MAKING DIGITAL WORK *for everyone everywhere*

Actual Experience plc
Annual Report 2020

Today's circumstances present businesses with a unique opportunity to reinvent themselves

We are currently experiencing a hugely accelerated digital transformation across the world. If we harness this radical transformation in a positive way, businesses will reduce their carbon footprint, improve wellbeing for all employees and tackle digital inequality.

Our offering has a powerful resonance as part of this digital transformation.

Dave Page
Chief Executive Officer

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FINANCIAL HEADLINES

Revenue
£1.96m

Loss for the year
£4.68m

Loss per share
9.87p

Cash and cash equivalents
£2.75m

WE BELIEVE PASSIONATELY

in a digital world that delivers a better Human Experience

COVID-19 has changed all of our lives in ways that we never conceived possible and it's likely that many of these changes will stay with us for generations to come.

The disruption to our everyday lives means that all of us are doing more online; from working to studying, from playing to purchasing.

MAKING DIGITAL WORK PROPERLY *has never felt so vital*

We know, when digital environments don't work properly, it creates a sense of friction. Whether it's an app or a website that's unresponsive or slow to respond, it stops us in our tracks and both time and money are lost.

Think about all you could achieve if this time could be given back to you.

WE BELIEVE THE DIGITAL WORLD *should work better for everyone everywhere*

Remote working has the potential to help us strike a better work/life balance. Yet today, there still remains a digital equality gap across society.

Our analytics help businesses prioritise and identify these inequalities so that no one is left behind.

"The urgent need for businesses to enable efficient and effective remote working underscores the relevance of our offering.

Stephen Davidson
Chair

I am pleased to report on the progress made during the financial year 2020 (FY20). In the first six months, we completed our pivot from a managed services to a professional services (PS) offering. We have not only started to see quicker customer engagements and deployment cycles shorten as a result, but we expect this new approach to provide us with a wider range of opportunities.

The second half of the year was dominated by the impact of COVID-19 which accelerated digital transformation and the increased adoption of hybrid home and office working. The urgent need for businesses to enable efficient and effective remote working underscores the relevance of our offering, resulting in increased engagement from our Channel Partners, both existing and new. Wellbeing and productivity play a vital role in the effectiveness of remote working. The effects of COVID-19 have caused businesses to focus more on digital collaboration tools to analyse human experience. A white paper published by Verizon and Boston Consulting Group last June shows that Actual Experience's software has delivered tangible results in determining the cause of lost productivity within businesses which in turn may identify wellbeing concerns.

Financials and cash

Revenue for the 12 months increased marginally to £1.96m (FY19: £1.93m), while gross profit increased 29% to £1.02m (FY19: £0.79m). In line with expectations, cash as at 30 September 2020 was £2.8m (FY19: £7.9m).

Shareholders and placing

We are thankful for the strong support shown by new and existing investors in our recent fundraise announced in January 2021. The placing will allow us to expand our sales and support teams in response to the growing pipeline of sales prospects and smoothly onboard new Partners. Additionally, it will enable us to expand the Company's technology development team to facilitate the development of enhanced cloud efficiency, scalability, and increased automation of report regulation for the PS engagements.

People

In what has been an unprecedented time for businesses, our colleagues have adjusted seamlessly to remote working and I want to thank them all for their hard work throughout the year. As previously announced, the Group has restructured the business to align itself with the evolved sales model which has resulted in a reduction of the cost base as well as improving operational efficiencies. We welcomed Jamie Dunkley to the senior leadership team in March 2020 as Chief Operating Officer following the resignation of his predecessor, Robin Young, in February 2020. Jamie has been instrumental in ensuring smooth business continuity during the pandemic.

Outlook

The market opportunity for Actual Experience is significant, and the Board believes that the Group is well positioned for considerable revenue growth, supported by an excellent, expanding portfolio of Channel Partners and customers. The initial success of our recently launched Human Experience Management offering has demonstrated the need for businesses to analyse operational efficiencies and employee wellbeing. We expect further market engagement over the course of the current financial year as our Partners and their customers continue to adapt to the permanent change in work practices and realise the benefits of our technology service.

Stephen Davidson
Chair
24 February 2021

The COVID-19 global pandemic is accelerating digital transformation

Here we look at some of the key trends that shaped the digital economy in 2020.

1. Forced adoption of remote working

COVID-19 compelled many companies to quickly relocate their workforce from office spaces to their homes. The speed at which this was done was unprecedented.

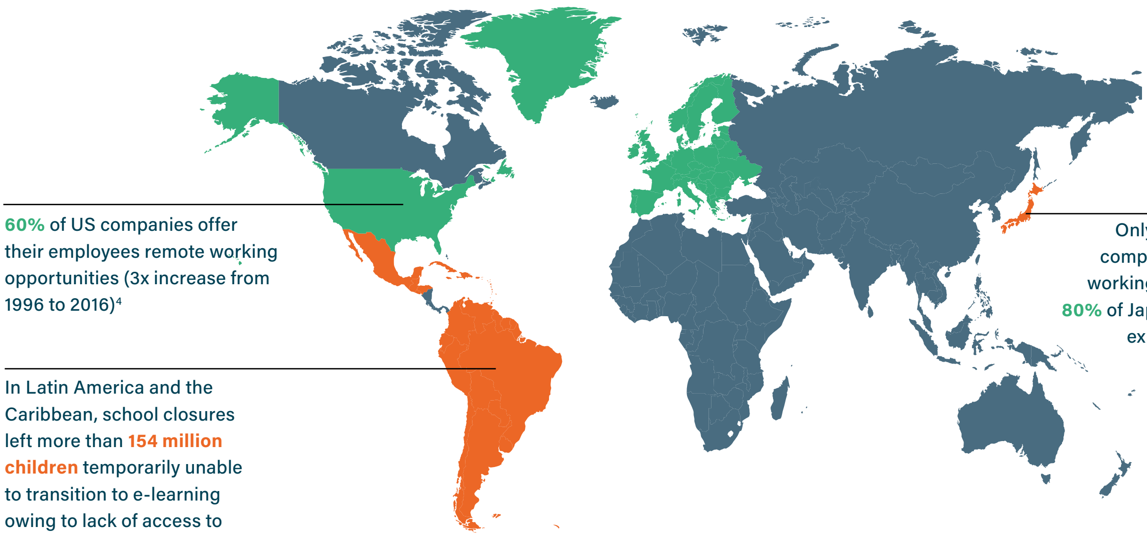
For remote working to continue to be viable in the long term, significant investment will be needed to properly equip people and deliver a secure infrastructure. In some parts of the world more so than others, there will also need to be a discernible shift in corporate culture.[1]

$4.5 trillion

estimated savings per year in the US alone as a direct result of remote working by 2030 due to improving productivity, reducing fixed overheads and increasing agility[2]

77%

of people say that having the flexibility to work from home would allow them to be healthier[3]



2. The immediate adoption of digital technologies is bedding in for the long term

The response many businesses had to the pandemic led to an acceleration in digital transformation. The mass adoption of new technologies for employees to work remotely or for customers to interact through digital channels took place almost overnight. Many of these changes are now being bedded in to business operations for the long term.

During the pandemic, consumers have shifted to consuming goods and services online. Businesses have had to rapidly adapt their value propositions to interact with customers solely through digital channels, resulting in businesses saying at least 80% of customer interactions are now digital.[7]

The increase in remote working, the need to build resilience in data security, as well as the preference of customers to utilise digital technologies has resulted in a strong move to longer term and planned investment in cloud technologies.

This has resulted in business leaders bypassing the traditional obstacles that would typically prevent long term digital transformation from being a success. The result is ongoing investment in digital technologies which will continue in the future.

3. *COVID-19 could widen the digital equality gap*

The onset of the pandemic has highlighted the impact of continuing digital exclusion that millions are affected by in the UK.

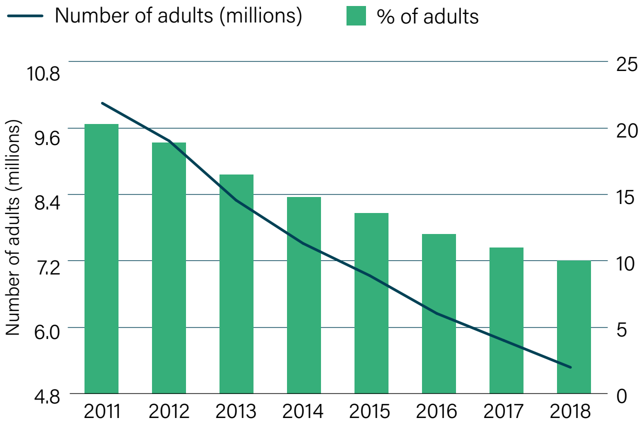
A 2019 report by the Office for National Statistics (ONS) highlighted that although the number of internet 'non-users' is declining it is still remarkably high for a developed nation such as the UK. In 2018 this figure was 5.3 million internet non-users which represented 10% of the adult population.[8]

A study by the Cambridge Centre for Housing and Research at the University of Cambridge quoted, 'digital exclusion is another facet of the deep inequalities which run through the social fabric of the UK, and is more widespread than many people are aware of.'

Researchers Hannah Holmes and Dr Gemma Burgess explain in their research that 22% of the UK's population lack basic digital skills and that the link between poverty and digital exclusion is clear.[9] Although this divide has been evident for a long time, the pandemic forced a huge shift in our ways of life which was further compounded during the first lockdown when schools were forced to close and education was taken online.

In the long term, strategies to close the digital divide will be required to rebalance society across the UK.

Number (millions) and percentage of adult internet non-users, UK, 2011 to 2018



Source: Office for National Statistics – Internet Users, Labour Force Survey (LFS)

8%

of people in the UK (4.3 million people) estimated to have zero basic digital skills in 2018[10]

6.8 million

estimated number of people who will lack digital skills in 2028[11]

Only 51%

of UK households earning between £6-10k had home internet access compared with 99% of households with an income of over £40k[12]

1 https://www.ey.com/en_be/covid-19/why-remote-working-will-be-the-new-normal-even-after-covid-19

2 https://www.iwgplc.com/MediaCentre/PressRelease/flexible-working-to-contribute-10tr-usd-to-global-economy-by-2030

3 https://www.flexjobs.com/blog/post/flexjobs-2018-annual-survey-workers-believe-flexible-remote-job-can-help-save-money-reduce-stress-more/

4 https://www.merchantsavvy.co.uk/remote-working-statistics/

5 https://www.unicef.org/press-releases/covid-19-more-95-cent-children-are-out-school-latin-america-and-caribbean

6 https://www.merchantsavvy.co.uk/remote-working-statistics/

7 https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever

8 https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/articles/exploringtheuksdigitaldivide/2019-03-04

9 https://www.cam.ac.uk/stories/digitaldivide

10 https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/articles/exploringtheuksdigitaldivide/2019-03-04

11 https://www.goodthingsfoundation.org/sites/default/files/research-publications/the_economic_impact_of_digital_inclusion_in_the_uk_final_submission_stc_0.pdf

12 https://www.cam.ac.uk/stories/digitaldivide

COVID-19 has triggered a radical and enduring change to working practices and dramatically increased reliance on digital technology

As human experience becomes disrupted, there are increasing problems that affect an individual's ability to use a digital service. This could be, for example, poor quality voice or video, or a CRM application failing to load, meaning that people are unable to work efficiently and effectively.

Actual Experience provides planning and investment insights to business leaders struggling to assess the effects of dramatic and enduring change to working practices and their digital business wrought by the COVID-19 pandemic.

Disrupted experience

2 hours lost

per employee per day

The cost of lost time...

for a Fortune 500 Company, with just 20% digital business processes, a digital quality score of 60 would indicate a cost of around $400m in lost staff time per year.

$400m

per annum lost in staff time

The amount of time spent by employees working digitally has increased dramatically

Inconsistent experience

1 hour lost
per employee per day

HX score
70

The cost of lost time...

for a Fortune 500 Company, with just 20% digital business processes, a digital quality score of 70 would indicate a cost of around $200m in lost staff time per year.

$200m
per annum lost in staff time

Frictionless experience

0 hours lost
per employee per day

HX score
80

The cost of lost time...

At a digital quality score of 80, a user would be at their most productive.

There is no wasted time.

$0m
per annum lost in staff time

Our Human Experience Management Services

HUMAN EXPERIENCE (HX) SERVICES

Professional Services offerings

BIA

Our Business Impact Assessment helps corporates understand the impact on top-level business metrics

1-2 months engagement

CI

A Continuous Improvement service to optimise the digital business over time

> 12-month engagement

Value to our Partners is…

Short commercial cycle

Pull-through revenue potential by identifying areas of weakness in digital ecosystems

Managed Services offering

Assure

Diagnose human experience problems as and when they appear

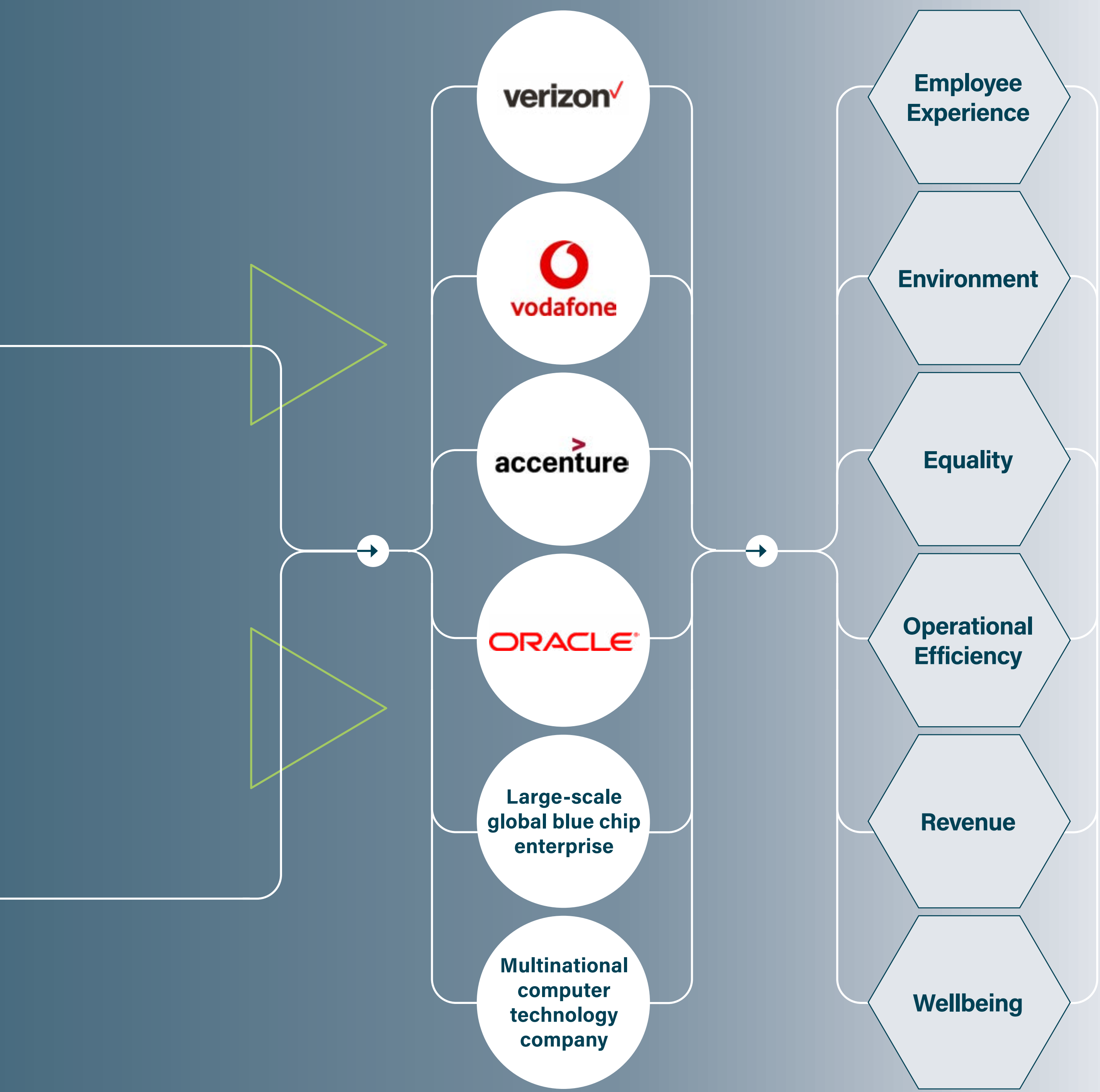
Needs basis

Continuous customer engagement opportunities around major commercial KPIs

OUR CHANNEL PARTNERS

END CUSTOMER BENEFITS

Human Experience: The performance indicator of your digital business



BUSINESS IMPACT ASSESSMENT

Making the digital world work properly

Our powerful business analytics is the result of over ten years' research into linking the complex nature of digital networks and the impact it has on the human elements of a business – employee wellbeing, efficiency and brand perception.

OUR HUMAN EXPERIENCE METRICS DEFINED

Equality
The gap between those who are easily able to work from home and those who are struggling due to their digital world not working properly

Employee Experience
The total time wasted due to inconsistent and poor digital services

Revenue
The revenue generation potential of your business if your digital world worked properly

Environment
The amount of reduced emissions due to employees being able to avoid commuting and business travel

Operational Efficiency
The total business payroll waste due to inconsistent and poor digital services

Wellbeing
The potential impact on stress and wellbeing caused by not being able to be productive or collaborate

CASE STUDY:

Adapting to change with clarity

The Business Impact Assessment had one goal: to help Osborne Clarke identify employees that needed additional digital technology support.

This enabled the Firm to quantify the impact and then deploy the most appropriate technologies to improve its employee's home working experience.

THE CHALLENGE

Osborne Clarke is an international legal practice with over 270 Partners and more than 900 lawyers across 25 locations. The Firm recently launched an initiative with Actual Experience to understand the impact its digital technologies had on employee's home working experience. This is particularly relevant and timely given the dramatic changes to working practices and accelerated adoption of digital technology since the start of the COVID-19 pandemic.

> ***"Actual Experience's report was really useful in helping us understand parts of the business we need to continue to support to improve their digital experience. This is obviously of increased importance to us as a consequence of COVID-19 and also supports our continued focus and commitment to wellbeing in this hybrid working environment.***

Ray Berg
Managing Partner

Osborne Clarke

CASE STUDY: CONTINUED

WHAT ACTUAL EXPERIENCE DID

- Actual Experience worked with Osborne Clarke to deploy digital users across the technologies used by Osborne Clarke's employees, monitoring their home working environments and reporting on the efficiency of eight critical applications.

  Actual Experience also provided a pre-migration report to understand the business impact of a proposed migration from Skype to Microsoft Teams.

- Actual Experience produced a Business Impact Assessment, in three weeks with recommendations that enabled Osborne Clarke to:
  1. support their continued focus and efforts on improving employee wellbeing and home working experience;
  2. confidently build the business case required to optimise application and network performance; and
  3. effectively plan the resources required internally to improve the technologies they deploy to support home working.

- The report prioritised resource allocation and gave recommendations to improve wellbeing and experience by focussing efforts on application and network performance. In addition, Actual Experience provided a list of anonymised recommendations for the most affected employees who were dealing with poor Wi-Fi speeds and made recommendations for employees who have issues with their ISP either through the capacity on the access or ISP core issues.

VALUE DELIVERED

- Osborne Clarke identified the projects needed to deliver the most significant improvement to the wellbeing and experience of their employees. Through continuous improvement they are now in a position to confidently allocate resources and report on the improvements to employee's home working experience.

"Deploying the Actual Experience digital user was straightforward. The lightweight, security compliant software was easy to understand, quick to install and required minimal IT time to complete a full rollout.

Myles Manning
Client Interface & Solutions Manager

Our analytics gives our Channel Partners the actionable insight needed to improve their customers' digital journeys

Human Experience (HX) is the fundamentally unique capability of our AaaS.

In an increasingly digital world business leaders are taking ownership of digital strategy. They are doing this because they know that staff productivity and their online brand rely on the digital world working properly.

Annuity revenue model

We provide Analytics-as-a-Service (AaaS) to our Channel Partners. They are able to build this into their solutions, hardware and software that they provide to customers. This gives them the actionable insight needed to improve their customers' digital journeys.

We sell our Channel Partners analytic capacity in our Analytics Cloud. The greater the required capacity, the greater the fee. We believe, on the basis of our experience, that the revenue to us, from a Channel Partner's enterprise customer, can be $500k per annum or more. Our Channel Partners have hundreds of customers at the scale of those deployed this year, and thousands of small and medium-sized business customers.

Digital Users (DUs) are licensed for free. This enables customers to install them wherever they may need them. Fees are charged on a per employee basis.

As we have seen in this past year, some customers will deploy at full scale immediately and some will grow to full scale over a longer period. Full adoption of Actual Experience within a Channel Partner's customer is expected to take from 12 months to two years.

KEY STRENGTHS

Intellectual property

Patents
We have patents granted in the US, China and Europe.

Trade secrets
It has taken the last 10½ years, since the creation of the Company, to make the patented technology work effectively in the real world.

Expertise
Within the R&D team we have particular expertise in the field of mathematics, and in Sales we have extensive experience in understanding the operations of Channel Partners.

Process and platform

Our AaaS platform has been live since 2011, with continual improvements being made. The value proposition is now firmly established amongst our Channel Partners.

Channel partnerships

We are focused on developing relationships with large Channel Partners, who have access to an enormous number of business and consumer customers.

First mover advantage

Although there are many vendors targeting budgets for the improvement of digital journeys, the Board remains convinced that we are uniquely positioned amongst these vendors because of our ability to analyse complex digital supply chains.

> *Our pivot to a professional services-led engagement is now complete, placing us at the heart of our Channel Partners' processes in order to promote quicker customer engagements and shortened deployment cycles.*
>
> **Dave Page**
> Chief Executive Officer

HOW WE GENERATE VALUE

AaaS

Our AaaS provides actionable information for our Channel Partners. They can use this information to improve the HX of their customers' digital journeys. Using our analytics, businesses can manage and improve the HX of their digital ecosystem, so that staff productivity is improved and online brand is protected.

HXM provides the business case for digital investments

We measure the operational efficiency, wellbeing, inequality, revenue, employee experience and carbon footprint. These metrics empower business leaders with the information they need to improve their business.

This subsequently provides the economic rationale for ongoing Continuous Improvement service.

Scalable operating model

We have invested considerable time and effort working with our Channel Partners to be built into their customer offerings. We will continue our focus to be built not only into their solutions but also into their software and hardware. Channel Partners will increasingly become able to scale the rollout of our AaaS independently, and in maturity they will require minimal support from Actual Experience.

Vast market opportunity

Our AaaS improves the human experience quality of the applications and transactions that make up the $29tn Global Digital Economy.

As the number of transactions and value that take place digitally increase, the need to manage and improve consistency and value to support the Global Digital Economy will only become more important.

WHO BENEFITS

Channel Partners

Our AaaS improves the operational efficiency of our Channel Partners, reducing the cost of service delivery and differentiating their offerings in the market.

End users

Clients, their staff and customers
Business leaders are increasingly aware that the productivity of their staff and the satisfaction of their online customers relies heavily on the consistency of their digital business. With Actual Experience, they have actionable information to continuously improve their digital business from an HX perspective.

Shareholders

Long-term capital growth
With our long-term aim of being built into the solutions, software and hardware supplied by our Channel Partners, Actual Experience will be positioned to become the HX management system to the entire Global Digital Economy. Successful execution with our existing Channel Partners will lay the foundation for enormous growth potential in the next ten years through our existing and new Channel Partner relationships.

Our Employees

Actual Experience is dedicated to ensuring the happiness and success of our employees. We provide rewarding careers at the cutting edge of technology: staff are encouraged to grow with the business and are provided with regular opportunities for personal development.

> ***"The progress we have seen since launching the new Professional Services products confirms that our Channel Partners and their customers understand the value of our offering.***
>
> **Dave Page**
> Chief Executive Officer

As noted in the Chair's Statement, in the first half of the year we completed a pivot from a managed services-led offering to a professional services (PS) led offering. The COVID-19 pandemic initially delayed the introduction of the PS offering as it diverted attention of the Company's Channel Partners towards implementing business continuity processes, not just for their customers but for their own organisations.

According to the McKinsey Global Survey of Executives[1], "COVID-19 has pushed companies over the technology tipping point — and transformed business forever." The increased adoption of hybrid home and office working has accelerated digital transformation, significantly increasing the relevance and addressable market of our offering.

1 https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever

Commercial milestones — year in focus

As our Channel Partners and their customers adapted to new ways of conducting business in light of the pandemic, Verizon, together with Boston Consulting Group, published a White Paper that discussed the workplace of the future and more specifically what businesses need to do to enable hybrid working (a mix of office and remote working). It is a testament to our strong relationship with Verizon and the relevance of these new ways of working that we were the only third-party vendor cited in the report. During the initial lockdown, we created the new Human Experience Management (HXM) Business Impact Assessment (BIA) offering. BIA helps businesses quantify the impact of digital business performance on their employees whether they are at home, in the office or elsewhere, and on their overall business. BIA assesses top level business metrics and objectives such as operational efficiency, operational inequality, carbon footprint and employee wellbeing. Depending on the extent of the business impact identified by the BIA, the customer may then choose to proceed to the HXM Continuous Improvement (CI) service, which runs for a minimum of 12 months. BIA and CI use a seat-based pricing model with a 'seat' being an employee.

As previously announced, Verizon signed an extension to its Master Service Agreement to sell and use HXM. An amendment was made to our agreement with Accenture to facilitate the sale of the new HXM offerings. Vodafone did not require an amendment to its agreement to sell the new offerings.

Post-period end, we were delighted to secure an initial order from Oracle Corporation and sign a three-year framework agreement with an American multinational computer technology company, both for our HXM offering.

Sales and marketing

Our new offerings have been well received. We completed our first BIA project with legal firm Osborne Clarke, who reported that the analysis was extremely useful in helping them to understand employees' work practices and parts of the business that required support to improve their digital experience. In November 2020, we agreed the first large-scale BIA engagement with one of our Channel Partners and one of their customers, a large complex global energy supplier. Initial introductions and testing began in August through to full-scale deployment and an order for 10,000 employees in November 2020.

These initial deployments indicate emerging evidence of a shorter sales cycle of just four months compared to the processing of our previous managed service offerings, which could take up to 24 months. Since August 2020, the Company's Channel Partners have rapidly established a list of target customers amounting to over four million addressable employees or seats. This number continues to grow.

Product development

Our focus for the year was the continued automation of our AaaS, concluding the development work to simplify managed services deployments and instigate work to streamline PS engagements. In particular, PS automation focuses on the ability to generate BIA and CI reports more quickly in order to increase the depth and breadth of the analysis.

Response to COVID-19

Throughout the year, the Group's top priority remained the health and safety of our employees, Channel Partners and their customers. The business continuity systems and procedures that we put in place enabled the quick transition of all employees to remote working, allowing us to continue providing full support to our Channel Partners with no compromise to service levels or delivery. Homeworking has proved successful for the business. Productivity levels have increased and as a result we are keeping future working practices, and their effects on the wellbeing of our employees, under review. As we look ahead, our vision is: 'not to commute to compute'.

The Board remains vigilant, assessing the impact of COVID-19 on the general economy and managing our cash resources carefully. Prior to the onset of the pandemic, we carried out a restructure of the business to support our pivot to PS. As a result, we were able to avoid furloughing any employees during the pandemic.

I would like to take this opportunity to thank the entire team for their unwavering support and dedication throughout this period.

Current trading and outlook

This has been a challenging year, but we have worked exceptionally hard to successfully launch our PS-led offering and deliver our HXM service to business leaders, enabling them to manage the impact COVID-19 has had on their 'business as usual' processes. The progress we have seen since launching the PS products confirms that our Channel Partners and their customers understand the value of our offering.

We have a number of opportunities in the pipeline as our Channel Partners start delivering our PS-led offering to their customers. We believe that Actual Experience now has a solid operational platform and sales funnel with its Channel Partners to enable it to implement customer deployments more quickly, efficiently and on a larger scale, and our recent successful fundraise in January 2021 will allow us to capitalise on the current market opportunity.

We have an excellent, growing portfolio of Channel Partners and customers, and continue to believe that Actual Experience has the ability to become a significant global player in the market for Human Experience Management. Whilst we will continue to monitor the wider market environment in regard to COVID-19, we are confident in delivering against our strategic objectives, and look forward to reporting on further progress with both new and existing Partners in due course.

Dave Page
Chief Executive Officer
24 February 2021

Section 172(1) statement and stakeholder engagement

Statement regarding Section 172(1) of the UK Companies Act 2006 and our commitment to transparent and constructive dialogue with all of our stakeholders

The Directors, in good faith, have taken decisions that they consider are most likely to promote the success of the Company for the benefit of its stakeholders, having regard to the matters set out in s172(1)(a-f) of the Companies Act 2006:

(a) The likely consequences of any decision in the long term: The long-term success of the Company is always a key factor when making strategic decisions. In particular, the Company is committed to a long-term development plan for its technology. Additionally, the Company continues to invest in its long-term relationships with Channel Partners.

(b) The interests of the Company's employees: Our employees are the main asset of the Company and their wellbeing and development are at the heart of our strategy for success. A priority for the Company in 2020 has been to safely and efficiently manage the transition of its employees to home-working.

(c) The need to foster business relationships with suppliers, customers and others: The Company regularly meets with key suppliers and customers to review operations and explore mutually beneficial future actions.

(d) The impact of the Company's operations on the community and the environment: The Company places a high value on its relationship with the local community and actively supports Bath charitable initiatives. Due to the nature of its commercial activities, the Company believes that it has no appreciable impact on the environment, although it does take reasonable measures to ensure that it procures its supplies from environmentally friendly and sustainable sources.

(e) The Company's reputation for high standards of business conduct: Integrity, both personally and professionally, is embedded in the Company's culture. The Directors believe that it is important to maintain a high standard of ethical values and seek to ensure that this continues to be shared by all employees.

(f) The need to act fairly between members of the Company: In making decisions, the Directors aim to strike a fair balance between all stakeholders.

STAKEHOLDERS AND KEY TOPICS

Employees
- Employee welfare during the COVID-19 pandemic
- Transitioning to working from home
- Workforce restructuring
- Feedback on engagement survey
- Company business plan and performance updates
- Introduction of payroll-based share purchase scheme

Channel Partners End Users
- Partner input regarding development priorities
- Improved sales collateral and training materials
- Closer sales collaboration and marketing programmes
- Customer support

Shareholders
- Group strategy
- Financial results
- Corporate governance

Community
- Participation in local business meetings and initiatives
- Establishment of an employee-led charity committee
- Participation in local charity and community events

HOW WE ENGAGE	OUTCOMES
Functional and Company-wide communications channels have been established and continue to be reviewed for effectiveness. In the absence of face-to-face meetings for much of the year, emphasis has been placed on regular videoconference meetings and use of Slack channels. We continue to solicit employee feedback on key issues through regular employee engagement surveys.	▪ Efficient transformation of operations from office-based to home-based, with no loss of productivity. ▪ Development of new and engaging employee communication channels. ▪ Enhanced transparency and two-way communication.
The Company prioritises regular and frequent meetings with Channel Partners and their enterprise customers. These meetings provide us with valuable feedback regarding market requirements and competitive issues. Both the Company and our Partners understand the critical importance of coordinated sales programmes and joint marketing activities. This ensures that we achieve our joint objective of providing a high level of service and support to enterprise customers.	▪ Increased engagement with Partners at a strategic level. ▪ Improved coordination with Partners regarding sales focus and messaging. ▪ Regular scheduled meetings with Partners to agree product development priorities.
The CEO, CFO and Investor Relations Director hold meetings with investors and analysts throughout the year, in particular following the release of the Group's annual and half-year results. Feedback from these meetings is shared with the Board. The AGM is an important opportunity for communication between the Board and shareholders, particularly private shareholders. All Directors attend the AGM and engage with shareholders both during and after the meeting. The Group's Annual Report and Financial Statements is available to shareholders in both hard copy form and online. All announcements and important documents are available on the Company's website, www.actual-experience.com.	▪ Communication styles vary to suit investor and potential investor preferences. Usually, the meetings are held in person, although videoconference calls are more typical during the current COVID-related restrictions. In all cases, the objective remains the same: to provide relevant and timely updates on the Company's progress. ▪ All material new information is made available to shareholders and potential shareholders at the same time.
The Chief Executive Officer regularly meets with local government and business groups to discuss shared objectives and plans. During the year, an employee group was established to coordinate our local charity efforts and represent the Company with regard to activities in the community. Our principal focus continues to be the active support of Julian House, a homeless charity based in Bath. Despite the impact of COVID-19 restrictions, employees participated in several local challenges, including the Bath sleep-out and sponsored walk, and the Bath half-marathon.	▪ Continued support for local business initiatives, especially as they relate to the technology sector. ▪ Maintaining visibility and a strong and positive presence in the local Bath community.

Our people are proof of our success

Our success as a business depends on our ability to recruit the best people and support their continued development. We encourage our diverse and talented team to have fun and thrive in their careers while meeting their personal development goals.

> ***The Company, its leadership and management care about employees and their wellbeing.***

Jo Hatton
Human Resources Manager

My journey with Actual Experience started in September 2016 when I joined the Company as a temporary HR Administrator. Actual is a vibrant and growing company with an exciting product and I was very pleased when a permanent HR Assistant role was offered to me the following year. Actual gave me the opportunity to grow and develop as an HR professional, and I was quickly promoted to HR Advisor.

I was one of the first members of the HR team and due to the fast-evolving size of the Company I have been exposed to a wide range of projects and HR activities. I had the opportunity to develop my membership of CIPD to the Associate level. This in turn led me to being appropriately qualified to enable the business to promote me to HR Manager in January 2020. Shortly after becoming the HR Manager for the Company my first major challenge was to lead a significant Company restructure. During this project, I had to utilise all my HR expertise and quickly step up to my new role.

The Company, its leadership and management care about employees and their wellbeing. This is of significant importance to me as an HR professional because it enables me to innovate and develop the HR function within the Company. It also gives me the confidence that we all work towards a common goal.

> ***There are so many opportunities for our product in a world where remote working is now a daily way of life.***

Nicoleta Lazar
Technical Lead, Analytics Team

I joined Actual Experience in 2016, attracted by the unique and insightful product and by the research that produced the remarkable Analytics Engine, which processes the analytics – the smart maths! At the time, the Company was expanding but still managing to preserve its attractive open and collaborative culture and its start-up vibe.

My role offered a great opportunity to expand my technical skills, working on a state-of-the-art microservices architecture, designed to help the Analytics Engine scale the number analytics it can process, in a controlled way.

Eighteen months later my work earned me promotion to senior, and I became the technical lead for the 'Analytics' team. I was immersed in exciting new projects which changed (and are still changing) the shape and capabilities of the product. I relished the technical challenge but also enjoyed mentoring my team, helping their skills grow and giving them new opportunities.

Now I look towards the future, watching all our effort and hard work pay off, as Actual Experience realises its full potential. We work with great customers and there are so many opportunities for our product in a world where remote working is now a daily way of life for many people. Actual Experience is ideally placed to help change the world and I'm proud that my work will be a part of it.

THOUGHT LEADERSHIP

THE NEW NORMAL

Cybersecurity and remote working

Some of the world's most attacked organisations have a relationship with Actual Experience. They endorse our product as being secure for their customers who classify the information we hold as highly sensitive.

Actual Experience has passed all security audits

Our training and awareness programme is outstanding, the technology reviews and penetration tests rarely find anything of note. This is the feedback we get from customers' security teams. Understanding what our customers care about and being able to show them we care about it as well has resulted in great relationships.

85%

of IT leaders believed hybrid and remote working plans increased the number of security incidents[1]

We get regular comprehensive auditing from some of the best security experts in the industry. Audits can take months with several members of staff from both Actual Experience and the customer working full-time to complete. Business Continuity Disaster Recovery (BCDR), data protection, security process and software penetration testing is now standard practice by each customer as part of contract due-diligence. In one case, we answered over 1,000 questions posed by a single customer.

In 2020 the attack surface changed as staff moved to home-working with the protection offered by a corporate firewall removed and a laptop at home being the primary defence for company data. This has increased the scrutiny of any applications that run on the endpoint, ours included. We have seen a different focus with customers assuming the endpoint will now be compromised and corporate laptops are no longer a secure platform. Each application needs to consider the platform it's running on is the attacker and try to limit the ability of the platform to compromise data.

"Our customers know their data and care deeply about its security – their audits will always be the most demanding.

Rob Everard
Chief Security Officer

1 https://www.tessian.com/research/the-future-of-hybrid-working/

Swift and decisive action

In March 2020, following the Government's announcement that a nationwide lockdown was due to commence, our team instigated our Business Continuity Plan. This had been predetermined in the scenario of any illness epidemic.

The core team was assembled consisting of representatives from Facilities, HR, Operations and Information Security, all overseen by our Project Management team. From that point forward we've had a minimum of two calls a week to discuss how we could ensure the business continued to operate, with minimal disruption, whilst keeping our colleagues informed and ensuring they and their families weren't put at any risk due to our business activities. Actions and recommendations from these meetings were presented for approval by the Executive team weekly at first, then reduced to biweekly as the volume decreased.

Broadly speaking, the team focused on a few key areas:

Maintain – Can people work from home?

- Whilst a number of employees already worked from home we'd previously not worked in an entirely remote working fashion so the primary focus was on ensuring people had access to the software and hardware they need to perform their basic tasks.
- Our 24/7 Service Desk already used IP Telephony softphones which allowed them to work from home with no interruption to customer support.
- We ensured that we had access to replacement computer devices so we could provide equipment in the event of a hardware error or someone new joining the business.

Assess & Improve – DSE, experience

- As it became clear that remote working would be in place for a number of months we reviewed how to provide our employees with the best possible working environment and experience. Every employee completed a Display Screen Equipment (DSE) and workplace questionnaire. After reviewing the results we shipped over 80 items to various households ranging from chairs and monitors through to 4G routers and printers.
- We already use our own software on our devices to better understand our users' digital experience; in the early stages of lockdown it allowed our Internal Systems team to focus their effort in resolving the most impacting issues. For example, we quickly identified that our DNS servers were causing impairments so we changed the priority away from our office servers to our cloud-hosted servers.

Ensure we have a COVID-secure office to return to

- Once we were confident that everyone had a suitable home-working environment and user experience, our focus moved to creating a COVID-secure workplace in preparation for the end of the lockdown. We've rearranged our meeting rooms and desks to allow for two metres of working space and pathways, sanitising stations have been installed as permanent fixtures, desk booking and rota systems are ready to use, and antiviral protection has been fitted to frequent touch points.
- During the first lockdown we experienced issues with our power supply to the office, resulting in intermittent outages. This triggered another scenario from our Business Continuity Plan which we ran as a sub-project using the same team. Whilst most of our applications are cloud-based, we still have some services running in our HQ; these services were prioritised based on business impact and then mitigation plans put in place.

Maintain – Culture and mental wellbeing

- Working remotely can be tough, especially when you've been used to working in a busy office environment or you live on your own. This is compounded when you're in a national lockdown and are unable to see friends, family and colleagues outside of an office environment.
- From the start of the lockdown it was obvious to us that regular communication was important, not just about the pandemic, but also about business projects, sales developments and Company updates.
- We've produced CEO videos, Company-wide videoconferences and we've used Slack and intranet updates to provide reference material for important information like temporary expenses, holiday and sickness policies. We've adapted our communication frequency and style based on the feedback we've had and from best practices shared by other organisations. We have organised team activities including quizzes, drawing competitions and virtual gym sessions to name a few.

OUR COMMUNITY

Following the success of our relationship with Julian House in 2019 the Actual Experience Charity Committee decided to continue the relationship into 2020. The team set the business the target of raising £2,500 and we have successfully raised (to date) well over £3,000. Below, Cathy Adcock highlights where and how these funds have helped during 2020 amid the onset of COVID-19.

Reassurance in difficult times...

At the beginning of the pandemic, the Julian House Day Centre had to close drop-in sessions for rough sleepers, and in response the Outreach Team doubled the number of outreach sessions on the streets. Walking eight miles a day, they engaged with and supported rough sleepers, keeping them up to date with what was happening and reassuring them during these worrying times. They also held drop-in sessions outside the rear of the emergency hostel as meals were given out.

Then, in March the Government rightly decided that the streets were not a safe environment during the pandemic. Working closely with BANES and Curo, the Outreach Team supported 30 rough sleepers (plus ten people from the emergency hostel) off of the streets and into emergency accommodation, in under just two weeks. An incredible feat!

However, support doesn't end with providing accommodation. Julian House supported men and women to make the transition from living on the streets, to living in a bedsit or single room, during lockdown. Thanks to fundraising like that achieved by Actual, we were able to buy beds, fridges, kettles as well as TVs. Many clients admitted that they had no idea how bad the pandemic was as they had little access to media beforehand.

The team also supplied over 30 mobile phones so that clients had access to support over the phone, when face-to-face wasn't possible. This financial support also helped to provide over 3,300 meals during lockdown as well as vital PPE equipment.

During lockdown Julian House supported 79 men and women with positive 'move-ons' either into supported housing or reconnections to other areas. Being supported into accommodation gave our clients the opportunity to see a future away from the streets.

As other drug and alcohol agencies were now working from home, the Outreach Team also retrained so that they could provide initial triage and urine screening for subscribing methadone and Subutex medication to help those with opiate withdrawal symptoms, as well as supporting clients through another transition.

When lockdown started to ease, the Outreach Team found themselves again supporting new rough sleepers in Bath. During COVID-19, domestic abuse and relationship breakdowns rose and many of those who had been sofa-surfing during lockdown suddenly found themselves on the streets.

With support like Actual Experience's we can continue to provide not just life-changing support, but often life-saving support.

> ***The Outreach Team supported 30 rough sleepers (plus ten people from the emergency hostel) off of the streets and into emergency accommodation, in under just two weeks. An incredible feat!***
>
> **Cathy Adcock**
> Area Funding Manager

"The decrease in expenses reflects the focus on effective management of the Group's cost base.

Steve Bennetts
Chief Financial Officer

Financial Review

Revenue recognised in the year ended 30 September 2020 was £1,960,933 (2019: £1,934,082) and relates to the supply of analytical services and associated consultancy activities to customers.

99% of revenue was derived from sales to Channel customers (2019: 99%) with the balance arising from direct sales. This high percentage reflects the Group's strategic focus on generating revenue growth from its Channel Partners.

Gross profit

The gross profit for the year was £1,020,400, a significant improvement from the prior year (2019: £790,966). This improvement reflects further operational efficiency gains as the Group continues to provide full support to its Channel Partners.

Expenses

Administrative expenses comprising R&D, operational support, sales and marketing, finance and administration costs, and foreign exchange gains and losses, totalled £5,600,609, a decrease of £1,449,808 compared to the prior year. This decrease reflects the focus on effective management of the Group's cost base, in particular the restructuring of operations which resulted in a reduction in headcount of 19. Personnel costs, however, continue to be the largest expense and represent approximately 83% of the Group's cost base (2019: 81%). The functional cost breakdown is as follows:

Administrative expenses	2020 £	2019 £
Research and development	**1,960,213**	2,546,368
Operational support	**1,055,113**	1,112,153
Sales and marketing	**1,512,709**	2,403,106
Finance and administration	**1,045,116**	1,066,049
Foreign exchange losses/(gains)	**27,458**	(77,259)
Total	**5,600,609**	7,050,417

Exceptional item

As noted in the Chair's Statement, the Company completed a restructuring of its operations in February 2020. The cost of the restructuring was £411,525 and is not included in the above table. The restructuring reduced headcount from 93 to 74 and, together with related costs such as employee travel expenses, has reduced operating expenses by approximately £200,000 per month, commencing in March 2020.

Tax

The tax credits recognised in the current and previous financial year arose from the accrual of R&D tax credits.

Loss for the year

Losses after tax totalled £4,681,488 (2019: loss of £5,911,950). This reduction in losses is the result of a significant decrease in administrative expenses, which reflects a continuing focus on rigorous expense management as well as operational efficiencies arising from the reorganisation.

Loss per share

The loss per share for the year was 9.87p (2019: loss per share of 13.04p). The reduction in loss per share reflects the decrease in total comprehensive loss for the year as well as an increase in the weighted average number of ordinary shares in issue.

Dividend

No dividend has been proposed for the year ended 30 September 2020 (2019: £nil).

Cash flow

We are investing in the growth of our operations to address what we believe to be a significant commercial opportunity and our cash flow from operations was therefore negative during the year ended 30 September 2020, and in line with expectations.

The Group's costs are mostly operating related, with very little investment required for capital infrastructure. Cash used by operating activities was £3,856,067 for the year, compared to cash used of £4,418,091 for the year ended 30 September 2019, with the improvement resulting from the reduction in losses. This operating cash requirement was funded by cash reserves. The Group ended the year with cash totalling £2,754,274 (2019: £7,876,634).

Free cash flow for the year was £(5,004,343) (2019: £(5,629,771)). Free cash flow is defined as net cash flows used in operating activities, plus development of intangible assets, plus purchase of property, plant and equipment.

In January 2021, the Group successfully raised from existing and new shareholders gross proceeds of £10,000,000 through a share placing at 105p per share.

Software development capitalisation

The Directors believe that the software development capitalisation criteria in IAS38 have been met and accordingly development costs, net of amortisation charges, of £1,972,781 have been capitalised as at 30 September 2020 (2019: £1,792,465).

Accounting policies

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards. The Group's significant accounting policies have been applied consistently throughout the year.

Key performance indicators

As the Group is in the process of development and commercialisation of its services, the Directors consider the key quantitative performance indicators to be sales revenues of £1,960,933 (2019: £1,934,082) and the level of cash held in the business of £2,754,274 (2019: £7,876,634). The Board performs regular reviews of actual results against budget, and management monitors cash balances on a monthly basis to ensure that the business has sufficient resources to enact its current strategy. Certain non-financial measures, such as the number of active customers and deployed Digital Users, are monitored on a monthly basis. The Board will continue to review the KPIs used to assess the business as it grows.

Steve Bennetts
Chief Financial Officer
24 February 2021

Risk management framework

In common with all businesses, we are exposed to risks and uncertainties as an inherent part of creating value for our shareholders. The Board recognises that effective risk management is fundamental to the Group's ability to meet its strategic objectives and it is the Board's responsibility to ensure that risk is appropriately managed across the Group. The identification of risk therefore continues to be an important activity and effective risk management is ingrained in all aspects of our business.

The risk management process is overseen by the Audit Committee which meets at least twice each year and reports its findings to the Board. The day-to-day management of risk is delegated to the Executive Risk Committee, which is chaired by the Chief Financial Officer and includes key operational managers. Each representative is responsible for the evaluation and implementation of risk mitigation within their functional areas.

It is the responsibility of the Executive Risk Committee to maintain the master risk register. This register lists recognised risks and categorises them into risk themes. Resource and mitigation priorities are assessed based on likelihood and impact of risk occurrence.

Principal operational risks

The key challenges, risks and uncertainties facing the Group arise from the early stage of the Group's maturity, the anticipated rapid growth in its operations, and the constantly changing nature of associated technologies such as mobile telephony and cloud computing.

The Group's financial risks are detailed in note 3 to the consolidated financial statements. The Board considers that the principal operational risks to achieving our strategic objectives are as summarised below.

Description of risk	Mitigation of risk
Economic conditions: Brexit As a majority of its revenue will continue to be generated from markets outside the UK, the Group is exposed to fluctuations in the global economy. Significant uncertainty remains regarding the economic effects on the Group's business of the UK's exit from the European Union and other global economic developments.	**Global diversification** Having a global customer base provides a natural mitigation against a localised economic downturn. The Board continues to monitor global economic developments and will consider further mitigating action where necessary.
Economic conditions: COVID-19 The pandemic virus is impacting all companies, employees, suppliers and customers on a worldwide basis, and creates significant uncertainty regarding the ability of companies to operate effectively. The virus impacts on the Group's ability to work from its corporate office and may adversely affect its ability to progress commercial opportunities with its Partners.	**Embracing safe and flexible working practices** The Group's continued investment in IT infrastructure, together with the long-standing development of a robust disaster recovery plan, has facilitated a smooth transition to employees working effectively from home, with the minimum of disruption. Management will continue to closely monitor the situation and expects to be guided by government and scientific advice to minimise the risk to employees and operating procedures.
Technology ownership, change and competition Fundamental to the Group's business is a combination of patents and know-how. Our success will, in part, depend on our ability to maintain adequate protection of this intellectual property and know-how. Our revenue and profitability are affected by the extent to which there is increasing requirement for, and development by our competitors of, additional product features and capabilities. Significant investments are made in new product development to address these requirements, and there can be no guarantee that we will be able to generate sufficient revenue to offset the associated development costs. There are also risks relating to difficulties and delays in the development process of new products and features, and their acceptance by customers. If a future competitor successfully launches new products or features which we are unable to match, then it is likely that we could lose market share with a corresponding impact on our operational results.	**Product protection and innovation** The Group retains the services of a leading patent attorney and ensures that all reasonable steps are taken to protect its patented technology. In addition, enhanced procedures have been introduced to ensure that critical know-how is identified and recorded, with appropriate controls over access to these records. We have an ongoing programme, both internal and with our commercial Partners, to constantly identify evolving customer needs and potential competitor advances. The resulting feedback informs our new product development priorities and helps to ensure that the Group maintains its technology leadership in the evolving digital quality management sector. We focus our development efforts on features that meet an identified market requirement and are likely to generate sufficient revenue to fund their development. We have developed internal processes for prioritising and reviewing our development projects.
Managing rapid growth The anticipated rapid growth of our business may place a significant strain on our management, operational and financial resources. If we are unable to address this growth in a timely and profitable manner, as a result of not being able to recruit skilled employees or effectively scale our operations, there could be a material adverse impact on our financial position.	**Investing in operational excellence** The Board and management are continually reviewing and enhancing our internal controls and processes. A critical objective of this analysis is to ensure that capability to scale operations is a core consideration within each business function, and that all functions interoperate efficiently as required to deliver and support our services at scale.

Description of risk	Mitigation of risk
Acceptance of the Group's analytic services and pricing model The Group is at an early stage of development and its ultimate success will depend on the acceptance of its analytical services and pricing model by Channel customers. Successful engagement with large Channel customers typically requires the completion of an extensive on-boarding process and the timescales for this are both lengthy and time-consuming. A risk exists that the Group will be unable to generate enough revenue to recover it's initial investment.	**Developing improved customer engagement practices** Management has acquired considerable experience in partnering with large Channel customers and seeks to apply best practice in learning to drive efficiencies and improve its operational capabilities. While prioritising sales efforts on Channel development, the Group will continue to maintain a number of direct customer engagements to ensure a thorough understanding is maintained of both evolving digital quality management practices in the enterprise sector and the pricing characteristics of this service.
Adequacy of financial resources The current level of cash may be insufficient to support the business through to profitability and positive cash flow. The Group may be unable to access additional equity or debt capital, or to raise funds on acceptable terms. In the event that the resources available to the Group are inadequate then this could have a materially adverse impact on the implementation of the Group's strategy, its business, financial condition and operations.	**Expense control** The Group will continue to rigorously manage its cash resources. Expenditure has been reduced from prior levels and management will continue to assess the appropriate levels of expenditure as the business develops.
Dependence on key executives and personnel and recruitment and retention of new talent The Group is dependent on its senior management and skilled technical personnel. Whilst much of the Group's know-how is documented, senior managers and members of the technical team each contribute valuable skills and know-how to the business and, despite contractual confidentiality agreements in favour of the Group, there can be no guarantee that those individuals will not join competitors or establish themselves in competition with the Group in the future. Failure to retain the services of any of these people may adversely affect the Group's ability to achieve its commercial objectives. In addition, as the Group continues to expand, it is essential that it is able to attract employees of a high calibre to drive its future success.	**Developing the human resources function** The HR function is leading new initiatives and enhancing existing processes with regard to recruitment activities, employment practices and staff benefits. The Group has introduced share-based compensation as a critical element of its ability to attract, retain and motivate key talent and will continue to issue options in accordance with its policy in this area. The Group has introduced a defined contribution pension scheme, health insurance, life insurance and other employee benefits, ensuring that the Group remains competitive with market practice. Investment will continue to be made in human resource systems and procedures to ensure compliance with legislation and effective interactions with employees.
Security Breaches Any compromise of the Group's systems security could harm its reputation or financial condition and, therefore, its business. Such compromises can result from deliberate attacks or unintentional events and may lead to, amongst other things, third parties gaining unauthorised access to the Group's software for the purpose of misappropriating financial assets, intellectual property or sensitive information, corrupting data, or causing operational disruption. Although the Group employs security measures for its systems, these may not protect against all possible security breaches that could harm the Group's business. There is no guarantee that the Group will be able to prevent such attacks or breaches in the future and, in the case of such an event, there is no guarantee that it will be able to promptly and effectively remedy any damage caused. In particular, the Group's reputation as a reliable and secure software provider is vulnerable to any negative press caused by material IT outages or breaches. Such an event may cause the Group's customers to have less confidence in the Group's products. These security risks could also lead to costly litigation, significant financial liabilities and penalties, increased regulatory scrutiny and a loss of confidence in the Group's ability to serve its customers.	**Effective protection of information security and data integrity** The Group employs security testing measures for the software it deploys and on internal systems. Employees are trained on the risks of phishing and best practice for data security. Where possible the Group endeavours to negotiate limitations on its liability in customer contracts. The security of the cloud infrastructure is reviewed regularly to identify any areas that require improvement. The Group is alert to indications of security vulnerability and regularly considers additional protective action. Information integrity is protected by regular off-site back-ups, and disaster recovery and business continuity plans are in place to ensure robust sustainability of operations.

Pages 1 to 33 of this Annual Report and Financial Statements comprise the Strategic Report for the Group which has been prepared in accordance with Chapter 4A of part 15 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Dave Page
Director
24 February 2021

Committed to delivering long-term success

Stephen Davidson

Non-executive Chair

Appointed to Board:
February 2014
Independent:
Yes

Stephen is currently Non-executive chair of JSE listed Datatec Limited and holds Non-executive Director roles at Informa plc and MCB Group Ltd. In his earlier career, Stephen was CFO, then CEO, of Telewest Communications plc and Vice Chairman of investment banking at WestLB Panmure.

E A N Re

Steve Bennetts

Chief Financial Officer

Appointed to Board:
February 2014
Independent:
No

After qualifying as a Chartered Accountant with EY Steve worked as EMEA Finance Director for several Nasdaq quoted technology companies where he gained valuable international experience as well as leading the accounting, HR, legal and administrative functions. This period included leadership of the team put in place to establish Amazon's European operations, including managing the early hyper-growth in the UK and Germany. Subsequently Steve has worked at several VC-funded technology companies, including Content Technologies which he sold for approximately $1bn.

E

Dave Page

Chief Executive Officer

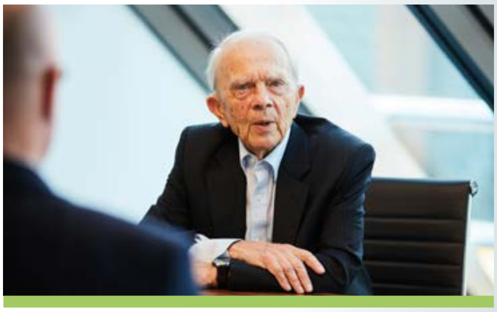
Appointed to Board:
February 2014
Independent:
No

Dave was the founding member of the management team at Nexagent, a venture funded software business acquired by EDS in 2008. In 1998, Dave established and led the Consulting team for the $1bn European Service Provider line of business at Cisco. Before this, Dave worked at IBM Global Services, BT Global Services and NatWest on numerous aspects of corporate IT infrastructure.

E N

Committee membership:

- E Executive Board
- A Audit
- Re Remuneration
- N Nominations
- Denotes Chair



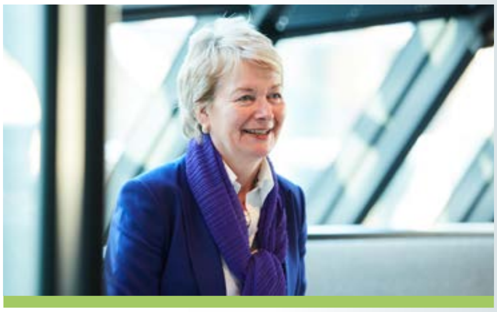
Sir Bryan Carsberg

Non-executive Director

Appointed to Board:
July 2014
Independent:
Yes

The former Director General of OFT and Oftel, Sir Bryan Carsberg brings to the Board vast experience of the communications industry. He has held board positions with Cable & Wireless Communications plc, Inmarsat plc and RM plc, and in 2002 was Expert Adviser to the Joint Parliamentary Committee to undertake prelegislative scrutiny of the Communications Act, 2003.

E A Re



Kirsten English

Non-executive Director

Appointed to Board:
January 2020
Independent:
Yes

Kirsten's executive career has spanned several continents and includes CEO, General Manager and Chair assignments in technology, telecoms and financial services. She was a founder board member and SID at Innovate Finance (the independent industry body that represents and advances the global FinTech community in the UK) as well as a Non-executive Director of Universities Superannuation Scheme with prior non-executive roles in public and private equity backed companies.

E A N Re

Experienced leadership

The Directors present their report and audited consolidated financial statements of the Group and of the Company for the year ended 30 September 2020. These will be laid before the shareholders of the Company at the next Annual General Meeting (AGM).

General information and principal activities

Actual Experience plc is listed on the AIM market of the London Stock Exchange (LSE: ACT). The Company is incorporated and domiciled in the United Kingdom, registration number 06838738 and the address of its registered office is Quay House, The Ambury, Bath BA1 1UA.

The principal activity of the Group is the provision of Human Experience Management Services and associated consultancy services.

Results and dividends

The results of the Group for the year ended 30 September 2020 are set out in the Consolidated Statement of Comprehensive Income on page 49.

The Directors do not propose payment of a dividend for the year ended 30 September 2020 (2019: nil).

Review of the year and future developments

A summary of the Group's progress and development is set out in the Chair's statement, the Chief Executive's statement, and the Financial review, which form part of the Strategic Report on pages 1 to 33. This analysis includes comments on the position of the Group at the end of the financial year, an indication of likely future developments in the business of the Group and details of the Group's activities in the field of research and development.

Research and Development

Research and development in the year amounted to £2,140,529 (2019: £2,759,606) of which £180,316 (2019: £213,238) was capitalised.

Post balance sheet event

As noted in note 22, subsequent to the year end the Group raised from existing and new shareholders gross proceeds of £10,000,000 through a share placing at 105p per share.

Directors

The Directors of the Company who served during the year and up to the date of approval of the financial statements are as follows:

- Stephen Davidson, Non-executive Chairman.
- Dave Page, Chief Executive Officer.
- Steve Bennetts, Chief Financial Officer and Company Secretary.
- Sir Bryan Carsberg, Non-executive Director.
- Kirsten English, Non-executive Director (appointed 1 January 2020).
- Robin Young, Chief Operational Officer (resigned 28 February 2020).
- Paul Spence, Non-executive Director (resigned 28 February 2020).
- Mark Reilly, Non-executive Director (resigned 3 December 2019).

Short biographies of each current Director are provided on pages 34 and 35.

Directors' interests and indemnity arrangements

Directors' interests in the shares of the Company, including family interests, are disclosed in the Directors' remuneration report on pages 43 and 44. No Director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business except in respect of service agreements, share options, and the Company's share purchase plan, as disclosed in the Remuneration report.

As permitted by the Articles of Association, in accordance with the provisions of the Companies Act 2006 the Group has maintained insurance throughout the year for its Directors and officers against the consequences of actions brought against them in relation to their duties for the Company. The Group has granted no indemnities to any of its Directors against liability in respect of proceedings brought by third parties.

Share capital

Details of the Group's issued share capital are shown in note 17 to the consolidated financial statements.

The share capital comprises one class of ordinary shares and these are listed on AIM. Following the completion of the recent funding round as at 15 February 2021 there were in issue 57,184,802 fully paid ordinary shares. All shares are freely transferable and rank pari passu in all respects, including voting and dividend rights.

Substantial shareholdings

As at 15 February 2021, shareholders holding more than 3% of the share capital of Actual Experience plc were as follows:

Name of shareholder	Number of shares	% of voting rights
IP Group plc	9,460,977	16.54%
M&G	7,921,115	13.85%
Lombard Odier	6,729,724	11.77%
Mr Michael Edge	3,195,000	5.59%
Queen Mary University of London	2,110,000	3.69%
Mr Dave Page	1,938,559	3.39%
Professor Jonathan Pitts	1,879,750	3.29%
Allianz	1,815,705	3.18%

Save as referred to above, the Directors are not aware of any persons as at 15 February 2021 who were interested in 3% or more of the voting rights of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.

Financial risk management objectives and policies

The Group's financial risk management objectives and policies are shown in note 3 to the consolidated financial statements. The main risks arising from the Group's financial instruments are interest rate risk, exchange rate risk, credit risk and liquidity risk, which are continuously monitored by the Board. The Group extends credit only to recognised creditworthy third parties, and trade receivable balances are monitored to minimise the Group's exposure to bad debts. Details of the Group's trade receivables are shown in note 13 to the consolidated financial statements.

Employment policies

The Group is committed to providing equality of opportunity to all existing and prospective employees without unlawful or unfair discrimination. Full support is given to the employment and advancement of disabled persons.

Annual General Meeting

The AGM will be held virtually at 11.00am on 29 March 2021. On page 76 is the Notice of the AGM, which gives details of the resolutions to be proposed to shareholders.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the AGM.

Disclosure of information to the auditors

Each of the persons who are Directors of the Company at the date when this report was approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company and Group's auditors are unaware; and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company and Group's auditors are aware of that information.

The Directors' report was approved and signed by order of the Board.

Steve Bennetts
Chief Financial Officer and Company Secretary
24 February 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether, for the Group and Company, international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate governance report confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Chair's introduction to the Corporate Governance Report

Dear fellow shareholders
On behalf of the Board I am pleased to present the Actual Experience governance report for the year ending 30 September 2020.

As I have confirmed in my previous reports, the Board has always considered good governance to be of fundamental importance and is committed to ensuring that it remains embedded in Actual Experience's culture. We view the way that the business is run to be critical to its success, and we see our style of leadership as key in setting the tone from the top. These beliefs have always been at the core of the way in which we have managed the Company's business.

As Chair, I am responsible for ensuring that the Company continues to operate to this high standard of corporate governance. The Board has assessed the governance structures within the Company and considers these appropriate for the size, complexity and risk profile of the Company.

Consistent with this, the Board has adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the QCA Code). The QCA Code sets out ten corporate governance principles and requires the Company to publish certain related disclosures; these appear in this Annual Report and on our website, in accordance with the recommendations in the QCA Code. Where we have deviated from the QCA Code we have stated that fact and noted the reason for this. This information is reviewed annually and the date of the latest review is noted on our website.

S.172 Statement UK Companies Act 2006
The Board recognises its responsibilities to take into consideration the needs and concerns of all our stakeholders as part of our discussion and decision-making process. We strive to engage effectively with our shareholders, care for our employees, help our Channel Partners and their customers improve the human experience of their digital infrastructure, and support our wider communities. More details on how we engage with our stakeholders can be found in the Section 172(1) statement on pages 24 and 25.

Stephen Davidson
Non-executive Chair
24 February 2021

Board composition

We are led by a strong and effective Board of Directors. The Board comprises the following individuals:

Executive:

Dave Page	Chief Executive Officer
Steve Bennetts	Chief Financial Officer

Non-executive:

Stephen Davidson	Non-executive Chair
Sir Bryan Carsberg	Non-executive Director
Kirsten English	Non-executive Director

The Board considers that it contains a range of skills, experience and knowledge that is appropriate for the business. Furthermore, the Board members are of sufficient calibre to bring independent judgement of issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group. The Board believes that it operates in an open and constructive manner and works effectively.

Brief biographies of the Directors, together with their membership of Board Committees, can be found on pages 34 and 35.

Independence of Non-executive Directors

The Board considers many criteria in assessing the independence of the Non-executive Directors including the criteria recommended by the Quoted Companies Alliance. The Non-executive Chair and the Non-executive Directors are all considered by the Board to be independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement.

Board operation

The Board is responsible for the Group's strategy and for its overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval. These include matters relating to:

- The Group's strategic aims and objectives.
- The structure and capital of the Group.
- Financial reporting, financial controls and dividend policy.
- Internal control, risk and the Group's risk appetite.
- The approval of significant contracts and expenditure.
- Effective communication with shareholders.
- Changes to Board membership or structure.

Apart from the matters above, the Board has delegated all authority to the Executive Directors on the understanding that they will at all times act in accordance with the best interests of the shareholders of the Group, while giving weight fairly to the interests of employees and other stakeholders, that their actions will be consistent with the Group's financial and strategic plans and objectives and in conformity with relevant legislation and best practice, and that they will report regularly to the Board on the execution of these responsibilities.

Board meetings

The Board met nine times in the 2020 fiscal year. In addition, the Non-executive Directors communicate directly with Executive Directors and senior management between formal Board meetings. The Board continued to review and assess the Group's strategy at meetings throughout the year.

Directors are expected to attend all meetings of the Board and Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The following table shows Directors' attendance at scheduled Board and Committee meetings during the year:

	Board	Nominations	Audit	Remuneration
Stephen Davidson	9/9	1/1	1/2	2/2
Sir Bryan Carsberg	9/9	1/1*	2/2	2/2
Paul Spence (resigned 28 February 2020)	4/9	1/1	1/2	—
Mark Reilly (resigned 3 December 2019)	2/9	1/1	1/2	1/2
Dave Page	9/9	1/1	2/2*	2/2*
Robin Young (resigned 28 February 2020)	4/9	—	—	—
Steve Bennetts	9/9	1/1*	2/2*	2/2*
Kirsten English (appointed 1 January 2020)	7/9	—	1/2	1/2

* Attended by invitation.

The Chair, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary compiles the Board and Committee papers, which are electronically circulated to Directors at least two days prior to meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

Conflicts of interest

To address the provisions of Section 175 of the Companies Act 2006 relating to conflicts of interest, the Company's Articles of Association allow the Board to authorise situations in which a Director has, or may have, a conflict of interest. Directors are required to give notice of any potential situation or transactional conflict that are to be considered at the next Board meeting and, if considered appropriate, conflicts are authorised. Directors are not permitted to participate in such considerations or to vote regarding their own conflicts.

The Board has received no notice from Directors of potential or actual conflicts of interest.

Reappointment of Directors

The Company's Articles of Association require that at each Annual General Meeting (the AGM) one-third of Directors shall retire and seek re-election by shareholders. Additionally, any new Director appointed by the Board is required by the Articles to retire at the next AGM and to seek appointment by shareholders. Notwithstanding these requirements, the Board has decided that all Directors will seek re-election on an annual basis.

Insurance

The Board has in place Directors' and Officers' liability insurance.

Board Committees

The Board has delegated certain powers and duties to the Audit, Remuneration and Nominations Committees, details of which are set out in the table below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities. Copies of these terms of reference are available on the Company website (www.actual-experience.com). The terms of reference of each committee are reviewed annually by the Board to ensure they remain appropriate and reflect changes to legislation, regulation and best practice.

The workload of the Committees is greater than the scheduled meetings would indicate as ad hoc meetings and communications between meetings are frequently required.

Audit Committee

The Audit Committee determines and examines matters relating to the financial affairs of Actual Experience including the terms of engagement of the Company's auditors and, in consultation with the auditors, the scope of the audit. It receives and reviews reports from management and the Company's auditors relating to the half yearly and annual financial statements and the accounting and the internal control systems in use throughout the Company.

The Audit Committee report on page 42 contains more detail on the Committee's role.

Chair:
Sir Bryan Carsberg

Members:
Stephen Davidson
Kirsten English

Remuneration Committee

The Remuneration Committee reviews and makes recommendations in respect of the Directors' remuneration and benefits packages, including share options and the terms of their appointment. The Remuneration Committee also makes recommendations to the Board concerning the allocation of share options to employees under the Share Option Scheme.

The Remuneration Committee report on page 43 contains more detail on the Committee's role.

Chair:
Stephen Davidson

Members:
Sir Bryan Carsberg
Kirsten English

Nominations Committee

The Nominations Committee monitors the size and composition of the Board and the other Board Committees, is responsible for identifying suitable candidates for Board membership and monitors the performance and suitability of the current Board on an ongoing basis.

Chair:
Stephen Davidson

Members:
Dave Page
Kirsten English

Board performance

In October 2020 each Director completed a questionnaire designed to measure the effectiveness of Board performance. The consolidated results of this exercise were subsequently reviewed by the Board. While no major performance impairments were noted, several minor matters were identified for further attention.

It is intended that this exercise will be repeated in 2021 and any significant matters arising will be noted in the Annual Report.

Internal controls

The Board is responsible for maintaining a sound system of internal financial and operational control and the ongoing review of their effectiveness. The Board's measures are designed to manage, not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss. Whilst the Company, as a small AIM-listed company, is not required to comply with the full provisions of the 'Internal Control Guidance for Directors on the Combined Code' (The Turnbull Report), the Board considers that the internal controls do meet many of those requirements and are adequate given the size of the Company.

The principal elements of the Group's internal control system are:

i. Close management of the day-to-day activities of the Group by the Executive Directors;
ii. An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation whilst minimising risks;
iii. A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board;
iv. Detailed monthly reporting of performance against budget; and
v. Central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this time.

Communication with shareholders and the AGM

The Board recognises that it is accountable to shareholders for the performance and activities of the Group and is committed to maintaining regular dialogue and meetings with shareholders.

Apart from the AGM, the Group communicates with its shareholders by way of the Annual Report and financial statements and via the Company's website (www.actual-experience.com) which is kept updated with preliminary and interim results, and announcements to the Stock Exchange.

The AGM offers a valuable opportunity to shareholders to meet and communicate with the Board. At the meeting the Board gives a business presentation which is followed by a question and answer session, offering shareholders an opportunity to question the Board on any matters affecting the Group's performance. The Chairs of the Audit, Remuneration and Nominations Committees are available at the AGM to answer questions. Details of the resolutions to be proposed at the AGM can be found in the Notice of Meeting on page 76. This Notice of Meeting has been circulated to shareholders and is on the Company's website.

Business ethics

The Board believes that it is critically important that Executive Directors are actively involved in ensuring our ethical values and culture continue to be shared by all employees. In support of this, anti-bribery and whistleblowing policies are circulated to all employees, who are required to certify annually that they have read and understood the policies. In addition, an online employee training course has been introduced, which includes compulsory modules on anti-bribery and fraud. The aim of the whistleblowing policy is to encourage all employees regardless of seniority to bring matters which cause them concern to the attention of the Non-executive Directors.

Going concern

The Board is required to assess whether the Group has adequate resources to continue operations for the foreseeable future. As noted in note 22, subsequent to the year end the Company raised £10m before expenses from a Placing with shareholders. As a result, the Directors have a reasonable expectation that the Company and the Group will have adequate resources to fund their activities for the foreseeable future (being a period of at least 12 months from the date of this report). For this reason, they continue to adopt the going concern basis for preparing the financial statements.

Approved by the Board of Directors and signed on its behalf.

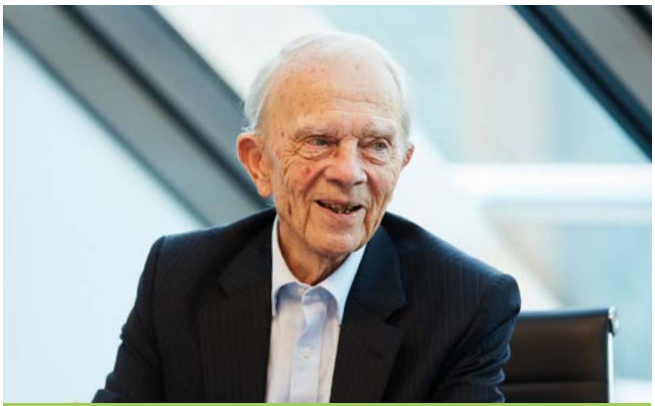
Stephen Davidson
Non-executive Chair
24 February 2021

STATEMENT OF COMPLIANCE WITH THE QCA CORPORATE GOVERNANCE CODE

The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code. We comply with the ten key principles set out in the QCA Code as set out below.

Statement of Compliance with the QCA Corporate Governance Code

	Governance principles		Explanation	Further reading
Deliver growth	1. Establish a strategy and business model which promote long-term value for shareholders.	✓	The Company's strategy and business model is designed to promote long-term value for shareholders and all stakeholders by establishing a leading position in the emerging field of optimisation of digital human experience.	Further information regarding the Company's strategy and business model can be found on pages 20 and 21.
	2. Seek to understand and meet shareholder needs and expectations.	✓	The Company actively engages with shareholders. The CEO, CFO, and IR Director meet regularly with analysts and institutional shareholders. The Company also uses the Annual General Meeting as an opportunity to engage directly with its shareholders.	Please visit www.actual-experience.com/about/investors/board-and-governance/governance/ for further information regarding the Company's interaction with its shareholders.
	3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.	✓	The Board considers the interests of shareholders and all relevant stakeholders in line with section 172 of the Companies Act 2006. The Company focuses on building strong and sustainable relationships with a range of different stakeholders in order to support the long-term success of the Company. The principal ways in which their feedback is gathered is via meetings and conversations, and through our support system for customers.	Information regarding the Company's relationship with its shareholders and other stakeholders can be found on pages 24 and 25.
	4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.	✓	The Company is exposed to a number of potential risks which may have a material effect on its reputation, financial or operational performance. The Board is responsible for ensuring the Group has effective and sound systems of internal controls, which are designed to manage the risk of failure to achieve business objectives and provide reasonable assurance against material misstatements and loss. The Board, with the advice of the Audit Committee, has reviewed the effectiveness of the systems of internal control for the year to 30 September 2020.	More detail about the identified principal risks can be found on pages 32 and 33.
Maintain a dynamic management framework	5. Maintain the Board as a well-functioning, balanced team led by the Chair.	✓	The composition and experience of the Board is shown in the Annual Report. The Board meets regularly and is supported by the Audit, Remuneration and Nomination Committees. All Directors are required to devote sufficient time to carry out their role.	See pages 38 and 39..
	6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	✓	The Board considers its size and composition to be suitable and to have an appropriate balance of sector, financial and public markets skills and experience, as well as a necessary balance of personal qualities and capabilities. To ensure that the Directors maintain appropriate skills they are provided with training when identified as appropriate by the Chairman.	www.actual-experience.com/about/investors/board-and-governance/governance/
	7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	✓	The Board regularly considers and evaluates its own performance and effectiveness and that of the individual Directors and Board Committee members. The most recent Board Effectiveness Assessment was completed by all Directors in October 2020 and the results have been carefully analysed and communicated to the Board.	See page 40.
	8. Promote a corporate culture that is based on ethical values and behaviours.	✓	The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to creating a workplace environment that allows people to flourish and this will contribute to enhancing shareholder value.	www.actual-experience.com/about/investors/board-and-governance/governance/
	9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	✓	Whilst the Board is collectively responsible for defining corporate governance arrangements, the Chairman is ultimately responsible for corporate governance. The governance structures have been assessed by the Board and are considered appropriate for the size, complexity and risk profile of the Company. This will continue to be reviewed regularly by the Board to ensure governance arrangements continue to be appropriate as the Company changes over time. There is a formal schedule of matters reserved for the decision of the Board that covers the key areas of the Company's affairs. The schedule includes approval of the Annual Report and other financial statements, the adoption of the budget and business plans, material financial commitments, and the release of inside information.	See pages 38 and 39.
Build trust	10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	✓	The Company is committed to open communications with all its shareholders. Communication is primarily through the Company's website and the Annual General Meeting. Results from our AGM are announced via RNS, and historical announcements can be accessed via the RNS and News page of our investor website.	www.actual-experience.com/about/investors/reports-results-and-presentations/reports-results-and-presentations/



Introduction to the Audit Committee report

Dear shareholders
I am pleased to present the report of the Audit Committee, which provides a summary of the Committee's role and activities during the 2020 financial year. In summary, these activities help to ensure the interests of shareholders are protected and the Group's reporting is fair, balanced and understandable.

The Audit Committee is responsible for monitoring the financial reporting process, including the integrity of the financial statements, reviewing financial disclosures, the application of accounting policies, and accounting judgements. It reviews the Group's internal control and risk management systems, monitors the extent and nature of the non-audit services undertaken by external auditors, advises on the appointment of external auditors and maintains a regular dialogue with external auditors, both with and without executives.

Sir Bryan Carsberg
Audit Committee Chairman
24 February 2021

Members of the Audit Committee

The Committee currently consists of three Non-executive Directors: Stephen Davidson, Kirsten English, and Sir Bryan Carsberg, its Chairman. Mark Reilly and Paul Spence also served on the Committee during the year, prior to their resignation from the Board. By invitation, meetings of the Committee may be attended by the Chairman of the Board, the Chief Executive Officer, and the Chief Financial Officer. The Committee met twice in the year.

Of the three members of the Audit Committee, I am a chartered accountant and Stephen Davidson and I both have recent and relevant financial experience. Kirsten English, having held several senior management positions, has a high level of financial literacy.

The Committee's deliberations are reported at the subsequent Board meeting and the minutes of each meeting are made available to all members of the Board.

Duties

The main duties of the Audit Committee are set out in its Terms of Reference, which are available on the Company's website (www.actual-experience.com) and on request from the Company Secretary.

The main items of business considered by the Audit Committee during the year included:

- review of the financial statements and Annual Report;
- consideration of the external audit report and management representation letter;
- going concern review;
- review of the 2020 audit plan and audit engagement letter;
- review of the risk management and internal control systems;
- review of the interim results; and
- meetings with the auditors with and without management present.

Role of the auditors

The Audit Committee monitors the relationship with the auditors, PwC LLP, to ensure that auditors independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external auditors.

The Audit Committee recommends that PwC LLP be reappointed as the Group's auditors at the next AGM.

Audit process

The auditors prepare an audit plan for the full-year financial statements. The audit plan sets out the scope of the audit, areas of special focus and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following the audit of the annual financial statements, the auditors presents its findings to the Audit Committee for discussion. No major areas of concern were highlighted by the auditors during the year. However, areas of significant risk and matters of audit judgement are regularly discussed.

Internal audit

At present, in keeping with the size and level of complexity of the affairs of the Group, it does not have an internal audit function. The Committee keeps under review the desirability of establishing an internal audit function.

Risk management and internal controls

As described on pages 32 and 33 of the Strategic Report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has reviewed risk management and internal controls and is satisfied that they are operating effectively.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Committee will review the policy and its effectiveness periodically. During the year, there were no incidents for consideration.

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

The responsibilities of the Committee are to advise upon and make recommendations to the Board on the Group's remuneration policies and, within the framework established by the Board, to recommend the remuneration of the Executive Directors. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings to discuss remuneration arrangements and bonus schemes for senior executives within the Group, as well as the awarding of share options to such persons under any share scheme adopted by the Group.

Stephen Davidson chairs the Committee (with effect from 3 December 2019) following the resignation of Mark Reilly. Kirsten English and Sir Bryan Carsberg served on the Committee during the year. Attendance at the scheduled Committee meetings during the year was as follows:

Number of scheduled meetings	2
Mark Reilly (Chair) (resigned 3 December 2019)	1
Stephen Davidson (Chair)	2
Sir Bryan Carsberg	2
Kirsten English[2]	1
Dave Page[1]	2
Steve Bennetts[1]	2

1 By invitation.
2 Appointed to Committee 1 January 2020.

The Remuneration Committee assesses the performance of the Executive Directors and other senior managers in the context of recommending their annual remuneration, bonus awards and share option grants to the Board for final determination. The remuneration of the Non-executive Directors is recommended by the Executive Directors and takes account of the time spent on Board and Committee matters. The Board will make the final determination although no Director will participate in any discussion about his or her own remuneration.

The objective of the Group's remuneration policy is to attract, motivate, and retain high-quality individuals who will contribute fully to the success of the Group. The Committee seeks to ensure that a competitive and appropriate base salary is paid to Executive Directors and senior managers, together with incentive arrangements that are:

- aligned with shareholders' interests and with long-term business strategies;
- measured against challenging and well-defined financial targets (which are set in advance); and
- transparent and without 'soft' non-financial targets which could otherwise allow undue discretion to award bonuses that do not reflect actual financial performance.

Remuneration Policy

It is the Group's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of six months' notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of basic salary for the notice period.

The main elements of the remuneration package for Executive Directors and senior management are:

Base annual salary

The base salary is reviewed annually by the Remuneration Committee and any change in salary is applied from the beginning of each calendar year. In determining the base annual salary the Remuneration Committee takes into account several factors, including the current position and development of the Group, individual contribution, and market salaries for comparable organisations.

Discretionary annual bonus arrangements

All Executive Directors and senior managers are eligible for a discretionary annual bonus which is paid in accordance with a bonus scheme developed by the Remuneration Committee. This takes into account the financial performance of the Group.

Pension and other benefits

As with all employees, the Executive Directors may participate in the Group defined contribution pension scheme. In the 2020 fiscal year, the employer pension contribution was 3% of base salary.

The only other significant benefits that Executive Directors are entitled to are private health insurance and life assurance.

Share incentive schemes

The Group operates share option plans, under which certain Directors and senior management have been granted options to subscribe for ordinary shares. All options are equity-settled. The options are subject to service conditions, have an exercise price of between 9.09 pence and 302.50 pence and the vesting period is up to four years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Remuneration Policy for Non-executive Directors

Non-executive Directors are employed on letters of appointment which have an initial fixed term of three years and which may be terminated at any time by either party with three months' notice.

Remuneration for Non-executive Directors is set by the Chairman and the Executive Members of the Board. Non-executive Directors do not participate in bonus schemes. Stephen Davidson, Sir Bryan Carsberg and Kirsten English have each been awarded share options, as shown on the next page.

Directors' remuneration (audited)

The remuneration of the Board Directors of Actual Experience plc during the year ended 30 September 2020 was:

	Salary and fees £	Employer pension contributions £	Healthcare £	Bonus £	Total Year ended 30 September 2020 £	Total Year ended 30 September 2019 £
Stephen Davidson[1]	50,000	—	—	—	50,000	50,000
Dave Page	147,500	7,000	482	—	154,982	154,211
Steve Bennetts[1]	102,500	33,900	995	—	137,395	134,553
Sir Bryan Carsberg[1]	25,000	—	—	—	25,000	25,000
Kirsten English[1] (appointed 1 January 2020)	18,750	—	—	—	18,750	—
Robin Young (resigned 28 February 2020)	152,765	—	—	—	152,765	150,419
Paul Spence (resigned 28 February 2020)	13,359	—	—	—	13,359	33,426
Mark Reilly (resigned 3 December 2019)	4,435	—	—	—	4,435	25,000
Total	**514,309**	**40,900**	**1,477**	**—**	**556,686**	572,609

1 In addition, certain Directors hold share option scheme interests in the Group. The fair value share-based payment charge recognised in the Consolidated Statement of Comprehensive Income attributable to these Directors are: Kirsten English £3,650 (2019: n/a), Robin Young £0 (2019: £1,375), and Paul Spence £0 (2019: £2,009). All other Directors' share options were fully expensed in prior years.

Directors' shareholdings (audited)

The interests of the Directors holding office at 30 September 2020 in the shares of the Company, including family interests, were:

	Ordinary shares of 0.2p each	
	2020 Number	2020 %
Stephen Davidson	**20,334**	**0.04**
Dave Page	**1,933,734**	**4.06**
Steve Bennetts	**176,554**	**0.37**
Sir Bryan Carsberg	**233**	**0.00**
Kirsten English	**213**	**0.00**

Directors' interests in share options (audited)

Directors' interests in share options, granted under either the Actual Experience plc Enterprise Management Incentive Share Option Scheme or the Actual Experience plc Unapproved Share Option Scheme, to acquire ordinary shares of 0.2 pence each in the Company at 30 September 2020 were:

	At 1 October 2019	Granted during year	At 30 September 2020	Exercise price	Vesting dates
Steve Bennetts	227,250	—	**227,250**	14.25 pence	2014 — 2017
Steve Bennetts	22,500	—	**22,500**	54.50 pence	2014 — 2017
Stephen Davidson	70,000	—	**70,000**	186.50 pence	2015 — 2017
Sir Bryan Carsberg	70,000	—	**70,000**	186.50 pence	2015 — 2017
Kirsten English	—	70,000	**70,000**	47.50 pence	2021 — 2023

Share options are subject to employment conditions and vest in equal annual instalments over the vesting period.

Other transactions that occurred with Directors during the year are detailed in note 21 to the financial statements under Related Party Transactions.

Stephen Davidson
Chair of the Remuneration Committee
24 February 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACTUAL EXPERIENCE PLC

Report on the audit of the financial statements

Opinion

In our opinion, Actual Experience plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 September 2020 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company statements of financial position as at 30 September 2020; the Consolidated statement of comprehensive income, the consolidated and company statements of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

- Overall group materiality: £250,000 (2019: £312,000), based on 5% of loss before tax.
- Overall company materiality: £237,000 (2019: £269,000), based on component allocation of group materiality.

- We have performed full-scope audit procedures in respect of the company, Actual Experience plc.
- Our audit scope included limited desktop audit procedures on the subsidiary, Actual Experience Inc., which were performed by the group engagement team.
- Our audit procedures covered 99% of the group's loss before tax for the year ended 30 September 2020.
- All work has been performed by the group engagement team.

- Risk that internally generated intangible assets capitalised do not qualify for recognition and that costs previously capitalised may not be recoverable (Group and Company).
- Impact of COVID-19 (Group and Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Risk that internally generated intangible assets capitalised do not qualify for recognition and that costs previously capitalised may not be recoverable. (Group and Company) We focus on this area because of the magnitude of the cumulative capitalised development expenditure of £1,132,440 and the risk that amounts may not be recoverable if future revenue growth is not realised. Furthermore, we note that judgement is applied by management whether the costs that are capitalised in the year meet the criteria in IAS 38. This risk is set out in the critical accounting estimates and areas of judgement.	We have considered whether the amounts capitalised in the year meet the criteria for capitalisation set out in IAS 38. This included meeting with project managers to understand the nature of them to challenge whether the costs capitalised meet the criteria set out in IAS 38, and testing on a sample basis for the specific costs capitalised. For cumulative amounts capitalised we considered and challenged management on the economic benefits expected to flow from the technology introduced from the projects. Management demonstrated a market for the new technology developments, by providing the customer agreements and the expanding portfolio of Channel Partners subsequent to the year end with their recently launched Human Experience Management offering. The market capitalisation of the group has also increased subsequent to the year end, and the recent successful fund raise in January 2021 highlights the confidence in the market. This provides the group with cash resources to continue to develop and invest in products while sales and current market opportunities are achieved. We concluded that the judgement of management that the amounts capitalised were not impaired to be reasonable.
Impact of COVID-19 (Group and Company) The emergence of COVID-19 has impacted all businesses, both financially and operationally, and creates significant uncertainty in the wider economic environment. Management refer to their assessment of the pandemic risk and the mitigating actions taken, in the principal risks and uncertainties section within the strategic report on page 32. The business continuity systems and procedures enabled the quick transition of all employees to remote working, allowing the Group to continue providing full support to their Channel Partners without compromise on service levels or delivery. The Directors consider there is an immediate and heightened relevance of their human experience offering due to the enduring COVID-19 related changes to global working practices. However, the Directors recognise the risk that the pandemic may adversely affect its ability to progress commercial opportunities with its Partners, and remains vigilant, assessing the impact of COVID-19 on the general economy and management of their cash resources. The Directors have prepared detailed projections of future cash flows to September 2024 which reflect different revenue growth assumptions. The Directors have reasonable confidence from the outcome of the assessment that the group can survive even significant reductions in revenue for at least the next 12 months, due to the current strong cash balances from the recent successful fundraise in January 2021.	The business continuity plan has resulted in the Group's ability to maintain its control environment whilst working remotely. There was no evidence to suggest a breakdown in controls as part of our audit work, and the control processes previously in place have continued to operate during this period. Sufficient and appropriate audit evidence was obtained, despite the audit being performed remotely. We obtained the group's modelled scenarios and evaluated the appropriateness of key assumptions and inputs including; ▪ Verified the integrity of management's model, as well as agreeing the data to underlying support. We have agreed the model to the approved forecasts prepared for the fundraise. ▪ Obtained management information for the year to date financial performance to support our evaluation of management's assumptions. We also confirmed cash balances at the end of January 2021 to third party bank statements. ▪ Corroborated the £10m gross proceeds from the fundraise subsequent to year end, to cash receipts as per third party bank statements. ▪ Evaluated and challenged management's assumptions, and performed sensitivities on key assumptions such as revenue growth. ▪ Agreed the mathematical accuracy of the modelled scenarios. We obtained evidence to support management's disclosures in the financial statements, and agreed the relevant disclosures within the Annual Report, and verified the consistency of this with the financial statements and our knowledge of the audit. We concur with management's assessment that the going concern basis remains appropriate, and that the disclosures in the financial statements adequately describes the nature of the risk, and impact on the group.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Actual Experience plc is structured with one reporting component, Actual Experience Inc., reporting into the parent operations in the UK as Actual Experience plc.

Actual Experience Inc. does not require a local statutory audit. Actual Experience Inc. earned no external revenues in 2020 and represents an insignificant portion of the loss before tax of the group. As such, limited audit and desktop procedures were performed on the Actual Experience Inc. by the group engagement team.

99% of the group's loss before tax is represented by the company, and full scope audit procedures have been performed on the company by the group engagement team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£250,000 (2019: £312,000).	£237,500 (2019: £269,000).
How we determined it	5% of loss before tax.	Component allocation of group materiality.
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, loss before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	Since the materiality we would have employed to this entity on a standalone basis was in excess of the component allocation, materiality was capped at the component materiality allocation.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. There was one component in scope this year, and the materiality allocated to the component was £237,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £12,500 (Group audit) (2019: £15,600) and £11,875 (Company audit) (2019: £13,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 37, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
24 February 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £	2019 £
REVENUE	4	**1,960,933**	1,934,082
Cost of sales		**(940,533)**	(1,143,116)
GROSS PROFIT		**1,020,400**	790,966
Administrative expenses		**(5,600,609)**	(7,050,417)
OPERATING LOSS BEFORE EXCEPTIONAL ITEM		**(4,580,209)**	(6,259,451)
Exceptional item: redundancy expense	5	**(411,525)**	—
OPERATING LOSS	5	**(4,991,734)**	(6,259,451)
Finance income	7	**13,933**	54,235
Finance expense	7	**(31,140)**	(34,687)
Finance (expense)/income – net		**(17,207)**	19,548
LOSS BEFORE TAX		**(5,008,941)**	(6,239,903)
Tax	8	**327,453**	327,953
LOSS FOR THE YEAR		**(4,681,488)**	(5,911,950)
Other comprehensive expense:			
Items that may be reclassified to profit or loss:			
Foreign currency difference on translation of overseas operations		**(15,350)**	(7,241)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(4,696,838)**	(5,919,191)
LOSS PER ORDINARY SHARE			
Basic and diluted	9	**(9.87)p**	(13.04)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	Share capital £	Share premium £	Accumulated losses £	Total equity £
At 1 October 2018		89,805	31,928,013	(18,959,190)	13,058,628
Loss for the year		—	—	(5,911,950)	(5,911,950)
Other comprehensive expense for the year		—	—	(7,241)	(7,241)
Total comprehensive expense for the year		—	—	(5,919,191)	(5,919,191)
Issue of shares	17(a)	4,444	2,995,557	—	3,000,001
Expenses of share issue		—	(217,168)	—	(217,168)
Share-based payment expense	20	—	—	83,199	83,199
At 30 September 2019		94,249	34,706,402	(24,795,182)	10,005,469
Loss for the year		—	—	(4,681,488)	(4,681,488)
Other comprehensive expense for the year		—	—	(15,350)	(15,350)
Total comprehensive expense for the year		—	—	(4,696,838)	(4,696,838)
Transactions with owners, in their capacity as owners					
Issue of shares	17(a)	1,035	61,947	—	62,982
Share-based payment credit	20	—	—	(174,842)	(174,842)
At 30 September 2020		**95,284**	**34,768,349**	**(29,666,862)**	**5,196,771**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
ASSETS			
Non-current assets			
Property, plant and equipment	10	**58,997**	140,806
Right-of-use assets	11	**782,606**	894,398
Intangible assets	12	**1,972,781**	1,792,465
TOTAL NON-CURRENT ASSETS		**2,814,384**	2,827,669
Current assets			
Trade and other receivables	13	**690,514**	681,670
Income tax receivable	8	**295,550**	296,866
Cash and cash equivalents	14	**2,754,274**	7,876,634
TOTAL CURRENT ASSETS		**3,740,338**	8,855,170
TOTAL ASSETS		**6,554,722**	11,682,839
LIABILITIES			
Non-current liabilities			
Deferred tax	8	**(7,079)**	(14,317)
Lease liabilities	11	**(719,177)**	(866,134)
TOTAL NON-CURRENT LIABILITIES		**(726,256)**	(880,451)
Current liabilities			
Trade and other payables	15	**(519,393)**	(689,426)
Lease liabilities	11	**(112,302)**	(107,493)
TOTAL CURRENT LIABILITIES		**(631,695)**	(796,919)
TOTAL LIABILITIES		**(1,357,951)**	(1,677,370)
NET ASSETS		**5,196,771**	10,005,469
EQUITY			
Share capital	17(a)	**95,284**	94,249
Share premium	17(a)	**34,768,349**	34,706,402
Accumulated losses	17(b)	**(29,666,862)**	(24,795,182)
TOTAL EQUITY		**5,196,771**	10,005,469

Approved by the Board of Directors and authorised for issue on 24 February 2021.

Stephen Davidson
Chair

Steve Bennetts
Chief Financial Officer

Company number: 06838738

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss before income tax		**(5,008,941)**	(6,239,903)
Adjustments for:			
Depreciation of property, plant and equipment	10	**97,458**	125,136
Depreciation of right-of-use assets	11	**111,788**	111,788
Amortisation of intangible assets	12	**952,124**	982,808
Loss on disposal of property, plant and equipment		**181**	—
Non-cash employee benefits (credit)/expense – share-based payments (credit)/expense		**(174,842)**	83,199
Finance expense/(income) – net		**17,207**	(19,548)
Operating cash outflow before changes in working capital		**(4,005,025)**	(4,956,520)
Increase in trade and other receivables		**(4,968)**	(2,446)
Decrease in trade and other payables		**(167,605)**	(213,300)
Cash used in operations		**(4,177,598)**	(5,172,266)
Income taxes received		**321,531**	754,175
Net cash outflow from operating activities		**(3,856,067)**	(4,418,091)
Cash flows from investing activities			
Development of intangible assets	12	**(1,132,440)**	(1,196,046)
Purchases of property, plant and equipment	10	**(15,836)**	(15,634)
Finance income	7	**13,933**	54,235
Net cash outflow from investing activities		**(1,134,343)**	(1,157,445)
Cash flows from financing activities			
Proceeds from issue of share capital, net of costs	17(a)	**62,982**	2,782,833
Principal element of lease payments		**(173,288)**	(138,630)
Employee Benefit Trust – (repayment)/advance		**(18,299)**	27,101
Net cash (outflow)/inflow from financing activities		**(128,605)**	2,671,304
Decrease in cash and cash equivalents		**(5,119,015)**	(2,904,232)
Effect of exchange rate fluctuations on cash held		**(3,345)**	4,350
Cash and cash equivalents at start of year		**7,876,634**	10,776,516
Cash and cash equivalents at end of year	14	**2,754,274**	7,876,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Summary of significant accounting policies
This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they are not disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Actual Experience plc and its subsidiary. The financial statements are audited financial statements for the year to 30 September 2020. These include comparatives for the year ended 30 September 2019.

1(a) Basis of preparation
Actual Experience plc is a public limited company domiciled in the United Kingdom and incorporated in England. The Company's registered office is Quay House, The Ambury, Bath, BA1 1UA.

(i) Compliance with IFRS
The consolidated financial statements of the Actual Experience plc Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis.

(iii) New and amended standards adopted by the Group
No new or amended standards were adopted by the Group for the annual reporting period commencing 1 October 2019:

The Group elected to early adopt IFRS 16, 'Leases' in 2019, as permitted by the IASB. Refer to note 11 for the Group's accounting policies for leases.

(iv) New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Going concern
At 30 September 2020, the Group had a cash and cash equivalents position of £2,754,274 with no bank debt. As noted in note 22, subsequent to the year-end the Company raised £10.0m, before expenses, from a Placing with shareholders. The Directors have prepared detailed projections of future cash flows to September 2024 which reflect different revenue growth assumptions.

After due consideration, the Directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future due to the current strong cash balances from the recent successful fundraise in January 2021. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

1(b) Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September each year. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Accounting policies adopted are consistent across the Group. All intra-Group balances and transactions, including unrealised profits arising from intra-Group transactions, are eliminated fully on consolidation.

1(c) Segmental reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

1(d) Foreign currency translation
(i) Functional and presentational currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates (the functional currency) which is UK sterling (£). The financial statements are presented in pounds sterling (£), which is the Group's presentational currency. All amounts are rounded to the nearest £.

1 Summary of significant accounting policies continued

(ii) Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the balance sheet;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and as a separate component of equity.

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

1(e) Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for the sale of services in the ordinary course of business and is shown net of Value Added Tax. The Group primarily earns revenues from Human Experience Management Services and associated consultancy services.

Revenue from Human Experience Management Services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

The difference between the amount of revenue recognised and the amount invoiced to a particular customer is included in the Consolidated Statement of Financial Position as deferred or accrued income as appropriate. Amounts included in deferred income are expected to be recognised within one year and are included within current liabilities.

1(f) Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following criteria are satisfied:

a. completion of the intangible asset is technically feasible so that it will be available for use or sale;
b. the Group intends to complete the intangible asset and use or sell it;
c. the Group has the ability to use or sell the intangible asset and the intangible asset will generate probable future economic benefits over and above cost;
d. there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
e. the expenditure attributable to the intangible asset during its development can be measured reliably.

The Directors believe that the criteria for capitalising development costs have been met in respect of certain projects. Consequently, the identifiable costs relating to these projects have been capitalised as intangible assets. The capitalised costs are being amortised over the estimated useful lives of those assets and the amortisation charge for the period is included within 'Administrative expenses' in the Consolidated Statement of Comprehensive Income. Expenses for research and development include associated wages and salaries, material costs and directly attributable overheads.

The estimated useful life of the development costs capitalised is two years. Amortisation commences when the project is available for use within the business.

Intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any 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 basis:

Right-of-use assets	Over the term of the lease
Leasehold improvements	5 years straight-line
Fixtures, fittings and equipment	5 years straight-line
Computer equipment	3 years straight-line

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Income.

Impairment of property, plant and equipment

At each period end, the Group reviews the carrying amounts of its property, plant and equipment assets 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.

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. An impairment loss is recognised as an expense immediately.

1(h) 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 contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Subsequent to initial recognition, assets are measured at either amortised cost, fair value through other comprehensive income or fair value through the Consolidated Statement of Comprehensive Income.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. Appropriate provisions for estimated irrecoverable amounts are recognised in the Consolidated Statement of Comprehensive Income when there is objective evidence that the assets are impaired.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are held in either UK sterling or US dollars and are placed on deposit in UK and US banks.

(iii) 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 direct issue costs.

(iv) Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

(v) Investments

Investments comprise amounts held in a bank deposit account which has a maturity date between three months and 12 months after the balance sheet date.

1(i) Current and deferred tax

The tax expense/(credit) represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

Current tax is based upon taxable profit/(loss) for the year. Taxable profit/(loss) differs from net profit/(loss) as reported in the Consolidated Statement of 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 or receivable for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

1 Summary of significant accounting policies continued

Credit is taken in the accounting period for research and development tax credits, which have been claimed from HM Revenue and Customs, in respect of qualifying research and development costs incurred. Research and development tax credits have been accounted for on an accruals basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. 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 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the profit nor the accounting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1(j) Leases

The accounting policy for leases is described in note 11.

1(k) Investment in subsidiaries

Shares in Group undertakings are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

1(l) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulative sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within 'Other creditors' in the Consolidated Statement of Financial Position.

(ii) Post-employment obligations

The Group operates a defined contribution pension plan. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(iii) Share-based payments

The Company issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant and expensed in the Consolidated Statement of Comprehensive Income on a straight-line basis over the vesting period, along with a corresponding increase in equity. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Comprehensive Income such that the cumulative expense represents the revised estimate, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black-Scholes model, taking into consideration the Directors' best estimate of the expected life of the option.

1(m) Equity-settled share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation method, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest. Inputs subject to judgement relate to the future volatility of the share price of comparable companies, the Group's expected dividend yields, risk-free interest rates and expected lives of the options. The Directors draw on a variety of sources to aid in the determination of the appropriate data to use in such calculations.

1(n) Recoverability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future probability and is therefore inherently uncertain. To the extent that assumptions regarding future probability change, there can be an increase or decrease in the level of deferred tax assets recognised which can result in a charge or credit to the Consolidated Statement of Comprehensive Income in the period in which the change occurs.

1(o) Exceptional Items
The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

2 Critical accounting estimates and areas of judgement
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 may differ from these estimates. The estimates and assumptions that have the most significant effects on the carrying amounts of the assets and liabilities in the financial information are discussed below:

Research and development costs
The assessment of when development expenditure meets the recognition criteria required for capitalisation requires judgement as to the technical feasibility and commercial viability of products and ideas that are under development. These judgements are subjective and, to the extent that actual circumstances differ, there can be an increase or decrease in the amount of expenditure expensed to the Consolidated Statement of Comprehensive Income.

When development expenditure is capitalised, the Directors also make a judgement in respect of the expected useful lives of the intangible development costs and an appropriate amortisation charge is made. The useful economic life of the development costs is two years. A one-year reduction in the period over which such development costs are amortised would have increased loss before income tax by £952,129 (2019: £1,000,062). A one-year increase in the period over which such development costs are amortised would have reduced loss before income tax by £317,373 (2019: £333,354).

3 Financial risk management
The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group does not use derivative financial instruments such as forward currency contracts or similar instruments. The Group does not issue or use financial instruments of a speculative nature.

The Group is exposed to the following financial risks:
- Credit risk
- Liquidity risk
- Market risk

It should be noted that the same policy is applied to the Company as is applied to the Group.

To the extent that financial instruments are not carried at fair value in the Consolidated Statement of Financial Position, book value approximates to fair value at 30 September 2019 and 30 September 2020.

Trade and other receivables are measured at fair value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the Consolidated Statement of Comprehensive Income in the relevant period.

(i) Credit risk
Credit risk is the risk of loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances. The concentration of the Group's credit risk is considered by counterparty, geography and currency.

The Group gives careful consideration to which organisation it uses for its banking services in order to minimise credit risk. The majority of the cash balance is held in two banks with A+ credit ratings (long term, as assessed by Fitch). The amounts of cash held on deposit with those banks at each reporting date can be seen in note 14. All of the cash and cash equivalents held with those banks at each reporting date were denominated in UK sterling or US dollars. The Directors are satisfied that the level of risk inherent in holding the cash deposits with three banks is low given the credit ratings assessed. The Directors monitor the levels of cash held by the Group on a regular basis and, if necessary, will mitigate any perceived increase in the level of risk by spreading the cash deposits across other institutions.

The nature of the Group's business and current stage of its development are such that individual customers can comprise a significant proportion of its trade and other receivables at any point in time. The Group mitigates the associated risk by close monitoring of the receivables ledger.

At 30 September 2020, the Group's trade receivables balance was £427,458 (30 September 2019: £425,636). The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. In the Directors' opinion, there has been no impairment of financial assets at any point during the year.

No collateral is held by the Group as security in relation to its financial assets.

The Directors consider the above measures to be sufficient to control the credit risk exposure.

3 Financial risk management continued

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk is managed by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group's cash is held in bank accounts with notice periods no greater than three months and management continually monitors rolling cash flow forecasts to ensure sufficient cash is available for anticipated cash requirements.

At 30 September 2020, the Group had £2,754,274 (30 September 2019: £7,876,634) of cash and cash equivalents.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group's exposure to foreign currency risk has been limited, as the majority of its invoicing and payments are in UK sterling. There are no significant balances held in foreign currencies at each reporting date and it has made no payments in foreign currencies other than US dollar and Euro. Accordingly, the Board has not presented any sensitivity analysis in this area as it is immaterial.

The carrying values of trade and other receivables, trade and other payables and cash and cash equivalents approximate their fair values due to their relatively short periods to maturity. Fair value measurements are determined in accordance with the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

Fair values of all financial assets and liabilities are classified as Level 3 financial instruments, except cash and cash equivalents which is classified as Level 2.

(iv) Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long-term. The capital structure of the Group is managed and adjusted to reflect changes in economic circumstances.

The Group's capital is made up of share capital, share premium and retained earnings totalling at 30 September 2020: £5,196,771 (30 September 2019: £10,005,469).

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements.

Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

4 Revenue

The information that is presented to the Chief Executive Officer, who is considered to be the Chief Operating Decision-Maker (CODM), for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. Due to the current size and activities of the Group, there is a high degree of centralisation of activities. The Directors therefore consider that there is one operating, and hence one reportable, segment for the purposes of presenting information under IFRS 8; that of Human Experience Management Services. There are no differences between the segment results and the Consolidated Statement of Comprehensive Income. The assets and liabilities information presented to the CODM is consistent with the Consolidated Statement of Financial Position.

During the year ended 30 September 2020 the Group had two customers who generated more than 10% of total revenue. These customers generated 82% and 14% of revenue respectively.

During the year ended 30 September 2019 the Group had two customers who generated more than 10% of total revenue. These customers generated 79% and 17% of revenue respectively.

An analysis of revenues by geographic location of customers is set out below:

	2020 **£**	2019 £
United Kingdom	**353,100**	396,300
United States of America	**1,607,833**	1,537,782
	1,960,933	1,934,082

5 Operating loss

	Note	2020 £	2019 £
Loss from operations is stated after charging/(crediting):			
Depreciation on property, plant and equipment	10	**97,458**	125,136
Depreciation of right-of-use assets	11	**111,788**	111,788
Amortisation of intangible assets	12	**952,124**	982,808
Employee costs (including exceptional item)	6	**4,332,180**	5,133,281
Foreign exchange losses/(gains)		**27,458**	(77,259)
Auditors' remuneration:			
– Audit of these financial statements		**50,750**	43,000
Total auditors' remuneration		**50,750**	43,000

An exceptional item of £411,525 has been separately disclosed on the Consolidated Statement of Comprehensive Income. This relates to redundancies following a corporate reorganisation.

6 Employee costs

	2020 Number	2019 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Directors	**6**	7
Sales and support	**39**	43
Software development	**29**	33
Administration	**9**	10
	83	93

	2020 £	2019 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	**4,780,818**	5,401,892
Social security costs	**561,719**	585,336
Other pension costs	**296,925**	258,900
Share-based (credit)/expense (note 20)	**(174,842)**	83,199
	5,464,620	6,329,327
Directors' remuneration comprised:		
Emoluments for qualifying services	**556,686**	572,609

Directors' emoluments disclosed above include £154,982 paid to the highest paid Director (2019: £154,211); which includes £7,000 paid under a defined contribution scheme (2019: £3,750).

The Remuneration Report on pages 43 and 44 details Directors' interests in share options.

Included within total employee costs of £5,464,620 (2019: £6,329,327) is £1,132,440 (2019: £1,196,046) which has been capitalised within development costs in accordance with IAS 38 (see note 12). The remaining £4,332,180 (2019: £5,133,281) has been expensed in the Consolidated Statement of Comprehensive Income.

7 Finance income and expense

	2020 £	2019 £
Finance income		
Bank interest receivable	**13,933**	54,235
Finance expense		
Interest payable for lease liabilities	**31,140**	34,687
Net finance (expense)/income	**(17,207)**	19,548

8 Tax

Tax on loss

	2020 £	2019 £
Current tax:		
UK corporation tax on losses of the year	**(295,550)**	(296,866)
Prior year adjustment	**—**	(30,911)
Overseas taxes	**(24,665)**	12,370
Deferred tax:		
Origination and reversal of timing differences	**(7,238)**	(12,546)
Total tax credit	**(327,453)**	(327,953)

Factors affecting the current tax credits

The tax assessed for the year varies from the standard UK company rate of corporation tax as explained below:

	2020 £	2019 £
Loss before tax	**(5,008,941)**	(6,239,903)
Tax at the UK corporate tax rate of 19% (2019: 19%)	**(951,699)**	(1,185,582)
Effects of:		
Expenses not deductible for tax purposes	**174,739**	231,498
Unrecognised deferred tax asset on losses	**851,347**	1,010,552
Research and development enhancement in respect of the current year	**(342,334)**	(354,985)
Prior year adjustment	**—**	(30,911)
Employee share acquisition adjustment	**(61,156)**	—
Change in rate of tax used to calculate deferred tax liability	**1,650**	1,475
Tax credit for the year	**(327,453)**	(327,953)

The Group has tax losses carried forward of approximately £34,800,000 (2019: £30,355,000).

The Group has incurred qualifying expenditure on research and development projects which has given rise to tax credits due from HM Revenue and Customs. At 30 September 2020, the amount due from HMRC was £295,550 (2019: £296,866).

Deferred tax

Deferred tax relates to the following:

	2020 £	2019 £
Accelerated depreciation for tax purposes	**7,079**	14,317
Deferred tax liability	**7,079**	14,317

Reconciliation of deferred tax liabilities

	2020 £	2019 £
Balance at the beginning of the year	**14,317**	26,863
Credit to the Consolidated Statement of Comprehensive Income	**(7,238)**	(12,546)
Balance at the end of the year	**7,079**	14,317

Unrecognised deferred tax assets/(liabilities)

The Group had unrecognised deferred tax assets/(liabilities) as follows:

	Tax losses £	Lease liabilities £	Right-of-use assets £	Total £
At 1 October 2019				
Deferred tax asset	5,160,000	165,517	—	5,325,517
Deferred tax liability	—	—	(152,048)	(152,048)
Net unrecognised asset/(liability)	5,160,000	165,517	(152,048)	5,173,469

	Tax losses £	Lease liabilities £	Right-of-use assets £	Total £
At 30 September 2020				
Deferred tax asset	**6,608,000**	**157,981**	**—**	**6,765,981**
Deferred tax liability	**—**	**—**	**(148,695)**	**(148,695)**
Net unrecognised asset/(liability)	**6,608,000**	**157,981**	**(148,695)**	**6,459,305**

The Group has not recognised the net deferred tax asset in respect of tax losses in the Consolidated Statement of Financial Position due to the uncertainty in the timing of when it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group has not recognised the net deferred tax asset of £9,286 (2019: £13,469) arising on the recognition of right-of-use assets and the associated lease liability following the adoption of IFRS 16 on the basis that it is not material.

9 Loss per ordinary share

Basic loss per share is calculated by dividing the loss attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the year. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares.

The Company has one class of potentially dilutive ordinary shares, being those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. However, due to losses incurred in both the current and previous financial year there is no dilutive effect from the potential exercise of these dilutive shares.

	2020 £	2019 £
Total loss attributable to the equity holders of the parent	**(4,681,488)**	(5,911,950)

	No.	No.
Weighted average number of ordinary shares in issue during the year	**47,452,334**	45,334,606
Loss per share		
Basic and diluted on loss for the year	**(9.87)p**	(13.04)p

The weighted average number of shares in issue throughout the year is as follows:

	2020	2019
Issued ordinary shares at the beginning of the year	**47,124,561**	44,902,338
Effect of shares issued in July 2019	—	432,268
Effect of shares issued in October 2019	**20,970**	—
Effect of shares issued in November 2019	**199,995**	—
Effect of shares issued in March 2020	**81,036**	—
Effect of shares issued in April 2020	**19,830**	—
Effect of shares issued in August 2020	**5,622**	—
Effect of shares issued in September 2020	**320**	—
Weighted average number of shares at the end of the year	**47,452,334**	45,334,606

10 Property, plant and equipment

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 2018	173,909	81,270	324,722	579,901
Additions	—	4,737	10,897	15,634
Foreign currency translation differences	—	—	302	302
At 30 September 2019	173,909	86,007	335,921	595,837
Additions	—	1,200	14,636	15,836
Disposals	—	—	(7,540)	(7,540)
Foreign currency translation differences	—	—	(259)	(259)
At 30 September 2020	**173,909**	**87,207**	**342,758**	**603,874**
Accumulated depreciation				
At 1 October 2018	82,655	36,394	210,602	329,651
Charge for the year	34,782	16,812	73,542	125,136
Foreign currency translation differences	—	—	244	244
At 30 September 2019	117,437	53,206	284,388	455,031
Charge for the year	34,781	16,159	46,518	97,458
Disposals	—	—	(7,359)	(7,359)
Foreign currency translation differences	—	—	(253)	(253)
At 30 September 2020	**152,218**	**69,365**	**323,294**	**544,877**
Net book value				
At 30 September 2020	**21,691**	**17,842**	**19,464**	**58,997**
At 30 September 2019	56,472	32,801	51,533	140,806
At 30 September 2018	91,254	44,876	114,120	250,250

11 Leases

This note provides information where the Group is a lessee.

11(a) Amounts recognised in the Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets	2020 £	2019 £
Buildings	**782,606**	894,398
Total	**782,606**	894,398

Lease liabilities	2020 £	2019 £
Current	**112,302**	107,493
Non-current	**719,177**	866,134
Total	**831,479**	973,627

11(b) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases

Depreciation charge for right-of-use assets	2020 £	2019 £
Buildings	**111,788**	111,788
Total	**111,788**	111,788
Interest expense (included in finance cost)	**31,140**	34,687

The total cash outflow for leases in 2020 was £173,288 (2019: £138,630).

11(c) The Group's leasing activities and how these are accounted for

The Group leases an office. The lease commenced in February 2016 and has a fixed term ending September 2027. The lease agreement does not impose any covenants other than the security in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentive receivable.
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group has used rates obtained from its principal bankers.

The Group is exposed to potential future increases in variable lease payments based on rent reviews which are not included in the lease liability until they take effect. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

12 Intangible assets

	Development costs £
Cost	
At 1 October 2018	3,112,397
Additions	1,196,046
At 30 September 2019	4,308,443
Additions	1,132,440
At 30 September 2020	**5,440,883**
Accumulated amortisation and impairment losses	
At 1 October 2018	1,533,170
Charge for the year	982,808
At 30 September 2019	2,515,978
Charge for the year	952,124
At 30 September 2020	**3,468,102**
Net book value	
At 30 September 2020	**1,972,781**
At 30 September 2019	1,792,465
At 30 September 2018	1,579,227

Amortisation and impairment charge

The amortisation of development costs is recognised within administrative expenses in the Consolidated Statement of Comprehensive Income.

13 Trade and other receivables

	2020 £	2019 £
Trade receivables	**427,458**	425,636
Other receivables	**102,704**	67,380
Loan to Employee Benefit Trust	**65,148**	46,849
Prepayments and accrued income	**95,204**	141,805
	690,514	681,670

Contractual payment terms with the Group's customers are typically 30 to 90 days.

There are no provisions for impairment losses in respect of trade and other receivables. There are no trade receivables past due and not impaired and there is no provision for impaired receivables in either 2020 or 2019. The credit quality of those trade receivables not past due and not impaired is considered good. The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables, the Board considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on credit risk management policies, refer to note 3(i).

14 Cash and cash equivalents

Bank credit rating:	2020 £	2019 £
A+	**2,660,809**	3,754,036
BBB+	**93,465**	—
BBB-	**—**	4,122,598
Cash and cash equivalents	**2,754,274**	7,876,634

The above gives an analysis of the credit rating of the financial institutions where cash balances are held.

All of the Group's cash and cash equivalents at 30 September 2020 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars ($) as follows:

	2020 £	2019 £
Denominated in UK sterling	**2,482,598**	7,015,209
Denominated in US dollars	**271,676**	861,425
Cash and cash equivalents	**2,754,274**	7,876,634

The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value. For details of credit risk management policies, refer to note 3.

15 Trade and other payables

	2020 £	2019 £
Trade payables	**116,155**	176,648
Other tax and social security	**122,541**	136,374
Other creditors	**44,965**	48,042
Accruals	**194,582**	296,260
Deferred income	**41,150**	32,102
	519,393	689,426

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 45 days terms.

The Directors consider that the carrying value of trade and other payables approximate their fair value.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

16 Financial instruments

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

- Trade and other receivables
- Trade and other payables
- Cash and cash equivalents
- Loan to Employee Benefit Trust
- Investments – term deposits

The carrying values of trade and other receivables, trade and other payables and cash and cash equivalents approximate their fair values due to their relatively short periods to maturity.

Financial assets

The Group held the following financial assets:

	2020 £	2019 £
Due within three months		
Cash and cash equivalents	**2,754,274**	7,876,634
Trade receivables	**427,458**	425,636
Other receivables	**18,662**	26,832
	3,200,394	8,329,102

Financial liabilities

The Group held the following financial liabilities held at amortised cost (non-derivatives):

	2020 £	2019 £
Non-derivative financial liabilities		
Due within one year		
Trade payables	**116,155**	176,648
Lease liabilities	**112,302**	107,493
Other payables	**280,697**	376,404
Total due within one year	**509,154**	660,545
Due between one and two years		
Lease liabilities	**114,281**	111,343
Total due between one and two years	**114,281**	111,343
Due between two and five years		
Lease liabilities	**370,445**	357,917
Total due between two and five years	**370,445**	357,917
Due after five years		
Lease liabilities	**234,451**	396,874
Total due after five years	**234,451**	396,874
Total financial liabilities	**1,228,331**	1,526,679

17 Equity

17(a) Share capital and share premium

	2020 Shares	2019 Shares	2020 £	2019 £
Ordinary shares				
Fully paid	**47,642,124**	47,124,561	**34,863,633**	34,800,651
Total share capital and share premium	**47,642,124**	47,124,561	**34,863,633**	34,800,651

Movements in ordinary shares

	Number of shares	Share capital £	Share premium £	Total £
Details				
Opening balance at 1 October 2018	44,902,338	89,805	31,928,013	32,017,818
Placing of shares	2,222,223	4,444	2,995,557	3,000,001
Less: transaction costs arising on share issues	—	—	(217,168)	(217,168)
Balance at 30 September 2019	47,124,561	94,249	34,706,402	34,800,651
Issue of shares from exercises of share options	512,250	1,024	56,273	57,297
Issue of shares from employee share schemes	5,313	11	5,674	5,685
Balance at 30 September 2020	**47,642,124**	**95,284**	**34,768,349**	**34,863,633**

Ordinary shares have a par value of 0.2 pence. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

As permitted by the provisions of the Companies Act 2006, the Company does not have a limited amount of authorised share capital.

17 Equity continued

17(b) Accumulated losses

The movement in accumulated losses is as follows:

	2020 £	2019 £
Balance at 1 October	**(24,795,182)**	(18,959,190)
Loss for the year	**(4,681,488)**	(5,911,950)
Items of other comprehensive expense recognised directly in accumulated losses	**(15,350)**	(7,241)
Share-based payment (credit)/charge	**(174,842)**	83,199
Balance at 30 September	**(29,666,862)**	(24,795,182)

18 Cash flow information

Net funds reconciliation

This section sets out an analysis of net funds and the movement in net funds for each of the periods presented.

	2020 £	2019 £
Net funds		
Cash and cash equivalents	**2,754,274**	7,876,634
Lease liabilities	**(831,479)**	(973,627)
Net funds	**1,922,795**	6,903,007
Cash and cash equivalents	**2,754,274**	7,876,634
Gross debt – variable interest rates	**(831,479)**	(973,627)
Net funds	**1,922,795**	6,903,007

	Leases £	Cash £	Total £
Net funds at 1 October 2018	(1,077,570)	10,776,516	9,698,946
Cash flows	138,630	(2,904,232)	(2,765,602)
Foreign exchange adjustments	—	4,350	4,350
Other changes	(34,687)	—	(34,687)
Net funds at 30 September 2019	(973,627)	7,876,634	6,903,007
Cash flows	**173,288**	**(5,119,015)**	**(4,945,727)**
Foreign exchange adjustments	**—**	**(3,345)**	**(3,345)**
Other changes	**(31,140)**	**—**	**(31,140)**
Net funds at 30 September 2020	**(831,479)**	**2,754,274**	**1,922,795**

Other changes include non-cash movements and interest expenses arising on lease liabilities.

19 Commitments

19(a) Capital commitments

The Group had no capital commitments at 30 September 2020 (2019: none).

19(b) Non-cancellable operating leases

The Group does not have any short-term operating leases.

20 Share-based payments

Share options

The Company has a share option plan under which it grants options over ordinary shares to certain employees. Options are exercisable at a price equal to the estimated market price of the Company's shares on the date of the grant. The vesting period for shares is usually four years. The options are settled in equity once exercised. If the options remain unexercised for a period after ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the number of share options and the weighted average exercise price outstanding during the year are as follows:

	Number of share interests				Weighted average exercise price per share (pence)
	EMI options	Unapproved options	CSOP options	Total	
At 1 October 2018	1,838,300	360,000	137,500	2,335,800	164.29
Granted in the year	72,500	—	172,500	245,000	192.50
Forfeited in the year	(82,500)	(50,000)	(42,500)	(175,000)	233.70
At 30 September 2019	1,828,300	310,000	267,500	2,405,800	163.09
Granted in the year	**—**	**70,000**	**50,000**	**120,000**	**58.25**
Exercised in the year	**(512,250)**	**—**	**—**	**(512,250)**	**11.18**
Forfeited in the year	**(290,500)**	**(85,000)**	**—**	**(460,500)**	**266.07**
Transfer	**(30,000)**	**30,000**	**—**	**—**	**—**
At 30 September 2020	**995,550**	**325,000**	**232,500**	**1,553,050**	**174.55**

There were 1,220,925 share options outstanding at 30 September 2020 (30 September 2019: 1,806,925), which were eligible to be exercised. The remaining options were not eligible to be exercised as these are subject to employment period vesting conditions, some of which had not been met at 30 September 2020.

Options have a range of exercise prices from 9.09 pence per share to 302.5 pence per share and have a weighted contractual life of 5.44 years. Details of the outstanding share options are given below:

Grant date	Employees entitled	Number of options	Performance conditions	Exercise price(p)	Earliest exercise date	Expiry date
22/06/2011	1	4,700	Time served	9.091	15/10/2011	22/06/2021
17/10/2011	2	60,600	Time served	9.091	17/10/2011	17/10/2021
01/10/2013	1	227,250	Time served	14.255	01/10/2014	01/10/2023
23/12/2013	1	22,500	Time served	54.500	01/10/2014	23/12/2023
09/07/2014	2	140,000	Time served	186.500	09/07/2015	09/07/2024
15/09/2014	2	80,000	Time served	184.000	06/01/2015	15/09/2024
24/10/2014	1	50,000	Time served	175.000	24/10/2015	24/10/2024
29/05/2015	2	80,000	Time served	207.500	25/11/2015	29/05/2025
05/06/2015	1	20,000	Time served	207.500	05/06/2016	05/06/2025
29/06/2015	4	55,000	Time served	212.500	29/05/2016	29/06/2025
24/07/2015	1	30,000	Time served	212.500	08/06/2016	24/07/2025
14/10/2015	4	70,000	Time served	262.500	17/08/2016	14/10/2025
07/03/2016	1	15,000	Time served	277.500	16/11/2016	07/03/2026
26/05/2016	3	60,000	Time served	282.500	07/03/2017	26/05/2026
19/01/2017	11	120,000	Time served	277.500	20/06/2017	19/01/2027
24/05/2017	8	77,500	Time served	302.500	01/01/2018	24/05/2027
01/08/2017	1	25,000	Time served	290.000	26/06/2018	01/08/2027
31/10/2017	8	60,000	Time served	270.000	31/10/2017	31/10/2027
18/01/2018	9	48,000	Time served	299.000	03/04/2018	18/01/2028
04/06/2018	2	10,000	Time served	275.000	04/09/2018	04/06/2028
04/10/2018	6	30,000	Time served	270.000	11/06/2019	04/10/2028
15/01/2019	3	20,000	Time served	210.000	06/11/2019	15/01/2029
17/05/2019	11	85,000	Time served	185.000	17/05/2019	17/05/2029
07/08/2019	4	42,500	Time served	135.000	04/10/2019	07/08/2029
01/10/2019	3	20,000	Time served	112.000	23/09/2020	01/10/2029
27/02/2020	6	100,000	Time served	47.500	04/11/2020	27/02/2030
Outstanding		1,553,050				

20 Share-based payments continued

The fair values were calculated using the Black-Scholes pricing model. The inputs into the model for options granted during the year were as follows:

	Granted on 1 October 2019	Granted on 27 February 2020
Dividend yield	0%	0%
Expected volatility	20.8%	20.8%
Risk-free interest rate (%)	1.50%	1.50%
Life of options (years)	10	10
Weighted average exercise price (pence)	112.0p	47.5p
Weighted average share price (pence)	112.0p	47.5p

The Group uses historical data to estimate option exercise and employee retention within the valuation model. Expected volatilities are based upon an estimate by the Directors taking account of the implied volatility as determined from the Company's historical share price movements. The risk-free rate for the year within the contractual life of the option is based on the UK gilt yield curve at the time of the grant. Any share options which are not exercised within ten years from the date of grant will expire.

The Group recognised a credit of £174,842 (2019: charge of £83,199) in the Consolidated Statement of Comprehensive Income in respect of equity-settled share-based payment transactions in the year.

21 Related party transactions

Remuneration of key personnel

The remuneration of the Directors, who are the key management personnel of the Group and the Company, is shown below:

	2020 £	2019 £
Executive Directors – aggregate		
Short-term employment benefits*	**445,142**	439,182
Non-executive Directors – aggregate		
Short-term employment benefits*	**111,544**	133,427
Total	**556,686**	572,609

* In addition, certain Directors hold share options in the Company for which a fair value share-based charge of £3,650 has been recognised in the Consolidated Statement of Comprehensive Income (2019: £3,384).

Amounts outstanding to key personnel

As at 30 September 2020, no amounts were due to Directors in relation to reimbursement of fees and expenses arising in the ordinary course of business (30 September 2019: £nil).

Transactions with shareholders and other related parties

During the year the Group entered into transactions, in the ordinary course of business, with shareholders and other related parties. Transactions entered into, along with trading balances outstanding, are as follows:

Related party:	Amounts invoiced to related party 2020 £	Amounts invoiced by related party 2020 £	Amounts invoiced to related party 2019 £	Amounts invoiced by related party 2019 £
IP Group plc (see note below)				
Purchases – Non-executive Director fees	**—**	**4,435**	—	26,383
	—	**4,435**	—	26,383

Note: IP Group plc is a shareholder of the Company.

There were no amounts outstanding due from or to the related parties at 30 September 2020 (2019: £0).

During the year ended 30 September 2020, the Company entered into numerous transactions with its subsidiary company, which net off on consolidation – these have not been shown above.

Ultimate controlling party

The Company has no single ultimate controlling party.

22 Post balance sheet event

In January 2021, the Group successfully raised from existing and new shareholders gross proceeds of £10,000,000 through a share placing at 105p per share.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital £	Share premium £	Accumulated losses £	Total equity £
At 1 October 2018	89,805	31,928,013	(19,163,949)	12,853,869
Loss and total comprehensive expense for the year	—	—	(5,995,642)	(5,995,642)
Issue of shares	4,444	2,995,557	—	3,000,001
Expenses of share issues	—	(217,168)	—	(217,168)
Share-based payment expense	—	—	97,165	97,165
Share-based payment credit in respect of services provided to subsidiary undertaking	—	—	(13,966)	(13,967)
At 30 September 2019	94,249	34,706,402	(25,076,392)	9,724,259
Loss and total comprehensive expense for the year	—	—	(4,693,883)	(4,693,883)
Issue of shares	1,035	61,947	—	62,982
Share-based payment credit	—	—	(117,827)	(117,827)
Share-based payment credit in respect of services provided to subsidiary undertaking	—	—	(57,248)	(57,248)
At 30 September 2020	**95,284**	**34,768,349**	**(29,945,350)**	**4,918,283**

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
ASSETS			
Non-current assets			
Property, plant and equipment	C3	**58,950**	140,691
Right-of-use assets	11	**782,606**	894,398
Intangible assets	12	**1,972,781**	1,792,465
Investments	C4	**42,986**	100,234
TOTAL NON-CURRENT ASSETS		**2,857,323**	2,927,788
Current assets			
Trade and other receivables	C5	**683,178**	673,914
Income tax receivable	C10	**295,550**	296,866
Cash and cash equivalents	C6	**2,660,809**	7,801,487
TOTAL CURRENT ASSETS		**3,639,537**	8,772,267
TOTAL ASSETS		**6,496,860**	11,700,055
LIABILITIES			
Non-current liabilities			
Lease liabilities	11	**(719,177)**	(866,134)
Deferred tax	C10	**(7,079)**	(14,317)
TOTAL NON-CURRENT LIABILITIES		**(726,256)**	(880,451)
Current liabilities			
Trade and other payables	C7	**(740,019)**	(987,852)
Lease liabilities	11	**(112,302)**	(107,493)
TOTAL CURRENT LIABILITIES		**(852,321)**	(1,095,345)
TOTAL LIABILITIES		**(1,578,577)**	(1,975,796)
NET ASSETS		**4,918,283**	9,724,259
EQUITY			
Share capital	17(a)	**95,284**	94,249
Share premium	17(a)	**34,768,349**	34,706,402
Accumulated losses	C8	**(29,945,350)**	(25,076,392)
TOTAL EQUITY		**4,918,283**	9,724,259

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company's statement of comprehensive income. The parent company's result for the year ended 30 September 2020 was a loss of £4,693,883 (2019: loss of £5,995,642).

Approved by the Board of Directors and authorised for issue on 24 February 2021.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss before tax	**(4,996,671)**	(6,335,965)
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	**97,395**	124,191
Depreciation of right-of-use assets	**111,788**	111,788
Amortisation of intangible assets	**952,124**	982,808
Non-cash employee benefits (credit)/expense — share based payments (credit)/expense	**(117,827)**	97,165
Finance income	**(13,915)**	(54,130)
Finance expense	**31,140**	34,687
Operating cash outflow before changes in working capital	**(3,935,966)**	(5,039,456)
Movement in trade and other receivables	**9,035**	(23,580)
Movement in trade and other payables	**(247,829)**	(118,562)
Cash flows used in operations	**(4,174,760)**	(5,181,598)
Tax received	**296,866**	766,545
Net cash outflow from operating activities	**(3,877,894)**	(4,415,053)
Cash flows from investing activities		
Development of intangible assets	**(1,132,440)**	(1,196,046)
Purchases of property, plant and equipment	**(15,654)**	(15,612)
Finance income	**13,915**	54,130
Net cash outflow from investing activities	**(1,134,179)**	(1,157,528)
Cash flows from financing activities		
Proceeds from issue of share capital, net of costs	**62,982**	2,782,833
Principal element of lease payments	**(173,288)**	(138,630)
Employee Benefit Trust — loan (repayment)/advance	**(18,299)**	27,101
Net cash (outflow)/inflow from financing activities	**(128,605)**	2,671,304
Decrease in cash and cash equivalents	**(5,140,678)**	(2,901,277)
Cash and cash equivalents at start of year	**7,801,487**	10,702,764
Cash and cash equivalents at end of year	**2,660,809**	7,801,487

C1. Principal accounting policies

The financial statements of the Company are presented as required by the Companies Act 2006 and in accordance with IFRS.

The principal accounting policies adopted are the same as for those set out in the Group's financial statements.

C2. Company results

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company's statement of comprehensive income. The parent company's result for the year ended 30 September 2020 was a loss of £4,693,883 (2019: loss of £5,995,642).

The audit fee for the Company is set out in note 5 of the Group's financial statements.

C3. Property, plant and equipment

	Leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 October 2018	173,909	81,270	319,238	574,417
Additions	—	4,737	10,875	15,612
At 30 September 2019	173,909	86,007	330,113	590,029
Additions	—	1,200	14,636	15,836
Disposals	—	—	(7,540)	(7,540)
At 30 September 2020	**173,909**	**87,207**	**337,209**	**598,325**
Accumulated depreciation				
At 1 October 2018	82,655	36,394	206,098	325,147
Charge for the year	34,782	16,812	72,597	124,191
At 30 September 2019	117,437	53,206	278,695	449,338
Charge for the year	34,781	16,159	46,455	97,395
Disposals	—	—	(7,358)	(7,358)
At 30 September 2020	**152,218**	**69,365**	**317,792**	**539,375**
Net book value				
At 30 September 2020	**21,691**	**17,842**	**19,417**	**58,950**
At 30 September 2019	56,472	32,801	51,418	140,691
At 30 September 2018	91,254	44,876	113,140	249,270

C4. Investments

At 30 September 2020, the Company held the following investments in subsidiary companies:

Undertaking	Sector	Share of issued capital and voting rights 2020
Actual Experience Inc. 251 Little Falls Drive, Wilmington, Delaware, Newcastle, USA, 19808	Sales and marketing services	**100%**

	£
Cost	
At 1 October 2018	114,201
Disposals	(13,967)
At 30 September 2019	100,234
Disposals	(57,248)
At 30 September 2020	**42,986**
Impairment	
At 1 October 2018, 30 September 2019 and 30 September 2020	—
Carrying value at 30 September 2020	**42,986**
Carrying value at 30 September 2019	100,234
Carrying value at 30 September 2018	114,201

Movements in the year arise from adjustments for share-based payment charges for the Group's subsidiary undertaking which are accounted for as capital contributions.

C5. Trade and other receivables

	2020 £	2019 £
Trade receivables	**427,458**	425,636
Other receivables	**102,704**	67,380
Loan to Employee Benefit Trust	**65,148**	46,849
Prepayments and accrued income	**87,868**	134,049
	683,178	673,914

Contractual payment terms with the Company's customers are typically 30 to 90 days.

There are no receivables for which allowance has been made. There are no provisions for impairment losses in respect of trade and other receivables. There are no receivables at any of the year ends which were considered to be past due. The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of trade receivables the Board considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date. For details on credit risk management policies, refer to note 3(i).

C6. Cash and cash equivalents

Bank credit rating:	2020 £	2019 £
A+	**2,660,809**	3,678,889
BBB-	**—**	4,122,598
Cash and cash equivalents	**2,660,809**	7,801,487

The above gives an analysis of the credit rating of the financial institutions where cash balances are held.

All of the Company's cash and cash equivalents at 30 September 2020 are held in instant access current accounts or short-term deposit accounts. Balances are denominated in UK sterling (£) and US dollars ($) as follows:

	2020 £	2019 £
Denominated in UK sterling	**2,482,599**	7,015,209
Denominated in US dollars	**178,210**	786,278
Cash and cash equivalents	**2,660,809**	7,801,487

The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value. For details of credit risk management policies, refer to note 3(i).

C7. Trade and other payables

	2020 £	2019 £
Trade payables	**105,064**	164,046
Other tax and social security	**122,541**	136,374
Other creditors	**41,235**	44,121
Amounts due to subsidiary undertakings	**236,181**	315,656
Accruals and deferred income	**234,998**	327,655
	740,019	987,852

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 45 days terms.

The Directors consider that the carrying value of trade and other payables approximate their fair value.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame and no interest has been charged by any suppliers as a result of late payment of invoices during the year.

C8. Accumulated losses

	Accumulated losses £
At 1 October 2018	(19,163,949)
Loss for the year	(5,995,642)
Share-based payment charge	97,165
Share-based payment credit in respect of services provided to subsidiary undertaking	(13,966)
At 30 September 2019	(25,076,392)
Loss for the year	**(4,693,883)**
Share-based payment credit	**(117,827)**
Share-based payment credit in respect of services provided to subsidiary undertaking	**(57,248)**
At 30 September 2020	**(29,945,350)**

C9. Employee costs

	2020 Number	2019 Number
The average monthly number of persons (including Directors) employed by the Company during the year was:		
Directors	**5**	6
Sales and support	**38**	41
Software development	**29**	33
Administration	**9**	10
	81	90

	2020 £	2019 £
The aggregate remuneration, including Directors, comprised:		
Wages and salaries	**4,625,397**	4,885,948
Social security costs	**555,564**	576,620
Other pension costs	**294,084**	252,793
Share-based (credit)/expense (note 20)	**(117,827)**	97,165
	5,357,218	5,812,526
Directors' remuneration comprised:		
Emoluments for qualifying services	**543,327**	539,183

Directors' emoluments disclosed above include £154,982 paid to the highest paid Director (2019: £154,211); this Director did not exercise any share options in the year and no options are due under incentive plans.

The Directors' remuneration report on pages 43 and 44 details the Directors' interests in share options.

Included within total employee costs of £5,357,218 (2019: £5,812,526) is £1,132,440 (2019: £1,196,046) which has been capitalised within development costs in accordance with IAS 38 (see note 12). The remaining £4,224,778 (2019: £4,616,480) has been expensed in the Consolidated Statement of Comprehensive Income.

C10. Taxation

Deferred tax

Deferred tax relates to the following:

	2020 £	2019 £
Accelerated depreciation for tax purposes	**7,079**	14,317
Deferred tax liability	**7,079**	14,317

Reconciliation of deferred tax liabilities

	2020 £	2019 £
Balance at the beginning of the year	**14,317**	26,863
Credit to the Consolidated Statement of Comprehensive Income	**(7,238)**	(12,546)
Balance at the end of the year	**7,079**	14,317

Unrecognised deferred tax assets/(liabilities)

The Company had unrecognised deferred tax assets/(liabilities) as follows:

	Tax losses £	Lease liability £	Right-of-use assets £	Total £
At 1 October 2019				
Deferred tax asset	5,160,000	165,517	—	5,325,517
Deferred tax liability	—	—	(152,048)	(152,048)
Net unrecognised asset/(liability)	5,160,000	165,517	(152,048)	5,173,469

	Tax losses £	Lease liability £	Right-of-use assets £	Total £
At 30 September 2020				
Deferred tax asset	**6,608,000**	**157,981**	**—**	**6,765,981**
Deferred tax liability	**—**	**—**	**(148,695)**	**(148,695)**
Net unrecognised asset/(liability)	**6,608,000**	**157,981**	**(148,695)**	**6,617,286**

The Company has not recognised the net deferred tax asset in respect of tax losses in the Statement of Financial Position due to the uncertainty in the timing of when it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Company has not recognised the net deferred tax asset of £9,286 (2019: £13,469) arising on the recognition of right-of-use assets and the associated lease liability following the adoption of IFRS 16 on the basis that it is not material.

The Company has incurred qualifying expenditure on research and development projects which has given rise to tax credits due from HM Revenue and Customs to the Company. At 30 September 2020, an amount of £295,550 was due from HMRC (2019: £296,866).

C11. Related party transactions

Details of external related party transactions are set out in note 21. The Company has entered into transactions with its wholly-owned subsidiary undertaking, Actual Experience Inc. during the year. The Company incurred costs of £283,657 charged by Actual Experience Inc. during the year (2019: £827,798). At 30 September 2020, an amount of £236,181 was due to the subsidiary company (30 September 2019: £315,656 due to the subsidiary company).

Notice is given that the Annual General Meeting of Actual Experience plc (**the Company**) will be held virtually at 11am on Monday 29 March 2021 for the purposes below. In light of public health advice in response to the COVID-19 outbreak, including to limit public gatherings, which would prohibit shareholders attending the meeting, the Company, with regret, has determined that, in accordance with the Corporate Insolvency and Governance Act 2020 (as amended), the Annual General Meeting will be held virtually as a closed meeting with the minimum number of members legally required to be present.

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the Company's Annual Financial Statements, Strategic Report and Directors' and auditors' reports for the year ended 30 September 2020.

2. To re-elect Stephen Davidson as a Director.

3. To re-elect Dave Page as a Director.

4. To re-elect Steve Bennetts as a Director.

5. To re-elect Sir Bryan Carsberg as a Director.

6. To re-elect Kirsten English as a Director.

7. To reappoint PricewaterhouseCoopers LLP as auditors of the Company.

8. To authorise the Directors to determine the remuneration of the auditors.

9. That, pursuant to section 551 of the Companies Act 2006 (Act), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Relevant Securities up to an aggregate nominal amount of £38,123 provided that (unless previously revoked, varied or renewed) these authorities shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 18 months after the passing of this resolution (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the Directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired.

   In this resolution, '**Relevant Securities**' means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

   These authorities are in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect from the passing of this resolution).

To consider and, if thought fit, to pass the following resolution as a special resolution:

10. That, subject to the passing of resolution 9 and pursuant to section 570 of the Act, the Directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution 9 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

    10.1 the allotment of equity securities in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):

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

    10.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    10.2 the allotment of equity securities otherwise than pursuant to paragraph 10.1 of this resolution) up to an aggregate nominal amount of £11,436, and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 18 months after the passing of this resolution (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

This power is in substitution for all existing powers under section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect from the passing of this resolution).

By order of the Board

Roy Stephen (Steve) Bennetts
Company Secretary
24 February 2021

Registered office
Quay House
The Ambury
Bath
BA1 1UA
United Kingdom

Registered in England and Wales No. 06838738

NOTES RELATING TO ANNUAL GENERAL MEETING

The following notes remain subject to UK Government restrictions that may be in place at the time of the Annual General Meeting arising out of the COVID-19 situation.

Entitlement to attend and vote

1. **In light of public health advice in response to the COVID-19 outbreak, including to limit public gatherings, which would prohibit shareholders attending the meeting, the Company, with regret, has determined that, in accordance with the Corporate Insolvency and Governance Act 2020 (as amended), the Annual General Meeting will be held virtually as a closed meeting with the minimum number of members legally required to be present.**

Proxies

2. A member entitled to attend and vote at the meeting may appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy they may do so at www.signalshares.com. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

3. You will not receive a proxy card in the post. You may vote your shares electronically at www.signalshares.com. On the home page search 'Actual Experience plc' and then log in or register using your Investor Code. To vote, click on the 'Vote Online Now' button. To be effective, the proxy vote must be submitted at www.signalshares.com so as to have been received by the Company's registrars not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the Signal shares portal at www.signalshares.com, you can manage your shareholding, including:
   - cast your vote;
   - change your dividend payment instruction;
   - update your address;
   - select your communication preference.

4. Any power of attorney or other authority under which the proxy is submitted must be returned to the Company's Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL. If a paper form of proxy is requested from the registrar, it should be completed and returned to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL to be received not less than 48 hours before the time of the meeting.

   If you need help with voting online, or require a paper proxy form, please contact our Registrar, Link Group, by email at enquiries@linkgroup.co.uk, or you may call Link on 0371 664 0391 if calling from the UK, or +44 (0) 371 664 0391 if calling from outside of the UK. We are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

5. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Group (ID RA10) no later than 11.00am on 27 March 2021 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Group is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

7. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

9. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

10. Shareholders are encouraged to submit questions, at least 48 hours prior to the Annual General Meeting, relating to the business to be dealt with at the Annual General Meeting to investors@actual-experience.com. The Company will endeavour to publish these questions and the Company's responses on the Company's website (www.actual-experience.com/about/investors) as soon as practicable after the Annual General Meeting.

Biographical details of Directors

11. Biographical details of all those Directors who are offering themselves for reappointment at the meeting are set out on pages 34 and 35 of the enclosed Annual Report and Financial Statements.

GLOSSARY OF TERMS

Actual Experience plc is our legal entity. Our brand name is Actual Experience, without the plc. Once we have introduced our brand name, we often shorten it to Actual.

Analytics as a Service (AaaS) – Often shortened to AaaS, Analytics as a Service is the analysis of data (in our case, performance data) in an application hosted on the web. These web-based solutions offer businesses an alternative to developing internal hardware setups just to perform business analytics.

Analytics Cloud – The Actual Experience Analytics Cloud receives data from Digital Users, applies our algorithms to the data and produces an objective score of digital experience quality and supply chain diagnostics. Our patented technology is based on decades of academic research.

ARR – Annual Recurring Revenue.

Business Impact Assessment (BIA) – The analysis of an individual employees experience of business applications in order to understand the impact on business metrics such as operational efficiency, revenue, wellbeing, inequality and carbon footprint.

Continuous Improvement (CI) – The continuous analysis and reporting of prioritised areas to improve as identified in a BIA.

CRM – Customer relationship management.

Digital Supply Chain – The combination of businesses and the technologies they provide, including networks, IT infrastructure and applications, that deliver a digital product or service.

Digital User (DU) is the measurement software that is downloaded by an end user to collect the measurements.

Enterprise Customer – A large, typically multinational corporation with hundreds or thousands of sites globally.

Human Experience Management (HXM) – The ability to review and report on a customer's digital ecosystem over a period of time to identify issues.

MSA – Master Services Agreement.

PO – Purchase order.

POC – Proof of concept.

Production – When a customer of Actual Experience has DUs deployed measuring a target.

Actual Experience plc
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www.actual-experience.com