RNS Number : 9349G
Eleco PLC
01 May 2025

RNS

1 May 2025

Eleco Plc

("Eleco", the "Group" or the "Company")

Annual Results

Audited Results for the Year Ended 31 December 2024

Strong 2024: Ahead of Market Expectations in Revenue, Profitability and Cash

The Board of Eleco plc (AIM: ELCO), the specialist software provider for the built environment, is pleased to announce its audited results for the year ended 31 December 2024:

Financial highlights

Revenues

- Annualised Recurring Revenues (ARR)[1]: £26.6m (2023: £22.6m), an increase of 18%
- Total Recurring Revenue (TRR)[2]: £24.9m (2023: £20.7m), an increase of 20%, representing 77% of reported revenue (2023: 74%)
- Headline Total Reported Revenues: £32.4m (at constant currency £32.8m) (2023: £28.0m), an increase of 16% and 17% at constant currency

Profitability

- EBITDA[3]: £7.2m (2023: £5.8m), an increase of 24%
- Profit before taxation (PBT): £4.3m (2023: £3.4m), an increase of 26%
- Profit after taxation (PAT): £3.3m (2023: £2.7m), an increase of 22%
- Basic earnings per share: 4.0p (2023: 3.2p), an increase of 25%
- Adjusted EBITDA[4]: £7.7m (2023: £6.1m), an increase of 26%
- Adjusted profit before tax[4]: £5.4m (2023: £4.2m), an increase of 29%
- Adjusted profit after tax[4]: £4.2m (2023: £3.3m), an increase of 27%
- Adjusted basic earnings per share[4]: 5.1p (2023: 4.0p), an increase of 28%

Cash and dividends

- Cash: post M&A activity, £14.0m (2023: £10.9m). The Group remains free of debt
- Free cash flow[5]: £6.3m (2023: £3.8m), an increase of 66%
- Final dividend: 0.70p per share (2023: 0.55p per share), an increase of 27%
- Total proposed final and interim dividends: 1.00p per share (2023: 0.80p per share), an increase of 25%

Operational highlights

M&A Strategy

- Acquisition in April 2024 of the Vertical Digital group of companies to enhance the Group's technical capabilities for a multinational audience, providing agile and innovative software development, technical consulting, and upskilling solutions.
- Acquisition post year end of PMI Software Ltd (PEMAC), Ireland, a recognised leader in providing SaaS Computerised Maintenance and Management Software (CMMS), complementing the Group's existing ShireSystem CMMS software.

Technology

- Asta Powerproject® awarded 'Project Management Software of the Year' at the UK Construction Computing Awards for the eleventh consecutive year, recognising Eleco's commitment to innovation and excellence in the construction industry.
- Asta Vision Live™ launched in May 2024, providing multiple project collaboration capabilities for planners and schedulers.
- AstaGPT™, Generative AI support developed in-house and launched in March 2024. Shortlisted for the Innovation of the Year at the Digital Construction Awards 2024.

Growth

- Record recurring revenue growth and year-on-year revenue growth.
- ISO 27001 accreditation achieved by Elecosoft UK Limited and BestOutcome Limited in recognition of their IT systems meeting or exceeding the latest industry standards, and information security and data protection best practices being followed.
- Great Place to Work® certification additionally achieved for the Netherlands and Romania.

Jonathan Hunter, Chief Executive Officer of Eleco plc, said:

"We are extremely pleased to report Eleco's further success and achievements in 2024. The financial performance in the period has been ahead of market expectations for revenue, profitability, and cash generation.

We have built on this successful organic performance with the enhancement of our portfolio of building lifecycle product solutions. In 2024, the acquisition of the Vertical Digital group of companies brought agile and innovative software development, technical consulting, and upskilling capability to our software solutions. The post year-end acquisition of PEMAC then broadened our Asset Management capabilities and customer base.

We remain confident that with the initiatives and investments we are making, Eleco will see a strong growth trajectory going forward, despite the present geopolitical and macroeconomic situation."

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[1] ARR is defined as normalised annualised recurring revenues and includes revenues from subscription licences, contract values of annual support and maintenance, and SaaS contracts. Normalisation is calculated as recurring revenue in the final month of the year multiplied by twelve. This ARR figure is calculated including the contribution from acquisitions to the Group going forward.

[2] TRR is defined as the recurring revenues from subscription licences, contract values of annual support and maintenance, and SaaS contracts.

[3] EBITDA is defined as Earnings before Interest, Tax, Depreciation, and Amortisation and Impairment of Intangible Assets.

[4] Adjusted measures are further defined in note 8.

[5] Free cash flow is defined as adjusted operating cash flow, adjusted for tax, interest and any disposals of property, plant and equipment.

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About Eleco plc

Eleco plc is an AIM-listed (AIM: ELCO) specialist international provider of software and related services to the built environment through its operating brands Elecosoft, BestOutcome, PEMAC, Vertical Digital and Veeuze from centres of excellence in the UK, Ireland, Sweden, Germany, the Netherlands, Romania, Australia and the USA.

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

For further information please visit www.eleco.com.

Chairman's Statement

Introduction

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

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

Strategic Progress

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

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

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

Performance

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

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

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

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

Employees

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

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

Dividend

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

Current trading and outlook

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

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

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

Mark Castle
Non-Executive Chairman
30 April 2025

CEO Report

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

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

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

Trading

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

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

In statutory reported measures, operating profit has increased by 28 per cent to £4.1m (2023: £3.2m). EBITDA

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Critical to the success of any and every project is the management of time, cost, and resources from early

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

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

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

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

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

Jonathan Hunter
Chief Executive Officer
30 April 2025

CFO Review

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EBITDA increased by 24 per cent to £7.2m (2023: £5.8m), with Adjusted EBITDA up 26 per cent to £7.7m (2023: £6.1m). A reconciliation between Adjusted EBITDA (adjusting earnings for interest, taxation, depreciation, amortisation and impairment of assets) and adjusted operating profit is provided in note 8.

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

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

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

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

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

provided in note 8.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Neil Pritchard
Chief Financial Officer
30 April 2025

Consolidated Income Statement
For the year ended 31 December 2024

	2024	2023
Continuing operations	**£'000**	£'000

Revenue	**32,394**	28,006
Cost of sales	**(3,482)**	(2,855)
Gross profit	**28,912**	25,151
Depreciation and amortisation of intangible assets	**(3,183)**	(2,404)
Acquisition related expenses and stamp duties	**(432)**	(279)
Share-based payments	**(60)**	(190)
Other selling and administrative expenses	**(21,181)**	(19,075)
Selling and administrative expenses	**(24,856)**	(21,948)
Operating profit	**4,056**	3,203
Gain on business disposal	**-**	152
Finance expense	**(72)**	(65)
Finance income	**310**	127
Profit before taxation	**4,294**	3,417
Taxation	**(960)**	(762)
Profit after taxation for the financial year	**3,334**	2,655
Attributable to:		
Equity holders of the parent	**3,334**	2,655

Earnings per share (pence per share)		
Basic earnings per share	**4.0p**	3.2p
Diluted earnings per share	**4.0p**	3.2p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital	Share premium	Merger reserve	Translation reserve	Share options reserve	Employee share ownership trust	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	832	2,406	1,002	(385)	553	(358)	21,792	25,842

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

Consolidated Balance Sheet

At 31 December 2024

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

Equity

Equity

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 **£'000**	2023 £'000
Cash flows from operating activities		
Profit after taxation for the year	**3,334**	2,655
Income tax expense	**960**	762
Amortisation of intangible assets	**2,492**	1,774
Depreciation charge	**691**	630
Profit on sale of property, plant and equipment	**6**	(13)
Finance expense	**72**	65
Finance income	**(310)**	(127)
Share-based payments expense	**60**	190
Gain on business disposal	**-**	(152)
Cash generated from operations before working capital movements	**7,305**	5,784
Increase in trade and other receivables	**(206)**	(780)
Decrease /(increase) in inventories and work in progress	**109**	(70)
Increase in trade and other payables, accruals and deferred income	**3,468**	1,461
Cash generated from operations	**10,676**	6,395
Net taxation paid	**(1,716)**	(501)
Net cash inflow from operating activities	**8,960**	5,894
Investing activities		
Investment in development expenditure	**(2,958)**	(2,256)
Investment in other intangible assets	**(271)**	(127)
Purchase of property, plant and equipment	**(85)**	(133)
Acquisition of subsidiary undertakings net of cash acquired	**(1,252)**	(3,838)
Net proceeds on disposal of subsidiary undertakings	**-**	510
Proceeds from sale of property, plant and equipment	**2**	37
Finance income	**310**	127
Net cash outflow from investing activities	**(4,254)**	(5,680)
Financing activities		
Finance expense	**(72)**	(65)
Repayments of principal of lease liabilities	**(650)**	(595)
Equity dividends paid	**(665)**	(1,094)
Issue of share capital	**50**	12
Net cash outflow from financing activities	**(1,337)**	(1,742)
Net increase/(decrease) in cash and cash equivalents	**3,369**	(1,528)
Cash and cash equivalents at 1 January	**10,903**	12,538
Exchange losses on cash and cash equivalents	**(297)**	(107)
Cash and cash equivalents at 31 December	**13,975**	10,903

1. General Information

Eleco plc ("the Company") and its subsidiaries (together "the Group") are primarily involved in software sales and development. Eleco plc, a Public Limited Company incorporated and domiciled in England, is the Group's ultimate parent Company. The address of Eleco plc's registered office is Dawson House, 5 Jewry Street, London EC3N 2EX, United Kingdom and the principal place of business is Dawson House, 5 Jewry Street, London EC3N 2EX.

Whilst the financial information included in this preliminary results announcement has been prepared in accordance with the recognition and measurement requirements of UK-adopted International Accounting Standards this announcement does the recognition and measurement requirements of UK-adopted International Accounting Standards this announcement does not itself contain sufficient information to comply with UK-adopted International Accounting Standards and does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006.

The principal accounting policies used in preparing this preliminary results announcement are those that the Company has adopted for its statutory accounts for the year ended 31 December 2024 and are unchanged from those previously disclosed in the Group's Annual Report and Accounts for the year ended 31 December 2023.

Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered in due course. The Company's auditors RSM UK LLP, have reported on the 2024 accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498 (2) or (3) Companies Act 2006. The 2023 audit report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498 (2) or (3) Companies Act 2006.

The Annual Report and Accounts for the year ended 31 December 2024 will be available on the Company's website https://eleco.com/results/latest-results

The information in this results announcement was approved by the Board on 30 April 2025.

2. Segment reporting and revenue

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

The chief operating decision makers have been identified as the Executive Directors. The Group revenue is derived entirely from the sale of software licences, software maintenance and support and related services.

During the year, the Executive Directors reviewed the three revenue streams, having previously reviewed these as one. As the costs and profits are not monitored or recorded in the same way, the information is presented as one segment and as such the information is presented in line with management information.

Revenue

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

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

Revenue is recognised for each category as follows:

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

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

Revenue by geographical destination is as follows:

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

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

Revenue by product group is as follows:

	2024	2023
	£'000	£'000
Software for:		

Software for:

Building Lifecycle	**24,052**	19,824
CAD and Visualisation	**6,499**	6,775
Other - third party software	**1,843**	1,407
	32,394	28,006

3. Taxation

Taxation on profit on ordinary activities

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

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

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

4. Basic and diluted earnings per share

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

In determining the diluted earnings per share the dilutive impact of share options on weighted average number of shares was included.

5. Dividends

Dividends declared and to be paid

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

Dividends paid in the year

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

	2024	2023	**2024**	2023
Ordinary Shares	**pence per share**	pence per share	**£'000**	£'000
Declared and paid during the year				
Interim - Full Year 2024	**0.30**	0.25	**247**	206
Special - Full Year 2022	**-**	0.58	**-**	477
Final - Full Year 2023	**0.55**	0.50	**453**	411

	0.85	1.33	**700**	1,094

6. Acquisition of Vertical Digital group of companies

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

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

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

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

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

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

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

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

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

The review of the fair value of assets and liabilities acquired will be completed within twelve months of the acquisition date. The acquisition cost was satisfied by:

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

The net cash outflow arising on acquisition was:

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

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

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

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

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

7. Post-balance sheet event

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

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

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

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

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

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

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

8. Additional performance measures

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

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Operating profit	**4,056**	3,203
Gain on business disposal	**-**	152
Amortisation of intangible assets	**2,492**	1,774
Depreciation charge	**691**	630
EBITDA	**7,239**	5,759
EBITDA	**7,239**	5,759
Gain on business disposal	**-**	(152)
Acquisition related expenses	**432**	279
Share-based payments	**60**	190
Adjusted EBITDA	**7,731**	6,076
Operating profit	**4,056**	3,203
Acquisition related expenses	**432**	279
Amortisation of acquired intangible assets	**626**	474
Share-based payments	**60**	190
Adjusted operating profit	**5,174**	4,146
Profit before taxation	**4,294**	3,417
Gain on business disposal	**-**	(152)
Acquisition related expenses	**432**	279
Amortisation of acquired intangible assets	**626**	474
Share-based payments	**60**	190
Adjusted profit before taxation	**5,412**	4,208
Taxation charge	**(960)**	(762)
Tax effect of gain on business disposal	**-**	48
Tax effect of acquisition related expenses	**(108)**	(66)
Tax effect of amortisation of acquired intangible assets	**(157)**	(111)
Tax effect of share-based payments	**(15)**	(45)

Adjusted taxation charge	**(1,240)**	(936)
Profit after taxation	**3,334**	2,655
Gain on business disposal	**-**	(104)
Acquisition related expenses	**324**	213
Amortisation of acquired intangible assets	**469**	363
Share-based payments	**45**	145
Adjusted profit after taxation	**4,172**	3,272
Adjusted profit after taxation	**4,172**	3,272
Weighted average number of shares	**82.3**	82.3
Adjusted earnings per share (pence)	**5.1**	4.0
Cash generated from operations	**10,676**	6,395
Purchase of intangible assets	**(3,229)**	(2,383)
Purchase of property, plant and equipment	**(85)**	(133)
Acquisition related expenses	**432**	279
Adjusted operating cash flow	**7,794**	4,158
Adjusted operating cash flow	**7,794**	4,158
Net interest received/(paid)	**238**	62
Taxation paid	**(1,716)**	(501)
Proceeds from disposal of property, plant and equipment	**2**	37
Free cashflow	**6,318**	3,756

END

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