25 March 2020

ECSC Group plc

('ECSC' or the 'Company' or the 'Group')

Final Results for the Year Ended 31 December 2019 and Coronavirus (COVID-19) Statement

ECSC Group plc (AIM: ECSC) a leading provider of cyber security services, announces its audited final results for the year ended 31 December 2019.

Highlights

- Organic revenue growth of 10% to £5.91m (2018: £5.38m*)
- Managed Services division revenue up 48% to £2.59m (2018: £1.75m)
- Managed Service recurring revenue growth of 27% to £1.98m (2018: £1.56m)
- Adjusted EBITDA** break-even (2018: loss of £0.6m)
- 118 new Consulting Service clients secured (2018: 95)
- Successful up-selling in line with 'land and expand' strategy
- Partner Programme developing, with over 100 signed up, expanding reach and routes to market
- Continued development of proprietary AI software, with 13% R&D investment

*The Group has applied IFRS 16 from 1 January 2019, using the modified retrospective approach. Comparative information is not restated
** Adjusted EBITDA excludes one-off charges and share based charges (note 12)

Current Trading

- Continued managed service 3-year recurring revenue wins
- Overall Q1 revenue growth expected to be circa 9%
- Q1 consulting sales levels up by more than 15% year-on-year

COVID-19 Statement

Throughout this rapidly evolving situation, the Company's response has been led by the current medical and science-based advice and guidance from the UK and Australian governments. This will continue to be the case over the coming months and beyond.

We already have extensive remote and home working options in place, fully tested, supporting a range of conferencing technologies, all of which maintain our cyber security related certifications, associated technical standards and policies.

We do not anticipate any disruption in our ability to deliver our full range of services, as all services can be delivered remotely. Our aim, as always, is to ensure uninterrupted service to our consulting clients and Service Level Agreement (SLA) adherence for our managed security clients. Additionally, our incident response service remains in full operation. Our Security Operations Centres will continue to operate 24 hours a day, 7 days a week.

Although not affecting results in Q1, we anticipate some reduction in consulting activity with clients potentially cancelling, or delaying projects that they prefer to conduct on-site. However, the management team have extensive plans in place, including making use of the UK Government employment support, with the aim to reduce costs to a break-even level during any short-term period of revenue loss.

We do not anticipate any reduction within the recurring revenue managed services. However, given the uncertainty in the market, we are withdrawing our market guidance for 2020 and 2021. We will update the market in due course.

Ian Mann, CEO of ECSC, commented:

“We are delighted to report continued organic growth for the full year, with continued emphasis on building our Managed Services recurring revenue supported by our Consultancy Services. The team continues to acquire new clients, deliver quality service, develop our technologies and build a solid base for ongoing growth.

Whilst the current COVID-19 situation has the potential to impact the global economy, we predict that as organisations move rapidly to remote and cloud working, there will be an increase in cyber security incidents, and therefore potential increases in demand for some ECSC services.”

David Mathewson, Non-Executive Chairman, commented:
“The results build on the extensive work in 2018 to control costs, implement improvements within sales, and leverage the capacity within the operational infrastructure. The continued improvement in performance reflects a focussed and motivated team delivering repeated organic growth despite a challenging economic background in the UK.”

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Chairman's Statement

These results, which highlight solid growth and a return to adjusted EBITDA profitability and cash generation in H2, represent the third full year of trading since the IPO in December 2016. This continued organic growth has been driven by market demand, with increasing awareness of cyber security within corporate boardrooms, and a company strategy to deliver cyber security services to meet the evolving challenges that our clients face.

Despite the economic uncertainty that dominated the UK in 2019, ECSC continued to demonstrate resilience and a quality of delivery to ensure continued progress.

The announcements in July 2019 of the first multi-million pound General Data Protection Regulation (“GDPR”) related fines by the UK Information Commission's Office (“ICO”) are just the start of what are likely to be regular announcements regarding further fines, and reminders to everyone holding personal data that cyber security should be a priority.

As we move out of our IPO related investments, and associated losses, we aim to return to the pre-IPO levels of profitability, combined with continued organic growth. Following restructuring and work to control costs, we are pleased to report such improved financial performance across the business. This improved performance is the result of a focussed and motivated team delivering growth, whilst keeping tight control over costs and cash management.

The ECSC Kepler Artificial Intelligence (AI) technology announced in 2018 continues to drive the expansion of recurring managed service revenues, delivered through our global Security Operation Centres (“SOCs”) in the UK and Australia.

Clients increasingly recognise that 24/7/365 cyber security breach detection and expert incident response is vital to the protection of personal information and maintenance of critical IT systems. For all but the largest global organisations, the outsourcing of these critical functions continues to be the logical choice, and ECSC has the technology, expertise and processes to deliver.

I was again delighted when ECSC won another industry award recently for our incident response service related to the Payment Card Industry Data Security Standard (“PCI DSS”).

On behalf of the Board, I would like to thank all of our clients, staff and advisors for their continued support and commitment during the year.

ECSC is well positioned in a growing cyber security marketplace, and we look forward with confidence to broadening our base of clients and delivering improved operating results.

The Directors have carried out an evaluation of financial forecasts, sensitised to reflect a rational judgement of the level of risk. Then, management have devised a series of mitigating actions designed to preserve cash resources and to maintain delivery of our services to clients.

This exercise concluded that adequate financial resources are available to ensure that the Company could meet its obligations for a twelve month period with reasonable certainty. Accordingly, the Directors conclude that it continues to be appropriate to prepare the Annual Report and Accounts on a going concern basis, whilst acknowledging an uncertainty now exists.

David Mathewson

Non-Executive Chairman
24 March 2020

Chief Executive Officer's Review

We are very pleased that the record trading in H2 resulted in 10% organic annual revenue growth following a flat H1, and a return to adjusted EBITDA profitability. Annual growth in Managed service recurring revenue of 27% shows the effectiveness of our strategy of winning consulting clients and converting them into long-term managed services clients. The acceleration of new client acquisitions in 2019 continues to help to build a solid foundation for future growth.

Managed Services Division

The growth of Managed Services is central to the Company's ongoing growth strategy. Managed Services provide the Group with multi-year, recurring revenues which enhance the quality and visibility of earnings.

We are delighted to report revenue growth of 48% within this division, which includes both recurring revenues and related incident response activities.

Managed Services had received significant investment since the IPO, including the establishment of an additional Security Operations Centre ("SOC") in Brisbane, Australia, allowing us to deliver true 24/7/365 security breach monitoring and response. The increase in managed services gross margin from 53% in 2018 to 68% in 2019 shows the increasing utilisation of the resources put in place through the IPO investment.

Furthermore, the investment allows for continued research and development into the ECSC proprietary AI software 'Kepler'. This technology is used extensively within our security devices to enable the identification, assessment and alerting of critical security events to the SOC teams for analysis and reporting to clients.

The Board continues to see the Managed Services revenue stream as a priority for growth. With strong foundations now in place in terms of the technical infrastructure and in-house expertise, we are able to leverage the capacity of this division and to ensure that the Company is well placed to secure additional Managed Services contracts in the future.

Consulting Division

We are pleased to report that Consulting revenue recovered from the decline in H1 and returned to growth and record levels in H2.

Although benefiting from record new client wins, we also saw 73% of consulting revenue being repeat purchases from existing clients, a testament to our focus on building strong client relationships and delivering excellent service.

Cyber security testing continues to account for the largest proportion of our Consultancy sales and is typically the initial starting point for any client looking to improve their cyber security for the first time. Commonly, initial testing engagements lead to further sales across multiple service lines as a result of the Company's 'land and expand' strategy, facilitated by our consultative sales approach and comprehensive breadth of service.

The requirement for companies to assess their businesses against recognised standards, including ISO 27001, PCI DSS, and Cyber Essentials, has continued to grow as organisations are increasingly required to demonstrate external verification of their cyber security capabilities to their customers, partners, and stakeholders.

Vendor Products

Sales of third-party vendor products fell by 29%, and now represent only 3% of revenues.

Sales & Marketing

Following the extensive changes made in the previous year, 2019 featured stability in the team, other than additions for the partner programme, and improved overall performance.

The main focus remains on the management and ongoing training and development of the sales team, with monthly training continuing to provide a better understanding of our services and client needs.

The additional resource introduced into the marketing team in 2018 has continued to lead to an increase in marketing activities, allowing for more effectively targeted campaigns. This additional resource enables the Company to identify and respond to new opportunities for growth within our existing client base and new clients alike. With sales and marketing activity aligned, we are seeing continued stronger performance across both teams.

Partner Programme

In Q4 2018, we launched our Partner Programme, allowing IT Value Added Resellers to directly sell selected ECSC services whilst referring more complex projects to the ECSC sales team to deliver. The recruitment of partners continued as planned throughout 2019, with circa 100 partners signed up by the end of the year, generating more than 100 new sales opportunities and delivering 17% of the additional new clients.

The Board expects the continued expansion of the Partner Programme to have a positive impact on client acquisition and future growth.

Technology Development

We have continued to invest in ECSC's proprietary software in the year, including continued development of our Managed Services AI software that is embedded within many of our managed devices. The focus remains on delivery of our technology through Managed Services. This ensures we can provide end-users with a comprehensive offering including appropriate in-house resource, expert management and effective 24/7 monitoring.

Market Prospects & Organic Growth Strategy

The UK cyber security market continues to exhibit growth and remains an attractive segment of the wider IT sector.

Against this backdrop, we are confident that the organic growth strategy of ECSC remains appropriate. Managed Services remains the strategic focus of the Board, to build our recurring revenue streams and target the fastest growing segments of the market.

Key Performance Indicators

The Key Performance Indicators were established in 2018 to enable meaningful measurements of the Group's performance. A measure of R&D spending has been added this year.

Outlook

We are delighted to report continued organic growth for the full year, with continued emphasis on building our Managed Services recurring revenue supported by our Consultancy Services. The team continues to acquire new clients, deliver quality service, develop our technologies and build a solid base for ongoing growth.

Going Concern and Covid-19

Attention is drawn to the Going Concern and Covid 19 section in the Financial Review below.

Key Performance Indicator Table

Performance Indicator	Rationale	2019	2018	2017	Management Comment
Revenue Growth	Measurement of the success of the organic growth strategy	10%	35%	9%	Despite a challenging H1 with flat growth, H2 reverted to strong growth with record revenues
Managed Services Recurring Revenue Growth	Visibility of the success of increasing the percentage of revenue from long-term recurring revenues	27%	46%	25%	Continued strong growth due to new contract wins and contract expansions, building on the 2017 investment.

Managed Service Recurring Revenue Proportion	Visibility of the success of increasing the percentage of revenue from long-term recurring revenues	34%	29%	27%	In line with the strategy to increase this proportion
Managed Services Order Book	Combined measurement of new client contracts together with renewals of existing client contracts	£2.6m	£2.5m	N/A	The management team's favoured overall measure of progress in managed services
Managed Services Gross Margin	Delivery efficiency measurement	68%	53%	33%	Indicative of increased leveraging of IPO investment in capacity
Consulting Repeat Revenue	Quasi-recurring from longer- term consulting clients	73%	78%	68%	Indicative of strong client retention and continued trust in ECSC quality
Consulting Gross Margin	Delivery efficiency measurement	54%	57%	50%	A direct result of the H1 decline in consulting revenues that return to growth in H2
Contract Liabilities (deferred income)	Contracted and invoiced revenue where performance obligations have yet to be settled	£1.2m	£0.9m	£0.8m*	Indicative of growth in long-term client relationships, where pre-payment is a feature
Research and Development (of revenue)	Continued investment in technology and intellectual property development	13%	8%	N/A	A new measure introduced to show continued investment in technologies for the future

*Restated for 2017 and showing like-for-like comparison, due to IFRS 15 adoption from 1 January 2018.

Ian Mann
Chief Executive Officer
24 March 2020

Financial Review

Principal Activities

The principal activity of the Group during the year continued to be the provision of professional cyber security services, including Consulting, Managed Services and the sale of Vendor Products.

Comparative Financial Information

The Group has applied IFRS 16 from 1 January 2019, using the modified retrospective approach. Comparative information is not restated (see note 4).

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Revenue		
Consulting	2,922	3,122
Managed Service	2,585	1,745
Vendor Products	162	228
Other	236	287
	5,905	**5,382**
Gross Profit		
Consulting	1,574	1,783
Managed Service	1,745	923
Vendor Products	29	42
Other	12	(8)
	3,360	**2,740**
Adjusted EBITDA*		
Other Income	263	152
Sales & Marketing Costs	(1,958)	(1,817)
Administration Expenses	(1,664)	(1,710)
	1	**(635)**
EBITDA**		
Share Based Payments	(105)	(111)
Exceptional Items	(6)	(120)
	(110)	**(866)**
Depreciation and Amortisation	(594)	(392)
Adjusted Operating Loss*	**(593)**	**(1,027)**
Operating Loss	**(704)**	**(1,258)**

* Adjusted Operating Loss and EBITDA excludes one-off charges and share based charges.
** EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation.
(As defined in note 12 in the Financial Statement)

Revenue & Organic Growth

Total revenue in the year ended 31 December 2019 was £5.91m, up 10% on the comparable prior period (revenue in the 12 months ended 31 December 2018 was £5.38m). Within this, Consulting revenue fell by 6% to £2.92m (2018: £3.12m).

Managed Services division revenue rose by 48% in the year to £2.59m (2018: £1.75m). This includes Incident Response revenues which rose to £0.60m (2018: £0.18m).

Vendor Products revenue in the year fell by 29% to £0.16m (2018: £0.23m).

Margin Generation

Gross Profit for the year was £3.36m, yielding a 57% margin (2018: £2.74m, yielding a 51% margin). This was due to improved margins in Managed Service.

The Consulting margin fell to 54% in the year (2018: 57%). This was due to the flat growth in consulting in the first six months. The Board expects the Consulting margin to improve to the prior year level in the future.
The Managed Services margin rose to 68% (2018: 53%), with the increase being a direct result of new contracts utilising the capacity built in 2017 and 2018.

EBITDA & Operating Loss

Adjusted EBITDA for the year, which excludes one-off charges and share based charges, broke-even (2018: loss of £0.64m). EBITDA for the year was a loss of £0.11m (2018: loss of £0.87m). The Group saw the second half of the year EBITDA positive which offset the loss from the first six months.

Adjusted Operating Loss for the year, which excludes one-off charges and share based charges, was £0.59m (2018: loss of £1.03m). The Operating Loss in the year was £0.70m (2018: loss of £1.26m).

Cash Flow

Cash and cash equivalents decreased by £0.30m to £0.35m at 31 December 2019 primarily due to the flat growth in Consulting in the first half of the year.

Lease payment costs of £0.20m are not included in EBITDA as they were in prior years due to IFRS 16 being implemented from 1 January 2019.

Intangible asset costs have increased to £1.09m (2018: £0.89m). This is offset by amortisation of £0.66m. The Group's development cost for the year was £0.19m. The Net Book Value at 31 December 2019 was £0.43m (2018: £0.41m). During the year, the Group received a refund of £0.15m from HMRC in respect of a surrender of R&D Tax Credits from earlier periods.

Property, plant and equipment (PPE) cost has increased to £0.95m (2018: £0.92m). This is offset by depreciation of £0.67m. The Group's capital expenditure for the year was £0.13m. The Net Book Value at 31 December 2019 was £0.28m (2018: £0.43m).

Trade and other receivables increased to £1.21m (2018: £1.12m) at 31 December 2019 which reflects the increase in trading activity in the second half of the year.

Trade and other payables increased to £2.14m (2018: £1.71m) at 31 December 2019. This includes £1.19m of deferred income (2018: £0.95m).

Key Performance Indicators

The Key Performance Indicators are set out above.

Balance Sheet

The Group's Balance Sheet as at 31 December 2019 had Net Assets of £0.37m (2018: £1.04m). Retained Earnings and Distributable Reserves as at 31 December 2019 were a cumulative loss of £5.67m (2018: cumulative loss of £4.90m).

Going Concern and COVID-19

The Directors have assessed the going concern status of the Group by reference to a number of factors. In particular, the Directors have considered the strong rate of growth in the cyber security market; the fact that business continues to attract new clients and is not overly dependent on any single client; the fact that the business continues to retain key staff, the fact that the business has no Corporation Tax liability to HMRC and that the Group has a secured invoicing discounting facility of £0.5m. The facility was agreed for a minimum 12 months period with a three month notice period. The Board expects to renew the facility for a further 12 months following the annual review expected in July 2020. The Board are positive about the future EBITDA trajectory of the Company and continue to manage the cash position of the Company carefully. These factors give the Directors confidence in relation to going concern.

In undertaking their review, the Directors have prepared financial projections for the years ending 31 December 2020 and 2021, a review which assumed continued revenue growth and cost efficiency.

As such, the Directors concluded that the cash balance at 31 December 2019 is sufficient to fund the ongoing growth and development of the Group and to meet its liabilities as they fall due for at least the 12 months from the date of approval of the financial statements.

In the event that this revenue and cost performance is not achieved, the Directors have also considered a sensitivity analysis based on lower revenue growth and have formulated contingency plans for this scenario, which enable the Group to preserve its financial resources. Based on this scenario, the Directors continue to conclude that the Going Concern assumption remains appropriate.

It is becoming increasingly clear that there is now a fundamental uncertainty in the economic and health impacts of the current Covid-19 situation and that, in varying degrees, this will affect all businesses in every sector. It is premature to assess further impacts over and above those already considered.

IFRS 16

The Group has adopted IFRS 16 from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach, therefore the comparative information presented for 2018 has not been restated and is presented, as previously reported, under IAS 17 and related interpretations.

Further information on the impact of IFRS 16 is included in Note 4.1 to the Financial Statements.

Dividend

The Board has not declared a dividend for the year ended 31 December 2019 (2018: £nil).

David Mathewson
Non-Executive Chairman
24 March 2020

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018* £'000
Revenue	**5**	**5,905**	**5,382**
Cost of Sales		(2,545)	(2,642)
Gross Profit	**5**	**3,360**	**2,740**
Other Income		263	152
Sales & Marketing Costs		(1,958)	(1,817)
Administration Expenses		(2,369)	(2,333)
Operating Loss before Exceptional Items and Share Based Payments		**(593)**	**(1,027)**
Share Based Payments		105	111
Exceptional Items		6	120

Operating Loss		**(704)**	**(1,258)**
Finance Income		**-**	1
Finance Cost		(46)	-
Loss before Taxation		**(750)**	**(1,257)**
Taxation (Charge)/Credit	**6**	(26)	19
Loss for the year		**(776)**	**(1,238)**
Other Comprehensive Income		-	-
Total Comprehensive Loss for the year		**(776)**	**(1,238)**
Attributed to Equity Holders of the Company		**(776)**	**(1,238)**
Loss per Share	**7**	**pence**	**pence**
Basic Loss per Share		(8.5)	(13.6)
Diluted Loss per Share		(8.5)	(13.6)

*The Group has applied IFRS 16 from 1 January 2019, using the modified retrospective approach. Comparative information is not restated (see note 4).

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018* £'000
ASSETS			
Non-current Assets			
Intangible Assets	**8**	429	412
Property, Plant and Equipment	**9**	283	427
Right-of-use Assets	**11**	896	-
Deferred Tax Asset	**6**	77	4
Total Non-current Assets		1,685	843
Current Assets			
Inventory		26	18
Trade and Other Receivables		1,210	1,123
Corporation Tax Recoverable		265	155
Cash and Cash Equivalents	**10**	351	650
Total Current Assets		1,852	1,946
TOTAL ASSETS		**3,537**	**2,790**
LIABILITIES			
Current Liabilities			
Trade and Other Payables		(2,137)	(1,709)
Lease Liability	**11**	(150)	(20)
Total Current Liabilities		(2,287)	(1,729)

Non-current Liabilities			
Deferred Tax Liability	**6**	(99)	-
Lease Liability	**11**	(781)	(20)
Total Non-current Liabilities		(880)	(20)
TOTAL LIABILITIES		**(3,167)**	**(1,749)**
NET ASSETS		**370**	**1,041**
EQUITY			
Equity attributable to Owners of the Parent:			
Share Capital		91	91
Share Premium Account		5,661	5,661
Share Option Reserve		291	186
Retained Earnings		(5,673)	(4,897)
TOTAL EQUITY		**370**	**1,041**

*The Group has applied IFRS 16 from 1 January 2019, using the modified retrospective approach. Comparative information is not restated (see note 4).

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share Capital £'000	Share Premium Account £'000	Share Option Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 31 December 2017	**91**	**5,661**	**93**	**(3,677)**	**2,168**
Loss and Total Comprehensive:					
Total comprehensive loss for the year	-	-	-	(1,238)	**(1,238)**
Transactions with shareholders					
Issue of Shares	-	-	(18)	18	**-**
Share Based Payments	-	-	111	-	**111**
Balance as at 31 December 2018	**91**	**5,661**	**186**	**(4,897)**	**1,041**
Loss and Total Comprehensive:					
Total comprehensive loss for the year	-	-	-	(776)	**(776)**
Transactions with shareholders					
Issue of Shares	-	-	-	-	**-**
Share based Payments	-	-	105	-	**105**
Balance as at 31 December 2019	**91**	**5,661**	**291**	**(5,673)**	**370**

Consolidated Cash Flow Statement
For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018* £'000
Cash Flow from Operating Activities			
Loss before Taxation		(750)	(1,257)
Adjustment for:			
Amortisation of Intangibles	**8**	177	175
Amortisation of right-of-use assets	**11**	200	-
Depreciation of Property, Plant and Equipment	**9**	217	217
Profit on Disposal of Equipment		(1)	-
Finance costs		46	-
Share Based Payments		105	111
Cash used up in Operating Activities before changes in Working Capital		**(6)**	**(754)**
Change in Inventory		(8)	35
Change in Trade and Other Receivables		(349)	(148)
Change in Trade and Other Payables		428	111
Change on Other non cash items		(13)	-
Cash generated from Operating Activities		**52**	**(756)**
Corporation Tax received		152	122
Net Cash Flow generated from Operating Activities		**204**	**(634)**
Acquisition of Property, Plant and Equipment	**9**	(129)	(105)
Disposal Proceeds		16	-
Development Costs capitalised	**8**	(194)	(187)
Net Cash Flow used in Investing Activities		**(307)**	**(292)**
Principal paid on lease liabilities (2018: principle paid on finance leases)		(195)	(21)
Interest paid on loans and borrowings		(1)	-
Net Cash used in Financial Activities		**(196)**	**(21)**
Net decrease in Cash & Cash Equivalents		**(299)**	**(947)**
Cash & Cash Equivalents at beginning of period		650	1,597
Cash & Cash Equivalents at end of period	**10**	**351**	**650**

*The Group has applied IFRS 16from 1 January 2019, using the modified retrospective approach. Comparative information is not restated (see note 4).

Notes

1. Corporate Information

ECSC Group plc is incorporated in England and Wales and quoted on the London Stock Exchange's Alternative Investment Market (AIM: ECSC).

2. General Information

This results announcement may contain certain statements about the future outlook of ECSC Group plc. Although the Directors believe their expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

3. Basis of Preparation

This financial information for the year ended 31 December 2019 has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively 'IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union ('adopted IFRS').

The information in this preliminary statement has been extracted from the financial statements for the year ended 31 December 2019 and, as such, does not contain all the information required to be disclosed in the financial statements prepared in accordance with IFRS. The Group's Annual Report for the year ended 31 December 2019 has yet to be delivered to the Registrar of Companies. The auditors have reported on these accounts. Their report was not qualified and did not contain a statement under Section 498 of the Companies Act 2006. The figures for the year ended 31 December 2019 and the ended 30 December 2018 do not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The report of the auditor for the year ended 31 December 2019 was:

- unqualified;
- did include a reference to a matter (COVID-19) to which the auditor drew attention by way of a Material uncertainty related to Going Concern without qualifying their report; and
- did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The financial statements have been presented in thousands of Pounds Sterling (£'000, GBP) as this is the currency of the primary economic environment that the Company operates in.

The preliminary announcement was approved by the Board and authorised for issue on 24 March 2020.

The statutory accounts for the year ended 31 December 2019 were approved by the Board on 24 March 2020 and will be delivered to the Registrar of Companies in due course. The statutory accounts for the period ending 31 December 2019 will be made available on our website www.ecsc.com at least 21 days before the Annual General Meeting.

4. Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

4.1 Basis of Accounting

The financial statements have been prepared on the historical cost basis except as stated.

New IFRS standards, amendments to and interpretations not applied to published standards

The following new standards, amendments to standards and interpretations will be mandatory for the first time in future financial years:

	Issued date	**IASB mandatory effective date**	**EU endorsement status**
New Standards			
IFRS 17 Insurance contracts	18-May-2017	1-Jan-2021*	TBC
Amendments to existing standards			
Amendments to References to the Conceptual Framework in IFRS Standards	29-May-2018	1-Jan-2020	Endorsed
Amendments to IFRS 3	22-Oct-2018	1-Jan-2020	Expected Q1 2020

Business Combinations – Definition of a Business			
Definition of Material – Amendments to IAS 1 and IAS 8	31-Oct-2018	1-Jan-2020	Endorsed
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	26-Sept-2019	1-Jan-2020	Endorsed January 2020
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	23-Jan-2020	1-Jan-2022	TBC

The application of these standards and interpretations is not expected to have a material impact on the Group's reporting financial performance or position.

IFRS 16 Leases

The Group has adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, therefore the comparative information presented for 2018 has not been restated and is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously. The Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains Lease. The Group now assess whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has applied IFRS 16 only to contracts that were previously identified as leases. The Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Initial application of IFRS 16

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The right-of-use assets recognised at 1 January 2019 was assessed for impairment. No impairment loss was identified.

Practical expedients utilised:

- The Group has applied a single discount rate to each portfolio of leases with reasonably similar characteristic.
- The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.
- Initial direct costs have been excluded from the measurement of the right-of-use assets.

When measuring lease liabilities for leases that were classified as operating leases, the lessee discounted lease payments using its incremental borrowing rate at 1 January 2019.

The right-of-use asset is either:

- Measured as if IFRS 16 had been applied from commencement of the lease, but using the lessee's incremental borrowing rate at 1 January 2019 to discount future payments; or
- Measured at the amount of the lease liability recognised in accordance with the measurement set out above, adjusted for accrued or prepaid operating lease payments at 1 January 2019.

The company has elected to apply the second option.

The amounts recognised for leases at 1 January 2019, have been measured as follows:

'Low-value' leases
When the value of the underlying asset (if new) as at 1 January 2019 is £5k or less, the group has continued to recognise the lease payments associated with those leases.

'Short-term' leases
Where the lease term ends before 31 December 2019, the Group has continued to recognised the lease payments associated with those leases on a straight-line basis over the lease term.

Finance leases under IAS 17
The carrying amounts of the lease liability and right-of-use asset as at 1 January 2019 are measured under IAS 17.

Significant judgements and major sources of estimation uncertainty

The group has applied judgement in applying the following transition provisions in IFRS 16:

- Determining whether leases have similar characteristics to apply a single discount rate. Lease portfolios have been grouped between leases of office building, motor vehicles, and IT equipment.
- The office building group are separately grouped into UK and Australia properties.

Impact of transition for the Group

The weighted average incremental borrowing rate applied to lease liabilities by the Group as at 1 January 2019 is 4.66%.

		31 December 2018 £'000	IFRS16 £'000	01 January 2019 £'000
Assets				
Property, plant and equipment	(a)	427	(41)	386
Prepayments	(b)	197	(23)	174
Accruals	(c)	205	(9)	196
Right-of-use assets	(d)	-	1,078	1,078
Liabilities				
Finance lease	(e)	40	(40)	-
Lease liabilities	(f)	-	1,063	1,063

(a) Property, plant and equipment was adjusted to reclassify a lease previously classified as finance type to right-of-use assets. The adjustment reduced the cost of property, plant and equipment by £61k and accumulated depreciation by £20k resulting in a net adjustment of £41k.
(b) Prepayments was adjusted to reclassify the prepaid rental charges for office building and motor vehicles to right-of-use assets.
(c) Accruals was adjusted to reclassify the office building rent discounted period prior to 1 January 2019 to right-of-use assets.
(d) The adjustment to right-of-use assets is as follows:

	£'000
Adjusted noted in (a) – finance type leases	41
Adjusted noted in (b) – Prepayments	23
Adjusted noted in (c) – Accruals	(9)
Operating type leases	1,023
Right-of-use assets	1,078

(e) Finance lease was adjusted to reclassify a lease previously classified as finance type to lease liabilities.
(f) The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	£'000	**£'000**
Total operating lease commitments disclosed at 31 December 2018		**1,155**

Recognised inclusion:		
• Lease components	155	
• Adjustments to commitments disclosures	34	
Recognition exemptions:		
Leases with remaining lease term of less than 12 months	(100)	
		89
Operating lease liabilities before discounting		1,244
Discounted using incremental borrowing rate		(221)
Operating lease liability		1,023
Finance lease obligation		40
Total lease liabilities recognised under IFRS 16 at 1 January 2019		**1,063**

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised £896k of right-of-use assets and £931k of lease liabilities as at 31 December 2019, see Note 11.

Also, in relation to those leases under IFRS 16, the Group has recognised amortisation and interest costs, instead of operating lease expense. During the year ended 31 December 2019, the Group recognised £200k of amortisation charges and £45k of interest costs from these leases, see Note 11.

4.2 Going Concern

The Directors have reviewed whether the Group has adequate resources to continue in operational existence for the foreseeable future. In conducting this review, the Directors have considered a range of factors, including the market prospects for cyber security services, client relationships and dependency, supplier relationships and dependency, actual or potential litigation, staff retention and reliance, relationships with HMRC and regulators, financing arrangements, historic trading and cash flow performance, current trading and cash flow performance, and future trading and cash flow expectations. In undertaking their review, the Directors have prepared financial projections for the years ending 31 December 2020 and 2021, a review which assumed continued revenue growth and cost efficiency.

In the event that this revenue and cost performance is not achieved, the Directors have also considered a sensitivity analysis based on lower revenue growth and have formulated contingency plans for this scenario, which enable the Group to preserve its financial resources.

Based on this review, the Directors have concluded that the Group has adequate resources to meet its liabilities as they fall due and continue in operational existence for the foreseeable future, which is considered to be at least the next 12 months from the date of approval of the financial statements. Consequently, the Directors have adopted the going concern basis in preparing the financial statements.

Further detail around the risks of COVID-19 and its potential impact on Going Concern are addressed extensively above. The Directors draw attention to this extensive disclosure which indicates the current uncertainty in respect of the COVID-19 global pandemic. This event or condition indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a Going Concern.

4.3 Revenue Recognition

The core principle is that revenue should only be recognised as the client receives the benefit of the goods or services provided under a commercial contract, in an amount that reflects the consideration to which the provider expects to be entitled for the transfer of the goods or services.

Performance obligations and timing of revenue recognition

Revenue comprises the sales value of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue from the provision of Consulting services is recognised as services are rendered, based on the contracted daily billing rate and the number of days delivered during the period.

Revenue from Pre-paid contracts are deferred in the balance sheet and recognised on utilisation of service by the client. Pre-paid revenue is included within Consulting in note 5.

Revenue from Managed Services contracts includes:

Hardware – hardware revenue is recognised on delivery and is included within other revenue as set out in note 5. This is when control of hardware passes to the customer.

Device build - Device build revenue is deferred and recognised on a straight line basis over the term of the contract.

Licensing - deferred and recognised on a straight line basis over the invoice period, due to the performance obligation not being considered distinct from management and monitoring performance obligation.

Management and monitoring - deferred and recognised on a straight line basis over the invoice period.

Revenue from the sale of products (vendor) is recognised when control passes to the customer, which is considered to occur when the software or hardware product has been delivered to the client.

Determining the transaction price

The Group's revenue is derived from fixed price contracts and therefore the amount of revenues to be earned from each contract is determined by reference to those fixed prices.

Costs of obtaining long-term contracts and costs of fulfilling contracts

Commissions paid to sale staff for work in obtaining the Managed Service contracts are prepaid and amortised over the terms of the contract on a straight line basis.

Commissions paid to sale staff for work in obtaining the Prepaid Consultancy are recognised in the month of invoice.

Contract Balances

	Contract Assets 2019 £'000	**Contract Assets 2018 £'000**	**Contract Liabilities 2019 £'000**	**Contract Liabilities 2018 £'000**
At 1 January	49	-	(949)	(829)
Commission expensed during the period	(28)	(13)	-	-
Commissions paid in advanced of contract completion	22	62	-	-
Recognised as revenue during the period	-	-	2,429	2,129
Invoiced in advanced of performance during period	-	-	(2,666)	(2,249)
	43	**49**	**(1,186)**	**(949)**

Contract Assets balance of £43k (2018: £49k) is included in the Trade Receivables and Other Receivables Contract Liabilities balance of £1,186 (2018: £949k) is included in Trade Payables and Other Payables.

5. Revenue and Segment Information

The Group's principal revenue is derived from the provision of cyber security professional services.

During this period, the Directors received information on financial performance on a divisional basis. The Directors consider that there are three reportable operating segments: Consulting (including Remote Support services), Managed Services, and Vendor Products. There were a small number of other transactions recorded during each period which are not considered to be part of either of the three reportable operating segments. These are presented below within the 'Other' caption and are not significant.

The Directors do not receive any information on the financial position of each segment, including information on assets and liabilities. Accordingly, no such information has not been presented.

The Group is not reliant on any single client, with no single client accounting for 10% or more of revenue. All revenue recognised is derived from external clients.

The Group has PPE located in the UK (cost of £896k; NBV of £272k) and Australia (cost of £57k; NBV of £11k). The Group's revenue and gross profit by operating segment for the year ended 31 December 2019 were as follows:

	Year ended 31 December 2019 £'000	**Year ended 31 December 2018* £'000**
Revenue		
Consulting	2,922	3,122
Managed Service	2,585	1,745
Vendor Products	162	228
Other	236	287
Total Revenue	**5,905**	**5,382**
Gross Profit		
Consulting	1,574	1,783
Managed Service	1,745	923
Vendor Products	29	42
Other	12	(8)
Gross Profit	**3,360**	**2,740**
Operating Loss	**(704)**	**(1,258)**
Finance Income	-	1
Finance Cost	(46)	-
Loss before Taxation	**(750)**	**(1,257)**

*The Group has applied IFRS 16 from 1 January 2019, using the modified retrospective approach.Comparative information is not restated (see note 4).

Revenue by country for the year ended 31 December 2019 was as follows:

	Year ended 31 December 2019 £'000	**Year ended 31 December 2018 £'000**
United Kingdom	5,708	5,214
Europe	116	101
United States	9	-
Channel Island	66	67
Middle East	2	-
Other Countries	4	-
Total	**5,905**	**5,382**

The Group's United Kingdom revenue by operating segment for the year ended 31 December 2019 were as follows:

	Year ended 31 December	**Year ended 31 December**

	2019	2018
	£’000	**£’000**
Revenue United Kingdom		
Consulting	2,760	2,970
Managed Service	2,580	1,741
Vendor Products	144	227
Other	224	276
Total	**5,708**	**5,214**

6. Taxation

Recognised in the Statement of Comprehensive Income

	Year ended 31 December 2019 £’000	Year ended 31 December 2018 £’000
Corporation Tax Charge/(Credit)	-	-
Deferred Tax Charge/(Credit)	26	(19)
Total Tax Charge/(Credit)	**26**	**(19)**

Reconciliation of Total Tax Charge/(Credit)

	Year ended 31 December 2019 £’000	Year ended 31 December 2018 £’000
Loss before Tax	(750)	(1,257)
UK Corporation at rate of 19.0%	(143)	(164)
Expenses not deductible for tax purposes	2	2
Income not taxable for tax purposes	-	-
Exercise of Share Options	-	(14)
Difference between current and Deferred Tax rates	-	-
Over/under provision in prior period – Corporation Tax	-	-
Over/under provision in prior period – Deferred Tax	26	(19)
Tax losses on which Deferred Tax not recognised	141	176
Total Tax Charge/(Credit)	**26**	**(19)**

Deferred Tax Assets & Liabilities

	Year ended 31 December 2019 £’000	Year ended 31 December 2018 £’000
Deferred Tax Assets	77	119
Deferred Tax Liabilities	(99)	(115)
Deferred Tax – Net (Liability)/Asset	**(22)**	**4**

Deferred Tax Assets of £77K is recognised in respect of unutilised trading losses, Share Based Payments and short-term timing differences. Deferred Tax Liabilities of £99k arise on timing differences in the carrying value of certain of the Company’s assets for financial reporting purposes and for corporation tax purposes. These will reverse as the fair value of the related assets are depreciated over time. Deferred Tax balances have been calculated at the rate of 17%, being the rate of Corporation Tax expected to be in force when the timing differences reverse.

Unutilised Trading Losses

The Company continues to carry forward unutilised trading losses of £5,666k (2018: £4,941k). A Deferred Tax Asset of £22k (£83k, 2018) has been recognised as at 31 December 2019 in respect of the unutilised trading losses. No further Deferred Tax Asset has been recognised because the Board envisages that a significant period of time will be required to generate sufficient profits to utilise the trading losses carried forward.

7. Earnings per Share

Basic Earnings per Share is calculated by dividing the Profit for the period attributable to Equity Holders of the Company by the weighted average number of Ordinary Shares outstanding during the period ('Basic Number of Ordinary Shares').

Diluted Earnings per Share is calculated by dividing the Profit for the period attributable to Equity Holders of the Company by the weighted average number of Ordinary Shares outstanding during the period plus the weighted average number of Ordinary Shares that would be issued on conversion of all the potential dilutive Ordinary Shares ('Diluted Number of Ordinary Shares'), subject to the effect of anti-dilutive potential shares being ignored in accordance with IAS 33.

Adjusted Earnings per Share is calculated by dividing Adjusted Profit (after adding-back exceptional costs incurred in the period; see note 12) by Diluted Number of Ordinary Shares.

The calculation of Basic, Diluted and Adjusted Earnings per Share is as follows:

	Year ended 31 December 2019 £'000	**Year ended 31 December 2018* £'000**
Net Loss attributable to Equity Holders of the Company	(776)	(1,238)
Add back: Exceptional Costs	6	120
Add back: Share Based Payments	105	111
Adjusted Loss	**(665)**	**(1,007)**
Number of Ordinary Shares ('000)		
Initial Weighted Average	9,098	9,047
Bonus Issue	-	-
Exercise Share Option	-	14
IPO Placing	-	-
Equity Warrant	-	37
Basic Number of Ordinary Shares	**9,098**	**9,098**
Weighted Average Dilutive Shares in Period	661	458
Diluted Number of Ordinary Shares	**9,759**	**9,556**
Earnings per Share (pence):		
Basic Losses per Share	(8.5)	(13.6)
Diluted Losses per Share**	(8.5)	(13.6)
Adjusted Losses per Share	(7.3)	(11.1)

* The Group has applied IFRS 16 at 1 January 2019, using the modified retrospective approach, comparative information is not restated (see note 4).

** In accordance with IAS 33, the effect of anti-dilutive potential shares has been ignored.

During the year ended 31 December 2018, Ordinary Shares were issued as follows:

- On 27 April 2018, David Mathewson, Non-Executive Chairman exercised his options over 6,411 ordinary shares in the Company at nil cost per share.

- On 2 May 2018, a former Director exercised options over 8,041 ordinary shares in the Company at nil cost per share.

These share issues were taken into account in calculating the Basic Number of Ordinary Shares.

During the year ended 31 December 2018, the following dilutive events have occurred:

- On 18 April 2018, the Company granted options over 200,000 Ordinary Shares to the Non-Executive Directors.
- On 7 August 2018, the Company granted options over 185,000 Ordinary Shares to selected employees, of which 180,000 remain outstanding as at 31 December 2018.

During the year ended 31 December 2019, the following dilutive events have occurred:

- On 16 July 2019, the Company granted options over 175,500 Ordinary Shares to selected employees, including 50,000 to Director Lucy Sharp, of which 175,500 remain outstanding as at 31 December 2019.

These dilutive events were taken into account in calculating Diluted Number of Ordinary Shares.

8. Intangible Assets

Development Costs

Costs	**£'000**
As at 1 January 2018	704
Additions	187
As at 31 December 2018	891
As at 1 January 2019	891
Additions	194
As at 31 December 2019	1,085
Amortisation	
As at 1 January 2018	304
Charges for the year	175
As at 31 December 2018	479
As at 1 January 2019	479
Charges for the year	177
As at 31 December 2019	656
Net Book Value	
As at 31 December 2018	412
As at 31 December 2019	429

9. Property, Plant and Equipment

	Leasehold Property	**Office Equipment**	**Computer Equipment**	**Motor Vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**

Cost					
At 1 January 2018	99	119	547	49	814
Additions	4	1	92	8	105
Disposals	-	-	-	-	-
At 31 December 2018	103	120	639	57	919
Reclassification due to IFRS16	-	-	(61)	-	(61)
Additions	12	16	101	-	129
Disposals	-	-	-	(34)	(34)
At 31 December 2019	115	136	679	23	953
Depreciation					
At 1 January 2018	34	29	199	13	275
Charge for Period	14	21	171	11	217
Disposals	-	-	-	-	-
At 31 December 2018	48	50	370	24	492
Reclassification due to IFRS16	-	-	(20)	-	(20)
Charge for Period	15	25	168	9	217
Disposals	-	-	-	(19)	(19)
At 31 December 2019	63	75	518	14	670
Net Book Value					
At 31 December 2018	**55**	**70**	**269**	**33**	**427**
At 31 December 2019	**52**	**61**	**161**	**9**	**283**

10. Cash & Cash Equivalents

	GROUP As at 31 December 2019 £'000	**GROUP As at 31 December 2018 £'000**	**COMPANY As at 31 December 2019 £'000**	**COMPANY As at 31 December 2018 £'000**
Cash & Cash Equivalents	351	650	350	646

11. Leases of low-value assets

On commencement of a contract (or part of a contract) which gives the group the right to use an asset for a period of time in exchange for consideration, the group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

All leases are accounted for by recognising a right-of-use and a lease liability except for:

- **Short-term lease**

Leases where the underlying asset is 'low-value', £5k lease payments are recognised as an expense on a straight-line basis over the lease term. The group has elected to apply the 'low-value' lease exemption to all qualifying leases, but the election can be made on a lease-by-lease basis.

- **Short term lease**

Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

The group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the group will consider whether the absence of a break clause would exposes the group to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the group.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see Note 4. The following policies apply subsequent to the date of initial application, 1 January 2019.

Right-of-use Assets

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the group.

The right-of-use asset is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The amortisation methods applied is on a straight-line basis over the term of the lease.

Amortisation charge for the year included in 'administrative expenses' for right-of-use assets.

	Office buildings	**Motor vehicles**	**IT equipment**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2019	981	56	41	**1,078**
Additions	-	18	-	**18**
Amortisation	(132)	(48)	(20)	**(200)**
NBV at 31 December 2019	**849**	**26**	**21**	**896**

Lease Liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the group is reasonably certain to exercise and termination periods that the group is reasonably certain not to exercise.

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest expense for the year on lease liabilities recognised in 'finance costs'.

	Office buildings	**Motor vehicles**	**IT equipment**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 January 2019	968	55	40	**1,063**
Additions	-	18	-	**18**
Interest expense	42	3	-	**45**
Lease payments	(121)	(53)	(21)	**(195)**
At 31 December 2019	**889**	**23**	**19**	**931**

Group and Company

- Short-term lease expense £60k

- Low value lease expense £2k

At 31 December 2019	Up to 12 months £’000	1 to 5 years £’000	more than 5 years £’000
Lease payments	188	603	316
Interest expense	(38)	(117)	(21)
Lease Liabilities	**150**	**486**	**295**

12. Adjusted Loss before Taxation and Adjusted EBITDA

The Group has applied IFRS 16 from 1 January 2019, using the modified retrospective approach. Comparative information is not restated (see note 4).

Adjusted Loss before Taxation

	Year ended 31 December 2019 £’000	Year ended 31 December 2018 £’000
Loss before Taxation	**(750)**	**(1,257)**
Share Based Payments	105	111
Exceptional Items	6	120
Adjusted (Loss) before Taxation	**(639)**	**(1,026)**

Adjusted EBITDA:

	Year ended 31 December 2019 £’000	Year ended 31 December 2018 £’000
Operating Loss	**(704)**	**(1,258)**
Depreciation and Amortisation	594	392
EBITDA**	**(110)**	**(866)**
Share Based Payments	105	111
Exceptional Items	6	120
Adjusted EBITDA*	**1**	**(635)**

	Year ended 31 December 2019	Year ended 31 December 2018

	£'000	£'000
Operating Loss	**(704)**	**(1,258)**
Share Based Payments	105	111
Exceptional Items	6	120
Adjusted Operating Loss*	**(593)**	**(1,027)**

* Adjusted Operating Loss and EBITDA excludes one-off charges and share based charges.
** EBITDA is defined as Earnings before Interest, Tax, Depreciation and Amortisation.