



eagleeye

Interim Results for the 6 months ended 31 December 2020

*Strong profit growth underpinned by new
domestic and international customer wins*

Eagle Eye Solutions Group plc

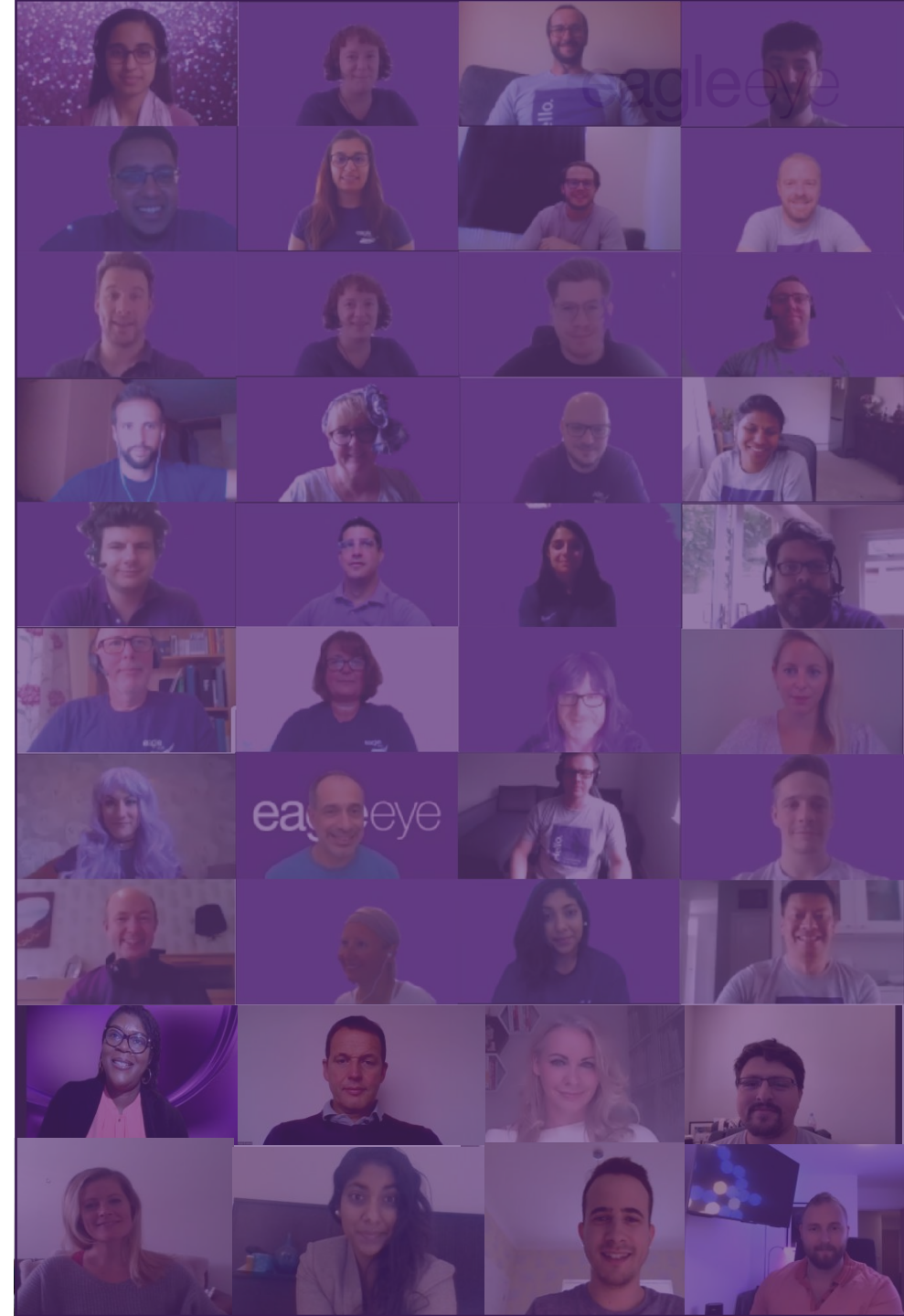
Hello.

We are Eagle Eye.

Our mission is to transform marketing for a digital world by **bridging online to offline**

Eagle Eye enables companies to digitally connect to their customers through **promotions, loyalty, apps, subscriptions and gift services**

Our mantra is **digitally enabled and data driven leading to 1:1 marketing**



Global retail market undergoing digital revolution

- Pandemic has accelerated the drive to **digital customer engagement (eCommerce sales up 59%*)**
- “Winning businesses” will be those who build deep 1:1 relationships with their customers, **personalising every interaction**
- Marketing will be transformed for the **always-on, omnichannel world**, connecting all aspects of the customer journey **in real time**

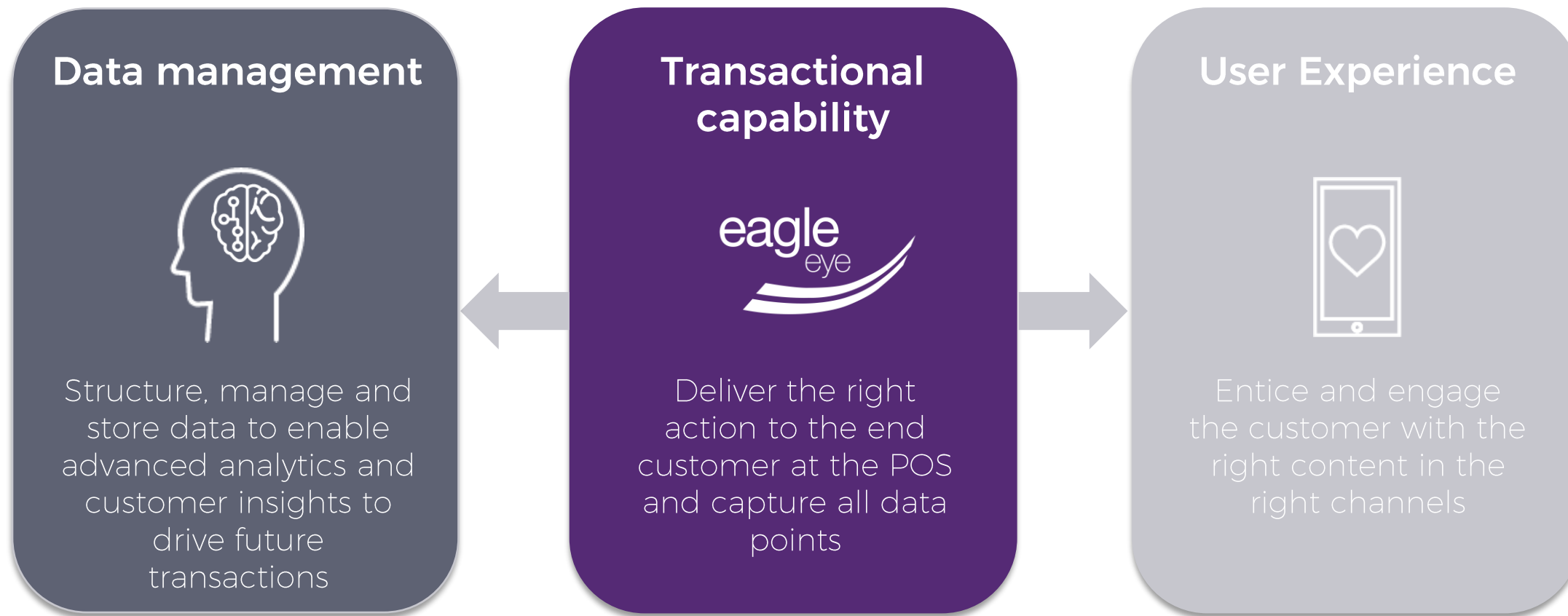
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“Personalisation at scale often delivers a 1 to 2 percent lift in total sales for grocery companies and an even higher lift for other retailers, typically by driving up loyalty and share-of-wallet among already-loyal customers.”







These programs can also reduce marketing and sales costs by around 10 to 20 percent. Not only that, successful personalisation programs yield more engaged customers and drive up the top line.”

Personalising the Customer Experience, McKinsey

Where we fit



Addressing client pain points

	1	2	3	4	5	6
Pre-Eagle Eye	<p>Limited ability to personalise offers</p> <p><500m</p> 	<p>Limited ways to engage customers</p> <p>Points per amount spent</p> 	<p>Disjointed customer view</p> <p>5 IDs = 5 customers</p> 	<p>Batch processes, time-lagged</p> <p>~3-5 days</p> 	<p>Manual, multi-touch offer management</p> <p>~5 systems</p> 	<p>Manual funding management</p> <p>~4 systems required</p> 
	BETTER		SIMPLER		CHEAPER	
With Eagle Eye	<p>Unlimited personalisation</p> <p>+10bn offers Tailored to individuals</p>	<p>Flexible and future proofed engagement</p> <p>Unlimited tactics</p> <p>Points, % off, money off, charity donations, continuity campaigns, subscriptions, stored value, gamification</p>	<p>Single customer view</p> <p>1 Wallet = 5 IDs = 1 Customer</p>	<p>Real time execution</p> <p>Real time offer set-up and reporting</p>	<p>Single touch promotions execution</p> <p>One central platform</p>	<p>Single source of truth for funding</p> <p>Automates feeds into finance systems for reporting</p>

Executive Summary

Strong profit growth underpinned by new domestic and international customer wins

- **Strong trading performance** – delivering revenue and adj. EBITDA* growth and healthy cash performance
- **New wins** in the UK and internationally
- **COVID-19 lockdowns continue to impact** on our Food & Beverage and brand customers
- **Expanded the capabilities of the AIR platform**, increasing its attractiveness to the global retail market
- **New business pipeline continues to grow** at record levels
- **Trading for the year remains in line** with the Board's expectations

*EBITDA has been adjusted for the exclusion of share-based payment charges along with depreciation, amortisation, interest and tax from the measure of profit

**Continued
revenue
growth**

73%
Recurring
revenue

+64%
Adj. EBITDA
growth

Financial Update

Key KPIs

8%

Revenue growth to £10.8m
(H1 20: £10.1m)

0.2%

Churn (H1 20: 0.3%)

73%

Recurring revenue (H1 20: 73%)

£0.1m

Net cash; (H1 20: net debt £2.2m)

£2.1m

Adjusted EBITDA (H1 20: £1.3m)

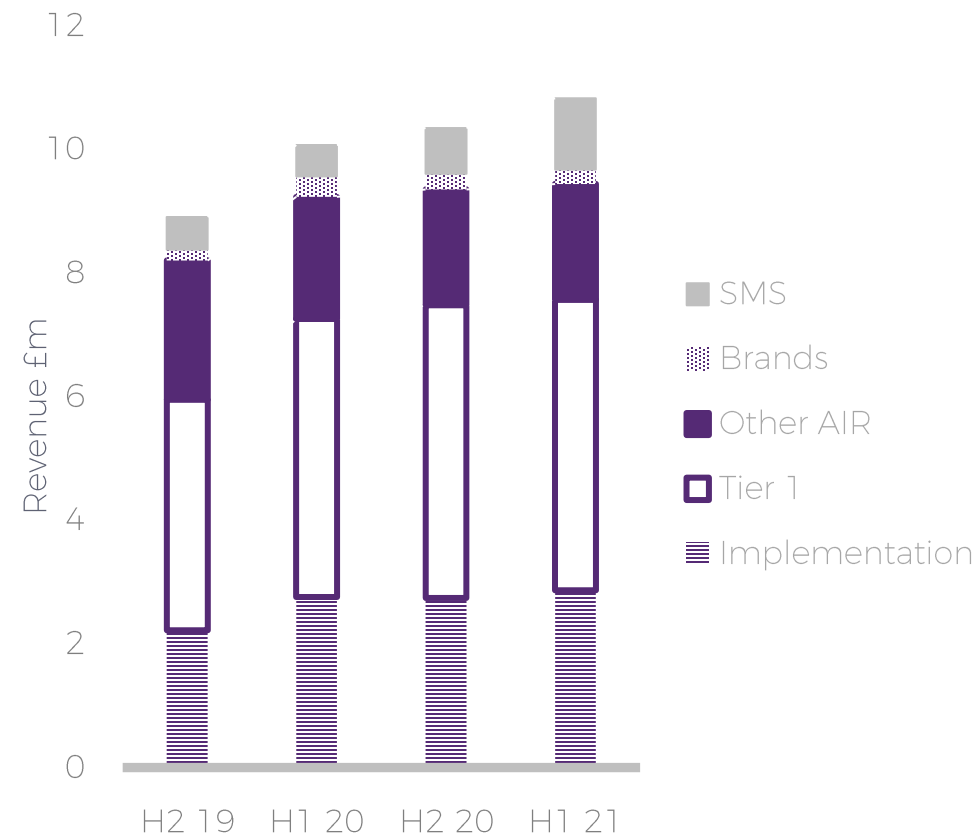
£0.2m

Operating profit
(H1 20: £(0.5)m loss)

Revenue split by business model

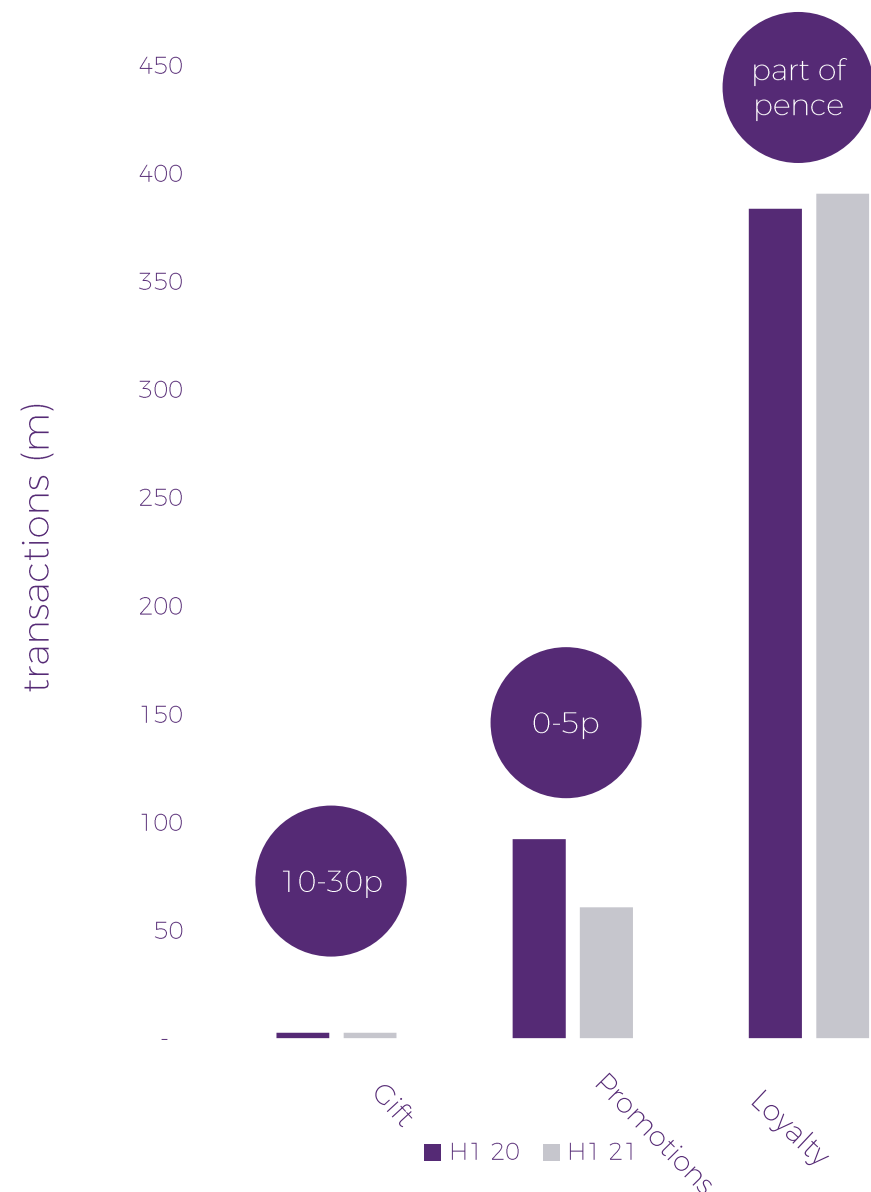
Change in product mix shows the diversity and breadth of the platform

	H1 21	H1 21 % of total	H1 20	H1 20 % of total
One off implementation fees	£2.9m	26%	£2.8m	28%
Recurring revenue:				
Licence fees	£3.8m	35%	£3.8m	37%
Transaction fees	£3.0m	28%	£3.0m	30%
SMS fees	£1.2m	11%	£0.5m	5%
	£10.8m		£10.1m	



Chargeable interaction and redemption volumes

- **Overall chargeable AIR redemption and interaction volumes fell by 5% to 452m in H1 21** (H1 20: 477m)
- **Growth in loyalty** delivered by annualisation of **Sainsbury's and new international clients**
- **Promotions reduction reflects Covid impact** on F&B and brand clients plus some reduction in supermarket promotions
- **Gift increases 10%** reflecting impact of Black Friday during pandemic



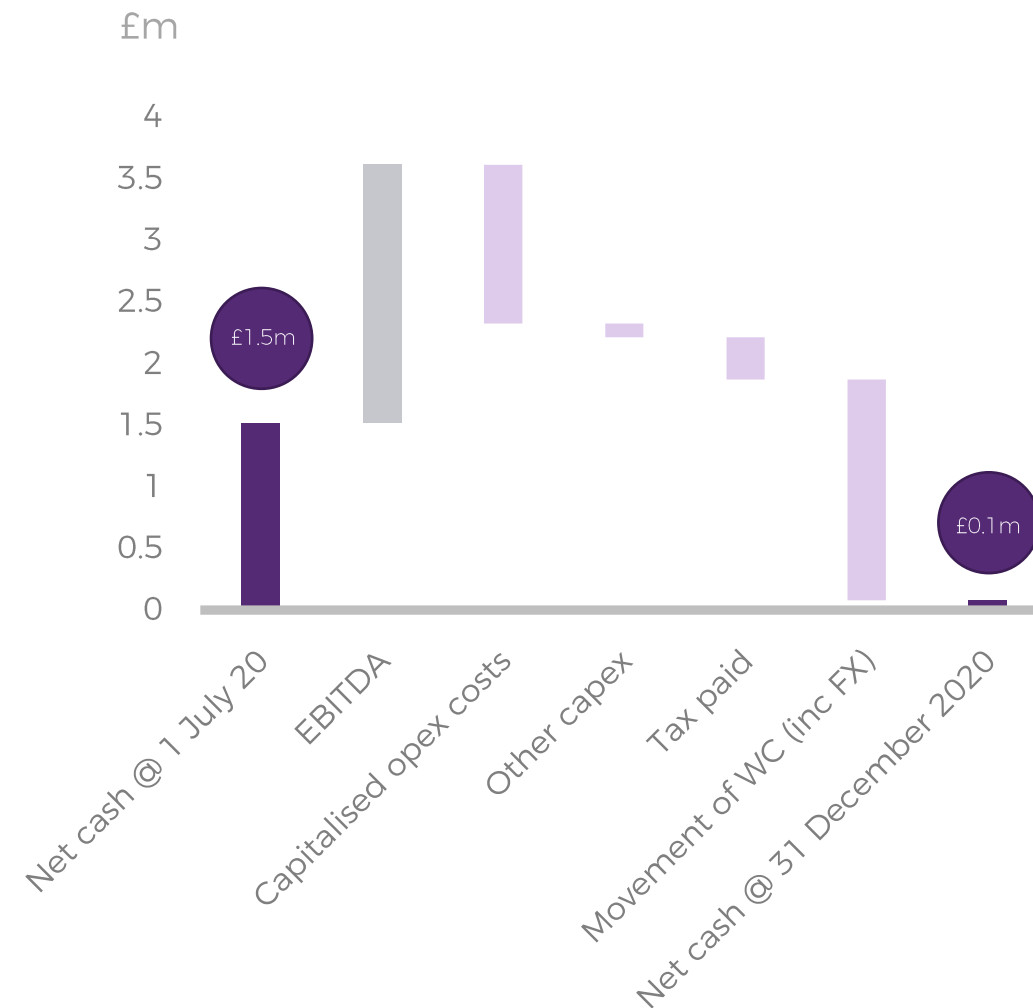
H1 21 - Income Statement

- **5% half on half growth** (H2 20 to H1 21)
- **91% GM**, reflecting impact of growth in lower margin SMS business
- **£7.7m net operating expenses, 6% lower**
 - Net staff costs held at £4.8m (representing 62% of total overheads)
 - £0.1m decrease in infrastructure costs; due to savings from move to GCP offset by increased customer driven capacity costs
 - 28% reduction in discretionary/admin costs, primarily due to travel
 - £2.2m invested into product in line with H1 20
- **Adjusted EBITDA profit £2.1m** (H1 20: £1.3m)
- **Higher amortisation** (£1.5m (H1 20: £1.2m)) and depreciation offset by lower IFRS 2 share-based payment charge
- **Maiden profit before tax of £0.2m** (H1 20: loss of £0.6m)

£'000	H1 21	H1 20	VAR	VAR %
Revenue	10,829	10,072	757	8%
Cost of Sales	(1,027)	(636)	(391)	(62)%
Gross profit	9,802	9,436	366	4%
Operating costs	(8,995)	(9,608)	(613)	6%
Capitalised costs	1,288	1,452	(164)	(11)%
Net operating costs	(7,707)	(8,156)	449	6%
EBITDA	2,095	1,280	815	64%
Amortisation, depreciation, SBP, interest	(1,898)	(1,912)	14	1%
Profit/(loss) before tax	197	(632)	829	131%
Tax	(292)	(11)	(281)	(2,555)%
Loss	(93)	(642)	549	86%
Average FTE	140	140	-	-%

Net cash/(debt) bridge

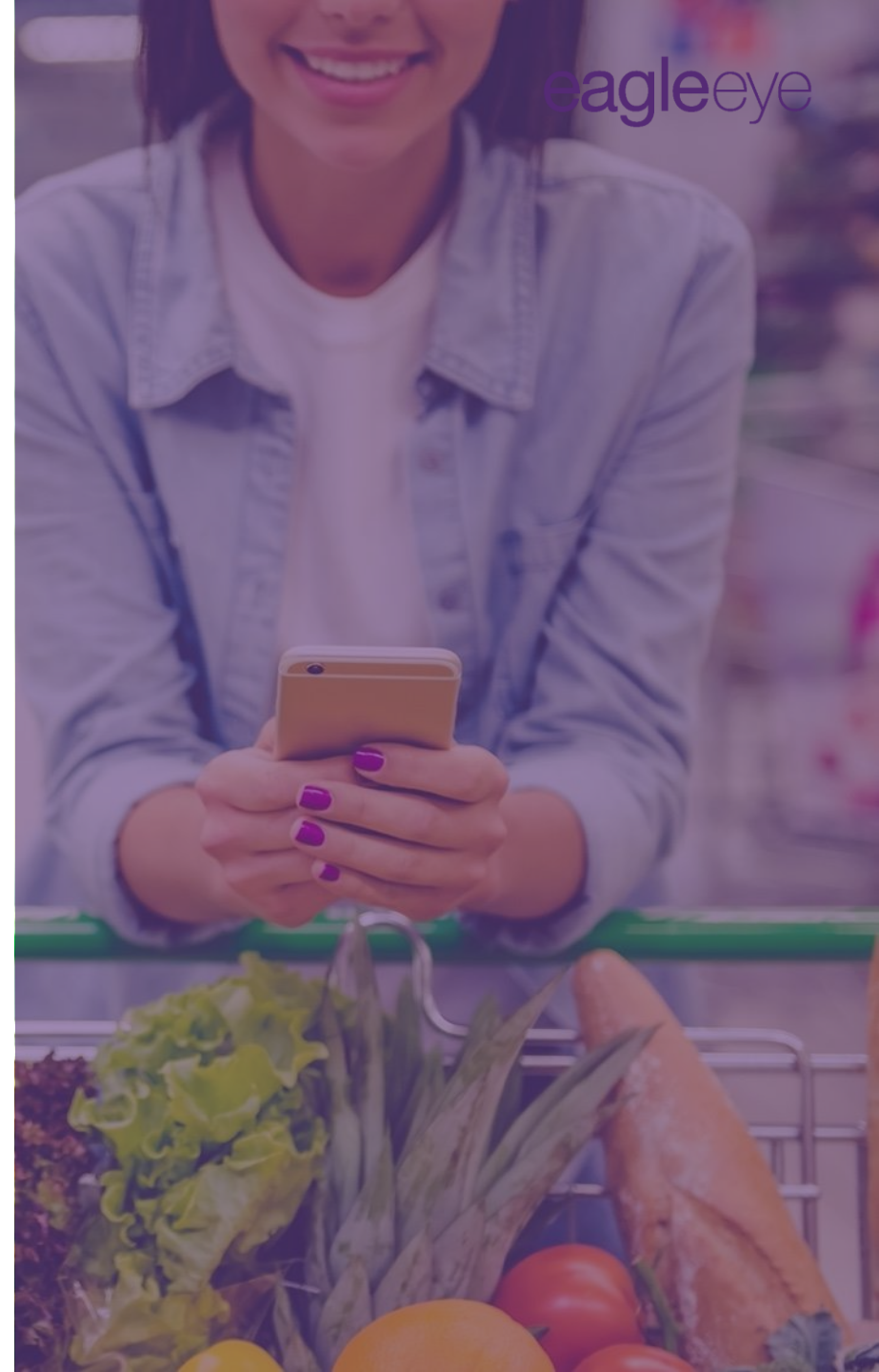
- **£1.4m** cash outflow including c.£1.1m COVID-19 repayments; (H1 20 £0.9m outflow)
- **Operating cash inflow of £0.2m:** EBITDA £2.1m, working cap outflow £1.6m, £0.3m overseas corporate tax payments
- **£1.4m capex:** £1.0m capital expenditure on AIR, IFRS 15 contract costs capitalised £0.2m
- **Headroom of £5.1m**
 - **£0.1m** net cash at 31 December 2020
 - **£5.0m Barclays facility** - sufficient headroom remains to support existing growth plan
- **Facility in place to September 2021**



Strategic Update

Strategic focus

1. To **win** new customers, **transact** through our platform, **deepen** with additional products from our portfolio
2. To develop **new products** to provide further upsell opportunities across our customer base and strengthen our competitive positioning
3. To enter **new geographies**
4. To run the business **Better, Simpler, Cheaper**



Delivering on our customer strategy

Win

- Increased **win rate**
- New **Enterprise** wins
- Successful launch of **Pret A Manger's 'YourPret Barista'** programme
- Key technology provider for **Virgin Red**
- Increasing number of **partners & collaborations**

Transact

- Volumes impacted by **COVID-19**
- Increased number of SMS & loyalty transactions including **SEG and Sainsbury's**
- Currently have over **7,000** hospitality venues on the AIR Platform

Deepen

- Continued low levels of customer churn at **0.2% (H120: 0.3%)**
- Key multi-year contract renewals: **IMO, Azzurri Group and Giggling Squid**
- **Loblaw launch PC Health app and re-launch of PC Optimum Insiders™ subscription**



Virgin Red

Creating a coalition network to earn and spend points

- **Virgin's new rewards club** where points never expire
- Members can earn and spend **Virgin Points across not only the Virgin companies but also partners across retail, energy and entertainment sectors**
- **Eagle Eye AIR platform** acts as the ledger for the new scheme
- Flexibility of the platform enables **new updates, offers and functionality to be continually added to the programme**



Strengthened position in North America

Direct win of second US customer

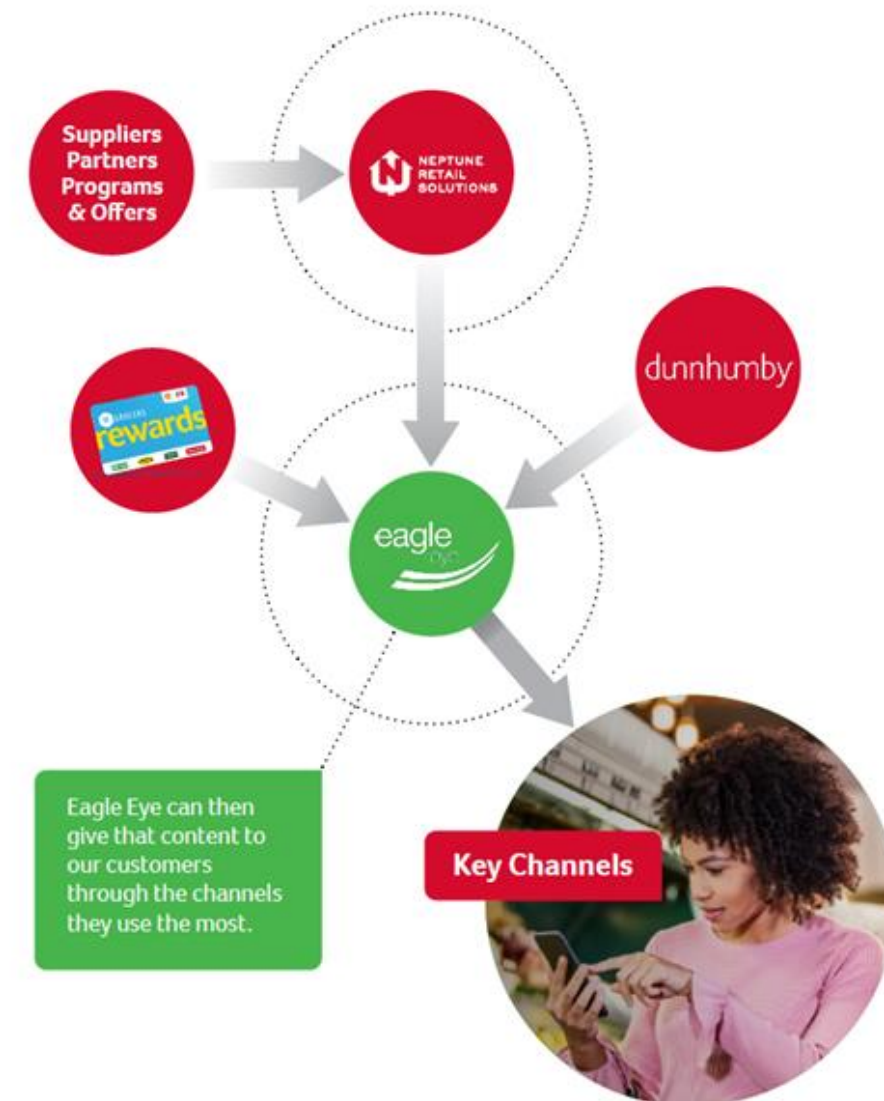
- Three-year agreement with a leading speciality office and home products and services retailer. Over 1,000 stores

Expansion of SEG with powerful partners

- First phase launched July 2020
- Personalised digital coupon experience launched with Neptune Retail Solutions and dunnhumby
- On track to deliver a complete omnichannel strategy in record time

Expansion of Loblaw

- Launched PC Health app: live chat to members with nurses, dieticians; plus opportunity to earn PC Optimum™ rewards
- Supported re-launch of PC Insiders subscription service, now PC Optimum Insiders™



Platform for expansion in Australia and New Zealand

Five-year agreement with Woolworths Group Limited, Australia's largest retailer

Support their personalised real-time digital marketing programme

Continue to support The Warehouse Group, one of the largest retailing groups in New Zealand

Pilot of its digital customer engagement and community give back programme

Strong base for further expansion

Have begun investment in the market to capitalise on opportunity

WOOLWORTHS GROUP



A\$ 63.6bn
Revenue

3000
Stores

29m
Customers every week

Innovation and agility lies at the heart of Eagle Eye

New personalised Message At Till capability – opening up a new segment of the US retail market

Load to Card function – leveraging data analytics and artificial intelligence. Already in use at SEG

Enhanced POS Connect loyalty feature – providing retailers more flexibility for numbers, personalisation, offers, points and discounts

AIR Platform continues to benefit from move to Google Cloud – now more scalable, automated, reliable, standardised and secure



Delivering within all contracted SLAs

Re-certified for ISO27001 and Soc Type 2

Successful remote working during Covid

Key focus on our people

Our ethos came to fore during COVID-19

Better, Simpler, Cheaper

We remain committed to our goal of being a great place to work and to create an environment where our people can flourish

An **employee stress survey** led to three clear actions:

1. Continue the **increased level of honest communication** with all staff: "Tea with Teams", daily Stand Ups, Sales & Operations meetings and quarterly cadence
2. Strengthen and **empower the management team** to give more support to the employees: Weekly club to self-educate whilst driving the strategy of the business
3. Continue to **measure employee satisfaction – NPS > +50**

Employee Resource Groups to showcase lives and beliefs



Outlook

Outlook

Trading – remains in line with Board expectations

COVID-19-related UK lockdown continues to negatively impact the Group's Food & Beverage, Non-Grocery retail and Brand customer revenue streams (c.10% of Group revenue pre-COVID-19)

Pipeline - New business pipeline continues to grow at record levels internationally, including multiple enterprise opportunities

Funding - position is comfortable with sufficient headroom to support existing growth plan

Digital engagement – brought to the forefront of retail agenda by the COVID-19 pandemic

Proven – enterprise capability

Confident in our offering and excited by our increased opportunity and believe there is considerable potential for expansion

“We stand ready to support the recovery once lockdown ends and help businesses to re-connect with their customers.”

Thanks.

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