An *exceptional* team creating value through great tech...

eagle eye

Annual Report
& Accounts **2022**

...for some of the biggest businesses on the planet

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

Financial Highlights

Group Revenue
£31.7m
FY 2021: £22.8m
+39%
Read more on page 16

Recurring revenue (subscription fees and transactions)
£24.0m
FY 2021: £16.9m
+42%
Read more on page 16

Recurring revenue % of Group revenue
76%
FY 2021: 74%
+2PPT
Read more on **page 16**

Annual Recurring Revenue* (ARR)
£23.9m
FY 2021: £16.9m
+41%
Read more on **page 16**

Net Revenue Retention Rate**
145%
FY 2021: 105%
+40PPT
Read more on **page 16**

Adjusted EBITDA***
£6.5m
FY 2021: £4.2m
+54%
Read more on **page 17**

Closing net cash position****
£3.6m
FY 2021: £0.8m
+347%
Read more on **page 17**

Profit/(loss) after tax
£0.6m
FY 2021: Loss £(0.1)m
N/A
Read more on **page 17**

EBITDA margin
20.5%
FY 2021: 18.5%
+2PPT
Read more on **page 17**

* Period End Annual Recurring Revenue is defined as period exit rate for recurring AIR subscription and transaction revenue plus any professional services contracted for more than 12 months hence and secured new wins, excluding any seasonal variations and lost contracts.

** Net retention rate is defined as the improvement in recurring AIR revenue excluding new wins in the last 12 months.

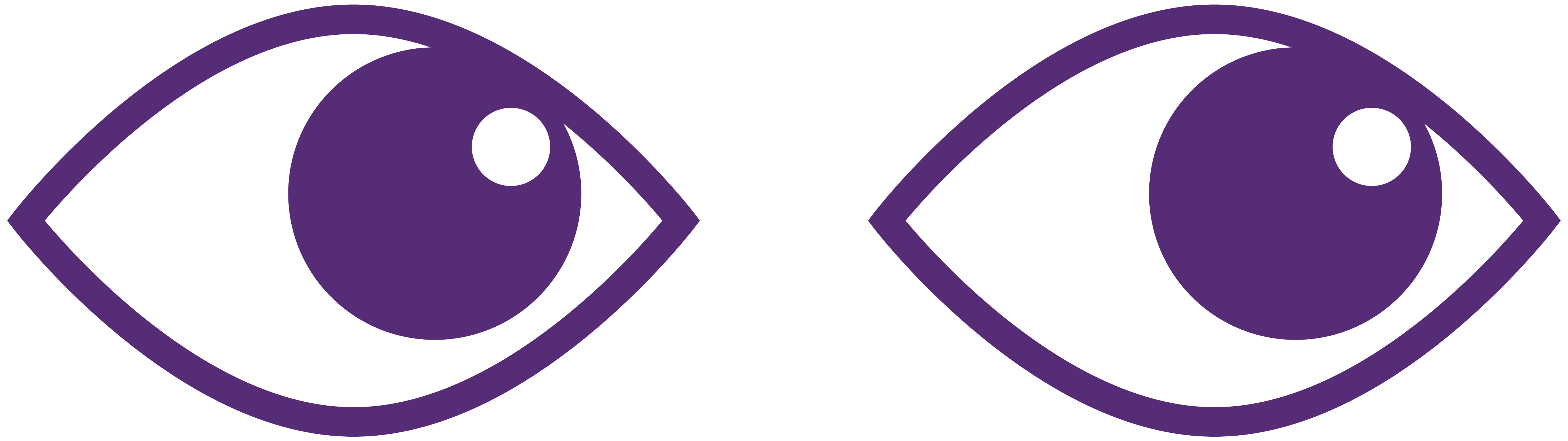
*** EBITDA has been adjusted for the exclusion of share-based payment charges along with depreciation, amortisation, interest and tax from the measure of profit.

**** Net cash is defined as cash and cash equivalents less financial liabilities.

The best-in-class loyalty and promotions SaaS platform for leading omnichannel retailers globally.

Operational Highlights

- Acceleration in revenue growth of 39% as the Group continues to deliver on its customer strategy: Win, Transact and Deepen
  - New customers secured in the year include two new U.S. customers and Halfords Motoring Group
  - A number of significant customer contracts moved into the transactional phase, including Woolworths in Australia, Staples US Retail, Virgin Red, Halfords Motoring Group and Waitrose
  - Strong increase in interest in our loyalty offerings by customers such as Asda, Pret A Manger and PizzaExpress, as they seek to retain their customers in the post-pandemic environment
- Strong performance reflects the strength of the Group's SaaS business model
  - ARR up 41% to £23.9m, NRR increased to 145% and maintained low churn at less than 1%, providing a strong basis for continued expansion
- Focused on delivering profitable growth
  - 54% increase in adjusted EBITDA to £6.5m and an increased adjusted EBITDA margin of 20%, considerably ahead of our initial expectations for the Year due to careful management of the cost base whilst investing in product and sales & marketing
- Encouraging progress in the U.S.
  - The Group now has five clients in North America including two through Eagle Eye's influential partner, Neptune Retail Solutions
  - North America is the fastest growing region, contributing 56% of Group ARR
- Committed to making Eagle Eye a great place to work
  - Awarded three-star accreditation by Best Companies to Work for 2022
- Continued evolution of our offering to meet the needs of the world's largest retailers
  - A focus on increasing our product flexibility and platform speed and scale
  - Platform speed increased by five times through our database design, cloud architecture and system design



Outlook

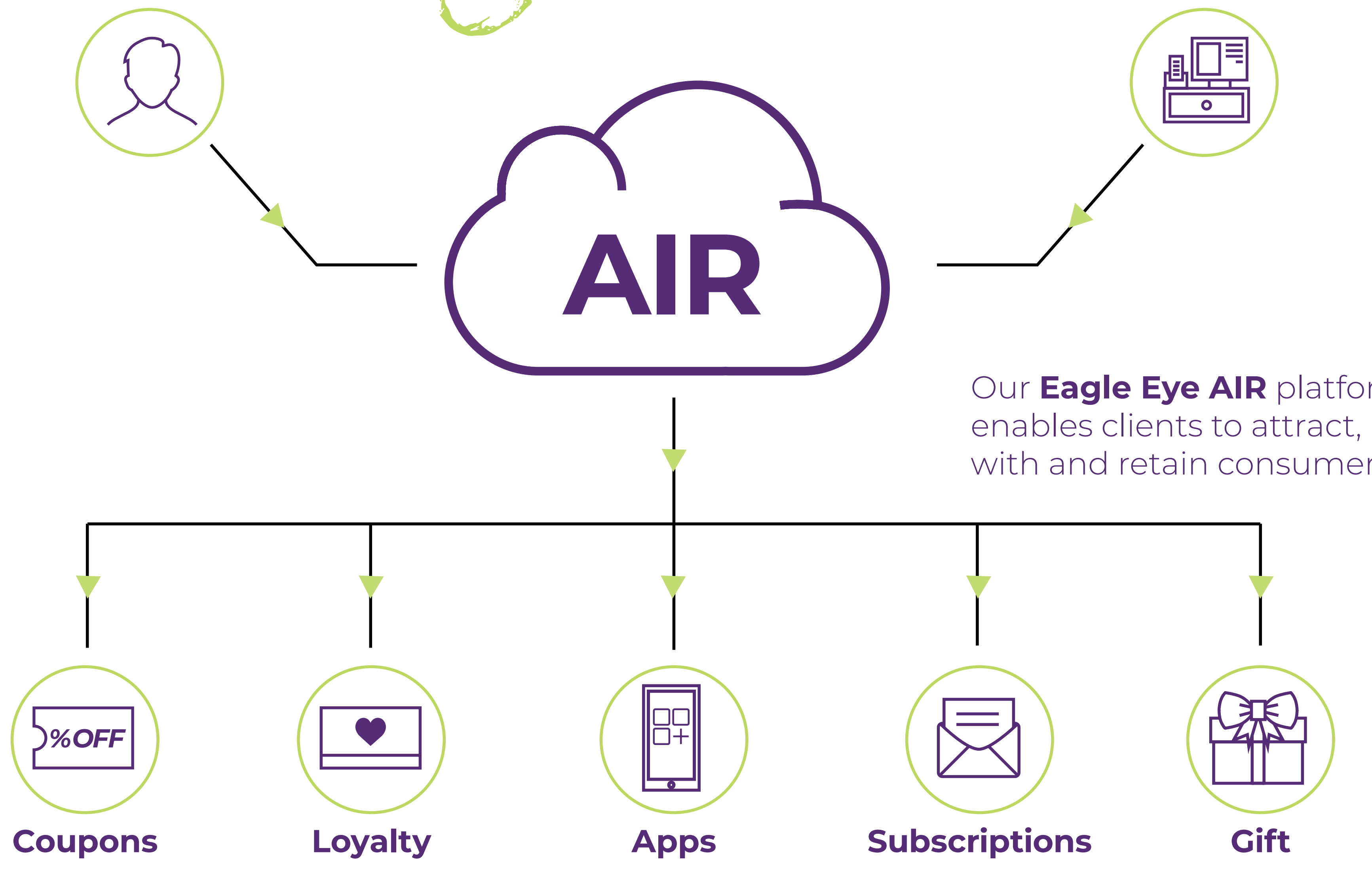
- Eagle Eye has entered FY23 with momentum across the business, a strong new business pipeline and a growing international opportunity, in the U.S., Europe and Asia
- Whilst the Group is cognisant of the inflationary environment, the business has successfully mitigated these challenges to date, and is confident in its ability to continue to do so
- Trading in the current year is in line with Board expectations and the Board is confident in achieving a positive year of profitable growth in FY23

Awards

In May 2022, Eagle Eye was recognised for commitment to workplace excellence and achieved a 3-star accreditation rating from Best Companies and ranked in the Top 10 Technology companies to work for. This is their highest accolade, which represents 'world class' levels of employee engagement.

AT A GLANCE

One platform *many products*



Our **Eagle Eye AIR** platform enables clients to attract, interact with and retain consumers.

Read our CEO's Review
Find out more on **page 10**

Financial Statements
Find out more on **page 34**

What the world's largest retailers need

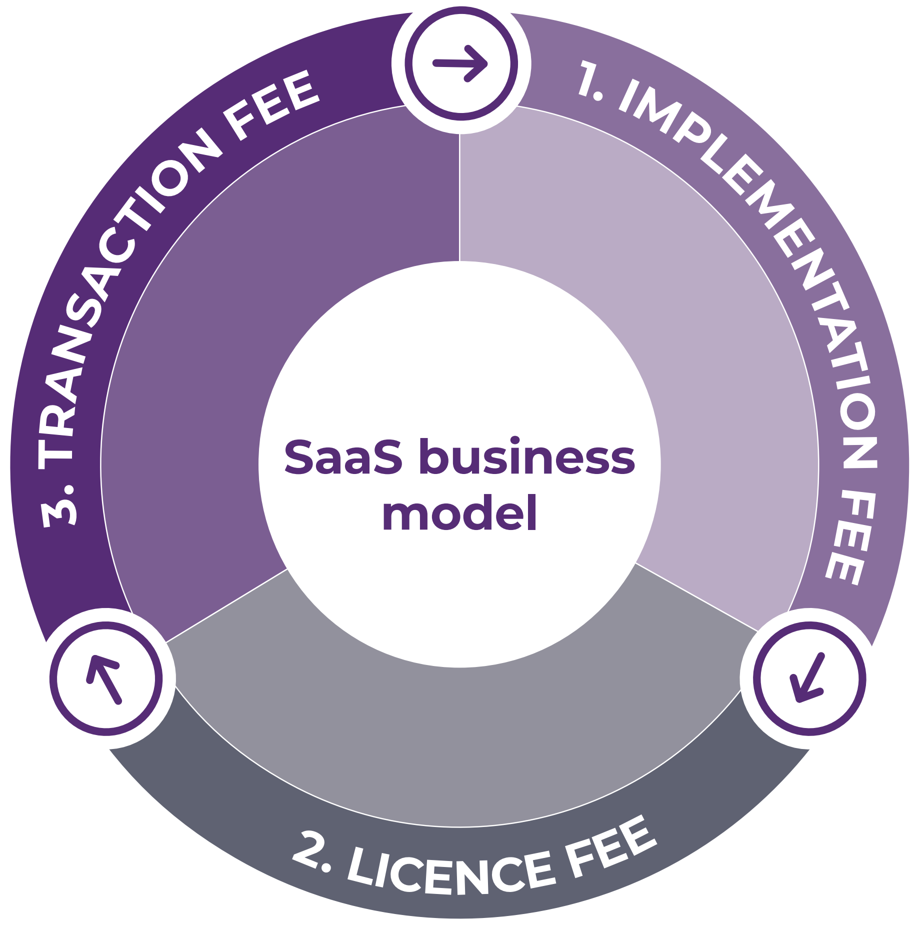
We believe there are three key components to success when it comes to winning in the always-on, omnichannel world.

Structure, manage and store data to enable advanced analytics and customer insights to drive future transactions

Deliver the right action to the end customer at the Point of Sale and capture all data points

Entice and engage the customer with the right content in the right channels

How we make money



1. One off implementation fee
2. Recurring licence fee for access to Eagle Eye AIR
3. Transaction fee

   Per issuance x pence – linked to value

   Per redemption 3–5 times issuance

   OR

   Interaction fees (earn and burn of points) for loyalty services replaces issuance and redemption

Purpose

Our purpose is to enrich the lives of our people and customers

Our vision, mission and purpose

The common ground between looking back and looking forward is the heart of Eagle Eye – we're here for a reason, with a clear vision, mission and purpose, and a unique Purple way of working that we believe enriches lives, and has the power to change the world for the better. Our mantra is helping businesses to be digitally enabled and data driven leading to 1:1 marketing.

We believe that **how** we do things together is more important than **what** we do. So we obsess about our culture – the who, the why and the how – as much as we obsess about our products and services. Our culture makes us special.

There is a **Purple way** and it's the key to how we'll keep on soaring.

We believe in...

- Treating people as you would like to be treated
- Delivering value to earn loyalty
- Being obsessed with customers
- Living our values
- Staying agile
- Winning teams
- You

People

Everything we do is about people – we treat people as we'd like to be treated, with kindness, empathy and respect.

Our values are:

Integrity

Earning trust

Passion

Enjoying the ride

Teamwork

Passing Purple on

Innovation

Keeping things fresh

Excellence

Maintaining trust, building loyalty

Kindness

Bonding us together

Deepening

To develop new products and strengthen our competitive positioning

A key part of our strong performance this Year has been the considerable increase in use of the AIR platform by our existing customers.

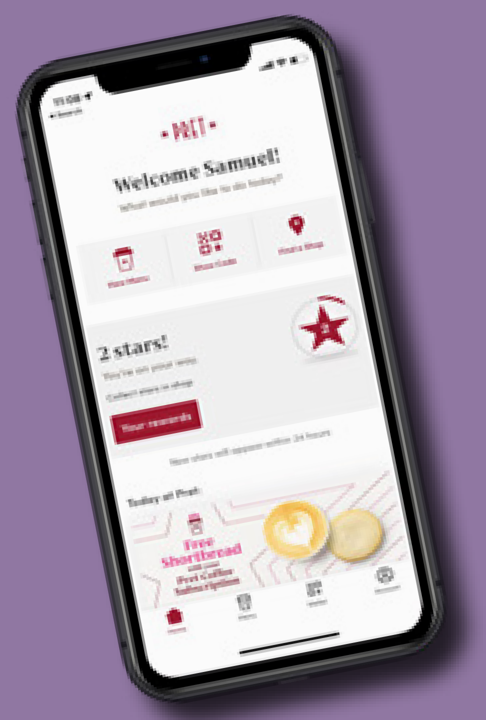
Customer expansions include Pret A Manger with the expansion of the coffee subscription service into France and the U.S., as well as the launch of their loyalty scheme, Pret Perks, and PizzaExpress who launched a new omnichannel loyalty programme which is the first of its kind by a UK hospitality operator.

Net Revenue Retention Rate (NRR)

145%

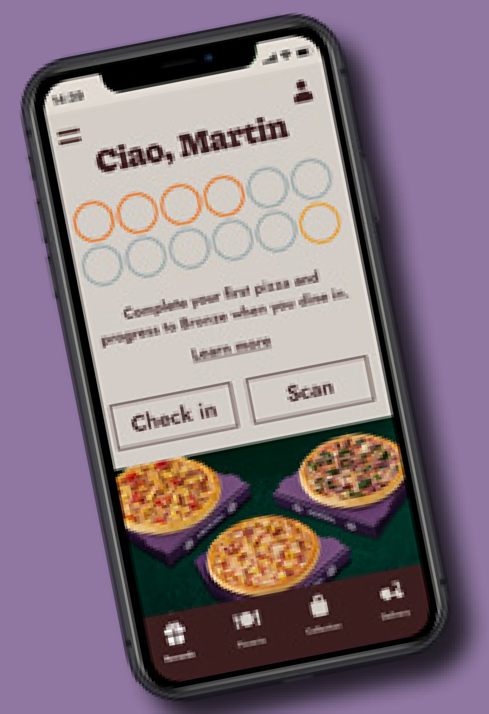
Up from 105% in FY21

Our products in action



PRET PERKS

Pret A Manger expanded their coffee subscription service into France and the U.S., as well as launched their loyalty scheme, Pret Perks.



PIZZAEXPRESS CLUB

PizzaExpress launched the first omnichannel loyalty scheme of its kind by a UK hospitality operator.

Our Customer Promise

Eagle Eye AIR is the best-in-class loyalty, promotions and stored value platform

We Deliver *a service we are proud of*
We're Transparent *whether it's good, bad or ugly*
We Try *to always do the right thing*

But most of all, *we care*

Trusted by some of the biggest and best retailers in the world, AIR unlocks the power of real time omnichannel personalisation. This capability transforms marketing for our clients, enabling them to deliver more value to their end customers to earn their loyalty.

We take great pride in what we have built and are governed by the promise that we make all of our customers and partners:

We deliver a service we are proud of

Security
Security by design gives you peace of mind when it comes to your crown jewels, your data

Stability
No downtime for us means no downtime for your customer strategy

Scalability
More scale means more capacity for you to do more to delight your customers and keep them coming back

Support
Our Eagle Eyes are monitoring our service 24/7 so you don't have to, but we're here for a chat anytime if you need us

We Care

We're transparent

Share – We'll always communicate openly and honestly with you, even when it's difficult

Simple – We strive for simplicity and seek to demystify the complex

Sensible – We price fairly and transparently

We try

Status Quo – We thrive on challenging the status quo to innovate and do things better, simpler and cheaper

Satisfied – We love to hear your feedback because it makes us better. We promise to act on it, so give it freely!

Success – Long term, trusted partnerships are our thing. We win when you win

OUR STRATEGY

Delivering on our Growth Strategy

1. Win, Transact and Deepen

Win

Bring more customers on to the Eagle Eye AIR platform

Progress

Increased win rate in UK and international geographies – resulting in uplift in **'win' related revenue**

Wins include **Halfords Group plc** and **two new U.S. customers**

Transact

Drive higher redemption and interaction volumes through the platform

Progress

Chargeable AIR redemption and interaction volumes **grew 62% to 1.7bn**

Increased loyalty transactions as previous wins move to next stage of deployment – **Woolworths, Staples, Southeastern Grocers and Virgin Red**

Deepen

Encourage our customers to adopt more of our product portfolio as they become more adept at digital marketing

Progress

Deepening with customers resulted in NRR growth **to 145%**

Increase in interest in loyalty offerings, such as **Asda, Pret** and **PizzaExpress,** as they seek to retain their customers in the post-pandemic environment.

2. Innovation

Innovation continues to lie at the heart of our proposition, investing in the capabilities of our flexible Eagle Eye AIR platform to find new ways to deliver value to our customers, and their consumers.

Platform speed and scale

Improvements to our **POS Connect** solution to deliver highly personalised offers at huge scale

Increased the speed of our platform **by five times**

Product flexibility

Focused on extending **Gamification services** to deliver a more engaging customer journey

Developing the **next generation of marketing** – contextual personalisation

Data and Reporting

Launch of **Eagle Eye Analytics** improves the way a customer tracks the performance of its loyalty and promotional activities

Integrations

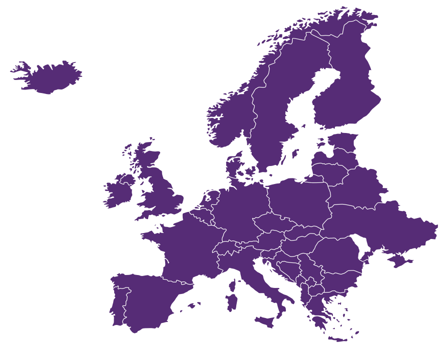
Over 80 integrations across Point-of-sale, eCommerce, CRM, data analytics and payments technologies

OUR STRATEGY CONTINUED

3. International growth

We are now clearly seeing the benefit of our investment into international expansion, with strong growth in North America and exciting prospects in our Australia operations, providing us with access to the Southeast Asian market.

Europe



- Continued momentum with **UK Tier one** grocery
- **New wins** across Europe
- Increasing mainland Europe customer demand through **targeted marketing activities**
- Sales investment into **Germany and wider DACH region**

Canada and USA

- **Considerable progress in North America**, our fastest growing region, now with five clients
- **Loblaw** renewed their **three-year contract** during the year to power **the PC Optimum™** loyalty programme
- In January 2022 signed **Giant Eagle** to facilitate its new digital loyalty platform and enable increased promotional capabilities

Asia Pacific

- **Two of the largest retailers** in the region of Australasia are customers – progressing well
- Deepened our relationship with **Woolworths** with enhancements including more personalised offers and real-time boosting of offers
- Platform for **South East Asia expansion**
- Early signs of success in Indonesia

4. Better, simpler, cheaper

While investing in innovation and growing the business, we simultaneously look for inherent productivity and efficiencies coming from the scale of what we do.

- Business agility
- Proven business model
- Regional VP structure

CHAIRMAN'S STATEMENT

We continue to Grow

Malcolm Wall,
Non-executive Chairman

Another fantastic year for Eagle Eye, as demonstrated by the expansion in our customer base and growth in financial metrics. The strong performance in the Year was driven by substantial new wins, the increased speed at which customers have gone live and the continued deepening relationship with existing customers, as they take advantage of the full capabilities of the AIR platform.

Of particular note was the considerable progress achieved within the North American market, our fastest growing region, contributing approximately 56% of Group ARR at Year end. Our partnership in the U.S. with Neptune Retail Solutions continues to progress well, with two joint customers now successfully live, elevating the profile of Eagle Eye in what is expected to be the world's largest digital promotions market.

This expanded international footprint, growing number of enterprise customers and continued investment into the team and product, provides an exciting basis for profitable growth in the years ahead.

Financial Results

The quality of the Group's SaaS business model can be seen in the strong financial performance in the Year. The increased win rate, success in deepening customer relationships and low customer churn meant Eagle Eye delivered a considerable acceleration in revenue growth of 39% (FY21: 12%) to £31.7m (FY21: £22.8m). Continued careful management of the cost base, whilst continuing to invest in the product and sales & marketing, resulted in an increase in adjusted EBITDA for the Year of 54% to £6.5m (FY21: £4.2m), and an increased adjusted EBITDA margin of 20% (FY21: 18%), considerably ahead of our initial expectations for the Year.

2003

2010
- **Series A funding**
- **Signed our first clients** UK

2011
- **Led** by Sir Terry Leahy, Bill Currie and Iain McDonald

2012
- Started work UK (Tesco Clubcard)
- Started work UK (Mitchells & Butlers)

2013

2014
- **Listed** LSE (AIM)
- **Acquired** to accelerate digital adoption and add to our team

2015
- Started work UK (ASDA)

2016

2017
- Started work UK (John Lewis & Partners)
- Started work UK (Greene King)
- Started work Canada (Loblaws)

2018
- **Launched Eagle Eye Wallet** redefining how companies manage their customer loyalty offerings

2019
- Started work New Zealand (The Warehouse Group)
- Started work North America (Southeastern Grocers)
- 5-year contract UK (Waitrose & Partners)
- **Launched Eagle Eye POS Connect** transforming real-time marketing forever

2020
- **Launched Eagle Eye Subscribe**
- **Launched** UK's first QSR subscription programme in a global pandemic to rave reviews (Pret)
- **Signed** 5-year deal with the #1 retailer in Australia (Woolworths)

2021
- **Recognised** Now Tech: Promotions and Offer Management Providers, Q3 Report (Forrester)
- **Went live** underpinning Virgin Red's new rewards programme

2022
- **40 mobile apps live** for clients worldwide from pubs to car washes
- **Launched** new rewards proposition UK (ASDA)
- **Started work** USA (Giant Eagle)
- **Continued to collaborate** with our partner, Neptune, across North America

NEXT
- **Looking forward to seeing what we add next!**

CHAIRMAN'S STATEMENT CONTINUED

As a result, the Group reports strong growth in full year profit before tax, up 44% to £0.7m (FY21: £0.1m), and a maiden profit after taxation of £0.6m (FY21: loss of £(0.1)m).

All businesses are now operating in an inflationary environment and Eagle Eye is no exception. The management team have proven their ability to successfully navigate these challenges, balancing investment into the business with maintaining financial strength, and the Board is confident in their ability to continue to do so.

The Group's net cash position was £3.6m at year end. During the Year, the Group entered into a new three year £5m funding facility with Silicon Valley Bank, undrawn at the period end, with up to an additional £2.5m available, subject to credit approval at the time, should there be an appropriate investment opportunity. This provides the business with security and flexibility over its financing options to deliver on its growth aspirations.

ESG and Our People and Values

As a Board, we are committed to high standards of ESG and made good progress against our stated objectives during the Year, building on our existing foundation of responsible business practice. Key to any policy is benchmarking and data, and we are measuring our progress through KPIs and comparing them to the market median to allow focus on areas of improvement.

An important part of our social contribution has been our partnership with 52 Lives, a fantastic charity built around the concept of 'kindness' where we have a commitment to help an individual or family in need every month of the year.

Our internal focus of the year has been the Purple Women initiative, launched in 2021, which aims to increase representation of women across the business, where we have continued to make important progress.

Minimising any impact on the environment from our operations remains an important focus for the business. The introduction of 'Virtual First' has had a positive impact on the travel requirements for our employees and therefore a positive impact on carbon emissions. We already have a low environmental footprint but ensuring that our key suppliers monitor and have targets around their environmental impact is a key part of our supplier code. We also recognise the importance and value of high standards of corporate governance and always look to maintain our strong corporate governance framework, which we have already adopted by following the QCA Code.

Eagle Eye places the success and happiness of its people at its heart, which was evident at the Company's annual conference in July 2022, where I was once again struck by the commitment, creative thinking and diversity of the team.
On behalf of the Board, I would like to thank all the team for their commitment to delivering great service for our customers and embodying the Company's values. Against the current macro-economic backdrop, Eagle Eye has had a fantastic year built on the shoulders of an exceptional team.

Opportunity

The acceleration of digital strategies in the post-pandemic environment presents a considerable global opportunity for Eagle Eye. The U.S. will continue to be a key area of focus in the current financial year, as we build on the strength of our partnership, and applicability of the AIR platform to capture a growing proportion of the ever-expanding retail market. We also plan to invest sales resource in Asia, building on the success of our two landmark customers in the Asia Pacific region, Woolworths Group in Australia, and The Warehouse Group in New Zealand. Building out from our UK success, we intend to expand further into Europe where there is a substantial addressable market.

We remain committed to profitable growth and will continue to review acquisition opportunities as they arise which complement our product and customer strategy across our international territories.

With a growing customer base, including some of the world's largest retailers, the investments we continue to make in our technology, alongside growing levels of recurring revenue and a strong sales pipeline, the Group has entered the new financial year in a robust position and looks to the future with considerable confidence.

Malcolm Wall
Non-Executive Chairman

Case Study

Powering the Asda Rewards loyalty programme

Rewarding customers with money for buying the products they love

Build up a 'cash pot' when purchasing a 'star product' or completing an in-app 'mission'

Earn special rewards for purchasing selected products across a range of brands

Redeem cash by converting your cash pot into a voucher which can be redeemed in-store or online for a truly omnichannel experience

Mission enrolment and progress automatically updates in real-time with POS Connect when you purchase featured item(s)

ASDA

CHIEF EXECUTIVE OFFICER'S STATEMENT

A year of strong growth and beating our expectations

"The prospects for Eagle Eye are increasingly positive and we have entered FY23 in a very strong position with considerable momentum across the business."

I am incredibly proud of the successes achieved this Year by our fantastic team, against a challenging economic backdrop. Through their drive and dedication, we are at the forefront of the digital transformation taking place in the world of retail marketing.

This exceptional team is creating value through great technology, for some of the biggest businesses on the planet. Underpinned by ongoing innovation and investment in our platform, Eagle Eye AIR is a proven, enterprise grade loyalty, promotions and stored value platform, trusted by some of the biggest and best retailers in the world.

We are as proud of the product we have built as we are of our incredible team who work tirelessly to ensure our customers get the maximum value from their investment in AIR. We believe that paramount to our success is our unique way of working, which we have formalised in the Year in our new Customer Promise. This serves to encapsulate our core values and communicates the things that are most important to us as a team; delivering a service we are proud of, always being transparent, trying to always do the right thing and caring deeply for our customers and partners.

The strength of our SaaS business model is evidenced by our strong metrics, with AIR ARR up 41% to £23.9m, NRR increasing to 145% and churn maintained at less than 1%, providing a strong basis for continued expansion. Revenue grew 39% in the Year, driven by all areas of the customer strategy. EBITDA margins continued to increase, whilst we also continue to invest, and this growing level of profits is now flowing through into positive cash generation, providing us with confidence to continue to invest to support our future growth. The upgrades to guidance twice during the year are a clear demonstration of the momentum across the business, which I am pleased to confirm has continued since the period end.

We are actively targeting two large areas of opportunity within the U.S.: the Consumer Packaged Goods (CPG) market and the Loyalty and Personalised Promotions market. Progress has been particularly encouraging, winning new customers both direct and through partners, and taking those customers live increasingly quickly. The Group now has five clients in North America, accounting for 56% of the Group's ARR, demonstrating the strong progress being achieved in what is expected to be the world's largest digital promotions market, due to the huge value of promotions by CPG businesses.

Market opportunity and competitive strength

The overarching competitive strength of the AIR platform is its ability to deliver real-time loyalty i.e., personalised marketing messages to consumers securely, at an enterprise scale, via a multitude of channels, in real-time. This ability is resonating with retailers around the world, as they seek to accelerate their digital marketing strategies.

The global shift towards personalised digital marketing continues at pace, and we anticipate this will only accelerate in the face of tough economic times for consumers. Looking back at the 2008 financial crisis for example, coupon redemption increased by 23% from 2008 to 2009, with that momentum continuing well into 2011*. Our customers recognise that loyalty and promotions are increasingly important in attracting and retaining consumers in periods of high real inflation.

While consumers look for promotions to assist them in reducing the cost of goods, so too do retailers use it to assist their financial positions. In McKinsey's 'The State of Grocery Retail 2022' report, it was found that grocery retailers adopting personalised promotions with the right message and the right discount, through the right channel could result in gains of 2 to 3 percent in EBITDA.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Both of these financial drivers are added to by the desire of the consumer to receive personalised interactions from retailers. Recent consumer research by Adobe** found that 'more than half (67%) of respondents say that, when shopping in-store or online, they would like to receive personalised promotions or offers based on their spending habits. Many consumers (61%) also say receiving these promotions will make them more likely to make a purchase.'

In the face of huge upheaval and change, this is a clear demonstration that retailers globally have had to develop their omnichannel capabilities to address the rapidly changing consumer shopping behaviours and Eagle Eye has the ability to deliver such personalisation at scale.

* NCH research
** Adobe Commerce study (June 2022)

Increasingly differentiated offering for the U.S. market

In the U.S., a key differentiator is AIR's ability to facilitate personalised digital coupons for CPG companies, who have traditionally spent heavily on paper coupons and are now looking to transition to more effective, personalised, digital offers. This move is popular with their grocery retail partners because it increases reasons for digital engagement. Through our partner, Neptune Retail Solutions, the Group has access to the CPG advertising budget, at over 45k+ retail outlets. The success of our first two joint customers, Southeastern Grocers and one of the largest national grocers in the U.S, provide us with compelling case studies with which to target this market.

Partnerships provide additional strength and access

Eagle Eye AIR has the ability to sit across the entire marketing ecosystem, connecting all the elements required to deliver personalised marketing at scale. As part of our growth strategy, we will continue to create partnerships and collaborations with other businesses in the industry, using their expertise to strengthen our offering and leveraging their marketing reach.

In the Year, we have deepened our relationships with key partners across the spectrum of the marketing ecosystem including Oracle Simphony, Neptune Retail Solutions and dunnhumby. We are pleased to have gained our Google Cloud Partner Advantage accreditation, which gives us access to Google's training, co-marketing and technical resources.

We have recently hired a Head of Strategic Alliances to develop our existing partner relationships and broaden our ecosystem of technology partners and systems integrators.

1. Delivering against our strategy

We successfully delivered across all three areas of our customer strategy in the Year – Win, Transact and Deepen.

- 'Win': bring more customers on to the Eagle Eye AIR platform;
- 'Transact': drive higher redemption and interaction volumes through the platform; and
- 'Deepen': encourage our customers to adopt more of our product portfolio as they become more adept at digital marketing.

We have won a substantial number of new customers across multiple geographies and benefited from the accelerated ability to take these customers live while continuing to deepen our contractual relationships with existing customers.

Our high level of customer retention means that each new customer win significantly adds to our growth prospects, with revenue from our largest revenue-generating customers typically increasing by a multiple of over three times by the end of their third year on the AIR platform, through both increased use of the platform and the addition of new services.

Win

There was an increase in the win rate, both in the UK and internationally, resulting in an uplift in 'Win' related revenue throughout the Year. New customer highlights in the Year include Halfords Group plc, for a customer engagement solution, and two new U.S. customers.

The increased win rate across our key geographies demonstrates the range of capabilities being delivered by the Eagle Eye AIR platform, with the ways in which businesses are using Eagle Eye AIR increasing at pace, providing us with a strong base for future expected growth. Securing these wins in the current economic environment, highlights how promotions are more important than ever and are increasingly becoming one of the most effective ways to drive increased trade.

The Group has an exciting new business pipeline heading into 2023, with a number of potential contracts coming from each key geography, which will continue to enable us to achieve sustainable and profitable growth.

Transact

Several significant customer contracts moved into the transactional phase during the Year. These included Woolworths in Australia, Staples US Retail and Virgin Red.

Positive developments in the final quarter of the Year also included the go live of personalised offers for Halfords Motoring Club and Waitrose. We continue to benefit from development work on the product to generate more turnkey solutions for our clients, often reducing the implementation time.

Chargeable AIR redemption and interaction volumes, a key measure of usage of Eagle Eye AIR, grew by 62% to 1.7bn (FY21: 1.0bn), primarily reflecting an increased number of loyalty transactions following the successful launch of new customer programmes.

Deepen

A key part of our strong performance this year has been the considerable increase in use of the AIR platform by our existing customers, as reflected in the growth in NRR to 145%. We have seen a significant increase in interest in our loyalty offerings, in particular, by our customers, such as

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Asda, Pret a Manger and PizzaExpress, as they seek to retain their customers in the post-pandemic environment.

In the UK, we have been working closely with Asda since 2014 on back-office efficiency measures and are now excited to be selected by Asda for their new loyalty programme, Asda Rewards. Following a successful trial with Asda employees in September 2021, the programme has now launched nationally.

Further customer expansions include Pret A Manger with the expansion of the coffee subscription service into France and the U.S., as well as the l aunch of their loyalty scheme, Pret Perks, and the launch of a subscription service for Liberty Retail Limited.

We also launched a new loyalty programme for long-standing digital promotions customer, PizzaExpress. The PizzaExpress scheme is the first of its kind by a UK hospitality operator, using the AIR stampcard feature alongside our Digital Wallet to manage customers' personal stampcards and reward coupons.

We deepened our partnership with Mitchells & Butlers through the launch of a new project to gather data on different offer types used by customers whilst also helping to reduce fraud.

We saw some impact from COVID-19 recovery on our deepen revenue in the year. NRR pre COVID impact is approximately 130%, which we anticipate to be a target level for the business moving forward.

Pleasingly, our long-term contract customer churn rate by value remains very low at below 1% with good levels of renewals taking place.

2. Innovation

Customer focused innovation has always been one of our core Company values, spending 17% of revenue (FY21: 19%) on the product during the Year. It is fundamental to our success and central to how we will continue to succeed into the future. During the past year we have innovated to ensure that we can continue to meet and exceed the needs of our customers all over the world. This has meant a focus on platform speed and scale and product flexibility.

Platform speed and scale

A significant proportion of our work in the Year has been on continuing to extend our omnichannel POS Connect capability. POS Connect is our state-of-the-art POS solution which enables our clients to deliver highly personalised offers at huge scale without relying on their existing infrastructure.

For enterprise clients such as grocery retailers, their performance requirements are based on the number of people in their shops, the number of items in their basket as they checkout and the number of promotions available at any given moment to calculate what offers and rewards to which a customer is entitled.

To minimise the time taken for customers checking out, our platform needs to be able to perform these calculations within milliseconds. Based on a basket of 50 items, we have increased the speed of these calculations by five times through our database design, cloud architecture and system design.

Product flexibility

We continue to deliver new capabilities all the time and offer many different promotional types which are available for use, out of the box. We have extended our Gamification services to deliver more engaging customer journeys that drive frequency and spend. Examples of retailers using gamification include Southeastern Grocers whose Rewards Boosters programme gives customers a boosted number of points for buying selected products within a defined timeframe and ASDA who have set customer missions to earn cashback. We continue to develop our gamification services as retailers looks for new and innovative ways to engage and reward customers and boost like-for-like sales.

We provide all our customers with the ability to flex the technology to enable them to deliver their own unique strategy whilst still maintaining a high level of standard functionality, typically between 80-90%. We believe this is a real differentiator for us in the market.

By making these improvements, we have been able to start engaging with our clients on delivering what we believe is the next generation of marketing – contextual personalisation. This means we can personalise the 'when' as well as the 'what' of every message.

Data and Reporting

We made solid progress during the Year through the launch of Eagle Eye Analytics, a solution which improves the way our customers track and measure the performance of their loyalty and promotional activities. Eagle Eye Analytics is built using Google's market-leading Looker data analytics platform and enables our clients to benefit from enhanced reporting and new features. We will continue to evolve our data and reporting capabilities in the coming year to ensure we deliver the future requirements of our customers.

Integrations and Partnerships

It is our mission to be the most flexible, scalable and future proofed promotions and loyalty platform in the world. In order to achieve this, we continue to invest in making it easier for retailers and their partners to work with us. We now have over 80 pre-built integrations with POS providers, eCommerce platforms, CRM systems, data analytics companies, payment providers and more, and will continue to engage with partners all over the world to ensure we are able to deliver the maximum value to our customers.

3. International growth

We are now clearly seeing the benefit of our investment into international expansion, with strong growth in North America and exciting prospects in our Australia operations, providing us with access to the Southeast Asian market.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

North America

CPG offering in partnership with Neptune Retail Solutions

The CPG digital coupons market is a vibrant and highly active opportunity, where contracts are being put out for tender typically on a three-year cycle. These are high volume, pay per click opportunities for which we have developed a pre-packaged, rapidly deployed offering alongside our partner, NRS. Together we are revitalising and modernising how CPG companies can engage shoppers digitally through personalised promotions.

Since the signing of the first joint contract with Southeastern Grocers in 2019, the partnership has driven more than 200 million personalised offer recommendations monthly to Southeastern Grocers' loyalty programme members across all banners, and so we are excited about what our offering will bring to this large U.S. grocer. The success of the programme has elevated the profile of Eagle Eye in the U.S. market.

We were delighted to sign one of the largest national U.S. grocers at the beginning of the Year, the second customer to be secured alongside our partner Neptune Retail Solutions (NRS). Importantly, this grocer went live on the AIR platform in May 2022, just a few months after contract signing. Achieving deployment so quickly is a reflection of the investment we have made in this product where the market requires more of a turnkey solution, which enables a faster time to market for our customers, whilst generating recurring revenue quicker.

Loyalty and Personalised Promotions

We are also targeting our more traditional market of Loyalty and Personalised Promotions, of which Loblaw is a successful example. For these types of customer deployments, AIR is part of an extensive, complex ecosystem, requiring greater customisation and for which the flexibility of the AIR platform is ideally suited. These types of opportunities will have a longer sales cycle than CPG and will generally go-live in distinct phases.

In January 2022, we were pleased to announce that we have been selected by Giant Eagle, a regional food, fuel and pharmacy retailer and one of the 40 largest family operated companies in the U.S., to facilitate its new digital loyalty platform and to enable increased promotional capabilities.

In Canada, during the first half of the Year, we signed a three-year contract to extend our partnership with Loblaw Companies Ltd ('Loblaw') to power the PC Optimum™ loyalty programme. Loblaw is using Eagle Eye's AIR digital marketing platform as well as professional services to ensure ongoing innovation to deliver value to PC Optimum™ members.

The sales pipeline in North American market continues to expand, both directly and through partners, and presents an exciting opportunity for the Group. We continue to invest in our international capabilities to ensure we have the ability to deliver continued revenue growth.

Australasia

With two of the largest retailers in the Australasia region now customers, we are exploring the sales opportunity in the wider Asia Pacific region. The Group believes there to be a good level of enterprise prospects in the region.

Our significant five-year contract with Woolworths went live in August 2021 to the members of the Everyday Rewards loyalty scheme, just 10 months after contract signature. Our platform has already helped Woolworths to deliver several Everyday Rewards app enhancements including more personalised offers and real-time boosting of offers. This year we will begin work with Woolworths New Zealand, operator of over 180 Countdown branded supermarkets in New Zealand.

We continued our work with The Warehouse Group, one of the largest retailing groups in New Zealand. In January 2022, its largest retail banner, The Warehouse, went live nationally with an app-first loyalty programme, The Market Club. We continue to work with The Warehouse Group as it seeks to deliver more features to members of its fast-growing programme.

Eagle Eye was delighted to sign a contract with IKEA Indonesia in September 2022, post Year end, to provide its new personalised loyalty platform. IKEA Indonesia is a subsidiary of Dairy Farm International, the leading pan-Asian retailer.

Europe

Having tested the market within mainland Europe through targeted marketing activities, we are starting to see increased customer interest for our offerings in mainland Europe, both from existing and potential new customers, such as Cosmos in Greece, HMS Host in Netherlands, the expansion of our JD Sports relationship outside of the UK, Pret a Manger, VF Group, IMO and several others. Having carried out further analysis of the size of the enterprise retail opportunity, we will initially target the DACH (Germany, Austria, Switzerland) region, the largest economic region in Europe, placing a small Eagle Eye team in Germany alongside our partner network. We continue to explore additional opportunities to expand in the wider European region.

4. Better, Simpler, Cheaper

While investing in innovation and growing the business, we simultaneously look for inherent productivity and efficiencies coming from the scale of what we do. The relevance of this ethos came to the fore at the time of the COVID-19 pandemic, when the agility of the organisation enabled us to swiftly adapt to the changing working practices enforced by the pandemic and continues to be important as we navigate the current difficult macro-economic environment.

We have developed a proven business model to grow our EBITDA margin whilst also investing, as we 'Win', in sales & marketing and enhancements to the product to generate new opportunities for growth.

Our people costs represent 65% of the operating costs of the business in the Year (FY21: 64%) and we recognise they are our biggest asset. As we have moved through the pandemic and workforces have become more mobile, our business model has allowed us to use remuneration as one of the levers to reward and retain our best people. Continued investment into the new year is built into our plan, in line with the model we have developed. We aim to award pay rises across the organisation at least in line with the average levels of wage inflation to ensure we maintain our high levels of retention. We continue to review average industry wages and are comfortable we are well placed to manage any rises in the year ahead.

We have moved to a regional structure, with a VP in charge of each region, providing greater autonomy to make local decisions and champion our culture, which will be essential to maintain our agile ethos as we scale.

Our people and beliefs

Creating value for our customers sits at the heart of Eagle Eye and we believe this is the foundation of our successful business. We have an exceptional team creating value through market leading technology for some of the biggest names across the globe. We have a clear vision, mission, and purpose, and a unique 'Purple Method' of working that we believe enriches lives and has the power to change the world for the better. By collaborating with clients to deliver solutions that solve their pain points and to help maximise their return on investment, we secure customer loyalty. We have been tracking the value we create through our Customer Professional Services Satisfaction Reports introduced during the year and Employee Net Promoter Score, which is improving and is significantly higher than the industry benchmarks.

To bring our 'Purple Method' to life, this year we also authored our own Eagle Eye book, The Purple Playbook, which has been gifted to every member of the team and will be given to every new starter as part of their welcome pack. It is part manifesto, part culture book, part employee handbook and part 'how we got to where we are!' Ultimately, its purpose is to celebrate everything and everyone that contributes to making Eagle Eye the fantastic organisation that it is today.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

We celebrate the contribution of our people both at our Annual Company Conference and monthly by our Purple Awards. This year we have launched our 'Purple Pathways' (career development) programme, which will support employees to develop their career at Eagle Eye and advance into new roles over time.

As part of our ongoing commitment to charity work, we partnered with 52 Lives, a charity built around the concept of 'kindness' who find people who need help and then deliver it. The Purple Places Challenge which we launched in FY22 was also a huge success; the challenge saw the team walk, run, cycle and row their way around the world, as part of our efforts to raise money for 52 Lives and we ran several more charity events during the year to support this. We are proud to have raised over £40,000 that has helped the lives of 16 people and their families.

In May 2022, one of the highlights of my year was receiving a 3-star accreditation rating from Best Companies. This is their highest accolade, which represents 'world class' levels of employee engagement. We employ over 170 staff and ranked number eight in the UK in the Technology sector, and number seven in the South East overall in their Q2 2022 survey. We are a business that places the success and happiness of its people at its heart. In responding to the survey, employees revealed they felt positive about the leadership and management at Eagle Eye, were happy with their work and home-life balance and 100% of employees felt proud of working at Eagle Eye.

This achievement comes after the implementation of a number of people-focused initiatives. In the last year we have strengthened our compensation reviews to incorporate loyalty and to reward people based on the value they bring.

Several changes have also been catalysed by our 'Purple Women' initiative; including family-friendly policies that offer parents more flexible working patterns, enhanced leave packages, and additional support on their return to the work; together with education and support of health-related issues impacting employees.

Outlook

The prospects for Eagle Eye are increasingly positive and we have entered FY23 in a very strong position with considerable momentum across the business, with trading in the first few months of the Year in line with the Board's expectations. We have a considerable addressable market, high profile customers in multiple geographies, a proven offering and a high-quality business model driving growth in revenue, profits and generating cash.

In the current difficult economic environment, customer loyalty and effective promotions are more important than ever. The retail industry is becoming increasingly aware that data driven, personalised promotions are one of the most effective ways to drive increased trade. The ability of our AIR platform to deliver 1:1 marketing, in real time, at an enterprise scale, means we are well positioned to address this growing customer need.

The Group continues to successfully manage inflationary pressures and the underlying growth and flexibility of the Company's business model mean that management can invest into the business and people with confidence to support future growth.

The Group's strong new business pipeline, and growing international opportunity in the U.S., Europe, and Asia, coupled with supportive market drivers, underpins the Board's confidence in the long-term success of Eagle Eye.

Tim Mason
Chief Executive Officer

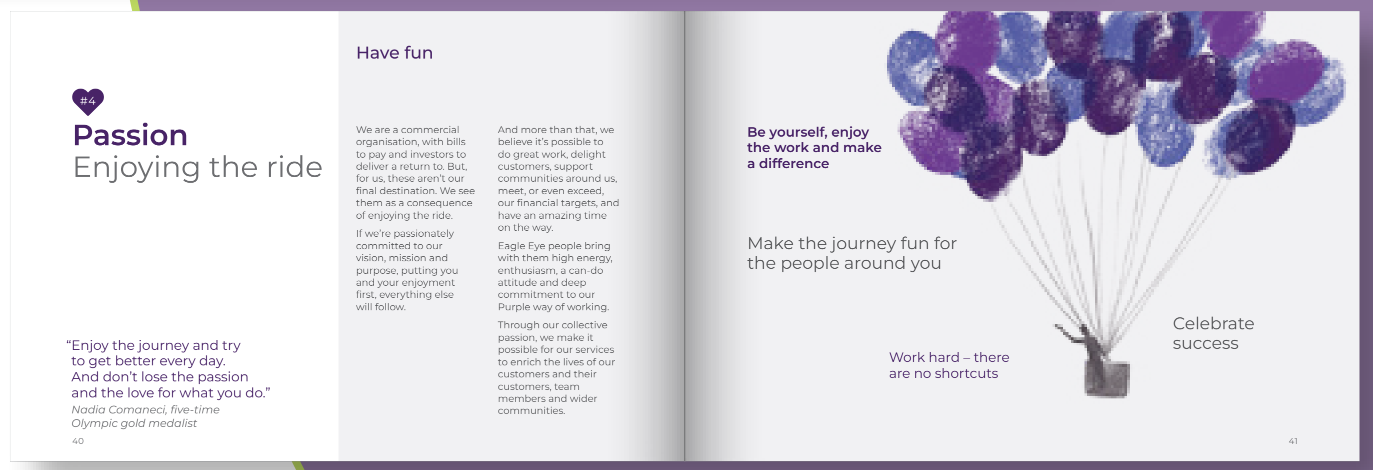
Purple Playbook

Our Purple Playbook

This year we launched our own Eagle Eye book, The Purple Playbook, which has been gifted to every member of the team and will be given to every new starter as part of their welcome pack. It is part manifesto, part culture book, part employee handbook and part 'how we got to where we are!'

Ultimately, its purpose is to celebrate everything and everyone that contributes to making Eagle Eye the fantastic organisation that it is today.

purpose
people



FINANCIAL REVIEW

Strong financial performance supporting SaaS business model

> *Acceleration of revenue growth of 39%, driven by all areas of the customer strategy.*

Key Performance Indicators

Financial		FY22 £m		FY21 £m	Var
Revenue		**31.7**		22.8	39%
Subscription and transaction revenue:					
– Licence revenue	**£12.2m**	**39%**	£7.9m	34%	54%
– AIR transaction revenue	**£9.7m**	**30%**	£6.4m	28%	52%
– SMS transaction revenue	**£2.1m**	**7%**	£2.6m	12%	(19)%
Total subscription and transaction revenue	**£24.0m**	**76%**	£16.9m	74%	42%
AIR Annual recurring revenue		**23.9**		16.9	41%
Net revenue retention rate		**145%**		105%	+40ppt
Adjusted EBITDA[(1)]		**6.5**		4.2	54%
EBITDA margin		**20.5%**		18.5%	+2ppt
Profit before tax		**0.7**		0.1	444%
Net cash[(2)]		**3.6**		0.8	347%
Cash and cash equivalents		**3.6**		1.7	112%
Short-term borrowings		**–**		(0.9)	100%

Non-financial	FY22	FY21	
AIR redemption & interaction volumes	**1,693m**	1,043m	62%
Long-term contract customer churn by value	**0.2%**	0.3%	(0.1)ppt

(1) Adjusted EBITDA excludes share-based payment charges along with depreciation, amortisation, interest and tax from the measure of profit and is reconciled to the GAAP measure of profit before taxation in note 21.

(2) Net cash is cash and cash equivalents less borrowings.

FINANCIAL REVIEW CONTINUED

Group results

Group Revenue

£31.7m

(FY21: £22.8m)

Group's Annual Recurring Revenue (ARR)

£23.9m

(FY21: £16.9m)

Net Revenue Retention (NRR)

145%

Up from 105% in FY21

Revenue

Revenue growth for the Group was 39% for the Year (FY21: 12%), achieving growth in all areas of our customer strategy: Win, Transact and Deepen.

Professional services revenue increased by 30% to £7.6m (FY21: £5.9m). Under IFRS 15, a SaaS business will typically recognise revenue (including implementation revenue from professional services) over time. In some cases, implementation revenue is now recognised over the period the service is live. Therefore, during the period of implementation for a new client, which is typically between two and six months, no revenue will be recognised, although directly attributable associated costs are also spread over this period, matching revenue and costs. Revenue from professional services that has been deferred into future periods, but delivered and billed, was £3.0m at 30 June 2022 (30 June 2021: £1.0m).

The Group's Annual Recurring Revenue (ARR), which is our period exit rate for recurring AIR subscription and transaction revenue plus any professional services contracted for more than 12 months hence and secured new wins, excluding any seasonal variations and lost contracts, increased by 41% to £23.9m (FY21: £16.9m). The growth rate is higher than the overall revenue growth due to the securing of long-term professional services in some enterprise accounts, versus the comparative period.

The Group has a strong Net Revenue Retention (NRR) rate, which is the improvement in recurring AIR revenue excluding new wins in the last 12 months. It has improved in the period to 145% (FY21: 105%) due to successful deepening of existing accounts and the recovery in the Food & Beverage sector from the impact of COVID-19. Excluding the COVID-19 recovery impact, NRR for FY22 was 137%.

Chargeable AIR redemption and interaction volumes, a key measure of usage of the AIR platform, increased by 62% to 1.7bn (FY21: 1.0bn), slightly ahead of the 53% growth in recurring subscription and transaction revenue, reflecting the banded pricing model for some of our Enterprise clients which now make up a larger proportion of revenue following new wins during the year such as with the Group's partner, Neptune; deepening of existing relationships including with Asda Loyalty; and increasing transactional usage of the platform by clients such as Southeastern Grocers.

In addition to winning new business, including Giant Eagle, Halfords and a major U.S. grocer, and deepening existing relationships, the Group successfully maintained an extremely low rate of long-term contract customer churn by value at 0.2% (FY21: 0.3%). This reflects the scale and breadth of the AIR platform in meeting our customers' needs.

As expected, SMS messaging revenue fell from the prior year but still generated revenue of £2.2m (FY21: £2.6m), reflecting some reversion of consumer shopping habits to their pre-pandemic state and the end of use of the Group's SMS messaging platform to support clients following the cessation of the UK Government's Test & Trace guidelines. However, SMS volumes continued to hold up well with those clients who recognise the benefit of an omnichannel strategy and which have integrated both their High Street stores and their eCommerce offering. Consistent with previous guidance, SMS is expected to continue to represent a decreasing proportion of the business in future years.

Gross profit

Gross profit grew 43% to £29.6m (FY21: £20.7m), with gross margin rebounding to 94% (FY21: 91%) following the impact of COVID-19 pandemic in the prior year and an underlying increase in gross margin from AIR platform revenues to 99% (FY21: 98%). The lower margin SMS messaging business accounted for 2% of gross profit (FY21: 4%).

Costs of sales includes the cost of sending SMS messages, revenue share agreements and outsourced, bespoke development work. All internal resource costs are recognised within operating costs, net of capitalised development and contract costs.

Adjusted operating expenses

Adjusted operating costs increased 41% to £28.9m (FY21: £20.4m) as the business has invested in line with our planned growth investment model. This cost represents sales and marketing, product development (net of capitalised costs), operational IT, general and administration costs.

The 45% increase in staff costs to £18.8m (FY21: £13.0m) reflected an increase in average headcount for the year which was up 15% to 162 (FY21: 141). In addition, there were increased annual pay awards reflecting the current competitive landscape and increased commission/bonus reflecting the increased new customer win rate and the Group's strong EBITDA performance. We continue to invest in developing our products, and in sales and marketing to support our growth plan; within staff costs, gross expenditure on product development increased to £5.2m (FY21: £4.3m) and sales and marketing spend was £3.7m (FY21: £2.8m).

IT Infrastructure costs grew ahead of recurring revenue growth by 57% to £6.5m (FY21: £4.2m) as the Group invested in infrastructure for its overseas regions in advance of significant increases in volumes seen towards the end of the year which were 15% higher at the end of H2 22 compared to the start of H2 22. Capitalised product development costs were flat at £2.2m (FY21: £2.2m), whilst amortisation of capitalised development costs was £2.3m (FY21: £2.2m). Contract costs (including costs to obtain contracts and contract fulfilment costs), recognised as assets under IFRS 15, increased to £2.7m (FY21: £0.7m), reflecting the high level of new wins during the year, and amortisation of contract costs was £1.3m (FY21: £0.6m).

FINANCIAL REVIEW CONTINUED

Adjusted EBITDA and Profit before tax

The strong revenue performance and continued controlled investment spend have resulted in a significant increase in adjusted EBITDA margin to 20% (FY21: 18%) with adjusted EBITDA up 54% at £6.5m (FY21: £4.2m) for the Year. To provide a better guide to the underlying business performance, adjusted EBITDA excludes share-based payment charges along with depreciation, amortisation, interest and tax from the measure of profit. The GAAP measure of operating profit before interest and tax was £0.7m (FY21: £0.2m) reflecting the EBITDA profit achieved in the year, offset by increased amortisation and the non-cash share-based payment charge of £1.9m (FY21: £0.9m), reflecting the successful EBITDA performance this year and the strong position the Group is now in to deliver increased revenue and profits, which are reflected in future, performance related, vesting assumptions.

The profit before tax for FY22 of £0.7m (FY21: £0.1m) was up 444%, reflecting the improved profit before interest and tax and a reduction in net finance expense to £0.05m (FY21: £0.11m) due to lower utilisation of the Group's revolving loan facility, which was not utilised in the final quarter of the year and was undrawn at the Year end.

Profit after tax, EPS and dividend

The improvement in profitability during the Year has allowed the Group to forecast the recovery of taxable losses brought forward from prior years with more certainty which, along with the continued successful R&D tax credit claims, has helped reduce the effective tax rate of the Group during the Year, with an effective overall Group tax rate of 19% (FY21: 145%).

As a result, the Group declared a maiden full year profit after taxation of £0.6m (FY21: loss of £0.1m) and reported basic earnings per share improved to 2.12p (FY21: basic loss per share 0.22p) with diluted earnings per share of 1.86p (FY21: diluted loss per share 0.22p). No dividend is proposed (FY21: £nil).

Group Statement of Financial Position

The Group had net assets of £8.6m at 30 June 2022 (30 June 2021: £5.4m), including capitalised intellectual property of £3.5m (30 June 2021: £3.6m). The movement in net assets reflects the improved EBITDA performance in the Year and the exercise of share options during the Year.

Current assets increased by £6.1m primarily due to revenue growth, aligned with an improvement in debtor days to 61 (FY21: 68 days) and higher EBITDA, generating cash in the Year. Liabilities increased by £4.1m primarily due to increased deferred income arising from the treatment of billed revenue for new implementation fees and professional services under IFRS 15, along with higher bonus and commission accruals, reflecting the revenue and EBITDA growth in the period, offset by the repayment of the Group's revolving credit facility during the Year.

Cashflow and net cash

The Group ended the Year with net cash of £3.6m (30 June 2021: net cash of £0.8m) being better than the Board's prior expectations. During FY20, the Group made use of a number of COVID-19 linked schemes in order to manage its working capital, including the deferral of VAT and PAYE in the UK. As a result, £1.7m of cash outflow was deferred from FY20 to FY21 with a further £0.4m deferred to FY22 in line with agreed payment plans. All amounts have now been repaid. Stripping out the impact of these schemes, the underlying net cash inflow for the Year was £3.2m (FY21: £0.9m). Overall net cash inflow for the Year was £2.8m (FY21: outflow of £0.7m).

The main components to the net cash inflow (unadjusted for the impact of COVID-19 deferral schemes) were:

- the operating cash inflow of £7.4m (FY21: £2.4m), reflecting the EBITDA profit of £6.5m (FY21: £4.2m), a working capital inflow of £1.5m (FY21: £1.2m outflow), including COVID-19 deferral repayments, and net tax payments of £0.6m (FY21: £0.6m). The £2.9m improvement in working capital flow primarily arose as a result of increased income deferred under IFRS 15 and a higher bonus accrual reflecting the performance of the business in the Year;
- offset by capital investment in the AIR platform and other infrastructure of £2.4m (FY21: £2.4m), contract costs capitalised under IFRS 15 of £2.7m (FY21: £0.6m); and
- payments in respect of leases of £0.2m (FY21: £0.1m).

The Board does not feel it appropriate at this time to commence paying dividends and continues to invest in its growth strategy.

Banking facility

The Group has remained comfortably within its banking covenants which relate to the Group's debt ratio and adjusted EBITDA performance. During the Year, the Group entered a new £5.0m revolving loan facility with Silicon Valley Bank UK Ltd at a reduced cost, replacing its £5.0m revolving loan facility with Barclays Bank PLC. In addition to the new facility, the Group has an additional £2.5m available, subject to credit approval at the time. This provides the business with security and flexibility over its financing options to deliver on its growth aspirations. The Group's gross cash of £3.6m (FY21: £1.7m) and the undrawn £5.0m facility (FY21: £4.1m undrawn) gives the Group £8.6m of headroom, which the Directors believe is sufficient to support the Group's organic growth plans.

Lucy Sharman-Munday
Chief Financial Officer

PRINCIPAL RISKS AND UNCERTAINTIES

Risk	Description
Evolution of the market	The Group operates in an evolving market and there is a possibility that the rate of growth in mobile commerce will not match independent predictions or that users of mobile devices will change their behaviour with respect to mobile commerce. The Group's services are new and continually evolving and it is difficult to predict the future growth rates, if any, and the size of these markets. The evolution of the markets in which the Group operates continues to be particularly uncertain due to the ongoing COVID-19 pandemic. Even if the market for the Group's products develops as anticipated, the Group may face severe competition from other businesses offering similar products and services and there can therefore be no assurance that the Group will be able to secure customers for its products and services on acceptable terms and conditions, or successfully adjust the Group's strategy to meet the changing market dynamics. The Group is in and continues to enter new international markets and not all of these markets may be at the same stage of development. The Group may face competition from other local businesses in those territories offering similar products and services and there can therefore be no assurance that the Group will be able to secure customers for its services on acceptable terms and conditions, or successfully adjust the Group's strategy to meet the different dynamics of these new markets. These risks are mitigated by the strength and experience of the Group's management team.
Technological changes could overtake the products being developed by the Group	The Group's business is dependent upon technology which could be superseded by superior technology, more competitively priced technology or a shift in retail practices which could affect both the potential profitability and the saleability of the Group's product offering. Staying abreast of technological changes may require substantial investment. The Group's existing software products need to develop continually in order to meet customer requirements. The Group may encounter delays and incur additional development and production costs and expenses, over and above those expected by the Directors, in order to develop suitable technologies and products. The technology used in the Group's products is still evolving and is highly complex and may change rapidly. Research and development by other companies may render any of the Group's products in development, or currently available, obsolete. This risk is primarily mitigated by the quality of the technical staff recruited, investment in defining and refining the product roadmap and the use of the agile development methodology.

Risk	Description
Protection of intellectual property	The Group's success and ability to compete effectively are in large part dependent upon exploitation of proprietary technologies and products that the Group has developed internally, the Group's ability to protect and enforce its intellectual property rights so as to preserve its exclusive rights in respect of those technologies and products, and its ability to preserve the confidentiality of its know-how. The Group relies primarily on enforcement of its pending and granted patents under applicable patent laws and non-disclosure agreements to protect its intellectual property rights. No assurance can be given that the Group will develop further technologies or products which are patentable, that patents will be sufficiently broad in their scope to provide protection for the Group's intellectual property rights against third parties, or that patents will have been granted in all new territories which the Group enters. Patents pending or future patent applications may not be granted and the lack of any such patents may have a material adverse effect on the Group's ability to develop and market its proposed products. Where patents have been granted the Group may not have the resources to protect any such issued patent from infringement. There is a significant delay between the time of filing of a patent application and the time its contents are made public, and others may have filed patent applications for subject matter covered by the Group's pending patent applications without the Group being aware of those applications. The Group's patent applications may not have priority over patent applications of others and its pending patent applications may not result in issued patents. Even if the Group obtains patents, they may not be valid or enforceable against others. Moreover, even if the Group receives patent protection for some or all of its products, those patents may not give the Group an advantage over competitors with similar products. Furthermore, the Group cannot patent much of the technology that is important to its business. If the Group fails to obtain adequate access to, or protection for, the intellectual property required to pursue its strategy, the Group's competitors may be able to take advantage of the Group's research and development efforts. Once granted, a patent can be challenged both in the patent office and in the courts by third parties. Third parties can bring material and arguments which the patent office granting the patent may not have seen. Therefore, issued patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Description
Product risk	The Group's business involves providing customers with highly reliable software and services. If the software or services contain undetected defects when first introduced or enhanced, the Group may fail to meet its customers' performance requirements or otherwise satisfy the contract specifications. As a result, it may lose customers and/or may become liable to them for damages. Whilst the Group has liability insurance in place and endeavours to negotiate limitations on its liability in its customer contracts, this is not always commercially possible. Additionally, the Group is committed to developing products for its customers on a set timeline. However, the pace of progress of the development projects may not be as expected and the Group could fail to meet its customers' timing or performance requirements. Although the Group manages its product delivery using an agile methodology to address these risks, the Group may lose customers, may become liable to those customers for damages and may suffer damage to its reputation.
Infrastructure risk	The Group has service level commitment obligations with some of its customers in which it provides various guarantees regarding levels of service. The Group may not be able to meet these levels of service due to a variety of factors, both inside and outside the Group's control. If the Group fails to provide the levels of service required by the agreements, such customers may be entitled to terminate their contracts or may choose not to enter into new work orders with the Group and this may also damage the Group's reputation and reduce the confidence of the Group's customers in its software and services, impairing its ability to retain existing customers and attract new customers. To mitigate against this risk, the Group has service level agreements in place with key suppliers and has multiple suppliers and operates its services in the cloud to ensure continuity of service to its customers.
Reliance on key suppliers	The Group is dependent on a small number of key suppliers for the hosting of its IT infrastructure and delivery of messaging services. A disruptive event affecting any one of these suppliers could mean that the Group is unable to meet its customers' timing or performance requirements. As a result of these risks, the Group may lose customers, may become liable to those customers for damages and may suffer damage to its reputation. To mitigate against this risk, the Group has service level agreements in place with these key suppliers and has multiple suppliers and sites, including a live disaster recovery site, to ensure continuity of service to its customers.
Online security breaches, data loss and fraud	Security breach and fraud remain key concerns in the online payments world and any security breach or fraud event might deter consumers from purchasing goods via online voucher and offer content or using a Digital Wallet. Any move away from the mobile channel for purchasing goods could have a negative impact on the Group's growth prospects and revenues. Security breach and fraud may also lead to regulatory investigations, sanctions (including fines) and litigation with clients and consumers. Any regulatory investigation or litigation may be costly and may divert efforts and attention of the Group's key management and other personnel and resources, may cause wider reputational damage to the Group and may result in existing clients terminating contracts and deter potential new clients from becoming actual clients. Any compromise of the Group's systems, security breaches or data loss may result in the temporary inability of the Group to operate its services and clients' mobile sites and applications and therefore may have a detrimental impact on the Group's revenues, both directly through the inability of the Group's clients to trade or of the Group to authenticate offers, and indirectly through loss of confidence in the security of the Group's platform. In line with its ISO 27001 accredited and SOC 1 compliant procedures, the Group uses third party security and data compliance services to monitor and mitigate against this risk, in addition to client specific security testing, and has robust business continuity procedures in place.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Description
Dependence on key customers and sectors	The Group is dependent on a number of key contracts and partner relationships for its current and future growth and development. A limited number of clients account for a large percentage of the Group's revenue, although this reliance is being diluted as new enterprise clients are won, aided by the continuing low rate of client churn and high levels of annual recurring revenue. Whilst the Group endeavours to enter and renew long term agreements with its clients, there can be no assurance that clients will continue to be secured on acceptable terms and conditions. The Group is also focused on the Grocery, Food and Beverage and Retail sectors. Although a downturn in each of these sectors can result in increased demand for the Group's services, as discounts and offers are used to encourage footfall, a long term downturn could have a negative impact on the Group's growth prospects and revenues. Although this risk is mitigated by the Group's geographical spread and refinement of the Group's products for entry into new sectors, there was a significant impact on the Group's Food & Beverage and brand clients from COVID-19. Although clients are currently trading freely, future COVID-19 waves and associated restrictions could have a negative impact on the Group's revenues.
Employee recruitment and retention	The ability to continue to attract and retain employees with the appropriate expertise and skills cannot be guaranteed. Finding and hiring top talent can be costly and might require the Group to grant significant equity awards or other incentives, which could adversely impact its financial results. The Group's future development and prospects depend to a significant degree on the experience, performance and continued service of its senior management team. Effective product development and innovation, upon which the Group's success is dependent, is in turn dependent upon attracting and retaining talented technical and marketing employees, who represent a significant asset and serve as the source of the Group's technological and product innovations. In addition, to continue to expand the Group's customer base, increase sales and achieve growth generally, the Group will need to hire additional qualified sales personnel as well as in administrative and operational support functions. Although the Group benchmarks salaries and has developed a remuneration policy which rewards loyalty and has the culture and people of the business at its heart, if the Group is unable to hire, train and retain such talent in a timely manner an undue burden could be placed on existing employees, the development and introduction of the Group's products could be delayed and its ability to sell its products and otherwise to grow its business could be impaired, which may have a detrimental effect upon the overall performance of the Group.

Risk	Description
Changes in applicable laws and regulations	Laws and regulations governing internet-based services, related communication services and information technology, e-commerce, the processing of personal data, the processing of payment card data and mobile commerce in the United Kingdom and other territories continue to evolve and, depending on the evolution of such regulations, may adversely affect the Group's business. This risk is mitigated for the Group by the Compliance Manager who is responsible for ensuring that all applicable laws and regulations related to the digital services provided by the Group are understood and addressed.
Exchange rate risk	As the Group's international operations continue to grow, exchange rate fluctuations could have a material effect on the Group's profitability or the price competitiveness of its services. The Group continues to review its exposure to such fluctuations and assesses the appropriateness of its strategies to mitigate this risk on a continual basis. However, there can be no assurance that the Group would be able to compensate or hedge against such adverse effects and therefore negative exchange rate movements could have a material adverse effect on the Group's business, prospects and financial performance.

Employee involvement

The Group recognises and seeks to encourage the involvement of its employees, with the aim being the recruitment, motivation and retention of quality employees throughout the Group. The Group encourages employee performance through employee remuneration packages, including by granting share options, and by promoting its core values to employees. The Group ensures that employees are fully aware of financial and economic factors affecting its performance.

The Group's employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate employees regardless of sex, race, religion or disability. Equality of treatment includes full and fair assessment of applications and extends to training and continuing career development.

The Group is committed to ensuring and communicating the requirements for a safe and healthy working environment for all employees, consistent with health and safety legislation and, where practicable, gives full consideration to applications for employment from disabled persons.

The Group's Section 172 report can be found on page 26.

By order of the Board

James Esson
Company Secretary

5 New Street Square, London. EC4A 3TW
20 September 2022

COMMITTED TO HIGH STANDARDS OF ENVIRONMENTAL SOCIAL GOVERNANCE (ESG)

ESG

As a Board we are committed to high standard of Environmental Social Governance ('ESG') with a focus on change that makes Eagle Eye a better business. We made good progress against our stated objectives during the Year, building on our existing foundation of responsible business practice. Key to any policy is benchmarking and data, and we are measuring our progress through KPIs and comparing them to the market median to allow focus on areas of improvement.

Environmental

- Our **environmental footprint is low** – we eliminate paper with our digital solution
- **Key tech suppliers** take environmental targets seriously
- **'Virtual First'** reduces our carbon footprint from travel – planted trees to offset

Proud to be offsetting our carbon footprint with · MAKE IT WILD ·

With the help of 'Make It Wild,' Eagle Eye has planted 50 trees at Dowgill Grange, North Yorkshire to offset our carbon footprint. It has been calculated that one tree can typically trap 3.7 tonnes of carbon dioxide during its lifetime.

Social

- Our goal is to make this a great place to work – **people are our greatest asset**
- Charity of the year – raising over **£40,000 for 52 Lives** helping individuals and families in need
- **Purple Women** – To increase representation of women across the business by supporting them in their career

52 LIVES

Governance

- **Strong governance framework** – QCA code followed
- **Board level ownership** – Malcolm Wall sponsors the ESG initiative and Lucy Sharman-Munday the exec owner
- **KPIs** to assess and monitor key aspects of ESG

The Group remains committed to high standards of ESG as set out in the table below:

	FY21	FY22	Better than median
Energy consumption MWh/£m	0.01	0.01	✓
CO_2 production tonnes/£m	1.00	1.00	✓
Water consumption m^3/£m	0.02	0.02	✓
Environmental statement	No	Yes	✓
Employee T/O	13%	16%	✓
Employee NPS	44	56	✓
Median Gender Gap	18%	17%	✓
Discrimination policy	No	Yes	✓
Community outreach	No	Yes	✓
Ethics Policy	No	Yes	✓
% Women on Board	14%	14%	✓
% independent Directors*	29%	29%	X
CEO pay as x of median	X 11	X 11	✓
CEO & Chairman split	Yes	Yes	✓
QCA	Yes	Yes	✓

* Deemed appropriate with the knowledge and skills of the Board overall

We will continue in the year ahead to build on the work to date.

BOARD OF DIRECTORS

Strength in our leadership

Tim Mason,
Chief Executive Officer

Tim joined as chairman in January 2016, later moving to CEO in September 2016. Tim has over 30 years' experience within the grocery and retail industries, with a strong background in strategic marketing and customer loyalty. Previously Tim was a managing director at Sun Capital Partners and is currently a Non-executive Director at Gousto. Prior to that he was Deputy CEO at Tesco from January 2010 to December 2012. He held a number of other roles within the Tesco Group including CMO for Tesco and CEO of Fresh & Easy LLC. Whilst at Tesco, Tim was instrumental in the creation of Clubcard, Express, Personal Finance and Tesco.com. Tim published a book, 'Omnichannel Retail – How to build winning stores in a digital world' which was shortlisted in the Business Book Awards 2020.

Lucy Sharman-Munday,
Chief Financial Officer

Lucy joined the Group in 2014, her prior experience being in the technology sector. Her core role encompasses finance, governance and strategic growth. In addition she set up and is an ambassador of the 'Purple Women' initiative. She is also currently Non-executive Director at Microlise Group Plc. Prior to joining Eagle Eye, she was the CFO of the 5one group, helping retailers achieve a customer centric strategy through analytics and software. She also worked for Adapt Group Ltd, a managed services company, and in 2006 iSOFT plc was an integral part of the turnaround team that successfully sold the business to IBA Health Group at the end of 2007. Lucy began her career at KPMG in 1999 and is a member of the Institute of Chartered Accountants in England and Wales.

Steve Rothwell,
Founder and Chief Technology Officer

Steve's passion for building technology solutions for retailers and seeing them in action led to the creation of the Eagle Eye Group in 2003. Steve is responsible for the product vision, development and roadmap for creating technology to help retailers delight their customers. Steve previously also founded the successful software consultancy Eagle Eye Technology Limited. As a software engineer by trade, Steve has operated as a developer and technical consultant for Consult Hyperion operating in the payment and media industries. With a B.Eng in Electrical and Electronic engineering from the University of Leicester, Steve trained as a software engineer by Ericsson.

Malcolm Wall,
Non-executive Chairman

A R

Malcolm joined the Group as a Non-executive Director in 2014, taking the role of Chairman in September 2016. He was previously CEO, and then advisor to the board, of Abu Dhabi Media Company. He is also the former Chief Executive, Content for Virgin Media where he ran Virgin's television proposition, the Virgin Media portal and their television channel groups. Malcolm joined Virgin from United Business Media, where he was Chief Operating Officer. He has also worked in senior executive roles for a number of ITV companies, including Granada, Anglia and Southern. Malcolm is currently Chairman of Dock10 Limited, Factory 42 Ltd, River Media Partners Ltd and the Harlequin Foundation. He also sits on the Welsh Rugby Union and United Rugby Championship Boards.

Bill Currie,
Non-executive Director

A

Bill joined the Group as a Non-executive Director in 2011. He is the founder of the William Currie Group of companies. Previously, he was a top ranked City investment analyst, serving as Joint Managing Director of Charterhouse Securities and Director of Research at BZW. Bill and his wife, Kate were co founders of The Fragrance Shop Ltd. His current directorships include MyEnergi Ltd, Orcha Health Ltd, Syrenis Ltd, and Belvedere Schools Ltd.

Sir Terry Leahy,
Non-executive Director

Sir Terry joined the Group as a Non-executive Director in 2011. He became a Senior advisor to the CD&R funds in 2011 and serves as Chairman of BUT International and a Director of Motor Fuel Group. In his 32-year career at Tesco plc, Sir Terry helped to transform the company into the third-largest retailer in the world, serving in a number of senior positions including CEO from 1997 to 2011. During his CEO tenure, Tesco quadrupled both sales and profits, and expanded into new products, store formats, lines of business, and geographies. Sir Terry was chancellor of UMIST, his alma mater, from 2002 until 2004, when he became a co-chancellor of the newly-formed University of Manchester. He was honoured with a doctorate of Science from Cranfield University in June 2007.

Robert Senior,
Non-executive Director

R

Robert joined the Group as a Non-executive Director in 2018. He was previously Worldwide CEO of Saatchi & Saatchi. Robert is a partner at Redrice Ventures, Chairman of Boys & Girls, a Dublin based independent advertising agency and is Chairman of the Durham University Campaign Board. He is on the speaker circuit and sits on the Castore sportswear board.

Board Committee Membership

A – Audit Committee

R – Remuneration Committee

CORPORATE GOVERNANCE STATEMENT

Principles of Corporate Governance

The Directors recognise the importance of sound corporate governance and confirm that the Group is complying with the QCA Corporate Governance Code (as devised by the QCA in consultation with a number of significant institutional small company investors). The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. The Directors have explained how each principle is applied below. The Directors consider that the Group does not depart from any of the principles of the QCA Code.

Establish a strategy and business model which promote long-term value for shareholders

The Group's strategy is reviewed by the Board on an annual basis at a full day strategy event. The Group's strategy is to drive long-term value for shareholders from:

- Continued development of the Group's product offering;
- Revenue growth from both new and existing accounts;
- Realising opportunities in relevant new sectors and geographies; and
- Scaling the cost base efficiently with the objective of growing EBITDA in a controlled manner allowing for investment to drive revenue growth and then moving to cash generation in line with management expectations.

Seek to understand and meet shareholder needs and expectations

In addition to shareholders being welcomed and provided the opportunity to speak to the Directors at the Annual General Meeting, the Group has a series of events designed to educate and listen to shareholders as set out below. Due to the impact of COVID-19, a number of these events continue to be held online.

- Private investor sessions held twice per year for significant shareholders;
- Roadshows held twice per year for institutional investors;
- Annual event held covering general developments in the market and our business; and
- Equity analyst and sell-side briefings held throughout the year for broader investor insight.

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group's key stakeholders are its shareholders (see 'Seek to understand and meet shareholder needs and expectations' above), employees, customers and suppliers. Each has their own communication and interaction strategy:

- **Employees:** The Group operates a weekly video-conference 'town hall' for all employees that provides a business update and a forum to celebrate success and for employees to ask questions. There are also additional quarterly briefings to update employees on Company performance in the previous quarter and objectives for the next quarter. This is supplemented by an annual 'Company Day' which is attended by all employees, providing strategic direction and Company objectives for the year ahead, a look back at progress and performance in the year and a recognition of those employees who have best demonstrated the Group's values. As part of the Group's values, we encourage employees to 'get involved'. The Group's clubs and societies such as netball, golf, theatre and hackathons all provide opportunities to do good and benefit society. The Group also has a charity Committee which is responsible for organising events and identifying opportunities where the Group and its employees can assist those in need. The Group has chosen 52 Lives as its partner charity, supporting employee efforts in raising funds through various events. The Group has encouraged the formation of Employee Resource Groups and these include: mental health first aiders who are responsible for encouraging employee wellbeing and others promoting racial diversity and gender equality (our 'Purple Women').
- **Customers:** All customer accounts have an assigned account management team who meet regularly with their respective clients to understand their business needs and how the Group can assist them in meeting their objectives. The Group regularly issues a NPS (Net Promoter Score) survey and a working Committee ensures that key take outs from the survey are acted upon. The Group holds a number of differently themed webinars during the year which give customers a flavour of what is on the product roadmap and examples of real-life uses of the Group's products. This is supplemented by an email newsletter sent to all customers.
- **Suppliers:** The Group's largest suppliers are for hosting and recruitment services. The relationships for suppliers in these categories are owned by the Chief Operating Officer/Chief Technology Officer and HR Director respectively. It is their role to meet the key suppliers on a timely basis to communicate the Group's business needs and the supplier's performance against expectations. A number of the Group's suppliers are also invited to join and present during customer webinars.

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Directors are responsible for the Group's system of internal controls and reviewing its effectiveness.

Although no system of internal control can completely eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss, the Group's controls are designed to provide reasonable assurance over the reliability of financial information and the Group's assets.

The key controls are as follows:

- The Executive Directors and Senior Leadership Team have a close involvement with the day to day operations and, with the involvement of staff, identify business risks and monitor controls;
- There is a comprehensive process of financial reporting based on the annual budget that is approved by the Board. Monthly financial results are reported with analysis of key variances against expectations;
- The Corporate risk register is owned by the executive leadership team and is reviewed by the Board on a quarterly basis. The risk register considers the impact, probability, controls in place and any mitigating factors to be considered for each risk. Where applicable, it also sets out the risk treatment plan;
- In addition, the key risks are, where applicable, reflected in the Group's ISO 27001 statement of applicability which is monitored by the Group's Security Management Team and Information Security Committee; and
- Employees are encouraged to report any new risks through the Group's internal reporting procedures.

The Group's principal risks and uncertainties are set out on pages 18 to 20.

There is currently no internal audit function as the Board and Audit Committee considers that given the Group's current stage of development, it is not necessary but this will be reviewed annually as the Group evolves.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Maintain the Board as a well-functioning, balanced team led by the chair and ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities

The Board is responsible to shareholders for the proper management of the Group. A statement of Directors' responsibilities is set out on page 33 and the interests and experience of the Board are set out on page 22. The Non-executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered.

The Board comprises of the Non-executive Chairman, who was independent at the time of appointment, three Executive Directors and three other Non-executive Directors. Of the Non-executive Directors, the Board considered two to be independent Directors (Robert Senior and Malcolm Wall). The Non-executive Directors have retail, media, advertising and technology business expertise.

The executive leadership team includes three members of the Board, the Chief Executive Officer (who has a retail background), the Chief Technology Officer (who has a technology background) and the Chief Financial Officer (who has a finance in technology businesses background).

The Board holds regular meetings and is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions and overseeing the Group's progress towards its goals. Each year, the Non-executive Directors are required to attend 9-12 Board and Board Committee meetings as well as a whole day offsite strategy session, which helps to shape the Group's strategy for the coming year and beyond.

Board Committees

The Board has two Committees with clearly defined terms of reference which are set by the Board. The role, work and members of the Committees are outlined on page 25.

Meetings of the Board and its Committees held during the year and the attendance of the Directors are summarised below:

	Board meetings		Audit Committee		Remuneration Committee	
	Possible	Attended	Possible	Attended	Possible	Attended
Tim Mason	11	11	–	–	–	–
Steve Rothwell	11	10	–	–	–	–
Lucy Sharman-Munday	11	10	–	–	–	–
Bill Currie	11	11	2	2	–	–
Sir Terry Leahy	11	9	–	–	–	–
Robert Senior	11	9	–	–	5	5
Malcolm Wall	11	11	2	1	5	5

The Board has a schedule of regular business, financial and operational matters and each Board Committee has compiled a schedule of work to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. Board and Committee papers are circulated to Directors prior to meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted and to seek independent advice at the Group's expense where appropriate.

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board carries out an annual 360° board assessment that assesses the objectives, strategy and remit of the Board, performance management, risk management and the experience, skills and capabilities of the Directors to manage the business. This assessment is owned by the Chairman who uses the feedback to improve reporting processes and oversight. The executive leadership team has objectives that are fed from the Group's annual strategy session. Appraisals are held twice per annum and are discussed at the Remuneration Committee.

Promote a corporate culture that is based on ethical values and behaviours

The Group has six core values that employees are recruited by (as well as skill) and are remunerated by (as well as achievement of objectives). These are:

- Excellence
- Innovation
- Integrity
- Passion
- Kindness
- Teamwork

Excellence encapsulates what the Group calls 'the Purple Standard' and is what is looked for on a day to day basis from the Group's employees and suppliers.

The Board believes that a culture based on these values provides a competitive advantage and is consistent with fulfilment of the Group's strategy. The culture is monitored through the biannual employee appraisal process and through the use of a satisfaction and engagement survey which is performed annually. The executive leadership team reviews the key findings of the survey and determines whether any action is required.

Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

In addition to the Board and its Committees referred to under 'Maintain the Board as a well-functioning, balanced team led by the chair and ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities' and set out in more detail below, the Group operates a number of sub-boards, each of which has a chairman and an Executive Director sponsor and are attended by a wider cross-section of key senior managers from across the business.

- The executive leadership team reviews the day to day operations against the business objectives set within the Group's strategy;
- The Sales and Operations Board monitors the sales, strategic partnerships and project delivery required to achieve the targeted revenue growth;
- The Product Board monitors the product delivery against the roadmap and takes customer and market feeds to drive the innovation of the product that is discussed, debated and prioritised within this forum; and
- The People Board discusses all employee related matters, including reward and benefits, talent attraction and retention strategy, employee relations and recruitment.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Remuneration Committee

The Remuneration Committee is currently chaired by Robert Senior and consists of two Non-executive Directors, Robert Senior and Malcolm Wall. The Committee is expected to meet no less than twice a year. Executive Directors may attend meetings at the Committee's invitation.

The Remuneration Committee is responsible for determining and agreeing with the Board the broad policy for the remuneration and employment terms of the Executive Directors, Chairman and other senior executives and, in consultation with the Chief Executive Officer, for determining the remuneration packages of such other members of the executive management of the Group as it is designated to consider. The Committee is also responsible for the review of, and making recommendations to the Board in connection with, share option plans and performance related pay and their associated targets, and for the oversight of employee benefit structures across the Group.

The remuneration of Non-executive Directors is a matter for the Board. No Director may be involved in any decision as to their own remuneration. This Remuneration Committee report includes a summary of the remuneration policy and the Annual Report on Remuneration.

Audit Committee

The Audit Committee is chaired by Bill Currie, and consists of two Non-executive Directors, Bill Currie and Malcolm Wall. The Audit Committee meets formally not less than twice every year and otherwise as required. The external auditors are invited to each meeting and the Chief Executive Officer and Chief Financial Officer (together with members of the finance team as appropriate) attend by invitation.

The Committee assists the Board in meeting its responsibilities in respect of corporate governance, external financial reporting and internal controls, including, amongst other things, reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems.

In fulfilment of these objectives the Committee:

- reviews the Group's financial statements and finance-related announcements, including compliance with statutory and listing requirements. Compliance is reviewed each year with the Chief Financial Officer and enhancements are made as appropriate;
- considers whether these statements and announcements provide a fair, balanced and understandable view of the Group's strategy and performance, and of the associated risks. Further consideration of these matters is also provided by the Board as a whole;
- considers the appropriateness of accounting policies and significant accounting judgements and the disclosure of these in the financial statements;
- reviews the effectiveness of financial controls and systems. The Group does not have an internal audit function and the Committee continues to be of the view that the Group is not yet of a size and complexity to warrant the establishment of such a function; and
- oversees the relationship with and performance of the external auditors.

Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Communications with shareholders are set out above under 'Seek to understand and meet shareholder needs and expectations'. Meetings with analysts and institutional shareholders are held following the interim and full year results and on an ad-hoc basis. These meetings are usually held by the CEO and the CFO. There is an opportunity at the annual general meeting for individual shareholders to raise general business matters. Notice of the annual general meeting is provided at least 21 days in advance of the meeting being held.

Additionally, communications with other relevant stakeholders are set out above under 'Take into account wider stakeholder and social responsibilities and their implications for long-term success'. The Group's informative website contains information to be of interest to new and existing investors. In addition, the Group retains the services of a financial PR consultancy, providing an additional contact avenue for investors.

SECTION 172 STATEMENT

The Directors are aware of their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- Company's reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

The ways in which these duties are addressed is set out opposite:

Stakeholders	How we engage	Significant events
Employees	See 'Take into account wider stakeholder and social responsibilities and their implications for long-term success' on page 23 of the Corporate Governance Statement.	Following COVID-19, we have moved to a 'virtual first' method of working, allowing employees more flexibility in where they work from, whilst monitoring output to ensure appropriate levels of productivity. The relaxation of restrictions also meant that we were able to return to holding our annual Company conference allowing our teams from around the world to gather in person. Management have maintained high levels of communication to employees to keep them abreast of Company updates. Employee driven initiatives to look after the wellbeing of our staff include a variety of Employee Resource Groups covering mental health, racial diversity and 'Purple Women', making Eagle Eye a great place to work for women. We were delighted to be awarded 'World Class' recognition by Best Companies.
Shareholders	See 'Seek to understand and meet shareholder needs and expectations' on page 23 of the Corporate Governance Statement.	The Group holds face to face and video conferencing meetings to communicate with shareholders and interim and preliminary results presentations are recorded and published on the website. The business continues to review and revise its objectives on a quarterly basis, which is shared with the Board, to address the rapidly changing environment in which the Group operates and to ensure that investment is made where it will have the biggest return.
Customers	See 'Take into account wider stakeholder and social responsibilities and their implications for long-term success' on page 23 of the Corporate Governance Statement.	Retailers' move to digital has continued and our customers need a relevant digital marketing solution. Therefore we continue to invest c15% of our revenue into the product in order to maximise value for our customers.
Suppliers	See 'Take into account wider stakeholder and social responsibilities and their implications for long-term success' on page 23 of the Corporate Governance Statement.	Introduction of a supplier code of conduct to ensure our key suppliers operate with an appropriate level of social and environmental care.
Community	The Group has a charity Committee which is responsible for organising events and identifying opportunities where the Group and its employees can assist those in need. The Group engages with its landlords and neighbouring businesses to address local issues and share successes.	We partnered with 52 Lives at the beginning of the Year, a charity built around the concept of 'kindness' who find people who need help and then deliver it. The funds raised in the first year of our partnership exceeded our expectations, allowing more people to benefit.

REMUNERATION COMMITTEE REPORT

Directors' remuneration policy

The Group's remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the Group's business strategy in order to optimise long-term shareholder value. It is the intention that this policy should conform to best practice standards and that it will continue to apply for 2023 and subsequent years, subject to ongoing review as appropriate.

The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of performance conditions consistent with shareholder interests;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Group and of each individual Executive Director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

When formulating the quantum and structure of remuneration, the Remuneration Committee takes account of a number of different factors including market practice and external market data of the level of remuneration offered to Directors of similar role and seniority in other companies whose activities and size are similar, as well as the experience and performance of both the Executive Directors and the Group. In addition, the pay and employment conditions of employees are also considered when determining Directors' remuneration. The Remuneration Committee may also seek advice from external consultants where appropriate. No Director was involved in deciding the level and composition of their own remuneration.

The Executive Directors receive an amount of fixed pay made up of a base salary, and in some cases a benefits package and pension contribution.

Short term performance for senior executives is incentivised using an annual bonus scheme based on the achievement of profitability, revenue and personal strategic goals. Long term performance is incentivised by way of a long term incentive plan (LTIP) based on the achievement of performance goals aligned to the Company's business strategy and measured over a three-year period.

Employees of the Group are rewarded for excellent performance by the award of EMI options. Vesting of these options is based on the achievement of certain revenue and profit targets to be achieved three years after the grant of the options.

These various schemes provide the Board with tools to help it to continue to strengthen the alignment of employee and shareholder interests.

As a company listed on AIM, the Company is not required by the Companies Act 2006 to prepare a Directors' Remuneration Report. The following parts of the Directors' remuneration report are not subject to audit.

Executive Directors' remuneration for 2022

2022 base salaries

The Executive Directors' base salaries were increased in the year effective from 1 January 2022 by 7%. Salary is considered as well as the overall remuneration packages of the Executive Directors, their relative responsibilities and the performance of the Group during the previous 12 months.

	Salary 1 January 2021 £000	Salary 1 January 2022 £000
Tim Mason	344	368
Steve Rothwell	199	213
Lucy Sharman-Munday	199	213

2022 Annual bonus

The Executive Directors have a maximum annual bonus opportunity of 100% of salary with performance measured on both personal objectives linked to the strategic direction of the business (maximum opportunity 25% of annual salary) and revenue and EBITDA achievement (maximum opportunity 75% of annual salary, split equally between revenue and EBITDA). The combined target bonus opportunity is 50% of salary. The delta between the target (50%) and the maximum (100%) represents the stretch target.

The revenue target range was between £25.7m and £31.6m; the outturn being £31.7m and the EBITDA target range between £4.7m and £5.9m with the outturn being £6.5m. This resulted in a combined payout of 75% (out of a maximum of 75%) for all Executive Directors. Personal Objectives are set and monitored on a quarterly based. These are based both on KPIs and objectives linked to the strategic focus of the business in the areas of responsibility for each Director.

The total bonus payable to the Executive Directors in respect of both the financial (revenue and EBITDA) and personal objective performance in FY22 was determined as set out below:

	Maximum performance	Actual performance	Actual bonus payable
Tim Mason	100% of salary payable	100% of salary payable	£368,304
Steve Rothwell	100% of salary payable	100% of salary payable	£212,492
Lucy Sharman-Munday	100% of salary payable	100% of salary payable	£212.758

REMUNERATION COMMITTEE REPORT CONTINUED

LTIP award granted in FY2022

On 8 February 2022 LTIP awards were granted as nominal cost options under the Eagle Eye LTIP Share Option Scheme to the Executive Directors subject to the following performance targets to be met during the performance period of three financial years ending 30 June 2024.

Performance targets for FY22 LTIP awards

Performance measures	Threshold vesting	Target vesting	Stretch vesting	Super Stretch
	35% of salary (23.3% of max)	62.5% of salary (41.6% of max)	100% of salary (66.6% of max)	150% of salary
Revenue – 50% of award	£34.500m	£37.800m	£41.100m	£44.400m
Adjusted EBITDA – 50% of award	£6.900m	£7.600m	£8.200m	£8.900m

1. There is linear vesting in between each of the vesting points
2. The Committee may scale back the level of vesting if it considers at the time of vesting that the formulaic level of vesting does not reflect the overall underlying performance of the Company or investor experience taking into account, among other matters, share price.
3. The LTIP award has a value at the date of grant of 100% of salary. To manage dilution through share awards, achievement of the Super Stretch target is likely to be satisfied with cash with no link to share price movement from the date of grant.

LTIP awards with performance period ending in FY22

The LTIP awards granted in 2020 as nominal cost options will vest as set out in the table below, to the extent the targets set were met during the performance period of three financial years ending 30 June 2022.

Performance targets	Threshold performance	Target performance	Stretch performance	Superstretch performance	Actual performance	% of award vesting
Revenue (50% of award)	£28.3m	£30.7m	£33.5m	£35.5m	£31.7m	50%
Adjusted EBITDA (50% of award)	£4.7m	£5.7m	£6.1m	£6.6m	£6.5m	59%

	Date of grant	Maximum number of shares	Number of shares vesting[1]	Total value of LTIP award vesting[2]
Tim Mason	13 February 2020	188,775	188,775	£913,860
Steve Rothwell	13 February 2020	109,050	109,050	£527,911
Lucy Sharman-Munday	13 February 2020	109,050	109,050	£527,911

1. 9% of the value of the award representing stretch performance is expected to be settled in cash with a value of £29,201 for Tim Mason, £16,868 for Steve Rothwell and £16,868 for Lucy Sharman-Munday
2. Value of award uses 3-month average share price to 30 June 2022 of £4.851 and nominal cost exercise price of £0.01 per share as the share price on the actual date of vesting is not known.

The Committee has reviewed and is comfortable with the underlying performance of the Company and considers that no scale back of vesting levels is necessary. Given the appreciation in share price of 125.6% since the options were granted, despite the impact of COVID-19, the Committee has exercised its discretion in awarding a higher level of vesting for performance, moving the EBITDA thresholds by one target level to those shown in the table above.

Outstanding LTIP awards

	FY	Date of grant	Type of award	Number of shares granted	Exercise price £	Vested during the year	Exercised during the year	Lapsed during the year	Vested unexercised	Total 30 June 2022	Performance period ends
Tim Mason	2016	4 January 2016	LTIP	443,165	0.01	–	–	–	334,470	334,470	N/A
	2017	21 September 2016	LTIP appointment award	221,388	0.01	–	–	–	153,606	153,606	N/A
	2018	9 November 2017	LTIP appointment award	221,679	0.01	–	–	–	153,808	153,808	N/A
	2018	9 November 2017	LTIP	83,871	0.01	–	–	–	62,408	62,408	N/A
	2019	8 January 2019	LTIP appointment award	221,679	0.01	–	–	–	221,679	221,679	N/A
	2019	8 January 2019	LTIP	472,500	0.01	240,345	–	232,155	240,345	240,345	N/A
	2020	13 February 2020	LTIP	188,775	0.01	–	–	–	–	188,775	30 June 2022
	2021	8 April 2021	LTIP	142,662	0.01	–	–	–	–	142,662	30 June 2023
	2022	8 February 2022	LTIP	64.547	0.01	–	–	–	–	64,547	30 June 2024
				2,060,266		240,345	–	232,155	1,166,316	1,562,300	

REMUNERATION COMMITTEE REPORT CONTINUED

Outstanding LTIP awards continued

	FY	Date of grant	Type of award	Number of shares granted	Exercise price £	Vested during the year	Exercised during the year	Lapsed during the year	Vested unexercised	Total 30 June 2022	Performance period ends
Steve Rothwell	2014	4 April 2014	EMI	292,696	0.51	–	–	–	–	–	N/A
	2014	4 April 2014	Unapproved	229,759	0.51	–	229,759	–	–	–	N/A
	2015	16 December 2014	EMI	51,545	0.51	–	–	–	–	–	N/A
	2016	12 January 2016	LTIP	45,926	0.01	–	45,926	–	–	–	N/A
	2017	21 September 2016	LTIP	96,242	0.01	–	–	–	61,497	61,497	N/A
	2018	9 November 2017	LTIP	47,527	0.01	–	–	–	35,365	35,365	N/A
	2019	8 January 2019	LTIP	267,750	0.01	136,196	–	131,554	136,196	136,196	N/A
	2020	13 February 2020	LTIP	109,050	0.01	–	–	–	–	109,050	30 June 2022
	2021	8 April 2021	LTIP	82,412	0.01	–	–	–	–	82,412	30 June 2023
	2022	8 February 2022	LTIP	37,287	0.01	–	–	–	–	37,287	30 June 2024
				1,260,194		136,196	275,685	131,554	233,058	461,807	

1. Steve Rothwell made a gain of £1,130,000 on the exercise of share options during the year. A gain had previously been recognised in the Total Directors' Remuneration table under Long-term incentives on vesting of the options.

	FY	Date of grant	Type of award	Number of shares granted	Exercise price £	Vested during the year	Exercised during the year	Lapsed during the year	Vested unexercised	Total 30 June 2022	Performance period ends
Lucy Sharman-Munday	2015	17 July 2014	EMI	62,500	1.55	–	–	–	7,500	7,500	N/A
	2015	3 November 2014	EMI	62,500	1.55	–	–	–	62,500	62,500	N/A
	2016	12 January 2016	LTIP	39,383	0.01	–	–	–	39,383	39,383	N/A
	2017	21 September 2016	LTIP	91,582	0.01	–	–	–	58,520	58,520	N/A
	2018	9 November 2017	LTIP	47,527	0.01	–	–	–	35,365	35,365	N/A
	2019	8 January 2019	LTIP	267,750	0.01	136,196	–	131,554	136,196	136,196	N/A
	2020	13 February 2020	LTIP	109,050	0.01	–	–	–	–	109,050	30 June 2022
	2021	8 April 2021	LTIP	82,412	0.01	–	–	–	–	82,412	30 June 2023
	2022	8 February 2022	LTIP	37,287	0.01	–	–	–	–	37,287	30 June 2024
				799,991		136,196	–	131,554	339,464	568,213	

REMUNERATION COMMITTEE REPORT CONTINUED

Performance targets for LTIP awards granted in FY21

Performance measures	Threshold vesting	Target vesting	Stretch vesting	Super Stretch vesting
	35% of salary (23.3% of max)	62.5% of salary (41.6% of max)	100% of salary (66.6% of max)	150% of salary
Revenue – 50% of award	£29.600m	£31.400m	£33.300m	£35.300m
Adjusted EBITDA – 50% of award	£5.800m	£6.300m	£6.700m	£7.100m

1. There is linear vesting in between each of the vesting points
2. The Committee may scale back the level of vesting if it considers at the time of vesting that the formulaic level of vesting does not reflect the overall underlying performance of the Company or investor experience taking into account, among other matters, share price.
3. The LTIP award has a value at the date of grant of 100% of salary. To manage dilution through share awards, achievement of the Super Stretch target is likely to be satisfied with cash with no link to share price movement from the date of grant.

Company Chairman and Non-Executive Directors

The Non-Executive Directors' fees were reviewed with effect from 1 January 2022 with no changes being made. The fee for the Company Chairman was held at £60,000, the Non-Executive Directors' base fee at £30,000 with additional fees for chairing the Remuneration Committee and Audit Committee at £5,000.

Total Directors' Remuneration

The table below sets out the total remuneration payable to the Directors:

30 June 2022	Salary and fees £000	Annual bonus[1] £000	Other benefits[2] £000	Pension £000	Long-term incentives[3] £000	Total £000
Tim Mason	356	368	16	–	943	1,683
Steve Rothwell	206	212	–	9	545	972
Lucy Sharman-Munday	207	213	19	6	545	990
Malcolm Wall	60	–	–	–	–	60
Robert Senior	35	–	–	–	–	35
Terry Leahy	30	–	–	–	–	30
Bill Currie	35	–	–	–	–	35
	929	793	35	15	2,033	3,805

1 The annual bonus shown in the table above for FY22 is in respect of performance for FY22 (and is paid in FY23).
2 Benefits represent allowances payable, including car allowance.
3 The performance period for the FY20 LTIP awards (granted February 2020) ended on 30 June 2022. The awards are valued using the average share price for the last 3 months of the financial year (as the date of vesting is after approval of this report).

30 June 2021	Salary and fees £000	Annual bonus[4] £000	Other benefits £000	Pension £000	Long term incentives[5] £000	Total £000
Tim Mason	339	194	15	–	1,406	1,954
Steve Rothwell	196	112	22	7	797	1,134
Lucy Sharman-Munday	196	112	27	7	797	1,139
Malcolm Wall	60	–	–	–	–	60
Robert Senior	35	–	–	–	–	35
Terry Leahy	30	–	–	–	–	30
Bill Currie	35	–	–	–	–	35
	891	418	64	14	3,000	4,387

4 The annual bonus shown for FY21 is in respect of performance for FY21 and was paid in FY22.
5 The value of the LTIP awards has been updated from last year's disclosure to reflect the actual share price on vesting.

Application of remuneration policy for FY23

Base salaries

The Executive Directors' base salaries will be reviewed by the Remuneration Committee during the course of the year with any increases effective from 1 January 2023.

Annual bonus

The Executive Directors' annual bonus opportunity will follow the same format as FY22 with a maximum annual bonus opportunity of 100% of salary with performance measured both on personal objectives linked to the strategic direction of the business (maximum opportunity 25% of annual salary) and revenue and EBITDA achievement (maximum opportunity 75% of annual salary, split equally between revenue and EBITDA). The combined target bonus opportunity is 50% of salary. The delta between the target (50%) and the maximum (100%) represents the stretch target.

LTIP awards

The Committee intends to grant LTIP awards to the Executive Directors over shares with a value equivalent to up to 150% of salary, subject to achievement of stretching Revenue and EBITDA targets measured over three financial years to 30 June 2025. The targets will be determined prior to awards being granted and will be disclosed in the FY23 Remuneration Report.

Company Chairman and Non-Executive Directors

The fees for the Company Chairman and Non-Executive Directors will be reviewed during the course of the year with any increases effective from 1 January 2023.

REMUNERATION COMMITTEE REPORT CONTINUED

Shares held by Directors

	Beneficially owned shares 30 June 2021	Beneficially owned shares 30 June 2022	Unvested subject to performance targets 30 June 2021	Unvested subject to performance targets 30 June 2022	Vested unexercised 30 June 2021	Vested unexercised 30 June 2022
Tim Mason	318,534	318,534	803,937	395,984	925,971	1,166,316
Steve Rothwell	1,355,913	1,355,913	459,212	228,749	372,547	233,058
Lucy Sharman-Munday	39,982	39,982	459,212	228,749	203,268	339,464
Malcolm Wall	37,529	37,529	–	–	–	–
Robert Senior	27,190	27,190	–	–	–	–
Bill Currie	3,413,322	3,413,322	–	–	–	–
Terry Leahy	2,420,970	2,420,970	–	–	–	–

DIRECTORS' REPORT

The Directors present their Annual Report and the audited consolidated financial statements for the year ended 30 June 2022.

Principal activities, business review and future developments

The principal activity of the Group is enabling businesses to create digital connections enabling personalised real-time marketing, through the provision of its marketing technology software as a service solution. The review of the business performance and future developments, including those since the end of the year ended 30 June 2022, are set out in the Strategic Report on pages 8 to 14.

Corporate Status

Eagle Eye Solutions Group plc (the 'Company') is a public limited company domiciled in the United Kingdom and was incorporated in England & Wales with company number 8892109 on 12 February 2014. The Company has its registered office at 5 New Street Square, London EC4A 3TW. The principal places of business of the Group are its offices in Guildford, Manchester and London and it also operates in Canada, Australia, New Zealand and the USA.

Directors

Tim Mason
Steve Rothwell
Lucy Sharman-Munday
Bill Currie
Sir Terry Leahy
Robert Senior
Malcolm Wall

The Company has agreed to indemnify its Directors against third party claims which may be brought against them and has put in place a Directors' and officers' insurance policy.

The market price of the Company's shares at the end of the financial year was £5.15 and the range of the market price during the year was between £3.86 and £6.65.

Substantial Shareholdings

At 19 September 2022, the Directors have been notified of the following beneficial interests in excess of 3% of the issued share capital of the Company (excluding those shares held in treasury).

	Total shares	%
Canaccord	4,498,761	17.02
Bill Currie*	3,413,322	12.92
Sir Terry Leahy*	2,420,970	9.16
Andrew Sutcliffe*	1,593,133	6.03
Steve Rothwell	1,355,913	5.13
Christopher Gorell Barnes	1,344,866	5.09
Julian Reiter	1,318,000	4.99
Stonehage Fleming Investment Limited	813,101	3.08
Timothy Miller	811,905	3.07

* includes shares held by family members

Research and Development

Details of the Group's policy for the recognition of expenditure on research and development of its Eagle Eye AIR platform and other products are set out in note 1 of the consolidated financial statements. The activities involved in the research and development are described in the Strategic Review on pages 12 and 13.

Risk Management Objectives and Policies

Details of the Group's financial risk management objectives and policies are set out in note 16 of the consolidated financial statements. The key non-financial risks that the Group faces are set out on pages 18 to 20 of the Strategic Report.

Related Party Transactions

Details of the Group's transactions and year end balances with related parties are set out in note 20 of the consolidated financial statements.

Dividends

The Directors do not recommend the payment of a dividend (2021: £nil).

Strategic report

The Company has chosen in accordance with Companies Act 2006, section 414C (11) to set out in the Company's Strategic Report on pages 8 to 20 information required to be contained in the Directors' Report by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7, where not already disclosed in the Directors' Report.

Events after the reporting period

There are no events after the end of the reporting period which need to be reported.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

RSM UK Audit LLP were appointed for the year ended 30 June 2022 and have indicated their willingness to continue in office.

By order of the Board

James Esson
Company Secretary

5 New Street Square
London
EC4A 3TW

20 September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EAGLE EYE SOLUTIONS GROUP PLC

Opinion

We have audited the financial statements of Eagle Eye Solutions Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise consolidated statement of profit or loss and total comprehensive income, consolidated and Company statements of financial position, consolidated and company statements of changes in equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition No key audit matters are identified in respect of the parent company
Materiality	**Group** • Overall materiality: £362k (2021: £283k) • Performance materiality: £271k (2021: £212k) **Parent Company** • Overall materiality: £52k (2021: £170k) • Performance materiality: £39k (2021: £127k)
Scope	Our audit procedures covered 90% of revenue, 92% of total assets

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined that there are no parent company key audit matters to communicate in our report.

Revenue recognition

Key audit matter description	(Refer to page 41 regarding the accounting policy in respect of revenue recognition, page 45 in respect of critical judgements and estimates applied by the Directors and note 3 to the financial statements on page 45). Appropriate and accurate revenue recognition in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers' is required to be applied by the Directors to ensure that revenue is fairly stated in the financial statements. There are risks that customer contracts and the inherent performance obligations and their transaction prices are not appropriately identified and/or that revenue recognised in the period does not reflect the stage of service delivery. These risks could result in material errors in the revenue recognised. The audit team itself also spent considerable time and effort to gain sufficient comfort over this area. As such revenue recognition is considered a key audit matter.
How the matter was addressed in the audit	We have performed detailed testing on revenue taking into consideration the required revenue recognition for different contract performance obligations. A sample of sales recognised in the period was agreed back to the underlying contracts and sales invoices. The amounts invoiced were then recalculated based on the terms in the contracts and compared to the revenue reported to determine if it had been recognised in line with the Group's accounting policies and the requirements of IFRS 15. The recognition of accrued and deferred income applying the principles of IFRS 15 and the Group's accounting policies was considered and tested (with respect to checking stage of completion for a sample of contracts) as was the treatment of sales commissions and set-up costs to determine whether or not they had been treated appropriately. Significant new contracts and modifications to existing contracts were separately reviewed to determine if revenue recognition was in accordance with the IFRS 15 and the Group's stated accounting policies. Testing was undertaken to determine the completeness of revenue recognised in the period.
Key observations	The distinction as to the nature of development services and resulting conclusion as to whether a separate performance obligation exists in relation to these services is noted as a key judgement as disclosed on page 45.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF EAGLE EYE SOLUTIONS GROUP PLC

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

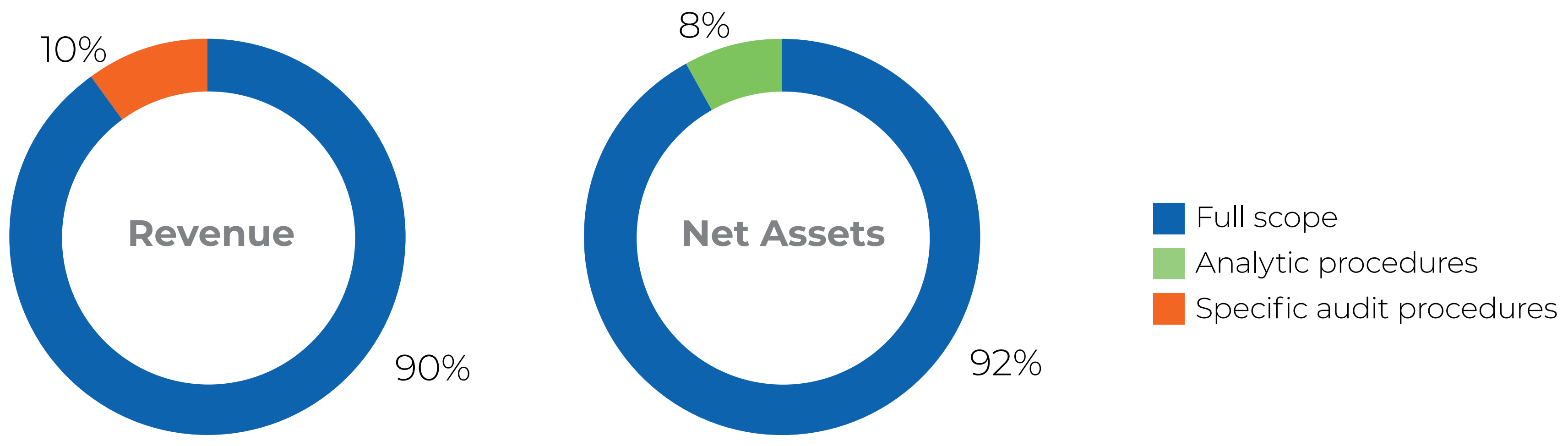
	Group	Parent company
Overall materiality	£362k (2021: £283k)	£52k (2021: £170k)
Basis for determining overall materiality	6% of adjusted EBITDA	1% of total assets (Restricted to £52k)
Rationale for benchmark applied	Adjusted EBITDA[1] is considered to be the key indication of the performance of the business by its major stakeholders	Total assets in the non-trading parent company is considered to be the key indication of the value of trading subsidiary companies
Performance materiality	£271k (2021: £212k)	£39k (2021: £127k)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £18,100 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £2,600 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

1 Adjusted EBITDA excludes share-based payment charge, depreciation and amortisation from the measure of profit

An overview of the scope of our audit

The Group consists of seven components, of which three are based in the UK, two are based in North America and two are based in Australasia.

The coverage achieved by our audit procedures was:



Full scope audits were performed for four components and analytical procedures at Group level for the remaining three components. No separate component auditors were involved on these audits.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included review of the reasonableness of financial forecasts prepared by the Directors covering at least 12 months from the signing of the accounts, assessment and challenge of management assumptions utilised in those forecasts and applying appropriate sensitivities to assess the availability of adequate headroom within the Group's banking facilities to support the going concern basis.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF EAGLE EYE SOLUTIONS GROUP PLC

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF EAGLE EYE SOLUTIONS GROUP PLC

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and parent company operate in and how the Group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation/Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS/ FRS102 and Companies Act 2006/AIM Rules	Review of the financial statement disclosures and testing to supporting documentation.
	Completion of disclosure checklists to identify areas of non-compliance.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Please refer to key audit matters section of the audit report for further details on the testing performed on this key audit matter.
Management override of controls	Testing the appropriateness of journal entries and other adjustments;
	Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
	Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

3 Hardman Street
Manchester
M3 3HF

20 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 £000	2021 £000
Continuing operations			
Revenue	3	31,667	22,800
Cost of sales		(2,037)	(2,134)
Gross profit		29,630	20,666
Operating expenses		(28,896)	(20,432)
Adjusted EBITDA[1]		6,476	4,215
Share-based payment charge		(1,851)	(877)
Depreciation and amortisation		(3,891)	(3,104)
Operating profit	4	734	234
Finance income	6	1	–
Finance expense	6	(50)	(108)
Profit before taxation		685	126
Taxation	7	(131)	(183)
Profit/(loss) after taxation for the financial year		554	(57)
Foreign exchange adjustments		582	(100)
Total comprehensive profit/(loss) attributable to the owners of the parent for the financial year		1,136	(157)
Earnings/(loss) per share from continuing operations			
Basic	8	2.12p	(0.22)p
Diluted	8	1.86p	(0.22)p

1. Adjusted EBITDA excludes share-based payment charge, depreciation and amortisation from the measure of profit

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	9	6,663	6,527
Contract fulfilment costs	10	1,433	196
Property, plant and equipment	11	684	826
Deferred taxation	15	131	121
		8,911	7,670
Current assets			
Trade and other receivables	12	9,853	6,194
Current tax receivable		718	221
Cash and cash equivalents	16	3,632	1,713
		14,203	8,128
Total assets		23,114	15,798
Current liabilities			
Trade and other payables	13	(12,185)	(8,575)
Financial liabilities	14	–	(900)
		(12,185)	(9,475)
Non-current liabilities			
Other payables	13	(2,362)	(928)
Total liabilities		(14,547)	(10,403)
Net assets		8,567	5,395
Equity attributable to owners of the parent			
Share capital	17	264	261
Share premium	17	17,685	17,503
Merger reserve	17	3,278	3,278
Share option reserve		5,549	3,997
Retained losses		(18,209)	(19,644)
Total equity		8,567	5,395

These financial statements were approved by the Board on 20 September 2022 and signed on its behalf by:

L Sharman-Munday
Director

T Mason
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Share capital £000	Share premium £000	Merger reserve £000	Share option reserve £000	Retained losses £000	Total £000
Balance at 1 July 2020	257	17,256	3,278	3,525	(19,892)	4,424
Loss for the financial year	–	–	–	–	(57)	(57)
Other comprehensive income						
Foreign exchange adjustments	–	–	–	–	(100)	(100)
	–	–	–	–	(157)	(157)
Transactions with owners recognised in equity						
Exercise of share options	4	247	–	–	–	251
Fair value of share options exercised in the year	–	–	–	(405)	405	–
Share-based payment charge	–	–	–	877	–	877
	4	247	–	472	405	1,128
Balance at 30 June 2021	261	17,503	3,278	3,997	(19,644)	5,395
Profit for the financial year	–	–	–	–	554	554
Other comprehensive income						
Foreign exchange adjustments	–	–	–	–	582	582
		–	–	–	1,136	1,136
Transactions with owners recognised in equity						
Exercise of share options	3	182	–	–	–	185
Fair value of share options exercised in the year	–	–	–	(299)	299	–
Share-based payment charge	–	–	–	1,851	–	1,851
	3	182	–	1,552	299	2,036
Balance at 30 June 2022	264	17,685	3,278	5,549	(18,209)	8,567

Included in Retained losses is a cumulative foreign exchange profit balance of £513,000 (2021: loss £(69,000)).

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit before taxation	685	126
Adjustments for:		
Depreciation	320	297
Amortisation	3,570	2,806
Share-based payment charge	1,851	877
Finance income	(1)	–
Finance expense	50	108
Increase in trade and other receivables	(3,659)	(1,233)
Increase/(decrease) in trade and other payables	5,155	(15)
Income tax paid	(785)	(563)
Income tax received	221	–
Net cash flows from operating activities	7,407	2,403
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(178)	(221)
Payments to acquire intangible assets and contract fulfilment costs	(4,943)	(2,826)
Net cash flows used in investing activities	(5,121)	(3,047)
Cash flows from financing activities		
Net proceeds from issue of equity	185	251
Proceeds from borrowings	900	2,200
Repayment of borrowings	(1,800)	(1,300)
Capital payments in respect of leases	(185)	(104)
Interest paid in respect of leases	(29)	(38)
Interest received	1	–
Interest paid	(21)	(71)
Net cash flows from financing activities	(949)	938
Net increase in cash and cash equivalents in the year	1,337	294
Foreign exchange adjustments	582	(100)
Cash and cash equivalents at beginning of year	1,713	1,519
Cash and cash equivalents at end of year	3,632	1,713

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Accounting policies

General information
Eagle Eye Solutions Group plc (the 'Company') is a public limited company domiciled in the United Kingdom and was incorporated in England & Wales with company number 8892109 on 12 February 2014. The Company has its registered office at 5 New Street Square, London EC4A 3TW. The principal places of business of the Group are its offices in Guildford, Manchester and London and it also operates in Canada, Australia, New Zealand and the USA.

Basis of preparation
These consolidated financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with UK-adopted International Accounting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) that are effective or issued and early adopted as at the date of these financial statements and in accordance with the provisions of the Companies Act 2006.

Adjusted EBITDA (see note 21) is presented in the income statement as the Directors consider this performance measure provides a more accurate indication of the underlying performance of the Group and is commonly used by City analysts and investors.

The preparation of financial statements requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 2.

The presentational and functional currency of the Group is Sterling. Results in these financial statements have been prepared to the nearest £1,000.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2021 and not early adopted
The IASB and IFRIC have issued the following relevant standards and interpretations with effective dates as noted below:

Standard	Key requirements	Effective date (for annual periods beginning on or after)
IFRS 17, 'Insurance contracts' as amended in June 2020 by amendments to 'IFRS 17, Insurance Contracts'	The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. No impact is expected on the results of the Group.	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	The standard introduces a new definition for accounting estimates. No impact is expected on the results of the Group.	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	The standard makes it clear that accounting policies governing material balances are not necessarily themselves material. Therefore the quantity of accounting policy disclosures may reduce.	1 January 2023

There are no other IFRSs, IFRIC interpretations or amendments that are not yet effective that would be expected to have a material impact on the Group.

Going concern
As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled 'Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks – Guidance for Directors of companies that do not apply the UK Corporate Governance Code'.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of approval of these consolidated financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

On the basis of the above projections, the Directors are confident that the Group has sufficient working capital and available funds to honour all of its obligations to creditors as and when they fall due. In reaching this conclusion, the Directors have considered the forecast cash headroom, including the impact of the revolving credit facility with Silicon Valley Bank UK Ltd and the covenants associated with it, the resources available to the Group and the potential impact of changes in forecast growth and other assumptions, including the potential to avoid or defer certain costs and to reduce discretionary spend as mitigating actions in the event of such changes. Accordingly, the Directors continue to adopt the going concern basis in preparing these consolidated financial statements.

Foreign currencies
Transactions in foreign currencies are initially recorded at the functional currency rate for the relevant legal entity prevailing at the date of the transactions. The assets and liabilities of entities with a non-Sterling functional currency are expressed in Sterling using exchange rates prevailing at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Basis of consolidation

The consolidated financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 30 June each year. Subsidiaries are entities where the Company has: power over the entity; exposure, or rights, to variable returns from its involvement with the entity; and the ability to use its power over the entity to affect the amount of its returns. The Group generally obtains and exercises control through voting rights.

The results of subsidiaries acquired are consolidated from the date on which control passed under the acquisition method. This involves the recognition at fair value of the assets, liabilities and contingent liabilities of the subsidiary at the acquisition date. These fair values are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from contracts with customers for the provision of the Group's services, excluding any applicable sales taxes, and is recognised at the point that the performance obligations to the customer have been satisfied, as set out below.

Products and Services	Nature and timing of satisfaction of performance obligations and significant payment terms
Development and set up fees	The Group uses an Agile methodology in its development. When delivering services to certain clients the nature of this development is that the exact form and functionality of the final solution is agreed through consultation with the client as the development progresses. In these circumstances, the development phase of the project which is not integral to the provision of the basic Software as a Service (SaaS) solution is a separate performance obligation, which is delivered over the period of development, with revenue recognised based on the number of hours worked. In other cases, where the client has purchased the Group's standard product, there is a single performance obligation – the delivery of a SaaS solution. In these circumstances, the development and set up fees will be recognised over the period from when the SaaS solution is launched to the client to the end of the contract period.
Subscription fees	Subscription fees covering, inter alia, licences, hosting and support services, form part of the SaaS performance obligation and are recognised over time from when the SaaS solution is made available to the end of the contract period. Generally for the provision of a SaaS solution, such revenue is recognised on a straight line basis. Subscription fees are invoiced on a monthly, quarterly, bi-annual or annual basis. Where invoices are raised in advance of the performance obligation being satisfied, a portion is recognised in deferred income in the Statement of Financial Position.
Transactional fees	Transactional fees are linked to transactional volumes and are recognised as the transactions occur, due to the inherent unpredictability of their timing and volume.

Where the services provided to a client represent a single performance obligation the entire transaction price is allocated to that performance obligation. In determining the transaction price, consideration is given to any amounts collected on behalf of third parties, which are not included within the transaction price, and whether there is any financing component. The Group's credit terms offered to its clients mean that there is no finance component to amounts charged to clients.

Where a contract covers multiple performance obligations, such as where the development phase of a project and the delivery of the SaaS solution represent separate performance obligations, the transaction price for each individual performance obligation will be determined by considering a number of factors including the stand alone selling price for the services provided to satisfy the performance obligation, any variable consideration and the properties of any associated licences.

Cost of sales

The Group's cost of sales includes costs directly attributable to distinct sales including the cost of sending SMS messages, revenue share agreements and outsourced bespoke development work.

Operating profit

Operating profit comprises the Group's revenue for the provision of services, less the costs of providing those services and administrative overheads, including depreciation and amortisation of the Group's non-current assets.

Property, plant and equipment

Purchased property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment losses.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following bases:

Right of use assets	In line with term of lease
Computer equipment	2 to 3 years, straight-line
Office furniture and fittings	3 to 5 years, straight-line

The economic lives of assets are reviewed by the Directors on at least an annual basis and are amended as appropriate.

Intangible assets

Goodwill

Goodwill arising on business combinations represents the difference between the consideration for a business acquisition and the fair value of the net identifiable assets acquired, less any accumulated impairment losses. The consideration for a business acquisition represents the fair value of assets given and equity instruments issued in return for the assets acquired. Goodwill is not amortised but is subject to an impairment review which is performed at least annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Costs to obtain contracts

The Group recognises the incremental costs of obtaining contracts with customers as an asset if those costs are expected to be recoverable, and records them in 'intangible assets' in the Consolidated Statement of Financial Position. Incremental costs of obtaining contracts are those costs that the Group incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained and are amortised over the expected initial period of the client relationship. The Group does not reinstate costs previously expensed should the recognition criteria be met in a later period.

Internally-generated development intangible assets

An internally-generated development intangible asset arising from the Group's product development is recognised as intellectual property if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete the intangible asset and use or sell it
- its ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Internally-generated development intangible assets are amortised in the statement of comprehensive income on a straight-line basis over their estimated useful lives of 3 years.

Where no internally-generated intangible asset can be recognised, research and development expenditure is recognised as an expense in the period in which it is incurred.

Contract fulfilment costs

The Group recognises the costs incurred in fulfilling future performance obligations for contracts with customers, where those costs are directly associated with the contract, as an asset if those costs are expected to be recoverable, and records them in 'other assets' in the Consolidated Statement of Financial Position. Costs associated with fulfilment of future performance obligations are amortised over the period that those specific performance obligations are performed.

Impairment of non-current assets

The Group reviews the carrying amounts of its assets annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In the case of a cash-generating unit, any impairment loss is charged first to any goodwill in the cash-generating unit and then pro rata to the other assets of the cash-generating unit.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets

(a) Trade and other receivables

Trade and other receivables are recognised initially at their fair value and then at amortised cost using the effective interest method. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held on call with banks. The Group does not consider cash received on behalf of and due to the Group's clients as cash and cash equivalents. These amounts are held within other debtors.

Financial liabilities and equity

(c) Trade and other payables

Trade payables are recognised initially at their fair value and then amortised cost.

(d) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

(e) Lease liabilities

Lease liabilities are initially recognised at the present value of the lease payments and then at amortised cost.

(f) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract is a lease, the Group assesses whether:

- The contract involves the use of an identified asset;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the contracted fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or if the Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to £nil.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a minimum lease term of 12 months or less and leases of low-value assets which the Group considers to be any lease for an asset with a cost of less than £5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee benefits

The Group operates a defined contribution auto-enrolment personal pension scheme for employees of the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension costs charged in the income statement are the contributions payable to the scheme in respect of the accounting period.

Current and deferred income tax

Current tax

The tax currently payable is based on taxable profit or loss for the year in each territory. Taxable profit or loss differs from the profit or loss for the financial year as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

The UK Research & Development tax credit is accounted for under the SME tax credit scheme, with the credit due being deducted from the tax expense for the period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Share-based payments

The Company issues equity-settled share-based remuneration to certain employees as consideration for services. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted calculated using the Black-Scholes model. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense over the vesting period on a straight-line basis, based on the Group's estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation, based on the Directors' best estimate, takes account of the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the options at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

When the options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Equity

Equity comprises the following:

- Share capital, representing the nominal value of issued shares of the Company;
- Share premium, representing the excess over the nominal value of the fair value of consideration received for shares, net of expenses of the share issue;
- Merger reserve, representing the excess of the Company's investment over the nominal value of Eagle Eye Solutions Limited's shares acquired using the principles of merger accounting;
- Share option reserve, representing the cost of equity-settled share-based payments until such share options are exercised or lapse; and
- Retained losses.

2 Critical accounting estimates and judgements

The preparation of these consolidated financial statements requires the Directors to make judgements and estimates that affect the reported amounts of assets and liabilities at each reporting date and the reported amounts of revenue during the reporting periods. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are outlined below:

Capitalisation of internally-generated intangible assets

Careful judgement by the Directors is applied when deciding whether the recognition requirements as defined within IAS 38 Intangible Assets for development costs have been met. This is necessary as the economic success of any product development is uncertain until such time as technical viability has been proven and commercial supply agreements are likely to be achieved. Judgements are based on the information available at each reporting date which includes contracts signed, pipeline conversations and results of QA testing. In addition, all internal activities related to research and development of new products are continuously monitored by the Directors through the Product Board. The Directors exercise judgement in determining the costs to be capitalised and will use estimates to determine the useful economic life to be applied to the asset.

Impairment of internally-generated intangible assets

The Group reviews the carrying value of its assets annually to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists a review of the recoverable value of the asset is performed. This review involves the use of judgement to consider the future projected income streams that will result from the aforementioned costs. The expected future cash flows are modelled and discounted over the estimated expected life of the assets in order to test for impairment. In the years represented in these consolidated financial statements no impairment charge was recognised as a result of these reviews. The carrying value of internally generated intangible assets at 30 June 2022 is £5.4 million (2021: £4.1 million).

Impairment of goodwill

The Group determines whether goodwill arising on acquisitions is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires the Directors to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The Group's patented, proprietary technology and service offering are unique and there are therefore no direct competitors against whom forecast growth and discount rates can be compared. Therefore the growth and discount rates are selected based on comparison with those of the Group's partners and those companies that the Group is compared with by City analysts and investors.

The actual cash flows may be different from the Directors' estimates, which could impact the carrying value of the goodwill and therefore operating results negatively. The carrying value of goodwill at 30 June 2022 is £2.7 million (2021: £2.7 million).

2 Critical accounting estimates and judgements continued

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a client and is recognised when the performance obligations specified in a contract are transferred to a client, which may be at a point in time or over time.

For the Group's largest clients, the initial stage of engagement will often include scoping and rescoping of the solution, working in consultation with our clients under an agile methodology. In this case revenue for the implementation services will be recognised as the scoping and development of the solution is completed. Otherwise, the performance obligation is the delivery of a SaaS solution and the implementation is an integral part of this. The associated revenue will therefore be recognised over the period that the service is live, post implementation. Therefore the Directors must exercise their judgement in determining those instances where the implementation services form a separate performance obligation for the client.

Revenue related to implementation services in the year to 30 June 2022 was £7,645,000 (2021: £5,887,000).

Once a service is live for a client there is generally only one performance obligation- the provision of the SaaS solution. This meets the criteria to be recognised over time and, because the SaaS solution should be provided on a continuing basis, the Directors have exercised their judgement that it is appropriate to recognise this revenue on a straight-line basis, reflecting the passage of time.

Contract costs

Costs associated with winning new contracts, such as sales commission for the Group's 'Win' sales team, are capitalised within intangible assets and amortised over the longer of the contract period or the expected term of the client relationship, where significant further costs are not expected to be incurred for renewal. Costs associated with implementation of the Group's SaaS solution are capitalised as Contract fulfilment costs and amortised over the period of the performance obligation. The Directors exercise judgement in determining the costs to be capitalised and use estimates to determine the expected term of the client relationship. Contract costs capitalised in the year to 30 June 2022 were £2,728,000 (2021: £654,000).

Share-based payment charge

The Group issues share options to certain employees. The Black-Scholes model is used to calculate the appropriate charge for these options. The choice and use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate risk-free interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. In addition, the Directors estimate the percentage of options that are expected to vest considering the likelihood of achieving performance targets and employee churn rates. Should more options vest than estimated the charge would increase.

The total charge recognised in the year to 30 June 2022 is £1,851,000 (2021: £877,000). Further information on share options can be found in note 18.

Deferred tax asset recognition

The Directors' judgement is required to determine the amount of tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Although the tax losses brought forward are not expected to expire and despite the Group's increased EBITDA profit in the Year, given the impact of COVID-19, the Group's history of recent taxable losses and continued investment for growth, an asset is only expected to be probable for two years from the date of these financial statements and therefore in the judgement of the Directors the tax losses carried forward over and above expected profits for the next two years do not meet the 'probable' definition criteria for an asset within IAS 12. The value of the unrecognised tax losses at 30 June 2022 was £20.5 million (2021: £22.4 million). The value of the deferred tax asset not recognised at 30 June 2021 was £5.1 million (2021: £5.6 million). Further information on the Group's deferred tax position can be found in note 15.

3 Revenue analysis

The Group is organised into one principal operating division for management purposes. Therefore the Group has only one operating segment and segmental information is not required to be disclosed. All non-current assets are held in the United Kingdom.

Revenue is analysed as follows:

Service	2022 £000	2021 £000
Development and set up fees	7,645	5,887
Subscription and transaction fees	24,022	16,913
	31,667	22,800

Product	2022 £000	2021 £000
AIR revenue	29,497	20,164
Messaging revenue	2,170	2,636
	31,667	22,800

Timing	2022 £000	2021 £000
Services transferred over time	31,667	22,800

In the year to 30 June 2022, revenue from three of the Group's customers represented more than 10% of the Group's revenue. Revenue related to those customers was £5,917,000, £4,066,000 and £3,987,000 respectively. In the year to 30 June 2021, revenue from three of the Group's customers represented more than 10% of the Group's revenue. Revenue related to those customers was £5,396,000, £4,159,000 and £2,353,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3 Revenue analysis continued

All revenues are from external customers. Continuing revenues can be attributed to the following geographical locations, based on the customers' location:

	2022 £000	2021 £000
United Kingdom	16,458	13,495
United States	6,601	2,461
Canada	5,917	5,396
Rest of Europe	63	116
Asia Pacific	2,628	1,332
	31,667	22,800

The amount of revenue recognised in 2022 from performance obligations satisfied (or partially satisfied) in previous periods is £nil (2021: £nil).

Transaction price allocated to the remaining performance obligation

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2023 £000	2024 £000	2025 £000	Total £000
Development and set up fees	5,474	2,863	946	9,283
Subscription fees	22,140	14,851	2,651	39,642
	27,614	17,714	3,597	48,925

No consideration from contracts with customers is excluded from the amounts presented above.

4 Operating profit

Operating profit is stated after charging to the statement of comprehensive income:

	2022 £000	2021 £000
Depreciation of owned tangible assets	150	121
Depreciation of right of use assets	170	176
Amortisation of intangible assets	2,499	2,324
Amortisation of contract fulfilment costs	1,071	482
Net employee costs (see note 5)	13,876	10,172
IT infrastructure costs	6,548	4,176
Expenses relating to short-term leases	191	261
Auditor's remuneration		
Audit of parent and consolidated accounts	35	30
Audit of the Company's subsidiaries	45	33
Non-audit services		
Other non-audit services[1]	33	35
Research and development	466	413

1. Other non-audit services includes Sarbanes Oxley compliance costs for Eagle Eye Solutions Canada Limited of £33,000 (2021: £35,000).

5 Particulars of staff

The average number of persons employed by the Group, including Executive Directors, during the year was:

	2022 No	2021 No
Product development	53	50
Operations	67	53
Sales and administration	42	38
	162	141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5 Particulars of staff continued

The aggregate payroll costs of these persons were:

	2022 £000	2021 £000
Wages and salaries	14,952	10,456
Share-based payment charge	1,851	877
Social security costs	1,557	1,310
Pension costs- defined contribution plan	459	355
	18,819	12,998
Less: amounts capitalised as intellectual property	(2,215)	(2,172)
Less: amounts capitalised as contract costs	(2,728)	(654)
	13,876	10,172

Key management remuneration

Remuneration of the key management team, which includes the executive leadership team including Directors, during the year was as follows:

	2022 £000	2021 £000
Aggregate emoluments including short-term employee benefits	2,321	1,714
Share-based payment charge	1,546	752
Pension costs- defined contribution plan	35	27
Social security costs	412	236
	4,314	2,729

Directors' remuneration

Remuneration of Directors during the year was as follows:

	2022 £000	2021 £000
Aggregate emoluments including short-term employee benefits	1,757	1,373
Pension costs- defined contribution plan	15	14
	1,772	1,387

The remuneration of the highest paid Director during the year was:

	2022 £000	2021 £000
Aggregate emoluments including short-term employee benefits	740	548

The remuneration of individual Directors is disclosed in the Remuneration Report on page 30. Retirement benefits are accruing to two (2021: two) Directors. Other than as stated in the Remuneration Report, there were no other share options exercised by Directors during the year (2021: nil).

6 Finance income and expense

	2022 £000	2021 £000
Interest receivable on bank deposits	1	–

	2022 £000	2021 £000
Interest payable on revolving credit facility	21	70
Interest on lease liability	29	38
	50	108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7 Taxation

	2022 £000	2021 £000
Current tax		
UK Corporation tax at 19.00% (2021: 19.00%)	–	–
Overseas tax	460	404
Adjustments in respect of prior years	(319)	(221)
	141	183
Deferred tax		
In respect of current year	(171)	80
In respect of prior years	161	(80)
	(10)	–
Tax on profit/(loss) on ordinary activities	131	183

	2022 £000	2021 £000
Tax reconciliation		
Profit before tax	685	126
Tax using UK corporation tax rate of 19.00% (2021: 19.00%)	130	24
Non-deductible expenses	17	24
Employee share acquisition relief	(249)	(265)
Share-based payments	352	167
Temporary timing differences	3	(35)
Overseas tax	(15)	104
Unrelieved tax losses	(277)	205
Change in deferred tax rate	(1)	(29)
Research and development tax credit claim	171	(12)
Tax on profit/(loss) on ordinary activities	131	183

8 Earnings per share

The calculation of basic earnings per share is based on the result attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. The calculation of diluted earnings per share is based on the result attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, diluted for the effect of options being converted to ordinary shares. Basic and diluted earnings per share from continuing operations is calculated as follows:

	2022			2021		
	Earnings per share pence	Profit £000	Weighted average number of ordinary shares	Loss per share pence	Loss £000	Weighted average number of ordinary shares
Basic earnings/(loss) per share	2.12	554	26,136,009	(0.22)	(57)	25,850,194
Diluted earnings/(loss) per share	1.86	554	29,829,550	(0.22)	(57)	25,850,194

9 Intangible assets

	Goodwill £000	Costs to obtain contracts £000	Intellectual property £000	Total £000
Cost				
At 1 July 2020	2,664	422	13,753	16,839
Additions	–	185	2,172	2,357
At 30 June 2021	2,664	607	15,925	19,196
Additions	–	420	2,215	2,635
At 30 June 2022	2,664	1,027	18,140	21,831
Amortisation				
At 1 July 2020	–	264	10,081	10,345
Charge for the year	–	124	2,200	2,324
At 30 June 2021	–	388	12,281	12,669
Charge for the year	–	187	2,312	2,499
At 30 June 2022	–	575	14,593	15,168
Net book value				
At 30 June 2022	2,664	452	3,547	6,663
At 30 June 2021	2,664	219	3,644	6,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9 Intangible assets continued

The Group's intellectual property relates to its internally developed AIR platform and the acquired intellectual property of 2ergo Limited which consisted of a then stand-alone messaging platform and an app and customer interface loyalty solution, both of which have now been integrated within the AIR platform. Costs to obtain contracts relates to the incremental costs of obtaining contracts which would not have otherwise been incurred.

The Group's goodwill relates to its acquisition of 2ergo Limited on 16 April 2014. Following the successful integration of the acquired 2ergo business, the Group has one identifiable cash generating unit in the UK. An annual impairment review of the goodwill arising on the 2ergo acquisition has therefore been performed for the UK cash generating unit. The recoverable value of the unit has been based on its value in use. The cash flow projections, which were based on 3 year forecasts approved by the Directors and then extended to cover a 5 year period with a terminal value assumed, supported the carrying value of goodwill and the Group's intellectual property with no impairment required.

2022 Cash generating unit	Carrying value of goodwill £000	Period over which cash flows have been projected	Growth rate beyond management approved forecasts	Pre-tax discount rate for cashflow projections
UK	2,664	5 years	1.5-2.0%	12%

2021 Cash generating unit	Carrying value of goodwill £000	Period over which cash flows have been projected	Growth rate beyond management approved forecasts	Pre-tax discount rate for cashflow projections
UK	2,664	5 years	1.5-2.0%	11%

As the acquired 2ergo business is fully integrated, the smallest cash generating unit which the goodwill relates to is the UK cash generating unit.

The key assumptions underlying the forecast are the continued success in winning new business and the discount rate applied. These assumptions are based on management's experience, the current pipeline and the historical success of the cash-generating unit. As the Group's SaaS AIR platform is a unique solution in the marketplace there are no directly comparable companies to compare against when estimating the discount and growth rates to be applied. The rates chosen are estimated considering those used by the Group's partners, other entities that the Group is compared with by City analysts and investors and other entities with similar characteristics to the Group.

The forecast for the unit provides sufficient headroom over the value of goodwill and intangible assets attributed to the cash-generating unit. No reasonable change in assumptions would lead to an impairment and therefore no sensitivities have been disclosed. The Group has no intangible assets with indefinite useful lives other than goodwill.

10 Contract fulfilment costs

	2022 £000	2021 £000
At 1 July	196	209
Additions	2,308	469
Amortisation	(1,071)	(482)
At 30 June	1,433	196

Costs to fulfil contracts are charged to the income statement as amortisation over the period of satisfaction of the performance obligations that those costs relate to.

11 Property, plant and equipment

	Right of use assets £000	Computer equipment £000	Office furniture and fittings £000	Total £000
Cost				
At 1 July 2020	1,497	486	311	2,294
Additions	–	220	–	220
Disposals	–	(3)	–	(3)
At 30 June 2021	1,497	703	311	2,511
Additions	–	178	–	178
Disposals	–	(7)	–	(7)
At 30 June 2022	1,497	874	311	2,682
Depreciation				
Al 1 July 2020	705	417	269	1,391
Charge for the year	176	102	19	297
Disposals	–	(3)	–	(3)
At 30 June 2021	881	516	288	1,685
Charge for the year	170	140	10	320
Disposals	–	(7)	–	(7)
At 30 June 2022	1,051	649	298	1,998
Net book value				
At 30 June 2022	446	225	13	684
At 30 June 2021	616	187	23	826

There is only one class of Right of Use assets, being Buildings (see note 19).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	7,732	4,790
Less: Provision for expected credit losses	(158)	(127)
	7,574	4,663
Prepayments	1,022	696
Accrued income	802	443
Other assets	455	392
	9,853	6,194

The ageing of trade receivables that were not impaired at 30 June 2022 was:

	2022 £000	2021 £000
Not past due	7,050	4,159
Up to 3 months past due	524	462
More than 3 months past due	–	42
	7,574	4,663

Accrued income and other receivables are not past due (2021: not past due).

The Group trades only with recognised, credit-worthy third parties. Receivable balances are monitored on an ongoing basis with the aim of minimising the Group's exposure to credit losses. The Group has reviewed in detail all items comprising the above not past due and overdue but not impaired trade receivables to ensure that no impairment exists. In addition to assessing the recoverability of each debt invoice individually, the Group also assesses whether it is appropriate to make any general provision for expected credit losses taking into account such factors as historic collection rates and the general economic conditions for clients in each of the sectors the Group serves.

As at 30 June 2022, trade receivables of £158,000 (2021: £127,000) were impaired and provided for. £158,000 of these were more than 2 months old (2021: £127,000 more than 3 months old). The amount of the provision was £158,000 as at 30 June 2022 (2021: £127,000). Movements on the provision for impairment of trade receivables are as follows:

	2022 £000	2021 £000
At 1 July	127	164
Provision for expected credit losses charged	31	–
Receivables written off during the year	–	(37)
At 30 June	158	127

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk for trade and other receivables at the reporting date is the carrying value of each class of receivable disclosed above.

Significant changes in the accrued income balances during the period are as follows:

	2022 £000	2021 £000
At 1 July	443	464
Transfers from accrued income recognised at the beginning of the period to receivables	(443)	(464)
Increases as a result of progress made against performance obligations, excluding amounts invoiced during the year	802	443
At 30 June	802	443

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2022 £000	2021 £000
Sterling	4,685	4,416
Canadian Dollars	1,791	587
Australian Dollars	492	289
US Dollars	2,885	902
	9,853	6,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13 Trade and other payables

	2022 £000	2021 £000
Current		
Trade payables	2,509	1,721
Accruals	5,915	3,417
Lease liabilities	194	214
Deferred income	2,079	1,708
Other liabilities	1,488	1,515
	12,185	8,575
Non-current		
Lease liabilities	324	489
Deferred income	2,038	439
	2,362	928

Significant changes in the deferred income balances during the period are as follows:

	2022 £000	2021 £000
At 1 July	2,147	2,242
Revenue recognised that was included in the deferred income balance at the beginning of the year	(541)	(1,163)
Increases due to cash received, excluding amounts recognised as revenue during the year	2,511	1,068
At 30 June	4,117	2,147

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2022 £000	2021 £000
Sterling	12,174	8,961
Euros	46	–
Canadian Dollars	486	317
Australian Dollars	403	191
US Dollars	1,438	35
	14,547	9,503

14 Financial liabilities

	2022 £000	2021 £000
Short-term borrowings	–	900

The £5.0 million revolving credit facility from Silicon Valley Bank UK Ltd expires in November 2024, with an additional £2.5 million available, subject to credit approval at the time, should there be an appropriate investment opportunity. As security for the facility, Silicon Valley Bank UK Ltd holds fixed and floating charges over the assets of the Group, including the intellectual property and trade debtors of the Group.

15 Deferred tax asset

The elements of deferred taxation are as follows:

	2022 £000	2021 £000
Accelerated capital allowances and intellectual property	203	235
Tax losses	(334)	(356)
	(131)	(121)

Movement in deferred tax:

	Accelerated capital allowances & intellectual property £000	Tax losses £000	Total £000
At 1 July 2020	(201)	322	121
(Charged)/credited to income statement	(34)	34	–
At 30 June 2021	(235)	356	121
Credited/(charged) to income statement	32	(22)	10
At 30 June 2022	(203)	334	131

No deferred tax asset is recognised for unused tax losses and deferred taxation arising on share options across the Group of £20.5 million (2021: £22.4 million) due to uncertainty over the timing of their recovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16 Financial instruments and financial risk management

The Group is exposed to a variety of financial risks that arise from its use of financial instruments: credit risk, liquidity risk, foreign exchange risk and capital risk.

Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Financial liabilities

	2022 £000	2021 £000
Financial assets		
Trade and other receivables	8,534	5,106
Cash and cash equivalents	3,632	1,713
	12,166	6,819
Financial liabilities		
Trade and other payables	9,913	7,356
Financial liabilities, including leases	518	1,603
	10,431	8,959

Management believe that the fair values of all financial assets and financial liabilities equals their carrying value.

Disclosures in respect of the Group's financial risks are set out below:

Financial risk management

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables from customers and cash deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit checks are performed on new and potential customers and receivable balances are monitored on an ongoing basis with the aim of minimising the Group's exposure to bad debt. The Directors consider the above measures to be sufficient to control the credit risk exposure.

The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. At the reporting date, the Group's cash held on short-term deposit with Barclays Bank plc in the United Kingdom was £186,000 (2021: £873,000), with Investec Bank plc in the United Kingdom was £23,000 (2021: £28,000), with HSBC Bank plc in the United Kingdom was £6,000 (2021: £1,000), with HSBC Bank Canada in Canada was £961,000 (2021: £347,000), with Citizen's Bank in the United States of America was £nil (2021: £67,000), with Silicon Valley Bank UK Ltd was £2,100,000 (2021: £nil) and with ANZ Bank in Australia was £356,000 (2021: £397,000).

The carrying amount of financial assets recorded in the consolidated financial statements represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained. In the Directors' opinion there have been no impairments of financial assets in the period, other than in relation to trade receivables written off of £nil (2021: £37,000). The Group assesses whether it is appropriate to make any general provision for bad debt taking into account such factors as historic collection rates and the general economic conditions for clients in each of the sectors the Group serves. The Group's trade receivables and contract assets do not contain significant financing components and therefore the Group uses the Simplified Approach to calculating expected credit losses under IFRS 9. The size of the bad debt provision at 30 June 2022 has been amended to reflect any disputes in the year.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Group has opened up a new facility with Silicon Valley Bank UK Ltd and has a £5m revolving credit facility, secured on the Group's assets, with an additional £2.5 million available, subject to credit approval at the time, should there be an appropriate investment opportunity. At 30 June 2022, the facility was unutilised, leaving headroom of £5m.

The Directors manage liquidity risk by regularly reviewing the Group's cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections prepared by management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16 Financial instruments and financial risk management continued

Foreign exchange risk

The majority of the Group's revenues and costs are in Sterling (the Company's functional currency) and involve no currency risk. Activities in currencies other than Sterling are funded as much as possible through operating cash flows, mitigating foreign exchange risk. Funds held in foreign currencies and not required for operating expenses in the local currency are converted to Sterling on a prompt basis taking into consideration prevailing foreign exchange rates at the time of receipt. The Group's revolving credit facility is denominated in Sterling. The Group has the following cash and cash equivalent deposits:

	2022 £000	2021 £000
Sterling	1,219	789
Canadian Dollars	962	352
Australian Dollars	750	458
US Dollars	678	86
Singapore Dollars	–	28
New Zealand Dollars	23	–
	3,632	1,713

The gross value of receivables and payables by currency is disclosed in notes 12 and 13 respectively. The Group has the following net other financial instruments:

	2022 £000	2021 £000
Sterling	(4,107)	(3,733)
Canadian Dollars	1,292	324
Australian Dollars	13	95
US Dollars	1,423	867
	(1,379)	(2,447)

A 5% change in the currency translation rate between Sterling and overseas currencies would have the following effect on the Group's net assets and profit before tax:

Canadian Dollars	2022 £000	2021 £000
Net assets	(110)	39
Profit before tax	22	21

Australian Dollars	2022 £000	2021 £000
Net assets	(42)	28
Profit/(loss) before tax	187	(7)

US Dollars	2022 £000	2021 £000
Net assets	(381)	36
Profit/(loss) before tax	(155)	27

Maturity of financial assets and liabilities

All of the Group's financial assets and financial liabilities at each reporting date are either receivable or payable within one year, other than in respect of the Group's leases (see note 19) and therefore the fair value of those financial assets and liabilities equals their carrying value.

Capital management

The Group's capital structure is comprised of shareholders' equity and debt raised through the revolving credit facility with Silicon Valley Bank UK Ltd. The objective of the Group when managing capital is to maintain adequate financial flexibility to preserve its ability to meet its financial obligations, both current and long term. The capital structure is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from operating cash flows, issuances of shareholders' equity and from the revolving credit facility with Silicon Valley Bank UK Ltd. There are no externally imposed capital requirements. Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17 Share capital and reserves

The authorised share capital of the Company at 30 June 2022 is 26,422,111 ordinary shares of 1p each.

	Number of shares issued and fully paid	Share capital £000	Share premium £000
At 1 July 2020	25,735,455	257	17,256
Issue of share capital	361,108	4	247
At 30 June 2021	26,096,563	261	17,503
Issue of share capital	325,548	3	182
At 30 June 2022	26,422,111	264	17,685

On 4 February 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 2,400.

On 16 March 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 5,000.

On 26 April 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 7,096.

On 20 May 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 300,685.

On 27 May 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 10,367.

Merger reserve

The acquisition of its principal subsidiary, Eagle Eye Solutions Limited, by the Group in 2014 did not meet the definition of a business combination and therefore fell outside the scope of IFRS 3. The acquisition was therefore accounted for in accordance with the principles of merger accounting.

The consideration paid to the shareholders of Eagle Eye Solutions Limited was 13,641,384 ordinary shares of 1p each. A merger reserve arises on consolidation being the difference between the nominal value of the shares issued on acquisition and the net assets acquired.

18 Share option schemes

The Company has a share option scheme for certain employees and Directors of the Group. Options are generally exercisable at a price equal to the market price of the Company's shares on the day immediately prior to the date of grant. Options are forfeited if the employee or Director leaves the Group before the options vest. The service and performance criteria relating to the options are the continuing employment of the holder and the achievement of certain earnings based performance criteria and in the case of the LTIP Share Option Scheme, may include the overall underlying performance of the Company, taking into account, among other matters, the Company's share price (as set out on pages 28 to 30).

	2022		2021	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at the beginning of the year	4,570,527	0.27	4,536,896	0.59
Granted during the year	219,144	0.01	470,865	0.01
Exercised in the year	(325,548)	(0.57)	(361,108)	(0.69)
Lapsed in the year	(718,534)	(0.04)	(76,126)	(0.24)
Outstanding at the end of the year	3,745,589	0.27	4,570,527	0.27
Exercisable at the end of the year	2,129,885	0.18	1,743,426	0.33

In the year ended 30 June 2022, options were granted on 7 February 2022. The aggregate of the estimated fair value of the options granted on that day was £1,268,000 and the share price on that date was £5.85.

In the year ended 30 June 2021, options were granted on 8 April 2021. The aggregate of the estimated fair value of the options granted on that day was £2,180,000 and the share price on that date was £4.64.

In the year ended 30 June 2022, options were exercised as follows:

Date of exercise	Share price
4 February 2022	£5.850
16 March 2022	£4.300
26 April 2022	£4.560
20 May 2022	£4.700
27 May 2022	£5.525

In the year ended 30 June 2021, options were exercised as follows:

Date of exercise	Share price
17 September 2020	£2.720
13 November 2020	£3.930
16 March 2021	£4.660
19 March 2021	£4.670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18 Share option schemes continued

Options outstanding under the Company's share option schemes were as follows:

Name of scheme	2022 No of options	2021 No of options	Calendar year of grant	Exercise period	Exercise price per share
EMI Share Option Scheme	44,588	44,588	2014	2014-2024	£0.51
EMI Share Option Scheme	120,000	120,000	2014	2014-2024	£1.55
EMI Share Option Scheme	38,808	63,808	2015	2015-2025	£2.07
EMI Share Option Scheme	37,500	41,000	2015	2015-2025	£2.23
EMI Share Option Scheme	105,000	105,000	2016	2016-2026	£1.32
EMI Share Option Scheme	2,600	10,000	2016	2016-2026	£1.06
EMI Share Option Scheme	58,193	63,193	2017	2017-2027	£2.69
EMI Share Option Scheme	122,500	125,000	2017	2017-2027	£2.33
EMI Share Option Scheme	50,000	50,000	2019	2019-2029	£1.00
LTIP Share Option Scheme	647,476	693,402	2016	2016-2026	£0.01
LTIP Share Option Scheme	319,190	319,190	2017	2017-2027	£0.01
LTIP Share Option Scheme	922,323	1,626,539	2019	2019-2029	£0.01
LTIP Share Option Scheme	597,525	608,183	2020	2020-2030	£0.01
LTIP Share Option Scheme	462,802	470,865	2021	2021-2031	£0.01
LTIP Share Option Scheme	217,084	–	2022	2022-2032	£0.01
Unapproved Share Option Scheme	–	229,759	2014	2014-2024	£0.51

The weighted average remaining contractual life of these options is 6.2 years (2021: 6.8 years).

The fair value of the employees' services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted. Fair value is determined by reference to the Black-Scholes option pricing model.

The inputs into the option pricing model are as follows:

	2022	2021
Weighted average exercise price	£0.27	£0.27
Expected volatility	25.3%-44.4%	25.3%-44.4%
Expected life	5-8 years	5-8 years
Risk free interest rate	0.2%-1.9%	0.2%-1.9%
Expected dividends	Nil	Nil

The volatility of the Company's share price on each date of grant is calculated as the average of the annualised standard deviations of daily continuously compounded returns on the Company's stock.

The Group recognised a charge of £1,851,000 (2021: £877,000) related to equity-settled share-based payment transactions in the year.

19 Leases

The following expenses relating to leases were recognised during the period.

	2022 £000	2021 £000
Depreciation charge for right of use assets	170	176
Interest expense on lease liabilities	29	38
Short-term lease expense	191	261
Total cash outflow for leases	405	403

The carrying value of and, where applicable, additions to the Group's right of use assets are disclosed in note 11.

At 30 June, the Group had aggregate minimum lease payments under non-cancellable leases for office and other sites under IFRS 16 as follows:

	2022 £000	2021 £000
Due within 1 year	211	214
Due within 2-5 years	344	552
	555	766

The Group's Guildford office lease agreement can be cancelled at the end of its initial 10 year term, which commenced in July 2015. The lease for the Group's Manchester office can be cancelled at the end of its initial 10 year term, which commenced in December 2013. There are no options for extension or termination and there are no residual value guarantees.

20 Related party transactions

The remuneration of the Directors and key management personnel is disclosed in note 5.

During the year the Group acquired sub-contractor technical development services to the value of £66,000 (2021: £49,000) from Eagle Eye Technology Limited, a Company in which Stephen Rothwell, a Director of the Company, holds an interest. At 30 June 2022, £10,000 (2021: £3,000) was outstanding in respect of these services.

None of the key management personnel of the Group owes any amounts to any company within the Group (2021: £nil), nor are any amounts due from any company in the Group to any of the key management personnel (2021: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21 Alternative performance measure

EBITDA is a key performance measure for the Group and is derived as follows:

	2022 £000	2021 £000
Profit before taxation	685	126
Add back:		
Finance income and expense	49	108
Share-based payments	1,851	877
Depreciation and amortisation	3,891	3,104
EBITDA	6,476	4,215

22 Net cash

Net cash is a key performance measure for the Group and is defined as follows:

	30 June 2021 £000	Cash flow £000	Foreign exchange adjustments £000	30 June 2022 £000
Cash and cash equivalents	1,713	1,338	581	3,632
Financial liabilities	(900)	900	–	–
Net cash	813	2,238	581	3,632

23 Ultimate controlling party

The Directors do not consider there to be an ultimate controlling party due to no individual party owning a majority share in the Company. See page 32 for information on percentage shareholdings.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investments in subsidiaries	4	10,647	8,796
Current assets			
Trade and other receivables	5	8,319	10,020
Cash and cash equivalents		141	13
		8,460	10,033
Total assets		19,107	18,829
Current liabilities			
Trade and other payables	6	(134)	(200)
Short term borrowings		–	(900)
Total liabilities		(134)	(1,100)
Net assets		18,973	17,729
Equity attributable to owners of the parent			
Share capital	7	264	261
Share premium	7	17,685	17,503
Share option reserve		5,549	3,997
Retained losses		(4,525)	(4,032)
Total equity		18,973	17,729

The Company has not presented its own income statement as permitted by section 408 (4) of the Companies Act 2006. The loss for the financial year dealt with in the accounts of the Company is £792,000 (2021: £769,000).

These financial statements were approved by the Board on 20 September 2022 and signed on its behalf by:

L Sharman-Munday
Director

T Mason
Director

Company number: 08892109

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Share capital £000	Share premium £000	Share option reserve £000	Retained losses £000	Total £000
Balance at 1 July 2020	257	17,256	3,525	(3,668)	17,370
Loss for the financial year	–	–	–	(769)	(769)
Transactions with owners recognised in equity					
Exercise of share options	4	247	–	–	251
Fair value of share options exercised in the year	–	–	(405)	405	–
Share-based payment charge	–	–	877	–	877
	4	247	472	405	1,128
Balance at 30 June 2021	261	17,503	3,997	(4,032)	17,729
Loss for the financial year	–	–	–	(792)	(792)
Transactions with owners recognised in equity					
Exercise of share options	3	182	–	–	185
Fair value of share options exercised in the year	–	–	(299)	299	–
Share-based payment charge	–	–	1,851	–	1,851
	3	182	1,552	299	2,036
Balance at 30 June 2022	264	17,685	5,549	(4,525)	18,973

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. These financial statements conform to FRS 102.

The preparation of financial statements requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 2.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share-based Payment' – Sections 26.18(b), 26.19-26.21 and 26.23
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The presentational and functional currency of the Company is Sterling. Results in these financial statements have been prepared to the nearest £1,000.

Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled 'Guidance on Risk Management and Internal Control and Related Financial and Business Reporting'.

The Directors have prepared detailed financial forecasts and cash flows for the Group looking beyond 12 months from the date of approval of these consolidated financial statements. In developing these forecasts the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period. The success of the Group drives the success of the Company.

On the basis of the above projections, the Directors are confident that the Group has sufficient working capital and available funds to honour all of its obligations to creditors as and when they fall due. In reaching this conclusion, the Directors have considered the forecast cash headroom, the resources available to the Group and the potential impact of changes in forecast growth and other assumptions, including the potential to avoid or defer certain costs and to reduce discretionary spend as mitigating actions in the event of such changes. This means that the Company expects to be able to recover its intercompany receivables. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Investments

Investments held by the Company are stated at cost less any provision for impairment in the Company's financial statements. The cost includes the non-cash impact of Group settled share-based payment arrangements.

Impairment of investments

The Company reviews the carrying values of its investments annually to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the investment for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets

(a) Trade and other receivables

Trade and other receivables are recognised initially at their fair value and then at amortised cost. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the assets are impaired.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held on call with banks.

Financial liabilities and equity

(c) Trade and other payables

Trade payables are recognised initially at their fair value and then amortised cost.

(d) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of issue costs.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Current income tax

The tax currently payable is based on taxable loss for the year. Taxable loss differs from the loss for the financial year as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Share-based payments

The Company issues equity-settled share-based remuneration to certain employees of the Group as consideration for services. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted, calculated using the Black-Scholes model. The fair value determined at the grant date of equity-settled share-based payments is recognised as an expense for employees of the Company, or as an investment in the subsidiary entity employing the relevant employees otherwise, over the vesting period on a straight-line basis, based on the Directors' estimate of the number of instruments that will eventually vest with a corresponding adjustment to equity. The expected life used in the valuation, based on the Directors' best estimate, takes account of the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting and market vesting conditions are taken into account when estimating the fair value of the options at grant date. Service and non-market vesting conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

When the options are exercised the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Equity

Equity comprises the following:

- Share capital, representing the nominal value of issued shares of the Company;
- Share premium, representing the excess over the nominal value of the fair value of consideration received for shares, net of expenses of the share issue;
- Share option reserve, representing the cost of equity-settled share-based payments until such share options are exercised or lapse; and
- Retained losses.

2 Critical accounting estimates and judgements

The preparation of these financial statements requires the Directors to make judgements and estimates that affect the reported amounts of assets and liabilities at each reporting date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Information about such judgements and estimations is contained in individual accounting policies. The key judgements and sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are outlined below:

Impairment of investments

An impairment review of the Company's investments in its subsidiaries is undertaken at least annually. This review involves the use of judgement to consider the future projected income streams that will result from those investments. The expected future cash flows are modelled and discounted over the expected life of the investments in order to test for impairment. In the years represented in these financial statements no impairment charge was recognised as a result of these reviews.

Share-based payment charge

The Company issues share options to certain employees of the Group. The Black-Scholes model is used to calculate the appropriate charge for these options. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. In addition, the Directors estimate the percentage of options that are expected to vest considering the likelihood of achieving performance targets and employee churn rates. Should more options vest than estimated the charge would increase.

The total charge recognised by the Company in the year to 30 June 2022 is £nil (2021: £nil) with a capital contribution in a subsidiary company of £1,851,000 (2021: £877,000). Further information on share options can be found in note 18 to the consolidated financial statements.

3 Particulars of staff

The Company had no staff during the year or the prior year, other than Directors. Details of Directors' remuneration are contained in note 5 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

4 Investments

Investments in subsidiaries and joint ventures

	£000
Cost and net book value	
At 1 July 2020	7,919
Share-based payment charge	877
At 30 June 2021	8,796
Share-based payment charge	1,851
At 30 June 2022	10,647

Investment	Principal activity	Country of incorporation	Class and percentage of shares held and voting rights
Eagle Eye Solutions Limited[1]	Digital loyalty services	England & Wales	Ordinary 100%
Eagle Eye Solutions (North) Limited[1]	Dormant	England & Wales	Ordinary 100%
Eagle Eye Solutions Canada Limited[2]	Digital loyalty services	Canada	Ordinary 100%
Eagle Eye Solutions Australasia Pty Limited[3]	Digital loyalty services	Australia	Ordinary 100%
Eagle Eye Solutions Inc[4]	Digital loyalty services	United States	Ordinary 100%
Eagle Eye Solutions New Zealand Limited[5]	Dormant	New Zealand	Ordinary 100%

1 The registered office address of this entity is 5 New Street Square, London, EC3A 4TW, UK
2 The registered office address of this entity is 400-725 Granville Street, Vancouver, BC, V7Y 1G5, Canada
3 The registered office address of this entity is Level 21, 55 Collins Street, Melbourne 3000, Vic, Australia
4 The registered office address of this entity is 251 Little Falls Drive, Wilmington, DE 19808-1674, USA
5 The registered office address of this entity is 166 Moorhouse Avenue, Sydenham, Christchurch 8011, New Zealand

5 Trade and other receivables

	2022 £000	2021 £000
Amounts due from Group undertakings	8,225	10,009
Prepayments and accrued income	94	11
	8,319	10,020

The Company's receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable disclosed above. All of the Company's receivables are denominated in Sterling.

6 Trade and other payables

	2022 £000	2021 £000
Current		
Trade payables	65	132
Accruals and deferred income	69	68
	134	200

7 Share capital

The authorised share capital of the Company at 30 June 2022 is 26,422,111 ordinary shares of 1p each.

	Number of shares issued and fully paid	Share capital £000	Share premium £000
At 1 July 2020	25,735,455	257	17,256
Issue of share capital	361,108	4	247
At 30 June 2021	26,096,563	261	17,503
Issue of share capital	325,548	3	182
At 30 June 2022	26,422,111	264	17,685

On 4 February 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 2,400.

On 16 March 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 5,000.

On 26 April 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 7,096.

On 20 May 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 300,685.

On 27 May 2022, the Company issued 1p ordinary shares pursuant to the exercise of employee share options. The total number of shares issued on this date was 10,367.

8 Related party transactions

The remuneration of the Directors is disclosed in note 5 to the consolidated financial statements.

9 Ultimate controlling party

The Directors do not consider there to be an ultimate controlling party due to no individual party owning a majority share in the Company. See page 32 for information on percentage shareholdings.

NOTICE OF ANNUAL GENERAL MEETING

Company no. 8892109

EAGLE EYE SOLUTIONS GROUP PLC
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (**AGM**) of Eagle Eye Solutions Group plc (the **Company**) will be held at the offices of Taylor Wessing at 4 New Street Square, London, EC4A 3TW at 1.00 pm on 17 November 2022.

The AGM will be held in order to consider and, if thought fit, pass the following resolutions which will be proposed as special or ordinary resolutions as indicated.

ORDINARY BUSINESS

Ordinary resolutions

1. THAT the report of the Directors, the financial statements and the report of the auditors for the Company's financial year ended 30 June 2022, be received and adopted.

2. THAT Steve Rothwell, who retires by rotation and is eligible for re-election pursuant to article 19 of the Company's articles of association, be re-appointed as a Director of the Company.

3. THAT Sir Terry Leahy, who retires by rotation and is eligible for re-election pursuant to article 19 of the Company's articles of association, be re-appointed as a Director of the Company.

4. THAT Robert Senior, who retires by rotation and is eligible for re-election pursuant to article 19 of the Company's articles of association, be re-appointed as a Director of the Company.

5. THAT:

   (a) RSM UK Audit LLP of 9th Floor, 3 Hardman Street, Manchester M3 3HF be re-appointed as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting of the Company at which financial statements are laid before the Company's shareholders; and

   (b) the Directors be authorised to determine the auditors' remuneration.

SPECIAL BUSINESS

Ordinary resolutions

6. THAT the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the **'Act'**) to exercise all the powers of the Company to:

   (a) allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £88,082.37; and

   (b) allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £176,164.74 (such amount to be reduced by the nominal amount of any shares allotted or rights granted under paragraph (a) of this resolution 6) in connection with an offer by way of a rights issue to:

      (i) the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them; and

      (ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,

   and so that the Directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

These authorities shall apply in substitution for all previous authorities (but without prejudice to the validity of any allotment pursuant to such previous authority) and expire at the end of the next annual general meeting of the Company or, if earlier, 15 months after the date of this resolution, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the Directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

Special resolutions

7. THAT, subject to the passing of resolution 6, the Directors be generally and unconditionally empowered for the purposes of section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash:

   (a) pursuant to the authority conferred by resolution 6; or

   (b) where the allotment constitutes an allotment within the meaning of section 560(2)(b) of the Act,

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

SPECIAL BUSINESS continued

in each case as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(i) the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of resolution 6, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only) to:

(A) the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them; and

(B) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,

and so that the Directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(ii) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted under the terms of any share option scheme adopted or operated by the Company and the allotment of shares pursuant to any share incentive plan ('SIP') adopted or operated by the Company; and

(iii) the allotment of equity securities, other than pursuant to paragraphs (i) and (ii) above of this resolution, up to an aggregate nominal amount of £26,424.71.

This power shall (unless previously renewed, varied or novated by the Company in general meeting) expire at the conclusion of the next annual general meeting of the Company following the passing of this resolution or, if earlier, on the date 15 months after the passing of such resolution, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board

Signed:

James Esson
Company Secretary

For and on behalf of Eagle Eye Solutions Group plc

Dated: 20 September 2022

Registered Office: 5 New Street Square, London EC4A 3TW

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting and at any adjournment of it. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his/her discretion as to whether and, if so, how he/she votes.

2. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

3. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 1.00 p.m. on 15 November 2022 (or, in the event of any adjournment, no later than 1.00 p.m. on the date which is two days before the time of the adjourned meeting (weekends and public holidays in England and Wales excluded), together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or authority.

4. The return of a completed proxy form will not prevent a member attending the meeting and voting in person if he/she wishes to do so.

5. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

6. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 1.00 p.m. on 15 November 2022 (or, in the event of any adjournment, no later than 1.00 p.m. on the date which is two days before the time of the adjourned meeting (weekends and public holidays in England and Wales excluded). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

COMPANY INFORMATION

Directors	Malcolm Wall Tim Mason Steve Rothwell Lucy Sharman-Munday Bill Currie Sir Terry Leahy Robert Senior
Secretary	James Esson
Company number	8892109
Registered office	5 New Street Square London EC4A 3TW
Nominated Adviser and Broker	Investec Bank plc 30 Gresham Street London EC2V 7QN
Bankers	Silicon Valley Bank UK Ltd Alphabeta 14-18 Finsbury Square London EC2A 1BR
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Independent auditor	RSM UK Audit LLP Chartered Accountants Ninth Floor 3 Hardman Street Manchester M3 3HF

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