

Preliminary results for the year ending 30 June 2020

ARCONTECH GROUP PLC

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

Final Results for the year ended 30 June 2020

Arcontech (AIM: ARC), the provider of products and services for real-time financial market data processing and trading, is pleased to announce its final audited results for the year ended 30 June 2020.

Financial Highlights:

- Revenue increased by 4% to £2,955,314 (2019: £2,841,362 restated)
- Profit before tax increased by 12% to £1,040,969 (2019: £931,717 restated)
- Cash balances up 23% to £5,006,969 as at 30 June 2020 (30 June 2019: £4,063,484)
- Fully diluted earnings per share of 9.03p (2019: 7.42p restated)
- Final dividend increased 25% to 2.5 pence per share (2019: 2.0 pence per share)

Operational Highlights:

- Desktop software solution end users increase to 130 from 90
- Continued investment in sales and products despite challenging background

- Successful rollout of RESTful interface, new interface for MVCS and Cache
- Continued strong cash generation and high proportion of recurring revenue

Commenting on the results, Richard Last, Chairman of Arcontech said:

“Our recurring annual licence fees provide a stable base for the business and our pipeline of prospects remains positive, but, as with most businesses we face a number of uncertainties: the impact of the COVID-19 pandemic, Brexit and changes taking place in the financial markets, as well as with our competitors. However, against this background our workforce has shown resilience and flexibility in dealing with the consequences of the pandemic and our customer relationships remain strong We are a global business and believe we offer excellent levels of support and operational flexibility as well as significant competitiveness, hence, we have the ingredients for growth, despite the macro economic climate. However, given the uncertain backdrop the outlook needs to be tempered by the possibility of further magnification of our traditionally long and complex sales cycles.”

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

Enquiries:

Arcontech Group plc	020 7256 2300
Richard Last, Chairman and Non-Executive Director	
Matthew Jeffs, Chief Executive	

finnCap Ltd (Nomad & Broker)	020 7220 0500
Carl Holmes/Simon Hicks	

To access more information on the Group please visit: www.arcontech.com

Chairman's Statement

I am pleased to report another year of solid progress for Arcontech, despite the global pandemic, with good growth in profit before taxation for the year ended 30 June 2020 to £1,040,969 (2019: £931,717 restated (refer to the Notes for further detail on 2019 restated numbers)), a year-on-year increase of 12%. These figures include accruals no longer required which are unrelated to the underlying business amounting to £86,500 (2019: £156,786). After adjusting for release of these accruals, profit before taxation is £954,469 (2019: £774,931 restated), an increase of 23% over the previous year. This demonstrates the significant profit conversion from increased revenues as we are able to deliver more from our existing and well managed cost base.

We achieved an increase in turnover for the year of 4% against a challenging business backdrop particularly in the second half. Revenue grew by £113,952 to £2,955,314 (2019: £2,841,362 restated) primarily through increasing our product sales to existing customers, including growing our Desktop software solution customer base to 130 (2019:90), which is a creditable performance. Whilst sales to new customers in the year have not been what we had hoped due to extending sales cycles and potential customers less inclined to take on new products during the pandemic, our pipeline of opportunities with potential new customers is looking increasingly positive, particularly for server-side software products. In the year to 30 June 2020 recurring annual license fees accounted for 93% of our revenue with the bulk of the balance represented by

fees under contract but subject to some fluctuation.

Statutory earnings per share for the year to 30 June 2020 was 9.22p (7.51p) an increase of 23% over the corresponding figure for the previous 12 months. These figures included the release of accruals mentioned above. The tax credit for the year was £176,734 (2019: £60,318) reflecting the benefits from historic tax losses and recognition of a deferred tax asset. As at 30 June 2020 Arcontech had tax losses of approximately £7.5m to offset against future trading profits. We believe a better representation of our performance is provided by fully diluted earnings per share based on profit before taxation, excluding the release of accruals relating to a legacy liability that has no direct connection with the Group's revenues or costs incurred for the year under review. On this basis adjusted earnings per share was 8.39p, a 34% increase over the adjusted earnings figure of 6.24p for the year to 30 June 2019.

Financing

As at 30 June 2020 Arcontech had, excluding right of use lease liabilities, no debt and cash balances of £5,006,969 (2019: £4,063,484) an increase of 23%. This represents a cash conversion of adjusted operating profit (determined as operating profit before share-based payments and before the release of accruals in respect of prior years) of 90% (2019: 109%). Arcontech continues to be well financed and has a robust balance sheet which is highly desirable for a small, growing software company.

Dividend

I am pleased to announce that, subject to approval at the Annual General Meeting, we intend to pay a dividend of 2.5 pence per share for the year ended 30 June 2020 (30 June 2019: 2.0 pence), an increase of 25%, to those shareholders on the register as at the close of business on 11 September 2020, with an ex-dividend date of 10 September 2020.

Employees

Arcontech has a small, highly effective and committed workforce that has proved more than up to delivering excellent customer service whilst working remotely due to the COVID-19 pandemic .On behalf of the Board and shareholders I should like to thank them for their continued support, commitment and dedication to the Company and its customers .

Board

As has been previously reported I am standing down, after 13 years, as Chairman and Non-executive director at our forthcoming Annual General Meeting (AGM), which is due to take place on 29 September 2020. Geoff Wicks, who joined the Board as a non-executive director on 20 July will take over as Chairman; I wish him well in taking Arcontech through the next stages of its development. I should like to thank my Board colleagues, Matthew Jeffs and Louise Barton as well as our Head of Development Darren Lewis for their support; we have taken Arcontech on a long journey to achieving good sustainable profits with excellent cash generation. I wish them and Arcontech every success for the future.

Outlook

Our recurring annual licence fees provide a stable base for the business and our pipeline of prospects remains positive, but, as with most businesses we face a number of uncertainties: the impact of the COVID-19 pandemic, Brexit and changes taking place in the financial markets, as well as with our competitors. However, against this background our workforce has shown resilience and flexibility in dealing with the consequences of the pandemic and our customer relationships remain strong. We are a global business and believe we offer excellent levels of support and operational flexibility as well as significant competitiveness, hence, we have the ingredients for growth, despite the macro economic

climate. However, given the uncertain backdrop the outlook needs to be tempered by the possibility of further magnification of our traditionally long and complex sales cycles.

Richard Last

Chairman and Non-Executive Director

Chief Executive's Review

During the year we continued to focus on expanding and delivering on the sales pipeline whilst controlling costs, resulting in a statutory profit before tax of £1,040,969 (2019 restated: £931,717), an increase of 12% compared to the previous year and a 23% increase in adjusted profit to £954,469.

The year under review also saw the number of end users for our desktop software solution increase so that we now have a total of 130 end users (2019 – 90) amongst 3 global institutions. Excelerator numbers remained stable.

With regard to development, we rolled out our RESTful interface which has been performing as expected. This will significantly increase the available data for consumption for our current and future clients by enabling content in JSON and SQL formats to be pulled into our software from the web or intranets to use in spreadsheets, templates and charts.

We have also rolled out our new GUI for Director, which is our interface for MVCS and our Cache for which feedback has been excellent. The new interface has made administration intuitive and straight forward whilst adding value by, for example, alerting designated staff to data or communication issues when they happen instead of when they are reported by users of the data. Therefore reducing or removing operational, reputational and financial risk.

Work on our sales structure continued with the recruitment of two sales professionals at the end of January. Regrettably no sooner than we had conducted product training and allocated territories, the increase in COVID-19 infections required we protect our staff and work from home. This exercise which was undertaken in March went very smoothly thanks to the staff themselves.

Our staff adjusted to this change pragmatically and since decamping to their respective home-offices, we have supported our clients seamlessly and developed and rolled out new software to accommodate vendor developments, and more generally, to meet clients' needs. Equally, our sales staff continued to uncover new opportunities and develop those already in the pipeline. Such dedication and professionalism reflects well on the company for which the board and I are very grateful. Richard Last steps down as Chairman after the AGM on 29 September 2020 after 13 years. He has played a major part in turning Arcontech from a loss making company to the profitable one it is today. The Board thanks him for his valuable contribution to the success of the Group during his term of office. Geoff Wicks becomes Chairman after the AGM on 29 September and we very much look forward to working with him.

The impact of COVID-19 has also been felt by our existing clients although to-date we have seen little impact on our business. It remains to be seen whether there will be permanent changes to the manner in which we secure future growth by signing up completely new clients given the new norm of online interaction. Our challenge is to ensure we devise our own strategies to succeed in this environment. We have already seen one positive in that we can meet people without the cost of travel or attending tradeshow.

Improving the frequency of sales remains our prime focus against our traditional background of a long sales cycle. We believe the expanded product offering and sales capability,

along with our clients and potential clients need to reduce costs, should improve the frequency of sales.

We will also continue to explore opportunities with other organisations that can complement our offerings, whilst remaining alert for strategic acquisition opportunities that will benefit the Group.

Matthew Jeffs

Chief Executive

Strategic Report

The Directors present the group strategic report for Arcontech Group plc and its subsidiaries for the year ended 30 June 2020.

Principal activities

The principal activities of the Company and its subsidiaries during the year were the development and sale of proprietary software and provision of computer consultancy services.

Review of the business and prospects

A full review of the operations, financial position and prospects of the Group is given in the Chairman's Statement and Chief Executive's Review.

Key performance indicators (KPIs)

The Directors monitor the business using management reports and information, reviewed and discussed at monthly Board meetings. Financial and non-financial KPIs used in this report include:

Financial KPIs:

Revenue £2,955,314 (2019: £2,841,362 restated; 2018: £2,519,699)	Measurement:Revenue from sales made to all customers (excluding intra-group sales which eliminate on consolidation) Performance:Continued growth driven by increased sales of our product offering
Adjusted profit £1,131,203 (2019: £835,248 restated; 2018: £889,584)	Measurement:Profit after tax and before release of accruals for administrative costs in respect of prior years Performance:Continued growth reflects increase in revenues whilst continuing to maintain tight cost control
Cash £5,006,969 (2019: £4,063,484; 2018: £3,210,058)	Measurement:Cash and cash equivalents held at the end of the year Performance:The Group continues to maintain healthy cash balances subject to any exceptional circumstances or acquisition opportunities
Earnings per share (basic) 9.22p (2019: 7.51p restated; 2018: 7.14p)	Measurement:Earnings after tax divided by the weighted average number of shares Performance:Continued growth
Earnings per share (diluted) 9.03p (2019: 7.42p restated; 2018: 7.09p)	Measurement:Earnings after tax divided by the fully diluted number of shares Performance:Continued growth

Non-financial KPIs:

Staff retention rate (net) 91% (2019: 100%; 2018: 92%)	Measurement:Net retention after adjusting for joiners and leavers during the year Performance:Staff morale from our dedicated employees remains strong, reflected in the stable retention rate
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Principal risks and uncertainties

The Group's performance is affected by a number of risks and uncertainties, which the Board monitor on an ongoing basis in order to identify, manage and minimise their possible impact. General risks and uncertainties include changes in economic conditions, interest rate fluctuations and the impact of competition. The Group's principal risk areas and the action taken to mitigate their outcome are shown below:

Risk area	Mitigation
Competition	Ongoing investment in research and development
	Responding to the changing needs of clients to remain competitive
Loss of key personnel	Employee share option scheme in place
COVID-19 pandemic	The Directors and employees are operating remotely in order to protect their health and safety
	At present the Company believes that there should be no significant material disruption to its work

Brexit	Arcontech is a global company and as such seeks growth across a geographically diverse customer base
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Relations with shareholders

Section 172(1) Statement – Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and
- Consider the impact of the Company's operations on the community and the environment.

The Group's operation is the development and sale of proprietary software and provision of computer consultancy services. The Board has identified its key stakeholders as its customers, shareholders, employees and suppliers. The Board keeps itself apprised of its key stakeholders' interests through a combination of both direct and indirect engagement, and the Board has regard to these interests when discharging its duties.

The application of the s172 requirements can be demonstrated in relation to some of the key decisions made during the year to 30 June 2020:

- Allocation of the Group's capital in a way which offers significant returns to shareholders in line with the Company's dividend policy, while also ensuring that the Group retains flexibility to continue to deploy capital towards profitable growth;
- Adapting a rapid response to the working location restrictions arising from the COVID-19 pandemic, ensuring that the Group continued to deliver both the high level of service and security that our customers depend on without compromising the health and safety of employees.

During the year to 30 June 2020, the Board assessed its current activities between the Board and its stakeholders, which demonstrated that the Board actively engages with its stakeholders and takes their various objectives into consideration when making decisions. Specifically, actions the Board has taken to engage with its stakeholders over the last twelve months include:

- Attended the 2019 AGM to answer questions and receive additional feedback from investors;
- Arranged meetings with certain stakeholders to provide them with updates on the Company's operational activities and other general corporate updates;
- We discussed feedback from investors' and analysts' meetings following the release of our annual and half-year announcements. We have an investor relations programme of meetings with existing and potential shareholders; and
- Monitored company culture and engaged with employees on efforts to continuously improve company culture and morale.

The Board believes that appropriate steps and considerations have been taken during the year so that each Director has an understanding of the various key stakeholders of the Company. The Board recognises its responsibility to contemplate all such stakeholder needs and concerns as part of its discussions, decision-making, and in the course of taking actions, and will continue to make stakeholder engagement a top priority in the coming years.

Approved on behalf of the board on 1 September 2020.

Group Income Statement and Statement of Comprehensive Income

For the year ended 30 June 2020

				2020		Restated2019
				£		£
Revenue				2,955,314		2,841,362
Administrative costs				(1,917,502)		(1,936,829)
Operating profit				1,037,812		904,533
Net finance income				3,157		27,184
Profit before taxation				1,040,969		931,717
Taxation				176,734		60,318
Profit for the year after tax				1,217,703		992,035
Total comprehensive income for the year				1,217,703		992,035
Earnings per share (basic)				9.22p		7.51p

Adjusted* Earnings per share (basic)				8.56p		6.32p
Earnings per share (diluted)				9.03p		7.42p
Adjusted* Earnings per share (diluted)				8.39p		6.24p

*Adjusted to exclude the release of accruals for administrative costs of £86,500 (2019: £156,786) in respect of prior years.

All of the results relate to continuing operations.

Statement of Changes in Equity

For the year ended 30 June 2020

Group:

	Sharecapital	Sharepremium	Share option reserve	Retainedearnings	Totalequity
	£	£	£	£	£
Balance at 30 June 2018	1,651,314	56,381	56,366	2,011,689	3,775,750
Profit for the year	–	–	–	1,117,461	1,117,461
Adjustment for IFRS 15 restatement				(125,426)	(125,426)
Total comprehensive income for the year	–	–	–	992,035	992,035
Dividend paid	–	–	–	(171,334)	(171,334)
Share-based payments	–	–	53,857	–	53,857

Transfer between reserves	–	–	(10,576)	10,576	–
Restated Balance at 30 June 2019	1,651,314	56,381	99,647	2,842,966	4,650,308
Profit for the year	–	–	–	1,217,703	1,217,703
Total comprehensive income for the year	–	–	–	1,217,703	1,217,703
Dividend paid	–	–	–	(263,591)	(263,591)
Share-based payments	–	–	98,428	–	98,428
Transfer between reserves	–	–	(9,436)	9,436	–
Balance at 30 June 2020	1,651,314	56,381	188,639	3,806,514	5,702,848

Company:

	Share capital	Share premium	Share option reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 30 June 2018	1,651,314	56,381	56,366	4,196,617	5,960,678
Profit for the year	–	–	–	342,250	342,250
Total comprehensive expense for the year	–	–	–	342,250	342,250

Dividend paid	–	–	–	(171,334)	(171,334)
Share-based payments	–	–	53,857	–	53,857
Transfer between reserves	–	–	(10,576)	10,576	–
Balance at 30 June 2019	1,651,314	56,381	99,647	4,378,109	6,185,451
Profit for the year	–	–	–	326,348	326,348
Total comprehensive income for the year	–	–	–	326,348	326,348
Dividend paid	–	–	–	(263,591)	(263,591)
Share-based payments	–	–	98,428	–	98,428
Transfer between reserves	–	–	(9,436)	9,436	–
Balance as at 30 June 2020	1,651,314	56,381	188,639	4,450,302	6,346,636

Balance Sheets

As at 30 June 2020

		Group 2020 £		Restated Group 2019£		Company 2020 £		Company 2019£
Non-current assets								
Goodwill		1,715,153		1,715,153		–		–

Property, plant and equipment		19,316		15,011		—		—
Right of use asset		512,061		—		—		—
Investments in subsidiaries		—		—		2,017,471		2,017,471
Deferred tax asset		452,000		285,000		151,000		125,000
Trade and other receivables		141,750		141,750		—		—
Total non- current assets		2,840,280		2,156,914		2,168,471		2,142,471
Current assets								
Trade and other receivables		192,632		263,875		3,181,410		3,073,519
Cash and cash equivalents		5,006,969		4,063,484		1,146,700		1,078,755
Total current assets		5,199,601		4,327,359		4,328,110		4,152,274
Current liabilities								

Trade and other payables		(1,851,037)		(1,833,965)		(149,945)		(109,294)
Lease liabilities		(141,693)		—		—		—
Total current liabilities		(1,992,730)		(1,833,965)		(149,945)		(109,294)
Non-current liabilities								
Lease liabilities		(344,303)		—		—		—
Total Non-current liabilities		(344,303)		—		—		—
Net current assets		3,206,871		2,493,394		4,178,165		4,042,980
Net assets		5,702,848		4,650,308		6,346,636		6,185,451
Equity								
Called up share capital		1,651,314		1,651,314		1,651,314		1,651,314
Share premium account		56,381		56,381		56,381		56,381
Share option reserve		188,639		99,647		188,639		99,647

Retained earnings		3,806,514		2,842,966		4,450,302		4,378,109
		5,702,848		4,650,308		6,346,636		6,185,451

Group Cash Flow Statement

For the year ended 30 June 2020

		2020		Restated2019	
		£		£	
Cash generated from operations		1,315,421		966,060	
Tax recovered		9,734		45,318	
Net cash generated from operating activities		1,325,155		1,011,378	
Investing activities					
Interest received		29,914		27,184	
Purchases of plant and equipment		(12,750)		(13,802)	
Net cash generated from investing activities		17,164		13,382	
Financing activities					
Dividend paid		(263,591)		(171,334)	
Payment of lease liabilities		(135,243)		—	

Net cash used in financing activities		(398,834)		(171,334)
Net increase in cash and cash equivalents		943,485		853,426
Cash and cash equivalents at beginning of year		4,063,484		3,210,058
Cash and cash equivalents at end of year		5,006,969		4,063,484

Notes to the Financial Statements

For the year ended 30 June 2020

Status of financial information

Arcontech Group plc is a public limited company incorporated in England and Wales whose ordinary shares of £0.125 each are traded on the AIM Market of the London Stock Exchange. The Company's registered office is 1st Floor, 11-21 Paul Street, London, EC2A 4JU.

The Board of Directors approved this preliminary announcement on 1 September 2020. Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of IFRS and does not constitute statutory accounts of the Company for the years ended 30 June 2020 or 30 June 2019.

The financial information set out in this announcement does not comprise the Group's statutory accounts for the years ended 30 June 2020 or 30 June 2019.

The financial information has been extracted from the

statutory accounts of the Company for the years ended 30 June 2020 or 30 June 2019. The auditors reported on those accounts; their reports were unqualified and did not contain a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006.

The statutory accounts for the year ended 30 June 2019 have been delivered to the Registrar of Companies, whereas those for the year ended 30 June 2020 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

Operating segments:

The Group reports internally to the Chief Operating Decision Maker (CODM), who is considered to be the Board. Intersegment license fees and management charges are not included in the reports reviewed by the CODM during the year but are calculated for statutory reporting purposes and therefore are excluded from the following revenue and operating profit disclosures.

		2020		Restated2019	
		£		£	
Revenue by segment					
Software development and licence fees		2,955,315		2,841,362	
External segment revenue		2,955,315		2,841,362	
Operating profit by segment					

Software development and licence fees		1,575,029		1,387,813	
Unallocated overheads		(563,976)		(483,280)	
Total operating profit		1,011,053		904,533	
Finance income		29,916		27,184	
Total profit before tax as reported in the Group income statement		1,040,969		931,717	
			2020		2019
			£		£
Segment total of assets					
Software development and licence fees		6,514,118		5,196,369	
Unallocated assets		4,533,110		4,357,274	
		11,047,228		9,553,643	
Less intercompany debtors		(3,174,349)		(3,069,370)	
Total assets		7,872,879		6,484,273	
			2020		2019
			£		£
Segment total of liabilities					
Software development and licence fees		5,360,835		3,642,199	

Unallocated liabilities		150,546		109,591	
		5,511,381		3,751,790	
Less intercompany creditors		(3,174,349)		(3,069,370)	
Total liabilities		2,337,032		682,420	
			2020	2019	
			£	£	
Additions of property, plant and equipment assets by segment					
Software development and licence fees			12,749	13,802	
Total additions			12,749	13,802	
			2020	2019	
			£	£	
Depreciation of property, plant and equipment assets recognised in the period by segment					
Software development and licence fees			8,444	16,732	
Total depreciation			8,444	16,732	
Non-current assets by country		2020	2019		
		£	£		
UK		2,840,280	2,156,914		
Total non-current assets		2,840,280	2,156,914		
Geographical information – External revenue			2020	Restated2019	
			£	£	
UK			2,000,457	1,910,969	
Europe (excluding UK)			821,193	804,989	

Africa		45,000		44,938	
North America		78,177		75,767	
Australia		4,267		–	
Asia Pacific		6,221		4,699	
		2,955,315		2,841,362	

During the year there were 3 customers (2019: 4) who accounted for more than 10% of the Group's revenues as follows:

	2020		2019		
	Value of sales £	% of Total		Value of sales£	% of Total
Customer 1	659,327	22%		643,491	22%
Customer 2	516,605	17%		507,373	18%
Customer 3	371,536	13%		376,411	13%
Customer 4	300,696	10%		280,906	10%
	1,848,164	62%		1,808,181	63%

These revenues are attributable to the software development and licence fees segment.

Earnings per share

	2020	Restated2019
	£	£
Earnings		
Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity shareholders	1,217,703	992,035
	1,217,703	992,035
	No.	No.

Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share		13,210,510		13,210,510
Number of dilutive shares under option		268,484		165,223
Weighted average number of ordinary shares for the purposes of dilutive earnings per share		13,478,994		13,375,733

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is done to determine the number of shares that could have been acquired at fair value, based upon the monetary value of the subscription rights attached to outstanding share options.

Net cash generated from operations – Group

	2020		Restated 2019
	£		£
Operating profit	1,037,812		904,533
Depreciation charge	154,747		16,732
Non cash share option charges	98,428		53,857
Lease interest paid	(26,757)		–

Adjustment for IFRS 16	(37,125)		–
Decrease/(increase) in trade and other receivables	71,244		46,248
Decrease in trade and other payables	17,072		(55,310)
Cash generated from operations	1,315,421		966,060

Dividends

A final dividend of 2.5 pence will be proposed at the Annual General Meeting but has not been recognised as it requires approval (2019: 2.0 pence).

Prior year restatement

IFRS 15 “Revenue from contracts with customers” was adopted from 1 July 2018 in line with transitional provisions provided in the new standards. The audited financial statements for the year ended 30 June 2019 recognised revenue from recurring license fees on an ‘at a point in time’ basis. The Group has undertaken a further review and analysis of its offering and performance obligations under the terms of recurring license fee contracts and has also sought independent advice. The conclusion reached is that in the context of IFRS 15 the correct approach for the recognition of revenue is on an over time basis whereby deferred income arises upon entering into a license fee agreement and is then subsequently recognised as revenue across the remaining passage of time on the license.

This is consistent with the Group's approach to revenue recognition for recurring license fees prior to the introduction of IFRS 15.

The comparatives for the year to 30 June 2019 have been restated in this report to recognise revenue from recurring license fee contracts on an over time basis. The effect of this change on the trading result for the year to 30 June 2019 as a result of this change in revenue recognition policy is shown below.

Group Income Statement and Statement of Comprehensive Income:

Revenue decreased by £125,426

Profit for the year before taxation and after taxation decreased by £125,426

Basic earnings per share decreased from 8.49p to 7.40p

Diluted earnings per share decreased from 8.35p to 7.30p

Statement of Changes in Equity:

Total comprehensive income for the year at 30 June 2019 decreased by £125,426

Retained earnings at 30 June 2019 decreased by £1,151,545

Group Balance Sheet:

Trade and other payables – Deferred income (Note 15) increased by £1,151,545

A third statement of financial position as at the beginning of the preceding period has not been presented in accordance with IAS8 paragraph 42 as the amount relating to the preceding period is immaterial.

Annual General Meeting

The Annual General Meeting of Arcontech Group PLC will be held at the Company's offices, 1st Floor, 11-21 Paul Street, London EC2A 4JU on 29 September 2020 at 10.00 a.m.

Annual report and accounts

Copies of the annual report and accounts will be sent to shareholders shortly and will be available from the Company Secretary at the Company's registered office at 1st Floor, 11-21 Paul Street, London, EC2A 4JU or from the Company's website at www.arcontech.com.