

5 March 2025

NETCALL PLC
(“Netcall”, the “Company”, or the “Group”)

Interim results for the six months ended 31 December 2024

Strong Cloud momentum and enlarged opportunity through innovation and complementary M&A

Netcall plc (AIM: NET), the leading provider of intelligent automation and customer engagement software, today announces its unaudited interim results for the six months ended 31 December 2024.

Financial highlights

	H1 FY25	H1 FY24	
Revenue	£23.0m	£18.9m	+22%
Cloud services revenue	£13.4m	£9.28m	+44%
Total annual contract value ⁽¹⁾ (ACV)	£39.4m	£30.1m	+31%
Cloud services ACV	£29.9m	£20.3m	+47%
Adjusted EBITDA ⁽²⁾	£5.70m	£4.83m	+18%
Profit before tax	£3.69m	£3.87m	-5%
Adjusted basic earnings per share	2.22p	2.08p	+7%
Group cash at period end	£22.0m	£28.6m	
Net funds at period end	£20.9m	£28.1m	

Operational highlights

- Accelerated growth as a result of strong double-digit organic growth and revenue contribution from complementary acquisitions
- Cloud solutions continue to drive growth, with Cloud ACV up 47% (organic growth of 20%), representing 76% of total ACV
- Increasing cloud subscriptions are resulting in a higher proportion of recurring revenues, now at 79% (H1 FY24: 75%) of total revenue
- Robust demand from new customers, along with continued cross and up-sales, resulting in a Cloud net retention rate⁽³⁾ of 115% (H1 FY24: 111%)
- Following the successful acquisitions of Govtech and Parble, enhanced new customer and cross-sell opportunities continue to arise, with the first sales of Parble's Intelligent Document Processing solution into the existing customer base and the Liberty platform to a Govtech customer secured in the period
- Continued investment in the Group's cloud offering, including embedding generative AI capabilities, resulting in expanded opportunities and underpinned by increasing profitability and strong balance sheet
- Significant uptake of Liberty cloud contact centre, Converse CX, addressing growing interest in automation and AI, with two thirds of Converse CX customers also opting for AI products
- Growing base of predictable, recurring revenue, with Group Remaining Performance Obligations ("RPO"), representing the total of future contracted revenue not yet recognised increasing 23% to £71.1m (H1 FY24: £58.0m)
- Positive sales momentum into H2, with the Board confident in delivering on its expectations and completing another successful year

James Ormondroyd, Chief Executive, said:

"We are delighted to report another strong trading period, marked by double-digit organic growth and increased profitability. The expansion of our Liberty platform continues to drive success, and we are particularly pleased with the results of our cloud investment programme, which has seen 41% growth in cloud contact centre subscription revenues and the addition of further generative AI features across the platform. The integration of our recent acquisitions, Govtech and Parble, is progressing well, enhancing our capabilities and creating cross-sale opportunities."

"Positive trading momentum has continued into the second half and we continue to benefit from strong market tailwinds. The rapid acceleration of cloud and AI adoption remains a long-term driver of sustainable growth for our business. Our focus on organic growth initiatives and commitment to product innovation positions us well to capitalise on this expanding market opportunity. This is underpinned by a growing base of recurring revenue, with over £71m in contracted revenue yet to be recognised."

"With a solid financial position, increasing recurring revenues, and a strong pipeline, the Board remains confident in Netcall's continued success."

⁽¹⁾ ACV, as at a given date, is the total of the value of each cloud and support contract divided by the total number of years of the contract (save that the contract renewal announced on 20 July 2023 was included in FY23 ACV at the annual amount of \$4m), plus the annualised value of recurring IDP revenue.

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

⁽³⁾ Cloud net retention rate is calculated by starting with the Cloud ACV from all customers twelve months prior to the period end and comparing it to the Cloud ACV from the same customers at the current period end. The current period ACV includes any cross- or upsells and is net of contraction or churn over the trailing twelve months but excludes ACV from new customers and acquisitions in the current period. The Cloud net retention rate is the total current period ACV divided by the total prior period ACV.

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About Netcall

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

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

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

Overview

The Group has delivered a strong first half performance, achieving double-digit organic growth and increased profitability, in line with management expectations. Group revenue rose by 22% to £23.0m (H1 FY24: £18.9m), driven by 12% organic growth and revenue contribution from complementary acquisitions. Adjusted EBITDA increased by 18% to £5.7m (H1 FY24: £4.8m).

The primary growth driver remains the Group's expanding suite of Liberty Cloud solutions, which accounted for 94% of new bookings. This includes a significant uptake of the Group's cloud contact centre, Converse CX, reflecting ongoing demand from new customers as well as upsells from on-premise contact centre customers migrating to cloud environments in order to leverage automation and AI. This is evidenced with two thirds of Converse CX customers also opting for AI products. This demand contributed to organic Cloud ACV growth of 20%, and with the benefit of Govtech and Parble acquisitions, it grew 47% to £29.9m, now accounting for 76% of total ACV. This represents a near 4x growth in cloud subscriptions over the past four years, resulting in a higher proportion of predictable, recurring revenues, now at 79% of total ACV (H1 FY24: 75%).

Demand across target markets was healthy. In addition to new customer wins, the Group continued to benefit from high Cloud net retention of 115% (H1 FY24: 111%) as customers expanded their usage of the Liberty platform, demonstrating the stickiness of the Group's customer base. This is underpinned by the Group's near-complete Cloud investment programme, the success of which can be seen in the 41% growth in cloud contact centre subscription revenue in the period, and a robust product roadmap which is expected to deliver regular solution upgrades and enhancements, including embedding further generative AI features across the Liberty platform and new upgrades to its industry-specific 'Hub' solutions.

The integration of Govtech (acquired in August) and Parble (acquired in September) is progressing well, bringing new capabilities and customers to the Liberty platform. The Group has delivered its first cross-sales from these acquisitions, including the initial sales of Parble's Intelligent Document Processing ('IDP') solution into the existing Netcall clients and the first cross-sale of the Netcall Liberty platform into the Govtech customer base. The pipeline of opportunities across both new and existing customers continues to build.

The Group's Board was strengthened with the appointment of James Platt as a Non-Executive Director in October, with the Group benefitting from James' extensive experience in delivering digital transformation programmes, both from a customer and provider perspective.

Net cash at 31 December 2024 was £22.0m (30 June 2024: £34.0m) after acquisition-related payments of £12.1m (net of cash acquired and debt assumed). This continues to provide the Group flexibility to drive both organic and inorganic growth.

Current Trading and Outlook

Positive trading momentum has continued into the second half, with Cloud uptake driving both new customer acquisition and expansion/upsell opportunities with existing clients. The acquisitions of Parble and Govtech have also opened up new business opportunities for cross-selling and upselling in a broader customer base, which, moving into H2, is starting to generate tangible results.

Netcall continues to benefit from strong market tailwinds, as the rapid acceleration of cloud and AI adoption in the Group's end markets remains a long-term driver of sustainable growth. With a focus on organic growth initiatives and a commitment to product innovation, coupled with the Board's ongoing evaluation of complementary acquisition opportunities, Netcall is well positioned to capitalise on this expanding market opportunity. This is underpinned by a growing base of predictable, recurring revenue, with the contracted base of revenue yet to be recognised now standing at over £71m.

The combination of a solid financial position, an increasing base of recurring revenues, and a strong pipeline provides the Board with confidence in the Group's continued success.

Business Review

Netcall helps customers transform into more intelligent, efficient, and customer-centric organisations. The Group's software solutions accelerate the achievement of businesses' digitalisation objectives through its intuitive Liberty platform that enables rapid process automation and enhanced customer engagement. This results in better outcomes for service-users, such as reduced waiting times for NHS patients, quicker delivery of council services for citizens, improved banking experiences for customers, and increased staff retention and satisfaction for employers.

Netcall's Liberty platform fuses Intelligent Automation and Customer Engagement software in a one-stop-shop digital transformation toolkit, with industry-specific packages that provide competitive differentiation. Netcall's Liberty platform offers solutions such as low-code development, task-centric automation, and AI, alongside cloud-based omni-channel engagement. The modular nature of the Liberty platform aligns with a common market preference for prebuilt, industry-specific automations which can be adopted as a starting point and subsequently scaled quickly through its integration with other automation solutions. The Group's product offering is underpinned by excellent customer service, with 98% of customers stating that they would recommend Netcall.

Complementary M&A in the period has further enhanced the Group's value proposition. The acquisition of Govtech in August brought new digital process automation capabilities for the local government sector. This service complements Liberty's existing automation capabilities, such as AI-enhanced citizen experience technology, chatbots, robotic process automation, and rapid application development. The acquisition of Parble in September added IDP software to the Liberty offering, extending the Group's reach across a wider spectrum of business process automation workflows, from data capture to customer engagement. Both acquisitions have provided increased competitive differentiation and substantial two-way cross-selling opportunities across the Group's enlarged customer base.

The demand for AI, automation and customer experience continues to grow, presenting a significant market opportunity. The rapid availability of automation technologies is prompting enterprise application leaders to search for a platform that can cater to the end-to-end needs of a wide range of automation use cases¹. The Liberty platform answers to this need, with the expanding range of solutions available on the platform supporting more aspects of customers' digitalisation and automation ambitions and providing a favourable backdrop for continued growth.

Strategy

Netcall's growth strategy is built on four key pillars: acquiring new customers, expanding within its existing client base, continuously innovating products (both organically and inorganically), and growing its partner network.

The Group serves a diverse customer base across various industries, focusing primarily on financial services, healthcare and the public sector. These sectors account for around 90% of total revenue. Netcall has earned a strong reputation with businesses known for their complexity, large customer and employee bases and stringent regulatory requirements by offering industry-specific, packaged solutions, known as 'Hubs,' and through a wealth of customer references. Netcall's Hubs, including Citizen Hub, Tenant Hub, and Patient Hub, provide comprehensive low-code case management, workflow, and process automation solutions for councils, housing providers, and healthcare institutions.

Once engaged, customers benefit from the Liberty platform's flexibility and seamless integration with cloud services, allowing them to scale their usage as their needs evolve, supporting their expansion objectives. This adaptability ensures that Netcall's solutions remain relevant and valuable in an ever-changing technological environment.

Netcall consistently delivers high levels of customer satisfaction and employee engagement, achieving top quartile employee engagement scores, providing a strong foundation for sustained future growth. This dedication to quality not only reinforces customer loyalty but also enhances the Group's competitive position in the market.

Customer base expansion

New customer acquisition remained robust in H1, driven by demand for workflow management solutions and digital tools to streamline processes. New customer momentum was accelerated through acquisitions in the period which brought new, complementary customers to the Group. This expansion is broadening Netcall's reach across its target sectors and laying the ground for long-term, valuable relationships, supported by consistently high net retention rates.

The Group continued to add new customers across the private sector, including a three-year contract worth £1.8m with a global law firm to support the development of a Third Party Administrator (TPA) claims management solution and service centre. The contract incorporates multiple elements of the Liberty platform and newly acquired solutions, including Converse CX, Create, AI, IDP and Spark.

In healthcare, Netcall's Liberty platform is used by over two-thirds of NHS Trusts, providing healthcare specific digital tools that leverage AI and modern contact centre technologies to support increased operational efficiency and more effective patient communication. The Group's strong referenceability and established product offering are well positioned to meet the ambitions of healthcare operators. Netcall's competitive positioning is underpinned by Converse CX and Patient Relationship Management (PRM) solutions, designed to reduce waiting times and ensure timely delivery of care. This has led to a series of contract wins within the NHS, including:

- A partnership with an Integrated Care Board for Netcall's Diagnostic Booking application, which automates and streamlines the booking process for diagnostic services, allowing healthcare staff to focus on more complex patient queries and those who require telephony-based assistance.
- Imperial College Healthcare NHS Trust has adopted Netcall's Outpatient PRM solution to transform its Patient Service Centre operations following the Trust's upgrade to Netcall's next-generation cloud-based platform, Converse CX. Built on the Liberty for Health platform, Outpatient PRM is a turnkey solution that is highly valuable for both immediate and long-term automation and workflow management improvements.

In the public sector, the Group's market position was further strengthened through the acquisition of Govtech, increasing the Group's customer base from 26% to 34% of UK councils. This strong presence positions Netcall well to respond to the recently proposed UK local government reorganisation plans. The creation of single unitary authorities presents an opportunity for increased uptake of the solution portfolio from existing council clients, helping to manage reorganisational complexities and drive efficiencies in larger councils. An example of this is Cumberland Council, a newly merged authority following local government restructuring which was faced with the challenge of integrating various legacy systems and technologies. By leveraging the digitisation power of the Liberty platform, including Liberty Create, Cumberland Council was able to streamline and unify functions, and launch over 100 digital service applications to improve efficiency and enhance cost savings.

Land and expand

The Group's land-and-expand strategy continues to generate substantial value as customers increasingly deploy upgrades and new Netcall solutions. The effectiveness of this strategy is evident in the consistently high cloud net retention rate of 115% (H1 FY24: 111%) and supported by high levels of customer satisfaction.

The proportion of Customer Engagement customers who have also purchased Intelligent Automation solutions continues to rise, reaching 29% (H1 FY24: 23%) (excluding Govtech and Parble customers). Clients using both solutions deliver a threefold increase in average contract value compared to those using standalone Customer Engagement solutions.

In addition, the trend of on-premise contact centre customers migrating to the cloud in order to leverage greater flexibility and lower operating costs continues to grow, resulting in an approximately 50% uplift in annual contract values. This migration is reflected in the strong growth in Customer Engagement revenue, up 10% in the period, driven in part by a 41% increase in cloud contact centre revenue.

Recent examples include a new five-year £1.9m contract with Doncaster Council, initially an on-premise contact centre customer, that purchased Citizen Hub and upgraded to Converse CX in order to improve

citizen services and streamline processes. Additionally, a large, UK transport service provider selected Converse CX to replace incumbent providers across its recently integrated subsidiary operations to improve customer experiences and operational efficiency.

Following the successful acquisitions of Govtech and Parble, enhanced new customer and cross-sell opportunities continue to arise. This has led to the first sales of Parble's IDP solution into the existing customer base this period. Netcall also achieved its first cross-sale of the Liberty platform to a Govtech customer, with other cross-sell and upsell opportunities in the pipeline.

Growing the partner channel

Netcall has an established partner network that is increasingly expanding to include large global advisory firms, technology specialists and communication service providers. The Group has established partnerships with three global IT and business consulting service providers, including CGI, which has launched its Energy Commission Suite built on Liberty Create, securing three customers to date. These successes have led to an expansion of the relationship to CGI's Global Healthcare practice, which is now generating opportunities across multiple geographies.

Expanding this partner channel is a priority for Netcall, as it enables the Group to leverage its IP and access new markets and opportunities in the UK and internationally. During the period, sales via indirect channels accounted for 20% of order bookings (H1 FY24: 20%), and 10 new partners signed up in the period, bringing the total number of signed partners to over 50.

Recent wins through the Partner channel include a UK high street retailer and a small but growing international momentum, including the Group's first international Citizen Hub win with a local council in New Zealand, providing a foothold to unlock further potential clients in the region.

Liberty Converse CX continues to open up new potential opportunities within the partner network. Its channel-friendly capabilities and cloud commercial model have enhanced the appeal of the offering, providing an attractive solution for partners to build and launch new product offerings to the market in order to create competitive differentiation and add new recurring revenue streams. We have already seen positive endorsements from existing partners and several partners have concluded their accreditation. The pipeline of opportunities through partners continues to grow, particularly across new customers.

Innovation and product development

Netcall continues to keep up the pace of innovation through iterative product development and complementary acquisitions which have broadened Netcall's product offering.

The incorporation of Parble's IDP technology into the Liberty platform introduces new generative AI features to enhance customer solutions and expand capabilities, creating value for the customer and new opportunities for the business.

Frequent updates to Liberty Converse CX have delivered enhanced features, improving performance and interactions across web, mobile, social media, and voice channels. These updates include generative AI capabilities such as conversation translation, sentiment analysis, and message tone adjustment. The Retrieval Augmented Generation (RAG) pipeline of Ask Liberty offers intuitive Conversational AI, providing natural language Q&A grounded in real content, and has been deployed for agent guidance and call scripting.

For the remainder of the financial year, the Group's focus will be to leverage the recently acquired capabilities across the Liberty platform. This includes enabling the automatic generation of Liberty Create Apps from Liberty Spark process maps, reducing the effort and cost of deploying digital transformation projects.

Interest in Netcall industry specific Hubs remains strong. Collaboration with NHS has driven product development within our Health team with solutions including Clinic Utilisation, for the management of ad-hoc clinic capacity, and the Directory App, for managing staff directories, recently released. Interest

from our Local Government user group has led to the development of a solution to manage Gas Repairs within a council's housing stock.

¹ Gartner, *Quick Answer: Beyond RPA, BPA and Low Code — The Future Is BOAT* 11 July 2024

Financial Review

ACV is a key metric for the Group, serving as a leading indicator of future revenue. The Board closely monitors year-on-year ACV growth as a key financial measure. This metric reflects the annual value of new business won, along with upsell and cross-sell into the Group's existing customer base, less any customer reductions or cancellation.

At December 2024, Cloud ACV reached £29.9m, a 47% increase from the same period last year (H1-FY24: £20.3m). This high rate of growth was driven by the Group's successful land-and-expand strategy and the benefit of acquisitions. Total ACV rose by 31% to £39.4m (H1-FY24: £30.1m). Excluding the effect of acquisitions, organic growth in Cloud ACV was 20% and Total ACV was 13%.

The table below sets out ACV for the last three reporting periods:

£'m ACV	H1-FY25	FY24	H1-FY24
Cloud services	29.9	22.3	20.3
Product support contracts	9.5	9.9	9.8
Total	39.4	32.2	30.1

Group revenue increased by 22% to £23.0m (H1-FY24: £18.9m). Excluding the effects of acquisitions in the period, revenue grew by 12%. Intelligent Automation solutions revenue rose by 33% to £12.8m. Customer Engagement solutions revenue increased by 10% to £10.0m, up from £9.05m in H1-FY24, fuelled by significant growth in cloud contact centre subscription revenue of 41% to £3.53m (H1-FY24: 43% to £2.50m).

The table below sets out revenue by component for the last three interim periods:

£'m Revenue	H1-FY25	H1-FY24	H1-FY23
Cloud services	13.4	9.3	7.8
Product support contracts	4.8	4.9	4.6
Total Cloud services & Product support contracts	18.2	14.2	12.4
Communication services	1.5	1.3	1.3
Product	0.6	1.0	1.2
Professional services	2.7	2.4	2.6
Total Revenue	23.0	18.9	17.5

Revenue from Cloud services (subscription and usage fees of our cloud-based offerings) was 45% higher at £13.43m (H1-FY24: £9.28m), including a £1.73m contribution from acquisitions. Product support contract revenues decreased by 3% to £4.80m (H1-FY24: £4.93m), as expected mainly due to on-premise to cloud migrations. Consequently, recurring revenues from these services accounted for 79% of total revenue, up from 75% in the first half of the previous financial year.

Communication services revenue, comprising fees for telephony and messaging services, was 17% higher at £1.54m (H1-FY25: £1.32m) driven by higher fees from the financial service sector.

Product revenue for software license sales and supporting hardware decreased by 37% to £0.61m (H1-FY24: £0.97m), reflecting the shift towards cloud solutions over on-premises options. We anticipate this trend to continue.

Professional services revenue was £2.67m (H1-FY24: £2.42m). This revenue stream varies based on the ratio of direct and indirect sales, and whether customer demand is for full application development or support for their own development teams. Additionally, certain of our partners can provide professional services to customers, whether they sell our products directly or indirectly.

The Group's Remaining Performance Obligations ("RPO"), representing the total of future contracted revenue not yet recognised, inclusive of deferred income, increased 23% to £71.1m (H1-FY24: £58.0m). This growth includes a £6.4m contribution from acquisitions and highlights the significant revenue available to be recognised in future periods. Within this, current RPO, which is revenue due to be recognised within the next 12-months, increased by 17% to £37.1m (H1-FY24: £31.8m).

Adjusted EBITDA for the Group increased by 18% to £5.70m (H1-FY24: £4.83m), representing a margin of 25% of revenue (H1-FY24: 26%), with the Govtech and Parble acquisitions contributing £0.46m. The margin reflects a higher contribution from Cloud services in the sales mix, offset by the Group's investment programme in its cloud Customer Engagement offering, which is now substantially complete.

Group operating profit remained level at £3.47m (H1-FY24: £3.47m), with the higher adjusted EBITDA offset by acquisition related charges, including amortisation of acquired intangibles, non-recurring transaction costs, and post-completion services, which were £0.77m higher than the previous period.

Following the cash utilised for the Govtech and Parble acquisitions, interest income was lower, resulting in a £0.19m reduction in finance income compared to the prior period, which led to a 5% decrease in profit before tax to £3.69m (H1-FY24: £3.87m).

The Group recorded a tax charge of £0.81m (H1-FY24: £0.30m). The effective rate of tax is lower than the headline rate of corporation tax as the Group benefited from tax relief from the exercise of share options during the period and R&D deductions. The prior period included utilisation of tax losses that were previously unrecognised as deferred tax assets.

Basic earnings per share was 1.74 pence (H1-FY24: 2.23 pence) and increased by 7% to 2.22 pence on an adjusted basis (H1-FY24: 2.08 pence) reflecting adjustments for the acquisition related charges. Diluted earnings per share was 1.72 pence (H1-FY24: 2.14 pence) and increased by 10% to 2.19 pence on an adjusted basis (H1-FY24: 1.99 pence).

In the first half, cash flow from operations, excluding non-recurring acquisition-related costs, was £1.63m (H1-FY24: £4.71m). Cash conversion is typically higher in the second half of the financial year due to the timing of annual billings for Cloud service and support contracts. Additionally, the previous period included a £3.1m customer renewal receipt outstanding at FY23, making the cash flow comparable from the prior period when this is excluded.

Spending on research and development, including capitalised software development, increased to £3.38m (H1-FY24: £2.67m), of which capitalised software expenditure was £1.51m (H1-FY24: £1.15m).

Total capital expenditure was £1.80m (H1-FY24: £1.24m), with the balance after capitalised development being £0.30m (H1-FY24: £0.09m) relating to routine IT purchases.

On 6 August 2024, the Company acquired Govtech Holdings Limited ('Govtech') for a total consideration of up to £13.0m (see note 8 for further information). During the reporting period, Govtech generated £1.50m in revenue and an adjusted EBITDA of £0.30m. The consideration paid in the period amounted to £9.15m in cash, with an additional £0.16m accrued as post-completion services under IFRS 3, as the former owners of Govtech continued to work in the business following its acquisition.

In addition, on 13 September 2024 the Company acquired Smart & Easy NV (trading as 'Parble') for a total consideration of up to €8.70m (see note 8 for further information). During the reporting period, Parble generated £0.42m in revenue and an adjusted EBITDA of £0.16m. The consideration paid in the period amounted to €4.13m (£3.49m) in cash. Additionally, €1.01m (£0.86m) of net debt was assumed which was repaid at completion. An additional £0.05m was accrued as post-completion services under IFRS 3, as the former owners of Parble continued to work in the business following its acquisition.

As a result, Group cash at the end of the period was £22.0m (30 June 2024: £34.0m). Net funds, stated after including lease liabilities, were £20.9m at 31 December 2024 (30 June 2024: £33.5m). The Company has no debt on its balance sheet.

A final dividend of 0.89 pence per share for the year ended 30 June 2024 was approved by shareholders at the AGM on 17 December 2024. The amount payable, £1.47m, is included as a liability in the 31 December 2024 balance sheet and was paid on 7 February 2025.

Unaudited consolidated income statement for the six months to 31 December 2024

£'000	Unaudited Six months to 31 December 2024	Unaudited Six months to 31 December 2023	Audited 12 months to 30 June 2024
Revenue	23,041	18,914	39,057
Cost of sales	(3,869)	(2,518)	(5,612)
Gross profit	19,172	16,396	33,445
Administrative expenses	(15,726)	(12,949)	(28,050)
Other gains/(losses) - net	28	18	31
Adjusted EBITDA	5,700	4,828	8,440
Depreciation	(244)	(188)	(398)
Amortisation of acquired intangible assets	(527)	(261)	(581)
Amortisation of other intangible assets	(811)	(603)	(1,228)
Profit on disposal of property, plant and equipment	19	-	-
Non-recurring transaction fees	(229)	-	-
Post-completion services	(274)	-	(156)
Share-based payments	(160)	(311)	(651)
Operating profit	3,474	3,465	5,426
Finance income	281	422	943
Finance costs	(65)	(13)	(40)
Finance income – net	216	409	903
Profit before tax	3,690	3,874	6,329
Tax charge	(812)	(295)	(475)
Profit for the period	2,878	3,579	5,854
Earnings per share – pence			
Basic	1.74	2.23	3.61
Diluted	1.72	2.14	3.46

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

Unaudited statement of comprehensive income for the six months to 31 December 2024

£'000	Unaudited Six months to 31 December 2024	Unaudited Six months to 31 December 2023	Audited 12 months to 30 June 2024
Profit for the period	2,878	3,579	5,854
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations	(35)	-	(5)
Total other comprehensive income for the period	(35)	-	(5)
Total comprehensive income for the period	2,843	3,579	5,849

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

Unaudited consolidated balance sheet at 31 December 2024

£'000	Unaudited 31 December 2024	Unaudited 31 December 2023	Audited 30 June 2024
Assets			
Non-current assets			
Property, plant and equipment	638	668	685
Right-of-use assets	943	422	357
Intangible assets	50,921	30,737	33,596
Deferred tax asset	642	1,456	876
Financial assets at fair value through other comprehensive income	100	72	72
Total non-current assets	53,244	33,355	35,586
Current assets			
Inventories	15	13	36
Other current assets	2,624	2,515	2,313
Contract assets	299	292	207
Trade receivables	4,099	3,577	4,752
Other financial assets at amortised cost	82	95	139
Cash and cash equivalents	21,970	28,618	34,008
Total current assets	29,089	35,110	41,455
Total assets	82,333	68,465	77,041
Liabilities			
Non-current liabilities			
Contract liabilities	469	691	806
Borrowings	-	-	9
Lease liabilities	945	416	358
Deferred tax liabilities	3,206	1,272	1,407
Total non-current liabilities	4,620	2,379	2,580
Current liabilities			
Trade and other payables	10,921	6,995	7,841
Dividend payable	1,470	1,338	-
Contract liabilities	22,871	19,826	26,009
Borrowings	-	-	10
Lease liabilities	166	108	104
Total current liabilities	35,428	28,267	33,964
Total liabilities	40,048	30,646	36,544
Net assets	42,285	37,819	40,497
Equity attributable to the owners of Netcall plc			
Share capital	8,350	8,157	8,339
Share premium	5,574	5,574	5,574
Other equity	4,900	4,900	4,900
Other reserves	738	3,040	403
Retained earnings	22,723	16,148	21,281
Total equity	42,285	37,819	40,497

Unaudited consolidated statement of changes in equity at 31 December 2024

£'000	Share capital	Share premium	Other equity	Other reserves	Retained earnings	Total equity
Balance at 30 June 2023	8,108	5,574	4,900	3,056	13,739	35,377
Proceeds from share issue	49	-	-	-	-	49
Equity-settled share-based payments	-	-	-	288	-	288
Reclassification following exercise or lapse of share options	-	-	-	(168)	168	-
Tax charge relating to share options	-	-	-	(136)	-	(136)
Dividends declared	-	-	-	-	(1,338)	(1,338)
Transactions with owners	49	-	-	(16)	(1,170)	(1,137)
Profit for the period	-	-	-	-	3,579	3,579
Other comprehensive income for the period	-	-	-	-	-	-
Profit and total comprehensive income for the period	-	-	-	-	3,579	3,579
Balance at 31 December 2023	8,157	5,574	4,900	3,040	16,148	37,819
Proceeds from share issue	182	-	-	-	-	182
Equity-settled contingent consideration	-	-	-	153	-	153
Equity-settled share based payments	-	-	-	299	-	299
Reclassification following exercise or lapse of share options	-	-	-	(2,858)	2,858	-
Tax charge relating to share options	-	-	-	(226)	-	(226)
Transactions with owners	182	-	-	(2,632)	2,858	408
Profit for the period	-	-	-	-	2,275	2,275
Other comprehensive income for the period	-	-	-	(5)	-	(5)
Profit and total comprehensive income for the period	-	-	-	(5)	2,275	2,270
Balance at 30 June 2024	8,339	5,574	4,900	403	21,281	40,497
Proceeds from share issue	11	-	-	-	-	11
Equity-settled contingent consideration	-	-	-	78	-	78
Equity-settled share based payments	-	-	-	152	-	152
Reclassification following exercise or lapse of share options	-	-	-	(34)	34	-
Tax charge relating to share options	-	-	-	174	-	174
Dividends declared	-	-	-	-	(1,470)	(1,470)
Transactions with owners	11	-	-	370	(1,436)	(1,055)
Profit for the period	-	-	-	-	2,878	2,878
Other comprehensive income for the period	-	-	-	(35)	-	(35)
Profit and total comprehensive income for the period	-	-	-	(35)	2,878	2,843
Balance at 31 December 2024	8,350	5,574	4,900	738	22,723	42,285

Unaudited consolidated cash flow statement for the six months to 31 December 2024

£'000	Unaudited Six months to 31 December 2024	Unaudited Six months to 31 December 2023	Audited 12 months to 30 June 2024
Cash flows from operating activities			
Profit before income tax	3,690	3,874	6,329
Adjustments for:			
Depreciation and amortisation	1,582	1,052	2,207
Share-based payments	160	311	651
Finance income - net	(216)	(409)	(903)
Other non-cash expenses	(19)	-	-
Changes in operating assets and liabilities, net of effects from acquisition of subsidiaries:			
Decrease/ (increase) in inventories	21	18	(5)
Decrease/ (increase) in trade receivables	1,248	890	(249)
(Increase)/ decrease in contract assets	(53)	307	393
Decrease/ (increase) in other financial assets at amortised cost	80	(39)	(77)
Decrease/ (increase) in other current assets	125	(179)	29
Increase/ (decrease) in trade and other payables	406	(264)	182
(Decrease)/ increase in contract liabilities	(5,558)	(847)	5,249
Cash generated from operations	1,466	4,714	13,806
<i>Analysed as:</i>			
Cash flows from operations before payment of non-recurring transaction costs	1,628	4,714	13,806
Non-recurring transaction cost payments (see note 4)	(162)	-	-
Interest received	281	422	943
Interest paid	(9)	(4)	(10)
Income taxes paid	(117)	-	(11)
Net cash inflow from operating activities	1,621	5,132	14,728
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	(11,807)	-	(1,633)
Payment for property, plant and equipment	(86)	(92)	(252)
Payment of software development costs	(1,507)	(1,147)	(2,322)
Payment for other intangible assets	(209)	-	-
Proceeds from sales of property, plant and equipment	19	-	-
Net cash outflow from investing activities	(13,590)	(1,239)	(4,207)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	11	49	231
Repayment of borrowings	(19)	-	(4)
Lease payments	(48)	(78)	(152)
Dividends paid to Company's shareholders	-	-	(1,338)
Net cash outflow from financing activities	(56)	(29)	(1,263)
Net (decrease)/ increase in cash and cash equivalents	(12,025)	3,864	9,258
Cash and cash equivalents at beginning of period	34,008	24,753	24,753
Effects of exchange rate changes on cash and cash equivalents	(13)	1	(3)
Cash and cash equivalents at end of period	21,970	28,618	34,008

Notes to the financial information for the six months ended 31 December 2024

1. General information

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

2. Basis of preparation

The Group interim results consolidate those of the Company and its subsidiaries (together referred to as the 'Group'). The principal trading subsidiaries of Netcall are Netcall Technology Limited, Netcall Systems Limited, Govtech Solutions Limited, Skore Labs Limited, and Smart and Easy NV.

These condensed half year financial statements for the six months ended 31 December 2024 have been prepared in accordance with the AIM Rules for Companies and should be read in conjunction with the annual financial statements for the year ended 30 June 2024, which has been prepared in accordance with UK-adopted international accounting standards.

This results announcement are unaudited and do not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006 (the 'Act'). The balance sheet at 30 June 2024 has been derived from the full Group accounts published in the Annual Report and Accounts 2023, which has been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under either section 498(2) or section 498(3) of the Act.

The results have been prepared in accordance with the accounting policies set out in the Group's 30 June 2024 statutory accounts.

The results for the six months ended 31 December 2024 were approved by the Board on 4 March 2025. A copy of these interim results will be available on the Company's web site www.netcall.com from 6 March 2025.

The principal risks and uncertainties faced by the Group have not changed from those set out on pages 11 and 12 of the annual report for the year ended 30 June 2024.

3. Segmental analysis

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

The key segmental measure is adjusted EBITDA which is profit before interest, tax, depreciation and amortisation adjusted to exclude the effects of share-based payments, impairment, profit or loss on disposals, and acquisition, contingent consideration and non-recurring transaction costs, a reconciliation of which is set out on the consolidated income statement.

4. Material profit or loss items

The Group identified a number of items which are material due to the significance of their nature and/or their amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Six months to 31 December 2024	Six months to 31 December 2023	12 months to 30 June 2024
Non-recurring transaction fees ⁽¹⁾	(229)	-	-
Post-completion services expense ⁽²⁾	(274)	-	(156)
	(503)	-	(156)

⁽¹⁾ The Company incurred professional advisor fees of £0.23m (1H FY24: £nil) in connection with the acquisition of Govtech Holdings Limited and Smart & Easy NV of which £0.16m was paid in the period. These costs are included in 'administrative expenses'.

⁽²⁾ A number of former owners of Skore Labs Ltd, Govtech Holdings Ltd and Smart and Easy NV continued to work in the business following their acquisitions and in accordance with IFRS 3 a proportion of the contingent consideration arrangement is treated as remuneration and expensed in the income statement.

5. Earnings per share

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

	Six months to 31 December 2024	Six months to 31 December 2023	12 months to 30 June 2024
Net earnings attributable to ordinary shareholders (£'000)	2,878	3,579	5,854
Weighted average number of ordinary shares in issue (thousands)	164,981	160,545	162,293
Basic earnings per share (pence)	1.74	2.23	3.61

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

	Six months to 31 December 2024	Six months to 31 December 2023	12 months to 30 June 2024
Weighted average number of ordinary shares in issue (thousands)	164,981	160,545	162,293
Adjustments for share options (thousands)	2,593	6,818	7,021
Weighted average number of potential ordinary shares in issue (thousands)	167,574	167,363	169,314
Diluted earnings per share (pence)	1.72	2.14	3.46

Adjusted earnings per share have been calculated to exclude the effect of share-based payments, impairment, profit or loss on disposals, amortisation of acquired intangible assets, and acquisition, contingent consideration and non-recurring transaction costs at a normalised rate of tax. The Board believes this gives a better view of ongoing maintainable earnings. The table below sets out a reconciliation of the earnings used for the calculation of earnings per share to that used in the calculation of adjusted earnings per share:

£'000s	Six months to 31 December 2024	Six months to 31 December 2023	12 months to 30 June 2024
Profit used for calculation of basic and diluted EPS	2,878	3,579	5,854
Share based payments	160	311	651
Post-completion services	274	-	156
Non-recurring transaction fees	229	-	-
Profit on disposal of property, plant and equipment	(19)	-	-
Amortisation of acquired intangibles	527	261	581
Unwinding of discount - contingent consideration	33	-	10
Tax adjustment	(411)	(817)	(1,457)
Profit used for calculation of adjusted basic and diluted EPS	3,671	3,334	5,795

Pence	Six months to 31 December 2024	Six months to 31 December 2023	12 months to 30 June 2024
Adjusted basic earnings per share	2.22	2.08	3.57
Adjusted diluted earnings per share	2.19	1.99	3.42

6. Dividends

Dividends paid or declared during the period were as follows:

Six months to December 2024	Paid	Pence per share	Cash flow statement (£'000)	Statement of changes in equity (£'000)	December 2024 balance sheet (£'000)
Final ordinary dividend for year to June 2024 ⁽¹⁾	7/02/25	0.89p	-	1,470	1,470
			-	1,470	1,470
Six months to December 2023	Paid	Pence per share	Cash flow statement (£'000)	Statement of changes in equity	December 2023 balance sheet

				(£'000)	(£'000)
Final ordinary dividend for year to June 2023	9/02/24	0.83p	-	1,338	1,338
			-	1,338	1,338

⁽¹⁾ The final ordinary dividend for the year ended 30 June 2024 was approved at the Annual General Meeting held on 17 December 2024.

7. Net funds reconciliation

£'000	31 December 2024	31 December 2023	30 June 2024
Cash and cash equivalents	21,970	28,618	34,008
Borrowings – fixed interest	-	-	(19)
Lease liabilities	(1,111)	(524)	(462)
Net funds	20,859	28,094	33,527

8. Business combinations

Acquisition of Govtech Holdings Limited

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

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

The fair value of the consideration transferred is:

	£000
Initial cash consideration	9,150
Deferred cash consideration	433
Contingent cash consideration	415
Contingent share consideration	11
	10,009

The consideration for the transaction comprised:

- cash consideration of £9.15m paid on completion;
- deferred cash consideration of £0.45m (undiscounted) payable in August 2025; and
- contingent consideration of up to £2.40m in cash and £1.00m in Netcall shares, payable upon achievement of specific performance targets within the two-year period following the completion date. As the arrangement requires on-going provision of services to the Group by a number of the previous shareholders of Govtech then: the cash components will be recognised in the income statement as services are rendered, in line with the requirements of IAS 19 'Employee benefits'; and the share components will be recognised in the income statement based on the volume of shares that are ultimately expected to vest, in line with the requirements of IFRS 2 'Share based payments'.

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

	£000
Intangible assets – proprietary software	1,200
Intangible assets – customer relationships	3,350
Intangible assets – brand	300
Property, plant and equipment	35
Right-of-use assets	225
Other current assets	433
Trade receivables	561
Cash and cash equivalents	1,689

Trade and other payables	(575)
Contract liabilities	(1,917)
Lease liabilities – current liabilities	(27)
Lease liabilities – non-current liabilities	(207)
Deferred tax liabilities	(1,298)
Net identifiable assets acquired	3,769
Goodwill	6,240
Net assets acquired	10,009

The fair value of the acquired assets is provisional, pending receipt of the final valuations for those assets.

The goodwill recognised is attributable to the future economic benefits expected to be obtained from the integration of Govtech's solutions into the Liberty product and to the workforce.

Subsequent to the date of acquisition, Govtech generated £1.50m of revenue and profit after tax of £0.23m during the reporting period, which is included within the Consolidated income statement.

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

	£000
Initial cash consideration	9,150
Less: cash acquired	(1,689)
Net cash outflow from investing activities	7,461

Acquisition of Smart & Easy NV

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

The fair value of the consideration transferred is:

	£000
Initial cash consideration	3,489
Deferred cash consideration	490
Contingent cash consideration	42
Contingent share consideration	67
	4,088

The consideration for the transaction comprised:

- cash consideration of €4.13m (£3.49m) paid on completion. Additionally, €1.01m (£0.86m) in net debt was assumed and repaid at completion;
- deferred cash consideration of €0.60m (undiscounted) payable in September 2025; and
- contingent consideration of up to €2.00m in cash and €2.00m in Netcall shares, payable upon achievement of specific performance targets within the three-year period following the completion date. As the arrangement requires on-going provision of services to the Group by a number of the previous shareholders of Parble then: the cash components will be recognised in the income statement as services are rendered, in line with the requirements of IAS 19 'Employee benefits'; and the share components will be recognised in the income statement based on the volume of shares that are ultimately expected to vest, in line with the requirements of IFRS 2 'Share based payments'.

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

	£000
Intangible assets – proprietary software	1,985
Intangible assets – customer relationships	279
Property, plant and equipment	3
Other current assets	24
Trade receivables	35

Contract assets	40
Cash and cash equivalents	481
Trade and other payables	(333)
Contract liabilities	(168)
Borrowings	(1,338)
Deferred tax liabilities	(566)
Net identifiable assets acquired	442
Goodwill	3,646
Net assets acquired	4,088

The fair value of the acquired assets is provisional, pending receipt of the final valuations for those assets.

The goodwill recognised is attributable to the future economic benefits expected to be obtained from the integration of Parble's digital process automation solutions into the Liberty product and to the workforce.

Subsequent to the date of acquisition, Parble generated £0.42m of revenue and profit after tax of £0.03m during the reporting period, which is included within the Consolidated income statement.

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

	£000
Initial cash consideration	3,489
Less: cash acquired	(481)
Add: debt assumed and repaid in full at completion	1,338
Net cash outflow from investing activities	4,346