (2023: over 32 per cent) of UK employees are female.

Dr. Annette Nabavi

Remuneration Committee Chair

30 April 2025

ESG Committee Report

Committee Composition and Meeting Attendance in 2024

Director	Possible	Attended
Mark Castle (Chair until 31 December 2024)	2	2
James Pellatt (Member since 8 April 2024 and Chair since 1 January 2025)	1	1
Annette Nabavi	2	2
Alyson Levett	2	2
Jonathan Hunter	2	2
Neil Pritchard	2	2

Dear Shareholder

I am pleased to share with you this year's Environmental, Social and Governance report. It provides a summary of our continued efforts to prioritise, develop and implement our ESG strategy.

Our ESG commitments align with Eleco's purpose, mission, vision, and values, supported by a balanced scorecard of metrics that track year-on-year performance.

We recognise the significant role our world-class software can play in supporting the decarbonisation of the built environment sector, increasing resource efficiency and integrating circular economy principles. As such, this will be an exciting area of focus in the coming years.

The ESG Committee, comprising our Non-Executive Directors, CEO and CFO, met twice in 2024. Following the results of the Materiality Assessment in 2023, the Committee further refined the ESG strategy with specific Key Performance Indicators (KPIs). Additionally, we engaged Sustainable Advantage as our ESG Consultant to assist with our SECR (Streamlined Energy Carbon Reporting), carbon footprint tracking and ESG strategy.

We continued tracking our balanced scorecard Key Performance Indicators (KPIs), with notable highlights for 2024 including:

- A significant 24 per cent reduction in UK energy consumption
- A continued decline in regretted employee turnover to just 7 per cent, well below industry benchmarks
- Further progress towards capturing and reporting on our carbon equivalent emissions footprint.

We have chosen to offset our global emissions across Scope 1, Scope 2, and grey fleet emissions (partial Scope 3) through high-quality Verified Carbon Standard and World Land projects. These include reforestation and management in Guatemala and carbon avoidance through improved cookstove projects in Nepal.

We recognise that carbon compensation is not a primary solution, but an important adjunct to our carbon reduction efforts. We invest in high impact projects that are assessed against a range of criteria and select projects that evidence co-benefits for local communities, as well as the environment.

The ESG global implementation team will continue to lead the implementation of our Net Zero strategy through dedicated business workstreams, ensuring we continue to meet our emission reduction targets alongside business growth.

Furthermore, I am pleased to confirm that we have retained our Great Place To Work® accreditation for our qualifying regions of Sweden and the UK, with Romania and the Netherlands qualifying for certification for the first time. We aim to expand this certification to other regions as they become eligible. In the meantime, we remain focused on promoting a supportive, inclusive environment at Eleco, providing rewarding, meaningful careers to our colleagues.

In line with best practice, Eleco policies and procedures are reviewed regularly to ensure compliance with the latest legislation. We also continue to apply a robust approach to risk management, with established mitigation procedures to ensure preparedness in an increasingly unpredictable world.

I'd like to take this opportunity to thank all our shareholders for their continued support on our ESG journey. We look forward to sharing our progress in the year ahead, as we work towards even more ambitious targets.

Terms of Reference

The full terms of reference for the ESG Committee were reviewed on 27 March 2025 and may be found by visiting: www.eleco.com.

Streamlined Energy Carbon Reporting

In line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 our energy use and greenhouse gas (GHG) emissions are set out below.

The data relates to Global and UK emissions for the twelve-month period from 1 January 2024 to 31 December 2024.

Eleco Energy Use and Associated Greenhouse Gas Emissions (Global Emissions)

	Jan-Dec 2024	Jan-Dec 2023	Jan-Dec 2021 Baseline	Percentage change 2023 to 2024*
Total Energy consumption (absolute)	**890,618 kWh**	**667,338 kWh**	**779,303 kWh**	**33%**
Emissions from combustion of gas (Scope 1)	25 tCO_2e	14 tCO_2e	27 tCO_2e	80%
Emissions from combustion of fuel for the purposes of transport (Scope 1)	31 tCO_2e	26 tCO_2e	43 tCO_2e	+20%
Emissions from refrigerant leakage (Scope 1)	7 tCO_2e	Not included	6 tCO_2e	N/A
Emissions from purchased electricity (Scope 2 location based)	66 tCO_2e	77 tCO_2e	76 tCO_2e	-14%
Emissions from purchased electricity (Scope 2 market based)	40 tCO_2e	46 tCO_2e	51 tCO_2e	-12%
Emissions from Electricity used for electric vehicles (EVs)	13 tCO2e	Not included	Not included	N/A
Indirect emissions from fuel and energy-related activities (Scope 3)	27 tCO_2e	Not included	Not included	N/A
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	76 tCO_2e	22 tCO_2e	13 tCO_2e	247%
Total gross emissions (location based)	245 tCO_2e	139 tCO_2e	165 tCO_2e	76%
Total gross emissions (market based)	219 tCO_2e	108 tCO_2e	140 tCO_2e	103%
Less carbon offsets	220 tCO_2e	108 tCO_2e	0 tCO_2e	103%
Total net emissions	0 tCO_2e	0 tCO_2e	140 tCO_2e	N/A
Gross emissions (market-based) per £m turnover	6.76 tCO_2e	5.0 tCO_2e	7.2 tCO_2e	35%

Eleco Energy Use and Associated Greenhouse Gas Emissions (SECR UK only)

	Jan-Dec 2024	Jan-Dec 2023	Jan-Dec 2020 Baseline	Percentage change 2023 to 2024*
Total Energy consumption	**211,419 kWh**	**225,042 kWh**	**286,860 kWh**	**-6%**
Emissions from combustion of gas (Scope 1)	8 tCO_2e	10 tCO_2e	20 tCO_2e	-22%
Emissions from combustion of fuel for the purposes of transport (Scope 1)	0 tCO_2e	0.1 tCO_2e	5 tCO_2e	-100%
Emissions from refrigerant leakage (Scope 1)	4 tCO_2e	Not included	Not included	N/A
Emissions from purchased electricity (Scope 2 location based)	13 tCO_2e	16 tCO_2e	25 tCO_2e	-17%
Emissions from purchased electricity (Scope 2 market based)	10 tCO_2e	5 tCO_2e	21 tCO_2e	112%
Indirect emissions from fuel and energy-related activities (Scope 3)	6 tCO_2e	Not included	Not included	N/A
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	32 tCO_2e	22 tCO_2e	7 tCO_2e	45%
Total gross emissions (location based)	63 tCO_2e	48 tCO_2e	57 tCO_2e	30%
Total gross emissions (market based)	60 tCO_2e	37 tCO_2e	53 tCO_2e	62%
Less carbon offsets	60 tCO_2e	37 tCO_2e	0 tCO_2e	62%
Total net emissions	0 tCO_2e	0 tCO_2e	53 tCO_2e	N/A
Gross emissions (market-based) per £m turnover	3.76 tCO_2e	3.6 tCO_2e	6.0 tCO_2e	4%

* The percentage change is calculated using precise values before rounding. Due to rounding, the percentage change may not always align exactly with the whole numbers shown.

ESG Committee Report
Continued

Eleco plc Energy Use and Associated Greenhouse Gas Emissions: Company Breakdown

The regulator advises that a group SECR report should state how the data reported relates to the subsidiaries covered by the Group report. Below provides a breakdown by company based on the data provided.

	Electricity		Refrigerators	Gas		Transport Fuels Company Cars		Fuel and energy-related activities	Mileage Claims		Total	Total
	kWh	tCO_2e	tCO_2e	kWh	tCO_2e	kWh	tCO_2e	tCO_2e	kWh	tCO_2e	kWh	tCO_2e**
Asta Development GmbH	33,701	4	0	0	0	45	0	1	39,545	12	73,292	17
BestOutcome Ltd	5,169	2	0	0	0	0	0	0	7,119	2	12,288	5
Eleco plc	4,953	0	0	10,831	2	0	0	1	8,443	3	24,226	6
Elecosoft BV	12,000	0	1	0	0	49,037	13	4	0	0	61,037	18
Elecosoft Consultec AB	188,758	26	0	0	0	11,660	3	1	0	0	200,418	30
Elecosoft UK Ltd	53,852	8	4	32,056	6	0	0	4	88,996	27	174,904	49
Veeuze GmbH	33,690	0	2	72,475	13	95,402	25	12	103,354	32	304,921	84
Vertical Digital and Sons of Coding*	8,158	0	0	17,667	4	13,707	3	2	0	0	39,532	10
Total	**340,281**	**40**	**7**	**133,029**	**25**	**169,851**	**44**	**27**	**247,457**	**76**	**890,618**	**219**

* Data associated with Vertical Digital and Sons of Coding has been reported together in the table above. This is because Sons of Coding only produces a small amount of emissions and only operate from one office which is shared with Vertical Digital.

** Total kWh and tCO_2e values have been summed for each category and per entity before rounding to the nearest whole number. The displayed totals have been rounded up or down for illustrative purposes to ensure the final totals are consistent. The exact figures, which include decimal points, are held by Eleco (and its third-party consultant), both of whom accept no responsibility for any final representation of these figures (which may differ slightly from the actual calculated values).

As part of this exercise we have excluded office sites with fewer than five people and those without physical offices/sites as the energy and carbon impact they generate fall are deemed to fall below the 5 per cent of total emission inclusion threshold and therefore are considered de minimis within Eleco's Group SECR disclosure.

Quantification and Reporting Methodology

The carbon footprint of the reporting organisation is determined for the considered period of 1 January 2024 to 31 December 2024 following the Greenhouse Gas Protocol, ISO 14064, SECR regulations requirements, as well as the Environmental Reporting Guidelines from the UK Department for Business, Energy and Industrial Strategy (BEIS). This report covers Scope 1 and Scope 2 emissions, as well as partial data from Scope 3. Emissions from category 3: fuel and energy-related activities and the grey fleet aspect of category 6: business travel have been included. The reporting methodology for the considered period aligns with Eleco plc's previous year carbon reporting methodology.

The operational control approach is applied to determine the organisational and operational boundaries of the carbon footprint. This implies that all organisational entities and all sources of greenhouse gas emissions which are under operational control of the reporting organisation are included in the carbon footprint. An organisation has operational control over an entity or activity if it has the ability to change operational policies related to that entity or activity.

Emission factors for Scope 1, 2 and 3 emissions were taken from the UK Department for Business, Energy and Industrial Strategy (BEIS). International electricity emission factors were used to account for the individual grid fuel mix for each reporting country[1]. Carbon offsets are reported in this SECR report and have been subtracted from the total gross emissions. The reporting organisation is responsible for the correctness and completeness of activity data included in the carbon footprint.

Full-time employees (FTE) for extrapolations (part-time employees to be assumed to be 50 per cent) and accounted for as such in the employees' number to FTE.

Intensity Ratio

We have chosen to report our gross emissions (market-based) against £m Sales Revenue. The global value for the intensity ratio was 6.8 tCO_2e per £m sales revenue (2023: 5.0 tCO_2e per £m sales revenue), while the UK value for the intensity ratio was 3.8 tCO_2e per £m sales revenue (2023: 3.6 tCO_2e per £m sales revenue).

Energy Efficiency Action

In the period covered by the report Eleco has:

- Optimised office temperatures.
- Continued the transition to a fully electric fleet – currently 35 per cent EV and 71 per cent EV and/or hybrid.
- Purchased renewable energy tariffs at some sites which ensure supply is fully verified as meeting the Scope 2 Quality Criteria (supported by REGOs or equivalent).
- Reduced in space heating through increased energy efficiency in winter and reduced use of heating.
- Held Net Zero strategy workshops and ESG committee meetings to provide a structure to our Net Zero strategy.

James Pellatt

ESG Committee Chair

30 April 2025

1 https://www.carbondi.com/#electricity-factors/

Directors' Report

Dear Shareholder

The Directors present their report and the audited financial statements for the year ended 31 December 2024.

The Company is a member of the Quoted Companies Alliance (QCA). The QCA publishes its own Corporate Governance Code (Code) that recognises that good corporate governance helps deliver business success and growth. The Board has noted the Code's refresh in November 2023 and has worked to ensure compliance with the revised principles.

In accordance with section 414C of the Companies Act 2006, certain matters that would otherwise be required in the Directors' Report are included elsewhere in the financial statements as indicated in the table below and are incorporated into this report by reference.

Biographical details of the Directors	Board of Directors	Page 38
Corporate governance	Corporate Governance Report	Page 40
Directors' remuneration and interests	Remuneration Committee Report	Page 46
Independent auditor	Audit and Risk Committee Report	Page 43
Financial risk management	Review of Principal Risks and Uncertainties	Page 33
Going concern	Going Concern policy disclosure	Page 58
Group's treasury policies	Notes to the Consolidated Financial Statements	Pages 93 to 97
Research and development activities	Notes to the Consolidated Financial Statements	Page 79
Risk management	Review of Principal Risks and Uncertainties	Page 28
Share capital	Notes to the Consolidated Financial Statements	Page 91
Strategic review	Various reports – see page references	Pages 01 to 37

Results for the Year Ended 31 December 2024

The Group profit on ordinary activities before taxation was £4,294,000 (2023: £3,417,000). The detailed financial statements of the Group are set out on pages 66 to 69.

Business Review and Future Development

A review of the Group's operations during the year and its plans for the future are set out in the CEO Report on pages 05 to 10.

Key Performance Indicators

The Group is a collection of diverse software businesses for the built environment and each business will have slightly different Key Performance Indicators (KPI's) from one another. Common KPIs to all businesses are Revenue, Recurring Revenues, measures of profitability and metrics for cash flow and cash generation.

Dividends

The Directors have recommended a final dividend of 0.70 pence (2023: 0.55 pence). An interim dividend of 0.30 pence was paid on 4 October 2024 (2023: 0.25 pence).

Share Price

The middle market price of the Company's Ordinary Shares on 31 December 2024 was 147.5 pence and the range during the period under review was 82.5 pence to 150.0 pence.

Directors

The current composition of the Board of Directors is shown on pages 38 to 39. Directors who held office during the 2024 year were:

- J Hunter
- N Pritchard
- M Castle
- A Nabavi
- A Levett
- J Pellatt (appointed 8 April 2024)

The Group carries and maintains Directors' and Officers' liability insurance in respect of itself and its Directors throughout the financial period.

Directors' Shareholdings

The interests, beneficial unless otherwise indicated, in the ordinary shares of 1 pence each in the Company of the Directors who held office on 31 December 2024 were as follows:

	2024	2023
J Hunter	**28,361**	28,361
N Pritchard	**20,000**	20,000

Substantial Interests

As at 31 March 2025, the Company has been notified of the following interests in the issued share capital by substantial (3 per cent or over) shareholders:

Shareholder	No. of shares	%
H A Allen & Co	11,882,584	14.24
Mr J H B Ketteley	8,905,746	10.67
Mr J D Lee	5,462,064	6.54
Columbia Threadneedle Investments	5,111,768	6.13
Jupiter Asset Management	4,429,758	5.31
Tikvah Management	3,905,614	4.68
Hargreaves Lansdown	3,534,670	4.24
Janus Henderson Investors	3,153,443	3.78
Charles Stanley	3,129,176	3.75
P R & M J Ketteley	2,636,440	3.16

Political Donations

The Group did not make any political donations in 2024 (2023: £nil).

Research and Development

Product innovation and development is a continuous process. The Company commits resources to the development of new products and quality improvements to existing products and processes in all its business segments. During the year, the Group capitalised £3.0m of development expenditure (2023: £2.3m).

A significant share of our software development expenditure relates to the upgrade of existing products and is written off as incurred. Development expenditure on new or substantially new products is capitalised only if it meets the criteria set out in the Significant Accounting Policies on page 74.

Acquisition

On 14 January 2025, after the 2024 year end, the Group, through its wholly owned subsidiary Elecosoft Limited, acquired 100 per cent of the share capital of PMI Software Limited ("PEMAC") (the "Acquisition") for a consideration of €6.0m (circa £5.1m). The Acquisition's completion date was therefore 14 January 2025. The Group funded the Acquisition exclusively by utilisation of its existing internal cash resources for this initial consideration. Cash and cash equivalents within the Acquisition entity at the acquisition date totalled £0.4m and the Acquisition has no debt.

PEMAC, located in Cork and Dublin, Ireland, is a recognised leader in providing SaaS Computerised Maintenance and Management Software ("CMMS") and specialist services in the market, used by over 100 blue-chip international manufacturing companies. PEMAC has developed a strong reputation for its ability to support clients in highly regulated sectors, including life sciences and healthcare, through its robust software capabilities tailored to meet industry-specific regulatory requirements.

The acquisition of PEMAC by Eleco plc highlights Eleco's shared commitment to delivering innovative, customer-focused solutions in manufacturing, regulated industries. PEMAC's expertise and proven capabilities will complement the Group's existing ShireSystem Computerised Maintenance Management Software ("CMMS"), enhancing the overall offering to support customers' evolving needs. PEMAC and ShireSystem are committed to maintaining the exceptional standards of service and support their customers rely on. Over time, it is intended that both organisations will collaborate to deliver technological advancements, ensuring their customers benefit from enhanced solutions. Further details are provided in note 29 of the Accounts section of this report.

Diversity and Inclusion

The Group is committed to keeping its employees fully informed regarding its performance and prospects. Employees are encouraged to present their suggestions and views.

We are keen to promote diversity and equal opportunities within our workforce, being mindful that having a workforce that comprises people from different backgrounds and with different perspectives encourages the creation of a more dynamic and inclusive environment. We embed this into our entire recruitment, training and promotion processes.

The Company provides equality of opportunity for all employees without discrimination and continues to encourage the employment, training and advancement of disabled persons in accordance with their abilities and aptitudes, provided that they can be employed in a safe working environment. Suitable employment would, if possible, be found for an existing employee who becomes disabled during their employment with the Company.

Our impact on and engagement with our stakeholders is set out in our Section 172 Statement on pages 24 to 27.

Directors' Report
Continued

Directors' Responsibilities in relation to the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Corporate Governance Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK adopted International Accounting Standards with the requirements of Companies Act 2006 and to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK adopted International Accounting Standards to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted International Accounting Standards within the requirements of the Companies Act 2006;
- for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume the Group and the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Eleco website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Matters of Strategic Importance

The business review and future outlook, key performance indicators, principal risks and uncertainties required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been included in the separate Strategic report in accordance with the section 414C (11) of the Companies Act 2006.

Disclosure of Information to the Auditor

Each of the Directors who are in office at the date when this report is approved has confirmed that, as far as they are aware, there is no relevant audit information of which the Auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Auditor is aware of such information.

SECR Disclosures

The SECR disclosures can be found in the ESG Committee Report on pages 52 to 55.

Directors’ Report Sign-Off

In accordance with Section 415D(1) of the Companies Act 2006, the Directors’ Report on pages 56 to 59 is signed by order of the Board.

By order of the Board

Jonathan Hunter

Chief Executive Officer

30 April 2025

Strategic Report Sign-Off

In accordance with Section 414D(1) of the Companies Act 2006, the Strategic Report on pages 01 to 37 is signed by order of the Board.

By order of the Board

Jonathan Hunter

Chief Executive Officer

30 April 2025

Eleco plc
Dawson House
5 Jewry Street
London
EC3N 2EX

Independent Auditor's Report
to the members of Eleco plc

Opinion

We have audited the financial statements of Eleco Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Summary of our audit approach

Key audit matters	**Group** ▪ Control environment and adjustments – Veeuze Gmbh (Germany) **Parent Company** ▪ None
Materiality	**Group** ▪ Overall materiality: £340,000 (2023: £280,000) ▪ Performance materiality: £255,000 (2023: £210,000) **Parent Company** ▪ Overall materiality: £131,200 (2023: £148,000) ▪ Performance materiality: £98,400 (2023: £111,000)
Scope	Our audit procedures covered 94% of revenue, 98% of total assets and 92% of profit before tax.

Key audit matters

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

Control environment and adjustments – Veeuze Gmbh (Germany)

Key audit matter desciption	As set out in the Audit and Risk Committee Report on page 44, management identified a number of control deficiencies resulting in a high volume of adjustments to the initial trial balance which was included in the draft consolidation with respect to the German component, Veeuze Gmbh. Management consider the deficiencies which have resulted in errors from the poor control environment due to high staff turnover in the component including during the preparation of the year-end process. The issue has required significant time and resource allocation to complete our work in this area and conclude management's assessment as reasonable, and in particular involved senior members of both the audit team and management to review and discuss the nature and quantum of adjustments. Additional work was performed and has required a significant allocation of resources during the audit process.
How the matter was addressed in the audit	Our audit approach included the following: ▪ Holding detailed discussions with local and group management, and the Board in respect to the adjustments and control deficiencies identified. ▪ Obtained management's paper which set out the issue and the steps taken by management to remedy issues identified. ▪ Attend calls with local and group management to understand the actions taken to remedy issues identified, and calls with third parties that management utilised to assist with corrections and adjustments ▪ Obtained a list of adjustments identified by management and tested a sample of adjustments to supporting documentation and/or management explanation. ▪ Performed substantive testing on areas of the profit and loss and balance sheet as at the year-end date. ▪ Performed post year end testing by testing a sample of after date payments and receipts.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall Materiality	£340,000 (2023: £280,000)	£131,200 (2023: £148,000)
Basis for determining overall materiality	4.7% of EBITDA	0.8% of net assets (as restricted for the purposes of providing a Group opinion)
Rationale for benchmark applied	Include details of any significant qualitative considerations in evaluating materiality.	Parent company is a holding company so net assets used as a benchmark.
Performance materiality	£255,000 (2023: £210,000)	£98,400 (2023:£111,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £17,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £6,560 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's Report Continued
to the members of Eleco plc

An overview of the scope of our audit

The group consists of 13 components, located in the following countries;

- United Kingdom
- Sweden
- Germany
- United States
- Netherlands
- Australia
- Romania

The coverage achieved by our audit procedures was as shown in the table below:

Full scope audits were performed for 4 components, with 2 component subject to specific audit procedures.

	Number of components	Revenue	Total Assets	Profit before tax
Full scope audit	4	78%	94%	77%
Specific audit procedures	2	16%	4%	15%
Total	**6**	**94%**	**98%**	**92%**

Of the above, full scope audits for 1 component was undertaken by component auditors.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining, reviewing and evaluating management's 18-month cash flow forecasts to June 2026, including challenging the assumptions made by management.
- Checking the arithmetic accuracy of the forecasts that form the basis of the directors' going concern assessment.
- Reviewing the latest monthly management accounts and cash position to the end of March 2025 to compare actual results against the forecast prepared; and
- Assessing the appropriateness of the going concern disclosures

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 58, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report Continued
to the members of Eleco plc

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation/ Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
UK-adopted IAS, FRS102 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors. Inspection of correspondence with local tax authorities. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition – occurrence and valuation	In order to address the risks associated with revenue, we obtained an understanding of the processes and controls around revenue recognition and how they are implemented. Used data analytics software to test the sales cycle for revenue transactions in the group and analysed the postings to identify any items which did not appear to match the expected transactions flows and investigated a sample of these by obtaining support to confirm they are an appropriate revenue transaction. To support our procedures above, traced a sample of cash book receipts to supporting sales invoices and bank statements.
Management override of controls	Tested the appropriateness of journal entries and other adjustments; Assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report

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

Euan Banks (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

30 April 2025

Consolidated Income Statement
For the year ended 31 December 2024

Continuing operations	Note	2024 £'000	2023 £'000
Revenue	1	32,394	28,006
Cost of sales		(3,482)	(2,855)
Gross profit		28,912	25,151
Depreciation and amortisation of intangible assets	10,11, 22	(3,183)	(2,404)
Acquisition-related expenses and stamp duties		(432)	(279)
Share-based payments		(60)	(190)
Other selling and administrative expenses		(21,181)	(19,075)
Selling and administrative expenses		(24,856)	(21,948)
Operating profit	3	4,056	3,203
Gain on business disposal	27	–	152
Finance expense	5	(72)	(65)
Finance income	5	310	127
Profit before taxation		4,294	3,417
Taxation	6	(960)	(762)
Profit after taxation for the year		3,334	2,655
Attributable to:			
Equity holders of the parent		3,334	2,655
Earnings per share – (pence per share)			
Basic earnings per share	8	4.0p	3.2p
Diluted earnings per share	8	4.0p	3.2p

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	2024 £'000	2023 £'000
Profit for the year	3,334	2,655
Other comprehensive expense:		
Items that will be reclassified subsequently to profit or loss:		
Translation differences on foreign operations	(196)	(124)
Other comprehensive expense net of taxation	(196)	(124)
Total comprehensive income for the year	3,138	2,531
Attributable to:		
Equity holders of the parent	3,138	2,531

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Share options reserve £'000	Employee share ownership trust £'000	Retained earnings £'000	Total £'000
At 1 January 2023	832	2,406	1,002	(385)	553	(358)	21,792	25,842
Dividends	–	–	–	–	–	–	(1,094)	(1,094)
Share-based payments	–	–	–	–	190	–	–	190
Deferred tax on intrinsic value of vested options	–	–	–	–	(122)	–	–	(122)
Issue of share capital	–	12	–	–	–	–	–	12
Transactions with owners	–	12	–	–	68	–	(1,094)	(1,014)
Profit for the year	–	–	–	–	–	–	2,655	2,655
Other comprehensive expense:								
Exchange differences on translation of net investments in foreign operations	–	–	–	(124)	–	–	–	(124)
Total comprehensive (expense)/income for the year	–	–	–	(124)	–	–	2,655	2,531
At 31 December 2023	832	2,418	1,002	(509)	621	(358)	23,353	27,359
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(665)**	**(665)**
Share-based payments	**–**	**–**	**–**	**–**	**41**	**–**	**19**	**60**
Deferred tax on intrinsic value of vested options	**–**	**–**	**–**	**–**	**229**	**–**	**–**	**229**
Issue of share capital	**1**	**50**	**–**	**–**	**–**	**–**	**–**	**51**
Transactions with owners	**1**	**50**	**–**	**–**	**270**	**–**	**(646)**	**(325)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**3,334**	**3,334**
Other comprehensive expense:								
Exchange differences on translation of net investments in foreign operations	**–**	**–**	**–**	**(196)**	**–**	**–**	**–**	**(196)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**		**–**	**–**	**3,334**	**3,138**
At 31 December 2024	**833**	**2,468**	**1,002**	**(705)**	**891**	**(358)**	**26,041**	**30,172**

Consolidated Balance Sheet
At 31 December 2024

	Note	2024 £'000	2023 £'000
Non-current assets			
Goodwill	9	18,852	18,544
Other intangible assets	10	10,333	9,000
Property, plant and equipment	11	629	766
Right-of-Use assets	22	1,290	1,274
Deferred tax assets	19	549	111
Total non-current assets		31,653	29,695
Current assets			
Inventories	13	4	113
Trade and other receivables	14	5,434	5,033
Current tax assets		746	232
Cash and cash equivalents		13,975	10,903
Total current assets		20,159	16,281
Total assets		51,812	45,976
Current liabilities			
Lease liabilities	16, 22	(578)	(542)
Trade and other payables	15	(2,269)	(1,904)
Accruals and deferred income	18	(15,264)	(12,574)
Current tax liabilities		(65)	(253)
Total current liabilities		(18,176)	(15,273)
Non-current liabilities			
Lease liabilities	16, 22	(882)	(918)
Deferred tax liabilities	19	(2,556)	(2,400)
Provisions	17	(26)	(26)
Total non-current liabilities		(3,464)	(3,344)
Total liabilities		(21,640)	(18,617)
Net assets		30,172	27,359

	Note	2024 £'000	2023 £'000
Equity			
Share capital	20	833	832
Share premium		2,468	2,418
Merger reserve		1,002	1,002
Translation reserve		(705)	(509)
Share options reserve	21	891	621
Employee share ownership trust		(358)	(358)
Retained earnings		26,041	23,353
Equity attributable to shareholders of the parent		30,172	27,359

The financial statements of Eleco plc, registered number 00354915, on pages 66 to 101 were approved by the Board of Directors on 30 April 2025 and signed on its behalf by:

Jonathan Hunter
Chief Executive Officer

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit after taxation for the year		**3,334**	2,655
Income tax expense	6	**960**	762
Amortisation of intangible assets	10	**2,492**	1,774
Depreciation charge	11, 22	**691**	630
Loss on sale of property, plant and equipment		**6**	(13)
Finance expense	5	**72**	65
Finance income	5	**(310)**	(127)
Share-based payments expense	21	**60**	190
Gain on business disposal	27	**–**	(152)
Cash generated from operations before working capital movements		**7,305**	5,784
Increase in trade and other receivables		**(206)**	(780)
Decrease/(increase) in inventories and work in progress		**109**	(70)
Increase in trade and other payables, accruals and deferred income		**3,468**	1,461
Cash generated from operations		**10,676**	6,395
Net taxation paid		**(1,716)**	(501)
Net cash inflow from operating activities		**8,960**	5,894
Investing activities			
Investment in development expenditure		**(2,958)**	(2,256)
Investment in other intangible assets		**(271)**	(127)
Purchase of property, plant and equipment		**(85)**	(133)
Acquisition of subsidiary undertakings net of cash acquired	28	**(1,252)**	(3,838)
Net proceeds on disposal of subsidiary undertakings		**–**	510
Proceeds from sale of property, plant and equipment		**2**	37
Finance income		**310**	127
Net cash outflow from investing activities		**(4,254)**	(5,680)

	Note	2024 £'000	2023 £'000
Financing activities			
Finance expense		**(72)**	(65)
Repayments of principal of lease liabilities	22	**(650)**	(595)
Equity dividends paid	7	**(665)**	(1,094)
Issue of share capital	20	**50**	12
Net cash outflow from financing activities		**(1,337)**	(1,742)
Net increase/(decrease) in cash and cash equivalents		**3,369**	(1,528)
Cash and cash equivalents at 1 January		**10,903**	12,538
Exchange losses on cash and cash equivalents		**(297)**	(107)
Cash and cash equivalents at 31 December		**13,975**	10,903

Significant Accounting Policies

Eleco plc is a public limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the Alternative Investment Market (AIM). The Company is limited by shares and the registered number is 00354915. The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the 'Group'). The consolidated and parent company financial statements were authorised for issuance on 30 April 2025.

The address of the registered office is given on page 114. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on page 03, CEO Report on pages 05 to 10 and Directors' Report on pages 56 to 59.

Eleco plc's consolidated annual financial statements are presented in Pounds Sterling which is also the functional currency of the parent company. Amounts are rounded to the nearest thousand, unless otherwise stated. Foreign operations are included in accordance with the accounting policies set out as follows.

Basis of consolidation

The Group financial statements consolidate those of Eleco plc and of its subsidiary undertakings at the balance sheet date and all subsidiaries have a reporting date of 31 December. Subsidiaries are entities controlled by the Group and their results have been adjusted, where necessary, to ensure accounting policies are consistent with those of the Group. Control exists where the Group has the power to direct the activities that significantly affect the subsidiary's returns and exposure or rights to variable returns from its investment with the subsidiary and the ability to use its power over the subsidiary to affect the amount of the subsidiary's returns. The Group obtains and exercises control through board representation and voting rights.

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

All inter-company balances and transactions are eliminated in full on consolidation.

The results of subsidiaries acquired or sold in the year are included in the consolidated income statement from or up to the date control passes and until control ceases.

A. Statement of compliance

The Group financial statements have been prepared in accordance with applicable law and UK-adopted International Accounting Standards. The Parent Company financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

The following amendments that affect the Group are effective for the period beginning 1 January 2024:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1: Non-current Liabilities with Covenants;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or joint venture; and
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback.

Furthermore, new standards, new interpretations and amendments to standards and interpretations that have been issued but are not effective for the current period have not been adopted early and are set out in the Significant Accounting Policies note.

B. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis and all financial information has been rounded to the nearest thousand unless otherwise stated.

The accounting policies set out as follows have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

Judgements and key areas of estimation uncertainty

Application of the Group's accounting policies in conformity with generally accepted accounting principles requires judgements, estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. These judgements, estimates and assumptions may be affected by subsequent events or actions such that actual results may ultimately differ from the estimates.

The key assumptions concerning the future and other key sources of uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows.

B. Basis of preparation continued

Impairment of goodwill – Judgement and Estimate

The Group determines whether goodwill is impaired at least on a bi-annual basis. This requires a judgement of the value in use of the cash-generating units to which the goodwill is allocated. The value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit to which goodwill has been allocated and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 9 of the Consolidated Financial Statements.

Capitalisation of development costs and carrying value – Judgement

Development costs are capitalised in accordance with the Group accounting policy. Initial recognition is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone of technical viability according to an established project management model.

There are judgements used in apportioning costs relating to work that can be capitalised compared to those of maintenance nature. The carrying value of the capitalised development costs are reviewed annually by management with reference to the expected future cash generation of the assets, discount rates to be applied and expected period of the benefits. Further details are given in note 10 of the Consolidated Financial Statements.

Business combinations – Judgement and Estimates

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The acquisition of subsidiaries is dealt with using the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities at the acquisition date, including contingent liabilities of the subsidiary regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. Acquisition costs are expensed as incurred. The fair valuation of the assets and liabilities is based on judgements and estimates provided by the Director's to an external valuation specialist in the areas of, but not limited to, forecast revenue, costs, discounted cash flows, weighted average cost of capital, royalty rates and capital expenditure.

The Vertical Digital transaction (see note 28) terms provide for a cumulative potential deferred and contingent outflow ('Earn Out') of up to €250,000 maximum for financial years ending 31 December 2024 and 31 December 2025, based on the local Vertical Digital senior management (the former owners) attaining specific performance targets set by Eleco plc in those years.

Vertical Digital has a proven track record in providing agile and innovative software development, technical consulting and upskilling solutions across many European and multinational end-customers including Lufthansa Technik, PwC, VW Financial Services, Deloitte and Zoopla.

The Acquisition adds critical capabilities to Eleco, including the ability to service and scale its customers by connecting systems and providing technical consulting which will support their digital transformation journeys, thus increasing the Group's product breadth and focus on customer centricity.

The Acquisition also provides for elastic augmentation of our internal research and development capacity which will further improve product time to value.

For the above explanatory reasons, including the ability to repurpose the acquisition towards our internal research and development roadmap, combined with the anticipated profitability of the Acquisition in other Group markets, synergies arising, plus the ability to hire the assembled workforce of the Acquisition (including the founders and management team), the Group understandably paid a premium over the acquisition net assets, giving rise, aside from the value of customer relationships, to goodwill. All intangible assets, in accordance with IFRS3 Business Combinations, were recognised at their provisional fair values on acquisition date, with the residual excess over net assets being recognised as customer relationships, order backlog and goodwill. Intangibles arising from the acquisition have been independently valued by professional advisors.

C. Going concern

The Group has continued to monitor the on-going effects and consequences of Russian/Ukraine conflict and the wider macroeconomic environment in 2024 going into 2025. The Group continues to monitor and mitigate the risks and has taken this into account in assessing the going concern position.

The Board is taking reasonable measures to consider likely factors to affect the ability of the Group to continue as a Going Concern. The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, being at least the twelve-month period from approval of these consolidated financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Significant Accounting Policies
Continued

C. Going concern continued

The Group continues to demonstrate strong cash generation from operations closely reflecting its EBITDA performance. Our positive operating cash flow remains healthy, even after the acquisition of Vertical Digital, with cash at £14.0m (2023: £10.9m). The Group has both cash and undrawn credit facilities available and headroom comprising £1.0m bank overdraft facility (2023: £1.0m) to support its business operations.

On 14 January 2025, after the 2024 year end, the Group acquired 100 per cent of the share capital of PMI Software Limited ("PEMAC"), (the 'Acquisition'), for a consideration of €6.0m (£5.1m). Further details of the Acquisition are provided in note 29. The Group funded the Acquisition exclusively by utilisation of existing internal cash resources detailed in the paragraph above. The Board has taken into account this one-off consideration outflow post year end in exchange for a profitable and cash generative business in arriving at their opinion that the Group continues to be a Going Concern.

The Group regularly updates its budget and forecasts to take account of trading performance and the change in market conditions and the continuing transition and trend towards subscription pricing, which continue to demonstrate the Group's ability to generate sufficient liquidity. The Group is continuing to build on its recurring revenue and the current liabilities include a substantial and increasing deferred income balance.

Notwithstanding the Group has net current assets of £2.1m at 31 December 2024 (2023: £1.0m) these amounts are after deferred income of £12.1m (2023: £9.8m) relating to annual maintenance contracts which are non-refundable. These annual contracts are renewed throughout the year although there is a slightly greater weighting in the fourth quarter. For these reasons, the Group has good visibility on any potential deterioration in its trading outlook and potential risk to the business. Historically, there is a low level of cancellations each year and the Board closely monitors clients that are potentially at risk of cancellation as well as the pipeline of new business.

The Group's clients include many top contractors in the building and construction sector in the UK, Scandinavia, Germany, Benelux and the United States with no significant client concentration. The software products and services provided by the Group are reasonably embedded in their client's core operations and 77 per cent (2023: 74 per cent) of the Group's revenue is from recurring revenue contracts.

D. Revenue recognition

The Group recognises revenue in accordance with IFRS 15 'Revenue from Contracts with Customers'.

The core principle of IFRS 15 is that an entity will recognise revenue when control of goods or services is transferred to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgement.

D. Revenue recognition continued

The table below shows the main revenue recognition differences for each performance obligation under IFRS 15:

Revenue Type	Accounting Treatment under IFRS 15:
Perpetual Licence revenues	At the point of transfer (delivery) of the licence to a customer, the customer has control and benefit of the software (right to access and right to use). There is no obligation to provide updates which are provided under maintenance contracts.
Subscription Licences	The licence does not provide the customer with the ownership of the software, nor the right to use it in perpetuity. The performance obligations associated with the software as a service are access to software, hosting of software, hosting of client data and maintaining software and client data. These performance obligations are not distinct – the obligations are highly interdependent, as a package they form a single performance obligation. The customer simultaneously receives and consumes the benefits of the contract as the Company provides the services. As these services are provided over the term of the contract, revenue is recognised over the life of the contract.
Maintenance and Support Contracts	The customer simultaneously receives and consumes the benefits of the contract as the Company provides the services. As these services are provided over the term of the contract, revenue is recognised over the life of the contract.
Hosted Services (Licence, Maintenance and Hosted Services performance obligations)	The licence is considered a separate service, and hence treated as a separate performance obligation, where the customer could have the licence installed on their own systems. For the licence element, the point of transfer (delivery or access to the hosted system) of the licence to the customer is the point to recognise revenue. For Maintenance and Hosting Services, the customer simultaneously receives and consumes the benefits of the contract as the Company provides the services. As these services are provided over the term of the contract, revenue is recognised over the life of the contract.
Consultancy	Benefits associated with consulting services are considered to have passed to the customer upon consulting hours being worked. Revenue is therefore recognised in line with delivery of consulting.
Training	Benefits associated with training services are considered to have passed to the customer upon delivery of training. Revenue is therefore recognised in line with delivery of training.
Development Consultancy	Such projects are typically small in scale and completed over a relatively short space of time. In such cases, control of the asset is assumed to pass to the customer when they obtain possession of the developed software and have accepted the software.
Scanning and rendering	The performance obligation is satisfied on delivery of images to the customers, and revenue is recognised at that point in time.

The Group recognised Deferred Income in respect of contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these as Deferred Income in the Consolidated Balance Sheet (see note 18).

Significant Accounting Policies
Continued

E. Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of comprehensive income within administrative expenses over the period necessary to match them with the costs that they are intended to compensate.

F. Exceptional items

Exceptional items are those significant items which are separately disclosed by their size or nature to enable a full understanding of the financial performance of the Group.

G. Finance income and costs

Financing costs comprise interest payable on borrowings and leasing arrangements, calculated on an effective interest basis. Interest income and cost is recognised in the income statement as it accrues.

H. Taxation

Current tax is the tax payable based on taxable profit for the year, calculated using tax rates that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is calculated using the liability method on temporary differences and 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 on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided in full, 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 the expected tax rates are enacted or substantively enacted at the balance sheet date and charged or credited to the income statement or statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The recoverability of deferred tax assets is considered during the impairment review process.

I. Intangible assets

Goodwill arising on consolidation represents the excess of the consideration transferred, excluding expenses, over the Group's interest in the fair value of the identifiable net assets acquired. The carrying value of goodwill is recognised as an asset and reviewed for impairment on a bi-annual basis and any impairment is recognised immediately in the income statement. On disposal, the amount of goodwill attributable to the disposal is included in the determination of profit or loss on disposal.

Other intangible assets acquired separately are capitalised at cost and on a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, an intangible asset is held at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets excluding goodwill are amortised on a straight-line basis over their useful economic lives and shown separately in the income statement. The useful economic life of each class of intangible asset is as follows:

Customer relationships	– up to twelve years
Brands	– up to twelve years
Intellectual property	– up to five years

The Group owns intellectual property both in its software tools and software products. Intellectual property purchased is capitalised at cost and is amortised on a straight-line basis over its expected useful life.

Research expenditure is written off as software product development when incurred. Development expenditure on a project is written off as incurred unless it can be demonstrated that the following conditions for capitalisation as intellectual property, in accordance with IAS 38 'Intangible Assets', are met:

- the intention to complete the development of the intangible asset and use or sell it;
- the development costs are separately identifiable and can be measured reliably;
- management are satisfied as to the ultimate technical and commercial viability of the project, so that it will be available for use or sale;
- management are satisfied with the availability of technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- it is probable that the asset will generate future economic benefit.

Any subsequent development costs are capitalised and are amortised from the date the product or process is available for use on a straight-line basis over the period of their expected benefit, being their finite life of up to five years.

The carrying amounts of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and in the case of capitalised development expenditure reviewed for impairment annually while the asset is not yet in use.

J. Property, plant and equipment

Property, plant and equipment is stated at purchase cost, together with any directly attributable costs of acquisition, and subsequently cost less accumulated depreciation and impairment. The carrying amount and useful lives of property, plant and equipment with material residual values are reviewed at each balance sheet date.

Depreciation is provided on all property, plant and equipment on a straight-line basis to write down the assets to their estimated residual value over the useful economic life of the asset as follows:

Leasehold improvements	– over the term of the lease
Plant, equipment and vehicles	– two to ten years

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

K. Right-of-Use assets

A Right-of-Use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right-of-Use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are assessed for impairment when such indicators exist or adjusted for any remeasurement of lease liabilities.

The consolidated group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of twelve months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

L. Impairment of assets

Goodwill

The carrying amounts of the Group's goodwill assets are assessed annually as to whether an impairment adjustment may be required. The assets under review are grouped under the appropriate cash-generating unit ("CGU") for which there are separately identifiable cash flows. Goodwill is held at Group level and allocated directly to the CGU under review. The calculation requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment charge is initially made against goodwill of the CGU and thereafter against other assets. Any impairment is charged to the income statement under the relevant expense heading.

Property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of the asset's value in use and its fair value less costs to sell. Value in use is calculated using cash flow projections for the asset discounted at the specific discount rate for the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the income statement.

A previously recognised impairment loss, other than goodwill, is reversed only if there has been a change in the previous indicator used to determine the assets recoverable amount since the last impairment loss was recognised. The reinstated carrying amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years.

Significant Accounting Policies
Continued

M. Inventories

Inventories are stated at the lower of cost and net realisable value on an average cost basis. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion such as marketing, selling and distribution.

N. Share-based payments

The Company issues share options to employees from time to time. Under IFRS the equity-settled, share-based payment awards are valued at fair value at inception and this cost is recognised over the option vesting period.

The Board has used a valuation model to estimate the fair value of the options. Various assumptions affect the value of the options and the Board has considered these assumptions in order to derive an appropriate charge for the cost of the options. The key assumptions used to derive the charge include the probability of performance achievement and the expected future dividend yield of the shares.

O. Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

P. Pensions

The Group provides contributions on behalf of certain Directors and employees to a series of defined contribution pension schemes. Contributions payable in the year are charged to the income statement.

Q. Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in UK Pounds Sterling, which is the functional currency of the Company and the presentational currency for the consolidated financial statements.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Foreign 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 income statement in the period in which they arise.

Assets and liabilities of subsidiaries denominated in a different functional currency to that of the Group's presentational currency are translated into Pounds Sterling at the rate of exchange ruling at the balance sheet date and results are translated at the average rate of exchange for the year. The use of an average exchange rate for the year rather than actual exchange rates at the dates of transactions is considered to approximate to actual rates for the translation of the results of foreign subsidiaries.

Differences on exchange, arising from the retranslation of the opening net investment in subsidiary companies which have functional currencies that differ to Pound Sterling, and from the translation of the results of those companies at an average rate, are taken to reserves and reported in other comprehensive income. Exchange differences arising on the retranslation of non-trading intra-group balances reported in foreign subsidiaries are regarded as part of the net investment in the subsidiary and treated as a movement in the translation reserve on consolidation. When an operation is sold, amounts recognised in reserves on the translation of foreign operations are recycled through the income statement.

R. Financial instruments

The Group has only basic financial assets measured at amortised cost which are held for collecting contractual associated cash flows. These are initially recognised at fair value and subsequently measured at amortised cost.

Financial Assets

The Group applies the impairment requirements and recognises a loss allowance for expected credit losses on its financial assets. At each reporting date, it will measure the loss allowance at an amount equal to the lifetime expected credit losses.

The Group will recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with IFRS 9.

Trade and other receivables

Trade receivables are initially measured at fair value and subsequently at amortised cost. At each period end, there is an assessment of the expected credit loss in accordance with IFRS 9; with any increase or reduction in the credit loss provision charged or released to other selling and administrative expenses in the statement of comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the profit and loss.

A financial liability is derecognised when the obligation is extinguished.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year in which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of issue costs. They are subsequently measured at amortised cost using the effective interest method.

S. Equity

Share capital reflects the nominal value of the Company's shares in issue. The share premium account reflects any premium arising on the issuance of those shares, net of issue costs.

The merger reserve arose on the premium on shares issued to acquire 100 per cent of Integrated Computing & Office Networking Limited (2016) and Active Online GmbH (2018). The reserve relates to merger relief then allowed to be applied under s.612 of the Companies Act 2006.

The translation reserve is used to record exchange differences arising from the retranslation of the opening net investment and income statement of foreign subsidiaries. The amounts relating to share options issued but not yet exercised and shares in the Company held by the Employee Share Ownership Trust are reported separately.

T. Dividends

Dividends attributable to the equity holders of the Company approved for payment during the year are recognised directly in equity.

U. Earnings per share

Basic earnings per share is calculated based on the Group's profit after tax divided by the weighted average number of shares in issue during the year.

Diluted earnings per share is calculated based on the Group's profit after tax divided by the diluted weighted average number of shares in issue during the year. Dilution to the weighted average shares issues in the year are as a result of any share options granted, exercised, cancelled or lapsed in the year.

Significant Accounting Policies
Continued

V. Employee Share Ownership Trust

Equity shares in Eleco plc held by the Employee Share Ownership Trust (ESOT) are treated as a deduction from the weighted average number of shares. The consideration paid is deducted from equity (other reserves) until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of related transaction costs and income tax effects, are included in equity attributable to the Company's equity holders.

W. New standards and interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations relevant to the Group operations that have been applied in these financial statements were in issue but effective:

International Accounting Standards (IAS/IFRS)

The following standards, interpretations and amendments to existing standards became effective on 1 January 2024 and have not had a material impact on the Group:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current, effective from 1 January 2024;
- Amendments to IAS 1: Non-current Liabilities with Covenants, effective from 1 January 2024;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements, effective from 1 January 2024;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or joint venture; and
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback, effective from 1 January 2024.

The following other standards, interpretations and amendments to existing standards have been issued but were not mandatory for accounting periods beginning on 1 January 2024. These either have been, or are expected to be, endorsed by the UK Endorsement Board and are not expected to have a material impact on the Group:

- Lack of Exchangeability (Amendments to IAS21), effective from 1 January 2025
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026

Notes to the Consolidated Financial Statements

1. Revenue

Revenue from continuing operations disclosed in the income statement is analysed as follows:

	2024 £'000	2023 £'000
Perpetual licence revenue	1,013	1,532
Recurring maintenance, support, SaaS and subscription revenue	24,933	20,732
Services revenue	6,448	5,742
Total revenue	**32,394**	28,006

Revenue is recognised for each category as follows:

- Perpetual licence revenue – recognised at the point of transfer (delivery) of the licence to a customer.
- Recurring revenue: SaaS, maintenance, support, subscriptions and hosting – as these services are provided over the term of the contract, revenue is recognised over the life of the contract.
- Services income revenue – recognised on delivery of the service.

Revenue recorded in the year includes £9.8m (2023: £7.8m) of income that had been deferred in the balance sheet in the previous year because the associated performance obligations were not fully satisfied. The deferred income represents a timing difference between satisfaction of the performance obligation where that performance condition is in part fulfilled after a reporting period end. The majority of the Group's contracts are twelve months in length but these twelve months may span a reporting period end.

The Group has applied the practical expedient of IFRS15.121 in respect of contracts which have a duration of one year or less. Therefore, this then means that IFRS15.120 requirements have not been disclosed. Contract liabilities in respect of contracts with customers have been disclosed in note 18 under deferred income.

Geographical, Product and Sales Channel Information

Revenue by geographical area represents continuing operations revenue from external customers based upon the geographical location of the customer.

Revenue by geographical destination is as follows:

	2024 £'000	2023 £'000
UK	15,891	13,034
Scandinavia	5,830	5,880
Germany	3,058	3,950
USA	1,642	1,184
Rest of Europe	5,217	3,364
Rest of World	756	594
	32,394	28,006

Revenue by product group represents continuing operations revenue from external customers.

Revenue by product group is as follows:

	2024 £'000	2023 £'000
Software for:		
Building Lifecycle	24,052	19,824
CAD and Visualisation	6,499	6,775
Other – third-party software	1,843	1,407
	32,394	28,006

The Group utilises resellers to access certain markets. Revenue by sales channel represents continuing operations revenue from external customers.

Revenue by sales channel is as follows:

	2024 £'000	2023 £'000
Direct	31,075	26,991
Reseller	1,319	1,015
	32,394	28,006

Notes to the Consolidated Financial Statements
Continued

2. Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers to allocate resources to the segments and to assess their performance.

The chief operating decision makers have been identified as the Executive Directors. The Group revenue is derived entirely from the sale of perpetual software licences, subscription and SaaS software licences, software maintenance and support and related services. Consequently, the Executive Directors review the management information on the basis of this one unified segment.

	2024 Software £'000	2023 Software £'000
Group assets and liabilities		
Segment assets	51,812	45,976
Total Group assets	51,812	45,976
Segment liabilities	21,640	18,617
Total Group liabilities	21,640	18,617

Non-current assets by geographical area represent the carrying amount of assets based in the geographical area in which the assets are located.

Non-current assets by geographical location are as follows:

	2024 £'000	2023 £'000
UK	21,278	20,434
Scandinavia	6,030	6,679
Germany	3,307	2,536
USA	-	1
Rest of Europe	1,038	43
Rest of World	-	2
	31,653	29,695

Information about major customers

Revenues arising from sales to the Group's largest customer were below the reporting threshold of 10 per cent of Group revenue (2023: below 10 per cent reporting threshold).

3. Operating profit

The continuing operations operating profit for the period is stated after charging/(crediting) the following items:

	2024 £'000	2023 £'000
Software product development expense	2,467	2,581
Depreciation of property, plant and equipment	114	120
Depreciation of right-of-use assets	577	510
Amortisation of acquired intangible assets	626	474
Amortisation of other intangible assets	1,866	1,300
Share-based payments	60	190
Loss/(profit) on disposal of property, plant and equipment	6	(13)
Foreign exchange losses	67	86
Acquisition related expenses and stamp duties	432	279
Fees payable to the Company's auditor for:		
The audit of the parent company and consolidated financial statements	190	145
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries	131	114
Other services	13	10

4. Employee information

The average number of employees during the period, including Directors, in continuing operations was made up as follows:

	2024 Number	2023 Number
Sales and marketing	**59**	57
Client services	**104**	87
Software development	**84**	77
Management and administration	**38**	38
	285	259

Staff costs during the period, including Directors, in continuing operations amounted to:

	2024 £'000	2023 £'000
Wages and salaries	**15,450**	13,695
Social security	**2,390**	2,162
Pension costs	**738**	728
Share-based payments charge	**60**	190
	18,638	16,775
Less: Development staff costs capitalised	**(2,958)**	(2,256)
	15,680	14,519

Pension costs relate to contributions to defined contribution pension schemes. Development staff costs are charged to projects and capitalised if those projects meet the criteria for capitalisation. The details of the criteria for capitalisation is set out in the Significant Accounting Policies under section I.

The remuneration of the Directors, who are the key management personnel of the Group, is set out below:

	2024 £'000	2023 £'000
Short-term employee benefits	**722**	711
Post-employment benefits	**32**	31
Executive Directors	**754**	742
Grant value of share options issued	**323**	260
Total remuneration in respect of key management personnel (excluding employers national insurance cost)	**1,077**	1,002
Fees – Non-Executive Directors	**233**	213

	2024	2023
Number of Directors exercised options	**–**	–
Number of options issued to the Directors ('000)	**450**	525
Gain made in exercise of options (£'000)	**–**	–

The emoluments of the highest paid Director totalled £622,000 (2023: £563,000). For a detailed breakdown see Remuneration Committee Report, Directors' Remuneration page 46.

The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors are engaged through service contracts and each is appointed for an initial term of three years, which may thereafter be renewed. The Company has chosen for all directors to stand for annual re-election at each year's AGM. The Non-Executive Directors do not participate in any of the Group's share-based incentive or pension schemes. Further details of Directors emoluments are shown on page 49 of the Remuneration Committee Report.

Notes to the Consolidated Financial Statements
Continued

5. Finance income and costs

Finance income and costs from continuing operations disclosed in the consolidated income statement are set out below:

	2024 £'000	2023 £'000
Finance income:		
Bank and other interest receivable	310	127
Total finance income	310	127
Finance costs:		
Bank overdraft and loan interest	(7)	(2)
Inputted interest expense for leasing arrangements	(65)	(63)
Total finance costs	(72)	(65)
Total net finance income/(cost)	238	62

6. Taxation

(a) Taxation on profit on ordinary activities

The tax charge in the income statement from continuing operations is as follows:

	2024 £'000	2023 £'000
Current tax:		
UK corporation tax on profits of the year	808	508
Tax adjustments in respect of previous years	(76)	(54)
	732	454
Foreign tax	328	282
Tax adjustments in respect of previous years	(57)	23
Total current tax	1,003	759
Deferred tax:		
Origination and reversal of temporary differences	(42)	(80)
Tax adjustments in respect of previous years	(1)	83
Total deferred tax	(43)	3
Tax charge in the consolidated income statement	960	762

Income tax for the UK has been calculated at the weighted average rate of UK corporation tax of 25 per cent (2023: 23.5 per cent) on the estimated assessable profit for the period. Taxation for foreign companies is calculated at the rates prevailing in the relevant jurisdictions.

The UK corporation tax rate of 25 per cent substantively enacted in the Finance Bill 2021 has been applied to determine deferred tax assets and liabilities at the Balance Sheet date.

Deferred tax positions relate primarily to investment in intangible assets, share options reserve and trading tax losses across international jurisdictions. There are no material uncertain tax positions as at 31 December 2024 (as at 31 December 2023: no material uncertain tax positions).

6. Taxation continued

(b) Reconciliation of continuing operations tax charge

The tax assessed on continuing operations accounting profit before income tax for the year is the same as the standard rate of UK corporation tax of 25 per cent (2023: 23.5 per cent) for the period under review. The reconciliation is explained below:

	2024 £'000	2023 £'000
Profit on continuing operations before tax	4,294	3,417
Tax calculated at the average standard rate of UK corporation tax of 25% (2023: 23.5%) applied to profits before tax	1,074	803
Effects of:		
Expenses not deductible for tax purposes	115	40
Research & development tax relief	(167)	(127)
Losses not provided for	139	104
Prior year adjustments	(134)	52
Tax rate differences in foreign jurisdictions	(107)	(25)
Other differences	40	(85)
Continuing operations tax charge for the year	960	762

(c) Unrecognised tax losses

The Group has tax losses of £3,123,000 (2023: £1,727,000). The potential deferred tax asset not recognised in respect of losses is £708,000 (2023: £428,000). No deferred tax is recognised on the unremitted earnings of UK and overseas subsidiaries as there are no future profits available in the respective subsidiaries to offset the losses against.

7. Dividends

Dividends declared and to be paid

The Directors have recommended a final dividend of 0.70 pence per ordinary share (2023: final dividend of 0.55 pence per ordinary share). The dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

Dividends paid in the year

Dividends paid in the year were 0.85 pence per ordinary share (2023: 1.33 pence per ordinary share). Cash dividends of £700,000 (2023: £1,094,000) were paid during the year. Unclaimed dividends of £35,000 were returned to the Company during the year.

Ordinary Shares	2024 pence per share	2023 pence per share	2024 £'000	2023 £'000
Declared and paid during the year				
Interim – Full Year 2024	0.30	0.25	247	206
Special – Full Year 2022	–	0.58	–	477
Final – Full Year 2023	0.55	0.50	453	411
	0.85	1.33	700	1,094

Notes to the Consolidated Financial Statements
Continued

8. Basic and diluted earnings per share

Ordinary Shares	2024 Net profit attributable to shareholders £'000	2024 Weighted average number of shares (millions)	2024 Earnings per share (pence)	2023 Net profit attributable to shareholders £'000	2023 Weighted average number of shares (millions)	2023 Earnings per share (pence)
Basic earnings per share	3,334	82.3	4.0	2,655	82.3	3.2
Diluted earnings per share	3,334	83.2	4.0	2,655	83.7	3.2
Adjusted basic earnings per share	4,172	82.3	5.1	3,272	82.3	4.0

In determining the diluted earnings per share the dilutive impact of share options on weighted average number of shares was included. The reconciliations to the above figures are shown below:

Ordinary Shares	2024 Net profit attributable to shareholders £'000	2024 Weighted average number of shares (millions)	2024 Earnings per share (pence)	2023 Net profit attributable to shareholders £'000	2023 Weighted average number of shares (millions)	2023 Earnings per share (pence)
Basic earnings per share	3,334	82.3	4.0	2,655	82.3	3.2
Dilutive effect of share options	–	0.9	–	–	1.4	–
Diluted earnings per share	3,334	83.2	4.0	2,655	83.7	3.2

Ordinary Shares	2024 Net profit attributable to shareholders £'000	2024 Weighted average number of shares (millions)	2024 Earnings per share (pence)	2023 Net profit attributable to shareholders £'000	2023 Weighted average number of shares (millions)	2023 Earnings per share (pence)
Basic earnings per share	3,334	82.3	4.0	2,655	82.3	3.2
Effect of adjusted profit (note 26)	838	–	1.1	617	–	0.8
Adjusted basic earnings per share	4,172	82.3	5.1	3,272	82.3	4.0

Shares held by the Employee Share Ownership Trust are excluded from the weighted average number of shares in the period. Adjusted profit attributable to shareholders is reconciled to reported profit attributable to shareholders in note 26.

9. Goodwill

	2024 £'000	2023 £'000
Net book value:		
As at 1 January	18,544	15,337
Acquisition of business	435	3,258
Exchange differences	(127)	(51)
As at 31 December	18,852	18,544
Net book value	18,852	18,544

There was one acquisition in the year, see note 28.

Goodwill denominated in currencies other than Sterling is revalued at the appropriate closing exchange rate. Goodwill acquired through acquisitions net of impairments is set out below:

	2024 £'000	2023 £'000
Elecosoft UK	8,703	8,703
BestOutcome	3,258	3,258
Asta Development Germany	223	234
Elecosoft Sweden	4,368	4,411
Elecosoft Netherlands	20	21
Veeuze Germany	1,845	1,917
Vertical Digital Romania	435	–
	18,852	18,544

The Directors consider each of the operating businesses listed above, which are those units for which a separate cash flow is computed, to be a cash-generating unit (CGU) and each CGU is reviewed bi-annually for impairment. For each CGU the Directors have determined its recoverable amount based on value in use calculations.

The value in use was derived from discounted post-tax management cash flow forecasts for the businesses, using the budgets and strategic plans based on past performance and expectations for the market development of the CGU incorporating an appropriate business risk. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenues and operating cost during the period and into perpetuity. Costs, which are primarily fixed in nature, are assumed to be based on trend rates of inflation and any other factors identified in the budgets and strategic plans of the businesses. Goodwill arising on the recent acquisition of Vertical Digital SRL derives from the purchase consideration less fair value and purchase price adjustments, including for other separable valued intangibles.

The key judgement and assumptions used in calculating each CGU value in use are shown in the table below. The market growth rates, nominal long-term growth rate and inflation rates used are in line with external sources.

The market growth rates for revenues for years one to five range across a variety of different sized locations and business units from 6 to 66 per cent (2023: 4 to 47 per cent) in accordance with the underlying growth in the businesses and from the SaaS transition; after this initial five years, the nominal long-term growth rates are used in subsequent years.

The pre-tax discount rate and nominal long-term growth rates are shown in the table below:

	2024		2023	
CGU	**Pre-tax discount rate**	**Nominal long-term growth rate**	Pre-tax discount rate	Nominal long-term growth rate
Elecosoft UK	14.4%	1.9%	10.9%	1.5%
BestOutcome	14.4%	1.9%	10.9%	1.5%
Asta Development Germany	15.4%	1.6%	11.7%	1.2%
Elecosoft Sweden	13.7%	2.9%	10.4%	1.1%
Elecosoft Netherlands	14.6%	2.1%	11.1%	1.7%
Veeuze Germany	15.4%	1.6%	11.7%	1.2%
Vertical Digital Romania	12.9%	2.6%	–	–

These budgets and strategic plans cover a five-year period. The growth rates used to extrapolate the cash flows beyond this period range between 1.6 per cent and 2.9 per cent depending on the geographical location of the CGU.

Notes to the Consolidated Financial Statements
Continued

9. Goodwill continued

A sensitivity analysis has been performed based on changes in key assumptions considered to be reasonably possible by management: an increase in the discount rate of 1 per cent, a decrease in the compound annual growth rate for cash flow in the five-year forecast period of 1 per cent, and a decrease in the nominal long-term market growth rates of 1 per cent. The sensitivity analysis shows that no impairment charges would result from these scenarios.

The European based CGUs have lower impairment headroom in the value in use calculations and accordingly are more sensitive to changes in the discount and revenue growth rates. If the discount rate was increased by 34 per cent or the compound annual market growth rates and long term growth rates were both reduced by 15 per cent then all the European CGUs' discounted cash flow values would equate to or be lower than the value in use attributed to those European CGUs.

10. Other intangible assets

	Customer relationships £'000	Intellectual property £'000	Total £'000
Cost:			
At 1 January 2023	7,149	11,955	19,104
Additions from acquisition at fair value	897	916	1,813
Additions	–	114	114
Additions – internal development	–	2,256	2,256
Disposals	–	(62)	(62)
Exchange differences	(1)	1	–
At 31 December 2023	8,045	15,180	23,225
Additions from acquisition at fair value	477	–	477
Additions	–	271	271
Additions – internal development	–	2,958	2,958
Disposals	–	122	122
Exchange differences	(2)	2	–
At 31 December 2024	**8,520**	**18,533**	**27,053**
Accumulated amortisation and impairment:			
At 1 January 2023	4,966	7,547	12,513
Amortisation charge for the year	362	1,412	1,774
Disposals	–	(62)	(62)
Exchange differences	–	–	–
At 31 December 2023	5,328	8,897	14,225
Amortisation charge for the year	471	2,021	2,492
Exchange differences	(1)	4	3
At 31 December 2024	**5,798**	**10,922**	**16,720**
Net book value:			
At 31 December 2023 and 1 January 2024	2,717	6,283	9,000
At 31 December 2024	**2,722**	**7,611**	**10,333**

10. Other intangible assets continued

Values attributed to internal development costs meet criteria as set out in section 1I of the Accounting Policies. Additions – internal development represent development within the business and differing stages of the development cycle. The values attributed to customer relationships represent the fair value of acquired customer contracts and relationships held by the acquired company at the date of acquisition. Similarly, values attributed to intellectual property represent the fair value of acquired intellectual property. There was one acquisition in the year – note 28.

Intellectual property additions from acquisitions in the year represent purchased intangible assets of £nil at fair value (2023: £916,000) and internal development costs capitalised of £2,958,000 (2023: £2,256,000). Internal development represents software development project costs that meet the accounting policy criteria for capitalisation. Further details of the software development projects that have been capitalised in the period are set out in the CFO Report on pages 34 to 37.

Amortisation charges are shown separately on the Consolidated Statement of Cash Flows.

An impairment review of internally generated intangibles is carried out when there is indication of impairment.

Indicators of impairment include:

- External sources: include market value declines, negative changes in technology, markets, economy, or laws, increases in market interest rates, net assets of the Company higher than market capitalisation
- Internal sources: include obsolescence or physical damage asset is idle, part of a restructuring or held for disposal, worse economic performance than expected for investments

There were no indicators of impairment in the current year. An impairment charge of £nil (2023: £nil) was recorded in the year in respect of an internally developed software product following a review of their recoverable amount which was £nil at the Balance Sheet date.

11. Property, plant and equipment

	Leasehold buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost:			
At 1 January 2023	600	981	1,581
Additions from acquisition at fair value	–	18	18
Additions	–	133	133
Disposals	–	(284)	(284)
Exchange differences	(23)	(9)	(32)
At 31 December 2023	577	839	1,416
Additions from acquisition at fair value	–	49	49
Additions	53	32	85
Disposals	–	(17)	(17)
Transfers	–	(122)	(122)
Exchange differences	(14)	(27)	(41)
At 31 December 2024	**616**	**754**	**1,370**
Accumulated depreciation and impairment:			
At 1 January 2023	204	632	836
Depreciation charge for the year	19	101	120
Disposals	–	(284)	(284)
Exchange differences	(15)	(7)	(22)
At 31 December 2023	208	442	650
Depreciation charge for the year	5	109	114
Disposals	7	(16)	(9)
Exchange differences	–	(14)	(14)
At 31 December 2024	**220**	**521**	**741**
Net book value:			
At 31 December 2023 and 1 January 2024	369	397	766
At 31 December 2024	**396**	**233**	**629**

Notes to the Consolidated Financial Statements
Continued

12. Capital commitments

Capital expenditure commitments of £nil (2023: £nil) have been placed with suppliers at 31 December 2024.

13. Inventories

	2024 £'000	2023 £'000
Finished goods	4	113
	4	113

At 31 December 2024 the Group's inventory provisions were £nil (2023: £nil).

14. Trade and other receivables

	2024 £'000	2023 £'000
Gross trade receivables	4,749	4,273
Provision for credit losses	(364)	(114)
Net trade receivables	4,385	4,159
Other receivables	96	198
Prepayments and accrued income	953	676
	5,434	5,033

The Group offers credit terms to customers depending on the credit status of the customer. Trade receivables are initially measured at fair value and subsequently amortised at cost. The Group performed an impairment exercise to determine whether the write down of amounts receivable was required, using an expected credit loss model to determine the lifetime expected credit losses attributable to the receivables. In its assessment using the expected loss model, it was deemed provisions against receivables to be in line with historic payment patterns for Eleco's customer base where a significant number are repeat purchasers and pass the Eleco Group company's credit check process. The average credit period taken on the sales of goods and services is 45 days (2023: 46 days). No interest is charged on past due trade receivables (2023: £nil).

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2024 £'000	2023 £'000
Sterling	2,259	1,836
Euro	953	1,637
Swedish Krona	1,784	1,288
US Dollar	139	166
Other	299	106
	5,434	5,033

Movement in the provision for credit losses in respect of trade receivables during the year was as follows:

	2024 £'000	2023 £'000
At 1 January	(114)	(83)
Written off as uncollectable	70	18
Provided against during the period	(333)	(53)
Exchange	13	4
At 31 December	(364)	(114)

15. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	788	593
Other taxation and social security	1,117	1,052
Other payables	364	259
	2,269	1,904

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 17 days (2023: 27 days). The Directors consider that the carrying amount of trade payables approximates to their fair value.

16. Borrowings

	2024 £'000	2023 £'000
Current liabilities:		
Lease liabilities	578	542
	578	542
Non-current liabilities:		
Lease liabilities	882	918
	882	918
Total lease liabilities	1,460	1,460
Cash and cash equivalents	(13,975)	(10,903)
Net (cash)/borrowings	(12,515)	(9,443)

The UK banking facilities are with Barclays Bank plc and the Group facilities comprise a £1.0m overdraft facility, carrying an interest rate of 1.75 per cent over base rate (undrawn at 2024 and 2023).

17. Provisions

	2024 £'000	2023 £'000
At 1 January	26	26
At 31 December	26	26
Non-current liabilities	26	26

The provision relates to reorganisation costs following the disposal of the former ElecoBuild businesses and the expected ongoing cost of the professional indemnity run off insurance premiums relating to the former ElecoBuild businesses.

18. Accruals and Deferred Income

	2024 £'000	2023 £'000
Accruals	3,140	2,793
Deferred income	12,124	9,781
	15,264	12,574

Deferred income represents income from software subscription licences and from software maintenance and support contracts and is credited to revenue in the income statement on a straight-line basis in line with the service and obligations over the term of the contract.

Notes to the Consolidated Financial Statements
Continued

19. Deferred Tax

	Deferred tax assets				Deferred tax liabilities			
	Tax losses carried forward £'000	Excess of amortisation over tax allowances £'000	Other temporary differences £'000	Total £'000	Intangible assets £'000	Accelerated capital allowances £'000	Other temporary differences £'000	Total £'000
At 1 January 2023	–	50	1	51	(1,522)	(5)	(258)	(1,785)
Acquisition of business	–	–	–	–	(428)	(5)	–	(433)
(Charge)/credit to the income statement	–	(8)	190	182	(190)	(40)	45	(185)
(Charge)/credit to the Statement of Changes in Equity	–	–	(122)	(122)	–	–	–	–
Exchange differences	–	–	–	–	–	–	3	3
At 31 December 2023	**–**	**42**	**69**	**111**	**(2,140)**	**(50)**	**(210)**	**(2,400)**
(Charge)/credit to the income statement	**207**	**(11)**	**18**	**214**	**(151)**	**(64)**	**45**	**(170)**
(Charge)/credit to the Statement of Changes in Equity	**–**	**–**	**229**	**229**	**–**	**–**	**–**	**–**
Exchange differences	**(5)**	**–**	**–**	**(5)**	**–**	**–**	**14**	**14**
At 31 December 2024	**202**	**31**	**316**	**549**	**(2,291)**	**(114)**	**(151)**	**(2,556)**

Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are presented as non-current in the consolidated balance sheet. Potential deferred tax assets in respect of losses of £708,000 (2023: £428,000) have not been recognised due to the unpredictability of future profit streams against which these losses may be offset. These losses may be carried forward indefinitely.

20. Share capital

	2024 No. of shares	2024 Nominal Value £'000	2023 No. of shares	2023 Nominal Value £'000
Authorised:				
Ordinary Shares of 1 pence each	85,000,000	850	85,000,000	850
Allotted, called up and fully paid:				
Ordinary Shares of 1 pence each at start of year	83,207,397	832	83,154,650	832
Issue of Ordinary Shares	105,000	1	52,747	–
Ordinary Shares of 1 pence each at end of year	83,312,397	833	83,207,397	832

In the year 105,000 ordinary 1 pence new shares were issued (2023: 52,747) at a premium of £50,000 (2023: £12,000).

21. Share-based payments

The Company operates one share scheme and options outstanding at 31 December 2024 over Ordinary Shares granted under the scheme were as follows:

Date awarded	Number of Ordinary Shares	Vesting dates: Earliest	Vesting dates: Latest	Weighted average remaining contractual life (years)
9 August 2017	370,000	1 May 2020	8 August 2027	2.6
18 May 2020	325,000	31 May 2023	31 May 2030	5.4
12 November 2020	125,000	31 May 2023	11 November 2030	5.9
1 August 2022	450,000	31 July 2025	31 July 2032	7.6
11 May 2023	855,000	11 May 2026	10 May 2033	8.4
3 June 2024	865,000	3 June 2027	2 June 2034	9.4
5 June 2024	500,000	5 June 2027	4 June 2034	9.4
	3,490,000			7.7

Further details of these option grants are detailed below:

1,365,000 options were granted during 2024 under the Company's Share Option Scheme. There were no vesting criteria other than an employee being employed at the vesting date.

Vesting criteria for Directors are detailed in the Remuneration Committee Report on page 50.

During the year 1,110,000 options were forfeited relating to 2020, 2021 and 2023 issues.

Details of the number of options over Ordinary Shares outstanding during the year are as follows:

	2024 Number	2024 Weighted average exercise price (pence)	2023 Number	2023 Weighted average exercise price (pence)
Outstanding at the beginning of the year	3,340,000	70.1	2,650,000	75.2
Granted during the year	1,365,000	72.7	1,035,000	67.2
Exercised during the year	(105,000)	48.0	(25,000)	48.0
Forfeited during the year	(1,110,000)	88.6	(320,000)	73.9
Outstanding at the end of the year	3,490,000	65.9	3,340,000	70.1
Exercisable at the end of the year	820,000		1,375,000	

The net expense recognised by the Group for share-based payments under the share options scheme in respect of employee services during the year ended 31 December 2024 was £60,000 (2023: £190,000).

Notes to the Consolidated Financial Statements
Continued

21. Share-based payments continued

The Black-Scholes valuation model is used to value the share options and the key assumptions used for the outstanding awards granted during 2024 and 2023 are shown below:

	2024	2023
Share price at grant date	**£1.170-1.075**	£0.765-0.805
Exercise price per share	**£0.01-1.075**	£0.01-0.805
Per cent expected to vest (at date of grant)	**98%**	98%
Expected life (years)	**5.0**	5.0
Dividend yield	**0.46-0.47%**	0.72-0.76%
Share price volatility	**74%**	75-77%
Fair value per option	**£0.661-0.719**	£0.467-0.494

22. Right-of-Use assets

The Group has leases for the properties it occupies, motor vehicles and other plant and equipment. With the exception of short-term leases, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, motor vehicles and plant and equipment for presentation purposes.

Each lease imposes a restriction that the right-of-use asset can only be used by the Group. Some leases have a break clause; however, the majority are either non-cancellable or may only be cancelled by incurring a substantial termination fee.

The Group has assessed the lease liability on each individual lease and applied an appropriate incremental borrowing rate determined by the type and geographical location of the right-of-use asset.

The Group elects not to recognise a lease liability for short-term leases (leases with an expected term of twelve months or less). Payments made under such leases are expensed on a straight-line basis.

The recognised right-of-use assets relate to the following types of assets:

Right-of-Use assets

	2024 £'000	2023 £'000
Properties	**1,060**	1,025
Motor vehicles	**230**	249
	1,290	1,274

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-Use-assets

	Property £'000	Motor vehicles £'000	Total £'000
At 1 January 2023	1,189	290	1,479
Reclassification	104	(104)	–
Additions and measurements	145	215	360
Disposals	(16)	(13)	(29)
Exchange difference	(21)	(5)	(26)
Depreciation charge for the year	(376)	(134)	(510)
At 31 December 2023 and 1 January 2024	**1,025**	**249**	**1,274**
Additions and measurements	**540**	**111**	**651**
Exchange difference	**(45)**	**(13)**	**(58)**
Depreciation charge for the year	**(460)**	**(117)**	**(577)**
At 31 December 2024	**1,060**	**230**	**1,290**

22. Right-of-Use assets continued

The corresponding amounts of lease liabilities recognised under IFRS 16 and movements during the period are set out as follows:

Lease liabilities

	Property £'000	Motor vehicles £'000	Other plant and equipment £'000	Total £'000
At 1 January 2023	1,360	326	(4)	1,682
Reclassification	149	(153)	4	–
Additions	140	215	–	355
Interest charge	49	14	–	63
Lease payments	(432)	(163)	–	(595)
Exchange difference	(25)	(20)	–	(45)
At 31 December 2023 and 1 January 2024	**1,241**	**219**	**–**	**1,460**
Reclassification	**(33)**	**33**	**–**	**–**
Additions	**540**	**111**	**–**	**651**
Interest charge	**49**	**15**	**–**	**64**
Lease payments	**(530)**	**(120)**	**–**	**(650)**
Exchange difference	**(57)**	**(8)**	**–**	**(65)**
At 31 December 2024	**1,210**	**250**	**–**	**1,460**

Maturity profile of Lease liabilities

	2024 £'000	2023 £'000
Within 1 year	**670**	586
Between 2 and 5 years	**965**	955
At 31 December	**1,635**	1,541

23. Financial instruments

(a) Financial assets and liabilities

The carrying amount and fair value of financial assets and liabilities at the period end are set out below:

	2024 £'000	2023 £'000
Financial assets at amortised cost:		
Cash and cash equivalents	**13,975**	10,903
Trade and other receivables	**4,480**	4,357
Financial assets held at amortised cost	**18,455**	15,260
Financial liabilities at amortised cost:		
Trade and other payables	**1,151**	852
Accruals	**3,140**	2,793
Lease liabilities	**1,460**	1,460
Financial liabilities held at amortised cost	**5,751**	5,105

The carrying value of the Group's financial assets and liabilities are considered to approximate their respective fair values.

Notes to the Consolidated Financial Statements
Continued

23. Financial instruments continued

(b) Interest rate and currency profile of financial assets and liabilities

The currency profiles of the Group's financial assets and liabilities are set out below:

	Financial liabilities		Financial assets		
	Floating rate £'000	Total £'000	Floating rate £'000	Total £'000	Net financial assets/ (liabilities) £'000
Sterling	**3,032**	**3,032**	**10,820**	**10,820**	**7,788**
Euro	**791**	**791**	**1,879**	**1,879**	**1,088**
Swedish Krona	**1,835**	**1,835**	**4,918**	**4,918**	**3,083**
US Dollar	**11**	**11**	**269**	**269**	**258**
South African Rand	**5**	**5**	**41**	**41**	**36**
Other	**77**	**77**	**528**	**528**	**451**
At 31 December 2024	**5,751**	**5,751**	**18,455**	**18,455**	**12,704**
Sterling	1,990	1,990	7,468	7,468	5,478
Euro	982	982	2,930	2,930	1,948
Swedish Krona	2,093	2,093	4,384	4,384	2,291
US Dollar	35	35	264	264	229
South African Rand	5	5	41	41	36
Other	–	–	172	172	172
At 31 December 2023	5,105	5,105	15,259	15,259	10,154

There are no fixed interest rate financial assets or liabilities.

The Group finances its operations through a mixture of retained profits and a bank overdraft. The interest rate on the overdraft is 1.75 per cent over the Bank of England base rate. The overdraft facility was unused in the year ended 31 December 2024 (2023: unused).

(c) Currency profile of net foreign currency monetary assets and liabilities

The table below shows the net unhedged monetary assets/(liabilities) of the Group that are not denominated in the functional currency of the operating unit and which therefore give rise to exchange gains and losses in the income statement.

Functional currency of Group operation	Sterling £'000	Euro £'000	Swedish Krona £'000	US Dollar £'000	Other £'000	Total £'000
Sterling	**–**	**158**	**–**	**15**	**42**	**215**
Euro	**–**	**–**	**–**	**–**	**–**	**–**
Swedish Krona	**–**	**340**	**–**	**41**	**77**	**458**
At 31 December 2024	**–**	**498**	**–**	**56**	**119**	**673**
Sterling	–	432	–	7	27	466
Euro	–	–	–	–	–	–
Swedish Krona	–	346	–	25	69	440
At 31 December 2023	–	778	–	32	96	906

(d) Financial risk: objectives, policies and strategies

The Group's interest rate risks and currency risks are managed centrally within policies approved by the Board. The objective of these policies is to mitigate the impact of movements in interest rates and currency rates on the consolidated results of the Group. In addition to these policies, the Group's liquidity risk policies, approved by the Board, ensure appropriate funding is made available across the Group and is managed centrally.

The net finance income for the year from continuing operations was £238,000 (2023: income of £62,000). No speculative transactions are undertaken.

At present there is no policy to hedge the Group's currency exposures arising from the translation of the Group's overseas net assets or the effect of exchange rate movements on the Group's overseas earnings.

(e) Market risk: sensitivities

A sensitivity analysis for financial assets and liabilities affected by market risk is set out as follows. Each risk is analysed separately and shows the sensitivity of financial assets and liabilities when a certain parameter is changed. The sensitivity analysis has been performed on period end balances each year and therefore is not representative of transactions throughout the year. The rates used are based on historical trends and, where relevant, projected forecasts.

23. Financial instruments continued

(e) Market risk: sensitivities continued

(i) Currencies

The Group is exposed to currency risk in relation to the value of its financial assets and liabilities that are denominated in currencies other than Sterling (see note 23(c) above), arising from fluctuations in exchange rates. The Group's mitigation of its currency risk is set out on page 94. The table below shows the impact on the value of the Group's reported net financial assets at 31 December of exchange rates either strengthening or weakening by 10 per cent against Sterling and the impact this would have on the reported profit or loss and equity. The Group's reported equity would be £171,000 lower (2023: £259,000 lower) if Sterling strengthened by 10 per cent and £189,000 higher (2023: £284,000 higher) if Sterling weakened by 10 per cent.

Effect of change in	Net financial (assets)/liabilities:			Profit/(loss)		Equity	
Sterling +/-10%	2024 £'000	Rate +10% £'000	Rate -10% £'000	Rate +10% £'000	Rate -10% £'000	Rate +10% £'000	Rate -10% £'000
Denominated in Sterling	(7,788)	–	–	–	–	–	–
Not denominated in Sterling	(4,916)	447	(492)	70	(77)	(171)	189
Total net financial liabilities	(12,704)	447	(492)	70	(77)	(171)	189

Effect of change in	Net financial (assets)/liabilities:			Profit/(loss)		Equity	
Sterling +/-10%	2023 £'000	Rate +10% £'000	Rate -10% £'000	Rate +10% £'000	Rate -10% £'000	Rate +10% £'000	Rate -10% £'000
Denominated in Sterling	(5,478)	–	–	–	–	–	–
Not denominated in Sterling	(4,676)	425	(468)	(37)	41	(259)	284
Total net financial liabilities	(10,154)	425	(468)	(37)	41	(259)	284

(ii) Interest rates

Changes in market interest rates expose the Group to the risk of fluctuations in the cash flow relating to its financial assets and liabilities some of which attract interest at floating rates (see note 23(b) above). Based upon the interest rate profile of the Group's financial assets and liabilities as at 31 December, the table below shows the impact of a one percentage point change in the market interest rates on the Group's profit and equity.

	2024	Effect of increase in interest rates of 1%			Effect of decrease in interest rates of 1%		
	As reported £'000	Rate +1% £'000	Profit/(loss) £'000	Equity £'000	Rate -1% £'000	Profit/(loss) £'000	Equity £'000
Net finance income	238	79	79	79	(63)	(63)	(63)

	2023	Effect of increase in interest rates of 1%			Effect of decrease in interest rates of 1%		
	As reported £'000	Rate +1% £'000	Profit/(loss) £'000	Equity £'000	Rate -1% £'000	Profit/(loss) £'000	Equity £'000
Net finance income	62	21	21	21	(16)	(16)	(16)

Notes to the Consolidated Financial Statements
Continued

23. Financial instruments continued

(f) Liquidity risk
The Group monitors its liquidity to maintain a sufficient level of undrawn committed debt facilities together with central management of the Group's cash resources to minimise liquidity risk. The table below shows the maturity of the Group's debt:

	Fair value £'000	3 months or less £'000	3 to 6 months £'000	6 to 12 months £'000	Between 1 and 5 years £'000
Trade and other payables	**2,269**	**2,269**	**–**	**–**	**–**
Lease liabilities	**1,460**	**15**	**15**	**548**	**882**
At 31 December 2024	**3,729**	**2,284**	**15**	**548**	**882**
Trade and other payables	1,904	1,904	–	–	–
Lease liabilities	1,460	16	16	510	918
At 31 December 2023	3,364	1,920	16	510	918

The amounts for bank loans, overdraft and lease liabilities are inclusive of interest payable in the comparative period. The Group's overdraft facilities with Barclays Bank plc are explained in note 16.

(g) Credit risk
Group policies are aimed at minimising losses due to customer payment default. The loss allowance on all financial assets is measured by considering the probability of default. Deferred payment terms are only granted to those customers who satisfy creditworthiness criteria and individual exposures to customers are monitored.

The maximum exposure to credit risk for uninsured trade receivables only before provision for credit losses at the reporting date by geographic region is as follows:

	2024 £'000	2023 £'000
UK	**1,752**	1,471
Germany	**698**	1,049
Scandinavia	**1,548**	1,068
USA	**146**	133
Rest of Europe	**499**	486
Rest of World	**106**	66
	4,749	4,273

Receivables are written off by the Group when there is no reasonable expectation of recovery, such as when the counterparty is known to be going bankrupt, or into liquidation or administration.

23. Financial instruments continued

(h) Capital risk

The Group's objective is to minimise its cost of capital by optimising the efficiency of its capital structure, being the balance between equity and debt. The objective is subject always to an overriding principle that capital must be managed to ensure the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

(i) Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Lease liabilities £'000
At 1 January 2024	**1,460**
Cash flows:	
– Repayment	**(650)**
– Additions	**650**
At 31 December 2024	**1,460**

	Lease liabilities £'000
At 1 January 2023	1,682
Cash flows:	
– Repayment	(595)
– Additions	373
At 31 December 2023	1,460

24. Contingent liabilities

It is the Group's policy to make specific provisions at the balance sheet date for all liabilities which, in the opinion of the Directors, represent a present obligation and outflow of resources to be probable at the balance sheet date.

The Directors have considered all the facts surrounding any open claims and any pending litigation against the Group at 31 December 2024 and have concluded that no material loss is likely to accrue from any such unprovided claims.

25. Related party transactions

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The key management personnel are the Directors who are listed on page 56 of the Directors' Report.

The Directors of the Group had no transactions with the Group during the year, other than a result of service agreements.

26. Additional performance measures

The Group uses adjusted figures, which are not defined by generally accepted accounting principles (GAAP) such as UK-IAS. Adjusted figures and underlying growth rates are presented as additional performance measures used by management, as they provide additional relevant information in assessing the Group's performance, position and cash flows. In addition to the standard measures in the financial statements, the measures enable investors to track the core operational performance of the Group, for example by separating out items of income or expenditure relating to acquisitions, disposals and capital items. For example, one-off acquisition expenses due to advisor fees would not ordinarily be incurred in normal trading. Amortisation will vary considerably where the Group has to recognise separable purchased intangibles and amortisation on those intangibles will therefore fluctuate. Management uses these financial measures, along with UK-IAS financial measures, in evaluating the operating performance of the Group.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Operating profit	**4,056**	3,203
Gain on business disposal	**–**	152
Amortisation of intangible assets	**2,492**	1,774
Depreciation charge	**691**	630
EBITDA	**7,239**	5,759

Notes to the Consolidated Financial Statements
Continued

26. Additional performance measures continued

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
EBITDA	7,239	5,759
Gain on business disposal	–	(152)
Acquisition related expenses	432	279
Share-based payments	60	190
Adjusted EBITDA	7,731	6,076
Operating profit	4,056	3,203
Acquisition-related expenses	432	279
Amortisation of acquired intangible assets	626	474
Share-based payments	60	190
Adjusted operating profit	5,174	4,146
Profit before taxation	4,294	3,417
Gain on business disposal	–	(152)
Acquisition related expenses	432	279
Amortisation of acquired intangible assets	626	474
Share-based payments	60	190
Adjusted profit before taxation	5,412	4,208
Taxation charge	(960)	(762)
Gain on business disposal	–	48
Acquisition related expenses	(108)	(66)
Amortisation of acquired intangible assets	(157)	(111)
Share-based payments	(15)	(45)
Adjusted taxation charge	(1,240)	(936)

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Profit after taxation	3,334	2,655
Gain on business disposal	–	(104)
Acquisition related expenses	324	213
Amortisation of acquired intangible assets	469	363
Share-based payments	45	145
Adjusted profit after taxation	4,172	3,272
Adjusted profit after taxation	4,172	3,272
Weighted average number of shares (m)	82.3	82.3
Adjusted basic earnings per share (pence)	5.1	4.0
Cash generated from operations	10,676	6,395
Purchase of intangible assets	(3,229)	(2,383)
Purchase of property, plant and equipment	(85)	(133)
Acquisition related expenses	432	279
Adjusted operating cash flow	7,794	4,158
Adjusted operating cash flow	7,794	4,158
Net interest received/(paid)	238	62
Taxation paid	(1,716)	(501)
Proceeds from disposal of property, plant and equipment	2	37
Free cash flow	6,318	3,756

27. Disposal of subsidiary

The Company announced on 20th February 2023 the sale of its wholly owned subsidiary Eleco Software GmbH, the German Arcon architectural CAD business ("Arcon"), to FirstInVision GmbH, an Austrian architectural software business, for a total consideration of £0.5m (or €0.6m), effective 1 January 2023. Following deduction of net assets, costs relating to the disposal and recycling of reserves, a pre-tax gain on disposal of £152,000 was recognised in the prior period.

28. Acquisition of Vertical Digital group of companies

On 16 April 2024, the Group, through its wholly owned subsidiary Elecosoft Limited, acquired 100 per cent of the share capital of the Vertical Digital group of companies, consisting of Vertical Digital SRL and Sons of Coding SRL (the 'Acquisition') for a consideration of €1.3m (£1.1m). The Acquisition's completion date was 16 April 2024. The Group funded the Acquisition exclusively by utilisation of its existing internal cash resources for this initial consideration. Cash and cash equivalents within the Acquisition entities at the acquisition date totalled £0.1m and the Acquisition had no debt.

Vertical Digital has a proven track record, in providing agile and innovative software development, technical consulting and upskilling solutions across many European and multinational end-customers including Lufthansa Technik, PwC, VW Financial Services, Deloitte and Zoopla.

The Acquisition adds critical capabilities to Eleco, including the ability to service and scale its customers by connecting systems and providing technical consulting which will support their digital transformation journeys, thus increasing the Group's product breadth and focus on customer centricity.

The Acquisition also provides for elastic augmentation of our internal research and development capacity which will further improve product time to value.

The transaction terms provide for a cumulative potential deferred and contingent outflow ('Earn Out') of up to a €250,000 maximum for financial years ending 31 December 2024 and 31 December 2025, based on the local senior management (the former owners) attaining specific performance targets set by Eleco plc in those years. These specific performance targets are linked to achievement of revenue over those two financial years, subject to minimum gross margin and net margin thresholds. The Earn Out being treated as remuneration.

For the above explanatory reasons, including the ability to repurpose the acquisition towards our internal research and development roadmap, combined with the anticipated profitability of the Acquisition in other Group markets, synergies arising, plus the ability to hire the assembled workforce of the Acquisition (including the founders and management team), the Group understandably paid a premium over the acquisition net assets, giving rise, aside from the value of customer relationships, to goodwill. All intangible assets, in accordance with IFRS3 Business Combinations, were recognised at their fair values on acquisition date, with the residual excess over net assets being recognised as customer relationships, order backlog and goodwill. Intangibles arising from the acquisition have been independently valued by professional advisors.

The following table summarises the consideration and fair values of assets acquired and liabilities at the date of the Acquisition:

	£'000
Intangible fixed assets:	
Customer Relationships	459
Order backlog	18
Property, plant and equipment	49
Trade receivables and prepayments	196
Cash and cash equivalents	55
Trade and other payables	(91)
Corporation taxation	(11)
Net assets acquired	**675**
Goodwill	435
Acquisition cost	**1,110**

There are no non-controlling interests in relation to the Acquisition. Receivables at the acquisition date are expected to be collected in accordance with the gross contractual amounts.

Notes to the Consolidated Financial Statements
Continued

28. Acquisition of Vertical Digital group of companies continued

The acquisition cost was satisfied by:

	£'000
Cash	1,110
Share consideration	–
Total consideration	**1,110**

The net cash outflow arising on acquisition was:

	£'000
Cash consideration paid	1,110
Acquisition-related costs	197
Cash and cash equivalents within the Vertical Digital business on acquisition	(55)
Total net cash outflow on acquisition	**1,252**

Other costs relating to the acquisition have not been included in the consideration cost. Directly attributable acquisition costs include external legal and accounting costs incurred in compiling the acquisition legal contracts and the performance of due diligence activity and the fair value exercise, together with stamp duty, total £0.2m. These costs have been charged in selling and administrative expenses in the consolidated income statement.

The Vertical Digital group of companies, in common with other Group companies, has a 31 December calendar year end. In the year to 31 December 2023, before Eleco plc Group control, Vertical Digital delivered revenue of €1.2m (c.£1.0m) and a net profit before taxation of €0.3m (c.£0.2m) based on unaudited figures and Vertical Digital's accounting policies.

Had the acquisition taken place from the start of the Group's financial year (from 1 January 2024) and based on figures and accounting policies prior to Eleco plc Group control, management estimate that Acquisition would have contributed revenue of £1.2m and loss before taxation of £0.1m and an Adjusted profit before taxation (Adjusted for acquisition costs borne by the Company) of £nil to the Group results in the year.

Vertical Digital contributed revenue of £0.9m, net profit before taxation of £nil since joining the Eleco plc Group in mid-April 2024.

29. Post-balance sheet events

On 14 January 2025, after the 2024 year end, the Group, through its wholly owned subsidiary Elecosoft Limited, acquired 100 per cent of the share capital of PMI Software Limited ("PEMAC") (the 'Acquisition') for a consideration of €6.0m (circa £5.1m). The Acquisition's completion date was therefore 14 January 2025. The Group funded the Acquisition exclusively by utilisation of its existing internal cash resources for this initial consideration. Cash and cash equivalents within the Acquisition entity at the acquisition date totalled £1.0m and the Acquisition has no debt.

PEMAC, located in Cork and Dublin, Ireland, is a recognised leader in providing SaaS Computerised Maintenance and Management Software ("CMMS") and specialist services in the market, used by over 100 blue-chip international manufacturing companies. PEMAC has developed a strong reputation for its ability to support clients in highly regulated sectors, including life sciences and healthcare, through its robust software capabilities tailored to meet industry-specific regulatory requirements.

The acquisition of PEMAC by Eleco plc highlights Eleco's shared commitment to delivering innovative, customer-focused solutions in manufacturing, regulated industries. PEMAC's expertise and proven capabilities will complement the Group's existing ShireSystem Computerised Maintenance Management Software ("CMMS"), enhancing the overall offering to support customers' evolving needs. PEMAC and ShireSystem are committed to maintaining the exceptional standards of service and support their customers rely on. Over time, it is intended that both organisations will collaborate to deliver technological advancements, ensuring their customers benefit from enhanced solutions.

The transaction terms also provide for additional earn-out consideration of up to €2.4m payable in two tranches in 2026 and 2027, subject to the PEMAC business attaining performance targets agreed with Eleco plc during the financial years ending 31 December 2025 and 31 December 2026. These specific performance targets are linked to achievement of revenue over those two financial years, subject to minimum gross margin thresholds. There are no non-controlling interests in relation to the Acquisition.

PEMAC, in common with other Group companies, has a 31 December calendar year end. In the year to 31 December 2024, before Eleco plc Group control, PEMAC delivered revenue of €2.6m (c.£2.2m) and a net profit before taxation of €nil (c.£nil) based on unaudited figures and PEMAC's accounting policies. Had the acquisition taken place from the start of the Group's financial year (from 1 January 2024) and based on figures and accounting policies prior to Eleco plc Group control, management estimate the contribution towards Group revenues would be of a similar quanta.

Given the proximity of the acquisition to the annual report and accounts being published, and its relatively immaterial size of the acquisition relative to the Group's scale, the Group is therefore unable at this stage to reasonably estimate and determine the fair value of net assets acquired and resulting goodwill and other associated intangibles under IFRS 3 Business Combinations at the date of this report. The Group will work through the fair value exercise under IFRS 3 and provisional disclosures will be reported in the Group's 2025 interim results.

29. Post-balance sheet events continued

In accordance with the provisions of IAS 10 Events After the Reporting Period, the Directors consider that the acquisition is a non-adjusting post balance sheet event, meaning an event after the reporting period end that is indicative of a condition that arose after the end of the reporting period, and therefore the full year 2024 numbers prior to this acquisition have not been adjusted. An estimate of its financial effect is described above.

30. Exchange rates

The following exchange rates have been applied in preparing the consolidated financial statements:

	Income statement Average rate		Balance sheet Year-end rate	
	2024	2023	**2024**	2023
Swedish Krona to Sterling	**13.51**	13.18	**13.86**	12.84
Euro to Sterling	**1.18**	1.15	**1.21**	1.15
US Dollar to Sterling	**1.28**	1.24	**1.25**	1.27
Romanian Lei to Sterling	**5.90**	–	**6.02**	–

Company Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Share options reserve £'000	Employee share ownership trust £'000	Retained earnings £'000	Total £'000
At 1 January 2023	832	2,406	1,002	291	389	(358)	8,962	13,524
Dividends	–	–	–	–	–	–	(1,094)	(1,094)
Share-based payments	–	–	–	–	354	–	–	354
Deferred tax on intrinsic value of vested options	–	–	–	–	(122)	–	–	(122)
Issue of share capital	–	12	–	–	–	–	–	12
Transactions with owners	–	12	–	–	232		(1,094)	(850)
Profit for the year	–	–	–	–	–	–	1,275	1,275
Exchange differences on translation of net investments in foreign operations	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–	1,275	1,275
At 31 December 2023	**832**	**2,418**	**1,002**	**291**	**621**	**(358)**	**9,143**	**13,949**
Dividends	–	–	–	–	–	–	(665)	(665)
Share-based payments	–	–	–	–	41	–	19	60
Deferred tax on intrinsic value of vested options	–	–	–	–	229	–	–	229
Issue of share capital	1	50	–	–	–	–	–	51
Transactions with owners	1	50	–	–	270	–	(646)	(325)
Profit for the year	–	–	–	–	–	–	2,012	2,012
Exchange differences on translation of net investments in foreign operations	–	–	–	65	–	–	–	65
Total comprehensive income for the year	–	–	–	65	–	–	2,012	2,077
At 31 December 2024	**833**	**2,468**	**1,002**	**356**	**891**	**(358)**	**10,509**	**15,701**

Company Balance Sheet
At 31 December 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Intangible assets	3	613	372
Tangible assets	4	13	10
Investments	5	8,977	8,977
Deferred tax asset		307	67
		9,910	9,426
Current assets			
Debtors: amounts due after more than one year	6	24,452	22,053
Debtors: amounts due within one year	7	591	901
Cash at bank and in hand		228	753
		25,271	23,707
Creditors: amounts falling due within one year	8	(1,627)	(1,065)
Provisions for liabilities	10	(26)	(26)
Net current assets		23,618	22,616
Total assets less current liabilities		33,528	32,042
Creditors: amounts falling due after more than one year	9	(17,827)	(18,093)
Net assets		15,701	13,949
Capital and reserves			
Called up share capital	11	833	832
Share premium account		2,468	2,418
Merger reserve		1,002	1,002
Translation reserve		356	291
Share options reserve	12	891	621
Employee share ownership trust	13	(358)	(358)
Profit and loss account		10,509	9,143
Shareholders' equity		15,701	13,949

The Parent Company's profit for the year was £2.0m (2023: £1.3m) and total comprehensive income attributable to the equity shareholders was £2.0m (2023: £1.3m).

The financial statements of Eleco plc, registered number 00354915, on pages 102 to 111 were approved by the Board of Directors on 30 April 2025 and signed on its behalf by:

Jonathan Hunter

Chief Executive Officer

Statement of Company Accounting Policies

The Company financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable to the United Kingdom and Ireland, and with the Companies Act 2006 including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out as follows:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and are presented in Pounds Sterling. The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements. In addition, the Company has adopted the following disclosure exemptions under FRS 102 as the parent company consolidated financial statements are publicly available:

- requirement to present a statement of cash flows and related notes;
- share based payment disclosures; and
- financial instrument disclosures.

Judgements and key areas of estimation uncertainty

Application of the Group's accounting policies in conformity with generally accepted accounting principles requires judgements, estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. These judgements, estimates and assumptions may be affected by subsequent events or actions such that actual results may ultimately differ from the estimates.

The key assumptions concerning the future and other key sources of uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed as follows.

Intercompany loan interest rates

The Company has intercompany loan balances with certain other subsidiary companies. These balances principally relate to the transfer of funds between Group companies and the balances are subject to interest calculated on a daily basis. The Directors estimate an appropriate market rate of interest that is applied to the intercompany loan balances after consideration of local interest rates and the business risk of the borrower. The estimation of the appropriate market rate is therefore an estimate.

Recoverability of intercompany investments and loans

Intercompany investments and loans to subsidiary companies are stated at their carrying value under fixed assets in the Company Balance Sheet. The carrying value of the intercompany investments and loans are determined after consideration of the historical financial performance and future financial projections of the subsidiary company and the recoverability of the investments and loans. The recoverability of intercompany investments and loans is therefore an estimate.

Intangible and tangible fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental costs of acquisition, net of depreciation and provision for impairment.

Assets in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the asset to its operating condition. Depreciation commences when the assets are ready for their intended use.

The Company owns intellectual property both in its software tools and software products. Intellectual property acquired is capitalised at cost and is amortised on a straight-line basis over its expected useful life not exceeding twelve years. The current intellectual property assets held by the Company were attributed a useful life of five years and this amortisation period has been used in the accounts.

Depreciation is provided on all tangible fixed assets, except freehold and leasehold land, at annual rates calculated to write off the cost, less the estimated residual value of each asset, over its expected useful life as follows:

Plant, equipment and vehicles – from two to ten years.

Investments in subsidiaries

Fixed asset investments are shown at cost, together with any incidental costs of acquisition, less any provision for impairment. Provisions are reviewed and adjusted annually to reflect any changes in the carrying value of the underlying subsidiary investments.

Finance and operating leases

The capital element of finance lease commitments is shown as obligations under finance leases. The capital element of finance lease rentals is applied to reduce the outstanding obligations under finance leases. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease in proportion to the reducing capital balance outstanding. Amounts payable under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

Share-based payments

The Company issues share options to employees from time to time. Under FRS 102 the equity-settled, share-based payment awards are valued at fair value at inception and this cost is recognised over the option vesting period of three years. The Board has used an appropriate model to estimate the fair value of the options. Various assumptions affect the value of the options and the Board has considered these assumptions in order to derive an appropriate charge for the cost of the options. The key assumptions used to derive the charge include the probability of performance achievement and the expected future dividend yield of the shares.

Provisions

A provision is recognised in the Company Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Interest-bearing loans and borrowings

All loans and borrowings are recognised at proceeds received less directly attributable transaction costs. Borrowing costs are recognised as an expense over the period based on the maturity of the underlying instrument.

Intercompany loans that are not considered to be at market rate are adjusted to their fair value. The difference between the transaction value and the fair value of the intercompany loans are recorded as an investment in the Company Balance Sheet. The difference unwinds to the profit and loss as interest receivable over the period of the loan.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain/loss in the profit and loss account.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the date will result in an obligation to pay more tax or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiary undertakings only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employee Share Ownership Trust

Equity shares in Eleco plc held by the Employee Share Ownership Trust (ESOT) are treated as a deduction from the weighted average number of shares. The consideration paid is deducted from equity until the shares are cancelled, reissued or disposed of. When such shares are subsequently sold or reissued, any consideration received, net of related transaction costs and income tax effects, is included in equity attributable to the Company's equity holders.

Notes to the Company Financial Statements

1. Profit for the year

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The Parent Company's profit for the financial year was £2.0m (2023: £1.3m).

2. Employee information

The average number of employees during the period, including Directors, was made up as follows:

	2024 Number	2023 Number
Software development	1	1
Management and administration	14	12
	15	13

Staff costs during the period, including Directors, amounted to:

	2024 £'000	2023 £'000
Wages and salaries	1,879	1,793
Social security	237	201
Pension costs	84	59
Share-based payments	60	352
	2,260	2,405

Pension costs relate to contributions to defined contribution pension schemes. The remuneration of the Directors, who are the key management personnel of the Company, is set out below:

	2024 £'000	2023 £'000
Short-term employee benefits	722	711
Post-employment benefits	32	31
Executive Directors	754	742
Grant value of share options issued	323	260
Total remuneration in respect of key management personnel (excluding employers NI)	1,077	1,002
Fees – Non-Executive Directors	233	213

	2024	2023
Number of Directors' exercised options	–	–
Number of options issued to the Directors ('000)	450	525
Gain made in exercise of options (£'000)	–	–

The emoluments of the highest paid Director totalled £622,000 (2023: £563,000). For a detailed breakdown see Remuneration Committee Report, Directors Remuneration on page 49.

The remuneration of the Non-Executive Directors is determined by the Board. The Non-Executive Directors are engaged through service contracts and each is appointed for an initial term of three years, which may thereafter be renewed. The Company has chosen for all Directors to stand for annual re-election at each year's AGM. The Non-Executive Directors do not participate in any of the Group's share-based incentive or pension schemes.

3. Intangible fixed assets

	Intellectual property £'000
Cost:	
At 1 January 2023	1,424
Transfer from tangible fixed assets	122
Additions	127
At 31 December 2023	1,673
Additions	272
At 31 December 2024	**1,945**
Accumulated amortisation and impairment:	
At 1 January 2023	1,299
Amortisation charge for the year	2
At 31 December 2023	1,301
Amortisation charge for the year	31
At 31 December 2024	**1,332**
Net book value at 31 December 2023	372
Net book value at 31 December 2024	**613**

4. Tangible fixed assets

	Plant, equipment and vehicles £'000
Cost:	
At 1 January 2023	304
Transfer to intangible fixed assets	(122)
Additions	3
Disposals	(163)
At 31 December 2023	22
Additions	12
At 31 December 2024	**34**
Accumulated depreciation:	
At 1 January 2023	171
Depreciation charge for the year	4
Disposals	(163)
At 31 December 2023	12
Depreciation charge for the year	9
At 31 December 2024	**21**
Net book value at 31 December 2023	10
Net book value at 31 December 2024	**13**

Notes to the Company Financial Statements
Continued

5. Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

	Shares at cost £'000	Investments £'000	Total £'000
Cost:			
At 1 January 2023	21,858	728	22,586
Additions	4,831	–	4,831
Disposals	(2,400)	–	(2,400)
At 31 December 2023 and 1 January 2024	24,289	728	25,017
At 31 December 2024	**24,289**	**728**	**25,017**
Accumulated provision:			
At 1 January 2023	16,040	–	16,040
At 31 December 2023 and 1 January 2024	16,040	–	16,040
At 31 December 2024	**16,040**	**–**	**16,040**
Net book value at 31 December 2023	8,249	728	8,977
Net book value at 31 December 2024	**8,249**	**728**	**8,977**

Investments include £728,000 (2023: £728,000) in respect of a fair value adjustment to a particular intercompany loan receivable and the amount represents the benefit passed to that subsidiary as a result of one historic loan being at below market value and consequently adjusted accordingly to an appropriate level.

The trading subsidiary undertakings are unlisted and wholly owned and set out in the table as follows. They are registered in England and Wales, where their operations are located in the United Kingdom. Overseas subsidiary undertakings are incorporated in their country of operations. All other subsidiary undertakings are dormant and are listed on page 113.

Company	Country of operations	Class of share capital held	Proportion held within Group	Nature of business
Elecosoft UK Limited	UK	Ordinary	100%	Software and services
BestOutcome Limited	UK	Ordinary	100%	Software and services
Eleco Software Limited	UK	Ordinary	100%	Software
Elecosoft Consultec AB	Sweden	Ordinary	100%	Software and services
Asta Development GmbH	Germany	Ordinary	100%	Software and services
Veeuze GmbH	Germany	Ordinary	100%	Software and services
Elecosoft LLC	US	Ordinary	100%	Software and services
Elecosoft BV	Netherlands	Ordinary	100%	Software and services
Elecosoft (Pty) Ltd	Australia	Ordinary	100%	Software and services
Sons of Coding SRL	Romania	Ordinary	100%	Services
Vertical Digital SRL	Romania	Ordinary	100%	Services
Elecosoft Limited	UK	Ordinary	100%	Holding company
Asta Group Limited	UK	Ordinary	100%	Holding company

The registered office of the UK subsidiary undertakings other than BestOutcome, is Parkway House, Haddenham Business Park, Pegasus Way, Haddenham, Buckinghamshire, England, HP17 8LJ, BestOutcome's registered office is Europa House, 11 Marshall Way, Gerrards Cross, Buckinghamshire, SL9 8BQ.

The registered office of the overseas subsidiary undertakings is shown in the Professional Advisors and Registered Offices section of this Annual Report and Accounts.

The ordinary shares in the above companies are held through an intermediate holding company except for Elecosoft Consultec AB, Veeuze GmbH, Elecosoft (Pty) Ltd and BestOutcome Limited.

6. Debtors: amounts due after more than one year

	2024 £'000	2023 £'000
Amounts due from subsidiary undertakings	24,452	22,053
	24,452	22,053

The amounts due from subsidiary undertakings comprise of interest-bearing loans. The interest rate applied to the loans was in the range of 1.6 per cent to 3.0 per cent.

7. Debtors: amounts due within one year

	2024 £'000	2023 £'000
Trade debtors	14	14
Other debtors	53	20
Prepayments and accrued income	334	110
Other taxation and social security	122	24
Current taxation	45	45
Amounts due from subsidiary undertakings	23	688
	591	901

Amounts due from subsidiary undertakings comprise of trading intercompany current accounts which do not carry any interest receivable.

8. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Trade creditors	609	242
Other creditors	35	17
Accruals and deferred income	915	751
Other taxation and social security	68	55
	1,627	1,065

9. Creditors: amounts falling due after more than one year

The Company's facilities with Barclays Bank plc are explained in note 16 to the Consolidated Financial Statements.

	2024 £'000	2023 £'000
Deferred tax liabilities	112	47
Amounts due to subsidiary undertakings	17,715	18,046
	17,827	18,093

Amounts due to subsidiary undertakings comprise of interest-bearing loans of £16,955,000 (2023: £17,287,000) and intercompany accounts of £759,000 (2023: £759,000) which do not carry any interest receivable.

The interest rate applied to the interest-bearing loans was in the range of 1.6 per cent to 3.0 per cent.

10. Provisions for liabilities

	2024 £'000	2023 £'000
At 1 January	26	26
At 31 December	26	26

Further information on the details of the provisions is set out in note 17 of the consolidated accounts.

Notes to the Company Financial Statements
Continued

11. Called up share capital

	No. of shares	2024 Nominal value £'000	No. of shares	2023 Nominal value £'000
Authorised:				
Ordinary Shares of 1 pence each	**85,000,000**	**850**	85,000,000	850
Allotted, called up and fully paid:				
Ordinary shares of 1p each at the start of the year	**83,207,397**	**832**	83,154,650	832
Issue of Ordinary Shares	**105,000**	**1**	52,747	–
Ordinary shares of 1p each at the end of the year	**83,312,397**	**833**	83,207,397	832

In the year 105,000 ordinary 1 pence new shares were issued (2023: 52,747) at a premium of £50,000 (2023: £12,000).

12. Share-based payments

The Company operates one share scheme and options outstanding at 31 December 2024 over Ordinary Shares granted under the scheme were as follows:

	Number of Ordinary Shares	Vesting dates Earliest	Vesting dates Latest	Weighted average remaining contractual life (years)
9 August 2017	370,000	1 May 2020	8 August 2027	2.6
18 May 2020	325,000	31 May 2023	31 May 2030	5.4
12 November 2020	125,000	31 May 2023	11 November 2030	5.9
1 August 2022	450,000	31 July 2025	31 July 2032	7.6
11 May 2023	855,000	11 May 2026	10 May 2033	8.4
3 June 2024	865,000	3 June 2027	2 June 2034	9.4
5 June 2024	500,000	5 June 2027	4 June 2034	9.4
	3,490,000			7.7

Details of the number of options over Ordinary Shares outstanding during the year are as follows:

	2024 Number	2024 Weighted average exercise price Pence	2023 Number	2023 Weighted average exercise price Pence
Outstanding at the beginning of the year	**3,340,000**	**70.1**	2,650,000	75.2
Granted during the year	**1,365,000**	**72.7**	1,035,000	67.2
Exercised during the year	**(105,000)**	**48.0**	(25,000)	48.0
Forfeited during the year	**(1,110,000)**	**88.6**	(320,000)	73.9
Outstanding at the end of the year	**3,490,000**	**65.9**	3,340,000	70.1
Exercisable at the end of the year	**820,000**		1,375,000	

The net expense recognised by the Company for share-based payments under the share option scheme in respect of employee services during the year ended 31 December 2024 was £60,000 (2023: £354,000).

Further details of the share options and the valuation model used are included in note 21 of the consolidated accounts.

13. Reserves

The Employee Share Ownership Trust held 907,849 shares at 31 December 2024 (2023: 907,849 shares) with a market value of £1,339,000 (2023: £735,000) and has waived its entitlement to dividends on Ordinary Shares held by it until such time as they are vested in employees.

14. Operating lease commitments

	Property 2024 £'000	Property 2023 £'000
Leases expiring:		
Within one year	83	10
Between two and five years	14	–
	97	10

15. Related party transactions

The Company has taken advantage of the exemption granted by paragraph FRS102.33.1A not to disclose transactions with other Group companies as all subsidiaries are wholly owned. The Directors of Eleco plc Group had no material transactions with the Group during the year, other than as a result of service agreements or as disclosed in the Directors' Report. Details of the Directors' remuneration is disclosed in the Remuneration Committee Report on pages 46 to 51.

The Directors of the Company had no transactions with the Company during the year, other than a result of service agreements. The key management personnel are the Directors who are listed on page 56 of the Directors' Report.

Five-Year Summary

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue	**32,394**	28,006	26,566	27,344	25,232
EBITDA	**7,239**	5,759	5,200	7,182	6,675
Adjusted EBITDA	**7,731**	6,076	5,401	7,251	7,003
Gain on business disposal	**–**	(152)	–	–	–
Amortisation and impairment of intangible assets	**(2,492)**	(1,774)	(1,596)	(2,361)	(1,658)
Depreciation	**(691)**	(630)	(621)	(722)	(866)
Operating profit	**4,056**	3,203	2,983	4,099	4,151
Gain on business disposal	**–**	152	–	–	–
Net finance income/(costs)	**238**	62	(39)	(173)	(262)
Profit before taxation	**4,294**	3,417	2,944	3,926	3,889
Taxation	**(960)**	(762)	(549)	(1,195)	(726)
Profit after taxation	**3,334**	2,655	2,395	2,731	3,163
Basic earnings per share (continuing operations)	**4.0p**	3.2p	2.9p	3.3p	3.9p
Shareholders' equity	**30,172**	27,359	25,842	23,846	21,524
Final dividend per share	**0.70p**	0.55p	0.50p	0.40p	0.40p

Dormant Subsidiary Undertakings

The dormant subsidiary undertakings are unlisted and wholly owned and set out in the table below:

Company	Country of operations	Class of share capital held	Proportion held within Group	Nature of business
Bell and Webster Limited	UK	Ordinary	100%	Dormant
Citehow Limited	UK	Ordinary	100%	Dormant
Consultec Group AB	Sweden	Ordinary	100%	Holding company
Elecoprecast Limited	UK	Ordinary	100%	Holding company
Eleco (DCS) Limited	UK	Ordinary	100%	Dormant
Elecosoft Pvt Limited	India	Ordinary	100%	Dormant
Elecosoft (Pty) Limited	South Africa	Ordinary	100%	Dormant
Falconer Road Property Limited	UK	Ordinary	100%	Dormant
Shire Systems Limited	UK	Ordinary	100%	Dormant
Webster Homes (Southern) Limited	UK	Ordinary	100%	Dormant
Webster Properties Limited	UK	Ordinary	100%	Dormant

Professional Advisors and Registered Offices

Professional Advisors

Auditor
RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB

Bankers
Barclays Bank plc
Ashton House
497 Silbury Boulevard
Milton Keynes MK9 2LD

Company Secretary
Elemental Company Secretary Limited
+44 (0) 20 3286 6229
info@elementalcosec.com

Financial Public Relations
SEC Newgate
Sky Light City Tower
50 Basinghall Street
London EC2V 5DE
+44 (0) 20 3757 6882
eleco@secnewgate.co.uk

Nominated Advisor and Broker
Cavendish Capital Markets Limited
One Bartholomew Close
London EC1A 7BL
+44 (0) 20 7220 0500
www.cavendish.com

Registrars and Transfer Agent
Neville Registrars
Neville House
Steelpark Road
Halesowen B62 8HD
+44 (0) 12 1585 1131
info@nevilleregistrars.co.uk

Solicitors – Employment and Company Law
Wedlake Bell LLP
71 Queen Victoria Street
London EC4V 4AY
+44 (0) 20 7395 3000

Solicitors – Corporate Transaction and Commercial Transaction
Reynolds Porter Chamberlain
Tower Bridge House
St Katharine's Way
London E1W 1AA
+44 (0) 20 3060 6000

Registered Offices

Eleco plc
Dawson House, 5 Jewry Street
London, England EC3N 2EX
+44 (0) 20 7422 8000
ir@eleco.com
www.eleco.com

Registered Number 00354915

Elecosoft UK Limited
Eleco Software Limited
Elecosoft Limited
Asta Group Limited
Parkway House
Haddenham Business Park
Pegasus Way
Buckinghamshire
HP17 8LJ
United Kingdom

BestOutcome Limited
Europa House
11 Marsham Way
Gerrard Cross, Buckinghamshire
SL9 8BQ
United Kingdom

Asta Development GmbH
Egon-Eiermann-Allee 8
76187 Karlsruhe
Germany
Register Court, Mannheim HRB 706289

Veeuze GmbH
Warmbüchenstraße 17
30159 Hannover
Germany
Register Court, Hannover HRB 222415

Elecosoft Consultec AB
Storgatan 40
931 31 Skellefteå
Sweden

Elecosoft LLC
12600 Hill Country Blvd, Suite R-275
Austin TX 78738
USA

Elecosoft BV
Vendelier 71B
3905 PD Veenendaal
Nederland

Vertical Digital SRL
Sons of Coding SRL
Oradea pe Strada Meșteșugarilor nr. 51B
etaj 2, cod postal 410256, județul Bihor
Romaniai

PMI Software Limited (trading as PEMAC)
Ballycurreen House, Ballycurreen Industrial Park
Airport Road, Cork T12 P4AY
Ireland

Eleco plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Magno Satin an FSC® certified material. This document was printed by Park Communications Limited using its environmental print technology, which minimises the impact of printing on the environment. Vegetable-based inks have been used and 99% of dry waste is diverted from landfill. The printer is a CarbonNeutral® company.

Both the printer and the paper mill are registered to ISO 14001.

Designed and produced
by carrkamasa.co.uk

FSC
www.fsc.org
MIX
Paper | Supporting responsible forestry
FSC® C001785

Dawson House
5 Jewry Street
London EC3N 2EX
+44 (0) 20 7422 8000
www.eleco.com