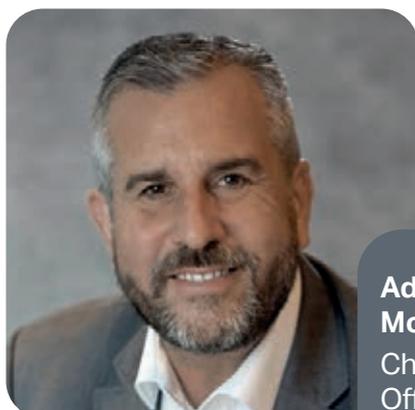


Chief Financial Officer's Report



Adam Moloney
Chief Financial Officer



As anticipated, the Company experienced very strong growth in the second half of the year despite the challenging ongoing conditions of the pandemic and a strengthening in sterling."

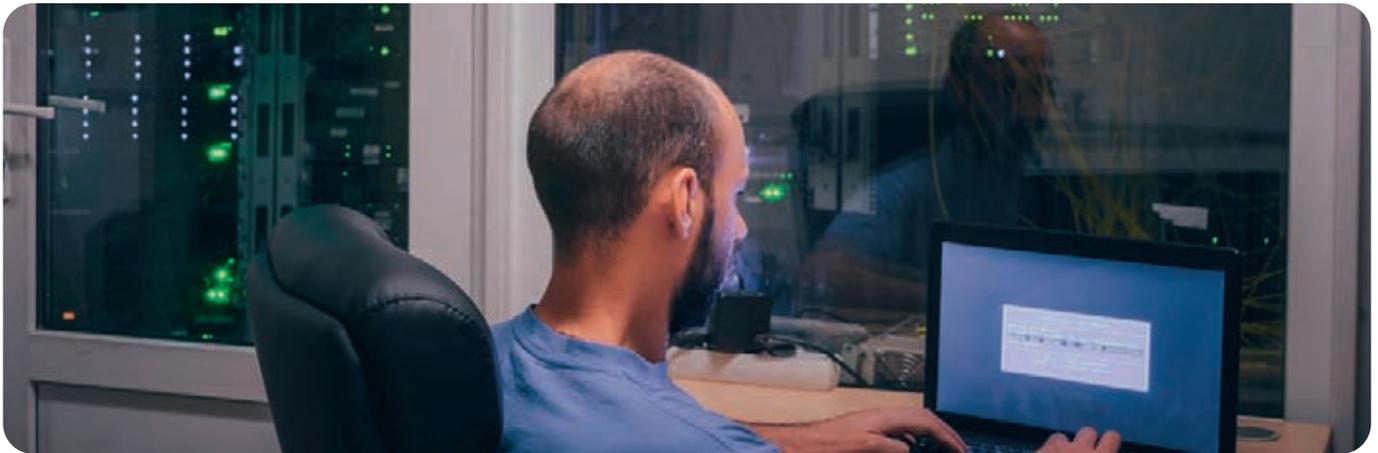
Revenue

Revenue grew in the full year by 9% to £36.5 million (2020: £33.4 million), or by 12% at constant exchange rates (CER). Revenue growth in the second half of the year was 19%.

Growth in North America was particularly strong in the second half of the year, with normal trading conditions returning gradually over the period. In the second half of the year alone, revenue grew by 49%, taking revenue growth in the region for the full year to 11%. Sterling strengthened significantly against the dollar, with constant currency revenue growth in North America of 18%.

Revenue growth in Asia continued to be strong, with revenue increasing by 10% to £11.9 million (2020: £10.8 million) and growing by 14% at CER. The European region continues to be the area that has been most impacted by the pandemic over the whole year, but we did still see growth of 7%, with revenue increasing to £13.4 million (2020: £12.5 million). The currency movements in Europe weren't as impactful, with revenue growing by 6% at CER.

(£'millions)	Year ended 30 June 2021	Year ended 30 June 2020	Growth rate	CER growth
Revenue	36.5	33.4	9%	12%
Revenue by geography				
North America	11.2	10.1	11%	18%
Europe	13.4	12.5	7%	6%
Asia and ROW	11.9	10.8	10%	14%
Revenue by market type				
Enterprise	14.1	11.7	21%	24%
ITAD	11.5	10.9	6%	7%
Mobile	10.9	10.8	1%	4%



Profitability Measures

The financial year began in July 2020 as the world came to grips with the early stages of the pandemic, which led to some caution regarding cost decisions. While we did not need to take any cost reduction actions, we did freeze recruitment and pay increases over the first half of the financial year. In addition, our cost base naturally reduced due to the inability for travel to take place. We had good visibility through the first half of the year that revenue was continuing to grow, which enabled us to return to increasing headcount and implementing pay increases. However, travel and entertainment costs remained depressed throughout the entire year. All of this meant that profit margins increased through the course of the year with operating profit increasing from a small loss in 2020 to a £1.8 million profit, with both periods benefitting from some non-cash exceptional income. Adjusted operating margins increased to 15% (2020: 12%). The adjusted operating profit (as defined in note 1.17) increased in line with operating profit, and by 33% to £5.3 million (2020: £4.0 million).

As we enter the new financial year, we are continuing to recruit for high-quality employees to join our research and development, and sales and marketing teams, which will naturally lead to an increase in cost base as will a full 12-month impact of team members who joined during FY21. Whilst phasing is difficult to predict, we do expect travel and entertainment costs to increase as pandemic restrictions ease.

	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
	1,774	(31)
Acquisition costs	–	575
Exceptional income	(837)	(875)
Amortisation of acquired intangible assets	2,859	2,921
Share-based payments charge	1,490	1,447
	5,286	4,037

Adjusted EBITDA for the period grew by 26% to £10.2 million (2020: £8.1 million), giving an adjusted EBITDA margin of 28% (2020: 24%).

Balance Sheet

Cash generation in the year was very positive with the Group ending the year with net cash of £10.1 million (2020: £6.7 million), largely a result of strong cash generated from operations of £10.4 million (2020: £6.5 million). Adjusted operating cash flow (as defined in note 1.17) for the year was £10.8 million (2020: £7.3 million), representing 106% (2020: 90%) of adjusted EBITDA. Although revenue has increased in the period by 9%, the trade and other receivables balance at the end of the year was £6.2 million (2020: £7.3 million). Similarly, the current liabilities balance has reduced from £9.6 million to £8.1 million over the year.

Accruals and provisions relating to prior acquisitions have reduced significantly through the year from £1.1 million to £0.1 million, with the credit of that release primarily coming through in the exceptional income and discontinued operations lines of the income statement.

Currency movements on assets held outside of the UK have led to a significant reduction in the value of intangible fixed assets, which have reduced from £74.7 million to £67.6 million.

Earnings per share have increased to 2.29p (2020: 1.6p).

Adam Moloney

Chief Financial Officer