Annual Report & Accounts
for the year ended 30 June 2024

Strong Revenue Growth and Positive Adjusted EBITDA

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

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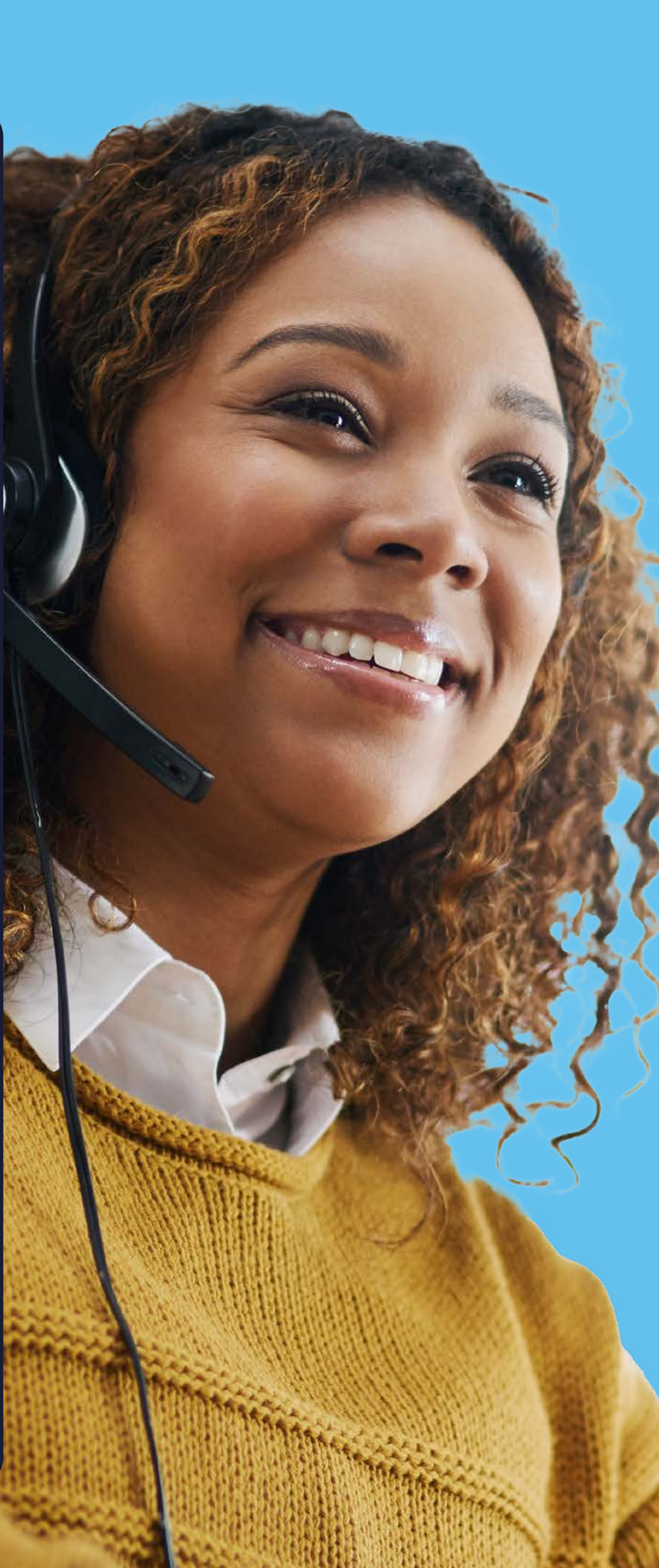
www.pcipal.com



Highlights

For the year ended 30 June 2024

Financial Highlights:

Revenue +20%

FY24	£17.96m
FY23	£14.95m

New ACV[3] contract sales in Period -10%

FY24	£3.76m
FY23	£4.16m

Gross Margin % +1ppt

FY24	89%
FY23	88%

Total Contracted TACV[4] +17%

FY24	£19.21m
FY23	£16.43m

% of revenues from recurring contracts +3ppt

FY24	89%
FY23	86%

Exit Run Rate ARR[5] +23%

FY24	£15.45m
FY23	£12.58m

Adjusted EBITDA[1] +178%

FY24	£0.87m
FY23	(£1.11m)

Net Retention Rate NRR[6] -1ppt

FY24	102%
FY23	103%

Adjusted PBT[2] loss +75%

FY24	(£0.57m)
FY23	(£2.31m)

Customer Retention[7] +2ppt

FY24	97%
FY23	95%

Loss before Tax +65%

FY24	(£1.71m)
FY23	(£4.89m)

Cash as at Period end +£3.16m

FY24	£4.33m
FY23	£1.17m

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

Highlights continued

Operating and Other Highlights:

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

Current Trading:

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

Commenting, James Barham, Chief Executive Officer, said

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

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

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

Overview of PCI-PAL PLC

Our mission

is to safeguard reputation and trust by providing organisations globally with secure cloud payment and data protection solutions for any business communications environment including voice, chat, social, email, and contact centre.

Our Vision

is to be the preferred solution provider that organisations turn to globally for facilitating payments and security across customer engagement environments.

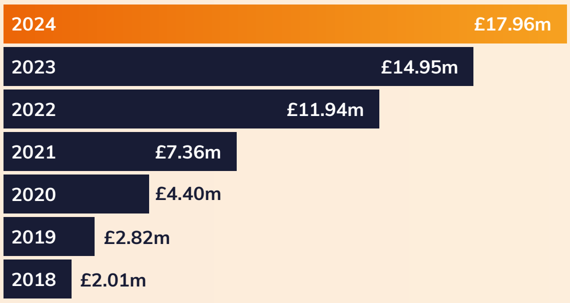
PCI Pal is a leading provider of SaaS solutions that empower companies to take payments securely, adhere to strict industry governance, and remove their business from the significant risks posed by non-compliance and data loss. We are integrated to, and resold by, some of the worlds' leading business communications vendors, as well as major payment service providers.

The entirety of the product-base is available from our global cloud platform hosted in Amazon Web Services ("AWS"), with regional instances across EMEA, North America, and ANZ. PCI Pal products can be used by any size organisation globally, and we are proud to work with some of the largest and most respected brands in the world.

- Contact centre solutions by contact centre people
- Globally accessible cloud
- Regionalise data in locations globally through a single service
- Integrated with all payment providers and is carrier, phone and CRM system agnostic
- Integrates with all payment providers
- Agile delivery by contact centre specialists

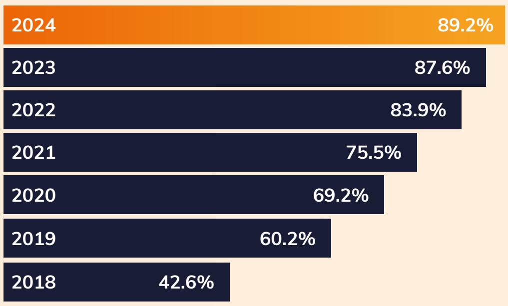
Revenue £m

Another year of strong revenue growth



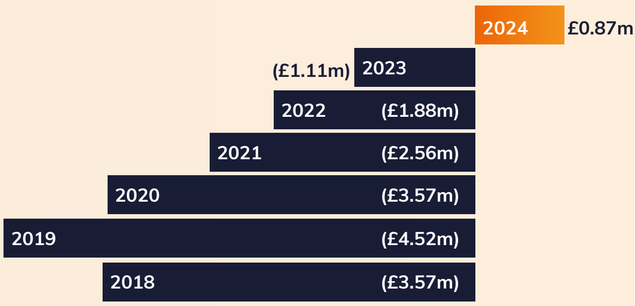
Gross Margin %

High margin, recurring revenue model



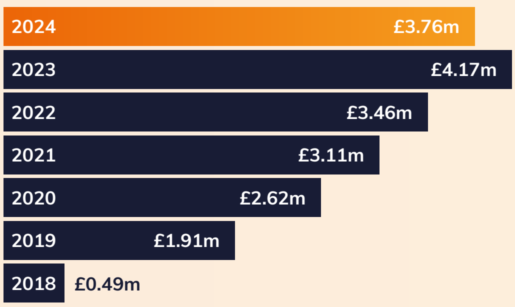
Adjusted EBITDA Loss £m

First full year of adjusted EBITDA profitability



New ACV Sales £m

Growing annual licence sales



Overview of PCI-PAL PLC continued

PCI Pal Partner Eco-system

PCI Pal operates a partner-first sales model which means the majority of our customers procure our services through a variety of partners and resellers. With typically over 80% of new business by volume generated from our partner eco-system, channel business is a key strategic focus for the business. We have built up an enviable partner eco-system. Today we have over 50 partners actively contributing to our sales pipelines. PCI Pal partners are typically those in the business communications space (CCaaS – Contact Centre as a Service or UCaaS – Unified Communications as a Service), payment providers, and Business Process Outsourcers ("BPOs"). The majority of our leading partners are large global organisations, with many of them headquartered in the US with teams based across the globe:

zoom	Amazon Connect	talkdesk	VONAGE
GENESYS	8x8	Gamma	dialpad
worldpay	CIVICA	ttec	PolyAI
allpay	BOSCH	stripe	TELARUS
Five9	bandwidth	NICE	Teleperformance

Our Core Products Today

Click to pay

Click to pay allows agents to generate and send a digital link. By clicking on this link, the customer is stepped through an intuitive payment process with options to pay by card, by eWallet or by bank. The agent is able to track each step and guide the customer where necessary.

Key to pay

With key to pay, the agent asks the customer to enter their payment details using their telephone keypad. The agent neither sees nor hears any of the information but is shown progress of each step enabling them to guide the customer through each stage to completion.

Speak to pay

By utilizing AI-powered natural language speech recognition, we are able to let your customer say their payment details; these are captured and translated into data within our secure platform. Once again, the agent is able to track each step of the process but neither see nor hear any of the sensitive information.

Chair's Statement

For the year ended 30 June 2024

FY24 has been a real turning point for the Company.

Simon Wilson, Non-Executive Chair

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

Business Developments

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

FY24 was a real turning point for the Company as we delivered our first full year of adjusted[2] EBITDA profit as well as positive operating cash flow, and in so doing highlighted the long-term operational gearing opportunity of the Company's high margin SaaS subscription revenue model.

I would like to personally thank all our investors for their support to date on this journey.

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

Board Changes

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

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

Patent Infringement Claim

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

Corporate Governance

The Quoted Companies Alliance (QCA) recently announced an update to their corporate governance guidelines, and it is our intention to follow their expanded recommendations starting in FY25 when they become effective. I am mindful of the fact that as part of a fast-growing international organisation I must ensure that our organisational structure and corporate processes are both adaptive and robust so we can continue to deliver for all stakeholders, while not diminishing our entrepreneurial culture. In that regard the Group is supported by an experienced Board of Directors, and led by a management team that has

1 Net increase in cash before exceptional items and excluding the net proceeds from the issue of shares

2 Adjusted EBITDA profit is the loss on operating activities before depreciation and amortisation, exchange movements charged to the profit and loss account, exceptional items and expenses related to share options

Chair's Statement continued

proven it can deliver. We take outside professional and business advice where needed and have access to an Advisory Committee consisting of executives and consultants with deep operational experience in select functional areas.

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

Stakeholder Communications

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

Forward Momentum

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

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

Simon Wilson | Non-Executive Chair
22 October 2024

Chief Executive's Statement

For the year ended 30 June 2024

" I am pleased to report another strong year of growth for PCI Pal.

James Barham, Chief Executive Officer

Overview

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

Year on year revenue is up 20% to £17.96 million (2023: £14.95 million) with an exit ARR run rate for FY24 of £15.45 million, a 23% year on year increase (2023: £12.58 million). TACV, the key leading indicator of the Company's future recurring revenue, increased 17% to £19.21 million (2023: £16.43 million). Revenue numbers have been supported by top percentile industry customer retention with GRR at 97% for the year (2023: 95%) which reflects the value of our products, the high quality of services we provide, our focus on customer service and our global cloud platform. I am especially pleased that underlying these healthy growth numbers is a stable core to the business manifested by exceptionally high service levels and cloud platform uptime exceeding five nines including three straight quarters at 100%.

Gross margins have increased further to 89% (2023: 88%) which reflects the margin-rich nature of our subscription based licence model with services provided from PCI Pal's mature, global, public cloud platform hosted in AWS. The continued increase is a result of the high proportion of revenue achieved through licence sales and the proportionately reducing amount of sales from lower margin services such as professional services and charges from connection minutes.

This trend was expected and is a result of PCI Pal's own innovation and patented IP that allows us to provide professional services more efficiently, and our ability to provide connectivity to contact centres without carrying call traffic.

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

New business sales

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

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

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

Partner eco-system

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

We continue to develop and expand the relationships we have with our existing resellers, the vast majority of whom are large, multi-national organisations with US headquarters including Genesys, Amazon, Talkdesk, Vonage and 8x8. With the majority of our integrated partners PCI Pal is either the preferred or sole secure payments vendor that the

1 Percentage of employees at start of year still employed at end of the year (excluding planned leavers)

Chief Executive's Statement continued

partner works with in a resell capacity and we have achieved this by putting our partners first. Evidencing the close relationships we build with partners we were pleased to be awarded global technology partner of the year with 8x8, a longstanding partner of the Company.

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

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

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

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

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

Operations

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

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

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

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

Market Overview

Overview

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

Chief Executive's Statement continued

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

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

The need for secure customer interactions

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

Digital transformation in contact centres

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

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

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

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

Product Update

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

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

- The introduction and full launch of a new user interface that drives an enhanced user experience, both for the agent / business user and consumer across all voice and digital channels. The new interface incorporates all of the additional payment methods available in PCI Pal today, such as digital wallets, open banking, and buy now pay later services.

2 Source: *OMDIA – Global Contact CenterMarket Forecast:*

3 Source: Contact Babel the US CX Decision makers guide 2023-24 page 19

4 Source: Contact Babel the US CX Decision makers guide 2023-24 Page 24

5 Source: Contact Babel – The Inner Circle Guide to Chatbots etc 2024 – various points

6 The reduction in time between a customer signing a contract and the contract going live

Chief Executive's Statement continued

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

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

Settlement and full resolution to unfounded patent law suit

In the year we were very pleased to announce a full resolution to the unfounded patent lawsuits that were brought against us by a competitor, Sycurio. Sycurio filed the litigations in 2021, not long after it was acquired by the US arm of the private equity firm Livingbridge. For almost three years the Directors defended the Company from the unfounded claims being made which culminated in a resounding victory for the Company in the High Court of England and Wales which also included successfully invalidating Sycurio's UK parent patent.

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

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

PCI Pal Intellectual Property

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

Outlook

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

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

James Barham | Chief Executive Officer
22 October 2024

Chief Financial Officer's Review

For the year ended 30 June 2024

Overview

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

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

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

Key Performance Indicators

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

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

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

1 Recurring Revenue is the revenue generated from the recurring elements of the contracts held by the Group and recognised in the Statement of Comprehensive Income in the Period

2 Exit run rate ARR is Annual Recurring Revenue of all of the deployed contracts at the year end expressed in GBP

3 Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is the loss on operating activities before exceptional items, depreciation and amortisation, exchange movements charged to the profit and loss and expenses relating to share option charges

4 Adjusted loss before tax is loss before tax before exceptional items, exchange movements charged to the profit and loss and expenses relating to share option charges

5 Adjusted cash inflow from operations is cash from operating activities before exceptional items

6 As restated

Chief Financial Officer's Review continued

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

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

1 TACV is the total annual recurring revenue of all signed contracts, whether invoiced and included in deferred revenue or still to be deployed and/or not yet invoiced

2 ACV is the annual recurring revenue generated from a contract

3 NRR is the net retention rate of the contracts that are live on the AWS platform rate and is calculated using the opening total value of deployed contracts 12 months ago less the ACV of lost deployed contracts in the last 12 months plus the ACV of upsold contracts signed in the last 12 months all divided by the opening total value of deployed contracts at the start of the 12 month period

4 Customer retention is calculated using the formula: 100% minus (the ACV of lost deployed contracts on the AWS platform in the last 12 months divided by the opening total value of deployed contracts 12 months ago expressed as a percentage)

5 Administration expenses (before exchange movements charged to the profit and loss, exceptional items and expenses relating to share option charges) as a proportion of revenue

Revenue and gross margin

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

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

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

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

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

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

Chief Financial Officer's Review continued

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

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

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

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

Alternative Performance Measures

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

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

	FY 2024			FY 2023		
£000's	Adjusted	Adjustments	Statutory	Adjusted	Adjustments	Statutory
EBITDA[1]	868	(1,148)	(280)	(1,112)	(2,584)	(3,696)
Operating loss	(567)	(1,095)	(1,662)	(2,598)	(2,254)	(4,852)
Loss after taxation	(84)	(1,095)	(1,179)	(2,638)	(2,254)	(4,892)
Cashflow from/(used in) operations	2,528	(1,212)	1,316	(737)	(1,279)	(2,016)
Free cashflow[2]	965	(1,212)	(247)	(2,440)	(1,279)	(3,719)

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

The adjustments comprise:

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

Chief Financial Officer's Review continued

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

Administrative expenses

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

The underlying administration expenses can be analysed as follows:

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

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

Of the total personnel costs incurred by the Group and charged to the consolidated statement of comprehensive income, £1.83 million (2023: £1.55 million) was capitalised under IAS 38 as internal development expenditure of the AWS cloud platform. Amortisation of previously capitalised development spend was £1.19 million in the year (2023: £0.96 million). Platform operating costs, the majority of which relates to the AWS cloud platform, were £1.09 million (2023: £0.95 million), up 15% year-on-year, reflecting the increased level of activity in the year and the scalability of the AWS platform. Other administration expenses including insurance, office costs, marketing costs, compliance and plc costs, increased by 12% during the year to £3.11 million (2023: £2.77 million). We note that insurance accounts for the majority of that uplift with premiums for technology companies in the payment space increasing substantially.

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

Exceptional costs

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

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

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

Chief Financial Officer's Review continued

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

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

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

Adjusted EBITDA

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

£000's	FY 2024	FY 2023
Adjusted EBITDA Profit (loss)	868	(1,112)
Adjustments for:		
Depreciation of equipment & fixtures	(116)	(110)
Amortisation of intangible assets	(1,266)	(1,046)
Exchange losses	(53)	(330)
Adjusted operating loss	(567)	(2,598)
Net financing costs	(52)	(39)
Adjusted loss before taxation	(619)	(2,637)
Adjustments for:		
Exceptional patent case costs (net)	(497)	(1,982)
Exceptional restructuring costs	(297)	–
Share based payments	(301)	(272)
Reported loss before taxation	(1,714)	(4,891)

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

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

£000's	EMEA	North America	ANZ	Central	Total
FY24					
Revenue	11,257	6,286	417	–	17,960
Gross Profit	9,391	6,215	415	–	16,021
Adjusted administrative expense	(7,810)	(6,923)	(665)	(1,137)	(16,535)
Adjusted EBITDA	2,961	(708)	(248)	(1.137)	868
Adjusted operating profit/(loss)*	1,581	(708)	(250)	(1,137)	(514)
Statutory operating profit/(loss)	1,312	(1,573)	(266)	(1,135)	(1,662)

Chief Financial Officer's Review continued

£000's	EMEA	North America	ANZ	Central	Total
FY23					
Revenue	9,964	4,752	229	–	14,945
Gross Profit	8,182	4,687	227	–	13,096
Adjusted administrative expense	(7,613)	(6,246)	(506)	(999)	(15,364)
Adjusted EBITDA	1,723	(1,559)	(277)	(999)	(1,112)
Adjusted operating profit/(loss)*	569	(1,559)	(279)	(999)	(2,268)
Statutory operating profit/(loss)	524	(2,510)	(304)	(2,562)	(4,852)

*Including exchange losses

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

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

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

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

Further detailed segmental information is shown in note 10.

Loss after tax

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

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

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

Assets

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

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

Liabilities

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

Current liabilities were £15.69 million (2023: £12.14 million). Deferred income, which includes annual licence fees invoiced in advance and set-up and professional fees which have not reached a stage where the revenue is recognised and is due in less than one year, increased to £12.62 million (2023: £8.36 million) during the year. The increase in the year reflects the Group's growing ARR base, and the reduction in deferred

Chief Financial Officer's Review continued

income previously shown in non-current liabilities. Trade payables decreased during the year by £1.03 million to £0.74 million (2023: £1.77 million), primarily due to the patent case liabilities which were substantially settled during the year. Other current liabilities, including social security and taxes, right of use lease liabilities and accruals increased by £0.32 million over FY23, the majority of which relates to social security and other taxes.

Non-current liabilities, consisting of deferred income and rights of use lease liability, were £1.80 million (2023: £3.89 million). The £2.10 million reduction in deferred income in FY24 arises from contracts where customers have paid in advance for multiple years' licences, brought forward from 30 June 2023, and which are now classified in current liabilities, based on the remaining time left on the contracts. The aggregate level of deferred income included in current and non-current liabilities was £14.34 million (2023: £12.23 million), consistent with the growth in new ACV contract sales.

Net liabilities

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

Cashflow and liquidity

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

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

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

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

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

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

Going concern

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

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

Dividend

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

Ryan Murray | Chief Financial Officer
22 October 2024

Principal Risks, Uncertainties and Risk Management

The Directors confirm that they have carried out a detailed assessment of the principal risks facing the Group with the management of the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Board regularly reviews the business risks identified and the Group's appetite for risk relative to its growth and expansion plans and discusses the management of these risks and the controls put in place.

The Board has identified the principal risks the Group faces and has assessed them against: the impact they would have on the business; the likelihood the risk would occur; the vulnerability of the Group to the risk; and how fast the identified risk could occur. Risks that present a potential material impact are identified and governed in accordance with our risk management policies. From the assessment, the principal risks facing the Group and considered by the Board are:

Information security and cyber risk

Assessment – Risk unchanged

Risk area and potential impact

A security breach or the loss or failure of Group systems would impact both the Group's operations and those of its clients. This could cause harm to the business or its reputation resulting in financial loss, loss of customers or revenue.

Management of risks
The Group continually invests in information security under the leadership of the Group CISO.

The Group is compliant with the Payment Card Industry Data Security Standard ("PCI DSS") and is also ISO 27001: Information Security compliant. These certificates are two of the most thorough certification tests available and are independently assessed. The Group utilises the latest security products and is subject to frequent and rigorous third party penetration testing.

In FY24 the Group has achieved full Cyber Essentials Plus certification from IASME as a further example of our continuing commitment to maintaining the highest levels of security certification.

Infringement of IPR

Assessment – Risk unchanged

Risk area and potential impact

The infringement of third-party intellectual property rights which is embedded in our core systems may be challenged resulting in potential damages, loss of customers or revenue.

Management of risks
The Group carefully designs its systems to not infringe third party owned software and intellectual property. Where necessary, the Group will enter into licence agreements with the owners of IP to allow use within our systems or defend itself against unjust claims.

The Group has its own patents protecting its novel cloud technology and will take all necessary steps to protect this valuable intellectual property.

Business interruption

Assessment – Risk unchanged

Risk area and potential impact

The loss, failure or other lack of availability of the Group systems would potentially impact the availability of services to partners and customers as well as its ability to operate internally.

Management of risks
The Group is ISO 23001: Business Continuity compliant and as such is subject to annual third party rigorous assessment. Where possible core systems are hosted across multiple regions or locations. Robust management systems are in place to detect, minimise and restore systems in the event of an interruption.

Recruitment and retention

Assessment – Risk unchanged

Risk area and potential impact

The Group's success is substantially dependant on recruiting and retaining our skilled key employees the loss of whom could hinder the Group's progress.

Management of risks
The employees of the Group are one of the key stakeholders of the business and, as such, the Directors give serious consideration to their needs, development and wellbeing. We look to attract the best through providing core values and objectives, building strong and committed teams. Our People department ensures that we have the appropriate policies in place to support and help, and management at all levels are actively and consistently engaged with their teams' development.

Principal Risks, Uncertainties and Risk Management continued

Market and product development

Assessment – Risk increasing

Risk area and potential impact

Competitors may develop similar or more advanced solutions meaning the Group's technology may become obsolete or less relevant to our customers. In addition, the Group's future success depends upon its ability to develop new, and enhance existing, solutions on a timely and cost-effective basis that meet changing partner and customer requirements.

Management of risks

The Group is continually investing in its product and engineering function to ensure its product offering remains relevant to the market requirements. However, the Group needs to balance investment for growth with delivering profit for shareholders. The Group monitors the marketplace for competitor development closely, as well as utilising its relationships with partners to ensure its product roadmap stays in tune with customer needs. In addition, the Group has an established Advisory committee who can be called upon to provide further insight and expertise as required.

Damage to reputation

Assessment – Risk unchanged

Risk area and potential impact

As the Group continues to expand globally, compliance with international and regional regulation is important. Failure to comply could result in loss of customers or fines or revenue. In addition, poor product perception due to poor reliability and service may damage our reputation leading to lower sales and potentially loss of customers.

Management of risks

The Group takes great care and invests in advisory services from experts to assist in ensuring all their regulatory responsibilities are fulfilled. The Group's systems and solutions have been carefully designed to maximise reliability and so minimise potential damage due to outages. The Directors have established detailed rules and processes to ensure the employees are treated fairly and can escalate issues accordingly.

Economic and financial risk

Assessment – Risk decreasing

Risk area and potential impact

The Group's markets may suffer a slowdown due to economic, Geopolitical, recessionary and inflationary pressures. These weaker economic conditions may impact the ability of the Group's customers and partners to pay for our services and sign new contracts, which in turn may lead to reduced revenue and liquidity risk.

Generation of new business sales

Assessment – Risk increasing

Risk area and potential impact

The Group needs to continue to sign new customers and attract new partners for it to hit its growth targets. Failure to attract this new business, or a slowdown in the growth of sales for economic or reputational reasons may mean the Group miss their revenue targets which could result in lower cash generation with the potential for increased liquidity risk.

Principal Risks, Uncertainties and Risk Management continued

Economic and financial risk

Assessment – Risk decreasing

Management of risks
The Group has a diversified portfolio of customers and partners spread across three continents who have acquired our leading innovative solution that helps solve their business need. The Group continues to enjoy low customer churn rates giving good visibility of the future recurring revenues that underpin the business.

The Group finished the year with a strong cash position, having undertaken a further equity placing in FY24, and has no debt drawn against its £3m revolving credit facility. The cash and debt facility should provide the Group with sufficient funding to weather any adverse economic or trading downturn.

The Group has also successfully defended itself against the unfounded Patent claims being made against it, meaning the business no longer has to finance any claims in relation to this matter

Generation of new business sales

Assessment – Risk increasing

Management of risks
The Group has established a strong eco-system of partners. More than 80% of contracts signed come via our channel partners. The Group is less reliant on signing new partners than in previous years as it drives to deliver more from existing relationships.

We have hired, and continue to hire, additional and highly experienced people to help build our geographic expansion, strengthen our product focus, and develop our customer success teams. This investment is aimed at allowing us to continue to build better relationships with our partners and customers and to maintain and evolve our product relevance.

The Company serves the breadth of the contact centre market, with a strong run rate of the majority small to mid-size end of the market signed on a quarter to quarter basis. We recognise that the largest enterprise deals can result in slower sales cycles, with the largest companies taking longer to make decisions and approve budgets. The Company mitigates for this by maintaining a strong sales pipeline, strong pipeline reporting, and regular sales forecasts. The Company also operates a deal take on committee.

Regulation and industry standards

Assessment – Risk unchanged

Risk area and potential impact

Failure to maintain the Group's compliance with the PCI DSS accreditation would impact the ability of the Group to operate. Potential additional laws around data security, taxation, pricing, law enforcement might also mean it could be uneconomic to continue to trade in existing regions

Management of risks
The Group has a dedicated Infosec team, headed by the Group CISO, who have extensive knowledge of the PCI DSS regulations and other standards. This team works closely with our third-party Quality Security Assessor (QSA) to review and maintain our PCI compliance. Where there are regional regulation requirements the Group has appointed professional service firms to assist us in maintaining compliance.

Section 172(1) Statement – Board Engagement with our Stakeholders

Section 172 (1) of the Companies Act 2006 requires a Director of a Company to act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, section 172(1) requires a Director to have regard, among other matters, to:

- the likely consequences of any decision in the long-term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customer and others
- the impact of the Company's operations on the environments and in the local community
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172(1). The stakeholders we consider in this regard are the people who work for us, buy from us, supply to us, own us, regulate us, and live in the communities we serve and the world we all inhabit.

Interaction with the Board

The Board receives updates from the Executive Management on various metrics as well as feedback and survey results in relation to employees and customers. The Board also periodically receives updates from other members of the management team on issues concerning customers, the environment, communities, suppliers, employees, regulators, governments, and investors, which it considers in its decision-making process under section 172(1). In addition to this, the Board has open authority to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate.

Our stakeholders

As our organisation grows and expands geographically, the Board has recognised that it is important to have professional and clear communication channels in place with our key stakeholders.

<table>
<tr><th>Shareholders</th><th>Employees</th></tr>
<tr><th>How we engage</th><th>How we engage</th></tr>
<tr><td>
The Company has seen increasing investor interest in our business, and, in turn, these investors have supported the growth of the business.
We have developed multiple communication channels with our investors through a variety of ways:

The Company hosts its Annual General Meeting in person, which is open to all current and potential investors
The CEO and CFO engage with investors either face-to-face or via virtual roadshow presentations at least twice a year
The CEO and CFO also record their virtual roadshow via the Investor Meet Company portal allowing all shareholders the opportunity to hear updates on the Company
The Chairman is available throughout the year to speak to investors and provides in-person meetings to larger shareholders around the time of the AGM
The Company has a dedicated investor website that gives access to all relevant company news and regulatory updates
The Board regularly receives updates on feedback from investors via the executive management and the Group's NOMAD.

</td><td>
The Group's success is directly linked to the talent and skills of our employees. The CEO has the responsibility of ensuring we maintain a working environment that people want to join, and that we can therefore attract and retain the best employees.
We are a small Group of companies but are growing fast in terms of scale and geographic footprint. Maintaining excellent communication with our employees is therefore vital to our development. Some examples are:

Annual kick-off events detailing the plans for the coming year and looking back at the previous 12 months
Regular department meetings and Quarterly Business Reviews
Internal blogging via our Employee Engagement Platform - The Hive
An "open door" policy for staff to ask questions to senior executives and managers

The overall ambition is to create a collaborative and responsive organisation that allows our employees to feel engaged with the strategy of the Group and allow them to progress their own development and career.
</td></tr>
</table>

Section 172(1) Statement – Board Engagement with our Stakeholders continued

Shareholders	Employees
Outcome of engagement	**Outcome of engagement**
Investors continue to demonstrate support for the Board initiatives, activities and plans and we have received positive feedback on the performance and trajectory of the business.	The Group continues to attract and retain skilled and enthusiastic employees, allowing us to continue to develop our plans and strategy without interruption. Our employee churn rate remains very low.

Partners & Customers	Community & Environment
How we engage	**How we engage**
One of the three founding core pillars of PCI Pal is to be a partner focused organisation. Working with partners not only makes us better able to serve the broader technological needs of our customers, but also better able to scale and grow our business profitably. We state we are partner focused but that does not mean we do not deal directly with organisations that want to purchase our class leading solution directly from us. In FY24 we appointed a VP of Partners and Alliances to ensure we have a dedicated senior employee focused on managing and oversight of our channel business. Partners all have sales relationship managers on their account, they are supported by our customer success, service desk, marketing, and product teams. Direct customers benefit from the same level of care and support. We have developed detailed processes that take the partner and customer through the entire customer journey: from contracting through to deployment; support and management within our Customer Success function. Our Senior Leadership Team regularly meets with senior executives of our Partners to further build lasting relationships.	PCI Pal and our customers' employees are active members of their local communities, wherever they are based. We recognize that by delivering our solutions we serve our communities by providing valuable data security and reassurance to consumers, whilst also reducing fraud levels across payments. The efficient way we deliver our services over the Cloud reduces the environmental footprint. For the last four years we have been measuring and reporting on activities that affect our environment, via the Environmental, Social and Governance report. Our goal is to reduce our environmental footprint wherever practical. The Group has formalised its Carbon reduction plan with a commitment to achieving net zero emissions by 2040. As an example of our commitment, we have maintained the ability of our employees to primarily work from home as it lowers our commuter travel impact, whilst boosting the wellbeing of our employees. Our Diversity and Inclusion strategy focuses on different topics each year, during FY24 mental health webinars were scheduled to raise awareness amongst our people, as well as donate to charities for their participation. In FY25 we will educate and fundraise on our new theme "Hidden Disabilities". This will include fundraising for a global cancer charity, and the Sunflower Charity (uses a simple lanyard to indicate where more understanding or help might be needed when out and about where a disability is not obvious).
Outcome of engagement	**Outcome of engagement**
In FY24 80% of all contracts and 70% of all value were delivered via our Partner network. In total in FY24 we signed 157 new logo contracts either directly or via our partner network. In addition, relationships with customers and partners are monitored through both survey feedback as well as regular direct relationship contact. Our net promoter scores (NPS) for FY24 for our deployment services now stand at 73% (2023: 75%). The Company CSAT score for our support operations now stands at 90% (2023: 85%).	Our focus on the appropriate work/life balance for our employees has allowed many to spend time supporting their communities. The Evolve day concept continued in FY24 to allow employees to take paid time off to support their communities. One recent example saw an employee working in their local religious centre to provide food for their community. Positive feedback was provided by our people following the mental health focus in FY24. We recognise this work needs to continue into FY25 to ensure our people and their family and friends are supported through challenges. We donated to mental health and menopause charities after inviting them to share resources with our people. Our environmental footprint remains small with energy use for travel per employee falling.

Section 172(1) Statement – Board Engagement with our Stakeholders continued

Reputation

It is the Group's policy to manage and operate worldwide business activities in conformity with applicable laws and regulations as well as with the highest ethical standards. Both the Group's Board of Directors and Executive Management are committed to full compliance with applicable law and regulations in all jurisdictions in which we operate, and to maintain the Company's reputation for integrity and fairness in business dealings with third parties.

Further information on how the Board operates and discharges its duties can be found in the Corporate Governance report, the Environmental Social and Governance Report and the Statement of Corporate and Social Responsibilities above.

Key Board matters discussed in the financial year

During the year the Board spent a significant amount of time and resources continuing to defend the patent case litigation launched in 2021 by Sycurio Limited in the UK and US. In May 2024, the Court of Appeal upheld the original ruling of the High Court in favour of the Company and dismissed all claims brought by Sycurio against the Company and instructed the interim award of £1.1 million to be released from Escrow and paid to the Company.

A confidential settlement was reached with Sycurio that resolved all remaining aspects of the litigation in both the U.K. and the U.S.

The Strategic Report for the Group was reviewed and approved by the Board of Directors on 22 October 2024.

Signed by Order of the Board

James Barham | Chief Executive Officer
22 October 2024

Governance

> In order to ensure the Board makes the appropriate decisions in the best interests of the Company and its stakeholders, it is essential that a good corporate governance structure is in place

IN THIS SECTION

Board of Directors

Simon Wilson
Non-Executive Chair of the Board

Appointed to the Board on
1 November 2019

Working history
Simon's background includes thirty five years in international business to business software. He has been a resident of the United States for 30 years and is currently the Chairman of AIM quoted technology company FADEL Partners Inc. and NED of Hazelcast. Past executive positions include CEO, CFO and corporate development roles, and independent board directorships and advisory roles in a range of US and UK companies, including Surf Control plc, Endace plc, M86 Security and Uberflip.

James Barham
Chief Executive Officer

Appointed to the Board on
30 September 2016

Working history
Prior to taking on the role of CEO at PCI Pal, James was instrumental in establishing and leading the business' sales, marketing, and operations functions. In 2018 he and his family relocated to the US temporarily to set up the company's North American operation. Later that year he became Group CEO. He leads the continued development of the Group following a career spent almost entirely in the technology space. James has a BSc (Honours) in Business Management & Communications.

Ryan Murray
Chief Financial Officer

Appointed to the Board on
14 October 2024

Working history
Ryan has over 20 years' finance experience in both public practice and industry, including in the technology sector. He has joined PCI Pal from AIM quoted FD Technologies plc where he has held a number of senior finance roles over the last 14 years. His was most recently Group Financial Controller, with previous roles including Head of Corporate Finance and CFO of FX (FD Technologies software division). He is a Chartered Accountant, having qualified at EY and working in the audit and corporate tax departments.

Jason Starr
Independent Non-Executive Director

Appointed to the Board on
1 January 2015

Working history
Jason is Chief Executive Officer of Dillistone Group plc ("Dillistone"), the AIM quoted international supplier of software and services for the recruitment sector. Jason joined Dillistone in 1994 and was appointed Marketing Manager in 1996 before becoming Managing Director of Dillistone's UK business in 1998 and then CEO of Dillistone Group plc when it was admitted to trading on AIM in 2006. Jason has a BA (Honours) business studies degree from the London Guildhall University.

Jason is the Chair of the Remuneration Committee and a member of the Audit Committee

Committee membership
A R

Carolyn Rand
Independent Non-Executive Director

Appointed to the Board on
24 March 2022

Working history
Carolyn has over 30 years' of experience across public and private enterprises. Her current responsibilities include Non-Executive Chair of AIM quoted Medical Diagnostic group, Cambridge Nutritional Sciences plc, Non-Executive Director and Audit Committee Chair for AIM quoted global technology business IQGeo plc, and Governor and Finance Committee Member of the College of West Anglia. She is a Fellow of the Chartered Institute of Management Accountants. Previous positions include: CFO of Bango plc, CFO Zinwave, CEO of Isogenica.

Carolyn is the Chair of the Audit Committee and a member of the Remuneration Committee

Committee membership
A R

Committee membership key:
A Audit
R Remuneration

Corporate Governance

In order to ensure the Board makes the appropriate decisions in the best interests of the Company and its stakeholders, it is essential that a good corporate governance structure is in place

Governance Framework

The Board keeps all aspects of corporate governance under review by following an established governance framework. This framework continues to be refined as the Group expands internationally and grows financially.

In November 2023 the Quoted Company Alliance ("QCA") published an updated framework for corporate governance. In line with the 12 month transition arrangements, the updated Code will be adopted by the Company for the financial year ending 30 June 2025. For this financial year, the Board has continued to adopt the original governance code for its framework as published by the QCA (the "QCA Code"). We strive to follow its guidance and principles by embedding them into how we develop our strategy, run our business model, manage risk, run our Board and how we engage with our various stakeholders. The table below directs you to some of the relevant sections covered elsewhere in this annual report that directly apply to the 10 QCA code principles:

		Annual Report section
Principle 1	Establish a strategy and business model which promote long-term value for shareholders.	Overview of PCI Pal & CEO review
Principle 2	Seek to understand and meet shareholder needs and expectations.	s172 report
Principle 3	Take into account wider stakeholder and social responsibilities and their implications for long-term success.	s172 report and ESG report
Principle 4	Embed effective risk management, considering both opportunities and threats, throughout the organisation.	Principal Risks report
Principle 5	Maintain the Board as a well-functioning, balanced team led by the Chair.	This report
Principle 6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	This report
Principle 7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	This report
Principle 8	Promote a corporate culture that is based on ethical values and behaviors.	This report
Principle 9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	This report
Principle 10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	s172 report

The Board considers that it has complied with the provisions of the QCA Code, except for the following areas:

1. The Group does not have a formal system of training for the Directors for their on-going roles, instead they are expected to keep up-to-date personally with matters relevant to their own positions through memberships of relevant professional societies, regular briefings and webinars from lawyers and accountants as well as other professional advisors and industry specialists.
2. The Board has not established a Nominations Committee at this time, given the current early stage and size of the Group's business and its Board. Accordingly, all matters relating to the appointment of directors are reserved for the full Board.
3. The Chief Financial Officer of the Group during the year also held the office of Company Secretary. Given the current size of the Group's business and its Board, separation of these two roles is not considered economically necessary at this time and it is the intention to continue to adopt this arrangement going forward.

Overview of the Board

The Board of PCI PAL plc is made up of an independent Non-Executive Chair, two independent Non-Executive Directors, plus the CEO and the CFO, who are employed on a full-time basis. Details of the Board's experience are shown on the Board of Directors' page, which describes the range of skills and insight that they bring to the Board. It is important that the Non-Executive Directors bring a wide range of skills to the Board to provide robust challenges to the Executive Directors and to ensure that shareholders' interests are represented.

Corporate Governance continued

The Chief Financial Officer, William Good, left office on 15 July 2024 and Angus Reger (the Group Financial Controller) was appointed interim Chief Financial Officer. On 14 October 2024, as previously announced, Ryan Murray joined the Company as Chief Financial Officer and Company Secretary.

The Board is collectively responsible for the long-term success of the Group. The CEO is responsible for setting the strategic direction of the Group and these plans are periodically presented by the executives to the Board. The non-executives have suitable industry and public markets experience to provide input, guidance and advice to the Board as well as constructively challenge the Executives. During the year the CFO, as the Company Secretary, provides guidance on the protocols, legal processes and matters reserved for the Board, taking legal advice where appropriate. The goal is to achieve a successful and sustainable business. The Board has a specific list of matters and activities that can only be authorised by the full Board and has delegated other matters to the CEO. These matters are published on the Company website within the corporate governance section of the investor relation pages.

Division of roles and responsibilities

The Chair is responsible for the leadership of the Board and ensuring the effectiveness of all aspects of its role. There are at least four quarterly formal meetings that include a detailed agenda that allows each Executive Director to report to the Board on performance of the business including risk analysis and monitoring. In addition, intra-quarter meetings are called to discuss single points of matter and each with a shorter agenda. These more frequent and shorter meetings allow the Board to consider specific points in a timely manner without having to wait for the quarterly meetings. Due to the very dynamic and fast growing nature of the Group's business, there are typically a considerable number of these additional meetings.

The Chair of the Board's role and the Chief Executive's role have been divided. The Chair sets the agenda for each meeting and ensures compliance with Board procedures and sets the highest standards of integrity, probity, and corporate governance throughout the Group. The Chief Executive is responsible for running the Group's business by developing and proposing the Group's strategy and overall commercial objectives. The Chief Executive also ensures that the Chair is notified on a timely basis of forthcoming matters that may affect the running of the Group that the Chair may not be aware of.

Independent non-executive directors

The three Non-Executive Directors are deemed to be independent. In reaching this conclusion, the Board has explicitly considered the prior consulting relationship of Simon Wilson with the Company, when he provided consulting advice to the Board and senior management in its market entry to, and expansion in, North America during the period 2017 to 2019. As part of his compensation for those services at the time, Mr Wilson was granted 250,000 options, the details of which are included in the Directors' Report.

The Non-Executive Directors are required to be available to attend Board meetings and to deal with both regular and ad-hoc matters and are expected to commit sufficient time to fully discharge their responsibilities. All Non-Executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and that they have no conflicts of interest.

Board meetings

All board meetings held during FY24, including authorised sub-committee meetings for specific delegated matters as well as Audit and Remuneration Committee meetings, are separately identified below including attendance information:

Directors' meeting attendance 2023/24

	Board Scheduled	Board Sub Committee	Audit Scheduled	Rem Com Scheduled
Executive directors				
James Barham	11/11	9/9**	3*	2*
William Good	10/11	7/7**	3*	–
Non-executive directors				
Simon Wilson	11/11	–	3*	3*
Jason Starr	11/11	2/9	3/3	6/6
Carolyn Rand	11/11	1/9	3/3	6/6

* = attended by invitation of the Chair of the Committee

** = during the year James Barham and William Good held short notice Board meetings as an authorised committee of the Board, typically formally dealing with the exercise or granting of share options once sanctioned by the full Board.

Corporate Governance continued

Directors can formally attend meetings either: in person, or remotely by conference call or by video conferencing. A hybrid approach to board meetings using a mix of face to face and/or video conference was again adopted in the financial year and is expected to continue in this mixed format going forward. Wherever possible all Directors attend in the same manner, e.g. all in person or all by video to ensure optimal interaction and discussion.

Committees

The Board has established two committees to assist in its considerations and to make recommendations to the Board. These committees are the Audit Committee and the Remuneration Committee, the terms of reference for each are published in full on the company website under the Corporate Governance section. A detailed report of their work can be found in the relevant reviews below.

Articles of Association

Under the articles of association, the Board has the authority to approve any conflicts or potential conflicts of interest that are declared by individual Directors; conditions may be attached to such approvals and Directors will generally not be entitled to participate in discussions or vote on matters in which they have or may have a conflict of interest.

All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter every three years.

The Group maintains appropriate insurance cover in respect of legal action against the Directors.

Experience, Skills and Capabilities

The Directors have a broad range of experiences, as shown in the Board of Directors section, allowing the Board to assess and monitor a full spectrum of risks and requirements of the Group. Where required the Directors will take further advice from professional advisors such as lawyers, accountants, functional and industry experts, remuneration and tax specialists. Each Director has the full authority of the Board to take any advice they feel necessary to undertake their individual roles.

The Board has authorised the creation of an advisory committee (the "PAC"). The charter of the advisory committee and role of each member is to provide additional breadth of market, industry and functional perspectives to the CEO and the Board of Directors as a whole to help the Company navigate its future path. The Board believes that being able to engage over time with excellent industry expertise through the PAC, will enhance the Board's ability to fulfil its responsibilities in the areas of strategy and risk management and to more fully address the dynamics of PCI Pal's fast-developing global opportunity and marketplace.

Evaluation of Board Performance

Board members are appointed with full consideration of the knowledge and skills that they will contribute to the Board and are aligned to both the current and anticipated needs of the Company at that time. The Chair ensures that the development of the Board is addressed by reviewing the Board composition annually in consultation with the other Board members, as well as overseeing an evaluation of its performance annually. In FY24 this evaluation was undertaken for the CEO and the non-executive directors by an external specialist organisation via an interactive online questionnaire and the feedback was delivered by the Chair followed by a full and open discussion among the Board members. No new significant recommendations were made.

The Chair routinely reviews the management and performance of the Board Committees and will address any performance concerns directly with the Chair of, and/or participants of, that Committee.

The Board is satisfied that it has an appropriate balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively but will continue to review the composition of the Board regularly.

The Group does not have a formal system of training for the Directors for their on-going roles, instead they are expected to keep up-to-date personally with matters relevant to their own positions through other relevant professional roles, memberships of relevant professional societies, regular briefings and webinars from lawyers and accountants as well as other professional advisors and industry specialists. In addition, the Board receives regular presentations by senior management and/or outside advisors on operational and strategic matters with high relevance to the Company. The goal of these presentations and associated discussions is to enhance and build a deeper knowledge, and understanding of, the business in particular for the non-executive directors.

The Board recognises it is healthy for membership of the Board to be periodically refreshed and as such normally requires non-executive directors to retire after serving for a nine-year term. Accordingly, planning for the retirement and succession of Jason Starr has begun with a target date of a transitional replacement being during FY25.

Corporate Governance continued

Promotion of corporate culture

The corporate culture is at the heart of the Group – Security is 'Job Zero' but it is 'Team First'.

We have an established corporate and social responsibility policy as detailed in the Corporate and Social Responsibilities report.

Every new member of staff takes part in an induction programme which includes a full briefing on the Company, the Company handbook and an overview of departments. There is also an opportunity to meet key personnel across the business and we take this opportunity to lay out the Company's requirements on the moral, ethical and behavioural standards expected by the Company and its employees. Every employee is given the opportunity to undertake further training at the Company's expense, so as to align individual development with the long-term growth and success of the business.

Performance of individuals and teams is monitored monthly, and we also provide annual Personal Development Reviews to best align employees and managers on performance, career goals and associated development requirements.

The Group has a "no fault" policy to errors thereby actively encouraging employees to highlight any errors that have occurred and to allow the business to establish a solution to the error and to put in place any changes in systems and procedures designed to stop the error reoccurring.

Most new employee positions are also advertised to all employees within the Group and where possible we will look for opportunities to prepare and promote existing employees to more senior positions, before offering a position to a new externally hired person.
We continued to evolve our departmental structure in the face of the continuing expansion of the Group. The CEO has established a senior leadership team to assist in the delivery of the future strategy of the Group, and they in turn are supported by a newly formed Management Team which is aimed at encouraging cross departmental communication of key matters.

The Company invests in various software systems to support a remote-first working policy allowing all employees to have the simple ability to interact with colleagues or managers. Managers can use technology to performance monitor and engage with their people.

Maintain Governance Structures

The Directors review a management reporting pack each month focused upon financial and operating metrics and performance against financial budgets and other operating targets. These are discussed with the Executive Directors. More detailed Board reports are prepared by management on a quarterly basis, which cover both financial statements as well as operational and strategic topics considered important and timely to the business. The board also receives periodic deep dive presentations on the operations of the business from members of the Senior Leadership and Management teams.

Taken together, these reports, evolving organisational structure, and regular Board meetings enable the Directors to fulfil their duties of stewardship.

Simon Wilson
Non-Executive Chair
22 October 2024

Environmental, Social and Governance Report ("ESG")

For the year ended 30 June 2024

The Directors of the Company are aware of the impact a company can have on its environment, the extent of its social responsibilities, and the requirement to provide its key stakeholders with excellent corporate governance. The current Group is still a relatively small technology business, and as such has a small ESG footprint and position. However, the Group is growing very quickly and has an international presence. The Directors therefore acknowledge that our ESG footprint might also change quickly, and that the Company should be planning accordingly.

Understanding any company's ESG position is a complex process that is undertaken over many years. The Directors first undertook an exercise in FY21 to identify an initial set of measurable and meaningful datapoints, and to set core targets for each one. In this way, as the Group continues to expand and grow, it can continue to monitor its position, and the Board and its stakeholders are able to gauge its rate of progress.

Environment

The Company is a SaaS based organisation that delivers its products over the cloud, and professional services remotely. As a result, it has less of an impact on the environment than many other types of businesses. However, the Group still needs office space, undertakes travel, and uses public cloud data centres to provide its services to its customers. Accordingly, these areas need to be carefully monitored to ensure that its impact is at or brought down to an acceptable level whilst continuing to allow the business to grow and prosper.

The Group has primarily adopted a "remote-first" policy for its employees, wherever they are located in the world. This has benefitted the environment by substantially reducing commuting travel and has also reduced the level of office space required to run the business. However, the Directors acknowledge that it is important for employees to meet face-to-face to enable the sharing of ideas and the building of strong working relationships and culture. As a result, regular meetings are held face-to-face with employees travelling to attend. Where possible we encourage the use of public transport but recognise that is impractical in certain of the regions in which we operate. In addition to the small HQ office in Ipswich, we also have small area, short-term contracted workspace arrangements with various shared office services around the world.

Our current sales growth trajectory means that we will have more customers in the future, and as a result an increased use of cloud data centres. The Group does not sell computer hardware to its customers, nor provide software for use 'on-premises'. Our status as a pure-cloud software company therefore already places us environmentally ahead of other software companies that continue to offer such on-premises solutions.

As part of the Group's commitment to achieving Net Zero emissions by 2024, the Directors believe that the following data points are a suitable way of measuring the Group's impact on the environment. Some targets have been refined to reflect the growing size of the business:

Datapoint	FY24	FY23	FY22	FY21	Target	Reason/Comment
1 Percentage of staff who regularly work more than half their time from home in the year	100%	100%	100%	100%	More than 75%	The higher the number of employees who work from home, the lower the environmental impact of commuter miles. It is noted that a number of employees choose to work some days in an office location and the rest from their home. The Group has a flexible approach to work locations. All staff continue to work primarily from home.
2 Average commuting miles (return journey) per annum made to place of work per employee (net of any miles driven in an EV)	608 miles per annum	811 miles per annum	818 miles per annum	Minimal miles per employee due to COVID	Less than 2,000 miles per annum (2022: 3,300 miles)	Where employees are required to work from an office, we can reduce the distance they travel by hiring locally when suitable talent, skills and experience can be found.

Environmental, Social and Governance Report ("ESG") continued

Datapoint	FY24	FY23	FY22	FY21	Target	Reason/Comment
3 Average car business miles claimed in the year and paid for by the Group (net of any miles claimed that were driven in an EV)	338 miles per employee	418 miles per employee	484 miles per employee	43 miles per employee	Less than 500 miles per employee (2022: 250 miles)	This measures the miles driven by staff in undertaking their work on behalf of the Company – for examples journeys to meetings with customers and staff. This measure can be reduced by encouraging the use of public transportation for business meetings.
4 Percentage of employees driving fully electric vehicles for business purposes	7%	7%	9%	0%	More than 5% of staff	The Company has successfully implemented a green company car scheme in the UK where most staff are employed, encouraging staff to lease fully electric cars as part of a salary sacrifice scheme. By helping to increase the number of electric vehicles used by our staff, the Company can reduce its carbon footprint in this area. Unfortunately, these schemes are not available outside of the U.K. To date the scheme[1] has saved an estimated 52.36 tonnes of CO2 or as much as 26,181 trees can absorb.
5 Business air journey miles claimed in the year as expenses per employee	3,469 miles per employee	3,383 miles per employee	3,143 miles per employee	630 miles per employee	Less than 3,600 miles per employee	Certain employees are required to travel long distances. This travel is often required to allow monitoring of Company performance and risks and so cannot be avoided but can be minimised with good planning of journeys.
6 Percentage of AWS platform data centre energy sourced from green initiatives	100%	90%	85%	65%	100% by 2025	AWS our cloud platform provider has sourced all its energy requirements from fully renewable sources five years ahead of its original target
7 Average square foot of office space per employee	36.0 sq ft per employee	39.4 sq ft per employee	47.0 sq ft per employee	63.6 sq ft per employee	Less than 100 sq ft per employee	With the "remote-first" policy the Group only requires one small permanent office location, which is in Ipswich, Suffolk, plus small area shared office services elsewhere across the geographies in which we operate. The Group will continue to measure its footprint per employee to ensure efficiency of space utilisation.
8 Value of capital expenditure on new computer hardware in year per employee	£410 per employee	£518 per employee	£1,249 per employee	£588 per employee	Less than £750 per employee	Electrical waste has a high environmental impact in manufacturing, operation, and disposal. The Group wishes to minimise the level of expenditure it spends on hardware per employee or in its IT infrastructures. During FY22 the Group, for security protection reasons, upgraded a significant number of its laptops resulting in the increase in value.

The average number of employees used in the calculations for 2024 is 121 (2023: 113) (per Note 9) except for datapoint 2 which used the average number of employees contracted to work from an office of 37 (2023: 38).

1 Source: Octopus Energy

Environmental, Social and Governance Report ("ESG") continued

Social

PCI Pal is committed to running its business in a manner that positively impacts our customers, partners, employees and the local communities where we operate. PCI Pal's Corporate Social Responsibility (CSR) Policy complements our business mission, vision and values with a focus on these three components.

Mission, Vision and Values

Our mission is to safeguard reputations and trust. We provide organisations globally with secure cloud payment and data protection solutions for any business communications environment including voice, chat, social, email, and contact centre.

At PCI Pal, our vision is to be the preferred solution provider that technology vendors globally turn to for achieving PCI compliance across all business communications channels.

By dedicating ourselves to the focused pursuit of easy to integrate and simple to deploy technology, we will provide the most compelling value proposition for our partners to solve their customers' challenges in achieving compliance and safeguarding reputations.

It is our people beyond the technology, who underpin our business and support our partners.

Our Values:

00. Security is job zero

01. Be the difference

02. Champion the mission

03. Team first

04. Enjoy the journey

Employee Engagement, Retention and Development

Beyond our technology, our people are at the heart of what we do, and PCI Pal aims to provide a first-class working environment where our employees can succeed in both their time with PCI Pal, and in their longer-term career aspirations.

We believe that the wellbeing of our people is critical to our social responsibilities as well as the Company's success. As such, we maintain several wellbeing initiatives to support staff, including a Wellbeing Portal, a cloud-based HR system with a "kudos" feature enabling employees to encourage and give praise to one another, and a "reward gateway" offering staff discounts and rewards. Additionally, we undertake annual employee surveys, as well as more frequent ad hoc surveys for general topics.

The diversity of our workforce reflects both the technology ecosystem within which we work, as well as the communities within which our offices and people are located. We maintain a diverse workforce and are committed to maintaining an environment within which our employees act with integrity towards one another, our customers and our partners.

Our employee turnover remains very low by software industry standards, but if employees do decide to move on from PCI Pal, we take this opportunity to interview and document their reasons for leaving to allow us to make improvements wherever possible or relevant. Some employees who previously left have chosen to return to us.

Community Impact

PCI Pal recognises the importance of the communities within which we operate, aiming to positively contribute towards them by establishing growing and profitable companies that need to hire staff whilst being sensitive to the communities' needs and promoting ethical and socially responsibility.

From an environmental perspective, we strive to minimise our impact on the natural environment, utilising practises to improve energy efficiency, reduce waste and conserve materials, including document storage systems in the cloud and use of an e-sign tool.

It is the Directors' responsibility to ensure the Company cares for its employees and stakeholders as well as contributes to the economic well-being of the countries or regions in which they are based by not only paying taxes, but also by hiring new people.

The Directors believe the following datapoints are an appropriate way to measure its social performance:

Environmental, Social and Governance Report ("ESG") continued

Datapoint	FY24	FY23	FY22	FY21	Target	Reason/Comment
1 Net new hires in Period	5	11	32	13	Net positive annually	Employment and profitable companies underpin all economies and so employment is seen as one of the core targets
2 Percentage of employees at start of year still employed at end of the year (excluding planned leavers)	93%	96%	94%	86%	More than 90%	High staff retention is a sign of an engaged and motivated team, supported by a positive corporate culture.
3 Percentage of female staff employed at the end of the year	26%	27%	27%	27%	No target set	The Directors wish to encourage an increased cultural and gender balanced workplace. While the Company has always been a committed equal opportunities employer it recognises the importance of increasing the representation of women in all levels and roles in the organisation. No targets have been set at this time as management continue to assess the time needed to see the impact of steps taken. Our progression is also dependent upon the candidate pool in each region where the Company operates.
4 Percentage of female staff in senior management team at the end of the year	44%	44%	38%	28%	No target set	
5 Percentage of females in advisory committee at the end of the year	67%	67%	67%	67%	No target set	
6 Percentage of females on the Board at the end of the year	20%	20%	20%	Nil%	No target set	

Governance

Sound corporate governance is a requirement for well run businesses and is reported on separately by the Chair of the Board above. The Directors have identified the following datapoints that highlight how the Group works with its stakeholders and the extent to which it is meeting best practices. These ESG data points are intended to supplement the existing and significant disclosures already made on the Company's corporate governance.

Datapoint	FY24	FY23	FY22	FY21	Target	Reason/Comment
1 Does the company follow a recognized corporate governance code	Yes	Yes	Yes	Yes	Yes	The Board follows the QCA guidelines on corporate governance and reports accordingly as required by the listing rules.
2 Chair of the Board and CEO roles split	Yes	Yes	Yes	Yes	Yes	The clear segregation of responsibilities provides a check-balance to stop one director dominating procedures at meetings.
3 Percentage of independent non-executive directors on Board at the end of the year	60%	60%	60%	50%	50%+	Having a majority proportion of independent non-executive directors not only brings different views to the Board but allows the non-executive directors to challenge the executive team according and has the power to act accordingly. The Chair is an independent non-executive with a casting vote if needed.

Environmental, Social and Governance Report ("ESG") continued

Datapoint	FY24	FY23	FY22	FY21	Target	Reason/Comment
4 Longest serving non-executive director	9 years	8 years	7 years	6 years	Not more than 9 years	It is important to rotate new non-executive directors onto the Board to maintain fresh focus on the running of the business and to facilitate the introduction of increased levels of diverse viewpoints. A process is underway to secure a replacement for J Starr who has been with the Company for just over 9 years
5 Number of advisory committee members	3	3	3	1	3 or more	Advisory committee members provide independent expertise and knowledge on areas that can help the CEO and Board make better decisions on the running of the Group.
6 Presentations made to shareholders and potential shareholders	55	33	32	35	More than 20	It is important to have an open correspondence with not only the largest shareholders and potential shareholders in the business but also allowing the smaller shareholders of the Group to listen and hear the executive directors present, and to also allow a forum for questions to be asked.
7 Presentations made to all shareholders/ and potential shareholders through a recognised online portal	2	2	3	4	2 or more (2022: 3 or more)	The Company uses the Investor Meet Company portal to invite shareholders to listen to key presentations such as the interim and year end results. These presentations are recorded and are available to download giving smaller shareholders the opportunity to hear what is being presented to the larger institutions
8 Analysts/journalists following or writing on the company and providing detailed commentary on expectations	17	13	16	7	2 or more	Analyst and journalists set expectations of performance for the Group which allow shareholders to judge whether the company is performing as expected.

The Company publishes a significant amount of other information on its website www.pcipal.com via its investor portal pages, which will allow the reader to understand in greater detail: the products and services of the Company, its range of stakeholders including examples, and how the Group has performed.

Simon Wilson | Non-Executive Chair
22 October 2024

Audit Committee Report

For the year ended 30 June 2024

Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present our report for the year ended 30 June 2024. This report describes the composition of the Audit Committee (the 'Committee') along with the work undertaken and the significant issues it considered in 2024.

Composition

The Audit Committee consists of the Chair and an independent Non-Executive Director. The Committee is expected to meet formally three times a year, and has done so during the period under review.

The key focus of the Committee is the integrity of the financial statements including the annual report and half year's results. The timings of the Committee's meetings allow it to consider the external auditors planned approach to the annual audit and discuss audit findings and financial statements ahead of the statements being approved for release. When appropriate, non-Committee members are invited to attend, including the Chairman, Chief Financial Officer and members of the finance team.

A summary of Committee composition and formal attendance is as follows: Carolyn Rand (Chair) 3/3 (2023 3/3); Jason Starr 3/3 (2023: 3/3)

Terms of Reference

The main duties of the Committee are set out in its terms of reference, which can be found at https://ir.pcipal.com/docs/librariesprovider64/archives/governance/audit-committee-terms-of-reference.pdf and the Audit Committee considers them still to be appropriate

Principal items of Business

The principal items of business considered in the year being reported upon included:

- Reviewing and refining, in conjunction with the Executive Directors, the Company's accounting policies;
- Reviewing the continued project implementation of a new Finance system;
- Approving the remuneration and terms of engagement of the auditors, BDO LLP;
- Reviewing and approving the audit plan for the year;
- Reviewing the documentation, updated by the Executive Directors in light of the Group's growth and expansion, of the Group's internal control systems;
- Reviewing and challenging, in conjunction with the Executive Directors, the process of identifying risks, and the risk mitigation structures and processes, across the business, as documented in the section entitled "Principal Risk, Uncertainties and Risk Mitigation"; and,
- Reviewing various financial matters, including the annual and half year results, and accompanying financial statements.

Activities of the committee during the year

The Committee has met with both the auditor and management during the year. They reviewed and discussed reports provided by the external auditor on the audit of the annual results for FY24, which highlighted observations from the work they undertook. The key issues discussed with the external auditors related to:

- Testing undertaken to confirm no undue management control overrides had occurred;
- The judgements and estimates used in the revenue recognition accounting policies and the testing undertaken, including those of the transactional minutes generated by the Group;
- The calculation and identification of the development capitalisation intangible asset and the estimated amortisation rates;
- The going concern assumptions and calculations;
- The treatment of share options and the estimates used in calculating the option charges; and
- The implications, potential future costs, and the disclosure requirements following the judgment against Sycurio from the recent legal dispute with PCI Pal.

Audit Committee Report continued

The Committee assessed the independence of the auditors and provision of non-audit services and tax and noted that the auditor had not provided any non-audit services or tax compliance work. The tax compliance work for the Group has been contracted with a different professional services group. An analysis of the audit and non-audit services is disclosed in Note 5 to the financial statements.

The Audit Committee was satisfied that safeguards were adequately observed to ensure the auditor's independence.

The Committee has satisfied itself that key areas discussed have been addressed appropriately within the Annual Report. The Committee therefore provided advice to the Board that the 2024 annual report and financial statements, taken as a whole, are fair, balanced and understandable, providing Shareholders with the necessary information to assess the Company's position, performance, business model and strategy.

Internal Audit

The Committee and Board considers that it is appropriate for its size that PCI Pal does not currently have an internal audit function. The Committee will continue to monitor this situation and may add such a function in due course as the Group continues to grow.

Carolyn Rand | Chair, Audit Committee
22 October 2024

Remuneration Committee Report

For the year ended 30 June 2024

Dear Shareholder,

Once again, I am delighted to report to you on matters considered by the Remuneration Committee during yet another year of financial and strategic progress for PCI Pal.

Terms of Reference

The Remuneration Committee oversees the design, implementation, and monitoring of our remuneration policies. The Committee's primary objective is to attract, motivate, and retain top talent while ensuring that the remuneration framework aligns with the strategic goals of the Company, supports the creation of long-term shareholder value, and adheres to the principles of good governance.

In November of the year in review, the Quoted Company Alliance ("QCA") published an updated framework for corporate governance. In line with this a comprehensive review of the Committee's Terms of Reference was conducted during the year, with the updated terms effective from 1 July 2024. These new terms are available to view on the Company's website: https://ir.pcipal.com/docs/librariesprovider64/archives/governance/renumeration-committee-terms-of-reference.pdf

Composition

The Remuneration Committee comprises myself as Chair and an independent Non-Executive Director, Carolyn Rand. When appropriate, non-committee members are invited to provide input. During the year, the main Board Chair, Simon Wilson, and the Chief Executive, James Barham, have either attended meetings by invitation or provided feedback.

Remuneration Policy

The Company's remuneration policy aims to attract, retain, and motivate high-calibre executives and senior management while ensuring their interests are aligned with those of shareholders. The key principles of our remuneration policy are:

1. **Competitiveness:** Offering a competitive remuneration package to attract and retain talented individuals.
2. **Performance-Related Pay:** Linking a significant portion of remuneration to the achievement of Company and individual performance targets.
3. **Alignment with Shareholders:** Aligning the interests of executives with those of shareholders through equity-based incentives.
4. **Transparency:** Ensuring transparency and clarity in remuneration decisions and disclosures.

As a rapidly growing business, we aim to align with best practices observed in organisations of our size and larger. Consequently, we are intend to introduce policies on malus and clawback, which will be incorporated into bonus schemes starting from FY25 onwards. Furthermore, as part of our newly implemented Terms of Reference, we are introducing a single, advisory vote on acceptance of our remuneration reports. Our FY25 Annual Report will be the first to be delivered on this basis.

Executive Directors' remuneration

The remuneration package of the Executive Directors typically includes a basic salary, a cash based annual performance-related bonus, option awards under the Long-Term Incentive Plan (LTIP), and other benefits such as health and pension contributions.

The appointment of the Chief Executive Officer and the Chief Financial Officer is terminable on 12 months' notice. During the year in review, William Good, our Chief Financial Officer, announced his decision to retire from the Board. He left the business on 15 July 2024 and I join my Board colleagues in thanking him for his efforts during his time with us.

Basic salary

The Remuneration Committee regularly reviews salaries at comparable businesses. These include both publicly traded and, when possible, private equity backed businesses, organisations in similar sectors and geographies, of similar size or of similar growth trajectories.

As previously noted, in 2023 the Committee engaged the services to of FIT Remuneration Consultants LLP to undertake a more extensive review than normal, and the recommendations led to the pay packages upon which we report below.

For FY25, increases in basic salary are less of a step change and are more reflective of inflation.

Remuneration Committee Report continued

Annual Performance Bonus

The evaluation of Directors' performance utilises a dual approach, incorporating both financial performance metrics and operational objectives. This combination ensures alignment with shareholder interests and enhances shareholder value. The Board regularly assesses the executives' performance against these targets throughout the year.

The targets for each Executive Director are tailored to their respective areas of influence, recognising the varying degrees of impact they can have on outcomes.

For the Chief Executive Officer, a number of stretch targets related to profitability, cash, NRR, EBIT performance and a number of operational performance objectives were met during the year. However, in setting the CEO's bonus for FY24, the Committee has taken into account the non-achievement of an adjusted profit before tax for the year, that was solely due to the deferral of revenue relating to a specific contract from FY24 into FY25. The Committee has awarded the CEO a bonus of £103,990.

For the CFO, any performance bonus that may have been payable to him in respect of FY24, was waived as part of his exit agreement.

In summary, the Committee has therefore recommended that the following cash bonuses be awarded to the executive directors in respect of their performance in FY24.

	FY24 Bonus £	FY23 Bonus £
James Barham (CEO)	103,990	88,365
Total	103,990	88,365
William Good (CFO)	–	71,482
Total	–	71,482

One-off Award

As noted in our report for FY23, the Committee decided to make a one-off award to be paid in FY24 to reward the executives for their work in FY23 and prior years in delivering a successful outcome to the Patent case in September 2023. The Committee made an award of £50,000 and an award of £25,000 to the CFO.

Bonuses and one-off awards can be paid as cash, company shares or a combination of the two, also to be decided annually by the Remuneration Committee. In both FY24 and FY23 the bonuses were paid in cash.

Additional benefits

The Executive Directors receive personal health insurance and a contribution to their pension scheme of 10% of their basic salary paid annually in advance. The value of these may optionally be taken as salary.

Payment in lieu of notice

Our Chief Financial Officer, William Good left office on 15 July 2024 and received a payment of £140,301 in line with the terms of his contract.

Non-Executive Directors' Remuneration

The Non-Executive Directors have entered into letters of appointment with the Company. The appointments are terminable on three months' notice by either party.

The Remuneration Committee is not involved in determining remuneration for its members. Fees and other payment arrangements for Non-Executive Directors are considered by a sub-committee of the Board, consisting of the Chair of the Board, the CEO and the CFO. Remuneration for the Chair of the Board is considered by a sub-committee consisting of the Chair of the Remuneration Committee, the CEO and the CFO.

Remuneration Committee Report continued

Directors' remuneration

The Directors received the following remuneration during the year:

FY24	Salary or Fees £	Bonus £	One-off award[5] (FY23) £	Benefits £	Total £	Pension £	Total £
J Barham	270,616	103,990	50,000	2,105	426,711	29,488	456,199
T W Good (resigned 15 July 2024)[1, 2]	342,426	–	25,000	–	367,426	–	367,426
Executive Directors	613,042	103,990	75,000	2,105	794,137	29,488	823,625
S B Wilson (non-executive Chair)[3,4]	75,629	–	–	17,107	92,736	–	92,736
J S Starr (non-executive)[4]	48,750	–	–	–	48,750	928	49,678
C Rand (non-executive)[4]	48,750	–	–	–	48,750	928	49,678
Non-Executive Directors	173,129	–	–	17,107	190,236	1,856	192,092
Total	786,171	103,990	75,000	19,212	984,373	31,344	1,015,727

FY23	Salary or Fees £	Bonus £	One-off Award £	Benefits £	Total £	Pension £	Total £
J Barham	246,116	88,365	–	1,037	335,518	24,000	359,518
T W Good (resigned 15 July 2024)[1.]	192,500	71,482	–	–	263,982	–	263,982
Executive Directors	438,616	159,847	–	1,037	599,500	24,000	623,500
S B Wilson (non-executive Chair)[3,4]	64,699	–	–	22,184	86,883	–	86,883
J S Starr (non-executive)	43,500	–	–	–	43,500	1,038	44,538
C Rand (non-executive)	43,500	–	–	–	43,500	1,038	44,538
Non-Executive Directors	151,699	–	–	22,184	173,883	2,076	175,959
Total	590,315	159,847	–	23,221	773,383	26,076	799,459

1. For both FY23 and FY24 T W Good is entitled to a pension payment equivalent to 10% of base salary pa. He has elected to have this amount paid as additional salary.
2. Includes a payment in lieu of notice of £140,301
3. S B Wilson is a resident of the United States of America. His remuneration is split between his duties as the Chair of the Board, and chairing the Advisory Committee and providing mentoring and North America market advice to the executive directors.
4 Additional fees were awarded to non-executive directors in respect of significant additional time spent in relation to the patent case as follows: SB Wilson £15,000, J S Starr £8,750, and C Rand £8,750.
5 As noted in the FY23 Remuneration Report, an additional payment has been made in relation to the work in achieving a successful outcome to the patent case

Long Term Incentive Plan (LTIP)

The Company runs a share option scheme designed to motivate and reward the executive leadership team, senior management and all key members of staff.

The LTIP is structured to align the interests of management with the long-term interests of stakeholders. The following process is undertaken:

- The Group reviews its medium and long-term strategy on an ongoing basis.
- When appropriate, the Committee may grant share options to participants which will vest during/over a minimum three-year period, depending on whether the options have met any performance criteria set. The vesting period and performance criteria reflect the generally accepted employment practices for each region in which the participant is employed, which today is primarily the UK and the US.
- The performance criteria set will be specifically designed to align shareholder and executive's interests.

During the year in review, additional grants were made to the Chief Executive, James Barham, along with a number of persons discharging management responsibilities ("PDMR").

Remuneration Committee Report continued

The Directors' interests in share options to subscribe for ordinary shares in the Company are as follows:

	Date of Grant	At 1 July 2023 (number)	Granted in year (number)	Forfeit in year (number)	Exercised in year (number)	At 30 June 2024 (number)	Exercise Price (pence)	Earliest exercise date	Last exercise date
James Barham	13th June 2019	525,000	–	–	–	525,000	28.5	26th May 2020	24th May 2027
James Barham	8th July 2020	250,000	–	–	–	250,000	40.0	8th July 2023	8th July 2030
James Barham	2nd March 2022	200,000	–	–	–	200,000	57.5	2nd March 2025	2nd March 2032
James Barham	4th April 2024	–	400,000	–	–	400,000	56.0	4th April 2025	4th April 2034
William Good	25th May 2017	300,000	–	–	–	300,000	33.0	26th May 2020	24th May 2027
William Good	8th July 2020	200,000	–	–	(200,000)	–	40.0	8th July 2023	8th July 2030
William Good	2nd March 2022	150,000	–	–	–	150,000	57.5	2nd March 2025	2nd March 2032
Simon Wilson	12th July 2018	150,000	–	–	–	150,000	28.5	12th July 2019	11th July 2028
Simon Wilson	12th Nov 2018	100,000	–	–	–	100,000	26.5	12th Nov 2019	11th Nov 2028
Total		1,875,000	400,000	–	(200,000)	2,075,000			

As noted in my previous report to shareholders, the Committee retained FIT Remuneration Consultants LLP to review our LTIP and Options schemes. The Committee considered this feedback and invited feedback from Institutional Investors before deciding not to make changes to the structure of our bonus and LTIP packages at this point.

Jason S Starr
Chair, Remuneration Committee
22 October 2024

Directors and Advisors

Company registration number:	03869545
Registered office:	7 Gamma Terrace Ransomes Europark Ipswich Suffolk IP3 9FF
Telephone:	+44 (0)330 131 0330
Directors:	Simon Wilson – Chair of the Board (non-executive) James Barham – CEO Ryan Murray – CFO Jason Starr (non-executive) Carolyn Rand (non-executive)
Secretary:	Ryan Murray
Bankers:	HSBC Bank Silicon Valley Bank a division of First Citizens Bank National Westminster Bank
Auditors:	BDO LLP
Nominated Advisor and Broker:	Cavendish Capital Markets Limited
Registrars:	Link Asset Services
Telephone:	(UK): 0871 664 0300 (Overseas): +44 371 664 0300
Lawyers:	Shepherd and Wedderburn LLP Womble Bond Dickinson
Financial statements are available at:	https://ir.pcipal.com/financials/annual-interim-reports

Directors' Report

The Directors present their Annual Report and the audited financial statements of the Group and the Company for the year ended 30 June 2024. The following matters are reported by the directors in accordance with the Companies Act 2006 requirements in force at the date of this report.

1. Incorporation and principal activities

PCI-PAL plc (the 'Company') is domiciled in England and registered in England and Wales under Company 03869545. The Company operates principally as a holding company. During the year, the main subsidiaries were engaged in the provision of PCI compliant solutions.

2. Results, dividends, future prospects

The trading results of the Group are set out in the annexed accounts and are summarised as follows:

	2024 £000s	2023 £000s
Revenue	17,960	14,945
Statutory loss after taxation	(1,179)	(4,892)

A detailed review of the Group's business, its results and future prospects are set out in the Strategic Report on pages 1 to 25 and the financial statements on pages 50 to 94. The Chair's Statement, the Corporate Governance report, the Remuneration Committee Report and the Audit Committee Report are incorporated into this report by reference and should be read as part of this report.

The Directors are not recommending a payment of a final dividend (2023: nil pence per share).

3. Directors

The membership of the Board during the year is set out in the Directors and Advisors section. There were no changes to the Directors who held office during the year. T W Good resigned from the Board on 15 July 2024. On 14 October 2024, Ryan Murray was appointed to the Board.

The interest and beneficial interests of the Directors in the shares of the Company at 30 June 2024 and 1 July 2023 were as follows:

	30 June 2024 Ordinary shares of 1p each	1 July 2023 Ordinary shares of 1p each
J Barham	226,301	199,481
T W Good	651,052	401,052
S B Wilson (non-executive Chair)	190,000	160,000
J S Starr (non-executive)	–	–
C Rand (non-executive)	–	–

In addition, S Wilson, J Barham and T Good have an interest in share options for ordinary shares in the Company, details of which are set out in the Remuneration Committee Report on pages 40 to 43.

4. Share capital and substantial shareholdings

The Company has one class of shares, Ordinary Shares of 1p each, which are quoted on the London Stock Exchange's AIM market. The rights attaching to the Company's Ordinary Shares, including each share carrying the right to one vote at the general meetings of the Company, are set in the Company's Articles of Association, copies of which can be obtained from the Company Secretary and are available on the Company's website.

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

The beneficial and other interests of other substantial shareholders holding more than 3% in the shares of the Company at 30 June 2024 and 1 July 2023 were as follows:

Ordinary Shares of 1 pence each	30 June 2024	1 July 2023
Canaccord Genuity Group	11,292,271	10,833,271
Gresham House Asset Management	7,928,755	7,151,515
Octopus Investments Nominees	5,649,696	5,074,905
Herald Investment Management	3,853,255	3,517,758
P Wildey	2,650,000	2,650,000
Unicorn AIM VCT LLP	2,219,757	2,000,000
Spreadex	2,151,800	1,999,537

Directors' Report continued

As at the date of this report the beneficial and other interests of other substantial shareholders holding 3% or more of the issued share capital of the Company, are as follows:

Ordinary Shares of 1 pence each	22 October 2024
Canaccord Genuity Group	10,597,184
Gresham House Asset Management	7,928,755
Octopus Investments Nominees	5,649,696
Herald Investment Management	3,853,255
P Wildey	2,650,000
Unicorn AIM VCT LLP	2,219,757

5. Directors' responsibilities for the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company Financial Statements in accordance with UK-adopted international accounting standards (UK-IFRS).

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 at the balance sheet date and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions, disclose with reasonable accuracy at any time the financial position of the Group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication: The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6. Qualifying third party indemnity provision

During the financial year, a qualifying third-party indemnity provision for the benefit of the Directors was in force.

Directors' Report continued

7. Research and development

The Group is continuing to invest in its fully-cloud based, PCI DSS level 1 compliant secure platform hosted on the AWS cloud infrastructure for its services. The platform is operational but further functionality and product offerings are planned to be added over the coming years. The expenditure meets the guidelines outlined by IAS 38 and the Directors have therefore capitalised the direct expenditure incurred in the development.

8. Employee policy

The Group operates a policy of non-discrimination in respect of ethnicity, sexual orientation, gender, religion and disability and encourages the personal and professional development of all persons working within the Group by giving full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

9. Corporate governance

The Group's policy on Corporate Governance is detailed in this report and accounts.

10. Financial Risk Management Objectives

The principal financial and non-financial risks arising within the Group are detailed in the Principal Risk, Uncertainties and Risk Management report.

11. Treasury shares

The Group holds a total of 167,229 ordinary shares as treasury shares acquired for a consideration of £39,636.25.

12. Related party disclosure

There is no information to be disclosed by the Company in respect of related party transactions, except for share options and long-term incentive schemes awarded to executive directors (see Remuneration Committee report).

13. Going concern

As explained in more detail in the report of the Chief Financial Officer, after making suitable enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future (and in any event for at least 12 months from the date of approval of these financial statements).

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements, and, so the financial statements do not include the adjustments that would be required if the Group and the Company were unable to continue to operate as a going concern.

In reaching this conclusion, the Directors have taken into account the following:

- At 30 June 2024, the Group has cash balances of £4.33 million and an undrawn revolving credit facility of up to £3 million (subject to meeting covenant tests), giving a total of £7.33 million of available cash resources. The revolving credit facility expires on 31 July 2026.
- The Group has net current liabilities of £5.90 million, of which £12.62 million relates to deferred income that has been paid by customers in advance and these sums are not ordinarily recoverable by the customers.
- During the year the Group generated £2.53 million of positive adjusted cashflow from operations and continued to win new customer contracts with ACV of £3.76 million. The Group's SaaS-based business model involves a high level of annual recurring revenue and operational leverage, which provides the Directors with visibility of future revenues and cashflows.
- The Directors have reviewed budgets and cashflow forecasts to 31 December 2025 and stress tested these forecasts using a range of different assumptions including adverse movements in relation to new customer sales, contract cancellations and churn.

14. Auditors

BDO LLP has expressed willingness to continue in office. In accordance with S489 (4) of the Companies Act 2006, a resolution to reappoint BDO LLP as auditors will be proposed at the Annual General Meeting.

7 Gamma Terrace
Ransomes Europark
Ipswich, Suffolk
IP3 9FF

BY ORDER OF THE BOARD
Ryan Murray
Company Secretary
22 October 2024

Financial Statements

IN THIS SECTION

Independent Auditor's Report to the Members of PCI-PAL PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2024 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards (UK-IFRS');
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of PCI-Pal Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and UK IFRS and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

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 and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- An assessment of management's ability to forecast and challenge of management's key assumptions. This included comparing previous budgets to actual results and comparing forecasted costs and revenues to historic performance and growth rates for reasonableness.
- Review of sensitised forecasts prepared by management to assess the ability of the Group to continue to trade should there be unforeseen significant performance issues in the next 12 months.
- An assessment of management's reliance on borrowing facilities based on their cash flow forecasts and whether the facility in place is sufficient to support the Group for the foreseeable future. We also considered covenant compliance based on cash flow forecasts.
- A check of the mathematical accuracy of the forecasts.
- An assessment the completeness and accuracy of disclosures relating to going concern compared to our understanding of the business and the forecasted position prepared by management.

Independent auditor's report to the members of PCI-PAL PLC continued

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 and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Coverage	*95.8% (2023: 86.4%) of Group loss before tax* *97.9% (2023: 99.7%) of Group revenue* *98.2% (2023: 98.9%) of Group total assets*	
Key audit matters	2024	2023
	Revenue recognition	Revenue recognition
	Intangible assets	Intangible assets
		Going concern
	Going concern is no longer considered to be a key audit matter as a result of the settlement of the patent case which has removed the uncertainty relating to its outcome and the magnitude of future costs in relation to this matter.	
Materiality	*Group financial statements as a whole* £314,000 (2023: £260,000) based on 1.75% (2023: 1.75%) of revenue	

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates through a number of legal entities. PCI-Pal Plc, PCI-Pal (UK) Limited and PCI-Pal (US) Inc are significant components and are subject to full scope audits. PCI Pal (AUS) Pty Ltd and PCI-Pal (Canada) Inc were considered to be non-significant components, where we performed desktop review procedures. All audits and desktop review procedures were completed by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of PCI-PAL PLC continued

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition The Group's revenue recognition policy can be found in note 4(d) to the consolidated financial statements and segmental revenue disclosure is included within note 10.	The Group primarily generates revenue from two sources: • Set up and recurring licence fees in relation to the AWS platform recognised over-time. • Usage fees for minutes sold to customers recognised at a point-in-time. We considered there to be a significant audit risk arising from recognition of revenue. The key audit matters related to over-time revenue recognition are as follows: • Allocation of revenue over the life of the contract (existence of in year revenue and completeness of deferred balances). In addition, given the potential complexity and variety of billing arrangements in place with different customers, that revenue has been accurately recorded in compliance with International Financial Reporting Standard 15 revenue from contracts with customers ("IFRS 15"). • The appropriateness of the assessed average contract length which revenue is deferred over. The key audit matters related to point-in-time revenue recognition are as follows: • The existence and accuracy of the usage fees billed in the year. Further, given where the Group is in its lifecycle, with significant levels of growth, revenue is a significant KPI for shareholder decision making; which increases the risk that the revenue may be overstated. Given the above, we have deemed revenue recognition to be a key audit matter.	Our work included: **Revenue recognition of one-off set up fees and licence fees** For revenue recognised over-time we performed the following procedures: • Agreed a sample of sales to underlying contract terms and evidence of go live or successful user acceptance testing to check the accuracy of the timing and amount of revenue recognised and deferred. Challenge was made of management over the recorded recognition date within the sample of sales tested, • Agreed a sample of revenue items posted either side of year end to contracts to check that revenue has been recognised in the appropriate period. • Challenged management's assumptions used in their assessment of average contract length, including obtaining managements sensitivity analysis on the contact length. We also reviewed the revenue recognition policy against the requirements of IFRS15. **Revenue for monthly usage fees** • For 84% of point-in-time revenue, we recalculated revenue on a proof in total basis. All data used in the calculation was verified to supporting documentation. • For the residual balance of point-in-time revenue, for a sample of items we recalculated revenue tracing transactions back to supporting documentation and multiplying by the rates as per the underlying contract. • For completeness purposes, a sample of transactions were selected from the third party supplier reports and traced back to the system to ensure these had been appropriately billed in line with the terms of the arrangement with the customer, **Key observations:** Based on the procedures performed we consider that revenue has been recognised appropriately.

Independent auditor's report to the members of PCI-PAL PLC continued

Key audit matter		How the scope of our audit addressed the key audit matter
Intangible assets – capitalised development costs The Group's accounting policy can be found in note 4(f) to the consolidated financial statements and related disclosures are in note 13.	The Group has significant amounts of capitalised development costs, as the Group has continued to heavily invest in the development of its AWS Platform. There is a risk over whether costs have been correctly capitalised in accordance with accounting standards and there is a degree of management judgement involved in determining the appropriate point at which costs can be determined as development costs as opposed to research costs. Further to this, there is a risk that the useful economic life of internally generated intangibles is inappropriate. We considered this to be a key audit matter due to the volume of expenditure and judgement involved as noted above.	**Our work included:** • Discussions were held with the Group's technology team to understand the Group's processes, procedures and projects in relation to development costs. • We assessed management's policy on capitalising intangible assets against the criteria set out in the accounting standards. • We checked the accuracy of the payroll data, on a sample basis, included in the calculations for capitalised costs to supporting documentation including employment contracts. • We assessed management's judgement in relation to the useful economic life of the capitalised development costs by challenging assumptions used which included comparing to the useful life used for similar platforms by competitors in the industry and reviewing for any impairment indicators. • We tested a sample of payroll costs capitalised in the year to agree the existence and accuracy of the amounts included and assessed whether these met the criteria of a capitalised development cost under International Accounting Standard 38 intangible assets. • We challenged the proportion of payroll costs capitalised and corroborated managements explanations to supporting evidence. • We checked the mathematical accuracy of the amounts charged for amortisation by performing a recalculation based on the useful economic life of capitalised development costs. **Key observations** We found management's judgements and estimates used in the capitalisation of development costs and amortisation policies to be appropriate and in line with the requirements of accounting standards.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Independent auditor's report to the members of PCI-PAL PLC continued

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2024 £	2023 £	2024 £	2023 £
Materiality	£314,000	£260,000	£219,000	£182,000
Basis for determining materiality	1.75% of revenue	1.75% of revenue	1.25% of total assets	1.25% of total assets
Rationale for the benchmark applied	Revenue is the Group's main KPI, and therefore we consider this financial measure to be the most relevant to the users of the financial statements in assessing the performance of the Group.	Revenue is the Group's main KPI, and therefore we consider this financial measure to be the most relevant to the users of the financial statements in assessing the performance of the Group.	The parent company is a non-trading holding company and the most significant balance in its financial statements is total assets.	The parent company is a non-trading holding company and the most significant balance in its financial statements is total assets.
Performance materiality	£188,000	£169,000	£131,000	£118,000
Basis for determining performance materiality	We consider 60% of materiality to be appropriate in order to reflect that there are a number of balances subject to estimation or judgement which are not able to be determined with precision.	We consider 65% of materiality to be appropriate in order to reflect that there are a number of balances subject to estimation or judgement which are not able to be determined with precision.	We consider 60% of materiality to be appropriate in order to reflect that there are a number of balances subject to estimation or judgement which are not able to be determined with precision.	We consider 65% of materiality to be appropriate in order to reflect that there are a number of balances subject to estimation or judgement which are not able to be determined with precision.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 37% and 67%% (2023: 38% and 87%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £108,000 to £219,000 (2023: £98,000 to £225,000). In the audit of each component, we further applied performance materiality levels of 60% (2023: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £15,700 (2023: £13,000). . We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts. other than the financial statements and our auditor's report thereon. 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.

Independent auditor's report to the members of PCI-PAL PLC continued

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities for financial statements, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

- We gained an understanding of the legal and regulatory framework applicable to the Group and the components within the Group and the industry in which they operate, through discussion with management and the Audit Committee and our knowledge of the industry; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be UK adopted International accounting standards, Companies Act 2006, UK and US Patent Law, AIM Listing rules, local tax and employment legislation for significant components.

Independent auditor's report to the members of PCI-PAL PLC continued

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Enquired as to whether there was any correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Reperformed tax calculations in respect of corporation tax, employment tax and sales tax in each significant jurisdiction;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; Review of correspondence and other documents in respect of the patent case, including the settlement agreement; and
- Challenge of management and the Directors on the respective financial statement disclosure in respect of this. In addition, we corroborated this assessment to legal confirmations obtained directly from the solicitors in both the UK and US.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Assessing the susceptibility of the Group's financial statements to material misstatement as an engagement team, including how fraud might occur throughout the group including the parent company and components, by considering industry, legal and external factors relevant to the Group;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud in relation to the Group to be judgements included within the useful life of the internally generated intangible assets, the point at which revenue recognition commences based on go live, or successful user acceptance testing, the revenue recognition period, management override and revenue recognition around the year end.

Our procedures in respect of the above included:

- With regards to fraud risk in management override of controls, our procedures included a review of payroll data to identify any possible duplicate employees or inappropriate payments to employees who have joined or left the business, and targeted journal transactions satisfying a specific risk criteria, with a focus on unusual transactions based on our knowledge of the business and agreeing these to supporting documentation;
- With regards to the fraud risk in relation to the commencement of revenue recognition and cut off , (see KAM on revenue recognition above), we agreed a sample of sales to underlying contract terms and evidence of go live or successful user acceptance testing to check the accuracy of the timing and amount of revenue recognised including appropriateness of cut off. We also agreed a sample of points in time transactions either side of the year end to supporting documentation to confirm appropriate recognition of the corresponding revenue; and
- Assessing significant estimates made by management for bias including the revenue recognition period (see KAM on revenue recognition) and the useful life of internally generated intangible assets (see KAM on intangible assets above). Please refer to the relevant key audit matters sections of our audit report for more detail.

Independent auditor's report to the members of PCI-PAL PLC continued

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Tracey Keeble (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Ipswich, UK
22 October 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 £000s	2023 £000s
Revenue	**10**	17,960	14,945
Cost of sales	10	(1,939)	(1,849)
Gross profit		16,021	13,096
Administrative expenses		(17,683)	(17,948)
Loss from operating activities		(1,662)	(4,852)
Adjusted Operating Loss		(567)	(2,598)
Expenses relating to share options		(301)	(272)
Other operating income	6	1,067	–
Exceptional expenses	6	(1,861)	(1,982)
Loss from operating activities		(1,662)	(4,852)
Finance income	7	32	3
Finance expenditure	8	(84)	(42)
Loss before taxation	5	(1,714)	(4,891)
Taxation credit / (charge)	12	535	(1)
Loss for the year		(1,179)	(4,892)
Other comprehensive income: Items that will be reclassified subsequently to profit or loss			
Foreign exchange translation differences		20	326
Total other comprehensive income		20	326
Total comprehensive loss attributable to equity holders for the period		(1,159)	(4,566)
Basic and diluted loss per share	11	(1.74)p	(7.47)p

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

Registered Number: 03869545

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 £000s	As Restated* 2023 £000s	As Restated* 2022 £000s
ASSETS				
Non-current assets				
Intangible assets	13	4,097	3,216	2,661
Plant and equipment	14	118	185	238
Trade and other receivables	15	1,513	1,567	964
Deferred taxation	18	–	–	–
Non-current assets		5,728	4,968	3,863
Current assets				
Trade and other receivables	15	5,456	5,376	4,203
Cash and cash equivalents		4,332	1,169	4,888
Current assets		9,788	6,545	9,091
Total assets		15,516	11,513	12,954
LIABILITIES				
Current liabilities				
Trade and other payables	16	(15,687)	(12,141)	(11,691)
Current liabilities		(15,687)	(12,141)	(11,691)
Non-current liabilities				
Other payables	17	(1,799)	(3,894)	(1,491)
Non-current liabilities		(1,799)	(3,894)	(1,491)
Total liabilities		(17,486)	(16,035)	(13,182)
Net liabilities		(1,970)	(4,522)	(228)
EQUITY				
Share capital	20	723	656	656
Share premium		17,624	14,281	14,281
Other reserves		1,223	922	650
Currency reserves		(274)	(294)	(620)
Profit and loss account		(21,266)	(20,087)	(15,195)
Total deficit		(1,970)	(4,522)	(228)

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

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

J Barham
Director

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Share capital £000s	Share premium £000s	Other reserves £000s	Profit and loss account £000s	Currency Reserves £000s	Total Equity/ (deficit) £000s
Balance as at 1 July 2022	656	14,281	650	(14,782)	(620)	185
Impact of change	–	–	–	(413)	–	(413)
Balance as at 1 July 2022 (as restated*)	656	14,281	650	(15,195)	(620)	(228)
Share option charge (note 20)	–	–	272	–	–	272
Transactions with owners	–	–	272	–	–	272
Foreign exchange translation differences	–	–	–	–	326	326
Loss for the year	–	–	–	(4,892)	–	(4,892)
Total comprehensive loss	–	–	–	(4,892)	326	(4,566)
Balance at 30 June 2023 (as restated*)	656	14,281	922	(20,087)	(294)	(4,522)
Share option charge (note 20)	–	–	301	–	–	301
New shares issued net of costs	67	3,343	–	–	–	3,410
Transactions with owners	67	3,343	301	–	–	3,711
Foreign exchange translation differences	–	–	–	–	20	20
Loss for the year	–	–	–	(1,179)	–	(1,179)
Total comprehensive loss	–	–	–	(1,179)	20	(1,159)
Balance at 30 June 2024	723	17,624	1,223	(21,266)	(274)	(1,970)

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

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	2024 £000s	2023 £000s
Cash flows from operating activities		
Loss after taxation	(1,179)	(4,892)
Adjustments for:		
Depreciation of equipment and fixtures	116	110
Amortisation of intangible assets	1,266	1,046
Loss on disposal of equipment and fixtures	–	–
Interest income	(32)	(3)
Interest expense	58	5
Exchange differences	20	326
Income taxes	(535)	1
Share-based payments	301	272
Increase in trade and other receivables	(27)	(1,776)
Increase in trade and other payables	1,329	2,895
Cash generated by / (used in) operating activities	1,317	(2,016)
Income taxes received	535	(1)
Interest paid	(58)	(5)
Net cash generated by / (used in) operating activities	1,794	(2,022)
Cash flows from investing activities		
Purchase of equipment and fixtures	(49)	(57)
Purchase of intangible assets	(155)	–
Development expenditure capitalised	(1,825)	(1,601)
Interest received	32	3
Net cash generated by / (used in) investing activities	(1,997)	(1,655)
Cash flows from financing activities		
Proceeds from issue of shares	3,647	–
Costs relating to issue of shares	(237)	–
Drawdown on loan facility	1,000	–
Repayment of loan facility	(1,000)	–
Principal element of lease payments	(44)	(42)
Net cash generated by / (used in) financing activities	3,366	(42)
Net increase / (decrease) in cash	3,163	(3,719)
Cash and cash equivalents at beginning of year	1,169	4,888
Net increase / (decrease) in cash	3,163	(3,719)
Cash and cash equivalents at end of year	4,332	1,169

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

1. Authorisation of financial statements

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

2. Nature of operations and general information

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

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

3. Statement of compliance with IFRS

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

Changes in accounting policies

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

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

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

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

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

Standards and interpretations in issue but not yet effective

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

4. Material accounting policy information

a) Basis of preparation

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

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

b) Basis of consolidation

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

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

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

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

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

c) Going concern

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

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

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

The Group meets its day-to-day working capital requirements through its cash balances and trading receipts and a revolving credit facility with a maximum borrowing of up to £3 million (subject to covenant tests continuing to be met). Cash balances for the Group were £4.33 million at 30 June 2024. The Group has net current liabilities of £5.90 million, including £12.6 million in relation

Notes to the Consolidated Financial Statements continued

to deferred income that has been paid by customers in advance and these sums are not ordinarily recoverable by the customers.

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

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

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

An operating budget and cashflow was prepared, along with an extended forecast to December 2025, following detailed face-to-face meetings with all managers with a focus on building on the existing strong performance and on the product plans and roadmap.

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

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

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

d) Revenue

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

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

(i) Revenue recognition of licence and usage fees

Revenue relating to the monthly element of the licence fee or the monthly usage fees generated in the period will be recognised monthly when the performance obligations have been met, generally from the earlier of the point the contract goes live or when the customer takes over the solution. Revenue from telephony services is recognised as revenue at a point-in-time as the services are used by the customer.

(ii) Revenue recognition of the one-off set up fees

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

There are two exceptions to the four year life estimation:

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

e) Deferred Costs

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

f) Intangible assets

Research and development

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

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

- completion of the intangible asset is technically feasible so that it will be available for use or sale

Notes to the Consolidated Financial Statements continued

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

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

The cost of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired software. Where the internally generated asset relates to on-going development of the platform, the costs are capitalised and start to be amortised in the month following. Where the costs relate to a longer term project the costs will be capitalised and held as an intangible asset until the project is launched. At that point the asset will start to be amortised starting the month following the completion of the project. Until completion of the development project, the assets are subject to impairment testing only.

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

- Capitalised Development 20%

Costs relating to any remediation and testing thereof are expensed.

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

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

Other intangible assets

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

- Licences 20%
- Website and Computer Software 33%

g) Land, building, plant and equipment

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

Disposal of assets

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

Depreciation

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

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

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

h) Leases

From 1 July 2019, each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the lease asset is available for use by the Group. Interest expense is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

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

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

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

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

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

Intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events

Notes to the Consolidated Financial Statements continued

or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell, and value in use based on an internal discounted cash flow evaluation. Any impairment loss is first applied to write down goodwill to nil and then is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised no longer exists.

j) Equity-based and share-based payment transactions

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

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

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

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

k) Taxation

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

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

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

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

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

l) Dividends

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

m) Financial assets and liabilities

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

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

The Group's financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. The exception are trade and receivables balances, which are recorded at their transaction price as they

Notes to the Consolidated Financial Statements continued

do not contain a significant financing component. The Group's financial assets are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

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

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

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

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

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

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

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

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

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

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

n) Cash and cash equivalents

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

o) Equity

Equity comprises the following:

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

p) Contribution to defined contribution pension schemes

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

q) Foreign currencies

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

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

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

r) Exceptional items

The Group has elected to classify certain items as exceptional and present them separately on the face of the Statement of Comprehensive Income to aid the understanding of users of the

Notes to the Consolidated Financial Statements continued

financial statements. Exceptional items are classified as those which are separately identified by virtue of their size, nature or expected frequency, to allow a better understanding of the underlying performance in the year.

s) Critical accounting estimates and assumptions

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

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

Amortisation of capitalised development expenditure

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

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

Contract revenue and direct costs

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

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

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

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

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

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

- Alternative accounting estimates that could have been applied – this could be the contractual period without taking into account the automatic renewal clause
- Effect of that alternative accounting estimate – increase in the revenue figure reported by an immaterial amount and an equal decrease in deferred income.
- Second alternative accounting estimates that could have been applied – this could be a longer period other than the four years, with reference to low churn rates.
- Effect of that alternative accounting estimate – decrease in the revenue figure reported by an immaterial amount and an equal increase in deferred income.

Deferred tax

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

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

Share-based payments

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

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

t) Critical accounting judgements

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

Capitalised development expenditure

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

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

Notes to the Consolidated Financial Statements continued

Contract revenue and direct costs

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

Valuation of separately identifiable intangible assets

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

5. Loss from operating activities

The loss on ordinary activities is stated after:

	2024 £000s	2023 £000s
Disclosure of the audit and non-audit fees		
Fees payable to the Group's auditors for the current year: The audit of Company's accounts	57	55
The audit of the Company's subsidiaries pursuant to legislation	80	52
Additional fees payable to the Group's auditors for the prior year: The audit of Company's accounts	11	–
The audit of the Company's subsidiaries pursuant to legislation	32	5
There were no fees payable to the Group's auditors for other services in either the current or prior year.		
Depreciation and amortisation – charged in administrative expenses		
Right of use assets, equipment and fixtures	116	110
Intangible assets	1,266	1,046
	1,382	1,156
Rents payable on flexible office space	118	116
Share-based payments charge	301	272
Foreign exchange loss in period	53	330

6. Exceptional items

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

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

Exceptional items relate to the following:

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

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

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

Notes to the Consolidated Financial Statements continued

7. Finance income

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

8. Finance expenditure

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

9. Directors and employees

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

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

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

Average number of employees during the year:

	2024 Heads	2023 Heads
Sales and marketing	33	33
Engineering and professional services	71	62
Administration and management	17	18
	121	113

Remuneration in respect of directors was as follows:

	2024 £000s	2023 £000s
Emoluments	665	613
Bonus	179	160
Payment in lieu of notice	140	–
Pension contributions to money purchase pension schemes	32	26
Employer’s national insurance and US federal taxes	123	102
	1,139	901

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

Notes to the Consolidated Financial Statements continued

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

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

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

10. Segmental information

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

2024	PCI Pal EMEA £000s	PCI Pal North America £000s	PCI Pal ANZ £000s	Central £000s	Total £000s
Revenue	11,257	6,286	417	–	17,960
Cost of sales	(1,866)	(71)	(2)	–	(1,939)
Gross profit	9,391	6,215	415	–	16,021
	83%	99%	99%		89%
Administration expenses	(9,679)	(5,450)	(566)	(1,193)	(16,888)
Inter-company royalty	1,660	(1,556)	(104)	–	–
Exceptional items	(58)	(784)	(11)	58	(795)
Profit / (loss) from operating activities	1,314	(1,575)	(266)	(1,135)	(1,662)
Finance income	13	–	–	19	32
Finance costs	(21)	(7)	–	(56)	(84)
Profit / (loss) before tax	1,306	(1,582)	(266)	(1,172)	(1,714)
Segment assets	9,064	4,065	122	2,265	15,516
Segment liabilities	(8,684)	(7,898)	(346)	(558)	(17,486)
Other segment items:					
Capital Expenditure					
– Equipment, Fixtures & Licences	296	2	1	–	299
Capital Expenditure					
– Capitalised Development	1,825	–	–	–	1,825
Depreciation					
– Equipment, Fixtures & Licences	191	1	1	–	193
Amortisation					
– Capitalised Development	1,189	–	–	–	1,189

Notes to the Consolidated Financial Statements continued

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

2023 (as restated*)	PCI Pal EMEA £000s	PCI Pal North America £000s	PCI Pal ANZ £000s	Central £000s	Total £000s
Segment assets	8,042	3,091	170	210	11,513
Segment liabilities	(7,983)	(6,837)	(297)	(918)	(16,035)
Other segment items:					
Capital Expenditure					
– Equipment, Fixtures & Licences	53	2	2	–	57
Capital Expenditure					
– Capitalised Development	1,550	–	–	–	1,550
Depreciation					
– Equipment, Fixtures & Licences	151	–	1	–	152
Amortisation					
– Capitalised Development	900	–	–	–	900

Revenue can be split by location of customers as follows:

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

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

Notes to the Consolidated Financial Statements continued

11. Loss per share

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

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

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

12. Taxation

	2024 £000s	2023 £000s
Analysis of charge in the year		
Current tax:		
In respect of the year:		
Corporation tax based on the results for the year	–	–
R & D Tax credit received	536	–
Foreign corporate taxes paid	(1)	(1)
Total current tax credit/(charge)	535	(1)
Deferred tax:		
Origination and reversal of timing differences	–	–
Total deferred tax charged	–	–
Tax on profit on ordinary activities (charged)/credited	535	(1)

Factors affecting current tax charge

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

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

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

Notes to the Consolidated Financial Statements continued

Approximately 4% (2023: 6%) of the total carried forward tax losses will expire in 2038 if no taxable profits are generated to offset the loss carry forwards. These tax losses are held in the Group's US subsidiary with the remaining US trading losses being available indefinitely but only to offset up to 80% of the taxable profits in any given year.

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

13. Intangible assets

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

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

Notes to the Consolidated Financial Statements continued

14. Plant and equipment

2024	Right of use Asset £000s	Fixtures and Fittings £000s	Computer Equipment £000s	Total £000s
Cost:				
At 1 July 2023	128	27	240	395
Additions	–	–	49	49
Disposals	–	(15)	(35)	(50)
At 30 June 2024	128	12	254	394
Depreciation (included within administrative expenses):				
At 1 July 2023	64	18	128	210
Charge for the year	43	2	71	116
Disposals	–	(15)	(35)	(50)
At 30 June 2024	107	5	164	276
Net book amount at 30 June 2024	21	7	90	118

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

15. Trade and other receivables

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

Notes to the Consolidated Financial Statements continued

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

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

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

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

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

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

16. Current liabilities

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

17. Non-current liabilities

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

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

Notes to the Consolidated Financial Statements continued

18. Deferred taxation

	2024 £000s	2023 £000s
Balance at 30 June	–	–
Unprovided deferred tax assets		
Timing differences on intangible assets and plant and machinery	(245)	(370)
Short term timing differences related to deferred income	371	506
Equity-settled share options	380	246
Trading losses	5,847	5,541
	6,353	5,923

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

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

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

19. Group undertakings

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

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

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

Notes to the Consolidated Financial Statements continued

20. Share capital

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

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

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

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

On 04 April 2024, the Company issued 200,000 ordinary shares of 1 pence in settlement of an exercise of options at 40 pence per share.

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

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

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

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

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

Share Option schemes

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

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

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

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

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

Notes to the Consolidated Financial Statements continued

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

Date of Grant	Exercise Price	Price at date of grant	Estimated time to Maturity	Expected Dividend yield	Volatility	Risk Free Rate	No. of steps used in calculation	No. of simulations used in calculation	Fair value of Option	Weighted average life in years	# option shares issued at grant	# option shares forfeited	# option shares exercised	# option shares outstanding as at 30 June 2024	# option shares exercisable as at 30 June 2024	Charge for year	Total cumulative charge as at 30 June 2024
25-May-17	33.0 pence	33.0 pence	5 years	0.00%	20.00%	0.57%	10	100,000	14.11 pence	Fully vested	3,065,000	1,080,000	360,000	1,625,000	1,625,000	£0	£280,044
10-May-19	22.0 pence	22.0 pence	5 years	0.00%	20.00%	0.87%	10	100,000	14.23 pence	Fully vested	145,000	25,000	40,000	80,000	80,000	£1,954	£17,076
13-Jun-19	28.5 pence	28.5 pence	5 years	0.00%	20.00%	0.62%	10	100,000	14.30 pence	Fully vested	525,000	0	0	525,000	525,000	£14,282	£75,075
08-Jul-19	28.5 pence	28.5 pence	5 years	0.00%	69.00%	0.59%	10	100,000	15.42 pence	0.02 years	215,000	25,000	10,000	180,000	180,000	£5,900	£29,209
08-Jul-19	26.5 pence	26.5 pence	5 years	0.00%	69.00%	0.59%	10	100,000	13.15 pence	0.02 years	115,000	0	75,000	40,000	40,000	£1,728	£15,105
08-Jul-19	19.0 pence	19.0 pence	5 years	0.00%	69.00%	0.59%	10	100,000	11.29 pence	0.02 years	20,000	0	0	20,000	20,000	£453	£2,250
08-Jul-19	23.0 pence	23.0 pence	5 years	0.00%	69.00%	0.59%	10	100,000	13.38 pence	0.02 years	105,000	0	10,000	95,000	95,000	£2,825	£14,004
08-Jul-20	40.0 pence	40.0 pence	5 years	0.00%	45.89%	-0.04%	225	10,000	15.63 pence	1.02 years	815,000	0	210,000	605,000	605,000	£32,203	£108,048
01-Dec-20	44.0 pence	44.0 pence	5 years	0.00%	45.60%	0.04%	225	10,000	17.24 pence	1.42 years	140,000	80,000	0	60,000	60,000	-£5,037	£7,399
28-Jan-21	60.0 pence	60.0 pence	5 years	0.00%	45.88%	-0.03%	250	10,000	24.91 pence	1.58 years	65,000	30,000	0	35,000	26,250	£1,745	£5,961
23-Mar-21	65.0 pence	108.5 pence	5 years	0.00%	45.88%	0.37%	250	10,000	61.63 pence	1.73 years	315,000	10,000	0	305,000	288,750	£37,616	£122,946
23-Mar-21	65.0 pence	108.5 pence	5 years	0.00%	45.88%	0.37%	250	10,000	61.63 pence	1.73 years	25,000	0	0	25,000	18,750	£3,083	£10,078
12-Apr-21	113.5 pence	113.5 pence	5 years	0.00%	45.88%	0.37%	250	10,000	42.40 pence	1.78 years	220,000	0	0	220,000	0	£18,667	£59,989
12-Apr-21	113.5 pence	113.5 pence	5 years	0.00%	45.88%	0.37%	250	10,000	42.40 pence	1.78 years	30,000	0	0	30,000	0	£2,545	£8,180
29-Jun-21	93.0 pence	93.0 pence	5 years	0.00%	45.99%	0.35%	250	10,000	37.06 pence	2.00 years	25,000	0	0	25,000	12,500	£1,854	£5,562
15-Nov-21	68.5 pence	68.5 pence	5 years	0.00%	42.98%	0.71%	250	10,000	25.82 pence	2.38 years	560,000	10,000	0	550,000	0	£27,583	£74,519
15-Nov-21	68.5 pence	68.5 pence	5 years	0.00%	42.98%	0.71%	250	10,000	25.82 pence	2.38 years	65,000	0	0	65,000	0	£3,359	£8,807
02-Mar-22	57.5 pence	57.5 pence	5 years	0.00%	44.89%	1.07%	250	10,000	23.50 pence	2.67 years	568,477	0	0	568,477	0	£26,736	£62,261
02-Mar-22	57.5 pence	57.5 pence	5 years	0.00%	44.89%	1.07%	250	10,000	23.50 pence	2.67 years	276,523	0	0	276,523	0	£13,005	£30,285
02-Mar-22	57.5 pence	57.5 pence	5 years	0.00%	44.89%	1.07%	250	10,000	23.50 pence	2.67 years	205,000	0	0	205,000	0	£9,641	£22,452
25-May-22	61.0 pence	61.0 pence	5 years	0.00%	43.23%	1.56%	250	10,000	24.37 pence	2.90 years	30,000	0	0	30,000	0	£1,463	£3,071
06-Oct-22	54.5 pence	54.5 pence	5 years	0.00%	49.24%	4.36%	250	10,000	24.95 pence	3.27 years	430,000	10,000	0	420,000	0	£21,025	£36,363
14-Dec-22	53.0 pence	53.0 pence	5 years	0.00%	23.45%	3.28%	250	10,000	14.68 pence	3.45 years	55,000	0	0	55,000	0	£1,620	£2,496
14-Dec-22	53.0 pence	53.0 pence	5 years	0.00%	23.45%	3.28%	250	10,000	14.68 pence	3.45 years	10,000	10,000	0	0	0	-£159	£0
06-Feb-23	54.0 pence	54.0 pence	5 years	0.00%	29.55%	3.12%	250	10,000	18.03 pence	3.60 years	195,000	0	0	195,000	0	£7,058	£9,835
30-Jun-23	53.5 pence	53.5 pence	5 years	0.00%	38.50%	4.67%	250	10,000	22.56 pence	4.00 years	10,000	0	0	10,000	0	£453	£453
22-Nov-23	43.0 pence	43.0 pence	5 years	0.00%	68.19%	4.05%	250	10,000	23.46 pence	4.39 years	80,000	40,000	0	40,000	0	£1,137	£1,137
25-Mar-24	56.0 pence	56.0 pence	5 years	0.00%	49.50%	3.88%	250	10,000	27.53 pence	4.73 years	200,000	0	0	200,000	0	£2,928	£2,928
04-Apr-24	56.0 pence	56.0 pence	5 years	0.00%	49.41%	3.89%	250	10,000	26.33 pence	4.76 years	4000,000	0	0	400,000	0	£5,023	£5,023
											8,910,000	1,320,000	705,000	6,885,000	3,516,250	£240,690	£1,020,556

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

Notes to the Consolidated Financial Statements continued

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

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

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

Notes to the Consolidated Financial Statements continued

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

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

21. Financial risk management and financial instruments

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

Capital Management

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

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

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

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

  All interest rates are subject to a minimum rate of 4.5% and are paid monthly
- Arrangement Fee — 1.5% of loan facility
- Non utilisation fee — 1.8% of unutilised amount paid quarterly
- Security — Fixed and Floating debenture over the assets of the Group.

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

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

A summary of which are as follows:

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

Notes to the Consolidated Financial Statements continued

Financial risk management and objectives

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

Interest rate risk

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

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

Credit risk

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

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

Liquidity risk

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

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

At 30 June 2024:

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

At 30 June 2023:

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

Notes to the Consolidated Financial Statements continued

Foreign currencies and foreign currency risk

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

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

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

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

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

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

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

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

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

22. Capital commitments

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

23. Contingent assets

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

24. Contingent Liabilities

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

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

P = (A x B) – C

and where:

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

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

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

Notes to the Consolidated Financial Statements continued

An Exit Fee Event is where there is:

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

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

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

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

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

Patent case

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

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

On 22 May 2024, the Court of Appeal upheld the original ruling of the High Court in favour of the PCI Pal, and dismissed all claims being brought by Sycurio.

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

25. Transactions with directors

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

26. Dividends

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

27. Prior period restatement

The Directors have identified a prior period adjustment relating to revenue recognition in prior periods. FY22 has been restated to correct the historical timing of revenue recognition in respect of certain customer contracts and to appropriately adjust the resulting deferred income balances carried forward. At 30 June 2022 and 30 June 2023, the result of these adjustments on the consolidated statement of financial position was to increase current deferred income by £0.32 million and non-current deferred income by £0.09 million, with a corresponding increase in net liabilities of £0.41 million. There was no impact on the consolidated statement of comprehensive income and no impact on the consolidated statement of cashflows.

Notes to the Consolidated Financial Statements continued

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

Reconciliation of equity as at 30 June 2022

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

Reconciliation of equity as at 30 June 2023

	As originally stated £000s	Prior period restatement £000s	As restated £000s
Deferred income due within 1 year	(8,045)	(319)	(8,364)
Total current Liabilities	(11,822)	(319)	(12,141)
Deferred income due after 1 year	(3,777)	(94)	(3,871)
Total non-current liabilities	(3,800)	(94)	(3,894)
Total liabilities	(15,622)	(413)	(16,035)
Net assets /(liabilities)	(4,109)	(413)	(4,522)
Share capital	656	–	656
Share premium	14,281	–	14,281
Other reserves	922	–	922
Currency reserves	(294)	–	(294)
Profit and loss account	(19,674)	(413)	(20,087)
Total equity (Shareholders' deficit)	(4,109)	(413)	(4,522)

28. Subsequent events

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

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

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

29. Alternative performance measures

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

Registered Number: 03869545

Company Statement of Financial Position

As at 30 June 2024

	Note	2024 £000s	2023 £000s
ASSETS			
Non-current assets			
Investments	5	993	748
Trade and other receivables	6	41	103
Non-current assets		1,034	851
Current assets			
Trade and other receivables	6	14,442	14,652
Cash and cash equivalents		2,051	10
Current assets		16,493	14,662
Total assets		17,527	15,513
LIABILITIES			
Current liabilities			
Trade and other payables	7	(558)	(1,084)
Current liabilities		(558)	(1,084)
Total liabilities		(558)	(1,084)
Net assets		16,969	14,429
EQUITY			
Capital and reserves			
Called up share capital	9	723	656
Share premium account		17,624	14,281
Other reserves		1,223	922
Profit and loss account		(2,601)	(1,430)
Shareholders' funds		16,969	14,429

The loss for the Company for the year was £1,171,000 (2023: £2,334,000)

The financial statements were approved by the Directors and were authorised for issue on 22 October 2024.

J Barham
Director

Company Statement of Changes in Equity

For the year ended 30 June 2024

	Share capital £000s	Share premium £000s	Other reserve £000s	Profit and loss account £000s	Total equity £000s
Balance at 30 June 2022	656	14,281	650	904	16,491
Share option charge	–	–	272	–	272
New shares issued net of costs	–	–	–	–	–
Transactions with owners	–	–	272	–	272
Loss for the year	–	–	–	(2,334)	(2,334)
Total comprehensive loss	–	–	–	(2,334)	(2,334)
Balance at 30 June 2023	656	14,281	922	(1,430)	14,429
Share option charge	–	–	301	–	301
New shares issued net of costs	67	3,343	–	–	3,410
Transactions with owners	67	3,343	301	–	3,711
Loss for the year	–	–	–	(1,171)	(1,171)
Total comprehensive loss	–	–	–	(1,171)	(1,171)
Balance at 30 June 2024	723	17,624	1,223	(2,601)	16,969

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

Company Statement of Cash Flows

For the year ended 30 June 2024

	2024 £000s	2023 £000s
Cash flows from operating activities		
Loss after taxation	(1,171)	(2,334)
Adjustments for:		
Interest income	(19)	(3)
Share-based payments	56	46
Decrease/(increase) in debtors and other receivables	272	(880)
Increase/(decrease) in creditors and other payables	(526)	701
Net cash used in operating activities	(1,388)	(2,470)
Cash flows from investing activities		
Interest received	19	3
Net cash generated from investing activities	19	3
Cash flows from financing activities		
Proceeds from issue of shares	3,647	–
Costs relating to issue of shares	(237)	–
Drawdown on loan facility	1,000	–
Repayment of loan facility	(1,000)	–
Net cash generated from financing activities	3,410	–
Net increase/(decrease) in cash	2,041	(2,467)
Cash and cash equivalents at beginning of year	10	2,477
Net increase / (decrease) in cash	2,041	(2,467)
Cash and cash equivalents at end of year	2,051	10

Notes to the Company Financial Statements

For the year ended 30 June 2024

1. Accounting policies

Basis of preparation

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

As disclosed in the Group's Directors Report above, the Directors have continued to adopt the going concern basis in preparing the financial statements.

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

Statement of compliance with IFRS

The material accounting policy information adopted by the Company is set out below. The preparation of the financial statements requires the use of certain critical accounting estimates and assumptions and also requires management to exercise judgement. The critical accounting estimates and assumptions and judgements used in the preparation of these financial statements are set out below.

Standards and interpretations in issue but not yet effective

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

Taxation

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

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in future, have occurred by the year end. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the year end.

Investments

Shares in subsidiary undertakings are included at original cost less any amounts written off for permanent diminution in value.

Related Party Transactions

The Company maintains Group intercompany balances with 100% owned subsidiaries as disclosed in Note 5. Intercompany balances represent amounts lent to subsidiary companies for working capital purposes. The loans are repayable on demand and interest is not charged on the balances outstanding.

Financial assets and liabilities

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

Management determines the classification of its financial assets at initial recognition. Management considers that the Company's financial assets fall under the amortised cost category. These are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date, which are classified as non-current assets. The Company's financial assets held at amortised cost arise principally through the provision of intercompany loans, but also incorporate other types of contractual monetary asset. As such they comprise amounts owed by group undertakings, other receivables and cash and cash equivalents. Financial assets do not comprise prepayments.

The Company's financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue. The Company's financial assets are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

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

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

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

Financial liabilities measured at amortised cost include trade payables, intercompany payables and accruals. All financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provision of the instrument. Financial liabilities do not comprise deferred income.

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

Cash and cash equivalents

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

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares. The shares have attached to them voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.
- "Share premium" represents the difference between the nominal and issued share price
- "Other reserves" represents the cumulative charge for the Company's share option scheme
- "Profit and loss account" represent cumulative retained profits of the Company

Notes to the Company Financial Statements continued

Equity-based and share-based payment transactions

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

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

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

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

Contribution to defined contribution pension schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Foreign currencies

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

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

Critical accounting estimates and assumptions

Impairment of receivables due from subsidiaries

The Company has intercompany receivables of £14.27 million (2023: £14.39 million). Management have reviewed these intercompany loans and have concluded that, given the strong growth and future prospects of the relevant subsidiaries, there is no impairment required.

- Alternative accounting estimate that could have been applied – impair the intercompany receivable
- Effect of that alternative accounting estimate – at Company level reduction of intercompany asset and corresponding charge to the Statement of comprehensive income.

Critical accounting Judgements

There were no critical accounting judgements used in preparing the financial statements for the Company during the year.

2. Loss for the financial year

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own the statement of comprehensive income in these financial statements. The loss for the Company for the year was £1,171,000 (2023: £2,334,000).

3. Personnel remuneration

During the period the Company had two employees James Barham and William Good and also pays the service fees of three non-executive directors. Their salaries and benefits are disclosed in the Directors' Report in the Group accounts above.

4. Interest income

The Company received interest from bank deposits of £19,000 (2023: £3,000).

The Company does not charge interest on its intercompany balances.

Notes to the Company Financial Statements continued

5. Fixed asset investments

	Subsidiary undertakings £000s	Total £000s
Cost at 1 July 2022	522	522
Additions	226	226
Cost at 30 June 2023	748	748
Additions	245	245
Cost at 30 June 2024	993	993

The additions to the cost of investment in subsidiary undertakings relates to the capital contribution by the Parent company in respect of the share-based payment expense of the employees of subsidiary companies.

Details of the investment in which the parent company holds 20% or more of the nominal value of any class of share capital are as follows;

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

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

6. Trade and other receivables

	2024 £000s	2023 £000s
Amounts due within one year		
Amounts owed by group undertakings	14,269	14,390
VAT recoverable	–	165
Prepayments	167	97
Accrued income	6	–
Trade and other receivables due within one year	14,442	14,652

	2024 £000s	2023 £000s
Amounts due after more than one year		
Prepayments	41	103
Trade and other receivables due in more than one year	41	103

Amounts owed by Group undertakings are repayable on demand and there is no interest charged.

While the company has received confirmation as to the recoverability of the balance, to the extent the counter parties are unable to do so, the company does not intend to recall the amounts due, within one year.

7. Current liabilities

	2024 £000s	2023 £000s
Trade creditors	68	800
Accruals	490	284
Total current liabilities due within one year	558	1,084

Notes to the Company Financial Statements continued

8. Deferred taxation

	2024 £000s	2023 £000s
Balance at 30 June	–	–
Unprovided deferred tax assets		
Equity-settled share options	92	64
Trading losses	2,242	1,956
	2,334	2,020

The unprovided deferred tax assets are calculated at an average rate of 25% (2023: 25%).

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

9. Share capital

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

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

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

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

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

On 04 April 2024, the Company issued 200,000 ordinary shares of 1 pence in settlement of an exercise of options at 40 pence per share.

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

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

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

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

10. Dividends

The Directors have proposed no final dividend of in respect of the year ended 30 June 2024 (2023: nil pence per share).

11. Financial assets and liabilities

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

Capital Management

The capital structure of the Company consists of cash and equity. The Company's objective when managing capital is to maintain the cash position to protect the future on-going profitable growth which will reflect in shareholder value.

At 30 June 2024, the Company had a closing cash balance of £2,051,000 (2023: £10,000).

During the previous year, the Company, along with its subsidiaries, entered into a multi-currency revolving loan facility, secured on the assets of the Group by fixed and floating debentures with appropriate cross guarantees, with HSBC Innovation Bank (formerly

Notes to the Company Financial Statements continued

Silicon Valley Bank UK) with a maximum facility of £3 million. The available facility level is calculated on a monthly basis subject to the limits of the covenant tests detailed below.

The principal terms are as follows:

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

  All interest rates are subject to a minimum rate of 4.5% and are paid monthly
- Arrangement Fee 1.5% of loan facility
- Non utilisation fee 1.8% of unutilised amount paid quarterly
- Security Fixed and Floating debenture over the assets of the Group.

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

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

A summary of which are as follows:

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

Financial risk management and objectives

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

Credit risk

The Company's principal financial assets are cash and intercompany receivables.

The main credit risk arises from the intercompany receivables. The Directors monitor the trading of its subsidiaries closely to ensure they are performing in line with expectations.

Liquidity risk

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

The table below summarises the maturity profile of the Company's financial liabilities at the year-end based on contractual undiscounted payments.

Notes to the Company Financial Statements continued

At 30 June 2024:

Group	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Trade and other payables	–	68	–	–	–	68
	–	68	–	–	–	68

At 30 June 2023:

Group	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Trade and other payables	–	800	–	–	–	800
	–	800	–	–	–	800

Foreign currencies and foreign currency risk

The Company does not hold foreign currency. Any amounts received by it from its subsidiaries are usually paid over in GBP. If funds are received in currency they are immediately converted to GBP at the prevailing bank currency conversion rate. Intercompany loans from PCI-PAL PLC to fund its subsidiaries are denominated in GBP, and so the Company does not face any foreign currency translation risk on these loans.

As a result no sensitivity analysis is required in respect of foreign currency risks, although management will keep the need for sensitivity analysis under regular review going forward.

12. Contingent liabilities

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

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

P = (A x B) - C

and where:

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

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

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

An Exit Fee Event is where there is:

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

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

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

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

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

Notes to the Company Financial Statements continued

Patent case

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

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

On 22 May 2024, the Court of Appeal upheld the original ruling of the High Court in favour of the PCI Pal, and dismissed all claims being brought by Sycurio.

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

13. Subsequent Events

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

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

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

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